

**Caucus Meeting
June 13, 2018**

Mayor Irvin T. "Butch" Callery called the June 13, 2018 City of Villa Hills Caucus meeting to order at 6:30 p.m. at the Dennis M. Stein Municipal Building, 719 Rogers Road, Villa Hills, Kentucky. City Administrator/Clerk Craig Bohman took the roll. Those in attendance:

Mayor Butch Callery
G. Bruns
G. Kilburn
S. Ringo
J. Vaden
G. Waugaman

Mary Ann Stewart, City Attorney
Craig T. Bohman, City Administrator/Clerk
Derick "Buck" Yelton, Public Works Director

M. Koenig - absent

A quorum was present.

An overflow room with 50 chairs and a live feed from Council Chambers was set up in the Public Works garage (located across the parking lot from the city building). Telecommunications Board of Northern Kentucky (TBNK) staff reported that while the video feed was unstable due to the multiple reels of cables needed to carry the signal several hundred feet, the audio was clear. As per standard practice, a live feed was also provided by TBNK to two cable companies to carry the meeting live on their systems.

First on the agenda was a Public Hearing on the establishment of the Sanctuary Village Local Development Area.

- Attorney James Parsons of Keating, Muething & Klekamp, PLL gave a presentation regarding the establishment of a Local Development Area, commonly referred to as a Tax Increment Financing (TIF) District, for the area containing the 85.5 acre Sanctuary Village development, as well as 16.5 acres of Rights-of-Way along Collins Road, including the intersection at Buttermilk, old Collins Road and the city owned parcel 2469-A Amsterdam Road, and along Amsterdam Road from Valley Trails/Prospect Point Drive to Squire Oaks/Madonna Manor Drive.

Mr. Parsons stated that the purpose of the LDA pursuant to KRS 65.7041 to 65.7083 is to encourage the development of the Sanctuary Village project and to capture the incremental increase in revenue from the project to pay for certain public infrastructure improvements to Collins and Amsterdam Road and to provide redevelopment assistance as determined by the city.

Mr. Parsons pointed out that establishing an LDA will not increase the taxes being paid by residents in the project area, nor does it create any tax

exemptions. Further, he noted that an LDA does not place any restrictions on the property within it. It is meant as a way to capture a portion of the increase in revenue generated by the new development to promote the project. Mr. Parsons said that funds that are pledged to the special fund set up to support the LDA cannot be paid until the agreement is formally "activated" which is usually 2 years after the establishment of the LDA in order to give the project time to start. He noted that state law requires the LDA to be activated within 4 years of its establishment. Mr. Parsons said that LDAs can last up to 30 years after activation before they are automatically dissolved.

Mr. Parsons reported on the Public Infrastructure costs contained in the Development Agreement between the City and Ashley Development Group that the city plans to pay for or have reimbursed by the taxes pledged to the LDA. These include the \$100,000 for the resignalization of the Buttermilk/Collins intersection, the redesign of the Collins/Amsterdam intersection, and the addition of sidewalks along Amsterdam Road. Mr. Parsons noted that these figures are only estimates and the LDA could be used to pay for the full cost of those improvements.

Mr. Parsons noted that the agreement has no tax dollars being used to pay for the developer costs related to the project.

Mr. Parsons stated that in addition to the pledge from the city, both the County and Planning and Development Services are expected to pledge a portion of their incremental taxes towards the LDA. He pointed out that each agency must approve the agreement and that both have participated in every LDA in the county. Mr. Parsons reported that the City will pledge 70% of the increase of its general real property tax, the County will pledge 60% of its increase and PDS will pledge half of its increase in taxes from the project. He stated that the project will generate tax revenue not pledged to the LDA such as the 30% of the property tax retained by the city, all of the insurance premium tax, road tax, and personal property taxes as well as all occupational and business licenses and any user fees. Mr. Parsons pointed out that with an estimated \$700,000 in new revenue expected from the project at full build out, \$233,000 is estimated to be pledged to the LDA while the city retains \$467,000 of the remaining new taxes and fees generated by the project. He reported that the next step would be the adoption of the Ordinance creating the LDA with the LDA agreement which would establish the pledged amounts.

- Mr. Ringo inquired if the LDA funds are like a restricted fund so that the funds can only be spent on the items listed in the agreement. Mr. Parsons replied that the city could use excess funds pledged to the LDA to complete other improvements at the city's discretion after the improvements listed in the development agreement with Ashley and the LDA are completed. He noted that since the LDA is set to last for 30 years, the city could decide to terminate the LDA once the agreed upon improvements are made or it could use the funds collected after the fact to fund other improvements in the LDA. Mr. Ringo followed up by asking Mr. Bohman if the properties along Amsterdam and Collins are included in the LDA. Mr. Bohman replied that they are not, only the public right-of-way including that portion of the right of way that extends beyond the

roadway itself. Mr. Ringo asked who administers the LDA. Mr. Parsons replied that the City Administrator/Clerk will be the agency that collects and distributes the funds on the listed improvements. Mr. Parsons noted that two groups have input on how pledged funds are spent. He stated one group is an incentive committee with representatives from the city, the county, and PDS to provide input from each jurisdiction participating in the LDA and City Council who is creating the LDA and ultimately decides how pledged funds are spent.

- Mr. Ringo asked for clarification that nothing in the proposed LDA could be used in the future to provide development assistance to the Radio Station property. Mr. Waugaman responded that would be a separate development with its own TIF. Mr. Parsons added that the LDA could be amended to include the Radio Station property, but the 30 year clock would not reset, so it would probably be better to create a separate LDA for that property. Mr. Ringo stated he was in favor of creating the LDA to address the identified road improvements, he was not in favor of creating a LDA to help either the Sanctuary developer or the future radio station property developer. Mr. Waugaman stated that the city could not help the developers. Mr. Parsons clarified that the city could in fact directly help developers, but this agreement does not do so in this agreement.
- Mr. Kilburn pointed out that other LDAs have covered direct development costs and asked for confirmation that the proposed LDA does not cover developer costs. Mr. Parsons confirmed that those costs are not covered in the agreement. Mr. Bruns followed-up asking if future developers could use these pledged funds for direct assistance. Mr. Waugaman and Mr. Parsons noted that it would be better to create a new LDA for the radio station property.
- Mr. Ringo stated for the public, and in order to prevent misunderstandings, that this LDA would only pay for the listed public improvements in the development agreement on Collins and Amsterdam Roads and for nothing else.
- Mr. Waugaman pointed out that the TIF would make the new development self sufficient and that all of the taxes currently being paid by the residents of Villa Hills would continue to go to the City to pay for the current level of services provided by the city.
- Mr. Kilburn asked for Mr. Parsons to explain the role of the City Administrator/Clerk in this process. Mr. Parsons said that the Administrator/Clerk would collect the revenue owed to the LDA from the participating jurisdictions, deposit those in a separate fund and then pay for the costs or reimburse the city for money it spent to perform the listed improvements. Mr. Kilburn asked if Mr. Parsons set up the other LDAs in Kenton County and Mr. Parsons acknowledged that he set all of them up. Discussion followed about the differences and similarities between each TIF, especially the \$135 million LDA for Christ Hospital in Fort Mitchell which is also focused on public road improvements.
- Residents Gary Siebert, Margaret Gittner, and Sue Wadsworth interrupted the proceedings to demand the opportunity to ask questions. Mayor Callery asked

each to sign up on the sign in-sheet and asked for the audience to wait for Council to ask all its questions first.

- Mr. Ringo asked what the next step would be. Mr. Bohman replied that there would be a 1st reading of the Ordinance to create the LDA at next weeks meeting and a copy of the draft agreement was placed at their seats for their review. Mr. Waugaman noted that the city is receiving no taxes from the development site and noted that no taxes would be received until 2019. Mr. Siebert interrupted again in order to make comments, but Mr. Waugaman continued by stating that the city would be receiving new revenue from the development in addition to the amount being pledged, including road tax, that could be used to pay for road improvements in other parts of the city or to be used to reduce or eliminate the road tax.
- Mayor Callery recognized Ms. Sue Wadsworth of Amsterdam Road. She noted that most TIFs are set up before a developer is identified in order to entice them to take on the project and expressed concern that the county and PDS might not participate because a developer has already stepped forward. Further Ms. Wadsworth asked if the County and PDs would agree to have their tax dollars diverted to pay for improvements to state routes. Mr. Callery stated that the city has already spoken to Judge Knochlemann and Mr. Parson stated he has already sent the LDA agreement to the Deputy Judge-Executive and the PDS Executive Director. Mr. Parsons noted that other LDAs included improvements to state routes. Mr. Waugaman stated that he has already spoken to Mr. Gordon from PDS and that PDS has participated in every LDA in the county and would be expected to participate in this one. Mr. Parson stated that the city would hear back from the County and PDS soon. Audience member Marty Kaimer demanded to know how soon was soon. Mr. Parsons replied within two weeks and noted both are expected to participate based on their past participation in other cities' TIFs.
- Mr. Tom Wenning of Carpenters Trace asked for clarification that the property has no old revenue because all property has value. Mr. Parsons pointed out that the property has no taxes produced in 2017 so the old revenue number is zero. Mr. Wenning clarified that the increment is based on taxable value not fair cash value. Mr. Parsons stated it was taxable value not fair cash value because for nonprofit organizations, such amounts are exempted. Mr. Wenning stated he read statutes to refer to value in general and not taxable value. Mr. Parson reiterated that the statutes refer to taxable value to determine the increment. Mr. Wenning asked if there were any state agencies that would review or oversee the city's TIF. Mr. Parson said that the state is involved only when it is a participating jurisdiction to a LDA. Mr. Wenning stated that meant there was no oversight. Mr. Parsons clarified Mr. Wenning's comment that the oversight is provided by City Council.
- Mr. Bruns asked if the homestead exemption would be impacted. Mr. Parsons replied that anyone who qualified for the homestead exemption lived in the development would still receive it.

- Mr. Kilburn noted that the passage of the TIF would not increase any taxes.
- Mr. Jerry Wallace of Carpenters Trace interrupted the proceedings to comment that since the LDA is diverting 70% of the taxes away from the city coffers that the city is in effect giving \$105 million (70% of the value of the development) to the developer. Mayor Callery and Councilmembers Bruns and Ringo immediately corrected Mr. Wallace by stating "No, No". Mr. Bruns stated that the city is not giving any money to the developer's project but all funds are going toward road improvements. Mr. Ringo noted that he already clarified that no money is going to the developer's project. Mr. Bruns urged the public to be diligent about using the Collins/Buttermilk intersection due to the increase in accidents and that the money from this TIF would be used to improve Amsterdam and Collins. Mr. Wallace asked if there were any other ways to make the developer pay for the impacts caused by the development. Mr. Parsons replied that the city could only assess the property for improvements on the property itself which the developer is already paying for. He stated that the city could not assess the Sanctuary property for improvements outside the subdivision since the improvement benefits more than just the residents of the developer.
- Ms. Margaret Gittner interrupted to comment that the improvements are required by the state for the development to move forward. Mr. Parsons stated that the assessment statutes do not allow the city to assess one property owner for improvements that primarily benefit others. Mr. Wallace asked if impact fees could be assessed. Mr. Parson replied that impact fees are not looked upon favorably by state law and usually are related to direct costs of the project such as sewer tap in fees. Mr. Bruns noted that the only impact fee that was ever contemplated was when Toeppen redeveloped the old Crescent Springs School site into the Toeppen building there was talk of an impact fee because the Fire Department would need to buy an aerial truck as a result of the new 5 story building but it was never levied. Mr. Seibert noted that the development has a 4-story apartment building. Mr. Bruns replied that there is a 4-story dormitory for the religious order near the proposed apartment building.
- Mr. Wallace demanded to know if the city had any authority to force the developer to pay for the improvements through impact fees or other financing arrangements and if the city explored those options. Mr. Waugaman pointed out that city already had a development agreement with Ashley and wondered if that closed the door to such. Ms. Stewart responded that she did not see how the city could force the developer to pay for the improvements on general roads not specific to the new development that the public was already using and noted that the Nolan/Dolan series of court cases would preclude that. Mr. Parsons agreed and added that the only way the developer would pay for such is if they voluntarily agreed to pay for the improvements. He noted that no other city has developed any program to require developers to pay for public improvements outside the development. Mr. Wallace stated this was why the development agreement only had Ashley paying for their percentage of the road improvements based on their population growth if they failed to meet development targets.

- Mr. Ringo noted that the TIF is designed to capture revenue from the County and PDS that would never come to the city otherwise so it acts like a grant. Mr. Bruns agreed that the city would be getting funds it does not normally get. Mr. Waugaman reported that the city would receive \$154,900 from the County and PDS per year at full build out and without the TIF the city does not see those dollars. Mr. Seibert stated that the city also gets the 30% that is not pledged. He asked if all that money from the development could be set aside until there was enough to pay for the improvements. Mr. Ringo and Waugaman stated that was what the TIF did. Mr. Bruns stated the next step is to look into financing to pay for the improvements and use the TIF to pay for the debt service. Mr. Waugaman stated that the city is already looking at the resignalization and that the Collins/Amsterdam improvements are 4 to 5 years out. Mr. Siebert asked if the city could signalize that intersection until the roundabout was built. Mr. Bruns pointed out that more study was needed to determine what was needed there. Mr. Ringo stated he was not in favor of the roundabout and final decisions about that improvement have not been made. He noted that the city is 319 out of 350 projects statewide so the current traffic is not bad enough to get the states attention. Mr. Waugaman noted that once the state sees that the city and other jurisdictions are stepping up to help, the state may contribute to ensure the improvements are complete. Mayor Callery noted that he has asked State Representative Diane St. Onge to assist in identifying funding.
- Carol Fenbers of Niewahner noted that the development would be new but at some point the city will need to replace the roads in the new development and would that create such a burden that the city could not pay for everything. Mr. Ringo noted that the Road Tax is not included in the TIF and that the other general fund revenues would pay for their services. He noted that outside of traffic the burden on city services would be very light. Mr. Waugaman stated that since the LDA runs for 30 years, if the city needed to replace streets in the new subdivision during that time that TIF dollars could be used to do it instead of road tax money. He restated that the TIF makes the new subdivision self-sufficient. Mr. Bruns stated that it would be like an HOA and the new subdivision would also be paying to improve Amsterdam and Collins. Mr. Parsons stated that the estimates are reasonable and noted other taxes go back to the general fund and that there was a good net tax impact over the pledged funds. Mr. Kilburn reiterated that the TIF could be used to pay for road maintenance in the new development while the road tax they pay will be used to help the city catch up on deferred maintenance. Mr. Bruns noted that while he agreed the city should not have to do this, the city should also not have to be replacing new Sunglow in less than 20 years like it is doing now, so the TIF is like taking out insurance and the best thing for the city to do.
- Mayor Callery stated that it was time to start on the list of those who signed up to speak. First on the list was Lawton Muncy of Wesley Drive. Mr. Muncy stated in the past the city was once rated as the best city in America. He noted that a lot of people are against the project because things are so good in Villa Hills that the project can only ruin the city with higher traffic. Mr. Muncy discussed traffic issues from I-75 to Niewahner. He stated that the development was against the character of Villa Hills and that the Mayor and Council had sold the city's soul for tax revenue.

- Ms. Margaret Gittner of Crown Hill Court asked if the new TIF would include the radio station property. Mr. Ringo replied that the TIF does not include the radio station property and includes only the Sanctuary property and the Amsterdam and Collins rights of way. Ms. Gittner asked under what circumstances would the city expand or create another TIF. Mr. Ringo replied if the radio station property sold the city might do so. He restated that the problem that exists today was created by all the residents in the city and that the new residents will add to that, but that the Sisters and the radio station owners have the right to sell their land and that it is unfair to blame the Sanctuary development for the city's current traffic problems. Mr. Ringo noted that everyone is in this together and the city is looking for a solution to the problem. Ms. Gittner replied that she is not blaming the new residents but that the developer has a requirement from the state to address traffic and the city is creating a TIF district to address those requirements for the developer. Mr. Ringo agreed and noted that no one outside the Sanctuary development would be paying for the improvements. Mr. Bruns agreed but noted that the requirement to make road improvements occurs with just 4 more homes and the problems still exist. He noted that the state should be doing this, but they are not going to. Mr. Bruns, Mr. Ringo, and Mr. Waugaman discussed how this problem already exists and needs to be addressed. Ms. Gittner stated that she is opposed to providing any vehicle that helps a developer and that a different developer would come along who would pay for the road improvements. Council disagreed. Mr. Ringo noted that not a single developer has ever paid for road improvements outside their development and that is the way it is. Ms. Gittner inquired if the LDA agreement could be provided and when would the ordinance be available for public review. Mr. Bruns stated after the 1st reading would be appropriate.
- Kathy Stover of Woodcliff stated all her questions had been answered.
- Jim Kinsler of Wesley Drive Noted that the property would be developed and was put up for sale about a year ago. He noted that no one wants the apartments or the commercial aspects. Mr. Kinsler asked what is going to happen to property values on Carpenters trace. Mr. Kilburn asked Mr. Bohman to relay information that the city has on that. Mr. Bohman noted that 2 houses on Carpenters Trace have sold since the Sanctuary development was approved, one was purchased for \$300,000 in 2013 and sold for \$390,000 in May of 2018, while the other one was sold for \$380,000 and was originally purchased for \$315,000. Mr. Kinsler stated that those residents on Carpenter Trace should not have had to sell their homes to get away from the new development. Mr. Bohman noted it was a \$90,000 increase over the previous sale price and Mr. Waugaman noted that was despite the DefendVH signs. Mr. Kinsler gave an example that the housing market in Villa Hills is so strong that there is always a buyer.
- Mr. Steve Schletker of Carpenter Trace asked for consideration for those sitting in the garage to be allowed to ask questions and make comments. The Mayor agreed to let those who want to speak to sign up. Mr. Schletker stated he wanted to focus on the "why" for the TIF district. He stated that the city is making a catastrophic mistake by assuming liability for up to \$11.25 million worth of road work even though the city has not received any of the anticipated

grants or consensus committee endorsements. He demanded to know if the city has received the first dollar of any of it. Mr. Bohman replied "No".

- Mr. Schletker pointed out that the city only has \$600,000 in its rainy day fund and has not set aside a penny to pay the more \$200,000 in spiking penalties from the state. Mr. Waugaman noted that the Council can unlock any of the other reserved amount if needed. Mr. Schletker disagreed noting the amount set aside to keep pay monthly bills. A back and forth conversation ensued between Ms. Stewart and Mr. Schletker about where in the appeal process the city is at, but Mr. Schletker confirmed that the city has an exposure of more than \$200,000.
- Mr. Ringo replied that the city has \$600,000 in its rainy day fund to cover. He stated that the city has to address the traffic issue and wanted to know Mr. Schletker's solution. Mr. Schletker replied that his solution would be not to assume responsibility for \$10 million worth of improvements on state roads. Mr. Ringo replied that that number was a what if number that included moving utilities that is not reasonable and should no longer be used. He admonished Mr. Schletker to stick to the cost estimates that are in the agreement. Mr. Schletker confirmed that the focus is on the \$100,000 for the Collins/Buttermilk intersection and \$1.1 million for the Collins/Amsterdam intersection. Mr. Ringo asked again what Mr. Schletker's solution was to the traffic problem if the state is not going step up and pay for it. Mr. Schletker demurred in providing an alternate solution. Mr. Ringo stated he needed a solution to the problem. Mr. Schletker stated that accepting a large liability beyond the city's ability to pay is not the solution. Mr. Ringo stated that the numbers he has shows that the TIF, with the money from the other jurisdictions, will pay for the improvement in about 10 to 11 years. Mr. Schletker stated that the TIF will force the city to lose 70% of the property tax from the development. Mr. Ringo and Mr. Waugaman stated that the city is not losing anything and the TIF is paying for the solution to the traffic problem. Mr. Ringo admitted that there is a lot of things with the development he does not like, but that it does not do any good to yell at him that the city needs to find a different solution. Mr. Ringo stated the TIF was a solution and asked Mr. Schletker again to bring forward a solution to the problem. Mr. Schletker stated that the solution was not to assume an open ended liability. Mr. Ringo rejected that response. Mr. Schletker stated he would not have agreed to accept PDS's recommendation or approve the development agreement. Mr. Ringo noted he voted that way and they passed anyway.
- Ms. Gittner stated that the city should get rid of the apartments. Mr. Ringo said he tried to remove the apartments but the city is past that. Mr. Schletker stated that the development agreement was a mistake. Mr. Ringo asked Mr. Schletker if the Sanctuary project went away, how would he fix the problem at Buttermilk and Collins, noting the high accident rate in the intersection. Mr. Ringo noted that he was taking advantage of a situation to have the new development pay for needed improvement. Mr. Schletker retorted that they city has not set aside one penny for the road improvements and that the recommendations in the small area study are open ended and cost more than city can afford. Mr. Ringo stated he appreciates Mr. Schletker's comments but that he is not being helpful or offering solutions. He asked again if Mr. Schletker felt the city should not fix

the traffic problems. Mr. Schletker stated he felt the city should only participate to the extent the city can afford to address these issues. He conceded that the city could probably afford to make the improvements at Buttermilk and Collins and should be able to reach into the rainy day fund to pay for it, but he did not agree with taking on the other obligations. Mr. Ringo replied that Mr. Schletker did not give him a solution.

- Ms. Wadsworth demanded that the city take five minutes to give people who want to speak in the garage time to come over and trade out with those sitting in Chambers. Mayor Callery stated that the Police Officer has already taken the list over once and that the city can do that after everyone who has already signed up has had an opportunity to speak.
- Mayor Callery called for Mike Bartels to be the next speaker, who was in the Public Works garage. An Audience member stated that he had been in the PW garage for 90 minutes and the people over there could not see who was taking because the picture kept rolling but they could hear the voices however they could not always figure out who was speaking. The audience member suggested moving the meeting outside so everyone could see the Council talk.
- Mike Bartels of River Road Stated he does not understand why the city would take on the responsibility of spending money on a state route because he understands that once the city begins to repair and maintain a state route, the road permanently becomes a city road. Mr. Ringo replied that was not the case. Mr. Bartels asked if the TIF district needed approval from the state. Mr. Waugaman stated that it does not, that only the other jurisdictions wanting to pledge funds had to vote to join the LDA. Mr. Bartels asked if there were different types of TIFs. Mr. Parsons explained the types of TIF with and without state participation and on vacant or blighted land.

Mr. Kilburn inquired of Mr. Parsons if the other TIFs improved state routes. Mr. Parsons replied that all of the other TIFs in Kenton County made improvements on state routes and gave the example of the Walton Industrial Park. He also noted that the TIF proposed for Villa Hills is very limited and is about as conservative as can be.

Mr. Kinsler asked if the city could pay interest expenses out of the LDA funds. Mr. Parsons stated they city could pay interest costs or decide to use a "pay-as-you-go" system. Mr. Bartles clarified that pledged dollars can only be spent in the TIF area. Mr. Parsons agreed, but noted that the other taxes not pledged could be used elsewhere in the city.

Mr. Bartels asked what happens if the County and PDS don't participate and if the city would have to make up the difference if they decline. Mr. Parsons stated the city is not responsible to make up other jurisdictions pledges. He went on to explained the process to get other jurisdictions to commit to the LDA. Mr. Ringo replied that the city could shut down the TIF if the others don't pledge funds. Mr. Bartels followed up asking what happens if the economy crashes again. Mr. Parsons stated that the LDA had sufficient revenue to pay the anticipated \$100,000 debt service on a \$1 million bond. Discussion followed about how the

estimates are realistic, static and the actual valuation will grow over time and residential values are generally stable. Mr. Ringo stated that the financial projections for the project should be much higher. Mr. Ringo also noted that the Stillbrooke subdivision was approved with \$350,000 homes and they built \$600,000 to \$1 million homes instead. Mr. Waugaman noted that the estimates are very conservative.

Mr. Bartels stated he thought the road improvements had to be in place before the Sanctuary could be built. Council replied "No". Mr. Waugaman noted that the large improvements at Amsterdam and Collins is 4 to 5 years away. He noted that the first focus would be the intersection at Collins and Buttermilk due to the Eubanks Road project in Crescent Springs which will funnel additional traffic through the intersection. Ringo commented that the city is working to fix the main traffic problem in the near future, 4-5 years from now. He stated that there would be no construction in 2018 or 2019 unless the state gives the city permission to redesign the intersection.

- Sue Wadsworth of Amsterdam Road asked if Crescent Springs gives Villa Hills money for the use of Meadow Wood due to their new project. Mr. Ringo replied that Crescent Springs does not and noted that Villa Hills does not give Crescent Springs money for all the city's residents that travel through Crescent Springs every day. Mr. Waugaman noted that Riverwatch flips back and forth between the two cities several times.
- Lou Kees-Rusk of Lauren Drive demanded to know why the meeting was held at the city building when the space could not hold the crowd. She complained stated that the garage is hot and the live feed is poor quality, flickering and the audio is loud based on who is speaking or soft if the person speaking leans back from the microphone. Ms. Kees-Rusk stated that people in the garage are asking who is speaking because they cannot follow along. She demanded to know why the meeting was kept at this location following last month's overflow crowd. Mayor Callery asked her where she suggested the meeting be held. Ms. Kees-Rusk said she does not run the city. Mr. Waugaman noted that the sisters won't give permission to use Villa Madonna and that River Ridge Elementary is closed for the summer. An audience member suggested the public Library in Erlanger, but Council replied the meeting has to be inside city limits. Ms. Kees-Rusk suggested the Parking lot and said she prefers to stand up outside and see everyone talk than sit in the garage. She said it was very frustrating because she can hear the proceeding clearly but does not know the voices well enough to know who is speaking. Ms. Kees-Rusk stated she felt the city was purposely using the poor conditions to discourage the crowd, but it only makes the crowd angry. She demanded to know what was wrong with the parking lot. Mr. Ringo stated the situation was not optimal. Mr. Waugaman stated the city is doing the best it could. Ms. Stewart replied that holding the meeting outside exposes the crowd to the elements. She stated the meeting should be outside because at least then they could see the proceeding. Mayor Callery questioned what would happen to the meeting if a storm occurred.

Ms. Kees-Rusk went on to lampoon the location, size and design of the apartment building and wondered why the building was pushed to the back of

the project site and not up front. Mr. Waugaman replied that was where the developer wanted the building. Mr. Ringo stated he was glad that the building was pushed to the back. He noted that the developer has 350 other homes to sell, some pushing \$1million, and he hopes they sell but noted that the new residents will choose to live next to the apartment building.

Ms. Kees-Rusk asked when the next meeting is scheduled. Mr. Waugaman replied next week. She asked where and Mr. Mayor Callery replied in Council Chambers.

- Mr. Steve Nurre of Cedarbrook Drive asked who initiated the effort to obtain the TIF money and when. Mr. Waugaman stated the city looking into it a few months ago and Mayor Callery stated it looked like a good idea to pay for the improvement without raising taxes. Mr. Parsons noted his engagement was two months ago but that he had been out a few months before that to give a presentation on TIF funding.

Mr. Nurre followed up asking if the reason to look at the TIF was to pay for the road improvements required by the development. Mr. Waugaman agreed.

Mr. Nurre inquired when the \$150 million valuation would be reached. Mr. Waugaman replied about 10 years. Mr. Bohman concurred. Mr. Bruns noted that would be 10 years starting a few years from now because ground work has not started, so people would not be living there until 2020. Mr. Nurre followed up asking if that is when the \$700,000 per year in taxes would be coming in and when the city would be pledging \$233,000. Mr. Waugaman noted that the TIF would also generate the \$155,000 per year from the County and PDS at that time and noted that these numbers are very conservative. Mr. Nurre clarified that if the city did not do the TIF the \$233,000 would go to the General Fund. Mr. Waugaman noted that the city would then lose the \$155,000 from the other jurisdictions. Mr. Nurre inquired if the city reduced its participation percentage if the other jurisdictions would reduce their participation. Mr. Waugman stated they could. Mr. Parsons noted that the city could legally pledge 100% and most cities pledge 80% of the taxes and occupational fees, Villa Hills is only pledging 70% of the general property tax only.

Mr. Nurre asked if there was a breakdown of where the taxes were being generated within the proposed district. Mr. Bohman stated that there is a fiscal analysis that has been completed. He noted that the commercial is very light consisting of only 4 floors of office and retail under 48,000 square feet total. Ms. Vaden noted that the commercial makes up less than 1% of the project. Mr. Nurre inquired about the apartment building and Mr. Bohman replied that the apartment was considered part of the residential component but early estimates are for the value of the building to exceed \$20 million, with the rest being single family homes. Mr. Nurre asked for clarification if the road improvements could be paid for with only \$75 million of property valuation. Mr. Parsons stated that he was giving an example that the development did not need to be fully built out in order for the project to produce enough pledged revenue to cover debt service for the improvements. Mr. Ringo noted that the TIF could be shut down early since the development will cover the improvements prior to the end of the 30

year agreement period. Mr. Nurre followed up asking if the \$150 million dollar number was always the target valuation the city wanted. Mr. Waugaman and Mr. Ringo stated that the city did not know what was being proposed until 6 months ago when the developer released their plan and only then could a valuation be estimated. Mr. Nurre asked what the financial reality for the project is. Mr. Ringo discussed several variable that would set the final valuation numbers and how quickly the improvements would be paid off.

Discussion followed about the when the roads in the development transfer to the city and the states maintenance of the state route system. Mr. Parsons pointed out that even if the city improves a state route it does not assume the responsibility for future maintenance. He stated the TIF is the mechanism to allow the city to pay for the improvements outlined in the development agreement with the developer.

Mr. Kilburn reminded the public about the County's previous efforts to impose an insurance premium tax on city residents to pay for the rural area of the county and how the city had to contemplate raising its rate to keep the money in the city. He also noted that the city has spent more than \$1 million on roads this year and is waiting on the state to conclude its review of the Buttermilk project prior to starting that project. Mr. Kilburn reminded the public that the gasoline tax rebate does not favor urban areas. He stated the reason to move forward with the TIF was to predesignate funds for the road improvements and noted the many other taxes that are not being pledged to the TIF. Mr. Kilburn also noted that the estimates do not include assessment increases over time, so the estimates are very conservative. He pointed out that for the last two and half hours no one has offered another solution, just opposition. Mr. Kilburn also noted that the TIF is a way to pay for the improvements without charging current residents higher tax and that oversight is provided by annual audits. He also noted that the city has very low amount of long term debt and listed of local cities that have built new city halls within the last 10 years. Mr. Kilburn noted that the city is expected to receive about \$4.5 million from the other jurisdictions over 30 years that the city would forfeit without the TIF. Mr. Nurre asked the council to inform the public about the actual numbers as the development moves forward. Mr. Waugaman noted that the TIF district would pay the city back for the improvements to the Buttermilk resignalization.

Mr. Parsons noted that there is a requirement for the City Administrator/Clerk to generate an annual report on the LDA and for those funds to be audited.

- Mayor Callery called Sue Wadsworth to the podium but she had left.
- An unknown audience member interrupted and asked who is responsible for overseeing street construction standards. Mr. Waugaman responded PDS through the subdivision regulations. He noted that they had been recently strengthened. Ms. Jane Terrell of Collins Road asked if that was after the Stillbrooke subdivision had been installed and Mr. Waugaman confirmed the change in road standards was after Stillbrooke.

- Tom Wenning of Carpenters Trace stated that if the city is saddled with the burden of paying for these improvements that the TIF is a good way to do that. He reviewed the anticipated debt service numbers and inquired why there is an expected payment starting in the upcoming Fiscal Year and asked if the city has already borrowed the money. Mr. Bohman responded that he believed the \$900+ payment was estimated based on borrowing \$100,000 for the Buttermilk intersection but that decision has not been made. Mr. Wenning stated he has concerns about taking on the long term debt and suggested using a "pay as you go system". Mr. Wenning noted that the resignalization at Buttermilk is needed now. He noted that without debt payments the fund will grow even more than estimated. Mr. Waugaman noted that the city will not have to do anything for several years. Mr. Ringo pointed out that if the funds are available to be used and the city could borrow less due to down payments from the TIF, that should also be explored. Discussion followed about the various funding scenarios that could occur and the timing of borrowing the money for the improvements and the arrangements to repair state routes and Highwater Road.

At 8:56 p.m. Mayor Callery called for a 5-minute recess. Mayor Callery reconvened the Public Hearing at 9:04 p.m.

- Mr. Wallace of Carpenters Trace noted that he moved into the city last fall and is an adjoining property owner to the development. He stated that the site is a prime piece of real estate that does not need any enticement to development therefore the TIF is inappropriate. Mr. Wallace noted that he has sat on the elected officials' side of the table for 32 years in two different states and that the developer should pay impact fees for the cost of the public improvements. Mr. Ringo asked Mr. Wallace if he was opposed to the TIF. Mr. Wallace replied he is opposed until the developer pays for their portion of the problem out of their pocket. He said the city had an opportunity to negotiate a better deal with the developer and failed. Mr. Ringo asked if the city had the opportunity to do what Mr. Wallace is suggesting and Ms. Stewart replied that the city did have an opportunity to negotiate, but had limited leverage. Mr. Ringo noted that the city negotiated in a recovery mechanism to cover the developer's portion of the improvements if the valuation on the property falls short. Mr. Wallace stated that is just treating the developer like a resident because taxes are paid no matter what so there is no additional money from the developer to offset their impact costs.

Mr. Wallace stated that he does not think the TIF is appropriate because the land will develop without the TIF. Mr. Ringo reiterated that no money is being used to support developer costs and Mr. Wallace replied that the city has foreclosed on its opportunity to have the developer pay their proportional costs. Mr. Ringo noted that it was not an opportunity the city had and Mr. Wallace disagreed. Mr. Wallace stated that everyone else should not have to participate in paying for that portion of the infrastructure improvements related to the developer's costs. The Mayor and Council replied that they are not because the pledged funds will come from the residents of the Sanctuary development. Mr. Wallace countered that it does because of the opportunity costs from the \$105 million in valuation diverted to pledged funds. Mr. Ringo noted that by setting up the TIF the city gets funds it would not otherwise obtain from two other sources. Mr. Wallace

acknowledged that was a good idea, however he noted that the city should have gotten the money from the developer up front.

Mr. Ringo asked Mr. Wallace how Ashley is responsible for the existing traffic problem. Mr. Wallace replied that without the TIF there is no development. Councilmembers responded that the development can occur without the TIF. Mr. Wallace retorted that since the development could move forward without the TIF, it defeats the statutory requirements for the TIF. Mr. Ringo noted that the Mr. Parsons described two situations to use the TIF and one was for the funding of Public infrastructure improvements related to the development. Mr. Wallace asked if the development requires improvements to the roads above what would be needed today. Mr. Ringo agreed that it does, but asked if the improvements are needed today. Mr. Wallace noted in the other situations he has been involved in (in other states) that the building fees are increased to cover the infrastructure costs. Mr. Ringo stated that impact fees model does not exist in Northern Kentucky. He also said that no developer in Villa Hills had ever paid for traffic problems caused on public streets outside their development. Mr. Wallace stated that was no reason to continue to do so. Mr. Ringo pressed back that the rules do not allow the city to charge such impact fees. Mr. Wallace asked if the city demanded that the developer pay for the improvements. Mr. Waugaman stated that the developer was asked for a lot of things that did not make it into the development agreement.

Mayor Callery asked Mr. Wallace to conclude his comments. Mr. Wallace raised one more concern. He asked if any right of way easements would be needed for the improvements, basically if all of the improvements could be used in the existing right of way. Mr. Kilburn replied that is unknown at this time because the design work has not been completed and the size of the radius of the potential roundabout has not been established. Mr. Wallace pointed out that if any additional easements are needed, TIF funds cannot be used to acquire them because that land would be outside the LDA area. Mr. Parsons noted that would be correct but that the map could be amended. Mr. Bruns noted that amending the map was part of the initial discussion if needed.

Mr. Wallace suggested that TIF have a sunset so that once the project costs are paid all of the pledged funds are returned to the city. Mr. Ringo noted that the option to close out the TIF is available to the Council in place when the projects are complete.

- Mr. Kilburn asked if there was anyone in the PW garage that would like to speak and an audience member stated that everyone had left the garage.
- Mr. Bartels asked what the problem with Buttermilk and Collins intersection is. Mr. Waugaman, Mr. Kilburn, Mr. Bruns, and Mr. Ringo described turning movements at the intersection that causes accidents. Mr. Siebert questions the \$100,000 cost to restripe the intersection. Mr. Waugaman noted that the cost included new traffic lights that would be required for turn only lanes.

At approximately 9:20 p.m., with there being no further questions or comments relating to the Sanctuary Village Local Development Area, Mr. Kilburn made a motion, seconded by M. Bruns to close the public hearing portion of the meeting. A voice vote was taken all in favor.

The next item on the agenda was Legislation.

In response to a open meetings complaint by Mr. Steve Schletker regarding the May 16, 2018 Council meeting, the Mayor determined that no open meetings violation occurred, but in the Mayor's formal written response, the City agreed to hold additional readings of Ordinances, Municipal Orders, and Resolutions from the May 16, 2018 meeting.

- **3rd Reading & approval of Ordinance 2018-3 (Draft O-2018-C)** An ordinance of the City of Villa Hills, in Kenton County, Kentucky, amending the city's budget and Ordinance 2017-2 by amending Revenues, Contracted Services, Designated Funds, Police, and Public Works budgets and the Capital fund budget. This amended budget ordinance is enacted pursuant to KRS 91a.030(10) for the fiscal year beginning July 1, 2017 and ending June 30, 2018, by estimating revenues and resources and appropriating funds for the operation of city government and providing that no monies shall be expended by or on behalf of the City of Villa Hills except in accordance herewith. Ms. Stewart gave a third reading to Ordinance 2018-3. A motion for approval was made by Mr. Kilburn, seconded by Mr. Waugaman. A roll call vote was taken as follows:

Mr. Bruns -	aye	Mr. Ringo -	aye
Mr. Kilburn -	aye	Ms. Vaden -	nay
Ms. Koenig -	absent	Mr. Waugaman -	aye

Motion carried 4-1 with 1 absent.

- **2nd Reading & discussion of Draft Ordinance 2018-D:** A budget ordinance for the City of Villa Hills, Kentucky pursuant to KRS 91A.030(10) for the fiscal year beginning July 1, 2018 and ending June 30, 2019, by estimating revenues and resources and appropriating funds for the operation of city government and providing that no monies shall be expended by or on behalf of the City of Villa Hills except in accordance herewith.

Ms. Stewart gave a 2nd reading to Ordinance 2018-D. A motion for approval was made by Mr. Waugaman, seconded by Mr. Bruns. A roll call vote was taken as follows:

Mr. Bruns -	aye	Mr. Ringo -	aye
Mr. Kilburn -	aye	Ms. Vaden -	aye
Ms. Koenig -	absent	Mr. Waugaman -	aye

Motion carried 5-0 with 1 absent.

- **2nd Reading & approval Municipal Order 2018-5 (Draft M.O. 2018-E)** Authorizing the Mayor to execute the third amendment renewing the Northern

Kentucky Governmental Purchasing Agreement to Extend the duration to 2028.

Ms. Stewart gave a 2nd reading to Municipal Order 2018-5. A motion for approval was made by Mr. Kilburn, seconded by Mr. Waugaman. A roll call vote was taken as follows:

Mr. Bruns -	aye	Mr. Ringo -	aye
Mr. Kilburn -	aye	Ms. Vaden -	aye
Ms. Koenig -	absent	Mr. Waugaman -	aye

Motion carried 5-0 with 1 absent.

- **2nd Reading & approval Resolution 2018-8 (Draft Res. 2018-H)** A Resolution of the City of Villa Hills, in Kenton County, Kentucky, Accepting the bid of JPS Construction for \$249,889.80 for work to be performed on Appleblossom Drive and authorizing Mayor Callery to sign a contract with JPS for same.

Ms. Stewart gave a 2nd reading to Resolution 2018-8. A motion for approval was made by Mr. Kilburn, seconded by Mr. Waugaman. A roll call vote was taken as follows:

Mr. Bruns -	aye	Mr. Ringo -	aye
Mr. Kilburn -	aye	Ms. Vaden -	aye
Ms. Koenig -	absent	Mr. Waugaman -	aye

Motion carried 5-0 with 1 absent.

- **2nd Reading & approval Resolution 2018-9 (Draft Res. 2018-I)** A Resolution of the City of Villa Hills, in Kenton County, Kentucky, Accepting the bid of JPS Construction for \$107,096.90 for work to be performed on Sunglow and Thirs Drives and authorizing Mayor Callery to sign a contract with JPS for same.

Ms. Stewart gave a 2nd reading to Resolution 2018-9. A motion for approval was made by Mr. Kilburn, seconded by Mr. Waugaman. A roll call vote was taken as follows:

Mr. Bruns -	aye	Mr. Ringo -	aye
Mr. Kilburn -	aye	Ms. Vaden -	aye
Ms. Koenig -	absent	Mr. Waugaman -	aye

Motion carried 5-0 with 1 absent.

- **Consideration and approval of draft Resolution 2018-J** A Resolution of the City of Villa Hills, in Kenton County, Kentucky, Designating Derick C. "Buck" Yelton,

Director of Public Works, as the City's applicant agent for the purposes of attaining Federal Financial Assistance under the Disaster Relief Act.

Ms. Stewart presented draft Resolution 2018-J. Mr. Bohman explained that this resolution is a requirement of FEMA to designate a staff person as the city's agent to sign off on storm related damages and repairs and that the PW Director was the best person to do that. A motion for approval was made by Mr. Bruns. Seconded by Mr. Waugaman. A roll call vote was taken as follows:

Mr. Bruns -	aye	Mr. Ringo -	aye
Mr. Kilburn -	aye	Ms. Vaden -	aye
Ms. Koenig -	absent	Mr. Waugaman -	aye

Motion carried 5-0 with 1 absent. This will become Resolution 2018-10

The next item on the agenda was Motions from the May 16, 2018 meeting

- A motion was made by M. Bruns, seconded by M. Waugaman to approve the minutes of the April 18, 2018 meeting. A voice vote was taken all in favor.
- A motion was made by M. Kilburn, seconded by M. Ringo to approve the April financial report and post it to the city's website. A voice vote was taken all in favor.
- Ms. Vaden inquired if all the votes taken were from the May 16, 2018 meeting, Mr. Bohman replied that all except for the FEMA resolution were from the prior meeting.

The next item on the agenda was discussion of the solid waste bid.

- Mr. Bohman reported that the city jointly bid solid waste services with the cities of Crescent Springs, Edgewood, Elsmere, Ludlow, and Taylor Mill. He noted that Crescent Springs, Elsmere, and Taylor Mill dropped out because they had extensions at lower rates than the bid received. Mr. Bohman stated that Rumpke was the only bidder at \$16.45 per unit/per month for 4 years with a 5th year extension. This represented more than a 34% increase over the current rate of \$12.24 per unit/per month. He reminded the Council and the public that Villa Hills' rate has been almost flat for the past 7 years, going from \$12 in 2010 up to \$12.24 in 2015. Mr. Bohman stated that the City Administrators of Villa Hills, Edgewood, and Ludlow attempted to directly negotiate a lower price with Rumpke but the company held firm that their price was fair and competitive. He also noted that trying to rebid would likely not result in a lower bid price because the most likely competitor, Best Way, bid Park Hills and Fort Mitchell last year at a higher rate than the one submitted by Rumpke.

Ms. Vaden noted that Rumpke did offer an option for escalating rates, but it increased to the \$18 range at the end of the contract. She also noted that Rumpke does a good job picking up everything set out. Mr. Bohman pointed out that the city does have an issue with missed pick-ups on River Road. Discussion

followed and consensus emerged to move forward with Rumpke at the \$16.45 rate for 4 years with the possibility of a 5th year extension.

The next item on the agenda was an update on HR related items

- Mr. Bohman brought to the Mayor's and Council's attention that the Administration Committee is working on a personnel policy update, adjusting the pay scales, that the city was enhancing its medical coverages, and that evaluations are underway. He stated that these items would be coming forward over the next few months.

Ms. Vaden offered to share draft versions of the updates with councilmembers not serving on the committee.

The next item on the agenda was a discussion requested by Mr. Kilburn of active versus passive code enforcement.

- Mr. Kilburn discussed options the city has to enhance its code enforcement. He noted that the city could hire its own code officer, it could change tiers with Planning and Development Services (PDS) and have them conduct proactive inspections, or the city could use its current License Inspector who is a retired building inspector from Covington to report violations that he finds in the course of his daily duties.

Mr. Kilburn requested to get general agreement from Council to:

- 1.) Allow the License Inspector report to the City Administrator/Clerk a list of violations he finds during his duties and have the Clerk's office send a letter asking for the violation to be abated within a week, and if not, turn over such violations to PDS, and
- 2.) Take action against any property that has liens in excess of \$5,000.

Mr. Kilburn noted that one only needs to drive the length of Amsterdam Road in Villa Hills to see the properties that have tall grass and unkept yards. He also noted that there is one property in particular that has nearly \$20,000 in liens against it and the property owner has not addressed the violations or paid the liens.

- A substantial amount of back and forth discussion between Councilmembers, Ms. Stewart, and Mr. Bohman ensued about code enforcement practices. Mr. Bruns noted that he was not in favor of a proactive approach due to concerns that a Code Enforcement Officer may not treat all property owners the same or impose a tougher standard than is required. He stated that if the neighbors don't care and are not complaining then the city should not be looking for violations. He also offered to help those who need help with their property and suggested other neighbors do the same before calling in a complaint. Mr. Waugaman raised concerns about having the city send letters when the city pays PDS to manage its Code Enforcement duties. Discussion followed and consensus emerged to have the License Inspector report possible violations to the City Administrator/Clerk who would send out a letter noting that the city has been made aware of a possible violation, ask for abatement within 1 week, and have

PDS reduce its notice of violation period from two weeks to one week for those cases where the city has sent a letter. Council also suggested that "being aware" of code violations in the community be added as an informal job duty for the License Inspector.

- Ms. Vaden brought Council's attention to the second portion of Mr. Kilburn's request which was how to address properties with outstanding liens. Discussion followed. Mr. Ringo noted that Council already agreed to seek legal action against any property with more than \$5,000 in liens. Mr. Bohman noted that about 6 to 10 properties would cross that threshold and starting that many foreclosure actions at once might negatively impact the legal budget. Council suggested starting with the properties with the largest dollar amount of liens and work down the list. Ms. Stewart offered to work with Mr. Bohman to identify properties to work on.

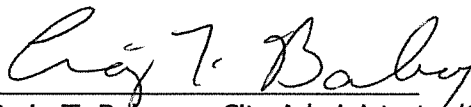
The next item on the agenda was General Discussion.

- Mr. Ringo brought the Mayor's Council's attention to a situation where one neighbor had planted bamboo and the shoots have traveled underground far into a neighbor's yard and spouted and asked if the city had ordinances to prevent such an occurrence. Mr. Bohman replied that he was not aware of any ordinances that would regulate such a situation, but that the bamboo would be treated like an overhanging tree and the neighbor being encroached upon could remove it. Mr. Ringo noted how difficult it is to remove bamboo. Discussion followed and suggestions were made that the situation may meet the definition of a nuisance violation but that the situation was most likely a civil matter between the neighbors.

With there being no further discussion or comments, a motion was made by Mr. Kilburn, seconded by Mr. Ringo to adjourn. Motion carried voice vote all in favor.

Time of adjournment was 10:03 p.m.

Respectfully submitted,


Craig T. Bohman, City Administrator/Clerk


Irvin T. "Butch" Callery, Mayor