

## Mayor's State of the City Report for 2023

Tonight, I want to give our residents a summary of what we've been working on over the past year and in some cases, even longer with a number of things yet to come. I intend to inform everyone of what we've accomplished in 2023 and look forward to in 2024. You will find that in order to accomplish what we've worked on, accomplished and worked through has taken Collaboration, Cooperation, Negotiation and Performance for the good of all of our residents. We do not have the luxury of having a paid City Administrator or City Manager. Pursuant to KRS 83A.130, the mayor is to provide an annual report to the city and Council on the state of the City. So, this is my State of the City Report for 2023.

Let me begin by letting you know, as you heard from the audit report this evening, that the City is in good shape financially. Our Department Heads including Arvil Bowman – Public Works Foreman, Brandi Barton - City Clerk and Police Chief John Christmann continue to do a remarkable job by being very frugal with their individual budgets.

The Southgate Volunteer Fire Department with John Beatsch as their Chief and our partnership with the Southgate Wilder EMS or SWEMS also help us by keeping their budgets under control.

I won't say we don't have disagreements when it comes to budgetary items. However, we always work things out together for the final numbers.

So let me get into the State of our City. First of all lets tell all about our demographics. Southgate is two miles south of Cincinnati, one.5 miles north of Northern Kentucky University and 12 miles from the Greater Cincinnati-Northern Kentucky International Airport with an expressway system at our front door and restaurants and retail close by with two churches, two schools and many community and religious groups.

In the Summer 2023," Cincy Magazine" stated that out of the Top 75 Communities in the Greater Cincinnati and Northern Kentucky area, Southgate ranked second in Northern Kentucky. Only behind Villa Hills who was ranked first in Northern Kentucky. Southgate ranked 28<sup>th</sup> overall out of the top 75 cities communities within the Cincinnati Metropolitan service area.

To give you an idea, in that issue of Cincy Magazine, Fort Thomas ranked 32<sup>nd</sup>, Wilder 41<sup>st</sup> and Bellevue ranked 54<sup>th</sup>. The reason we ranked 2<sup>nd</sup> was the 5 Year change in median home sale price or value. Property values are definitely on the rise in Southgate. Just look at the cost for your home insurance if you have any doubts.

In the Summer of 2023 issue, "Cincy Magazine" posted the Top Safest Cities in the Greater Cincinnati and Northern Kentucky area. Southgate ranked 8<sup>th</sup> in Northern Kentucky. Fort Thomas ranked 3<sup>rd</sup>. We were ranked 41<sup>st</sup> overall within the Greater Cincinnati MSA.

Contributing factors for our reduction in this number from 2017 when we ranked 28<sup>th</sup> were:

1/ Southgate reported a sexual crime

2/ Southgate reported 3 assaults in 2022

These are items we cannot control. To their credit, our Police Department reports ALL incidents which occur in Southgate where other departments may not thereby which could provide them a higher score.

As council and staff, our jobs are to keep our people safe, provide a good quality of life for our residents while planning for the future stability of our city for those who come after us.

So let me give you an idea on the accomplishments of our City in 2023 as reported by our department heads:

### **2023 Public Works Accomplishments**

- In 2023, Public Works Constructed a 400 ton salt barn for storing salt to plow City streets.
  - Public Works built the floor and foundation block ourselves saving the city approximately \$30,000
- Constructed a brine system to use on the streets in case of ice and early snowfall. We make the brine in house
- Collaborated with the City Clerk and Councilwoman Okura on new playground equipment for the park at the Community Center
- Purchased new Ford F450 dump truck to replace our current dump truck
- Worked on street projects for budget year 2023 and 2024 approved by council with the City Engineer in November
- Worked with the City Clerk to decide and recommend the new sign and helped install the same at the front of the City Building
- Set up and removed the Christmas Crib
- Placed the pole banners for Christmas
- Collaborated on Beverly Hills Memorial getting it ready for dedication
  - Met with the Mayors Working Group 4 times throughout the planning process for this event
- Cut the grass and landscape within the parks and on the medians on US27
- Monitored streets and new development at Memorial Pointe
- Began providing snow removal for the new Memorial Pointe subdivision

### **2023 Clerk's Office Accomplishments**

- Worked on the KLC checklist to earn their discount on insurance for Worker's Comp, Property, and Liability insurance. This saved us approximately \$60,000
- Worked directly with Rumpke to negotiate a two year extension to our contract thru 7/1/25. Again, saving us revenue for not having to go out to bid for another two years

- Amended the Animal Control ordinance to be aligned with Campbell County Shelter requirements and remove breed specific ban.
- Adopted the supplement to our ordinances to include the ordinances passed in 2023 through American Legal Publishing approved by Council at the last meeting
- Worked with Councilwoman Okura and Public Works Foreman Bowman to purchase and replace our playground equipment for our park
- Transitioned our new Finance Director after our previous director retired at the end of last year
- Worked on procurement and installation of the new sign at City Building
- Worked with KLC to get the City of Ethics certification (for 4 years). Chris Johnson from the Kentucky League of Cities did the training for Council members and department heads. This training works to reduce our insurance expense and informs staff and council of the importance of ethics in office. Most councilmembers were in attendance and received the training that evening.
- Worked on Beverly Hills Memorial dedication working group developed by the Mayor
- Our City Clerk and Assistant Clerk have KY Municipal Clerk certification and did ongoing education in the year to retain this certification
- Transitioned our payroll service to Midwest PayLink for better rates and customer service
- Added the Tax preparation & collection of new school Nickel tax and new Memorial Point development.
- Added new waste collection for new addresses at Memorial Pointe

### **Police Department 2023 Accomplishments**

#### **Chief John Christmann**

- (serving SPD since 2012) 32+ years of experience.
- Police executive level training.
- Northern Kentucky representative for the KY Association of Chief's of Police.
- Past President of the Campbell County Police Chief's Association.
- Executive board member for the Greater Cincinnati Police Historical Society

#### **Sgt. Ronnie Gross**

- (2012) 32+ years of experience.
- Police supervisor training and criminal investigator training.
- Department's detective and case management supervisor.
- Member of the Campbell County Crime Scene Unit.

#### **Sgt. Dan Johns**

- (2012) 32+ years of police experience.

- Police supervisor training.
- Department's patrol commander and administrative supervisor.
- Certified drone pilot.

**Officer Dave Lawson**

- (2017) 33+ years of experience.
- Police supervisor training.
- Vehicle/fleet manager.
- Former K-9 officer & training officer.

**K-9 Specialist Garrett Haynes**

- (2016) 10 + years of experience.
- Military veteran.
- Current K-9 handler (K-9 Cody).
- Evidence room manager.
- Field training officer and manager.

**Specialist Joseph Boyce**

- (2021) 10 years of experience.
- Former KY State Trooper.
- Military veteran.
- Department field training officer.
- Awarded "Officer of the Year for 2023" by the Southgate VFW.

**Specialist Charlie Boeschenstein**

- (2022) 1+ year experience.
- Southgate sent to the police academy.
- Former corrections officer.
- Drone trained.

**Specialist Nate Snyder**

- (2022) 1+ year experience.
- Southgate sent to the police academy.
- Former corrections officer.

**Part Time Officer Stacy May-**

- Retired KY State Police Lieutenant.
- Was full time Southgate officer but transitioned to part time.

**Part Time Officer Tim Mitchell-**

- Full time Florence, KY firefighter/paramedic.
- Former assistant chief of police in Carrollton, KY.
- Current range instructor and less lethal instructor in pepper ball weapons and Taser.

**Part Time Officer Rich Whitford-**

- Full time director for a company that handles security for Federal Government properties. Retired as the assistant chief of police for Ft. Thomas.
- Police executive and FBI training.

**Police Department members-** Are all first aid, CPR and AED trained. Each officer is current on training requirements for certifications, including driving, firearms, KLC requirements and policies.

**Since the beginning of 2023 the department has achieved the following:**

- Hired and/or put through the police academy 2 new police recruits (Boeschenstein and Snyder)
- Was an active participant in the investigation of a serial rapist that lived in Southgate. He was convicted in both Kentucky and Ohio and will spend the rest of his life in prison.
- Partnered with Southgate John R. Little VFW to purchase a police drone and start a department drone program.
- Was designated as the police department of the month for February 2024 by the Greater Cincinnati Police Historical Society and Museum.
- Was presented the “Ignite 2023 Environmental Protector Award” by Power DMS for our outstanding use of the computer program and saving trees at the same time by reducing paper usage.
- Worked with the Mayors’ Working Committee for coordination of the Beverly Hills Memorial Dedication
- Completed our required Kentucky Law Enforcement Foundation Program Fund (KLEFPF) audit. The purpose of the audit was to ensure that the police department follows all Police Officer Professional Standards (POPS). No issues needed to be corrected and a 100% grade was earned.
- All department members were trained in the *Ti Simulator* which is a reality based simulator that puts officers through a variety of real life scenarios that help improve their response time, decision making and overall success.
- On February 7<sup>th</sup> of this year we will complete our Kentucky League of Cities Insurance Services (KLCIS) audit.
  - The audit ensures that all of our policies and procedures meet state standards. The audit directly affects the insurance rate that the city pays for police insurance. Last audit (in 2022) the department received a 100% score. After preparing for this coming audit, a 100% score is fully expected.

- We have the most experienced Police Department in all of Northern Kentucky

Our Code Enforcement Officer is John Lauber. John has been with us since 2009 and continues performing with zeal and pride in what he does for our City. His charge is to insure our property owners comply with the International Property Code while working with them to be sure their property is properly maintained. This helps us so much in the evaluation of our city and just another reason why our property values are increasing.

Chelsie Shay manages our Community Center for contracts, staff and upkeep of the facility and grounds. She's been with us for six years and has a lot of experience since her Mom, Monica ran the Community Center for over eight years and after that her cousin, Donna Kidney performed this duty for four years.

Our non-elected city staff members include:

Patty Edgely, is our City Finance Director and has been since January 2023 after Teresa Franklin retired. Patty was the Finance Director for the Newport Housing Department for years before moving into auditing for a local CPA firm. She brings over 30 years of experience to our City.

Finally, our City Attorney Mary Ann Stewart. Mary Ann is a partner with Adams Law in Covington. She's been with us since 2007. She is the most knowledgeable City Attorney when it comes to Municipal Law and is well respected across our Commonwealth. She works with us, the Covington School Board, the City of Villa Hills, City of Crestview Hills, Campbell County Dispatch, Campbell County Media and the Northern Kentucky Area Development District. Mary Ann is a partner who works with me directly on all items relating to City Government. She works with Council as well in providing information and responds to us all regarding legal challenges.

In the course of my tenure as Mayor, I've hired 18 of 19 staff members for our City with exception of Arvil who was hired by former Mayor Melville. This includes 12 full time and 7 part time. We continue with 3 contracted professional individuals working with our Treasurer, Engineer and City Attorney.

We have an excellent fire department in the Southgate Volunteer Fire Department as well as with our Ambulance and ALS services through the partnership with SWEMS. Chief John Beatsch gave his annual report at the Southgate Volunteer Fire Department Annual Banquet. That evening the fire department recognized their fire fighters who served over 50 years within their department. Those individuals include:

- Chief John Beatsch
- Eric Muench
- Chief Dick Riesenber
- \* Gene Blanchet
- \* Chief Mark Muench
- \* Wayne Watson

In 2023, Southgate's Real Estate Assessment before Exemptions as stated by our PVA Administrator was \$251,681,070. Southgate is progressing as seen in 2021, 2022 and 23 and now as we enter 2024.

Today, we have around half of the Memorial Pointe development still in the pipeline. The build out is planned for 2 to 2.5 years.

With the approval this evening, Southgate will add another \$120,000,000 to that pipeline for a 7 to 9 year build out.

The estimates for Memorial Pointe was derived in 2020 dollars. The estimates for Sunrock are based on 2023 dollars. In those or today's dollars, that will increase the value of our city by an additional 73.5% as compared to the current evaluation that I stated before. No doubt, both developments will increase in value as they build out. Not many cities have this opportunity within their community. Let me share something with you from our County Planning and Zoning Administrator which I believe you received a copy of in your packet:

- The City of Southgate had \$34,032,479 or \$34 Million dollars of construction work permitted in 2023.
- This is largest amount seen in over 10 years for Southgate.
- This surpassed the unincorporated Campbell County (\$30M) and is comparable to the volume we have seen in Alexandria (\$40M) for 2023.

Southgate is a nice place to visit and a great place to live. Many of our residents are lifelong residents who grew up in Southgate and stayed here and raised their family here. We have 3<sup>rd</sup> and 4<sup>th</sup> generation families living in Southgate.

As you also know, we have one of the highest tax rates in Northern Kentucky since we do not have the luxury of having businesses which attract buyers. We are not a destination city and have not been since the Beverly Hills tragedy. So, the only way to hold or even reduce taxes is to have increased development. For us, this means residential development since we don't have that many businesses within our City.

I said before, that from 2021 until now, Southgate has the ability to produce over \$65million (and \$120,000,000) in new development from which we will gain new tax revenue for our city. We've done this with no capital outlay or upfront contribution.

If a city wants to enhance its tax base without any upfront contribution, to secure a quality development and have a say regarding that development, the city has two options. One is Tax Incentive Financing or TIF, which typically is used for some form of restoration. The other is Industrial Revenue Bonds or IRB's. The KRS was revised to allow this type of financing on residential property. Most cities do not have the revenue resources to develop a piece of property on their own. Cities don't have a say on who can buy what property as long as the zoning can be identified and utilized for the purchased property. Developers

then have to comply with all local ordinances, including Planning & Zoning and also statutory requirements must be accomplished before any development is granted and can begin.

IRB's insure that a community is receiving the highest level of value for usage of the property being developed. Without an IRB, the city runs the risk of not having a say in producing a quality development from a quality developer. IRB's are typically used for installation of utilities and infrastructure and sometimes stabilization for the quality development the developer wishes to construct within a city.

To give you an idea, no IRB was performed or recorded for Canterbury in 2007 as a Section 42 development by Herman and Kittle of Indianapolis. What was Berkshire Realty Group and now is BRG was built as Valhalla apartments by the Droege family in the late 60's and Fox Chase Apartments was built by Hills Developers in Cincinnati in the mid 80's. Fox Chase would be ranked a Class B complex. The draw on city services including Police, SVFD and SWEMS are not as frequent to the Fox Chase complex as they are to the other two, especially at Canterbury.

So when an IRB occurs, it is to provide a number of things:

1/ A desire that we are working with a quality and hopefully locally owned developer with a good reputation

2/ The developer is providing a development agreeable to the City and Campbell County Municipal Planning & Zoning

3/ The developer is capable of working with the City, County and Campbell County School System

4/ The development complies or will comply with zone and variances to the Comprehensive Plan

5/ Does the planned development offer sustained tax revenue during and after the completion of the project to support the projected development and most important our City without causing a strain on police, fire, ambulance and public works?

Let me give you an example. Memorial Pointe has a completion value of \$65,000,000 based on 2020 dollars through 2026. As costs rise on the 20 new homes already built and the apartments under construction since construction began, the value of those homes and the new apartments increased in value through increased costs and even appreciation of the value by nearly \$4,000,000 through July of 2023, as noted by the Campbell County PVA. This means more for the developer for the single family homes and on the apartments. Obviously, this then means more for the city in tax revenue due to the increased costs which increases the overall value for the developer to offset costs. This becomes a win-win for both parties by having us receive more in tax revenue and helping



the developer offset their costs from increases in materials during construction. Remember, the city did not provide any cash outlay for construction of the quality development from the start. The developer took the risk in developing and placing the infrastructure at the inception and during construction of the project.

So, in the case of Memorial Pointe, we have a quality developer in North American Properties based in Cincinnati, Ohio who agreed to construct the luxury Class A apartments at Memorial Pointe. NAP recently built, through an IRB by the way, One Highland in Fort Thomas. NAP is well known for building quality apartments and condominiums throughout Greater Cincinnati and Northern Kentucky. North American Properties decided to and agreed to build a Class A luxury apartment community, which reduces the strain on police and fire services and provides a higher end overall development with more amenities inside the apartments as well as within the community. NAP requested and council approved an IRB for 30 years on the apartments parcel only for the total amount of the project in 2020 dollars. This value is graduated over the 30 year term and only for real estate taxes. Personal property, insurance and our fire tax are taxed at 100% from the first day the apartments come on line. After 30 years Southgate will gain 100% in real estate taxes on the NAP property. We began receiving 100% of the taxes on real estate, personal property and insurance for the single family homes that came online in 2023. We will continue to receive 100% of the real estate taxes on the single family homes and soon to be constructed senior center as these areas of Memorial Pointe come online over the next 2 years. As I stated before, with the 20 homes already built and with the apartments nearly finished, the Memorial Pointe complex has already accrued another \$4,000,000 in appreciable value since 2021 when construction began, due to increased costs and higher price points attributed to accommodate the increased costs. This means more tax monies for the city and offsets the additional costs NAP accrued during construction of the Class A luxury apartments.

As you know, the Memorial Pointe development is a quality development with a quality developer who partnered with Fischer Homes, Ashley Homes, Vision Apartments, North American Properties and Arcadia senior living. The anticipated taxes are obviously more than we would have gotten had we let the property sit idle as it had for over 46 years or taken the risk of having a distant and not so qualified developer build within this intended upscale development which this property truly deserves. Before the development, Southgate was accruing \$26,000 plus, in real estate taxes only. No personal property, payroll tax or insurance tax was accrued since no structures were located on that site.

Let me provide you with a short List of Active IRBs that you may familiar with today:

- Alexandria Baptist Home or the Seasons
- Dayton – Arlington Properties
- Dayton – Manhattan Development Group
- Fort Thomas One Highland

- Kent Lofts
- Newport on the Levee
- Memorial Pointe
- Newport Baptist Home – site of the new condominiums
- Ovation In Newport
- Shady Terrace in Bellevue
- VA Homes in Fort Thomas

Recently, Cold Spring approved a \$50,000,000 IRB for development of the property directly across from the Meijer Square development in their city for possible commercial real estate development.

Currently, Southgate receives roughly \$1,100 from the unused properties within the Sunrock development. The estimated total of this development at its completion in 7 to 9 years is \$120,000,000 in today's dollars. The developer requested a 10% IRB or \$12,000,000 in today's dollars over the term approved by council for 40 years. A question was asked if the developer could receive more than \$12,000,000 over the 40 years and the answer was, possibly yes. Keep in mind, the term or final year determines the termination of the IRB. Not the dollar amount.

Let me give you a reason of how I view this and how this may occur:

1/ The estimated \$120,000,000 is in 2023 dollars. The timeline for the development is estimated to be 7-9 years. The projected 10% IRB is requested for construction of a quality development of which the Stage I plans were approved by Campbell County Municipal and Zoning on November 14, 2023. This is for placement of the infrastructure on nearly 86 acres of land which Grand Communities (Fischer Homes) has under contract to purchase from the current owners. Again, the dollars for the estimated 10% is in current or 2023 dollars.

2/ Material Costs will more than likely rise over the 7-9 years. If not, the value of \$120,000,000 remains constant.

3/ At its completion, it is possible the overall cost to complete may increase from the estimated \$120,000,000

4/ When costs increase adding to the final cost of the project as stated above, so does the property value which has to offset the increased material costs the developer incurred during construction. When this occurs, taxes too increase based on this now appreciation of the value attributed to increased costs.

5/ This windfall, becomes a win-win for both the city and the developer as the city receives additional tax revenue at completion of the project. At the same time the developer receives additional dollars to offset construction, material or development and labor costs.

6/ Council chose the 40 year IRB as it provides additional revenue in later years over the 40 years which could or would be used for repaving of the streets within Sunrock as after that

amount of time many streets will begin to show signs of degradation. This is our effort to help future city councils by having those additional funds available for repaving.

So, without an IRB and without a qualified and quality developer we run the risk of having a lesser development constructed. Keep in mind, Southgate is not contributing any upfront costs nor any hard costs during and after construction. Yes. We will have increased Public Works and safety needs as each development progresses. However, we will reap the benefits of new tax dollars to offset those costs in the future. We have not contributed any direct costs for development outside of offering the tax abatements for issuing IRB's on real estate taxes ONLY for the apartments at Memorial Pointe and for 10% of the entire project for infrastructure on the real estate taxes only on the Sunrock property only and not on personal property, insurance or fire tax.

The use of IRB's on these properties allowed us to receive two quality developments in three years,

We need new development if we are to progress as a city. The only way we can survive with increased costs for safety, material costs for street repair, building upkeep and personnel expense is to either increase taxes on our residents and businesses or provide new development to hold and hopefully in the next few years begin to reduce taxes or keep taxes static as our current homes and businesses continue to increase in value.

So, you've heard what each of our departments have been working on through the last year and now as we move forward we still have work to do going into 2024, which includes:

- Finding an answer to the Police Department Evidence Room issue in order to retain their Certification
- Construction of the new playground equipment at the Community Center park
- Demolition of the tennis courts
- Construction of a City Park at the sight of the tennis courts
- In late 2023, you approved \$780,000 in principal for a bond issue which will cost us \$61,000 plus for 20 years. This includes the repaving of
  - 1/ the westside of Electric from Ridgeway through Retreat
  - 2/ Finishing Beech to North Street and
  - 3/ Repaving the auxiliary parking lot
- Approving a new budget for the 2024-25 fiscal year
- Continue to work with Ashley, Vision, Arcadia, North American and Grand Communities as the developments progress
- Work on a traffic calming device, including a traffic signal at Memorial Pointe and US27
- Continue to work with Southbank to enhance the non-motorized usage along US27 and especially with the challenges provided by KYTC on a continued basis for US27 in Southgate.

- Continue to work with KYTC for placement of a Crosswalk at US27 and Moock Road
- Work with TANK and on our own for replacing the bus shelters near and across from the 525 Alexandria Pike medical building
- Work on developing a Strategic Plan for our city for the next 5 and 10 years. I hope to begin this process in June.
- The Northern Kentucky Water District will place a new water main on Valley View through 2024 and into 2025.
- Begin negotiation with Duke for a new franchise agreement
- SD1 will place a new line at the Community Center park through the left side of the trail facing the lake sometime beginning in the summer of 2024. They will replace the trail once they complete the construction and placement of the new line.

As you can see, Southgate DOES have a lot to offer! We've done a lot in the last year and have more challenges facing us again in 2024 and beyond. We as a city are progressing and moving forward as you heard in the staff reports and because of your decisions as Councilmembers. We work together for ALL of the people of Southgate to be sure we are keeping Southgate as a nice place to visit and a great place to live.

Council, you should be proud of what we've accomplished. I want to thank you for your input, direction, support and collaboration. I look forward to 2024 as we move forward.

I enjoy working as your Mayor and in doing so working 20-30 hours per week for my pay of \$11.69 per day. I am happy to act as an advocate for our fine city including representing our city at various meetings such as meeting with: residents, other cities, Campbell County leadership, Northern Kentucky Area Development District, the Kentucky League of Cities and with our local legislators and the Departments within the Commonwealth of Kentucky in Frankfort.

Let's continue to make our goal to always find Southgate as that nice place to visit and that great place to live.

Respectfully,

Jim Hamberg, Mayor