

**CITY OF SHEPHERDSVILLE  
REGULAR COUNCIL MEETING MINUTES  
MONDAY, OCTOBER 28, 2013**

Steve Larimore gave the invocation

Pledge of Allegiance was recited

Mayor Ellis called the meeting to order at 6:31 p.m. and welcomed everyone to the meeting.

Council members present: Bernie Brown, Jose' Cubero, Dana Bischoff James, Faith Portman, Clinton Kline and Gloria Taft.

Mayor Ellis asked for a motion to dispense with the reading of the minutes from the 10/14/2013 regular meeting. Clinton Kline made motion to dispense with reading. Jose' Cubero 2<sup>nd</sup>. Motion carried 5-0-1 abstention.

Mayor Ellis called for a motion to approve minutes as written from the 10/14/2013 regular meeting. Gloria Taft made motion to approve. Clinton Kline 2<sup>nd</sup>. Motion carried 5-0-1 abstention.

**Announcements:** Mayor Ellis announced City Hall will be closed on Monday, November 11<sup>th</sup> in observance of Veterans Day; that's also a meeting night so the meeting will be canceled as well. Also, Trunk or Treat is this Thursday at the Fire House, rain or shine, from 5:00-8:00. This is the 3<sup>rd</sup> annual Trunk or Treat event.

**Old Business:** None

**New Business:**

Discussion on surplus of computers that are no longer in use and outdated that have had information removed and received certificate of destruction on. (Council did not have list.) City Clerk Richmond: There were ten computers that were replaced when we got our news ones a few years ago. We took them upstairs in the storage room and kind of forgot about them. We're trying to clean the storage room out some so we're asking for these computers to be surplus; there will also be more items in the near future because we need to get rid of a lot of stuff that is up there and we can't do it without surplus it. Louisville Geek took the computers and destroyed all the data on them. I have certificates of destruction on each one. I'm just asking that we surplus them so we can get rid of them. Faith Portman: Are you going to put them on Gov. Deals? City Clerk Richmond: I think there are only two that we can actually reuse. Some of them are so old that Louisville Geek says we just need to get rid of them totally because they are just not going to handle anything new. The ones that we can put on Gov. Deals, we will. Bernie Brown: Do you have a copy of the list? City Clerk Richmond: I will get you one. Faith Portman made motion to surplus. Jose' Cubero 2<sup>nd</sup>. Motion carried 6-0.

City Attorney Joe Wantland have first reading of Ordinance 013-(number to be assigned) rezoning property of Ruth Ann and Thomas R Duncan from R-3 Residential to B-2 Central Business. Lot is 79.3' x 156' and is located at 178 Combs Court. Mayor Ellis stated the second reading and public hearing would be November 25<sup>th</sup>. He asked the Attorney for the applicant, Mark Edison, if waiting until then would be a problem. Mr. Edison stated it would not.

City Attorney Wantland had first reading of Ordinance 013-(number to be assigned) repealing Ordinance #004-640; alcohol beverage licensing and control with the City limits. Mayor Ellis stated the second reading on this Ordinance would also be November 25<sup>th</sup>. He stated Jerry Pile is here, the City ABC Officer, if anyone has any questions on either one of these two Ordinances that are being read. Bernie Brown: I'd like to have a copy of Ordinance 640 that we're repealing.

City Attorney Wantland had first reading of Ordinance 013-(number to be assigned) relating to license fees for licensing, regulation and sale of alcoholic beverages in Shepherdsville. Mayor Ellis stated again we will have the second reading on November 25<sup>th</sup>. City Attorney Wantland: I'll compliment Jerry. He's worked

very hard on this. He brought it to our attention. We did have a meeting with the City Clerk, the Deputy City Clerk and with Mr. Pile and lawyer. The big difference is there are two separate licensing; one on premise; one off premise. That's where the big difference is and why the changes are being required. In the old days you had a malt beverage license you could sell on premise and you could take it away. Now you're going to have to have a license for each one of those functions. They had all kinds of licenses in the State; we had a Race Track license, Air System license, Convention Center license, Horse Track license, that's going to be a number one retail drink license; but as you go through this what the Legislature has done is eliminated a whole series of licenses; consolidated them under different types of licenses and then basically directed the Cities, Counties to basically follow their system now. You have to have a State license and a City license.

**Daryl Lee:** No report for tonight.

**Duane Price:** Not present at meeting; no report.

**Sign in Speakers:**

**Steve Larimore:** Would like to wait and if subject comes up later will speak then otherwise I won't.

**Barry Baugh, 1823 Highway 44 West:** I've got another project I'm working on now. I got the sidewalks done and I got the handicap signs up through the City. I want to thank you for going to Circle K. They still haven't got theirs up yet. And I appreciate you stopping by my house to let me know what you discussed with them. I'm working on a speed limit change on 44. I've got five pages of signatures right now within four hours; to drop it from 55 mph to 45 mph because it's so congested through there when it changes at Circle K, 1492 Highway 44 West on out with apartment complexes, subdivisions, people are crossing the road with 55 mph traffic and I cross it in my power chair and I've almost been killed several times. It's hard to get across that road and there are wrecks all the time. Two weeks ago at 1:00 in the morning there was a two car accident. A man turned into the apartment complex, a boy decided to pass him at about 70 mph and they both ended up going through a brick wall that surrounded a dumpster. The next Monday morning right after that there was a school bus wreck right in front of Circle K. I talked to a Department and they said the problem is enforcement on speed. I'm trying to also get a crosswalk at the park entrance on 44 with a marked crosswalk with a flashing light because the sidewalks switch from the north to the south side of the road and if you're going to the park or going on in to town or out 44 it's hard to cross there. Anyway I've got five pages of signatures right now; I went out and everybody I talked to signed it pretty much. They even suggested other things that need to be done. There needs to be more police on that Highway checking the speed because nobody obeys the speed limit and they tailgate. That's what one person commented on today. They are not paying attention when you're getting ready to turn and you're hit in the rear end before you know it. So there needs to be something done about people driving too close to another vehicle. That's pretty much all I'm working on right now. I will be working on getting sidewalks on the south side brought up to ADA standards but that's another day.

**Department Reports:**

**Chief Puckett:** We've been working on *Shepherdsville Santa*; we had a car show that generated about \$6200; with donations from doing road blocks on 44 we're up to about \$12,500 that we've got. Our goal is to try and help 400 children and families and we should reach it this year. Just wanted to bring everybody up to date on that.

**Chief Troutman:** This year we're expecting some bad weather for Trunk or Treat so if the bad weather moved in we're moving Trunk or Treat in to the gymnasium. That way it's indoors and keeps everybody out of the rain and safe. I just wanted to make everyone aware of that. Please tell everybody that if it is going to be nasty it's all indoors this year.

**Bob Ryan:** At the last Council meeting there was some discussion on the consideration of reducing sewer rates. Since that meeting I have compiled some information that I wanted to pass on to Council for their consideration if the subject of sewer rates does come up. What I used to do my research is pretty much available, has been the sewer cost study that was done in 2011 and two Ordinances that were passed both

raising the sewer rates twice. Then once a month I get a form that's called a 126 Register from Louisville Water Company. It's a large file. It has the name and address, account number of all the residents and commercial businesses in the City of Shepherdsville and what they use each month and what Louisville Water Company has determined their bill to be and it also shows past bills that are still due. This is what I used and this is in the information that I would like to impart the Council. Faith Portman: Is there a lot of past bills that are due because I always thought that they turned the water off. Bob Ryan: You cannot turn off sewer. Faith Portman: If you don't have water how can you use sewers? Mayor Ellis: Louisville Water has said from day one they will not turn off the water because of a past due sewer bill. You have to be past due on water to turn off the sewer. Faith Portman: So you can go pay your water bill but not your sewer bill? Mayor Ellis: I wouldn't recommend that but yes. City Attorney Wantland: One of the emphases they clerk is working on is trying to get the sewer fees on the water bill with the garbage. That way they have to pay the whole bill. Bernie Brown: What's the status of that because we talked about that a year ago? Mayor Ellis: Louisville Water has said at that time that it wouldn't be until 2014 before they even had the system set up to add our garbage on to it. City Clerk Richmond: I talked with Amber at Louisville Water a week ago and it's going to be closer to 2015 because they are getting a new system. Bob Ryan: In July 2011 when this study was done there were 4446 customers on the sewer system. Two years later there is 4608. That is a 3.64% increase. So the growth in the sewer system is flat. It varies up 50 one month down 75 the next but your customer base over the last two years has really shown no sign of significant growth. If you had the growth then you could spread your cost out over a greater basis. But you have this limited basis that you can go to to recoup your cost on your sewer system. The one hand out that I gave you that is two pages stapled together I start out with computing what I determined to be the base sewer operating expenses. For Fiscal Year End June 30, 2013 it cost a little over \$5 million to operate the sewer system. From that I have deducted the cost of the bond loan fees and interest and depreciation which is a non-cash item to come down to a net actual overhead cost of \$1.7 million. To that I have added back the interest on the bonds and loan fees, and the principle on the debt which is \$2.1 million to come up with a total of close to \$4 million in basic operating expenses for the sewer system. As you can see there \$1.7 for overhead and \$2.1 for debt retirement; your debt is running more than the actual operation of the system. From that figure I looked at the 126 Register that I get from Louisville Water Company and by separating residential customers from commercial I've determined that 54.13% of the revenue comes from residential and 45.87% comes from your commercial customers. Faith Portman: Is that just customers in the City? Bob Ryan: Yes. That is what is on the billing register that Louisville Water Company is billing and the City is collecting. I applied that 54% to my \$3.9 million basic operating expenses to get \$2.1 million in expenses that I allocated to the residents. The average number of residential customers is 4183. Dividing the 4183 into the cost for the residents gives an average cost of \$42.49 per customer to operate the sewer system. The current average rate that the residents pay under the existing sewer rates is \$40.90. That is short of the \$42.49 to operate the system. I did the same thing for the commercial side. You have on average 402 commercial customers. The cost that can be allocated to those customers is \$374.63 per commercial customer to operate the sewer system. Under the present rates the average amount being paid by the commercial customer is \$361.00. Again short of the \$374 to actually operate the system. So as the system now stands without any rate reduction it hasn't reached a breakeven point. The average cost to operate the system is still exceeding the average amount of revenue that is being brought in. The two Ordinances that were passed that first took the rate to \$21.15 plus \$6.50 in excess of 2000 gallons; to \$21.20 plus \$8.03 in excess of 2000 gallons. Both those Ordinances had a section that said every July the sewer rates would be adjusted by the current CPI. That has not taken effect. There has been no CPI adjustment. The CPI in July of 2012 was modest, 1.4%. If that had been applied to the current rate the average billing would have gone from \$40.90 to \$41.47. Still under the \$42.49 to operate the system per resident. If the CPI would have been enacted this year; that was a 1.8% increase, the average sewer rate per resident would have been \$42.22. Still under the \$42.49 to operate the system. Dana Bischoff James: Bob, I just did simple math. So on a monthly basis at our current rate we're coming up short just on the residential side \$10,415.67 every single month just on the residential side at our current rate. I did the average number of customers which is 4183 x the \$2.49 that we're under so we're short \$10,415 per month? Bob Ryan: That's a good number. Yes. Dana Bischoff James: On the commercial at our current rate I did 402, this one I actually did the reverse, I did if we dropped it to the reduced rate this one is actually on the reduced rate if we were to reduce it with the commercial we would be short just on that side \$11,493.18 every single month. Clinton Kline: Putting that aside in the past three

months we have taken in over our balanced budget that we passed for the Sewer Department; we're \$124,728 ahead of schedule on revenue. If you do that for four quarters that puts up \$498,912 ahead of what we budgeted for. And that is putting money aside. Can you explain these first seven items on this page again? I'm missing a gap somewhere if we're half million dollars ahead of our balanced budget but you're saying with our present numbers we're losing \$2 on everybody. Bob Ryan: The first line, \$5 million that's the cost to operate the sewer system off the sewer system profit and loss for fiscal year end June 30, 2013. That's the total operating expenses. That includes interest and depreciation which is not a cash figure. From that \$5 million I subtracted \$1.2 which was interest on bonds and \$106,000 which was our fees that are paid monthly with the bond payments; then I subtracted the depreciation of \$1.9. I added back that \$2.1 million that includes the \$1.2 million in interest, the \$106,000 in bond fees plus the principle. I think I gave everybody a debt retirement schedule for this year on both the sewer and general fund. City Attorney Wantland: Mr. Ryan, one of the things that you are saying and I'm looking at the depreciation, it's real easy to talk about your cash flow and money that you're generating but that's what gets us in trouble is that we don't recapture that depreciation. Then we have to go out and borrow money again to acquire the capital investments we need because we don't have enough cash to acquire and replace the investment in that plant. Faith Portman: Bob, how much money do we have in the emergency reserve fund right now in sewer? Bob Ryan: \$106,000. Bernie Brown: That's not what the financial report I got the other night shows. Clinton Kline: I thought it was \$686,915. Bob Ryan: That is the budgeted number that has not been physically set aside. That is part of the budget assuming everything happens in the budget we will end up with that much of a reserve then transfer. That's only a budgeted number. Bernie Brown: In recent past it was more than that. It was like \$800,000 some thousand. Dana Bischoff James: Chuck if we did have a true emergency, something really went wrong, what type of numbers are we looking at? How much should we have? I know that this is the budget but what would be your number? Chuck Keith: It would be hard to answer that depending on what would happen. Dana Bischoff James: I know every year we're growing and we're building but what would be your magic number that you would like to have in a reserve account to be conservative? Chuck Keith: \$200,000 for an emergency. That's not what's put aside for future projects or anything like the line we need to run down Blue Lick. That's going to have to be done sooner or later. We don't have a choice. Some repairs to the plant are going to have to be done. But just for an emergency \$200,000 should cover anything that would happen (with no capital investments.) Faith Portman: You wouldn't use emergency funds for anything for the plant that should be budgeted in to your budget. Chuck Keith: That is what happens. We do budget for what we need to do. Bernie Brown: The financial report is showing \$171,729 transferred from the emergency reserve. What was that for? Bob Ryan: That's a budget amount not an actual number. Again that is, you have your budget and the numbers in this column represent three months' worth of the budget. At this point there has been no actual transfer of funds. Bernie Brown: If I'm not mistaken previous financial reports showed a larger figure there. The budgeted was more than \$686,000. In fact wasn't there about an \$800,000 carry over from last year? Faith Portman: I thought there was too. Bob Ryan: This budget does not show any carryover. Bernie Brown: I know it doesn't show it but that doesn't mean to say it didn't happen. Bob Ryan: The amount that has actually been physically set aside in a reserve fund called emergency reserve is \$106,000. The \$60 some thousand dollars that shows on that statement is the projected budgeted reserve for the year that we're in now. Again should it be another good year and we have that much of a reserve left over then that money would be transferred out of the checking account and put in the emergency reserve. Faith Portman: So how much monthly is put in that emergency fund? Bob Ryan: Physically nothing. Jose' Cubero: It has to be after your budgeted numbers at the end of the year. Bob Ryan: It can be done but then should Chuck come forward and say disaster has hit. Faith Portman: So what you are saying is that whatever the excess is left over will go into that emergency fund. Bob Ryan: Yes that's what's budgeted. The financials look good basically because of one thing; that's Beam. The money that is coming in from Beam. City Attorney Wantland: I don't want to be difficult but how can you say the numbers look good when we're not coming close to recapturing any depreciation? Mayor Ellis: It would be a heck of a lot worse if you didn't have Jim Beam. City Attorney Wantland: No question about that I'm just looking at we've got a shortfall even if you assume \$800,000 if I've got a depreciation that's real, like \$2 million, I'm \$400,000 in the hole each year until I've got to make capital improvements again to replace this equipment. Bernie Brown: Well looking at the financial report I don't see that we're going in the hole. City Attorney Wantland: I'm seeing that we're not replacing the equipment that we've got in place. That's important stuff because that's what got us in trouble in 2011.

Bernie Brown: Well you know I think there needs to be a plan of where that money is going to go and then we target that. But the idea of just saying you know in the future we're going to need more money, that's not specifying where the money is going to go. I think what you just now said Chuck is absolutely right. That Blue Lick line is in terrible shape. But where's the plan to do it? Jose' Cubero: They are working on that. He's already put a plan together. Dana Bischoff James: Bob if I can just ask you one more thing, if, like with my simple math that I did quickly, if we're running on the residential side approximately \$10,400 shy every single month, how is it that we actually get to an excess at the end of the year? Bob Ryan: Without the Beam money you raise your rates. This study that the Council and City paid for recommended surcharges on industrial customers, commercial customers; the type of customers that are going to put things in to your sewer system that the homeowner is not. It was in both Ordinances, surcharges that have never been acted upon. Bernie Brown: You say it's in the Ordinance? Bob Ryan: Yes sir. Dana Bischoff James: Why hasn't this been implemented? Bob Ryan: I can't answer that. Mayor Ellis: This is the surcharge for folks that put BOD, etc. in the system. Dana Bischoff James: So would this come through our billing system. City Clerk Richmond: Chuck, isn't this something that Angi was working on before she left, the surcharge? Chuck Keith: I'm not sure. Mayor Ellis: We need to get with Rob on that and see. Jose' Cubero: I think it's important right now with all this discussion, Chuck, you and Scott; we want to bring this up to the forefront. I think you should have something sometime maybe before the end of the year of the kind of things that are out there that need to be taken care of. Chuck Keith: We're already compiling a list. Jose' Cubero: I think it's important that it's on paper so people will see that it's not just about the immediacy of day to day but our compliance with EPA and things we had to do to this point, they are not going away. And don't think they are not still watching everything because we got a blessing to get away this one time it doesn't make like it's all the sudden we're not being supervised. Please bring us a list. Bob Ryan: There is good news. The Mayor has found out that MSD has something similar to a homestead exemption that if someone meets certain requirements can be reduced rates; over 65, limited income, proof of age, residency, etc. This is a reduced rate on your sewer system for your residents that meet these requirements. Mayor Ellis: I want us to do our homework and I want anybody that's 65 years of age or older in the City of Shepherdsville drawing \$30,000 or less to be able to get a 35% decrease on their sewer bill. Faith Portman: Well that's not how the homesteaders it don't go by how much you draw, if you're on disability ... Mayor Ellis: You're talking about on taxes? Faith Portman: Right. It's the same with MSD I called and talked to them. Mayor Ellis: No, MSD right there on that paper says \$35,000 a year. Bob Ryan: You have to have proof of income, proof of residency and proof of age. And your income cannot be greater than \$35,000. Mayor Ellis: I want to lower ours because our median income is not what Louisville's is; our gross median income in the whole City is \$55,000 a year. I want to lower that down to folks that are \$30,000 or less, and we're going to give them 35% off their sewer bill. Now we're working on trying to find out exactly how many of those residents there are. And once we start finding them, I want to be able to stand up and help the senior citizens and folks that are disabled not making a lot of income. Faith Portman: I think that sounds great. Actually I was going to bring that up tonight. Mayor Ellis: Once we find out all the numbers we're going to have to bring it back here and everybody discuss it. Gloria Taft: Do the homework and figure it out and let's get these surcharges brought up to date. Mayor Ellis: Here's one of the unfortunate things we run into. Chuck can tell you, Kousa lift station in Dogwood; on the average how many adult diapers do you pull out of there when cleaning in a week's time, how many t-shirts and bath towels do you pull out? Chuck Keith: We had to pull both pumps three times last week. Mayor Ellis: If we burn one up we're paying \$9,000 to rebuild it. Folks, stop flushing diapers and towels and t-shirts. People want to complain about the sewer rates but you're tearing up the stuff that's in the sewers therefore you can't ever get a head. As long as you're tearing up the sewer equipment at \$9,000 and \$10,000 a pump and Kousa has two pumps, \$20,000 at one lift station. We have 30 lift stations throughout the City with two pumps in each station. That's a lot of money that if we have to replace these things because we keep putting diapers and t-shirts in them.

**Steve Larimore:** I've got a couple questions. First question I have is what is the actual carryover on the sewer budget as of 1 July 2013? The beginning of this Fiscal Year what was the carry over in the sewer budget? Bob Ryan: I don't have that number with me. Steve Larimore: If you don't have that number you don't know what kind of money you collected last year above what your operating cost were. That's number one. You've got to figure that number in here somewhere. The reduction in senior citizen rate, great idea. I'll pay the extra. Bob, the amount collected versus the amount charged. When you come up with the \$40

dollars for the residential customer is that the amount charged that's averaged or the amount collected? You said that the average residential customer was pulling in like \$40. Bob Ryan: That's collected. Steve Larimore: So what is the number if it's the amount charged? Are we charging enough and just not collecting enough. Those are two different numbers I'm hearing. We're talking \$70,000 a month. When you come up with the average the residential customer is paying \$40, is that based on a total number of what Louisville Water Company is charging or what Louisville Water Company is remitting to the City. Bob Ryan: Remitting to the City. Steve Larimore: Okay. So you're telling me there is \$70,000 dollars a month that we're not collecting? If we're \$10,000 short then we're really charging enough money we're just not collecting the bills. If the collected amount is what we're going by you can't say we're not charging enough. We've not collecting enough of what's owed to us. Now let's go back to 2011 when Louisville Water Company was here. They made it very plain for those of you all that were here. If you have a bill for \$150 and it's \$75 sewer and \$75 water and you send them \$100, they are going to take their \$75 and send the City \$25. They are going to take their entire water bill first and then send us what's left over. That's not anything that was hidden from us. We were told that up front when this all came about in 2011. Our problem is we said as a City in 2011 that we were going to do several things. Number one was CPI adjustment, we haven't done it. We also said in six months we would review this and see where we were so we knew if we had made a smart decision. We're two full years in and we finally did it. Thank you. But the bottom line is this, if you don't start with how much money you had left over at the end of the year, you don't know what the sewer is doing. There is no way. And my recollection is there was a large amount of money left over last year. Why that money wasn't removed to future projects, based on knowing what your budget is going to be this year, and planning it out, that was the mistake. That's where the emergency money should have gone. That would have addressed Joe's issues, your issues of emergency fund and all those things. I just don't think we follow through on decisions that you make. Mayor Ellis: You also had to fund the sinking fund accounts too. City Attorney Wantland: I say sometimes I'm getting old, I've been around, in the past Shepherdsville ran its Sewer Department on growth and it basically was tap on fees. We did not charge whatever the rate was and we definitely didn't raise any capital money at all to put back in the bank to cover UV lights, and we didn't put it over here and the next thing you know. Steve Larimore: What did we do with the money we had left over last year? Did we make a plan for what we are going to do with it? I think it was \$800,000. The bottom line is you guys are passing Ordinances right now Bob just pointed it out, two years in a row you've failed to do exactly what you passed an Ordinance saying what you were going to do. You didn't take the CPI. Bernie Brown: CPI was discussed last year and the Mayor recommended we ... Mayor Ellis: We did not do it because of the 66% hit that these customers took the year before. Jose' Cubero: We voted. Steve Larimore: You owe it to us as citizens to do one thing, make that decision based on facts not feelings. That's what we need to do. City Attorney Wantland: The \$800,000 doesn't cover the \$1.2 million in depreciation. If that depreciation is a real number cost to recapture, rebuilding, refitting, retooling, if that's a real number we are a half million dollars in the hole. Steve Larimore: And you're projecting a surplus again. City Attorney Wantland: The surplus doesn't cover the depreciation. Steve Larimore: You don't know what the surplus is going to be because you've never looked at the numbers. It's not your job Joe; it's these people's job.

### **Council Reports:**

**Faith Portman:** The fence at the impound lot, has it been put up? Mayor Ellis: Not yet. We've got the three bids. Chief Puckett stated he had given the bids to Scott. They ranged from \$24,000-\$39,000. Mayor Ellis: That's for the tie in system that goes in the greenery. Faith Portman: So will we vote on that bid? Mayor Ellis: Absolutely. Faith Portman: What budget is that going to come out of, sewer or police? Chief Puckett: The Police is going to put a small amount in and Sewer will assume the rest. Faith Portman: Why wouldn't it be split half and half? Wouldn't that be easier? Chief Puckett: That's the agreement we came to. You're putting a fence up over there to hide a lot of things but the biggest thing; the cars we have over there is not the unsightly mess over there. Faith Portman: I know I've seen them. But when you all put the cars over there you moved all the stuff from that one side along the fence where all the residents look at it. Now all the residents have to look at all that junk and I don't blame them I would be griping too. Chuck Keith: We moved fuel tanks, a 6" water pump, fittings, etc. Mayor Ellis: I told Scott back in the spring to get some of those guys over there to get that cleaned up. They've been busy. I'll make sure they get over there and get that stuff moved. Those polymer tanks we need to send them back. Chuck Keith: We have to have so many

before they will come get them. I'll count them and if there is enough I'll call and have them picked up. Faith Portman: That's the main reason they want a fence up. How long do you think it will be before the fence is put up so I can give them an estimated time limit? Mayor Ellis: You won't accept the bid or vote on it until the 25<sup>th</sup> of November. Faith Portman: Bob, on the sewer financial statement it says the total emergency reserve transfer. Can you explain that to me what that's all about? Bob Ryan: You have a column that is your budget. Then you have a column that shows at this point, three months of your budget, that's what the budget year to date is, August would be two months. The September one is going to be three month's worth of this \$600,000. That represents an amount that is pro rata over the 12 month period to transfer. There has been no physical transfer of funds. If Council would say at the end of each month I want you to transfer x number of dollars from this, it can be done. The money then is physically transferred and what you would look at would be current month would be half of that, if Council says now that means that you are saying that you are confident at the end of the year you are going to have this reserve. Once you make that transfer it's locked in and Council is going to have to act again to get it back out to do something with it. Faith Portman: But right now nothing is in the emergency fund. Bob Ryan: \$106,000. Faith Portman: It's in the emergency fund only, it's can't go anywhere, it can't be spent, it can't be moved, can't be used for anything. Bob Ryan: It's in its own separate account. Faith Portman: When it said transfer I didn't understand. Clinton Kline: By our next meeting can you look up that sewer fund budget carry over because if we instructed you to make a \$7800 transfer at the end of every month then in 12 months' time with that \$106,000 we already have there we would have the \$200,000 on reserve. Faith Portman: So this is our total operating expenses correct or is that our budget amount? Bob Ryan: That's budget amount. This is your total revenues right here for the three months ended September 30. This is what came in during the month of September. This figure here is 3 month's worth of your budgeted number which shows that you are \$124,000 ahead. And why are you \$124,000 ahead, \$70,000 of it is Beam. Faith Portman: I sat down and figured it up. Actually at the last meeting I asked the Council and Mayor and anybody and Bernie called me and him and I met and we worked on this. We took that and we deducted anything that might impact the sewer. We did it by ourselves at first and we came up with varying numbers and then we did it together. He's smarter than I am when it comes to numbers. Bob Ryan: What could you be deducting from the sewer budget that doesn't impact the sewer? Bernie Brown: The sewer rate doesn't impact certain things in the budget. For instance, the Beam money, the connection fee, sludge fees. Bob Ryan: That's what was in the one hand out I gave you I had basic sewer revenue which was just sewer revenue, Beam and sludge fees. Bernie Brown: And those are not impacted by the sewer rate. Bob Ryan: Beam and sludge fees, no. Bernie Brown: So out of the \$4,537,000 in the projected revenue for the sewer \$1,212,000 is not affected by a sewer rate. That's my understanding. Faith Portman: Jim Beam, connection fees, usage fees, sludge fees. Bob Ryan: That's your gravy. Those are the budgeted items that don't impact the sewer rates that are coming in but that's your cushion that the City has right now. I have an email from an old Councilmember that says Heaven forbid if Beam goes away. Faith Portman: Bernie and I worked on this and we were looking at; I was going to make a motion tonight to lower sewer rates by 7% but if we're seriously going to look at lowering it for, and I mean seriously, because I've called MSD myself about the homesteader, I've went to the Courthouse and talked to them about how it works for them, just on the home taxes, but the problem with that is a lot of people do not realize that they can take that homesteader. There are a lot of people that don't realize that. If we do this are we going to advertise? Are we going to send a letter to people? I have a family member that never know she could do the homesteader thing on her property. Mayor Ellis: That's set up with the Commonwealth of Kentucky not the County. I think that once we do our homework and find out a person is eligible you automatically reduce their rate. City Clerk Richmond: My suggestion would be if you get with Louisville Water Company and you put a notice in every bill that goes out to Shepherdsville Sewer customers and you say if you are 65 years of age and have a median income of \$30,000 then you prove it to us and we will lower your sewer rate by whatever you all decide to lower it by. That's the only way we're truly going to get everybody that deserves it. Bernie Brown: When we raised the sewer rates in 2011 66% it did create a hardship on some older people, retired with little income. It makes sense to do something to help those people. I do know that when we raised the sewer rates we promised that down the road when we got good information we would revisit this issue of sewer rates. Faith Portman: We did and according to the numbers you and I come up with we can lower it 7% and help everybody. Jose' Cubero: But the very point Steve made was and I think it goes back to this. It goes all the way around; we don't know what playground we're on. I think depreciation is an important thing but I think

the key in this is going to go back to Bob and last years end of budget. I was surprised of the number that is not being collected each month. That's a huge number. That number I've not heard so I think it's important we find out, foreclosures, as Joe mentioned, find out the real people that aren't paying their bills. Let's get that real number so we know exactly how much each month, who do we go after and how do we resolve that. At the same time I just want to add this. Again I know everybody has talked to you Chuck putting you and Scott on the spot, but come in with an itemized list of things that have to happen next year for the sewer to continue its operation. City Attorney Wantland: Scott and Chuck, you all have got to come up with real good numbers about capital improvements. We're looking at a number, we call it depreciation and it's \$1.2 million. At \$1.2 million, we're a half million dollars short a year. Is that a real number? And that's on the 66%. If that's a real number it is almost impossible to follow up with the Mayor's suggestion of trying to help the senior citizens. We're not covering expenses. That's what happened last time we used tap on fees to fund the sewer system and when growth stopped we were out of business. It got under so fast it hurt. The community to our East because they did the same thing has ran their program on tap on fees and when building stopped that community got a bill for \$39 million one-time one lick and it didn't go up 66% it went up 100% as I remember it. Those people are still squirming and what happened is everybody got this euphoria about the cash but didn't keep their eye on what it's costing to replace a bank of UV lights, a new screw drive, those sewer plants are a bottomless pit. Real numbers have got to come forward to this Council so this Council can give people breaks on their sewer bills. We've got to have the real numbers. If it is \$1.2 million even though we've got cash we're a half million dollars short and there is no cutting it. That's the real number and at some point five years, ten years from now somebody is writing a check for it. Bernie Brown: Some of what you said and some of what Bob said earlier I'm not getting that same thing when I look at the financial reports. City Attorney Wantland: You're ignoring depreciation. You have to be, because the three line items, depreciation, cost of debt and interest exceeds what we bring in. Faith Portman: I think that's a great idea. I think we ought to look at that. I don't know about the 30% if we would be able to do that. But if not I'm projecting that at the next meeting we lower it 7% for everybody. I'll put the vote out there at the next Council meeting. I hope we can meet with Louisville Water before then but I'll do it at the next meeting if we can get that looked at and decided upon. Bernie Brown: Are you going to put that on the Agenda for the next meeting; to discuss and take action. Faith Portman: We can talk about what we want and ask Joe to write an Ordinance.

**Dana Bischoff James:** Another Highway 44 issue in which I've address with Council and the Mayor prior to this meeting. On the opposite side of KOA some of the residents there have requested a guardrail be put up which Scott has already contacted the State on that. We're looking into that just because there are several accidents there; if a car was to go off there are kids that play in the grassy area nowhere near the road but there is not any form of protection whatsoever in that area. That's something hopefully we'll be able to do. I'd love to see something change with Highway 44 but that's been many years in the process. One other thing while I was out last week, I was working with a couple different schools and any time I can go visit another City or community I do because I want to see what's going on in those communities and cities to see things that we might be able to implement here. I attended a little City festival but the number of people who were there, the involvement of the Community, was just outstanding. It was like that community just had a true sense of pride about themselves and so something I want to give my Department Heads a heads up on is I'm going to come visit each of you and meet with you all and say what would you like for the citizens to know because I know that in the Fire Department to the Sewer Department I'm sure there are things that people just don't understand the processes and systems. Well why do you take the fire truck to go eat. Whatever it is why do you go and sit in on area. Just explain the community service. Being part of the community, getting involved. But on the flipside of that I also would charge our citizens let's make this a friendly place to live, to work, to play. I want to see a lot of camaraderie so I'm going to get into each of the Department's and see if we can share something what would it be. I have some other ideas and will put them out to you all before I go any further with that. Just making this a better community overall and just having people that are happy, not so negative. Just be bright.

Clinton Kline made motion to adjourn. Jose' Cubero 2<sup>nd</sup>. Motion carried 6-0. Meeting adjourned at 8:12 p.m.



\_\_\_\_\_  
R. Scott Ellis III, Mayor

Attest: \_\_\_\_\_  
Tammy Richmond, City Clerk