



Budget, Finance & Economic Development Committee

June 29, 2021

Summary and Motions

Committee chair, Council Member Amanda Bledsoe, called the meeting to order at 1:01 p.m. Committee members Vice Mayor Steve Kay and Council Members Richard Moloney, Chuck Ellinger, James Brown, Josh McCurn, Susan Lamb, Preston Worley, Fred Brown, and Kathy Plomin were present. Council Member Jennifer Reynolds attended as a non-voting member.

I. Approval of March 16, 2021 Committee Summary

Motion by Plomin to approve the March 16, 2021, Budget, Finance, and Economic Development Committee summary; seconded by Ellinger. The motion passed without dissent. (J. Brown and Worley were absent for this vote.)

II. Monthly Financial Update – May 2021

The monthly financial report was provided for information only. No action was taken on this item.

May 2021 YTD Actual Compared to Adopted Budget:

Revenue Category	Actual	Budget	Variance	% Var
OLT- Employee Withholding	194,514,319	170,367,155	24,147,164	14.2%
OLT - Net Profit	41,835,678	31,995,488	9,840,190	30.8%
Insurance	33,853,625	34,380,912	(527,287)	-1.5%
Franchise Fees	23,473,127	23,910,687	(437,560)	-1.8%
TOTALS	293,676,749	260,654,242	33,022,507	12.7%

May 2021 YTD/February 2020 YTD Current Year Compared to Prior Year:

Revenue Category	May-21	May-20	Variance	% Var
OLT- Employee Withholding	194,514,319	190,380,333	4,133,986	2.2%
OLT - Net Profit	41,835,678	25,898,089	15,937,589	61.5%
Insurance	33,853,625	34,949,067	(1,095,442)	-3.1%
Franchise Fees	23,473,127	23,593,835	(120,708)	-0.5%
TOTALS	293,676,749	274,821,324	18,855,425	6.9%

FY2021 – Cash Flow Variance Revenue (Actual to Budget)

<i>For the eleven months ended May 31, 2021</i>				
	Actuals	Budget	Variance	% Var
Revenue	-	-	-	-
Payroll Withholding	194,514,319	170,367,155	24,147,164	14.2%
Net Profit	41,835,678	31,995,488	9,840,190	30.8%
Insurance	33,853,625	34,380,912	(527,287)	-1.5%
Franchise Fees	23,473,127	23,910,687	(437,560)	-1.8%
Other Licenses & Permits	5,518,576	4,977,990	540,586	10.9%

<u>Property Tax Accounts</u>	<u>26,162,782</u>	<u>26,187,733</u>	<u>(24,951)</u>	<u>-0.1%</u>
<u>Services</u>	<u>20,536,620</u>	<u>22,635,520</u>	<u>(2,098,900)</u>	<u>-9.3%</u>
<u>Fines and Forfeitures</u>	<u>170,535</u>	<u>232,167</u>	<u>(61,632)</u>	<u>-26.5%</u>
<u>Intergovernmental Revenue</u>	<u>379,965</u>	<u>406,225</u>	<u>(26,260)</u>	<u>-6.5%</u>
<u>Property Sales</u>	<u>213,703</u>	<u>272,500</u>	<u>(58,797)</u>	<u>-21.6%</u>
<u>Investment Income</u>	<u>116,200</u>	<u>992,281</u>	<u>(876,081)</u>	<u>-88.3%</u>
<u>Other Financing Sources</u>	<u>0</u>	<u>3,200,000</u>	<u>(3,200,000)</u>	<u>-100.0%</u>
<u>Other Income</u>	<u>2,335,145</u>	<u>2,079,523</u>	<u>255,622</u>	<u>12.3%</u>
Total Revenues	\$349,110,275	\$321,638,181	\$27,472,094	8.5%

FY2021 – Cash Flow Variance Expense (Actual to Budget)

<i>For the eleven months ended May 31, 2021</i>				
	Actuals	Budget	Variance	% Var
Expense				
Personnel	198,429,311	205,647,769	7,218,458	3.5%
Operating	39,436,691	53,081,548	13,644,857	25.7%
Insurance Expense	7,790,630	1,103,407	(6,687,223)	-606.1%
Debt Service	45,093,851	45,103,808	9,957	0.0%
Partner Agencies	18,277,919	21,432,128	3,154,209	14.7%
Capital	249,924	1,096,458	846,534	77.2%
Total Expenses	\$309,278,326	\$327,465,118	\$18,186,792	5.6%
Transfers	11,701,462	11,597,516	(103,945)	-0.7%
Change in Fund Balance	\$28,130,487	(\$17,424,453)	\$45,554,940	

III. Downtown Projects Update: Lex Live

Bruce Wren, Director of Operations of Lex Live, first described the owner's vision and the future of entertainment as places with multiple revenue streams such as Lex Live. The project took 38 months to complete and opened in March. The facility is almost 90,000 square feet with three levels of operations. They offer three different ways to purchase movie tickets. Food and beverage options include Scratch Kitchen, Game Day Sports Bar, and Corner Bar; each providing a different experience. The fun zone includes 13 lanes of bowling, VIP bowling, and 50 games through an arcade. Wren said they are excited about the options they have for private events too, many of their amenities such as the auditoriums or restaurants can be rented. They are already coordinating with Scare Fest and making plans for October. The theatres offer a Large Format Experience, which Wren explained is delivered through various components such as large screens, speakers and immersive sound, projectors, and seats.

Bledsoe talked about this venue providing entertainment for the whole family in downtown Lexington. Wren said Lex Live has a great location but their biggest challenge is getting the word out, particularly because people have shifted how they receive information. They pursued using a jumbotron for outside advertising in 2019 but that is not allowed in Lexington; Wren thinks this is something that could benefit the downtown area. Moloney talked about serving on the Commission for People with Disabilities and his hearing impairment. He confirmed that through technology the theatre can serve folks who suffer from hearing loss.

F. Brown asked about parking, particularly during University of Kentucky games and other events at Rupp Arena. Wren explained that Lex Live has designated parking, which is currently free. The garage will charge a fee in the foreseeable future but Lex Live will validate three hours of parking. F. Brown talked about the foot traffic Lex Live will experience on game days. Plomin asked if they are marketing regionally and also confirmed they are working with VisitLex. Lex Live continues to work on their marketing strategies. Currently, the focus is on movies and new releases. Wren said they hope it becomes a regional center and stressed the importance of advertising their free parking.

Lamb asked about employment and hiring. Lex Live is hosting interviews every week, Tuesday through Thursday, from 3-6 p.m. They opened with 150 employees and currently have about 100. Wren said this is the hardest hiring environment he has ever seen, making it challenging to capture and retain employees. He described the summer as Lexington's slow season. Reynolds spoke about her family's experience at Lex Live; which Wren added to that, saying the point of their property is to provide entertainment for the whole family. Bledsoe mentioned the importance of that downtown corner (Broadway and High Street) and for it to encourage people to come downtown and stay downtown. No action was taken on this item.

IV. Economic Development Partnerships Services RFP – Continuation PSAs for FY22

Craig Bencz, Administrative Officer in the Mayor's Office, first explained the city's partnership with Euphrates, Commerce Lexington, EHI, and the Urban League, to deliver four economic development strategies (new business development, existing business retention and expansion, talent and workforce development, and Lexington's opportunity zones) for LFUCG. Bencz said that the Economic Development Investment Board recommends continuing the PSAs with the existing partners and for continuation funding in FY22, equal to FY21 funding levels. The scope of services includes one small change requiring partners to report every two months versus monthly.

Lamb pointed out the partnership with Commerce Lexington for additional help to execute the small business economic stimulus grant program. Bledsoe said the PSAs will come to the council as new business items next week. No action was taken on this item.

V. Industrial Authority Update – Coldstream Master Plan

Bencz first mentioned how the Industrial Authority was established to work on the 200-acre site that will be acquired by July 2022 from UK. Erin Hathaway, with Gresham Smith, described the situation of the site and said the master planning phase of this project is nearly finished; the next steps will require rezoning, design and engineering, and infrastructure. The plan takes into account existing conditions and natural resources; for example, Gresham Smith coordinated with the Kentucky Transportation Cabinet because for Georgetown Road, the main frontage road of the site. Hathaway described how the master plan aligns with the comprehensive plan and talked about the stakeholders who were monumental in the development of the plan. The website (www.coldstreammasterplan.com) had 908 visitors and collected 84 comments, which assisted with public engagement. Feedback, a lot of which was positive, had an impact on the plan.

The master plan addresses vehicular circulation, with two access points on Georgetown Road. It celebrates tributaries that feed into the Cane Run watershed and includes a 100-foot buffer from the Coventry neighborhood. Two trails create a loop and connect to the Legacy Trail. The plan outlines 10-acre parcels that can be combined or subdivided to maintain flexibility. In alignment with the open space

ZOTA, there are about 22.5 acres preserved for open space. The preliminary estimated project cost is about \$17.5M, which includes all items needed to get the site shovel ready for developers.

McCurn and Hathaway talked about the 100-foot residential buffer planned for the area between the backyards of the Coventry neighborhood and any development. This is not a zoning requirement in Lexington and it was designed based on the feedback received from the public. A multi-use trail will exist in the buffer with a public access easement between parcel build-outs and Coventry neighborhood backyards; in addition to the utility right-of-way.

F. Brown asked about connecting to Newtown Pike, which Hathaway explained there is no planned connection across the stream. He expressed concern because of the 200-acre site; only 135 acres will remain as developable. Hathaway estimates individual development sites to range up to 30 acres. The site is will be rezoned to light industrial, which allows office and industrial uses. Kevin Atkins, Chief Development Officer, said the property will transfer to LFUCG between January 1 and July 1, 2022, and that the MOU with UK calls for LFUCG to look for connections to the original Cold Stream park. F. Brown confirmed the preliminary estimated project cost is eligible for ARPA funds.

Lamb confirmed the 50-acre site is available for development now. She and Bencz discussed signage for the 200-acre site, which is anticipated to be part of the development plans. Bencz said he expects signage to be consistent throughout the site (i.e. style and size).

J. Brown and Bencz discussed rezoning the property for the entire site with a single development plan. Bencz said there will be flexibility for actual users within the plan; for example, the ratio of office to industrial uses and parcel boundaries. Atkins explained how both Euphrates and Commerce Lexington would work to bring new businesses to the site, as a team effort. J. Brown asked about potential users for the site being existing businesses that are looking to expand or businesses that are new to Lexington, which Atkins spoke about the importance of taking care of your home base first but said it will ultimately be a mixture.

Moloney expects many folks who work at the site to live in Georgetown and asked about building an overpass to the highway. As it is designed, employees will have to use Newtown Pike, which he described as a traffic mess, or Georgetown Road and the Kentucky Horse Park highway exit. Moloney said easy access will help make the site attractive; a selling point. Atkins confirmed they engaged KYTC early in this process.

In regards to the planned pump stations, Lamb asked about future growth and connectivity. Hathaway said they coordinated with the city to consider future water quality needs; there is no sanitary sewer line currently but the plan is designed to service future development of the site, plus there are plans to bore under Georgetown Road and service a parcel to the west of the site that is identified as a future need. No action was taken on this item.

VI. Small Business Economic Recovery Program 2021 – Update

Worley first mentioned how this program was originally proposed for \$5M but \$2.5M was ultimately approved, with acknowledgement that the second \$2.5M should be considered after the first tranche of funding is distributed. Larry Forester, Senior Vice President of Forcht Bank, started by saying how helpful this program has been for small businesses. The Access Loan Committee members, who worked to get the process established in the right way, knew the importance to get this funding to the businesses quickly. The committee conducted six review meetings between May 24 and June 17, 2021. The total

funding request was about \$7.1M from 293 applications; 155 businesses were awarded funding. Funds were distributed to 89 women- or minority-owned businesses. In total, about \$2.2M was disbursed to businesses. Forester concluded the update emphasizing how this program helped businesses keep their employees engaged and paid.

Moloney spoke about the total request of \$7.1M, the timing of the council's summer recess, and how he doesn't want to see a business get hurt. He thinks the council should move forward with the second round of funding.

Lamb and Forester discussed the process and how bankers, who are conservative by nature, reviewed the applications and wanted to make the right decisions for the city. Outcomes of the 2020 program were implemented into this process, making it smoother, which helped to distribute the funds in two and a half weeks. Most applicants requested the maximum amount of \$25,000 but there was a process to determine the amount awarded. Lamb spoke about the unfunded applications and businesses that missed the application deadline. The fee for Commerce Lexington to do this program was 7.5 percent.

McCurn and Forester clarified that \$812,000 (36 percent) was awarded to 60 women-owned businesses and \$640,000 (29 percent) was awarded to 44 minority-owned businesses. They discussed how they stopped accepting applications once the funds began to run out. Forester said the Access Loan Committee will have to discuss how the unfunded applications that they have already received will be handled in regards to additional funding. Ellinger confirmed that awarded businesses will be reviewed one year after receiving the funds to confirm they did want they committed to. Forester said Tyrone Tyra, Senior Vice President of Commerce Lexington, will remain in contact with the businesses during that time.

Reynolds said people have expressed concerns to her that calls and emails about the program were not returned. Forester plans to speak with Tyra about this. There were a few issues while implementing the application that attributed to LFUCG. Gina Greathouse, Executive Vice President of Commerce Lexington, said they hope to hire someone to assist with the program soon.

In response to Kay regarding the applicants that did not receive funding, Forester explained applications were reviewed as first come, first serve, after they were approved by LFUCG. Katie Vandegrift, Director of Marketing and Research of Commerce Lexington, said the Division of Revenue determined 100 businesses could not receive funding so the committee did not review those applications. Kay concluded there are 38 applications that weren't approved or came in after the funds ran out. Bledsoe clarified that they took the website down when funds ran out and therefore there were businesses who did not get to apply.

Plomin confirmed some businesses received funding in both the 2020 and 2021 programs; she also wondered about businesses that did not receive funding in the first program as well as this program. J. Brown concluded there is continued need in the community for this program and the process has been fine-tuned.

Motion by J. Brown to move forward to the full council a recommendation to fund the additional \$2.5M (from budget stabilization) for the Small Business Economic Recovery Program, seconded by Plomin. The motion passed without dissent.

Lamb asked if Tyra could provide a list comparing the businesses funded in each program when he provides an update about the 2020 program in August.

Motion by Plomin to report this action out today, seconded by Moloney. The motion passed without dissent.

VII. Items Referred to Committee

No action was taken on this item.

Motion by McCurn to adjourn (at 2:44 p.m.); seconded by Moloney. The motion passed without dissent.

Materials for the meeting:

<https://lexington.legistar.com/MeetingDetail.aspx?ID=874103&GUID=7AE21D29-E609-4D4E-9A18-C59E27A68BF6&Options=info|&Search=>

Video recording of the meeting: http://lfucg.granicus.com/player/clip/5388?view_id=4&redirect=true

HBA 8/25/21