



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

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Mayor

April 13, 2021

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A budget for everyone

By Mayor Linda Gorton

Good afternoon, everyone. Thank you, Vice Mayor, and hello to our Councilmembers, who are once again joining me on-line by Zoom.

Our councilmembers are partners in the budget process. Their priorities are certainly reflected in my budget proposal. Council will weigh my budget plan carefully and propose changes they feel are important. Ultimately they will pass a budget that represents both administrative and legislative goals. Councilmembers, thanks to all of you.

I want to start talking about the budget I am presenting today by thanking the budget team that helped me put this spending plan together. This team was led by CAO **Sally Hamilton**, Finance Commissioner **Erin Hensley**, and Chief of Staff **Tyler Scott**.

There have been unprecedented demands on all of us since March 2020, and particularly on this team. Putting together a budget, while managing the City's response to the pandemic, has been quite challenging.

A few months ago, on January 26th, I gave my annual State of the City-County address. This year my report back to the community was about the changes our City experienced in 2020, one of the most demanding times in our 246-year history.

I am convinced: The courage of our citizens got us through 2020 ... we faced it together. It has taken sheer determination to overcome the unknowns of COVID-19, the virus-related deaths of 296 citizens, high

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unemployment, many people finding themselves without enough money for rent and even food, isolation, and more.

Today, the calendar no longer says 2020, but we all know, the Coronavirus challenges are still with us in 2021. We continue to rely on the perseverance of our citizens, as we ask them to get vaccines, wear masks and avoid large crowds.

In proposing a budget that will guide us through the remainder of this global pandemic, I am determined to look to the future.

I'm proposing a budget that is *as* bold and courageous as our citizens ... a budget that invests in the basics, while also reaching for a bright future for our city as we approach its 250th year.

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Back in January I predicted that as soon as the sun sets on COVID-19, our City would soar ... economically, culturally, educationally ...

Flash forward to April 13th. Even though we still have challenges, there's more than spring in the air ... there's optimism ... you can feel it in all corners of our community.

Clearly, we're all ready to step out of the Coronavirus tunnel and into the light.

The budget I am proposing today is designed to build on our optimism through investments in quality of life, economic growth, and, always important, in basic needs ... tools the City needs to continue to provide outstanding services to its citizens, and to do the due diligence required to take care of our growing hometown.

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Before I get into specifics about what I've included in this spending plan, I want to offer a few words about how it is structured.

We come into this budget after a rollercoaster financial year. In Lexington and across the country, the pandemic triggered a budgetary crisis that was sudden and deep. In March and April of 2020, virtually all economic activity slowed throughout our nation.

In the budget I proposed last year at this time, we needed \$36 million in one-time funds to supplement our revenue, and planned to use our Rainy Day Fund to get us past the emergency, as it is intended.

We tightened our belt ... moving it several notches beyond what is comfortable. We passed a budget that focused only on basic services. Then, throughout the year, we implemented strong and responsible financial management. Ultimately, we have not had to dip into our Rainy Day Fund.

However, we were not able to fund many of the programs our community needs. As I said at the time, it was an inadequate budget for our City.

The budget I am proposing today is a different story. It is a bold plan for our future, and it makes solid investments in basic needs.

Because we were careful to live within our means, and because we made really tough budget decisions last year, we now find ourselves in a much better financial position than many other cities. We maintained a good bond rating, a seal of approval on our financial condition from our nation's two bond rating agencies. We did not raise taxes. In short, we are emerging from the pandemic financially healthy.

The spending plan I am proposing today relies upon four sources of revenue:

- First, we have projected revenues of \$376.7 million in this proposed budget, compared to revenues of \$349.5 million in our current budget.
- Second, because of our tight financial management during the pandemic, and an economy that performed better than expected, we project we will have more revenue than what we are spending this year. We are using **\$7.9 million** in current year savings in this spending plan.
- Third, we are using **\$3.9 million** in budget stabilization funds to offset pension cost increases. The Council set up the budget stabilization fund in 2017 to cover increases in pension costs that we knew would be coming from Frankfort.
- And fourth, in this spending plan we are using just over \$10 million **to cover qualifying expenditures under the American Rescue Plan Act.**
- I'm not going to take time to identify the funding source for every expenditure in this speech. But the Council and the public will find it easy to link expenditures to funding sources in the budget proposal we will post on-line.

In putting together this budget, we set the bar high. Our goal is to build a bright future for all of our citizens ... a rising tide that lifts all boats.

After last summer, I am convinced that lifting all boats requires that we make some fundamental changes in our City.

We have made progress on many fronts, finding new partnerships to help police respond in cases where there are mental health issues or a social worker is needed. These are ongoing challenges we are committed to addressing.

Many of the proposals included in this spending plan were envisioned by the Mayor's Commission on Racial Justice and Equality, a group of 70 citizens who studied our City in detail last summer and put together a list of 54 recommendations designed to dismantle systemic racism.

Although we've made considerable progress this year in making these changes, this new budget will allow us to accelerate implementation of commission recommendations through a **new senior staff position in the Mayor's Office.**

- This person will build on the significant progress **Lisa Higgins-Hord** and our team have already made in implementing these recommendations.

So let's talk about this budget plan by examining its impact on **quality of life *for everyone***.

Building quality of life is important ... our economy depends on it; all of our citizens rightfully expect it.

One of the most important components of quality of life is **housing** ... as the Racial Justice Commission members and other citizens have pointed out, we've got a lot of work to do in housing.

We're not afraid of hard work or of tackling really tough issues. That's why I've proposed the creation of a permanent **Housing Advocacy and Community Development Department**.

This Department will elevate our City's work on housing, bringing together, coordinating, and improving the government divisions that address housing concerns.

Let's start with the most pressing concern: our **need for more affordable housing**.

- Over the past few years, we have been building affordable housing at a record pace ... since 2014 we have invested \$17.2 million to leverage \$196 million in construction or rehabilitation of 2,008 affordable apartments or houses. That is a significant accomplishment.
- Still, every study shows we need to do more. Therefore, this year I am **increasing the City's annual allocation to our Affordable Housing Fund by \$1 million, to a total of \$3 million**.

The Commission also suggested our **Division of Code Enforcement** could be an agency designed to help neighborhoods thrive, rather than just an enforcement agency. I am proposing a new **\$200,000 residential assistance fund**; plus an increase in **sidewalk assistance funding to \$150,000**.

Code Enforcement will have an opportunity to help income-eligible property owners who can't afford to make repairs.

At the same time, I am funding the **Neighborhood Action Match Grant** program at \$100,000, for neighbors who want to work together to make improvements. This doubles our commitment to this program from previously funded levels.

We are fully funding our **Office of Homelessness Prevention and Intervention** at \$750,000, plus \$775,000 for the Hope Center.

Like safe, affordable housing, **good jobs** are also important to quality of life. We all need a good job.

COVID-19 has been hard on the job market. While the impact here has not been as harsh because of our diversified economy, we were certainly not immune.

- From March 2020, when COVID-19 entered our city, through February 2021, 65,308 Lexington residents filed first-time unemployment claims.
- At the peak of the pandemic in April 2020, we had 14.1% unemployment.

- Claims came in from across virtually every sector of our economy. Among the hardest hit were the hospitality industry and retail.
- The good news is, we are almost back to pre-pandemic employment.
 - Pre-pandemic, in February 2020, we had an unemployment rate of 3.1%.
 - One year later, as we move to postpandemic, in February 2021, we had an unemployment rate of 4.4%.

We are picking ourselves up, dusting ourselves off and generally getting back to work, but I am well aware some people, like those who worked in the hospitality sector, are still suffering.

We cannot ***ever*** take our eyes off the ball when it comes to jobs.

The multi-faceted investments I am proposing in Economic Development again this year will allow us, with assistance from our economic development partners, to continue to provide more economic opportunities for ***all*** Lexington citizens, at a variety of income levels.

- I have included \$300,000 to allow us, working with our economic development partners, to continue to showcase our community to the world.
 - **Euphrates International** continues our work of attracting new businesses.
 - Our emphasis remains on working with the current members of our business community to grow jobs and opportunities ... Existing business and retention efforts are led by **Commerce Lexington**.
 - And, the **Urban League of Lexington** and **EHI Consultants** are leading the work on the combined Neighborhoods in Transition initiative and the Opportunity Zone initiative, bringing employment opportunities to downtown and the north side of Lexington.

We use opportunity zones and other federal and state tax incentive programs to attract businesses to Lexington. We also rely upon our local Jobs Fund, tax incentives that are unique to Lexington. Our Jobs Fund is designed to attract high-paying jobs here, and to help local businesses grow new jobs.

- This year I am proposing that we set aside \$500,000 for the JOBS Fund.
 - The Jobs Fund recently helped attract the headquarters of the Child Neurology Foundation and Water Warriors to Lexington. These companies represent two target industries for our community: health care and clean technology
 - Since it was established in 2013, the JOBS Fund has assisted 21 local companies with the creation or expansion of 252 good-paying jobs, creating new payroll totaling almost \$13 million a year.

The need for a quality **workforce** continues to be the number one issue employers talk with us about. ***We are listening!***

I have included \$200,000 to continue our work to make sure our businesses have the workforce they need for the future, and all of our citizens have the skills they need to compete for good jobs.

We will continue training programs through:

- the **Building Institute of Central Kentucky** to assist with building trade certifications ...
- **Community Action Council**, which provides Commercial Driver's License and Child Development Associate credentials
- **Jubilee Jobs, Lexington Rescue Mission and Kentucky Refugee Ministries**, which all provide workforce readiness and job placement services for our community

Finally, Lexington will soon take a huge step forward as work begins on the Lexington Industrial Authority plan for property at University of Kentucky Coldstream Research Campus.

- 200 acres of property at Coldstream will transfer from UK to the Lexington Industrial Authority in 2022.
 - This project will represent the opportunity to bring good jobs to a business campus built to reflect the natural beauty of Lexington.
 - Over the past year, the Industrial Authority Board has been working to finish its initial site plan – a process that should be completed in June.
- Being ready to develop this site will further assist our economy as we recover from the pandemic.

Lexington's economy was knocked down, flat on its back, by the pandemic, but there is a lot of evidence that it's getting right back up. Despite the pandemic, we've had new job announcements in the past year that have really testified to the resilience of our economy.

- Homegrown businesses like **Baptist Health**, which announced an enormous expansion plan last May, are continuing to grow in Lexington.
- And international brands, like **Amazon and the Georgia-Pacific Dixie Cup Plant**, want to be a bigger part of the Lexington business community, as well.
 - Amazon officially announced its expansion here last week, and Georgia-Pacific will complete its expansion by the end of the year.

In discussing the improvements in quality of life supported by this budget, I also want to talk about public safety, something that is important to all citizens. The rise in violent crime nationally, and here at home, concerns all of us. We are working on ways to address it by tackling root causes and enhancing public safety.

First, in police, I've included funding to hire six additional officers, including a sergeant and five new **Neighborhood Resource Officers**.

- **Neighborhood Resource Officers** work to address quality of life challenges. They work with neighbors, businesses and District councilmembers, and attend community meetings.
 - Their goal is to help improve quality of life, and reduce crime, through conventional and unconventional methods.
 - One of the goals of the Racial Commission report was for the police to take steps to “enhance community relations.” Neighborhood Resource officers soon become fixtures in the neighborhood, well known to everyone, and well aware of neighbors’ issues and concerns, thereby improving their relationship with the community.
- These new officers, and **all** officers, will soon be equipped with body-worn cameras that are automatically activated when Tasers and firearms are drawn.
- In this budget we’ve also beefed up funding in Human Resources to **improve minority recruiting** in Police and throughout the Government, providing an increase of \$20,000.

When it comes to police, there is also funding for basic needs. I have included funding for new patrol vehicles, a mobile command post and two police recruit classes, to keep our police force near its authorized strength.

In Fire, I have included full funding for our **Community Paramedicine** program, an important service that is proving invaluable for many citizens.

- Emergency run data shows some citizens call 9-1-1 frequently for help with chronic, non-emergency problems, like mobility.
- Community Paramedicine gives firefighters the opportunity to get at the root of those chronic problems, and find permanent solutions.
- While finding long-term solutions for citizens, Community Paramedicine has also helped us decrease run volume for our Emergency Care vehicles.

Funding for basic needs in the Fire Department is also included. I have funded several fire vehicles in this budget including an engine, two new Emergency Care vehicles, and two Emergency Care “remounts,” to help us get more life out of older units. There is also funding for a new fire recruit class.

Since our focus today is on investments in quality of life, I want to briefly talk about our **Social Services Department**. After all, it is perhaps more involved with quality of life than any other part of government.

This year we are dedicating \$3.6 million to our Extended Social Resource or ESR grants. These competitive grants assist agencies that work with many of the citizens in our City who are most in need of help.

We continue our work to help those with substance use disorders ... sadly, a problem that has grown during the pandemic. One important program we are funding is the **Recovery Supportive Living Assistance** program.

Next, I want to talk about a division that obviously improves quality of life for all of us, and that's **Parks and Recreation**.

Our citizens love our parks, and we provide popular opportunities to enjoy them for all ages and all abilities.

This summer our swimming pools and splash pads will be open, some small concerts and festivals return, and flowers will line downtown streets ... thank you to America in Bloom and Blackburn.

In this budget I've included over **\$4.8 million for parks capital improvements** ... every Council District is represented, in other words, we're making improvements all over town.

We're planning a slide for Douglass pool; playgrounds for Gardenside, Masterson Station, Pine Meadows and Northeastern; new basketball courts for Mary Todd, Berry Hill, and Dogwood; and much more.

Quality of life will also be enhanced by funds in this budget that support the arts ... \$325,000 for **LexArts**; provide support for the **Veterans Hall of Fame** annual induction ceremony; offer funding for the **Pride Center**; beautify our community with **flowers, mowing and improvements on our major Corridors**; continue our preservation of farmland; and fund the **Panhandler van**.

Finally today, I want to talk a little about the basics ... the investments we're making in the people, tools, and programs we need to maintain our City and provide basic services to citizens.

First, I've included funding for 3% raises for our employees who are not covered by collective bargaining. These employees have not had a raise since 2018. The city has been able to continue providing excellent services, in part, because of their ability to handle all kinds of changes, throughout the pandemic. I'm proud of all of our employees and I cannot thank them enough for their work, especially over the past year.

We are also investing \$2 million to replace many of the old, deteriorating vehicles we drive to maintain our City, including \$1.2 million for Streets and Roads vehicles ... they can't clear the snow off the roads without adequate vehicles!

I've included \$14 million for **paving**.

There are also investments in significant traffic and pedestrian improvements around town, including:

- Funds for design of the **Fieldstone connector**, an opportunity to reduce congestion in the Beaumont Circle area;
- Design for a corridor project for **Liberty Road**, including driving, walking and cycling improvements throughout the corridor;
- A **Neighborhood Traffic Management program**, an opportunity for citizens to work with City traffic engineers to find solutions to traffic concerns; and
- **Five sidewalk or trail projects** that continue our commitment to walking and biking access.

This is a budget for everybody. It covers the basics and it prepares for the future. It's financially responsible while making important investments. It's bold and it's sensible.

No matter the neighborhood; no matter your age; no matter your walk of life, this budget has something for you.

Together, we are investing in ... we are taking care of ... our hometown ... that's where our heart is.

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