

Budget speech to Metro Council

Fiscal year 2007-2008

2 p.m. May 31, 2007

Metro Council Chambers

I appreciate ... as always... the opportunity to join all of you on the Metro Council ... here today ... to talk about the year ahead.

Over the past two weeks, I've highlighted some key initiatives in this budget ... brief snapshots... a picture of progress.

For example, you will see more police on our streets this year... as we hire a team of civilians to take routine reports...adding to the 100 additional officers on the streets since we took office four years ago.

We will move forward with the next critical phase of our MetroSafe emergency communications system ... to bring this community faster... coordinated ... response ... whether the emergency is a train derailment or a fire... a heart attack or a bank robbery.

My budget will pay for construction of 2 new firehouses and the design of a third ...part of our Louisville Fire Department's modernization plan. Last week we unveiled the first new firehouse sites ... in Clifton and Portland... and announced plans to build a new centrally located animal-services adoption center on Newburg Road.

Other "snapshots" include new initiatives to expand and improve our city of parks ... moving forward to develop a strong recreational corridor along River Road ... creating the new Louisville Champions Park....and also beginning to widen River Road... one of Louisville's treasured scenic byways.

We also christened the first canoe launches along our 27-mile Floyds Fork Corridor ... a spectacular 4,000-acre natural area... the largest municipal park expansion in America.

And my budget includes \$1 million to leverage about \$12 million in private funding ... for a new park and recreation center with special features for people with disabilities.

I could provide more snapshots today:

I could talk about miles of new bicycle paths.

I could tell you about dozens of other park projects... from a new roof at Mary T. Meagher aquatic center to renovation of the Sun Valley recreation center to improvements at Algonquin Park and Riverview Park...as well as master plans for McNeely Lake Park ... Wyandotte Park... and Vettiner Park...and for the Jefferson Memorial Forest.

I could detail this budget's support for key nonprofit institutions ... from arts organizations ... to social service agencies ... to the Home of the Innocents and Kosair Childrens Hospital, where expansions are planned to meet increased demand.

I could also tell you about key investments we'll make through this budget in creating new jobs – whether it's working in partnership with Greater Louisville Inc. to help our fastest growing local companies ... stepping up support for neighborhood retail development that enhances residents' quality of life. . . or continuing our clean-up of former industrial sites to market them for new uses... with an important new pilot project in the Park Hill corridor west of Old Louisville.

And I can tell you that we will support the wave of new development downtown – from our new Riverfront Arena to Museum Plaza... from new restaurants and nightspots to housing.

That support will include improved street lighting, sidewalks and signs...and a forward-thinking commitment to play an active role in keeping the momentum strong ... by purchasing key parcels of land to encourage additional development and private investment.

The IDEAL initiative – which stands for Investing in Downtown for the Economic Advancement of Louisville – will begin with \$1 million in bond funds for downtown land acquisition...to allow us to make the down-payment on three additional parcels of property in the so-called Water Company block bounded by 2nd and 3rd streets, Liberty and Muhammad Ali. It is a strategic investment that will give us more than 40 percent of that important block. We will look at other downtown parcels as well...as part of this new initiative because we know it's important to have land ready to be developedas bold and creative opportunities come up ... to make the heart of our city the IDEAL downtown.

I could go on. . . and mention other projects...other snapshots.

But it's all here ... in the budget.

Snapshot by snapshot ... this budget reflects a picture of progress ... steady ... focused ... accomplishment ... pieces of a puzzle we carefully assemble ...over time.... shaped by a clear vision of our goals for our community.

If these initiatives represent snapshots... today I would also like to step back... and focus on the bigger long-term picture for our community's future -- our commitments and our constraints.

Budget time is when you really think about values – not just those dollars-and-cents values of how much to spend on fire trucks or additional health-department inspectors. . . but also the other kind of values: Given the limits of revenue, what do we believe in ... care about ...recognize as our duty to our citizens? What investments do we believe are critical if we want to achieve our boldest dreams for our city?

What kind of community do we want to live in todayand leave as a legacy for our children and grandchildren tomorrow?

To squarely address those big-picture values... we need to begin a frank and thoughtful conversation about our city's future financial resources and the enormous challenges that lie before us ... and many cities like ours...across the state and across the nation.

We can dream boldly. We can spend wisely. But the truth is that a day of reckoning is coming. Our tax dollars are not keeping pace with the soaring costs of running a government where 70 percent of our operating budget goes for personnel costs.

Our revenue projections ... and they are aggressive...show our tax dollars will grow by 4 to 5 percent next year. That's about \$23 million.

You have heard me talk about the rising cost of health insurance for our employees. This year we will pay nearly \$40 million, up from \$25 million 5 years ago.

You have heard me describe the escalating cost of pensions and retirement. We've seen the city's pension payments ... what we are required to put in a retirement fund each year to pay for employee pensions down the road ... we've seen our share grow from \$31 million in 2004 to \$66 million in the year ahead – more than double --

while at the same time the number of employees in Louisville Metro government has actually gone down. If this pattern continues, our share would grow from \$66 million to \$100 million two years from now.

So ... clearly ... we have a challenge.

And that challenge is echoed across Kentucky and the nation -- as baby boomers begin to retire from government jobs with health and pension benefits that represent a staggering load for strapped budgets.

The Kentucky League of Cities has called local government pensions “a time bomb.” The cities of Covington and Owensboro have already cut their workforce. Florence, Kentucky, has raised taxes. Closer to home, West Buechel has laid off 3 police officers. Oldham County... one of the most affluent areas in our state ... has cut 10 percent of its workforce. From California to Texas, from Illinois to New Jersey, the story is similar.

So: What should we be doing?

I am not suggesting that we back down on our commitment to workers who are retired or currently employed and part of the system.

But there are things we must do:

First, we must keep our workforce lean. We have eliminated more than 700 positions in the past 4 years. When we’ve added police... or EMTs...or animal control officers... we’ve had to trim somewhere else.

Second, we are working with other local governments to urge state leaders to revamp the pension and retirement system for the next generation of public workers ...with benefits that are fair ...adequate... and sustainable ... for both our employees and our taxpayers. The governor has appointed a blue-ribbon task force to examine this issue, with recommendations due later this year.

Third, we will work even harder to manage today’s financial resources wisely ... earning the best bond ratings, for example ... so the cost of borrowing for capital improvements ...roads, sidewalks, roofs and new buildings ... is as low as possible. We will look thoughtfully at other sources of revenue. And we may need to seriously evaluate all the services local government provides at some point... and ask if they are all central to our mission.

And fourth, we will continue to focus aggressively on economic initiatives that we believe will bring new tax dollars to our community – from new jobs ... to new bridges . . . to new downtown and suburban developments.

I said a few minutes ago that this budget reflects our values. We need to be clear about those values ... as we make decisions ... in what are truly challenging financial times.

So let me share some of the values I hear reflected in the voices of our residents throughout our community... the values that shape this budget and will shape our work as we move forward.

First, we value public safety. It is the bedrock upon which we build a strong community. So nearly 1 out of every 3 operating dollars goes to our police department. Add all our public protection agencies ...fire...EMS... EMA... corrections ...animal services... and public protection is responsible for more than 60 percent of our entire operating budget.

Second, we value quality of life. You won't find it defined one way in a dictionary. It means good jobs, meaningful work...a paycheck that gives you choice about where and how you live. It means strong neighborhoods ...manageable commutes to work...great parks....arts...a vibrant ...24/7....downtown – the heart of our city ... that shapes the vitality and prosperity of our entire two-state 23-country region.

Third, we value community. We value our distinctive neighborhoods and suburban cities ...our traditions and our institutions. . . the schools we've attended and the places we worship. But we also value the community crossroads that bring us all together... from the Waterfront to the Louisville Zoo... from festivals to parks. We see a city of possibilities that stretch beyond the limits of our own lives.

Fourth, we value teamwork. Someone reminded me the other day of an old newspaper column that used to be called The Louisville Way. It strikes me that The Louisville Way lives on today in our hometown ... and it's all about teamwork ... great partnerships that elevate this community from a good place to live... to a great city. Read the fine print of my budget and there are dozens of examples of partnerships where the city teams up with ...agencies...schools... the private sector...state and federal government... all to move Louisville forward.

Some of the most important partnerships involve you ... members of the Metro Council... who have already worked with us to provide matching funds for key projects in your districts.

Fifth, we value education. We recognize it is the ticket to opportunity for residents and for our community. My budget punches that ticket with strong support for our Louisville Free Public Library. It supports innovative educational partnerships like Metropolitan College, which will expand soon to help more college students meet local workforce needs. This budget also increases city funding for the successful new Youth Opportunities Unlimited Center partnership ...with JCPS, Jefferson Community and Technical College and others ... It's already helped hundreds of disengaged 16- to 21-year-olds get back in school and get jobs.

Sixth, we value people. . . and programs that give them a hand-up when they need help. My budget continues our support for Louisville-area community ministries that provide emergency assistance to people in need. Our department of housing and family services will introduce a new foreclosure assistance program this year. It will better coordinate services for homeless individuals and families.

Seventh and last ... we also value the land and water and air around us. We will step up the work of our Partnership for a Green City, our collaboration with U of L and JCPS to stake out new policies and practices that reflect environmentally responsible values.

As we expand our City of Parks, we want to cultivate a "City of Green." We'll plant at least 1,000 new trees on public property throughout the city in year ahead. Trees literally clean the air by absorbing pollution and releasing oxygen and their shade cools hard surfaces like buildings and pavement. We will continue to purchase the most fuel-efficient vehicles we can. And this year we will also continue to provide free TARC bus service ...to all city government employees...with a swipe of their ID cards -- a benefit that is growing in value as gas prices rise. More employers are joining us to support our local transit alternative...and to encourage bicycle commuting and tele-commuting among their workers.

The bottom line is that we serve as leaders in exciting times ... in times of change....in times of challenge.

This budget paints ...by the numbers... a Picture of Progress.

It takes rigor....resourcefulness... resilience ... to keep clear our values and our vision for the future – the big picture ...the jigsaw puzzle ... we are working on ...piece by piecethat represents the Louisville we dream for tomorrow.

And it takes teamwork.

We are partners in bringing to life this vision for our community. . . a vision that will make a difference in the lives of the people we serve next year and far beyond.

By working together ... and only by working together ... as partners ... will we be able to make the greatest difference for the future of our hometown.

Thank you.