

2018 State of the County

(Delivered by Henderson County Judge-Executive Brad Schneider on July 19, 2018,
at Henderson Community College during a joint meeting of members of Kyndle,
the Rotary Club of Henderson and the Henderson Breakfast Lions)

Good afternoon. It's a pleasure and an honor to be here today. I offer my sincere thanks to the staff, volunteers and members of Kyndle for all they do for our region, and for joining with the Rotary Club of Henderson and the Henderson Breakfast Lions to annually provide this forum for the State of the County address. As both a former Rotarian and a current Lion I know firsthand the good works both clubs do for Henderson County, and for that I'm appreciative as well.

Along with a lot of my colleagues from county government I see a lot of good friends and people I admire out there in the audience. You mean a lot to me and it's certainly special to be here with all of you. Congratulations to Ty Rideout, who is a very good friend and absolutely worthy of that recognition. You are a special person, Ty. Thank you. Thanks also to our host here, Henderson Community College President Kris Williams. Kris knows how I feel about her and she knows we all wish her the very best in the next chapter of her life. We'll miss you, Kris.

Ladies and gentlemen, at this event last year I told you I thought the State of the County was improving. We were beginning to reach our financial, service and personnel goals and I said if we stayed on the correct path we could

make meaningful progress toward putting the county back on firm footing.

I am extremely proud to report to you today that the state of Henderson County government is strong. In both our financial position and the attitudes and capabilities of our leadership and team members, we are in exponentially better shape than we were three years ago.

I'll talk about that more in a moment, but I also want to stress that I understand examining the "State of the County" is actually two questions that require two answers: First, what is the State of County government? Then, what is the State of the County overall, its people, its economy, its current quality of life and its prospects for the future.

On that second question, I will tell you the State of the County is cautiously optimistic. There are so many exciting and forward-thinking things happening in Henderson County right now I could literally talk about them for hours. At the same time, there is no doubt this community faces challenges, some of them quite serious and that have the capability of derailing our progress if we don't work together to fix them. That's why my optimism is cautious, and I'll talk about that more in a few minutes as well.

First, some numbers on county government:

Our 2017-18 fiscal year just ended June 30, and for the third straight year, the county finished in the black. In the last three years one of our primary goals has been to

restore the county's rainy day fund to a viable level. A good benchmark for county government is to have at least 25 to 30 percent of its annual operating budget in reserve in the General Fund, which is the county's primary budgetary fund.

So how do we figure our reserve? Well, since I've been judge, at the end of each fiscal year we look and see how much unencumbered cash we have left over. We add to that our General Fund investments, which are basically CDs. We subtract from that total \$2 million, which is about the least amount we need to keep in our General Fund account at any given time as operating capital, to pay budgeted expenses, payroll, etc., with a little cushion for small spikes in costs.

Whatever is left over from that sum after that \$2 million is symbolically set aside is basically our reserve, simply surplus cash in our General Fund plus our CDs.

At the end of the 2015-16 fiscal year, using the formula I just described, the county's reserve amounted to \$740,000, which was 3.2 percent of our annual budget. At the end of 2017-18, just a few weeks ago, the reserve amounted to approximately \$8.6 million, or 31 percent of total budget.

So in three years, we went from \$740,000 in reserve to \$8.6 million, and we have reached the benchmark we were shooting for.

That happened for three reasons: More dependable revenue streams, a more collaborative and communicative management strategy, and better budgeting practices.

It has truly been a group effort. Without buy-in from our leadership team, we would not be in this position. For example, in the fiscal year that just ended, while General Fund revenue finished five percent above our budgeted amount, General Fund expenses finished at approximately 73 percent of budget. So we spent 27 percent less than we expected to, without sacrificing services. And over the last three years we have stayed well under budget in expenses.

That, my friends, is how you get a government budget back in order, and I am so grateful to our team – Sheriff Ed Brady, County Clerk Renesa Abner, County Attorney Steve Gold, County Engineer Bill Hubiak, Jailer Amy Brady, Coroner Bruce Farmer and all their staff members - for working together to make that happen. Thank you also to members of Fiscal Court - Magistrates Butch Puttman, George Warren, Charles Alexander, Bruce Todd and Carter Wilkerson - for being crucial participants in that process.

And that all happened despite some tough situations that confronted county government in the last 12 months, including significant flooding in Henderson County, continued struggles dealing with the drug epidemic that seemingly plagues all of Kentucky, increasing pension and health insurance costs, and the retirements of some

longtime county employees who took with them enough institutional knowledge to fill a library.

And it is the people of Henderson County government, our frontline employees and also our partners, who really make government work here. I am proud of each and every one of them, and while I'd love to have invited them all to join us for lunch today, that's obviously not possible.

I did, however, ask for a representative of each of our departments to be here today, each of whom exemplifies the spirit of service and professionalism I'm sure any of you would love to see in your own teams.

People like Rick Hendricks. In 12-plus years of service to the Henderson County Detention Center, Rick has risen from chief deputy to his current rank of Colonel. A U.S. Marine Corps veteran who has also worked for the TSA as well as a carpenter, roofer, contractor, salesman and more, Rick's wide variety of experience has been a huge boon to the jail. In addition to all his regular duties working with staff and inmates, he personally oversaw on almost a daily basis the nearly \$2 million expansion project that upgraded the jail's kitchen facilities and also created more space for other inmate programs. Colonel Hendricks' eagle eye has helped keep the kitchen project on track and under budget. He kept the contractor and subcontractors honest and helped identify and correct problems time and again. Ladies and gentleman, Jailer Brady oversees one of the most well-respected detention centers in the state. Because it is run well enough to be favored to hold state and federal inmates, for which the

county is compensated, the jail basically pays for itself, which is a blessing for local taxpayers. I know Jailer Brady would agree that her team's success is due largely to the dedication and hard work of folks such as Rick Hendricks.

Let's also celebrate Earl Jewell, senior Gradall operator for the Henderson County Road Department. Also a 12-year man for the county, Earl can operate just about every piece of equipment we have at the county garage. With the Gradall, he ditches, installs entrance and cross pipes, moves trees, you name it. He's an artist with that thing, and he really has terrific attention to detail. Other operators for us look to him for leadership. He's trusted and conscientious. When Bill Hubiak or Road Supervisor Jeff Risley aren't available, Earl is the go-to guy for on-the-job decisions. He does whatever it takes.

I was speaking earlier of service, and no department interacts with the public everyday more than our County Clerk's office. I know Renesa's team prides itself on helping people do their business at the courthouse with courtesy and a smile. No one exemplifies that attitude better than Amber Nation. Her title is Vehicle Dealer Clerk, but she does so much more than that. She's a fill-in bookkeeper, vehicle supervisor, staff cheerleader, and I swear she is a mystic whisperer when it comes to calming down irritated customers. She has a sign at her desk that reads "Dreams don't work unless you do," and she lives that ethos every day. We are very fortunate to have her.

Another person we're fortunate to have is Assistant County Attorney Kyle Evans. Kyle is a solid, fair-minded

and empathetic prosecutor who works tirelessly to protect the citizens of Henderson County and also help those who find themselves in a bit of trouble but are determined to do better things with their lives. He has a wide range of skills, including some technical aptitudes that Steve Gold turned to in 2015 when he thought he could help the public better understand the financial challenges the county was facing. He and Kyle worked to create the Henderson Expense and Revenue Trend, or H.E.A.R.T., database. H.E.A.R.T. is an online record of the county's current budget that includes quarterly updated indicators that show how on or off-track the county is on that budget. It's featured on the homepage of the county's website, HendersonKy.us, and it may very well be unique in the state in the way it makes budgets easier for people to understand and much more transparent. Kyle is the curator of the H.E.A.R.T. database, a job he performs outside his normal duties. And he's always working to make it better. In April of 2016, as I convened my first budget workshop as the new judge, I asked Kyle to man an excel spread sheet with the entire budget projected up onto a large screen. He made it possible for us to see how every cut, every adjustment, every addition to the budget would affect the overall bottom line in real time, and that proved extremely helpful. That may seem archaic to all of you but that had never been done at the county. Now we can't imagine budgeting without Kyle assisting us in that way. He is truly an MVP, a man of many talents.

By the way, Kyle also led the Relay for Life event here this year that raised more than \$100,000 for cancer research.

The next person I want to tell you about won't be with us much longer. Lt. Keith Berry is retiring in September after 25 years of exemplary service to the Henderson County Sheriff's Department. Keith has literally done it all in law enforcement here, arresting bad guys, working investigations, assisting at accidents, going on patrols at all times of the day or night in all seasons of the year. Weekends, holidays, weather of all sorts, Keith has been on the job and done his very best. He's served as firing range instructor, has managed the uniformed deputies, and has maintained and operated all the military surplus equipment the sheriff has acquired and which has become so handy. A great example was last spring's flood, when Keith and others worked countless hours helping get people out of their waterlogged homes. He's a good man and a team member who will be greatly missed.

Speaking of the flood, I also asked to join us today Reed Volunteer Fire Department Chief Phil Stevens. The county and its residents are truly blessed to be served by 10 VFDs and the city-county rescue squad, who are comprised of dozens of volunteers who sacrifice their own time and risk their own safety for no compensation and sometimes not much recognition to keep us safe and help in all manner of emergencies. Chief Stevens is a great example, a guy who works a separate 40-plus hour a week job but who rushes to help his fellow Henderson Countians when the tones drop, as they say. Chief Stevens was one of the first local officials to sound the alarm about the flood dangers this spring, and when waters rose and people were threatened, he put aside his

own comfort and concerns and helped lead a large contingent of first-responders that worked around the clock for weeks to protect people, property and even pets. He and his fellow VFD volunteers are heroes, as far as I'm concerned.

My own staff, Fiscal Court Clerk Kurt Wiesen, Treasurer Brenda Rider, Financial Officer Paula Wilson, HR manager Angela Comer, IT director Brent Jacobs and Occupational Tax Administrator Andrew Powell and courthouse maintenance chief Charlie Ransom are all devoted to their duties and I am extremely grateful for all that they do.

Later today we'll post on the county's website a comprehensive summary of highlights from this past year in county government, broken down by department. I encourage you to check that out. It is impressive and inspiring.

I also want to say I really appreciate the folks in PVA Howard Moran's office, Allen Bennett and his team at the airport, Greg Pritchett and his crew at the riverport, Chris Winstead and the ambulance service, Abby Dixon and the Tourist Commission, Pete Conrad and the County Water Department, Emergency Management, our schools, library, extension office, the planning commission, our friends at the Judicial Center, Henderson Community College, Methodist Hospital, the Housing Authority, United Way, DHP and of course our brothers and sisters at the City of Henderson. They are all part of an even larger

network of agencies that join Henderson County government in trying to make this community better.

And what is Henderson County government's responsibility to all of them, and to all of you? What can we do now to encourage progress, prosperity and success?

I'd offer three priorities:

No. 1) Maintain our financial discipline. The health of our budget enabled us to plan and improve for the 2018-19 fiscal year without any tax increases, even as we take on added pension expenses, health insurance requirements and a multitude of other costs that will only grow in the near future. By staying disciplined and resisting the urge to wildly increase discretionary spending or prematurely slash taxes, we should be able to absorb increases without adding to the tax burdens of our citizens and businesses. That will keep money in their pockets they can use to buy goods, donate to charities and social service agencies, add employees or raise wages. In fact, we have already been able to lower taxes by installing a cap on our net profits tax and exempting the first \$10,000 in profits from that levy, both of which are certainly boons to locally owned small businesses such as farms, which are facing serious pressures from global markets and trade disputes at the moment. Magistrate Charles Alexander, himself a farmer, led the effort to cap that tax.

No. 2) Pay down debt. The county has approximately \$9 million in bond debt, made up of three bonds related to jail

expansions and one for the 911 system upgrade. We make just over \$1.1 million of payments on that debt each year. I will work with Fiscal Court this fall to propose escrow accounts into which we'll put part of our reserves to begin to clear that debt off our books. With careful planning it's possible the county could be considered debt free by 2023. Reducing debt will free up money in our annual budgets for other purposes, again negating the need to raise taxes, and give the county much more flexibility and freedom in decision-making.

No. 3) Improve our core services. Continuous improvement in the services the people of this county depend on us to deliver, fueled by even more training and strategic investment, is essential for any effective government. Public infrastructure, public records, law enforcement and public safety should all continue to be our focus. We can never be too good, too innovative or too efficient in delivering those basic things.

Now keeping our financial house in order, paying down debt, improving core services may not sound all that sexy, but I believe they are the best things we can do for Henderson County right now.

Does this community have challenges we need to help fix? Absolutely. Do we need more Henderson Countians working and gaining the skills they need to get high-paying jobs so they can properly support their families? Certainly. Do we need to help change the culture of drug use, crime

and single parenthood among our most vulnerable and needy populations? Without a doubt. Do we need to convince more people to live here, work here, chase dreams here, retire here, start businesses here? Yes, yes, yes, a thousand times yes!

But the important thing to remember is that county government is obviously not nearly the only entity thinking about these issues and working on them every single day, and thank goodness for that. We have talented, passionate, resourceful folks who have made improving Henderson County their life's work and they do not look to county government for all the answers. What they want from county government is strong and dependable collaboration, cooperation, facilitation, guidance, understanding, a pat on the back now and then and - yes, sometimes - funding.

And if county government has its house in order, if we are doing our jobs well and continue to operate from a position of strength and competence, then we can more readily be that effective, supportive partner.

And in ways both large and small, the community improvements and projects the county is assisting with are already paying off.

For example:

Two Fridays ago we were thrilled to receive the news that the county had been approved for a grant of just over

\$990,000 from the U.S. Dept. of Commerce to help with the widening of Ohio Drive. For those not familiar, Ohio Drive connects to South Green Street and is home to manufacturers such as Gibbs, Sonoco, Audubon Metals, Taubensee Steel, Teknor Apex and others that employ hundreds and hundreds of local people and pay millions in wages. But Ohio Drive has become inadequate for the large numbers of trucks and cars running over it every day. Some of those businesses had warned that any expansion plans they might have here could be foiled because Ohio Drive was becoming unsafe, unfit for the purpose at just two lanes and falling apart rapidly under the stress of the traffic.

But now, thanks to the grant from the Department of Commerce, which we secured with a ton of help from the staff at the Green River Area Development District, and a \$500,000 grant from a discretionary fund Gov. Matt Bevin administers through the Kentucky Transportation Cabinet, Henderson County has nearly \$1.5 million in state and federal funds the county and city will use to upgrade and widen Ohio Drive, making it a three-lane road. This investment has already paid dividends. Knowing the county's commitment to fix Ohio Drive, Audubon Metals has announced it is expanding its plant here, adding 39 high-paying jobs and putting \$8.6 million more into the facility. Five manufacturers on Ohio Drive are hiring right now.

In fact, businesses all over Henderson County are hiring. With local unemployment rates at some of their lowest

levels in more than a decade, wages are rising thanks to competition for better employees. In the last quarter of last year the average weekly wage in Henderson County was higher than those in Daviess County, Hopkins County, Warren County and Madison County, to name a few, and just a tick behind McCracken County.

And more jobs are on the way. In the coming weeks and months expect to hear even more good news about more local industries expanding and new employers coming to Henderson County. I wish I could say more about that, but confidentiality restrictions hold sway at the moment.

To help address the skilled worker shortage we're experiencing and get more young people into the local workforce, Kyndle has partnered with HCC and several local businesses to launch Kyndle FAME, a combined academic and technical internship program that should become a significant new addition to the apprenticeship and on-the-job training opportunities available here now.

We have been strong advocates for improved broadband internet coverage out in the county and we are making progress on that front. Q-Wireless in Evansville is beefing up its capabilities here as we speak and you'll soon hear great news from AT&T about their plans for wireless broadband capacity in Henderson County.

And of course there is the I-69 Ohio River bridge project, which is now closer to reality than ever. An updated environmental impact statement, identifying the exact route and setting a final projected price tag, should be

presented this fall by the team of Indiana and Kentucky engineers working on it now. In recent trips to Washington, D.C., we have gotten word the U.S. Department of Transportation is working to speed up the record of decision process by up to six months, which could mean that in the first half of next year we could get the go-ahead for the states to start designing the bridge and acquiring the land, and that will eventually lead to the beginning of construction. After decades of hard work advocating for I-69 by so many people, it's amazing to think we're so close to seeing this dream come true. Having a north-south interstate that comes through our county and provides a more direct, dependable, high-speed freight route between the Canadian border at Port Huron, Michigan, all the way down to Memphis and from there down to the ports of the Gulf Coast and the Mexican border has the potential to significantly and positively impact the economic future of this community and our region. I'm proud to have played a role in helping make that happen.

I'll finish with this thought about the future. There is a new generation of Henderson Countians who are quickly coming into positions of leadership and influence. Folks my age and younger, both native to Henderson and those who chose to move here, are bringing new ideas, new energy, new expectations, new strategies, new businesses, new determination and new hopes to Henderson County, and it is a wonderful thing.

Henderson County's overall vibrancy will depend on how well we, collectively, support and encourage these new

leaders. If we help them, all of us will benefit. We all value the experience and knowledge our more established generations offer. We need them as well. But we also have to understand younger folks with some fire in their bellies are not really all that interested in how things were done here in the past. They want to forge their own trails, are willing to make their own mistakes while trying to reach their own goals. And that's OK.

Our younger leaders are also much more aware of and attracted to what's going on in the rest of the country and the world than former generations were, and they would love to bring some of that wider culture and those experiences here. If we let them, they will stay, and if they stay, they will help us grow.

The Farmer & Frenchman saga is a great example of the choices now confronting us. All that the owners, Hubert Mussat and Katy Groves, asked for from this community was a chance, and so far they have absolutely delivered on their end of the bargain. Did you realize they now have more than 20 employees? That winery/restaurant is part of a revolution in new dining opportunities we have here in Henderson. We may have more choices and varieties of places to go eat and have fun now than we've ever had, ever. Why go to Evansville?!

But Katy and Hubert need one more vote of confidence, one more show of support, to set them and their families free to truly blossom here. On Aug. 28 the good people of the Anthoston voting precinct, my home precinct, will go to the ballot to decide if we want to bless the tremendous

things Katy and Hubert are doing, and I predict we will. The winds of change are blowing in Henderson County and they are filling the sails of those who want to see new things happen, to bring our county into a more modern way of thinking, and to create a launching pad for anyone with a better idea.

This community is ready for this. The change is already happening. Just look around. If we embrace this, promote it, cherish it, and back the courageous younger folks who are doing it, and, if necessary, get out of their way, we will guarantee a brighter future for Henderson County.

I know my colleagues and I in county government look forward over the next four-and-a-half years to being a driving force in that progress. Together, we can accomplish anything. Thank you all very, very much.