

Secretary Larry Hayes
Kentucky Cabinet for Economic Development
Old Capital Annex
300 West Broadway
Frankfort, Kentucky 40601

Dear Secretary Hayes,

Thank you for sharing the Draft Net Fiscal Impact Analysis of the Paducah Downtown Riverfront Redevelopment Mixed-Use TIF report drafted by Anderson Economic Group (“AEG”). I have shared the report with my staff and outside TIF consultants, and we appreciate the opportunity to provide our feedback. This exciting \$156 million downtown redevelopment project is creating a “destination” for our border town in a similar way to Owensboro’s downtown TIF district. A private developer out of Louisville, Weyland Ventures, is poised to invest in our downtown and the City is fully vested in its long-term support of the entire development.

As you know, the methodologies and assumptions used to estimate this “net new” fiscal impact can have a very dramatic effect on the State’s participation level and the Project’s overall feasibility. It is very important that these estimates are both sound in reason and as fair as possible.

It is extremely disappointing, and frankly shocking, that we paid AEG over \$70,0000 and waited over six months to receive a report where the major determining factor in the State’s participation – “the net new percentage” – was not explained. AEG provided no reasoning, science or methodology for determining only 5% of the project would be “net new” to the state. It is as if this number was picked from thin air. We find this lack of justification, combined with such a low number, disturbing.

Because of this low net-new percentage and many other glaring mistakes in the AEG report, the state participation would be capped at \$2.76 million over 20 years, or just 2% of the total capital project spend. This amount is below the threshold we need to proceed with the project and is even more concerning when viewed through the lens that this incentive would represent a historically low participation percentage, when compared to other mixed-use TIF projects in border towns.

To that point, my staff reviewed publicly available data on six other mixed-use TIF developments in border towns that received State participation over the last 10 years (including two projects in Owensboro, Ashland, Oak Grove, Highland Heights, and Fort Mitchell), and found their incentives had participation of at least 10% of capital spend, with a State award average of 15% (see Table 1).

More striking, is the simple comparison of the Owensboro Downtown TIF project and the proposed Paducah Downtown Riverfront TIF. In fact, this project was a model and inspiration for our Paducah TIF project. Both projects are projected to include an investment of just over \$150 million, include hotels, commercial, residential components and attractions designed to revitalize underutilized downtown districts by creating an enticing draw for visitors and a competitive lifestyle for potential residents and employers.

However, the Downtown Owensboro TIF project received state participation of \$24.5 million - almost 10 times the “net new” amount calculated by AEG in the draft Paducah Downtown Riverfront TIF analysis.

This disparity in net new amounts makes our city wonder if the TIF approval process is being implemented fairly and treating projects equally. We believe that we deserve a fair review, like other projects have received throughout the rest of the Commonwealth, and it is our intent to justly defend the interest of the citizens of Paducah.

In reviewing the draft version of the report prepared by AEG, there were several other observations made with regard to the methodologies and assumptions used that warrant further examination, discussion, and revision. Given these concerns, we would appreciate an in-person or zoom meeting to discuss a revision to the analysis of the proposed Paducah Downtown Riverfront Redevelopment TIF that properly addresses these issues.

Sincerely,

Brandi Harless

Mayor, City of Paducah

Table 1

10-Year Historical State Mixed-Use TIF Program Award Comparison Home Rule Border City Projects							
Project	City	Final Approval Date	Total Capital Investment	Total State Award	Term	State Award as % of Total Capital Investment	
Oak Grove Village	Oak Grove, KY	2/28/2013	\$199,000,000	\$54,000,000	20 Years	27%	
Downtown Owensboro	Owensboro, KY	12/8/2016	\$153,898,990	\$24,500,000	20 Years	16%	
Ashland Plaza	Ashland, KY	1/30/2020	\$43,450,000	\$6,800,000	20 Years	16%	
Northern Kentucky University Campus Gateway	Highland Heights, KY	12/12/2019	\$112,672,500	\$14,216,000	20 Years	13%	
Gateway Commons	Owensboro, KY	10/27/2016	\$198,857,200	\$20,571,000	20 Years	10%	
Ft. Mitchell Gateway	Fort Mitchell, KY	6/28/2018	\$134,900,440	\$13,674,000	20 Years	10%	
Paducah Downtown Riverfront Redevelopment	Paducah, KY	TBD	\$156,344,483	\$2,760,000*	20 Years	2%	