

MANAGER'S BUDGET LETTER

May 19, 2009

1 EXECUTIVE SUMMARY

Mayor & Commissioners:

Finance Director Jonathan Perkins, Budget and HR Administrator Adrienne Gleeson, and I are pleased to present the City Manager's recommended budget and financial plan for the City of Paducah for fiscal year 2010.

This year we are experiencing a worldwide recession more serious than any economic crisis since the Great Depression. The City's FY2010 Budget is built on the assumption that things will get worse before they get better - that the full impact of the recession has not yet hit Paducah and that it will endure past the end of FY2010.

I hope that these assumptions prove to be overly pessimistic. However, if they prove to be accurate, the recommended budget will allow Paducah to operate within its decreased resources with no significant reduction in services to the citizens we serve.

The recommended budget continues to support the goals and action agenda established by the Commission in the City's Strategic Plan.

A. Editorial Comments about City Budgets

Your City budget performs several important functions:

- The budget is a legal document through which the Commission carries out its legislative responsibility to control the City's finances.
- The Budget is a public education document designed to help Paducah's taxpayers understand the finances of their local government.
- The Budget is a management tool that each City Department uses to plan, administer, and improve its operations and customer services.
- The Budget is an instrument for implementing the goals that the Commission sets for the City.

- The Budget is a decision making aid designed to help the Commission make difficult public policy choices.

B. Response to the FY2009 Recession: Paducah's Operational Efficiency Plan

Paducah started its efforts to reduce operating costs almost a decade ago focusing on our least efficient: service, fire suppression. The January 2000 Report, Paducah Fire Service Station Siting and Manning Report, led the City Commission to reduce our Fire Department manning by 9 positions. The 2006 Fire Task Force Report led the City Commission to reduce Fire Department manning by an additional 7 positions. Without these changes, today's Fire Department budget would be at least \$1 million per year larger than it currently is.¹

As the national economy deteriorated, in November 2008 the City Manager presented a report and list of recommended actions to the City Commission, which included delay of some budgeted projects and concentration on energy efficiency.

In December 2008 our Finance Staff held brainstorming sessions with small groups of employees from each Department to come up with cost saving ideas. These brainstorming sessions generated a list of cost reduction proposals that Department Directors used to slow their expenditure rates.

To further help the Department Directors, the Finance Staff devised a simple budgetary allocation report. The report displays on a weekly basis the percent of year-to-date budget each Department has spent. The report further encouraged Directors to slow their spending rate and set up a budgetary allocation system that we could quickly impose if it became necessary.²

In January 2009 ICMA and the Alliance for Innovation published their white paper: Navigating the Fiscal Crisis: Tested Strategies for Local Leaders. We distributed copies of the paper to the Commission and Department Directors and used it as a guide in planning Paducah's subsequent response to the recession.

We classified City activities and services to identify discretionary services that we could cut back or stop providing. We used the "Service Business Hierarchy" model provided to us by Lyle Sumek.³ First the Department Directors classified their services and we reviewed each other's categorizations at a staff meeting. Then we presented the classifications at a Commission Workshop and discussed them with the City Commission.

¹ \$63,992/Firefighter x 16 Positions = \$1,023,920

² See Appendix 7

³ See Appendix 8

None of these exercises produced dramatic savings, but they all helped the City's staff and elected officials realize that the only option for significant cost reductions was to reduce our number of employees.

In March the Mayor and City Manager held meetings with all staff members to present the Mayor's State of the City speech and to brief employees on the coming fiscal crisis. The Manager made a similar presentation on the fiscal crisis to the City Commission.

After completing all the above steps, the Manager prepared an "Operational Efficiency Plan" and reviewed it with the City Commission in two executive sessions before presenting it publicly. On April 14, the City Commission adopted Paducah's Operational Efficiency Plan. The plan follows the strategic management approach recommended in ICMA and the Alliance for Innovation's white paper: Navigating the Fiscal Crisis: Tested Strategies for Local Leaders. The white paper recommends the following steps for local governments facing a fiscal crisis:

- A. Adopt Assumptions
- B. Agree On Service Hierarchy
- C. Contribute to Recovery
- D. Seize Opportunities Crisis Makes Possible
- E. Cut Once and Quickly
- F. Communicate continuously with all Stakeholders

The Paducah Operational Efficiency Plan combined four departments into two, reduced City employment 32 positions including laying off 12 employees, and will reduce City operating cost \$2 million/year. The City provided 3 months of severance and paid health insurance coverage to each employee who lost his or her job.

After implementing the Operational Efficiency Plan staff concentrated on cutting costs further as we prepared the FY2010 city budget.

C. FY2009 Budget Overview

1. General Fund

a General Fund Revenue

The General Fund budget is the City's traditional operating budget. The \$28.6 million budget is funded by taxes and fees and pays for the daily services the City provides its Citizens. The General Fund Budget is balanced to revenue and includes a \$300,000 Commission contingency.

Payroll Tax: Our most important revenue source is the payroll tax, which generates 43% of our General Fund revenue. For FY2009, we budgeted \$12.9 million in revenue from the payroll tax.

We do not know how accurate our estimate will turn out to be. Although projected revenue for the first nine months of the year was 2.7% above the same time period last year, we will not have all revenue numbers for the third quarter until after the budget is presented to the Commission and we will not have revenue numbers for the fourth quarter until August, 2009. There is a delay of up to four months between the time an employer starts withholding City tax from an employee's paycheck at the beginning of a quarter and the time that we have received and posted that revenue to City accounts.

For FY2010 we estimate that payroll tax revenue will be \$12.2 million, a reduction 5% below our FY2009 estimate.

Insurance Premium Tax: The erratic flow of insurance premium tax revenue has always been a problem for Kentucky cities. In the spring of 2008, the Legislature passed a new law championed by Kentucky's city managers and administrators, which should have made the flow of insurance premium tax dollars more predictable and should have made the allocation of those dollars more accurate. So far the results of the new legislation have been disappointing. Our insurance premium tax revenues to date are \$830,000 below our projections. For FY2010, we have reduced our estimated revenue from the 2009 projection of \$5 million to \$4.1 million.

Business License Tax: The business license tax is always the hardest of our significant revenue sources to estimate because over half our total revenue for the year is received in the month of April and all of the receipts do not get booked before we have to present the budget with our revenue estimate to the Commission. Based on the history of this revenue source, (it has increased every year for the last decade excepting only the year when our tax amnesty program caused an aberration) we are projecting that FY2010 revenues will be \$4 million, an amount equal to our FY2009 estimate of \$4 million in business license revenue.

Property Tax: Property tax revenues are slow to respond to changing economic conditions and therefore it is our most stable large revenue source. Therefore for FY2010 we estimate property tax revenues will be \$3.5 million, the same amount we estimated for FY2009.

Bottom Line:

Total Estimated Revenue, All Sources, FY2009 Budget	\$30.6 million
Total Estimated Revenue, All Sources, FY2010 Budget	\$28.6 million
Decrease from FY2009 to FY2010	\$2.0 million
Percent Decrease	6.5%

b General Fund Operating Budget Expenditures

Total expenditures in the recommended FY2010 operating budget are \$28.6 million. The General Fund expenditure budget is balanced with estimated revenue and includes a \$300,000 Commission contingency. It is \$2.0 million or 6.5% less than the original FY2009 budget.

Although we have reduced the FY2010 operating budget significantly, it contains several mandatory cost increases.

3% raise promised IAFF and FOP employees in collective bargaining contracts (Includes benefits)	\$175,000
State Retirement System Increase (Hazardous duty employees)	\$370,000
State Retirement System Increase (Non-Hazardous employees)	\$10,000
Old Police and Fire Pension Unfunded Liability (Payment established by Actuary to begin replacing funds lost by Fund in market crash)	\$560,000
City's share of health insurance costs. (Actual increase will depend on the change in the October 2009 Consumer Price Index)	\$300,000
Total Mandatory Increases	\$1,415,000

c Summary Comparison FY2009 to FY2010

FY2009 Total Revenue	\$30,587,200	
Decrease	(\$1,979,750)	
FY2010 Total Revenue		\$28,607,450

FY2009 Total Expenditure Budget	\$30,587,200	
Total Mandatory Increases	\$1,415,000	
Operational Efficiency Plan Reductions in Personnel Costs	(\$2,005,000)	
Reductions in Department Operating Line Items	(\$1,389,750)	
FY2010 Total Expenditure Budget		\$28,607,450

d Expendable Fund Balance and General Fund Decision Packages

The City Commission has adopted a policy of maintaining an operating reserve equal to 8% of the operating budget. For FY2010, this reserve will be \$2.3million. Any funds in the General Fund unencumbered fund balance above this amount is available to be spent in the coming year's budget.

In past years, we have tried to estimate what the General Fund fund balance will be when we close the books. Our estimates have not been very accurate. In addition to the problems discussed above about the lag time before we have accurate revenue numbers, we also have to make an estimate of how much of each line item will be spent between the day of the estimate and June 30th when the books are closed. Although our ability to estimate this number has not been very good, the actual amount of expendable reserves after the books are closed has been a healthy total of over \$1 million each year. Unless we suffer a significant change in local economic conditions in the next 45 days, I anticipate that we'll have a similar amount of at least a half million in expendable fund balance available in FY2010.

The administrative budget anticipates that the City will fund two major items from FY2009 expendable fund balance:

Reserve for IAFF's Incentive Pay Overtime Law Suit	\$50,000
Old Police-Fire Pension Contribution to Restore Funds Lost in Market Crash	\$560,000

In addition, we have a list of 34 General Fund decision items totaling \$877,220.⁴ I recommend that the Commission spend time during your budget advance to put these items in a priority order. In September, when we close the books and learn what expendable fund balance we have available we will authorize these expenditures starting with the one the Commission gives highest priority and going down the list until all of the expendable fund balance monies are allocated.

2. Investment Fund

The Investment Fund Budget is funded by a ½% levy that is part of the City's Occupational Wage Tax. The levy was adopted in 2005 when we changed the levy from 1 ½% to 2%. Investment Fund expenditures are restricted to four purposes:

- Property Tax Relief
- Economic Development
- Neighborhood Re-Development
- Capital and Infrastructure Investment

Examples of things that the Investment Fund revenue has made it possible for the City to do include:

- Reduce the City property tax levy from 30 cents/\$100 to 25 cents/\$100.

⁴ See Budget Letter page ___ and Appendices 3 & 4.

- Get Corporate Offices for Ingram, Crouse, and Marquette barge lines constructed in Paducah.
- Recruit Western Rivers barge company to Paducah.
- Create Riverport West and compete for the billion-dollar coal to liquid plant to be constructed there.
- Join with McCracken County to support James Marines new towboat construction business.
- Support the creation of Entré Paducah.
- Provide incentives for WKCTC to establish the Paducah Art School
- Undertake the Fountain Avenue Neighborhood Redevelopment Project.
- Construct the local portion of Pecan Buckner Drive.
- Open the Skate Park and Disc Golf Course.
- Add safety surfaces to City Playgrounds.
- Renovate the Julian Carroll Convention Center and retain the Quilt Show.
- Slip-line the pipes under the floodwall.
- Expand neighborhood sidewalk construction.

a Investment Fund Revenue

A detailed report of the use of Investment Fund revenues since the inception of the program can be found under the heading “Investment Fund Scorecard” in the Finance Department section of the City of Paducah webpage <http://paducahky.gov>. Investment Fund Revenue

For FY2009, we have projected investment fund revenue of \$4 million. The same factors discussed above that cause uncertainty in our estimate of wage tax revenue in the General Fund also impact this estimate.

b Investment Fund Decision Items

The Investment Fund decision items are listed in Appendices 1 and 2 of this letter. The list includes 51 decision packages proposed for the Investment Fund budget with a total cost of \$19.8 million.

I have listed 8 of these decision packages totaling \$1.6 million as “committed expenditures”. This list includes both payments we are under a contractual obligation to make such as the payment of principal and interest on capital bonds and payments that we do not have any legal obligation to make but which the Commission has strongly indicated that they intend to support like the continued \$300,000 a year support for GPEDC.

2 PADUCAH’S STRATEGIC PLAN

Each year the Commission spends two days together in a Planning Advance to update our Goals for Paducah and to set an Action Agenda for the coming year. Our Advance this spring was delayed because our facilitator, Lyle Sumek, became ill. It has been rescheduled for June. My budget recommendations reflect the priorities in the Commission’s Strategic Plan.

Paducah’s Strategic Plan is built on two foundations: A Statement Of Core Beliefs, which summarizes our Values, and a Mission Statement:

City of Paducah Core Beliefs

<p>We Serve Others Produce Results Act with Integrity Accept Responsibility Look for Innovations Practice Teamwork</p>
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City of Paducah Mission Statement

<p>The City of Paducah is FINANCIALLY SUSTAINABLE, provides 1st CLASS SERVICES delivered in a COST EFFECTIVE MANNER and has QUALITY INFRASTRUCTURE and FACILITIES</p> <p>The City ENGAGES CITIZENS, EXERCISES COMMUNITY LEADERSHIP On Local Public Service Issues, and Is recognized as a REGIONAL LEADER.</p>

The Strategic

- A long-range view for the year 2022.
- A mid-term Plan expressed as 5-year Goals
- And an Action Agenda for the Coming Year

The long-range view is expressed in the City’s Vision Statement and the mid-term view is expressed in the City’s goals for the year 2013:

2022 Vision Statement

Paducah is a
Vibrant and Beautiful River City
Which is the Heart of the Four Rivers Region.
Our region has a Strong Economy.
Our City has a National Reputation for the Arts
and Tourism.
We are a Hometown for Families
and an Inclusive Community
Our residents enjoy a Quality Community and
Fun Things to Do.

*PADUCAH - A GREAT PLACE TO CALL
HOME.*

2013 Goals

Strong Local Economy - *Regional Center for Four States*
Efficient City Government - *Quality Services for Citizens*
Vital Neighborhoods - *Place for People and Businesses*

Great Place to Live - *A Fun City to Enjoy*

Restored Historic Downtown, Lowertown, Riverfront -
A Community Focal Point

For 2009 the Commission Adopted an Action Plan with 7 Top Priority Action Agenda Items and 6 High Priority Items. Our goal setting Advance for 2010 when we intended to update the Action Agenda was rescheduled from March to June when our facilitator got sick. Appendix 6 provides a status report on our 2009 Action Agenda.

3 OVERVIEW OF PADUCAH'S FINANCES

A. Funds

In compliance with professional accounting standards, the City of Paducah operates its finances through 25 different funds. Revenues and expenditures are budgeted in each of these funds. The Flow of Funds Chart on the page after this section shows the City's funds and diagrams their interrelations. Finances for most of Paducah's service delivery activities are managed through just a few of the funds in this confusing array:

General Fund:

All City Departments that do not operate with an earmarked source of revenue are budgeted in the General Fund. For example Police, Fire, and Engineering/Public Works Departments are operated through the General Fund among others.

Investment Fund:

Provides separate accountability for economic development, community re-development, and capital and infrastructure investment activities funded with ½% from the City occupational wage tax.

Municipal Aid Program (MAP):

State law requires us to account for state shared gas tax money in a separate fund. We traditionally add a transfer from the General Fund to the MAP fund and account for the City's annual paving program through it.

Grant Funds:

Special Revenue Funds are used to account for grants awarded to the City from agencies of the Federal Government and the Commonwealth of Kentucky. We have several individual funds for large grants and a small grant fund to serve as a "catch-all" for all other grants.

Solid Waste Fund:

The City operates its garbage collection service as a business and accounts for its operations using accounting rules, which are modeled on business accounting instead of governmental fund accounting. The Solid Waste Fund receives the revenue from the garbage service fees. The fund contains the budgets for our residential and commercial collection services and our compost operation.

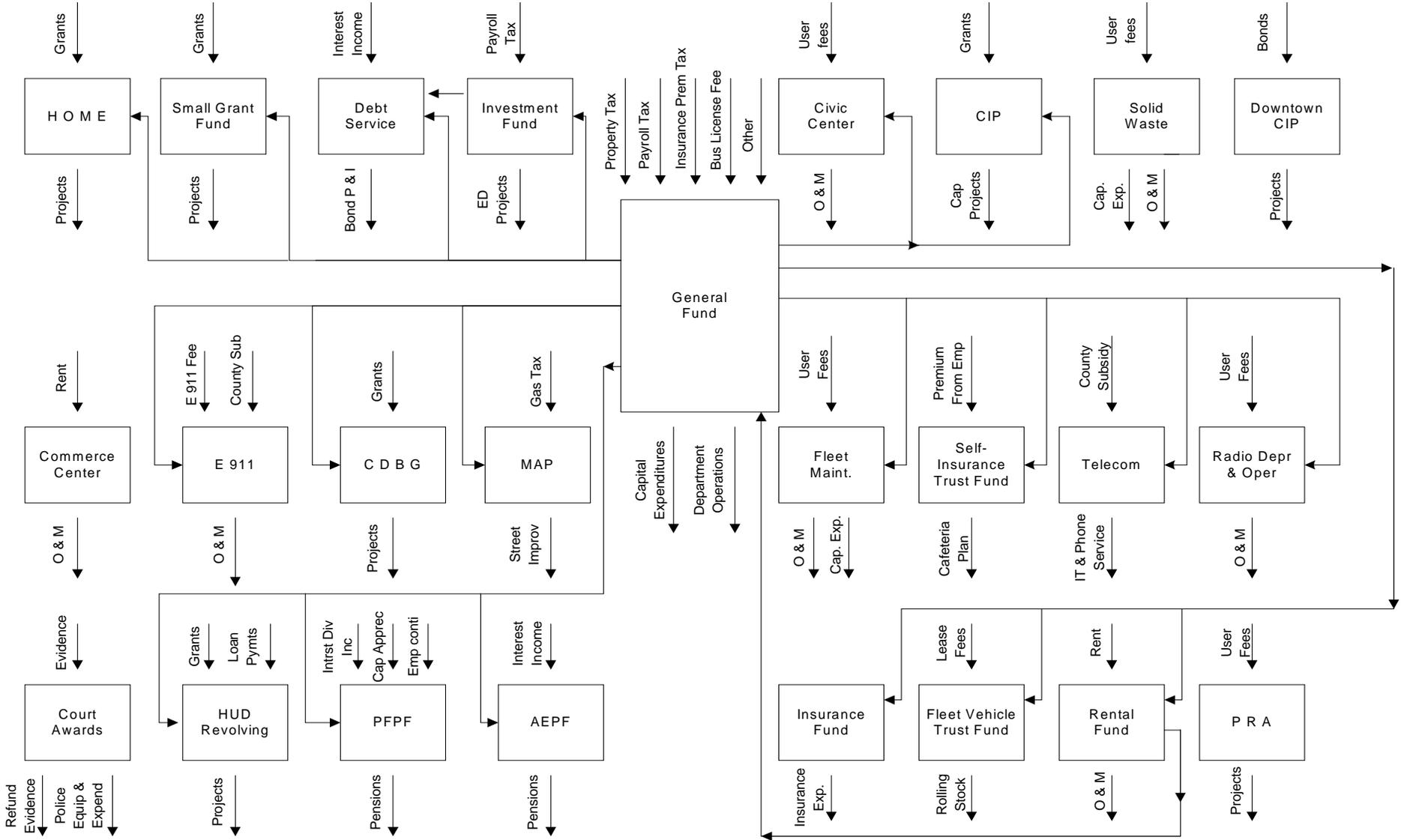
Internal Service Funds:

Internal Service Funds also follow business accounting rules. The budget includes the Fleet Maintenance, Fleet Lease Trust, Rental Properties, Radio Depreciation, Health Insurance, and General Insurance internal service funds.

Bond Funds:

Over the years the City has sold several bond issues. We maintain separate funds to account for bond proceeds and for annual principal and interest payments. Money for some of our issues including 2005 bonds to cover the unfunded liability in the Police and Fire Pension Fund flows to the Bond Fund from the General Fund. Money for bond payments on projects directly related to economic development, like the \$5 million borrowed in 2004 for the Infiniti Media project, flows through the Investment Fund.

Paducah Flow of Funds



B. How Big Is The Budget

The multitude of funds makes it hard to answer the simple question: “How big is the City Budget?” Just adding the budgets of all the funds together does not answer the question accurately because transfers of monies between funds cause the same dollar to be counted two or more times. The following table adds the budgets of all our funds and then makes adjustments for the transfers to subtract out the double counts. The FY2010 “All Funds” Budget excluding double-counts totals \$38.4 million.

COMBINED BUDGETS - ALL FUNDS

	Total Expenditures & Fund Transfers	Inter Fund Transfers	Budget
General Fund or Operating Budget	\$28,607,450	\$1,271,825	\$27,335,625
Investment Budget	\$1,616,755	\$573,425	\$1,043,330
MAP	\$453,000		\$453,000
CDBG	\$-0-		\$-0-
HOME	\$-0-		\$-0-
HUD Revolving	\$1,000		\$1,000
Court Awards	\$36,400		\$36,400
Debt Service	\$2,122,975		\$2,122,975
General CIP	\$-0-		\$-0-
Solid Waste	\$4,116,020		\$4,116,020
Civic Center	\$80,320		\$80,320
Rental Property	\$134,735		\$134,735
Radio Depr. & Opr.	\$57,680		\$57,680
Fleet Maintenance	\$611,005	\$460,000	\$151,005
Fleet Trust	\$738,900		\$738,900
Insurance	\$1,004,300	\$1,004,300	\$-0-
Health Ins. Trust	\$3,450,000	\$3,450,000	\$-0-
Maintenance Trust	\$7,335		\$7,335
AEPF	\$53,255		\$53,255
PFPF	\$1,811,605		\$1,811,605
Renaissance	\$250,820		\$250,820
Totals	\$45,153,555	\$6,759,550	\$38,394,005

C. Explanation of Fund Balances

The multitude of funds can make it difficult to understand what financial resources the City has and what flexibility we have in using those resources. Although any balance remaining in some funds at the end of the fiscal year is closed out (transferred) to the General Fund, other funds maintain a fund balance. Enterprise funds, like our Solid Waste Fund, do not have a fund balance because of their business-style accounting rules. They do have unencumbered liquid assets, which are an equivalent of a governmental accounting fund's fund balance.

Until the fiscal year is over and the City's books are closed, it is very difficult to make an accurate estimate of Fund Balance in the General Fund and in some of the other large funds. The following table shows the fund balance (or equivalent) that we expect to have June 30, 2009 in the funds that we can estimate accurately. We will fill in the empty cells in the table after our books are closed and we have good numbers.

ESTIMATED FUND BALANCE

	Estimated Fund Balance	Notes
General	-?-	8% Operating Reserve = \$2,288,000
Investment Fund	\$500,000	
Small Grants	-0-	
MAP	\$100,000	Appropriated for Projects
CDBG	-0-	
HOME	-0-	
HUD Revolving	\$150,000	Appropriated for projects
Court Awards	\$50,000	Restricted to Police Drug Activities
Debt Service	-0-	
General CIP	\$1,500,000	Appropriated for Projects
Solid Waste	\$1,500,000	Undesignated cash = Fund Balance Equivalent Accumulated to delay future garbage rate increases. 8% Operating Reserve: \$329,000
Civic Center	-0-	Undesignated cash = Fund Balance Equivalent Earmarked for operating shortfall
Rental Property	-0-	
Radio Depr & Opr	\$600,000	Reserved for Radio Projects
Fleet Maintenance	\$50,000	Undesignated cash = Fund Balance Equivalent

	Estimated Fund Balance	Notes
Fleet Trust	\$3,300,000	Future purchase of replacement vehicles, including fire trucks
Insurance	\$0	Reserved for Insurance Deductible Payments
Health Insur Trust	(\$150,000)	Reserved for Health Insurance Claims
Maintenance Trust	\$4,000	Reserved for Commerce Center Maintenance
Appointive Employees Pension Fund	\$220,000	Reserved to pay pensions
Police & Fire Pension	\$60,000	Reserved to pay police and fire pensions
TOTAL	\$7,884,000	

D. General Fund

1. Revenue

As explained in the “Budget Overview” section of this letter, we are less sure of our FY2009 estimates than we normally are when we prepare the budget and as a result we have been conservative in projecting revenues for FY2010. For FY2010 we are estimating 6.5% less revenue than we budgeted a year ago for FY2009.

GENERAL FUND REVENUE

Actual FY2007	Actual FY2008	Estimated FY2009	Budget FY2010
\$29,571,548	\$30,426,801	\$30,605,200	\$28,607,450

Historically, the City has enjoyed a healthy revenue growth from year to go, although since 2006 our most important income stream, our Payroll Tax has slowed from an average growth of 5% a year to an average of 1.4%. City staff tries to be conservative with our revenue estimates; so actual revenues are generally larger than budgeted. For example:

- In FY2007 we budgeted \$28,341,990 and actually received \$29,571,548
- In FY2008 we budgeted \$29,615,465 and actually received \$30,426,801

The four most important sources of General Fund revenue are:

- Payroll tax, which in FY2009 will generate over \$12.8 million in revenue.
- Insurance premium tax, which in FY2009 is projected to generate nearly \$4.0 million

- Business license, which in FY2009 is projected to produce just under \$4 million.
- Property tax, which in FY2009 is projected to produce about \$3.5 million.

Payroll Tax: The payroll tax, which generates 43% of our General Fund revenue. For FY2009, we budgeted \$12.9 million in revenue from the payroll tax. We do not know how accurate our estimate will turn out to be. Although projected revenue for the first nine months of the year was 2.7% above the same time period last year, we will not have all revenue numbers for the third quarter until after the budget is presented to the Commission and we will not have revenue numbers for the fourth quarter until August, 2009.

Payroll tax is very sensitive to changes in employment; therefore employment data can be an indicator of what will happen to our payroll tax revenue. The latest McCracken County unemployment rate is the preliminary March 2009 report of 8.1%. We are anxiously waiting to have final revenue totals for January-March, the third quarter of FY2009. Meanwhile, the tax revenue we have available which shows us 2.7% above the same period last year comes largely from on October-December 2008. During that time the McCracken County unemployment rate ranged from 5.7% in October to 6.4% in December.

For FY2010, we estimate that payroll tax revenue will be \$12.2 million, a reduction 5.4 % below our FY2009 revenue budget of \$12.9 million.

Insurance Premium Tax: Our insurance premium tax revenues to date are \$830,000 below our projections. For FY2010, we have reduced our estimated revenue from the 2009 projection of \$5 million to \$4.1 million and used the same figure for FY2010. Our estimate assumes that our revenues for the fourth quarter will be at least equal to the best of the first three quarters of this fiscal year.

Business License Tax: The business license tax is always the hardest of our significant revenue sources to estimate because over half our total revenue is received in the spring; so we do not have a basis for projecting the current year's revenue when we present the budget with an estimate of the new year's revenue to the Commission. Based on the history, we project that FY2010 revenues will be \$4 million, an amount equal to our FY2009 estimate of \$4 million.

Property Tax: Property tax revenues are slow to respond to changing economic conditions and therefore it is our most stable large revenue source. For FY2010, we estimate property tax revenues will be \$3.5 million, the same amount we estimated for FY2009.

The table below shows the main sources of anticipated revenue in the General Fund for FY2010.

Payroll Tax	\$12,230,000	42.8%
Payroll Tax Rebates: County& Lynx	(\$245,700)	(.9%)
Property Tax	5,451,000	19.1%
Insurance Premium Tax	4,100,000	14.3%
Business Licenses	4,020,000	14.0%
Other License & Charge For Services	1,517,400	5.3%
Grants	833,750	2.9%
Rent, Fines and Interest	701,000	2.5%
Fund Transfers	-0-	-%
Total Revenue Sources	\$28,607,450	100%

2. Expenditures

As a result of the Operational Efficiency Plan changes and additional expenditure reductions by Department Directors, the FY2010 budget is nearly \$2.0 million less than the FY2009 original budget.

Over the last few years, an increasing proportion of the General Fund budget has been required for day-to-day operating costs leaving a declining amount for economic development, capital, and other purposes. The following table illustrates this trend. Our economic development, capital, and neighborhood development costs have been born by the Investment Fund.

GENERAL FUND OPERATING EXPENDITURES

	Actual FY2007	Actual FY2008	Estimated FY2009	Budget FY2010
Operating	\$26,551,116	28,804,416	\$30,238,860	\$27,517,935
Contingency				\$300,000
Transfers for Debt, Pension & Other	\$1,031,028	820,647	\$784,440	\$726,255
Transfers for Capital	\$1,218,670	\$1,597,652	\$641,270	\$63,260
TOTAL	\$28,800,814	\$31,222,715	\$31,664,570	\$28,607,450

The following two tables show next year's General Fund budget broken out by Department and by Category of Expenditure as compared to last year's amounts. The largest category of

expenditure on the second table is employee salaries and benefits, which consumes 71.2% of the FY2010 General Fund Budget.

Expenditures by Department

	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Police	25.3%	27.7%	29.3%
Public Works & Engineering	21.6%	23.1%	21.4%
Fire	20.3%	20.5%	21.5%
Administration, Finance, Human Resources, Risk Management	9.5%	10.0%	9.9%
Planning, Inspections, Information Tech	6.7%	7.3%	7.5%
Interfund Transfers	10.7%	5.9%	4.4%
Recreation	4.2%	4.9%	4.7%
Other	1.7%	.6%	1.3%

Expenditures by Category

	FY2008	FY2009	FY2010
Personal Service	67.0%	68.2%	71.2%
Contractual	5.8%	7.7%	7.7%
Commodities	14.2%	15.6%	15.1%
Capital	1.1%	1.3%	0.5%
City Grants	2.0%	1.3%	1.1%
Interfund Transfers	9.9%	5.9%	4.4%

3. Expenditure By Department

a General Government

The General Government category includes the Mayor & Commission, City Manager, City Clerk, and Legal budget divisions.

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$965,110	\$890,435	(\$74,675)	(7.7%)	(\$33,439)	(\$41,236)

The Operational Efficiency Plan deleted the paid Intern in the City Manager's Office and a part

time Clerk working on document imaging in the Clerk's office.

Other budget changes include training, travel, PIO marketing, and legal services.

b Non Departmental, Contingency, Memberships & Civic Beautification

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$646,260	\$670,135	\$23,875	3.7%	\$0.00	\$23,875

Non-Departmental includes agencies receiving General fund subsidies.

Contingency & Memberships includes the \$300,000 Commission Contingency account.

Civic Beautification provides a small amount to help fund services provided by the Board.

The Operational Efficiency Plan did not impact any of these budget divisions.

Major changes include a \$50,000 decrease in the recommended operating subsidy for PATS and prepayment of a portion of the City's support for Paxton Golf Course.

c Finance (and former Human Resources)

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$1,383,560	\$1,162,950	(\$220,610)	(15.95%)	(\$183,983)	(\$36,627)

The Operational Efficiency Plan combined the Human Resources Department into the Finance Department and deleted four positions:

- Human Resources Director
- Human Resources Intern
- Accounts Payable Accounts Clerk
- Revenue Clerk (replaced by a part-time temporary employee)

Adrienne Gleeson has taken on the combined responsibilities of Budget Officer and Human Resources Administrator.

Other budget changes made by the Finance (and former Human Resources) include:

- Reduced travel and training,
- Delay 'Best Places to Work' survey until next year
- Reduce recruitment and labor negotiations costs

d Redevelopment Agency & Paducah Renaissance Alliance

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$314,750	\$262,475	(\$52,275)	(16.61%)	(\$35,000)	(\$17,275)

The above chart is somewhat misleading because it does not show the full cost of Redevelopment and Renaissance operations. Last year all City funding for all Renaissance program costs were in the Investment Fund. This year, Renaissance staff is budgeted in the General Fund and requests for Renaissance program funding appear as Investment Fund Decision Items.

The \$314,750 figure in the Budget FY2009 box above includes only last year's personnel costs.

The Operational Efficiency Plan did not directly change the Renaissance Alliance staffing, but it reduced City funding by \$35,000, which led to laying-off two staff members.

The only non-personnel item in the recommended General Fund appropriation for Renaissance is an addition of \$25,000 for Floodwall Mural maintenance.

e Information Technology

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$532,260	\$522,355	(\$9,905)	(1.86%)	(\$13,484)	\$3,579

The Operational Efficiency Plan moved the GIS Division from the City Engineer's Office and made it part of the Information Technology Department. The Plan deleted the GIS Coordinator position and an Intern position in Information Technology.

Although our GIS system is a significant resource, it is far from reaching its potential. For example, the City still utilizes paper plat books and keys in information into a computer database related to the old plat books. Once we get a unified, accurate, and automated system of parcel and land management records in place, we will have new opportunities for efficiency improvements in many departments that work with maps and land records. These improvements will benefit both the city and its sister agencies which are part of the MAP~GIS Consortium.

As part of the Operational Efficiency Plan we transferred Planner Ben Petersen from Planning to Information Technology on a temporary assignment to accomplish the Land Record Database Project

In addition to managing his Department budget, Information Technology Director Greg Mueller

also manages the TISA (Telecommunications and Information Services Agency) budget. TISA is the City/County agency that owns and operates all of our shared computer and phone equipment. Next year TISA will be replacing the AS400, the City & County's central computer and purchasing some VOIP equipment to prepare us for transfer to Internet based phones in a few years.

The operating part of the Information Technology budget increased slightly because we transferred some expenditures that were being 100% paid by the City from the TISA budget to the Department budget. There is an offsetting decrease in our transfer to the TISA budget, which is located in the interfund transfer budget section.

f Inspections

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$1,121,510	\$873,860	(\$247,650)	(22.08%)	(\$195,395)	(\$52,255)

The Operational Efficiency Plan deleted two Building Inspector positions and laid off the Code Enforcement Officer who focused on the Fountain Avenue Neighborhood Project. The Code Enforcement Officer was working halftime, but was filling a fulltime position.

Other changes in the Inspection Department budget include reducing the demolition budget from \$130,000 to \$100,000 and reducing the Department's fleet of vehicles.

g Planning

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$851,150	\$735,190	(\$115,960)	(13.62%)	(\$96,822)	(\$19,138)

The Operational Efficiency Plan deleted a Planning Intern position and transferred the Department's Senior Planner to the Information Technology Department on a project assignment to head the Land Records Database Project.

Other changes in the Planning Department budget benefits from turnover that reduced salary costs and last year's purchase of a more efficient copier. Training and travel was reduced significantly. The \$244,750 Section 8 budget, which is part of the Planning Department budget, is paid 100% by federal funds.

h Police

Budget	Budget	Increase	% Increase	Efficiency	Other Cuts
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FY2009	FY2010	(Decrease)	(% Decrease)	Plan Portion	Portion
\$8,657,620	\$8,377,450	(\$280,170)	(3.24%)	(\$341,172)	\$61,002

The Operational Efficiency Plan deleted three vacant Police Officer positions and anticipated a fourth Police Officer retirement. In addition it deleted an Investigative Aid and a Clerk position. Salaries and benefits for the 6 positions totaled over \$341,000. The City will apply for a Federal Stimulus Grant to pay the cost of filling the vacant Police Officer positions for the next few years.

Other changes in the Police Department budget include:

- Increased cost for the 3% raise guaranteed in the FOP contract to union members
- Increased cost from changing the State retirement contribution for Police and Fire from 29.5% to 32.97%.
- The Department’s work with Risk Manager Cindy Medford has reduced Police insurance costs by over \$29,000.
- We estimated a lower cost for fuel that reduced the budgets of all departments, particularly departments like Police that use a large amount of fuel. Last year we budgeted gasoline at \$3.75 /gallon. This year we are estimating \$2.50 /gallon.
- Deletion of specialized training, a new police dog, motorcycle gear, and other equipment requests most of which are included in your list of General Fund decision items.
- The Department plans to reduce last year’s \$468,000 overtime budget by \$13,000.

i Fire

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$6,351,075	\$6,146,720	(\$204,355)	(3.22%)	(\$301,509)	\$97,154

The Operational Efficiency Plan deleted three vacant positions, Deputy Fire Marshall and two Firefighters, and anticipated leaving a third Firefighter position unfilled when vacated by attrition. In conjunction with the reduction in force, the Operational Efficiency Plan reduced the Fire Department minimum manning standard from 17 Firefighters on duty at all times to 16. A Fire Department Clerical Assistant was transferred to Public Works. As is the case with the Police Department, the City will apply for a Federal Stimulus Grant to pay the cost of filling the vacant Firefighter positions for the next few years.

Other changes in the Fire Department budget include:

The Fire Department budget is 86% personnel costs; therefore any significant change in the budget requires a change in the number and cost of personnel. Cost increases in the budget offset part of the savings generated by the Operational Efficiency Plan. Other changes in the

Fire Department budget included:

- Increased cost for the 3% raise guaranteed in the IAFF contract to union members
- Increased cost from changing the State retirement contribution for Police and Fire.
- The Department anticipates several retirements next year. Therefore the personnel line item includes \$68,000 for retiree payouts.
- Fleet lease to fund the future payment of new Fire Trucks increased \$20,000.
- Training and Travel was reduced significantly.
- Chief Kyle’s initiative to do laundry in house reduced costs \$11,000.

j Engineering & Public Works (E-Pub)

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$6,980,110	\$6,116,385	(\$863,725)	(12.37%)	(\$778,821)	(\$84,904)

The Operational Efficiency Plan merged Public Works and Engineering into a single Department under City Engineer Rick Murphy. It also transferred the GIS Division from Engineering to Information Technology.

The Operational Efficiency Plan deleted 11 positions in the Public Works and Engineering Departments:

- Public Works Director
- Public Works Department Secretary
- Engineering Department Secretary
- Landscape Superintendent
- 3 Craftsmen: Carpenter, Plumber, & HVAC
- 3 Public Works Workers (Two currently vacant and one to be deleted by attrition)
- GIS Coordinator
- Summer Youth Program

In addition to the personnel deletions the plan transferred a clerical worker from the Fire Department to Public Works and reassigned the Secretary providing half time assistance to the Risk Manager to full time Public Works.

City Engineer and Public Works Director Rick Murphy has done an exceptional job of identifying cost reduction opportunities in his combined department. Budget changes include:

- Reduce temporary employees: \$48,000
- Reduce weed, debris, & landfill costs: \$30,000
- Reduce supply costs for streets, maintenance, parks, and custodial: \$70,000

- Reduce travel and training: \$17,000

In addition to these reductions the budget includes an anticipated \$62,000 increase in the anticipated cost of electricity for City buildings and streetlights and a \$10,000 appropriation to start complying with the federal mandate to increase the size of our street name signs.

k Parks Services

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$1,529,955	\$1,333,535	(\$196,420)	(12.84%)	(\$60,000)	(\$136,420)

The Operational Efficiency Plan called for a deletion of \$60,000 in Parks Services recreation programming and part time staff. Mark Thompson and his staff exceeded that goal reducing their recreation programs line item by almost \$112,000.

Other changes in the Parks Services Budget include:

- Reducing Pool operating costs by reducing hours: \$8,000
- With the end of the current OVC tournament contract, reducing our annual payment to Brooks Stadium for the tournament by \$20,000.
- Using on-line distribution to reduce the cost of the Department's program brochure by almost \$15,000.
- Reducing travel and training by \$21,000.
- Increase the Summer Youth Food program by \$28,000. Cost is reimbursed by Federal funds.
- Increase electric and building maintenance costs by \$12,000 to secure the Armory when it is transferred to the City.

l Cable Authority

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$95,710	\$85,665	(\$10,045)	(10.49%)	\$0	(\$10,040)

Almost all of the funds in the Cable Authority budget go to support public television programming services provided by WKCTC. Since the new camera equipment in the Commission chambers reduces the number of staff required to televise a meeting there, the recommended budget reduces payment to the College by \$10,000.

m Human Rights

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$105,000	\$50,000	(\$55,000)	(52.38%)	\$0	(\$55,000)

The Operational Efficiency Plan reduced City payment to the Human Rights Commission for their counseling service and annual talent show from \$105,000 to \$50,000. Since the reported frequency of counseling session remains at less than one every day and a half, the City Manager continues to recommend further reduction in the budget for Human Rights Commission staff. The Human Rights Commission has written the City Commission requesting a \$95,000 appropriation.

n Risk Management

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$138,350	\$108,470	(\$29,880)	(21.60%)	\$0	(\$29,880)

Risk Manager Cindy Medford's office has moved from Public Works to City Hall where, in addition to her normal duties, she will help with Human Resources services and take on extra projects for the City Manager. With the office move the half time clerical support she received from Public Works has been removed from the Risk Management budget. Finance and Mayor/Manager's staff will provide support to the Risk Manager.

o Interfund Transfers

Budget FY2009	Budget FY2010	Increase (Decrease)	% Increase (% Decrease)	Efficiency Plan Portion	Other Cuts Portion
\$1,324,530	\$1,271,825	(\$52,705)	(3.98%)	\$0	(\$52,705)

The Interfund Transfer division of the budget covers the transfer of monies between funds as shown by lateral arrows in the flow of funds chart on page 13.

Transfers include:

- Transfers out to fund the City's cost for semi-independent agencies like 911 and the TISA board.
- Transfers to cover any shortfalls in other funds such as our Civic Center, Fleet, and Health Insurance Funds.
- Transfers to the Bond Fund for principal and interest payments on debt being amortized by the General Fund.
- Transfers to the City-managed retirement systems.

Major Changes in Interfund Transfers:

- **TISA:** Transfers to TISA are reduced because we moved \$31,000 in expenditures that are paid 100% by the City from TISA to the Information Technology budget.
- **911:** Although the transfer to 911 is \$23,000 larger than last year, it is \$50,000 less than the request from the 911 Board. Our 911 service continues to suffer a loss of self-generated revenue as cell phones replace landlines. The City and County make up the shortfall by increasing their subsidies of the service.

If McCracken County reduces their contribution by a comparable \$50,000, then 911 will have to either reduce manning and cut their \$1.5 million budget by 7% or draw down their operating reserves. Director Jamey Spears has prepared a letter describing the impact of a one, two, or three person reduction on 911 operations.

Your General Fund decision package will include an item to restore the \$50,000 for 911.

- **Police and Fire Pension Fund:** The City sold bonds to fully cover the unfunded liability in the old Police and Fire Pension Fund. Unfortunately the stock market crash caused the fund to lose a large part of its value. The City has a duty to cover the shortfall. In early fall the pension fund actuaries will tell us what amount they recommend we pay into the fund to start the make-up process. We estimate that the actuary’s recommended cost will be around \$560,000.

The budget does not carry the \$560,000 as a current line item, but recommends that we give that expenditure first claim on FY2009 expendable fund balance monies.

4. Fund Balance

As discussed earlier in this letter, we will present FY2009 fund balance numbers in September after the FY2009 books are closed.

The Commission has adopted a financial policy to maintain a minimum undesignated cash balance in the General Fund equal to 8% of that fund’s budgeted expenditures. In previous years the policy called for 12.5%. It would be easier to please the financial analysts at Moody’s when they are rating City Bonds if we returned to the higher reserve policy.

The following table shows our projection for the current fiscal year:

FUND BALANCE IN GENERAL FUND

	Actual	Actual	Actual	Actual
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	FY2006	FY2007	FY2008	FY2009
CASH Undesignated	\$4,401,832	\$5,250,037	\$4,150,826	-?-
AUDIT Undesignated	\$9,157,310	\$9,976,079	\$9,416,427	-?-

Although we do not have an estimate of expendable fund balance at this time, our historic experience has been that the amount of expendable reserves after the books are closed has been a healthy total of over \$1 million each year. Unless we suffer a significant change in local economic conditions in the next 45 days, I anticipate that we'll have a comparably large amount of at least \$500,000 in expendable fund balance available in FY2009.

The administrative budget anticipates that the City will fund two major items from FY2009 expendable fund balance:

Reserve for IAFF's Incentive Pay Overtime Law Suit	\$50,000
Old Police-Fire Pension Contribution to Restore Funds Lost in Market Crash	\$560,000

In addition, we have a list of General Fund decision items for the Commission to prioritize during your Budget Advance. In September, when we close the books and learn what expendable fund balance we have available we will authorize these expenditures starting with the one the Commission gives highest priority and going down the list until all of the expendable fund balance monies are allocated.

5. Multi Year Projection

The spreadsheet on the following page summarizes the operation of the General Fund for the last 5 years and projects revenue and expenditures in the General Fund until the year 2014. The primary driver of the revenue growth shown on the spreadsheet is based on the assumption that our 'Major License' revenue (mostly payroll tax and business license tax receipts) will not grow in FY2010.

Historical and Projected Revenues and Expenditures chart to be inserted at a later date.

E. Investment Fund

1. Background

When the City Commission created the Investment Fund in the FY2006 Budget Ordinance you included the following financial management policy:

“The City will maintain a special fund called the Investment Fund. The Investment Fund will be funded with a ½ cent increase in the City’s occupational license fee (employee payroll withholding tax). This fund is dedicated to the following expenditures: economic development, neighborhood redevelopment, infrastructure capital investment, and property tax relief.”

The ordinance levying the tax increase included a sunset clause, which would have reverted the tax from 2% of payroll to 1.5% on October 1, 2008. In September of 2007 the Commission adopted an ordinance to delete the sunset clause.

SUMMARY OF REVENUE SINCE INCEPTION

Transfer From General Fund monies available as a result of changing the fund balance reserve policy from 12½% to 8%	\$1,302,230	
Appropriations from General Fund (Primarily proceeds from delinquent tax amnesty program)	\$330,000	
First ½ year’s proceeds from ½% Increase in Occupational License Fee	<u>\$1,885,559</u>	
Total FY2006		\$3,517,789
FY2007 Proceeds from ½% Occupational License Fee		\$3,946,685
FY2008 Proceeds from ½% Occupational License Fee		\$4,088,521
FY2009 Proceeds from ½% Occupational License Fee (Projected)		\$4,292,000
GRAND TOTAL		\$15,844,995

A detailed report of the use of investment fund revenues since the inception of the program can be found under the heading “Investment Fund Scorecard” in the Finance Department section of the City of Paducah webpage <http://paducahky.gov>.

2. FY2010 Investment Fund Decision Items

- Appendix 1 includes a list of 51 Investment Fund decision items. We have placed these decision items into three groups: Economic Development, Neighborhood Redevelopment, and Capital/Infrastructure. We've marked items with continuing economic commitments as "committed expense." Additionally, several items presented as decision packages will not be ready for implementation in FY2010, and were identified as "future year" expenses.

F. The Rest of the City Budget (The Other Funds)

1. MUNICIPAL AID PROGRAM (MAP) FUND

a Map Fund Revenue

Paducah's allocation of State gas tax funds has historically averaged around \$400,000 a year. We anticipate \$450,000 in FY 2010.

As shown on the table below, for the last few years we have received additional "one-time" receipts from State of Kentucky's Road Bond issues. No similar bond fund revenue from the state is anticipated for FY2010.

	Actual FY2007	Actual FY2008	Estimated FY2009	Budget FY2010
Gas Tax	\$434,211	\$470,612	\$410,000	\$450,000
State Bond Funds	149,282	450,000		
General Fund Transfer		9,055	34,000	
Investment Fund Transfer		500,000	850,000	
TOTAL	\$583,493	\$1,429,667	\$1,294,000	\$450,000

b Expenditures

The City maintains 223 miles of streets. Depending on traffic use patterns, an asphalt street will last 10 to 12 years between resurfacings. In the CIP, we set a goal of spending \$1 million a year for street resurfacing which will allow us to repair or resurface a street as it becomes necessary to do so. The increased cost of petroleum products means that a dollar buys much less paving than it did a few years ago. The City needs to increase its \$1 million/year target. The Engineering/Public Works Department starts looking seriously at resurfacing streets when they

rank 5 or lower on a street evaluation scale of 1 to 10. Currently an estimated \$9 million would be required to repair at today's construction costs all of the City streets ranking 5 and below.

2. GRANT FUNDS –

Most of the City's grant funds are budgeted as the grants are received. We anticipate receiving the following grants during the coming year:

Grant	Use of Funds	Amount
CDBG-Alpha	LMI business development programs	\$100,000
KY Housing Corp	Fountain Avenue Redevelopment*	375,000
Transportation Enhancement	Greenway Trails	500,000
JAG 2009	Police Equipment	149,550
Port Security	Video Security for Riverfront	24,435
LSF	Police Enforcement	8,880
Homeland Security '08 – Police	Bomb squad equipment	273,000
BVP	Vests for Police	1,610
LEPP	Vests for Police	6,050
	Total	\$1,438,525

*Assistance for LMI Homeowners

In addition we have applied for or intend to apply for and may receive the following grants:

Grant	Use of Funds	Amount
KY Land & Water	Blackburn Park upgrades	\$75,000
Litter Abatement	Litter abatement	70,000
Recreation Trails Grant	Greenway Trails	50,000
Highway Safety Grant	Enforcement / equipment	40,000
KY Recycling Grant	Equipment / operational funds	151,200
Preserve America	Downtown / Renaissance Planning	250,000
Homeland Security '09 – Police	Bomb squad equipment	443,820
Homeland Security '09 – Police	Mobile Data Computers	99,870
Homeland Security '09 – Fire	Mobile Data Computers	27,000
Homeland Security '09 – Police	Mobile Radios	29,000
LSF	Police Enforcement	12,000
Port Security	Video Security for Riverfront	24,900
BVP	Vests for Police	3,000
LEPP	Vests for Police	10,000
Transportation Enhancement	Greenway Trails	500,000

	Total	\$1785,790
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3. SOLID WASTE FUND

We operate our Solid Waste Division as a business enterprise. The cost of the service is paid for with the fees we collect. For the past several years the Public Works staff has worked to make the service more efficient. They have implemented a number of changes to increase revenue and to hold down costs.

a History Of Changes

In FY2007 we:

- Purchased our first sidearm loading truck to allow operation of one-man routes
- With the use of this truck, reduced collection staff manpower by two positions
- Increased fees for wood chips and compost from the City Compost Yard.
- Increased JSA's contribution to the operation of the compost yard
- Increased construction dumpster collection fees
- Brought Enterprise Zone customers to full rates when the State sunset our Enterprise Zone

In FY2008 we:

- Increased City collection rates 7.2%
- Changed to a four-day residential collection schedule and a one-day (Monday) brush pick up schedule, which resulted in better customer service and reduced overtime
- Applied new AFSCME contract provisions, which reduced overtime expenses
- Audited customers receiving "handicapped" backdoor service and reduced the number receiving the expensive service
- Changed approximately 200 customers from alley to curbside collection to allow collection with the sidearm loader

In FY2010 we:

- Increased City collection rates 7.5%
- Increase in tipping fees for out-of-town customers at the compost yard
- Successfully overhauled the Scarab that windrows material at the compost yard instead of replacing it.

b Revenue

For every ton of residential waste the City picks up we pick up approximately three tons of commercial waste. Our commercial customers also provide the largest portion of the revenue for operating the City's Solid Waste Department:

Commercial customers	48.6% of revenue
Residential customers	43.9% of revenue
Other income	7.5% of revenue
Total	100.0%

SOLID WASTE FUND REVENUE

Actual FY2007	Actual FY2008	Estimated FY2009	Budget FY2010
\$3,965,648	\$4,410,985	\$4,195,500	\$4,344,000

c Expenditures

The operating cost of the Solid Waste Department includes administration, residential collection, commercial dumpster collection, brush and leaf collection, and operation of our compost facility. Disposal costs are paid to CWI, which operates the transfer station on Burnett Street and hauls our waste to a landfill in Tennessee. In FY2005, we renewed our CWI contract for 5 years with the option of an extension of another 5 years. Under the contract they can increase their charges to the City each year an amount equal to the Consumer Price Index up to a maximum of 3.0%.

SOLID WASTE FUND EXPENDITURES

	Actual FY2007	Actual FY2008	Estimated FY2009	Budget FY2010
Operating Cost	\$2,093,220	\$2,193,561	\$2,684,870	\$2,443,520
Disposal Cost	\$1,148,818	\$1,163,517	\$1,206,000	\$1,110,000
Capital	549,180	\$734,514	\$223,000	\$202,500
Depreciation	\$288,458	\$306,557	\$409,055	\$360,000
TOTAL	\$4,079,676	\$4,398,149	\$4,522,925	\$4,116,020

The total in the Solid Waste Fund Expenditures table "double counts" by including both

depreciation and capital expenditures for new trucks and other equipment. We use the money we put aside in retained earnings from depreciation to pay for new trucks as we replace our old packers. To compare revenues to expenditures, the capital expenditures of \$202,500 in the FY2010 table above should be subtracted from total expenditures.

At June 2010 our retained earnings in the Solid Waste Fund will be approximately \$1.5 million.

d Plan For FY2010

To continue to provide solid waste services after the 2009 ice storm we moved all residential collection out of the City's alleys to curbside. We will return to providing service in most, but not all alleys.

We will recommend the City stop its historic practice of providing free leaf bags to all homeowners. Homeowners will still be asked to bag their leaves and those who do will get first priority on pick-up service.

Supervision of the brush division has been moved from Streets back to Solid Waste.

Public Works staff in conjunction with the Joint Sewer Agency will review our compost yard operation and will evaluate expanding the composting pad and changing from contract grinding service to purchasing a grinder.

Paducah's solid waste service continues to be a great bargain for our customers. City residents are charged \$16.50/month for a service that includes disposal of brush, leaves, and limited amounts of furniture and debris at no extra charge. At last comparison residents living outside the City limits who rely on the County's private contractor are charged \$20/month and do not receive brush or leaves disposal service.

4. FLEET FUNDS

The City uses its Fleet Funds to charge itself for services it provides to its own departments. The Fleet Maintenance division provides services to the General Fund and Solid Waste Fleet Fund. Until FY1999, the Fleet Fund operated as a single fund, but beginning with the FY2000 budget, it was separated into two funds.

The Fleet Maintenance Fund tracks the operation of our maintenance garage. Each department has funds budgeted for the repair and maintenance of equipment and vehicles, as well as fuel.

When a tire is changed on a police car, a charge is paid from the Police Department to the Fleet Fund. Total expenditures in the Fleet Maintenance Fund next year are expected to be \$611,005.

The second fund is our Fleet Lease Trust Fund. We use this fund to build up monies to replace trucks and cars owned by the General Fund. When a new vehicle is purchased, a lease amount is calculated by dividing the cost of the vehicle by its expected life. Each year the Department using the vehicle pays the lease amount into the Fleet Lease Trust Fund. When the vehicle is ready to be auctioned, the funds accumulated from the lease payments and the interest they earn provide the money to buy a replacement vehicle. We started putting money into this vehicle replacement system in FY1999. At July 2009, we will have a balance of approximately \$3.3 million in the fund.

We made our first expenditures from the fund in FY2005. Now most all of our purchases of replacement vehicles are paid for with Fleet Trust Fund monies. The only City vehicles that are not fully amortized in the Fleet Trust Fund are garbage trucks, which are depreciated by business accounting rules in the Solid Waste Fund, a few old items of heavy construction equipment in Public Works that were purchased before we started the Fleet Trust Fund.

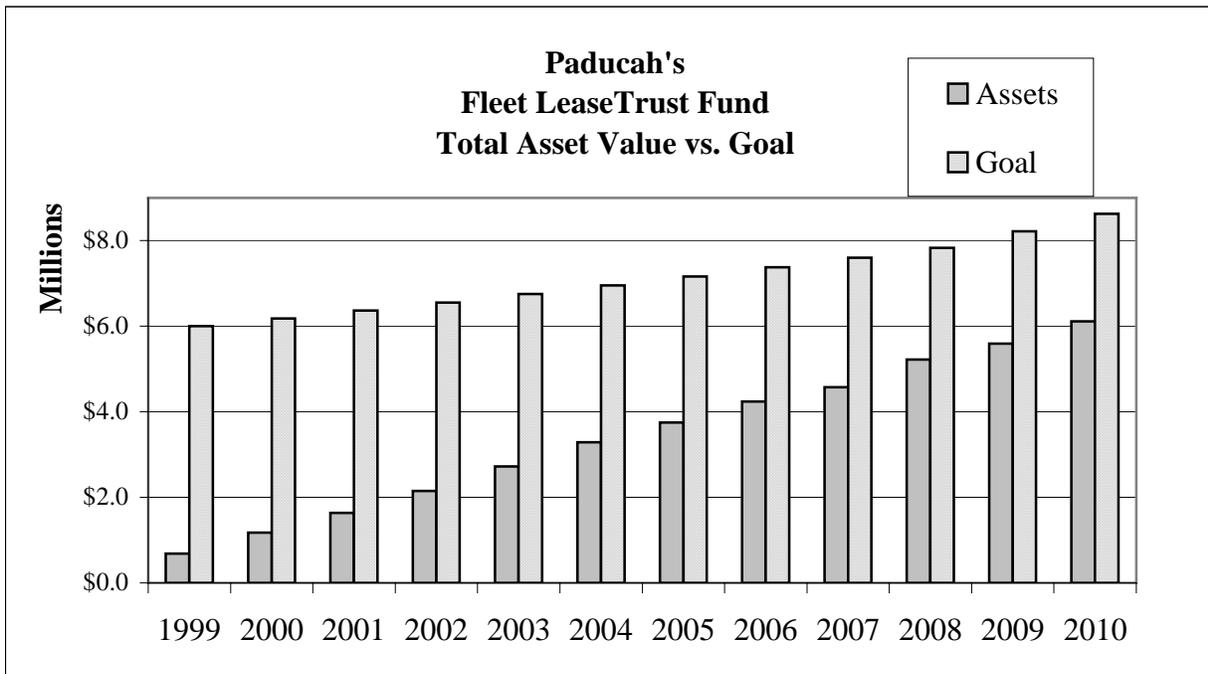
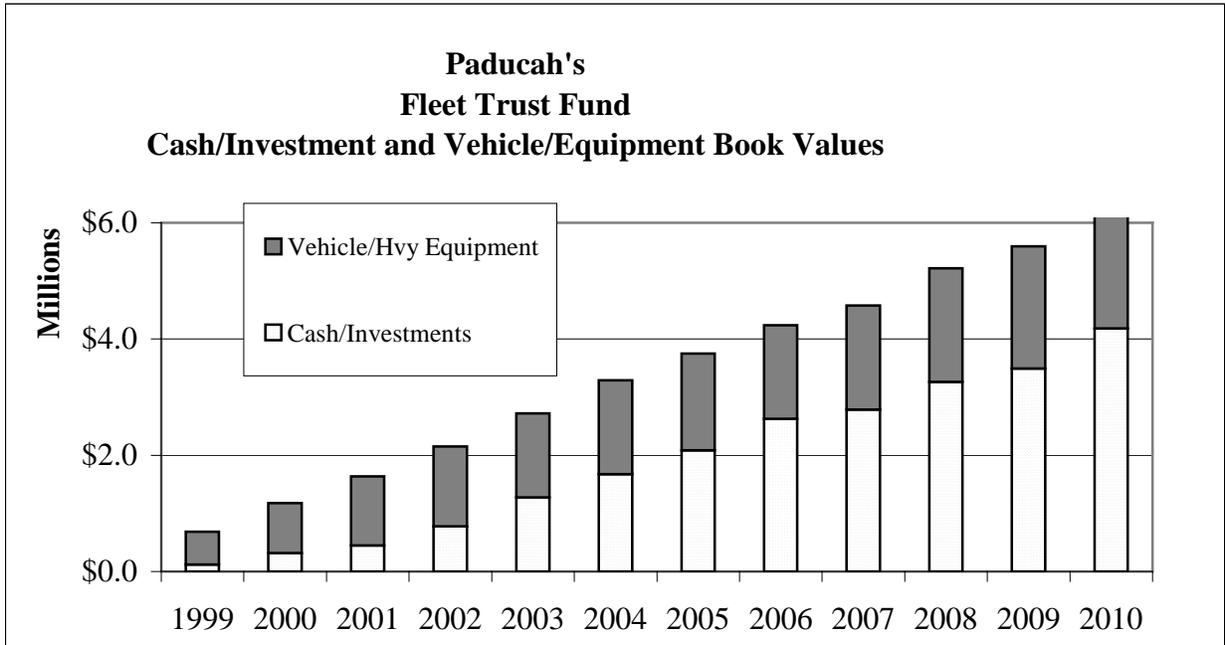
In FY2005, we started making lease payments into the fund for the replacement of our fleet of fire trucks. If we continue to follow the plan shown on the following table we will be able to replace all 7 of our fire trucks by 2017. In FY2009 we bought our first pumper truck under the replacement plan. In FY2010 we plan to replace a ladder truck.

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	Prior <u>Years</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015-17</u>	<u>Total</u>	Replace <u>Year</u>
Pumpers:	350,000							350,000	2009
	276,665	73,335						350,000	2011
	198,500	50,500	50,500	50,500				350,000	2013
	155,715	38,857	38,857	38,857	38,857	38,857		350,000	2015
	128,332	31,667	31,667	31,667	31,667	31,667	63,333	350,000	2016
Ladders:	444,444	113,889	113,889	113,889	113,889			900,000	2014
	300,000	75,000	75,000	75,000	75,000	75,000	225,000	900,000	2017
	<u>\$</u>	<u>\$ 383,248</u>	<u>\$ 309,913</u>	<u>\$ 309,913</u>	<u>\$ 259,413</u>	<u>\$ 145,524</u>	<u>\$ 288,333</u>	<u>\$ 3,550,000</u>	
Annual Funding	955,000	235,000	260,000	290,000	325,000	365,000	1,385,000		
			2		3	4	5-7		
Annual Purchases	\$ 297,907		\$ 350,000		\$ 350,000	\$ 900,000	\$ 1,600,000		
Funds Balance @ FYE	<u>\$ 657,093</u>	<u>\$ 892,093</u>	<u>\$ 802,093</u>	<u>\$ 1,092,093</u>	<u>\$ 1,067,093</u>	<u>\$ 532,093</u>	<u>\$ 317,093</u>		

<u>Unit</u>	<u>Type</u>	<u>Cost</u>	<u>Acquired in</u>
1	Pumper	\$ 297,907	2009
2	Pumper	\$ 350,000	1993
3	Pumper	\$ 350,000	1994
4	Ladder	\$ 900,000	1993
5	Pumper	\$ 350,000	1994
6	Pumper	\$ 350,000	1995
7	Ladder	\$ 900,000	1994

The following tables display the historic evolution and projected change in our Fleet Trust Fund.



5. DEBT SERVICE FUND

a Convention Center/Four Rivers Center Bonds – Bond Series 2001

In June of 2001, the City issued approximately \$9.29 million in 25-year general obligation bonds to provide \$6 million for construction of the 50,000 square foot additions to the Convention Center and \$3 million for construction of the Four Rivers Performing Arts Center. Total principal and interest payment for FY2010 will be approximately \$642,100.

While the City issued these bonds, 50 percent of the principal amount of the bonds was issued on behalf of McCracken County. In accordance with an interlocal cooperative agreement between the City, County and the Convention Visitors Bureau, principal and interest payments on the bond are being made from an additional 2% transient room tax collected by the County.

Principal & Interest Payment:	+/- \$642,100
Revenue from 2% of Hotel/Motel Bed Tax	+/- \$580,000
City Contribution	+/- \$20,700
County Contribution	+/- \$20,700
Visitor's Bureau Contribution	+/- \$20,700
TOTAL	+/- \$642,100

The City General Fund includes a \$20,700 transfer out to the Debt Service Fund. The Debt Service Fund anticipates the revenue from the Bed Tax, County and Visitor's Bureau.

b 2003 Capital Project Bond

In May 2003, the City Commission approved a 20-year bond issue for \$3.5 million through the Kentucky League of Cities bond pool to finance the following capital projects:

Four Rivers Center for Performing Arts utility relocation, streetscape improvements and parking lot construction	\$1,500,000
Park Improvements: Blackburn, Kolb, Noble Parks and Perkins Creek Nature Preserve	\$1,000,000
Police building HVAC & related construction	\$650,000
City Hall HVAC, control system, ductwork and structural improvements	\$350,000
TOTAL	\$3,500,000

Principal and interest payment next year will be \$208,580 from the General Fund.

c 2004 Infiniti Media Bonds

In the spring of 2004, the Commission approved an economic development incentive to bring the Infiniti Media manufacturing plant to Paducah. The City and County built a 100,000 square foot manufacturing building in Industrial Park West to Infiniti Media's specifications. The City sold \$5 million in 25-year taxable general obligation bonds to pay for the project. We lease the building to the Industrial Development Authority and the Authority leases the building to Infiniti Media. For the first three years, the City and County split paying the lease on the building. September 1, 2007 the company started paying the lease on the building. The lease payments will fund all but 2.031% of the principal and interest payments on the bonds. The City's portion of the principal and interest payment for FY2010 will be \$420,505 from the Investment Fund.

d 2004 IDA Speculative Building

In the spring of 2004 The Paducah-McCracken County Industrial Development Board borrowed funds to finance the 60,000 square foot speculative building in the Industrial Park West. Paducah and McCracken County serve as the guarantors for the loan and are responsible for the carrying costs. The City's portion of the carrying costs for the Industrial Park Spec Building in FY2010 will be \$9,000 from the Investment Fund.

e 2005 Police and Fire Pension Bond

In November 2005, the City issued \$6.1 million in 20-year general obligation bonds to fund the Police and Firefighters Pension Fund (PFPF) unfunded pension liability. With the unfunded liability fully paid, the City's financial responsibility to the fund is fulfilled and the PFPF Board is now responsible for determining each year whether the fund has enough resources to afford pension payment increases for their retirees. Total principal and interest payment for FY2010 will be \$496,175 from the General Fund.

f City's Share of \$5.0 Million KACo Loan for Julian Carroll Convention Center Renovation

In April 2009, the County borrowed \$5.0 million from the KACO. The City and County agreed to split the obligation equally (50:50). Debt service will be fully funded by the Investment Fund. The County acts as banker. Proceeds were used for renovation/rehabilitation of the Julian Carroll Convention Center.

g KLC Flood Protection System Loan

In March 2009, the City issued a bond issue through KLC in the amount of \$2.8 million at a variable rate of interest. Debt service to be fully funded by the Investment Fund for the following projects:

Floodwall rehabilitation	\$1,765,000
Floodwall feasibility study & levee certification	\$400,000
River bank stabilization project (shared w/Riverport)	\$50,000
Jail land acquisition for McCracken County	\$100,000
Engineering/Design for Floodwall Projects	\$160,000
Other/Contingency Projects	\$325,000
Total	\$2,800,000

A. Materials for CITY COMMISSION REVIEW of FY2010 BUDGET

The City Commission is scheduled to spend Thursday, June 2, 2009 in a Budget Workshop reviewing and making decisions about the FY2010 Budget.

I recommend the Commission use the following agenda for your Budget Advance:

AGENDA
City Commission Budget Advance
June 2, 2009

- 1) Welcome – Mayor Paxton
- 2) Review of Day’s Agenda – Zumwalt
- 3) Investment Fund
 - a) Overview - Zumwalt
 - i) Funded Projects Still Open
 - ii) Anticipated Revenue
 - iii) “Promised” Expenditures
 - iv) Amount available for Allocation
 - b) Questions to Directors about Investment Fund Decision Items - Commission
 - c) Discuss and Agree on Investment Fund Budget – Commission
- 4) General Fund Budget Policy Decisions
 - a) Overview – Zumwalt
 - b) Discussion of Budget Related Policy Issues - Commission
 - i) General Fund: No Raises Except for Collective Bargaining Police and Fire Pension Funding from Fund Balance
 - ii) Police Fleet Policies
 - iii) City Leased Buildings
- 5) General Fund
 - a) Overview – Zumwalt
 - b) Questions about Recommended General Fund Budget – Commission
 - c) Discuss and Agree on General Fund Budget – Commission
 - d) Questions to Directors about General Fund Decision Items – Commission
 - e) Index Cards to Prioritize General Fund Decision Items - Commission
 - i) Distribute deck of cards to each Commissioner with one General Fund decision item on each card.
 - ii) Commissioners Stack Cards in their individual priority order
 - iii) Staff compile spreadsheet showing combined priorities from individual Commissioner Decisions
- 6) Other Fund Budget Policy Decisions (To be held while staff compiles spread sheet)
 - i) Leaf Bags – Solid Waste Fund - Murphy
 - ii) Purchase of Tub Grinder – Solid Waste Fund - Murphy
 - iii) Purchase of Fire Ladder Truck – Fleet Fund - Kyle
 - iv) Earmarked Revenue for Cultural Activities – Zumwalt
- 7) Review General Fund Decision Item Priorities as Listed on Spreadsheet – Commission
 - a) Discussion and Changes – Commission
 - b) Approve General Fund Decision Item Priorities

1) Investment Fund

We project that the Investment Fund ½ cent wage tax will generate a little over \$4 million next year. In addition, we will have available \$500,000 from projects that were budgeted last year and either did not occur or did not require all of the budgeted funds.

We have prepared two tools to help the Commission agree on the Investment Fund Budget:

Appendix 1: “Investment Fund Decision Items Worksheet” lists the title of each Decision Item and provides a column recording decisions. Appendix 1 serves as an index for Appendix 2.

Appendix 2: “Investment Fund Decision Items Description Table” lists the same decision items in the same order and provides a summary description of each item.

1) Classification of Expenditures

The decision of which items to place in the General Fund and which to place in the Investment Fund is a judgment call. We use the following guidelines in making the classifications:

- Investment Fund items must be for Economic Development, Neighborhood Redevelopment or Capital Infrastructure
- Continuing expenditures for personnel or operating expenses should normally be in the General Fund
- Expenditures explicitly for Economic Development or Neighborhood Redevelopment should normally be in the Investment Fund.
- Repair of Capital Infrastructure should normally be in the General Fund
- New Capital Infrastructure should normally be in the Investment Fund

The Commission should review staff’s classification decisions and make any changes you feel appropriate.

2) Overview

Appendix 1 and 2 list 51 Investment Fund Decision items totaling \$19.8 million. The Decision Items are organized in three categories:

- Economic Development
- Neighborhood Redevelopment
- Capital Investment/Infrastructure

The narrative in the Appendices identify as **Committed Expenses** both items we have a legal

commitment to honor like bond payments and items the Commission has indicated it intends to support, like the funding for GPEDC.

A few of the decision items are not likely to have funds spent on them during the next 12 months. These long-range projects are identified as expenses incurred in **Future Years**.

2) Policy Decisions

The Commission should discuss the following policy decisions during the Budget Advance and give instruction to staff:

1) No Raises Outside of Contract

Due to the Recession, the recommended budget provides no raises for independent employees or for AFSCME employees. The only employees receiving pay increases are members of the Police and Fire bargaining units who are guaranteed 3% raises in their labor contracts.

At the bargaining table this winter the City's bargaining team offered the AFSCME negotiators a raise in FY2009 and FY2010 that was tied to the consumer price index. City negotiator Bill O'Brien advised the Union representatives that this offer would be withdrawn when negotiations went into recess and was not likely to be re-offered if economic conditions did not change dramatically.

Unless the Commission instructs otherwise, we will proceed with our plan of providing no raises other than those provided by contract in the FY2010 budget.

2) Police and Fire Pension Funding

In November 2005, the City issued \$6.1 million in 20-year general obligation bonds to fund the Police and Firefighters Pension Fund (PFPF) unfunded pension liability. With the unfunded liability fully paid, the City's financial responsibility to the fund was fulfilled and the PFPF Board was responsible for determining each year whether the fund has enough resources to afford pension payment increases for their retirees.

Unfortunately, the stock market crash took away a large portion of the Pension Fund's value and caused it to have an unfunded liability again. We will get a report from the fund's actuary this fall setting up a program of annual contributions that will wipe out the unfunded liability. Our guess is that the actuary will recommend a payment of around \$560,000.

I recommend the following actions:

- Anticipate appropriating \$560,000 for the Police and Fire Pension Fund until we get a different number from the actuary.
- Commit to earmark the first \$560,000 in FY2009 fund balance above the 8% reserve to fund the \$560,000.
- Commit to earmark the next \$50,000 to cover legal expenses for the IAFF incentive pay litigation.
- Use all remaining expendable fund balance for General Fund decision packages.

3) Police Fleet

Commissioners have had several brief discussions about the City's police fleet policies. The discussions centered on two separate but related issues.

- Should we continue our current policy of assigning a car to each officer or should we go back to the older policy of having two or more officers use the same care on different shifts?
- Should we continue the current take home car policy, which allows officers who live in McCracken County to drive their City car home after work.

The budget I have presented assumes we will continue our current policies.

I recommend we delay addressing these two issues until after Chief Berry assumes command and has had time to review the Department's vehicle policies.

4) City Owned Buildings

The City owns part or all of the following buildings, which do not house City employees:

- Commerce Center
- Health Department Building
- W. C. Young Community Center
- Paducah Day Care Building
- Market House which houses Market House Theatre, Clark Museum, & Yeiser
- Columbia Theatre
- Four Rivers Center
- Petter Complex including Seamen's Church, Gault Law Firm, River Discovery Center, and Maiden Ally Theatre
- Martha's Vineyard Building
- Rail Road Museum Building
- Probation & Parole Building

- Brooks Stadium
- Robert Cherry Civic Center

During the budget review the Commission normally discusses whether you want to change the status of any of these buildings.

5) Earmarked Revenue for Cultural Activities

Your Investment Fund decision items will include proposals for operating appropriations for the City's arts and culture organizations including the Symphony, Carson Center, and Market House Theatre. Some of our competing Cities, particularly Owensboro contribute significant funds annually to the operations of their cultural facilities. Paducah has not done so, although from year to year we sometimes make an appropriation to some of the agencies.

If Paducah is going to continue to market our image as an arts and culture center, then we need to find a way to provide continuing, reliable financial support to the operation of our arts organizations.

I think that the only way to accomplish this goal on a long-term basis is to earmark a specific, growing revenue source for support of the arts.

6) Solid Waste Leaf Bags

Last year the City budgeted \$100,000 in the Solid Waste Fund to purchase leaf bags. Several Commissioners have suggested that now is an opportune time to change the City's leaf bag policy. Everyone is aware of the fiscal constraints facing the City and the trees damaged by the ice storm should produce fewer leaves than normal this fall.

Staff will recommend that the City no longer distribute free leaf bags to every home. We have a large supply of bags in stock, which we can sell at or below cost to homeowners.

We should continue to encourage citizens to bag their leaves by giving first priority to picking up bagged leaves before returning with leaf vacuums to pick up windrowed piles of leaves.

7) Tub Grinder

Rick Murphy and the solid waste staff will be preparing an analysis to determine whether it would be cost effective for the City to purchase a tub grinder for the compost yard. Since funding will come out of the enterprise fund, this decision does not have to be made in conjunction with the budget, but Rick will brief you on the status of his analysis at the Budget Advance.

8) *Ladder Truck Purchase*

We have accumulated funds in our Fleet Trust Fund for the purchase of our next Fire Truck. Based on our truck maintenance history Chief Kyle recommends our next purchase be a ladder truck. To minimize cost and to get quick delivery he recommends we accept prices on a demonstrator truck. He and Maintenance Superintendent Randy Crouch have been researching the issue and will report the status of their recommendations at the Budget Advance.

3) General Fund

We have prepared two tools to help the Commission agree on the Investment Fund Budget:

Appendix 3: “General Fund Decision Items Worksheet” lists the title of each Decision Item and provides a column recording decisions. Appendix 3 serves as an index for Appendix 4.

Appendix 4: “General Fund Decision Items Description Table” lists the same decision items in the same order and provides a summary description of each item.

1) *Overview*

The following table summarizes the City Manager’s recommended General Fund Budget:

Revenue	\$28,607,450
Operating Budget	\$28,307,450
Commission Contingency	\$300,000
Total Expenditures	\$28,607,450

- The recommended budget incorporates the decisions the Commission made in the Operational Efficiency Plan and assumes that income will be 7% less than we estimated for the FY2009 budget.

2) *General Fund Decision Items*

Appendices 3 & 4 list 34 General Fund decision items costing a total of \$877,200. The list includes the Departmental requests that are not included in the recommended operating budget.

The City will have funds to pay for a significant number of these items. City Departments will not spend all the money appropriated in their FY2009 budgets and our actual FY2009 revenues may survive the recession and be larger than we have projected. Around September when we close the FY2009 books we will know how much expendable fund balance we have above the 8% operating reserve. Although we do not know what the amount will be, in past years it has been \$1 to \$2 million and I expect it to exceed a half million dollars this year.

We have earmarked two items to have first claim on expendable fund balance:

Reserve for IAFF's Incentive Pay Overtime Law Suit	\$50,000
Old Police-Fire Pension Contribution to Restore Funds Lost in Market Crash	\$560,000

After these two items are covered, any remaining expendable fund balance may be applied to General Fund Decision items.

3) *Commission Prioritization*

I recommend the Commission take the following steps to put the General Fund Decision Items in your priority order:

- Read the summary description of each Decision Item
- Ask Department Directors any questions you have about their requests.
- Staff will give each Commissioner a deck of cards with each Decision Item on a card. Organize your deck of cards in your priority order.
- In Lyle Sumek style, we will list each Commissioner's priorities on a spreadsheet and rank the Decision Items in your collective priority order.
- Review and discuss the resulting list and make adjustments or trades

We will make the Commission priority list part of the FY2010 budget and when we know our expendable fund balance we will start authorizing expenditures from the top of the list.

5) ACKNOWLEDGMENTS

All of the City's Department Heads have cooperated with this year's budget process and have supported the preparation of this document. Although I have set the overall structure of the budget recommendations and participated in the departmental interviews and the final assembly process, almost all of the planning, decision making and work involved in preparing the FY2010 Budget was done by Finance Director Jonathan Perkins and Budget and HR Administrator Adrienne Gleeson with the able assistance of Judy Nelson, Audra Herndon, Angela Copeland, and Cathy Graham. I sincerely appreciate their excellent work and ask you to join me in commending them.

James W. Zumwalt
City Manager

CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010

	Manager Recommended	Commission Decision
REVENUE		
1/2 Cent Wage Tax	\$ 4,075,000	\$ 4,075,000
Investment Fund Carryforward	500,000	500,000
Total Funds Available for Expenditures	\$ 4,575,000	\$ 4,575,000

ECONOMIC DEVELOPMENT			
1	*C* Economic Development Commitments from Prior Years	\$ 22,610	
2	*C* Debt Service	345,815	
3	*C* GPEDC	300,000	
4	*C* Economic Development Reserve	400,000	
5	*C* Airport Subsidy	146,430	
6	*C* Four Rivers Behavioral Health Parking Easement	25,000	
7	*C* EntrePaducah	100,000	
8	Murray State Small Business Development Center	20,000	
9	AEP-MEMCO subsidy & road	135,000	
10	Seasonal Ice Rink	92,000	
11	American Quilters Society Quilt Show Subsidy	25,000	
12	Arts Agency Funding	190,000	
13	Renaissance Marketing/Downtown Redevelopment	205,000	
14	BBQ Transfer	55,000	
15	Downtown Property Acquisition	250,000	
SUBTOTAL ECONOMIC DEVELOPMENT		\$ 2,311,855	\$

COMMUNITY REDEVELOPMENT			
16	Midtown Alliance Services	\$ 55,000	
17	Scholars House	36,000	
18	Fountain Avenue Revitalization	385,000	
19	City-wide Property Purchase & US 60 Linear Park Property	200,000	
20	*F* Match for Fountain Avenue Grant	200,000	
SUBTOTAL COMMUNITY REDEVELOPMENT		\$ 876,000	\$

CAPITAL / INFRASTRUCTURE			
21	*C* Riverfront Boat Launch & Transient Boat Dock Shortfall	\$ 274,900	
22	MAP Paving Program	800,000	
23	Sidewalk Program	250,000	
24	City-wide Generator Plan	861,500	
25	Olivet Church Road Shortfalls	200,000	
26	Traffic Signals	250,000	

CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010

27	Demolition of Derelict Motel	100,000		
28	City Hall Structural Issues	??		
29	Civic Beautification - Three (3) City Entrance Signs	2,000		
30	Noble Park Parking Lot	500,000		
31	Kolb Park Playground Drainage & Resurfacing	120,000		
32	Stuart Nelson Restrooms	100,000		
33	Reforestation/City-wide Landscaping	200,000		
34	Upgrades to Armory Building	50,000		
35	Lang Park	100,000		
36	Brooks Park Softball Field	45,000		
37	Shepard Field Renovations	50,000		
38	KYDOT Greenway Trail Phase II	150,000		
39	Park System Signage	24,000		
40	Dog Park	15,000		
41	Police Purchase of Parking Lot	100,000		
42	*F* Property Acquisition for Public Works Operations	75,000		
43	*F* Downtown Plaza Parking Lot Renovation	??		
44	*F* Engineering to 3-Lane Coleman Road	120,000		
45	*F* Stuart Nelson Park Road	800,000		
46	*F* Soccer Complex and Amenities	1,400,000		
47	*F* Perkins Creek Nature Preserve & Education Project	50,000		
48	*F* Rebuild Walking Path along Noble Park Lake	225,000		
49	*F* Downtown Parking Deck	4,875,000		
50	*F* Add Office Space to Police Department/Replace Windows	525,000		
51	*F* Design to Replace Headquarters (Fire Station No. 1)	4,300,000		

SUBTOTAL CAPITAL / INFRASTRUCTURE	\$ 16,562,400	\$ -	\$ -
GRAND TOTAL OF DECISION ITEMS	\$ 19,750,255	\$ -	\$ -
Available for Appropriation - Grand Total of Decision Items		#REF!	#REF!

2

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

	Dept	Project Title	Description	Amount
ECONOMIC DEVELOPMENT				
1	General Government	Economic Development Commitments from Prior Years	*Committed Expense* Coca Cola: \$6,250 Bond for Infiniti Building: \$7,360 Industrial Park West Speculative Building: \$9,000	\$22,610
2	General Government	Debt Service	*Committed Expense* City Share of \$5.0 Million 2009 KACo Loan for Julian Carroll Convention Center Renovation: \$186,215 \$2.8 Million KLC Loan for Flood Control System Rehabilitation, Jail Property: \$159,600	\$345,815
3	General Government	GPEDC	*Committed Expense* Subsidy for operational and marketing costs. McCracken County also provides \$300,000 a year. The balance of GPEDC's \$1.1 million budget comes from private fund raising.	\$300,000
4	General Government	Economic Development Reserve	*Committed Expense* Funds for incentive payments to GPEDC prospects and to participants in the Renaissance area Urban Fence program. All businesses receiving incentives must bring new jobs and investment to Paducah/McCracken County and meet standards adopted by the Commission.	\$400,000
5	General Government	Airport Subsidy	*Committed Expense* In FY2009 Paducah & McCracken County split \$456,000 operating subsidy for the airport while the County considered whether to create an Airport Tax District. For FY2010 the Airport Board has been able to reduce their subsidy requirement to \$292,860.	\$146,430
6	General Government	Four Rivers Behavioral Health Parking Easement	*Committed Expense* To assure that the Four Rivers Behavioral Health Parking Lot will remain available for public use evening and weekends, the City purchased an easement for \$100,000 paid over 4 years. FY2010 is the final year of payments.	\$25,000
7	General Government	EntrePaducah	*Committed Expense* In 2009 City and County joined with the Chamber of Commerce and GPEDC to establish an entrepreneurial support program. EntrePaducah Concierge and Technical Concierge help entrepreneurs establish networks with successful mentors, provide business counseling, and work towards a "culture change" regarding economic development.	\$100,000
8	General Government	Murray State Small Business Development Center	Murray State University SBDC has requested funding to operate an office in Paducah.	\$20,000

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

9	General Government	AEP-MEMCO Subsidy & Road Improvements	To encourage construction of the AEP-MEMCO Barge Line Headquarters next to the new Crouse building the Commission reserved \$215,000 from the Investment Fund in FY2009. Funds will be used for an incentive payment and road improvements around the new building. Total City costs may be \$350,000 requiring an additional \$135,000.	\$135,000
10	Parks Services	Seasonal Ice Rink	Rental and operation of portable ice rink in downtown Paducah. Parks Services operation of the rink will be through the months of November and December. We will charge an entry fee which will generate an estimated \$72,000. Total cost projected at \$164,000 requiring an appropriation of \$92,000. (Parks Priority #3)	\$92,000
11	General Government	American Quilters Society Quilt Show Subsidy	In FY2009 the City provided \$25,000 of a \$75,000 total contribution from the State, County, and Convention Center Corporation to assist the American Quilter Society (AQS) with the cost of marketing their 2009 Quilt Show. Additional support may be needed to assure that the 2010 show is held in Paducah.	\$25,000
12	General Government	Arts Agency Funding	Requested support for Arts Agency Operations: Symphony \$50,000 Carson Center \$100,000 Yeiser \$10,000 Market House Theatre \$30,000	\$190,000
13	Renaissance Agency	Renaissance Marketing/Downtown Redevelopment	National & Regional Marketing - Targeted marketing to artists and retail businesses and to regional visitors to Paducah. Marketing supports artists and businesses by building our reputation as a thriving cultural/arts travel and business destination. Funds will be utilized for all media, marketing, and festival and event support. All advertising will be coordinated with the Convention and Visitors Board's marketing program. (Renaissance Priority #1)	\$205,000
14	Renaissance Agency	BBQ Transfer	Management of Barbeque Festival is moving from Paducah Renaissance to an independent Barbeque Festival Agency. City will provide \$23,000 start-up funds. Subsequent years operations will be funded by revenue from drink sales. \$32,000/year will be provided to Renaissance Agency to replace loss of Barbeque drink sales revenues. (Renaissance Priority #2)	\$55,000
15	Renaissance Agency	Downtown Property Acquisition	The Riverfront Development Plan and the Hotel Convention Center Plan have identified a number of properties in downtown Paducah that should be acquired by the Redevelopment Agency for redevelopment purposes. Properties include the Riverside Hospital Site, Farmer's Market Parking Lot, and L&NRR Freight Depot. (Renaissance Priority #3)	\$250,000
SUBTOTAL ECONOMIC DEVELOPMENT				\$2,311,855

COMMUNITY REDEVELOPMENT

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

16	Agency	Midtown Alliance Services	Midtown Alliance Services is a community volunteer group founded to help low income property owners in the Fountain Avenue area maintain and renovate their homes. The group has requested City funds to support their program.	\$55,000
17	Agency	Scholars House	Scholars House is a project of Paducah Housing Services, an agency created by the Paducah Housing Authority staff. Scholars House is an apartment complex for single parents pursuing an education. The housing will be constructed by the WKCTC Campus and include daycare facilities. The City will purchase property for the project form WKCTC for \$120,000 and donate it for the project. \$84,000 is already reserved in a property purchase account for the project leaving a balance of \$36,000	\$36,000
18	Planning	Fountain Avenue Revitalization	Proposed Fountain Ave. Redevelopment Investment for FY2010: Home Purchase & Renovation Incentives: \$150,000 Maintenance and Marketing of properties: \$30,000 Reserve for Property Purchase: \$50,000 Reserve for 1620 Monroe Construction Guarantee Due December 2009: \$155,000 (Planning Priority #1)	\$385,000
19	Planning	City-wide Property Purchase & US 60 Linear Park Property Acquisition	The Planning Department would like to establish an account to be used for property acquisition city-wide. Examples include Uppertown property acquisition; properties that are being auctioned that are strategically located next to a public facility, i.e., boat ramp, park or properties that are directly adjacent to a neighborhood redevelopment area. The US 60 Business Loop is a major entrance into the City. A long term project is to create a scenic entrance to the City by acquiring key parcels between MLK Jr. Drive & Park Ave. and developing an openspace greenway along the Loop between the MLK Monument and the PATS parking lot. Guesstimated cost of the project is \$750,000. The property fund would be used to acquire properties in the greenway as they become available. (Planning Priority #2)	\$200,000
20	Planning	Match for Fountain Avenue Grant	*Future Years* Match for \$1,000,000 Community Development Block Grant (CDBG) to help low to moderate home owners in Fountain Avenue neighborhood. Grant is not likely to be received in FY2010 therefore \$200,000 match will probably not be needed until FY2011.	\$200,000
SUBTOTAL COMMUNITY REDEVELOPMENT				\$876,000

CAPITAL / INFRASTRUCTURE

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

21	Engineering Public Works	Riverfront Boat Launch Shortfall & Transient Boat Landing Dock Shortfall	<p>*Committed Expense* We originally expected Riverfront Phase I (Schultz Park) design costs would be paid from the HUD grant. We have now learned that all costs incurred prior to, and including, the Environmental Assessment cannot be paid with federal dollars. This request includes:</p> <p>Environmental Studies: \$76,500 Marina Bldg. & Utilities System \$138,400 Boat Launch & Burnett St. Design \$60,000</p>	\$274,900
22	Engineering Public Works	MAP Paving Program	<p>The City has over 200 miles of streets. Depending on traffic use patterns, an asphalt street will last 10 to 12 years between resurfacings. In the CIP we set a goal of spending \$1 million a year on resurfacing which enables us to maintain repairs/resurfacing of streets as it becomes necessary to do so. In order to help maintain our streets, the City participates in the Kentucky Municipal Aid Program (MAP), which provides approx. \$400,000 yearly from gasoline taxes. Escalating crude oil prices caused asphalt prices to have risen considerably; so \$1 million buys much less paving than it did when we set the goal. (EPW Priority #1)</p>	\$800,000
	Engineering Public Works	Sidewalk Program	<p>Program of accelerated sidewalk construction and repair implementing the City's new sidewalk plan. (EPW Priority #2)</p>	\$250,000
24	Engineering Public Works	City-wide Generator Plan	<p>The City is not well-prepared for electrical emergencies. Public Works has no generator. The City Hall generator served the old Police Station and only powers the basement. Fire and Police have small, old generators that power only emergency lighting. We recommend the City purchase generators in the following order:</p> <p>Engineering/ PW: \$104,000 Fire Station#1: \$90,000 Police Station: \$188,500 Fire Station #3: \$2,000 Fire Station #5: \$76,000 Fire Station #4: \$41,000 Fire Station #2: \$40,000 City Hall: \$280,000 (EPW Priority #3)</p>	\$861,500
25	Engineering Public Works	Olivet Church Road Shortfalls	<p>The 2009 Legislative Session approved state funds for the completion of Olivet Church Road. We already have a State contract for ROW acquisition and utility relocation. If actual costs of construction exceed the appropriation the City will be responsible for the shortfall. County officials have agreed to share half this risk with the City but have not yet signed an agreement legally binding themselves to do so. (EPW Priority #6)</p>	\$200,000

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

26	Engineering Public Works	Traffic Signals	Replace traffic signals and mast arms at three intersections on Broadway (5th, 6th, 7th). The traffic signals and their components are over thirty years old. The pedestals are rusted and have numerous stress cracks. The traffic signal controllers are about 50 years old and obsolete. (EPW Priority #7)	\$250,000
27	Inspection	Demolition of Derelict Motel	Several motel properties in the city have deteriorated to the point that it may not be economic for an owner to invest in renovating them. During FY2010 the City will probably have to force the demolition of at least one of these structures. Because of the size of the buildings, demolition cost will be around \$100,000. (Inspection Priority #1)	\$100,000
28	Inspection	City Hall Structural Issues	The City has engaged a Structural Engineer to address structural concerns of the City Hall building. Some of the items that need to be addressed include, but are not limited to, cantilever deflection, beam cracking, and column support. Alternatives and costs will not be known until the Engineer's report is received. (Inspection Priority #2)	??
29	General Government	Civic Beautification - Three (3) City Entrance Signs	The Civic Beautification Board is halfway through a project to erect six City entranceway signs. Signs have been running about \$7,000 apiece. They have \$19,000 from FY2009 appropriation and believe an additional \$2000 will allow them to complete the project.	\$2,000
30	Parks Services/ Engineering Public Works	Noble Park Parking Lot	Replace the existing parking lot and drive from the amphitheatre to pool house, elevate and install proper drainage and redirect the circulation around the area. This has been a recommended project since the completion of the 2002 Master Park Plan. The area has steadily deteriorated with potholes and broken pavement over the past several years. An increased use of the amphitheatre calls for closer parking and a redirecting of the road away from the seating. (Parks Priority #1)	\$500,000
31	Parks Services	Kolb Park Playground Drainage & Resurfacing	One playground resurfacing projects remains to be completed at Kolb park. In addition to installing the safety surface, drainage problems at the park need to be resolved. (Parks Priority #2)	\$120,000
32	Parks Services	Stuart Nelson Park Restrooms	New restroom facilities will accommodate patrons of adult athletic leagues, the disc golf course, and Greenway Trail. (Parks Priority #4)	\$100,000
33	Public Works	Reforestation/City-wide Landscaping	We lost many trees in our parks and public spaces as a result of the Ice Storm. Propose the City commit to a continuing, annual investment in landscape design and reforestation with an emphasis on our most visible parks and boulevards. \$200,000 is an arbitrary suggestion, but if we are going to undertake the program, we should commit enough money each year to purchase quality landscape design services and to an impact that is immediately visible to the community. (Parks Priority #5)	\$200,000

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

34	Parks Services	Upgrades to Armory Building	Transfer of building to the City will occur this Spring or Summer. To use the building we must make it handicapped acceptable. Appropriation will hire an architect to design phased upgrades for the facility. (Parks Priority #6)	\$50,000
35	Parks Services	Lang Park	Improve and repair area surrounding General Tilghman statute. Upgrade the sidewalks and curbs. Install a cushioned walking path. Provide a low level playground and decorative fencing. (Parks Priority #7)	\$100,000
36	Parks Services	Brooks Park Softball Field	Jointly fund the construction a softball field across from Brooks Stadium with the Paducah Board of Education. This \$90,000 project is in concurrence with the 2002 Master Park Plan. It will be used by the school system for the Spring high school and Fall middle school seasons and Noble Park Youth Baseball/Softball during the Summer. The location will help attract children from the Paducah Housing Authority and the Morgan Elementary. (Parks Priority #8)	\$45,000
37	Parks Services	City Soccer Field Renovations	Rebuild Shepard Field (\$50,000) (Parks Priority #9)	\$50,000
	Parks Services	KYDOT Greenway Trail Phase II	We have grant funds for construction of the Greenway section between the back entrance to Noble Park and Highway 45 and the entrance to the Brookport Bridge, but additional local funds will be needed for match and to cover the cost of the project. (Parks Priority #10)	\$150,000
39	Parks Services	Park System Signage	Quality signage would welcome visitors to each of our major parks. Currently, we have a mix of street signs and wood framed signs that are significantly out of date. (Parks Priority #11)	\$24,000
40	Parks Services	Dog Park	Establishment of a dual fenced dog park with watering hydrants, benches, climbing devices and sanitary disposal equipment at Stuart Nelson Park. Total cost of Park is \$30,000. Recommend Commission commit to provide half the cost if 20-30's Group, Kennel Club or other stakeholders raise \$15,000 match. (Parks Priority #12)	\$15,000
41	Police	Purchase of Parking Lot	Purchase of the vacant lot across from department headquarters, located on the northeast corner of 14th Street and Broadway. The department would use the lot for much-needed additional parking and possible future facility expansion.	\$100,000
42	Engineering Public Works	Property Acquisition for Public Works Operations	*Future Years* Expand Engineering/Public Works operations to accommodate wash bay, site expansion, and further consolidation of operations at a central public works facility.	\$75,000
	Engineering Public Works	Downtown Plaza Parking Lot Renovation	*Future Years* Parking lot was built in the early '90s. Modest repairs have been made throughout the years, but the failure of the concrete need to be addressed through a major rehabilitation to the lot.	??
44	Engineering Public Works	Engineering to 3-Lane Coleman Road	*Future Years* Engineering (\$120k) and Construction (\$1.1 mil) to widen Coleman road from the most recent improvement project to Cairo Road.	\$120,000

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

45	Parks Services	Stuart Nelson Park Road	*Future Years* Widening and drainage to accommodate increased use of Stuart Nelson Park and new commercial and apartment development between Stuart Nelson and County Park Roads.	\$800,000
46	Parks Services	Soccer Complex and Amenities	*Future Years* Property acquisition and development of a 12-field soccer facility and amenities including equipment, concession facilities, maintenance buildings, and playgrounds. \$1.4 million is an estimated cost for acquisition and full design. (Source F&H Paducah-McCracken Soccer Complex Preliminary Site Evaluation) We anticipate that the park will be built in phases and that McCracken County will split the cost of the facility with the City.	\$1,400,000
47	Parks Services	Perkins Creek Nature Preserve & Education Project	*Future Years* Located at the current end of the Greenway Trail at County Park Road, this development will serve dual purpose first as a trail-head with restrooms and as an education center with boardwalks allowing for the close observation of our disappearing wetland habitat.	\$50,000
48	Parks Services/ Engineering Public Works	Rebuild Walking Path Along Noble Park Lake	*Future Years* Current asphalt path is cracked through and weathering with age. Replace it with an 8-foot concrete path. Concrete will provide a longer life-span, cleaner edge, and reduced annual maintenance costs.	\$225,000
49	Renaissance Agency	Downtown Parking Deck	*Future Years* The hotel and convention center project will likely include an above ground parking structure. Staff has also talked with a downtown property owner about constructing a parking deck to serve existing businesses.	\$4,875,000
50	Police	Add Office Space to Police Department	*Future Years* If we are going to retain the Police Building, request to add office space above front lobby of the police department and to create additional office space at the rear of the police department where a garage is currently located. Conference room is currently doubling as a conference space and storage for sensitive, confidential records.	\$525,000
51	Fire	Design to Replace Headquarters (Fire Station No. 1)	*Future Years* Design to replace headquarters (Fire Station #1) at the Station #4 location(Jackson Street), with a future station being built farther west. This station will be approximately 22,750 sq. ft. Expected construction approx \$3,400,000. Fees, Contingency, Furnishings, etc., \$900,000. Commission approved \$25,700 in FY2009 for preliminary design. (Source: Preliminary cost budget provided by Peck Flannery Gream Warren, Inc.)	\$4,300,000

SUBTOTAL CAPITAL / INFRASTRUCTURE

\$16,562,400

GRAND TOTAL

\$19,750,255

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

	Manager Recommended	Commission Decision
REVENUE		
1/2 Cent Wage Tax	\$ 4,075,000	\$ 4,075,000
Investment Fund Carryforward	500,000	500,000
Total Funds Available for Expenditures	\$ 4,575,000	\$ 4,575,000

ECONOMIC DEVELOPMENT

1	*C* Economic Development Commitments from Prior Years	\$ 22,610	\$ 22,610	\$ 22,610
2	*C* Debt Service	345,815	345,815	345,815
3	*C* GPEDC	300,000	270,000	300,000
4	*C* Economic Development Reserve	400,000	300,000	300,000
5	*C* Airport Subsidy	146,430	146,430	146,430
6	*C* Four Rivers Behavioral Health Parking Easement	25,000	25,000	25,000
7	*C* EntrePaducah	100,000	90,000	100,000
8	Murray State Small Business Development Center	20,000	-	-
9	AEP-MEMCO subsidy & road	135,000	-	-
10	Seasonal Ice Rink	92,000	92,000	92,000
11	American Quilters Society Quilt Show Subsidy	25,000	25,000	25,000
12	Arts Agency Funding	190,000	100,000	120,000
13	Renaissance Marketing/Downtown Redevelopment	205,000	205,000	205,000
14	BBQ Transfer	55,000	-	30,000
15	Downtown Property Acquisition	250,000	-	-
SUBTOTAL ECONOMIC DEVELOPMENT		\$ 2,311,855	\$ 1,621,855	\$ 1,711,855

COMMUNITY REDEVELOPMENT

16	Midtown Alliance Services	\$ 55,000	\$ 20,000	\$ 12,500
17	Scholars House	36,000	36,000	36,000
18	Fountain Avenue Revitalization	385,000	385,000	385,000
19	City-wide Property Purchase & US 60 Linear Park Property	200,000	-	50,000
20	*F* Match for Fountain Avenue Grant	200,000	-	-
SUBTOTAL COMMUNITY REDEVELOPMENT		\$ 876,000	\$ 441,000	\$ 483,500

CAPITAL / INFRASTRUCTURE

21	*C* Riverfront Boat Launch & Transient Boat Dock Shortfall	\$ 274,900	\$ 274,900	\$ 274,900
22	MAP Paving Program	800,000	800,000	702,745
23	Sidewalk Program	250,000	250,000	200,000
24	City-wide Generator Plan	861,500	-	125,000
25	Olivet Church Road Shortfalls	200,000	-	-
26	Traffic Signals	250,000	-	250,000
27	Demolition of Derelict Motel	100,000	100,000	100,000
28	City Hall Structural Issues	??	-	-

**CITY OF PADUCAH
INVESTMENT FUND DECISION PACKAGE
FY2010**

29	Civic Beautification - Three (3) City Entrance Signs	2,000	2,000	2,000
30	Noble Park Parking Lot	500,000	500,000	500,000
31	Kolb Park Playground Drainage & Resurfacing	120,000	120,000	30,000
32	Stuart Nelson Restrooms	100,000	-	-
33	Reforestation/City-wide Landscaping	200,000	150,000	-
34	Upgrades to Armory Building	50,000	50,000	-
35	Lang Park	100,000	-	-
36	Brooks Park Softball Field	45,000	45,000	45,000
37	Shepard Field Renovations	50,000	50,000	-
38	KYDOT Greenway Trail Phase II	150,000	150,000	150,000
39	Park System Signage	24,000	24,000	-
40	Dog Park	15,000	-	-
41	Police Purchase of Parking Lot	100,000	-	-
42	*F* Property Acquisition for Public Works Operations	75,000	-	-
43	*F* Downtown Plaza Parking Lot Renovation	??	-	-
44	*F* Engineering to 3-Lane Coleman Road	120,000	-	-
45	*F* Stuart Nelson Park Road	800,000	-	-
46	*F* Soccer Complex and Amenities	1,400,000	-	-
47	*F* Perkins Creek Nature Preserve & Education Project	50,000	-	-
48	*F* Rebuild Walking Path along Noble Park Lake	225,000	-	-
49	*F* Downtown Parking Deck	4,875,000	-	-
50	*F* Add Office Space to Police Department/Replace Windows	525,000	-	-
51	*F* Design to Replace Headquarters (Fire Station No. 1)	4,300,000	-	-
SUBTOTAL CAPITAL / INFRASTRUCTURE		\$ 16,562,400	\$ 2,515,900	\$ 2,379,645
GRAND TOTAL OF DECISION ITEMS		\$ 19,750,255	\$ 4,578,755	\$ 4,575,000
Available for Appropriation - Grand Total of Decision Items			\$ (3,755)	\$ -

C = Committed expenditure

F = Expenditure to be considered in an upcoming fiscal year

3

**CITY OF PADUCAH
GENERAL FUND DECISION PACKAGE
FY2010**

#	Department	Project Title	Amount Requested	Zumwalt Revised Amount	Cumulative Amount
1	Expendable Fund Balance	IAFF Lawsuit Payment	\$50,000		\$50,000
2	Expendable Fund Balance	FFPF Unfunded Liability	\$560,000		\$610,000
		Total Expendable Fund Balance Items			\$610,000
1	City-Wide	City-wide Computer Replacement	\$37,475		\$37,475
2	Finance	Applicant Tracking Software	\$8,315		\$45,790
3	Finance	Property Tax Software	\$92,200		\$137,990
4	Finance	Time and Attendance Software	\$63,450		\$201,440
5	IT	Email Indexing, Archiving, Retrieval Software	\$14,000		\$215,440
6	Police	Tactical Equipment	\$39,330		\$254,770
7	Police	Specialized Training	\$39,575		\$294,345
8	Police	New Leather	\$7,000		\$301,345
9	Police	Digital In-car Cameras x 8	\$40,000		\$341,345
10	Police	Operational Equipment	\$20,175		\$361,520
11	Police	MDT Replacement Plan	\$20,000		\$381,520
12	Police	Ford Escapes x 4	\$76,000		\$457,520
13	Police	New K-9	\$20,600		\$478,120
14	Police	ADA Doors	\$6,000		\$484,120
15	Fire	Company Inspection Software	\$30,000		\$514,120
16	Fire	Closed Circuit TV Training System Upgrade	\$21,000		\$535,120
17	Fire	Pulse Oximeters x 5	\$6,500		\$541,620
18	Fire	Paging Software	\$2,000		\$543,620
19	Fire	Complete Set of Airbags	\$12,500		\$556,120
20	Fire	Extrication Tool Replacement	\$18,000		\$574,120
21	EPW	Pauper Burials	\$18,000		\$592,120
22	EPW	Broadway Irrigation System	\$25,000		\$617,120
23	EPW	GPS Units (10)	\$21,300		\$638,420
24	Parks	Carpet Upstairs Hallway	\$4,100		\$642,520
25	Parks	Tennis Hitting Wall	\$4,000		\$646,520
26	Subs Agen	Human Rights Subsidy Request	\$45,000		\$691,520
27	Subs Agen	PATS Subsidy Request	\$50,000		\$741,520
28	Subs Agen	DES	\$25,000		\$766,520
29	Subs Agen	E911 Subsidy Request	\$50,000		\$816,520
30	Subs Agen	Child Watch	\$28,500		\$845,020
31	Subs Agen	Paducah McCracken Co. Senior Citizens, Inc.	\$1,200		\$846,220
32	Subs Agen	Brooks Stadium Commission	\$25,000		\$871,220
33	Subs Agen	Tornado League Youth Football	\$3,000		\$874,220
34	Subs Agen	Paxton Park Golf Course	\$3,000		\$877,220
		Total General Fund Decision Items			\$877,220
		Total Combined Expendable Fund Bal. & GF Items			\$1,487,220

**CITY OF PADUCAH
GENERAL FUND DECISION PACKAGE
FY2010**

Dept	Project Title	Description	Amount
Expendable Fund Balance	IAFF Lawsuit Payment	Reserve for attorney costs. IAFF lawsuit filed over the way overtime was calculated for state incentive pay (prior to December 2006).	\$50,000
Expendable Fund Balance	PPPF Unfunded Liability	The old Police & Fire Pension Fund lost assets during the stock market crash and now has an unfunded liability. Actuary report due this fall will calculate how much the City must contribute each year to pay the unfunded liability. Until we have the report we are estimating a first year cost of \$560,000.	\$560,000
Total Expendable Fund Balance			\$610,000

1	City-Wide	City-wide Computer Replacement	Replacement of various desktop and laptop computers, MDT modems, and network printers	\$37,475
2	Finance	Applicant Tracking Software	Software will enable the City to maintain employment application posting, collection, and processing electronically via the Internet. (Finance Priority #1)	\$8,315
3	Finance	Property Tax Software	Our current property tax software was written just for the City by a local programmer. We must depend on him for set up the software before we run taxes each year and to make all changes. Proposed H T E property tax software will interface with our other HTE financial programs. Cost includes license fees, data conversion from the Land Management system and training. This critical software module will allow Finance - Revenue staff to use one efficient, customer-friendly system. (Finance Priority #2)	\$92,200
4	Finance	Time and Attendance Software	Biometric time clock devices will streamline payroll processing, create greater accuracy in reporting employee attendance, reduce the amount of time spent manually keying payroll entry, and increase productivity and accountability City-wide. (Finance Priority #3)	\$63,450
5	Information Technology	Email Indexing, Archiving, Retrieval Software	Software will provide an efficient means of retrieving email messages with specific criteria such as keywords, time frames, sender/recipient, etc. in order to respond to law suit discovery and open records requests.	\$14,000
6	Police	Tactical Equipment	In-car cameras, video cameras, radar units, hitch to allow EOD truck to tow new trailer purchased with Homeland Security funds, and other tactical items. Several items requested will serve as match for a state Highway Safety Grant for which the City has applied. (Police Priority #1)	\$39,330

CITY OF YUCAHA
GENERAL FUND DECISION PACKAGE
FY2010

	Dept	Project Title	Description	Amount
7	Police	Specialized Training	Professional development and instructional courses. Some are designed to increase leadership abilities, others to certify in-house trainers and reduce the department's dependence on outside sources. (Police Priority #2)	\$39,575
8	Police	New Leather	Most of the Police Department's leather gear (duty belts, holsters, handcuff cases, etc.) is now 10 years old and is in need of replacement. Officers are beginning to face safety issues stemming from faulty holsters. Leather gear costs approximately \$400 per officer. (Police Priority #3)	\$7,000
9	Police	Digital In-car Cameras x 8	Replace the old video-type in-car cameras with new cameras utilizing current digital technology. (Police Priority #4)	\$40,000
10	Police	Operational Equipment	Request includes a new ID card machine, chemical munitions, less lethal munitions and flashbangs used by the department's Emergency Response Team, and explosives used by the bomb squad to render safe suspected or known explosive devices. (Police Priority #5)	\$20,175
11	Police	MDT Replacement Plan	In 2002 we used grant funds purchased 64 Mobile Data Terminals. The in-car computers and data connections have made our Police Officers more efficient. MDTs have a service life of about 5 years. This \$20,000 request will fund the MDT replacement program. (Police Priority #6)	\$20,000
12	Police	Ford Escapes x 4	The Police Department has proposed purchasing four new Ford Escape vehicles to use as management staff cars. Crown Vics currently driven by management would become patrol vehicles for new officers. The Department has 4 Jeeps which have been found to be unsuitable for patrol and will continue to be used for other Department functions. The Escapes get much better gasoline mileage and will "green" the department. (Police Priority #7)	\$76,000
13	Police	New K-9	The Police Department currently has two K9s/handlers. One dog currently is eligible for retirement from service, and the second will be eligible by the end of calendar year 2009. The department would like to purchase another K9 and begin handler training before one or both of the current K9s are removed from service. (Police Priority #8)	\$20,600
14	Police	ADA Doors	Replace the front doors of the Police Department with handicap-accessible doors. (Police Priority #9)	\$6,000

CITY OF PADUCAH
GENERAL FUND DECISION PACKAGE
FY2010

	Dept	Project Title	Description	Amount
15	Fire	Company Inspection Software	Software will allow the incident commanders in the field to use mobile data terminals to access critical information about the facilities that we have gathered from conducting preplans or company inspections in order to make good tactical decisions based on the hazard and threat at the time. (Fire Priority #1)	\$30,000
16	Fire	Closed Circuit TV Training System Upgrade	The closed circuit TV system that connects all Fire Stations for training operates on Comcast cable and is currently broken and cannot be repaired. This request will convert the system to an Internet-based system. The TV system allows the department to conduct training remotely by having the personnel remain in the station, saving fuel, and maintaining response time. (Fire Priority #2)	\$21,000
17	Fire	Pulse Oximeters x 5	Emergency Medical Equipment to have on every response vehicle that indicates to the responder whether or not the patient has an oxygen deficiency. In addition, the type we are requesting to purchase will also indicate the level of carbon monoxide exposure of the patient. (Fire Priority #3)	\$6,500
18	Fire	Paging Software	Software that will allow the command members of the department to be notified immediately upon the dispatch of a critical incident without having to have radio communications while off duty. This software will be shared by other agencies to include county agencies decreasing the cost to us and making our portion a fraction of the total cost due to this sharing. (Fire Priority #4)	\$2,000
19	Fire	Complete Set of Airbags	Airbags are used by the Fire Department to safely upright vehicles that are turned over, stabilize areas of buildings that have collapsed, and safely remove victims that are trapped or pinned underneath debris or automobiles or other heavy items and equipment. This would be the City's second set, to be placed on the second ladder truck to ensure City-wide coverage and availability. (Fire Priority #5)	\$12,500
20	Fire	Extrication Tool Replacement	The Fire Department currently has 10 sets of extrication tools (jaws of life) that consist of a motor and pump, spreader, cutter, and ram. These tools cost approximately \$18,000 per set. The Fire Department is requesting that the City allocate \$18,000.00 annually toward an extrication tool replacement plan. (Fire Priority #6)	\$18,000
21	Engineering Public Works	Pauper Burials	State Code makes the cost of pauper burials a responsibility of the County Fiscal Court, but the City has traditionally helped the County Government pay the cost. In Fiscal Year 2008, the County billed the City just over \$22,000 for this service and \$25,000 was budgeted in FY2009. (EPW Priority #1)	\$18,000

**CITY OF PADUCAH
GENERAL FUND DECISION PACKAGE
FY2010**

	Dept	Project Title	Description	Amount
22	Engineering Public Works	Broadway Irrigation System	Install irrigation system on Broadway and Jefferson boulevard. System will improve appearance of landscaping but will increase water costs. (EPW Priority #2)	\$25,000
23	Engineering Public Works	GPS Units (10)	Install GPS devices that allow the Public Works office to track the location of trucks that are used for bulk brush collection, brine application, and dump trucks used for snow removal. (EPW Priority #3)	\$21,300
24	Parks	Carpet Upstairs Hallway	Place carpet over the tile in the upstairs hallway where classes are held. The tile is coming up and buckling in some areas. (Parks Priority #1)	\$4,100
25	Parks	Tennis Hitting Wall	Install hitting wall at Noble Park. The previous hitting wall was damaged when it was moved during the resurfacing of the courts. (Parks Priority #2)	\$4,000
26	Subs Agen	Human Rights Subsidy Request	In the Operational Efficiency Plan, the FY2010 Human Rights budget was set at \$50,000. The Human Rights Commission has requested an additional \$45,000 to give them a total budget of \$95,000.	\$45,000
27	Subs Agen	PATS Subsidy Request	City operating subsidy for PATS in 2009 was \$300,000. City Manager's budget recommendation reduced the FY2010 PATS subsidy to \$250,000.	\$50,000
28	Subs Agen	DES	Funding request for McCracken County Department of Emergency Services. Requested funds are for crowd management materials.	\$25,000
29	Subs Agen	E911 Subsidy Request	The transfer to E911 recommended by the City Manager is \$23,000 larger than last year, but it is \$50,000 less than the request from the E911 Board. Our E911 service continues to suffer a loss of self-generated revenue as cell phones replace landlines. The City and County make up the shortfall by increasing their subsidies of the service. If McCracken County reduces their contribution by a comparable \$50,000, then E911 will have to either reduce manning and cut their \$1.5 million budget by 7% or draw down their operating reserves.	\$50,000
30	Subs Agen	Child Watch	Agency requests funding for a part-time coordinator.	\$28,500
31	Subs Agen	Paducah McCracken Co. Senior Citizens, Inc.	Request for funding for services for senior citizens.	\$1,200
32	Subs Agen	Brooks Stadium Commission	This request for seats and other improvements in addition to OVC Tournament funding of \$5,000 in Parks Services budget.	\$25,000

**CITY OF PADUCAH
GENERAL FUND DECISION PACKAGE
FY2010**

	Dept	Project Title	Description	Amount
33	Subs Agen	Tornado League Youth Football	Request funding for proper athletic equipment	\$3,000
34	Subs Agen	Paxton Park Golf Course	In FY2009 City provided a \$36,000 operating subsidy. This Spring, Commission approved an advance payment of \$15,000 from the FY2010 operating subsidy. An allocation of \$21,000 is included in the recommended budget to give a FY2010 subsidy of \$36,000. Golf Board has requested \$3,000 for a total FY2010 subsidy of \$39,000.	\$3,000
Total General Fund Decision Package Items				<u>877,220</u>
Total Combined Expendable Fund Bal. & General Fund Items				<u>1,487,220</u>

OPERATIONAL EFFICIENCY PLAN

April 14, 2009
James W. Zumwalt
City Manager

This Operational Efficiency Plan describes changes to the City organizational structure and staff that the City Manager recommends in response to the national economic crisis. The plan follows the strategic management approach recommended in the ICMA/Alliance for Innovation Navigating the Fiscal Crisis: Tested Strategies for Local Leaders white paper which the Commission has reviewed:

- A. Adopt Assumptions
- B. Agree On Service Hierarchy
- C. Contribute to Recovery
- D. Seize Opportunities Crisis Makes Possible
- E. Cut Once and Quickly
- F. Communicate, Communicate

A. Adopt Assumptions

This Operational Efficiency Plan assumes that we are not at bottom yet and that recovery will take two years. I anticipate that the full impact of the recession has not yet been felt in Paducah and that City revenues will decline further before they begin to increase. The plan assumes that we will have to cut General Fund expenditures by at least 10% or \$3 million.

B. Agree On Service Hierarchy

At your March 31 workshop you reviewed and commented on the staff's work to categorize the City's services in the Service Business Hierarchy Model that Lyle Sumek introduced to you. This discussion has influenced development of the Operational Efficiency Plan.

C. Contribute to Recovery

The decisions the Commission makes about City spending can have some impact on the region's economic recovery if you:

- Maintain Spending and do not cut Revenues

- Invest in Capital Projects
- Continue to Innovate and Take Smart Risks
- Continue to Make Paducah Stand Out from the Crowd

We are positioned to follow these steps if the Commission holds true to our commitment to earmark the Investment Fund for Economic Development, Neighborhood Redevelopment, and Capital Investment.

D. Seize Opportunities Crisis Makes Possible

During a financial crisis it is sometimes possible to change priorities, restructure or improve the organization, or develop cooperative partnerships with other organizations; all changes that might not have been possible without the pressure of the crisis. In preparing the Operational Efficiency I have looked for opportunities to use the crisis in this manner.

E. Cut Once and Quickly

The total impact of the Operational Efficiency Plan is an annual cost reduction of about \$2 million. As we work on the FY2010 budget we will propose other changes so that we reach the 10% goal proposed in item "A" above.

F. Communicate, Communicate

Speculation about possible layoffs has stressed each of you and every member of the City organization. We all recognize that when the City deletes a position we are doing more than just causing an innocent employee to lose a job, we are firing a whole family.

After the commission agrees on the steps we will be taking and the affected individuals have been personally notified, we need to be as open and transparent as possible about the changes we have made, the individuals affected by them, and what we are doing to help those individuals through their personal transitions.

Recommended Sequence of Events

TUESDAY, APRIL 7, 2009: Commission meets in executive session and reaches agreement on employees to be laid off and positions to be dropped.

WEDNESDAY & THURSDAY, APRIL 8-9, 2009: Zumwalt meets privately with each employee who is being laid off to advise him or her of the decision, to give the employee a severance letter agreement, and explain the severance terms.

THURSDAY & FRIDAY, APRIL 9-10, 2009: Employee Assistance Program Counselor will be available for employees who have received a layoff notice. We will also try to schedule the Workforce Investment Board Rapid Response Team.

TUESDAY, APRIL 14, 2009: Commission discusses Operational Efficiency Plan at your televised Commission Meeting. During the meeting Commission votes to put the plan into action and to make layoffs effective immediately.

APRIL – JULY 24, 2009: Laid off employees who have signed their severance letter agreements receive biweekly severance payments equal to their base pay. City continues their health insurance coverage until June 30.

WEDNESDAY, APRIL 15, 2009: Laid off employees are eligible to apply for unemployment insurance payments.

JULY 1, 2009: Laid off employees eligible to extend their health insurance coverage through COBRA at reduced rates funded through the Federal Stimulus Program.

TUESDAY, JUNE 2, 2009: Commission Budget Advance. Commission incorporates additional policy changes and cost savings in the FY2010 City Budget.

Organizational & Personnel Changes

The touchstone for decisions that I have used in making all the recommendations in the Operational Efficiency Plan has been: “What changes will reduce costs and have the smallest adverse impact on services we deliver to the City’s citizens?”

The plan includes three major organizational changes:

- Public Works and Engineering Departments are merged
- Finance and Human Resources Departments are merged
- GIS is moved from Engineering to Information Services

As these major changes are implemented the involved staff will look for ways to make additional changes that reduce costs and/or improve customer services. Many of the staff changes will be permanent. Some will be temporary with the City hiring employees to fill the vacated positions when financial conditions change.

Public Works & Engineering

Public Works and Engineering Departments are merged under City Engineer and Public Works Director Rick Murphy. As Rick works out the details of merging the two staff’s into a combined operation, I anticipate that he will find opportunities for changes that

will bring additional efficiencies and savings. Initially the following changes will be made:

- Positions Deleted
 - Public Works Director
 - Public Works Department Secretary
 - Engineering Department Secretary
 - Landscape Superintendent
 - Carpenter
 - HVAC Technician
 - Plumber
 - Public Works Worker (Currently vacant)
- At least two additional positions will be left unfilled when they are vacated by attrition
 - Public Works Worker
 - Public Works Worker
- Fire Department Clerical Specialist will be transferred to a vacant position in Public Works.
- Summer Youth Program will be deleted unless flexible federal grant funding becomes available through the Workforce Investment Board
- Transfer the Engineering Geographic Information Services Division including the GIS Technician to the Information Services Department.
 - Position Deleted
 - GIS Coordinator

Finance & Human Resources

- Finance and Human Resources Departments are merged under Finance Director Jon Perkins
- Positions Deleted
 - Human Resources Director
 - Human Resources Intern
 - Accounts Payable Account Clerk (Merge two positions into one)
 - Revenue Clerk (Currently Vacant) Position will be replaced with a part time temp

Fire

- One Deputy Fire Marshall position is currently vacant and will not be filled.
- The Fire Department Clerical Specialist will be transferred to a vacant position in the Public Works Solid Waste Division, which is not part of the General Fund.
- We currently have two vacant Fire Fighter positions and anticipate at least one more at the end of the fiscal year. These positions will remain unfilled for the immediate future:
 - Fire Fighter (Currently Vacant)

- Fire Fighter (Currently Vacant)
- Fire Fighter
- The City will apply for a Fire Staffing Stimulus Grant and if we are successful use it to fill the vacant Fire Fighter positions. If we do not receive the grant funding, we will fill the vacant Fire Fighter positions as soon as the City's finances allow us to do so.
- To avoid increasing Fire Department overtime costs, the Department's Minimum Manning Standard will be reduced from 17 to 16.

Police

- Leave three currently vacant Police Officer positions temporarily unfilled and do the same with a fourth position when it is vacated by attrition.
 - Police Officer (Currently vacant)
 - Police Officer (Currently vacant)
 - Police Officer (Currently vacant)
 - Police Officer (When vacated by attrition)
- Apply for Police Staffing Stimulus Grant and if we are successful use it to fill the vacant Police Officer positions.
- Positions Deleted
 - Police Investigative Aid (Currently vacant)
 - Police Clerk

Inspections

- Position Deleted
 - Code Enforcement Officer (Fountain Avenue)
- Vacant Position to Leave Temporarily Unfilled
 - Building Inspector
 - Code Enforcement Officer
- Train Office Staff to supplement Nuisance Code enforcement staff by doing some work in the field.

Information Services

Merge Engineering Geographic Information Systems (GIS) Division into the Information Services Department under Information Services Director Greg Mueller.

Although our GIS system is a significant resource, it is far from reaching its potential. For example, the city still utilizes paper plat books and keys in information into a computer database related to the old plat books. Once we get a unified, accurate, automated system of parcel and land management records in place, we will have new opportunities for efficiency improvements in many departments that work with maps and land records. These improvements will benefit both the city and its sister agencies which are part of the MAP~GIS Consortium.

Specific tasks that need to be accomplished as part of this Land Record Database Project to move the system forward include:

1. Merge the HTE land records management system currently used by Planning, Inspection, and Engineering with the GIS database.
2. Build our land records system so a new property tax software package can become part of the system.
3. Identify a way to merge county and PVA data into the system.
4. Enhance the 911 system address database.
5. Improve service to the Paducah and McCracken Geographic Information System (MAP~GIS) consortium members as well as to the public in the form of web-based access to GIS data.

A team including Planner II Ben Petersen, GIS Technician, Brian Zimmermann and Information Services staff members will be assigned to accomplish the Land Record Database Project. Once these tasks are satisfactorily accomplished, the GIS system and personnel involved in this restructuring will be re-evaluated and reassigned in a way that gives to most value to the city organization as a whole.

- Position Deleted
 - GIS Coordinator
 - Information Services Intern

Renaissance Agency

- Reduce City funding for the Redevelopment and Renaissance Agencies by at least \$30,000. Leave the Agencies with the decision of how to best deliver their services with reduced funding.

Human Rights Commission

- Reduce City funding for Human Rights Commission from \$105,000 to \$50,000 a year. Leave Human Rights Commission with the decision of how to best deliver their services with reduced funding.

Planning

- Temporarily Assign Senior Planner to Information Services Land Record Database Project.
- Add Fountain Avenue Code Enforcement responsibilities to Community Development Planner's duties.
- Position Deleted
 - Intern

Parks Services

- Reduce programming & part-time staff +/- \$60,000

Clerk & Manager

- Positions Deleted
 - City Manager Intern
 - City Clerk Temp

Severance Terms

Laid off employees will receive:

- Three months base salary. Severance will be paid in bi-weekly payments just like their City paychecks with the first payment April 17 and the last July 24. Payments will begin after the employee signs a severance letter agreement.
- Health insurance coverage through June 30, 2009
- Payout of accrued vacation leave with the May 1 payment.
- Eligibility for unemployment insurance beginning immediately.
- Eligibility for extended COBRA coverage at reduced rates beginning July 1, 2009

Direct cost of severance salaries will be \$161,000. Cost of severance salaries, health insurance and other required costs is approximately \$219,000.

Other Issues to Address

Through April and May City staff will work on the FY2010 budget. On June 2 the Commission will hold a daylong Budget Advance to finalize the City's financial plan for the coming year. Issues that will be addressed as we work on the budget include:

- Departmental overtime budgets
- Public Works budget for temporary workers
- Travel & training budget. (I am preparing an administrative procedure that would have employees pay 1/3 the cost of Travel, Conferences, Classes & Training for Certification & Personal Development.)
- Operating Subsidies to Associated Agencies
- Leased Buildings
- Fleet changes
- Take home cars
- New Service Fees
- Surplus Properties Disposal

- Changes to 2010 Health Insurance Plan
 - Waiver Credit
 - Wellness Program
- Investment Fund Changes
 - Operating Subsidies to Economic Development Agencies
 - Operating Subsidies
- Solid Waste Fund
 - Leaf Bags
 - Future attrition adjustments with new sidearm loader

6

Appendix 6

Report on FY2009 Action Agenda Items And their Relation to the FY2010 Budget

A. Action Agenda Top Priorities

4. Major Employer Attraction

GPEDC has spent much of this year working with an investor who proposes to build a multi-billion plant at Riverport West to convert coal to liquid fuel.

The investment fund decision package includes a recommended \$400,000 reserve for economic development incentives. This reserve is available to support both downtown projects coming under the city's "Retail Fence" program and traditional economic development prospects included under GPEDC.

5. Hotel and Convention Center: Development Agreement (including Riverwalk)

Paducah critically needs a quality downtown hotel and expanded convention facilities.

This year Paducah and McCracken County working with their Convention Center Corporation completed a \$5.0 million renovation of the Julian Carroll Convention Center in time for the 2009 AQS Quilt Show.

The City has assisted Bill Parsons and Tom Green with their plans to purchase the Executive Inn, renovate the building to house two hotels, and construct a water park attached to the hotel. The project has gotten lots of media attention while the developers have worked to secure financing. At the time of this report, the final results of the project are still unknown.

6. Barkley Airport: New Terminal, Expanded Air Service and Separate Taxing Authority

When American Airlines closed its hub in Nashville, Barkley Airport lost its American Eagle service to Nashville. The reduction in American Airlines activity at St. Louis led to the loss of the airport's service by Regions Air to that city. The loss in flights caused a decline in

passengers that reduced airport revenue and led to an operating deficit. In April of 2007, Paducah and McCracken County agreed to share a \$150,000 operating subsidy and provide \$25,000 a month to the airport until the following October. In January of 2008, this monthly subsidy was increased to \$38,000 a month with the city and county each contributing \$19,000 each month.

The Airport has continued to lose passengers during the recession, but our losses have been significantly less than those of other, larger airports. For FY2009 the Airport has been able to reduce its subsidy requirements from \$456,000/year to \$292,860/year.

The McCracken County Fiscal Court is considering creation of an airport tax district, which would relieve the city, and county governments of the subsidy payments. However, after the tax district is created there may be a wait as long as a year before revenue actually starts flowing to the airport. Therefore investment fund decision items include \$146,430 for the city's portion of the airport subsidy.

The Airport Board continues working to convince Mesaba Airlines Airlink, the connector to Northwest Airlines in Memphis to upgrade from their current 32 seat turboprop planes to 44 or 50 seat regional jet planes. The larger passenger capacity planes will improve service and increase airport revenue. The board is also working on attracting additional air carriers with connections to other hub airports to Paducah. The City and County may be asked to provide marketing funds or a profit guarantee when a deal is struck for improved air service.

7. Soccer Complex Development: Site Selection and Acquisition

Over the last two years, Paducah and McCracken County have been discussing the possibility of jointly developing a major soccer complex. The city funded a site evaluation plan and the City Commission agreed that the site on Sheehan Bridge Road was the best location for the facility. James Marine officials have pledged to provide funding to help develop the site and conduct fundraising to get private sector support from other businesses and to help with costs of maintaining the proposed facility.

McCracken County Fiscal Court was not able to commit funds for the project; so it remains on hold waiting further action by the two governing bodies.

8. Tax Increment Financing Creation

Creation of a tax increment financing (TIF) district under state law, which allows the capture of state tax revenues to support a local project, was a key part of the city's plans for meeting its top priority policy agenda goal of a new hotel and convention center. Executive Inn investors Bill Parsons and Tom Green determined that Kentucky's legislation which provides financial assistance for major tourism facilities might meet their needs better than a TIF. The City has created a Downtown Redevelopment Agency to serve as the governance board for a TIF district

and stands ready to assist developers with either approach.

9. Broadway – Kentucky Resolution

No funds were specifically earmarked in the FY2010 budget to help the community come to a consensus on the right way to develop our waterfront between Broadway and Kentucky Avenue. The new Downtown Redevelopment Board may be given the lead responsibility for addressing this issue.

G. Action Agenda High Priorities

1. Recycling Program: Report on Facility for Drop Off and Options and City's Participation

With the assistance of Paducah Water, the City has been able to get a building and property on North 8th Street in front of the Paducah Water Plant made available to the GPS volunteer recycling organization. The GPS volunteers have expanded the service schedule at the drop-off center to 4 days a week. The City pays GPS a fee equal to our CWI tipping fee for each ton of waste from within the city recycled by the organization. The recession has reduced the market for recycled materials hurting recycling programs everywhere. The City continues to look for ways in conjunction with GPS to expand our recycling efforts.

2. Sidewalk Policy, Plan and Funding

In addition to our annual paving program, the capital section of the FY2009 investment fund budget included a \$200,000 appropriation for sidewalk construction and replacement. Most of the time when a sidewalk is rebuilt the adjacent curbs and gutters need to be rebuilt at the same time in order to assure that the neighborhood storm drainage flow continues to keep homeowners property dry when we get heavy rains. Therefore any expanded sidewalk program needs to continue to be closely tied to the city's street maintenance and resurfacing program. Planning staff has prepared a City Sidewalk Plan, which will be presented to the Commission in the next few weeks.

3. Annexation: Flood Wall

In 1946, the City de-annexed property below the low water mark along the Tennessee and Ohio Rivers. Since we are facing expanded waterfront development, the City proposes to re-annex these properties. The Commission has funded and our consulting engineers have completed a survey of the floodwall property, which is required as the first step in an annexation procedure.

4. Annexation: Fringe Area Analysis, Recruitment and Action

The City planning staff was charged with the task of identifying properties on the perimeter of the City that would be candidates for annexation. They also prepared "marketing" materials to document the advantage of being a part of the City of Paducah to owners of property on the fringe of the City. The staff effort has not resulted in any new annexations to date.

5. PGDP Extending Life – Lobby Federal Government: Tails Processing, Precious Metals, DOW Staff Person: Reuse

PUPAU, the Paducah Uranium Plant Asset Utilization Board, created by the Mayor and County Judge continues to work on this policy goal. A new state grant will cover the cost for the Purchase Area Development District to provide John Anderson's staff support to the Board. During the past year we have had conversations with DOE, Kentucky Energy Secretary Leonard Peters, and private nuclear industry investors about the possibility of constructing a nuclear power plant or a fuel rod recycling plant at the Paducah Gaseous Diffusion Plant site. DOE's employment of prior City Commissioner Buz Smith has greatly facilitated communication with the federal organization.

6. Renaissance Board and Organization

The City Commission created the new Renaissance Program, which ties together our Fountain Avenue Artist Relocation Program, Main Street, and the City's downtown development activities. The program involves two Boards: The new Downtown Redevelopment Board and the Paducah Renaissance Alliance, which is an evolution of the old Main Street Board.

The City General Fund Budget provides support for the Renaissance staff and the Investment Fund budget includes monies for their development and marketing activities.

Budget Allocation Benchmark Tool

FY 2009
5/15/2009
Week # 46
Allocation To-Date
88.46%

Special Notes: April entries for Fleet Lease will be made on or about May 15th
"Actual Expenses To-Date" does not include accrued payroll which would add an extra 4% - 5% to total departmental expenses

Fd	Department	Annual Budget	Budget Allocation To-Date	Actual Expenses To-Date	% of Allocation Spent To-Date
001	General Government	\$ 1,585,870	\$ 1,402,885	\$ 1,097,973	78.27%
001	Finance	1,037,190	917,514	861,500	93.90%
001	Information Systems	346,560	306,572	290,852	94.87%
001	Inspection	1,121,510	992,105	712,420	71.81%
001	Planning	851,150	752,940	659,580	87.60%
001	Police	8,773,720	7,761,368	7,129,084	91.85%
001	Fire	6,487,075	5,738,566	5,103,313	88.93%
001	Public Works	6,167,445	5,455,817	4,796,347	87.91%
001	Parks	1,546,395	1,367,965	1,214,599	88.79%
001	Cable Auth	95,710	84,667	89,556	105.77%
001	Human Rights	105,000	92,885	75,322	81.09%
001	Human Resources	395,690	350,033	296,015	84.57%
001	Engineering	1,141,590	1,009,868	938,814	92.96%
001	Risk Management	138,350	122,387	103,437	84.52%
001	I/F Trans	1,871,315	1,655,394	1,508,898	91.15%
	Total G/F	\$ 31,664,570	\$ 28,010,966	\$ 24,877,710	88.81%
011	TISA	\$ 225,820	\$ 199,764	\$ 163,662	81.93%
012	E-911	1,480,630	1,309,788	1,184,481	90.43%
050	Solid Waste	4,522,925	4,001,049	3,662,412	91.54%
070	Fleet Maintenance	512,125	453,034	430,739	95.08%
080	Paducah Renaissance	613,700	542,888	457,157	84.21%
	Total	\$ 39,019,770	\$ 34,517,489	\$ 30,776,161	89.16%

Goal: To keep % of Allocation Spent To-Date less than 100%.

Service Business Hierarchy

Priority

4

Community Ad-Ons:

Premium selected services providing a level of service exceeding Quality of Life

Community Add-Ons

3

Quality of Life Services:

Choice Services which are provided to enhance the customer experience

Quality of Life Services

2

Choice Core Businesses:

Core services not required by law, but are core municipal function

Choice Core Businesses

1

No-Choice Core Businesses:

Mandated by Federal or State Government

No Choice Core Businesses

Support Services

Support Services:

Provide support necessary For the delivery of services

