



Budget, Finance & Economic Development

August 30, 2016
Summary and Motions

Chair Stinnett called the meeting to order at 1:01 p.m. Committee Members in attendance: Moloney, Kay, Lamb, Farmer, Scutchfield, F. Brown, Mossotti, Bledsoe. Hensley was absent. Gibbs and Henson were present as non-voting.

I. Approval of June 28, 2016 Committee Summary

A motion was made by Kay to approve the June 28, 2016 Budget, Finance & Economic Development Committee Summary, seconded by Lamb. The motion passed without dissent.

II. Financials Update

Commissioner O'Mara gave a presentation of the July Financials. He began with a brief overview of the FY16 year-end expectation. O'Mara stated that we had stronger than budgeted revenues and year-end accounting adjustments are favorable. He expressed anticipation of a modest fund balance.

Kay asked if O'Mara could be more specific than "modest". O'Mara replied that he thought a couple million dollars is modest.

Moloney asked if there was a reason why home sales had gone down. O'Mara did not know. Mossotti stated that there wasn't enough inventory.

Rusty Cook, Director of Revenue, gave a presentation of the July Budget YTD. Elizabeth McGee, Budget Officer Sr. in Budgeting, presented the remaining revenue streams and cash flow variances for July.

Mossotti asked what is involved in the category of Services. McGee replied that it's anything that the government does as a service that you have to pay for.

July 2016 YTD Actual Compared to Adopted Budget

<u>Revenue Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%Var</u>
OLT- Employee Withholding	9,959,077	9,847,801	111,276	1.1%
OLT - Net Profit	765,272	693,855	71,417	10.3%
Insurance	3,594,902	3,540,105	54,797	1.5%
Franchise Fees	1,787,416	1,801,105	(13,689)	-0.8%
TOTALS	16,106,666	15,882,866	223,800	1.4%

2017 Fiscal Year - Cash Flow Variance Revenue (Actual to Budget)

For the month ended Jul 31, 2016				
	ACTUAL	BUDGET	Variance	
Revenue				
<i>Payroll Withholding</i>	\$9,959,077	\$9,847,801	\$111,276	1%
<i>Net Profit</i>	765,272	693,855	71,417	10%
<i>Insurance</i>	3,594,902	3,540,105	54,797	2%
<i>Franchise Fees</i>	1,787,416	1,801,105	(13,689)	-1%
<i>Other Licenses & Permits</i>	324,808	107,389	217,420	202%
<i>Ad Valorem</i>	(10,511)	25,136	(35,648)	-142%
<i>Services</i>	1,620,442	2,322,911	(702,470)	-30%
<i>Fines and Forfeitures</i>	31,240	15,386	15,854	103%
<i>Property Sale</i>	11,632	25,583	(13,951)	-55%
<i>Intergovernmental</i>	13,907	12,666	1,241	10%
<i>Investment Income</i>	(19,394)	48,109	(67,503)	-140%
<i>Other Income</i>	147,934	199,781	(51,848)	-26%
Total Revenue	\$18,226,723	\$18,639,828	(\$413,105)	-2.2%

2017 Fiscal Year - Cash Flow Variance Expense (Actual to Budget)

For the month ended Jul 31, 2016				
	ACTUAL	BUDGET	Variance	
Expenses				
<i>Personnel</i>	(\$13,496,573)	(\$13,637,467)	\$140,894	1%
<i>Operating</i>	(2,004,444)	(2,812,387)	807,943	29%
<i>Debt Service</i>	(2,573,769)	(2,573,769)		
<i>Partner Agencies</i>	(1,534,048)	(1,358,145)	(175,903)	-13%
<i>Insurance - Expense</i>	(967,911)	(967,911)		
<i>Operating Capital Expenditures</i>	(721,915)	(451,129)	(270,787)	-60%
Total Expenses	(21,298,660)	(21,800,807)	502,147	2%
Interfund Transfers				
<i>Transfers</i>	(391,083)	(391,083)		
Change in Fund Balance	(3,463,020)	(3,552,062)	89,042	3%

Comparison of Economic Indicators 2015 / 2016

Economic Indicators		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fayette County	2014	5.6%	6.0%	5.8%	4.8%	5.1%	5.2%	5.1%	4.6%	4.2%	3.9%	4.0%	3.6%
Unemployment Rate	2015	4.3%	4.0%	4.0%	3.7%	4.0%	4.1%	4.2%	3.5%	3.4%	3.1%	3.6%	3.6%
	2016	4.2%	4.3%	4.1%	3.3%	3.6%	3.9%	N/A					
Quarterly Fayette County Employment	2014	-	-	180,078	-	-	184,553	-	-	184,658	-	-	191,287
	2015	-	-	184,932	-	-	189,400	-	-	190,800	-	-	198,100
	2016	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Fayette County Permits Issued	2014	1,157	999	931	1,461	1,815	1,660	1,696	1,529	1,399	1,605	1,058	1,112
	2015	1,134	1,858	1,019	1,108	1,431	1,551	1,319	1,523	1,595	1,394	1,220	1,158
	2016	937	1,206	1,510	1,631	1,453	2,071	1,042	-	-	-	-	-
Fayette County New Business Licenses	2014	244	280	366	807	279	187	194	213	219	242	158	137
	2015	197	224	330	749	362	198	198	283	264	286	238	160
	2016	203	248	445	564	658	299	173	-	-	-	-	-
Home Sales (MSA)	2014	524	517	693	787	997	1,069	1,006	1,021	854	860	681	794
	2015	571	651	884	963	1,140	1,346	1,334	1,165	1,072	1,054	815	919
	2016	640	773	950	1,139	1,313	1,419	1,230	-	-	-	-	-
Fayette County Foreclosures	2014	31	40	34	53	16	53	35	25	46	25	42	25
	2015	33	20	36	24	18	43	18	41	12	43	41	26
	2016	22	36	25	27	31	21	26	-	-	-	-	-

N/A indicates information not available.
 BLS Release Dates for Fayette Co. Quarterly Employment - 6 months after quarter end

FY 2017 Code Enforcement Nuisance Abatement/Lien Collections

Month	Administrative Collection		Miscellaneous		Penalty & Interest		Total Collections	
	Fees							
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
July	225	476	253	546	15,512	18,043	15,989	19,065
Totals	225	476	253	546	15,512	18,043	15,989	19,065

III. Capital Projects Funds Update

Stinnett introduced the Capital Projects Update. Teresa Grider, Budget Analyst Sr. for the Council Office, gave an overview of each list – FY15 Council Fund Balance Projects, FY15 Administration Reallocations and FY16 Bond Projects.

F. Brown asked O’Mara what happens to remaining balances in the Council Capital Projects. O’Mara responded that the Council had until June 30, 2017 to spend those dollars. Brown asked if the money isn’t spent, do remaining funds get reallocated to fund balance by the Administration. O’Mara stated that per Ordinance, the funds would come out of the 1105 account and go into the General Fund balance.

Stinnett clarified that having an encumbrance prior to July 1, 2017 isn’t the same as having a remaining balance.

F. Brown asked about the FY16 Bond Projects balance. O’Mara stated that the bonds have been closed on and money is in our possession. He confirmed that the remaining balance is committed to the projects. Brown asked to receive a list of the FY15 bond projects.

Kay asked if the funds in the Council Capital Projects were to be encumbered or expended. O’Mara stated he would confirm with Law. Bledsoe stated that the funds had to be encumbered for a specific project.

Stinnett asked who determines what happens to the remaining balances of bond and reallocation projects because the list reflected notes of some divisions going back to Council Members and making the determination of where it's spent. O'Mara stated there are two approaches – (1) a review is conducted in preparation of the Mayor's Proposed Budget and balances are reallocated for new projects; come through as part of the budget amendment process that is in the Council docket at each meeting. Stinnett asked if it's up to the department to make the determination to ask a Council Member if they want to keep remaining funds in a particular park or that district. O'Mara replied that the Administration and Finance like to be a part of the discussion to determine the best use of those dollars to recommend to the Council.

Stinnett stated he would like to have a policy that says what happens because if remaining balances get to be spent in the same district as the project it may not be fair to the overall priority and need at that time. He wants to see a more formalized process for reallocation and Council approval of remaining funds upon completion of bond projects.

IV. Proposed Economic Development Grant Guidelines

Bledsoe introduced Jamie Rodgers, Legislative Aide to the 10th District, to present the Economic Development Grant.

Rodgers stated this was \$150,000 that came out of a recommendation from the Budget Link and how the agencies that specifically do economic development, job training or workforce apply for funding without a direct allocation from the budget. The group reviewed LFUCG grants to make sure there was no overlap in what we are currently able to provide. Second, they looked at comparable cities with comparable size economies to make sure they were similar to Lexington and the economic development grants they were giving.

They found 6 cities with similar programs. Based on those programs, these are the policies the group came up with:

The grant seeks to fund services and programs impacting the areas of employee training/retraining, entrepreneurial support, business assistance, employment re-entry and other services related to economic development. It is not intended to support general agency operations, salaries, real estate acquisition or building construction projects other than overhead for the proposed program.

For eligibility and funding: applicants may request up to \$25,000; be located in Lexington-Fayette County; be a Lexington-Fayette Urban County public, nonprofit or private agency that has a business licenses with the LFUCG Division of Revenue; use funds to support impactful approaches in defined areas of economic development; only one application per entity in each grant cycle.

Competitive applicants will deliver services that are cost-effective, demand-driven and high impact. They will show evidence of program success, measure and track quantifiable outcomes, provide a budget and plan for program sustainability.

In the evaluation process, the Chief Development Officer would take these to the Economic Investment Board to define further priorities. The applicant would then submit a letter of intent for staff review and then notifies group of acceptable scope. The Economic Investment Board will review formal applications. The awarded group(s) will be seen in a Purchase of Service agreement in the form of City Council Resolutions.

Next steps would be Council endorsement of the program, define economic development goals and finalize application materials.

Lamb asked if the group thought about how they expect to reach out to the public. Bledsoe stated some have already heard about the process. They would also work through Commerce Lexington for advertising this fall.

Scutchfield asked if this would be set up as a deadline approach. Rodgers replied that it was set up as such.

Kay asked what the thinking was behind the \$25,000 cap. Rodgers stated that of all the cities they looked at, they considered this a mini-grant. Bledsoe added that these funds could be used to leverage other funds.

Mossotti asked for an example of who could take advantage of this. Stinnett replied OWL, Employment Solutions, a lot of employers who would like to partner to help in training.

Henson asked if these programs were outcome based. Rodgers stated they discussed the outcomes and depending on the applicant they would be requested to report back each year. A repayment would be requested if the outcome wasn't reached.

IV. Items Referred to Committee

There were no changes to the referral list.

A motion was made by Farmer to adjourn at 1:50 pm, seconded by Scutchfield. Motion passed without dissent.