



Budget, Finance & Economic Development Committee

March 18, 2025

Summary and Motions

Chair James Brown called the meeting to order at 1:02 p.m. Vice Mayor Dan Wu and Council Members Chuck Ellinger, Shayla Lynch, Hannah LeGris, Liz Sheehan, Denise Gray, and Dave Sevigny were in attendance. Council Members Whitney Baxter and Jennifer Reynolds were absent. Council Members Tyler Morton, Emma Curtis and Amy Beasley were also present as non-voting members.

I. Approval of February 18, 2025 Committee Summary

A motion by Gray to approve the February 18, 2025, Committee Summary, seconded by Ellinger, the motion passed without dissent.

II. Monthly Financial Update – February 2025

Revenue Director Holbrook began the financial presentation. Revenue collections are slightly exceeding budget through the first 8 months of the fiscal year with a positive variance of 1.8%. Revenues have trended closer to budget over the past five months, showing a tightening of the revenue variance. Budgeting Director Lueker presented the expenses. Personnel is running within 3% of budget through the first eight months. All debt service savings are expected to be expended by the end of the fiscal year. Budget staff continue to monitor operating variances. Even under budget, we are exceeding expenditures from FY24.

Commissioner Hensley presented an update on the urban services, sanitary sewer, water quality, and landfill funds. The urban services fund was established to account for refuse collection, streetlight, and street cleaning services. The fund revenue is primarily derived from an ad valorem tax established for each district estimated at \$53,916,840 for FY25. The majority of this fund's revenue is collected by December 31st from property taxes. Revenue for the first six months is below budget with a -6.4% variance and expenses are below budget with a 21.2% variance.

Sanitary sewer funds are for the expenses associated with the operation of the sewer treatment plants, maintenance of pump stations, rehabilitation and maintenance of sewer lines, and physical improvements of the system. This fund provides for the general operating, maintenance, and debt service costs of the sanitary sewer system. Other expenses include the administrative costs of operating the system such as insurance, revenue collection costs, personnel hiring, accounting, payroll processing, and legal fees. The revenue for this fund comes from sewer user fees. Revenue for the first six months is below budget with a -7.1% variance and expenses are also under budget with a 21.6% variance.

The water quality management fund accounts for the water quality management fee. This fee allows Lexington to better maintain its storm water infrastructure and provide funding for projects to improve water quality in creeks and streams. This fee was mandated by a consent decree between Lexington and the federal Environmental Protection Agency (EPA). The water quality construction fund accounts for construction projects that include improvements to storm water infrastructure, water quality and flooding problems. The revenue for the first six months of the fiscal year is exceeding budget with a variance of 15.7% and expenses are under budget with a variance of 13.2%.

The Landfill fund was established to account for revenues and expenses associated with capping and closure of the landfill in Fayette County and the ongoing costs of refuse disposal. State and federal statutes and regulations have mandated significant changes in the requirements for designing, constructing, operating, managing, maintaining, and closing landfills. The revised requirements have imposed extraordinary expenses on landfill operations. For the first six months of the fiscal year, revenue is below budget with a variance of -5.4% and expenses are under budget with a variance of 49.8%.

No action was taken on this item.

III. Parks Sustainable Funding

Parks and Recreation Director, Monica Conrad, presented on the Parks Sustainable Funding policy. The Park Fund is a dedicated source of funding for the improvement and development of Lexington's parks, greenspaces, and associated infrastructure. It is levied through a percentage of local taxes, specifically earmarked for parks purposes. This Parks Fund program policy reflects Lexington's commitment to create parks and recreational spaces that are accessible, well-designed, and responsive to the diverse needs of our community. The primary principles of this policy are accessibility, engagement, and accountability.

The goal of accessibility is to ensure access to parks and recreational amenities for all residents, regardless of race, ability, income, or neighborhood. Capital investment will be prioritized using the Parks Master Plan Social Needs Index, composite service area analysis, and other data driven tools to identify neighborhoods with greatest need. Projects will be designed with the goal of being accessible to people of all ages, abilities, and backgrounds. All new parks will meet or exceed Americans with Disabilities Act (ADA) standards. In addition, prioritizing spaces that cater to diverse age groups and family needs and projects that respect and celebrate historical and cultural diversity in Lexington will be prioritized.

The goal of engagement is to involve the community in decision making process to ensure park development meets the needs and desires of residents. Lexington Parks and Recreation will engage residents through public meetings and surveys to gather input regarding capital projects. The Chair of the Parks Advisory Board will appoint a strategic planning subcommittee

from the Parks Board and community members to serve as an advisory committee. Parks and Recreation will also collaborate with local community organizations, schools, civic organizations and will collect community engagement in the form of workshops, surveys, community conversations, and focus group discussions.

The final goal is to ensure accountability in the allocation, management, and spending of parks funds. Parks and Recreation will provide an annual capital spending plan, present the requested capital improvement plan through the annual budget approval process, and project statuses will be shared with the public through neighborhood and stakeholder's meetings, Parks Advisory Board meetings, and online reporting. An annual report will be created and published annually for the previous fiscal year. LFUCG internal audit will review the spending of the Parks Fund and ensure they are being used in accordance with the Park Fund ballot language, the Park Fund Program Policy, and other applicable policies. The Parks Fund website will be updated with project statuses and will be interactive and engaging.

Ineligible expenses for the Parks Fund will be personnel costs and benefits, programming, operating, and land acquisition. Project prioritization and selection will focus on capital construction, repair, and replacement projects. In addition, life safety, code compliance, stewardship, the Parks master plan, and emerging opportunities will be used to prioritize projects. A contingency of up to 10% of the total annual Parks Fund revenue will be set aside for unassigned repairs, unexpected capital failures and costs overruns on previously approved projects. Year 1 proposed parks projects consist of 14 projects at a value of \$7.1 million with an additional \$800,000 budgeted for contingency.

No action was taken on this item.

IV. Facilities and Fleet Maintenance Planning

General Services Commissioner, Chris Ford, presented on facilities and fleet management planning. Capital Improvement Planning (CIP) refers to identifying, prioritizing, and funding of publicly owned assets and holdings. The primary goals of CIP planning are to preserve assets, sustainability and continuation of services, and planning for future needs for the expansion of services and infrastructure as the community grows.

Fundamentals of CIP are the identification and project scope determination, estimated overall costs of projects, estimated operational and maintenance costs, estimated project timelines, potential revenue impact, budgetary commitment and funding sources, project prioritization, and maintaining an up-to-date list of projects.

Facilities maintenance is responsible for small to medium sized projects primarily involving repair and maintenance activities as well as major repairs and systems upgrades. Site inventories include 44 structures and buildings, totaling 1.2 million square feet with an estimated value of \$500 million. Fleet services provide CIP services for the entire LFUCG operation in planning, recommendation, and implementation of fleet replacement activities for

more than 2,000 vehicles and 800 pieces of equipment. The replacement value of the vehicles is estimated at \$164 million.

The Capital Project Management (CPM) team is responsible for all facets of LFUCG capital projects from inception to completion. During the past few years, the charge has expanded beyond the Division of Facilities and Fleet management and has included services to Fire, Corrections, Police, Waste Management, Social Services, and Parks and Recreation. Currently CPM team is managing a portfolio of 11 projects totaling \$43.3 million. Challenges Fleet Services is encountering are escalation of costs by 15 – 30%, limited availability of inventory, and long lead times for specialty vehicles. Present opportunities for Fleet Services is the upgrading of the current legacy fleet software to a more robust, supported, cloud-based system.

LFUCG is responsible for all major repairs and CIP expenses for the Fayette County Circuit and District Courthouses. The Administrative Office of the Courts (AOC) reimburses LFUCG for 93.5% of all expenses. LFUCG is responsible for all the remaining operational expenses on the courthouse campus. The FY24 reimbursement from AOC to LFUCG was \$1.5 million. A major upcoming CIP project is the replacement of both courthouse roofs. LFUCG has budgeted \$200,000 for the design phase of the project in FY2025. The funding for construction phase will be included in the Department of General Services FY26 budget request. The anticipated construction cost is \$3 - \$3.5 million.

No action was taken on this item.

V. United for ALICE

National Director of ALICE, Kieran Gardioso, presented on United for ALICE (Asset Limited, Income Constrained, Employed). In 2009, United Way of New Jersey revealed a struggling demographic of all ages and ethnicities, hidden in plain sight. Demand for services did not align with poverty statistics. ALICE highlights the workers powering our economy who can't afford basic needs. Nearly one-third of U.S. households earn above the federal poverty level, making them ineligible for most assistance.

ALICE is an alternate measure of economic wellbeing and are individuals who have income above the federal poverty level, below the cost of basics in the county where they live, often working in essential jobs, and with little to no savings for emergencies or future investments. United for ALICE was founded and has been powered by United Way of Northern New Jersey since 2009. By 2025, United Way has United for ALICE partners in 35 states. United for ALICE provides comprehensive measures of financial hardship, data for all 3,000+ counties in the U.S and accessible data for all.

Products designed to empower partners include ALICE in the Crosscurrents, ALICE economic viability dashboard, ALICE essentials index, and United for ALICE wage tool. The ALICE data reflects county-level costs of a household survival budget. This budget includes basic needs like

housing, food, childcare, health care, a smartphone, and transportation. On the national stage the ALICE movement has built strong momentum. ALICE has been covered in media outlets like the Wall Street Journal, CBS News, Business Insider, and the Washington Post. The ALICE founder was also invited to testify during a Congressional roundtable about food insecurity and the benefits cliff.

The ALICE movement has launched innovative programs to secure equity for low-income households. United in Care aims to make quality childcare accessible to ALICE families in New Jersey. United for ALICE At Work collaborates with employers on workforce strategies, while the national ALICE Advisory Council leads broader policy change and community impact.

No action was taken on this item.

VI. Adjournment

A motion by Chair Brown to adjourn at 2:52pm, seconded by Wu, the motion passed without dissent.