

**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**  
**March 15, 2016**  
**1:00 P.M.**

- |  |                  |
|--|------------------|
| <b>1. Approval of February 23, 2016 Committee Summary</b>  | <b>(1 - 6)</b>   |
| <b>2. Urban Services Fund – Additional Data (Stinnett)</b> | <b>(7 - 29)</b>  |
| <b>3. Occupational License Fee Exemption (Hensley/Kay)</b> | <b>(30 - 47)</b> |
| <b>4. The Lyric Theatre Presentation (Scutchfield)</b>     | <b>(48 - 58)</b> |
| <b>5. LexArts Presentation (Scutchfield)</b>               | <b>(59 - 90)</b> |
| <b>6. Items Referred to Committee</b>                      | <b>(91)</b>      |

**“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**  
 February 23<sup>th</sup>, 2016  
 Summary and Motions

Chair Stinnett called the meeting to order at 1:00 p.m. All Committee Members were in attendance: Moloney, Kay, Lamb, Farmer, Scutchfield, F. Brown, Mossotti, Bledsoe, Bledsoe and Hensley. Council members Aker and Gibbs were also in attendance as a non-voting member.

**I. Approval of January 25, 2016 Committee Summary**

A motion was made by Mossotti to approve the January 26, 2016 Budget, Finance & Economic Development Committee Summary, seconded by Bledsoe. The motion passed without dissent.

**II. January Financials**

Commissioner O'Mara gave a presentation of the January Financials. Rusty Cook, Director of Revenue, gave a presentation of the January Budget YTD. Melissa Leuker, Director of Budgeting, presented the remaining Revenue streams for January.

Moloney inquired about the variable from last year and if there is a surplus so far in FY 2016. Leuker stated they are close to budget that the previous year.

F. Brown inquired about the 4% increase in total revenue and the 8% revenue amount variance for Jan 2016. Leuker stated that is the variance over the previous year, and that there is a 3.9% increase.

<b>January 2016 Monthly Actual Compared to Amended Budget</b>				
<b><u>Revenue Category</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Variance</u></b>	<b><u>% Var</u></b>
OLT- Employee Withholding	9,952,235	6,127,005	3,825,230	62.4%
OLT - Net Profit	1,617,642	1,531,219	86,423	5.6%
Insurance	2,243,345	2,574,886	(331,541)	-12.9%
Franchise Fees	1,710,693	2,319,730	(609,037)	-26.3%
<b>TOTALS</b>	<b>15,523,914</b>	<b>12,552,840</b>	<b>2,971,074</b>	<b>23.7%</b>

<b>January YTD Actual Compared to Amended YTD Budget</b>				
<b>Revenue Category</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>%Var</b>
OLT- Employee Withholding	99,626,414	93,757,381	5,869,033	6.3%
OLT - Net Profit	13,416,473	12,155,491	1,260,982	10.4%
Insurance	16,614,875	16,717,331	(102,456)	-0.6%
Franchise Fees	12,673,708	14,412,131	(1,738,423)	-12.1%
<b>TOTALS</b>	<b>142,331,470</b>	<b>137,042,334</b>	<b>5,289,136</b>	<b>3.9%</b>

<b>For the seven months ended Jan 31, 2016</b>				
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>Variance</b>	
<b>Revenue</b>				
<i>Payroll Withholding</i>	\$99,626,414	\$93,757,381	\$5,869,034	6%
<i>Net Profit</i>	13,416,473	12,155,491	1,260,982	10%
<i>Insurance</i>	16,614,875	16,717,331	(102,456)	-1%
<i>Franchise Fees</i>	12,673,708	14,412,131	(1,738,423)	-12%
<i>Other Licenses &amp; Permits</i>	3,662,728	3,397,741	264,987	8%
<i>Ad Valorem</i>	19,747,928	19,885,191	(137,262)	-1%
<i>Services</i>	13,983,954	12,824,759	1,159,195	9%
<i>Fines and Forfeitures</i>	103,272	146,852	(43,580)	-30%
<i>Property Sale</i>	110,215	35,000	75,215	215%
<i>Intergovernmental</i>	300,141	335,408	(35,266)	-11%
<i>Investment Income</i>	363,453	262,754	100,698	38%
<i>Other Income</i>	2,386,043	1,920,991	465,052	24%
<b>Total Revenue</b>	<b>\$182,989,203</b>	<b>\$175,851,029</b>	<b>\$7,138,174</b>	<b>4%</b>

<b>For the seven months ended Jan 31, 2016</b>				
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>Variance</b>	
<b>Expenses</b>				
<i>Personnel</i>	(\$117,806,688)	(\$119,181,920)	\$1,375,233	1%
<i>Operating</i>	(23,150,342)	(25,200,938)	2,050,596	8%
<i>Debt Service</i>	(22,815,198)	(22,934,365)	119,167	1%
<i>Partner Agencies</i>	(10,901,991)	(11,595,676)	693,685	6%
<i>Insurance - Expense</i>	(1,045,259)	(1,045,259)		0%
<i>Operating Capital Expenditures</i>	(864,292)	(896,410)	32,118	4%
<b>Total Expenses</b>	<b>(176,583,770)</b>	<b>(180,854,568)</b>	<b>4,270,798</b>	<b>2%</b>
<b>Interfund Transfers</b>				
<i>Transfers</i>	(645,836)	(498,425)	(147,411)	-30%
<b>Change in Net Position</b>	<b>5,759,597</b>	<b>(5,501,964)</b>	<b>11,261,562</b>	

Comparison of Economic Indicators													
Economic Indicators		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fayette County	2014	5.6%	6.0%	5.8%	4.8%	5.1%	5.2%	5.1%	4.6%	4.2%	3.9%	4.0%	3.6%
Unemployment Rate	2015	4.3%	4.0%	4.0%	3.7%	4.0%	4.1%	4.2%	3.5%	3.4%	3.1%	3.6%	3.6%
	2016	N/A											
Quarterly Fayette County Employment	2014	-	-	180,078	-	-	184,553	-	-	184,658	-	-	191,287
	2015	-	-	184,932	-	-	189,400	-	-	N/A	-	-	N/A
	2016	-	-	N/A									
Fayette County Permits Issued	2014	1,157	999	931	1,461	1,815	1,660	1,696	1,529	1,399	1,605	1,058	1,112
	2015	1,134	1,858	1,019	1,108	1,431	1,551	1,319	1,523	1,595	1,394	1,220	1,158
	2016	937	-	-	-	-	-	-	-	-	-	-	-
Fayette County New Business Licenses	2014	244	280	366	807	279	187	194	213	219	242	158	137
	2015	197	224	330	749	362	198	198	283	260	282	232	162
	2016	202	-	-	-	-	-	-	-	-	-	-	-
Home Sales (MSA)	2014	524	517	693	787	997	1,069	1,006	1,021	854	860	681	794
	2015	571	651	884	963	1,140	1,346	1,334	1,165	1,072	1,054	815	919
	2016	640	-	-	-	-	-	-	-	-	-	-	-
Fayette County Foreclosures	2014	31	40	34	53	16	53	35	25	46	25	42	25
	2015	33	20	36	24	18	43	18	41	12	43	41	26
	2016	22	-	-	-	-	-	-	-	-	-	-	-

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

Code Enforcement Lien Collections								
Month	Administrative Collection Fees		Miscellaneous		Penalty & Interest		Total Collections	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
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
January	1,200	450	2,063	351	45,565	10,678	48,828	11,479
<b>Totals</b>	<b>6,470</b>	<b>6,828</b>	<b>10,980</b>	<b>8,861</b>	<b>263,774</b>	<b>201,467</b>	<b>281,224</b>	<b>217,156</b>

III. SCORE Presentation

Bledsoe presented the item and introduced Vincent Smith, acting Chapter Chair of SCORE, who presented SCORE's annual report.

Mossotti inquired about SCORE's outreach. Smith noted they have been in business for 50

years and that they recruit largely by word-of-mouth, recruiting at events and email blasts. Mossotti noted they could consider the Chamber of Commerce.

F. Brown inquired if they are a 501C3 non-profit, which can accept donations. Smith stated they are. He further inquired about their budget and the amount of their reserve. Gary Bayma, Treasurer, stated they have approximately a \$5,000 reserve. He further stated that their national office handles all of their tax information, and not their Lexington office.

Lamb urged other Council Members to inform their constituency about SCORE. She further inquired if they plan to utilize social media in their marketing plan. Smith stated they hope to engage interns in this effort.

Akers inquired about the charge for their workshops. Smith replied that they are currently free but intend to charge a small fee in the future. Smith stated they hold workshops at various venues in the city and in public spaces, such as the public library.

Moloney inquired if they have reached out to Community Ventures Corporation. Smith stated they have coordinated previously for a workshop. Moloney noted the Minority Businesses Coordinator at LFUCG as a potential resource. Smith stated that they do, mostly with veterans, and stated they could do a better job in this area.

Bledsoe noted a previous veteran initiative and Smith affirmed that they did. She further thanked SCORE for their work with Veterans.

#### **IV. Downtown Development Authority**

Akers introduced Jeff Fugate from the Downtown Development Authority. Fugate gave an update of the DDA.

Bledsoe inquired if there is a way to bring all of the involved groups together and if there has been any progress made in this area. Tom Harris, Chair of the DDA Board, stated they have recently put together a working group that will look for recommendations for their respective Boards and to Council. Bledsoe stated she would like to see more collaboration and communication between parties as they move forward. Stinnett noted the Courthouse Area Design Review Board, as an entity to engage.

Mossotti inquired about their work on City Hall and if they have any information to provide. Fugate stated this has previously been shared with the administration. Mossotti inquired how much in depth work they did for this project. Fugate stated they were mostly focused on the Transit Center site at the time of their work. Mossotti stated Council would appreciate any of their work and inquired if they were involved with Centre Pointe. Fugate stated it has been a long time since they had any involvement.

Moloney stated his support for Bledsoe's comments. Moloney inquired about Town

Branch. Fugate stated the DDA managed and raised the initial investment, hosted the design competition, recruited fundraising consultants, etc. Moloney mentioned the Bluegrass Community Foundation and if they have daily communication. Fugate stated there are multiple meeting and cultivation efforts involved in the fundraising. Moloney inquired about the amount of money raised. Fugate stated it is unlikely to have large donor gifts in the beginning of the project. Moloney noted potential Water Quality concerns with the Town Branch project.

Gibbs asked if they have tried to locate a drug store involvement for their project. Fugate stated drug stores have very specific requirements and discussed those. Gibbs stated his desire to attract a downtown drug store.

Farmer inquired about the streetscape project on Euclid. Fugate stated the public infrastructure pieces would not happen until 2019 or 2020, and that the design would be worked on until the trunk line is laid. Farmer stated his appreciation for dividing the project into portions. Farmer inquired about Centre Point and Fugate stated they have not been involved with Centre Pointe for a couple of years.

Akers inquired about the DDA's budget and funding sources. Fugate stated the City's contribution has been roughly \$350,000 for the past few years, and that their total budget included fundraising. He stated they have raised a few hundred thousand in addition. Akers inquired about the size of their boundaries and accomplishments in the downtown area. Fugate stated their scope of downtown is not specific to streets, but rather to potential investments for the City.

Moloney inquired why the DDA was not involved in Rupp Arena and Centre Pointe. Fugate stated that Center Pointe is a private development and that Rupp Arena is very intertwined with the Town Branch Commons project. Moloney gave CAO Hamilton credit for her work on the Old Courthouse project, and noted that the DDA did not appear to be involved in that project.

Akers voiced her appreciation for CAO Hamilton and stated she believes the focus on Downtown could be narrowed. Akers noted the lack of development in the Distillery District as an area with lots of new growth that is lacking sewage capacity.

Mossotti stated her concern for the transparency and delegation of roles in various downtown projects. She further noted her concern for the duplication of work on projects, noting the involvement of both a new Project Coordinator, and the CAO who are already working on the Old Courthouse project. Mossotti stated she needs more clarification of roles. Fugate noted their role in the pre-development of projects in collaboration with the City and stated they don't have a large role after the initiation of projects. Fugate stated they could be involved in later stages if that is a desire of Council.

Scutchfield stated that each year they see reports that note a lot of projects that are going on, but they don't see as much fruition. She further noted the overlap and duplication of different

individuals within the Government, Boards and Partner Agencies within the same projects. She stated the process needs to be more streamlined.

Stinnett noted Fugate's role in networking and noted that the Downtown Development Authority may need to clarify their name to better reflect their roles in development projects. He further noted they need to evaluate whether or not they need The DLC, the Courthouse Area Design Review Board, and others. Smith noted their facilitation of a working culture that helps to spur investment in infrastructure. Stinnett inquired when they plan to report back to the Committee. Smith stated they have scheduled one meeting with their core members of the board and they hope to have a recommendation in a few months.

#### **V. Occupational License Fee Exemption**

Hensley introduced the item for information only. There was no action taken on the item. Stinnett stated they would leave the item in Committee.

#### **VI. Contingency of Fund Draft Ordinance**

Commissioner O'Mara presented the changes made to the draft ordinance.

Hensley inquired if they have discussed the use of the fund with Risk Management and if the use of this fund will be in conflict with other funds, like FEMA, in the event of an emergency. O'Mara stated that FEMA reimbursement qualification is separate from the use of the fund, and noted that FEMA looks at the total budget and they would already have access to that number.

Moloney inquired if they will be able to administer the funds as presented. O'Mara stated there may be more dialogue between Administration and Council and further stated he believes the changes are a step in the right direction.

Kay stated that the changes give Council more flexibility and more control over the funds.

A motion was made by Farmer to approve the Contingency Fund Draft Ordinance, seconded by Mossotti. The motion passed without dissent.

#### **VII. Items Referred to Committee**

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

The meeting was adjourned at 2:47 p.m.

D.S. 2.26.2016

# URBAN SERVICES FUND

*Budget, Finance, and Economic  
Development Committee*

March 15, 2016



**LEXINGTON**

# OVERVIEW

## *Funding Street Lights with Franchise Fees*

- Revenue projection
- Cost to residents
- Programmatic concerns and conclusion

## *Funding Street Cleaning with the Water Quality Management Fee*

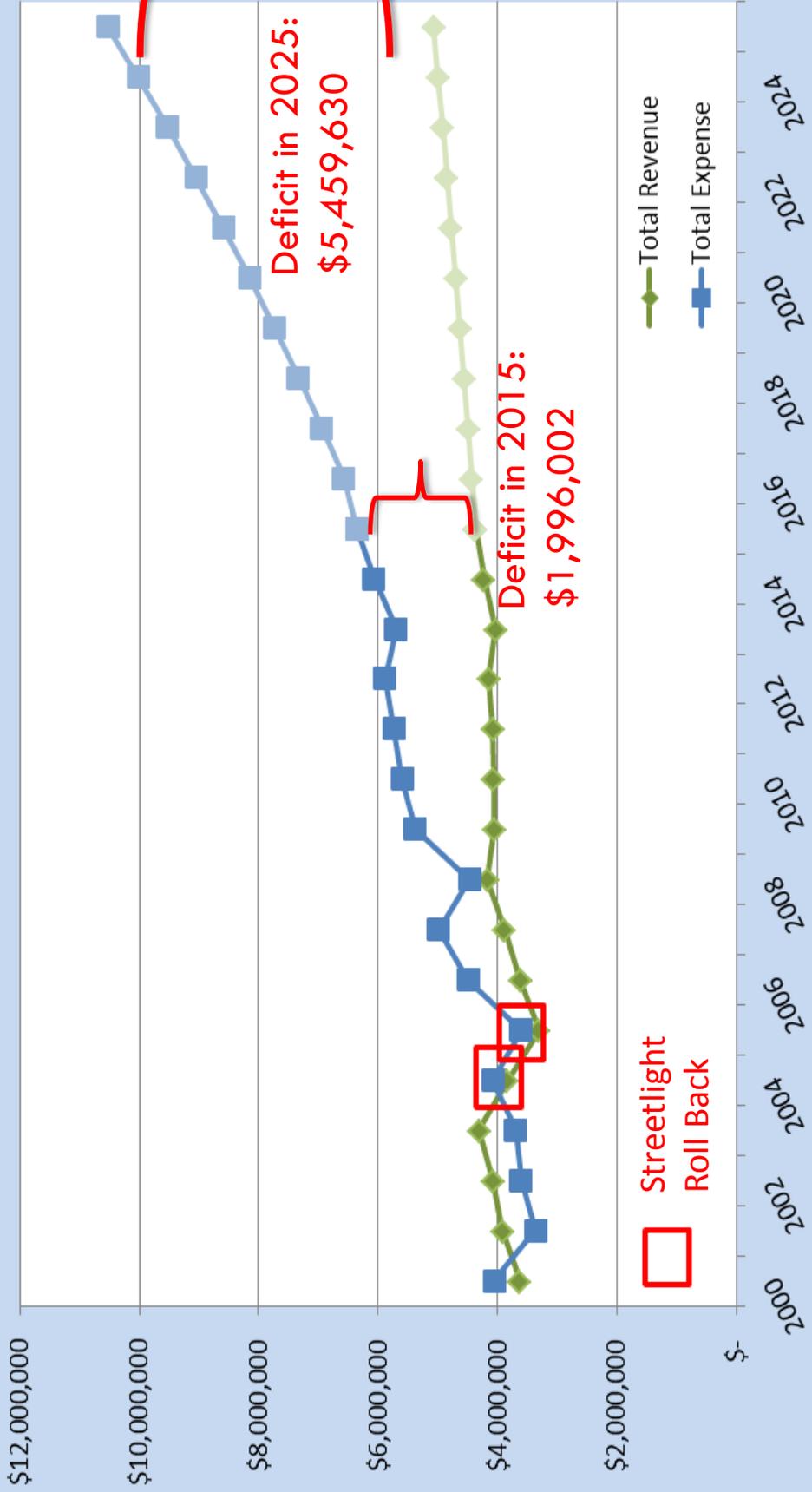
- Availability of funds
- Legal impact and conclusions



# STREETLIGHT FUNDING- FRANCHISE FEES



# HISTORICAL STREETLIGHTS CASH FLOW



# FY17 FORECAST: INCREASE TO 5%

	Current Rate	Current Collection	Collection at 5%	Additional Revenue
Electric	4%	\$16.3 million	\$20.3 million	\$4 million
Gas	4%	\$3.4 million	\$4.2 million	\$0.8 million
Water	3%	\$2.0 million	\$3.3 million	\$1.3 million
Total		\$22.3 million	\$27.9 million	\$6.2 million <sup>11</sup>

# FY17 FORECAST

Current General Fund Supplement	\$2.1 million
Additional Revenue from Increase	\$6.2 million
Allocated to Right of Way Fund	(\$450,000)
Revenue Available	\$7.8 million

# FUNDING STREETLIGHTS WITH FRANCHISE FEE

	Current	FY17	FY20	FY25
Franchise Fee Revenue	\$2.1 m	\$7.8 m	\$8.6 m	\$10 m
Streetlights Expense	\$6.5 m	\$6.9 m	\$8.2 m	\$10.5 m
Surplus / (Deficit)	<b>(\$2.1)m</b>	\$900k	\$400k	<b>(\$450)k</b>

# CURRENT AVERAGE ANNUAL UTILITY BILL

	Gas	Electric	Water	Total
Average Bill	\$562	\$1,236	\$412	\$2,210
Current Fee	\$22	\$50	\$12	\$84
5% Fee	\$28	\$62	\$20	\$110
Difference	\$6	\$12	\$8	\$26

The franchise fee will increase, on average, \$26 a year. Should the streetlight property tax be eliminated, a person who previously didn't pay for streetlights would pay an additional \$26 a year. A property owner who did pay the streetlight property tax would now pay, on average \$10 less a year because they would no longer be paying the \$36.33 property tax.

\*based on a \$173,000 property: the average property owner pays **\$36.33** for streetlights

## POTENTIAL ISSUES WITH FUNDING THROUGH THE GENERAL FUND

- Funding a specific reoccurring expense through Franchise Fees revenues is more volatile due to seasonal weather variance
- The General Fund is the government's main operating fund, and the monies in the fund are not designated for a specific purpose
- Other high priority projects could be funded, putting pressure on street light funding



## PROGRAMMATIC CONCERNS

- Can people now request a streetlight because they are paying for it?
- Would people switch from private streetlights to public streetlights because they are now paying the fee?
- Streetlight program would expand and costs of the program would increase

## CONCLUSION

1. An increase in franchise fees to 5% would increase in revenues by \$6.2 million
2. The 5% franchise fee has the ability to fund the *current* streetlight program
3. Future streetlight program would increase GREATER than franchise fee revenues
4. Recommendation: Do not fund the streetlight program solely through the Franchise Fee



# STREET CLEANING FUNDING- WATER QUALITY MANAGEMENT FEE

# AVAILABILITY OF FUNDS

<b>Annual Operating Street Cleaning Cost</b>	\$1.8 million
<b>Street Cleaning Annual Capital Needs</b>	\$622,321
<b>Current WQ Fund Balance</b>	\$18.9 million
<b>EPA Required Spending by 2021</b>	\$18.7 million
<b>2020 Deficit with Street Cleaning Included</b>	\$(5.8) million
<b>2025 Deficit with Street Cleaning Included</b>	\$(35) million

# LEGAL IMPLICATIONS OF FEES

- Street Cleaning would normally be viewed as a measurable service with the fee based upon the actual level of service provided (i.e., tiered billing rates if different levels of service are offered)
- Those paying the fee have to be provided the service (all developed properties in Fayette County pay the Water Quality Management fee, only those properties paying the tax receive street cleaning services)
- The existing Water Quality Management fee is not currently structured in a manner that would support the addition of Street Cleaning – it would need to be significantly modified (with an increase in the existing fees)

## CONCLUSION

- Use of the current Water Quality Management Fund to pay for street cleaning is problematic
  - The scope of the fund would need to be increased
  - How should different levels of services be billed?
  - What increase would be required to support the program?
- **Recommendation:** Do not fund the street cleaning program solely through the Water Quality Management fee



# QUESTIONS?

## Fund 4002 Sanitary Sewers Operating Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

<u>Title</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>YTD Through 2/29/2016</u>	<u>Remaining Budget</u>	<u>Percent Collected/Used</u>
Revenues:					
Charges for Services	54,283,000	54,283,000	37,818,012	16,464,988	69.7%
Fines and Forfeitures	5,000	5,000	3,890	1,110	77.8%
Property Sales			4,334	4,334	0.0%
Investment Income (non-op)	256,000	256,000	306,713	-50,713	119.8%
Other Income	20,000	20,000	40,447	-20,447	202.2%
<b>Total Revenue</b>	<b>54,564,000</b>	<b>54,564,000</b>	<b>38,173,396</b>	<b>16,399,272</b>	<b>70.0%</b>
Expenses:					
Personnel	10,417,830	10,417,830	6,789,816	3,628,014	65.2%
Operating Expenses	23,938,820	24,369,088	11,762,202	12,606,886	48.3%
Capital	5,727,000	9,195,426	5,123,265	4,072,161	55.7%
<b>Total Expenditures</b>	<b>40,083,650</b>	<b>43,982,344</b>	<b>23,675,283</b>	<b>20,307,061</b>	<b>53.8%</b>
Net Difference	<u>14,480,350</u>	<u>10,581,656</u>	14,498,113		
	<u>14,480,350</u>	<u>10,581,656</u>			
FUNDS 4002-4004:					
<b>Unrestricted Fund Balance 6.30.15</b>	<b>\$0 M</b>				
<b>Capital Reserves</b>	<b>\$46.9 M</b>				

## Fund 4003 Sanitary Sewers Construction Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

<b>Title</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>YTD Through 2/29/2016</b>	<b>Remaining Budget</b>	<b>Percent Collected/Used</b>
Revenues:					
Charges for Services			73,964		0.0%
Intergovernmental Revenue			21,537,658		0.0%
Other Financing Sources	63,901,520	63,901,520		63,901,520	0.0%
<b>Total Revenue</b>	<b>63,901,520</b>	<b>63,901,520</b>	<b>21,611,622</b>	<b>63,901,520</b>	<b>33.8%</b>
Expenses:					
Operating Expenses	1,490,000	8,237,501	1,430,850	6,806,651	17.4%
Transfers		950		950	0.0%
Capital	43,730,400	104,524,129	22,507,065	82,017,064	21.5%
<b>Total Expenditures</b>	<b>45,220,400</b>	<b>112,762,580</b>	<b>23,937,914</b>	<b>88,824,666</b>	<b>21.2%</b>
Net Difference	18,681,120	-48,861,060	-2,326,292		
	<u>18,681,120</u>	<u>-48,861,060</u>			

FUNDS 4002-4004:

**Capital Reserves                    \$46.9 M**

## Fund 4051 Water Quality Operating Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

Title	Original Budget	Amended Budget	YTD Through 2/29/2016	Remaining Budget	Percent Collected/Used
Revenues:					
Charges for Services	13,758,800	13,758,800	8,932,104	4,826,696	64.9%
Fines and Forfeitures	10,000	10,000	16,531	-6,531	165.3%
Investment Income (non-op)	25,000	25,000	42,555	-17,555	170.2%
Other Income	1,500	1,500	497	497	0.0%
<b>Total Revenue</b>	<b>13,795,300</b>	<b>13,795,300</b>	<b>8,991,687</b>	<b>4,803,107</b>	<b>65.2%</b>
Expenses:					
Personnel	5,197,840	5,197,840	3,366,514	1,831,326	64.8%
Operating Expenses	3,437,400	4,370,894	1,657,337	2,713,557	37.9%
Capital	1,550,200	1,608,060	644,030	964,030	40.1%
<b>Total Expenditures</b>	<b>10,185,440</b>	<b>11,176,794</b>	<b>5,667,882</b>	<b>5,508,912</b>	<b>50.7%</b>
Net Difference	3,609,860	2,618,506	3,323,805		
FY Available Fund Balance	0	0			
	<u>3,609,860</u>	<u>2,618,506</u>			
<b>Unrestricted Fund Balance</b>					
<b>6.30.15</b>	<b>8.8 M</b>				

## Fund 4052 Water Quality Construction Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

<u>Title</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>YTD Through 2/29/2016</u>	<u>Remaining Budget</u>	<u>Percent Collected/Used</u>
Revenues:					
Intergovernmental Revenue			1,026,102		
Total Revenue	0	0	1,026,102	0	0.0%
Expenses:					
Operating Expenses	4,052,000	9,293,070	2,082,828	7,210,242	22.4%
Capital	2,715,000	5,928,676	847,634	5,081,042	14.3%
Total Expenditures	6,767,000	15,221,746	2,930,462	12,291,284	19.3%
Net Difference	-6,767,000	-15,221,746	-1,904,360		
FY Available Fund Balance	8,700,000	8,700,000			
	<u>1,933,000</u>	<u>-6,521,746</u>			
<b>Unrestricted Fund Balance</b>					
<b>6.30.15</b>	<b>8.8 M</b>				

## Fund 4121 Landfill Operating Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

<b>Title</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>YTD Through 2/29/2016</b>	<b>Remaining Budget</b>	<b>Percent Collected/Used</b>
<b>Revenues:</b>					
Charges for Services	7,095,830	7,095,830	4,571,811	2,524,019	64.4%
Investment Income (non-op)			10,211	10,211	0.0%
Other Income				0	0.0%
<b>Total Revenue</b>	<b>7,095,830</b>	<b>7,095,830</b>	<b>4,582,022</b>	<b>2,534,230</b>	<b>64.6%</b>
<b>Expenses:</b>					
Personnel	836,460	836,460	571,909	264,551	68.4%
Operating Expenses	4,442,420	4,603,214	1,703,445	2,899,769	37.0%
Capital	2,529,660	2,548,038	539,350	2,008,688	21.2%
<b>Total Expenditures</b>	<b>7,808,540</b>	<b>7,987,712</b>	<b>2,814,704</b>	<b>5,173,008</b>	<b>35.2%</b>
Net Difference	-712,710	-891,882	1,767,318		
FY Available Fund Balance	16,000,000	16,000,000			
	<u>15,287,290</u>	<u>15,108,118</u>			
<b>Unrestricted Fund Balance</b>					
<b>6.30.15</b>	<b>18.8</b>				

## Fund 4122 Landfill Construction Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

<u>Title</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>YTD Through 2/29/2016</u>	<u>Remaining Budget</u>	<u>Percent Collected/Used</u>
Expenses:					
Operating Expenses		12,566		12,566	0.0%
Total Expenditures	0	12,566	0	12,566	0.0%
Net Difference	0	12,566	0		
	<u>0</u>	<u>12,566</u>			

## Fund 1115 Urban Svc Operating Fund

### Revenue & Expenditures Statement

Year to Date Through February 29, 2016

<b>Title</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>YTD Through 2/29/2016</b>	<b>Remaining Budget</b>	<b>Percent Collected/Used</b>
<b>Revenues:</b>					
Licences and Permits	1,450,000	1,450,000	1,443,988	6,012	99.6%
Taxes	33,897,670	34,028,000	33,631,292	396,708	98.8%
Charges for Services	2,143,500	2,143,500	1,038,165	1,105,335	48.4%
Fines and Forfeitures	800	800	1,523	-723	190.4%
Intergovernmental Revenue	64,920	64,920	12,586	52,334	19.4%
Property Sales			235,116	235,116	0.0%
Investment Income (non-op)	260,000	260,000	335,981	-75,981	129.2%
Other Income	100,000	100,000	48,603	51,397	48.6%
<b>Total Revenue</b>	<b>37,916,890</b>	<b>38,047,220</b>	<b>36,747,254</b>	<b>1,770,198</b>	<b>96.6%</b>
<b>Expenses:</b>					
Personnel	14,245,230	14,160,692	9,269,971	4,890,721	65.5%
Operating Expenses	22,656,710	23,193,969	13,913,377	9,280,592	60.0%
Transfers Out	-2,200,000	-2,200,000		-2,200,000	0.0%
Capital	5,918,480	10,243,315	3,289,496	6,953,819	32.1%
<b>Total Expenditures</b>	<b>40,620,420</b>	<b>45,397,976</b>	<b>26,472,843</b>	<b>18,925,133</b>	<b>58.3%</b>
Net Difference	-2,703,530	-7,350,756	10,274,411		
FY Available Fund Balance	33,380,200	33,380,200			
	<u>30,676,670</u>	<u>26,029,444</u>			

FUND 1115:

**Restricted for Urb Svc                    \$31.4M**

# Minimum Wage Occupational License Fee Exemption

January 26, 2015

# Impact of Minimum Wage Tax Exemption

	Year 1	Year 2	Year 3
	<b>\$8.20</b>	<b>\$9.15</b>	<b>\$10.10</b>
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
<b>Assumptions</b>			
# of Employees	30,000		
Average Hours per week		30	



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

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	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

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- 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?

ORDINANCE NO. \_\_\_\_-2015

AN ORDINANCE AMENDING SECTION 13.6 OF THE LEXINGTON-FAYETTE URBAN COUNTY CODE OF ORDINANCES TO EXEMPT INDIVIDUALS EARNING THE ESTABLISHED HOURLY MINIMUM WAGE FROM THE OCCUPATIONAL LICENSE FEE ON EARNED WAGES.

---

WHEREAS, exempting individuals who earn the hourly minimum wage from the Occupational License Fee on earned wages shall provide increased income for Lexington-Fayette County employees while encouraging local business development and economic growth;

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

Section 1 – That Chapter 13 of the Code of Ordinances be and hereby is amended to read as follows:

**Sec. 13-6 – Exempt activities.**

(a) No license under this article shall be required of nonresidents who sell farm products, other than trees, shrubs, or ornamental plants, in the urban county; or nonresident owners who sell livestock in the urban county or who board their livestock in the urban county for breeding purposes. The activities described in this subsection shall not constitute being engaged in any occupation, trade, profession or other activity as defined in section 13-4 of this article.

(b) Natural persons of the age of sixty-five (65) and older shall be exempt from the provisions of the occupational license fee as to the

first three thousand dollars (\$3,000.00) of salaries, wages, commissions or other compensation earned by such persons in the urban county for work done or services performed or rendered in the urban county, and the first three thousand dollars (\$3,000.00) of net profits of any business, profession or occupation conducted in the urban county.

(c) Every person earning the established hourly minimum wage shall be exempt from the occupational license fee as to salaries and wages earned by such persons in the urban county for work done or services performed or rendered in the urban county.

(d) No license under this article shall be required of any person authorized by the Lexington-Fayette Urban County Special Events Commission to demonstrate, sell or offer for sale any goods, wares or merchandise at any festival or event sponsored by that commission, nor from any person authorized by the commissioner of the department of general services to demonstrate, sell or offer for sale any goods, wares or merchandise at any festival or event sponsored by that department.

(e) No license under this article shall be required of precinct workers for election training or work at election booths in state, county, and local primary, regular, or special elections within the urban county.

(f) No license under this article is required where expressly exempted elsewhere by ordinance, federal or state law.

(g) Any bank, trust company, combined bank and trust company, or trust, banking and title insurance company organized and doing business in this state, any savings and loan association whether state or federally chartered;

(h) Public service corporations that pay an ad valorem tax on property valued and assessed by the Kentucky Department of Revenue pursuant to the provisions of KRS 136.120. Licensees whose businesses are predominantly non-public service who are also engaged in public service activity are required to pay a license fee on their net profit derived from the non-public service activities apportioned to the urban county government;

(i) Persons or business entities that have been issued a license under KRS Chapter 243 to engage in manufacturing or trafficking in alcoholic beverages. Persons engaged in the business of manufacturing or trafficking in alcoholic beverages are required to file a return, but may exclude the portion of their net profits derived from the manufacturing or trafficking in alcoholic beverages;

(j) Insurance companies incorporated under the laws of and doing business in the Commonwealth of Kentucky, except as provided in KRS 91A.080.

(k) Any compensation received by members of the Kentucky national guard for active duty training, unit training assemblies and annual field training;

(l) Funds received from the state as a share of the tobacco settlement funds to be paid to farmers is exempt from inclusion in net profits for the purpose of calculating the net profits which are subject to this occupational license fee as follows:

(1) Any amount received by a producer of tobacco or a tobacco quota owner from the multi-state settlement with the tobacco industry, known as the Master Settlement Agreement, signed on November 22, 1998;

(2) Any amount received from the secondary settlement fund, referred to as "Phase II", established by tobacco companies to compensate tobacco farmers and quota owners for anticipated financial losses caused by the national tobacco settlement; and

(3) Any amount received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program as a result of a reduction in the quantity of the tobacco quota allotted from the 1998 to the 1999 calendar year as provided under Public Law 106-78 Title 8 sec. 803.

(4) Any amount received as a result of a tobacco buydown program that all quota owners and growers are eligible to participate in.

(m) Individuals and sole proprietorships who file a return as prescribed by section 13-8 which reports gross receipts of four thousand four hundred dollars (\$4,400.00) or less for a tax year shall not be required to pay the annual minimum license fee provided in section 13-9 after initial licensure of that business, or the net profit occupational license fees for that tax year.

Section 2 – That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CLERK OF URBAN COUNTY COUNCIL  
CEE:X:\Cases\LAW\14-CC0834\LEG\00509605.DOCX

# A FUNDING MECHANISM FOR JOBS TRAINING

Council Member Russ Hensley  
Budget, Finance & Economic Development Committee  
March 15, 2016



**LEXINGTON**

## Proposal

Create a new, grant-based program designed to competitively bid and award resources to innovative Job Training platforms in Lexington.

Initiate the new program through policy directive of Council.

Sustain the new program through annual budgeting.

Reference: ESR Program, Affordable Housing Program

## On-going Policy Discussion

The issue of Jobs Training has been consistently noted by Council as a policy area in need of resources.

Job training platforms are considered a valuable economic development tool for individuals and communities.

Unfortunately, identifying a viable funding mechanism to support such programs has been challenging.

## Minimum Wage Ordinance

In November 2015, the Council voted to enact a Minimum Wage Ordinance for Lexington.

This economic policy change was designed to benefit a targeted segment of Lexington's population.

An outcome of this economic policy is that General Fund revenue will increase based on enhanced pay scales leading to higher payroll tax collections.

## Minimum Wage & Fiscal Impacts

### Department of Finance

Estimated revenue increase generated by Minimum Wage Ordinance, above previous status quo:

- FY2017 ~ \$ 1 million in New Revenue.
- Starting point for a discussion.

This new revenue estimate is realized by the impact of the Minimum Wage Ordinance, on top of projected growth in payroll tax revenue.



## Reinvestment Opportunity

As opposed to passively allocating new revenue,

The Council can utilize this change as a reinvestment opportunity.

By actively directing resources towards Jobs Training platforms, the Council can simultaneously support populations in need as well as promote economic development.

## Next Steps

Develop a more detailed proposal.

Identify strategy for structure, management, and outcomes.

Collaborate with key Administration Departments:

- Finance
- Social Services
- Chief Development Officer

# Questions?





## **Budget, Finance & Economic Development Committee**

**March 15, 2016**

### **OVERVIEW OF LYRIC**

*Mission Statement: Preserve, present, and celebrate diverse cultures and community inclusion with a special emphasis on the African American experience.*

## Background

- Facility
  - LFUCG- owned, opened in October 2010
- Strategic Plan
  - Developed Strategic Plan in 2015 to update the 2009 Business Model. This Plan is reviewed quarterly by the Board of Directors.
- Board
  - All volunteer
- Management
  - Third Director officially hired in October 2015



# Strategic Plan

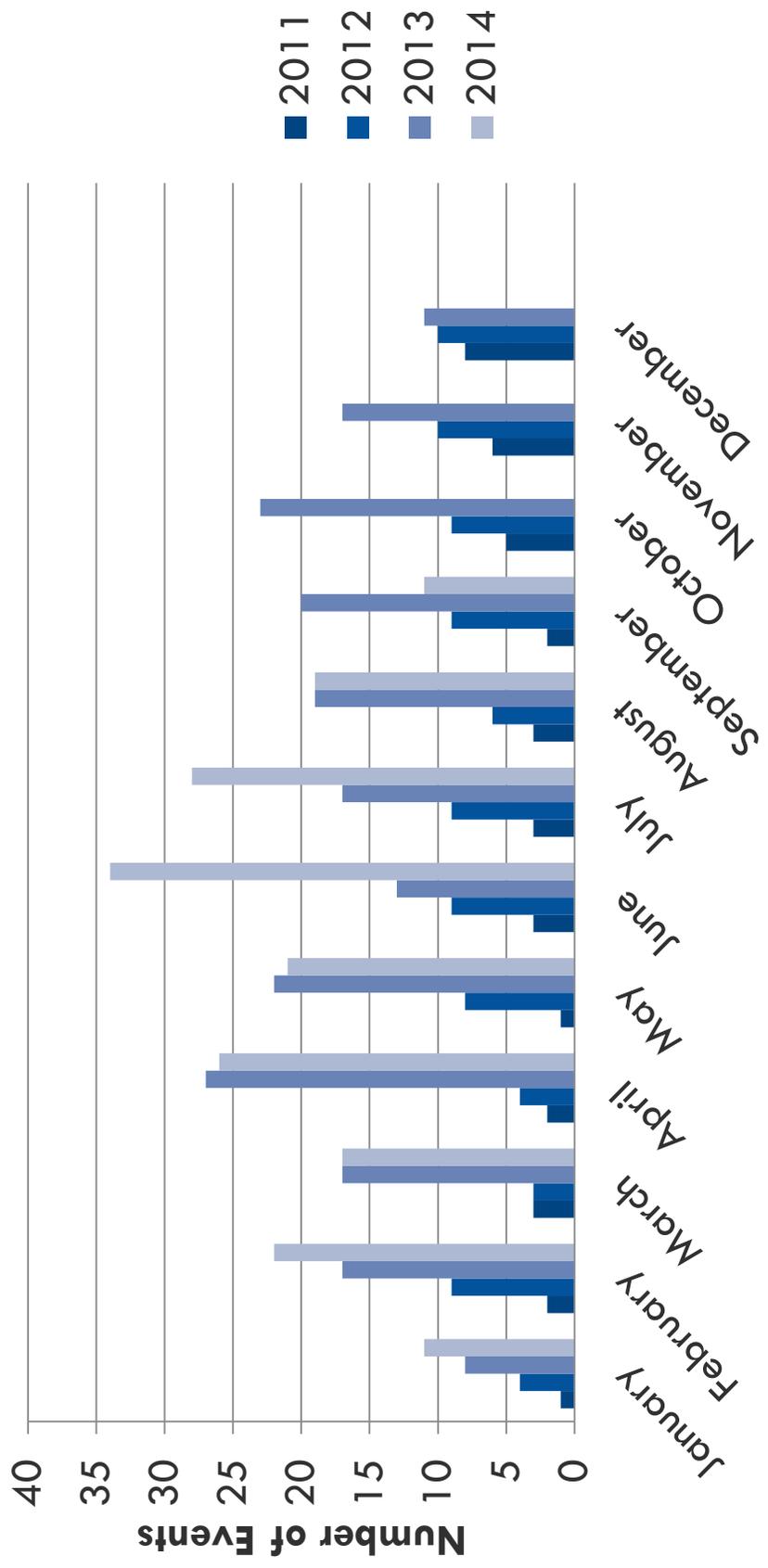
## Outcome Metric & Goals

- Enhance Programming to Engage Community
- Strengthen Fundraising & Financial Solvency
- Increase Visitors to Gallery Space and Museum
- Increase Marketing Efforts and Raise Awareness
- Nurturing Board Governance

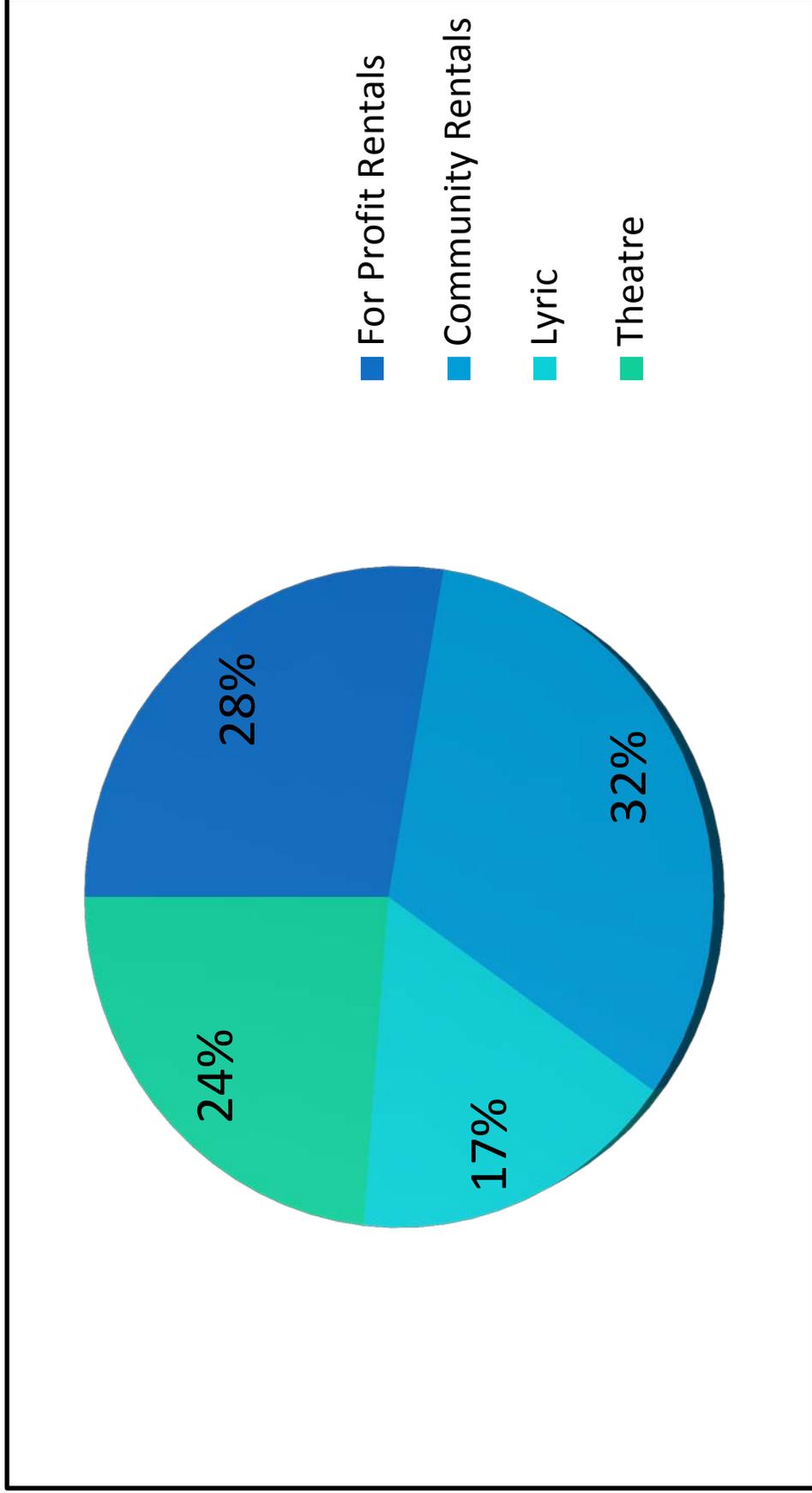


# Analytics

**Total Events at the Lyric 2011-2014**



# 2015 Building Utilization Summary





# Event Summary

- 82 events- For Profit Rentals  
(Weddings, Birthdays, Celebrations,  
Business meetings)
- 94 events – Community Rentals
- 49 events – Lyric Sponsored
- 70 events – Theatre Rentals



## Total Budget versus LFUCG Allocation

	TOTAL BUDGET	TOTAL LFUCG ALLOCATION	PERCENT OF BUDGET
FY16	555,000	130,000	23%
FY15	563,500	160,000	28%
FY14	350,000	160,000	46%
FY13	386,750	150,000	39%
FY12	300,000	135,000	45%
FY11	230,770	150,000	65%



# Revenue

	TOTAL REVENUE BUDGETED	TOTAL ACTUAL REVENUE	PERCENT OF BUDGET RECEIVED
FY16	555,000	293,317*	53%
FY15	563,500	399,103	71%
FY14	350,000	502,462	144%
FY13	386,750	339,392	88%
FY12	300,000	301,274	100%
FY11	230,770	323,732	140%

\*As of December 31, 2015



# Expenses

	TOTAL ACTUAL REVENUE	TOTAL ACTUAL EXPENSES
FY16	293,317*	295,510*
FY15	399,103	401,285
FY14	502,462	439,422
FY13	339,392	297,239
FY12	301,274	284,640
FY11	323,732	221,258

\*As of December 31, 2015



# Expenses vs. Budget

	FY15 ACTUALS	FY16 THRU 12/31/15	FY16 BUDGET
Payroll/Benefits	151,487	94,195	199,946
Contractual	48,061	38,563	43,500
Operating	57,825	42,988	70,004
Box Office	11,561	8,605	34,550
Performer/Program	132,351	111,159	207,000



# Questions?

Presentation to  
LFUCG Budget, Finance, and  
Economic Development  
Committee  
March 15, 2016



LEXARTS

# Event Planning and Marketing

Gallery Hop  
ArtMatters  
ArtScope  
LexArts website  
Arts Showcase Weekend  
Art Means Business  
Campaign Kickoff and Showcase  
Campaign Finale

# Arts Education Initiatives

LexArts Youth Arts Council

LexArts Constituent Groups

EcoArt

# Public Art

Oliver Lewis Way Bridge

Livestream

Breeders Cup Beautification Project

Lexington Mural Project

# Support for Artists and Arts Organizations

Purchase opportunities for local artists

ArtsPlace

Business Volunteers for the Arts

Lexington Arts Network

# Promoting High Quality Arts Experiences for All

Funding  
Advocacy  
Technical Assistance  
Communication Initiatives  
Programming Initiatives

# Event Planning and Marketing

Gallery Hop  
ArtMatters  
ArtScope  
LexArts website  
Arts Showcase Weekend  
Art Means Business  
Campaign Kickoff and Showcase  
Campaign Finale

# Gallery Hop



LEXARTS



# HOP

FREE Admission thanks  
to our Season Sponsor



STOLL  
KRENON  
OGDEN  
REALTY



5-8  
pm

FRIDAYS

JAN 15

MAR 18

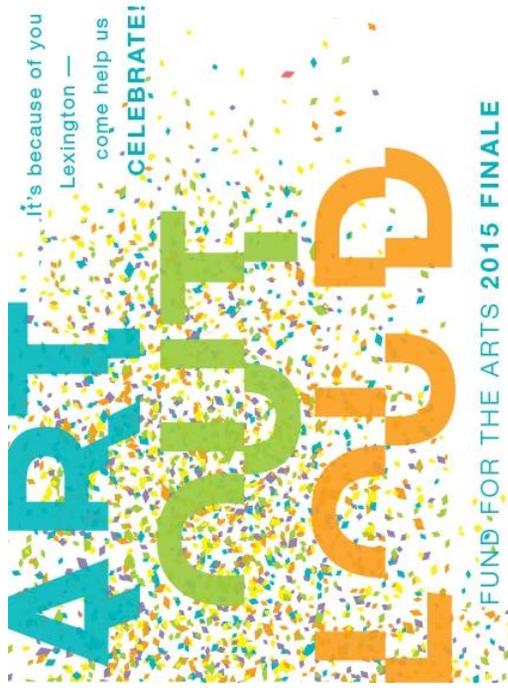
MAY 20

JUL 15

SEP 16

NOV 18

# Campaign Finale



# Arts Showcase Weekend

City-wide

Free

Family-friendly



# Art Matters

Quarterly

In-depth articles

Arts calendar

Reaches 3000-6000 households



# ArtScope

Weekly curated arts  
calendar

Emailed to 6300  
weekly



Click here for highlights of amazing arts events  
happening this week in Lexington



LEX ARTS

Sponsored by



HILLIARD LYONS  
J.D. HILLIARD, VLL, CPAS, LLC | MEMPHIS, TN 38103

# Arts Education Initiatives

LexArts Youth Arts Council

LexArts Constituent Groups

EcoArt

ArtsPlace Programs

# Organizations we fund

Reach over 500,000 children in Fayette County and beyond

- Theatre
- Music
- Dance
- Visual art
- Literary arts



# Youth Arts Council

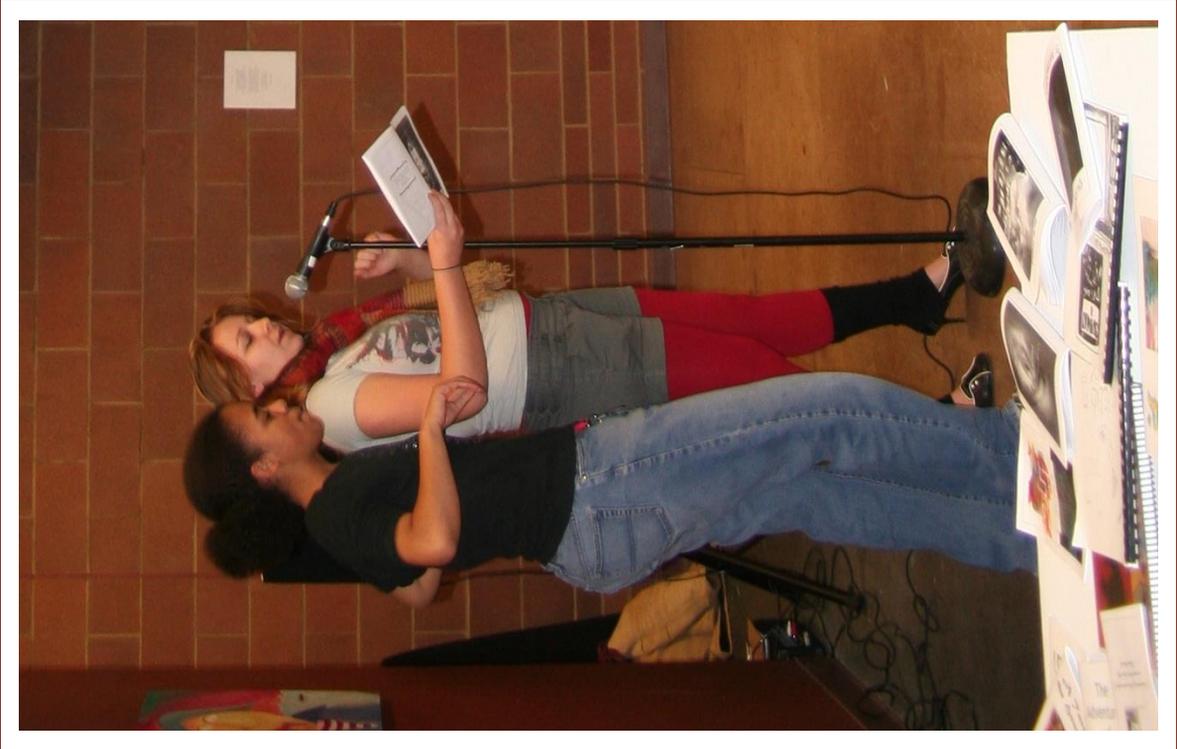
Projects for youth

Virtual Quilt

Lexaroo

Poetry Slam

Visual Art Exhibits



# ArtsPlace Programs

Exhibition tours  
Hands-on experiences



# Public Art

Oliver Lewis Way Bridge

Livestream

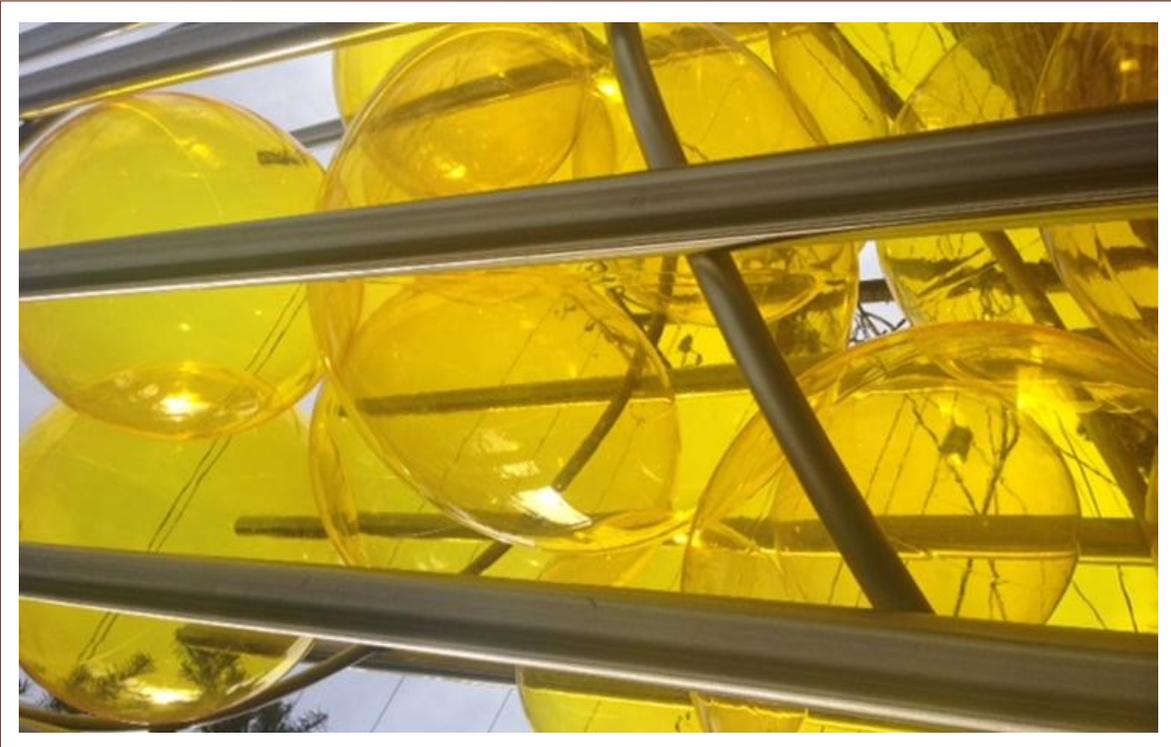
Breeders Cup Beautification Project

Lexington Mural Project



# Oliver Lewis Way Bridge

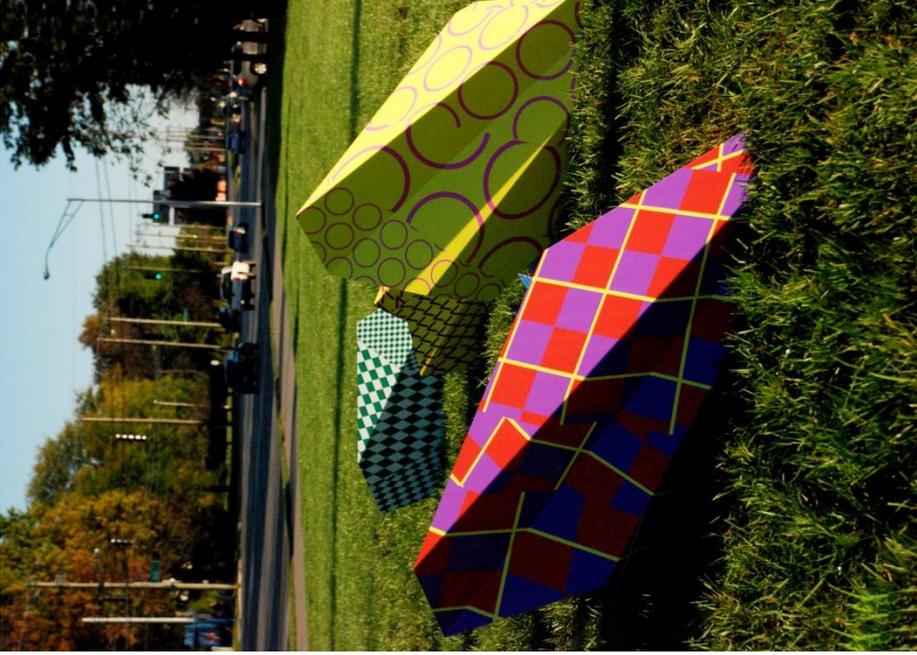
Installation begins March 21  
Celebration April 8 (tentative)



# Breeders Cup Corridors Beautification

Temporary sculpture on

- Newtown Pike
- Main Street
- Versailles Road



# Breeders Cup Beautification Project

for Corridors Commission



# Maintenance of Existing Works of Art

Regular inspection  
Documentation  
Conservation facilitation



# Support for Artists and Arts Organizations

Purchase opportunities for local artists

ArtsPlace

Business Volunteers for the Arts

# Kroger Murals

Euclid Avenue

Chinoe Road

Tates Creek Road



# Lexington Legends

Interactive Anniversary Mural



# Art Purchase Programs and Commissions

KentuckyOne Health

LexTran

EcoArts

ArtsPlace Gallery

LFUCG Facilities



**FY15 Artist Commissions: \$196,980**

**FY16 Artist Commissions: \$474,380**  
(projected)

**Upcoming FY17 Artist Commissions**

- Kroger Murals
- St. Joe Purchases
- Corridors Project
- Gallery Sales

# Payments to Artists



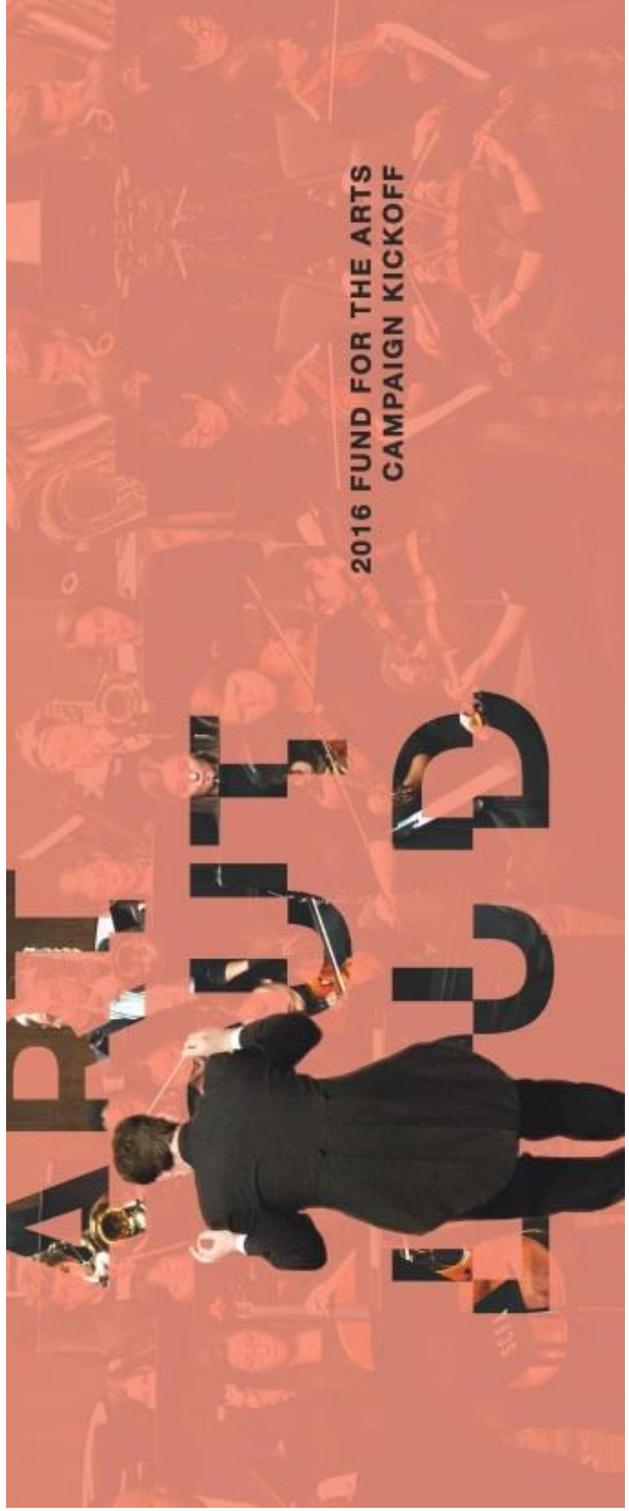
# Promoting High Quality Arts Experiences for All

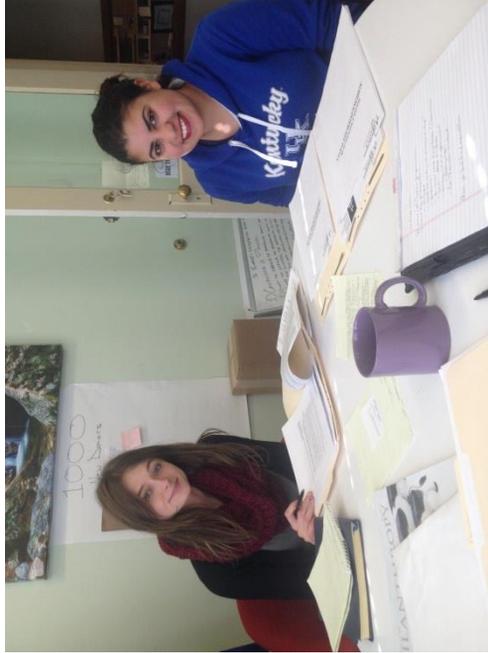
Funding  
Advocacy  
Technical Assistance  
Communication Initiatives  
Programming Initiatives

# 2016 Fund for the Arts Campaign

Kickoff March 8

Goal: \$1.1m





## Advocacy

Conducting Americans for the Arts' Arts and Economic Prosperity Survey 5 Throughout 2016  
UK Internship opportunity

# Advocacy

## Kentucky Arts Day

### State of the Arts Meeting



# Technical Assistance

Serve as fiscal agent for up to 10 small and emerging organizations  
One-on-one consultations  
Educational presentations



# Financials Fiscal 2015

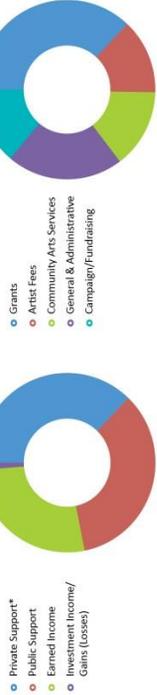
Serving as the united arts fund, LexArts has raised millions of dollars since its inception in support of the Lexington and central Kentucky arts community through the annual FUND FOR THE ARTS campaign.

These charts document the sources of campaign funds as well as the distribution of those funds. The majority of our funding supports nonprofit arts groups that serve Fayette County and beyond.

## Fiscal 2015 Charts

RESOURCES IN		RESOURCES OUT	
Private Support*	545,157	Grants	538,800
Public Support	506,535	Artist Fees	196,480
Earned Income	393,644	Community Arts Services	206,452
Investment Income/(Losses)	18,626	General & Administrative	312,931
<b>Total Resources In</b>	<b>1,463,962</b>	Campaign/Fundraising	203,303
		<b>Total Resources Out</b>	<b>1,457,966</b>

\* Private Support includes In-Kind



## Balance Sheet AS OF 06/30/2015

<b>ASSETS</b>	
Current Assets	902,553
Long-Term Investments	774,037
Funds Held in Trust By Others	85,861
Property and Equipment (Net)	118,341
Long-Term Prepaid Lease (Net)	88,882
<b>Total Assets</b>	<b>\$1,969,674</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	805,298
Non-Current Liabilities	92,928
<b>Total Liabilities</b>	<b>\$898,226</b>
Net Assets: Unrestricted	466,448
Net Assets: Permanently Restricted	605,000
<b>Total Net Assets</b>	<b>1,071,448</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$1,969,674</b>

LexArts is a nonprofit community organization that works for the development of a strong and vibrant arts community as a means of enhancing the quality of life for all residents of Lexington and central Kentucky. Since its inception in 1988, LexArts has raised over \$10 million in support of local arts. In turn, LexArts underwrites the operating expenses for a variety of Partner Organizations; awards grants through the Community Arts Fund; provides technical assistance to arts organizations; and offers affordable exhibition and performance spaces for arts organizations. Major support for LexArts programs and services is provided by the Lexington-Fayette Urban County Government, The Kentucky Arts Council, the state arts agency, and the Kentucky Endowment for the Arts. Major support also comes from the National Endowment for the Arts.



# FY 2015 Financials

**Budget, Finance & Economic Development Committee Referrals**

	<b>Referral Item:</b>	<b>Referred By:</b>	<b>Date Referred:</b>	<b>Status:</b>	<b>File ID:</b>
1	Right to Work Discussion	Bledsoe	February 10, 2015	pending litigation	
2	Urban Services Fund - Street Light Funding (continuation)	Stinnett	April 21, 2015, January 26, 2016	March 15, 2016 meeting	45-16
3	Lyric Theatre - Maintenance costs and increased revenues	Scutchfield	September 1, 2015	March 15, 2016 meeting	
4	LexArts - external funding	Scutchfield	September 1, 2015	March 15, 2016 meeting	
5	Combining all Economic Development Partners	Bledsoe	September 1, 2015	Summer 2016	
6	Downtown Development Authority update	Akers/Stinnett	September 1, 2015, February 23, 2016	Spring/Summer 2016	170-16
7	Explore possible cost savings of a city-owned structure at Bluegrass Airport to house aviation assets	Hensley	October 8, 2015		
8	Creating an Office of Workforce Training & Development - consideration and exploration	Stinnett	October 27, 2015	Spring 2016	
9	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, February 23, 2016	March 15, 2016 meeting	47-16
10	Investigate using storm sewers to install conduit	Hensley	February 4, 2016		
11	Annual report of golf and pools in regards to attendance, costs and income	Scutchfield	February 23, 2016		