# BUDGET & FINANCE COMMITTEE
# MEETING 2-24-2009
# SUMMARY

All committee members were present with Feigel and McChord attending as non voting members. The meeting was called to order at 1:01 pm.

1. Equine Task Force Recommendations - Dr. Stevens * Equine Action Items for

Urban County Council Consideration

Dr. Stevens reviewed the list of recommendations from the task force that were also included in the meeting packet.

Discussion:

Gorton told the committee the issue of city branding has been moved to the Planning Committee for review.

Gray asked about the role Fayette Alliance played in ongoing support to the equine endeavor and about constituent support.

Stinnett said more specifics need to be gathered about findings of each bullet point of the task force report.

James asked for an estimate on how much government revenue is spent on the equine task force.

Stevens did not know.

James asked if there have been conversations with Fayette Co. Schools and if the steering committee is still active.

Stevens said it is not.

James inquired about involvement of the rural settlement.

Stevens remarked he did not recall.

James asked about enhancing the recommendations, the financial aspects, suggesting involving both schools and rural settlement people.

Stinnett said he would note those suggestions.

Beard asked about other counties involvement i.e. Jessamine, Bourbon, etc.

Stevens said resources were aimed primarily at Fayette.

Henson asked if other breeds other than thoroughbreds were mentioned in the task force findings.

Stevens said yes, the October report referred to other “sport” horse breeds and their increasing popularity.

Ellinger referred to item 4 regarding incentives of breeding. He asked Stevens if the state was currently taxing stallions and if these funds were being used for incentives.

Stevens indicated the state was utilizing funds from tax on stallions for incentives but if legislation was developed in the future, LFUCG should show support.

Ellinger stated he agreed.

2. <u>Financial Reports and Discussion - Koch/Fister</u>

Stinnett referred to the handout asking for suggestions on the redesigned financial report.

Fister said these reports are being recommended for use in the future.
She covered each page of the report, with a brief explanation of the information included, such as tracking, etc.

Fister said the general message of today’s report is revenues are declining; withholdings declined
2.1 million dollar difference from Jan. 08 to Jan 09
net profits took a dip. On the expense side, she talked about the lump sum payout for retirees ended up being 1.4 million dollars, included sick payouts of 1.3 million dollars, total expenditures 2.7 million dollars creating a budget deficit. Sick payouts were budgeted to be 4.7 million and were actually lower so now we have 1.6 million more than expected. There is now a positive variance of about $300K.

Fister mentioned the administrations’ recent call for reductions in operating accounts and other cost cutting actions.

<u>Discussion:</u>

Stinnett asked Fister to summarize fees/license, remarking they are below projected budget by 1.1 million. She explained employee withholdings are driving the over-budget on personnel expenses.

Gray asked Fister for clarification mentioning recent economic indicators and wanted to understand the report more in depth, such as
withholdings, pay roll tax. He reconfirmed we are
down 3 million dollars from last year. He wanted to know reasons for the reductions, referring to withholdings down 2.1 million, net profits down 1 million being the two largest categories.

Stinnett pointed out there is a summary of the larger report included in the meeting packet.

Bill O’Mara expounded on details.

Gray asked for a forecasted percentage.

Fister talked about projections saying even though there are
fewer positions filled the pay out for retirees played a role in the numbers.

Stinnett commented the reason percentages were added was in order to get a better snapshot by division.
Stinnett referred to the percent of fire dept overtime, which is higher especially during this time of year, as an example.

Lane asked about timing issues and when/how they play a role?

Henson asked about police and fire percentages, did the ice storm have a bearing. Also about FEMA recovery dollars.

Ellinger asked about returns, refunds taxes - how do we budget for what perhaps could be a big hit in April?

Bill O'Mara replied this was not budgeted, a downturn was not forecasted in the last budget.

Henson asked many of the 87 retirees were in public safety, Fister said she didn't have that number only that 170 was the count of total employees. Fister to find out details & advise on how many retirees was public safety?

Fister announced the budget hearings have been postponed due to recent personnel changes, and the February numbers will be closing by March 10th. She stated we are in" uncharted waters".

Stinnett recapped the dollar amounts required to do everything on the table for FY10 budget.

Fister reminded council she will try to get them a copy of the "Mayors Proposed Budget "format for their information and action.

Gray asked Stinnett to repeat the dollar amounts required to make
budget. Stinnett recapped that $ 27 million was needed due to a revenue shortfall. It's anticipated a budget of $275 million would be required for FY10. This represents 10% shortfall in funding requirements.

Stinnett asked for a list of fixed costs.

3. Lyric Theater Business Plan

A hand out from Susan Hill, Architect, with Tate Hill Jacobs was distributed to committee members.

Shaye Rabold said AMS Consultants could appear before Council on either March 9th or 10th. There was a possibility they were available March 3rd.

Due to the limited timeline on this issue, the decision was made to meet with the consultants, March 3, 2009 at 10:00.

<u>Discussion:</u>

Stinnett asked Rabold to summarize the Memorandum of Understanding (MOU) with the state and briefly detail the history and steps leading up to now. Rabold explained money was received in 1990 and was not used properly instead an agreement was made with state to complete certain projects Lyric is the last project still to be completed. There were ownership issues, condemnation process lengthily, property to be used for public purpose. this process took 8 years. Deed dated 2005; deed specifies use of property task force was formed to come up with concept and ideas for use council adopted in 2006 to complete design. 6 million dollars was put in this year's budget to fund.

Stinnett asked for current copy of amended MOU last four pages of today's packet is the amended version which was done in 2002. Extension needed at that time in order to acquire property

Gray confirmed do we have a good understanding of the facts. He referred to how much has been invested so far.

Rabold responded approx. $1 million dollars.

Rabold said she thought the work of the task force was important since the property has now been acquired and council adopted the task force report.

Gray asked about commitment or binding to state.

James referred to feasibility study, construction costs; consultants added have to take delay in construction costs

Lane suggested a study of facility, liability costs, etc.

Rabold said that was entirely appropriate, she said today's business is to review the business plan.

Stinnett reminded everyone to keep focus on how we proceed and not if we proceed.

Ms. Hill talked about the proposed project schedule in sequence and program elements, issues of bringing building up to code, museum, theater; multi purpose space would be contained on floor of the new part of the building. Referred to presentation of Oct 10 2006.

Gorton asked about donations for exhibits, asking if the need for space to accommodate them should be determined by a curator. She asked what about storage space, work space, saying the design doesn't look like it has enough space for these types of donations. She also asked about some type of policy to cover storage of donations, and space considerations. Susan: replied

Those policies have been shared with the task force

Gorton wanted to know was there a projection about other "off site" storage for museum exhibits. She stated the lack of work space could make or break a museum.

Lane asked about provisions in the site plan to accommodate people comfortably and wanted to know was there any on site parking.

Ms. Hill responded there is no on site parking, and there is not a very large site close by.

Rabold said LFUCG does own a number of parcels around the area, some of which could easily be converted to parking lot.

Lane asked Rabold doesn't this seem like another expense that might be incurred, security, etc?

James said there was on site parking, we have purchased property for that. She stated she was on the task force and gave the consultants response. She said she envisioned walking from one event to another is part of energy of town down development. Lextran shuttles could be looked at, etc. look forward to brining a parking plan forward.

Lane asked about the original plan for museum square footage. Stating that is one reason cost has increased. He expressed, concern that cost has increased due to deviation from original plan.

Lane asked Ms. Hill what involvement is being used to determine the need and types of venues and events planned for the proposed facility.

Blues asked about feasibility of building this project in stages?

Ms. Hill said that question would take time to be looked into and answered. She talked about code requirements; she added they are seeing really good construction prices right now and the answer is more a program issue than an engineering issue.

Lyric Theater task force members were in the audience
James suggested a small work force committee consisting of professionals, and a few original members of task force to move forward with working on a successful business plan that would be best to insure this project.

Rabold said this is also the direction the Mayor would like to pursue.

Gorton commented about establishing a small working group with business people who have experience and are working together to move this forward.

Rabold added there were members of task force who wanted to be part of small group, but need business leaders with experience in the arts.

Stinnett invited members of the audience back to another meeting (Tuesday, March 3, 2009 at 10:00) and apologized for the lack of time to speak at today's meeting.

Meeting adjourned 2:55 pm with no motions from today's proceedings coming forward.