



City Commission Meeting Highlights

Tuesday, June 24, 2014 at City Hall

Industrial Building Revenue Bond for Hotel Construction (vote not schedule at this time)

The Mayor and Commissioners introduced an ordinance authorizing the issuance of up to \$10.5 million in Industrial Building Revenue Bonds for the downtown hotel project. An industrial revenue bond is the financing method chosen by the hotel developers, Paducah Convention Hotel, LLC. Kentucky law requires the City's approval for the issuance of the bonds; however, the State ultimately approves the bonds with a bond hearing by the state local debt officer set for June 30. The bond sale will be private with Independence Bank as the sole purchaser of the bonds. With this type of bond the sponsoring government, in this case the City of Paducah, is not responsible for the bond repayment, and the bonds do not affect the City's credit rating. This type of arrangement is common with extremely large projects since the City will own the property and lease it back to the developers. There will be no property taxes except for the payments in lieu of taxes made to the City and to the Paducah Independent School District. Glenn Malone of Senate Hospitality says, "We are pushing hard on all the elements of financing. This bond is one component." In May, Paducah Convention Hotel entered into a franchise agreement to build a 121-room Hilton Garden Inn adjacent to the Julian Carroll Convention Center. Ground breaking will occur this year with the hotel to be completed in the second half of 2015. Developer David Puckett says, "We expect schematic drawings of the hotel to be in our possession in the next ten days." The City approved a development agreement for the hotel in December 2013. The hotel is a \$19.2 million total project including construction, design, furniture, supplies, and other project needs. Additional details about the hotel can be found at www.paducahky.gov.

Refinancing of 2005 Police and Fire Fighter Pension Bond (vote July 1)

The Mayor and Commissioners introduced an ordinance to refinance the 2005 Police and Fire Fighter Pension Fund Unfunded Pension Liability General Obligation Bonds. In 2005, the City issued the 20-year bonds to fund the pension fund's nearly \$6.1 million unfunded liability. Refinancing the bond will save the City an estimated \$200,000 in interest over the remaining life of the issue. The bonds will be sold June 9, 2014. A municipal order also was approved authorizing the advertising for the sale of the bonds. This bond will be the fourth one refinanced since 2010. Not including this bond, the savings in interest over the lives of the other three bonds due to refinancing totals nearly \$2 million.

Approval of Sale of Property Located at 433-435 North 4th Street

Earlier this month the City published a request for proposals (RFP) for the city-owned surplus property located at 433-435 North 4th Street in Paducah's Historical Neighborhood Zone (H-2 Zone). The City acquired this property in February at a Master Commissioner's Sale. The two-story 3744 square-foot brick structure built around 1867 originally was a four unit rental home, but recently, it had been converted into eight apartments. The structure needs significant repairs, and the City has approval from HARC (Historic & Architectural Review Commission) for demolition. In the RFP process, two proposals were submitted. Planning Director Steve Ervin provided an overview of the two proposals. Chad Beyer of ETC Development, LLC submitted a bid offering \$1000 for the property. He proposed to invest \$275,000 to renovate the structure into four apartments while preserving the historical integrity of the building. The other proposal is from Martin and Crystal Troutt. They submitted a bid offering \$1 for the property and propose to demolish the building. After demolition, they would invest \$254,000 in the construction of Troutt General Store and Market. They also are interested in acquiring the adjacent lot at 427 North 4th Street. Ervin says both proposals are solid. After discussion, the Commission approved a municipal order with a split vote (Mayor Gayle Kaler and Commissioner Allan Rhodes voting no) to accept the proposal by Martin and Crystal Troutt for the demolition of the building and the construction of a general store. Mayor Kaler says, "We have two great offers here. I feel it's important to keep the historic structure." Commissioner Sandra Wilson says, "I generally don't like to tear down buildings, but what you (Martin and Crystal Troutt) propose would be such a benefit." Martin Troutt says they researched the option of converting the structure into the store, but the rehabilitation did not appear to be feasible.

City of Paducah Fiscal Year 2015 Budget

The Mayor and Commissioners approved an ordinance for the Fiscal Year 2015 City of Paducah Budget. The City's fiscal year begins July 1. The vote for the budget ordinance will be June 24. At the May 27 budget workshop City Manager Jeff explained that even though the General Fund revenue has not returned to pre-recession growth, the City is seeing a small



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reversal in the negative annual trend revenue. Each department prepared their budgets for the upcoming fiscal year allowing for a 2% budgetary increase. Revenues for this upcoming fiscal year, which starts July 1, are projected at \$31.6 million, a growth of more than 3%. The majority of the City's budget is in the general fund, the City's main operating fund. Adding together the revenue sources, interfund transfers, and an allocation from the cash reserve, Paducah's General Fund will operate with nearly \$33.2 million. The four main sources of revenue for the General Fund are payroll tax, insurance premium tax, business license tax, and property tax. The City operates its finances through several funds including the general fund, investment fund, police and fire pension fund, solid waste fund, fleet lease trust fund, and health insurance trust fund.

Pump Station Repairs

The Mayor and Commissioners approved an ordinance to pay Precision Machine, Inc. \$134,673 for the emergency repair and total reconstruction of one of the seven pumps located at Floodwall Pump Station #2 at 1416 North 6th Street. The pump became disabled in May 2013, but due to high water at the time, the pump could not be removed and inspected until last August. After inspection, it was determined that the pump needed to be reconstructed as quickly as possible before additional high water. Pump Station #2 is a crucial station in protecting the City and reducing the potential for flooding. It is the first pump station that begins operating when the Ohio River reaches a river stage of 27.5 feet. Additional pump stations go on line as the river rises.

LowerTown Arts & Music Festival Update

LowerTown Arts & Music Festival Co-Directors Michael and Victoria Terra provided the Mayor and Commissioners an overview of the success of this year's festival held May 16-17. Michael Terra says even though this year's festival was shortened to not include Sunday, 16,000 people attended the festival, the same as last year. They also thanked the City for its support, infrastructure, and technical assistance. Michael Terra says, "One of the things that made it work and makes it work every year is working with the City of Paducah." The festival is produced and coordinated by the LowerTown Neighborhood Association. The City of Paducah is one of the sponsors providing a \$15,000 cash donation in addition to in-kind services.

E-911 Board Meeting

City Manager Jeff Pederson updated the Mayor and Commissioners on today's E-911 board meeting. The board heard a presentation from Kentucky State Police Post 1 regarding providing E-911 dispatch services. The City and County will provide additional information to KSP so that a cost estimate can be prepared. The board also approved a proposal from Police Chief Brandon Barnhill offering to provide Captain David White as an interim director.

Quick Highlights

- Boards and Commissions: Sherline Holland Cooper and Jay Collins reappointed and Melody LeCornu appointed to the Paducah-McCracken County Senior Citizens Board.
- Mayor Gayle Kaler read a declaration signed by her and the Mayor of Lambaréné, a city of similar size to Paducah in the African country of Gabon. The declaration is in support of promoting a cultural exchange between the two cities with the assistance of the University of Kentucky.
- Municipal order approved to apply for a Kentucky Office of Homeland Security grant in the amount of \$75,000 for the purchase of an emergency generator for the Paducah Police Department. The entire project is estimated to cost nearly \$181,000. The department is setting aside funds in the upcoming fiscal year's budget to complete the project and match the grant if awarded.
- Ordinance approved for a contract with the Paducah Convention & Visitors Bureau to appropriate \$25,000 from the Investment Fund for the marketing and promotion of AQS QuiltWeek™.
- Ordinance introduced (vote July 1) to accept the House Hazardous Waste Award grant in the amount of \$26,800 from the Kentucky Division of Waste Management to be used for the City-County Spring Clean Up Day held each April. The City and County are required to match the grant in the amount of \$7318.75 each.
- Ordinance introduced (vote July 1) to authorize an agreement with Shawnee Professional Services for engineering services to update the utility and roadway plans for the Olivet Church Road Improvement Project in an amount not to exceed \$52,000.
- Ordinance introduced (vote July 1) to authorize a contract with Nichols Electric Company, LLC in the amount of \$83,900 for the installation of an emergency generator at Fire Station #1 at 301 Washington Street. The majority of this project is funded by a Kentucky Division of Emergency Management Hazardous Mitigation Grant.

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