



City Commission Budget Workshop Highlights

Tuesday, June 7, 2011

Overview: During a budget workshop held in the conference room of the Public Works building, Mayor Bill Paxton, City Commissioners, City Manager Jeff Pederson, and department directors spent approximately two and a half hours making decisions about the Fiscal Year 2012 City of Paducah budget. Mayor Paxton says, "I think it's obvious that we have a tough three to five years ahead of us. This recession is not over. But I do think we ought to continue to do what this Commission has done in the past and concentrate on economic development and quality of life issues. We, this Commission, can create an environment for companies to want to create jobs and come here." Mayor Paxton adds, "The City, in my opinion 30 years as a banker, is in solid shape." Mayor Paxton then reviewed a list of accomplishments including the Community Scholarship Program and the Murray State University Paducah Campus agreement. The group entered the workshop with a balanced General Fund budget partly due to belt-tightening by each department. In presenting the budget City Manager Jeff Pederson says, "I'm awfully confident in what you have before you." By the end of the workshop, the Commission balanced the Investment Fund. Commissioner Gerald Watkins says, "I appreciate having the opportunity for a balanced budget, a cash reserve, and no tax increase." Finance Director Jonathan Perkins also provided a breakdown of the City's debt as compared to expenditures. Paducah currently has a debt of 5.94 percent which is lower than most cities of similar size. Mayor Paxton says, "We are ahead of comparable cities in how we manage our debt." A draft of the budget is posted on the city's website at www.paducahky.gov. The first reading of the budget ordinance is planned for June 14 with approval set for June 28. The City of Paducah's fiscal year begins July 1.

Paducah School of Art: At the beginning of the workshop, West Kentucky Community and Technical College President, Dr. Barbara Veazey, provided the Commission with an overview of a funding request for the Paducah School of Art. The City Commission is proposing to set aside \$75,000 per year for the next three years from the Investment Fund budget to help fund operations for the Paducah School of Art. The school currently is located at 409 Broadway, a space that it has outgrown. Dr. Veazey says, "There is no doubt that we far exceeded what we thought possible." In 2008, the Paducah School of Art had 160 students enrolled. That number has grown to an enrollment of 362. Dr. Veazey is proposing the Paducah School of Art expand its space by moving its ceramics and sculpture programs from the location on Broadway to a facility in LowerTown.

General Fund: The General Fund is the City's main operating fund. For fiscal year 2012, the revenue is expected to be basically flat with a growth estimated at only 1.0 percent over the current fiscal year. Pederson says, "We are in what we call the 'new normal'. Don't look forward to revenue growth." The proposed revenue is \$29,805,655. The four most important sources of the revenue for the general fund are payroll tax, insurance premium tax, business license tax, and property tax. The proposed expenditures for the general fund total \$30.4 million creating a shortfall. However, the shortfall has been taken care of through a tightening of each department's budget and the transfer of funds from the current year. Pederson prepared the Commission for even tighter budgets in the future. He also stressed the importance of setting aside funds for facility and capital maintenance.

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



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fiscal year is \$4.98 million. To take care of a shortfall and balance the budget since there were more proposed projects than funds available, a proposed road extension project has been postponed until the following fiscal year, the funding for the Paducah Ice Rink has been eliminated, and the funds set aside for economic development have been reduced. Some of the items that will be funded by the investment fund in fiscal year 2012 include

- \$175,000 for design and permitting of the first phase of the Sports Park on Sheehan Bridge Road;
- \$175,000 for the first bond payment for the Murray State University Paducah Campus building;
- \$50,000 toward the recruitment of a hotel developer for a downtown hotel;
- Continued funding at current fiscal year levels for economic development agencies and other agencies such as Barkley Regional Airport and the Convention Center Corporation; and
- \$125,000 set aside to fund art agencies with the exact allocation to each agency to be determined at a later date.

Sports Park Presentation: Parks Services Director Mark Thompson provided the Commission with a presentation about phasing the construction of the Sports Park. The property, purchased by the City more than a year ago, is located on Sheehan Bridge Road. Thompson has divided the park into four phases totaling an estimated \$9 to \$14.5 million. The first phase, estimated to cost \$2.5 million, would be the initial development of soccer fields and necessary infrastructure. Thompson challenges the soccer community to raise 10 percent of the cost (\$250,000). The Commission decided to set aside \$175,000 from the investment fund for the initial engineering designs and permits with a challenge to the community to provide a funding match before construction would start. The same 10 percent challenge would be posed to various groups for each additional phase. Thompson ended the presentation with an overview of the economic impact from a weekend soccer tournament. Thompson estimates one weekend in Paducah with a 40-team tournament (15 families per team with 75 percent from out-of-town = 450 families) could provide the community with 900 room nights at local hotels. Each out-of-town family would spend approximately \$400 during the weekend on hotel rooms, meals, fuel, and shopping. That's a direct impact of \$180,000 on the Paducah economy.

Noble Park Pool: Thompson also discussed renovations needed at the Noble Park Pool. Thompson says, "The filtration system from pumps to filters to piping is stressed beyond belief." He says the pool is losing approximately 5000 gallons per day due to leaks in the piping. The pool structure itself is in good shape. Thompson estimates the cost to renovate the pool and the concession area at \$770,000. The funds for renovations are projected to come from the Investment Fund in the following fiscal year, FY2013.

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