

**CITY OF SHEPHERDSVILLE
REGULAR COUNCIL MEETING MINUTES
MONDAY, NOVEMBER 25, 2013**

Pastor Randy Pace, Family Worship Center gave the invocation
Pledge of Allegiance was recited
Mayor Ellis called the meeting to order at 6:32 p.m.

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

Mayor Ellis asked for a motion to dispense with the reading of the minutes from the 10/28/2013 regular meeting. Jose' Cubero made motion to dispense with reading. Gloria Taft 2nd. Motion carried 5-0-1 absent.

Mayor Ellis called for a motion to approve minutes as written from the 10/28/2013 regular meeting. Bernie Brown suggested we table that for now. He stated he thought there were some things we need to look at in the meeting minutes. He made motion to table and discuss some things that I think need to be included. Clinton Kline 2nd. Motion carried 3 approve; 2 against; 1 absent. (Dana Bischoff James came in at this time.) Mayor Ellis: We can discuss that if you want too at this point in time or you can call in, whatever the case may be. Bernie Brown: There are some things said at the last meeting that are not in the minutes. I realize not every word has to be incorporated in the minutes but it concerns me when if we go picking and choosing what will be in and what won't be in. And I think there was some important issues that were brought up at the last meeting that need to be included in the minutes. That's my opinion. Mayor Ellis: What were the important ones that you are talking about? Bernie Brown: There were several things said about the sewer rates that I think are not factual. They might be clarified tonight. Mayor Ellis: They are going to be clarified tonight and to me if they are not factual I don't think they need to be recorded in the minutes if they are not correct. Bernie Brown: Well I do think so. And also I think Mr. Lee made a statement and asked a question. That's not in the minutes and I think it should be. That's my opinion. Mayor Ellis: When Steve Larimore stood up and spoke before he's not been put in the minutes. Nobody has ever raised any stink about it then. Bernie Brown: That's alright. I'm not going to argue over it. I will not vote to approve the minutes the way it is.

Announcements: Mayor Ellis announced City Hall will be closed on Thursday and Friday, November 28th and 29th in observance of the Thanksgiving Holiday and as Councilman Brown said there are some things that were brought up at the last Council meeting that were not correct and we've brought in some folks tonight to hopefully clear that up.

Amber Halloran and Tonya Taylor with Louisville Water Company were present to address the Council. Amber Halloran: Thank you Mayor, Council Members, Mr. Wantland and residents of Shepherdsville. I'm the CFO of Louisville Water and Tonya Taylor, who actually joined us in 2002 from the City of Shepherdsville, is a Supervisor in our Rates, Budgeting and Management Reporting. We really value our relationship with not only the City of Shepherdsville but also the customers that we both serve from a sewer perspective and a water perspective in this City. We have had this long standing relationship from a retail service provided for water and billing for your sewers since December 2002. I think it's been a very successful relationship. But what I wanted to do specifically tonight is help you guys understand how the arrangement really works. We picked up the *Pioneer News* a couple weeks ago and read an article, it wasn't Tom Barr, it was another reporter, but we read several inaccuracies in that newspaper report and then most recently I picked up your minutes from the last meeting and I'm assuming those are the ones that weren't approved. There are just some things that I think that are now quite understood on how the systems work and how the payments are applied. What's so important to us is that we have transparency and that the folks that are paying these water and sewer bills understand exactly how they are applied and how the relationship with their water company is. So let me just give you some basic facts. We bill for your sewer company based on water consumption based on rates you provide to us, that you approve. It's a monthly service charge for 2000 gallons and then a cost per 1000 gallons that you approve. You give us those rates, you provide us an Ordinance, we input those, we audit those, and then that's how we bill based on those

rates times the water that goes into the home. We bill monthly. Just to give you some perspective we submit also to you weekly your collections. It's an average of about \$265,700 a month that we submit about 4560 bills. When we talk about customers we talk about service connections into a home. When we collect the money from the customer from the payment, we do not take our money for a water bill and give you what's left. We apply that based on the percent of the total bill each service is. Let me give you an example, this is similar I think to the example that I read in the minutes. If the bill is \$150 and sewer is \$75 and water is \$75, they pay \$100, Shepherdsville is going to get \$50 and we're going to get \$50. We prorate that bill. What most likely happens is that there will be a bill and the sewer is more than the water. In that case you get a greater percent of that cash collected because you're a larger percent of that total bill. That's how that cash is applied. And again we send you that cash as it's collected every Monday. We wire transfer it to your account. That's the one thing I just want to make sure everybody understands how we're applying their money. We don't take the water company monies first and then give the sewer company what's left. The second thing is we do turn off water service if the total bill is unpaid and is greater than \$85. It can take maybe a bit of time depending on how much water somebody uses and we apply their payments as they come in based on that payment allocation. However if the total bill is greater than \$85 we have a process, I think we're shared it with the folks in the office, that we follow on how that account moves through our turn off process. I know you can't turn off sewer; but you can turn off the water that goes into the home if the sewer is not paid. We don't like it to get in to that situation and we send out notices, we call the customers, and we have affordability programs at Louisville Water because it's very important for us to serve these customers. However we do turn off water service when the balance is not paid. Bernie Brown: How many water services do you cut off annually would you say approximately? Does this happen very often? Amber Halloran: It does happen. It's part of life. I would say, probably, I can get you that exact number, but 2500 but that's over 280,000 customers that we have. We also turn off for MSD. Bernie Brown: You don't know just for Shepherdsville? Amber Halloran: No. We don't really look just at Shepherdsville. We could. Bernie Brown: Does a report come to Shepherdsville at all on how many water services have been turned off? Tonya Taylor: No. We don't send that information. Amber Halloran: We do send a report and I think I read this referenced in your minutes, it was called the Sewer 126 report. We call you Sewer number 126, what that report is it's an A/R report. It's an Accounts Receivable report. Accounts Receivable is an account on your balance sheet which gives you the balance in an account at a moment in time. It's not like an income statement that is a period of time; it's a moment in time what you're accounts receivable looked like. Tonya and I looked at that today for Shepherdsville and for October there was \$88,000 outstanding in accounts receivable. Jose' Cubero: My question to you is, is that a cumulative total? Amber Halloran: That's at that minute. You could have something that billed the day before; it's at that minute you have \$88,000 owed to you. Jose' Cubero: One of the questions that came up in our last meeting was the amount of money that's not being collected on a monthly basis. Amber Halloran: Let me finish that. Typically how accountants look at this stuff and excuse me if I kind of go down in the weeds, but you look at that in buckets. You have a total balance of \$88,000 that is owed to you at that very moment in time. Then you age it. How old is it? Of that, \$67,000 or 76% was only billed within 30 days. It wasn't even due. \$11,000 was 31-60 days old. And if you get down greater than 90 days it was only 4% or \$4100. It's at that point in time. You'll get a report the next month; those people could have paid the day after that point in time. That's kind of the balance sheet perspective. Dana Bischoff James: You said at \$85 is when you do the water shutoff. You do work with the customers and attempt to recover these funds. If it does go unpaid for 85 days from the point of attempting to contact them to exhausting resources, how long do they have before their water is actually turned off? Amber Halloran: Turned off? It does vary based on workload. You're exactly right. Probably it's usually turn off is 14 days after the due date we schedule it but it could take anywhere from one to 18 days to get out there and route the trucks and actually turn the service off. And anytime during that they can pay because that's not what we want to do. Then they come in and pay and we'll get somebody out within 24 hours to turn them back on. Now if they don't pay at all and say they've moved to another location, we'll write it off to bad debt and then we pursue the collection activity for the City of Shepherdsville through a collection agency that we have on contract. As we get funds back we apply that bad debt funds to the Shepherdsville account. Bernie Brown: You wouldn't be able to tell us how much money Shepherdsville has lost right now because you've shut off the water and you're pursuing collecting the money. Amber Halloran: I couldn't tell you that off the top of my head but we could probably run reports to show you but I can speak from our perspective, Louisville Water, our bad debt is lower than it's been in the last three years. I'll tell you what

we're really facing from a water perspective is declining consumption. People are using less water. They are conserving. You've got low flow fixtures that are moving into all the homes and apartments. We use to say an average family would use 6,000 gallons a month of water. Through October we're at 4,600. That's an incredible decline from a consumption perspective and that's going to affect your folks as well because all but those first 2000 gallons are based on consumption. That's something that we're addressing right now as we begin to put together our rates for 2014. Faith Portman: What do you think is an average family? A family of four is that what you all base that on? Amber Halloran: Yes. Bernie Brown: Diverting just a little bit, there has been some discussion in the past about getting garbage bills put on the water and sewer bill. I don't know what the status is right now but can that be done or not? Amber Halloran: We can look at that. But we can't look at that until 2015 when we bring in our new oracle system. We are investing \$29 million together partnering with MSD and of course you guys will be part of this as well; we're not asking for any money for that!, but we're investing in the oracle system that is much more sophisticated, more customer friendly, that we could look at that. Bernie Brown: I think that would be a good thing to do and look at because some people who rent property don't have a clue whether the renter is paying their garbage bill or not. And we've had some pretty significant problems in the past. This would be one good way to resolve that if they don't pay their garbage bill turn their water off. That will get their attention. Amber Halloran: We probably couldn't go that far. You can turn sewer off because it's in the Statute. You're probably familiar with that you can't provide water if the sewer is unpaid. Trash we might have a bit of trouble with from a Statute perspective. If you had it on the bill people would still look at it. City Attorney Wantland: Miss Halloran, one of the discussions, and this is just for the edification of what we're talking about. Vacant property, property in foreclosure, how much of that is a problem with your firm? Amber Halloran: We have not realized a significant problem. We have it. We have folks that go out and turn their water back on. We have those but I think bad debt is just \$1 million based on total revenues of \$150 million. It's a very low percentage of our total revenues. Jose' Cubero: You mentioned ours. More than 90 days was \$4000, so it's minimal debt you have to collect. That was a pretty important discussion we had at the last meeting so we're obviously trying to make sure everybody is clear on what the responsibilities of the City are and what the responsibilities of Louisville Water are. Bernie Brown: So the City is not losing \$75,000-\$90,000 a month because people are not paying their sewer bill. Amber Halloran and Tonya Taylor: No. Tonya Taylor: A lot of times on the foreclosures the banks pay their water bills. We set those up where the bank pays their water and sewer bills. Sometimes it does take two years to get in the bank's hands but ... City Attorney Wantland: One of the things I was looking at and still look at is the houses are vacant and they are still being billed a minimum charge even though there is no one there. There is no usage but it still shows that it's an unpaid bill even though there is no water being used kind of situation. Tonya Taylor: I don't know that they get a bill if the property has been turned off and they have no water or sewer charges. City Attorney Wantland: They may not be turned off they just walk off and leave it. Tonya Taylor: You're right but after so long we do turn it off. We disconnect. Amber Halloran: Again, we're committed to this partnership. Tonya works closely with the City. We want to provide you the reporting you need. Anything we can do to help you understand the information we're providing to you we're happy to do it. We're all in this together.

Rob Campbell, Qk4 addressed the Council: Mayor, Council, Joe, thank you very much for having me tonight. I'm glad to get a chance to talk to you all about Capital Planning as it related to rates. In order to talk about Capital Planning we want to first talk about the status of things that were going on in the past. A huge deal, you all have met the EPA's requirements of the City in terms of eliminating SSOs. Overflows are all but eliminated in town. I think the last couple we have had are related to a developers issues on his development. That's a big deal. The Capital improvements of the Salt River Interceptor are complete. So those major capital efforts are completed. That's important to know. You all have a different staff than you had just a few years ago. You've got nine full time employees; one part time. You have much stronger documentation of activities that are going on in the Sewer Department. As I just mentioned system improvements, the collection system there has been improvements to the system due to the camera work and investigation that your staff has been doing in addition to the Salt River Interceptor and the treatment plant improvements that took place. I want to note that right off the bat that there has been a lot of good work that's been done recently. We want to talk about what's next. Let me just frame it this way. There is basically in terms of what next you've got to think about those urgent issues we've just addressed; the EPA, the capital projects, we did that. Next is you've made changes to your staff; you've started doing things

differently as you told the EPA you would through your maintenance and operations programs. And you've taken basically a good two years to really get your feet on the ground and get your wind about you after knocking out those emergency issues; getting out of circumstances where there was negative dollars in the Sewer Department and now there is positive dollars in the Sewer Department. So what's next? What's next is what we're doing now; what we're in the process of doing, that's capital planning. When you talk about capital planning there are a few categories you want to talk about. We're going to talk about your operations, the collection system and the treatment plant. Those are all pieces of the budget. Specifically in those categories of operations, in the past we were in constant triage mode here, addressing the problem of the day. You all are finally getting out of that triage mode where you're actually planning to do maintenance and operations activities. So it looks like you've got a defined maintenance regiment that's employed now on a daily basis and qualified staff to do that work. So the next thing for this area is future planned budgetary expenditures. So we want to set up a budget that outlines what we're doing and have a budget that meets the needs of the sewer system. Collection System improvements; we still have significant challenges here in the City in that there is significant I&I in several locations that need to be reduced if possible if cost effective. Also there are other areas in town where the existing sewer that was built 30-40 years ago is going to throttle back the ability to develop. We need to take a hard look at where those areas are, define them clearly and what the cost of addressing that is and what the options are. Part of that would be a flow monitoring program expansion. These are all issues that are up for discussion but these are all critical issues. And at the plant there are still as some of you may remember, when the plant was voted in to be built as it was constructed there was a chunk of about \$5 million worth of work that was pulled out of the job so that we could build what we had money for at the time and the idea was that we would look for other grant dollars or other dollars to pay for those other improvements at the plant that still need to take place. In particular we'll talk about a couple issues here in a minute. So those three areas of expenditures and there is defined no needs that the City has. Just to brush over these, this is at a super high level, I know I'm not giving you guys a lot of detail and we will be glad to follow up with that but in terms of operations; just scratching the surface here we know of pump stations repairs/improvements and access issues that total \$400,000; completing the mapping of your assets, that number may not be dead on but there is money to be spent there. So those just in the operations area we can quickly come up with some projects that need to be taken care of. I've given each of you three handouts; one is a summary of some of the individual issues. It starts off talking about I&I and the other two are pump station and treatment plant items that needs to be addressed. The other two categories we talked about, collection system improvements, I&I reduction, specific to I&I reduction, your staff is currently doing about 40,000 feet of camera work a year on your system and as they complete that work which they have to do as part of the maintenance and operation program, they are discovering I&I issues and those I&I issues you have to make a determination issue if you are going to address this, how am I going to address it, when and I going to address it. So the development through the planning process of the program is going to be somewhere in the realm of \$5 million over 10 years, so \$500,000 a year. It sounds overwhelming when you think about it all at once but it's going to be something that you all need to budget for on an annual basis. It needs to be more clearly defined through this planning process. Capacity analysis improvement-we've got some specific project areas we already know that there's issues with the sewer surcharges but doesn't overflow; which is a sign that there may be an issue with the size of the sewer. I'll give you some examples of that here in a second. We're estimating somewhere around \$8.5 million worth of projects there that are going to have to be done. The Wastewater Treatment Plant's improvements initially the additional clarifier, the aerated channel, and a few other items, \$2.7 million thereabout that we are estimating; that's a very high level estimate. And then some additional needs for future needs that are not immediate need, another \$2 million. It totals to about \$18,640,000 in things that we know about. And the one thing that I've learned in my career about sewers is it's important to say "it's the things we know about". There are going to be things that come up in an aging sewer system that we don't know about yet. So to give you some examples of what we're talking about. An I&I reduction project at The Pointe subdivision, some significant I&I problems that we're going to have to continue to research that through camera work and define what those fixes are and create a project that needs to be bid to address that. For every bit of I&I that gets into the system it's I&I that goes to the plant that you all are spending money to treat. Just keep that relationship in your mind. Another example would be Raymond Road; we know we have problems with the property service connections, be it at the connection or some pumps illegally connected or whatever the case may be we've done enough camera work to know we've got

a problem. We need to take the next steps and turn that into a capital project to address those issues. Dogwood Homes, not very old right, but there is significant I&I there that needs to be addressed. In one of the documents I gave you get about a 600% increase in flow during a significant rain event at the plant. So that gives you a feel for how much additional flow is coming to the plant that is still needs to be removed from the system. Capacity improvements-Highway 44 East on the left hand side you see the schools and the Interstate off to the left there, this section of sewer through here is definitely under sized; exactly what the final sizing should be we don't know we haven't done that work yet but we know that it's under sized and that will throttle back a few areas that could potentially develop. Highway 44 West similarly, sewer is under sized; definitely areas that could continue to develop but at some point you have to say no until you make this improvement otherwise you're going to cause people to have backups as you continue to surcharge that sewer. The Blue Lick Road area, we've got a combination of capacity and I&I issues there. Significant I&I, we've got a pump station that we can take off line with this project and gravity that to the pump station that's at the school and allow us to eliminate a defect in the sewer and deal with some I&I at the same time; a really important project that needs to take place. The plant as it exists today; there is an additional clarifier that needs to be constructed to allow you all to have another 6 million gallons of wet weather capacity. So bottom line is these are real projects, you all have real needs that have to be addressed. They are not currently in a budget and obviously that directly impacts rates so what do we do now? What we do now is we complete a plan. I've been working together with Scott and Arthur and others to address some of these issues and to formally put that into a 201 Facilities Plan Update or an Asset Management Plan or some sort of documentable plan to the regulatory agencies. That's the next step. Obviously as that moves forward the critical thing to do would be able to present that plan to the Council, Mayor and Community and take input and share information so that we have an open conduit going here so everybody understands what we're saying, why we're saying it. The last thing I want to say is at that point you can finally feel comfortable about adopting a budget and the rate structure that matches the needs. Jose' Cubero: This is very proactive toward the type of things we're looking at in development in different areas but a comment was made at the last meeting that it's okay EPA is not going to be really monitoring us, would you like to clarify that for us as far as their responsibilities. Faith Portman: I don't believe I made that comment. I said EPA is not in it right now. Jose' Cubero: Could you explain to everybody what the responsibility we have to EPA and what we need to do as far as we move forward? Rob Campbell: What you all have done in the past is you've submitted documentation to the EPA and Kentucky Division of Water that basically outlines what you're going to be doing and how you are running your system and you have to do that. If you don't do that you set yourself up for enforcements. What that enforcement is depends on what you didn't do probably but one for instance just to throw out there that needs to be addressed at some point is the annual CPI increase. Through the documentation that was submitted to the EPA and Kentucky Division of Water you all are supposed to be doing that. You are in violation having not done that. That is something that needs to be taking place. I don't know exactly the details of how you handle the fact that it's never been done since it was passed by Ordinance in 2005. That's the one thing I know that is not going on. For the most part everything else, to my knowledge, we're getting done and moving toward completing things that aren't done. Definitely not in an enforcement action with them right now but if they so choose to investigate a particular issue. Dana Bischoff James: What is under sized? What exactly does that mean? The pipes aren't large enough? Rob Campbell: That's exactly right. We've got an 8" pipe in Highway 44 East and it needs to be at least a 12", it might need to be as big as an 18". Of course we've got to do the calculations to understand that. Dana Bischoff James: Could we not go above and beyond when these things are replaced and plan for growth and expansion. Rob Campbell: Actually yes. That's exactly what we do if we were to do this project we would size it according to what we know about the future possibilities for growth and the existing population right now. Dana Bischoff James: Was that just a finance decision? Rob Campbell: No at the time they put it in it either met the future population projections for a planning period at the time or it met the needs of the City at that time. Either they weren't thinking about the future or they were but they made a conscious decision to put an 8" line in probably thinking that it would serve. Usually if you look back over time people who make those decisions they use the best information they have at that point and it yielded an 8". But you all had unprecedented growth over the last 25-30 years and so 35-40 years ago when somebody designed that they probably thought they were designing properly. I think typically that's what we find. City Attorney Wantland: Mr. Campbell I'm not an engineer. But for the purposes of our discussion as far as volume of water being able to pass from an 8" to a 16" line, are we talking 4 – 5 – 6 times the

volume? Rob Campbell: It's pie r squared. It's a simple area calculation that will put you in the ballpark. A 12" will double an 8". Jose' Cubero: Some of the designs in talking with Chuck and Scott, some of the things that were actually in the design may have been just certain ways, I saw expenditures for \$250,000 those are operations within the plant itself that need to be done as far as cleaning the bins and things that are going to have to be done as part of their maintenance program but because of the construction on it originally, whatever decision was made there, may have been thought to be the right thing at the time but now we're going to have to come back and do those things in order to maintain. I know that was part of the conversation and I know some of that is just by communication and having you here is going to help everybody understand the growth and what that means as far as what's going to happen to the sewer plant. Faith Portman: On the #4 clarifier you have it as an immediate need. Rob Campbell: Yes the reason I'm saying it's an immediate need is the plant was designed to handle with that clarifier in it to handle the wet weather you all receive now. It appears based on the information that we have that so far we've been able to handle the wet weather on the receiving end. I know they've had to babysit the plant and they've had to tweak how they are operating it. Faith Portman: I went over and met with them and that's why I was asking because I know that right now we're handling it okay. Scott Fleming: We are but it takes quite a bit of manipulation in a wet weather event to do that. Rob Campbell: The ultimate design for 18 million gallon wet weather capacity included the additional clarifier. Bernie Brown: The additional clarifier was not built because of money. Rob Campbell: Yes. Bernie Brown: Are you talking about needing a clarifier to handle the wet periods with a lot of rain. You've been talking about the I&I; there's a lot of I&I getting in. I think there have been a lot of improvements but there is still a lot of I&I getting in to the sewer. I'm asking this as a question, it just seems to me like if the focus is on trying to get the I&I stopped then it's going to lessen the immediate need for a clarifier isn't it? Which comes first? Rob Campbell: That's a fair question. Scott Fleming: Actually we can and it's a joint effort. You want to continuously reduce your I&I plus you need to work on the expansion of the plant also. I&I is a problem for every sewer plant in the Country and it's not something you will ever completely stop; you'll never completely fix; you are constantly fighting it on a daily basis. Rob Campbell: I was going to say something very similar. The reality is that I&I, you're never going to get it all. It's never going to all the way be gone. But you do look for large areas of it and the areas that we mentioned were I&I reduction areas where we run a camera through there and seeing a bunch of clear water; which tells us that we've got ground water or infiltration from somewhere. We can take care of those areas with heavy I&I but the sporadic I&I that's spread throughout your system you're going to always have some 200-300 percent increase in flow so as you all continue to grow you're going to need that additional 6 million gallons of wet weather capacity as your sewer system continues to expand. It's never as much as we'd like it to be; it's never airtight. It's complicated by the fact that in the past you all didn't have full time inspection and I'm hoping as part of future budgets you all can do that too because that's critical to watch the sewers go in and make sure people are not not building things to your standards. Look at Dogwood and The Pointe, those are not old enough to have the kind of problems they have. Somebody did just a poor job putting them in or the plumbers messed them up good when they got in there; one of the two. So full time inspection makes a big dent in that; do you catch everybody, probably not. Do you catch most people, yes. I didn't throw that in those numbers but in terms of the process and future needs that goes in there too. On your capital projects you did pay for full time inspection; the Salt River Interceptor, South Bullitt Regional, Bardstown Junction Pump Station and the Treatment Plant expansion, you did have full time inspection on those. Arthur: Rob, to take that back full circle, I think Bernie brings up a good point worried about how we're going to bring in this clarifier and not necessarily address I&I or clarifier first. Some of the best programs nationally that have had the success that we're looking for have done exactly that and went after both issues at the same time because it's just like they were saying, as soon as you go after the I&I you are attacking one side of the problem but if you don't also do the Treatment Plant at the same time you'll lose ground on one side or the other and so right now I think it really is an appropriate approach for us as a City to attack both items at the same time not because we're trying to spend money but because it is the most responsible way to address the issues that we have. Bernie Brown: It makes a lot of sense to attack both; what I was thinking about and concerned about is the money. Another clarifier you're probably talking \$2 million; some of the I&I problem several million. It's not all going to be done at once that's what I meant. But it makes complete sense to attack both. I don't think you can just do one and ignore the other. Rob Campbell: For whatever it means I was talking with a guy from Sanitation District #1, that's Northern Kentucky talking about their consent decree and he was talking about the need to pass a major rate

increase to fund their response to the EPA or KDOW, whoever they are in that with and their Council voted it down. So what's next for them is a lot of pain and misery because they are going to have to do it at some point. And they are going to probably be forced to do it with enforcement actions. You guys have gotten out of that sticky wicket. And now this kind of thinking, like Arthur shared, is going to continue to put you guys in a favorable position with the regulatory agencies. Jose' Cubero: We want to make sure the budgetary process that we utilize that for. Everybody agrees you can't spend all that money at one time. But if you budget accordingly you start planning for it now, and we're not five years down the road having to do some substantial rate increases because we didn't do the planning today. Those are inevitable problems or opportunities, whatever word you want to use but when you talk about that type of product coming through and the type of things is rain, you are going to have some of those issues. So for us we've got to get on top because our growth is going to be substantial. We actually have a pretty good plan, I'm not sure of actual numbers for the next 5-10 years substantial where our location is and some of the businesses that have attracted to us as a place to be. Rob Campbell: Like we were talking about Dana with the old sewers that were put in and they are too small now; and they probably utilized the best data they had at that time to make that decision. The best data we have right now shows that you all are most likely to be growing above anybody in the region as the economy recovers this area is highly likely to grow based on what was happening before the turn down. And what happened has continued to happen through it. So we have to plan for that and this is the best information we have right now. Bernie Brown: I think we have to have a plan and set some priorities and designate some money for each project and put it in the budget so the money cannot be used for anything else but those projects. If we do that I think that might alleviate some of the discussion on lowering sewer rates. If we don't do that I know some people are saying we need to lower the sewer rates. Gloria Taft: So if I made a motion that we move \$15,000 monthly out of the monies that were designated for emergency reserve that are right now not being moved out of sewer into that account, if we move \$15,000 a month for five years, that would equal \$900,000 in a capital improvement account to cover these items that Rob just went over. I'd like to make a motion that we move \$15,000 a month that was originally earmarked for emergency reserve in the sewer into a capital improvement fund to cover the expenses of the things we are going to need for our sewer larger projects. That way we don't have to go into debt to pay for them in the future. Dana Bischoff James 2nd. Jose' Cubero: I want to make sure too when we were talking about the sewer allocation money we have for reserve, we were not pulling any money out we are showing that we didn't have that money actually pulled out. That money is actually money that we've budgeted for that. If we really did anything at this point we really need to obligate the money that we've budgeted already this year and put that money in there. That's the money that's for the reserve account. We don't show it as a withdraw it can only be used for that. The concern was if we put the money in there then obviously if anything comes up with the sewer it's obviously got to be voted on by the Council there is nothing wrong with that. I don't think anybody disagrees with that. That money is only going to be allocated for the sewer. It's not being withdrawn its going to be withdrawn at the end of the year to put in that account and it also depends on what's going on during the year that we don't meet those obligations. I think it's well intended Gloria I just want to throw that out there. Gloria Taft: That's less than half of what we've budgeted and it's just an earmark of pushing it out of "oh look we have a lot of excess"; it's pushing it out of the excess account and showing it in the capital improvements. We should be moving approximately \$62,000 a month into that emergency reserve and we're not pushing any money. That's why our numbers are skewed when we look at a budget. Jose' Cubero: Is that enough? Gloria Taft: If we don't start anywhere we get nothing. Clinton Kline: I think if it's there for an emergency reserve we can move it at the end of the year I don't think any of this is going to go on in the next six months; we'll be doing the next budget here in four or five months. Gloria Taft: But if we don't do it sometime then people are talking about reducing sewer rates. Clinton Kline: I think your motion is real similar to the one I made last time or a motion I made an Mr. Ryan explained some shortfalls with the idea. Gloria Taft: I'm talking about less than half of what we've budget. Clinton Kline: I was talking about less than half the number you're throwing out. Dana Bischoff James: When are we looking at putting these clarifiers in? What is our time frame? I know that obviously it would be great if there were in now but what is our time frame? Scott Fleming: The next five to 10 years we definitely need to move on that project and again its depending on funding. I know we don't want to borrow any more money so how you going to handle that. That's up to you guys. Dana Bischoff James: As far as actual need need. I know you said it's now. But also realistically so are you saying 3 years? Jose' Cubero: That's a fair assessment. I think it's 3-5 because we're talking about the growth aspect of this too. Gloria

Taft: Moving that money would barely cover what we need only for the clarifier as a capital expenditure.

Faith Portman: We still have the Poe money too, right? Bob Ryan: The Poe money which came up at the last meeting; that money was originally deposited in the Republic Bank account on the 14th of November 2011. \$509,906 was the amount deposited. Because of that money being in Republic Bank and being eaten up with monthly fees because it was locked in there it was a security on the leasing debt that we had with Republic Bank. When those leases were paid off the balance that was in that account at Republic after it was closed completely and transferred into the Peoples Bank of Bullitt County where it now sits in total; \$509,906 is in the Peoples Bank of Bullitt County. So that Poe money is intact in the Peoples Bank. Bernie Brown: What about the money that was left over unused last fiscal year because this year's budget if I'm not mistaken showed a carryover of zero. Bob Ryan: That was only \$106,000 left over from last year's sewer budget to carry over. The \$800,000 that people were talking about at the last meeting, that's the anticipated surplus in this year's budget which is what Gloria was talking about actually making transfers from that. This is good; it takes the money out and puts it into a restricted account but what happens when you have an emergency? That projected surplus is going to go down throughout the year and as long as there is no calamity to spend this money it should remain about \$800,000 but you never know. Bernie Brown: I think we need to either have more than one budget or amend the budget to specify what projects are going to be worked on; allocate appropriate money for that particular project and it can't be used for anything else. That seems like a logical way to do it to me. Clinton Kline: I think we should stick to the budget we have, we have \$800,000 for emergency fund and when we sit down and do the 2014-2015 budget is the time to put those projects in. We're going to have hopefully \$800,000 carryover to get some of those accounts funded and we can make a plan for a time when this clarifier can be built and we can do this parts at a time. Jose' Cubero: Rob I have a question for you too. In all of this process is there still money out there that we can actually apply for in all of the different developments for the growth now. Is there anything that you see? Rob Campbell: There is definitely money out there; it's primarily loan dollars, you would be hard pressed to find free money. Jose' Cubero: Then I think that's where the discussion is going to go; they are going to be making their presentation on what needs to be done first, a priority list of what has to come first. Mayor Ellis: I have a motion and a second for \$15,000 to be put into a capital improvement fund account. Dana Bischoff James: I've just got one issue whether it's us or another Council that sits here next I don't want them to keep coming down to this and then say "oh we have all this money in the emergency reserve" and not understanding these projects. I'm saying if we keep putting it in to the emergency reserve then people from the public side are going to say "oh they have all this excess money" versus if it is in an account then people can look and say "oh that's for #4 clarifier" this is the reason we need it. Gloria Taft: This would be a capital improvement account not an emergency reserve for monies for calamity. Dana Bischoff James: Or a future Council whether it be us or someone else they are not thinking they have an excess of money and funds. They understand why we made these decisions. Bob Ryan: It should be a restricted fund if you are going to open the account; it should be restricted for the sole purpose of fill in the blank. Bernie Brown: Is this something that we need to think about for a couple weeks and see about it at the next meeting? This just came up. I'm not opposed to something being done. Gloria Taft: I'm simply trying to restrict and move some of the money out of the sewer budget that appears to be excess when it's really not. We need the money for future expenditures to make sure we don't have to go in to a \$32 million debt again because we didn't think 5 or 10 years down the road. City Attorney Wantland: I want to comment. It was 2011 we had our creditors setting our sewer rate. That's what happened. The creditors said this is what you're going to charge because you want to borrow the money. That exactly what happened and the creditors were telling you what you were going to charge and I remember a Council person asking me was that legal. And I looked at them and I said no but if you want the money that's what you've got to do. It was very embarrassing when you have a bank telling a City what you're going to charge your customers and that's exactly where we were because we failed to put money in the bank and we spent every nickel as if we were sailors in 2007 through 2011 and literally were broke. We even spent \$3.5 million of a grant and had nothing to show for it. But we had creditors saying this is what you're going to charge for taxes, we had to raise our occupational tax, we had to raise our sewer tax, because we didn't take care of budgetary requirements. And now we have ourselves here today, we have \$2.3 million each year, I believe is the number, for debt service. It's fixed, it won't move, the only way anybody out there is going to get any relief is that we get a large growth factor to move that per capita person pay their share. That \$2.3 million is fixed for 30 years. It is fixed as it can be. And when we talk about rates, we talk about what we can and what we can't do, prior Council and I want to

say I've served with some good Council people up here and I do appreciate that, prior Council didn't take care of homework, \$2.3 million is just the debt service; it's not the debt, it's the debt service and if we're not careful as a Council and a group of people; nobody likes to hear about raising rates or keeping it the same, but you've got to look at this; you do not want to be back where we were in 2011 when we have a bank from West Virginia telling us what we're going to charge our customers and our City and what our tax rate is going to be and I'm going like, how did we get here? But that's where we got and that's what happened. I think there were some other people here with me when that did happen. Bernie Brown: That's why I think we need to specify in a budget a certain amount of money and to be used for specific projects and nothing else. Faith Portman: I'm kind of like Clinton, I believe we could probably do that when we do the budget; and that's something we need to do. We need to sit down and do line items. I know we're talked about it 100 times but we need to do that. We need to have line item budget and go from there. Right now the money is there. City Attorney Wantland: The money is there but it may have already been spent. That's the problem. Gloria Taft: Unless we move it and protect it. City Attorney Wantland: You can move it and protect it but everybody keeps saying the money is there; I want everybody to understand from my perspective I know where we were in 2011 the money may have already been spent. We will have to put in the I&I improvements. We're going to have to take some of that Poe money if not all the Poe money and do the Blue Lick Road project. Faith Portman: I think that's what the money was for anyway. City Attorney Wantland: But it's spent. It's not there. Faith Portman: It's there but it's gone. That was an agreement that was made before you all came on Council that it would go toward the Blue Lick line. City Attorney Wantland: When people say we have that money; that money is spent. Mayor Ellis: I have a motion and a second; at this time I'm going to call for a vote. 3 in favor; 3 against. Mayor Ellis broke the tie with a yes vote stating he thinks we need to move the money at this point in time. Motion carried 4-3. Bob Ryan: Do you want that retroactive to the first of the fiscal year? City Attorney Wantland: It starts tonight. Gloria Taft: It starts tonight. Bob Ryan: One other thing, could I ask Council to consider authorizing the creation of another bank account at some institution to take this Poe money out of the operating funds at Peoples Bank and put it in its own account. Right now when you look at the operating cash account you say wow I've got \$1.2 million in there. No you don't. Bernie Brown: I think that's a good idea. Bob Ryan: The \$15,000 that was just authorized, where does it go? City Attorney Wantland: Special account at Peoples Bank. Bob Ryan: They are going to want a Resolution from Council. That's the same Resolution I'm asking for with the Poe Money. City Attorney Wantland: Tomorrow. I just want to make sure we get it right. Bernie Brown: Mr. Ryan, one quick question. Is there any reason why any money left over at the end of the fiscal year does not move over into the next budget and show how much was left over? Bob Ryan: It did on the revised budget; when it was finally passed, all the funds that were left over in bank accounts were reported as carry over. Bernie Brown: I'm talking about the budget itself. It shows zero. City Clerk Richmond: The amended budget doesn't. Bernie Brown: The amended budget may not but the original budget showed a zero left over.

Old Business:

City Attorney Joe Wantland had second reading and public hearing 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. A copy of the recommendation is attached and it was to be approved. Mayor Ellis: We do have Mr. Mark Edison here if anybody has any questions. Faith Portman asked if he was moving his office there. Mr. Edison answered yes. Bernie Brown: It's going to be used for office? Mr. Edison: Yes. Mayor Ellis: I want to tip my hat to you for standing up for this area of downtown Shepherdsville and helping to restore these buildings. Mr. Edison: It's turning in to a lawyer's row. Mayor Ellis: I tip my hat to all the attorney's in Shepherdsville that are going out and helping with these buildings that are running down and are now starting to be built up. I know that the Comprehensive Plan, I had someone call me and bring to my attention that people are being told not to build in downtown Shepherdsville. Maybe you don't build but let's still remodel and rejuvenate some of these old rundown buildings. Let's take pride in downtown. I want to make sure we rejuvenate downtown and make it look good and thank you. I tip my hat to you. There were no questions/comments from the audience. Faith Portman made motion to approve. Bernie Brown 2nd. Motion carried 6-0.

City Attorney Wantland had second reading of Ordinance 013-(number to be assigned) repealing Ordinance #004-640; alcohol beverage licensing and control with the City limits. Mayor Ellis asked ABC Officer Jerry

Pike to come up in case anyone had questions. Mayor Ellis: Does anyone have any question? This was passed down by the State that we had to make some changes to our current Ordinance. There were no questions. Clinton Kline made motion to approve. Jose' Cubero 2nd. Motion carried 6-0.

City Attorney Wantland had second reading of Ordinance 013-(number to be assigned) relating to license fees for licensing, regulation and sale of alcoholic beverages in Shepherdsville. Clinton Kline made motion to approve. Jose' Cubero 2nd. Dana Bischoff James: The only place I'm a little concerned with where it says special Sunday drinks. Does that allow sales on Sunday or is that only to do with the licensing? City Attorney Wantland: You still have local option to the extent that we have local option packaged liquor is not sold on Sundays. If you have a golf course license, a convention license, a certain state license that supersede; so the convention center can sell alcoholic beverages 24 hours a day seven days a week as I understand it. So can golf courses if you have a golf course license. Dana Bischoff James: Is this setting it up for just in general? City Attorney Wantland: No. Dana Bischoff James: So it still is just the special. City Attorney Wantland: I don't want to tell you that and then find out so and so has because you can buy a, expensive as it would be, but you can buy an expensive state license and you can sell alcohol over and above or even in the face of local options. I'm not trying to confuse you I'm telling you that even though we have local option the Convention Centre has a license that they can sell alcohol after midnight. I think they can sell it 24 hours a day seven days a week. I just want you to understand that. By the drink on premise they can't package. Faith Portman: That's current now, right? Mayor Ellis: Yes. That's nothing changing. City Attorney Wantland: I think it's \$7500 a year. It's an expensive license. Dana Bischoff James: So just for clarification the major changes are? City Attorney Wantland: The major changes in this is what the State is looking at today if you went to a fast food service store or whatever, if you bought the beverage beer in that store you can drink it in that store. They can walk out in the parking lot and be drinking it out in the parking lot. The proprietor at that point can't control your activity. He sold you the beverage, you can drink it on premise or you can take it home. This gives the retailer a little bit more control; one you can have a package license on premise and a package license to take home. For \$50 more you can have both. It gives the owner, proprietor, the ability to say no you're not drinking it on premise, you bought it package you're going to take it off premises. I don't have a license for you to drink it here. That's the big difference. Vote taken at this time; motion carried 6-0.

New Business:

Jason Strange, CPA, Smith & Company: Thank you Mayor, Council. Thank you all for choosing Smith & Company CPAs to do your Fiscal Year 13 Audit. I'm just going to go through and touch on the high points and if anyone has any questions now or after you get a chance to look through this; I know there is a lot of material here, feel free to give me a call and I will answer any questions you have or provide any more detail. With that I would direct you to page 4 of the report. On page four you'll see a heading that says opinions. This states in our opinion the financial statements of the City present fairly and all material respects the financial position and changes in financial position and cash flows were applicable for the year June 30, 2013 in accordance with the accounting principles generally accepted in the U.S. which is an unqualified clean opinion. That's a good clean audit opinion. I'll direct you to the first page where your financial statements start, page 13, this is your statement of net position and this is basically a picture of where you were at June 30, 2013 so this isn't what came in or went out during the year this is what you actually have on hand and what you owe at June 30, 2013, You'll see the first column, governmental activities, that's your general governmental activities, police, administration, fire, public works, and your business type activities, the second column, that would be primarily just your sewer fund. You see the first column you're showing total current assets of \$2.9 million approximately and non-current assets of \$8.1 million approximately. The majority of your non-current assets are your capital assets. So about \$8 million in governmental activities net of capital assets and I'll show some more details on those in a moment. You see your current liabilities for governmental activities is about \$1 million and long term liabilities reported in governmental funds is about \$1.6 million. When you take your total assets less your total liabilities that leave your net position for governmental activities of about \$8.3 million of what you have left over in governmental funds. For your business type activities, your sewer fund, you have \$2.9 million in current assets and \$47.5 million in non-current. The majority of that being approximately \$47 of that being capital assets net that I'll go over in some more detail. For your current liabilities you'll see the largest one, \$4.7

million is primarily made up of that \$3.66 million in bonds that will be due in one year. You have one bond of \$3.5 million, that's what makes up the majority of that balance. Long term liabilities on the remaining portion of long term debt is \$26 million so you have total assets \$50.4 million; total liability is \$30.8 million that leaves \$19.7 million roughly of net position in your sewer fund at June 30, 2013. On pages 14 and 15 is your statement of activities which basically explains the changes in those net positions from June 30, 2012 to June 30, 2013. So if you look on page 15 the very first column this is a summary of your governmental activities you can see a total change in net position of revenues over expenses in your governmental activities of \$1.9 million. For your sewer fund you see there was a loss of approximately \$145,000. So the net change for the entire city was an increase of \$1.8 million. Next I'll direct you to page 18 and you'll see the first column is a statement of revenues, expenditures and changes in fund balance. This is more along the lines of what you're seeing in your budget. The previous two statements I went over would be considered full accrual accounting, with long term debt, capital asset transactions in them; this is more of a cash basis or modified accrual basis statement. You can see in your general fund you had \$7.56 million in total revenues and total expenses of about \$7.5. You had some other financing sources and uses and the majority of that was some insurance recovery on a fire truck that got totaled before the year end. You'll see the net change in fund balance for your general fund was an increase of \$566,000 for the year. On page 21 this gives some more detail of the sewer fund change in revenues, expenses and changes in net position for the sewer fund. You see total operating revenue of \$4.76 million; operating and maintenance expenses of \$1.58 million for a total operating income before depreciation and bad debt expense of approximately \$3.19 million of revenues over expenditures but you can see depreciation expense was about \$1.86 million and bad debt was roughly \$26,000, fairly minimal there for total operating income of \$1.3 million and all those operating items are prior to interest expense so you'll see your interest expense was \$1.48 million. That pretty much ate up all of your operating income and left you with basically a loss in net position of \$145,000 for the year. More detail on the capital assets is on page 33. This just shows how your capital assets at July 1, 2012 of \$7.9 million increased approximately \$840,000 this year primarily I think there was some new police vehicles purchased and also some items that got taken off, for instance the fire truck that was damaged and some other items that got taken off for a net increase of roughly a little over \$450,000 and the current year depreciation reporting governmental funds on the statement of activities was \$642,000. So your net capital assets at the end of the year are approximately \$8.1 million. The majority of that being your infrastructure which would be your roadways, right of ways, paving, items of that nature. On page 34, you'll see this is your sewer fund capital assets, you see at July 1, 2012 total capital assets net of \$47.2 million and you had increases over the completion of the Salt River Interceptor of about \$1.6 million and some other increases roughly \$50,000 so at the end of the year you had \$56.7 million gross capital assets in the sewer fund and accumulated depreciation of \$9.8 million for a net \$46.95 million. You'll see depreciation for this year on the sewer fund \$1.856 million. As you put more and more of these larger type assets you'll see that depreciation go up each year. That's on the full accrual basis and I know you all were mentioning putting money aside for capital improvements but that's basically what a depreciation charge is doing on a full accrual trying to match up all those expenses you all have been putting over the years and reporting that over the life of the asset you put into service. On page 36 I'll touch on some of the highlights of your long term debt. You'll see the beginning balances for governmental fund bonds and you all paid down in governmental bonds approximately \$501,000 and no new debt. I'm going to briefly go through and highlight a lot of the debt because I think it is a highlight that you were able to pay down quite a bit in debt this year and issued no new debt for the Fiscal Year 2013. Page 38 you can see, this is your capital leases on government activity, you paid \$500,000 down in bonds and or your capital leases you paid \$684,000 down. On page 40 about \$85,000 were in some smaller notes but all that got paid off and no notes are due in the governmental funds. Page 41, in the sewer fund activity, you see bonds here were paid down just a scheduled principle bond payment on the Kentucky Rural Water Finance Corporation bond of \$155,000 but it is important to note that it's definitely on your radar the \$3.5 million that will be due June, whether that's restructured or refinanced or how that's handled. I think you all are in the process of working through that now. On page 42, capital leases under the sewer fund, no new issues there; but deletions or pay down of \$441,000. And finally on page 44, notes under the sewer fund were paid down \$580,000. Overall it was no new debt issued and aggressively paying down the debt that was on the books on July 1, 2012. Paid prior to maturity. One thing I do like to bring to the attention to a lot of our local governments that we do audits for, on page 46 you'll see under the pension plan this is CERS, these are no your numbers but we do

disclose them. You'll see the huge unfunded liability of billions of dollars. The point of that being I think everyone is aware that CERS has a large unfunded liability but when you look at page 47, 2011, 2012 and 2013, you can see your required contributions. I don't expect that trend to change going from \$700,000 to \$722,000 in 2012 to \$774,000 this past fiscal year 2013. Just be aware that that's not likely to go down and increases are most likely the case. In accordance with government auditing standards we issue a report over internal control of the financial reporting and/or compliance on other matters. We did have a couple of findings to report. On page 54 one had to do with some adjustments that we noted for the prior period. Just typically any time we note any type of adjustments we'll issue a finding because technically the internal controls for the entity would catch these and it wouldn't be the auditor's responsibility. So when we do catch something like that we'll typically report that finding. The second finding had to do with compliance with KRS and we did note that there were some deposits that were in excess of the FDIC insured limit and there were no collateral pledged against those. That's been remedied as soon as that was noted. But it was noted so that's why we report it as a compliance issue. Other than those two things I thought the audit went fairly smooth and it was a pleasure working with the staff; I appreciate you all choosing us. Do you have any questions? Bernie Brown: I don't right this minute but after I've had time to digest some of this are you available for questions. Mr. Strange: Sure. I can get you any more detail or whatever you need.

Discussion on approving parade permit for Liberty Tax Service Christmas Parade on December 6th to coincide with *Light Up Shepherdsville*. Clinton Kline made motion to approve. Gloria Taft 2nd. Motion carried 6-0.

Daryl Lee: There is a possibility there will be a zoning case on Hoot Owl Camp Road. It was pulled last month.

Duane Price: There was an issue that was tabled until next month. They didn't have an attorney present. I want to thank the Council for being patient with me while my dad was in the hospital. He was in an accident back in May; he was in the hospital for almost six months. We were with him every day. You all were patient with me and I appreciate that. And all the prayers that went out for him because he needed it. Liver quit, kidneys quit, he really went through it. He came through that. When we had our meetings at the County I was always there for our meetings so Shepherdsville didn't go unrepresented. I did make it I just couldn't make the Council meetings. It was just a little bit too much. I'm glad you put up with me and now mom is in the hospital so if I don't see you again, Merry Christmas. Anyway, I do appreciate you all giving me a chance to represent the City. If I can do anything just call me or if you have any questions on what we do down there. You are always welcome to come the second Thursday of every month. I do appreciate you all putting up with me and holding my spot I guess I'll say.

Sign in Speakers:

Jim Smothers: Mr. Mayor, members of the Council, I stand here before you with my hat in my hand. A year and a half ago I was making a lot of noise about spending money for police cars, and raising salaries, and saying that you were irresponsible, that you weren't conservative people, that you were going to put us in worse debt than what we had been in, that there weren't revenues to cover what you wanted to do. Mr. Wantland, I'd like to bring up the fact that you mentioned the \$3.4 million that kind of disappeared and that came under what I consider a special interest group taking care of special interest groups and creating jobs for people so they could have political gain out of those people. That's my opinion and I really thank you Mr. Mayor for your leadership while you've been in office here and I thank you Council members every one of you, I was so wrong about the cars and the fire department, the police department and the way you were going to pay for it. You paid for it in cash, you didn't finance and Joe you really stole my thunder because the no debt, and paying down the debt mention while ago, that's what I wanted to do when I stood up here! But I can't say enough for this Council and for this City for the strides you've made today the editorial in the paper about being the 11th City in the nation for affordable housing and a good place to live and raise your children and play and be at ease. City Attorney Wantland: Number one in Kentucky. Mr. Smothers: Number one in Kentucky, yes sir and that is something to be proud of and remember I told you I love Shepherdsville and I love Bullitt County, damn I love it more now! You guys have done a remarkable job, every one of you

and I really appreciate it. I'm sure that the rest of the citizens of Shepherdsville appreciate it too. Thank you very much. Bernie Brown: Just so we don't forget, there is still over \$30 million worth of debt.

Steve Larimore: I'm going to sound like a broken record for a second but thanks guys for actually looking at the numbers and making some good decisions. It's what we asked you to do. I do have one question. The Poe money. Gloria, what if we put that money in that capital improvement project fund. I hear people kind of talking around that. Gloria Taft: That money is already designated. Mayor Ellis: It's designated to one specific area though and that's just the line on West Blue Lick Road. Mr. Larimore: From what I hear from you (points to Scott), that's like the number one problem so we're moving forward to get that fixed. Mayor Ellis: Absolutely. They've sealed off and redone a lot of the manholes through there; they've cut the SSOs in that area tremendously, again I will touch on this, one of our major issues with and I&I is a brand new subdivision that's over there. Until that is fixed, we're going to continue to have it. Mr. Larimore: We can deal with those problems. Mayor Ellis: We can deal with those. Mr. Larimore: Seriously before I forget, Clinton, Bernie and Scott all contacted me after the last meeting to make sure they understood what I was talking about and I do appreciate that. Thank you. Faith Portman: I'd like to say a big thanks to the sewer plant too for a lot of hard work on the Blue Lick line. I met with the sewer department and they gave me an outlook on what needed to be done, it's still looking good and it will happen. Just stick with the future. Thank you all.

Gary Board: Good evening. I'm just wanting to find out if the City knows if there is going to be any improvements done to the 480c in regards to the impact Park 480 will have on traffic in that area? Mayor Ellis: That's a real good question. It's going to be one of those things that comes from the State. I've not heard anything on them though. Mr. Board: This may have to come from the State too, about the interchange at 480 and I-65. Mayor Ellis: I'm going to be honest with you, I'll be the first one to speak out, I did not agree with that light going right there at the bottom of that ramp. I think the light should have been up at Buffalo Run Road and I think they put the light in the wrong spot in error. Of course with it being the Commonwealth of Kentucky they are not going to admit they made that mistake, but we've had that discussion several times. I know Scott, Rob and I have been out to Westport Road to talk to them several times. Mr. Board: Is there anybody that can be contacted to see if anything is going to be done with the State? Mayor Ellis: At one time when Wal-Mart was looking at going over on Buffalo Run Road before they chose the spot across the road from us, we were asked to carry a vacant land tif, the connector road would go in across from Roby Elementary School, go through over the river and come up and they would actually move Buffalo Run Road down closer to the bridge on 480 behind Donna Sharp's; bring it in on that road back there and that would be a whole big development with Wal-Mart and several other restaurants and anchor stores. Of course, like I said, since they moved over here it's been pretty much dropped at this point in time. Of course we're still actively pursuing two other national chain retail stores to move in there. Unfortunately it's not going to happen tomorrow and it may not happen in any of our tenures as elected officials ever. I don't know I can't really answer that. I know we did have plans at one time. Mr. Board: Do you know if there have been any traffic studies done at 480c for this? Mayor Ellis: They say there has been. Mr. Board: No knowledge of what or if anything will be done. Mayor Ellis: They can do all the traffic studies they want but until they find the facts they want ... Mr. Board: I'm trying to envision what would happen at Park 480 if something goes in like Amazon or maybe another Amazon go in there with the traffic we already have on 480 and then put that on it. City Attorney Wantland: But Gary one of the things that may happen if you look at it, my opinion eventually the whole industrial park will connect to 245 and 480. You're going to have that type of commerce. There is going to be a lot but some of the problems you're seeing now on 480 will be moved further south so there is hope out there. My opinion you have to remember the City in conjunction with corporate and the State has now placed two very useful sanitary sewer lines going in a southward direction; one going to Beam and one going to the Welcome Center and as that area I think is going to be developed, and you're going to see a push to that 245 corridor. Bernie Brown: I think we need to look at some annexing out that way too. Mayor Ellis: Absolutely and we're working on that right now. Mr. Board: Is it possible for the City of Shepherdsville and the County to get together with the State and see if there is any chance of having an exchange on 65 between 480 and 245 if business does go in that direction. Mayor Ellis: We have John Snider here from Economic Development for Bullitt County. John and I met the other day and we've bounced several different things around and I'll be honest with you I'm still not

opposed that if it's set up right to do the vacant land TIF to put that connector road in. One, it keeps buses off I-65 and it gives the residents in the Beech Grove Road area another alternate route same thing with folks in The Pointe area or wherever. It gives you an alternate route if there is an accident on 65 because 61 right now backs up and it takes you 3 hours to get out of Beech Grove Road or any other road through there. So this will give you another avenue to go. John Snider: We went a couple weeks ago to Frankfort and talked to the head of Economic Development and the head of Transportation with three of the plant managers at Salt River and discussed the problems were having in that area. It wasn't just 480, 65 it was more of an overall global look from the companies point of view not necessarily from political views or other things it was just what those companies thought was going on. We did not tell them we wanted this solution. We said here's the problem you want us to grow, you want us to pay State taxes, we've got to have a solution. And it's on their back now to come back to us and we're expecting to hear something soon. Does that mean we get another exit off 65 that we talked about that's a possibility out the back door; it may be the best possibility in the long run because that would give another exit and make that Bernheim Exit the tourist exit. If you think about it with Beam there, Bernheim, the college, and other things right next to that exit is going to be a very popular tourist type attraction. If you get another access on 65 backdoor it might work better. There has been all kinds of other things thrown out too; everything from 44 access straight down the side of the interstate to backdoor Zappos basically, but we told them we're not the transportation experts and this is a problem. But they are getting the taxes off us too. It's just not Shepherdsville or the County or something else; the State is getting most of this tax. So we want a situation that is good for both. Now does that mean the State is going to pay for it 100%. No I think we're all going to have to say we've got some problems here, we're going to make long term money, we're all going to have to pitch in. I don't know how that is going to work out but I think we'll look towards a solution that's not short term. And I think the stop lights were a screwed up short term fix. I'm sorry that's personal. Mr. Board: I appreciate anything you all can do to get answers to these questions.

Department Reports:

Asst. Chief Patchin: Every month the Department engages in training in one of our 12 critical areas; we've identified 12 critical areas and one month every year we dedicate to one of those critical areas. As we enter December and January our critical area is response to resistance. Most people know it as use of force. To help us with that we have put in a simulator that we received from the Kentucky League of Cities and we invite any of the Council members, if you choose to come in there they are real life scenarios; at the end there is actually a video that shows you what happened in a real life situation. It makes you go through the decision making process of how you are going to respond. It will be here the whole month of December and probably a week or two into January.

Chief Troutman: We were talking about the Christmas parade; the month of December we usually do a lot with Santa Clause so on Friday the 6th is the parade from 6:00-9:00; on the 12th and 13th the fire truck will begin to take Santa Clause around the neighborhoods. We will give a copy to the newspaper so everyone will know what neighborhoods we are going to be in on each night. It's on our web page and Facebook page for Shepherdsville Fire Department. Also on the 14th of December we have our annual Breakfast With Santa that will be at 10:00 a.m. until 1:00 p.m. at the Fire house. On the 18th we will have Santa Clause in the Park; we usually do that a few times through the month of December. On the 19th and 20th we will be hitting the subdivisions we didn't hit on the 12th & 13th. The 23rd we will have Santa Clause in the Park again. So if anybody wants to come out you'll know what days. Times for Santa in the Park are 6:00-9:00.

Scott Fleming: I have spoken with a couple Council members and the Mayor; we've got an issue on Oak Street, a possible line that's definitely going to collapse on us. It's a perfect spot to do a line in project. We've got several prices, \$23,000 is where we are at right now; but it's definitely a problem. You've got a line going underneath 44 all the way down Oak Street and if that line were to collapse you're looking at shutting down 44. We can be going on this project in the next 10-14 days and we need your approval on it. Faith Portman: You need to let them know the severity because if this line collapses 44 will be shut down. Jose' Cubero: We're not shutting 44 down. Mayor Ellis: Not only that but everybody in the east end of the City will lose sewer. It could be bad. Clinton Kline: How many bids do you have? Scott Fleming: We've got three. There was one particular produce that we were looking for that we don't have to worry about

shrinkage over time; and that's the product we want to go with. I can give you a copy of the bids if you would like them. Gloria Taft: Yes please. Scott Fleming: It's something that needs to be done. Jose' Cubero: We need to get this thing going. Faith Portman: What I was told once they contact them and say that we've approved it it will be 7-14 days before it will be start work on it. City Attorney Wantland: Would you like for it to be declared an emergency? Faith Portman: I'd say it needs to be declared an emergency. Faith Portman: I made the motion that we approve Scott Fleming to purchase the necessary materials to repair the line not to exceed the sum of \$25,000. Dana Bischoff James 2nd. Motion carried 5-1.

Bob Ryan: There is what we were talking about earlier; \$25,000 of your reserve just got eaten up. The only thing I wanted to touch on and it has already been touched on by the ladies from Louisville Water is this accounts receivable number. I dare say everybody in this room at one time or another has been on that list. It's your sewer bill due on the 31st and you put it in the mail on the 31st. It gets to Louisville Water on the 5th; you're delinquent; you're on the list. Or if you have it in your pocket walking around and you forget to go to the post office. Faith Portman: She also said it was bills that weren't even due at that point. Bob Ryan: So the number in and of itself is a large number; for 30 days it is a number that is almost a constant that turns over every month. On the side of the commercial, on the last listing there were 85 commercial customers and those that were 60 days or more was less than 1%. Of your residential those that were 60 days or more were just around 12%. The number that was thrown out at the last meeting was an aging number; it's not a number to really panic over because like I said this 30 day number is one that rolls over from month to month. The Audit Report, back in the Note section there are some pages concerning debt that under normal circumstances the Auditor might have left out because these were notes that were paid in full. I told him I wanted to leave this information in there just to give further emphasis on the notes that were paid off during the year rather than just seeing a decrease in numbers.

Council Reports:

Bernie Brown: My perception is a lot of times the Public Works Department and Sewer Department probably don't get the thanks and the accolades of what they do. But when you look back 3 years ago I know that both of those departments were under staffed. There is no question about it and Claude and Chuck they didn't whine and complain; they did what they could. I know they couldn't get to everything, especially the sewer with all the problems involved with the collections system. They did what they could. Those people are dedicated. They've done a fine job and what they've done means a lot to this City; providing the services. And I just want to thank them personally, Claude and Scott relay to Chuck too. I think they sometimes don't get maybe the visibility that they deserve. The other thing I wanted to ask, back in I think maybe last August or early September there was mention made about an easement that the City paid \$150,000 for and it should have been more like \$500. I think I heard that there was going to be further investigation into that. I haven't heard anything more about it. Has any of the Council heard anything? What is the status of that? Mayor Ellis: I'm still waiting on LouAnn Moore to get me the appraisal on it. Once she gets that we'll turn it over to the people that need to look at it but I don't want to take anything to anybody unless we have all our ducks in a row. Bernie Brown: Okay I've just been wondering about it because it's been put out there and I know this issue had come up maybe 2 years ago I guess and all of the information that I was aware of then did not support quite what I heard said at the Council meeting. Mayor Ellis: Once we know the number I'll talk to our Police Department and KSP and see which direction we go.

Jose' Cubero: I know we only have one meeting in December but Bounty of Hope is on Christmas Day and at the next meeting what I'd like to do maybe just for privacy reasons if you just know of people that day; if you'll just give me your name and the number of meals that you would like to take to some folks we're going to have them ready for you. I just need numbers. I just need the number of means we're going to actually cook. We're shooting for about 300. You may know somebody that is in dire need of a good meal on that day and we just really want to emphasize that's our biggest concern, making sure we get the folks that just don't have a lot during Christmas. Meals normally go out between 10:00 & 12:00.

Dana Bischoff James: I just want to follow up on the guardrail on 44. Mayor Ellis: I talked to the State; they are not going to budge on it. Dana Bischoff James: Where do we go from here especially with the kids that play out there? Faith Portman: The owner needs to put a guardrail up. Mayor Ellis: We can talk to Mr.

Brumley about it but the State will not do anything. I just want to put out another thing, I know that it's been just reiterated so much at this point but if we didn't have the people to give us the statistics and numbers and leadership from each department we wouldn't be able to make these decisions accurately so we do thank every department for their professionalism. Bob has been fantastic. He is very patient so if anybody does go into his office he'll explain line item by line item. Tammy's great at last minute getting stuff to us if we need it. And I just want to keep seeing the City move in this direction. I'm excited about the newspaper article seeing our City be recognized as a place that people want to live. Number one in Kentucky and number 11 in the U.S. I'd like to see us keep inching our way up. Again I do like the Disney World perspective; I'd like a friendly City where people want to live work and play.

Faith Portman: I wanted to say Bernie that is correct. Our employees in 2011, it was chaos; 3 people in Public Works, 5 in Sewer, the Police Department was cut back, the Fire Department; we didn't even know if we going to be here. The Council even voted to take a \$200 cut in pay. It was mess it really was. I know on my part I feel like it's come a long way and it's because of all the employees in this City. We can take the praise but it's not us, it's you all. And I appreciate it and I know all the Council and the Mayor and Mr. Wantland does too. I want to thank you all for your dedication to the City; especially the ones that stuck with us. I know that we're going to do some bids on the fencing over at the tow lot. Mayor Ellis: We got the bids back, \$35,000. Faith Portman: Have we advertised that? Mayor Ellis: We called different places. Your fence companies in Louisville are just what they are. Faith Portman: I wonder if we advertise maybe we can get somebody else not just in Louisville. Maybe we can get a local person. Mayor Ellis: We called people locally. We called Paul's Fencing, he's in Hillview, and he couldn't touch it. He couldn't do anything for us. Faith Portman: Who did the one over at the Stock Yards? Mayor Ellis: That was Okolona Fencing and that's who gave us the \$35,000 price. That wasn't even for the whole project. That was just from the corner of the gate to the first fence, that wasn't even across the whole area of Oak Grove. Faith Portman: Have we looked at anything else like privacy fencing? Mayor Ellis: I'm afraid if you go privacy fencing you're going to run into the same problem we ran into over at the old water plant. As soon as a strong wind comes through it's gone. If you put a good wood fence up there we will have to maintain it; paint it every year. Faith Portman: I think we could even use the plastic fence. Mayor Ellis: Again that's the plastic fencing like we were talking about over there. Faith Portman: What if you put a guard behind it; there was no guard behind the one on the one at the water plant. On the other side you could put some kind of guard. Mayor Ellis: If you leave the chain link fence up there that protects it from going one way but if the wind comes from the other way it's going to push it down on the other side. Faith Portman: So what are we going to do? Nothing? Mayor Ellis: No, it's got to be something; it's just the simple fact of what do we want to do. Do we want to spend \$35,000 on that small little section? What avenue do you want to take? Faith Portman: Maybe we ought to try advertising it and see if we can get somebody else to bid. Bernie Brown: That wasn't advertised in the paper requesting bids? Mayor Ellis: No we called around to different companies and had them come out and quote it. Scott Fleming: We ended up talking to 7 different companies and got five bids in. Mayor Ellis: We can put it in the paper but I think you're still going to draw your local people to bid on it. Bernie Brown: That might be but I think that's a cleaner better way to do it. Bernie Brown made motion to advertise in the paper requesting bids for fence at tow lot. Dana Bischoff James 2nd. Motion carried 4-2. Faith Portman: I received a call from a lady that lives over on Third Avenue and there was speed humps/bumps put in on some of the streets over there but there was nothing on Third or Fourth. Mayor Ellis: They are supposed to come back on Third and Fourth Avenue. They were supposed to come back in October but Mago got backed up so it will probably be spring before they come back. Faith Portman: I got some more calls from people, this is what I told them because I know we did this last year they said that we had police officers sitting over at Cedar Grove and I know we do because I go to school over there and I told them that they are off duty police officers. They wanted to know since we're using our cars does Amazon pay the City for the use of our cars. Asst. Police Chief Patchin: No. Mayor Ellis: We get the standard reimbursement from the officer for them to drive their cars home. Faith Portman: What do they pay? Asst. Police Chief Patchin: They pay based on mileage. I can get you a breakdown. It's not a significant amount of money but they are paying something. I don't have the numbers right off the top of my head to be able to tell you.

Gloria Taft: First of all I'd like to thank everybody for the prayer for my family. I've been out to Michigan most of the last four weeks. I had a lot of heartbreak in my family so I thank you for your prayers. I want to

thank Bob for his hard work on all of these numbers because I know it's hard. I know it's difficult. What I passed out and there are copies on the back table; Family Day Ministries is teaming with Publishers Printing to get our military men and women overseas care packages and what's on here is a list of things that we can accept and a list of things we cannot accept. Family Day Ministries is Brother/Officer Mike Miller is heading this up. We're just getting care packages so that our military is remembered at this time of year. Kenann Sharp's phone number and my phone number is at the bottom if you want to buy stuff, I can pick it up; if you want to take it right to Family Day; we don't want our men and women overseas being forgotten at this time of year. I was in Michigan when I got the text about our City being voted the 11th City and so I got to brag on our City to some of the people I know in Michigan. They were jealous! Steve I feel that the more separation in the accounts keeping the Poe money separate from any other money there is less chance of cross spending. If we keep things deliberately separated you don't have that issue. The speed humps in Dogwood are working wonderfully. I have not received one phone call about speeding; neither has the Homeowners Association. The only complaint they do have is people are going up over the speed hump now and racing to the next one but there's nothing you can do about that. I know the calls to the police department have gone down for speeding through the neighborhood and so those are working very well. And I just want everybody to remember that as the City improves; as the City grows, it costs a little bit and we need to look at saving money for future spending and get out of the mentality of well we'll just borrow it and pay for it later. That's why our country is \$17 trillion in debt; we'll just borrow it or print it and someone else can pay for it. We are trying to get to a through process of we're going to pay for it up front. So help us in saving money and putting it away for future generations.

Clinton Kline made motion to adjourn to Executive Session to discuss land acquisition and litigation. Dana Bischoff James 2nd. Motion carried 6-0. Mayor Ellis stated he would like to invite EDA Director John Snider into Executive Session.

Faith Portman made motion to return to Regular Session. Clinton Kline 2nd. Motion carried 6-0.

City Attorney Wantland: Litigation was reported. The Council has authorized Mr. Snider to entertain a solicitation of an offer for relocation of a manufacturing facility in the Shepherdsville/Bullitt County, KY and he is to carry forward that and report back to the Council.

Mayor Ellis: Real quick reminder, we're still taking *Shepherdsville Santa* applications; the next dates will be December 5th & 6th, those will be evening hours from 4:00-8:00. The baskets will be handed out on December 20th & 21st from 9:00-4:00.

Jose' Cubero made motion to adjourn. Clinton Kline 2nd. Motion carried 6-0. Meeting adjourned at 9:20 p.m.

R. Scott Ellis III, Mayor

Attest: _____
Tammy Richmond, City Clerk