

DOWNTOWN LEXINGTON MANAGEMENT DISTRICT

201 E. Main Street, Suite 900
Lexington, Kentucky 40507

April 21, 2016

Lexington Fayette Urban County Council
% Stacey Maynard
Urban County Council Administrator
200 East Main Street
Fourth Floor
Lexington, KY 40507

Re: Downtown Lexington Management District

Mayor Gray and Members of the Urban County Council,

The Downtown Lexington Management District was established by the Urban County Council on May 7, 2015, for the purpose of providing and financing economic improvements that benefit properties within the district. This new property tax (\$0.10 / \$100) is additional to District properties, and it is required by statute that all of the services the District provides are in addition to the downtown services already provided by LFUCG.

A volunteer board of 15 community leaders has been hard at work to prepare the district to commence operations in October, when property tax revenues begin flowing to the district. By beginning in October, the district can still support the downtown activity related to the Keeneland fall meet, and the holiday season.

The LFUCG ordinance establishes guidelines for the district's economic improvement activity: (a) the promotion of commercial activity or public events; (b) the planning, administration, and management of development or improvement activities; (c) landscaping, beautification, maintenance, and cleaning, of public ways and spaces (d) the conduct of activities in support of business recruitment and development; (e) the provision of security for public areas; (f) the construction and maintenance of capital improvements to public ways and spaces; and (g) any other economic improvement activity that specially benefits property within the District.

The Board has prepared a budget based on \$415,000 in property tax revenue, and a \$25,000 start-up loan provided by LFUCG. This inaugural budget is a broad outline of operations:

- Most funds will go to day-to-day operations. These services will be contracted by the District, and may include: downtown ambassadors; landscaping beautification, and maintenance; marketing and promotion of downtown; and security services
- The second greatest financial priority for the district is capital improvements. To facilitate this goal, the Board has budgeted more than \$70,000, including \$20,000 in direct capital projects, and \$20,000 in matching grants
- The board will contract one administrative person. The administrator will be the day-to-day liaison to the Board and the Urban County Council. The administrator will manage the board's capital projects and grant program, and coordinate District work with other downtown entities

Following Council approval of budget, the Board will conduct an RFP process in order to contract operations and the administrator. The Board will develop the first-year Economic Improvement Plan, and send copies of that plan to the Council and all District property owners before the commencement of District operations.

This first-year budget is a broad estimate, based on prior presentations to the Council and consultation with other management districts. After operations begin, the Board will have a greater understanding of Lexington-specific needs.

Board representatives will be present to answer questions at the District's budget hearing, and I am available at any time to talk about any specific concerns.

Sincerely,



James H. Frazier, III
Chairman

JHFIII/klm
Enclosures

cc: Mr. Kevin Atkins

Downtown Lexington Management District

Fiscal Year 2016 - 2017

Fiscal Year 2017
(Jul 1 '16 - Jun 30 '17)
(9 months of operations)

Fiscal Year 2018
(Jul 1 '17 - Jun 30 '18)
(12 months of operations)

| TAX BASE | | | |
|---|-------------------|-----------------------|--------------------------|
| Tax base (non-exempt) | \$ 415,000,000 | | \$ 415,000,000 |
| Tax rate, per \$100 value | \$0.10 | | \$0.10 |
| Tax collection baseline | \$415,000 | | \$415,000 |
| REVENUE | | % of total revenue | % of total revenue |
| Tax revenue | \$ 410,850 | 94.3% | \$ 410,850 100.0% |
| Tax payment rate estimate | 99.0% | | 99.0% |
| Tax collection baseline x payment rate | \$ 410,850 | | \$ 410,850 |
| Loan | \$ 25,000 | 5.7% | \$ - 0.0% |
| LFUCG 0% interest loan, 2-year term | \$ 25,000 | | \$ - |
| Total Revenue | \$ 435,850 | 100.0% | \$ 410,850 100.0% |
| EXPENSE | | (9 months operations) | (12 months operations) |
| Contract services package (incremental to existing city services) | \$ 168,750 | 38.7% | \$ 225,000 54.8% |
| <p>(1) The promotion of commercial activity or public events; (2) the planning, administration, and management of development or improvement activities; (3) landscaping, beautification, maintenance, and cleaning of public ways and spaces; (4) the conduct of activities in support of business recruitment and development; (5) the provision of safety and security for public areas, including snow and ice removal from the public thoroughfares, including but not limited to sidewalks; (6) the construction and maintenance of capital improvements to public ways and spaces; and (7) any other economic improvement activity that, as determined by the Board, specially benefits property within the district.</p> | | | |
| Special projects | \$ 70,625 | 16.2% | \$ 75,000 18.3% |
| Website and startup activities | \$ 25,000 | 5.7% | \$ 7,500 |
| Match grants | \$ 20,000 | 4.6% | \$ 30,000 |
| Board capital projects | \$ 20,000 | 4.6% | \$ 30,000 |
| Waste management corrals | \$ 3,750 | 0.9% | \$ 5,000 |
| Pedestrian wayfinding maintenance | \$ 1,875 | 0.4% | \$ 2,500 |
| Administrative costs | \$ 50,000 | 11.5% | \$ 65,000 15.8% |
| Administrator | \$ 42,750 | | \$ 57,000 |
| Professional services (audited financials) | \$ 5,000 | | \$ 5,000 |
| Management, supplies, property notices | \$ 2,250 | | \$ 3,000 |
| Loan repayment | \$ 12,500 | 2.9% | \$ 12,500 3.0% |
| LFUCG 0% interest loan, 2-year term | \$ 12,500 | | \$ 12,500 |
| Sheriff property tax collection | \$ 17,638 | 4.0% | \$ 17,638 4.3% |
| Collection rate of tax revenue | 4.25% | | 4.25% |
| Total expenses | \$ 319,513 | 73.3% | \$ 395,138 96.2% |
| RESERVES | | | |
| Operations escrow reserve for first 3 months of next fiscal year (25% of annual expenses) | \$ 100,671 | 23.1% | \$ 98,784 24.0% |
| Contingency reserve | \$ 14,380 | 3.3% | \$ 16,434 4.0% |
| Reserve rate (of tax revenue) | 3.5% | | 4.0% |
| Reserve | \$ 14,380 | | \$ 16,434 |
| NET INCOME | \$ 1,287 | 0.3% | \$ 1,165 0.3% |
| BALANCE | \$ 1,287 | 0.3% | \$ 2,452 0.6% |

| Name | Board Position | Organization | Phone | Email |
|------------------|--|---------------------|----------------|-------------------------------|
| Liza Betz | (1.a) Retail business representative | Failte | (859) 351-1608 | contact@irishimports.com |
| Taunya Phillips | (1.b) Residential owner representative | Residential | (859) 351-7115 | taunyaphillips@gmail.com |
| Scott Davidson | (1.c) Office building owner or designee | Langley Property | (859) 533-8776 | sdavidson@langleyproperty.com |
| Jim Frazier | (1.c) Office building owner or designee | MMLK | (859) 231-8780 | jfrazier@mmlk.com |
| Zedta Wellman | (1.c) Office building owner or designee | Gratz Park Inn | (859) 509-8628 | z@gratzparkinn.com |
| Gary Means | (1.d) Parking facility owner or designee | LexPark | (859) 576-5195 | gmeans@lexpark.org |
| Andrew Carter* | (1.3) Hospitality owner or designee | 21c | (502) 641-5079 | acarter@21chotels.com |
| Woodford Webb | (1.e) Hospitality owner or designee | Webb Companies | (859) 321-8000 | wwebb@thewebbcompanies.com |
| Stephen Grossman | (1.f) Tenant Representative | Hillard Lyons | (859) 230-3701 | sgrossman@hilliard.com |
| Nick Nicholson* | (1.f) Tenant Representative | Stoll Keenon Ogden | (859) 231-3000 | nick.nicholson@skofirm.com |
| Geoff Reed | (2.a) Mayor or designee | LFUCG | (859) 494-0624 | greed@lexingtonky.gov |
| Temple Juett | (2.b) DLC Chair | DLC | (859) 576-9550 | Temple.juett@gmail.com |
| Jake Gibbs | (2.c) Council member | LFUCG | (859) 327-6500 | kgibbs@lexingtonky.gov |
| Steve Kay | (2.c) Council member | LFUCG | (859) 258-3202 | skay@lexingtonky.gov |
| Thomas Harris | (2.d) DDA Chair | DDA | (859) 576-5500 | Tom.harris@uky.edu |