

# The Fayette Alliance

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*“Planning Our World-Class City, Preserving Our World-Class Landscape”*

LFUCG Council  
Government Center  
200 East Main Street  
Lexington, KY 40507

May 14<sup>th</sup>, 2012

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Knox van Nagell, J.D.

Dear Vice Mayor Gorton and Council members,

My name is Knox van Nagell, and I am writing this letter on behalf of The Fayette Alliance.

Founded in 2006, The Fayette Alliance is a coalition of citizens dedicated to achieving sustainable growth in Lexington-Fayette County through land use advocacy, education, and promotion.

As the voice for sustainable growth, The Fayette Alliance believes that preserving our unique and productive Bluegrass farmland, advancing innovative development, and improving our infrastructure are essential to our collective success in Lexington.

Through our efforts and beyond, Lexington can become the model for sustainable growth and development, by connecting and balancing its vibrant city with its unique and productive Bluegrass farmland.

As a member of the Council’s work-group that reviewed and revised the Goals and Objectives, we feel that the draft comprehensively speaks to the fundamental growth issues facing our community.

Economic development, environmental stewardship, water quality, development incentives, design guidelines, preservation, transportation, affordable and workforce housing, aging in place, the arts, public safety, and parks are just some of the land-use topics effectively addressed in the draft.

With these Goals & Objectives, Lexington has an historic opportunity to hold the line on expanding the Urban Services Area and Rural Activity Centers. In turn, we can be balanced in our growth approach, develop responsibly, and create a sustainable world-class city in a world-class landscape.

Therefore, we respectfully request that you adopt the Goals and Objectives for the following three reasons:

### **1. Hold the line on expansion, and save Lexington residents money**

As you know, our waterways do not meet Federal clean water standards. Our community suffers from flooding, raw sewage and creek contamination, public health

problems, and property damage due to our dilapidated sanitary sewer and stormwater systems. 70% of creeks and streams in Fayette County are now impaired or polluted.<sup>1</sup>

As a result, the EPA ordered the city of Lexington to fix its water quality crisis.<sup>2</sup> Originally projected to cost \$300 million, it is now officially estimated to cost over \$500 million—which does not account for an expansion of the Urban Services Area or Rural Activity Centers.<sup>3</sup> The Blue Sky / Hickman Creek watershed alone will cost \$260.6 million—not including the Blue Sky SEP which will cost at least \$1.3 million.<sup>4</sup>

The citizens of Fayette County pay for these expenses. Each household deposits on average \$39 a month into a sewer improvement fund, via our water bill.<sup>5</sup> By financing increasingly expensive capital improvement projects and ongoing maintenance costs of our sewer system, there is no end in sight.

**There is not enough money to fix the sewers that service Lexington today. It is projected that our sewer fees will double over the next ten years, amounting to over \$900 a year per household, to clean up the mess.**<sup>6</sup> This amount does not include ongoing costs associated with stormwater run-off, police, fire, roads, and other infrastructure needed to service our city.

Lexingtonians are already feeling the pinch, and by expanding the Urban Services Boundary, we will be biting off more than we can chew.

Here is why: expansion will require new sewers, trunk lines, pump stations, etc. **The size of our sewer system and related maintenance costs will increase.**<sup>7</sup> So the question becomes, who will pay?

**Lexington's current households will pay.** Money paid into the sewer improvement fund will finance the maintenance costs of not only the current system, but an expanded one as well.

Lexington residents will front the money to float the ongoing costs of new sewers, before new households or users come onto the new system to help cover the expense. When this will happen is uncertain, thanks to today's unpredictable economic climate. We will be responsible for the maintenance costs of a new, expanded sewer system even though many of us won't be using it...and our monthly sewer fees will increase accordingly.

Furthermore, even if new users come on to the expanded sewer system, our fees will increase...again. Building and maintaining new infrastructure on perimeter of city is expensive.

For example, it's estimated to cost an average of **\$16,529.00/acre** to sewer farmland outside the Urban Services Area.<sup>8</sup> LFUCG determined this number in 2006, before the EPA came to town and our Consent Decree and "Capacity Assurance" requirements with it. In light of these realities, expanded sewers will exceed the bandwidth of our current resources in the sewer fund. More money will be needed to support an expanded system, and our fees will increase to cover the bill.

All across America, communities are facing similar financial challenges in supporting water infrastructure.

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<sup>1</sup> KY Division of Water, 2006

<sup>2</sup> 2006 EPA Consent Decree

<sup>3</sup> Enclosure, LFUCG Sanitary Remedial Measures 1&2, 2012

<sup>4</sup> Id.

<sup>5</sup> Enclosure, LFUCG Projected Sewer Fee Increases, 2012

<sup>6</sup> Id.

<sup>7</sup> LFUCG Division of Water Quality, 2012

<sup>8</sup> LFUCG Rural Service Area Sanitary Sewer Capability Study, February 2006

For instance, utilities across the United States need \$25 billion to \$60 billion a year for capital costs alone, and \$1.2 trillion over a 20-year period.<sup>9</sup>

*“Water and wastewater infrastructure funding is primarily a local matter. Nationally, over 80% of maintenance and capital is funded either with on-going service fees paid for by the customer (ratepayers), sometimes supplemented with development fees for new construction that are integrated into the price of development... The cost of system improvements can be a very heavy burden to spread over just a few rate payers.”<sup>10</sup>*

The bottom line is that outward expansion is expensive and risky at best. Once it is done, current Lexington households will face immediate financial pressure to clean up our current sewer mess, AND support an expanded system as well.

We must learn from the conditions that led to our 2006 EPA Consent Decree. We can no longer “build it now”, and kick the expense down the road to pay later. We must understand the impacts of short-term gains with long-term consequences. Cleaning up our current mess, and building efficient infrastructure systems in the future is key to living within our means.

No expansion is the first step...Or we will continue to pay the price.

## **2. We can grow needed jobs inside the current Urban Services Area**

We currently have a lot of raw land for economic growth in Lexington.

Overall, we have roughly 12,000 acres of vacant or underutilized land inside the Urban Services Area, which include<sup>11</sup>:

- 50 million square feet of commercial space
- 100 million square feet of industrial/research space
- 1500 acres of VACANT employment sector land<sup>12</sup>
- 429 acres of VACANT manufacturing land<sup>13</sup>
- UK Coldstream Park: 335 acres of land, 112,000+ square feet of office space<sup>14</sup>

Moreover, we have over 8,000 acres of economic development land in the “BEAM” region between Lexington and Louisville.<sup>15</sup>

We have plenty of local and regional land for economic growth—especially for advanced manufacturing uses—as demonstrated by many of Lexington’s benchmark cities such as Toledo, Grand Rapids, Baton Rouge, and Waco—whose advanced manufacturers are located on an average of 2 – 40 acre lots.<sup>16</sup>

So the real issue is not the availability of raw land, but rather, how do we incentivize and get “shovel ready” our current resources to create jobs in Lexington? A holistic, long-term strategy is needed. We can grow our economy in many ways...but to do so effectively, we need to play to our unique strengths and brand in Lexington.

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<sup>9</sup> Rebuilding America: APA National Infrastructure Investment Task Force Report, October 2010, (pg. 61)

<sup>10</sup> Id at pg. 62

<sup>11</sup> LFUCG Housing Market Study, 2009

<sup>12</sup> LFUCG Division of Planning, 2012

<sup>13</sup> LFUCG Division of Planning, 2012

<sup>14</sup> [www.uky.edu/coldstream/about-coldstream](http://www.uky.edu/coldstream/about-coldstream)

<sup>15</sup> Enclosure, Louisville-Lexington Area Chambers of Commerce, 2012

<sup>16</sup> Enclosure, Benchmark Cities, 2012

We are currently a healthcare, education, high-tech, and agricultural hub. In addition, Lexington is an attractive mid-southern city that is not too big; rich in culture, history, and the arts; and has an emerging downtown, wonderful neighborhoods, and a beautiful rural landscape.

By leveraging our raw land and “intangibles”, we can play to our current economic strengths and grow new ones—from advanced manufacturing to animal science, food, and others.

With some work, we have what it takes to attract advanced manufacturers to Lexington. For example, communities with thriving advanced manufacturing bases have the following<sup>17</sup>:

- Strong tax and development incentives
- Readily available infrastructure such as sewer, rail, roads, predictable utilities
- Access to talent and capital
- Cultural & quality of life offerings for executives and workers.

Through focus, planning, and collaboration... we can strategically identify obstacles and solutions on how to competitively grow our economy. National site consultants can help this process, and The Fayette Alliance is committed to working with Commerce Lexington, the University of Kentucky, LFUCG, and others on this initiative moving forward.

By holding the line on expansion, we not only prime the pump for economic growth inside our city, but also outside of it as well.

Fayette County is the capital of regional \$3 billion agricultural economy that supports over 28,000 employees in Lexington and supports over 100,000 statewide.<sup>18</sup> There are over 800 farms in Fayette County that are the factory floor of our equine, general agriculture, and local food enterprises.<sup>19</sup> These farms or businesses have many economic impacts on our community, through direct receipts, expenditures, and investments. For example,

Average Market Value of Products Sold per farm: \$622,377/ year  
Average Expenses: \$489,290 / year  
Average Net Farm Cash Income: \$168,566 / year<sup>20</sup>

In addition, our farms support a “cluster” of related business and payroll in Lexington such as sales, research, science, professional services, tourism, banking, construction, real estate, retail, hospitality, and travel.

Agriculture is an ever-evolving industry that will become more and more important as food, fuel, and natural resources become increasingly expensive. By growing our urban and rural enterprises, Lexington can continue to have a strong, diverse economy resistant to market fluctuations...as demonstrated by cities such as Madison Wisconsin, which is an international healthcare, biotechnology, and agriculture (\$9 billion) hub.<sup>21</sup>

By adopting the current Goals and Objectives and holding the line on expansion, we can accomplish a win-win for our city and farm economies... and in turn, achieve a sustainable win-win for all of us as well.

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<sup>17</sup>George Livingston, “Trends Affecting Business Parks Today”, Site Selection Magazine, November 2010

<sup>18</sup> Dr. Timothy A Woods, “Strategies for Developing Agricultural Opportunities in the Greater Lexington Area”, U.K. Department of Agricultural Economics, 2005; Lexington Convention & Visitor’s Bureau, 2010; USDA Economic Research Service Report, 2009

<sup>19</sup> Census of Agriculture, Fayette County KY Profile, 2007

<sup>20</sup> Id.

<sup>21</sup> “About Madison”, Commerce Lexington, Leadership Visit 2009

### 3. We can responsibly accommodate future population growth inside our current Urban Services Area.

As mentioned above, it's estimated that Lexington currently has roughly 12,000 acres of vacant and underutilized land—or twenty square miles—available for development inside our current Urban Services Area.<sup>22</sup> Under today's zoning recommendations, this amounts to:

- 14,000+ housing units,
- 50 million square feet of commercial space
- 100 million of industrial/research space

In addition, Lexington has over 12,000 vacant housing units on the market.<sup>23</sup>

Lexington's population of 295,000 is growing and anticipated to increase by thirty thousand people in the next ten years.<sup>24</sup> Through balance and innovation, we can meet this demand without sacrificing what is special about Lexington's cityscape or farmland. Addressing the following issues are essential to our success:

- Design
- Development incentives
- Affordable housing
- Historic preservation
- Green ways, parks, trails
- Town & gown; university relations with the city
- Neighborhoods
- Downtown
- Recreation and tourism
- Aging in place
- Multi-modal transportation and carbon footprint
- Local food systems
- Regionalism

By holding the line on expanding the Urban Services Area, we challenge ourselves and set the stage for transforming a tired, sprawl-like growth model into an innovative one. Lexington can lead the Bluegrass Region by example, by creating a dynamic city that is connected to, and balanced with its surrounding farmland.

With the current Goals and Objectives in hand, our community can complete a needed comprehensive planning effort, which may include small area planning, land inventories, ordinance review, development incentives and design guidelines, and public-private partnerships, etc. This exercise will help us responsibly leverage our urban areas into attractive living and business environments. Balancing the community's competing interests will be difficult, but necessary as innovative city building and a new growth paradigm is in demand.

*“75 percent of home buyers over the next 15 years will have childless households... There is a historic reversal of home buying demand away from suburban and rural areas to cities and inner ring suburbs that are more walkable than driveable... It is projected there will be a nationwide surplus of 22 million suburban homes by 2025”<sup>25</sup>*

This is not just a national trend, but a local one as well.

*40% of Lexington's current market prefers to live in an “infill product” inside New Circle Road. This percentage is*

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<sup>22</sup> LFUCG Housing Market Study, 2009

<sup>23</sup> U.S. Census Bureau, 2010

<sup>24</sup> KY Data Center, 2012

<sup>25</sup> “In the Region-Housing Inventories on the Rise”, The New York Times, December 2008

*growing, as market perceptions evolve, transportation costs increase, and good infill product is built.*<sup>26</sup>

This local trend is strengthening. The community wants a vibrant city surrounded by beautiful and productive farmland, as evidenced by polling in recent elections, and countless community surveys.

*We will protect and promote the signature rural landscape...continue the momentum to bring about a truly vibrant downtown, and ensure that all urban and suburban neighborhoods flourish. Acknowledging that the future will bring growth in population...[W]e will use proactive, cooperative regional planning to address change...while appropriately balancing the community's needs.*<sup>27</sup>

Lexingtonians have a clear vision for the community, and now it's time to get it done. No expansion of the Urban Services Area and Rural Activity Centers is a major step in the right direction.

## **Conclusion**

Expanding the Urban Services Area and Rural Activity Centers at this time, defies reason. Such language in the Goals and Objectives opens up the entire rural area for development, driving market forces away from needed investment inside the city. Under this scenario, we all lose.

We cannot solve our problems with the same thinking we used when we created them.<sup>28</sup>

Embrace this remarkable opportunity, and adopt current draft of the 2012 Goals and Objectives. The Comprehensive Plan is the tie that binds. With the Goals and Objectives in place, we can get to work and achieve a world-class city in a world-class landscape...for our economy, environment, and quality of life.

Thank you for your consideration, and dedication to responsible land-use planning.

Respectfully submitted,

Knox van Nagell, J.D.

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<sup>26</sup> LFUCG Housing Market Study, 2009

<sup>27</sup> LFUCG Destination 2040

<sup>28</sup> Albert Einstein

