

Dear Sir or Madam;

This past week I received several calls and two e-mails from residents who are impacted by the annexation issue that will be on the upcoming ballot by the City of Coal Run. People have called asking the City of Pikeville to help set the facts straight so that residents could make up their own mind on the circumstances. I would like to take this opportunity to help those folks impacted by the annexation to better understand the circumstances and facts.

You may be asking why the City of Pikeville has not gotten involved in this issue before now. The answer is a simple one. We feel the annexation will be defeated in court regardless of the election. You may have read in the press that 23 citizens in the area impacted by the suit (Mossy Bottom, Wells Addition, Mullins Addition, etc) has joined the City of Pikeville against the City of Coal Run, who did not follow the legal guidelines to annex this territory. The issue will be decided in court but the City of Pikeville feels confident with our position.

Residents who contacted the city last week stated that the Mayor of Coal Run has been knocking on the doors of the residents who have "Vote No on Annexation" signs in their yard asking them to change their vote. The concerns of those who called felt that scare tactic is being used to try to change the minds of the people into changing their "NO" vote to a "YES" vote. According to those we spoke with, it's being said that if residents do not vote "YES" to allow their community to be annexed by Coal Run then due to a new law the City of Pikeville will have be able to annex their property regardless of their choice. This is absolutely NOT TRUE.

I would like to take the opportunity to explain certain facts.

1) I have been the City Manger for five years. In that time the City Commission has not annexed the first resident. In June of 2005 the City adopted its first comprehensive plan in years. In that plan it outlined the need for the City of Pikeville to annex certain territories and to grow in order to allow the region to continue to grow. The City has annexed areas without houses for future development. The Mayor and City Commissioner's have stated time and time again that the City has NO intent to annex a community unless that community wants to be part of the City of Pikeville

2) The folks that have contacted the city have stated that it has been said that if residents don't agree to vote "YES" to be annexed into Coal Run then the City of Pikeville will automatically be able to annex them without their say-so, a petition or a vote. According to the understanding of those who called they have been told that due to a new law and or due to the City of Pikeville owning the utilities the community will not have a voice in a annexation decision. This is absolutely NOT TRUE. Any property or community that the City of Pikeville may attempt to annex now or in the future would be required to follow the same annexation laws that have existed for some time. Any areas that a city would consider to annexed without the consent of the owner MUST follow KRS 81A.420. All property owners or those living on the property affected would be able to sign a petition and force the issue to a vote. The community and property owners would have the right to make the decision.

3) Those who called last week were being told (and also in Saturday's paper) that by being in Coal Run you will be protected from Pikeville. Let me set the record straight and invite everyone to check the facts. Let me make it clear that the point I will be making is only for the purpose of illustration. Again, the city does not have a plan to annex any residents in this territory. In order to set forth the facts it is necessary to show the examples below.

a) The only additional taxes that you pay by being in the City of Pikeville is property tax. Any additional areas that have been or would be annexed in the City of Pikeville would remain in the County School System thus those residents would NOT pay City School tax. The City of Pikeville Property tax rate was lowered this year to .15 cents per \$100 assessed. The City of Coal Run's tax rate is .03 cents per \$100 assessed. If your home is valued at \$100,000 then you would pay the City of Pikeville \$150.00 per year vs paying the City of Coal Run \$30.00 per year.

b) By living in the City of Pikeville your trash rate is \$10.00 a month with 2 times a week pick up. By living in Coal Run your trash is \$12.00 a month with 1 time a week pick up. This is a saving of \$24.00 a year and getting twice the service.

c) The issue of utility rates has been a major topic of discussion lately. The average household uses about 5,000 gallons of water and sewer each month. Based on this average before the new rate increase a customer outside the Pikeville City limits paid \$324.00 more a year than a person living in the city. When the rate study was completed both the in city and out of city rates had to increase. Now the difference of people living in the city is \$490.00 less per year. The rate difference is based on several issues. First in-city rate is lower because there are 5 times more customers who live in the city than out of the city. Second the in-city rate is able to use occupational tax to pay for part of the cost to keep the rates lower. Since the outside area does not have businesses to pay the city occupational tax then there is no financial relief to the outside rate. I understand not everyone may understand or agree with their rates. Before the City of Pikeville agreed to take over the Mossy Bottom Sewer and Sandy Valley Water both systems had either asked the PSC or had plans on asking the PSC for a rate increase. Mountain Water, who previously owned the sewer system, had recently raised their rates. You may also have recently read due to their financial position they may have to impose an additional rate increase. The point is, both before the rate increase and still after, there is a savings by living in the City of Pikeville

d) Since the City of Pikeville has a full time fire department the City has the lowest ISO rating in the county. This is the rating that tells insurance companies what your home owner's rate will be. By being in the City of Pikeville verse the City of Coal Run your insurance rate would be lower. In speaking to several insurance companies the examples we have received estimates a rate 15 to 20% lower, giving you an additional savings. I would also mention by having a full time, fully staffed fire and ambulance service the Pikeville has an average 4 ½ minute response time.

e) Emergency services are important. The City of Pikeville has a 20 office police force. Coal Run has 1 officer. The City of Pikeville has its own 911 system to communicate calls thus giving us an average 4 ½ minute response time. Coal Run has 1 police officer. There are 168 hours in a week. Even if the Chief works a 60 hour work week leaves 108 hours not manned.

f) A BIG issue everyone needs to seriously consider If annexed is the city financial position. The city of Coal Run's General Fund Budget to operate their city for this fiscal year is \$_____. The City of Pikeville General Fund Budget is \$_____. The City of Coal Run has \$_____ in reserve. The City of Pikeville has over \$_____ in reserve. Why is this important? Because when a community goes into a city they then loose the County responsibility for support. A great example of this is roads. Once annexed it becomes the responsibility of that city to keep your roads blacktopped and provide services. The past 4 years the City of Pikeville has spent an average of over \$250,000 a year to keep our roads blacktopped. I refer back to the property tax. Since Coal Run does not have an occupational tax and has to rely on its property tax, then ask yourself how much your neighborhood will generate in new tax to ensure you receive the services you will need such as blacktop. Under what Coal Run is hoping to

annex Cow Pen, Harmon's Branch, Mullins Additional, Mossy Bottom, Broad Bottom, Wells Addition and other roads think of all the roads that become 100% their responsibility to maintain. That is to stripe, snow removal, blacktop, drainage etc. If every home has a value of \$100,000) and there are 400 homes in this area then at .3 cents per \$100 accesses the City would only generate \$12,000 a year. I recently paved an alley about a tenth of a mile that cost over \$8,000. How will a city be able to take care of your roads not to mention all the other items like cleaning your ditch lines, picking up road trash and the many other services they would be responsible for without funds? The only option is to raise more money through more taxes or not provide the service. This is just plain common sense.

I listed all the examples for a reason, to make you think about your situation and give all the facts before you. The intent is not to show what Pikeville has to offer but to show what Coal Run is offering. I have tried to make it perfectly clear that the City of Pikeville has no plans to annex anyone without them asking to come to the City. I have given you the KRS to prove that everyone has a voice in annexation whether it is Coal Run or Pikeville. It is your community's choice.

I am now asking you the same question that Coal Run has asked. If you end up as part of Coal Run we agree you are stuck asking yourself what did you gain or lose. I have illustrated when you take everything into consideration it is cheaper to live in the City of Pikeville than the City of Coal Run. The difference is the City of Pikeville is not trying to annex you. By being annexed and living in Coal Run ask yourself what changes? You end up with the same volunteer fire department, the same utility company, and the same ambulance service. So what changes? A weak financial position, you lose the county's financial support, 1 police officer, you lock in always having to pay the out-of-city utility rates, and now more taxes. The examples above show there are other communities that offer more services, more financial stability for a better quality of life.

I say this because Coal Run insinuates that it is better to live in Coal Run than Pikeville and therefore they are saying this is why you should vote "Yes" for their annexation. The feeling is they are using scare tactics to force you into a decision that you may later regret by not giving you all the facts. It is these tactics that caused 23 of your friends and neighbors to join the law suit with the City of Pikeville to hold Coal Run accountable to follow the law. I have tried only to illustrate what is truth. Your decision should always be based on facts. And the facts are the City of Pikeville is not annexing you, Coal Run is and the Kentucky law gives every community the right to choose to say "NO" weather it is the City of Coal Run or the City of Pikeville. The decision is yours.