

**DOWNTOWN LEXINGTON
MANAGEMENT DISTRICT**

**FY 2017 PROPOSED BUDGET
JIM FRAZIER, CHAIR**



LEXINGTON



Presentation contents

- About the DLMD
- DLMD board membership
- Summary of activities to date
- FY 2017 budget priorities
- FY 2017 timeline
- FY 2017 budget
- Next steps



About the DLMD

- Established by LFUCG ordinance on May 7, 2015
- Purposed to provide economic improvements that benefit property owners within the district
- Led by a volunteer board of 15 community leaders
- The LFUCG ordinance directs the board to pursue 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
 - (g) other economic improvement activities that specially benefit property within the district

#1 priority is to deliver service and value to DLMD property owners



Map of the district





DLMD board membership

Name	Board Position	Organization
Frazier, Jim	Chair, Member	McBrayer, McGinnis, Leslie & Kirkland
Phillips, Taunya	Vice Chair, Member	Residential representative
Grossman, Steve	Treasurer, Member	Hilliard Lyons
Wellman, Zedta	Secretary, Member	Gratz Park Inn
Betz, Liza	Member	Failte
Carter, Andrew	Member	21c
Davidson, Scott	Member	Langley Properties
Gibbs, Jake	Member	LFUCG 3 rd District Council
Harris, Tom	Member	University of Kentucky
Juett, Temple	Member	Downtown Lexington Corporation
Kay, Steve	Member	LFUCG Vice Mayor
Means, Gary	Member	LexPark
Nicholson, Nick	Member	Stoll Keenon Ogden
Reed, Geoff	Member	LFUCG Mayor's Office
Webb, Woodford	Member	Webb Companies



Summary of activities to date

Operations

- Publication of RFP for downtown management services (May)
- Selection of website provider (Able Engine), website development
- Establishment of financial relationships
 - Tax collection with Sheriff Witt
 - Banking with Bank of the Bluegrass
- Receipt of \$25,000 start-up loan from LFUCG

Organization

- Establishment of board
- Election of officers
- Adoption of by-laws

Planning

- Planning of public art, grant projects
- Development of Advisory Board



FY 2017 budget priorities

Day-to-day Operations

- The plurality of DLMD funds
 - Downtown ambassadors
 - Landscaping, beautification, and maintenance
 - Marketing and promotion
 - Security services

Capital Improvements

- Second largest allocation
 - \$20,000 in direct capital projects
 - \$20,000 in matching grants
 - \$25,000 for website and startup activities
 - Funds for public art, infrastructure

Administration & Communications

- Funding for one position
 - Administration of DLMD programs
 - Liaison to DLMD board
 - Liaison to LFUCG Council, city staff
 - Coordination of work with other downtown entities

DLMD Board will measure, monitor, and adjust budget for FY 2018 based on property owner satisfaction and feedback



FY 2017 timeline



- Select contract services provider, through RFP
- Finalize economic improvement plan, distribute, and solicit property owner feedback
- Plan for day-to-day contract services kickoff in fall

- Collect property tax through Sheriff (~\$415,000)
- Kickoff day-to-day service operations
- Launch matching grants, capital improvements applications

- Continuously improve operations
- Begin distribution of matching grant, capital improvement funds

- Continuously improve operations
- Complete distribution of FY2017 matching grant, capital improvement funds
- Design FY 2018 budget based on FY 2017 experience, feedback
- Submit FY 2018 budget to LFUCG Council

FY 2017 budget: revenue



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DLMD REVENUE	Fiscal Year 2017 (Jul 1 - Jun 30)		Fiscal Year 2018 (Jul 1 - Jun 30)	
	<i>(9 months of operations)</i>		<i>(12 months of operations)</i>	
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%

FY 2017 budget: expenses



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DLMD EXPENSES	Fiscal Year 2017 (Jul 1 - Jun 30)		Fiscal Year 2018 (Jul 1 - Jun 30)	
	<i>(9 months of operations)</i>	% of total revenue	<i>(12 months of operations)</i>	% of total revenue
EXPENSE				
Contract services package	\$ 168,750	38.7%	\$ 225,000	54.8%
<p>Incremental to existing city services, and private obligations, some or all of the following: (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%

FY 2017 budget: reserves



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DLMD RESERVES	Fiscal Year 2017 (Jul 1 - Jun 30)		Fiscal Year 2018 (Jul 1 - Jun 30)	
	<i>(9 months of operations)</i>	% of total revenue	<i>(12 months of operations)</i>	% of total revenue
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%

- It is necessary to end each fiscal year with approximately one quarter of the annual revenue remaining in balance, to pay for the operations in the first quarter of the following fiscal year, as property tax revenues do not arrive until the beginning of the second fiscal quarter
- The board discussed the choice of fiscal year start date, and chose a July 1 start in order to allow for a faster startup process in calendar year 2016, and to align the fiscal year with the LFUCG fiscal year



Next steps

- (06/16/2016) Public hearing of DLMD budget at LFUCG Council Meeting
- (July) Finalization of economic improvement plan (EIP)
- (July) Mailing of budget & EIP to all district tax payers
- (July) Selection of contract services provider
- (August) Public discussion with property owners on budget, EIP priorities