



Budget, Finance, and Economic Development Committee

February 24, 2015
Summary and Motions

Chair Stinnett called the meeting to order at 1:03 p.m. Committee Members Bledsoe, Brown, Kay, Moloney, Mossotti, Stinnett, Ford, Scutchfield, and Farmer were in attendance. Lane was absent. Council Members Gibbs and Akers were also in attendance.

1. January 27, 2015 Committee Summary

Brown requested a change of wording on the first page, last paragraph of the summary. Stinnett stated this correction will be made to the summary before it is read at the Council Meeting.

A motion was made by Scutchfield to Approve as Amended the Summary of the Budget, Finance & Economic Development Committee, January 27, 2015, seconded by Farmer. The motion passed without dissent.

2. JOBS Fund Update

Wes Holbrook provided an update to the committee on the JOBS program. There was no discussion.

3. Commerce Lexington Update, Company Relocation Assistance

Stinnett informed that this update would look at ways Commerce Lexington promotes jobs in the area, including minority businesses and land use.

Gina Greathouse, Hannah Huggins and Kimberly Rossetti from Commerce Lexington gave a presentation of the quarterly update.

In a comment regarding prospect leads, Kay inquired if the format for reporting business information could include median as well as average wage. Greathouse stated they have this information and will send to Council. Greathouse informed it is not always possible to report this information, as it must be provided individually from companies that have applied for incentives, but they will include the information when available. Greathouse further explained their current information reports how much payroll tax is generated by the companies.

In response to a question from Mossotti, Greathouse stated they could provide which companies receive incentives.

Greathouse responded to Kay's inquiry about the Lexington Venture Club, stating they annually poll small technology start-ups to measure how many jobs they have created. Kay asked if these lists represent investments within the calendar year and if the lists provide total investments or only investments reported by the companies. Greathouse stated this is correct.

Scutchfield inquired about the response from the Commerce's presence at tradeshow. Greathouse gave the names of some companies recruited by those efforts, including; Surelock McGill, Birtley, and Webasto Roof Systems.

Mossotti asked how many companies have been turned away because Commerce Lexington does not have I-1 land. Kimberly Rossetti from Commerce Lexington stated they don't simply turn interested parties away, but show them other options in the region to prevent losing their business to other states. Rossetti shared that some companies only want to be within Fayette Co., but others are encouraged and willing to look at surrounding counties. Mossotti asked if land is their largest barrier. Rossetti affirmed that it is.

Akers inquired about the Economic Development (ED) parcels. Rossetti stated in addition to I-1 land, they also recommend land in the Economic Zone, but the timeframe for those properties to become available often do not meet the needs of interested companies. Stinnett informed there are currently 450 acres of vacant ED land divided between 2 owners in the county and states Commissioner Paulson and the Planning Committee are looking at why this land has not generated any jobs, and that those recommendations will be brought back to the Planning Committee.

Kay inquired about the different bottom lines between manufacturing and high-tech jobs. Rossetti stated the difference comes from economic multipliers; manufacturing jobs have greater impact due to the use of suppliers in constructions, etc., whereas tech jobs may only be purchasing furniture and office supplies from local vendors.

In response to Mossotti, Greathouse stated that companies buy rather than lease parcels of land. Mossotti inquired about the barriers to acquiring land. Greathouse stated Commerce Lexington needs properly zoned, currently available land to be competitive. She stated that they lose potential businesses while waiting for land to be re-zoned. Mossotti asked Stinnett if the ED land will come to Council in another proposal and inquired about the Bluegrass Business Park. Stinnett stated current ED land is not zoned conductively, also stating that the lands are located on Polo Club and Newtown Pike. Moloney asked why the developers are having difficulty getting the properties re-zoned. Greathouse stated there are a lot of infrastructure issues and sewer extraction fees which make the properties very expensive.

Monthly Financials

Bill O'Mara presented the monthly financials and Rusty Cook, Director of Revenue, presented the monthly revenue. Melissa Leuker, Budget Director, also presented monthly revenues.

Bledsoe inquired about the number of vacant positions. Leuker responded the vacancies are due to positions that are filled internally, explaining this leaves a remaining vacancy which takes longer to lower the number of vacancies. The number also reflects Fire and Police which have a longer hiring process. In response to a question from Bledsoe, Stinnett stated that Teresa Grider, Council Budget Analyst has previously provided information showing which departments are experiencing the highest numbers of vacancies and he will distribute this information to Council.

Moloney asked several questions about the \$9 million positive variance, and the -\$4 million in revenue, inquiring if the totals would catch up with one another. Leuker stated that the variance changes from month to month.

At the request of Stinnett, O'Mara presented an update of the Economic Contingency funds. Farmer inquired about the target number for the funds. O'Mara stated the goal is 10% of

revenue from the General Fund. In response to Farmer, O'Mara stated the ordinance does not address what happens once the goal is reached. Farmer stated he would like to review this, due to the possibility of a considerable contribution this year. Farmer stated he would like for Committee to consider possible outcomes. Stinnett stated that budgeted revenue is a "moving target" to be considered. Brown requested a list of what the funds can be used for, also stating they have never been withdrawn. O'Mara stated that the ordinance is very stringent about the use of the funds. Stinnett replied that a withdrawal was previously budgeted but never used; in 2006 the ordinance was changed and there are now only two ways to withdraw funds.

4. Items Referred to Committee

A motion was made by Mossotti to Approve JOBS Program Review, seconded by Farmer. The motion passed without dissent.

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

Meeting Adjourned at 2:01 p.m.

DS 2.26.2015