



Budget, Finance, and Economic Development Committee

2021 Annual Status Review of Committee Referrals

Note: Due to the COVID-19 pandemic, this committee began meeting virtually after March 18, 2020. As a result, several committee items were postponed indefinitely.

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 likely needs legislative action to create a true incentive that Lexington could capitalize on. The state issued an RFP in 2019 for an economic impact study of the program but the status of that study is unknown at this time.

2. 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 2019 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. Thinking that workforce may become a part of the city's continued work on the opioid crisis, Bledsoe would like this item to remain in committee.

3. Review of the Exaction Program

- Referred by: CM Ellinger on August 28, 2018
- Last heard: March 19, 2019
- Item details: The March presentation and discussion led to the approval of an updated rate table dated January 1, 2015 since city was operating from a rate table from 2020 and second rate table dated March 1, 2020 (resolution 180-2020). At the same time, the committee directed the administration to engage necessary consultants to perform a comprehensive review of the existing exactions program to determine whether alternatives exist to equitably allocate and distribute the costs of improvements in the Expansion Areas, with the ultimate objective of bringing the program to a full and final conclusion. The council approved a purchase service agreement with Stantec Consulting, Inc. in September (resolution 442-2020).

4. 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 to have a conversation about the possibility of a two-year budget cycle. Bledsoe put this item on hold because of the FY2021 budget process initiatives and recommendations proposed in 2019 by the Mayor's Budget Blueprint Workgroup and Bledsoe. The FY2021 budget process incorporated some of the recommendations amidst the COVID-19 pandemic. Bledsoe would like this item to remain in committee.

5. Use of MAP Funds for Salaries

- Referred by: CM Ellinger on May 28, 2019 (FY20 Budget COW)
- Last heard: not presented yet
- Item details: This item was a referral from the Planning & Public Safety Link for informational purposes; asking if there is a plan to discontinue the use of MAP funds for salaries. The goal was to review when LFUCG began using MAP funds for salaries, what it would look like to stop this practice, and how other funds are used for salaries. A presentation was scheduled for March but it was postponed due to the COVID-19 pandemic.

6. 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. A presentation was scheduled for March but it was postponed due to the COVID-19 pandemic.

7. 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. The committee heard presentations on City Center, the Hub on Campus, UK's Winslow site, and the MET in 2019. Bledsoe would like the series to continue, featuring the new downtown movie theater.

8. Economic Development Partnership Services RFP

- Referred by: CM Bledsoe on December 3, 2019
- Last heard: June 23, 2020
- Item details: This item began in 2019 with a funding proposal for economic development partner agencies. The June presentation provided an overview of the

economic development partnership services RFP and the awarded agencies; Purchase Service Agreements were executed in July with the partners.

9. Allocation of \$30,000 (a reduction from FY2021 council budget, reserved in fund 1105)

- Referred by: CM Moloney on June 2, 2020 (FY21 Budget COW)
- Last heard: June 23, 2020
- Item details: This was a referral from the FY2021 budget review process. The funds remain in 1105 fund, unallocated. Two ideas were mentioned in June to put the funds back in the general fund or reserve them for a council initiative.

10. Residential Assistance Program

- Referred by: CM J. Brown on August 11, 2020
- Last heard: August 25, 2020
- Item details: This item was referred to committee following the mayor's original proposals for the use of coronavirus relief funds. The August presentation outlined four housing assistance programs that collaborate with partner agencies to keep folks in their homes through the pandemic, which the committee and later the full council approved (resolution 419-2020).

11. Assessment of LFUCG Owned Property for Potential Revenue and Cost Savings Opportunities

- Referred by: CM Bledsoe on June 23, 2020 (FY21 Budget Process)
- Last heard: September 22, 2020
- Item details: This item was originally referred from the FY2021 budget review process, specifically focusing on Tates Creek Golf Course. The September presentation provided a report of all LFUCG properties and the discussion led Bledsoe to appoint a subcommittee. (Notes regarding the subcommittee can be found under the *subcommittees* section.)

12. Local Small Business Economic Stimulus Program

- Referred by: CM Worley on June 2, 2020
- Last heard: December 1, 2020
- Item details: The council approved \$2.5M in the FY2021 budget for a small business stimulus package. After a committee presentation in June and a Work Session presentation in July, the council approved the framework for the grant program and an agreement with Commerce Lexington to administer the program. The committee heard an update in August. The presentation in December provided an overview of the program and its outcomes.

13. Revenue Sources

- Referred by: VM Kay on August 11, 2020
- Last heard: December 1, 2020

- Item details: This item was first heard in September where Kay reviewed the current fiscal position of the city and outlined how an increase of .25% in payroll tax might impact households. The intent was to finish this revenue enhancement discussion as the administration starts to construct the budget. In December, Kay reviewed the Mayor's Finance and Economic Advisory Work Group Report, which assesses Lexington's overall financial health, revenue structures, and pension obligations.

14. Legislation Impacting the Budget

- Referred by: CM Bledsoe on December 1, 2020
- Last heard: December 1, 2020
- Item details: A working draft collection of items in the charter, ordinances, and resolutions that impact the budget was shared with the committee in December. This document will return to the committee before the council begins its work on the FY2022 budget.

15. Proposals for use of Coronavirus Relief Funds and Fund Balance

- Referred by: CM Bledsoe on August 11, 2020
- Last heard: December 1, 2020
- Item details: This item was included on the agenda in September, October, and December. The initial list of proposals for funding from the mayor and council members was presented in September. Coronavirus relief funds were folded into fund balance and proposals were seeking funds from budget stabilization. By the end of the discussion at the October meeting, the committee of the whole approved 11 proposals; four proposals remain on the list.

16. 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. **This item needs a new sponsor or it can be removed from committee.**

Items for Removal:

17. 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 or 2020. 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 end of that discussion. **This item can be removed from committee.**

18. 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 current economic environment for TIF projects in Lexington has shifted. The presentation in 2019 highlighted a decrease in the state's participation in Lexington's TIF projects and the priority and challenges for these districts to produce 'net-new' revenue to the state. **This item can be removed from committee.**

19. 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 will also hear the proposal of an idea they are working on. **This item can be removed from committee.**

20. Minority Business Enterprise Program and Software Update

- Referred by: CM J. Brown on February 18, 2020
- Last heard: June 23, 2020
- Item details: The June presentation provided an update on the Diverse Business Management System and reviewed LFUCG's spend percentages versus goals with DBE/MBE/WBE, service-disabled, and veteran-owned businesses. **This item can be removed from committee.**

Annual/Periodic Updates:

21. Comprehensive Annual Financial Report (CAFR)

- Referred by: NA (item comes to committee annually)
- Last heard: January 28, 2020
- Item details: Each year the city's annual Comprehensive Annual Financial Report is presented to the committee once it is published. In January, Strothman and Company, who conducted the audit, reported their auditor opinion of the 2019 CAFR as a clean audit opinion.

22. Fund Balance

- Referred by: NA (item comes to committee annually)
- Last heard: October 27, 2020
- Item details: This item comes to committee each year, typically 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. Coronavirus relief funds were folded into the fund balance for FY2020. Proposals submitted for consideration of these funds were discussed in October, where the committee of the whole approved 11 proposals.

23. Lexington Economic Outlook & Occupational Tax Forecast

- Referred by: CM Bledsoe on December 3, 2019
- Last heard: January 28, 2020
- Item details: This item is intended to be heard annually on the front end of the annual budgeting process before the mayor proposes the budget in April. Mike Clark, Director of the Center for Business and Economic Research at the University of Kentucky, presented an economic outlook for Lexington that included payroll and net profit tax revenue forecasts for FY2020 and FY2021.

24. Lexington Jobs Fund

- Referred by: CM Bledsoe on January 29, 2019
- Last heard: January 28, 2020
- Item details: This item was placed in committee for a routine update on the program, an incentive program to support business expansion. The Jobs Fund was established in 2013 and utilizes both grants and loans to spark job creation. The update in January reviewed the Jobs Fund program, which generated \$312,490 in annual payroll tax and featured two program participants, TEC Biosciences and Fusioncorps.

25. Economic Development Grant Update

- Referred by: CM Bledsoe on January 29, 2019
- Last heard: February 25, 2020
- Item details: This item was placed in committee for a routine update on the grant program, which focuses on workforce development and utilizes community partners. The presentation in January reviewed outcomes of the 2018 grant cycle and new initiatives for the 2020 cycle. The 2020 grant cycle awarded a total of \$200,000 to five agencies, which are projected to place 402 participants into employment.

26. Bluegrass Farm To Table Update

- Referred by: CM Bledsoe on February 25, 2020
- Last heard: February 25, 2020

- Item details: This item was placed in committee for a routine update on the program that works to promote a more vibrant local food economy by supporting food-related agricultural development. The January presentation highlighted the effort to connect food service and businesses with local farmers, contributing to about \$4.1M in sales for Kentucky farmers. The LFUCG CSA program, Kentucky Double Dollars, and the mayor's agtech initiative were featured in the presentation as well.

27. Industrial Development Authority Update

- Referred by: CM Bledsoe on February 25, 2020
- Last heard: February 25, 2020
- Item details: This item was placed in committee for a routine update on the Industrial Authority, created to promote and stimulate the acquisition, retention, and development of land for industrial and commercial purposes. The presentation in February provided an overview of the authority and the MOU between the University of Kentucky and LFUCG for the transfer of 250 acres of land. The development of a master plan for the 200-acre site is underway.

28. Council Budget Review Process

- Referred by: CM Bledsoe on December 3, 2019
- Last heard: December 1, 2020
- Item details: This item was part of the December agenda in both 2019 and 2020. The purpose is to outline the council's budget process, which allows the council's process to more closely align with the administration's budget process. Materials include the schedule for budget-related meetings and retreats, the assignment of departments and divisions to link committees, and link questions.

Subcommittees:

29. 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. **This subcommittee can be removed from committee.**

30. 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, had three meetings in 2020. Because of COVID-19, the subcommittee suspended meetings for the remainder of 2020. During those meetings, the subcommittee reviewed examples of evaluation processes in other cities, discussed possible divisions or programs to review as a pilot project, and drafted the structure of an evaluation.

31. LFUCG Property Assessment Subcommittee

- Referred by: CM Bledsoe on September 22, 2020
- Last heard: not presented yet
- Item details: The subcommittee, assigned to provide an initial assessment of the city's properties and their best use moving forward. The subcommittee met twice in 2020. They outlined the evaluation criteria, reviewed 43 properties, and prepared an interim report of recommendations that will be reported to the BFED Committee in January 2021.

January 26, 2021 Agenda Items:

32. Financial Updates: Quarterly and Monthly; Enterprise Funds Reports

- Referred by: NA (item comes to committee quarterly)
- Last heard: October 27, 2020 (quarterly)
- Item details: The change to the structure of the financial updates in 2020. Quarterly presentations will take place in October, January, April, and August. During the months a quarterly presentation is not taking place, a monthly financial summary will be distributed to the council electronically, for informational purposes. A report of enterprise funds will accompany the quarterly presentations, which include sanitary sewer, water quality, landfill, and urban services).

21. Comprehensive Annual Financial Report (CAFR)

- (see previous notes, above)

31. LFUCG Property Assessment Subcommittee – Interim Report

- (see previous notes, above)

23. Lexington Economic Outlook and Occupational License Tax Forecast FY 2020 & 2021

- (see previous notes, above)

Items Removed from Committee in 2020:

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

- Referred by: VM Kay on December 6, 2016
- Removed: January 28, 2020

Global Headquarters Initiative

- Referred by: CM Bledsoe (originally CM Stinnett)
- Removed: January 28, 2020

Potential Budget Review Process

- Referred by: CM Bledsoe on October 24, 2019
- Removed: January 28, 2020

Career Academies by Business Education Network and FCPS

- Referred by: CM Evans on November 27, 2018 (originally CM Stinnett)
- Removed: January 28, 2020

Economic Development Partners (six partners)

- Referred by: CM Bledsoe on January 29, 2019
- Removed: January 28, 2020
Partners: World Trade Center Kentucky, Downtown Lexington Partnership, LexArts, Commerce Lexington, Urban League, Lyric Theatre & Cultural Arts Center

Implicit Bias Training Proposal

- Referred by: CM Bledsoe on December 1, 2020
- Removed: December 1, 2020 (moved to GGSS Committee)