



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

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Mayor

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Budget plan promotes progress in ‘every corner of our city’

By Mayor Linda Gorton

Good afternoon, Councilmembers.

Today you officially begin your deliberations on the budget I am proposing to you.

Generally, my plan is a solid, no frills, budget. It’s more about “needs,” than it is about “wants.”

Even so, the strong, targeted, \$531.8 million budget that I am presenting today **addresses needs, and promotes progress in every corner of our city.**

My proposal is based, in part, on Council input. I met with each of you to discuss your priorities. I’m sure you gathered ideas from your constituents about their needs, just as I have heard from people all over town. I included many of the needs you identified in this proposal.

Our city employees, who are boots on the ground in the community, have also identified needs that are funded in this plan.

Our balanced budget is based on what we can afford.

While we continue to see growth in our revenues ... *this budget anticipates solid 6% revenue growth* ... this year we are entering a **new era** with our budget. What do I mean by new era?

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- First, in our 24-25 fiscal year, the federal **American Rescue Plan** funds, one-time funding that provided millions of dollars for projects since 2021, are phased out.
- Second, in concert with Council's new ordinances, this is the first budget requiring that 1 percent of the prior year's revenue be dedicated to affordable housing; and point 3 percent to the Office of Homelessness Intervention and Prevention. This is the fourth budget that we have had in place a requirement that 1 percent of the prior year's revenue be dedicated to Extended Social Resource grants. Taken together that adds up to a total required funding of \$11 million for these three programs.
- I'll discuss each of these later.

Since 2020, our financial team has weathered some of the highest highs, and lowest lows this city has ever experienced. Through it all, our bond rating has remained unchanged. We received our most recent **AA stable rating** in late March.

A steady bond rating tells the world ... especially the financial world ... that Lexington is well managed, fiscally. In fact, we have been ranked as the second best-managed city in the country, in part based on financial stability, as well as operating efficiency.

Thanks to those who led the charge to make this happen: Our Chief Administrative Officer, **Sally Hamilton**; Finance Commissioner **Erin Hensley and her team**; with assistance from my Chief of Staff **Tyler Scott**.

In making its budget decisions, Council also makes an important contribution to fiscal management, and I appreciate your commitment to conservative budgeting. We must all remember, the decisions we make about this year's budget will clearly have an impact on next year, and beyond.

Let's talk a minute about the ways I am managing our money in this plan:

- First, I have **right-sized operating expenses** across government. In recent years, many government divisions have not used all of their operating funds, so we worked with them to reduce their requests.
- Second, we have been strict ... *across the board* ... about **not increasing recurring expenses in our General Fund**, keeping our eye on the impact on next year's budget. For example, I have added only 15 new employees in this budget plan.
- Third, we have carefully **avoided funding recurring expenses with one-time money** – that's just money management 101. We use one-time money on one-time expenses.

One last point about our financial resources.

In this budget plan, we will continue regular monthly contributions to our **Rainy Day Fund**, amounting to \$600,000 in this budget.

Currently, our **Rainy Day Fund** set aside for emergencies stands at almost \$40 million.

Now, let's talk about what's in this budget.

First, all of the projects budgeted will be implemented through the hard work of our outstanding city employees. For employees who are not covered by collective bargaining contracts, **I have included a 3% well deserved raise.**

At the 30,000-foot-level, this budget includes approximately **\$110 million in planned capital spending,** across all funds and sources. I will discuss some of that significant investment later.

However, at ground level, it all comes down to people. I'm going to talk about this budget today through the lens of how it improves services for people.

Let's start with **seniors,** a growing part of our community. We learned from the recent census that 25% of all residents of Fayette County are 55 and older.

Seniors love our senior centers. Our newest center, located off Richmond Road, is almost *too* popular ... over 1,200 seniors attend classes, or eat lunch, or exercise, or participate in another activity there each month.

Three years ago, we started making plans for one facility that houses a Senior Center, just for seniors; and a Therapeutic Recreation Center, which will serve everyone above age 5 with disabilities, with dedicated times for seniors.

To keep costs down, we chose land we already owned in Shillito Park -- and last year we funded the design of the facility.

This year, it's time to build – **\$24 million** is set aside in this plan. Construction will begin in the fall.

Keeping people safe is a priority for all of our residents, and for me. Public safety services always command the largest share of our General Fund budget ... this year, 56%.

My proposal includes initial funding for a **public safety training facility.** Excellent training sets our public safety divisions apart. We need first-class facilities to accommodate some of the most extensive and toughest training programs in the country.

In **Police,** four new positions are funded ... **safety officers** who respond to traffic collisions, traffic hazards, parking complaints, conduct traffic control, and assist with traffic-related functions at special events. This represents an annual investment of \$263,000.

In addition, \$3.5 million is set aside for **new vehicles for patrol,** part of our annual commitment to provide excellent equipment for our officers.

Through this budget proposal, I am also building on our investments in **technology** to support our police.

The **Real Time Intelligence Center**, first established in 2022, relies on FLOCK and Fusus technology to provide up-to-date, real time intelligence, allowing our police to respond to calls quickly, and with more precision.

It acts as a police force multiplier, saving our officers time, and helping them build stronger cases.

It has helped police find 269 stolen vehicles ... with a total value that tops \$3.7 million. The time it takes police to recover a stolen vehicle **has been cut in half** to 5.6 days.

It has also helped police locate 22 missing persons, led to criminal charges for 451 people, taken 68 illegal guns off the streets, and aided 84 criminal investigations.

Continuing and increasing our investment in this technology will build on our initiatives to serve the residents of our city by improving their safety -- **25 more Flock license plate readers will be included for a total of 125 citywide.**

There have been great advances in **DNA testing technology**. We are investing \$150,000 in private lab DNA testing to accelerate violent crime investigations, and identify perpetrators quickly. This will serve crime victims and their families by delivering justice at a much faster pace - dedicated funding for private DNA testing will decrease the time it takes to process DNA evidence results from years to weeks.

We continue our efforts to **recruit new officers**. This budget funds three recruit classes, and provides \$80,000 to support recruitment advertising campaigns.

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In Fire, we are serving our people by funding **\$5.1 million on replacement vehicles**, including three engines and three emergency medical vehicles. Fire emergency equipment is essential, extremely expensive, and hard to get. We make regular investments to keep our fleet in top condition overall.

We will fund \$100,000 in a Health and Wellness contract for fire personnel, and increasing our funding for smoke alarm installation by 10%. This year, our firefighters will install 7,000 smoke alarms in residences across our city – a direct service to residents – anyone can request a smoke detector.

In this plan, the salaries of 21 additional firefighters hired and funded in 2022 through a federal grant will transition to the city's General Fund budget at a cost of \$1.5 million included in this proposal to cover a partial year; and \$2.2 million in our next budget.

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Three **additional safety-related programs** are part of this budget:

First, Our **One Lexington** youth violence prevention program also plays an important role in serving people by improving safety.

One Lexington has helped reduce homicides and shootings in our city. In 2022, Lexington had 44 homicides compared to 24 in 2023. In 2023, for the first time in five years, Lexington had fewer than 100 shootings.

I am increasing funding for **One Lexington's trauma-informed care services** to \$50,000. This provides group counseling for young people who have been directly affected by violence, and help parents address individual counseling needs for their children.

I am also increasing the One Lexington's **Crisis Response** budget, which includes survivor support including relocation, and assistance for rent and utilities.

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Second, I am increasing funds by \$100,000 for **mental health court**, a program that helps people get the mental health treatment they need, rather than circling in and out of the criminal justice system.

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And there is a third program to improve safety, the **"It's Time"** campaign.

In 2022, we saw a significant increase in homicides related to domestic violence. We started a domestic violence prevention public awareness campaign called "It's Time." The next step is to involve the faith and immigrant communities in domestic violence prevention, and to examine the impact of domestic violence on children. Funding is at **\$100,000**.

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Economic development is one of the most important ways we serve citizens.

Lexington's economy is running full steam ahead, fully recovered from the pandemic, and breaking records for the number of people employed.

Fayette County has seen more than **8% growth** in employment since 2020. In 2023, we reached the largest number of people employed in our history.

Our overall employment grew by more than 47,000 from 1990 to 2022. Almost 8,400 of those jobs were added between 2020 and 2022.

To keep our economy healthy and strong, we have talked for many years about **working on economic development as a region – *now* we're doing it.**

Working with Scott and Madison counties, we are establishing an economic development park that will provide jobs and split future tax revenue among the three counties. The park will be located in Scott County. Our start-up investment of \$2.1 million is funded in this budget.

Our Economic Development team works to provide **workforce development through jobs programs and training.**

We are making the **Barrier Free Re-Entry and Recovery Program** a permanent part of workforce development after the pilot program ends this September. This is a jobs program that takes a comprehensive approach to helping prisoners in recovery for substance use disorder who are also being released from jail.

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In terms of serving those in our community who ***most*** need our help, this plan includes significant ***new*** funding for **affordable housing**; more help for those who are **homeless**; and generous resources for

Extended Social Resource or ESR Grants, which help fund social service agencies throughout the community.

Taken together, funding for these areas is increasing by \$4 million in this plan. It is a testament to the well of compassion that just runs a little deeper in this community. That spirit of compassion is one of the reasons I love Lexington.

We will more than double our funding of **affordable housing**, with \$4.79 million set aside for our affordable housing fund.

I have included a significant increase in funds to help those who are **homeless**. This budget almost doubles funding for the Office of Homelessness Prevention and Intervention to \$1.4 million. It also includes an allocation to again fund a winter warming project ... \$2 million, like this year's **Hope Village**.

Funding for ESR grants has also significantly increased since the program began in 2014. We are funding \$4.79 million in these grants. This year, mental health has been included as a priority area.

The social service agencies that receive these grants are our partners in meeting the needs of thousands of citizens.

We have also provided additional funding for the **Recovery Supportive Living Assistance** program, which serves people struggling with substance use disorder. We will provide \$500 to help individuals continue in or enter a recovery facility. This year, just over \$256,000 is included.

As we work to serve our residents, we must ensure that we're serving *everyone*. Since 2020, this community has been involved in implementing recommendations from my **Commission for Racial Justice and Equality**, a group of 70 citizens who sought solutions to racial inequities Fayette County.

As we continue to implement their recommendations, it's time to look back at the changes we have made to measure their effectiveness. I have included \$100,000 for an equity assessment study.

Smart land use planning is an essential service we provide to our residents. Planning staff members keep an eye on our future, while monitoring our present, protecting quality of life.

Planning's responsibilities have grown with the recent addition of new acreage inside the urban service area.

To ensure we can meet the demands this new development places on government services, like sewers, traffic, fire and police, it is essential that we plan carefully in this area. In doing so, we help protect our natural environment, and build an attractive, economically strong and socially diverse community.

I have included **four new positions** for outreach and strategic planners, a combined annual funding of almost \$437,000.

In addition, we will invest \$500,000 in a small area plan for the **Bluesky Industrial Park in the Bluesky Rural Activity Center**, also part of the new expansion area. The plan will involve economic development leaders and business owners, as we discuss redevelopment of the park.

And finally, I have included \$2 million for our **Purchase of Development Rights** program that protects our prime farmland.

Good planning is also the key to our **Complete Streets Program**. The goal of this program is to make transportation in Lexington safer, affordable, accessible and dependable *for everyone* through planning and design.

We are funding \$119,000 to hire a **Complete Streets Manager** to make Complete Streets planning part of all transportation projects.

Safe street funding also includes:

- **\$1.45 million** to match a \$22 million federal grant, one of the largest grants we have ever received. The funds will be used to make improvements on New Circle Road, between Boardwalk and Bryan Station, where most of our fatal and serious injury traffic accidents have occurred.
 - **\$1 million for ADA ramps**, so more people can get from the sidewalk to the street easily.
 - **\$900,000 in traffic signals, and bike and pedestrian improvements**, including completion of two trails in Jacobson Park, improvements on bike paths near the University of Kentucky campus, and work on Town Branch Trail that heads out Leestown Road.
 - Closing sidewalk gaps and adding new bike lanes on West Loudon Avenue, a local investment of \$140,000 to match a \$560,000 federal grant.
 - Closing sidewalk gaps and adding new bike paths, plus intersection improvements along Armstrong Mill, from Tates Creek Road to Squires Hill Lane, an investment of \$200,000 to match an \$800,000 federal grant.
 - **\$150,000** for traffic calming initiatives on neighborhood streets.
 - And **\$14 million** for road paving.
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We are also making significant investments to **protect our environment**.

I have included \$700,000 more to **increase recycling**, with additional funding for electronic recycling and composting.

I have also created a new position in Water Quality that will focus exclusively on **odor control** at our wastewater treatment plants.

- \$6 million is included to construct **odor control process improvements** at each wastewater treatment plant.

- We have hired an odor control consultant to guide us in making effective and efficient improvements.
- Early action projects are already underway.

Two programs are funded that make home repairs more affordable.

- This is the fourth year for the **Housing Repair Assistance Program** I started. It helps low income homeowners make needed repairs identified by Code Enforcement. \$200,000 for this program is included.
- And we have increased funding for the **Code Enforcement Sidewalk** program, a cost-sharing program to repair residential sidewalks. \$300,000 for this program, an increase of \$130,000, is included.

Parks make an enormous contribution to the quality of life of thousands of residents. \$2.9 million in parks improvements are funded to improve the services they offer.

- Playground improvements at **Masterson Hills, Hill N Dale, and Marlboro** are included. And there's parking lot paving at **Meadowbrook**, restroom design for **Constitution**, and **building repairs at Raven Run, Shillito and the Tates Creek ballroom.**
- In **aquatics**, the pool liner in the Tates Creek pools will be replaced.

A budget is the operational plan, expressed in dollars, to reflect our priorities.

Back in January, during my State of the City-County Speech, I said I had kept the promise I made 25 years ago, when I was first elected to the Council: to keep government's focus on people.

Today's budget does exactly that.

Thank you.

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