

ECONOMIC DEVELOPMENT COMMITTEE OF THE WHOLE

October 15, 2013
Meeting Summary

Chair Beard called the meeting to order at 1:02 PM. All members were present

1. April 23, 2013 Committee Summary

On a motion by Scutchfield second Gorton the summary of the 7.9.13 Economic Development Committee of the Whole meeting was approved unanimously.

2. Commerce Lexington Quarterly Activity Report

Gina Greathouse presented the Commerce Lexington quarterly economic development report. She discussed the economic development simulation, Geeks Night Out, the IAMC Conference and a healthcare presentation for network groups such as call center employees.

Greathouse stated that the Bluegrass Business Partnership was awarded with a bronze award for its “Art of the Deal: Why Bingham Chose Lexington for its Global Services Center”. They also received a bronze award for its SBIR/STTR rent subsidy incentive program.

Greathouse stated that during the quarter they had 8 site visits; meet with 42 prospects; and 43 existing business visits. She stated that NOHMS announced 162 new jobs for Fayette County with an average yearly salary of \$ 60,000; and capital investment of \$ 5.4 million.

Greathouse summarized the breakdown of the 42 prospects by sector including 12 in High Tech; 10 in Manufacturing; 7 in Business & Professional Services; 4 in Headquarters; 3 in Bio Tech; 3 in Distribution; 2 in Call Centers; and 1 in the Research/Development sector.

Greathouse stated that Ms. Billie Peavler was retained as Executive Director of the Business & Education Network (BEN).

Tyrone Tyra discussed the minority business development efforts. He stated that during the 1st quarter the accelerator businesses reported over \$ 3.5 million in contracts and general business. He also announced that Michael Stewart with Fayette Window Cleaning was named minority business person of the year.

Lawless thanked Greathouse for her efforts. Greathouse stated that it was team effort involving both the public and private sector.

Akers congratulated Michael Stewart and Fayette Window Cleaning on the award.

3. Downtown Management District

Renee Jackson gave the presentation. She showed a video on the merits of the establishment of the Management District.

She stated that the DLC is leading the effort to establish the District. She stated that the Management District is equivalent to a homeowners association. She stated that it supplements the services offered by the City downtown, including beautification; downtown promotions programming; and a downtown ambassador program.

Jackson stated that the District would be supported by a \$ 0.10 per \$ 100 property tax on downtown properties.

In response to a question from Beard, Jackson stated that only property owners are allowed to vote on the proposal. She stated that 33% of the owners representing at least 51% present of the value of the affected properties will need to support the petition effort for the District proposal to be brought before Council.

In response to a question from Lane Jackson stated that the tax would generate about \$ 285,000 annually.

Lane stated that many tenants are unenthusiastic about the proposal because as tenants they can't vote on the proposal but any assessment would be passed along to tenants from the property owners.

Ellinger asked Jackson about the process of establishing the district. In response, Jackson stated that the process is driven by Kentucky Revised Statute. She stated that in order to be enacted at least 33% of the property owners representing at least 51% of the property value must sign a petition in favor of establishing the District. She stated that once that threshold is met she will deliver the petition to the Council and the Mayor. She stated that the Council would then have the power to establish the tax district.

Jackson stated that at present 26% of the 226 property owners representing 45% of the downtown property value have signed the petition.

In response to a question from Ellinger, Jackson stated that 16 property owners representing about 30% of the property value have stated their opposition to the District.

Lawless stated that the city could potentially benefit from the District. In response to a question from Lawless, Jackson stated that about 18% of the property downtown is residential.

Stinnett asked Jackson how they are responding to the opposition that this is another tax plan. In response Jackson stated that supporters are viewing this as an investment not another tax. She also stated that management districts in other cities have enhanced the quality of life.

Lane stated that he would be concerned about the fairness of tax exempt properties like LFUCG not paying the property tax. In response Jackson stated that the tax exempt properties can opt in and pay a fee.

Jackson discussed the sunset provisions of the District.

Akers discussed the merits of the management districts in other cities.

In response to a question from Akers, Jackson stated that districts in other cities have a 35-40% 'opt in' of tax exempt properties. Jackson stated that the goal for this District is 15% of the tax exempt properties opting in.

In response to a question from Mossotti, Jackson discussed the timeline and process to obtain the necessary support from property owners.

Myers asked about the make up of the District Board. In response Jackson stated that a 15 member Board of Directors will be appointed by the Mayor. The Board will include 10 members who own property or represent property owners. The Mayor, the DLC Director and 3rd District Councilmember are also appointed to the Board.

Jackson stated that if successful the District takes effect Jan 1 2014 with its fiscal year commencing on July 1 2014.

In response to a question from Kay, Jackson discussed the District boundary and criteria used to set the boundaries.

In response to a question from Akers, Bob Quick stated that Commerce Lexington is supportive of this initiative.

Nathan Dickerson spoke in favor of the JOBS fund on behalf of the Progress Lex Action Fund.

4. Collaborative Economic Development Activities

Kevin Atkins reported that his office has started hosting the collaboration meetings with the economic development partner agencies.

Atkins introduced Mayor Gray who discussed the Lexington JOBS proposal.

Gray stated that the \$ 2 million program would include support for gap financing and loans earmarked for high tech research companies. He stated that the program would target local companies and SBIR companies that add jobs to the local economy.

Gray also discussed the claw back provisions of the loan program.

Jim Parsons discussed details of the JOBS program.

Gray introduced Nathan Ball, President of Nohms who spoke in favor of the JOBS proposal.

The meeting adjourned at 3:12 PM.

PAS 10/25/13