



Lexington-Fayette Urban County Government

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Mayor

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## A public safety budget

By Mayor Jim Gray

Good afternoon.

Today, we take another important step in building our Great American City Lexington, through a budget for next year that reflects where we've been, and where we're headed.

Looking back to our city's founding in 1775 ... 242 years ago ... it's a safe bet budgets in the early years weren't written down, if they existed at all. Even so, citizens probably gathered together and made decisions about the community's needs and priorities. And we're still doing that today.

Since 2011, our focus has been on creating good-paying jobs and running a lean and efficient city government. The budget I am proposing today ... my 7<sup>th</sup> ... will follow that same path as we continue to create forward momentum and upward growth.

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From start to finish, our budget is an out-in-the-open, public process ... and it's quite thorough ... after 40 years in business I've learned that government budgets require much more precision and accountability ... ***and that's as it should be.***

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HORSE CAPITAL OF THE WORLD

Councilmembers are important partners in the full budget process.

- **Vice Mayor Steve Kay,**
- At-Large Councilmembers:
- **Kevin Stinnett and Richard Moloney,**

And District Councilmembers:

- **James Brown,**
- **Sasha Love Higgins,**
- **Jake Gibbs,**
- **Susan Lamb,**
- **Bill Farmer,**
- **Angela Evans,**
- **Jennifer Scutchfield,**
- **Fred Brown,**
- **Jennifer Mossotti,**
- **Amanda Mays Bledsoe,**
- **Peggy Henson** and
- **Kathy Plomin ... our Councilmembers** will divide up the budget I'm proposing today and closely examine every expenditure in lengthy hearings.

**Citizens are also partners.** You are all encouraged to voice your point of view. That's what democracy is all about.

The budget process at City Hall is about competition ... competition for every dollar as we work to cover the essentials and also invest in our future. And that's a good thing ... it challenges us to find new ways to increase efficiency and do a better job of setting priorities.

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In 2011, my first year as Mayor, we inherited a city in a tough financial condition ... a \$9 million hole in the 2011 budget and a \$27 million shortfall projected for the next year.

With the Council, we worked together and made some tough decisions and put our city on track to strong financial management.

And since then, we have turned things around ... saved for a rainy day ... controlled spending ... and created surpluses in each of the last six years.

- Those surpluses were grounded in:
  - Job growth ... as this chart shows, we've seen a lot of it since 2011, a record high number this past February ... and specifically in growing jobs with better pay;
  - And those surpluses were grounded in streamlined government to live within our means.
  - And our surpluses are the result of tough decisions, backed up by the Council.

Now, with our economy cooling off somewhat, the budget will likely stabilize, both this year and next.

- But we will adapt and adjust ... our approach to financial management works when the economy is moving swiftly, and it works as the pace eases.
- Thanks to efficiencies and fiscal controls we've put in place, we're ready to meet a tighter budget, head on.
- We're ready to live within our means AND provide for our city's essential needs AND make carefully chosen investments that will bring us economic growth in the future.

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The General Fund budget I'm putting before you today totals \$358 million. We are anticipating 3.5% growth over last year. This chart shows our revenue growth since 2011, reflecting the high-paying jobs that we have attracted to Lexington.

- Our revenue estimate for this budget is built with the advice of University of Kentucky economists and economists from the private sector, and on the work of *our budget team ... thanks to them for all of the work it takes to put this spending plan together.*

Before I talk about what we've included in this budget proposal, I want you to know we had requests for \$8 million in programs and positions that we could not fund.

- Councilmembers, you well know, as you work through a budget, you can expect to encounter many requests for additional funding ... more paving, for example ... by the way, we've included \$10 million for paving.

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As you think through those requests, you may want to consider how we put together this budget ... here are a few of the ground rules we established:

- **First, Cut back on operating expenses** ... We've trimmed 3.5% ... about \$2 million ... out of operating funds ... the day-to-day cost of doing business ... non-personnel costs.
- **Next, Base the budget on actual spending** ... While being attentive to special requests, we based this budget on an analysis of actual spending, division by division, and not on last year's budgeted levels.
- **Third, Identify and stick to priorities** ... we have set clear priorities based on our city's needs. For example, **questions we asked when considering a project for funding included ... will it create jobs? ... will it improve public safety?**
- **Finally, Cut back on hiring.** ... Outside of public safety we added no new General Fund positions this year.
  - We felt we could afford **either** new hires **OR** an investment in current employees.

- So, in this budget we are investing in our employees, with a 2% cost-of-living raise for those not covered by collective bargaining contracts.
- We are also investing in our seasonal and temporary workers, increasing their hourly minimum wage to \$9.15, as we work toward \$10.10. **It's competitive, and the right thing to do.**

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In addition, going forward this year with this tighter budget, we will examine every open position and make **only essential hires**.

- I urge Council to avoid adding positions ... those of us who were here in 2011 know just how painful cutting budgets can be.

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Now, here are the investment priorities we set in this budget proposal:

### **First, public safety.**

**Public safety** is always the top priority in our city budget ... *and everyone in the city I talk to says it's a top priority for them* ... this year public safety is 54% of the General Fund budget.

From 2011 to the budget we are discussing today, our total investment in public safety exceeds \$2 billion.

- In that time we have increased our annual investment by 32%, including a 6.6% proposed increase for next year. You can see that growth in this chart.

Even though we have made these investments, our city, like many others across America, faces the continuing challenge of drugs and crime.

While Lexington remains one of the safest cities of its size in America, we know that doesn't mean a lot if it's your neighborhood that has been hit with crime of any type. The bottom line is simple: **it's our job to do all we can to help prevent crime. That's what we've done, and it's what we will do.**

Over the past six years, we've added 45 police officers, building our authorized strength up to 600 ... the highest it has ever been.

### **But we must do even more to protect a growing city.**

With that in mind, the budget I am proposing this year is defined by our plan to take the first step to **add a 4<sup>th</sup> sector to our Police Department by deploying 30 new police officers and 6 safety officers ... the largest one-year increase for Lexington police since we merged our city and county governments.**

**The addition of this sector is needed to serve our growing city.**

- It allows us to increase **community-oriented policing** ... by dividing the city into four sectors, officers have less territory to cover.

- With four sectors officers have the opportunity to become even more familiar with their neighborhoods and the citizens who live there.
- When fully deployed, this adjustment will translate into 660 sworn officers focused on reinforcing our focus on safety ... **for Lexington, it's the right investment at the right time.**

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Now, as we all know, **violence prevention is about law enforcement, yes, but it's also about so much more** ... and we've been doing more ... digging in to find root causes, expanding youth programs, preventing drug abuse and attacking addiction.

**And we have more work to do.**

- With the rise of the heroin epidemic we've seen the need for increased intervention and coordination to verify where gaps in our services may exist.
  - To stay ahead of the crisis, we need a comprehensive inventory ... ***which is already underway*** ... and one person, one manager, **waking up every day thinking about how we can improve.**
    - As East End Neighborhood advocate **Billie Mallory** says, "We have plenty of structures in place, but we are lacking shared communication, cohesiveness and collaboration--we need strong and coordinated leadership to help make this happen."
  - Billie, that's exactly what we are proposing with the **One Lexington** initiative.
    - It's a new program, **funded with existing dollars**, that will coordinate all our activities that address both drug abuse and crime – inside city government, and outside, with our public and private partners.
    - The goal is to do our best to comprehensively take care of our people before they go down a path that leads to violent behavior, as we crack down on gangs and criminals, both inside and outside our city.
  - Therefore our team is proposing the hiring of a **One Lexington Director**. This proposal comes from our Chief Administrative Officer, the Commissioners of Public Safety and Social Services, as well as our Police Chief and Councilmembers.
    - We've created similar roles in other areas, and they have proved effective ... for example in Homelessness Intervention, Affordable Housing, and Workforce Training.
    - This initiative won't cost anything additional in the current year budget, so we're taking steps to get this in front of council this week so we can move forward now.
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**Partner agencies** are also important in our work to prevent drug abuse and reduce crime, and so much more.

Therefore we are keeping our **Extended Social Resource** grants ... the funds we use to assist social service agencies throughout the community ... at the same level as this year ... at \$3 million.

- Since 2012, our city has almost doubled funding for these grants, as federal and state governments have cut back.
- These grants help citizens throughout our city ... **those who most need help**. They are essential.

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Another important solution to violence prevention is having a **good job** ... quality of life for our city and its citizens depends upon creating jobs ... good paying jobs, and jobs at all skill levels.

**Creating jobs** has been a top priority since the first days of this administration, and it's just as important today.

**In this budget, our investment in** projects and programs that will produce jobs ... for example, effective incentive programs like the Jobs Fund; workforce development to attract better jobs; construction projects like Town Branch Commons and the Convention Center; economic development partner agencies; ... **in this budget our investment in projects and programs that will produce jobs tops \$8 million ... and that's a conservative estimate.**

That \$8 million includes:

- A third investment in our **Jobs Fund**, a unique local incentive program designed to make Lexington more attractive to high-wage industries.
- Doubling our funding ... up to \$300,000 ... for **workforce training grants**, to ensure we have a workforce with the right skills to meet companies' needs. The goal is to be a community with a skilled workforce.
- And continued funding for our **Bluegrass Farm-to-Table** initiative, which now works with 66 farms in 25 counties. Agriculture is an important and signature part of our economy and we are working to grow that sector.

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Quality of life is one of the reasons businesses move their jobs to Lexington. It was one of the main reasons I moved to Lexington, and shortly afterwards, the rest of my family and our business.

And we are making **several investments in quality of life** in this budget.

First, **Town Branch Commons**. A friend recently told me about how his father, as a child, used to sled down Mill Street in the winter, slide cross a bridge over Town Branch, and coast all the way to Main Street. Obviously, a long time ago.

- Water features will be part of the appeal of Town Branch Commons, a 3.2 mile park that will wind through downtown, roughly following the path of Town Branch, once our city's water source.
- Work is underway. The project is expected to create 200 construction jobs, and many more permanent jobs ... as other cities have found, private investments follow these kinds of public projects.
- Funding in this budget fulfills last year's commitment to the project ... a project that has also attracted generous federal and state support.

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Plans call for Town Branch to pass along our new **Convention Center**, one of the largest public investments in Lexington since Rupp Arena, which opened in 1976 ... over 40 years ago.

- The new convention center will stimulate development, produce millions in new convention and meetings each year, encourage business, and produce hundreds of direct and indirect jobs. It's one of the largest economic development projects in the state.
- Planning for the facility continues, and, therefore, its design and construction pricing continue to be refined. The detailed budget estimates – or Guaranteed Maximum Price – will follow.
- Last year the city dedicated funding to the project. And the state as well as the University of Kentucky have stepped up to the plate. To make the project a reality, this year, we are proposing a placeholder to fulfill the last dollars in.
- Value engineering in the design phase has helped us keep costs down on other projects ... like our sanitary sewer EPA Consent Decree projects. The same rigorous process must be applied to the Convention Center ... and coming from a career in construction, **this is something I am sure of ... and I am committed to.**

Quality of life also means continuing our work in **improving the appeal ... the attractiveness ...** of our city ... another investment in this budget.

- We will maintain the landscape beautification started during the Breeders' Cup, and expand it to include the **Richmond Road corridor**. We're also continuing our work to keep major corridors clean.
- And, once again, we have included funds to preserve our countryside and the jobs that are part of our agriculture sector.
  - For 17 years we've invested in our **Purchase of Development Rights or PDR** program, and this year we are proposing to include \$1 million.

- The board and the program are well on the way to acquiring 35 farms over the next two years, which would increase the land protected to 32,000 total acres. That's a significant milestone that should be celebrated.

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**Finally, here are other significant initiatives we've included in this budget:**

- We are purchasing just over \$2.5 million dollars in **new equipment for the Fire Department**, as we replace equipment, and move ahead with plans to build Station 24, the first additional fire station in Lexington in 10 years.
  - This chart shows our investment in fire, police and corrections capital projects since 2013 ... **\$58 million, with the majority share, \$30.4 million, going to the Fire Department.**
- At the **jail**, we are investing in a new computer security system. It is essential to the safety of both inmates and corrections officers.
- Now let's talking about planning and development:
  - We are funding a newly established **Infrastructure Fund** to help developers address the higher costs of complicated infill construction sites.
  - We're continuing investments in our popular **trails** ... Funds for the **Brighton Rail Trail Bridge** are in this budget proposal, plus maintenance funding for all trails.
  - And, like I mentioned earlier, we've included **\$10 million for paving** as we continue to improve basic infrastructure

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Now, let me close with this:

- I said at the beginning: our city has a long and storied history. Settled in 1775, 242 years ago, one year before the Declaration of Independence itself was signed. That's 242 years of disciplined attention to providing basic services, like public safety, and of creating aspirational goals and achieving them.
- That discipline continues today ... it's part of this budget. Those of us who remember lean budget years in 2011 and 2012 ... remember digging out of the Great Recession ... will also remember that challenging budgets bring out our best ... imagination, efficiencies, a focus on priorities. And that's just the same challenge and the opportunity we have before us today.

Thank you.

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