

NOTICE OF ENACTMENT AND SUMMARY OF ORDINANCE

AN ORDINANCE OF THE CITY OF FLEMING-NEON, KENTUCKY, ESTABLISHING NEW RATES AND CHARGES FOR USE OF AND FOR SERVICES RENDERED BY THE WATER SYSTEM AND THE SEWER SYSTEM OF THE CITY.

As required by KRS 83A.060(9), I hereby certify that an Ordinance bearing the above title was given first reading (by Title and Summary) by the City Council of the City of Fleming-Neon, Kentucky, at a duly convened meeting of said City Council held on January 9, 2017 and was given second reading (by Title and Summary) and enacted by said City Council at a duly convened meeting held on February 13, 2017.

SUMMARY OF ORDINANCE

Said Ordinance establishes new rates for water and sewer service. The new rates are summarized as follows:

	<u>In-City</u>	<u>Out-of-City</u>
<u>Water Service:</u>		
Base Rate (1 st 2000 gallons)	\$18.08	\$21.05
Additional 1000-gallon	\$6.29	\$6.29
<u>Sewer Service:</u>		
Base Rate (1 st 2000 gallons)	\$15.86	\$15.86
Additional 1000-gallon	\$5.51	\$5.51

The Ordinance also establishes new rates for those exceptional cases where the customer is a sewer only customer and thus there is not a water usage figure on which to base the sewer charge. In such case the customer shall be charged a minimum bill of \$15.86 per month with a surcharge of \$5.51 for each resident of the household over two (2).

The ordinance also establishes the "tap fee" for connection of new customers to existing low-pressure sewer lines as \$3,500.00

Effective July 1, 2018 and each July thereafter, the rates and charges for the usage of water by all customers of the Fleming-Neon Water System shall be increased by 3 percent.

A copy of the full text of said Ordinance is available for public inspection during regular business hours – 8:00 AM to 4:00 PM, Monday through Friday – at the Fleming-Neon City Hall and offices of the City's Utilities Commission. (Signed) Janice Banks, City Clerk, City of Fleming-Neon, Kentucky 41840.

ORDINANCE

AN ORDINANCE OF THE CITY OF FLEMING-NEON, KENTUCKY, ESTABLISHING NEW RATES AND CHARGES FOR USE OF AND FOR SERVICES RENDERED BY THE WATER SYSTEM AND THE SEWER SYSTEM OF THE CITY.

WHEREAS, the City Council of the City of Fleming-Neon, Kentucky, (hereinafter referred to as the City) enacted an ordinance on August 4, 1983, establishing rates and charges for use of and services rendered by the City's consolidated water and sewer systems;

WHEREAS, the City amended the aforesaid ordinance, by ordinance enacted on July 29, 1985, to adjust the rates and charges as they pertain to the sewage portion of the system;

WHEREAS, the City subsequently enacted an ordinance on December 9, 1996, reaffirming the previous water rates for all customers and adding a surcharge to the monthly bills for "Haymond Project Customers";

WHEREAS, the City amended the aforesaid ordinance, by ordinance enacted on February 12, 2001, to adjust the rates and charges for the use of and services rendered by both the water system and the sewage system; and

WHEREAS, the City now recognizes a need to incrementally and separately adjust the aforementioned rates and charges for the use of and services rendered by the both the water system and the sewage system.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF FLEMING-NEON, KENTUCKY, AS FOLLOWS:

SECTION I: DEFINITION OF TERMS

Available: The term "available", as it is used herein and in related ordinances with regard to the City's responsibility for making water and/or sewer service available to a property, shall refer to the installation of water distribution mains and/or sewage collection mains along public rights-of-way, or other mutually convenient routes selected by the City. The term shall not cause the City to be physically nor financially responsible for any specialty pumps, extra service lines, and/or other special provisions that may be necessary for the owners/occupants of abutting properties to avail themselves of said service(s).

Customer: The term "customer" refers to the owner, or his/her agent (including tenants), of individual property(ies) who has agreed to purchase water and/or sewer service from the City. [This term is largely synonymous with the term "user" as may be used in related ordinances, and in so-called water and/or sewer user agreements. However, for the purposes of this Ordinance, the term "user" is redefined, i.e., clarified, hereinafter.]

Property: The term "property" or "properties", as used herein, refers to individual dwellings – including duplex dwellings, mobile homes and apartments – and individual business enterprises capable of separate occupancy, regardless of the number of such units individually owned as may be otherwise duly recorded as one deed. [In the case of multi-unit complexes – such as apartments, mobile home parks, shopping centers, and the like, each unit shall be considered an individual "user", as defined hereinafter.]

User: The term "user" refers to the occupants and/or tenants of a property served by the City's water and/or sewer system, whether owned by the occupant or not, who actually utilizes (and benefits from) the service(s) provided. [For the purposes of this Ordinance, the term "user" is only synonymous with the term "customer" when the service(s) to the occupants/tenants are individually metered and the occupants/tenants are also responsible for paying related charges under the terms of an individually executed water and/or sewer user agreement.]

SECTION II: MONTHLY WATER RATES AND CHARGES

That the monthly rates and charges for water services furnished by the City are hereby fixed and established on a monthly basis as follows:

Article 1 – Minimum Monthly Bill:

The minimum monthly water bill (also known as the Base Rate) shall be \$18.08 per month for each water user; and each water user shall be entitled to 2,000 gallons, or less, (also known as the Base Amount) of water in each month for said minimum charge.

Exception 1: In the case of multiple-user complexes such as apartments, shopping centers, and the like – where individual dwellings or businesses have separable entrances and distinguishably separable occupancy, the determination of the customer's monthly Base Bill shall be a simple multiple of the number of dwelling and/or business units (users) served by an individual meter. [This exception does not apply to metered sales to institutions, such as schools and churches, or other charitable, community-oriented enterprises.]

{In large measure, this exception merely reaffirms the existing provisions of Section 4, entitled "Multiple Users on One Meter", of the related ordinance adopted on July 29, 1985. It is, however, intended to clarify that – regardless of the quantity of water metered – the minimum monthly bill to be assessed against the metered property shall not be less than an amount determined by multiplying the applicable base rate, as stipulated in Article 2, by the number of tenants/occupants (users) utilizing the service.}

Exception 2: There shall be a surcharge, termed the "debt retirement surcharge", in the amount of \$3.26 per month, included in the Base Rate for each water user located outside of the legal corporate limits of the City of Fleming-Neon.

Article 2 – Metered Rates for Water Usage in Addition to the Base Amount:

Subject to the minimum monthly water charge stipulated in Article 1, the following metered charges shall be made for each additional 1,000 gallons of water consumption per month to all customers/users, without regard to the disposition of water drawn through said meters:

Type of Customer/User:	<u>In-City</u>	<u>Out-of-City</u>
Minimum (Base) Bill:	\$18.08	\$21.05 for first 2,000 gallons (or portion thereof)
Additional Usage:	\$6.29	\$6.29 per 1,000 gallons (measured incrementally)

Article 3 – Water Service Connection Charge:

The charge for connection (also termed “tap fee”) of individual dwellings, businesses and/or institutions (referred to as customers) to the City’s water distribution system shall be as follows:

- a) For new water line construction projects, the connection charge shall be \$450.00 provided the fee is paid and the physical connection (tap) to the distribution main can be accomplished prior to completion of construction of main line segment serving the respective property. However, the City’s Utilities Commission may, in concert with the Mayor and City Council, reduce the stated fee to encourage “sign-ups” during a limited duration sign-up period prior to the advertising for bids for new projects – provided the Commission’s Treasurer can demonstrate that such practice will not interfere with the normal conduct of system operations and maintenance, and provided that a sufficient “reserve” of funds remains to comply with previous bond issue requirements.
- b) For connection to existing water lines, including connections made subsequent to the conditions specified in paragraph “a” above, the tap fee shall be \$450.⁰⁰, except, the City’s Utilities Commission, upon advice of the Manager that the necessary tap either already exists or may be made without undue cost and inconvenience to the City, may reduce the tap fee to the amount first established in paragraph “a” above.
- c) For connection of a new customer at a location of a previously existing connection, and with the tap and meter barrel still in-place and intact, the “tap fee” shall be \$150.⁰⁰ to defray the cost of labor and materials necessary to effect the reconnection. However, if the Manager determines that the City already has a properly sized and calibrated meter for immediate installation in the meter barrel, the Utilities Commission may reduce the fee to an amount necessary to defray the cost of the labor required, but no less than \$50.⁰⁰.

- d) For reconnection of an existing customer, due to previous disconnection as a result of delinquency in payment of accrued bills, the fee shall be the amount first established in paragraph "c" above – plus, the amount of all charges and penalties previously owed. However, the Utilities Commission may reduce the fee to no less than \$50.⁰⁰ (plus other amounts owed) provided the customer can demonstrate mitigating reasons for the delinquency and the delinquency is a "one-time" occurrence, and the Manager determines that the cost of effecting the reconnection will not exceed the reduced amount.
- e) For reconnection of an existing customer, due to seasonal or otherwise sporadic use of water service, and no delinquency or pattern of delinquency exists (as previously defined), the fee shall be \$50.00.

SECTION III: MONTHLY SEWER RATES AND CHARGES

That the rates and charges for sewer service shall be based on the quantity of water supplied to the customers/users, as determined by monthly readings of the customer's water meter insofar as possible.

Article 4 – Minimum Monthly Bill:

The minimum monthly bill for sewer service (also known as the Base Rate) shall be \$15.86 per month for each sewer user; and each sewer user shall be entitled to discharge 2,000 gallons, or less, of sewage into the City's sewer system each month for said minimum charge.

Exception 1: In the case of multi-customer complexes, such as apartments, shopping centers, and the like – where individual dwellings or businesses have separable entrances and distinguishably separate occupancy, the determination of the customer's monthly Base Bill for sewage shall be a simple multiple of the number of dwelling and/or business units (users) served or subject to be served by an individual connection to the sewage collection system. [This exception does not apply to institutions, such as schools, or other charitable, community-oriented enterprises.]

Article 5 – Rates for Sewer Usage in Addition to the Base Amount:

Subject to the minimum monthly sewer charge stipulated in Article 4 above, the following monthly sewer-use charges shall be applied to the monthly sewer bill for each 1,000 gallons of sewage discharged into the City's sewer system.

Type of Customer/User:	<u>Sewer</u>	
Minimum (Base) Bill:	\$15.86	for first 2,000 gallons (or portion thereof)
Additional Usage:	\$5.51	per 1,000 gallons (measured incrementally)

It is expressly stated that sewer usage shall be based – insofar as possible – on the monthly, metered water usage by the individual customer, with no adjustments made for decreased inflow at the point of connection due to water consumption which may not directly enter the sewer system, such as lawn watering and the like, because such adjustments may result in selected users paying a disproportionate (i.e., lower) share of the cost of transporting and treating sewage, including extraneous inflow as well as infiltration of otherwise natural groundwater.

In those exceptional cases where the customer is a sewer only customer and thus there is not a water usage figure on which to base the sewer charge, the customer shall be charged a minimum bill of \$15.86 per month with a surcharge of \$5.51 for each resident of the household over two (2).

Article 6 – Sewer Service Connection Charge:

The charge for connection (also termed “tap fee”) of individual dwellings, businesses and/or institutions (referred to as customers) to the City’s sewage collection system shall be as follows:

- a) For new construction projects – gravity collection, the tap fee shall be **\$300.00** provided the fee is paid and the physical connection (tap) to the sewer main is made prior to completion of the segment of main line serving the respective customer. However, the City’s Utilities Commission may, in concert with the Mayor and City Council, reduce the stated fee to encourage “sign-ups” during a limited duration sign-up period for new projects – provided the Commission’s Treasurer can demonstrate that such practice will not interfere with the normal conduct of system operations and maintenance, and provided that a sufficient “reserve” of funds remains to comply with previous bond issue requirements.
- b) For connection to existing sewer lines – gravity collection, including connections made subsequent to the conditions specified in paragraph “a” above, the tap fee shall be **\$300.⁰⁰** except, the City’s Utilities Commission may, upon advice of the Manager that the necessary tap either already exists or may be made without undue cost and inconvenience to the City, reduce the tap fee to an amount no less than that first established in paragraph “a” above.
- c) For connection of a new customer at a location of a previously existing connection, and with the existing facilities still intact and functional, the “tap fee” shall be **\$300.00** to defray the cost of labor and materials necessary to effect the reconnection; however, if the Manager determines that the City already has the proper fittings necessary for immediate connection of the customer, the Utilities Commission may reduce the fee to an amount necessary to defray the cost of the labor required, but no less than **\$50.⁰⁰**.
- d) For reactivation of a delinquent account, due to previous interruption of service as a result of delinquency in payment of accrued water and/or sewer bills, the fee shall be the amount first established in paragraph “b” above – plus, the amount of all charges and penalties previously owed. However, the Utilities Commission may reduce the

fee to no less than \$50.⁰⁰ (plus other amounts owed) provided the customer can demonstrate mitigating reasons for the delinquency and the delinquency is a "one-time" occurrence, and the Manager can demonstrate that the cost of such reconnection will not exceed the reduced amount.

- e) For reactivation of an existing customer's sewage service, due to seasonal or otherwise sporadic use of sewer service and when no delinquency or pattern of delinquency exists (as previously defined), the fee shall be waived. Under the stated circumstances, the reactivation is considered an integral part of reconnecting the water service, as addressed in preceding paragraph "e" under Article 3, provided no physical disconnection was effected when service was terminated.
- f) For new construction projects – low pressure collection, the tap fee shall be \$300.⁰⁰ provided the fee is paid and the physical connection (tap) to the sewer main is made prior to completion of the segment of main line serving the respective customer. However, the City's Utilities Commission may, in concert with the Mayor and City Council, reduce the stated fee to encourage "sign-ups" during a limited duration sign-up period– provided the Commission's Treasurer can demonstrate that such practice will not interfere with the normal conduct of system operations and maintenance, and provided that a sufficient "reserve" of funds remains to comply with previous bond issue requirements.
- g) For connection to existing system – low pressure collection, including connections made subsequent to the conditions specified in paragraph "f" above, the tap fee shall be \$3,500.⁰⁰.

SECTION IV: BILLING, COLLECTION AND PENALTIES – REAFFIRMED

That the provisions of Section 8, similarly titled, in the related ordinance adopted on July 29, 1985, are hereby reaffirmed, except to clarify:

- 1) That "ten days", as used therein, refers to ten (10) working days between the date of billings and a bill being considered delinquent;
- 2) That "written notice", as used therein, shall refer to a reminder pre-printed on each customer billing; and
- 3) That the "disconnection and reconnection charge" for water and/or sewer customers, with delinquent accounts, have been revised herein under paragraphs "d" of Articles 3 and 6, respectively.

SECTION V: RECURRING REVIEW OF RATE SCHEDULES

That the foregoing rates and charges, as well as other conditions established herein, shall be reviewed on a recurring basis. The City's Utilities Commission shall prepare or have prepared a formal evaluation of the adequacy of the rates and charges for recovery of costs associated with the indebtedness, operation, maintenance and depreciation of both the City's

water system and the City's sewer system. Said evaluation shall be initiated no more than three (3) years from the effective date of this Ordinance, and shall encompass a 5-year period of review, including projections of future costs and revenue requirements. Said evaluation shall culminate in a formal report to be presented to the Mayor and City Council.

SECTION VI: SEVERABILITY CLAUSE

That, if any section, article, paragraph, clause or provision of this Ordinance shall be held invalid, ruled void or unenforceable by any court of competent jurisdiction, the invalidity of same shall not affect any of the remaining sections, articles, paragraphs, clauses or provisions hereof and the remainder shall be considered in effect notwithstanding.

SECTION VII: PROVISIONS IN CONFLICT REPEALED

That all ordinances, resolutions, motions and orders, or parts thereof, insofar as may be in conflict herewith, are hereby repealed and this Ordinance shall take effect upon its passage and publication as provided by law.

Introduced and given first reading on the 9 day of January, 2017.

Given second reading and adopted on the 13 day of February, 2017.

CITY OF FLEMING-NEON, KENTUCKY

Signed: _____

Susan Polis
Susan Polis, Mayor

Attest: _____

Janice Banks
Janice Banks, City Clerk