



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

Budget Committee of the Whole (COW) Links Report Out May 21st, 2013

SUMMARY

VM Linda Gorton called the meeting to order at 11:30am. Council Members present were Charles Ellinger, Steve Kay, Chris Ford, Shevawn Akers, Julian Beard, Bill Farmer, Kevin Stinnett, Jennifer Scutchfield, George Myers, Jennifer Mossotti, Harry Clarke, Peggy Henson and Ed Lane. Diane Lawless was absent.

1. Council Links Report Out

Beard presented the Finance and Social Services Link recommendations. He said that they recommended no changes to the MPB for FY 2014 for Social Services Partner Agencies.

Gorton asked Beard which agencies they reviewed. He said they reviewed all the Social Services Partner Agencies.

Beard said that they were recommending that the LFUCG release 1/3 of the Explorium Funds held by the LFUCG in the amount of \$91,812.93 over three years to the Explorium and to address the receivables owed by the Explorium to the LFUCG in the amount of \$286,063.14 after the fund balance is reported out later this year.

Gorton asked Beard if he was going to make a motion regarding his second recommendation. Beard said that he wanted to solicit comments from Council Members first, and did not think there was a need for a motion at that time.

Gorton asked Beard who served on the Link. Beard said that Akers and Ford also served on the link.

Gorton asked Beard which Divisions they reviewed. (See Addendum A)

Akers said that they reviewed all Social Services agencies as well as the two agencies that fall under the Division of Finance.

Ellinger asked for each budget so he knows what the MPB is and what their budget was last year. He would like to know if specific budgets were changed and would like more information emailed out to Council Members. Beard agreed to do this.

Underwood said that she had put this information in an email to Council Members and sent it but would be happy to send it again.

Lane asked Commissioner Bill O'Mara about the Explorium item and what the impact would be of writing this debt off in one year. He said that it would decrease the fund balance, as would the \$91k refund. Lane asked for a suggestion from Finance on doing this over several years. O'Mara said that his recommendation was to let the Explorium work it off in-kind. He went on to say that when this option was offered, they thought it would be a three year process; however, given their current revenue, that timeline is not possible. O'Mara said that he will bring a recommendation to the Council next Tuesday, but then agreed to send the recommendation by email by Friday, May 24, 2013.

Kay asked how an in-kind repayment would work. O'Mara said that as the invoices are processed, it reduced their amount owed. They will provide services to offset the deficit.

Ford showed concern that this type of repayment would be burdensome to track. O'Mara commented that the intent was to allow the Explorium to erase their debts and move towards financial independence. Ford said that the Explorium needs to get more aggressive with exploring new revenue opportunities.

O'Mara said that it is favourable for the Explorium not to have this expense on their balance sheet when applying for grants.

Mossotti asked O'Mara if the Explorium would ever be self sustaining without assistance from the LFUCG. O'Mara said that their current budget requires our assistance. Mossotti asked about the possibility of moving them to a building owned by the LFUCG to avoid excessive rent. O'Mara said that the Explorium Board would have to make the discussion about that.

Ellinger asked when there would be a conversation about partner agencies and the points system that is used to determine their funding. Gorton said that there would several possibilities to review this and commented on the calendar. She said that May 30, 2013 is the deadline for further Link recommendations and that May 31, 2013 is the deadline for individual Council Member recommendations.

Henson presented the Public Safety Link recommendations. Henson said that Lane and Scutchfield served on the Public Safety Link. She added that the Link reviewed Police, Fire, Division of Emergency Management (DEM), Animal Care and Control, E-911, Corrections, and the Public Safety Commissioner's office.

She said that the Link recommends that each Department have a cost analysis for each program and/or service, similar to what the Police use.

Henson said that the Link is recommending a review of DEM's organizational structure. They are also recommending a presentation by the fall of 2013 by DEM to the Public Safety Committee

regarding preparedness for a potential bombing at Keeneland, a tornado to the scale of the one in West Liberty, and an 8.8 earthquake.

Henson said the Link is also recommending a presentation from the Administration in the fall of 2013 on how E-911 will be structurally balanced by FY 15.

The Link recommended the Director of the Division of Fire and Emergency Services have a comprehensive, independent, third-party study that includes ISO ratings of the physical locations of stations, response times, and runs. The Link also recommends outsourcing professional contractors instead of hiring more maintenance workers.

Henson said that they are also recommending that the Division of Fire and Emergency Services explain their methodology for calculating EMS revenue and if appropriate, develop a more reasonable methodology for future use. Henson said that Fired estimated \$7.9MM for FY 2014 for EMS revenue, while the Division of Revenue estimated \$7MM, a difference of 13%.

Henson said that they are recommending that The Division of Community Corrections use the money left over in fund balance for the kitchen floor and also requested a report from Engineering on the kitchen floor.

Henson finished her presentation by recommending that the accounting efficiencies used by the Division of Police be a model for other Departments at the LFUCG.

Ellinger asked for clarification on the ISO ratings recommendation. Lane said that this issue has been discussed numerous times but would essentially look at the ISO rating for Lexington-Fayette Urban County, which is the insurance premium rate that a homeowner has to pay depending how close they live to a fire station. Lane said that ISO has been to Lexington recently and the information is available.

Ellinger also asked about the EMS revenue projection. Henson said that she had received clarification from the Division of Fire and EMS and would send it out to Council Members. Chief Jackson came to the podium and said that prior to the Link meeting, he did not have the proper format for the calculation but has since met with O'Mara and their projections are in-line. O'Mara clarified that they will be using the \$7MM projection.

Kay asked O'Mara if our EMS had a profit or a loss for the LFUCG. O'Mara said that it is a supplement to the Division of Fire and Emergency Services and is not supposed to be a stand alone program or revenue neutral.

Lane asked about billing and how far back we carry the receivables. O'Mara said that 12 months is not unheard of but added that the LFUCG has a good arrangement with hospitals for getting the insurance information required for billing. O'Mara said a 12 month delay in medical billing is not unusual.

Gorton asked Henson why the Link chose to use an 8.8 magnitude earthquake as their base point. Henson responded by saying that the Link was merely trying to have confidence in DEM's emergency preparedness. Lane agreed that 8.8 was a high number but told Gorton it was arbitrary.

Farmer presented the Environmental Quality and Public Works Link recommendations.

Farmer mentioned lane blockage permits. He said that he was not going to address the issue during Links recommendations, but may want to explore it in the future.

Farmer spoke briefly about the LexServe bills and mentioned that our collection rate is lower than when Kentucky American Water was collecting for us. He said that operational efficiencies may be needed in the future.

He said that overall the Link accepted the MPB for FY 2014 with two exceptions. Fund 4051, the Water Quality Management Fund, is a closed fund. Farmer said anything not encumbered goes back into the fund balance. Since both the Idle Hour and Anniston Stormwater projects have been delayed due to the Kentucky Infrastructure Authority's loan paperwork, the Link recommends keeping those funds in place for FY 2014. The total carried over for Idle Hour would be \$475K and the total carried over for Anniston would be \$455K.

The second exception was to include an additional \$75K for the Division of Streets and Roads to allow for the painting and striping of asphalt.

Farmer spoke about Environmental Policy. He said that the Administration wants to hire a Project Manager for \$44,640 per year to last for 2-3 years to determine energy efficiency opportunities for buildings owned by the LFUCG.

Ellinger asked about the LexServe billing difference. Ellinger asked what the exact number. He was told that \$65MM is total billable service for the three funds. O'Mara said that we are getting 7% less than when Kentucky American Water was collecting on our behalf. O'Mara said that they are hoping to initiate collection initiatives to collect delinquent accounts.

O'Mara said that a workshop is currently being scheduled on the issue.

Ellinger asked Farmer about the two Water Quality projects. Farmer said that it would have been a late item from the Mayor but was added as a Link recommendation instead.

Lane said that everyone needs to pay their fair share of utilities. He said that he supports a collection process to recoup these monies.

Clarke presented the General Services and Planning Link recommendations. He thanked Gorton, Mossotti, his Legislative Aide, Jonathan Hollinger, Connie Underwood, and Paul Schoninger for their work on the Link.

I. Commissioner of Planning

- Accept MPB

II. Historic Preservation

- Accept MPB

- Request that the Administration present a plan to the Planning and Public Works Committee regarding fees to offset costs associated with historic districts, overlays, and certificates of appropriateness.
- Request that the Division of Historic Preservation update the Council on the BOAR training when it is completed.

III. PDR

- Increase bond funds for PDR from \$1mm to \$2mm (\$70,400 in debt service), if federal match is available.

IV. Planning

- Accept MPB

V. Engineering

- Accept MPB

VI. Code Enforcement

- Accept MPB
- Refer the creation of a position to assist low-income homeowners with Code Enforcement compliance to the Planning and PW Committee

VII. Building Inspection

- Accept MPB

VIII. Commissioner of General Services

- Accept MPB

IX. Facilities and Fleet Management

- Accept MPB

X. Parks and Recreation

- Increase bond funds for golf carts from \$300K to \$400K (\$24K in debt service).
- Request that the Administration report to the General Government Committee on the following topics:
 - The impact of vacant positions on parks maintenance and programming.
 - Opportunities to improve other enterprise operations similar to the steps taken with golf.
 - The feasibility of barrier free parks.
 - The expansion relocation of the Jacobson Dog Park.

XI. Downtown Development Authority

- Accept MPB

XII. Downtown Lexington Corporation

- Accept MPB

XIII. Commerce Lexington

- Accept MPB
- Request that Commerce Lexington's quarterly updates to the Economic Development Committee include detailed expense reports of the use of LFUCG funds.

XIV. Bluegrass Area Development District

- Accept MPB

XV. World Trade Center

- Accept MPB
- Request that the World Trade Center provide an annual report to the Economic Development Committee regarding their use of LFUCG funding.

XVI. Lyric Theatre

- Accept MPB
- Explore the possibility of sharing artistic direction, box office, and technical services with the Downtown Arts Center.
- Request that the Lyric Theatre provide an update to Council regarding the status of their business plan, fundraising efforts, and collaboration with other arts organizations and facilities.

XVII. Downtown Arts Center

- Increase allocation by \$6K to \$109,250 for purchase of needed equipment.
- Request that the Administration present a plan to Council that allows LexArts to keep revenue from DAC and reduce or eliminate the LFUCG budget allocation for the DAC.

XVIII. SCORE

- Accept MPB

XIX. All LFUCG

- Request that the Administration provide a standardized cell phone procurement process across government, while still allowing divisions to select contracts and equipment that meet their needs.

XX. Economic Development Agencies

- Refer a strategy for collaboration among economic development agencies to the Economic Development Committee.

XXI. Department of Planning

- Request that the Administration present a plan to the Planning and Public Works Committee regarding fee increases in the Department of Planning, Preservation, and Development. The presentation should include the total impact of these fee increases, consolidation of fees where applicable, and a phased approach to any potential increase.

Gorton commented on the Division of Parks and Recreation Links recommendations. She said that the two parks recommendations have been included in prior budgets. She said the dog park needs to be moved and mentioned that she has spoke to Director Jerry Hancock about the feasibility of barrier free parks. Gorton said that Ft. Campbell has one and they are great for people with disabilities.

Gorton also mentioned her support for collaboration with the Economic Development agencies.

Ellinger applauded the format used by Clarke to report out their Link recommendations and suggested that future Links utilize the format.

Ellinger asked Clarke if the Council would know if additional Federal funding would be available for PDR prior to them potentially allocating an additional \$1MM to the program. Clarke said that Billy Van Pelt fleet strongly that if the LFUCG allocated additional money, that the additional Federal match would be available. The debt service would be 20 years.

Gorton said there are 41 PDR applications waiting. The overall goal is to have 50,000 acres under PDR.

Ellinger asked about Downtown Arts Center (DAC). He asked what the LFUCG would be giving up if the DAC was to keep their revenues. Clarke said that if they can change the agreement, we would not give them any money, they would just keep their revenue. Clarke said that the LFUCG would save money and it would give them an incentive.

Beard commented on the increase in funding for the Lyric in the MPB. Beard said that funding for the Lyric for FY14 is supposed to be zero based on the plan presented years ago. Clarke told Beard that if the Lyric's funding from the LFUCG is cut, they may not be able to operate.

Clarke said that they pushed the Lyric to increase fundraising and sponsorships.

Gorton added that when the Link asked about the business plan, she was told that it had been distributed to the Board at the last Lyric retreat. She said that they were off to a difficult start but are working to correct things.

Ford spoke, as an ex-officio Lyric board member, regarding the Lyric's business plan. Ford said that rental income from the multi-purpose room has increased from \$900 in FY12 to \$5.5K in FY13. This increase can be credited to a decrease in rental rates which made more entities want to rent the space.

Henson asked about golf carts. Lueker said the amount would buy 60-70 golf carts. Henson suggested rotating the carts among the courses and Lueker said Director Jerry Hancock already does that.

Clarke added that golf carts will generally pay for themselves over the course of their life if people are satisfied with our courses. Clarke said he views this as an investment, not an expense.

Ellinger asked how long the debt service would be on the golf carts. He was told it would be five years.

Myers asked about the golf cart battery replacement at Tates Creek Golf Course last year and inquired about the need to replace the carts this year. Reed said that the golf carts are now over five years old and are out of warranty. Reed also mentioned that the Division of Parks and Recreation had worked out a battery replacement agreement after four years with the manufacturer.

Myers asked Reed to evaluate the carts and make a recommendation on the potential replacement. Commissioner Reed said he would get back to him on the issue before the Council has to make a final recommendation.

Myers asked about the position in the Division of Code Enforcement to assist low-income homeowners with Code Enforcement issues. Myers said that in his Link, he was told that there are people in the Division of Social Services that already assist these homeowners.

Underwood said that we do receive grants to assist homeowners, but they want to explore further opportunities to find additional funding. Underwood said that there needs to be a discussion regarding whether or not a new position is needed or if current staff could take on this task.

Underwood said that the Committee wants to have a discussion with Code Enforcement, Social Services, and Grants and Special Programs to determine the most feasible solution.

Ford said that when he worked in that Division, the waiting list for assistance was one year long.

Kay suggested that the Link change the wording on the recommendation. Kay said that the waiting list is long and the resources are short. Kay told Council Members that if the resources are not available to assist homeowners, there is no need to create a position. He said he knows of one constituent that waited 18 months for a staff member from the LFUCG to come to their home to evaluate the situation.

Lane said that Fayette County is ranked number one in receipts for agriculture in the state of Kentucky and number two in tourism. Lane said that the Equine industry is our brand and it attracts additional capital investment in our community. Lane said that the contribution to the PDR program is an economic development investment.

Ellinger presented the General Government Link recommendations. He said that Lawless and Myers also served on the Link. He thanked Shannon Settles, Underwood, and Schoninger for their assistance preparing for the Link.

- I. Friends of the Court / Circuit Court
 - Accept MPB
- II. County Court / Board of Elections
 - Accept MPB

- III. Lexington Public Library
 - Accept MPB
- IV. Commonwealth Attorney
 - Accept MPB
- V. County Attorney
 - Accept MPB
- VI. Risk Management
 - Accept MPB
 - Requests a Risk Management workshop to discuss what risk assessment and preventative measures are taken to reduce potential risk.
 - Request a presentation to the Budget and Finance Committee regarding the financial picture of the fund including information about individual claim years.
 - Request a presentation by the Department of Law to the full Council (closed session) on pending litigation and settlements.
- VII. PVA
 - Accept MPB
- VIII. Mayor
 - The Link does not support the Code for America Partnership especially from a bonding standpoint.
 - The Mayor's Office can give a full presentation to the Work Session.
- IX. Law
 - Accept MPB
- X. Human Resources
 - Accept MPB
 - The Link would like the Council to consider restructuring the Division of Human Resources back under the CAO.
- XI. CAO
 - Professional Services should be \$150K, not \$120K (Mayor's late item).
 - The Link supports the study for the Homelessness intervention but requests that the Administration hold off filling the position until the study has been done.
- XII. Government Communications
 - Accept MPB
- XIII. Computer Services
 - Accept MPB
 - The Links suggests looking at other providers besides Dell for desktop replacements.

- XIV. Enterprise Solutions
 - Accept MPB

- XV. Grants and Special Programs
 - Accept MPB

- XVI. Council Clerk
 - Accept MPB

- XVII. Internal Audit
 - Accept MPB
 - The Link does not support adding two new positions as requested.

- XVIII. Council Office / Citizen's Advocate
 - The Link requests to add \$12K in Capital funds to each Council Member's cost center. Money would be bonded.

- XIX. Human Rights Commission
 - Accept MPB

- XX. Judge Executive
 - Accept MPB

- XXI. Coroner
 - The Link requests to add \$20K to their budget to replace their car with a van. This will be in the Fleet Services budget.

Ellinger said that the total increase is approximately \$55,000.

Stinnett asked to add all other funds received from the LFUCG (bonds) to the summary sheet. Stinnett wants a total cost of each program.

Underwood said that she will extract any data she can and provide it to Council Members.

Stinnett also asked how much the Human Rights Commission needs to pay for rent. Stinnett suggested they meet at the Lyric to save the \$1,500 that they are currently spending for rent.

Clarke asked if the \$12K in capital money for the Council Offices is for only one year or if it is reoccurring. O'Mara said under the current proposal, they would bond \$180K and pay debt service on it until the bond was retired. O'Mara said that there is a \$25K capital policy so you cannot use bond for operations, only for capital funds. He said that this does not meet the criteria for a bonded project. O'Mara said that using cash would be different.

Jamie Emmons was asked to comment on the Code for America issue. He said that there were 50 cities that applied and Lexington was selected. He said that he would like to give a presentation to the full Council on the issue.

Mossotti asked about the Budget Analyst position for Council that was discussed during the budget retreat. Ellinger said that the Link did not discuss adding that position.

Myers commented on Code of America and mentioned a program on KET. He encouraged the Council Members to view the program.

Motion by Farmer to adjourn. Seconded by Clarke. Motion passed without dissent.

Submitted by Jenifer Benningfield, Council Administrative Specialist