



## Lexington-Fayette Urban County Council

### Budget Committee of the Whole Revenue Update, Mayor's Late Items, Review Link and Council Member Recommendations Summary

June 5, 2014  
3:00PM

Council Member Ellinger chaired the meeting. The meeting was called to order at 3:00pm. Council Members Kay, Ford, Akers, Lawless, Beard, Farmer, Stinnett, Scutchfield, Myers, Mossotti, Clarke, Henson and Lane were present. Vice Mayor Gorton was absent.

#### **1. Revenue Update**

Commissioner O'Mara provided information on the revenue projection in the FY2015 Mayor's Proposed Budget. O'Mara reviewed the March 18, 2015 FY14 Budget Reallocation presentation. Revenue was increased by approximately \$5 million at that time in order to fund a portion of the expenses approved at that time. O'Mara provided a preliminary look at the May financial data. There is a positive variance in withholdings, but not quite as much as they were hoping. Net profits have not increased in the 4<sup>th</sup> quarter as anticipated, as a result, we are currently under budget by \$957,000. There is a 4% increase in the FY15 budget for withholdings and 5% increase in net profit. We are behind in insurance by \$304,000 but this is likely a timing issue and will be made up. The other positive variances are real but have already been included in the foundation for building the FY15 budget. We are currently over by \$6 million in revenues but Council previously approved spending \$5 million of it to fund the reallocation. We are under budget in personnel and operating expenses and currently have a favorable variance of \$7.4 million in expenses, of which, \$5 million was reallocated in March to cover the \$10 million in expenses approved by Council. There is currently an overall favorable variance of \$13.4 million but \$10.1 million was reallocated in March, leaving us with a total of approximately \$3.3 million. Ellinger asked O'Mara for a conservative opinion as to what Council has to spend. O'Mara would be comfortable using a half million as the starting balance and discussing any remainder in the fall during fund balance discussions. O'Mara does not feel comfortable raising the revenue number and is recommending the same total that what was

proposed in the FY15 Mayor's Proposed Budget, which is \$313,255,090. Ellinger asked O'Mara about items that can be moved around in the budget for spending beyond the MPB. O'Mara commented on the severe winter. There is \$900,000 currently in the budget for salt. He is comfortable that this can be reduced by \$200,000 based on typical usage and the amount of salt currently in the barn. O'Mara suggested that the \$100,000 cash funding for the KY Theatre can be moved to the bond along with the additional \$100,000 request from the KY Theatre, which would free up \$100,000 for reallocation within the budget and result in keeping a balanced budget for FY15. These two changes along with the \$500,000 beginning balance, will give Council \$800,000 to use for Council and link recommendations now, and look at the rest in October during fund balance discussions.

## **2. Review Mayor's Late Items**

Melissa Lueker walked through the list of the Mayor's late items. All of the changes to the General Fund are errors, omissions or items that have been voted on since the budget was prepared. The original General Fund had a fund balance in the FY15 MPB of \$645,020. There were \$101,990 in late item changes, leaving a balance of \$543,030. The Urban Services Fund had a fund balance of \$16,582,830 there were \$62,510 in changes in this fund for an ending balance of \$16,580,320. The Municipal Aid Fund will not change due to the money not being encumbered in the current fiscal year. The \$2,424,530 balance will remain the same. Farmer asked if the money would remain for the projects. Lueker said it will remain but in this case there was a timing issue from when the funds were approved to when they could complete the projects. Brad Frazier explained why the projects could not be completed (timing of agreements, etc). They have a list of items that will be completed but the funds will not be encumbered in the current fiscal year. Henson asked if the Harrodsburg and Mason Headley would be reconfigured. Frazier said it will be completed. Stinnett asked if we were removing these funds from FY14. Lueker said nothing has happened with these items so they are only asking to remove them from the budget document. The fund balance for this account is accurate in the budget book. Lueker commented on what is currently in the MAP funds as well as proposed projects for these funds. Stinnett asked Brad is all of the projects listed for MAP funds are ready to go. Frazier said that all items listed out in the 5 year plan are on track. Ellinger asked for the unencumbered amount in MAP right now for FY15. Lueker said there is \$2,585,987. The bond fund changes are a wash, changing only from one dept to another. The sanitary sewer fund changed from \$9,307,710 to \$9,399,540. The Water Quality Management Fund decreased by \$75,150 for an ending balance of \$3,141,760. The landfill fund increased by \$44,770 for a balance of \$1,090,090. The ESP Program Fund increased by \$22,000 for an ending balance of \$33,740.

## **3. Review Council Member Recommendations**

Ellinger asked Council Members to limit their comments related to their individual requests to five minutes. Each Council Member provided input on their individual requests. Many of the requests are for parks. Council was reminded that Parks did not have the capacity to take on more projects at this time.

Farmer stated that there may not be a reason to add to Parks projects at this time. Perhaps this opportunity will come later. If they cannot complete the items on their list now, adding more to it will only result in a backlog. Farmer asked to add \$100,000 for parking lot repairs to Idle Hour.

Stinnett asked for a list of all Parks projects and an estimate of when they are to be completed. Hamilton said she will get the list and they currently have approximately \$7 million that will be unspent due to capacity in Parks. Hamilton thinks that if we are going to add projects, we need to do it differently. We will have to contract some of these out if we want all of these things completed. If the projects on the individual Council Member lists are added, they will not see any progress for over a year.

Ellinger asked O'Mara what their absolute latest date is for ratification of the budget. O'Mara said in order to get the budget document ready, it will have to be ratified by June 12<sup>th</sup> at the latest. It is currently scheduled for Tuesday, June 10<sup>th</sup>.

Motion by Stinnett to schedule a Special Meeting for 9:00am on June 12<sup>th</sup>. Seconded by Ellinger. Motion passed 12-2. Ellinger, Kay, Ford, Akers, Beard, Farmer, Stinnett, Scutchfield, Myers, Mossotti, Clarke and Henson voted yes. Lawless and Lane voted no.

Kay suggested putting all Parks requests on hold until we know more and wait until the October fund balance to discuss them. Stinnett agrees but would like to add that shovel ready projects be considered earlier to not delay completion. The item on his list is already in process but just needs a little more money for completion.

Motion by Kay to put Parks recommendations on hold until October. Seconded by Akers. Motion failed 3-8. Ellinger, Kay and Lane voted yes. Ford, Akers, Lawless, Beard, Scutchfield, Mossotti, Clarke and Henson voted no.

Motion by Akers to amend the motion to move only new projects that have not been started to the fund balance discussion in October. Seconded by Farmer. Motion failed 3-7. Ellinger, Kay and Akers voted yes. Ford, Lawless, Beard, Scutchfield, Clarke, Henson and Lane voted no.

#### **4. Review Link Recommendations**

Ford provided information on the updated Finance & Social Services Link recommendation. They changed their recommendation based on input and comments after the original link report out. The link proposed adjusting the funding percentages for partner agencies to reallocate funding percentages to levels and adding \$349,552 to the FY15 budget to fund more agencies on the list. There was discussion by Council Members on upholding the process that has been put in place and suggestions of ways to improve the process going forward.

## **5. Budget COW Meetings**

Motion by Lawless to schedule a Special Work Session on June 12<sup>th</sup> at 9:00am for continued budget discussions. Seconded by Myers. Motion passed without dissent.

Motion by Beard to adjourn at 5:35pm. Seconded by Myers. Motion passed without dissent.