

**City OF NEWPORT, KY**  
**SPECIAL MEETING OF THE BOARD OF COMMISSIONERS**  
**Tuesday, June 11, 2019**  
**MINUTES**

**CALL TO ORDER / ROLL CALL**

The meeting was called to order by Mayor Peluso at 4:00 p.m. in the Multi-Purpose Room of the Newport Municipal Building at 998 Monmouth Street. Noting the large number in attendance, Mayor Peluso asked that anyone wishing to address the Board limit comments to two minutes so that all interested would have an opportunity to speak.

**In attendance** were: Commissioner Beth Fennell Commissioner Thomas Guidugli, Jr., Commissioner Frank Peluso, Commissioner Ken Rehtin, and Mayor Jerry Peluso. Also in attendance were: City Manager Thomas Fromme, Assistant City Manager Larisa Sims, City Attorney Daniel Braun, Police Chief Tom Collins, Fire Chief Bill Darin, Director of Finance Leonard Kuntz, Community Liaison Bev Holiday, and City Clerk Amy Able.

**OLD BUSINESS**

The city clerk gave second reading by title and summary to **O-2019-011**.

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF  
NEWPORT, KENTUCKY AMENDING SECTION 37.091 OF THE CODE OF  
ORDINANCES CONCERNING BUSINESS LICENSES.

Commissioner Guidugli made a **motion to table tentative O-2019-011, concerning Chapter 94 of the Codification on Trees and Landscape, until the next special meeting, scheduled for June 17, 2019**; second to the motion was offered by Commissioner Fennell. The mayor called for a roll call vote.

<b>Commissioner Guidugli:</b>	<b>Yes</b>	<b>Commissioner Peluso:</b>	<b>Yes</b>	<b>Mayor Peluso:</b>	<b>Yes</b>
<b>Commissioner Fennell:</b>	<b>Yes</b>	<b>Commissioner Rehtin:</b>	<b>Yes</b>	<b><u>Motion carried 5-0.</u></b>	

The city clerk gave second reading by title and summary to **O-2019-012**.

AN ORDINANCE **AMENDING CHAPTER 32** OF THE CODE OF ORDINANCES  
CONCERNING CITY BOARDS AND COMMISSIONS.

Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Rehtin. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

<b>Commissioner Peluso:</b>	<b>Yes</b>	<b>Commissioner Fennell:</b>	<b>Yes</b>	<b>Mayor Peluso:</b>	<b>Yes</b>
<b>Commissioner Rehtin:</b>	<b>Yes</b>	<b>Commissioner Guidugli:</b>	<b>Yes</b>	<b><u>Motion carried 5-0.</u></b>	

The city clerk gave second reading by title and summary to **O-2019-013**.

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF  
NEWPORT, KENTUCKY **CLOSING AND VACATING PART OF TRAPP ALLEY** IN THE  
CITY OF NEWPORT, CAMPBELL COUNTY, KENTUCKY.

Commissioner Fennell made a **motion to approve**; 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.

<b>Commissioner Fennell:</b>	<b>Yes</b>	<b>Commissioner Rehtin:</b>	<b>Yes</b>	<b>Mayor Peluso:</b>	<b>Yes</b>
<b>Commissioner Peluso:</b>	<b>Yes</b>	<b>Commissioner Guidugli:</b>	<b>Yes</b>	<b><u>Motion carried 5-0.</u></b>	

The city clerk gave second reading by title and summary to **O-2019-014**.

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF NEWPORT, KENTUCKY **AMENDING SECTION 37.091** OF THE CODE OF ORDINANCES CONCERNING BUSINESS LICENSES.

Commissioner Guidugli made a **motion to approve**; second to the motion was offered by Commissioner Fennell. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

<b>Commissioner Guidugli:</b>	<b>Yes</b>	<b>Commissioner Rechtin:</b>	<b>Yes</b>	<b>Mayor Peluso:</b>	<b>Yes</b>
<b>Commissioner Fennell:</b>	<b>Yes</b>	<b>Commissioner Peluso:</b>	<b>Yes</b>	<b><u>Motion carried 5-0.</u></b>	

### **NEW BUSINESS**

The city clerk gave first reading by title and summary to **O-2019-015**.

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF NEWPORT, KENTUCKY **AMENDING THE BUDGET** FOR THE CITY FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019, INCLUDING AN ESTIMATE OF REVENUES AND RESOURCES AND MAKING THE ANNUAL APPROPRIATION IN ACCORDANCE THEREWITH.

Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Guidugli. Mr. Fromme gave a presentation on the amendment to the 2018-2019 budget and the recommended 2019-2020 budget. (See attached presentation slides.)

- The City is on a good path despite challenges. In recent years the City lost several large businesses (Trauth, Kmart, and the Baptist Home).
- While there are funds in reserve (\$1.7m), it is short of recommended 6 – 9 mos. (\$9-13m).
- A \$1.5m note was issued last year and plan to do so again for capital improvements.
- Enterprise fund for Newport on the Levee is no longer on our books (which had been required with the City as pass through on IRBs.)
- Reviewed CERS projections with the phase-in: a \$416k increase next year and an additional \$334k increase the following year.
- Recommendation for property tax is to adopt the allowable rate which is the compensating rate plus 4% increase to revenue.
- Recommends increase to Rental License fee. Problem property task force has been a success but the majority of calls to residences (as many as 70% in the past) are to rentals resulting in owner-occupied homes subsidizing services to rental properties. Code Enforcement costs exceed \$800k, the fee will bring in \$350k.
- Recommends adoption of a Regulatory Fee on alcohol sales. There were meetings with Chamber members, staff, and with 20 businesses individually. A letter sent to license holders stated a change in State law now allows the regulatory fee of up to 5%. At that time there was no data or statistics. Last year \$230k from 76 businesses with annual alcohol licenses. The last increase was in 2001.

Statutory restrictions provide only four sources of revenue for cities: property tax, occupational licenses (including payroll), insurance premium taxes, and regulatory fees. Newport gets no sales tax but must provide services. The City has made cuts and is down from 140 to 110 employees. There was consideration of eliminating the extended hours license (\$80k revenue). Data was collected to determine costs as required by statute and shows 21.6% of calls for service are alcohol related (not including drugs). The estimate was 6,000 (alcohol-related) calls for the year. The recommendation is for a regulatory fee of 2.5% and all licenses except extended hours and wholesale are credible. This is designed to be progressive, not regressive. The estimate is \$900k revenue. Any business can request an individual projection. There will be zero impact for 22 establishments.

- Together the recommendations (increase of the rental fee, adoption of regulatory fee, and adoption of the allowable property tax rate (compensating rate plus four percent increase to revenue)) is the most fair way to distribute and even out across available sources of revenue.
- Of 25,309 total police calls through May, 5,470 were alcohol related, there were 315 alcohol arrests, patrol budget was \$4.5m. Annual costs are \$972k. ABC related costs are \$38k plus legal fees of approximately \$25k. Fire and paramedic costs for 297 (or 10.6% of) calls that were alcohol only was \$193k plus 99 inspections for alcohol businesses. These costs alone exceed \$1.3m without including other related costs such as litter collection and damaged light poles from alcohol-related crashes.
- Revenue projections include property tax 2.8m, licenses and permits 14.3m, and charges for services 1,045,000, with total anticipated 22,424,000. Appropriations are estimated at 22,156,150.

Upon hearing there were no comments or questions, the mayor called for a roll call vote.

**Commissioner Peluso: Yes      Commissioner Rehtin: Yes      Mayor Peluso: Yes**  
**Commissioner Guidugli: Yes      Commissioner Fennell: Yes      Motion carried 5-0.**

The city clerk gave first reading by title and summary to **O-2019-016**

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF NEWPORT, KENTUCKY **ADOPTING THE BUDGET** FOR THE CITY FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020, INCLUDING AN ESTIMATE OF REVENUES AND RESOURCES AND MAKING THE ANNUAL APPROPRIATION IN ACCORDANCE THEREWITH.

Commissioner Fennell 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 Fennell: Yes      Commissioner Rehtin: Yes      Mayor Peluso: Yes**  
**Commissioner Peluso: Yes      Commissioner Guidugli: Yes      Motion carried 5-0.**

The city clerk gave first reading by title and summary to **O-2019-017**

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF NEWPORT, KENTUCKY CREATING SECTION 111.52 OF THE NEWPORT CODE OF ORDINANCES CREATING A **REGULATORY LICENSE FEE**.

Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Guidugli. The mayor called for questions and comments from those in attendance.

Ms. Morrella Raleigh, Southgate House Revival, stated this is disheartening. She expressed concerns this will make Newport businesses less competitive.

Mr. Terry Bond, The Crazy Fox, said the proposed 2.5% is better than the possible 5% first noted. There are some good things, this approach is less of a flat fee and that may benefit small businesses. He expressed concern that the fee apply to all establishments without an exemption for one type such as hotels or being waived as an incentive to draw certain businesses. He added similar laws have been challenged in other places and he would hate to see the city face such legal costs.

Mr. Fromme stated the combined changes (regulatory fee on alcohol, adjustment to rental licenses, allowable tax rate) are recommended in tandem to be fair. Any business can come in to discuss projections for their business. If approved the first payment will be due by the end of October. A letter will be sent to business owners.

Ms. Courtney Neltner-Kleier, Northern Kentucky Chamber, stated she would take information back to the Chamber members not present. The Chamber will collaborate with the City and businesses to find mutually beneficial solutions.

Mr. Mike Smith, Headquarters, stated this could be a deterrent for businesses looking for a location.

Mr. Jack Rouse, Braxton Brewery, said alcohol is a huge source of economic development in Northern Kentucky and this acts as a second tax on businesses and customers. Already competing with Ohio, this hinders the ability to invest and makes Northern Kentucky less attractive for people to come from Cincinnati.

Mr. Ken Lewis, New Riff, expressed concerns that the 2.5% rate could be increased. He noted Covington does not have this fee and the Newport "scene" is stagnant and inferior to Covington in a very competitive area. Alcohol does lead to economic development and this will be seen by larger entities as a separate line item Newport has.

Mr. Fromme stated the city does not want to hurt businesses, has not raised license fees in many years, and revenue from the recommended rate will be below the (alcohol-related) costs found through research. Cities must have the funds to pay police and fire (making customers to businesses feel safe coming here.) Cities need options to grow revenue which will require significant changes in Frankfort. Northern Kentucky's senators and representatives need to be united and change the way cities can raise revenue and how taxation is done in Kentucky. The Chamber must be an advocate for communities, too, not just businesses. He agreed alcohol is an important component of economic development.

Mr. Larry Geiger, Pompilio's, stated he supports the recommendations for safety but shares concerns. There is lots of competition for businesses and part of attracting residents is entertainment.

Having heard from business representatives, Mayor Peluso called for comments from any residents.

Ms. Marcy Bollerman of the West Side stated she supports businesses and encouraged finding a way to meet the needs of providing police while respecting local businesses.

Ms. Liz Reynolds, a twenty-year resident, stated businesses are important to the residents, too, and Newport businesses like Southgate House Revival were part of her decision to return to the City.

Having heard from everyone expressing a desire to address the Board, the mayor announced the close of the public comment period on this item and called for questions or discussion by the Board.

Mr. Braun stated the proposed 2.5% is not a tax, it is a regulatory fee which the city is newly eligible to adopt under Kentucky law. Adoption of the fee is not an attempt to close a gap in the budget, the fee is recovery of the cost of regulation of the industry. It will be uniform and apply to all with alcohol licenses. Letters sent to business owners were an attempt to inform and stated the maximum rate the city is eligible to adopt is 5%; upon exhaustive review of, the City Manager found 2.5% to be reasonable and justifiable. The Statute states the rate must be revisited annually.

Commissioner Peluso thanked all in attendance. He cautioned against a rush to believe social media comments, call the City or contact a member of the Board when you have questions.

Mr. Fromme repeated any business owner can request an appointment to review calculations and repeated license fees will be credited. The City could not waive a regulatory fee as an incentive.

Commissioner Rehtin encouraged Ms. Neltner to report back to the Chamber stating there was a time the Chamber worked on combined or consolidated services and advocated for cities. Cities are also Chamber members and could use that assistance.

Commissioner Guidugli thanked everyone for the input saying it is valued. These are challenging decisions and alcohol is just one component, another example is adopting property tax rates at compensating plus four (percent revenue increase.) Structural, long term challenges mean everyone must be enlisted in appealing to the State. The regulatory fee may enhance opportunities for small businesses to save.

Mayor Peluso said businesses are important to the community. It is also important to understand the fundamentals of city government. The City must provide services, safety personnel to save lives, and keep the city clean. Those components allow successful businesses. He said several mentioned comparisons to other cities; other cities don't have Newport on the Levee nor an arena like the one coming to Ovation, and they don't have Newport's business owners. The City will continue to work with businesses from issuing permits for special events to promotion and problem solving.

Commissioner Fennell said the pension costs are the biggest drain and she encouraged everyone to be advocates and contact state legislators about solving the pension crisis.

Having heard all comments and questions, the mayor called for a roll call vote.

<b>Commissioner Peluso:</b>	<b>Yes</b>	<b>Commissioner Rehtin:</b>	<b>Yes</b>	<b>Mayor Peluso:</b>	<b>Yes</b>
<b>Commissioner Guidugli:</b>	<b>Yes</b>	<b>Commissioner Fennell:</b>	<b>Yes</b>	<b>Motion carried</b>	<b>5-0.</b>

The city clerk gave first reading by title and summary to **O-2019-018**

**AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF  
NEWPORT, KENTUCKY AMENDING AND CREATING VARIOUS SECTIONS OF  
CHAPTER 111 OF THE CODE OF ORDINANCES CONCERNING **ALCOHOLIC  
BEVERAGES.****

Commissioner Peluso made a **motion to approve**; second to the motion was offered by Commissioner Fennell. Mr. Braun stated most of the changes are housekeeping in nature. The number of extended hours permits will be restricted to the current number and new extended hours permits will not be issued in residential zones. Language concerning Sunday sales is being cleaned up and the opening times on Sunday is being changed (from 11 a.m.) to 9 a.m. Mr. Fromme added the earlier start to Sunday sales is a change requested by business owners and is an attempt to help businesses.

Ms. Kim Newberry, Newberry Coffee, asked when she can see the expenses referenced and what collected fees will be spent on.

Mr. Fromme repeated that any business owner can come in for an individual review how they will be affected. The costs are currently being incurred (including pension costs for hazardous employees). He reiterated the estimated cost of alcohol related enforcement was conservative. It takes two and half to three officers per shift to cover calls for service to establishments serving alcohol. Over a year that amounts to eight officer salaries and benefits or \$880k. An alternate calculation based on calls for service was already explained. He repeated the Statute requires revisiting the rate annually.

Mr. Smith said eliminating extended hours would keep businesses from coming. He said notification should have been sent to more than current business owners. He suggested fines for vacant property owners to increase revenues.

Ms. Raleigh asked of the 21.6%, is there a breakdown of what businesses they came from; is it all or is there a few creating the majority of calls.

Mr. Fromme responded the fee is spread across the board and even eliminating the top ten in frequency of complaints does not change drastically the number of calls and related estimate.

Mr. Peter Newberry, Newberry Coffee, asked for any breakdown of Newport incidents compared to other communities.

Mr. Fromme replied Newport by far has more calls than all other cities in the county, so it is difficult to compare.

Mr. Bond asked if the breakdown of data referenced could be shared with license holders. Mr. Fromme responded yes.

Mayor Peluso closed the public comment period on this agenda item. He called for any discussion by the Board. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

<b>Commissioner Peluso:</b>	<b>Yes</b>	<b>Commissioner Rehtin:</b>	<b>Yes</b>	<b>Mayor Peluso:</b>	<b>Yes</b>
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Commissioner Fennell: Yes    Commissioner Guidugli: Yes    Motion carried 5-0.

The city clerk gave first reading by title and summary to **O-2019-019**

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF NEWPORT, KENTUCKY AMENDING SECTION 99.06 OF THE CODE OF ORDINANCES CONCERNING **RENTAL DWELLING LICENSES**.

Commissioner Guidugli made a **motion to approve**; second to the motion was offered by Commissioner Peluso. Mr. Fromme reiterated, as stated in his budget presentation, this is an attempt to be fair given the City's limited sources for revenue. Vacant and problem properties have been addressed and policies are in place. Enforcement concerning issues with rental properties is considerable and those owners should pay their share. The change will bring just under \$400k compared to the current \$250k.

Ms. Rachel Roberts asked if adoption of a fairness ordinance could be discussed at this point. Mayor Peluso responded (referencing only items on the published agenda could be discussed at special meetings but) that matter can be discussed at a future meeting. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Guidugli: Yes    Commissioner Rehtin: Yes    Mayor Peluso: Yes  
Commissioner Peluso: Yes    Commissioner Fennell: Yes    Motion carried 5-0.

### ADJOURNMENT

The mayor stated the next meeting will be June 17 at 4 p.m. and thanked everyone for attending. There being no further business, Commissioner Guidugli made a **motion to adjourn**; second to the motion was offered by Commissioner Fennell.

Commissioner Guidugli: Yes    Commissioner Rehtin: Yes    Mayor Peluso: Yes  
Commissioner Fennell: Yes    Commissioner Peluso: Yes    Motion carried 5-0.

**The meeting adjourned at 6:10 p.m.**

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Date Approved/Signed

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Jerry R. Peluso, Mayor

Attest:

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Amy B. Able, City Clerk