



## City Commission Budget Workshop Highlights

Tuesday, June 5, 2012

**Overview:** A five hour long budget workshop for the Mayor, Commissioners, City Manager, and department directors was held in the training room of the Paducah Police Department. After a tour of the department, Mayor Bill Paxton addressed the group since this is his final budget workshop as Mayor. Mayor Paxton says, “My recommendation to this commission and to the new commission is to listen and pay attention the city manager and what he says. Also, pay attention to the directors. They know what they are doing.”

City Manager Jeff Pederson says, “This budget is presented to you in balance with no tax increase.” Pederson says the department directors were given a challenge to prepare a budget expecting no increase in revenue but an increase in expenses. Each department head evaluated programs and individual budgetary line items to make the budget as efficient and tight as possible. Each department director explained to the Mayor and Commission the actions taken in their respective departments to balance the budget. The City’s operating fund, the General Fund, is projected to have a slight increase in revenue for the upcoming fiscal year which starts July 1. But that revenue increase is only one percent, basically flat. However, the City must budget an increase in expenses as compared to the current fiscal year including wage adjustments for personnel, fuel, and state-mandated pension increases. The proposed revenue for the General Fund is \$30.89 million with every dollar appropriated for the upcoming fiscal year. In addition the City of Paducah maintains an operating reserve equal to 8 percent of the General Fund revenue. The budget process over the past few months has been stressful. However, Pederson says, “Budget preparation next year will be critically difficult. We may need to look at program cuts that would be felt by the community.” The four main sources of revenue for the General Fund are payroll tax, insurance premium tax, business license tax, and property tax.

Over the past five years and including the changes for fiscal year 2013, the City has reduced its staffing by 33 employees through retirements, attrition, and the layoffs in 2009. Two police department civilian employees are leaving this year and their positions are being eliminated. For fiscal year 2013, the City has budgeted 309 full-time employees as compared to the 342 employees in fiscal year 2007.

The first reading of the budget ordinance is planned for June 12 with approval set for June 26. The City of Paducah’s fiscal year begins July 1.

**Investment Fund:** The Investment Fund is funded by the ½ cent payroll tax and dedicated to economic development, community redevelopment, capital/infrastructure improvements, and property tax relief. The projected available fund balance for the Investment Fund for the upcoming fiscal year is \$4.98 million. The City Manager discussed each line item with the Mayor and Commission and compared it to current funding. Some of the proposed changes for the upcoming fiscal year include

- Reduce funding to Greater Paducah Economic Development Council by \$50,000 (GPEDC approved the funding reduction);
- Reduce funds set aside for economic development reserves by \$50,000;
- Airport subsidy reduced by \$10,000 (airport approached City with subsidy reduction);



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- Reduce subsidy to Convention Center Corporation from current amount of \$175,000 to \$100,000 (CCC approved);
- Increase funding for Fountain Avenue Neighborhood Project;
- Add line item of \$425,000 for site preparation for convention center hotel project;
- Move demolition line item from Inspection budget to Investment Fund;
- Add \$100,000 for assessing building structure and efficiencies for City Hall;
- Increase funding for general facilities maintenance;
- Add \$175,000 bond payment for Murray State University bond held by McCracken County
- Add line item of \$170,000 for property maintenance for city facilities leased by organizations (example is River Discovery Center building);
- Add line item of \$150,000 for riverfront project to cover items not included in grant funding.

**Greater Paducah Arts and Cultural Alliance:** During the workshop, Paducah Convention and Visitors Bureau Executive Director Mary Hammond, representing the Greater Paducah Unified Arts and Cultural Alliance, addressed the Mayor and Commission. The Alliance consisting of the Carson Center, Market House Theatre, Maiden Alley Cinema, Yeiser, the National Quilt Museum, River Discovery Center, and Paducah Symphony Orchestra is requesting from the City a total of \$177,658 to be used by each agency for operational expenses. During this current fiscal year, the City provided \$125,000 to the arts agencies from the Investment Fund. For fiscal year 2013, \$125,000 is budgeted for the agencies. Commissioner Gayle Kaler commented on how the proposed hotel next to the convention centers will be an incredible boost for the arts agencies.

**National Citizen Survey:** City Manager Jeff Pederson and Public Information Officer Pam Spencer provided an overview of the National Citizen Survey, a mail-in survey instrument provided through the International City/County Management Association (ICMA) and the National Research Center, Inc. Spencer says, “The best way to encourage good performance is to measure it, and the best indicator of government performance is citizen satisfaction.” The survey can be used to do many things such as benchmark service ratings, monitor trends in resident opinions, and compare Paducah to other cities across the U.S. The 5-page survey, which can be customized, would be sent to 1200 randomly selected addresses in Paducah. The survey data would be collected and presented in a series of reports using charts and graphs. The basic cost for the survey creation, printings, data collection, data analysis, and report preparation is \$10,300. The complete survey process from initiation to the final report takes four to six months. Pederson would like to initiate the survey this summer with results expected late this calendar year.

**Inspection Department Reorganization:** Over the past few months after the death of Inspection Director Joel Scarbrough, the City Manager has looked at reorganizing the Inspection Department. In February, the Fire Department began overseeing the department through a pilot program. Pederson says, “The common theme between these two departments is public safety. That may not come to mind as what the Inspection Department is all about, but it is.” Pederson says several other cities incorporate their code inspectors into the fire prevention division of their fire departments. Pederson will bring an ordinance before the City Commission this month to make that change effective July 1. Fire Chief Steve Kyle says, “This is going to be a long process. This is not going to be an overnight change.” Chief Kyle says he is focusing on enhancing customer service and improving service delivery. He and his staff have spent a great deal of time identifying the issues and items that needed improvement. Chief Kyle says, “Identifying the issues is a big step in charting the path forward.” In the past few months, several changes have already been initiated including the purchase of basic supplies for the code enforcement officers, development of criteria for foreclosures, office renovation, movement toward a paperless office, integration of a document management service, and the scheduling of training. Also, the public has been involved in the process through two meetings with electrical and building contractors to get their feedback.



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Pederson says, "I think all of this change sums up what I would call a cultural change within this organization."

**Heliports:** The Mayor and Commission approved an ordinance amending Section 126 of the Paducah Code of Ordinances to define and allow heliports in the M-1 Light Industry Zone. Heliports currently are allowed as a conditional use in the Planned Office Park Zone and as an accessory use in the Hospital Medical Zone. The Planning Commission held a public hearing and made a positive recommendation to the City Commission.

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