



City Commission Meeting Highlights

Tuesday, March 9, 2010

Resignation of City Manager Jim Zumwalt and Appointment of Interim City Manager

In a 3-2 vote (Mayor Bill Paxton and Commissioner Gayle Kaler voting no), the Commission accepted the resignation of City Manager Jim Zumwalt. Zumwalt resigned March 2, 2010. Mayor Paxton says, "I am very much against accepting his resignation. Having said that, this City will move forward. We have so much momentum, and we will continue that momentum."

After meeting in executive session, Commissioners approved a municipal order naming Finance Director, Jonathan Perkins, as the interim City Manager. Perkins says, "I'm ready to go to work." Mayor Paxton says, "We will try to get done what absolutely has to be done, and I think we'll be alright."

Business License Report

Bobby Martin, CPA with the Murray, Kentucky accounting firm Martin, Colson, Hale & Henderson, presented his findings after studying the City's business license tax. In February 2009, the City Commission approved a contract with the accounting firm to study what rate range the City would need to use to remain revenue neutral if it changed from its current gross receipts system to a net profit system. Martin used two years worth of data for analysis. Starting in 2008, businesses began providing the City copies of their federal income tax return, which shows their net profit data. After studying the information, Martin says that Paducah would need to use a tax rate range of 2.75% to 3.25% of net income to maintain the current annual revenue level of a little more than \$4 million. Martin says the rate would be applicable to all entities with net annual income of more than \$5000. A minimum fee of \$100 would be charged to all entities with net income of \$5000 or less and for those reflecting a net loss. Martin says that changing to a net profit system would be more complex to operate for the City's Finance Department. Plus, he says that it is difficult to calculate an exact rate that would keep the City's revenue the same. Martin says, "It's impossible to say what that confident breakeven rate is. It's hard to say how businesses would react to reduce their net income." Martin also says that if the City implements the change, 61% of the business entities would end up paying higher business license taxes. He also pointed out examples of two extremes of the change. For one unidentified business, the change to a net profit system would require an additional average annual tax increase of nearly \$52,000. On the other side of the spectrum, the change to a net profit system would save a different unidentified business an annual average of \$15,700 in business license taxes. Martin says, "If a change is implemented, it's going to require a lot of work. And as you can see from the numbers, you'll have some explaining to do." Commissioner Gerald Watkins says, "After getting this data, I agree with the Mayor, we have to be very cautious. And at this time I don't support moving forward." Mayor Paxton asked the Finance Department to research how to improve and make the City's current system fairer. Martin's business license tax presentation can be found on the City's website at www.paducahky.gov. Paducah's current business license tax is very unique and has been called a "modified net profits system." Instead of charging one flat rate, the City divides businesses into one of five categories and charges a rate that is based on their profitability.

Pavilion Project Update

Parks Services Director, Mark Thompson, informed the Commission that the site preparation work for the pavilion is running one day ahead of schedule. Thompson says the concrete floor should be



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poured in approximately six days. Also, Thompson says that he is getting quotes to rent the portable restroom facilities. The cost is expected to be less than \$20,000. The State is requiring the pavilion to have 23 restroom stalls.

2010 National Endowment for the Arts Grant Application

Commissioners approved a municipal order to apply for the 2010 Mayors' Institute on City Design 25th Anniversary Initiative Program grant through the National Endowment for the Arts. Harvey Sadow, Director of the Paducah School of Art, has worked with Market House Theatre to develop a project that would create an outdoor sculpture exhibit and trail through the renaissance area of downtown and LowerTown. The project would start with a national invitation for sculptors to submit their proposals for the Paducah Outdoor Sculpture National Competition. The trail also would incorporate wireless electronic technology so that visitors could use smart phones to receive information about the art and cultural venues in the area. The project totals \$150,750 with \$75,000 from the NEA grant and the remaining amount funded from the City. The Paducah School of Art, Market House Theatre, Paducah Renaissance Alliance, and other community stakeholders are developing the grant application.

Multi-Agency Interoperable Communications Project Grant Application

Commissioners approved a municipal order to apply for the Multi-Agency Interoperable Communications Project through the United States House of Representatives Appropriation Funds. The grant request is for \$147,303.60 with no local match required. The funds would be used to increase the interoperability between the City of Paducah Fire Department and the various McCracken County fire services. A portion of the funds, \$40,041.60, would be used to install fiber optic in the five county fire department main stations so that they can have fiber optic phone lines and be on the city/county network. The remaining funds, \$107,262.00, would be used to purchase radios so that the City of Paducah Fire Department and the County fire departments could communicate while on the scene of a disaster or emergency.

Extension of Loans to GPEDC

Over the past couple of years, the Greater Paducah Economic Development Council (GPEDC) has been purchasing more than 1000 acres to assemble the Riverport West Industrial Park off Noble Road in the western part of McCracken County. The property would be used for the proposed coal to liquid plant or another large project. To help fund the purchase, the City provided GPEDC two loans totaling \$911,375. GPEDC and the City anticipated that the coal to liquid project would be implemented and the land purchased in the near future. The land purchase would allow GPEDC to pay back the loans. Due to the coal to liquid project moving slowly, the City's loans to GPEDC have now expired. Commissioners approved an ordinance to extend the date for GPEDC to repay the loans to the City until June 30, 2015.

Quick Highlights:

- Resolution approved for an assistance agreement between the City and the Kentucky Infrastructure Authority for the \$7.5 million Paducah Water Reidland project. Paducah Water is abandoning the Reidland wells and treatment plant and incorporating the Reidland service area into the Paducah distribution system. A Kentucky Infrastructure Authority loan will fund the project.
- Municipal order approved to transfer \$35,000 from the Commission Contingency account to the Tree, Weed, and Debris Management account.
- Ordinance approved for a Pavement Marking contract with Brehm Striping Company, Inc. The contract is through December 31, 2011 with a one-year extension option. The contract lists the unit prices for the 24 pavement marking options. Brehm was the only bidder.
- Ordinance approved for a contract with Central Paving Company of Paducah for the grinding of tree debris and yard waste. The contract is through December 31, 2010 with three optional one-year renewals. Central Paving was the only bidder and will furnish all



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equipment, tools, supplies, transportation, and operator for the grinding at \$524.00 per hour at the City's Compost Facility on North 8th Street.

- Ordinance introduced (vote March 23) to approve a change order in the amount of \$4,900 to Atlas Roofing Contractors, Inc. for roofing work on the River Discovery Center, a city-owned building. A decking issue and cracks in the wall shared between the River Discovery Center and Seaman's Church Institute were found and need to be addressed. With the change order, the total project cost is now \$44,400.
- City Engineer-Public Works Director, Rick Murphy, reminded the public about the public meeting that will be held Wednesday (March 10) 4:00-6:00 p.m. in the Commission Chambers for Phase I of the Riverfront Development Project. The project is for the transient dock and marina building affecting the area from Jefferson Street to the Executive Inn and for the boat launch location off of 6th and Burnett Streets.

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