

Area pursuant to the provisions of KRS 65.7041 to KRS 65.7083 (the "Act"). The city clerk referenced the notice of public hearing appearing in the January 9 Campbell County Recorder and posted at 998 Monmouth which stated in part:

The City intends to create the Development Area in order to assist in the redevelopment of the Development Area, and to provide redevelopment assistance by pledging eighty percent (80%) of new incremental revenues from real estate taxes and occupational taxes from anticipated new development within the Development Area, which includes a number of planned projects and other improvements within the Development Area more specifically identified within the Development Plan, with estimated total new capital investment in excess of \$100 million. The Development Area is an approximate 45.2 acre parcel located within the City's northern downtown area, located generally north of 5th Street (but including the area between Central Avenue and Monmouth Street north of James Alley) east of Columbia Street and along 5th Street to Washington Avenue, and includes the Ohio River area between the Taylor-Southgate Bridge and I-471 Bridge, and includes generally the properties along of the Route 8 corridor and Dave Cowens Drive, with a map showing the exact boundaries of the Development Area attached to the Development Plan.

The Development Plan provides for a pledge of City and possibly County, special district (not including school taxes) and State incremental revenues for a thirty year period, more specifically identified and set forth in the Development Plan, to be used to fund project costs and redevelopment assistances within the Development Area.

City Manager Fromme gave an overview and noted this is the beginning of the culmination of the many years of exploring the viability of a Tax Increment Financing (TIF) District in what is being called the City Center Development District. Based on long-time goals including the Comprehensive Plan and City Vision, there has always been an interest in developing the corridor. Fundamental aspects advocated have included installation of underground utilities including fiber optics. The TIF District can garner revenue that will be specified for that area such as infrastructure repair. This is the seventh meeting at which this has been discussed. The boundaries include: starting on Fifth Street at the Veteran's Bridge from Central to Columbia (only the properties immediately abutting Fifth Street); from Columbia to Fourth Street (next to the Ovation TIF Project), continuing along the Fourth and Fifth Street corridor. (The Route 9 connector road will include a turnabout at this location.) The area then extends to Monmouth, down to the Third Street corridor, and over to Saratoga (including the vacant lot at Second and Washington beside the Levee), and out Dave Cowan's Drive to the City limit. The Purple People Bridge is also included due to a potential development there. With significant construction anticipated in this area, mainly due to the Route 9 connector road, this is an opportunity to make significant infrastructure improvements in the area including new sidewalks, the potential for underground utilities, and possibly new LED street lighting. TIF is a tool to use future gains in taxes to finance the current improvements that will create those gains. When a public project is carried out, there is an increase in the value of surrounding real estate and often new investment. This increased site value and investment creates increases in values of taxable properties and taxable activities, which, in turn, increases tax revenues. These increased tax revenues are the tax increment. Base revenues from the area for the year prior to the TIF adoption are certified and never change, that same amount will go to the General Fund each year. Any incremental increase in revenue then goes toward improvements in the TIF district. He added the economic development is essential because payroll tax is the main revenue source for the City. Roughly eighty percent of City revenue comes from commercial business – payroll tax, commercial insurance premium taxes, and (50% of the total) property taxes collected.

Jim Parsons began with a review of the two different types of TIF Districts in Kentucky, the Local Development Area for undeveloped property and the Development Area for previously undeveloped areas. With the later, for projects within the TIF area meeting certain criteria, there is an option of applying to the State to request the pledge of State revenues. The State revenues that can now be captured include sales taxes and income taxes for new employees and Ovation is a good example of this type. This is a good way to capture State revenues back into the community. The development plan was prepared at the end of last year so the base year would be 2012. This base applies to real estate and occupational taxes; it does not affect school taxes or any tangible taxes. A *project specific* TIF District, like Ovation, differs from an area-wide TIF District, like the City Center Development Plan. It can last up to thirty years and allows infrastructure improvement to promote development and allows the flexibility to promote projects that are moving forward or deal with future projects throughout the *entire area*. A TIF is simply a mechanism to capture the incremental growth of tax within the area and use a portion of those taxes to promote that area. The properties are not taxed any differently and this is not an exemption program, the participating agencies collecting taxes simply agree to dedicate the incremental amount to a specific fund. Special taxing districts such as the County, the Library, or the Health District may choose to participate as well. The more revenues that are pooled the greater the stream of revenue. The maximum thirty year term is recommended because the State will not participate for projects for any longer term than the City does. Mr. Parsons explained the purpose of this public hearing on the Development Plan which is required to be prepared in furtherance of a TIF District. The Development Plan describes the area and makes certain findings that will be included in the ordinance. The largest TIF District that can be created is three square miles or 1,920 acres, this TIF District is 42.5 acres. There is an error in the Development Plan on the assessed valuation because it included a building (Riverfront Place) that should not have been added. The assessed value is not \$38 million as stated but \$22 million (for the area which includes the lot adjacent to Riverfront Place but not the building.) There is a requirement that the area in question meets certain findings of blight. The requirement is to meet at least two of seven factors and this area meets several. The Development Plan references a loss of substantial residential, commercial, or industrial activity. Once a center for retail, commercial, and banking, many of those businesses have left and there are many vacancies. More than 50% of the structures in the area are deteriorated or deteriorating. There is inadequate infrastructure for the area such as inadequate parking and streetscapes to make the area conducive to commercial development. This area will not develop without public assistance. A list of potential projects has been developed that could increase the assessed valuation in the TIF District by over \$100 million. There would be additional spinoff revenue from things like tangible taxes and insurance premium taxes. Even with the pledge of revenues, this will be a benefit to the entire city because commercial development that pays the vast majority of the tax burden that supports the residential community. The recommendation is that the City pledge 80% of the revenues from the real estate and occupational taxes from the area. This is to maximize what the State may be willing to pledge.

In responding to a question about any downside or other mechanisms Mr. Parsons stated while there is a commitment of this revenue that could be used for other services, the Board must consider if these projects be developed without it. The access to the State revenue stream is a great benefit. There are not many other incentives available for development of commercial properties. There are incentives for end users like an office tenant but not high-end residential or normal commercial development. The only State programs are for tourism and for very limited projects. Responding to a question about limitations on use of funds within the area, Mr. Parsons said the TIF revenues can be spent on specific project costs or any redevelopment for the overall district and the allowable uses are broad. The use of State funds is limited to public infrastructure (parking, sanitary sewers, site clearance, etc.) Responding to a question about the amount

pledged, Mr. Parsons explained that in considering incentives for individual businesses lower amounts can be considered.

Mayor Peluso called for any questions or comments from the audience.

Vicki Dierig of Central Avenue asked about the revenues staying within the area rather than benefiting the whole city. Mr. Parsons explained all revenue from the baseline assessment as of 2012 continues to go to the general fund. Only the amount pledged (80% is the recommended amount) from new revenues would be dedicated to the area. The (20%) amount of new revenue from real estate and occupational taxes not pledged will come to the General Fund as well as other new revenues such as insurance premium taxes and tangible taxes those businesses pay. The net will be more than what would have been received had the area remained undeveloped. Only a portion of the incremental growth from two revenue sources goes back to promotion within the district. Ms. Dierig asked if her property taxes would be affected by this project and Mr. Parsons responded they will not.

Kyle Randall of Liberty Street said there should be more information shared before public hearings.

Ms. Dierig asked about the area adjacent to the proposed TIF District being developed for low income residents (the Scholar House) and the project “generating big profits for companies” right across the road and said there should be a way to “cross” these. Mr. Parsons said projects like the Scholar House are highly incentivized. The statute allowing the TIF District states the funds pledged must be used within that district. Commissioner Hayden added there will be other benefits to the neighborhoods. All the funds currently gained from this area to support police, fire, and public works will continue to be received. Other benefits are capturing State sales tax revenue and getting more money years from now from these new businesses. There are improvements such as LED lighting that the City has considered that will result in a savings in the long run but they are expensive to start and we have not been able to dedicate funds to such improvements. We will realize savings through these improvements and those amounts saved can then be dedicated elsewhere. This can allow start-up of projects such as additional green space that improve the quality of life all over the City. Mr. Parsons added projects supporting commercial development generate the payroll tax that supports the City; without improvement to this revenue stream the City would need to increase real estate tax.

The public hearing was closed at 8:10.

PRESENTATION

City Manager Fromme offered a year-end report. There was a net of seventy-two businesses and six hundred new jobs came to Newport in 2013. This included new businesses in former Trauth Dairy properties such as Nexigen and Ethos Labs. Eleven new stores and eateries opened at the Pavilion. Vue 180 is leasing upscale apartments. Monmouth Row broke ground and is near completion. St. Elizabeth expanded in Newport with a new medical office building at 1400 Grand Avenue. PL Marketing brought eighty employees to One Riverfront Place. Ei8ht Ball Brewing has opened and New Riff Distilling is under construction in Newport adjacent to the Party Source in Bellevue. We look forward to the long awaited, new Route 9 to parallel the Licking River and connect the 4th Street and Taylor-Southgate bridges allowing increased development opportunities including the Ovation project as well as promoting and improving quality of life issues in the West End of town. Also ahead is a \$40m mixed use development at Third and Washington. Mr. Cook asked about encouraging tech based businesses and Mr. Fromme explained incentive programs

that have been developed, measures taken for improvements to infrastructure, and who the City has worked to help businesses locate here.

PUBLIC FORUM

Mr. Jason Reser addressed the Board about the State expansion of Route 9. There were a number of people in the audience (approximately two dozen or more) who stood to signify they supported Mr. Reser's comments. He asked that bike lanes or a separate bike path be included and requested a meeting to review the details.

Commissioner Hayden noted while the Board wants more pedestrian and bike friendly options and more green space but this is a State project.

City Manager Fromme stated he spoke with KYTC District 6 Director Rob Hands and a meeting will be scheduled.

Mayor Peluso thanked Mr. Reser for his input and his work in the community. He added it has long been a goal to make the city more walkable and bike friendly and various measures have been taken over the years such as bike rack installations, allowances for outdoor dining, and efforts to assist in creation of a skate park.

Mr. Justin Carabello said in his coffee shop they encounter about one hundred customers a day. Roughly 80% are not residents but like what Newport offers and many of these are avid cyclists. This moment is a wonderful opportunity to invest in improvements that will lure more people and generate more revenue. He and many members of the community are willing to assist with the work through input and lobbying as necessary.

Mr. Randall asked that pedestrian permeability on Route 9 be considered especially on the northern end.

APPROVAL OF MINUTES

Commissioner Hayden made a **motion to approve the minutes of the December 9, 2013 regular meeting**; second to the motion was offered by Commissioner Peluso. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Hayden: Yes Mayor Peluso: Yes

Commissioner Peluso: Yes

Motion carried 3-0.

Commissioner Hayden made a **motion to approve the minutes of the December 13, 2013 special meeting**; second to the motion was offered by Commissioner Peluso. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Hayden: Yes Mayor Peluso: Yes

Commissioner Peluso: Yes

Motion carried 3-0.

Commissioner Hayden made a **motion to approve the minutes of the January 13, 2014 special meeting**; second to the motion was offered by Commissioner Peluso. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Hayden: Yes Mayor Peluso: Yes

Commissioner Peluso: Yes

Motion carried 3-0.

Commissioner Hayden made a **motion to approve the minutes of the January 13, 2014 caucus meeting**; second to the motion was offered by Commissioner Peluso. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Hayden: Yes Mayor Peluso: Yes

Commissioner Peluso: Yes

Motion carried 3-0.

UNFINISHED BUSINESS

The City Clerk gave second reading of **O-2014-001**, an ordinance Creating Section 152.50 of the Code of Ordinances of the City of Newport, Kentucky **adopting the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) identifying the Special Flood Hazard Areas (SFHA's)** within the City, pursuant to federal law, to continue eligibility in the National Flood Insurance Program (NFIP) and adopting the Federal Floodplain Management Regulations with regard thereto. Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Hayden. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Peluso: Yes Mayor Peluso: Yes
Commissioner Hayden: Yes

Motion carried 3-0.

NEW BUSINESS

The city clerk read **R-2014-006**, an order granting a **property assessment moratorium to Richard Kruse** relating to the restoration of property at **561 East Fourth Street**, Newport, Kentucky. Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Hayden. The city manager stated this program has been very successful. A five year assessment moratorium can be granted when a property is rehabbed. The improvement value is not added to the taxable amount. Many of these properties were converted to multi-family dwellings and are being returned to single family residences. Upon hearing there were no further comments or questions, the mayor called for a roll call vote.

Commissioner Peluso: Yes Mayor Peluso: Yes
Commissioner Hayden: Yes

Motion carried 3-0.

The city clerk read **R-2014-007** an order making a declaration of official **intent for reimbursement from future state or local tax-exempt bond proceeds** to its Capital Improvements Fund for any advanced payments made therefrom regarding capital **expenditures for floodwall improvements** and authorizing City Manager Thomas Fromme to undertake the same. The city manager reviewed that extensive funds have been spent on the floodwall and this is an unfunded mandate from FEMA that must be paid from local funds. This does not obligate a bond issue on infrastructure but should that be pursued, we can recapture funds spent on the floodwall. Commissioner Hayden made a **motion to approve**; second to the motion was offered by Commissioner Peluso. Upon hearing there were no further comments or questions, the mayor called for a roll call vote.

Commissioner Hayden: Yes Mayor Peluso: Yes
Commissioner Peluso: Yes

Motion carried 3-0.

The city clerk read **R-2014-008** an order authorizing Mayor Jerry Peluso to execute an agreement (**Supplemental Agreement 2**) between the Commonwealth Of **Kentucky Transportation Cabinet** and the City Of Newport concerning construction of the **Carothers Road** (Ky. 1892) Project. Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Hayden. The city manager said this project will eliminate the dip. The project was stalled due to delays relocating utility poles. The project is slated to begin again in March and should be completed in June. Upon hearing there were no further comments or questions, the mayor called for a roll call vote.

Commissioner Peluso: Yes Mayor Peluso: Yes
Commissioner Hayden: Yes

Motion carried 3-0.

The city clerk read **R-2014-009** an order **accepting the offer for purchase** and authorizing the city manager to execute a Deed of Conveyance for the sale of 6,071 square feet of property

including the Grant of a Permanent Easement of 402 square feet and to execute a Temporary Construction Easement Agreement for Encroachment upon 13,827 square feet of city rights-of-way located along the proposed Ky. Route 9 extension from mp 21.643 to Ky. Route 8 near the Fourth Street Bridge with the Kentucky Transportation Cabinet. Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Hayden. The city manager pointed out the portion that will be deeded back to the city and purchase amount of \$57,100. The flood gates are not expected to be “swing gates” and may be the same type currently in place. Upon hearing there were no further comments or questions, the mayor called for a roll call vote.

Commissioner Peluso: Yes Mayor Peluso: Yes

Commissioner Hayden: Yes

Motion carried 3-0.

The City Clerk gave first reading of **O-2014-002**, an ordinance creating section 93.63(d) of the Code of Ordinances concerning **installation of awnings upon commercial buildings with permitted outdoor dining**. Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Hayden. The city manager stated this has been discussed in caucus meetings and he shared guidelines with the board. Upon hearing there were no further comments or questions, the mayor called for a roll call vote.

Commissioner Peluso: Yes Mayor Peluso: Yes

Commissioner Hayden: Yes

Motion carried 3-0.

COMMENTS FROM CITY DEPARTMENT HEADS

No updates.

COMMENTS FROM THE BOARD OF COMMISSIONERS

Commissioner Peluso

- Stated his appreciation for the good attendance and input at the meeting.
- Complimented the staff – Public Works and the emergency departments - for their efforts during the recent winter storms.

Commissioner Hayden

- Echoed that Public Works has done a fantastic job with snow removal.

Mayor Peluso

- Thanked the Public Works department for their dedicated work.
- Reminded residents to check on elderly residents in bad weather.
- Newport High School will retire the numbers of Coach Ray Brown and Dick Vories on February 5.
- Newport High School will have the inaugural induction to their Hall of Fame on February 19.
- Encouraged the Board to look at the LIFT program – we need a full understanding of this local sales tax option.
- Regarding the gaming issue, the wording of the current proposed legislation does not benefit the river cities as there is no revenue sharing.
- Attended the December Westside Coalition meeting. It was well attended and the Route 9 expansion and Scholar House were discussed. Several spoke in favor of the Scholar House and no one spoke in opposition.

COMMENTS FROM CITY MANAGER

No further updates.

ADJOURNMENT

There being no further business, Commissioner Hayden made a **motion to adjourn**; second to the motion was offered by Commissioner Peluso. The mayor called for a roll call vote.

Commissioner Hayden: Yes

Mayor Peluso: Yes

Commissioner Peluso: Yes

Motion carried 3-0.

The meeting adjourned at 9:10 p.m.

Date Approved/Signed

Jerry R. Peluso, Mayor

Attest:

Amy B. Able, City Clerk

DRAFT