



## Budget, Finance, and Economic Development Committee

### Annual Status Review of Committee Referrals

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#### **1. Creation of Lexington Film Commission**

- Referred by: CM Bledsoe on August 30, 2016
- Last heard: not presented yet
- Item details: This item was originally placed in committee to consider the creation of a film commission to recruit the film industry into Lexington. Kentucky's tax incentives program for film production was significantly reduced in 2018. The state issued an RFP in 2019 for an economic impact study of the program but those results are not available yet. The program likely needs legislative action to improve to the point that it is a true incentive and something that Lexington could capitalize on.

#### **2. Appropriate Types of Economic Development (from E.D. ZOTA)**

- Referred by: VM Kay on December 6, 2016
- Last heard: November 28, 2017
- Item details: No committee presentations or updates took place in 2019. This item was placed in committee to consider the ways LFUCG thinks about economic development for the community in the long run. In 2017, Commerce Lexington highlighted its 2010 strategic plan, discussing how target industries, priorities, and the use of land, impact economic development.

#### **3. Partnering with FCPS, Athletics Facilities**

- Referred by: CM Moloney on June 21, 2016
- Last heard: January 30, 2018
- Item details: No committee presentations or updates took place in 2019. This item was placed in committee to look at the city's partnership with Fayette County Public Schools, including the use of building permits and coordination with the Divisions of Planning and Parks and Recreation. The 2018 discussion focused on the exchange of services and assets and working together more effectively, particularly for parks and recreation. The Subcommittee on the Partnership with FCPS was initiated at the conclusion of that discussion.

#### **4. Global Headquarters Initiative**

- Referred by: CM Bledsoe (originally CM Stinnett)
- Last heard: November 27, 2018
- Item details: The chief development officer, Kevin Atkins, shared the *RecruitLex* initiative with the committee in 2018, which engaged a workgroup of representatives from the global headquartered companies in Lexington to address their talent issues. The presentation showcased a recruitment video the group created, which was the biggest priority for the companies. Since then a listserv for these companies was established to encourage communication as necessary. This item can be removed from committee.

#### **5. Efforts to Reduce Barriers for Second Chance and Reentry Employees**

- Referred by: CM Bledsoe on January 29, 2019
- Last heard: February 26, 2019
- Item details: The presentation included DV8 Kitchen, a social enterprise that offers jobs to people that are often eliminated from hiring processes because of their background; DV8 also works to educate other business owners to do the same. Representatives from the Kentucky Career Center reviewed state incentives for businesses to hire second chance employees, as well as a federal tax program. CM Bledsoe would like this item to remain in committee as the city continues its work on the opioid crisis in case workforce becomes a part of those efforts.

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

- Referred by: CM Ellinger on August 28, 2018 (originally CM Stinnett)
- Last heard: March 19, 2019
- Item details: The presentation included an overview of the program, how it is applied in the expansion areas, and presented an updated rate table for all expansion areas except EA 2C. The committee expressed concerns about the rate increases and referred an audit of existing exactions agreements to the Division of Internal Audit. The administration has been working with the developer community over the last few months and the item may be ready for an update soon.

#### **7. Consideration of 2-Year Budget Cycle**

- Referred by: CM Bledsoe on April 30, 2019
- Last heard: not presented yet
- Item details: This item was placed in committee for the purpose of having a conversation about the possibility of a two-year budget cycle. CM Bledsoe decided to hold this item because of the budget process initiatives and recommendations proposed in October and December by the mayor through the Budget Blueprint Workgroup and CM Bledsoe. The FY2021 budget process will incorporate many of the recommended changes.

#### **8. Use of MAP Funds for Salaries**

- Referred by: FY20 Budget COW on May 28, 2019 (Planning & Public Safety Link); CM Ellinger (item sponsor)
- Last heard: not presented yet
- Item details: This item initiated from the Planning & Public Safety Link by asking if there is a plan to discontinue the practice of using MAP funds for salaries. This item will review when the use of MAP funds for salaries started, what it would like to stop this practice, and how other funds are used for salaries. The item should be heard in committee before the FY2021 budget review process.

#### **9. Review of the Current Civil Service Pay Scale; Exploration of Annual Compensation Increases for City Employees**

- Referred by: CM J. Brown on August 13, 2019
- Last heard: not presented yet
- Item details: This item was placed in committee to review our current civil service pay scale and explore options for annual compensation increases for city employees. This item is pending review.

#### **10. Franchise Fees and Street Light Funds**

- Referred by: CM Farmer on August 13, 2019
- Last heard: not presented yet
- Item details: This item was placed in committee after much discussion about the cost of street lights, the associated ad valorem tax, and the use of franchise fees. The council approved an ad valorem rate increase for street lights in August 2019 because LFUCG currently subsidizes the cost of street lights by about \$2 million with the general fund. This item could potentially be ready for a presentation in the next couple of months.

#### **11. Downtown Projects Update**

- Referred by: CM Bledsoe on August 27, 2019
- Last heard: September 24, 2019
- Item details: This item was placed in committee for informational purposes to invite the private sector to participate in a series of presentations featuring development projects in the downtown area. Dudley Webb presented City Center on August 27. On September 24, Tom Harrington presented the Hub on Campus, Melody Flowers presented UK's Winslow Site, and Phil Houlobek presented the MET. The last project originally planned for this presentation series is the new downtown movie theater, which needs to be scheduled.

## **12. Tax Increment Financing Districts**

- Referred by: CM Bledsoe on October 29, 2019
- Last heard: October 29, 2019
- Item details: This item was placed on the agenda because the environment for TIF projects in Lexington has shifted. The presentation highlighted a decrease in the state's participation in TIF projects in Lexington and the priority and challenges for these districts to produced 'net-new' revenue to the state. CM Bledsoe recommended an update on this item within the first six months of 2020.

## **13. Economic Development Update for the Downtown Lexington Partnership with Idea Proposal**

- Referred by: CM J. Brown on November 12, 2019
- Last heard: not presented yet
- Item details: This item was placed in committee to receive an economic development update for the Downtown Lexington Partnership. It is also to hear an idea proposal they are working on. The DLP faced significant budget cuts in the FY2020 budget so it is likely best for this item be heard before the FY2021 budget process. The item is pending review.

## **14. Potential Budget Review Process**

- Referred by: CM Bledsoe on October 24, 2019
- Last heard: December 3, 2019
- Item details: This item was placed on the December agenda to follow up on discussions at the October 24 Special COW. The committee (1) amended the 2020 council calendar to change several budget-related meetings, (2) suspended Ordinance 292-2005 for one year that regulates a deadline for the mayor's budget address, (3) reviewed updates for the descriptions of divisions for each link committee to review and link questions to ask divisions, (4) changed monthly financial updates to quarterly updates, and (5) established a subcommittee to look at a division and program review process.

## **15. Economic Development Partner Funding Proposal**

- Referred by: CM Bledsoe on December 3, 2019
- Last heard: December 3, 2019
- Item details: This item was placed on the December agenda to introduce a funding proposal for economic development partner agencies. The proposal would utilize an RFP process to distribute the funds based on the city's economic development priorities. LexArts and the Lyric Theatre will be excluded from this transition because of their organization's focus on quality of life rather than the more traditional definition of economic development that the RFP process will use. The proposal was well-received in committee and CM Bledsoe suggested an update in the spring.

## Annual/Periodic Updates:

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### 16. Fund Balance

- Referred by: NA (item comes to committee annually)
- Last heard: October 29, 2019
- Item details: This item comes to committee each year, most often in October, to review any remaining funds from the previous fiscal year budget. Typically the administration will make recommendations associated with the fund balance. Council members then determine how to move forward. Fund balance from FY2019 was used to reimburse to the budget stabilization fund, provide employees a second supplement, afford a study for the Division of Community Corrections, and provide additional funding for the Explorium of Lexington. The remaining balance was distributed equally among council members.

### 17. Career Academies by Business Education Network and FCPS

- Referred by: CM Evans on November 27, 2018 (originally CM Stinnett)
- Last heard: November 27, 2018
- Item details: This item was placed on the agenda by the chair for informational purposes. *Academies of Lexington* are small learning communities in some of our public high schools that connect classroom learning to real-world experiences to help students thrive in today's economy. No presentations took place in 2019 but an update from FCPS may be timely in the spring.

### 18. Economic Development Grant

- Referred by: CM Bledsoe on January 29, 2019
- Last heard: September 25, 2018
- Item details: This item was placed in committee for a routine update on the program that started in FY2017, which focuses on workforce development and utilizes community partners. The 2018 presentation reviewed the outcomes of the program after its first year in operation. This item is scheduled for an update in February, which will include the grant recommendations for FY2020 in which \$200,000 will be awarded.

#### **19. – 24. Economic Development Partners**

- Referred by: CM Bledsoe on January 29, 2019
- Last heard: December 3, 2019
- Item details: CM Bledsoe initiated annual presentations from the city's six economic development partners in 2019. Below is a list of the partners and the date they presented to the committee. We are working with the Lyric Theatre & Cultural Arts Center to present in early 2020.
  - World Trade Center Kentucky, presented on March 19, 2019
  - Downtown Lexington Partnership, presented on March 19, 2019
  - LexArts, presented on August 27, 2019
  - Commerce Lexington, presented on December 3, 2019
  - Urban League, presented on December 3, 2019

#### **Subcommittees:**

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##### **Subcommittee on Partnership with Fayette County Public Schools**

- Referred by: CM Moloney on January 30, 2018
- Last heard: not presented yet
- Item details: The subcommittee was created following the 2018 discussion on the *FCPS partnership and athletic field* item to work on the partnership between LFUCG and FCPS, specifically for programming, facilities, and land. The subcommittee met once on February 22, 2018.

##### **26. Division & Program Review Process Subcommittee**

- Referred by: CM Bledsoe on December 3, 2019
- Last heard: not presented yet
- Item details: The subcommittee, assigned to consider a review process of LFUCG's divisions and programs and propose a pilot project for FY2021, had its first meeting on January 14. They established a meeting schedule (second Tuesday of the month at 11 am) and hope to report back to the committee in June.

## January 28, 2020 Agenda Items:

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### **27. Quarterly Financial Updates**

- Referred by: NA (item comes to committee quarterly)
- Last heard: December 3, 2019
- Item details: In December, the committee supported a change to the structure of the financial updates. Presentations will now take place quarterly, in October, January, and April, with a special financial topic presentation in August when the quarter finances aren't available because of year-end. During the months a quarterly presentation is not taking place, a monthly financial summary will be distributed to the council electronically, for informational purposes.

### **28. Comprehensive Annual Financial Report (CAFR)**

- Referred by: NA (item comes to committee annually)
- Last heard: January 29, 2019
- Item details: Each year the city's annual audit, the CAFR, is presented to the committee once it is published. The audit is governed by Sec. 8.08 of the Charter, which says an audit shall be completed no later than four months after the close of the fiscal year.

### **29. Lexington Economic Outlook and Occupational License Tax Forecast FY 2020 & 2021**

- Referred by: CM Bledsoe on April 30, 2019
- Last heard: April 30, 2019
- Item details: Through a special meeting in April scheduled with the budget in mind, the committee received two presentations from representatives from the University of Kentucky's Center for Economics and Business Research, which reviewed the economic health of both our community and nationally and reviewed revenue forecasts. A similar presentation is taking place in January, at the beginning of the city's annual budget process, to align with the budget process initiatives and recommendations for FY2021.

### **30. Lexington Jobs Fund**

- Referred by: CM Bledsoe on January 29, 2019
- Last heard: January 30, 2018
- Item details: This item was placed in committee for a routine update on the program. The Jobs Fund was established in 2013 and utilizes both grants and loans to spark job creation.

## Items Removed from Committee in 2019:

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### **Review of LFUCG Debt**

- Referred by: CM F. Brown on September 27, 2016
- Removed: September 24, 2019

### **Downtown Lexington Management District**

- Referred by: CM Bledsoe on August 27, 2019
- Removed: August 27, 2019

### **Review of Resolution 156-94 – 27<sup>th</sup> Pay Period Funding**

- Referred by: CM Lamb on April 25, 2017
- Removed: January 29, 2019