Lexington-Fayette Urban County Council

Committee of the Whole (COW): FY22 Budget

April 27, 2021
1:00 PM

Virtual Meeting

Agenda

BUDGET COMMITTEE OF THE WHOLE

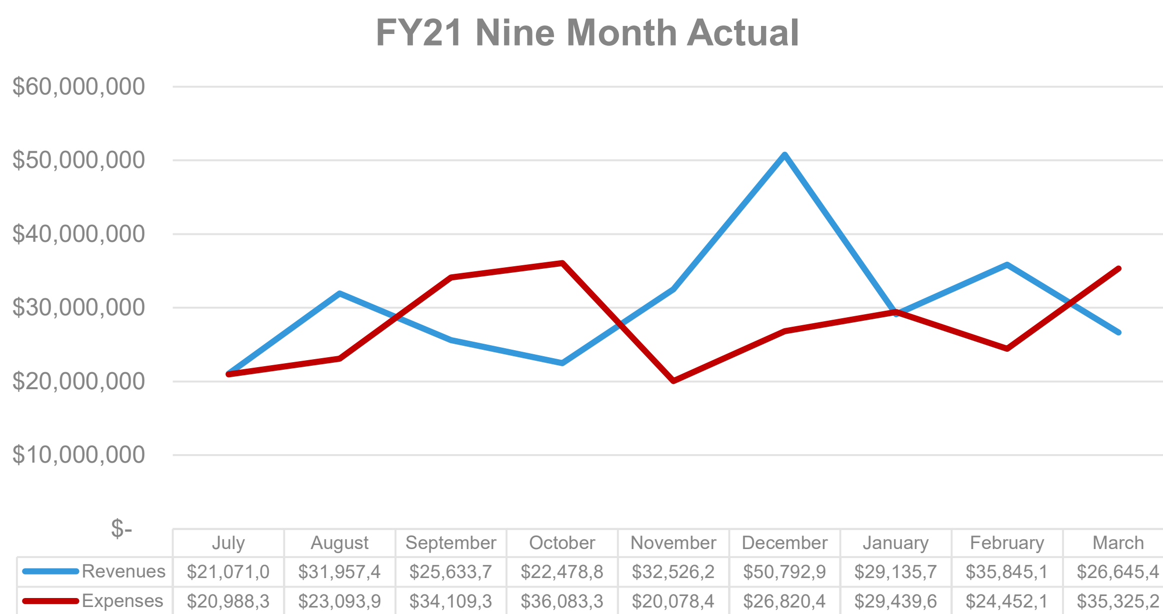
Financial Update

April 27, 2021

LEXINGTON

9 Month Performance Review (Actuals)

July – March FY21	
Revenues	276,086,663
Expenses	(250,391,105)
Transfers	(5,902,020)
Surplus/(Deficit)	19,793,538



Factors to Consider

- Property Tax collections create the largest Revenue month annually - December
- Net Profits filings
- Remaining Net Profits adjustment from FY20 ~$1.9 million
- Remaining 3-months library payments (property tax) total $4.5 million

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March 2021 YTD Actual
Compared to Adopted Budget

Revenue Category	Actual	Budget	Variance	% Var
OLT- Employee Withholding	158,230,887	139,829,450	18,401,437	13.2%
OLT - Net Profit	23,314,379	16,769,341	6,545,038	39.0%
Insurance	26,654,058	25,810,330	843,728	3.3%
Franchise Fees	19,062,914	19,654,755	(591,841)	-3.0%
TOTALS	227,262,238	202,063,876	25,198,362	12.5%

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March 2021 YTD/March 2020 YTD
Current Year Compared to Prior Year

Revenue Category	Mar-21	Mar-20	Variance	% Var
OLT- Employee Withholding	158,230,887	157,736,730	494,157	0.3%
OLT - Net Profit	23,314,379	18,227,113	5,087,266	27.9%
Insurance	26,654,058	26,314,375	339,683	1.3%
Franchise Fees	19,062,914	19,420,502	(357,588)	-1.8%
TOTALS	227,262,238	221,698,720	5,563,518	2.5%

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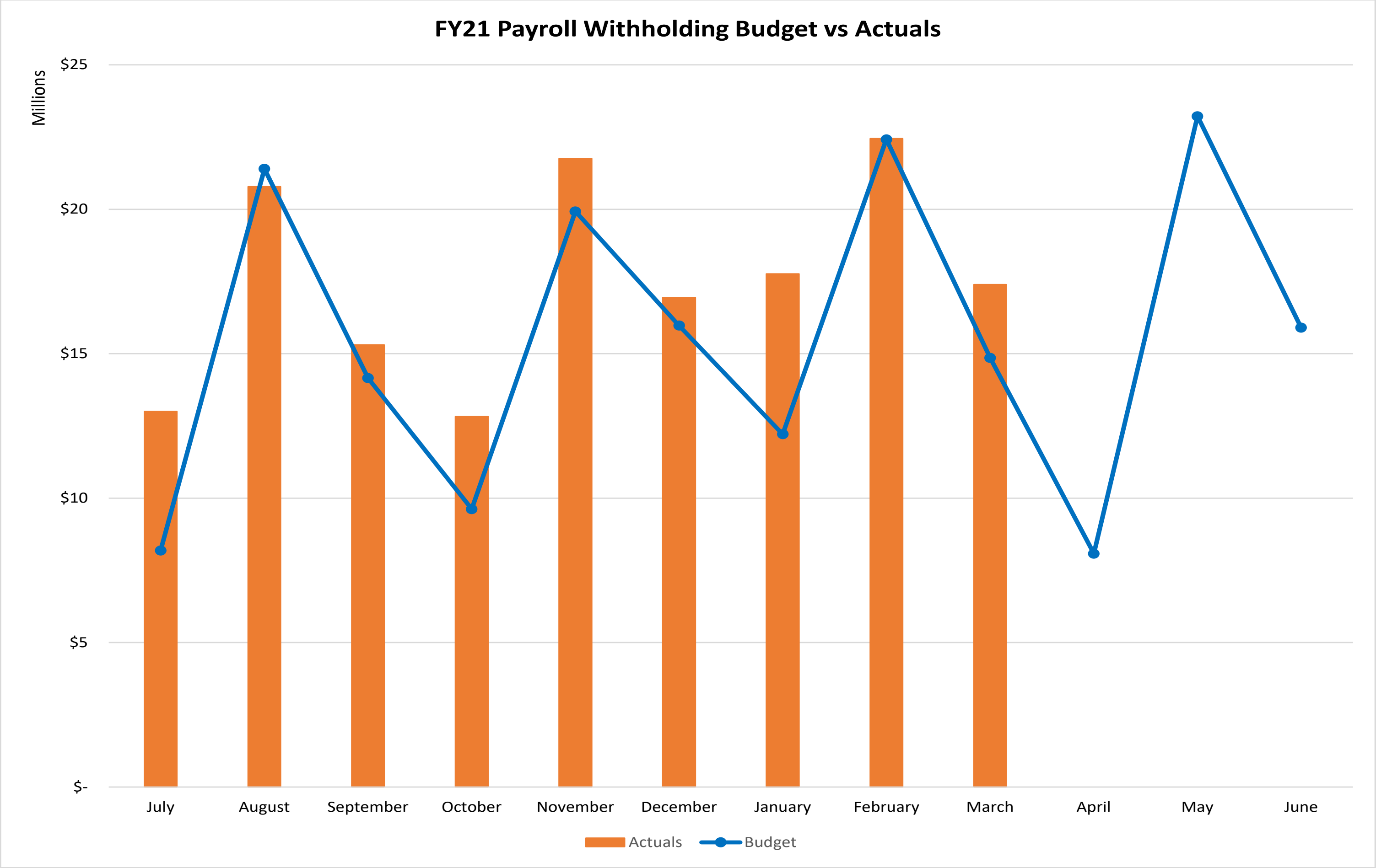
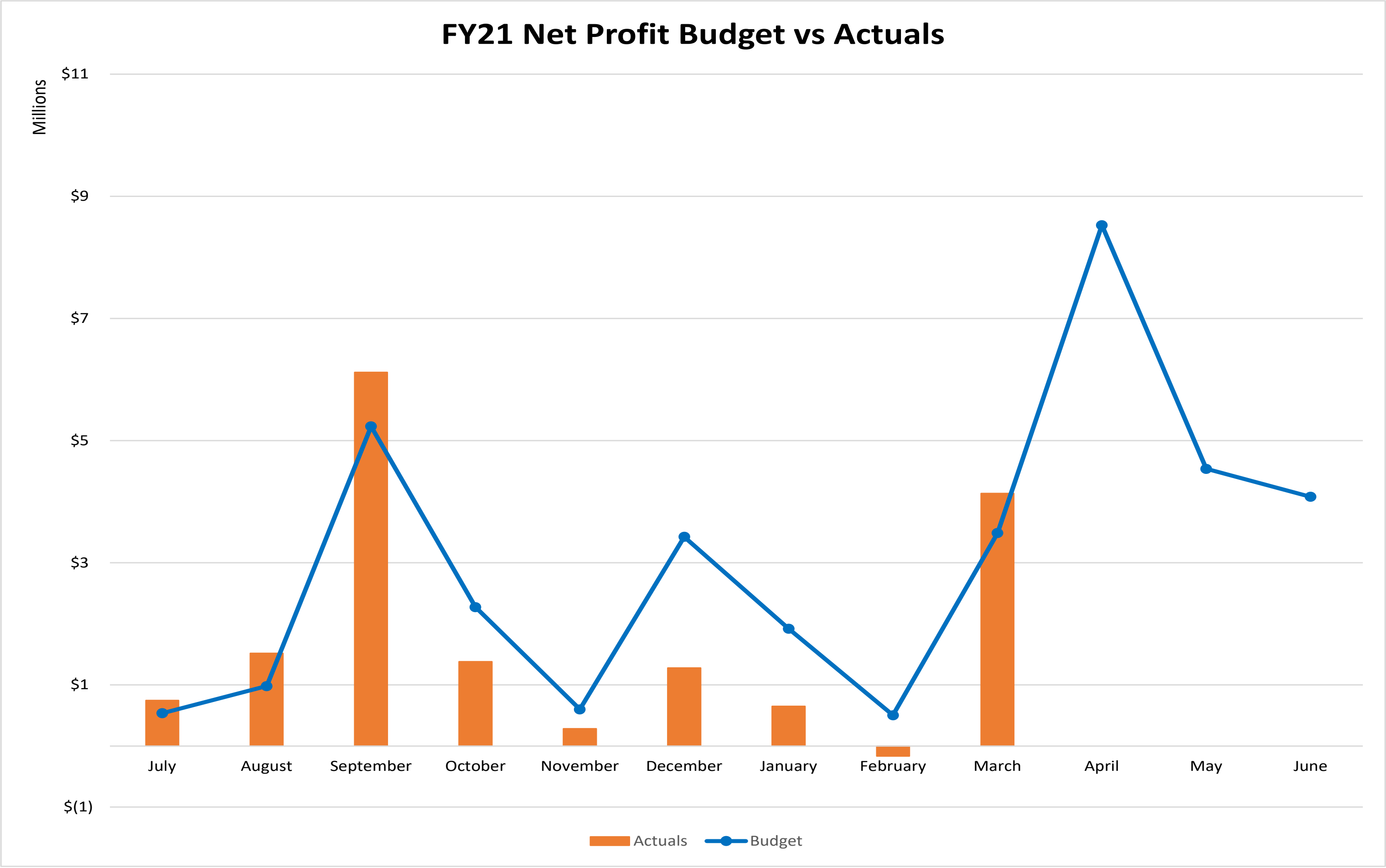
FY21 Payroll WH Actuals vs. Budget



2021 Fiscal year – Cash Flow Variance Revenue (Actual to Budget)



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2021 Fiscal Year - Cash Flow Variance
Revenue (Actuals to Budget)

For the nine months ended March 31, 2021				
	Actuals	Budget	Variance	% Var
Revenue				
Payroll Withholding	158,230,887	139,829,450	18,401,437	13.2%
Net Profit	23,314,379	16,769,341	6,545,038	39.0%
Insurance	26,654,058	25,810,330	843,728	3.3%
Franchise Fees	19,062,914	19,654,755	(591,841)	-3.0%
Other Licenses & Permits	4,879,655	4,535,480	344,175	7.6%
Property Tax Accounts	25,261,245	25,193,960	67,285	0.3%
Services	16,141,947	16,934,105	(792,158)	-4.7%
Fines and Forfeitures	153,625	190,500	(36,875)	-19.4%
Intergovernmental Revenue	314,857	365,415	(50,558)	-13.8%
Property Sales	134,261	217,500	(83,239)	-38.3%
Investment Income	102,796	795,639	(692,843)	-87.1%
Other Income	1,836,039	1,786,912	49,127	2.7%
Total Revenues	**$276,086,663**	**$252,083,387**	**$24,003,276**	**9.5%**

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2021 Fiscal Year – Cash Flow Variance Expense (Actual to Budget)

For the nine months ended March 31, 2021	Actuals	Budget	Variance	% Var
Expense				
Personnel	156,834,075	165,398,790	8,564,715	5.2%
Operating	30,550,925	42,079,138	11,528,213	27.4%
Insurance Expense	7,790,095	1,025,957	(6,764,138)	-659.3%
Debt Service	39,039,004	39,749,753	710,749	1.8%
Partner Agencies	16,056,356	16,292,308	235,952	1.4%
Capital	120,650	413,209	292,559	70.8%
Total Expenses	**$250,391,105**	**$264,959,155**	**$14,568,050**	**5.5%**
Transfers	**5,902,020**	**5,708,550**	**(193,470)**	**-2.8%**
Change in Fund Balance	**$19,793,538**	**($18,584,318)**	**$38,377,856**	

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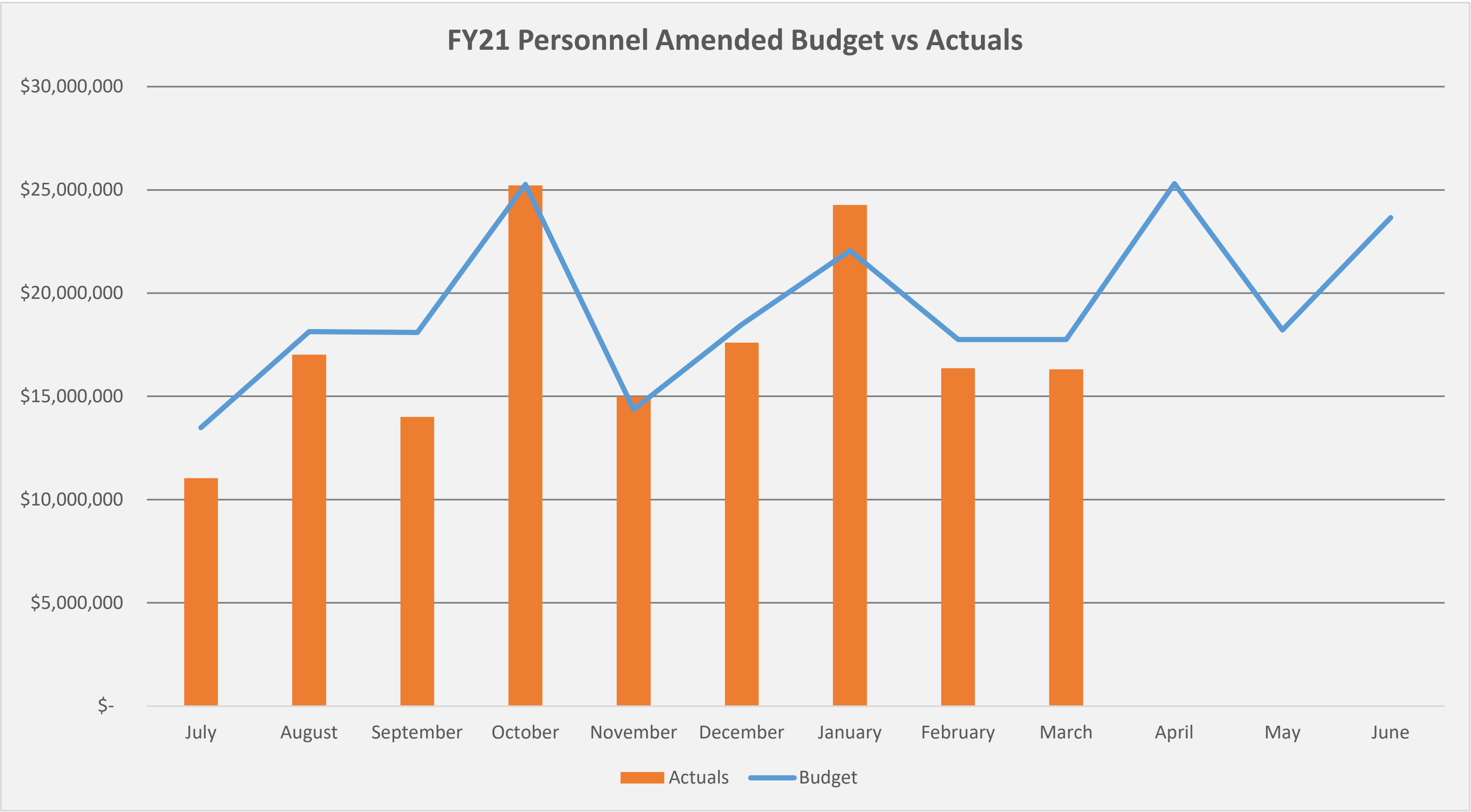
FY21 Personnel Budget v. Actuals



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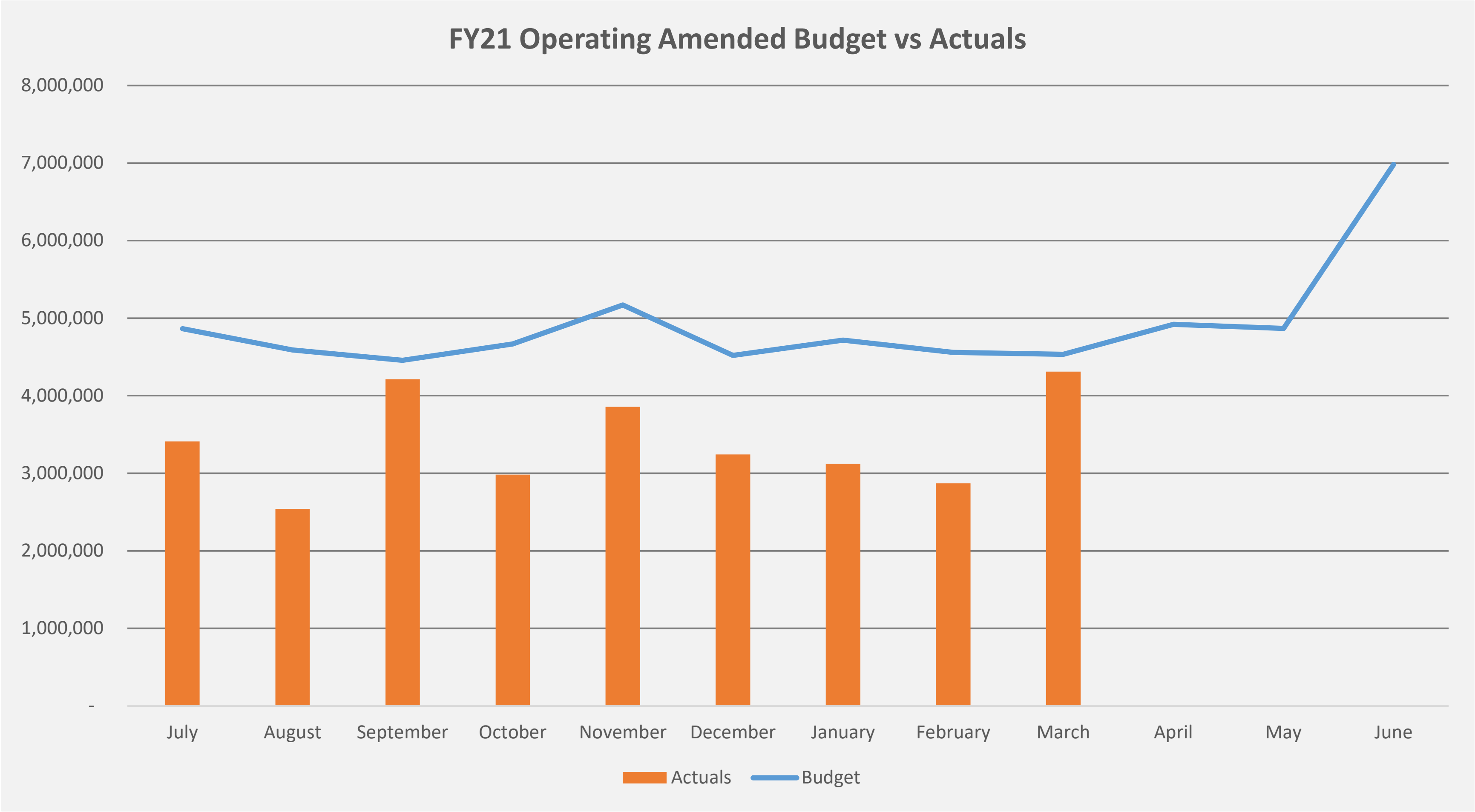
FY21 Operating Budget v. Actuals



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2021 Fiscal Year - Cash Flow Variance Revenue (CY to PY)

For the nine months ended March 31, 2021				
	FY 2021	FY 2020	Variance	% Var
Revenue				
Payroll Withholding	158,230,887	157,736,730	494,157	0.3%
Net Profit	23,314,379	18,227,113	5,087,266	27.9%
Insurance	26,654,058	26,314,375	339,683	1.3%
Franchise Fees	19,062,914	19,420,502	(357,588)	-1.8%
Other Licenses & Permits	4,879,655	4,623,184	256,471	5.5%
Property Tax Accounts	25,261,245	24,707,379	553,866	2.2%
Services	16,141,947	19,033,921	(2,891,974)	-15.2%
Fines and Forfeitures	153,625	161,650	(8,025)	-5.0%
Intergovernmental Revenue	314,857	320,299	(5,442)	-1.7%
Property Sales	134,261	80,366	53,895	67.1%
Investment Income	102,796	1,153,629	(1,050,833)	-91.1%
Other Income	1,836,039	2,591,452	(755,413)	-29.2%
Total Revenues	**$276,086,663**	**$274,370,600**	**$1,716,063**	**0.6%**

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2021 Fiscal Year - Cash Flow Variance Expense (CY to PY)

For the nine months ended March 31, 2021	FY 2021	FY 2020	Variance	% Var
Expense				
Personnel	156,834,075	172,102,901	15,268,826	8.9%
Operating	30,550,925	33,231,685	2,680,760	8.1%
Insurance Expense	7,790,095	8,481,953	691,858	8.2%
Debt Service	39,039,004	38,622,812	(416,192)	-1.1%
Partner Agencies	16,056,356	17,525,500	1,469,144	8.4%
Capital	120,650	292,806	172,156	58.8%
Total Expenses	**$250,391,105**	**$270,257,657**	**$19,866,552**	**7.4%**
Transfers	**5,902,020**	**4,314,596**	**(1,587,424)**	**-36.3%**
Change in Fund Balance	**$19,793,538**	**($201,653)**	**$19,995,191**	

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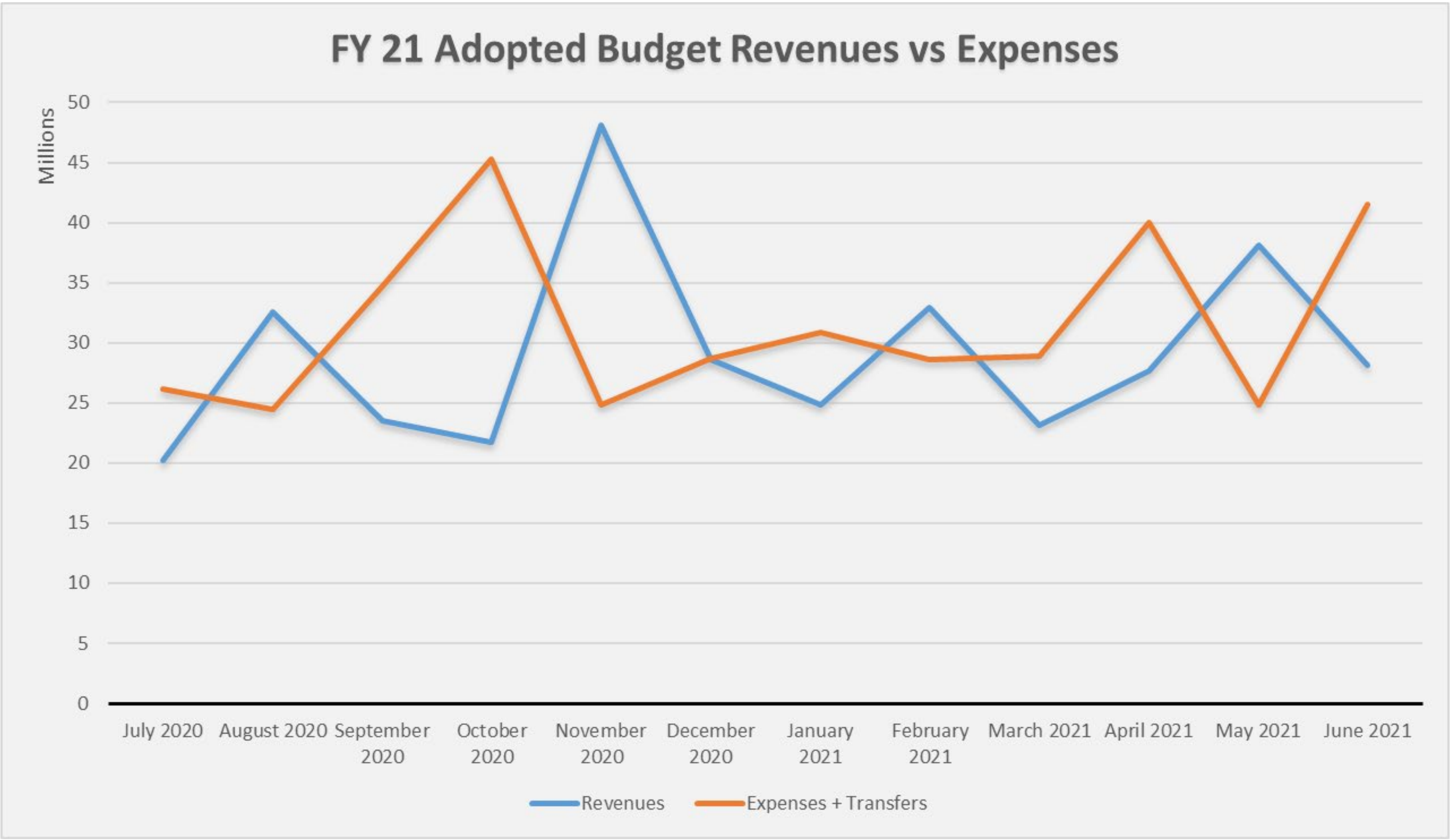
FY21 Adopted Budgeted Revenues v. Expenses



FY21 Rolling Projection with Nine Months Realized

FY2021 BUDGETED	FY2021 PROJECTED
	

FY2021 BUDGETED

$36 MILLION IN ONE-TIME FUNDS

- $20.0 million in Economic Contingency
- $9.4 million in Budget Stabilization
- $4 million from Insurance Fund
- $3 million from Parks Fund
- $200,000 from Tenant Relocation

FY2021 PROJECTED

- $4 million from Insurance Fund

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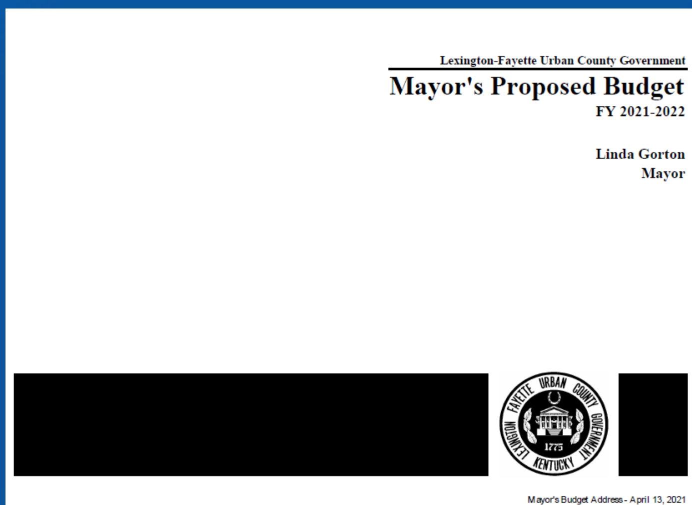
Pre-Funding with FY21 Budget Savings


Lexington-Fayette Urban County Government

Mayor's Proposed Budget

FY 2021-2022

Linda Gorton

Mayor

Mayor's Budget Address - April 13, 2021

FY22 Proposed Budget balanced with $7,935,497 in prefunding

BUDGET AMENDMENT 1

- Versailles Road Amenities $356,000 (GF)

BUDGET AMENDMENT 2

- FY22 ESR $3,664,797
- Police Computers $430,000
- Fire Turnout Gear $343,000
- Fire Cardiac Monitors $180,000
- Police MDCs $90,000
- Police Ballistic Vests $80,000
- Coroner Medical Lift $25,000
- Corrections Kitchen Equip. $17,600
- FCC Playground Repair $15,000
- E911 HVAC Replacement $13,000
- EM Alertus Beacons $10,000
- Environmental Quality Comm. $5,000
- EM Motherboard $3,700
- EM Laptop Computers $2,400

BUDGET AMENDMENT 3

- Street Light Transfer $2,000,000
- Jobs Fund $500,000
- Energy Improvement Fund $100,000
- PFC Balancing (KY Theater) $100,000

Questions?

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FY 2022
MAYOR'S PROPOSED BUDGET
(MPB)

Urban County Council

Budget Committee Of the Whole (COW)

April 27, 2021

LEXINGTON

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Mayor's Guiding Principles for FY 2022

- No tax increases
- Maintain Public Safety
- Increase Social Services
- Increase access to Affordable Housing
- Sustain economic development momentum
- Preserve and enhance quality of life in neighborhoods
- Preserve and enhance Parks and Recreation infrastructure, recreational services, and programs
- Invest in paving and traffic/pedestrian infrastructure
- Limited use of non-recurring funds
- No employee layoffs

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Revenue Overview

- **FY21 Revenues**
  - Much stronger than anticipated that allowed for pre-funding of $7,935,497 in current fiscal year
- **FY22 Revenue Estimate**
  - Utilized external resources to validate internal evidence that revenues were rebounding
    - UK Center for Business and Economic Research
    - State and other Cities
    - National Economic Forecast
- **Bond Rating Affirmation**
  - Held firm during tumultuous time

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By the Numbers

▪ Earned Revenue	$376,786,037
▪ Expenditures	$398,733,747
▪ Shortfall	**$ 21,947,710**

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General Fund Revenue Breakdown

	FY2020 Actual	FY2021 Estimated	FY2022 Proposed	% Change FY21 vs FY22
Payroll Withholding	$ 205,058,238	$ 206,500,000	$ 210,250,000	2%
Net Profit	$ 37,941,293	$ 41,000,000	$ 43,100,000	5%
Insurance	$ 35,023,820	$ 35,500,000	$ 36,100,000	2%
Franchise Fees	$ 25,478,399	$ 25,532,710	$ 25,532,710	0%
Total - Big Four	**$ 303,501,750**	**$ 308,532,710**	**$ 314,982,710**	2%
All Other Revenue	$ 62,978,001	$ 60,172,427	$ 61,803,327	3%
All GF Revenues	**$ 366,479,751**	**$ 368,705,137**	**$ 376,786,037**	2%

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All Revenue Sources Required to Balance

FY21 GF

- Pre-Funding from FY 2021
  - **$7,935,497**

FY22 GF

- Earned Revenue
  - **$376,786,037**
- Use of Budget Stabilization
  - **$3,920,983**
  - *Current Balance is $25,000,000*

FY22 ARPA

- Use of American Rescue Plan Act (ARPA)
  - **$10,091,230**
  - *Estimated Allocation $120,000,000*
- Use of Economic Contingency
  - **$0**
  - *Current Balance is $42,000,000*

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Expenses

MPB includes expenses of $398,733,747

- Funded by a combination of revenue sources

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Making Up the Budget Shortfall – Prefund in FY 2021

Various Expenses

Street Light Transfer	-$2,000,000
Energy Improvement Fund	-$100,000
ESR	-$3,664,797
Jobs Fund Transfer	-$500,000
Public Facilities Corp Balancing (Kentucky Theater)	-$100,000
Environmental Quality Commission	-$5,000
Versailles Road Amenities (General Fund portion)	-$356,000
Family Care Center Toddler Playground Repair	-$15,000
E911 HVAC Replacement	-$13,000
Corrections Kitchen Equipment	-$17,600
Coroner Mechanical Lift	-$25,000
Police MDCs	-$90,000
Police Ballistic Vests	-$80,000
Police Computers	-$430,000
Fire Turnout Gear	-$343,000
Fire Cardiac Monitors	-$180,000
Emergency Management Alertus Beacons	-$10,000
Emergency Management Motherboard	-$3,700
Emergency Management Laptop Computers	-$2,400
	$7,935,497

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Making Up the Budget Shortfall – Use of Budget Stabilization

Increased Pension Expenses

Budget Stabilization funds were only used to cover the increased cost of the CERS Pension in FY22. The amount of budget stabilization used was $3,920,983.

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Making Up the Budget Shortfall – Use of ARPA

Federal Relief Funds

- **FY 2022 ARPA Anticipated Revenue**
  - Estimated $61,000,000 to be received before 06/30/2021
  - Additional estimated $61,000,000 to be received around 06/30/2022
  - *Guidance for use expected from Department of Treasury in mid-May*

Making Up the Budget Shortfall – Use of ARPA

Investing in People, Programs and Partners

	FY22
	All Rescue
	$61,500,000.00
Lakeside Irrigation Replacement	-$1,300,000.00
Shillito Parking Lot Construction	-$400,000.00
Woodland Restroom	-$375,000.00
Ecton Concession/Restroom Building	-$300,000.00
Northeastern Playground	-$250,000.00
Douglass Pool Slide	-$175,000.00
Berry Hill Park Basketball Court	-$175,000.00
River Hill Sports Courts	-$165,000.00
Masterson Station Park Playground	-$150,000.00
Gardenside Playground	-$150,000.00
Pine Meadows Playground and Improvements	-$150,000.00
ADA Improvements at Parks	-$125,000.00
Mary Todd Basketball Court	-$118,000.00
Southland Parking Lot Repair	-$100,000.00
Dogwood Park Basketball Court	-$95,000.00
Meadowthorpe Park Roof	-$80,000.00
Raven Run Prather House Roof	-$50,000.00
Buckhorn Park Phase II	-$45,000.00
Lyric Theatre	-$127,500.00
LexArts	-$325,000.00
Explorium	-$125,000.00
Economic Development Grants to Partners	-$300,000.00
Human Rights Commission	-$205,730.00
Workforce Development Grants	-$200,000.00
NAMI - Mental Health Court	-$170,000.00
Recovery Supportive Living Assistance (RSLA)	-$60,000.00
Homelessness Allocation	-$750,000.00
Affordable Housing Allocation	-$3,000,000.00
PPE Reserve for LFUCG	-$225,000.00
New Department Code Enforcement Grant	-$200,000.00
Emergency Financial Assistance - Social Services	-$200,000.00
	Projected Use of Rescue Funds
	-$10,091,230.00

TOURISM RELATED PROJECTS (including Parks)
"aid to impacted industries such as tourism, travel and hospitality"

PARTNER ALLOCATIONS
"assistance to nonprofits"

EMERGENCY RESPONSE
"respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households"

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Use of FY 2022 Earned Revenue

Investing in People

- 3% salary increases for all non-sworn personnel (Valued at $3,100,000 overall, $1,900,000 in the General Fund only - details on application in progress)
- 30 New/Expanded Positions (includes 11 from frozen list)
- Salary increases for Social Workers and Engineers to bring closer to market rate
- Overtime dollars for paramedicine program to meet demands

Frozen ?	Department Name	Description
	Traffic Engineering	Fiber Optic Technician (NEW)
Y	Streets and Roads	Refund #5228 - Apprentice
	Streets and Roads	New Apprentice
Y	Streets and Roads	Refund #277 - Public Service Worker Senior
Y	Commissioner of General Services	Refund Commissioner #735
Y	Budgeting	Refund Sr. Bud Analyst in place of (Admin #36)
	New Department	New Department Commissioner
	New Department	New Department AOsr
Y	Law	Refund #128 in the 6021 fund
Y	IT Admin	Refund AO in place of #3226(AO SR) - Abolish/Create w/Computer
Y	Environmental Services	Refund#4985 Arborist Technician
	Police	Sergeant for Neighborhood Resource Officers (NRO)
	Police	5 Officers for the Neighborhood Resource Officer Program
Y	Police	4 Civilian Safety Officers
	Fire	Fleet Operations Manager
	Fire	Billing Specialist-Placeholder for Coding Specialist
	Enhanced 911	3 Telecommunicator - 3@3 Months
	Enhanced 911	Radio Electronics Specialist
	Mayor's Office	Administrative Aide to the Mayor, Sr.
	Grants and Special Programs	Grants Manager, Sr. (add grant portion)
	Grants and Special Programs	Affordable Housing Analyst (add grant portion and AH fund)

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Use of FY 2022 Earned Revenue

Investing in the Mayor’s Commission on Racial Justice and Equality Recommendations

- **$20,000** increase in LFUCG minority recruiting efforts
- **$113,668** in personnel funding for new Racial Equality position in Mayor’s Office
- **$25,000** in professional services for Mayor’s Office Commission initiatives
- **$602,694** for five Neighborhood Resource Officers, one sergeant, and vehicle expenses
- **$1,000,000** increased allocation to Affordable Housing Trust Fund for a total FY 2022 investment of **$3,000,000** (ARPA)
- **$229,862** for two positions to staff the new Department of Housing Advocacy and Community Development
- **$200,000** for Code Enforcement Assistance Program (ARPA)

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Use of Bond and Municipal Aid Program

Investing in Infrastructure

Bonded Projects	
Bond Paving	$ 10,000,000
Man O War	$ 1,000,000
MAP Funded Projects	
MAP Paving	$ 2,811,947
Pavement Survey	$ 271,178
Total Paving	$ 14,083,125

Total Paving Budget

MAP Funding List

Streets and Roads	Pavement Management Survey		271,178
Streets and Roads	Paving / Maintenance / Crack Seal / Rejuvenation - Part 2		2,811,947
Streets and Roads	Transfer for Personnel		812,610
Streets and Roads	Transfer for Debt Service		1,296,875
Traffic Engineering	Regulatory Sign Compliance		100,000
Engineering	Construction Program Management		200,000
Engineering	Fieldstone Way Connector to Snaffle Road		20,000
Engineering	Lane Allen Sidewalk Connectivity		30,000
Engineering	Liberty Road Improvements		160,000
Engineering	N. Limestone Sidewalk		40,000
Engineering	South Elkhorn Trail Section 2 Shared Use Path		50,000
Engineering	Squires Road Sidewalk		40,000
Engineering	Wilson Downing Sidewalks		210,000
Engineering	Transfer for Citation/Winburn		168,750
Engineering	Transfer for Personnel		775,000
Traffic Engineering	Intersection and Pedestrian Improvements		80,000
Traffic Engineering	Neighborhood Traffic Management Program (NTMP)		100,000
Traffic Engineering	Traffic Signals		300,000
Traffic Engineering	UK Area Bike/Ped Improvements		100,000
		TOTAL	**7,566,360**

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Bond Projects

Investing in Capital Improvements

Division	Project Name	FY22 Funde
Streets and Roads	Catch Basins and Sidewalks	150,000
Streets and Roads	Man O War Repaving	1,000,000
Streets and Roads	Paving / Maintenance / Crack Seal / Rejuvenation - Part	10,000,000
Revenue	Federal Tax Information Management System Software	150,000
Facilities and Fleet Man	Family Care Center Roof - 10 year restoration	890,000
Facilities and Fleet Man	Fleet Management Heavy Lot Concrete Replacement	82,500
Facilities and Fleet Man	Govt Ctr Annex & Police HQ Roof Restoration	510,000
Facilities and Fleet Man	Police West Envelope Project	935,000
Facilities and Fleet Man	Replace non-police vehicles and equipment - light and h	2,000,000
Parks and Recreation	Bleacher Replacement	110,000
Information Technology	Critical Phone Upgrades	374,996
Coroner	Vehicle - Covered Pickup	50,000
Community Corrections	Refrigerator/Freezer Repair	120,000
Community Corrections	Roof Architecture and Engineering	450,000
Community Corrections	Sallyport Doors	224,000
Emergency Managemen	Ourdoor Warning Siren Poles	45,000
Emergency Managemen	Outdoor Warning Siren at Waverly	45,000
Fire	Fire Heavy Fleet	1,862,000
Fire	Fire Light Fleet	325,000
Fire	Mobile Data Computer (MDC)	360,000
Police	Police Command Post	750,000
Police	Police Vehicles	2,330,000
Government Communic	LexTV Camera Update	79,800
Purchase of Developme	PDR Agricultural Land Easement Acquisition	2,000,000
	TOTAL	**$ 24,843,296**

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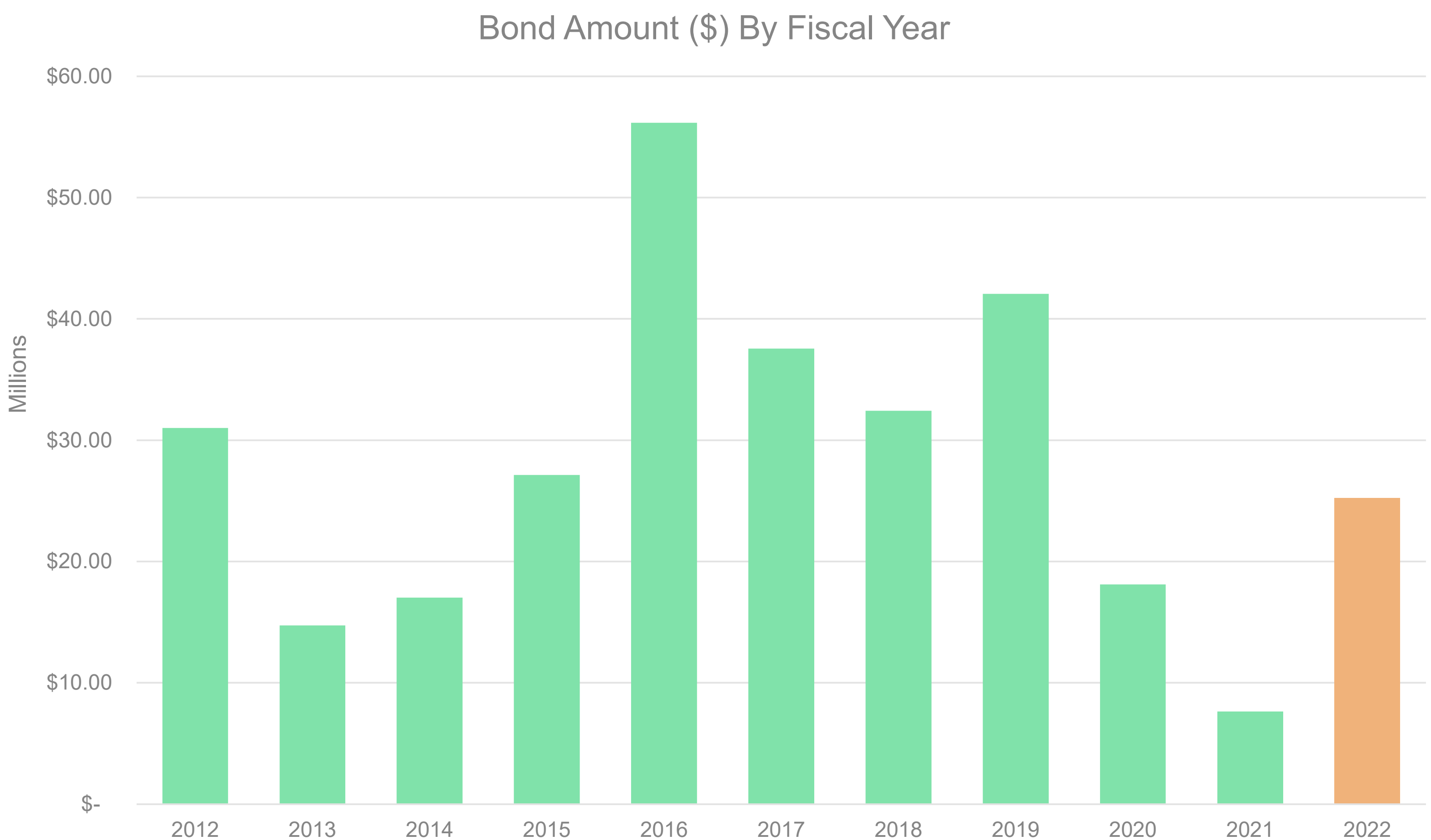
Bond History



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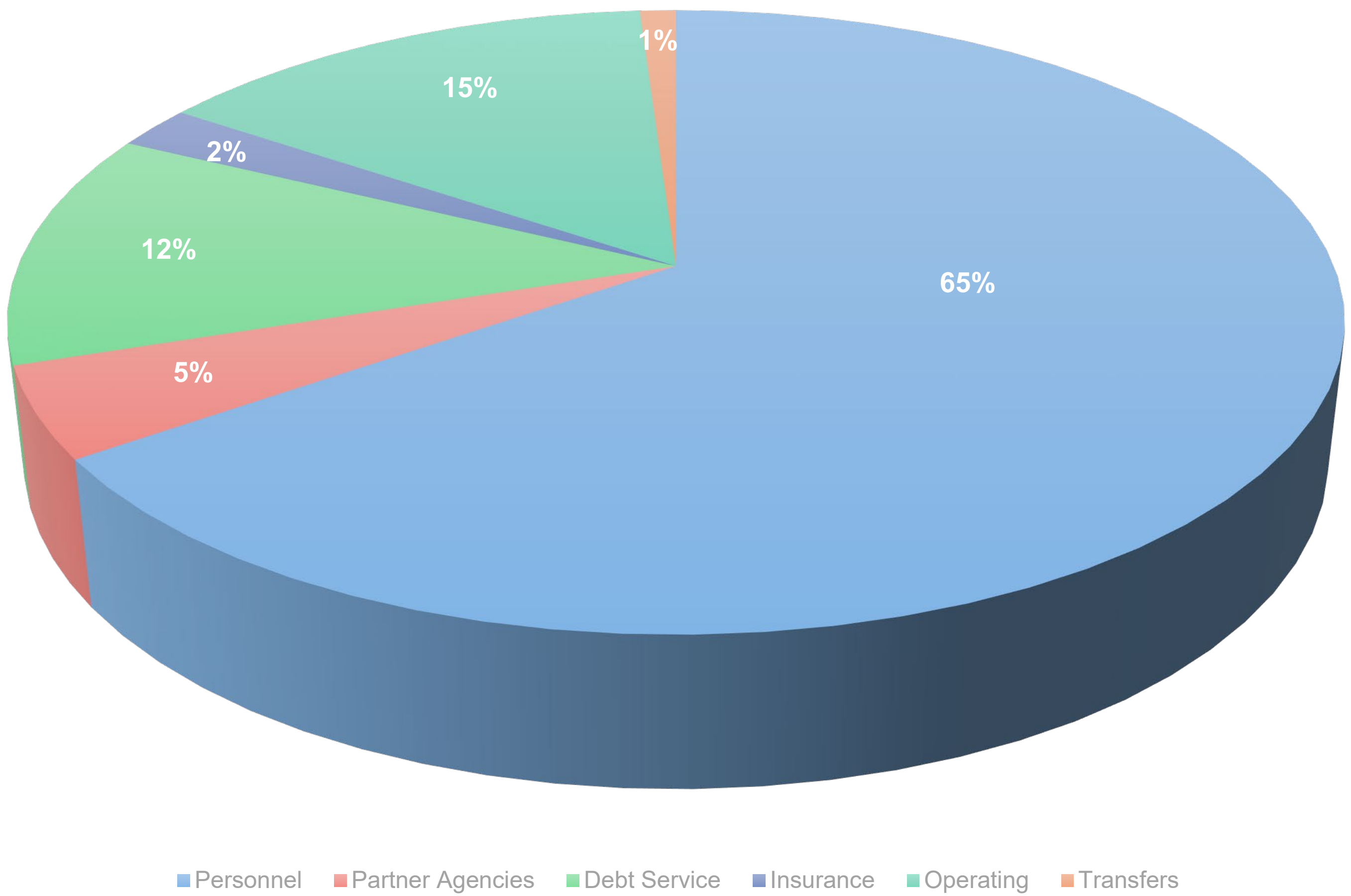
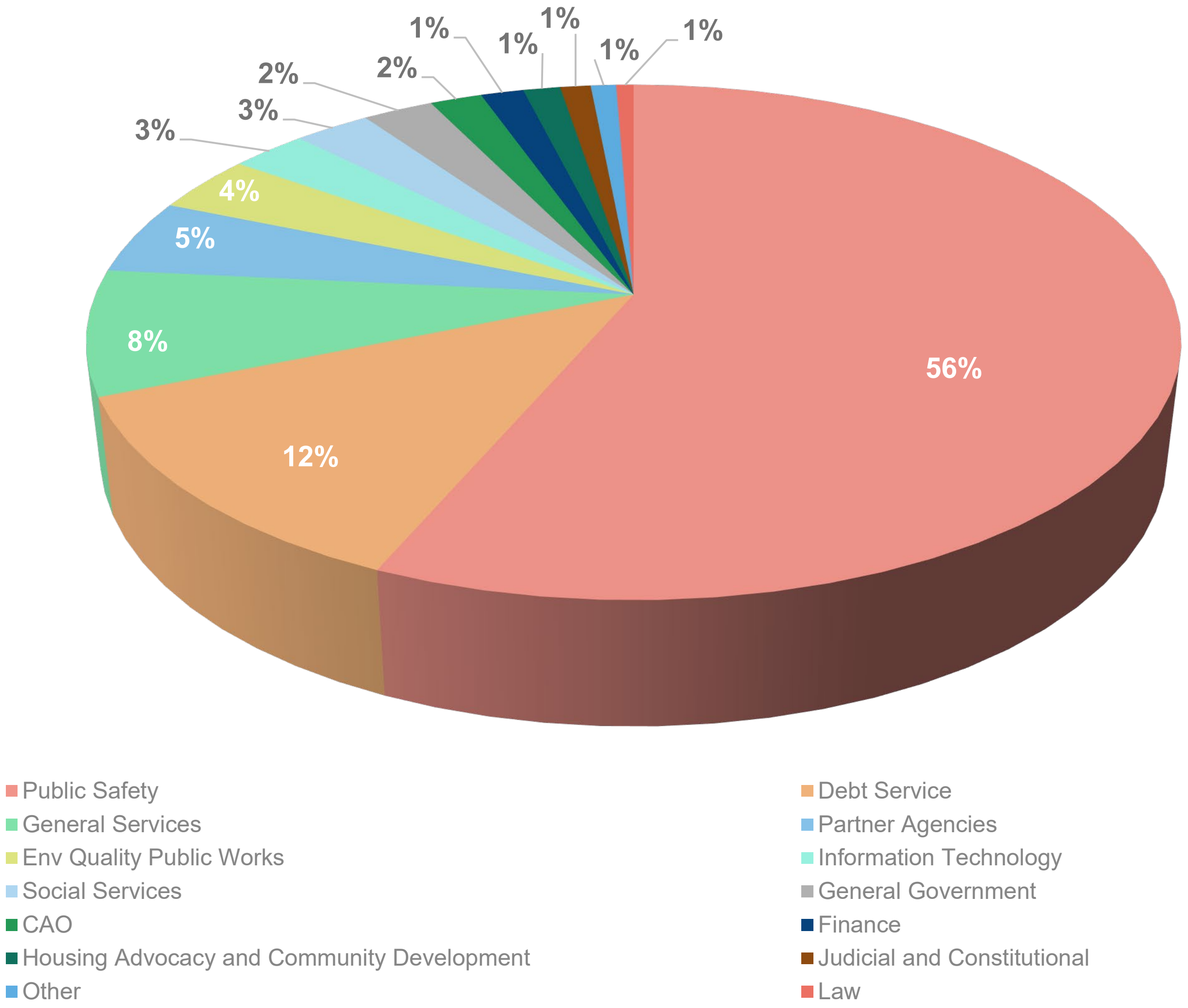
General Fund MPB By Category – FY 2022



General Fund MPB By Department – FY 2022



OTHER MAJOR FUNDS

Urban Services Fund

- Highlights

Urban Services Fund	
Estimated Fund Balance (7/1/21)	$12,000,000
Revenue	$47,245,952
Operating	$45,197,262
Capital	$6,650,900

- $3.5M for Refuse Trucks
- $300K for Street Sweeper
- Various Building Repairs for Waste Management

Municipal Aid Fund

- Highlights

Municipal Aid Program (MAP) Fund	
Estimated Fund Balance (7/1/21)	$2,000,000
Revenue	$5,566,360
Operating	$921,178
Capital	$3,591,947
Transfers (Personnel & Bond)	$3,053,235

Mineral Severance Fund

- Highlights

Mineral Severance Fund	
Revenue	$300,025
Operating	$250,000

- $150K for Trail Maintenance
- $100K for Long Line Striping

Sanitary Sewer Fund

- Highlights

Sanitary Sewer Revenue and Operating Fund	
Revenue	$88,255,160
Operating	$65,193,651
Capital	$1,880,250

- Funding for Town Branch and West Hickman Treatment Plant Capital Repairs and Maintenance
- Additional revenue offsets Consent Decree capital expenditures

Sanitary Sewer Construction Fund

- Highlights

Sanitary Sewer Construction Fund	
Estimated Fund Balance (7/1/21)	$26,000,000
Operating	$2,700,000
Capital	$22,450,000

- Funding for projects to comply with the EPA Consent Decree

Water Quality Fund

- Highlights

Water Quality Fund	
Revenue	$15,480,000
Operating	$10,216,492
Capital	$9,900

- Panhandler Van Litter Pick-Up Program

Water Quality Construction Fund

- Highlights

Water Quality Construction Fund	
Estimated Fund Balance (7/1/21)	$5,700,000
Operating	$2,836,000
Capital	$2,825,000

- $1.52M for Water Quality Incentive Grant Program

Landfill Fund

- Highlights

Landfill Fund	
Revenue	$7,324,700
Operating	$3,406,149
Personnel	$1,481,779
Capital	$850,000

- $650K for Waste Transfer Station Floor Replacement
- $200K for Haley Pike Sewage Pipe Project

Questions?

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