

To: The Mayor of the City of Covington

The undersigned petitioners have satisfied all requirements of KRS Section 91A.560 (KRS Ch. 91A Sections 550 thru 580 known hereafter as the “Act”). Pursuant to the Act, the petitioners hereby request that the City Commission (the “Commission”) of the City of Covington, Kentucky (the “City”), initiate proceedings and enact an ordinance creating a management district (the “District”) in the City. In support of this petition, this petitioners show the following:

1. **Name.** The proposed district shall be known as the “Center City Covington Management District.”

2. **Boundaries.** The boundaries of the proposed District shall be those described in Exhibit “A,” which is attached hereto, and made a part of this petition by reference.

3. **Authority.** The City is authorized by the Act to create a management district that will undertake economic improvements pursuant to the Act that specifically benefit property within the boundaries of the proposed District. The City is authorized by the Act to levy and collect special assessments on the property within the District, based on benefits conferred by these economic improvements, and to raise funds to pay all or part of the cost of such economic improvement projects and services.

4. **Economic Improvements.** The proposed District shall be administered in accordance with an Economic Improvement Plan describing the nature of the services provided within the District. The board of directors of the District (the “Board”) shall recommend a plan annually to the Commission for adoption. A proposed first year Economic Improvement Plan that identifies the proposed services to be provided within the District, which was developed by the Covington Business Council (the “CBC”) and is subject to adoption by the Board, is as follows:

(a) Marketing and Communications; and Beautification and Capital Improvements

Marketing, Promotions and Communication

The District plans to provide a broad array of services designed to support and supplement the efforts of the City’s Economic Development Department to attract new businesses to the District as well as strengthening existing District businesses. These services will be designed to promote new investment within the District, including marketing, branding, and image-building.

In addition to the promotion of investment in the District, the District plans to undertake a marketing program to promote businesses in the District to consumers and investors.

Potential additional services include:

- (i) Promotions and event management
- (ii) BID ratepayer communications and engagement
- (iii) Other activities, as needed

Beautification and Capital Improvements

To make the District more appealing, easier to navigate and promote a stronger sense of identity, services would include enhancements to the public realm that include cosmetic and capital improvements. Any enhancements would comply with and promote the goals related to planning and zoning, design standards, utility servicing, accessibility and other similar regulations and practices, including general coordination with the public works department of the City. Potential improvements include:

- (i) Planters
- (ii) Landscaping
- (iii) Street furniture
- (iv) Signage and wayfinding
- (v) Parking needs and issues
- (vi) Transportation improvements/alternatives
- (vii) Public art
- (viii) Other projects to enhance the public realm, as needed.

(b) Enhanced Maintenance

To create a more attractive, safe and appealing environment for visitors and businesses, the District services would include maintenance services other than those already provided by the City within the District. Potential maintenance services include:

- (i) Litter pick-up
- (ii) Sidewalk cleaning
- (iii) Graffiti removal
- (iv) Similar services, as needed

5. **Management and Administration of the District.** This District would contract with a separate entity to manage the District and administer its day-to-day activities. Management and administrative support services will include:

- (a) procurement of maintenance and marketing services from qualified vendors; administration of related contracts, and supervision related to contract compliance and quality assurance;
- (b) training activities to support the delivery of services in the District;
- (c) annual development of an Economic Improvement Plan as required by KRS 91A.570;
- (d) provision of administrative support to Board;
- (e) maintenance of all financial and administrative records, and yearly audits of expenditures and revenues;
- (f) provision of liability insurance to cover potential claims;

- (g) provision of a conveniently located, fully equipped office with space for District meetings;
- (h) dedicated phone and internet service, including voicemail and other communication capabilities;
- (i) provision of office supplies, postage, and other office incidentals.

6. **Cost.** A preliminary estimate of the cost of the first year, of the economic improvements proposed herein and related administrative costs is as follows:

<u>Purpose</u>	<u>Amount</u>
Economic Development and, Beautification and Capital Improvements	\$140,000
Enhanced Maintenance	230,000
Administration	<u>45,000</u>
Total	\$415,000

- (a) The actual cost of economic improvements in the first year and all subsequent years shall be established by an annual detailed budget that the Board shall prepare and the Commission approve.
- (b) The ordinance establishing the District adopted by the Commission shall include a provision that establishes a method by which annual increases in assessments due to inflation, new growth, and other factors will be limited.
- (c) As required by the Act, monies derived from the assessments shall be applied only toward economic improvements (as defined by the Act in KRS 91A.550, and including the services described herein) and the cost of administration of the District.
- (d) Although the projected revenue from the assessments is \$306,850, it is anticipated that sponsorships and member dues of “supporters of downtown” will provide the additional funding to pay the costs of the economic improvements.

7. **Method of Assessment.** To allocate the costs of the services and improvements the District expects to provide in a way that reflects those benefits, the District will collect a special assessment of \$0.10 per \$100.00 of the assessed value of property, as determined on each January 1 by the property valuation administrator (the same valuation that is used for tax purposes), subject to the following modifications:

- (a) Property that is identified by the property valuation administrator (“PVA”) as “commercial” will be assessed at the full rate, except that the maximum value for commercial property shall be limited to \$15,000,000 for assessment purposes, acknowledging lower marginal benefit per assessment payment for properties as their assessed value increases.
- (b) Property that is identified by the PVA as “residential” will have no assessment payments. Properties having (i) at least four residential units are defined as

“commercial” by the PVA and (ii) a mixed use of residential and commercial, will be assessed as if the property was all commercial uses, which means they will be assessed at the full rate.

- (c) Properties that are exempt from ad valorem taxation by law, such as certain property owned by governmental organizations and property owned by nonprofit corporations, will be exempted from any assessment payments.

For purposes of this petition, “Assessed Property” shall refer to the property that will be assessed for the cost of the economic improvements within the District.

8. Board of Directors.

- (a) The District shall be governed by the Board which shall have seven (7) voting members and four (4) ex officio non-voting members.
- (b) Except for ex officio members and subject to the requirements set forth in this paragraph 8, Board members shall be appointed by the Mayor of the City, with approval by the Commission. Information regarding nominees may be obtained through use of the City’s then existing process for making appointments to the City’s boards and commissions. No more than one owner or owner’s representative of an Assessed Property or multiple Assessed Properties that are owned by affiliated owners shall be appointed to the Board.
- (c) Except for ex officio members, all Board members shall be owners of Assessed Property or their representatives.
- (d) Appointments by the Mayor shall include an owner or their representative with respect to Assessed Property (with, as applicable, values determined by the PVA):
 - (i) having an assessed value of at least \$20,000,000;
 - (ii) having an assessed value of less than \$20,000,000 and more than \$1,000,000;
 - (iii) having an assessed value of no more than \$1,000,000; and
 - (iv) in each Zone identified in Exhibit A, regardless of value.
- (e) Ex officio members shall be a representative appointed by each of the following:
 - (i) City of Covington;
 - (ii) County of Kenton;
 - (iii) Renaissance Covington;
 - (iv) The Catalytic Fund; and
 - (v) Covington Business Council.

- (f) The powers and duties of the Board shall include all powers and duties set forth in the Act including, but not limited to, the following:
 - (i) Recommend annually an Economic Improvement Plan and budget to the Commission.
 - (ii) Implement the Economic Improvement Plan adopted by the Commission.
 - (iii) Make policy for the District within the limits of the Act.
 - (iv) Employ or contract with persons or service vendors to assist the board in its responsibilities.
 - (v) Manage the fiscal affairs of the District.
- (g) The Board shall be subject to the City's Ethics Code, Chapter 36 of the Covington Code of Ordinances, as amended.

9. **Duration.** The proposed special assessment for implementation of the Economic Improvement Plan shall be levied against owners of property within the District on an annual basis for a period of five years, renewable as provided by KRS 91A.580.

10. **Annual Adjustments.** No annual adjustments to the rate established by Section 7 hereof are permitted without the consent, via petition, of a majority of property owners.

11. **City Services.** District services will be in addition to any City services currently provided by the City within the boundaries of the District such as waste collection, general street and sidewalk maintenance and repair, street snow removal, standard street signs, and regularly scheduled public safety services. City services provided in the District will not be reduced once the District is formed unless there is an equal reduction of City services throughout the City.

The Commission is hereby requested to take the following actions:

- (a) Determine that this petition satisfies the requirements of the Act;
- (b) Give proper notice, and between the first and second reading of the proposed ordinance, conduct a public hearing on the advisability of establishing the District and providing the proposed economic improvements;
- (c) If possible, adopt the ordinance at the first Commission meeting after the hearing, establishing the District within the proposed boundaries and adopting the foregoing Economic Improvement Plan, which describes the nature of the proposed improvements and services to be provided within the District, the estimated cost, and the method of assessment to achieve equitable apportionment of costs among owners of property within the District.
- (d) Take any and all other steps necessary to establish the District.

WITNESS below the signatures and addresses of a number of real property owners, who together are the owners of fifty-one percent (51%) or more of the properties within the District that are benefitted by the economic improvements recited above, and who are the owners of real property equal to at least fifty-one percent (51%) of the assessed value of such property within the District, all as required by KRS 91A.560.

040-34-04-006.00

PIDN

BRE ESA PROPERTIES LLC EXTENDED STAY HOTELS

Property Owner

Property Name

640-50 W 3RD ST

Street Address

\$3,825,000

Assessed Value (as determined by the PVA as of January 1, 2018)

I, _____, represent and warrant that I have reviewed and understand the above petition and I am either the sole fee simple owner of the above-described real property, which is located within the proposed Management District, or that I have the full right and authority to execute and deliver this signed petition on behalf of all of the property owner(s) with respect to the above mentioned property. Further, if any corporate action is required, I represent and warrant that I have taken all required action to approve this petition. I understand and agree that if the minimum requirements of KRS 91A.560 are met, this petition will be presented to the City of Covington, Kentucky for verification, and if so verified, consideration for adoption in the form of an ordinance by the Covington City Commission. I further understand and agree that the Covington City Commission may choose not to adopt an ordinance creating the proposed Management District, or may otherwise make changes to proposed Management District in adopting an ordinance related to its creation.

Authorized Signature

By (Print Name): _____

Title (if applicable): _____

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