

BUDGET & FINANCE COMMITTEE
September 25, 2012
Summary

Ellinger called the meeting to order at 1:00 PM. All committee members present except Myers. Also present were Ford & Henson but not as part of the quorum.

I. 8.28.12 Committee Meeting Summary

A motion by Farmer, seconded by Kay to approve the 8.28.12 Committee summary passed unanimously.

II. Monthly Financial Report

Bill O'Mara presented the monthly financial report. He stated that year to date the actual general fund revenue was ahead of budgeted revenue by approximately \$ 1.2 million.

He also stated that several economic indicators for the County were in a positive direction compared to last year; including the unemployment rate, building permit activity and home sales. He also stated that new business licenses & home foreclosures were almost flat compared to last year.

Ed Lane asked a question about the franchise fee decline and the insurance revenue. In response Ryan Barrow stated that staff is examining both but that he believes the variances are a function of timing rather than changes in economic conditions.

Ryan Barrow discussed the expense report. He stated expenses, including transfers are about \$ 800,000 higher than the budget. He attributed that to timing as well as some accelerated spending at the start of the fiscal year.

Stinnett asked if the Administration has started contingency planning in case expenditures continue to increase. In response Barrow stated that they had but it was too early in the fiscal year to implement that yet.

No motions were made regarding this item.

III. Affordable Housing Trust Fund

Ellinger introduced the item and provided background why this item was in the Budget & Finance Committee.

Ford spoke in favor of the trust fund proposal. He stated that the insurance premium tax increase would generate \$ 1.9 million annually. He noted that the final proposal came to Council in March 2012.

Henson introduced David Christianson who spoke in favor of the insurance premium tax increase. Mr. Christianson stated that it was just a .5% increase in the tax. He noted that 18% of renters pay more than 50% of their income for housing.

Adam Jones & John List also spoke in favor of the trust fund tax.

Kay spoke in favor of the proposal. Reauthorized every 5 years. He stated that the investment in affordable housing would a positive economic and social impact on Lexington.

Lawless spoke in favor of the proposal and would be a wise investment for the community.

Gorton asked why 30% of the funds would be invested in housing rehabilitation, while 70% was allocated to new construction. In response Christianson stated that was just a guide. He stated that the Trust Fund Board would develop funding allocation strategies.

Stinnett stated that he had asked for several pieces of information including inventory of affordable housing options available now; an inventory of funds allocated at present to affordable housing and finally the role of the Lexington Housing Authority.

Ellinger requested that staff obtain that information and disseminate to Council so that this issue can be discussed at the November 27 meeting.

Henson stated that she was opposed to any tax increase at this time. She stated that Lexington had a great need for affordable housing options, but funds from the Kentucky Housing Trust Fund are currently not being utilized. She stated that an additional tax is not the answer.

No motions were made regarding this item. The item is scheduled to come before the Committee no later than November 27.

IV. Items Referred to Committee

On a motion by Farmer, second Lane, the street light fund issue was removed from the committee list.

The meeting was adjourned at 2:25 PM.