

Budget & Finance Committee
August 26, 2014
Summary and Motions

Chair Ellinger called the meeting to order 1:00pm. Committee members Stinnett, Gorton, Ford, Beard, Farmer, Scutchfield, Mossotti and Henson were present. Committee member Kay was absent. Councilmember's Clarke and Lane attended as non-voting members.

1. March 18, 2014 Committee Summary

The summary of the March 18 committee meeting was included as information only as it was previously approved at the April 8, 2014 Work Session.

2. Monthly Financial Report

Commissioner O'Mara, Mr. Cook and Ms. Lueker went over the monthly financial report for July. O'Mara summarized several key economic indicators including unemployment rate, County employment, building permits, new business licenses, home sales and foreclosures.

Cook stated that General Fund revenue was lower than budgeted for July by \$ 1.9 million. He noted that timing was the reason payroll withholding was \$ 1.5 below budget for the month. Cook also provided Code Enforcement nuisance abatement revenue collection data for July.

Lueker stated that General Fund expenditures were also \$ 1.9 million under budget. Lueker stated that the Personnel category was \$ 1.1 million under budget and the Operating category was \$ 600,000 under budget for the month.

Ellinger asked about the June monthly financials. He noted that they had previously discussed the May financial report and have now reviewed the July report but Council had not yet seen the preliminary June report. In response Commissioner O'Mara stated that the financial books for FY 14 were recently closed and those figures would be available in October.

3. Rupp Arena Expenditures

Schoninger summarized the revenue and expenditures for the Rupp District project. Frank Butler stated that the Urban County and the State both agreed to contribute \$ 2.5 million in 2013 for the planning/design phase. Butler stated that in addition the Lexington Center Board (LCC) and the Visitors & Convention Bureau agreed to contribute a combined \$ 500,000 for the planning phase of the project.

Butler stated that approximately \$ 4.6 million has been expended on the planning phase including \$ 2.1 million from Lexington. He stated that all of the expenditures followed LCC

procurement policies and all vendors were publicly selected following an RFP/Q process. The vendors were all vetted by the Rupp Arts District committee and approved by the LCC Board.

Butler stated that as the Mayor and Lexington Center jointly decided to suspend the project he did not anticipate any further expenses at this point.

In response to a question from Mossotti, Butler summarized his duties and role in the project. He stated that his contract expires December 2015.

Mossotti stated that several Lexington Center retailers contacted her and expressed concerns that they were not provided any information about the project. In response Butler stated that they will be meeting with the retailers shortly to brief them on a status of the project.

In response to questions from Stinnett, Butler stated that Lexington Center has not lost any tenants during the planning phase. Butler also stated that he was retained by LCC and not the City.

In response to a question from Henson, Butler stated that approximately \$ 650,000 was left unexpended in the planning phase and he did not anticipate requesting those funds from the State or City at this point.

Ford discussed HB 301 and the plans for Lexington to reimburse the State its portion of the \$ 2.5 million. In response O'Mara stated that the Governor Beshear vetoed the requirement that the City reimburse \$ 2.5 million by April 20125.

In response to a question from Ellinger, David Barberie stated that the veto just removed the repayment date but not the obligation.

Representative Flood discussed the State's interest in the project.

O'Mara and Jamie Emmons commented on the veto. They stated that the veto offered options regarding repaying the \$ 2.5 million to the State. Emmons stated that when the project goes forward that obligation can be rolled into the entire project.

Stinnett asked that the Council be more involved in the project as it goes forward.

Beard provided history as to use of Coal Severance and Coal Impact Funds in Fayette County.

Ford stated that the City should not be obligated to pay the \$ 2.5 million back to the State without Council discussion and consent.

Mossotti stated that she was concerned that the Mayor committed to the repayment of the \$ 2.5 million without Council approval

4. AOC Courthouse Reimbursement Policy

Commissioner Geoff Reed updated the Committee on this issue. Reed provided a brief history of the relationship between the Kentucky Administrative Office of the Courts (AOC) and Kentucky counties for maintenance and management of County Courthouses.

Reed stated that starting July 1 AOC will reimburse Fayette County at a rate of \$ 4.00 per square foot rather than reimbursement for the pro rata share of the actual LFUCG cost of facility operations. He stated that at present Lexington has a contract for approximately \$ 4.66 per square foot with a private vendor, Meridian Management for custodial services.

Reed stated that this change will result in approximately \$ 136,000 in unreimbursed annual expenses without changes to the current maintenance contract.

Reed stated that his office will continue to investigate this issue and have a meeting with AOC officials later this fall.

Lane asked what was included in the current maintenance contract. In response to a question from Lane, Reed stated that the current management contract is in its 2nd year. Lane suggested that the blend rate be separated so we have a better understanding of the cost of services provided. He also suggested that the contract be re bid in at least 2-3 parts to get a better price or better service.

Reed discussed options to reduce the current maintenance costs and/or reducing services provided at the Courthouse complex.

Gorton asked about the costs associated with maintaining space for at Sheriff at the Courthouse.

Henson asked about costs paid by the surrounding counties for similar services.

In response to a question from Clarke, Reed discussed how the other counties across the state have controlled maintenance and operational costs at their respective Courthouses.

In response to questions from Akers, Reed stated that the only other occupant in the Courthouses was the Sheriff's Office. Reed also described services that the Sheriff's Office provides at the Courthouse. Reed also stated that the local government could institute fees for some Courthouse services to defray some of the maintenance and operational charges at the Courthouse.

In response to questions from Beard, Reed discussed how other counties have reduced their maintenance costs. Reed also discussed the repair of the fountains in the Courthouse Plaza.

Reed stated that he would be back to the Committee probably in November with an update and potential solutions.

5. Items in Committee

A motion by Gorton to remove the Local Vendor Preference issue, seconded by Farmer, the motion passed without dissent.

A motion by Gorton to remove the Minority/Women Business Recruitment issue, seconded by Farmer, the motion passed without dissent.

A motion by Gorton to remove the Affordable Housing Trust Fund Report issue, seconded by Farmer, the motion passed without dissent.

A motion by Farmer to remove the Financial Implications of the Mayor's Homelessness Commission issue, seconded by Gorton, the motion passed without dissent.

A motion by Stinnett to remove the Refunding Urban Services Property Tax issue, seconded by Gorton, the motion passed without dissent.

A motion by Gorton to remove the LexArts Financial Support Exchange issue, seconded by Mossotti, the motion passed without dissent.

A motion by Gorton to remove the Local Rupp Arena District Expenditures issue, seconded by Farmer, the motion passed without dissent.

A motion by Farmer to adjourn at 2:34pm, seconded by Gorton, the motion passed without dissent.