



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