



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

Jim Gray
Mayor

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Basic blocks to build Lexington business, brand dominate city budget

By Mayor Jim Gray

Good afternoon, Vice Mayor Kay, Councilmembers and friends:

Before I get started today I want to thank the Council for working with us on this budget.

- The 16 of us agree on many things, but of course, we don't always agree ... and that's democracy! When we don't agree, we do it respectfully, and these days that's pretty rare in government, and noteworthy.
- Our budget process is productive. We have lively debates and compromise. We just do it Lexington style...like I said earlier...*respectfully*.
- Throughout the process we learn from each other, and that leads to better decisions.
- In the budget I am proposing today we've included funding for projects and initiatives that are priorities for each councilmember. Councilmembers know first-hand the needs of their districts and our at-large councilmembers have great perspective so we make efforts to include their input from the earliest phase of budget preparation.
- I think Councilmembers would agree, by working together as partners, we make our budget and our city stronger.

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Over the past couple of years our partnership has produced some home runs for our city:

- Our new **Senior Citizens Center** is set to open in a couple of months...we're taking service to our seniors to a whole new level;
- The **Historic Courthouse** is in the design phase ... it will become a source of city pride once more; and
- **Town Branch Commons**, a project that will be a defining landmark forever, is moving ahead.

A grand slam for Lexington!

As work on those aspirational projects continues, it's time to shift our emphasis back to the fundamental blocks that are building our Great American City. I've made that shift in the budget I'm proposing today.

While the budget's focus, priorities and needs change year to year, in Lexington the essential building blocks within the budget...public safety, economic development, parks, basic services, efficiency, quality of life ... those building blocks are constant.

That's because our citizens are our compass...they are government's true North...they point the way. And they are remarkably consistent.

What do citizens want? If you listen, they'll tell you...*and we listen: Councilmembers listen. I listen.* Here's what we've been hearing:

- Citizens want a safe city.
- They want a good job and economic opportunity for themselves, and their children.
- They love their parks and want programming for all ages.
- Citizens expect high performance on basic services...like garbage pick-up, paving, snow removal.
- They want their investment...their tax dollars...to be used wisely...efficiently. And they want transparency and accountability.
- They demand a high quality of life...they want to be proud of their city.

When we put together our budget, we always come back to these blocks that build Lexington business and brand, each an essential part of the priorities we have lived by for the past five years:

- **Creating Jobs**
- **Running Government Efficiently**
- **Building a Great American City.**

Today, I'm going to talk about our proposed spending plan by taking it building block, by block, by block...

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First, let's talk about how we will pay for the investments we'll make in this next budget year. Funds will come from four primary sources: annual revenues; surplus funds from budget year 2016; bond proceeds; and grants and private partnerships.

Our economy continues to be strong. Annual revenue estimates have increased from negative growth in 2010, to the solid growth we are anticipating for 2017. We project operating fund revenues of \$345 million in 2017.

- I have confidence in this projection, which is based on the advice of University of Kentucky economists, plus economists from the private sector, and on the work of Commissioner Bill O'Mara and his revenue team.

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Now, as to the **surplus** ... this is our fourth surplus in four years.

- A surplus sends a clear signal to our citizens: we run government efficiently and responsibly. We hold the line on spending throughout the year.
- A surplus confirms that we pass conservative budgets that try to anticipate problems that might arise, and we use our resources wisely and plan for future needs.

Again this year, we are proposing to use our surplus...estimated at \$6 million...for fire and police needs ... vehicles and repairs to fire stations.

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General Fund bonds, another part of our revenue package, are lower this year ... \$47.9 million compared to \$59 million in FY16.

- Now...I know bonds cause anxiety for some of us...but our bonding is considerably lower than it was a few years ago. In budget year 2010 we approved \$69 million in bonds; and, a year earlier, \$70 million just to address the unfunded liability in our police and fire pension.
- 10.7 percent of the budget I am proposing today is committed to debt service ... marginally lower than last year, and a manageable ratio as low interest rates continue.
- We have included \$10 million in bonds for the expanded convention center, which remains a high priority for this city moving forward.

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And, finally, as always we continue to look for grants and public private partnerships to help provide revenue for a variety of projects.

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Now, let's move beyond revenue and talk about the building blocks of this budget...what **Councilmember Fred Brown** is calling a **"3-P budget"...***public safety, paving and parks.*

Yes, Fred, it's certainly that, plus a little more.

First, as always, **public safety dominates the General Fund budget ... 54%. It's an essential building block for our city.**

From 2011 to the budget we are discussing today, our total investment in public safety exceeds **\$1.7 billion**. In that time we have increased our annual investment by 26.7%, including a 5.5 percent increase in next year's budget.

- **In police** we are moving forward with 20 new officers. With this addition, our authorized strength grows to 600 ... **the highest it has ever been.** I want to repeat that because it's important to our citizens... with the addition of these 20 officers, our authorized strength **is the highest it has ever been.**
- This budget includes **47 new full-time positions ... 23 of them are in police**, including a civilian employee who will oversee and maintain our new **body cameras**, plus another \$600,000 for the cameras, themselves, matching the \$600,000 we included in our current budget.
 - I agree with **Police Chief Mark Barnard** who says these cameras will strengthen the bond of trust between our police officers and our citizens.
- There is also funding in the police budget for new vehicles, a canine facility and Taser replacement.

In **fire**, the focus is on facilities and equipment:

- Most importantly, **\$5.2 million for a new fire station** in Masterson Station to improve service to that growing part of our city. This is our 24th station and the first increase in fire stations since 2005. As Councilmembers know, work has already started on the **replacement** of Station 2 on the city's north side.
 - We've also budgeted over \$2 million for repairs of fire stations and other needs.
 - And we have included almost \$3 million for **fire vehicles.**
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Economic development is always an important building block in our budget. Creating jobs is a top priority.

In 2009, at the height of the recession, our unemployment rate was 8.8%. Today it hovers around 4%, a drop of more than 50%. That's good news, but it also tells us we have more work to do.

Again this year we are proposing an investment ... \$1.25 million...in our **Jobs Fund**, which is taking off, creating and retaining good-paying jobs.

- So far, 223 jobs, with an average annual salary of just over \$60,000, have been committed by the 13 companies that have taken advantage of this incentive.
- The goal in creating the fund was to make our city more competitive in attracting and retaining jobs...it's doing that.

It's also important to mention the investment we are making in the Purchase of Development Rights program...PDR...fully funded at \$2 million this year...protecting our farms and the important agriculture industry they support

I want to step outside of the budget a minute and talk about an important addition we're making in economic development in *this* year's budget. We're eliminating two positions in the Mayor's Office and adding a new position to report to Chief Development Officer **Kevin Atkins**...a **Workforce Development Manager**, who will work with both employers and potential employees to ensure we have a workforce with the right skills to meet companies' needs.

- As we work to grow our economy and help our citizens find good jobs, the need for good, targeted workforce training is important to those looking for work, and also to those looking for employees.
- Yes, work force training is important to our entire community, helping us attract and retain *good* companies that provide *good* jobs.

Next, let's talk about **parks**...great parks are a building block of all great cities...and in recent years we have invested in plans and projects to make our parks great all over town.

- This year we're including **\$3 million for aquatics**, in line with several recommendations made in the Aquatics Master Plan.
 - We've included **spraygrounds** at Masterson Station, Jacobson, Douglass and Castlewood.
 - Now, when I was a kid, a sprayground was a back yard and a garden hose. In today's spraygrounds you still get wet, but have a lot more fun doing it. They're lower cost, low maintenance alternatives to pools, and parents and kids love them.
 - We're also improving restrooms and providing some shade and upgraded safety features at several pools.
 - And we've included \$400,000 in design funds for a Regional Aquatics Center at Shillito.

Next, let's get back to the **basics...basic services**...the building block that is the heart and soul of government.

- First, **paving**, a priority. We've included \$7 million in this budget for paving. When added to \$3 million in state road funds, we've got \$10 million for paving next year.
- A new **salt storage facility**...a \$1.5 million investment...will improve the efficiency of our snow removal efforts in east Lexington. Once again we've included funding to hire contractors when the snow really starts piling up ... it made a huge difference last winter.
- We are honoring our commitment to **affordable housing and homelessness prevention and intervention**, including \$2.75 million in the budget. We have made significant progress with both of these programs this year.
- During the **Breeders' Cup** we gave increased attention to **enhancing our corridors**. That's continuing with a commitment of \$394,000; and we've increased funds for mowing of greenways, parks and along county roads. Two ways we work to **Keep Lexington Beautiful!**
- We're investing \$934,000 to **upgrade traffic signals** at several busy intersections, plus \$250,000 for **pedestrian safety upgrade projects**. Improving pedestrian safety has been a key initiative of our traffic engineers this year.
- And that work in pedestrian safety is expanding in this budget with \$500,000 to begin to fill in the **gaps in Lexington's sidewalks**.
 - One of the longest, most significant sidewalk gaps is along **Southland Drive**, a busy shopping corridor. We've included \$1.8 million to build sidewalks on each side of Southland, complementing the recent investment in bike lanes supported by the Southland Association.
 - In addition we have included **\$500,000 for sidewalk improvements** and to complement the **Legacy Trail on Fourth Street**.
 - Speaking of trails, we've included **\$150,000 for trail maintenance**. Our trails are growing in popularity and attracting tourists to our city.

Next **efficiency**...improving the efficiency building block in government often means improving **technology**, and we are investing in the tools we need.

For example, we're investing in **LexCall**, which makes government work efficiently for citizens.

- LexCall is a one-stop shop for people to ask questions, put in a service order or get connected to the right government staffer to solve a problem. LexCall handles about 220,000 citizen calls each year, and that number is growing.
 - Improving LexCall's technology will improve our ability to serve citizens, and ensure we follow through on their requests. We are investing \$1.1 million.
- We've also included \$1.25 million for networks and computer equipment – essential investments to replace aging equipment, improve security and ensure accountability and transparency.

Finally, projects that **build quality of life** and pride in our city.

Today I am announcing support for a **130-acre youth sports complex in Cardinal Run North**.

- I've included \$7 million in this budget to move this project forward.
- A study by Bluegrass Sports Commission shows the \$25 million complex would generate as much as **\$23 million a year locally** ... money spent at our hotels, restaurants and other businesses.
- The study estimates the complex would attract 7,000 baseball, softball, soccer and other sports teams to Lexington each year.
- Lexington is a great sports town, especially for youth sports, and there are never enough fields to meet all the needs.
- This complex would support regional competition. And it already has widespread support in our community...I've heard from a lot of parents who are really excited about the idea.

We're working together to build our Great American City ... block by block by block. Reaching up and lifting up and stretching to grab the brass ring for our city.

We've demonstrated that together we **can** make a difference ... together we **can** make good things happen.

This is our time. Let's seize the moment.

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