



## Budget, Finance & Economic Development Committee

November 28, 2023

### 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, Hannah LeGris, Liz Sheehan, Fred Brown, Jennifer Reynolds, and Kathy Plomin were in attendance. Council Members Tayna Fogle, Shayla Lynch, Denise Gray, and Dave Sevigny were also present as non-voting members.

#### **I. Approval of September 26, 2023 Committee Summary**

A motion by Reynolds to approve the September 26, 2023 Committee Summary, seconded by Plomin, the motion passed without dissent.

#### **II. Monthly Financial Update – August 2023**

Commissioner Hensley provided a brief update on the monthly financials. As expected, expenses are exceeding revenues. November is a large revenue collection month due to property tax payments, so there should be a positive change in revenue by the January financial update.

#### **III. Short-Term Rental (STR) Revenue Update**

Director Holbrook presented on the short-term rental (STR) revenue update. The STR ordinance was passed on July 11, 2023 and goes into effect on January 11, 2024. Enforcement efforts will begin after that date. The ordinance created requirements for a short-term rental special fees license, criteria for denying or revoking licenses, and a revocation appeals process. Licenses required to operate a STR include a zoning compliance permit, business license, and a complete special fee license packet. Registration information is available online.

Over 250 entities have sought and received zoning compliance permits while only 63 have submitted special fees license applications to date. 895 units were available for rent on one of the STR platforms last week. After January 11th, identification of operating but unregistered STRs will begin after timely applications postmarked by January 11th, 2024, are processed.

After January 11<sup>th</sup>, 2024, the Division of Revenue will begin investigating and potentially citing non-compliant operators. Identifying operating but unregistered STRs is a key reason for the need for a STR tracking software to help the Division of Revenue identify unregistered operators. The request for proposal (RFP) for this software was issued this week and they hope to finalize the bid in January and implement the software prior to the end of the fiscal year.

#### **IV. Lexington Jobs Fund Update**

Craig Bencz presented the annual update on the Jobs fund which is an incentive program that provides funding to businesses that commit to creating and retaining jobs in Lexington. Funding for the Jobs fund is administered by the Economic Development Investment Board.

As part of the Jobs fund guidelines, there is a strong emphasis on advanced manufacturing, technology, professional shared service operations, and healthcare jobs. Funding is administered in the form of loans (up to \$250,000) and forgivable loans (up to \$100,000) which are repayable or forgivable within 10 years. Businesses are eligible for funding if they are located in or moving to Lexington; create jobs with average wages greater than or equal to the county median (\$24.00/hour); establish and meet job creation requirements; produce a tradeable good or service; and agree to compliance reporting.

Approximately \$1.4 million is currently available for award. Previous awards total \$3.88 million with 306 jobs committed. As a result, \$16.8 million in new payroll has been committed resulting in 4.32 times the incentives disbursed. Cost per job created is approximately \$13,197. There are currently 12 jobs fund recipients (4 forgivable loans and 8 traditional loans) in repayment of their loans requiring monthly payments back into the fund.

#### **V. Review of the Exaction Program**

Craig Bencz provided an update on the Exaction Program. The goal of the program is to provide an equitable means to allocate a fair share of the cost of infrastructure needed to serve new growth and development in the expansion areas. Exactions must be proportional to the cost of capital facilities, assessed on a per acre basis, and rates are set by the Council and updated to reflect actual project costs. Exactable infrastructure that can be considered: sanitary sewer capacity and transmission; collector roads; multi-neighborhood parks and non-flood plain greenways; rural open space; and stormwater management facilities.

Of the 4,273 total developable acres in all expansion areas, 51% or 2,179 acres remain to be developed. Expansion area 1 is 100% complete and area 3 is near completion at 86%. Total exaction program costs are \$108.75 million. Total collections on platted land, which are paid at time of building permit, are \$55.82 million. Total remaining exactions are \$54.27 million.

In lieu of comprehensive development exactions, stakeholder infrastructure agreements could be used to accomplish the objectives of the 1996 Expansion Area Master Plan. The goal is to dissolve the Exactions Program by the end of 2024. Roadmap to dissolution includes engaging with expansion area stakeholders, negotiation and execution of agreements, clean up zoning ordinance text amendment, clean up amendments to Code of Ordinances, and clean up administrative records. Tentative timeline for dissolving expansion areas 1 and 3 is as early as the 1st quarter of 2024 and expansion area 2 by the end of 2024.

**VI. Items Referred to Committee**

A motion by J. Brown to remove item #2, Review of the Current Civil Service Pay Scale and Exploration of Annual Compensation Increases for City Employees, seconded by Ellinger, the motion passed without dissent.

**VII. Adjournment**

A motion by Plomin to adjourn at 2:42pm, seconded by Ellinger, the motion passed without dissent.