



City Commission Meeting Highlights

Tuesday, April 17, 2012

Fiscal Year 2012-2013 Budget Preview

City Manager Jeff Pederson and Finance Director Jonathan Perkins provided an overview of projected revenue and expenditures for the upcoming fiscal year 2012-2013 City of Paducah budget. Paducah's fiscal year begins July 1. Pederson says "We are projecting a challenging budget next fiscal year because we are projecting our revenues to be flat." Paducah currently is experiencing a slight increase in the payroll tax but gains are offset by the decline in the insurance premium tax. For the next fiscal year, the City expects general fund revenues to be \$30.17 million which is only a 1 percent increase over the current fiscal year. However, the City has several increases to its expenditures as compared to the current year including wage increases for employees, projected fuel costs, legislatively mandated state pension contribution increases, and an increase in insurance costs. Those items total \$662,000. In balancing the budget, tax increases are not being considered for this year. Pederson says department heads have been instructed to use the same total budget allocations as the current fiscal year in making their upcoming budgets. Department heads are conducting a prioritization process and reviewing existing programs and costs. With the projected expenditure increases, each department is tightening its belt to achieve a balanced budget.

Pederson says the general fund does not include funding for capital maintenance. "There's not a dollar to put back into our facilities. That's a red flag," says Pederson. Pederson proposes setting aside funds in the Investment Fund toward facility maintenance including maintenance for facilities that the City leases to organizations such as Market House and the River Discovery Center. City Engineer-Public Works Director Rick Murphy says City Hall needs much work to extend the life of the building.

The Investment Fund is the fund created by the 2005 ½ cent payroll tax increase. That fund generates approximately \$4.5 million to be used for economic development, neighborhood re-development, infrastructure capital investments, and property tax relief. Pederson says the Investment Fund is being stretched to cover debt payments and funding commitments in addition to items such as support for quasi-public agencies, street resurfacing, and economic development incentives. Pederson says, "The ability to take on anything new just isn't there unless something is reduced or eliminated." Over the next few weeks, Pederson will be working to bring a balanced investment fund budget to the Commission. Current projections show a shortfall of more than \$570,000 for the upcoming fiscal year.

In response to recent questions from the community about the City's amount of debt, the City of Paducah currently has \$31.1 million in outstanding debt with \$29.4 projected for the upcoming fiscal year. The annual debt service payments are 7.29 percent of the total operating expenditures. The financial rating agency, Moody's, says for cities with a population of less than 50,000, Paducah's debt amount is slightly below average.

Approve Payment for Plaintiff's Legal Fees for Paducah Firefighters' Lawsuit (vote April 24)

The Mayor and Commission introduced an ordinance for the City to pay the plaintiffs' attorneys' fees and out-of-pocket expenses regarding the lawsuit filed in 2006 by current and former firefighters against the City of Paducah concerning overtime calculations. The legal liability of \$121,854 was



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established by the McCracken County Circuit Court's rulings in 2011. A separate ordinance was introduced to amend the current fiscal year budget to reflect the payments and to transfer funds from the Commission Contingency account to cover the expense. The amendment to the General Fund budget will reflect the total damages of \$1,582,680 as a result of this lawsuit. The amount of \$1,460,825 was paid in December 2011 which included the back wages, interest, pension contribution, Medicare contribution, and unemployment & workers' compensation for the 71 former and current firefighters listed in the lawsuit. Finance Director Jonathan Perkins says, "This will be the final chapter in the book of this long, long situation." Mayor Bill Paxton says, "The City followed the rules of the State to the letter of the law. It's been a hardship not only on Paducah but also Louisville and many, many other cities that had to do the same."

Background: The lawsuit filed in 2006 pertains to the interpretation of how overtime is calculated for the firefighters' annual \$3100 incentive pay provided by the state. The City has the responsibility to administer the funds using the directives issued by the state; however, firefighters in Paducah and other Kentucky cities disagreed with the way their overtime wage rates were being calculated. Even though Paducah was using Kentucky Labor Cabinet guidance, the McCracken Circuit Court determined that the City was liable under the Kentucky Wage and Hour laws for failing to correctly pay overtime on the state incentive funds. Paducah is not unique with this overtime lawsuit. Many other Kentucky cities computed and paid wages to their firefighters by following a methodology acknowledged by the Kentucky Labor Cabinet. Senate Bill 46 was signed into law in March 2009 which clarified how to calculate the \$3100 state incentive supplement.

Human Rights Commission Evening of Performance

Dr. Bernice Belt, Interim Chair of the Paducah Human Rights Commission, briefed the Mayor and Commission on the upcoming 6th annual Evening of Performance which will be Friday, May 11, 7:00-9:00 p.m., at the Carson Center. The event will feature 15 acts including singers, dancers, musicians, and poets. The community is invited to this free event.

Mayor's Award of Merit

Mayor Bill Paxton presented the City of Paducah's highest honor, the Mayor's Award of Merit, to Michael Terra. Terra has contributed his time and skills to the community as the co-director of the LowerTown Arts and Music Festival. Terra also brought the community together to help the Community Kitchen through the Empty Bowls project. Mayor Paxton says, "What make Paducah great are the volunteers that step up and do special things for Paducah." Terra and his family moved to Paducah as part of the artist relocation project. Terra commented on the richness of community in Paducah, its culture, and the commitment of its residents to making the City a better place.

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