

DLMD Board Meeting
Wednesday, June 1, 8:30 am
201 East Main, 9th Floor
McBrayer, McGinnis, Leslie & Kirkland

- I. Welcome & sign-in
- II. May 04 minutes
(Board action required)
- III. Public comment for items on the agenda
- IV. Old business
 - A. Update on website (Frazier)
 - B. Summary of contract services proposals received (Slatin)
 - C. Communication from LFUCG regarding current downtown services (Corcoran)
- V. New business
 - A. Review draft LFUCG Council budget presentation
Tue June 14th 3pm, Thur June 16th 6pm
(Board action required)
- VI. Public comment for items not on the agenda
- VII. Adjourn

Packet contents (tbd)	Packet page number
May 04 meeting minutes	#2
Letter from LFUCG on current services	#4
Draft budget presentation	#5

**Downtown Lexington Management District
Board of Directors Meeting
May 04, 2016
201 East Main Street,
9th Floor (Jim Frazier Office)**

Present Board

Members: Andrew Carter, Gary Means, Jake Gibbs, Jim Frazier, Liza Betz, Nick Nicholson, Scott Davidson, Stephen Grossman, Steve Kay, Taunya Phillips, Temple Juett (phone), Thomas Harris, Woodford Webb

Other persons present: Renee Jackson, Jeff Fugate, Beverly Fortune, Melissa McCarthy-Smyth, Todd Slatin, and Christopher Corcoran

*******Minutes*******

DLMD Chair Jim Frazier opened the meeting at 8:32 am.

Mr. Frazier asked the board to review the minutes of the April 6th meeting. Mr. Davidson made a motion to approve the April 6th meeting, Mr. Gibbs seconded, and the board passed the motion unanimously.

Mr. Frazier introduced Mr. Carter and Mr. Nicholson, the two new board members, and welcomed them to the meeting. Mr. Frazier then called for public comment for items on the agenda (there was no public comment).

The board then proceeded to elect its vice chair, to fill the position vacated by the board resignation of Mr. Rothchild. Mr. Grossman nominated Taunya Phillips as Vice Chair, Mr. Means seconded the motion, and the board unanimously voted to make Ms. Phillips Vice Chair.

The board proceeded to consider old business. Mr. Frazier called upon the three website firms (Bullhorn, Shatterbox, and Able Engine) to make their presentations to the Board. Each firm presented for ten minutes, and answered board questions. Board members spoke of their past experience with the firms. Mr. Harris and Mr. Webb both agreed that the primary focus of the website should be information and service to the property owners within the district. The Board discussed the need to collect data. Mr. Means suggested that the website should roughly serve 80% property owners, 20% public, as the focus of resources. The board then discussed the decision for the Board to develop its own, new logo for the district, to move forward. Mr. Webb made a motion for Mr. Frazier to negotiate and execute a contract with website provider Able Engine for the provision of DLMD website and branding, Mr. Grossman seconded, Messrs. Gibbs and Kay abstained from the vote, and the Board passed the motion unanimously (with two abstentions).

Mr. Frazier then reviewed the remaining Old Business items, all of which were advisory to the board: Mr. Frazier advised board members to continue considering Advisory Board members; Mr. Frazier provided an updated on the status of the \$25,000 loan with LFUCG, which is proceeding with normal process, and money should arrive in June; Mr. Frazier reminded the Board that he will present the DLMD first-year budget to the council at the June 14th Council Work Session, and that the public hearing of the budget will be held during the Thursday, June 16th Council Meeting.

Mr. Frazier then moved on to New Business. Mr. Frazier introduced Todd Slatin, the Director of Purchasing for LFUCG. Mr. Slatin discussed the overview of the request for proposal (RFP) process for management services for the district. The Board then reviewed draft procurement documents that were provided by LFUCG purchasing for the RFP. The board discussed the language of the statement of work in the RFP. Mr. Webb discussed his concern with including snow removal in the statement of work, and the concern about spending on operational services that are currently provided by the city or private building owners.

Mr. Kay, addressing Mr. Webb's concerns, suggested that the board alter the description of operating expenses in the budget to read, "Contract Services Package: incremental to existing city services, and private obligations, some or all of the following." Mr. Kay made the motion to change the budget language, Mr. Means seconded, and the board unanimously approved.

In the interest of releasing the RFP, and hearing a summary of bids at the June 1 meeting, Mr. Means made a motion to approve the draft procurement documents, and for LFUCG purchasing to release the contract services RFP. Mr. Grossman seconded the motion, and the board unanimously approved the motion.

Mr. Frazier then advised the board to begin thinking about the use of capital dollars, as the funds will begin to arrive in only a few months.

Mr. Frazier called for public comment on items not on the agenda (there was no comment).

The board adjourned at 9:58 am.

Summary of motions:

Motion	Author	Second	Vote
Approve the minutes of the April 6th meeting	Davidson	Gibbs	Unanimous
Nomination of Taunya Phillips as Vice Chair	Grossman	Means	Unanimous
Motion for Mr. Frazier to negotiate and execute a contract with website provider Able Engine for the provision of DLMD website and branding.	Webb	Grossman	Unanimous, with the abstentions of Steve Kay and Jake Gibbs
Change the language in the budget regarding operational expenses to read: "Contract Services Package: incremental to existing city services, and private obligations, some or all of the following."	Kay	Means	Unanimous
Approve the draft procurement documents, and for LFUCG purchasing to release the contract services RFP.	Means	Grossman	Unanimous



Thursday, May 26, 2016

Jim Frazier, Chair
 Downtown Lexington Management District (DLMD)
 201 East Main Street, 9th Floor
 Lexington, KY 40507

Dear Jim,

A safe, clean, vibrant downtown is important to LFUCG, just as it is for the DLMD property owners. The city provides continuous, day-to-day operating support as well as as-needed services for downtown.

The ordinance and statute that established the DLMD require that the city continue existing services (excepting city-wide policy changes). Current services include public safety, parks, waste management, and the maintenance of LFUCG properties, at a total yearly expense greater than \$700,000.

Department	Day-to-day operating support	As-needed support
Public Safety	<ul style="list-style-type: none"> • Six Downtown Entertainment District patrol officers • One Downtown Entertainment District patrol sergeant 	<ul style="list-style-type: none"> • Thursday Night Live • Event over-time
Parks and Recreation	<ul style="list-style-type: none"> • Maintenance of: Thoroughbred Park, Old Courthouse / Cheapside, Phoenix Park, Woodward Heights Park, and Gratz and Northeastern Parks (border DLMD) • Mulching, planting, and watering of tree basins, flower pots, and hanging flower baskets on Vine and Main streets 	<ul style="list-style-type: none"> • Holiday lights (Main and Vine Streets) • Support for events (e.g., Thriller)
Waste Mgmt	<ul style="list-style-type: none"> • Mon – Sat twice daily pickup for downtown businesses 	<ul style="list-style-type: none"> • Herbies and Rosies
LFUCG Facilities	<ul style="list-style-type: none"> • Government Center (200 E Main); Phoenix (101 E Vine); County Clerk (162 E Main); Police (150 E Main); Courthouses and Plaza (120-150 N Limestone); Downtown Arts Center (141 E Main); Kentucky Theatre (214 E Main); ArtsPlace (161 N Mill); and Carnegie Center (251 W 2nd) 	<ul style="list-style-type: none"> • Snow shoveling • Sidewalk repairs

The city does not provide the following: sidewalk repair, cleaning, or snow shoveling (except at LFUCG properties); free banners on poles; and Fourth of July festivities are programmed by the DLC.

The Mayor's Office is committed to the continued success of downtown, and looks forward to working with the DLMD to make our downtown a more vibrant, economically stronger, and more valuable district.

Christopher Corcoran
 Senior Advisor to the Mayor



**DOWNTOWN LEXINGTON
MANAGEMENT DISTRICT**

**FY 2017 PROPOSED BUDGET
JIM FRAZIER, CHAIR**



LEXINGTON



Presentation contents

- About the DLMD
- DLMD board membership
- Summary of activities to date
- FY 2017 budget priorities
- FY 2017 timeline
- FY 2017 budget
- Next steps



About the DLMD

- Established by LFUCG ordinance on May 7, 2015
- Purposed to provide economic improvements that benefit property owners within the district
- Led by a volunteer board of 15 community leaders
- The LFUCG ordinance directs the board to pursue economic improvement activity:
 - (a) the promotion of commercial activity or public events
 - (b) the planning, administration, and management of development or improvement activities
 - (c) landscaping, beautification, maintenance, and cleaning, of public ways and spaces
 - (d) the conduct of activities in support of business recruitment and development
 - (e) the provision of security for public areas
 - (f) the construction and maintenance of capital improvements to public ways and spaces
 - (g) other economic improvement activities that specially benefit property within the district

#1 priority is to deliver service and value to DLMD property owners



Map of the district





DLMD board membership

Name	Board Position	Organization
Frazier, Jim	Chair, Member	McBrayer, McGinnis, Leslie & Kirkland
Phillips, Taunya	Vice Chair, Member	Residential representative
Grossman, Steve	Treasurer, Member	Hilliard Lyons
Wellman, Zedta	Secretary, Member	Gratz Park Inn
Betz, Liza	Member	Failte
Carter, Andrew	Member	21c
Davidson, Scott	Member	Langley Properties
Gibbs, Jake	Member	LFUCG 3 rd District Council
Harris, Tom	Member	University of Kentucky
Juett, Temple	Member	Downtown Lexington Corporation
Kay, Steve	Member	LFUCG Vice Mayor
Means, Gary	Member	LexPark
Nicholson, Nick	Member	Stoll Keenon Ogden
Reed, Geoff	Member	LFUCG Mayor's Office
Webb, Woodford	Member	Webb Companies



Summary of activities to date

Operations

- Publication of RFP for downtown management services (May)
- Selection of website provider (Able Engine), website development
- Establishment of financial relationships
 - Tax collection with Sheriff Witt
 - Banking with Bank of the Bluegrass
- Receipt of \$25,000 start-up loan from LFUCG

Organization

- Establishment of board
- Election of officers
- Adoption of by-laws

Planning

- Planning of public art, grant projects
- Development of Advisory Board



FY 2017 budget priorities

Day-to-day Operations

- The plurality of DLMD funds
 - Downtown ambassadors
 - Landscaping, beautification, and maintenance
 - Marketing and promotion
 - Security services

Capital Improvements

- Second largest allocation
 - \$20,000 in direct capital projects
 - \$20,000 in matching grants
 - \$25,000 for website and startup activities
 - Funds for public art, infrastructure

Administration & communications

- Funding for one position
 - Administration of DLMD programs
 - Liaison to DLMD board
 - Liaison to LFUCG Council, city staff
 - Coordination of work with other downtown entities

DLMD Board will measure, monitor, and adjust budget for FY 2018 based on property owner satisfaction and feedback



FY 2017 timeline



- Select contract services provider, through RFP
- Finalize economic improvement plan, distribute, and solicit property owner feedback
- Plan for day-to-day contract services kickoff in fall

- Collect property tax through Sheriff (~\$415,000)
- Kickoff day-to-day service operations
- Launch matching grants, capital improvements applications

- Continuously improve operations
- Begin distribution of matching grant, capital improvement funds

- Continuously improve operations
- Complete distribution of FY2017 matching grant, capital improvement funds
- Design FY 2018 budget based on FY 2017 experience, feedback
- Submit FY 2018 budget to LFUCG Council

FY 2017 budget: revenue



LEXINGTON

DLMD REVENUE	Fiscal Year 2017 (Jul 1 - Jun 30)		Fiscal Year 2018 (Jul 1 - Jun 30)	
	<i>(9 months of operations)</i>		<i>(12 months of operations)</i>	
TAX BASE				
Tax base (non-exempt)	\$ 415,000,000		\$ 415,000,000	
Tax rate, per \$100 value	\$ 0.10		\$ 0.10	
Tax collection baseline	\$ 415,000		\$ 415,000	
REVENUE				
		% of total revenue		% of total revenue
Tax revenue	\$ 410,850	94.3%	\$ 410,850	100.0%
Tax payment rate estimate	99.0%		99.0%	
Tax collection baseline x payment rate	\$ 410,850		\$ 410,850	
Loan	\$ 25,000	5.7%	\$ -	0.0%
LFUCG 0% interest loan, 2-year term	\$ 25,000		\$ -	
Total Revenue	\$ 435,850	100.0%	\$ 410,850	100.0%

FY 2017 budget: expenses



LEXINGTON

DLMD EXPENSES	Fiscal Year 2017 (Jul 1 - Jun 30)		Fiscal Year 2018 (Jul 1 - Jun 30)	
	<i>(9 months of operations)</i>	% of total revenue	<i>(12 months of operations)</i>	% of total revenue
Contract services package	\$ 168,750	38.7%	\$ 225,000	54.8%
<p>Incremental to existing city services, and private obligations, some or all of the following: (1) The promotion of commercial activity or public events; (2) the planning, administration, and management of development or improvement activities; (3) landscaping, beautification, maintenance, and cleaning of public ways and spaces; (4) the conduct of activities in support of business recruitment and development; (5) the provision of safety and security for public areas, including snow and ice removal from the public thoroughfares, including but not limited to sidewalks; (6) the construction and maintenance of capital improvements to public ways and spaces; and (7) any other economic improvement activity that, as determined by the board, specially benefits property within the district.</p>				
Special projects	\$ 70,625	16.2%	\$ 75,000	18.3%
Website and startup activities	\$ 25,000	5.7%	\$ 7,500	
Match grants	\$ 20,000	4.6%	\$ 30,000	
Board capital projects	\$ 20,000	4.6%	\$ 30,000	
Waste management corrals	\$ 3,750	0.9%	\$ 5,000	
Pedestrian wayfinding maintenance	\$ 1,875	0.4%	\$ 2,500	
Administrative costs	\$ 50,000	11.5%	\$ 65,000	15.8%
Administrator	\$ 42,750		\$ 57,000	
Professional services (audited financials)	\$ 5,000		\$ 5,000	
Management, supplies, property notices	\$ 2,250		\$ 3,000	
Loan repayment	\$ 12,500	2.9%	\$ 12,500	3.0%
LFUCG 0% interest loan, 2-year term	\$ 12,500		\$ 12,500	
Sheriff property tax collection	\$ 17,638	4.0%	\$ 17,638	4.3%
Collection rate of tax revenue	4.25%		4.25%	
Total expenses	\$ 319,513	73.3%	\$ 395,138	96.2%

FY 2017 budget: reserves



LEXINGTON

DLMD RESERVES	Fiscal Year 2017 (Jul 1 - Jun 30)		Fiscal Year 2018 (Jul 1 - Jun 30)	
	<i>(9 months of operations)</i>	% of total revenue	<i>(12 months of operations)</i>	% of total revenue
RESERVES				
Operations escrow reserve for first 3 months of next fiscal year (25% of annual expenses)	\$ 100,671	23.1%	\$ 98,784	24.0%
Contingency reserve	\$ 14,380	3.3%	\$ 16,434	4.0%
Reserve rate (of tax revenue)	3.5%		4.0%	
Reserve	\$ 14,380		\$ 16,434	
NET INCOME	\$ 1,287	0.3%	\$ 1,165	0.3%
BALANCE	\$ 1,287	0.3%	\$ 2,452	0.6%

- It is necessary to end each fiscal year with approximately one quarter of the annual revenue remaining in balance, to pay for the operations in the first quarter of the following fiscal year, as property tax revenues do not arrive until the beginning of the second fiscal quarter
- The board discussed the choice of fiscal year start date, and chose a July 1 start in order to allow for a faster startup process in calendar year 2016, and to align the fiscal year with the LFUCG fiscal year



Next steps

- (06/16/2016) Public hearing of DLMD budget at LFUCG Council Meeting
- (July) Finalization of economic improvement plan (EIP)
- (July) Mailing of budget & EIP to all district tax payers
- (July) Selection of contract services provider
- (August) Public discussion with property owners on budget, EIP priorities