

Stinnett, Chair
Moloney, Vice Chair
Kay
Lamb
Farmer
Scutchfield
F. Brown
Mossotti
Bledsoe
Hensley

A G E N D A
Budget, Finance & Economic Development Committee
January 26, 2016
1:00 P.M.

- | | |
|--|------------------|
| 1. Approval of December 1, 2015 Committee Summary | (1 - 4) |
| 2. December Financials General Fund | (5 - 17) |
| a. Nuisance Abatement Data (Kay) | (18 - 20) |
| 3. FY 2015 CAFR Presentation | (21 - 24) |
| 4. Urban Services Fund – Additional Data (Stinnett) | (25 - 43) |
| 5. Economic Contingency Fund – Update (Farmer) | (44 - 52) |
| 6. Occupational License Fee Exemption (Hensley/Kay) | (53 - 57) |
| 7. Items Referred to Committee | (58) |

“The Budget, Finance and Economic Development Committee, to which shall be referred matters relating to the Department of Finance and Administration and the Office of Economic Development respectively, including but not limited to accounting; budgeting; purchasing; revenue; the urban county courts and constitutional officers; fiscal operations of the government; revenues and expenditures of the government and organization changes which affect the fiscal operations of the government (consideration limited to operational aspects only). Additionally, this committee shall review the final audit report and management letter of the accounting firm selected to conduct the annual financial audit of the Urban County Government and shall report its findings concerning the same to the Mayor and council for appropriate action.” Council Rules & Procedures, Section 2.102 (1) Effective January 1, 2015. Adopted by the Urban County Council, September 25, 2014.

2016 Meeting Schedule

January 26	August 30
February 23	September 27
March 15	October 25
April 26	November 29
June 28	



Budget, Finance & Economic Development

December 1st, 2015

Summary and Motions

Chair Stinnett called the meeting to order at 1:02 p.m. All Committee Members were present. Council Member Evans was also in attendance.

I. Approval of October 27, 2015 Committee Summary

A motion was made by Farmer to approve the October 27, 2015 Budget, Finance & Economic Development Committee Summary, seconded by Kay. The motion passed without dissent.

II. October Financials – General Fund

Bill O'Mara, Commissioner of Finance, gave an update of the General Fund.

Farmer questioned why there was no employment information for June/September. O'Mara stated that it takes 6 months or more for federal government to send out quarterly reports.

Rusty Cook, Director of Revenue, gave an update of the top four revenue streams.

Moloney inquired about the favorable payroll variance and association with forthcoming personnel requests. O'Mara stated the \$3.7 M favorable payroll variance is due to early payment and this should mitigate in the coming month. Moloney inquired if the Administration had been authorized to allocate net income without Council approval. O'Mara stated they recognize revenue each year through a budget amendment. O'Mara further stated they did this now because they feel the variance is real and they felt comfortable recognizing it at this time with a budget approval.

F. Brown stated he feels items in the adopted budget should come before Council to be vetted prior to a budget amendment. O'Mara stated this is not unique and that this is usually brought to Council in February rather than December. There was no further discussion.

Bledsoe inquired if they track businesses that have closed. Cook stated they have not, but with their new software they may be able to do this in the future. Bledsoe stated this would give a more complete picture of economic development.

Kay inquired why there is such a wide variance in nuisance abatement/lien collections. Ken Armstrong, Director of Code Enforcement, stated the totality of their collections is expected to be the highest in 5 years, and noted some variables such as weather and personnel issues that may delay the filing of civil penalties. Kay stated he would like to see the historical data beginning in January 2015, next month.

Hensley inquired if there can be a letter welcoming new businesses to Lexington when registration paperwork is sent out. Cook stated they usually do not know about new businesses until they have self-reported. O'Mara stated they could look at this suggestion.

Scutchfield stated her agreement with Hensley and noted the government does have ways of locating businesses that are delinquent.

Melissa Leuker, Director of Budgeting, gave an update of Cash Flow Variance Revenue.

Moloney inquired about the increase in net income and if this indicates a surplus. Leuker stated this was a timing issue so the increase is closer to \$3M rather than \$7M.

III. Urban Services Fund – Street Light Funding

Bill O'Mara, Commissioner of Finance gave a presentation of the Urban Services Fund, Street Light Funding.

F. Brown had a question about refuse and if they can use the Fund Balance for any three of the funds. David Barbarie, a representative from Law, stated the money can only be used for the area it was intended. In response to a question from F. Brown, O'Mara stated they cannot raise a tax by more than 4%, because it would be subject to taxpayer recall. Barberie stated they cannot change a rate for only one service.

Mossotti inquired about the break-even price value for a house, the point that private is more affordable than public services. Stinnett stated that amount is \$224,000.

Moloney inquired about funding for transfer stations and O'Mara stated this is a fee-based landfill fee which is a restricted fund and that there has been prior discussion about the use of this fund. There was further discussion about the General Fund.

Bledsoe inquired how many streetlights do not have owners. Dowell Hoskins-Squire, Director of Traffic Engineering, stated that none of the streetlights in this fund are on private streets. O'Mara stated the revenue is generated from both residential and commercial property taxes.

Bledsoe asked if the associated costs are for actual energy, maintenance or installation. O'Mara stated that the streetlight fund covers all streetlight costs, which they pay a flat tariff fee. Bledsoe inquired about the cost of investing in LED lights. Commissioner Holmes stated KU does not have a tariff for LED lights.

Mossotti inquired why streetlights are a "moving target". O'Mara stated that the costs exceed the revenue from property taxes and stated the General Fund transfer was created so that it does cover the costs.

Hensley inquired about LED lights and if there was a cost savings in their experimental trial run. Holmes stated he would have to return with that data. Hensley inquired if they could create a resolution requesting a change in the tariff to use LED lights. Holmes stated they would have to return with the information from that test.

Stinnett stated he would like O'Mara to return to Council with three options for eliminating current funding deficiencies in street lights; one to include a flat fee, raising the franchise fee, or raising property taxes to cover costs. He stated he would like to see these three options side-by-side at the next meeting.

Moloney stated he believes street cleaning is related to storm water and wondered if there is a way to tap into the fee for these uses. O'Mara stated this would raise the sewage rates.

F. Brown questioned the losses in capital projections. O'Mara stated the capitol deficiencies are in vehicles.

Stinnett requested a new model going forward to be brought back to Council next month, to explore the use of the water quality fee.

Hensley inquired what the staffing needs are for street cleaning vehicles. Holmes stated he would return with this information.

Kay inquired who does not pay for street cleaning fees. O'Mara stated when houses come online it is determined what services they qualify for. Barberie stated that most new development typically falls within the full urban service boundary. He stated he does not think there is a district outside of the full urban services area that receives only street cleaning. Kay inquired if they can provide a percentage of the services received in each area.

Moloney stated he believes every street has to be cleaned once every year, and that the streets that pay the fee get extra services and suggested adding all streets to that fee to stay into compliance with the EPA. Stinnett noted that governmental agencies, the school system and other non-profits do not pay this fee but they receive services.

IV. Economic Contingency Fund - Update

Commissioner O'Mara gave a presentation on the Economic Contingency Fund Update.

F. Brown requested clarification of the history of the item. O'Mara stated the fund was not growing very rapidly and there was concern that it would not grow to a sufficient amount quickly enough. Stinnett informed that the goal was set with the intention of being very hard to access so that the money would not be used while the fund was growing.

Lamb stated her suggestion that a time requirement be added to the ordinance to ensure requests for withdraw come before the Council at least two weeks prior to a vote on the issue.

A motion was made by Farmer to have the Administration come back to Committee with a codified ordinance, seconded by Kay. The motion passed without dissent.

V. Items Referred to Committee

A motion was made by Farmer to adjourn, seconded by Scutchfield. The motion passed without dissent.

The meeting was adjourned at 2:30 p.m.

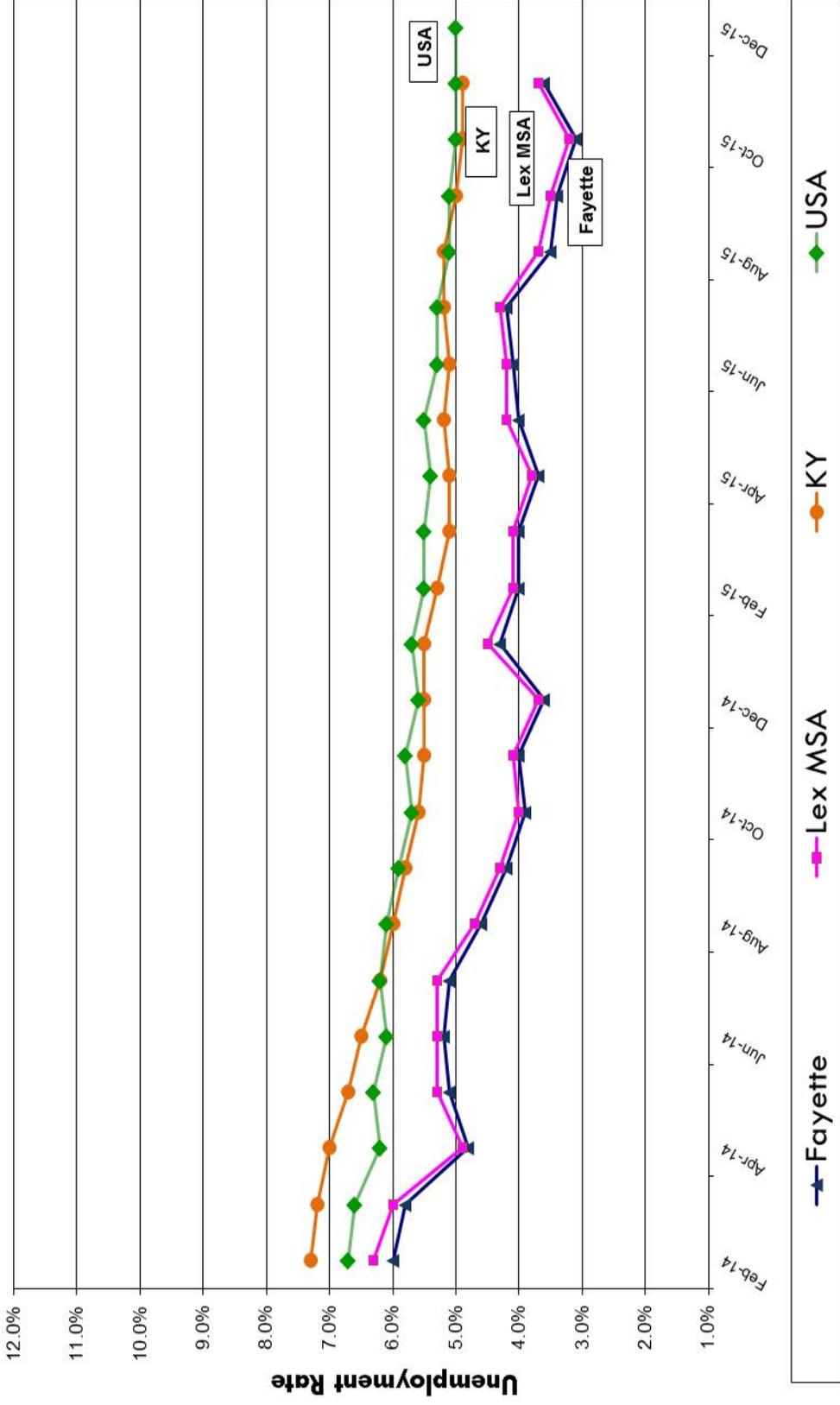
D.S. 12.15.2015

Budget, Finance & Economic Development Committee

Financial Update
January 26, 2015

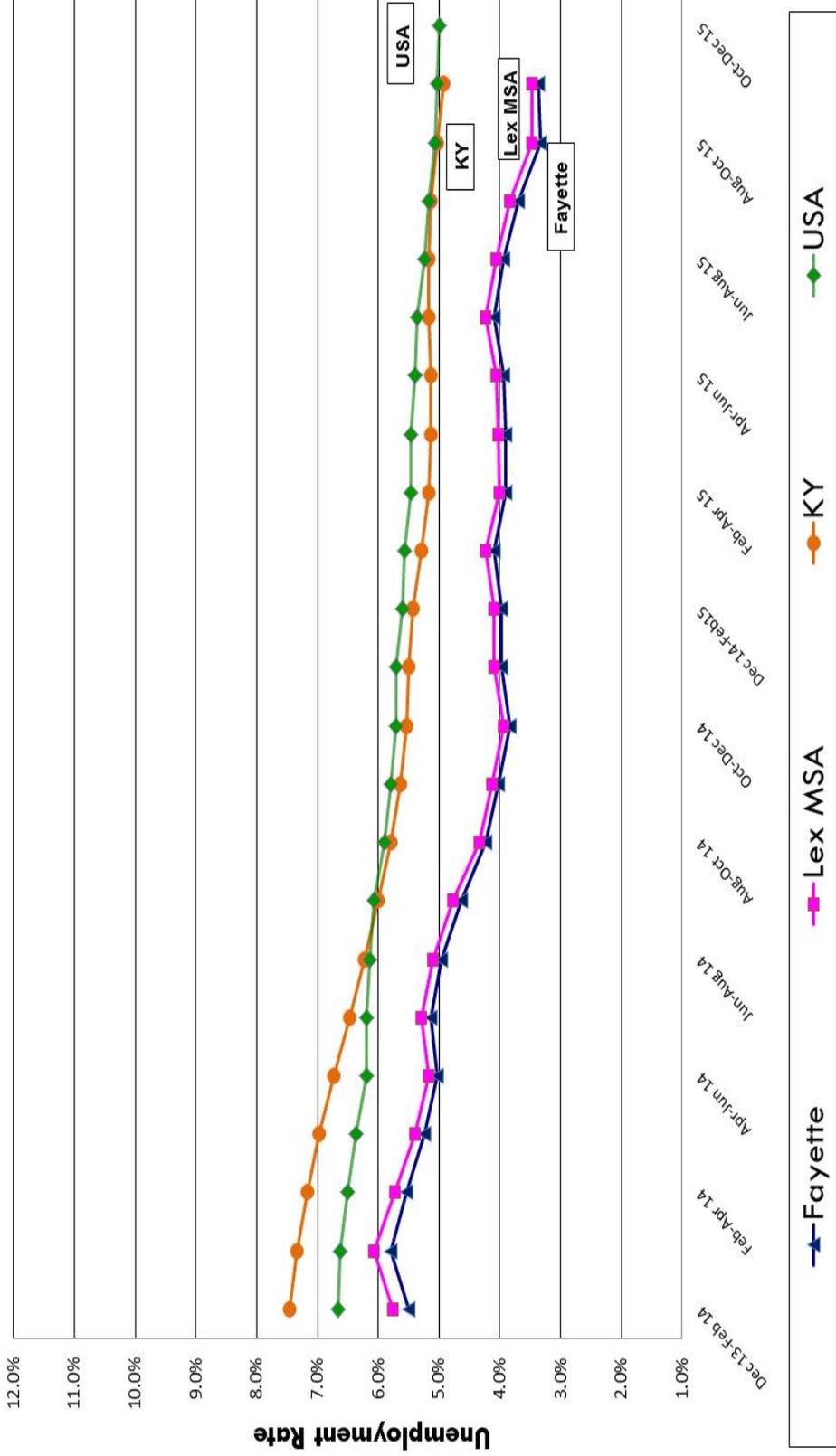
Comparative Unemployment Rates

Fayette County, Lexington MSA, Kentucky, USA



Comparative Unemployment Rates Three Month Moving Average

Fayette County, Lexington MSA, Kentucky, USA



Comparison of Economic Indicators 2014 / 2015

Comparison of Economic Indicators

Economic Indicators	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fayette County	2013	6.3%	6.3%	6.1%	5.5%	5.9%	6.0%	5.8%	5.7%	5.6%	5.3%	4.9%
Unemployment Rate	2014	5.6%	6.0%	5.8%	4.8%	5.1%	5.1%	4.6%	4.2%	3.9%	4.0%	3.6%
	2015	4.3%	4.0%	4.0%	3.7%	4.0%	4.2%	3.5%	3.4%	3.1%	3.6%	N/A
Quarterly Fayette County Employment	2013	-	-	178,300	-	-	180,245	-	182,935	-	-	189,560
	2014	-	-	180,078	-	-	184,553	-	184,658	-	-	191,287
	2015	-	-	184,932	-	-	189,400	-	N/A	-	-	N/A
Fayette County Permits Issued	2013	1,169	955	1,131	1,299	1,781	1,692	1,411	1,201	1,294	1,163	1,359
	2014	1,157	999	931	1,461	1,815	1,696	1,529	1,399	1,605	1,058	1,112
	2015	1,134	1,858	1,019	1,108	1,431	1,319	1,523	1,595	1,394	1,220	1,158
Fayette County New Business	2013	218	258	339	634	456	152	218	183	285	195	164
	2014	244	280	366	807	279	194	213	219	242	158	137
Business Licenses	2015	197	224	330	749	362	198	283	260	282	232	162
Home Sales (MSA)	2013	511	541	758	809	984	1,075	1,009	829	790	725	618
	2014	524	517	693	787	997	1,006	1,021	854	860	681	794
	2015	571	651	884	963	1,140	1,334	1,165	1,072	1,054	815	919
Fayette County Foreclosures	2013	79	44	46	42	38	89	52	41	47	39	45
	2014	31	40	34	53	16	35	25	46	25	42	25
	2015	33	20	36	24	18	18	41	12	43	41	26

N/A indicates information not available.
BLS Releases Date for Fayette Co. Quarterly Employment - 6 months after quarter end



December 2015 MTD Actual Compared to Amended Budget

December 2015 Monthly Actual Compared to Amended Budget

<u>Revenue Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>% Var</u>
OLT- Employee Withholding	14,146,577	13,983,264	163,313	1.2%
OLT - Net Profit	3,692,012	3,689,185	2,827	0.1%
Insurance	46,526	10,617	35,909	338.2%
Franchise Fees	1,468,977	1,698,032	(229,055)	-13.5%
TOTALS	19,354,091	19,381,098	(27,007)	-0.1%



December 2015 YTD Actual Compared to Amended Budget

December YTD Actual Compared to Amended YTD Budget

<u>Revenue Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>% Var</u>
OLT- Employee Withholding	89,674,179	87,630,376	2,043,803	2.3%
OLT - Net Profit	11,798,831	10,624,272	1,174,559	11.1%
Insurance	14,371,530	14,142,446	229,084	1.6%
Franchise Fees	10,963,015	12,092,401	(1,129,386)	-9.3%
TOTALS	126,807,556	124,489,495	2,318,061	1.9%



December 2015 YTD/December 2014 YTD Current Year Compared to Prior Year

<u>Revenue Category</u>	<u>Dec '15 YTD</u>	<u>Dec '14 YTD</u>	<u>Variance</u>	<u>%Var</u>
OLT- Employee Withholding	89,674,179	84,367,805	5,306,374	6.3%
OLT - Net Profit	11,798,831	10,364,562	1,434,269	13.8%
Insurance	14,371,530	13,920,240	451,290	3.2%
Franchise Fees	10,963,015	10,672,094	290,921	2.7%
TOTALS	126,807,556	119,324,701	7,482,855	6.3%



FY 2016 Code Enforcement Nuisance Abatement/Lien Collections

Code Enforcement Lien Collections

<u>Month</u>	<u>Administrative Collection Fees</u>		<u>Miscellaneous</u>		<u>Penalty & Interest</u>		<u>Total Collections</u>	
	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>
July	476	1,601	546	1,690	18,043	29,846	19,065	33,137
August	600	877	308	1,432	14,984	48,014	15,892	50,323
September	969	1,275	2,072	993	52,780	29,689	55,821	31,957
October	1,125	1,275	2,115	1,040	45,592	22,962	48,832	25,277
November	525	825	1,250	1,198	25,220	15,340	26,995	17,363
December	1,575	525	2,626	2,157	61,590	44,938	65,791	47,620
<u>Totals</u>	5,270	6,378	8,917	8,510	218,209	190,789	232,396	205,677



2016 Fiscal Year - Cash Flow Variance

Revenue (Actual to Budget)

For the six months ended Dec 31, 2015				
	ACTUAL	BUDGET	Variance	%
<u>Revenue</u>				
Payroll Withholding	\$89,674,179	\$87,630,376	\$2,043,804	2%
Net Profit	11,798,831	10,624,272	1,174,559	11%
Insurance	14,371,530	14,142,446	229,085	2%
Franchise Fees	10,963,015	12,092,401	(1,129,386)	-9%
Other Licenses & Permits	3,309,709	3,180,999	128,710	4%
Ad Valorem	18,286,470	18,669,153	(382,683)	-2%
Services	11,402,017	11,061,413	340,603	3%
Fines and Forfeitures	89,716	132,151	(42,435)	-32%
Property Sale	103,207	30,000	73,207	244%
Intergovernmental	208,205	205,349	2,856	1%
Investment Income	209,721	215,594	(5,873)	-3%
Other Income	2,082,598	1,766,018	316,580	18%
Total Revenue	\$162,499,199	\$159,750,172	\$2,749,027	2%



2016 Fiscal Year - Cash Flow Variance

Expense (Actual to Budget)

For the six months ended Dec 31, 2015				
	ACTUAL	BUDGET	Variance	%
<u>Expenses</u>				
Personnel	(\$97,236,727)	(\$99,708,894)	\$2,472,167	-2%
Operating	(20,069,577)	(21,717,832)	1,648,255	-8%
Debt Service	(16,817,979)	(16,698,226)	(119,752)	1%
Partner Agencies	(9,958,340)	(9,473,853)	(484,487)	5%
Insurance - Expense	(994,800)	(994,800)		
Operating Capital Expenditures	(853,334)	(837,298)	(16,036)	2%
Total Expenses	(145,930,757)	(149,430,903)	3,500,147	-2%
<u>Interfund Transfers</u>				
Transfers	(491,483)	(404,428)	(87,056)	22%
Change in Net Position	16,076,959	9,914,841	6,162,118	62%



2016 Fiscal Year - Cash Flow Variance

Revenue (CY to PY)

	Dec 2015	Dec 2014	Variance	%
Revenue				
<i>Payroll Withholding</i>	\$89,674,179	\$84,367,805	\$5,306,374	6%
<i>Net Profit</i>	11,798,831	10,364,562	1,434,269	14%
<i>Insurance</i>	14,371,530	13,920,240	451,290	3%
<i>Franchise Fees</i>	10,963,015	10,672,094	290,921	3%
<i>Other Licenses & Permits</i>	3,309,709	3,384,175	(74,465)	-2%
<i>Ad Valorem</i>	18,286,470	17,875,001	411,469	2%
<i>Services</i>	11,402,017	11,195,143	206,873	2%
<i>Fines and Forfeitures</i>	89,716	138,870	(49,154)	-35%
<i>Property Sale</i>	103,207	100,580	2,627	3%
<i>Intergovernmental</i>	208,205	205,541	2,664	1%
<i>Investment Income</i>	209,721	447,861	(238,140)	-53%
<i>Other Financing Sources</i>		100,000	(100,000)	-100%
<i>Other Income</i>	2,082,598	1,954,609	127,989	7%
Total Revenue	\$162,499,199	\$154,726,482	\$7,772,718	5%



2016 Fiscal Year - Cash Flow Variance

Expense (CY to PY)

	Dec 2015	Dec 2014	Variance	%
<u>Expenses</u>				
Personnel	(\$97,236,727)	(\$84,667,577)	(\$12,569,150)	15%
Operating	(20,069,577)	(18,695,507)	(1,374,070)	7%
Debt Service	(16,817,979)	(14,593,263)	(2,224,715)	15%
Partner Agencies	(9,958,340)	(9,154,024)	(804,316)	9%
Insurance - Expense	(994,800)	(1,017,203)	22,403	-2%
Operating Capital Expenditures	(853,334)	(475,136)	(378,198)	80%
Total Expenses	(145,930,757)	(128,602,710)	(17,328,047)	13%
<u>Interfund Transfers</u>				
Transfers	(491,483)	(781,083)	289,600	-37%
Change in Net Position	16,076,959	25,342,689	(\$9,265,729)	-37%



- Questions ?



Division of Code Enforcement



Code Enforcement Civil Penalties/Abatement/Lien Collections

<u>FY2016 Collections</u>				<u>FY2015 Collections</u>						
	<u>Adm. Fees</u>	<u>Misc.</u>	<u>Penalty/Int</u>	<u>Total Month</u>	<u>5 Year Avg.</u>		<u>Adm. Fees</u>	<u>Misc.</u>	<u>Penalty/Int.</u>	<u>Total Month</u>
July	\$ 476.00	\$546.00	\$ 18,043.30	\$ 19,065.30	\$24,822	July	\$1,601.00	\$1,690.00	\$29,846.05	\$33,137.05
				\$ 19,065.30	\$24,822					\$33,137.05
August	\$ 600.00	\$308.00	\$ 14,984.48	\$ 15,892.48	\$36,834	August	\$877.00	\$1,432.00	\$48,014.09	\$50,323.09
				\$ 34,957.78	\$61,656					\$83,460.14
September	\$ 969.00	\$2,072.20	\$ 52,779.95	\$ 55,821.15	\$44,869	September	\$1,275.00	\$993.24	\$29,689.16	\$31,957.40
				\$ 90,778.93	\$106,525					\$115,417.54
October	\$ 1,125.00	\$2,115.02	\$ 45,591.72	\$ 48,831.74	\$33,861	October	\$1,275.00	\$1,040.00	\$22,961.51	\$25,276.51
				\$ 139,610.67	\$140,386					\$140,694.05
November	\$ 525.00	\$1,250.00	\$ 25,219.70	\$ 26,994.70	\$19,041	November	\$825.00	\$1,197.90	\$15,339.92	\$17,362.82
				\$ 166,605.37	\$159,427					\$158,056.87
December	\$ 1,575.00	\$ 2,626.00	\$ 61,589.84	\$ 65,790.84	\$31,067	December	\$525.00	\$2,157.30	\$44,937.51	\$47,619.81
	\$ 5,270.00	\$8,917.22	\$ 218,106.99	\$ 232,396.21	\$190,494		\$6,378.00	\$8,510.44	\$190,788.24	\$205,676.68
						January	\$450.00	\$351.00	\$10,677.89	\$11,478.89
										\$217,155.57
						February	\$1,451.00	\$936.00	\$20,103.69	\$22,490.69
										\$239,646.26
						March	\$450.00	\$1,092.00	\$27,279.93	\$28,821.93
										\$268,468.19
						April	\$450.00	\$1,503.91	\$38,743.96	\$40,697.87
										\$309,166.06
						May	\$825.00	\$1,612.00	\$41,773.41	\$44,210.48
										\$353,376.47
						June	\$2,325.00	\$2,583.60	\$67,090.95	\$71,999.55
						FY TOTAL	\$12,329.00	\$16,588.95	\$396,458.07	\$425,376.02

Code Enforcement

Lien Filings

	FY2016		FY2015	
	<u>Number of Liens</u>	<u>Listed Value</u>	<u>Number of Liens</u>	<u>Listed Value</u>
July	200	\$ 70,990.68	214	\$ 74,728.23
	200	\$ 70,990.68	214	\$ 74,728.23
August	119	\$ 39,752.02	77	\$ 37,374.32
	319	\$ 110,742.70	291	\$ 112,102.55
September	127	\$ 60,322.90	97	\$ 33,358.79
	443	\$ 171,065.60	388	\$ 145,461.34
October	151	\$ 35,084.30	118	\$ 37,104.32
	594	\$ 206,149.90	506	\$ 182,565.66
November	139	\$ 53,372.46	55	\$ 22,322.22
	733	\$ 259,522.36	561	\$ 204,887.88
December	121	\$ 34,683.36	104	\$ 45,183.25
	857	\$ 294,205.72	665	\$ 250,071.13
January			111	\$ 53,003.75
				\$ 303,074.88
February			31	\$ 13,170.70
				\$ 316,245.58
March			119	\$ 62,403.33
				\$ 378,648.91
April			51	\$ 26,890.31
				\$ 405,539.22
May			36	\$ 14,216.01
				\$ 419,755.23
June			103	\$ 42,477.51
				\$ 462,232.74
TOTALS:			1116	\$ 462,232.74

Presentation to Lexington-Fayette Urban County Government



2015 Audit Results

January 26, 2016



- Audit – overall
- Audit opinions
- Overview of the Comprehensive Annual Financial Report (“CAFR”)
- New pension accounting standard

General Fund Activity



	<u>2015</u>	<u>2014</u>
Revenues	\$ 324.50	\$ 303.72
Expenditures	(304.28)	(291.84)
Other, net	<u>(0.64)</u>	<u>(2.54)</u>
Net change	<u>\$ 19.58</u>	<u>\$ 9.34</u>

General Fund Balances



	<u>2015</u>	<u>2014</u>
Nonspendable	\$ 2.06	\$ 1.63
Restricted for:		
Public Safety	0.20	
Energy Improvement	0.55	0.64
Committed for:		
General Government	11.61	11.25
Economic Stabilization	29.69	25.22
Assigned to:		
General Government	14.50	12.70
Capital Projects	20.45	8.14
Unassigned	4.27	4.18
	<u>\$ 83.33</u>	<u>\$ 63.75</u>

Urban Services Fund

Budget and Finance

(January 26, 2016)

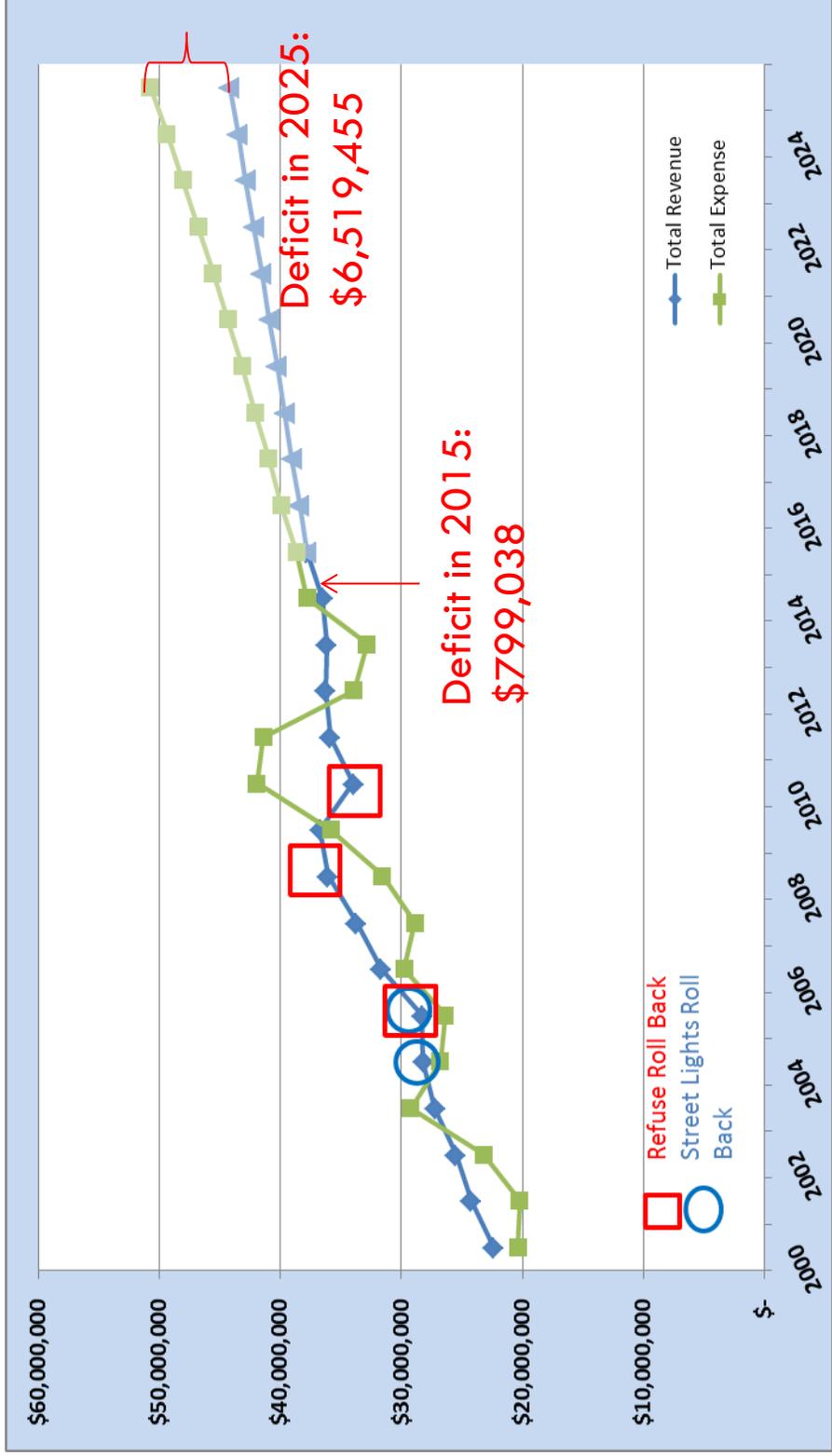
Commissioner of Finance

Overview

- **Review Analysis of Fund by Purpose**
- **Funding Options for Street Lights**
- **Funding Options for Street Cleaning**



Historical Urban Services Cash Flow

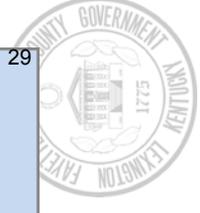
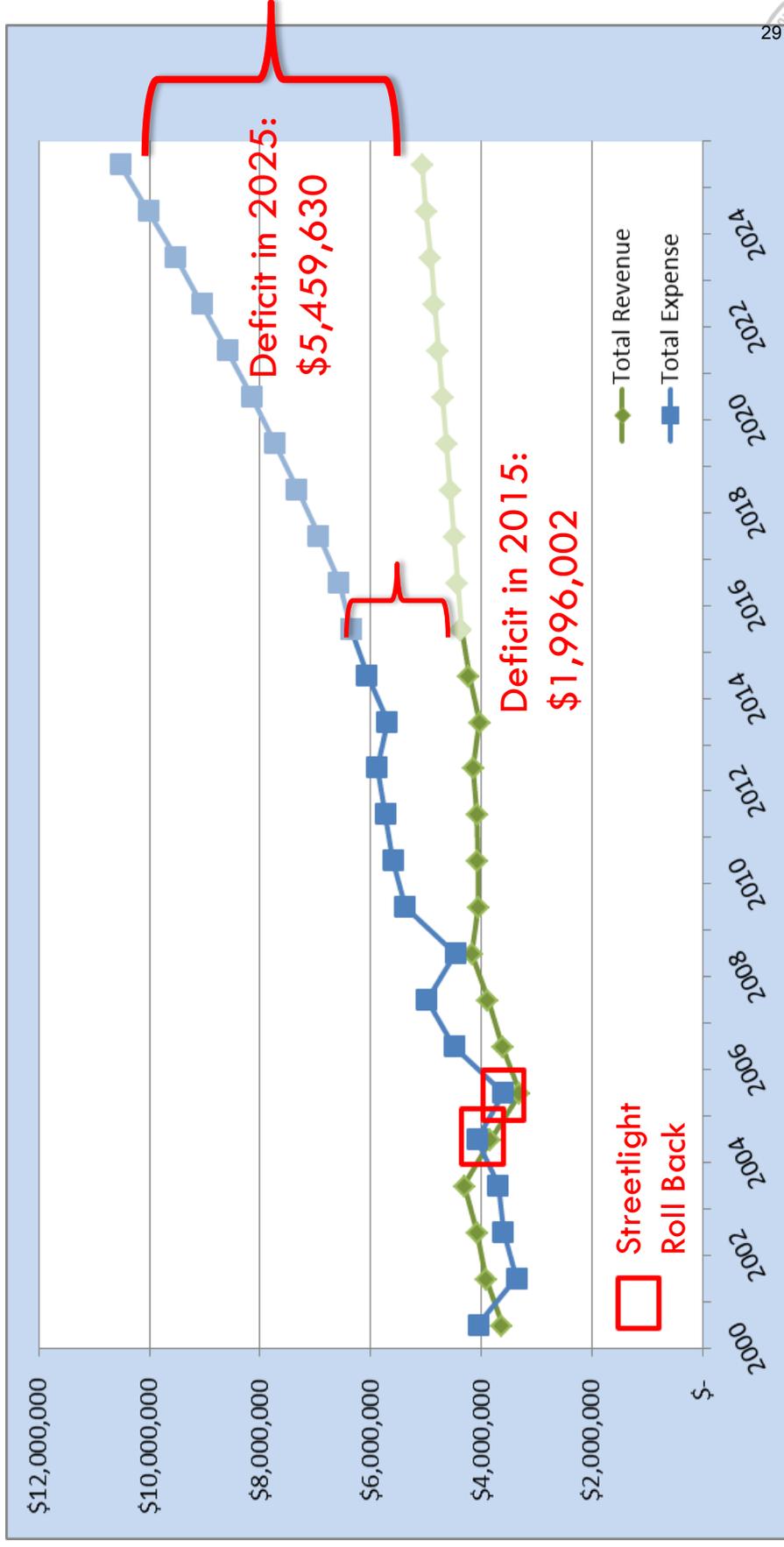


3 Note: cash flow graph does not include the transfer from the general fund

Historical Refuse Cash Flow

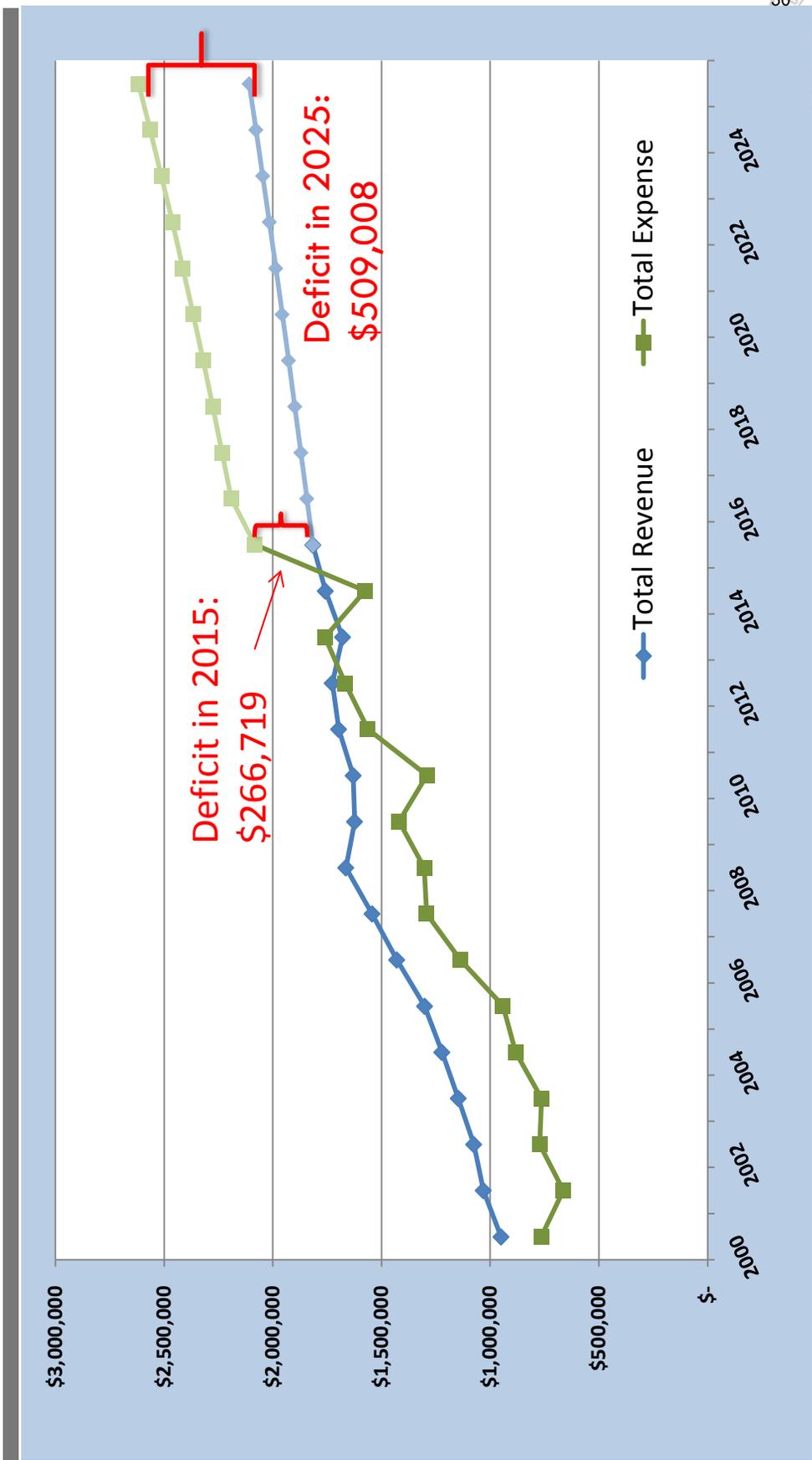


Historical Street Lights Cash Flow



5 Note: cash flow graph does not include the transfer from the general fund

Historical Street Cleaning Cash Flow

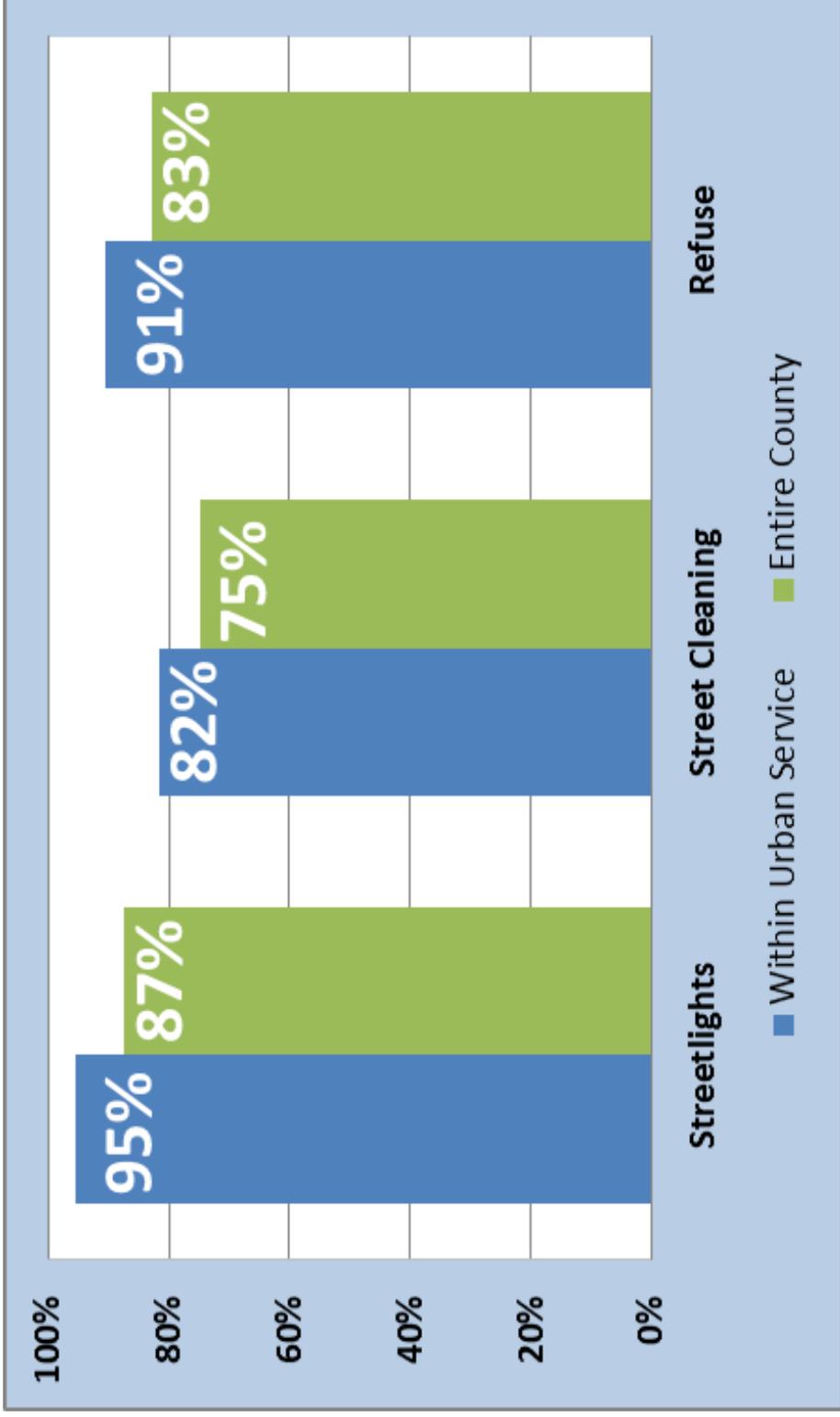


Note: cash flow graph does not include the transfer from the general fund



Breakdown of Services Received

Services Received



Note: percentages are based on the number of parcels, not the number of property owners



Street Light Funding

Difference Between Tax and Fee

- **Tax:**
 - If charged- must be offered services
 - Cannot tax not-for-profit, schools, and government property
 - Historically higher collection rate
- **Fee:**
 - Must be based upon provision of actual service- different service requires different fee
 - Not-for-profit, schools, and government property can be charged fees
 - Lower collection rate expected, actual experience unknown



Street Light Funding Options

- **Current Funding Structure**
 - Property tax with a General Fund Supplement
- **Property Tax**
- **Fee**



Streetlight Funding Options- Property Tax with General Fund Supplement

<u>Keeping Current Funding Structure</u>		
Fiscal Year	Tax Rate	Supplement from General Fund
2016	0.0210 \$	2,142,224
2020	0.0210 \$	3,455,752
2025	0.0210 \$	5,459,631

<u>Increasing Streetlight Property Tax by 4% a year</u>		
Fiscal Year	Tax Rate	Supplement from General Fund
2016	0.0210 \$	2,127,053
2020	0.0246 \$	1,929,023
2025	0.0299 \$	982,399



Streetlight Funding Options- Property Tax

Year	Tax Rate	Percent Change in Tax Rate (prior year)	Tax Bill for \$173,000 Property
Current	0.0210		\$ 36.33
2016	0.0296	41.09%	\$ 51.26
2020	0.0368	5.43%	\$ 63.64
2025	0.0475	5.12%	\$ 82.12



Streetlight Funding Options- Fees

Year	Annual Public Good Fee	Annual Direct Service Fee	Total Annual Fee for Direct Service	Percent change (prior year)	Tax Bill for \$173,000 Property
Current					\$ 36.33
2016	\$35.00	\$32.75	\$67.75	86.50%	\$ 51.26
2020	\$35.00	\$49.13	\$84.13	5.37%	\$ 63.64
2025	\$35.00	\$72.77	\$107.77	4.91%	\$ 82.12



Street Cleaning Funding

Street Cleaning Funding Options

- Current Funding Structure- Supplement from General Fund
- Pay Only if Directly Receive Services
 - Property Tax
 - Flat fee



Street Cleaning Funding Options- Property Tax and General Fund Supplement

<u>Keeping Current Funding Structure</u>		
Year	Tax Rate	Supplement from General Fund
2015	0.0097	\$ 266,719
2016	0.0097	\$ 348,088
2020	0.0097	\$ 409,731
2025	0.0097	\$ 509,008

<u>Increase Tax Rate by 4%</u>			
Year	Tax Rate	Surplus/ Deficit	Supplement
2016	0.0097	\$ (149,527)	\$ 149,527
2017	0.0101	\$ (82,076)	\$ 82,076
2018	0.0109	\$ (9,892)	\$ 9,892
2020	0.0113	\$ 149,855	no supplement needed ₄
2025	0.0138	\$ 654,573	no supplement needed



Street Cleaning Funding Options- Property Tax and Flat Fee in Special Districts

Year	Tax Rate	Percent Change in Tax Rate (prior year)	Tax Bill for \$173,000 Property	Flat Fee
Current	0.0097		\$ 16.78	
2016	0.0119	22.53%	\$ 20.56	\$ 28.48
2020	0.0128	1.98%	\$ 22.21	\$ 30.05
2025	0.0142	2.08%	\$ 24.57	\$ 32.31



Questions?

Contingency Fund Ordinance Changes

Budget and Finance

January 26 , 2015

Commissioner of Finance

Contingency Fund Review

- Original Ordinance established when no contingency fund balance existed
- Current contingency fund is approaching goal of 10% of revenue
- Ordinance too restrictive
 - Trigger calculation too complex and unrealistic



Changes

- Name: “Contingency Designation”
- Explicitly state a 10% funding goal
- Deposits:
 - Maintain \$50,000 monthly deposit
 - Department of Finance will report annually for consideration to the B,F&E Committee the dollar amount that would enable the fund to be at 10% of General Fund Revenue



Change: Use and Approval

- **Eligible Uses:**
 1. Unanticipated or unforeseen extraordinary needs of an emergency nature
 2. Revenue stabilization in the event of unanticipated revenue shortfall
 3. Unanticipated situations of an unusual nature involving non-recurring expenditures
- **Approval**
 - Remove complicated equation and enable a Majority Council vote to access the funds



Changes: Reporting

- **Reporting:**
 - All requests for funds will be submitted to the CAO. Council will receive request information at least two weeks before Council vote



Contingency Fund Discussion

Questions?



ORDINANCE NO. ____-2015

AN ORDINANCE REPEALING ORDINANCE NO. 78-2006 PERTAINING TO THE ECONOMIC CONTINGENCY DESIGNATION POLICY AND REPLACING IT WITH A CONTINGENCY DESIGNATION FUND AND POLICY, WHICH INCLUDES A FUNDING GOAL OF 10% OF GENERAL FUND REVENUES AND PROCEDURES RELATED TO DEPOSITING AND WITHDRAWING OF MONIES INTO AND FROM THE FUND.

WHEREAS, the Lexington-Fayette Urban County Government previously adopted an Economic Contingency Designation Policy which was most recently amended in Lexington-Fayette Urban County Government Ordinance No. 78-2006; and

WHEREAS the Urban County Council desires to modify and replace that policy with a new Contingency Designation Fund and Policy.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 – That Lexington-Fayette Urban County Government Ordinance No.78-2006 be and hereby is repealed and replaced in its entirety with this ordinance.

Section 2 - That the following policy relating to the Lexington-Fayette Urban County Government General Services District Fund, be and hereby is approved and adopted:

1. That as of the effective date of this ordinance, the Existing Economic Contingency Designation shall be renamed as the Contingency Designation Fund (the “Contingency Fund”) in order to provide the Lexington-Fayette Urban County Government with sufficient working capital and an ability to address emergencies without borrowing.

2. The Contingency Fund shall maintain a funding goal of ten percent (10%) of the previous year’s total General Fund Revenues

3. Interest earned on monies in the Contingency Fund will accrue to the fund.

4. Other reasonable funding possibilities shall be pursued prior to the withdrawal of any monies from the Contingency Fund.

5. A monthly deposit in the amount of \$50,000.00 will be required each fiscal year. In the event funds are withdrawn for revenue stabilization purposes, deposits for that fiscal year may be suspend.

6. Each year, the Department of Finance will report to the Budget, Finance, and Economic Development Committee the dollar amount that could be deposited to the Contingency Fund to maintain ten percent (10%) of the previous year's General Service District Fund revenues.

7. Monies in the Contingency Fund may be used for the following:

- a. Unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity or an unexpected liability;
- b. Revenue stabilization to balance the budget in the event of an unanticipated revenue shortfall; or
- c. Unanticipated situations of an unusual nature involving non-recurring expenditure(s).

8. The following process shall be used to approve the withdrawal of any monies from the Contingency Fund regardless of whether the request for withdrawal is made by the administration or the Urban County Council:

All requests for the withdrawal of monies shall be submitted in writing and supported by documentation to the Chief Administrative Officer, which shall include at a minimum, the proposed use of the funds and all associated costs.

b. Such requests shall be submitted by the Chief Administrative Officer, with a recommendation, to the Urban County Council for review at least two (2) weeks prior to the date of the first work session at which the request is to be presented.

c. Any withdrawal of monies must be approved by a majority of the Urban County Council.

d. The actual expenditure of funds may also require the approval of a budget amendment dependent upon the circumstances.

9. Notwithstanding paragraph 8, above, in the event that a State of Emergency has been declared, the Mayor may approve a withdrawal of monies from the fund for uses related to the emergency.

Section 3 – That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL:

MAYOR

ATTEST:

CLERK OF URBAN COUNTY COUNCIL

Published:

__-15_DJB_X:\Cases\CO\15-CC0887\LEG\00515212.DOC

Minimum Wage Occupational License Fee Exemption

January 26, 2015

Impact of Minimum Wage Tax Exemption

	Year 1	Year 2	Year 3
	\$8.20	\$9.15	\$10.10
General Fund Decrease 2.25% Abatement	\$ 8,634,600	\$ 9,634,950	\$ 10,635,300
Minimum Wage Employee Savings (per week)	5.54	6.18	6.82
Minimum Wage Employee Savings (per year)	287.82	321.17	354.51
General Fund Decrease 1.00% Abatement	\$ 3,837,600	\$ 4,282,200	\$ 4,726,800
Minimum Wage Employee Savings (per week)	2.46	2.75	3.03
Minimum Wage Employee Savings (per year)	127.92	142.74	157.59
Assumptions			
# of Employees	30,000		
Average Hours per week		30	



Comparison of Minimum Wage Worker vs. Non-Minimum Wage Worker

	Minimum Wage	Non-Minimum	Hourly Rate to Net as much as
	Wage	Wage	Minimum Wage
# of Hours per week	30	30	30
Wage	\$ 10.10	\$ 10.11	\$ 10.34
Wage per week	\$ 303.00	\$ 303.30	\$ 310.20
Tax Rate	0.00%	2.25%	2.25%
Tax Withheld	\$ -	\$ 6.82	\$ 6.98
Net Wages	\$ 303.00	\$ 296.48	\$ 303.22



Minimum Wage Tax Exemption

Implementation Issues

- Employer Administered
 - Only Employer knows hourly rate and hours worked
 - Employer liable if tax under withheld
 - Separate tax rates for minimum wage worker vs. non-minimum wage worker
 - Is tax due on overtime hours worked?
 - Employee works in multiple counties – different tax rates on same paycheck



Questions?

Budget, Finance & Economic Development Committee Referrals

	Referral Item:	Referred By:	Date Referred:	Status:	File ID:
1	Right to Work Discussion	Bledsoe	February 10, 2015	pending litigation	
2	Economic Contingency Fund - draft ordinance	Farmer	March 17, 2015	January 26, 2016 meeting	46-16
3	Urban Services Fund - Street Light Funding (continuation)	Stinnett	April 21, 2015	January 26, 2016 meeting	45-16
4	SCORE - Potential of Partnering with Commerce Lexington and/or Kentucky Small Business Development Center	Bledsoe	September 1, 2015	February 23, 2016 meeting	
5	Lyric Theatre - Maintenance costs and increased revenues	Scutchfield	September 1, 2015	March 15, 2016 meeting	
6	LexArts - external funding	Scutchfield	September 1, 2015	March 15, 2016 meeting	
7	Downtown Development Authority and its projects	Akers	September 1, 2015	February 23, 2016 meeting	
8	Combining all Economic Development Partners	Bledsoe	September 1, 2015	Summer 2016	
9	Explore possible cost savings of a city-owned structure at Bluegrass Airport to house aviation assets	Hensley	October 8, 2015	scheduling meetings	
10	Creating an Office of Workforce Training & Development - consideration and exploration	Stinnett	October 27, 2015	Spring 2016	
11	Review/discuss amending Section 13.6 of the Code of Ordinances exempting individuals earning the established hourly minimum wage from occupational license fee on earned wages	Hensley/kay	November 19, 2015	January 26, 2016 meeting	