J. Brown, Chair
C. Ellinger, Vice Chair
D. Wu
H. LeGris
L. Sheehan
P. Worley
F. Brown
W. Baxter
J. Reynolds
K. Plomin

A G E N D A

Budget, Finance & Economic Development Committee

June 25, 2024
1:00 P.M.

I.	**Approval of March 19, 2024, Committee Summary**	**(2 - 3)**
II.	**Monthly Financial Update – June 2024** (Hensley / Lueker / Holbrook)	**(4 - 20)**
III.	**Public Infrastructure Program Update** (J. Brown / Bencz)	**(21 - 40)**
IV.	**Economic Contingency Fund Update** (J. Brown / Simpson)	**(41 - 52)**
V.	**Change Orders Update** (Plomin / Slatin)	**(53 - 59)**
VI.	**Items Referred to Committee**	**(60)**

"Budget, finance and economic development committee, to which shall be referred matters relating to the department of finance and its divisions, and any related partner agencies, including capital projects, the urban county courts and constitutional officers, fiscal operations of the government, revenues and expenditures of the government, and organization changes which affect the fiscal operations of the government (consideration limited to operational aspects only) and to which shall be referred matters relating to economic development and related partner agencies. Additionally, this committee shall review the final audit report and management letter of the accounting firm recommended by the mayor and selected by the council to conduct the annual financial audit of the urban county government and shall report its findings concerning the same to the mayor and council for appropriate action." – Council Rules & Procedures, Section 2.102 (4), as adopted by Urban County Council November 1, 2018.

2024 Meeting Schedule

~~January 30~~	August 27
~~February 27~~	September 24
~~March 19~~	October 29
~~June 25~~	November 19

2024 Budget COW Schedule

~~April 23~~	~~May 28~~
~~May 30~~	

Budget, Finance & Economic Development Committee
March 19, 2024
Summary and Motions

Chair James Brown called the meeting to order at 1:01 p.m. Vice Mayor Dan Wu and Council Members Chuck Ellinger, Hannah LeGris, Liz Sheehan, Preston Worley, Fred Brown, Jennifer Reynolds, and Kathy Plomin were in attendance. Council Members Tayna Fogle, Shayla Lynch, Brenda Monarrez, Denise Gray, and Dave Sevigny were also present as non-voting members.

I. Approval of February 27, 2024 Committee Summary

A motion by Plomin to approve the February 27, 2024 Committee Summary, seconded by Ellinger, the motion passed without dissent.

II. Monthly Financial Update – March 2024

Commissioner Hensley provided a brief update on the monthly financials. Revenue continues to run a positive variance to budget, primarily due to greater than budgeted insurance premium tax collections and investment income. Payroll withholdings tax collections returned to 6.1% growth over prior year, which was the level experienced for the first six months of the fiscal year. While there are significant budgetary savings shown, it should be noted that more operating dollars to date have been spent than what was spent during eight periods in FY2023. As of this date, taking into consideration revenue, expenses, and transfers, FY2024 performance reflects a surplus of $21 million or more.

No action was taken on this item.

III. Commerce Lexington Regional Competitiveness Plan Update

Andi Johnson, Chief Policy Officer and Director of Regional Engagement, presented on the Commerce Lexington (CLEX) Regional Competitiveness Plan. LFUCG has invested $300,000 in CLEX for economic development in Lexington-Fayette County.

To date, LFUCG has invested $322,000 in CLEX for the Regional Competitiveness Plan. Funding is being used to: create a regional brand identity, refresh regional job attraction website, increase visibility of Greater Lex assets to site selectors and industry targets, educate regional leaders on regional competitiveness strategies, develop a regional talent attraction marketing website, develop talent attraction social media and marketing campaign, and develop strategies to increase student and business connections.

Measurable goals are to increase regional job, wage, and GDP growth rates to the national average, increase regional labor force including attraction and retention of young professionals, and attract state and federal funding and advocate for policy improvements to support the plan.

The Regional Competitiveness Plan has 3 execution tactics: economic development, workforce talent, and policy/advocacy. Strategic targets for economic development are biopharma and life sciences, Agbio, AgTech, business and financial services, medical devices, marketing and design, automotive, food and beverage processing, and warehousing and logistics.

The talent attraction strategy for workforce includes: creating a regional talent attraction website, creating talent social media and marketing campaign, hosting internal stakeholder workshops and talent campaign launch, and developing a strategy to connect businesses with students to enhance retention. The new talent attraction website is lookatlex.com and will include a cost-of-living calculator, job boards, connections to social media and digital marketing, and employer toolkits and media.

Policy advocacy funding is going towards the Kentucky Product Development Initiative (KPDI) and talent attraction marketing for the state campaign and local/regional grants. KPDI has 12 approved projects, $12.4 million in state funding and a total of $43.9 million in local and state investments. "Greater Lex" branding has support from our regional partners and is the name of the Regional Competitiveness Plan moving forward.

No action was taken on this item.

IV. Parks Funding Ballot Referendum

This item was reported out early at the April 9th, 2024 Work Session.

V. Adjournment

<u>A motion by Plomin to adjourn at 2:42pm, seconded by Ellinger, the motion passed without dissent.</u>

MONTHLY FINANCIAL UPDATE
FY2024 - MAY

Budget, Finance, and Economic Development Committee
June 25, 2024

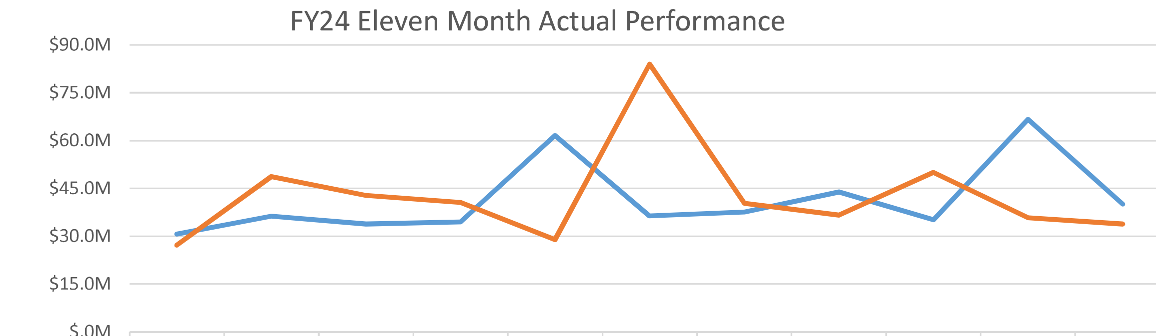
Revenue Director Wesley Holbrook
Budget Director Melissa Lueker

LEXINGTON

11 Month Performance Review (Actuals)

May FY24	
Revenues	$ 456,689,360
Expenses	($408,109,836)
Transfers	($ 60,700,369)
Surplus/(Deficit)*	($ 12,120,845)

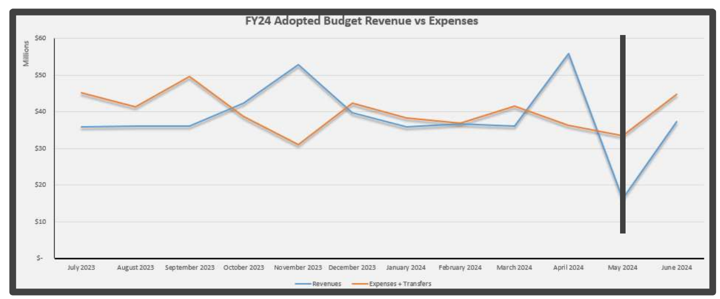
*See Fund Balance slide for additional details



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Revenues	$30.72M	$36.29M	$33.84M	$34.51M	$61.55M	$36.36M	$37.64M	$43.92M	$35.16M	$66.6M	$40.1M
Exp/Xfers	$27.25M	$48.68M	$42.79M	$40.58M	$28.93M	$83.97M	$40.34M	$36.59M	$50.02M	$35.8M	$33.8M

Factors to Consider

- Revenues continue to run a positive variance to Budget, primarily due to greater than budgeted Insurance Premium tax collections, Investment Income, and EMS Fees. Payroll Withholding Tax collections slightly fell to 5.6% growth over prior year. Net Profits are trending under FY2023 collections.
- The Prefunding BA (2nd Reading June 13th) adjusts up the revenue budgets for Payroll Withholding, Net Profits, Insurance Tax, EMS Fee, and Interest Income. Additional expenses approved as prefunding are not yet reflected in these reports.
- The Operating budget currently shows ~$25.7 million positive variance; however, much of that savings is encumbered and will be carried forward to the FY2025 budget for open expenditures



FY2024 Adopted Budget

Actual Performance and October Fund Balance

The Fund Balance Effect - December transfers include $55.9 million from FY23 General Fund Balance to the General Capital Fund, Economic Development Fund, and Affordable Housing Fund for Council obligations determined at the October Budget Committee of the Whole. If $55.9 million in fund balance were carried forward to the current year for balancing, performance would reflect a surplus of $43.7+ million for FY24.

May FY24	
Revenues	$ 456,689,360
Expenses	($408,109,836)
Transfers	($ 60,700,369)
Surplus/(Deficit)	($ 12,120,845)

May FY24	
Use of FY23 Fund Balance	$ 55,900,000
Revenues	$ 456,689,360
Expenses	($408,109,836)
Transfers	($ 60,700,369)
Surplus/(Deficit)	$ 43,779,155

**Actuals adjusted to reflect impact of Fund Balance transfers balanced by FY23 Carryforward. Does not reflect actions taken at the May Budget COW or June approved Budget Adjustments*

LEXINGTON

2024 Fiscal Year – Cash Flow Variance Revenue (Actual to Budget)

For the eleven months ended May 31, 2024	Actuals	Budget	Variance	% Var
Revenue				
Payroll Withholding	247,423,708	241,650,000	5,773,708	2.4%
Net Profit	62,796,369	58,200,000	4,596,369	7.9%
Insurance	44,604,827	38,900,000	5,704,827	14.7%
Franchise Fees	25,808,182	26,250,000	(441,818)	-1.7%
Other Licenses & Permits	6,467,240	6,273,810	193,430	3.1%
Property Tax Accounts	30,040,916	30,200,787	(159,871)	-0.5%
Charges for Services	28,746,463	24,969,635	3,776,828	15.1%
Fines and Forfeitures	224,695	150,042	74,653	49.8%
Intergovernmental Revenue	937,723	639,225	298,498	46.7%
Property Sales	222,427	137,500	84,927	61.8%
Investment Income	3,210,680	180,000	3,030,680	1,683.7%
Other Financing Sources	1,677,086	461,631	1,215,455	263.3%
Other Income	4,529,044	3,220,973	1,308,071	40.6%
Total Revenues	**$456,689,360**	**$431,233,603**	**$25,455,757**	**5.9%**

LEXINGTON

2024 Fiscal Year – Cash Flow Variance Revenue (CY to PY)

For the eleven months ended May 31, 2024				
	FY 2024	**FY 2023**	**Variance**	**% Var**
Revenue				
Payroll Withholding	247,423,708	234,403,896	13,019,812	5.6%
Net Profit	62,796,369	66,296,926	(3,500,557)	-5.3%
Insurance	44,604,827	40,318,878	4,285,949	10.6%
Franchise Fees	25,808,182	27,412,486	(1,604,304)	-5.9%
Other Licenses & Permits	6,467,240	6,414,655	52,585	0.8%
Property Tax Accounts	30,040,916	29,486,235	554,681	1.9%
Charges for Services	28,746,463	32,051,805	(3,305,342)	-10.3%
Fines and Forfeitures	224,695	217,240	7,455	3.4%
Intergovernmental Revenue	937,723	754,629	183,094	24.3%
Property Sales	222,427	356,932	(134,505)	-37.7%
Investment Income	3,210,680	1,051,219	2,159,461	205.4%
Other Financing Sources	1,677,086	253,442	1,423,644	561.7%
Other Income	4,529,044	4,425,286	103,758	2.3%
Total Revenues	**$456,689,360**	**$443,443,629**	**$13,245,731**	**3.0%**

LEXINGTON

2024 Fiscal Year – Cash Flow Variance Expense (Actual to Budget)

For the eleven months ended May 31, 2024	Actuals	Budget	Variance	% Var
Expense				
Personnel	257,007,854	266,944,817	9,936,963	3.7%
Operating	54,684,072	80,369,510	25,685,438	32.0%
Insurance Expense	12,336,710	12,666,648	329,938	2.6%
Debt Service	51,443,554	55,722,111	4,278,557	7.7%
Partner Agencies	26,810,361	27,251,742	441,381	1.6%
Capital	5,827,285	7,795,420	1,968,135	25.2%
Total Expenses	**$408,109,836**	**$450,750,248**	**$42,640,412**	**9.5%**
Transfers	**60,700,369**	**61,720,779**	**1,020,410**	**1.7%**
Change in Fund Balance	**($12,120,845)**	**($81,237,424)**	**$69,116,579**	

LEXINGTON

2024 Fiscal Year – Cash Flow Variance Expense (CY to PY)

For the eleven months ended May 31, 2024				
	FY 2024	**FY 2023**	**Variance**	**% Var**
Expense				
Personnel	257,007,854	233,945,420	23,062,434	9.9%
Operating	54,684,072	49,764,432	4,919,640	9.9%
Insurance Expense	12,336,710	8,747,281	3,589,429	41.0%
Debt Service	51,443,554	53,400,039	(1,956,485)	-3.7%
Partner Agencies	26,810,361	25,780,874	1,029,487	4.0%
Capital	5,827,285	4,322,297	1,504,988	34.8%
Total Expenses	**$408,109,836**	**$375,960,343**	**$32,149,493**	**8.6%**
Transfers	**60,700,369**	**34,327,214**	**26,373,155**	**76.8%**
Change in Fund Balance	**($12,120,845)**	**$33,156,072**	**($45,276,917)**	

Questions?

LEXINGTON

ARPA FINANCIAL UPDATE

Approved Budget and Actual Expenditures

Through May 31, 2024

LEXINGTON

ARPA DASHBOARD

as of May 31, 2024

Total ARPA Allocated
$121.2 Million
100%

Total ARPA Obligated
$112.9 Million
93%

Total ARPA Expended
$85.7 Million
71%

Funding Overview by ARPA Expenditure Category

Total Grant Budget

1. Public Health — $ 1,127,830

- Eligible projects include services and programs to contain and mitigate COVID-19 spread and services to address behavioral healthcare needs exacerbated by the pandemic.

2. Negative Economic Impacts — $ 36,598,184

- Eligible projects include those that address the negative impacts caused by the public health emergency including assistance to workers; small business support; speeding the recovery of tourism, travel, and hospitality sectors; and rebuilding public sector and non-profit capacity. This category also includes programs and projects that support long-term housing security and promote strong, healthy communities.

3. Economic Impact: Public Sector/Health Capacity — $ 6,800,000

- Eligible projects include expenses for payroll, rehiring, enhanced service delivery, and administrative needs for public sector health, safety, or human services workers.

4. Premium Pay — $12,954,007

- ARPA funding provides resources to local government to recognize the heroic contributions of essential workers. Eligible workers include a broad range of essential workers who must be physically present at their job.

5. Infrastructure — $ -

- Eligible projects include necessary improvements in water, sewer, and broadband infrastructure

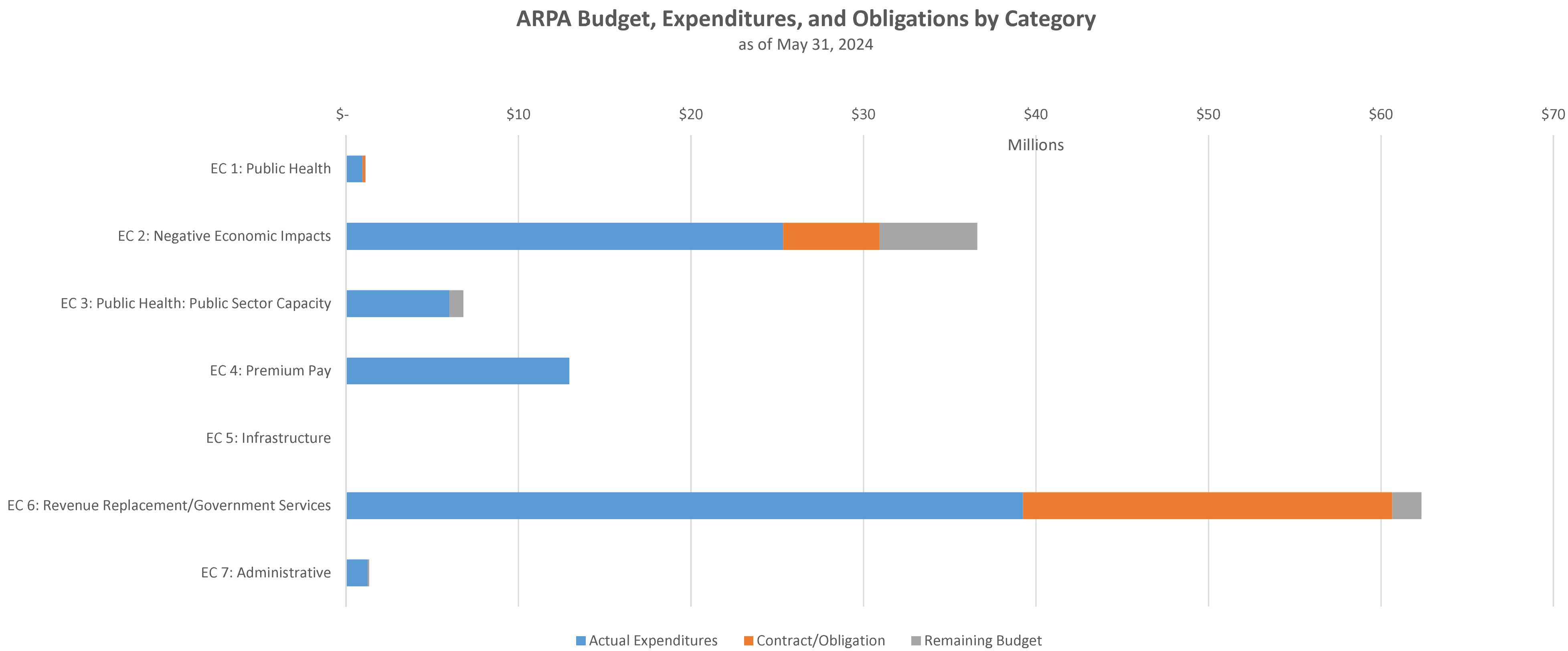
6. Revenue Replacement for General Government — $ 62,350,312

- Local governments facing budget shortfalls are permitted to use funding to replace lost revenue for the purpose of providing governmental services. These services may include recreation, transportation, economic development, and other general government services.

7. Administration — $ 1,347,725

- Local governments are permitted to use funding for administering ARPA funds, including costs of in-house staff or consultants to support effective oversight and ensuring compliance with legal, regulatory, and other requirements. A project contingency is also held in this Expenditure Category.

Please see ARPA Revenue and Expense Report for details



TOTAL EXPENDITURES THROUGH MAY 31, 2024
$85,744,302

LEXINGTON

ARPA State and Local Fiscal Recovery Funds
Revenue and Expense Report

For the period through May 31, 2024

	Actuals	Budget	Variance
Revenue			
LFUCG Allocation	$ 121,178,058	$ 121,178,058	$ -
Total Revenues	**$ 121,178,058**	**$ 121,178,058**	**$ -**

For the period through May 31, 2024

			Obligated	Budget	Variance
Expense					
EC 1: Public Health			$ 1,117,890	$ 1,127,830	$ (9,940)
1.05	Personal Protective Equipment	Personal Protective Equipment for LFUCG	$ 5,763	$ 5,763	$ (0)
1.11	Community Violence Interventions	Safety Net Program - Project Peace (Lexington Rescue Mission)	$ 350,000	$ 350,000	$ -
1.11	Community Violence Interventions	It Takes a Village - Mentoring Program (Personnel)	$ 252,128	$ 262,067	$ (9,939)
1.12	Mental Health Services	NAMI - Mental Health Court Funding (FY22)	$ 170,000	$ 170,000	$ -
1.12	Mental Health Services	NAMI - Mental Health Court Funding (FY23)	$ 170,000	$ 170,000	$ -
1.12	Mental Health Services	NAMI - Mental Health Court Funding (FY24)	$ 170,000	$ 170,000	$ -

LEXINGTON

ARPA State and Local Fiscal Recovery Funds
Revenue and Expense Report

For the period through May 31, 2024

			Obligated	Budget	Variance
Expense (Continued)					
EC 2: Negative Economic Impacts			$ 30,935,385	$ 36,598,184	$ (5,662,799)
2.02	Household Assistance: Rent, Mortgage, and Utility Aid	Emergency Financial Assistance for Residents (FY22)	$ 240,846	$ 240,846	$ -
2.02	Household Assistance: Rent, Mortgage, and Utility Aid	Emergency Financial Assistance for Residents (FY23)	$ 251,776	$ 251,776	$ -
2.02	Household Assistance: Rent, Mortgage, and Utility Aid	Emergency Financial Assistance for Residents (FY24)	$ 300,000	$ 300,000	
2.02	Household Assistance: Rent, Mortgage, and Utility Aid	Recovery Supportive Living Assistance (FY22)	$ 200,000	$ 200,000	$ -
2.02	Household Assistance: Rent, Mortgage, and Utility Aid	Recovery Supportive Living Assistance (FY23)	$ 200,000	$ 200,000	$ (0)
2.10	Assistance to Unemployed or Underemployed Workers	Summer Youth Work Readiness Program	$ 542,183	$ 960,000	$ (417,817)
2.15	Long-Term Housing Security: Affordable Housing	Shropshire Affordable Housing Project Site Improvements	$ 750,000	$ 750,000	$ -
2.15	Long-Term Housing Security: Affordable Housing	Affordable Housing	$ 9,948,350	$ 10,000,000	$ (51,650)
2.15	Long-Term Housing Security: Affordable Housing	Affordable Housing - Additional Allocation	$ 2,316,452	$ 3,125,000	$ (808,548)
2.15	Long-Term Housing Security: Affordable Housing	Affordable Housing - Additional Allocation - FY24	$ -	$ 4,001,790	$ (4,001,790)
2.16	Long-Term Housing Security: Services for Unhoused Persons	OHPI Homelessness Allocation (FY22)	$ 642,893	$ 642,893	$ 0
2.16	Long-Term Housing Security: Services for Unhoused Persons	OHPI Homelessness Allocation (FY23)	$ 824,403.49	$ 824,764	$ (361)
2.16	Long-Term Housing Security: Services for Unhoused Persons	OHPI Homelessness Allocation (FY24)	$ 670,512	$ 750,000	$ (79,488)
2.16	Long-Term Housing Security: Services for Unhoused Persons	Homelessness Contracts via Department of Housing and Community Development RFP	$ 3,717,025	$ 3,717,025	$ 0
2.16	Long-Term Housing Security: Services for Unhoused Persons	Homelessness Contracts - Non-Shelter Eligible Families/Individuals	$ 159,828	$ 159,828	$ (0)
2.16	Long-Term Housing Security: Services for Unhoused Persons	COVID-19 Alternate Shelter for Winter Warming - 2022/2023	$ 1,315,762	$ 1,315,762	$ (0)
2.12	Long-Term Housing Security: Services for Unhoused Persons	COVID-19 Alternate Shelter for Winter Warming - 2023/2024	$ 1,072,000	$ 1,072,000	$ (0)
2.16	Long-Term Housing Security: Services for Unhoused Persons	Domestic Violence Sheltering: Greenhouse 17	$ 400,000	$ 400,000	$ -
2.22	Strong Healthy Communities: Promote Health and Safety	Village Branch Library Construction	$ 1,000,000	$ 1,000,000	$ -
2.22	Strong Healthy Communities: Promote Health and Safety	Black and Williams Center Improvements - Gymnasium	$ 1,736,854	$ 2,040,000	$ (303,146)
2.22	Strong Healthy Communities: Promote Health and Safety	BCTC Dental Hygiene Clinic	$ 2,000,000	$ 2,000,000	$ -
2.30	Technical Assistance, Counseling, or Business Planning	Minority Business Accelerator II - Reflect Lex	$ 991,000	$ 991,000	$ -
2.34	Aid to Nonprofit Organizations	Explorium of Lexington - Children's Museum Assistance	$ 125,000	$ 125,000	$ -
2.34	Aid to Nonprofit Organizations	LexArts Nonprofit Services Contract (FY22)	$ 325,000	$ 325,000	$ -
2.34	Aid to Nonprofit Organizations	Lyric Theater Assistance	$ 127,500	$ 127,500	$ -
2.34	Aid to Nonprofit Organizations	Radio Lex	$ 78,000	$ 78,000	$ -
2.35	Aid to Tourism, Travel, or Hospitality	Visit LEX/Hospitality Industry Recovery	$ 1,000,000	$ 1,000,000	$ -

LEXINGTON

ARPA State and Local Fiscal Recovery Funds
Revenue and Expense Report

For the period through May 31, 2024

Expense (Continued)

			Obligated	Budget	Variance
EC 3: Public Health - Negative Economic Impact: Public Sector Capacity			$ 6,000,000	$ 6,800,000	$ (800,000)
3.01	Public Sector Workforce	Social Services Department Personnel Expenses (FY23 and FY24)	$ 6,000,000	$ 6,000,000	$ -
3.01	Public Sector Workforce	Social Services Department Personnel Expenses	$ -	$ 800,000	$ (800,000)
EC 4: Premium Pay			$ 12,954,007	$ 12,954,007	$ (0)
4.01	Premium Pay	Premium Pay for High Exposure LFUCG Staff	$ 12,592,084	$ 12,592,084	$ (0)
4.01	Premium Pay	Premium Pay for Fayette County Sheriff's Office	$ 361,923	$ 361,923	$ 0
EC 5: Infrastructure			$ -	$ -	$ -
EC 6: Revenue Replacement/Government Services			$ 60,651,723	$ 62,350,312	$ (1,698,588)
6.01	Provision of Government Services	Economic Development Grants to Service Partners	$ 298,745	$ 298,745	$ (0)
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Berry Hill Park - Basketball Court	$ 175,000	$ 175,000	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts Buckhorn Park - Phase II Improvements	$ 44,999	$ 44,999	$ 0
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Dogwood Park - Basketball Court	$ 69,073	$ 69,073	$ 0
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Gardenside Park - Playground	$ 148,746	$ 148,746	$ (0)
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Ecton Park Restrooms and Concessions	$ 457,400	$ 457,400	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Lakeside Irrigation Replacement	$ 1,442,000	$ 1,442,000	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Masterson Station Park - Playground	$ 147,478	$ 147,478	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Meadowthorpe Park - Roof Repair	$ 78,585	$ 78,585	$ 0
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Raven Run Park - Prather House Roof Repair	$ 154,998	$ 154,998	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Shilito Park - Access Imprvmnt Parking Lot Construction	$ 297,206	$ 297,206	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Southland Park - Access Imprvmnt Parking Repairs	$ 202,794	$ 202,794	$ -
6.01	Provision of Government Services	Nbhood Rec Imprvmnts - Woodland Park - Restroom Facilities	$ 527,913	$ 527,913	$ -
6.01	Provision of Government Services	Nbhood Rec Imprrvmtns - Mary Todd Park - Basketball Court	$ 97,442	$ 97,442	$ -

LEXINGTON

ARPA State and Local Fiscal Recovery Funds
Revenue and Expense Report

For the period through May 31, 2024

Expense (Continued)

				Obligated		Budget		Variance
6.01	Provision of Government Services	Access to Quality Green Space for Disadvantaged Pop - ADA Imprvmnts at Parks for Inclusivity	$	125,000	$	125,000	$	-
6.01	Provision of Government Services	Cardinal Run North Park Development	$	9,479,308	$	10,100,000	$	(620,692)
6.01	Provision of Government Services	Access to Quality Green Space in QCT - Northeastern Park - Playground	$	250,000	$	250,000	$	-
6.01	Provision of Government Services	Access to Quality Green Space in QCT - Phoenix Park - Inclusive Use and Development Study	$	150,000	$	150,000	$	-
6.01	Provision of Government Services	Access to Quality Green Space in QCT - Pine Meadows Park - Playground and Park Imprvmnts	$	153,404	$	153,404	$	-
6.01	Provision of Government Services	Access to Quality Green Space in QCT - River Hill Park - Sports Courts	$	190,876	$	190,876	$	-
6.01	Provision of Government Services	General Neighborhood Parks and Recreation Improvements	$	3,792,464	$	3,959,605	$	(167,141)
6.01	Provision of Government Services	Parks Master Plan - QCT Areas	$	3,922,513	$	4,222,622	$	(300,109)
6.01	Provision of Government Services	Parks Master Plan - Maintenance	$	938,582	$	984,002	$	(45,420)
6.01	Provision of Government Services	Parks Master Plan - Aquatics	$	6,637,700	$	7,027,717	$	(390,017)
6.01	Provision of Government Services	ADA Transition Plan	$	200,000	$	200,000	$	-
6.01	Provision of Government Services	Pam Miller Downtown Arts Center Renovation	$	2,583,001	$	2,675,000	$	(91,999)
6.01	Provision of Government Services	Government Employee Pay Supplements	$	4,436,928	$	4,436,928	$	0
6.01	Provision of Government Services	Critical Government Needs - Broadband Study with Scott County	$	19,571	$	19,571	$	0
6.01	Provision of Government Services	Coldstream Industrial Park Campus Infrastructure	$	2,548,210	$	2,548,210	$	-
6.01	Provision of Government Services	Bike/Ped - Brighton	$	103,652	$	132,500	$	(28,848)
6.01	Provision of Government Services	Bike/Ped - Harrodsburg	$	713,892	$	713,892	$	0
6.01	Provision of Government Services	Bike/Ped - Town Branch Trail (Manchester)	$	67,500	$	67,500	$	-
6.01	Provision of Government Services	Jefferson Street Viaduct	$	1,091,971	$	1,096,661	$	(4,690)
6.01	Provision of Government Services	Fire SCBA	$	3,075,870	$	3,075,870	$	(0)
6.01	Provision of Government Services	Public Safety Fleet	$	1,500,000	$	1,500,000	$	-
6.01	Provision of Government Services	Code Enforcement Grants for Residents with Low Income (FY22)	$	200,000	$	200,000	$	-
6.01	Provision of Government Services	Code Enforcement Grants for Residents with Low Income (FY23)	$	200,000	$	200,000	$	-
6.01	Provision of Government Services	Workforce Development Grants to Service Partners (FY22)	$	400,000	$	400,000	$	-
6.01	Provision of Government Services	Workforce Development Grants to Service Partners (FY23)	$	350,469	$	400,000	$	(49,531)
6.01	Provision of Government Services	Workforce Development (Other)	$	150,000	$	150,000	$	-

LEXINGTON

ARPA State and Local Fiscal Recovery Funds
Revenue and Expense Report

For the period through May 31, 2024

			Obligated	Budget	Variance
Expense (Continued)					
EC 6: Revenue Replacement/Government Services (Continued)					
6.01	Provision of Government Services	LexArts (FY24)	$ 325,000	$ 325,000	$ -
6.01	Provision of Government Services	Non-Profit Capital Grants	$ 6,253,575	$ 6,253,575	$ (0)
6.01	Provision of Government Services	Lexington Community Land Trust - Davis Bottom Community Center	$ 2,000,000	$ 2,000,000	$ -
6.01	Provision of Government Services	Housing Stabilization - Hope Center Transitional Housing	$ 2,000,000	$ 2,000,000	$ -
6.01	Provision of Government Services	Family Care Center Improvements	$ 60,000	$ 60,000	$ -
6.01	Provision of Government Services	Public Safety Technology Equipment Purchase - MDC	$ 490,000	$ 490,000	$ (0)
6.01	Provision of Government Services	Public Safety Technology Equipment Purchase - Laptop	$ 99,858	$ 100,000	$ (142)
6.01	Provision of Government Services	Solarize Lexington Energy Efficiency Grant Program for Low Income Homeowners	$ 2,000,000	$ 2,000,000	$ -
EC 7: Administrative			$ 1,260,111	$ 1,347,725	$ (87,614)
7.01	Administrative Expenses	ARPA Administrative Services	$ 1,260,111	$ 1,347,725	$ (87,614)
7.01	Administrative Expenses	Hold for Construction Contingency	$ -	$ 0	$ (0)
Total Expenses			**$ 112,919,117**	**$ 121,178,058**	**$ (8,258,941)**
TOTAL - ARPA SLFRF			**$ 8,258,941**	**$ (0)**	**$ 8,258,941**

Questions?

Jenifer Wuorenmaa
American Rescue Plan Act Project Manager
jwuorenmaa@lexingtonky.gov

LEXINGTON

LEXINGTON PUBLIC INFRASTRUCTURE PROGRAM

Budget, Finance, & Economic Development Committee

June 25, 2024

LEXINGTON

Background

- Created by Ord. 51-2017, amended by Ord. 141-2022
- Purpose: “To provide certain qualified projects with local funding for public infrastructure improvements through interest-free loans with terms not to exceed ten (10) years in length in order to promote employment growth…and increase development within (the) Urban Service Boundary”
- Council allocated $3 million in FY 2023 budget to initially fund the program
  - Funding is allocated, pending Council approval of recent applications
  - $2 million in additional program funding has been approved by Council for FY 2025
- Maximum loan amount: The lesser of $500,000 or 10% of project cost
- Program funds are only for hard construction costs
  - Design, engineering, and other soft costs are not eligible for funding
- Funding is provided on a reimbursement basis

Eligible and Ineligible Expenses

Eligible Improvements:

- Sanitary Sewer
- Stormwater
- Public Parking
- Public Transit Improvements and Enhancements
- Public Sidewalks
- Public Multi-Use Trails

Ineligible Improvements:

- Private utility relocations
- Street lights on private property
- Fiber/broadband
- Parking only serving a development

Application Review Process

1. Chief Development Officer receives application
2. Staff review and recommendation to EDIB
3. EDIB review and recommendation to Urban County Council
4. Urban County Council review and final approval

General Application Requirements

- Evidence of project funding
- Demonstrate ability to begin construction within one year of approval
- Provide written documentation of the project’s compatibility with the Comprehensive Plan, Engineering Manuals, etc.
- Demonstrate long-term job creation

Proposed Program Amendments

- Emphasize (but not require) funding projects located within Infill and Redevelopment Areas
- Clarify public infrastructure benefits for multiple users
  - Sanitary sewer and stormwater examples
- Maintain $500,000 funding limit per application
  - Forgivable with EDIB recommendation and Council approval
- Clarify “publicly accessible” infrastructure
- Add language for “infrastructure improvements that improve system capacity and provide a public benefit
  - Recent lift station example
- Allow for waiving of limits and conditions in the case of exceptional projects that will result in significant public benefits

Questions?

LEXINGTON

DRAFT 06-17-24

ORDINANCE NO. ____-2024

AN ORDINANCE AMENDING AND RESTATING ORDINANCE NO. 141-2022, RELATING TO THE PUBLIC INFRASTRUCTURE PROGRAM, IN ITS ENTIRETY, AND PROVIDING FOR ITS PURPOSE, PROGRAM FUND PROTECTIONS, PRIORITIES, LIMITATIONS, CRITERIA, AN APPLICATION PROCESS, ADMINISTRATION BY THE MAYOR'S CHIEF DEVELOPMENT OFFICER WITH OVERSIGHT BY THE ECONOMIC DEVELOPMENT INVESTMENT BOARD, AND A PROGRAM FUND AND THE ADOPTION OF NEW PROGRAM POLICIES AND GUIDELINES; ALL EFFECTIVE UPON DATE OF PASSAGE.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That Ordinance No. 141-2022, which Amended and Restated Ordinance No. 51-2017, which created the Public Infrastructure Program, is hereby amended and restated in its entirety to read as follows:

A. That there is hereby established a local economic development and infill incentive program to be known as the "Lexington Public Infrastructure Program" (the "Program").

B. That the purpose of the Program is to provide certain qualified projects with local funding for public infrastructure improvements through interest-free loans with terms not to exceed ten (10) years in length in order to promote employment growth within Lexington-Fayette County and increase development within its Urban Service Boundary<u>, with an emphasis on funding projects located within Infill and Redevelopment areas</u>. The Program is focused on providing last dollar public infrastructure funding to incentivize viable projects that spur economic development <u>and provide public infrastructure benefits to multiple users</u>.

C. That the Economic Development Investment Board will oversee the Program and shall have the following powers, duties and responsibilities as well as those related thereto:

(1) Establish policies, procedures and guidelines for the Program's operation and management; oversee and manage the Program's financial and administrative actions; monitor and evaluate the Program's performance;

and review, rank, prioritize, and approve funding proposals from eligible applicants.

(2) Submit an annual report on the Program's activities to the Mayor and the Urban County Council.

D. That the Program is designed to provide funds to assist with the cost of construction of necessary public infrastructure related to a project that meets the appropriate Program criteria, including, but not limited to, sanitary sewers that other users can connect to, storm water sewers that other users can connect to, shared/public parking, public transit improvements/enhancements, publicly accessible sidewalks, publicly accessible multi-use paths and public roads (including curb, gutter, and utility relocation as needed), infrastructure improvements that improve system capacity and provide a public benefit, and those expenses typically related to the hard construction costs. Program funds may not be used for project design, engineering, and other soft costs.

E. That in order to be eligible for funding a project must result in direct long term job creation. In order to qualify a project must [~~A priority will be placed on those projects that~~] provide both [~~one or more~~] of the following:

(1) Location [~~Projects located~~] within the Full Urban Services Tax District (with an emphasis on projects located within Infill and Redevelopment areas) that increase development of underutilized or vacant properties, or economic development opportunities; and [~~or~~]

(2) The direct creation of [~~Projects that directly create~~] long-term jobs in Lexington-Fayette County, Kentucky.

F. That all funds awarded pursuant to the Program shall be solely at the discretion of the Urban County Government and shall be in the form of an interest-free loan agreement with a term not to exceed ten (10) years, maximum. The maximum amount of any loan shall not exceed the lesser of $500,000 or ten percent (10%) of the total project cost. Up to one hundred percent (100%) of the approved loan amount may be deemed forgivable by the Urban County Government upon the meeting of any required conditions. In the event of an exceptional project that creates significantly more long-term jobs, or results in a significantly greater benefit to the general public, than a typical project, the Urban County Government may consider waiving some or all of the above limits or conditions. All loan agreements are subject to recommendation by the Board and final approval by the Urban County Council.

G. That in order to protect Program funds the following additional requirements must be met prior to the consideration of an application for Program funds by the Board:

(1) The applicant must be in good standing as to the payment of all Urban County Government taxes, fees, penalties, or fines;

(2) The applicant must be able to sufficiently explain how the funding is essential to the project;

(3) The applicant must provide sufficient detailed evidence that the project has adequate external financing (including any necessary "gap" financing for the public infrastructure funded by the Program); and

(4) The applicant must be able to show that the project complies with the Urban County Government's Comprehensive Plan, any relevant small area plans, and all government land use or development regulations, ordinances, and policies.

H. That any person or entity interested in obtaining Program funding must submit an application to the Mayor's Chief Development Officer for initial review.

(1) The application shall contain the minimum requirements established by this ordinance and any additional Program guidelines and/or policies adopted by the Urban County Government.

(2) If the application meets the minimum criteria, the Mayor's Chief Development Officer will make a recommendation to the Board regarding the application.

(3) The applicant will be provided the opportunity to present additional information to the Board regarding its application. The Board will consider and review the application and any other relevant information provided regarding the application.

(4) The Board will make a recommendation to approve the application, amend the application, or deny the application.

(5) If the Board determines that the Program funding application should be partially or entirely funded, the appropriate administrative steps will be taken to present the recommendation and the appropriate Program funding agreement to the Urban County Council for consideration.

(6) Once an application is initially approved by the Board, the applicant will have sixty (60) days to reach a preliminary recommended loan agreement with the government which shall be presented to the Urban County Council for final approval, or the funding may be withdrawn. The Board may extend this deadline by an additional thirty (30) days upon the recommendation of the Chief Development Officer.

(7) If an applicant is provided Program funding and fails to meet the timeline for beginning construction of the project or for encumbering or fully spending the funds, the funding can be revoked or the funding agreement terminated. Construction or the project must normally begin within twelve (12) months of funds being approved, and once encumbered, funds must be completely spent within two (2) years.

I. The Program shall primarily be administered by the Mayor's Chief Development Officer with appropriate assistance from other departments or division of the Urban Government as necessary.

J. That the Program's Polices and Guidelines, as amended, which are attached hereto as Appendix A, be and hereby are adopted.

K. That in order to provide funding to the Program, the Department of Finance and Division of Accounting will keep track of all designated funds which will be used to fund the Program. All loan payments or collections of funds made to the Urban County Government pursuant to any Program Fund agreement shall be placed into the above Program fund so that there will be a continual funding source for the Program.

Section 2 - If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held invalid or unlawful by a court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

Section 3 - That this ordinance shall become effective upon the date of its passage.

PASSED URBAN COUNTY COUNCIL:

____
MAYOR

ATTEST:

____
CLERK OF URBAN COUNTY COUNCIL
PUBLISHED:

4871-9514-5667, v. 2

LEXINGTON PUBLIC INFRASTRUCTURE PROGRAM POLICY AND GUIDELINES

I. General

The Lexington-Fayette Urban County Government (LFUCG) established a local infrastructure incentive program to provide funding for public infrastructure associated with privately funded projects within the Urban Service Area~~of infill and redevelopment assistance with privately funded projects within the Lexington Urban Service Boundary~~ (the “Lexington Public Infrastructure Program” or the “Program”). This Policy explains the Program and sets forth the Guidelines that will be used by the Lexington Economic Development Investment Board (the “EDIB”) and Lexington-Fayette Urban County Council (the “Council”) for the purpose of eligible infrastructure-related development cost reimbursement under the Program. The Policy and Guidelines should be reviewed and updated, if necessary, annually.

II. Lexington Public Infrastructure Program Description

The purpose of the Program is to assist in the development of~~of infill and redevelopment~~ projects within the Lexington Urban Service Boundary that will ultimately lead to long-term job creation. Emphasis will be placed on funding projects located within the Infill and Redevelopment Area. The Program is a zero percent (0%) interest loan program for a term not to exceed ten (10) years. The maximum amount of individual project funding will not exceed the lesser of $500,000 or 10% of total project costs including private and public costs. Exceptional projects may request additional Program Funding if justified by significant job creation or public benefit. Up to 100% of the approved project funding is forgivable. Priority will be given to projects involving projects on underutilized or~~,~~ vacant land, ~~or~~ mixed-use ~~properties~~projects, ~~or~~ economic development opportunities,~~;~~ or projects that directly create long-term jobs.

The Program is designed to provide “last dollar in” funding. Program funds are ~~meant to assist applicants to ensure the public infrastructure portion of the overall development project are~~intended only for public infrastructure improvements associated with a development project that will provide a ~~completed for the~~ public benefit and would not have occurred “but for” the Program funding. This means applicants are required to provide upfront capital in the form of private or other external (non-LFUCG) funds to cover project costs. Under the Program, funds will be awarded to assist applicants with the costs of constructing the public infrastructure necessary to complete their projects. For the purpose of this Program, public infrastructure may include, but is not limited to, sanitary sewer that other users can connect to, storm water sewer that other users can connect to, shared/public parking, public transit improvements/enhancements, publicly accessible sidewalks, publicly accessible multi-use paths and public roads (including curb, gutter, and utility relocation as needed), and infrastructure improvements that improve system capacity and provide a public benefit. Public infrastructure projects must serve the public and not be solely utilized by the private portion of the project. Program funds must be used solely for actual construction costs. Project design, engineering, and other soft costs are not eligible for Program funding. Program funds shall be a reimbursement of approved actual eligible expenses.

The Chief Development Officer working with the Commissioner of Environmental Quality and Public Works and the EDIB will develop an appropriate standard application for the Lexington Public Infrastructure Program. The application will include the minimum information specified in Section IV below, as well as that information deemed by the Chief Development Officer and Commissioner of Environmental Quality and Public Works to be reasonably related to obtaining information necessary to make an funding recommendation to the EDIB. The application shall include project information, plans and budget information related to the overall ~~infill or redevelopment~~ project and the public infrastructure portion to which the overall project the application relates. The Chief Development Officer, EDIB, and/or Council may request supplemental information from the applicant as needed. The Chief Development Officer and Commissioner of Environmental Quality and Public Works may modify the application as necessary to ensure that all necessary information for awarding Program funds and compliance with Program requirements. To the extent allowed by law, LFUCG will treat as confidential those items marked as proprietary or confidential.

Any applicant interested in obtaining funding under the Program shall submit an application to the Office of the Chief Development Officer, along with a~~n~~ non-refundable application fee of $500.00. The EDIB will review and amend, as necessary, the application fee annually ~~and may adjust the fee based on that review~~.

Once the Chief Development Officer receives an application, it will be reviewed internally to determine application completeness, project eligibility, verification of project estimated expenses and cost, and private or external funds available to the project. The Chief Development Officer, working in conjunction with the Commissioner of Environmental Quality and Public Works, will evaluate applications for incentive funding and determine the amount of funding for which an applicant may qualify. The Chief Development Officer and the Commissioner of Environmental Quality and Public Works may assemble the appropriate internal staff to review applications for program funding. The review panel may also include a representative of the Department of Law, the Division of Planning, and the Commissioner of the Department of Finance and Administration, ~~or~~ and others as recommended by the Chief Development Officer. The project review panel will determine whether:

- the Project complies the LFUCG Comprehensive Plan;
- the Project complies with the LFUCG engineering manuals and related ~~documents~~requirements;
- the Project's application contains an accurate and reasonable cost estimate (project cost estimate reviewed by LFUCG staff);
- the Project involves appropriate public infrastructure in terms of community need, scope, size, and general location.;
- the Project's construction plans are feasible within the time frame required under the Program;
- the applicant has private or external financing in place to allow the Project to start construction within one year; and
- the Project's application contains a strategy and reasonable estimate for new long-term job creation.

If the internal review verifies these criteria, the application will be forwarded to the EDIB for review. The applicant will be provided the opportunity to present the project and any additional information to the EDIB related to the application.

The EDIB will make a recommendation to approve the project in full, in part, deny, or seek further review of the application. If the EDIB determines that the project should be partially or entirely funded, the appropriate administrative steps will be taken to present the recommendation and a loan agreement to the Council for consideration. The Council shall have the final authority to approve a project and no actions related to the application shall be considered fully approved or final until final action by the Council. Members of the EDIB and the Council will be required to recuse themselves from review and voting on applications if they are private investors in the company applying for incentives, investors in the project, or otherwise have a conflict. Members of the EDIB and the Council are also prohibited from investing in companies that have received incentives.

All funding awarded pursuant to the Program shall be solely at the discretion of LFUCG and shall be subject to a loan agreement with the applicant that demonstrates sufficient private funds are allocated to complete the entire proposed development project on a timeline agreed upon in the loan agreement. Applicants may be eligible to receive funding from the Program, as well as other LFUCG funding programs, but decisions about the awarding of funds will be made independently for each program.

III. Qualifications of Applicants for Program Funding

To qualify for Program funding, an applicant must be willing to commit to the following criteria:

- Provide direct capital investment within the Lexington Urban Service Boundary; and
- Project will directly result in the creation of long-term jobs in Lexington-Fayette County, Kentucky.

Additionally, applicants will be required to:

- Provide evidence of their ability to leverage private or other external (non-LFUCG) funds. This can be documented with a bank loan, bank term sheet outlining loan terms, or a checking account statement showing the full total project costs available to complete the project.
- Demonstrate their ability to begin construction within one (1) year of the award of funding from the Program. Projects that have not commenced construction by twelve (12) months following approval by the Council shall have their funds withdrawn.
- Provide a written statement or other evidence documenting the project's compatibility with the existing plans, studies, and surveys guiding growth and land use management in Lexington-Fayette County on file with the LFUCG Division of Planning.
- Provide the project's compatibility with LFUCG ordinances and policies regarding building permits, zoning, historic preservations, engineering, business licensing and taxes, and other applicable areas.
- Demonstrate how the project will lead to long-term job creation in Lexington-Fayette County.

IV. Program Application

Any applicant interested in obtaining funding under the Program shall submit an application to the Office of the Chief Development Officer. An application fee of $500.00 will be required with the submission of the application.

The Program application may include the following:

- Project Description: Applicant should provide a complete description of the overall project, including the project name, location, size and scope.
- Infrastructure Proposed for Funding: Identify what type of infrastructure is to be funded and provide a description of how the funding is critical to the success of the overall project.

- Expected Impact of Public Infrastructure: Provide a description of the impact the construction of the public infrastructure will have on the surrounding area and existing infrastructure system.
- Cost Estimate: Provide a detailed cost estimate of the proposed infrastructure project.
- Eligible Expenses: Provide a detailed description of all eligible expenses for the project.
- Division of Planning Compliance: Provide a letter from the Division of Planning certifying the project meets the requirements of the Comprehensive Plan, small area plans, land use regulations or other policies and has met all Planning approvals needed to start the project
- Stamped Engineering Plans: Provide copies of stamped engineering plans suitable for review of the proposed infrastructure project. Plans will be reviewed for compliance with engineering manuals as well as for cost estimate purposes.
- Evidence of Project Financing: Provide detailed evidence of funding for the overall project. In addition, applicants should provide a detailed explanation of the "gap" in financing of the infrastructure that is needed.
- Other LFUCG Funds: Provide a detailed list of all LFUCG funds that will be applied for, have been applied for, or received as part of the project.
- Other Public Funds: Provide a detailed list of all other public funds that will be applied for, have been applied for, or received as part of the project.
- Project Timeline: Provide a detailed project timeline and work schedule showing how the program funding will be encumbered with twelve (12) months of approval.

If the project review panel determines that an application does not meet minimum program requirements, the applicant will be notified and the application will be considered denied. If the project review panel determines that the application meets Program requirements and criteria, the Chief Development Officer will forward the application to the EDIB for further review and discussion.

The EDIB will consider the Chief Development Officer's, or their designee's, recommendation related to the application. As part of its review of the application, the EDIB will also consider whether the applicant has received additional LFUCG funding for any component of the development project that has been approved or requested for the project. The EDIB will determine if the application for funding should be partially or entirely funded based on the requested information from the applicant.

If the EDIB recommends funding for the project, the applicant shall have 60 calendar days to reach an agreement with LFUCG based on the conditions determined by the EDIB. This agreement shall be documented in the loan agreement required under this Program. The LFUCG Department of Law will review all loan agreements, and the Mayor will be authorized to sign the agreement following the approval of the award by both the EDIB and the Council. If the applicant does not reach an agreement within 60 calendar days, they may request one additional 30-day extension. If no agreement is reached within this period, the application will be considered withdrawn.

Upon timely negotiation of the loan agreement, the EDIB will forward the application and loan agreement to the Council for final consideration. At this point in the application process, the applicant may move forward with construction at their risk, excluding the public infrastructure component(s) of the project. The Council shall have the final authority to approve an application, and no actions related to the application shall be considered fully approved or final until final action by the Council. No funds will be awarded for reimbursement of ~~infrastructure~~ construction materials purchased, ~~constructed~~ installed or paid for prior to approval by the EDIB and final action by the Council.

If the Council approves the application, the applicant will be awarded funding under the Program pursuant to the terms and conditions of the loan agreement. If the applicant is approved by Council and does not ~~meet~~ comply with the timeline for encumbering the awarded funds, the funding may be revoked after review by the EDIB. Construction must commence within 12 months of funding approval by Council and approved funding must be fully utilized on the approved infrastructure within 24 months.

V. Protecting Public Dollars and Investments

All loan agreements entered into under this Program shall be structured in a manner that protects the public's investment and ensures compliance with all requirements of finalized agreements. Funds will only be provided through a formal loan agreement with LFUCG and actual disbursement will only occur after proof of expenditure of approved infrastructure. The EDIB will assist in the development of the loan agreement and any additional conditions for funding that are required as part of the agreement. Funds shall be disbursed as reimbursements for approved public infrastructure expenses incurred as part of the development project. Expenses not specifically agreed to as eligible expenses in the loan agreement shall not be eligible for reimbursement. In the event the applicant fails to begin construction of the project within 12 months of approval of the funding by the Council, the awarded Program funds shall be considered revoked after review by the EDIB.

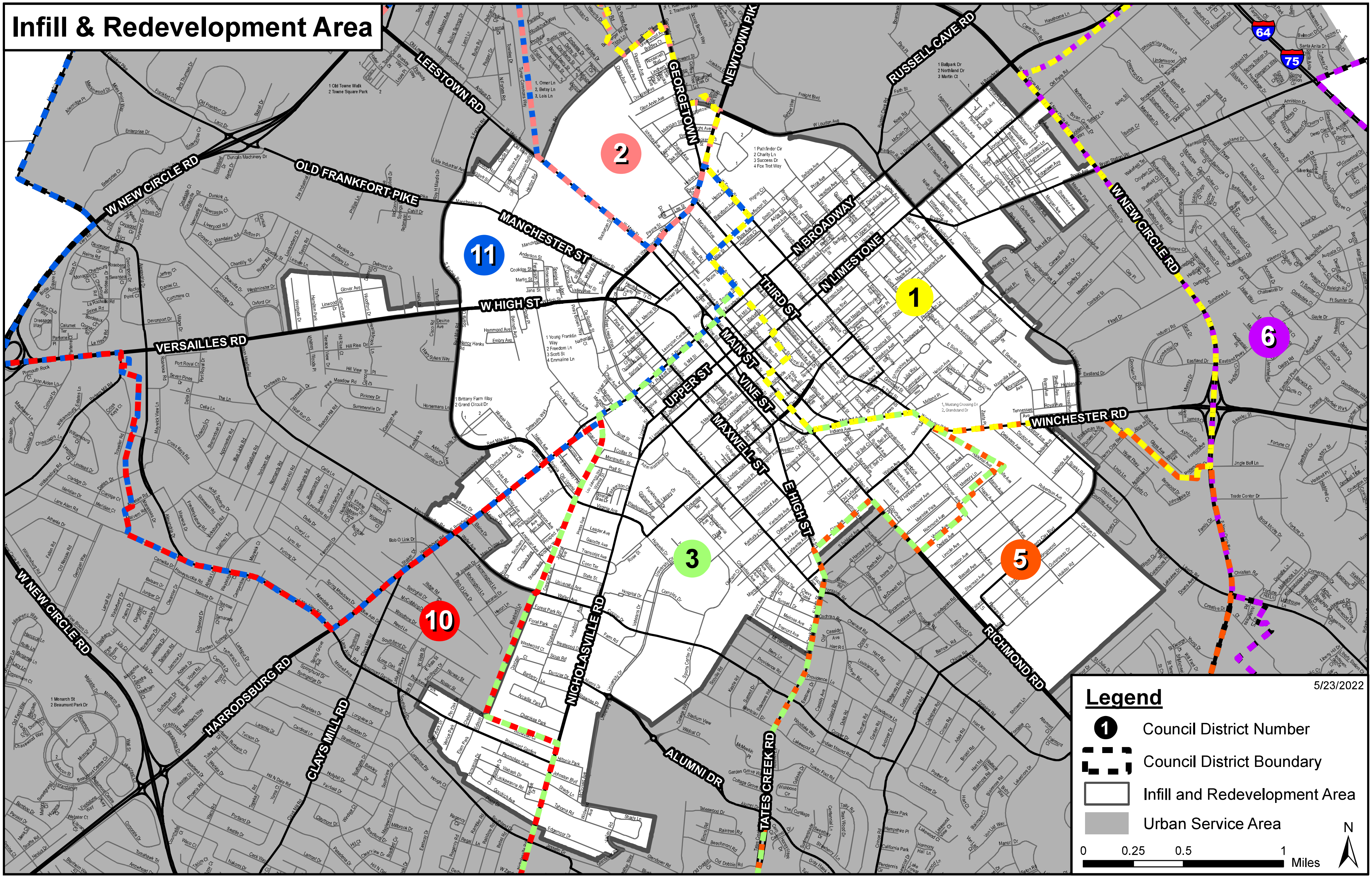
The EDIB maintains the discretion to ~~attach~~ require additional taxpayer protections as necessary in the loan agreements. The following or similar types of provisions shall be included in all loan agreements under this Program:

- Term: No loan agreement under the Program may exceed a ten (10) year repayment term duration.
- Disbursement of Program Funds: No Program funds will be disbursed by LFUCG without appropriate receipts and proof of payment by the applicant seeking reimbursement. At no time shall reimbursement exceed the amount of the proof of payment. If it is in the best interest of LFUCG, the loan agreement may be structured in a manner in which the incentive funds are disbursed as different capital expenses are incurred during project construction. No funds will be awarded for reimbursement of infrastructure purchased, constructed or paid for prior to approval by the EDIB and final action of the Lexington-Fayette Urban County Council.
- Revocation of Program Funds: If project construction has not substantially started with 12 months of approval by the Council, the funding award shall be automatically considered revoked.
- Security Interests/Lien Priorities/Personal Guaranties: If feasible, all loans may be secured with the highest lien position available. LFUCG may also require personal guaranties of the developer(s)/owner(s) or other additional security.
- Best Efforts Clause: The agreements shall include a "best efforts" clause regarding the use of funds.
- Acceleration Clause: In the instance of a project shut down or other cessation of operation, the applicant or developer shall repay the full amount of the incentive plus interest as listed in the agreement.
- Letter of Credit/Loan Repayment: Repayment of the incentive will be secured by a letter of credit from a financial institution covering the period of the loan. Disbursement of the loan shall be contingent upon a letter of credit or other security.
- Annual Reporting: Applicant will provide LFUCG, via the Chief Development Officer, an annual update on the status of the project until project is fully complete.

VI. Accounting and Compliance

The Lexington Public Infrastructure Fund Program will be maintained as distinct within the LFUCG accounting system. Disbursements will be made from that account. Future appropriations, repayments, loan proceeds, or clawbacks will be placed in that account. Disbursements will be made from the same account. Disbursement of the funds may be all at once, phased, or paid when the Government has received an invoice for reimbursement of approved capital actual eligible expenses. An invoice certifying a previously paid expense to be reimbursed will be the preferred method for distributing program funds. Loan payments will be made quarterly to the Lexington-Fayette Urban County Government beginning on the date established in the Public Incentive Agreement. Clawback payments that may be required related to compliance under the agreement will also be required to be paid quarterly.

Infill & Redevelopment Area



ECONOMIC CONTINGENCY FUND OVERVIEW

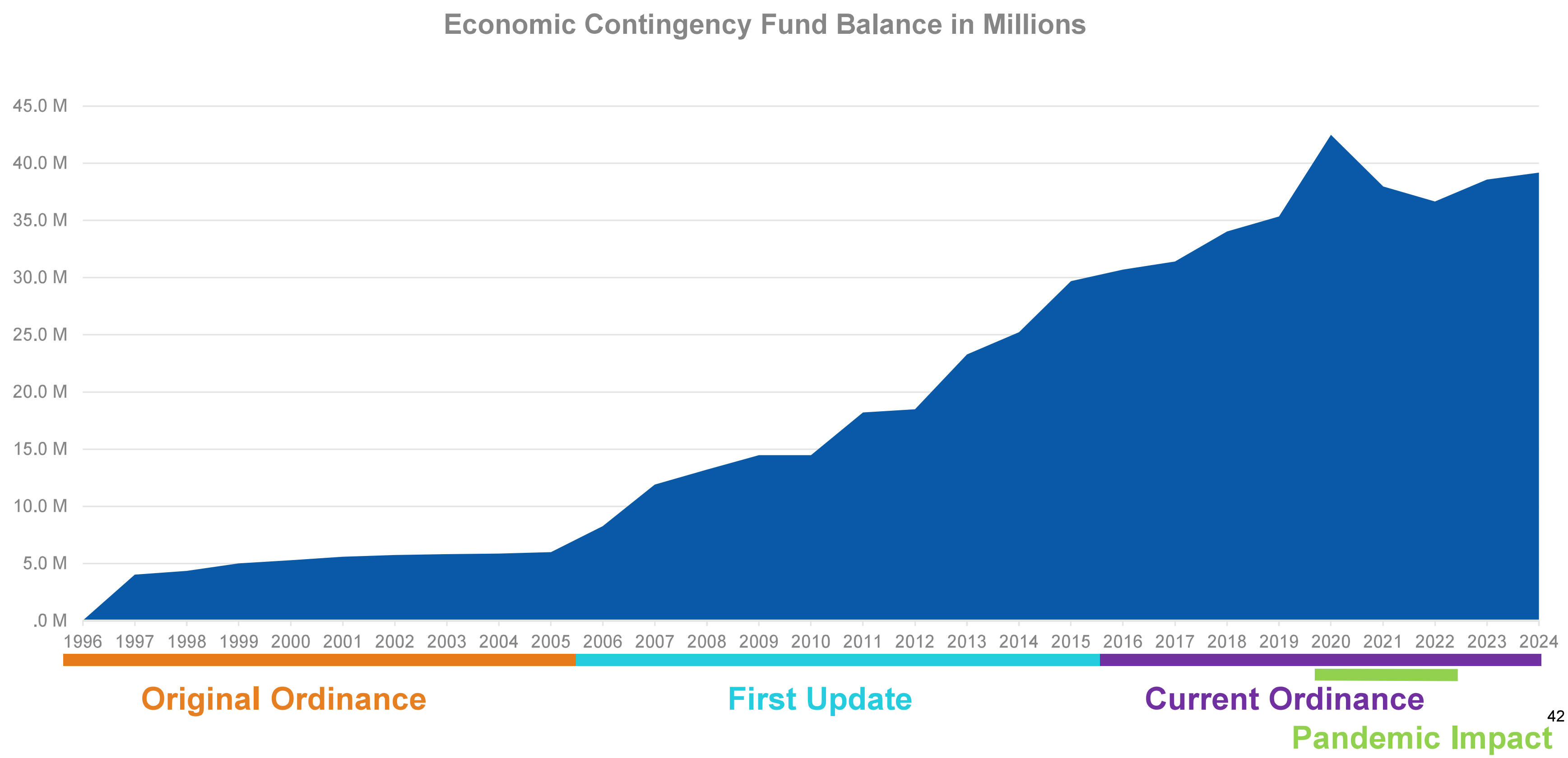
Budget, Finance & Economic Development Committee

June 25, 2024

LEXINGTON

LEXINGTON

Contingency Designation Fund History



History of Economic Contingency Designation Fund

Original Ordinance

Economic Contingency Fund Balance
1996

$0

- First adopted policy in December 1996 (ORD 246-96)

Overview
- Target Goal: 5% actual General Fund Revenues
- Minimum Balance - $4 million
- No monthly contributions
- Annual contribution considered at Fund Balance
- $8.3M Contributed

Stated Purposes
- Sufficient working capital
- Ability to address emergencies without borrowing
- Provide for a stable and equitable tax structure, reduced need for large increases
- Provide for a high credit rating to minimize borrowing costs

LEXINGTON

History of Economic Contingency Designation Fund

First Update

Economic Contingency Fund Balance
2006

$8.3M

- Significantly revised in March 2006 (ORD 78-2006)

Overview

- Target Goal: 10% revenues of last completed fiscal year
- Minimum Balance - $4 million
- Monthly Contribution: $50,000
- Annual Contribution: 25% of the available Fund Balance
- $24.1M Contributed

Stated Purposes

- Provide parameters for funding, use and control of the fund
- Revenue stability
  - Includes calculation and triggers for three revenue sources: Insurance Premium Tax, Employee Withholdings, Net Profits
- Allows for suspension of contributions when necessary

LEXINGTON

History of Economic Contingency Designation Fund

Current Policy

Economic Contingency Fund Balance
2016

$32.4M

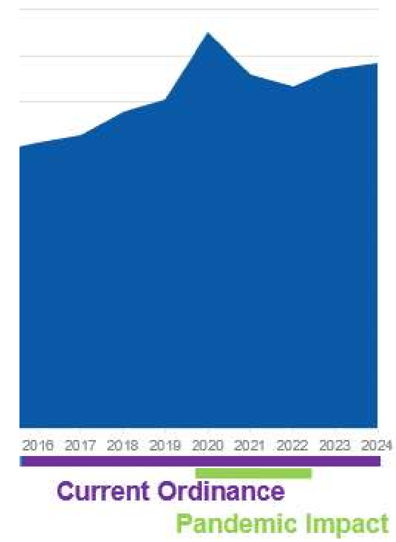
- CURRENT POLICY – Significantly revised in April 2016 (ORD 50-2016)

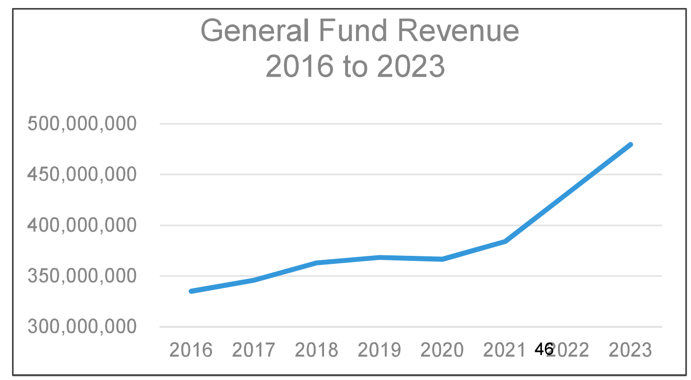
Overview
- Target Goal: 10% previous year's General Fund revenues
- Monthly Contribution: $50,000
- Annual Contribution: Finance Commissioner must report contribution necessary to meet 10% goal, but deposit is optional
- $6.2M Contributed through FY2023 audit
  $38.6M FY2023 Audited Balance

Stated Purposes
- Modify and replace existing policy
  - Calculation and triggers too restrictive
- Specific reasons for withdrawal
  - Costs related to a natural disaster or other emergency
  - Unexpected significant liability
  - Revenue stabilization in the event of unanticipated revenue shortfall
  - Unanticipated situations of an unusual nature involving non-recurring expenditures

Pandemic Impact

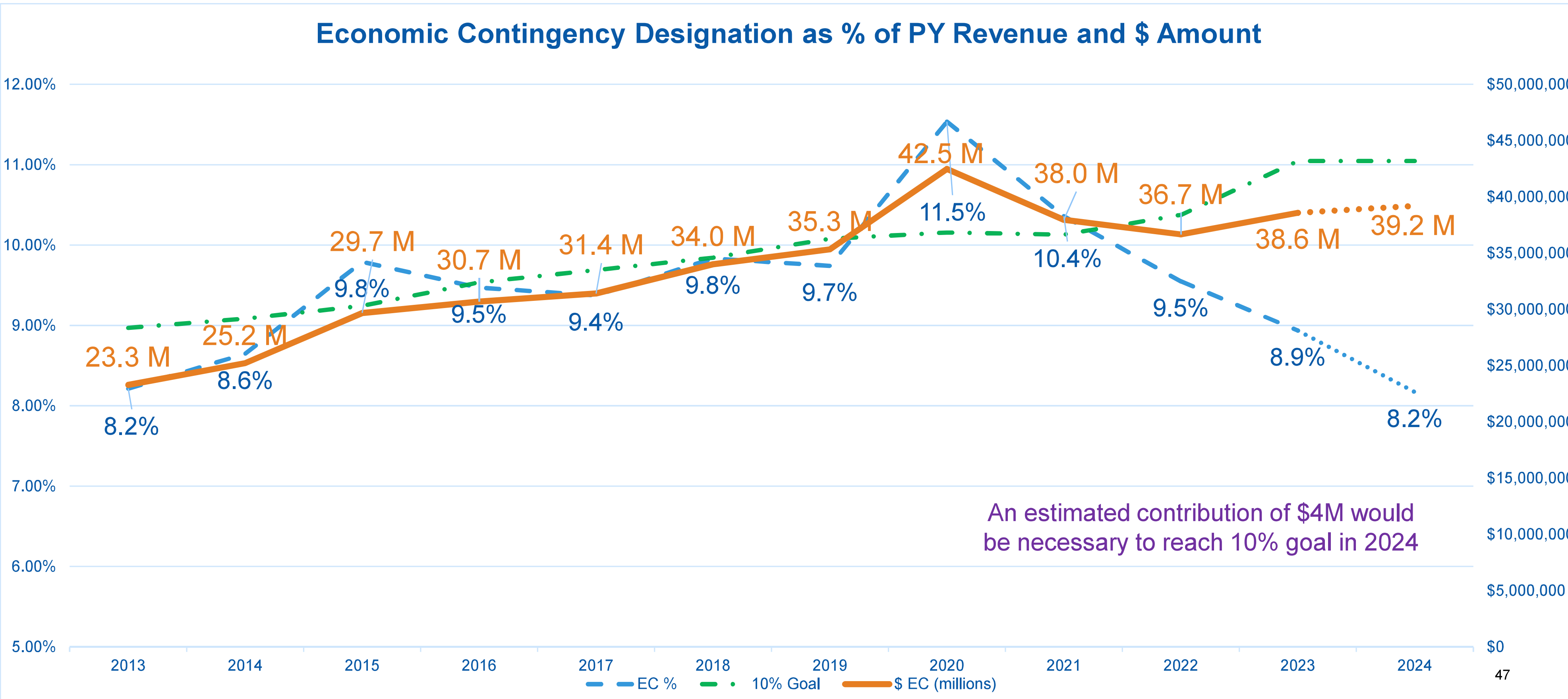
- Unpredictable Budget Years
  - FY2020 – FY2022 budgets were based on projected decreases or very-low growth in Business Taxes
    (Payroll tax, Net Profits)
  - Contributions were suspended during these budget cycles
  - Federal funding (CARES) created unexpected fund balances during early COVID years, allowing for additional influx to offset suspended contributions. 2019 to 2021 "wobble" is based on annual contribution actions.
- City Revenue – Unexpected Increase
  - 14.6% growth in overall City revenues from 2020 to 2022, compared to 3% average growth in prior years.
  - 10% Goal value increases based on new revenue base





LEXINGTON

Where are we now?



Why do we save?

- Financial strength and resilience
  - Provides stability during economic volatility
  - Provides cash flow and available resources in State of Emergency
  - Provides strong basis for credit ratings, ensures ability to borrow funds for capital

Moody's Scorecard			
Finances (30% of Total Score)			
	AAA	Aa	A
Fund Balance as % of Revenues	>30%	30%-15%	15%-5%
5-Year $ Change in Fund Balances as % of Revenues	>25%	25%-10%	10%-0%
Cash Balance as % of Revenues	>25%	25%-10%	10%-5%
5-Year $ Change in Cash Balance as % of Revenues	>25%	25%-10%	10%-0%

Government Finance Officer's Association
Fund Balance Guidelines for the General Fund

"GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures."

Questions?

LEXINGTON

DRAFT 06-17-24

ORDINANCE NO. ____-2024

AN ORDINANCE AMENDING AND RESTATING ORDINANCE NO. 50-2016 PERTAINING TO THE CONTINGENCY DESIGNATION FUND AND POLICY, TO INCREASE THE AMOUNT OF THE REQUIRED MONTHLY DEPOSIT TO $75,000 AND TO INCLUDE A POTENTIAL ADDITIONAL ANNUAL DEPOSIT IN THE EVENT A FUND BALANCE EXISTS.

WHEREAS, the Lexington-Fayette Urban County Government's Contingency Designation Fund and Policy (previously the Economic Contingency Fund) was restated in Lexington-Fayette Urban County Government Ordinance No. 50-2016; and

WHEREAS the Urban County Council desires to amend that policy to provide for additional and potential additional deposits or contributions.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 – That Lexington-Fayette Urban County Government Ordinance No. 50-2016 pertaining to the Contingency Designation Fund and Policy be and hereby is amended and restated to read as follows:

1. That [~~as of the effective date of this ordinance, the Existing Economic Contingency Designation shall be renamed as~~] the Contingency Designation Fund and Policy (the "Contingency Fund") exists in order to provide the Lexington-Fayette Urban County Government with sufficient working capital and an ability to address emergencies without borrowing.

2. The Contingency Fund shall maintain a funding goal of ten percent (10%) of the previous year's total General Fund Revenues.

3. Interest earned on monies in the Contingency Fund will accrue to the fund.

4. Other reasonable funding possibilities shall be pursued prior to the withdrawal of any monies from the Contingency Fund.

5. A monthly deposit in the amount of seventy-five thousand dollars ($75,000) [~~$50,000.00~~] will be required each fiscal year unless the ten percent (10%) funding goal has been met. In the event funds are withdrawn for revenue stabilization proposes, deposits for that fiscal year may be suspended.

6. Each year, the Department of Finance will report to the Budget, Finance, and Economic Development Committee the dollar amount that could be deposited to

the Contingency Fund to maintain ten percent (10%) of the previous year's General Service District Fund revenues.

7. The Department of Finance shall, on an annual basis, following the annual audit report, examine the General Services District Fund available fund balance and recommend allocating ten percent (10%) of the unassigned balance to be deposited into the Economic Contingency Designation Account until the ten percent (10%) funding goal has been met. The amount of the actual deposit will be reported as a commitment in the Fund Balance presentation. Should this end of year deposit push the fund over the 10% goal, only the amount needed to attain the 10% goal will be committed. The amount of the actual deposit will be determined by the Urban County Council. This shall not prohibit the administration or Urban County Council from recommending or making additional deposits.

8. [~~7.~~] Monies in the Contingency Fund may be used for the following:

a. Unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity or other emergency as defined in state or local law, or an unexpected significant liability occurs;

b. Revenue stabilization to balance the budget in the event of an unanticipated revenue shortfall; or

c. Unanticipated situations of an unusual nature involving non-recurring expenditure(s).

9. [~~8.~~] The following process shall be used to approve the withdrawal of any monies from the Contingency Fund regardless of whether the request for withdrawal is made by the administration or the Urban County Council:

a. All requests for the withdrawal of monies shall be submitted in writing and supported by documentation to the Chief Administrative Officer, which shall include at a minimum, the proposed use of the funds and all associated costs;

b. Such requests shall be submitted by the Chief Administrative Officer, with a recommendation, to the Urban County Council for review at least two (2) weeks prior to the date of the first work session at which the request is to be presented;

c. Any withdrawal of monies must be approved by at least two-thirds (i.e., 10) of the members of the Urban County Council; and

d. The actual expenditure of funds may also require the approval of a budget amendment dependent upon the circumstances.

10. [~~9.~~] Notwithstanding paragraph 9 [~~8~~], above, in the event that a State of Emergency has been declared, the Mayor may approve a withdrawal of monies from the fund for uses related to the emergency.

Section 2 – That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL:

____
MAYOR

ATTEST:

____
CLERK OF URBAN COUNTY COUNCIL
Published:

_X:\CASES\CO24-CC0078\LEG\4889-8111-0955, v. 1

CHANGE ORDER REPORT PURSUANT TO RESOLUTION 630-2020

Budget, Finance, and Economic Development Committee

June 25th, 2024

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Pursuant to Resolution 630-2020

- A Resolution allowing the approval of minor change orders by administrative staff as opposed to Council
- Effective December 3, 2020
- This resolution is reflected in CAO Policy 15
- Benefits include reduced timeline (no project delays), no legislative action required (reduced manhours), no timing issues with Council schedule

Resolution 630-2020 - Criteria

- Change amount must be 10% or less than the original contract award
- Cumulative total increase must not exceed 10% of the original contract award
- Change orders of 5% or less are approved by the Division Director
- Change orders between 5.1% and 10% are approved by the Division Director, Director of Procurement and Commissioner of the Department
- Change orders of more than 10% or more than $1,000,000.00 are approved by the Urban County Council

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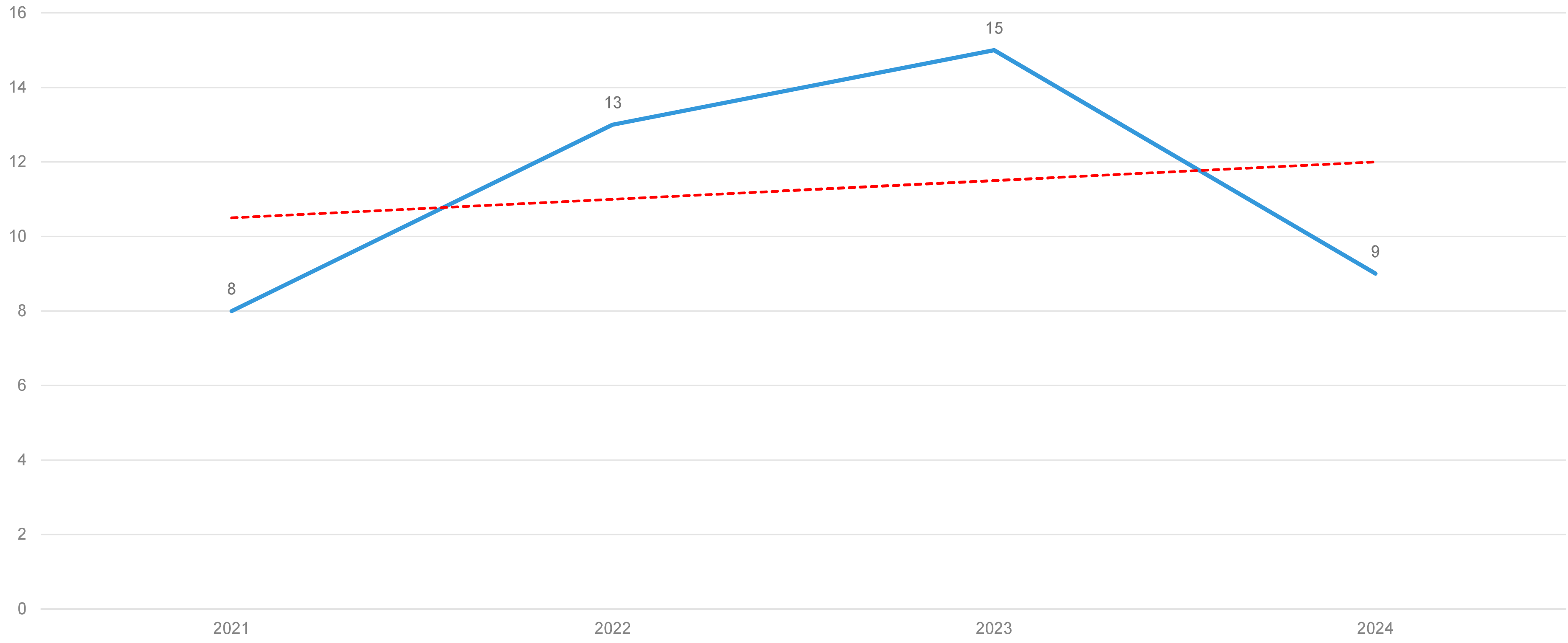
Summary of Resolution 630-2020 Change Orders

- 45 Resolution 630-2020 change orders (December 2020 through June 2024)
- Average original project allocation: $2.1M
- Average Change Order Amount: 41K
- Highest percent change: 9%
- Lowest percent change: -34%
- Average percent change: 1.19%

LEXINGTON

Resolution 630-2020 Change Orders By Year



2024 Change Orders

	Date	Project	Original Amount	Change Order Amount	New Amount	% Change
1	1/10/2024	Dunbar CC Roof & Restroom Replacement Project	$ 1,695,309.00	$35,186.22	$ 1,730,495.22	2.08%
2	1/10/2024	Police East Sector Roll Call	$ 4,314,366.51	$46,252.27	$ 4,360,618.78	1.07%
3	1/17/2024	Phoenix Park Design Services	$ 135,000.00	$1,200.00	$ 136,200.00	0.89%
4	2/8/2024	Family Care Center Update	$ 83,170.00	$4,890.00	$ 88,060.00	5.88%
5	2/12/2024	Mason Headley Improvements	$ 330,874.00	$22,200.00	$ 353,074.00	6.71%
6	3/5/2024	Government Center Elevator Replacement	$ 2,195,500.00	$6,660.00	$ 2,202,160.00	0.30%
7	4/23/2024	Cardinal Run Park North Restroom and Maintenance Bldg	$ 1,240,584.40	$46,661.29	$ 1,287,245.69	3.76%
8	5/2/2024	Government Center Elevator Replacement	$ 2,202,160.00	$158,600.00	$ 2,360,760.00	7.20%
9	5/7/2024	Pam Miller Downtown Arts Center Renovation	$ 2,163,000.00	$77,813.14	$ 2,240,813.14	3.60%
		Total 2024	$ 14,359,963.91	$ 399,462.92	$ 14,759,426.83	2.78%

Questions?

LEXINGTON

Budget, Finance & Economic Development Committee

	Referral Item	Referred By	Date Referred	Last Heard	Status	File ID
1	Review of the Exaction Program	Ellinger	August 28, 2018	November 28, 2023		1225-23
2	Revenue Sources	Wu	August 11, 2020	December 1, 2020		1184-20
3	Downtown Projects Update	LeGris	August 27, 2019	June 29, 2021		0677-21
4	Facilities and Fleet Maintenance Plan	Reynolds	May 31, 2023		Scheduled	
5	Medical Debt Relief	Wu	September 26, 2023		Scheduled	
6	Technology Ecosystem Development	J. Brown	October 31, 2023	January 30, 2024		0128-24
7	Robert H. Williams Cultural Center Funding	Worley	October 31, 2023			
8	Infrastructure Fund Review	J. Brown	November 14, 2023	June 25, 2024	On Current Agenda	
9	Parks Funding Ballot Referendum	Baxter	February 15, 2024	March 19, 2024		0311-24
10	Economic Contingency Fund	J. Brown	March 7, 2024	June 25, 2024	On Current Agenda	
11	LexArts Finance and Equity Review	Wu	May 28, 2024			
	Annual/Periodic Updates					
12	Monthly/Quarterly Financial Update	na	na	June 25, 2024	quarterly presentations, monthly reports	0126-24
13	Annual Comprehensive Financial Report	na	na	January 30, 2024	Annually in January	0127-24
14	Lexington Economic Outlook & Occupational Tax Forecast	J. Brown	December 3, 2019	February 27, 2024		0220-24
15	Fund Balance	na	na	October 31, 2023	Annually in October	1136-23
16	Lexington Jobs Fund Update	J. Brown	January 29, 2019	November 28, 2023		1224-23
17	Agriculture Director Update	Reynolds	June 27, 2023	October 26, 2021		1088-21
18	Economic Development Grant Update	J. Brown	January 29, 2019	October 25, 2022		1089-21
19	Industrial Development Authority Update	J. Brown	February 25, 2020	August 29, 2023		0868-23
20	Change Orders Report (per Resolution 620-2020)	Plomin	December 3, 2020	June 25, 2024	On Current Agenda	1230-21
21	Economic Development Partnerships Update	J. Brown	March 16, 2021	February 8, 2022		0152-22
	Subcommittees					
22	Division & Program Review Process Subcommittee	J. Brown	December 3, 2019	November 30, 2021		1231-21
23	LFUCG Property Assessment Subcommittee	J. Brown	September 22, 2020	January 26, 2021		0104-21