

**REPORT OF THE
TASK FORCE ON
EXTENSION OF WATER SERVICE
IN JEFFERSON COUNTY**

RESEARCH MEMORANDUM NO. 441

LEGISLATIVE RESEARCH COMMISSION

May, 1991

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REPORT OF THE TASK FORCE ON EXTENSION OF WATER SERVICE IN JEFFERSON COUNTY

TASK FORCE MEMBERS

**Mayor Jerry Abramson, Co-chairman
Joan Riehm, Designee**

**County Judge/Executive David Armstrong, Co-chairman
Evelyn Waldrop, Designee**

Representative Larry Clark

Reba Doutrick, Metropolitan Sewer District, Board of Directors

Representative Robert Heleringer

John L. Huber, President, Louisville Water Company,

Irv Maze, Jefferson County Fiscal Court

Melissa Mershon, Louisville Board of Aldermen

Senator Gerald Neal

Ron Power, City of Jeffersontown

Senator Tim Shaughnessy

Doug Taylor, Louisville and Jefferson County Planning Commission

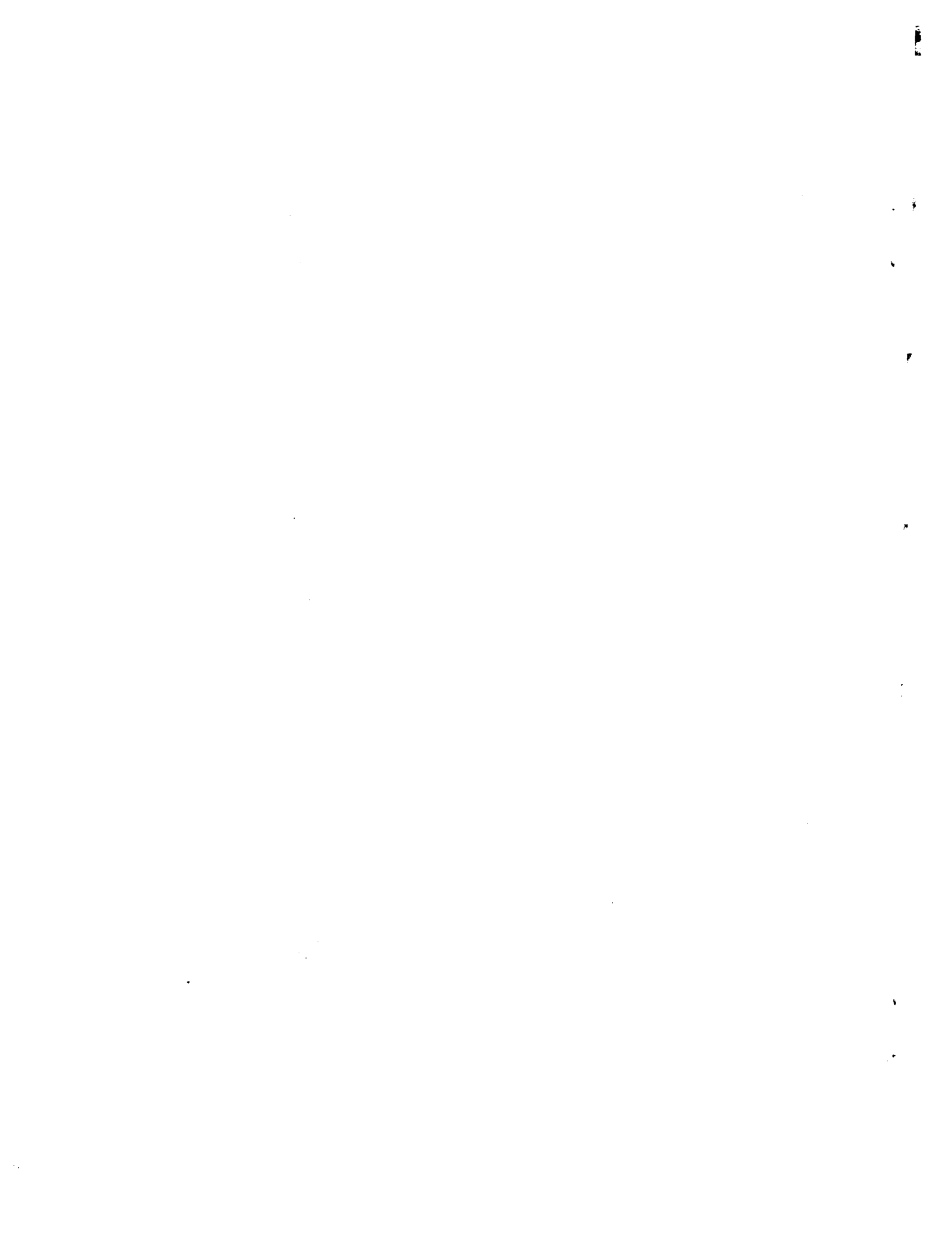
Glenn Vogedes, County Fire Districts Representative

LRC STAFF: John Schaaf, Gerard Donovan, Mac Lewis

LWC STAFF: Greg Heitzman

**Report pursuant to 1990 Senate Concurrent Resolution 105 prepared
by the Louisville Water Company with assistance from
Legislative Research Commission Staff.**

May, 1991



FOREWORD

The Task Force on Extension of Water Service in Jefferson County, created in the 1990 General Assembly by Senate Concurrent Resolution 105, was directed to obtain information and determine facts regarding the extension of water service throughout Jefferson County and to develop a plan for extending Louisville Water Company (LWC) service to currently unserved residences of Jefferson County within the next ten (10) years. The Task Force was also directed to develop a long-term plan for the eventual extension of water service throughout Jefferson County, following accepted principles for sound land-use planning and planned growth and development. The financial goals of the plan are to provide service to unserved residences at realistic and affordable costs while not unduly burdening the existing customers of the Louisville Water Company.

The members of the Task Force were selected as designated by Senate Concurrent Resolution 105.

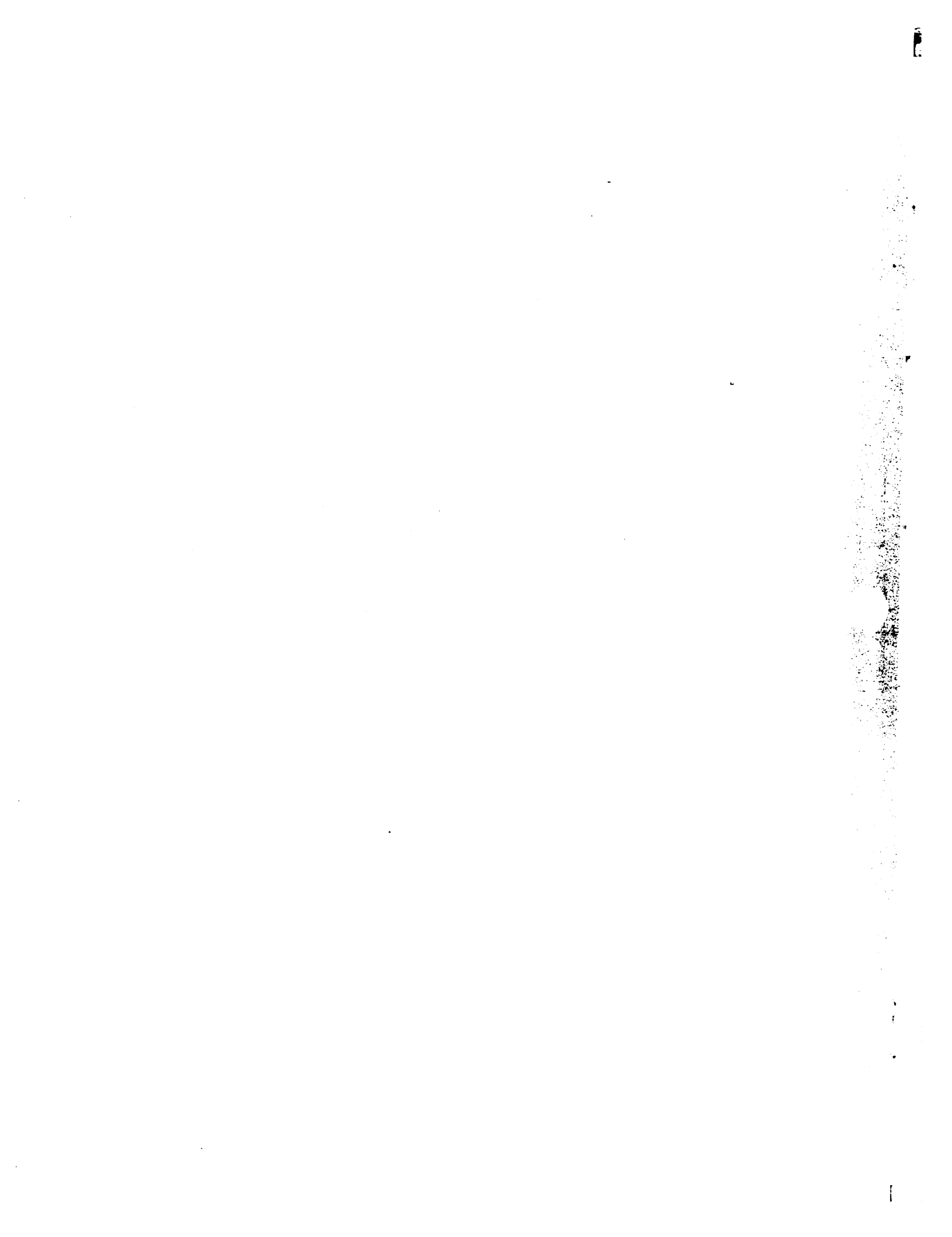
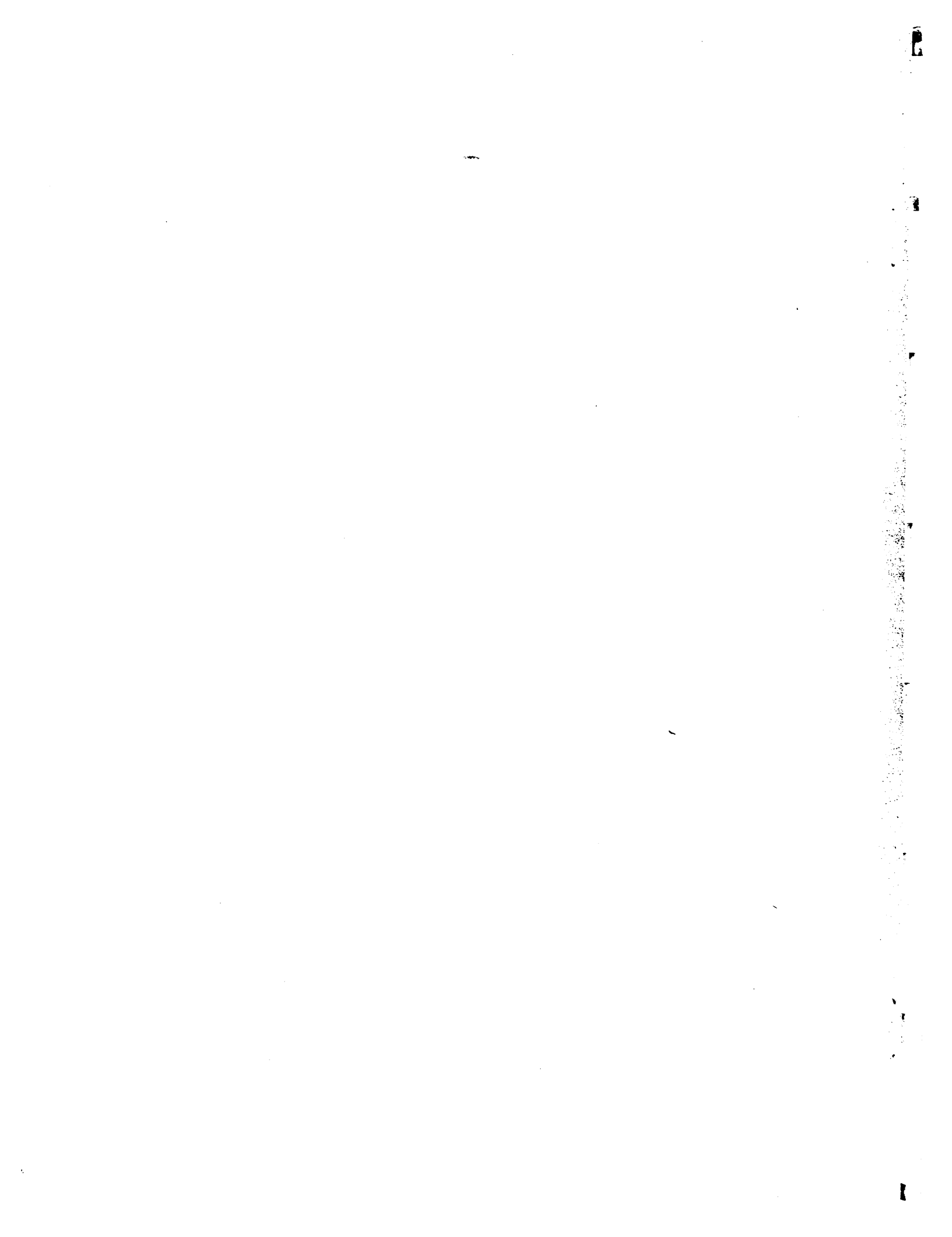


TABLE OF CONTENTS

FOREWORD.....	i
TABLE OF CONTENTS.....	iii
STATEMENT OF CENTRAL ISSUE.....	1
EVALUATION PROCESS.....	1
SUMMARY OF TASK FORCE DELIBERATIONS AND RELATED INFORMATION USED BY THE TASK FORCE.....	2
TASK FORCE FINDINGS:.....	2
Public Policy Issues.....	2
Identification of Priority Areas.....	4
Water Service Needs and Costs.....	4
Prevalent Public Policy in Metropolitan Areas Concerning Growth and Expansion.....	6
Availability of Federal and State Grants to Fund Water Main Extensions.....	7
Identification of Unserved Residences Along Private Roads.....	8
TASK FORCE RECOMMENDATIONS:.....	8
Priorities for Extending Service.....	8
Type of Water Supply to be Constructed.....	9
Participation Requirements.....	9
Task Force Conceptual Plan Recommendations for Extending Water Service.....	9
Recommendation for Future Action.....	16
EXHIBITS.....	17
EXHIBIT 1 PRIORITY AREAS	
EXHIBIT 2 PRIVATE ROAD CLASSIFICATION	
EXHIBIT 3 LWC \$10.0 MILLION "BACKBONE" SYSTEM FOR PRIORITY 2	
APPENDICES	
APPENDIX A SENATE CONCURRENT RESOLUTION NO. 105.....	23
APPENDIX B EXECUTIVE SUMMARY — "PUBLIC WATER SUPPLY EXTENSIONS TO UNSERVED JEFFERSON COUNTY RESIDENTS" BY GRW, INC.....	31
APPENDIX C GROWTH/NO-GROWTH COST DATA SUMMARY BY PRIORITY AREA.....	45
APPENDIX D TASK FORCE MEETING MINUTES.....	49



STATEMENT OF CENTRAL ISSUE

Approximately 3,258 residences in Jefferson County are without public water supply and do not "front" an existing water main. These residences comprise approximately 1.4% of the total Jefferson County population, with the other 98.6% having public water supply available. The majority of unserved residences are spread across a geographic area which is predominantly rural.

The challenge is to develop a plan for bringing affordable public water supply to these unserved residences during a time when federal and state subsidies for water supply extensions are not available. The further challenge is to develop an extension plan not unduly burdening the existing customers of the Louisville Water Company (LWC) who have already paid for water service extensions when purchasing their lots or buying their homes. The plan must follow accepted principles for sound land-use planning and planned growth and development.

EVALUATION PROCESS

The Task Force determined to use an evaluation process based on the following:

1. Review and discussion of evaluation process alternatives with selection of a preferred process.
2. Development of historical issues and review of existing water main extension policies.

3. Consideration of public policy issues including compatibility of water main extensions with plans for extending sewers, upgrading roads, and providing other infrastructure components; compatibility with the land-use plan; and development to advance compatible programs for public health, sanitation, and fire safety.
4. Discussion of priorities for extension of service and selection of priorities.
5. Presentation and discussion of water service extension needs and costs.
6. Discussion of funding options.
7. Recommendation of funding options.
8. Preparation and submittal of Task Force Report.

SUMMARIES OF TASK FORCE DELIBERATIONS AND RELATED INFORMATION USED BY THE
TASK FORCE

Information in the appendices of this report summarizes Task Force deliberations and key information used by the Task Force. Additional information considered by the Task Force is included in the engineering study titled "Public Water Service Extensions to Unserved Jefferson County Residents" dated October 1990 and prepared by GRW Engineers, Inc., for the Louisville Water Company.

TASK FORCE FINDINGS

1. Public Policy Issues Concerning Compatible Programs for the Provision of Water Mains, Sewers, Upgraded Roads, and Other Infrastructure to Support Growth.

The Task Force consensus strongly supported coordinated programs for expansion of water mains, sewers, upgrading of roadways, and provision of other infrastructure components.

The Louisville and Jefferson County Metropolitan Sewer District (MSD) has an aggressive program for providing sewers to existing unserved urban areas. In addition, MSD has action plans for expansion of the sewer system into urbanizing areas. MSD has no plans for expansion of the sewer system in the Floyds Fork Valley or east of the Floyds Fork Valley.

The Jefferson County Public Works and Transportation Division has plans for road construction generally within and adjacent to the Snyder Freeway. At this time there are no plans for road construction or roadway upgrading in the Floyds Fork Valley or east of the Floyds Fork Valley.

Neither MSD nor the Jefferson County Public Works and Transportation Division has plans for system expansion or upgrading in the area of the Jefferson County Forest.

FINDING: The Task Force found there are compatible plans for sewer, roadway, and other infrastructure construction between the Snyder Freeway and the Floyds Fork Valley.

There are no plans to construct the necessary infrastructure to support growth in the Floyds Fork Valley or east of the Floyds Fork Valley to

the Jefferson County line. Neither are there plans to construct infrastructure to support growth in or adjacent to the Jefferson County Forest.

2. Identification of Priority Areas.

Upon establishment of public policy issues regarding infrastructure needs throughout Jefferson County, three Priority Areas were identified. Priority Area 1 was identified as the existing urbanized area, generally served by the existing water system as of July 1990. Priority Area 2 was identified as an area which is compatible with existing infrastructure plans to support growth. This area is generally bounded by the Snyder Freeway and the Floyds Fork Valley. Priority Area 3 was identified as the remaining area to the Jefferson County line which does not currently have infrastructure plans to support growth. Exhibit 1 identifies these Priority Areas.

FINDING: The Task Force concurs with identification of these Priority Areas as identified in Exhibit 1.

3. Water Service Needs and Costs.

Based upon the identification of the three Priority Areas by the Task Force, cost data was compiled by engineering consultants, GRW Engineers Inc., for different types of water delivery systems. All costs are presented in 1990 dollars and assume fire hydrant spacing at 750 feet.

FINDINGS:

Cost of Urban System with No Provision to Support Future Growth

<u>Priority</u>	<u>Number of Customers</u>	<u>Estimated Cost</u>
1	260	\$1,500,000
2	1,635	\$20,300,000
3	<u>1,363</u>	<u>\$23,200,000</u>
Total	3,258	\$45,000,000

Cost of Urban System with Provision to Support Future Growth

<u>Priority</u>	<u>Number of Customers</u>	<u>Estimated Cost</u>
1	260	\$1,700,000
2	1,635	\$26,200,000
3	<u>1,363</u>	<u>\$30,400,000</u>
Total	3,258	\$58,300,000

Cost of Rural System with No Provision to Support Future Growth

<u>Priority</u>	<u>Number of Customers</u>	<u>Estimated Cost</u>
1	260	Not a Desirable Alternative
2	1,635	Not a Desirable Alternative
3	1,363	\$13,400,000

Cost of Rural System with Provision to Support Future Growth

<u>Priority</u>	<u>Number of Customers</u>	<u>Estimated Cost</u>
1	260	Not a Desirable Alternative
2	1,635	Not a Desirable Alternative
3	1,363	\$15,600,000

4. Prevalent Public Policy in Metropolitan Areas Concerning Growth and Expansion.

FINDINGS: Surveys of current practice for growth and expansion of metropolitan area water supplies indicate a nearly universal policy of "growth pays for growth." Under this policy, the new, benefiting customers pay for the water system infrastructure necessary to provide service. In all cases, the benefiting customers pay to obtain service. Additionally, in many urban areas charges known as either "system development charges" or "impact fees" are assessed as new connections are made. These fees fund the cost of larger mains required

to bring water into an area, cost of storage and pumping facilities, and other common system costs.

5. Availability of Federal and State Grants to Fund Water Main Extensions.

FINDINGS: The Farmers Home Administration (FmHA) provides grants and loans to fund water systems in rural areas. Portions of the unserved area of Jefferson County would qualify as rural, but the entire area would not qualify. FmHA only provides grants in rural areas which qualify under federal government "low income" guidelines. While there may be isolated pocket areas qualifying for the "low income" guidelines, there are no substantial unserved areas of Jefferson County which could qualify for FmHA "low income" grants. FmHA also has several loan programs. The loan rate which would be applicable in Jefferson County is, however, approximately equal to rates available through other sources such as the Kentucky Association of Counties (KACO) or the Kentucky League of Cities (KLC).

Federal Department of Housing and Urban Development (HUD) direct application grants for the funding of water systems are no longer available.

Federal funding from HUD now comes in the form of Community Development Block Grants (CDBG). These funds are provided directly to states and also to metropolitan governments and may be used on projects meeting qualification guidelines. Jefferson County is a direct recipient of CDBG funds.

6. Identification of Unserved Residences along Private Roads.

The Task Force was presented the concept of subsidizing the water system for those residences currently fronting public rights-of-way. Unserved residences along private roadways would not be eligible for subsidized funding.

FINDINGS: The Task Force was presented the identification of approximately 450 existing unserved residences residing on private roadways in the County as of July 1, 1990. An estimated 230 are in Priority Areas 1 and 2. Exhibit 2 identifies private roads in the unserved areas.

TASK FORCE RECOMMENDATIONS

1. Priorities for Extending Service.

The Task Force agreed to first concentrate on extending water service in areas designated as Priority 1 and Priority 2. Exhibit 1 of this report depicts Priority Areas. Priority 1 is comprised of the streets currently without water service contained within the developed urban area. Priority 2 is the area where there are compatible future plans for sewer system development, upgrading of roads, and other infrastructure components.

Priority 3 Area would follow system expansion in Areas 1 and 2.

2. Type of Water Supply System to be Constructed.

The Task Force agreed an urban water supply system which will support future growth should be constructed in Priority 1 and 2 Areas.

The Task Force deferred any specific recommendation on the type system for the Priority 3 Area. Ultimate development patterns in the area cannot be forecast at this time. There are no plans for sewer, roadway, or other infrastructure expansion or upgrades in the area in the foreseeable future. A rural water supply system capable of supporting limited future growth may be the only affordable or practical system for the Priority 3 Area.

3. Participation Requirements.

The Task Force agreed that if a majority (defined as 50% plus one) of the eligible property owners in an area wanted water, all property owners fronting the water main would be required to participate in the cost of the extension. Property owners would be informed of costs in advance of making their decision.

The Task Force agreed that a unit of property shall be defined as a single tract or any number of contiguous tracts under common ownership.

4. Task Force Conceptual Plan Recommendations for Extending Water Service.

a. Water mains in private roads.

Cost of extensions along private roads would be solely at the cost of the benefiting residents, in accordance with current Louisville Water Company policy.

A public road will be defined as any State road, County through road, or County maintained road as of July 1, 1990. An opportunity shall be given to private road owners to dedicate their roads to the County by July 1, 1992. Such roads must meet Jefferson County road standards per KRS Chapter 178 and include:

1. Minimum right-of-way for cul-de-sac shall be 50 feet.
2. Minimum right-of-way for through street shall be 60 feet.

Water mains would be extended in private roads if requested by petition, but only if required easements are provided.

b. Extension of Water Mains in Priority 1 Area.

- Residents fund the basic required size of main (generally a 6-inch main).
- Use the current "surcharge" method for extending the mains (5-year, no-interest loan from LWC).
- Lower requirement for resident participation to initiate a surcharge contract from 75% to 51%. Louisville Water Company will carry up to 49% of the cost of the water main extension plus the interest-free loan.

- Jefferson County will work to assist the needy through Community Development Block Grant (CDBG) funds.
- LWC will fund any larger water mains required to support system growth and hydraulic requirements.

c. Extension of Water Mains in Priority 2 Area.

- LWC will build \$10 million "backbone" system required to support future extensions and growth, within the next 7 years. Exhibit 3 identifies the proposed "backbone" system.
- Jefferson County will provide funding of \$4.0 million over five years for the Priority 2 Area as follows:

Year	COMMUNITY DEVELOPMENT FUNDS	GENERAL FUNDS	COMMUNITY DEVELOPMENT FUNDS
1991	\$ 80,000		
1992	\$ 80,000	\$ 500,000	
1993	\$ 80,000	\$ 750,000	
1994		\$ 750,000	\$1,000,000
1995			\$ 760,000
Totals	\$240,000	\$2,000,000	\$1,760,000

- Use "Streamlined" Apportionment Warrant Method (20 Year, low interest loan with lien on each property), or other available financing methods, to extend water mains along existing

roadways. Jefferson County government and Louisville Water Company would agree on administrative changes in Apportionment Method so property owners know up-front costs. Extensions would be made based on "50% plus one" of the eligible, qualified property owners petitioning for extension.

- Existing properties (as of July 1, 1990) connecting to the "backbone" system funded by Louisville Water Company would pay a "fair share" cost for connecting to the system. The "fair share" would be based on the average costs that other existing unserved properties in Priority 2 Area would pay to acquire water service.
- Future properties (homes constructed after July 1, 1990) taking services directly from the "backbone" system or the remainder of the system constructed under this program would pay a connection fee at least as much as that paid by existing property owners.
- Schedules for installing water mains in the Priority 2 Area will be submitted to Jefferson County Fiscal Court for review and discussion during the prioritization process. Final recommendations will be presented to Jefferson County Fiscal Court for review and comment prior to presentation to the Louisville Water Company Board of Water Works for approval. Public information on water main construction schedules will be provided by the Louisville Water Company, and may be used

by Jefferson County Fiscal Court or other interested parties for public announcements as appropriate.

d. Establishment of a "System Development Charge"

- Louisville Water Company funding is contingent on establishment of a "system development charge" of \$750 to \$1,250 per service unit.
- Concept is "growth pays for growth."
- Fee would be paid by developers or new customers building new homes or other structures when they apply to have service installed.
- The System Development Charge will be paid by all applicants for service connection to water mains installed or under contract after January 1, 1992. Water mains installed or extension projects under contract prior to January 1, 1992 will be exempt from the System Development Charge. Residents and/or property owners as of July 1, 1990 paying the "fair share" cost for connection, will be exempted from the System Development Charge for that one service connection.
- Revenue would go into a Louisville Water Company revolving fund to finance growth-related expansion including water transmission mains, and pumping and storage facilities.

- LWC will publish an independent auditor's report annually for the revolving fund. Report shall be provided to Jefferson County Judge/Executive, Fiscal Court, Louisville Mayor and Aldermen, Jefferson County State Legislative Delegation and made available to any interested party.
- e. Extension of Water Mains in Priority 3 Area.
- The Task Force recommends that the Louisville-Jefferson County Planning Commission address concerns about the redevelopment of five-acre subdivisions at higher densities. This may take the form of a policy, addressed in the update of the Comprehensive Plan, that five-acre subdivisions outside of environmentally constrained areas or recommended scenic corridors be designed for an ultimate density consistent with existing zoning.
 - Continue to make extensions where feasible under "streamlined" Apportionment Method.
 - In 3 years, Louisville Water Company will review growth and development in the area and report to City Government, County Government, and the Jefferson County State Legislative Delegation. The review will evaluate and determine whether an urban or rural system is appropriate.

f. Funding Plan.

**Water Service to Existing Unserved Residences
in Priority Areas 1 and 2
(Assumes 7-year period; all costs in 1990 dollars)**

	ESTIMATED COST (Million \$)
LWC Growth, Priority 1	\$ 0.50
LWC Backbone, Priority 2	\$ 10.00
Jefferson County Government*	\$ 3.80
Private road residences	\$ 3.50
Public road residences	\$ <u>9.80</u>
TOTAL	\$ 27.60

* In addition Jefferson County will provide a subsidy of \$240,000 to assist needy customers.

AVERAGE COSTS:

Private road residences (Priority 1 & 2)	\$15,217
Public road residences (Priority 1 & 2)	\$ 5,886

- The funding plan is based on estimated residential customers identified in Priority 1 and 2 areas. Using the Apportionment Warrant Method, or other available methods, the average cost per property owner will be \$5900, in 1992 dollars.

g. Other Considerations and Recommendations

- Jefferson County Fire Districts will work in accordance with Jefferson County Ordinance Number 28, Series 1980 to establish fire hydrant spacing at intervals reflective of the area to be served, which will be at spacings greater than 750 feet.
- Individuals will be given an opportunity to finance individual costs at interest rates equivalent to KACO/KLC fixed rates, not to exceed 8%.

5. Recommendation for Future Action to be Taken by the Louisville Board of Aldermen and the Jefferson County Fiscal Court.

To accept the Task Force Report and Conceptual Plan, and request that the Louisville Water Company, in conjunction with the City of Louisville and Jefferson County, develop a program for implementation in accordance with the Conceptual Plan, and implement said program within six months of approval by the City and County, and adoption by the Board of Water Works.

EXHIBITS

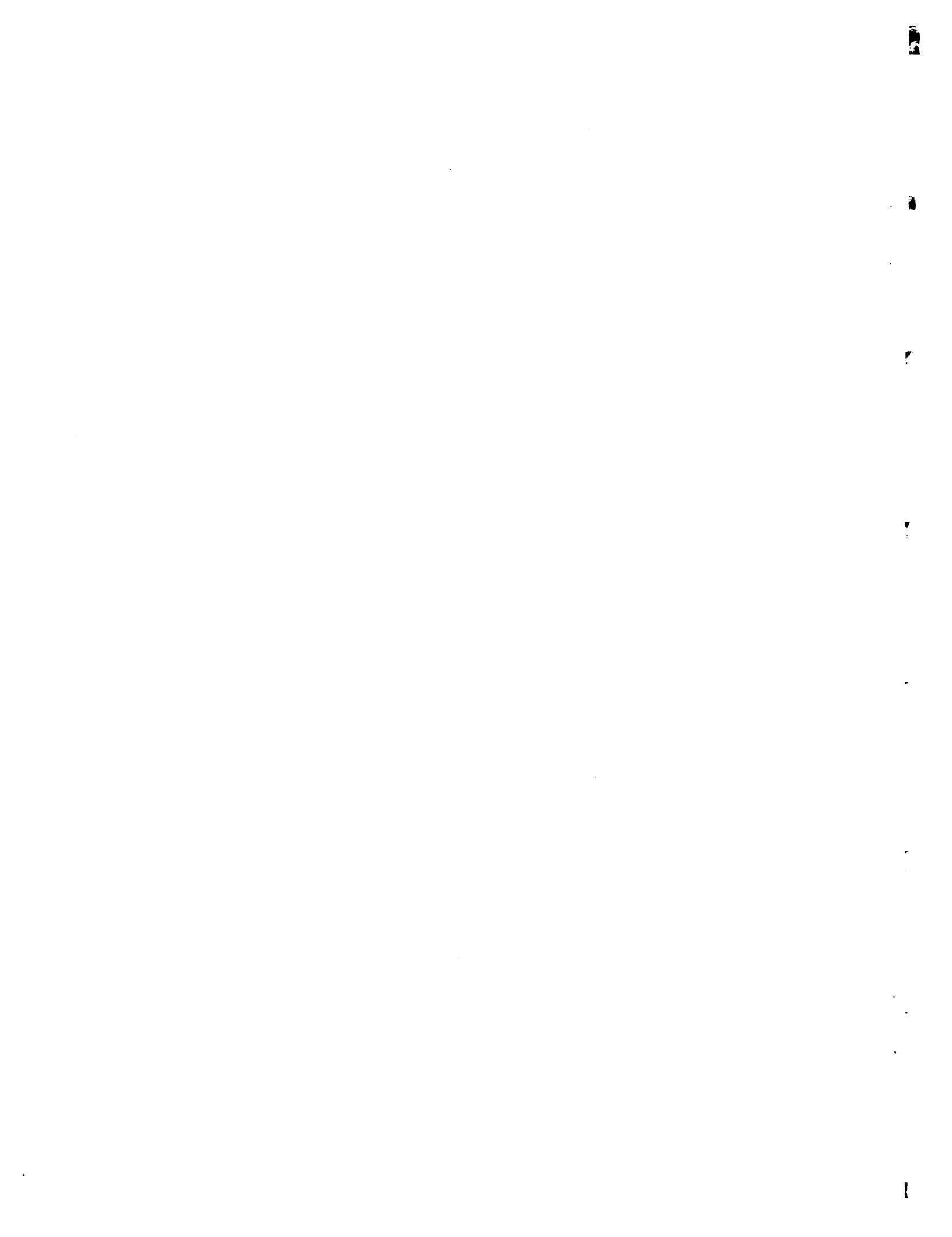
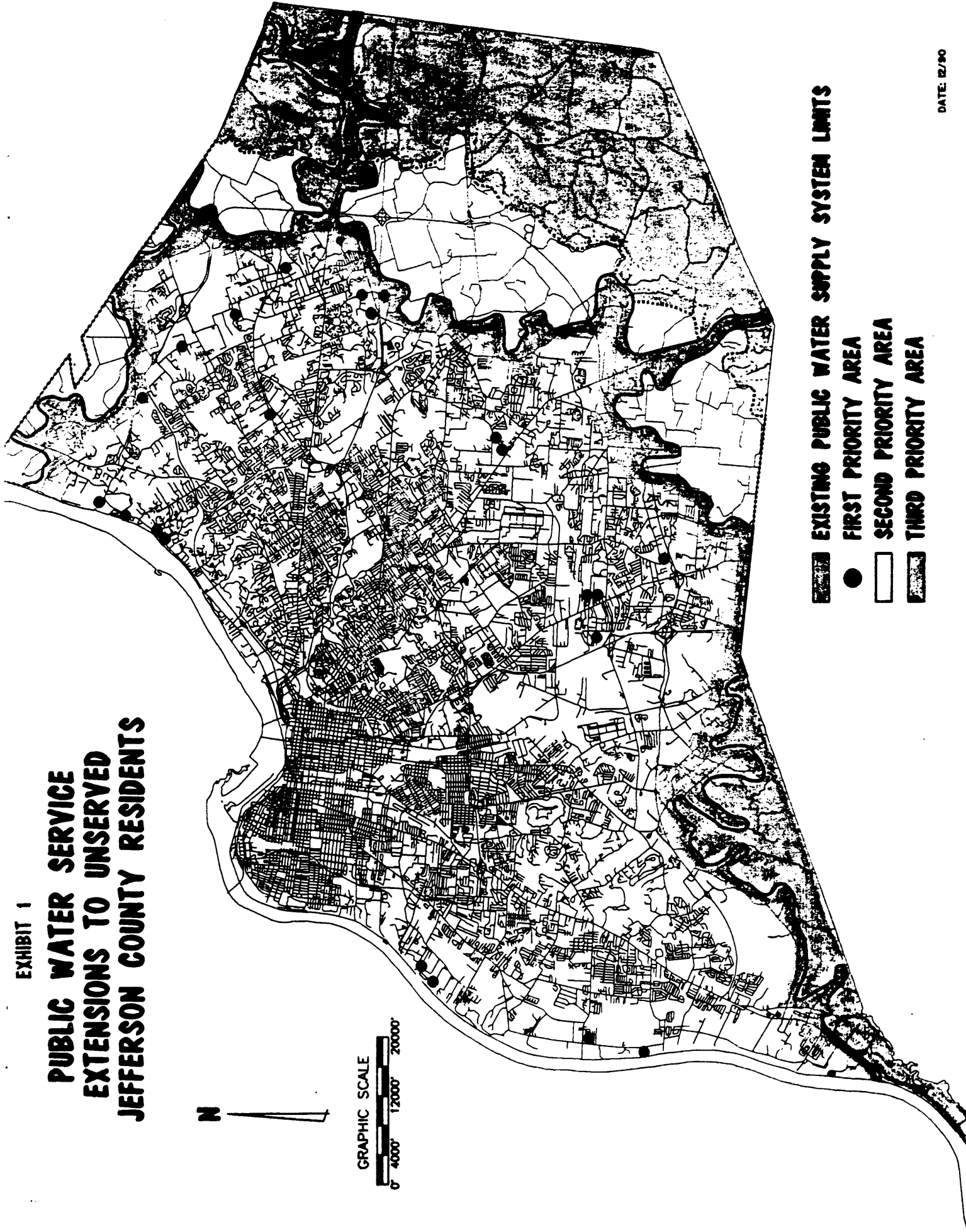


EXHIBIT 1
PUBLIC WATER SERVICE
EXTENSIONS TO UNSERVED
JEFFERSON COUNTY RESIDENTS



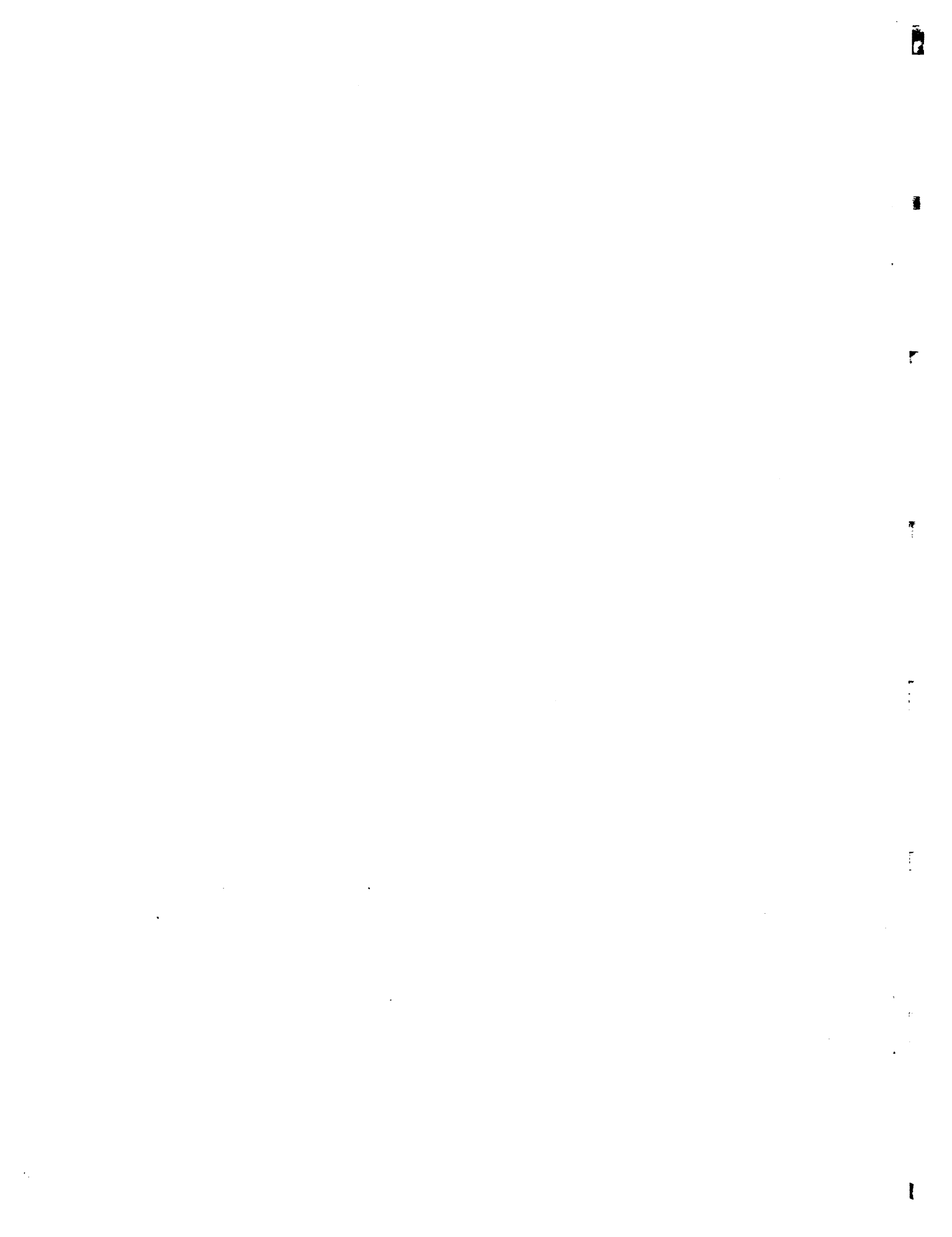
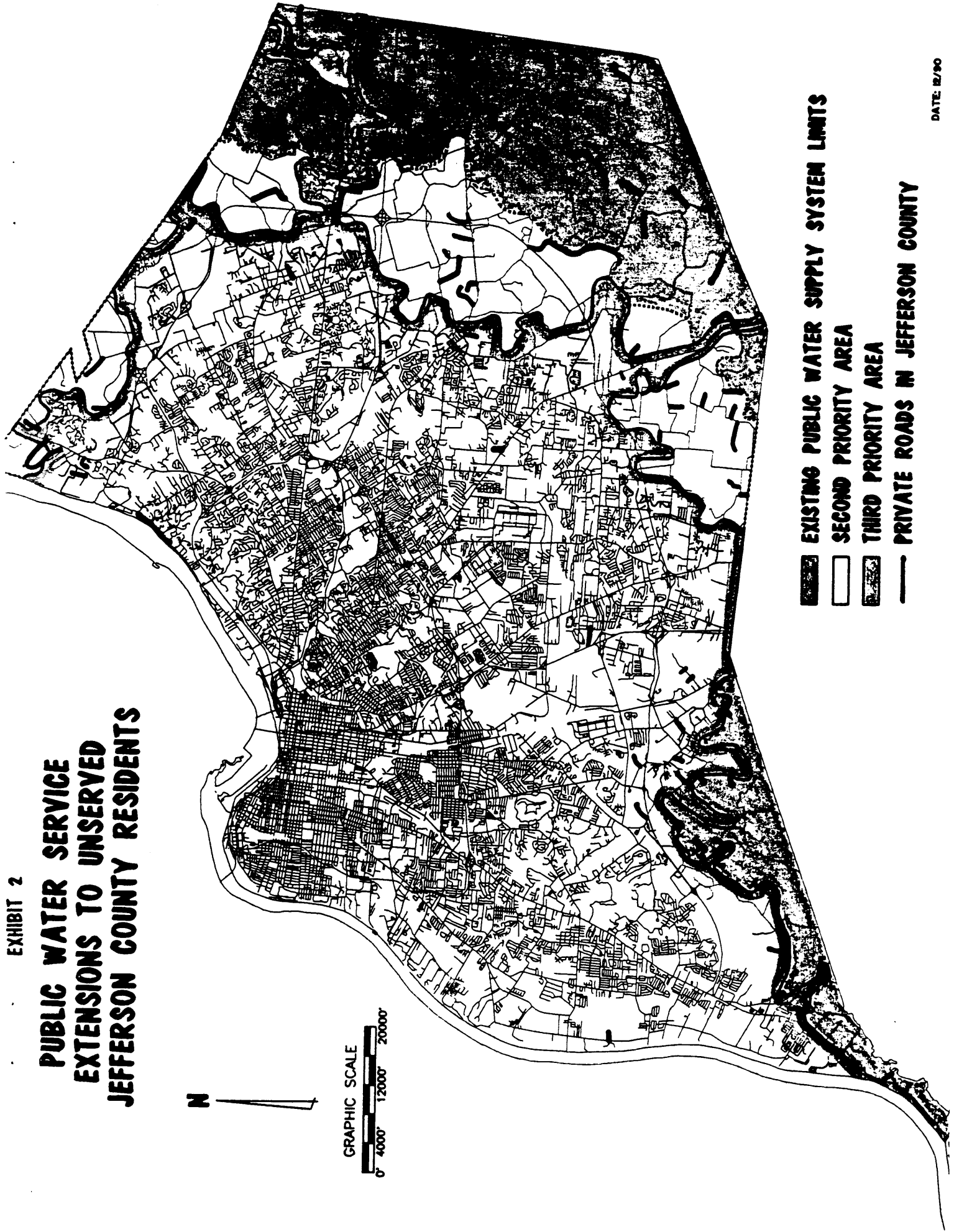


EXHIBIT 2

**PUBLIC WATER SERVICE
EXTENSIONS TO UNSERVED
JEFFERSON COUNTY RESIDENTS**



GRAPHIC SCALE



-  EXISTING PUBLIC WATER SUPPLY SYSTEM LIMITS
-  SECOND PRIORITY AREA
-  THIRD PRIORITY AREA
-  PRIVATE ROADS IN JEFFERSON COUNTY

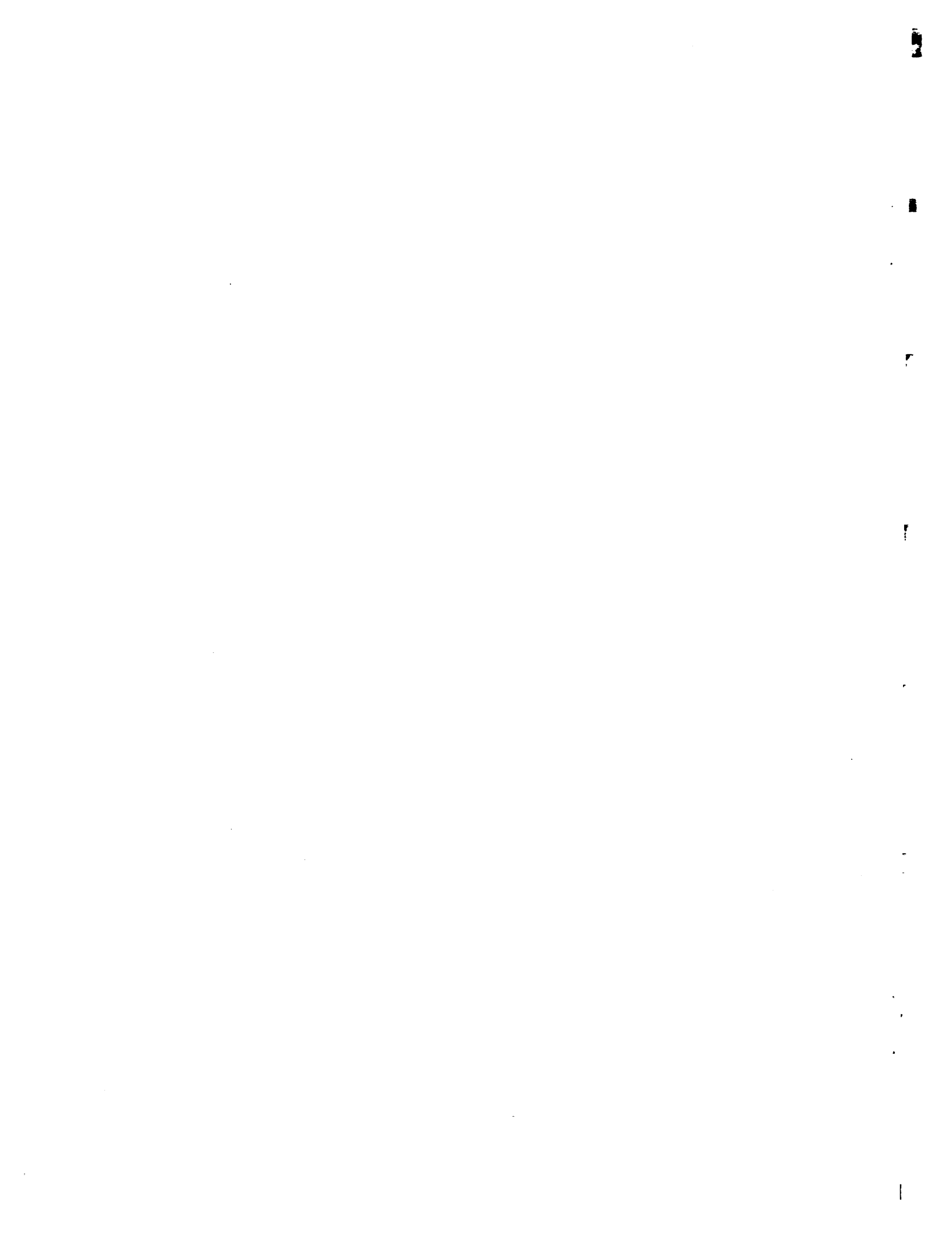
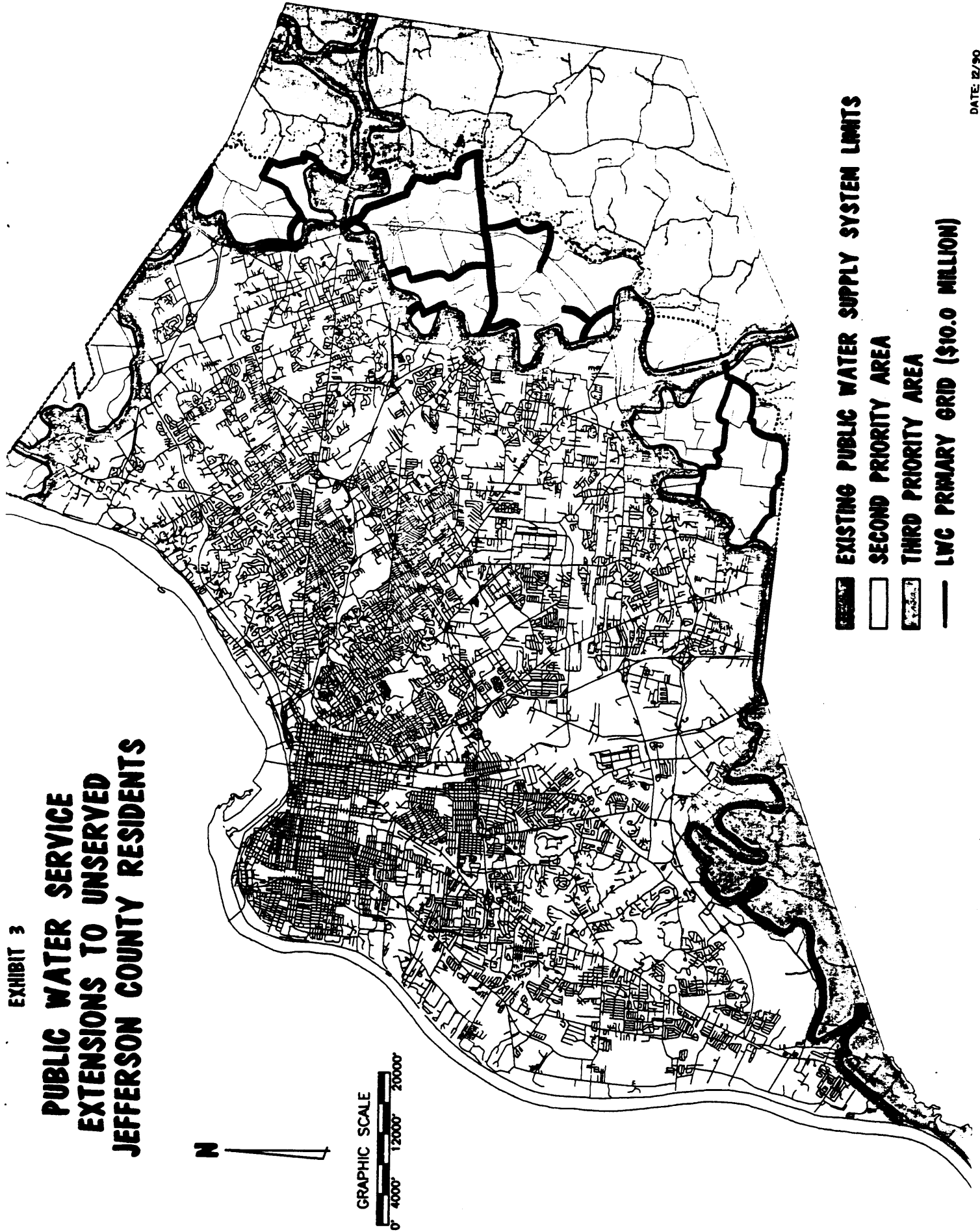
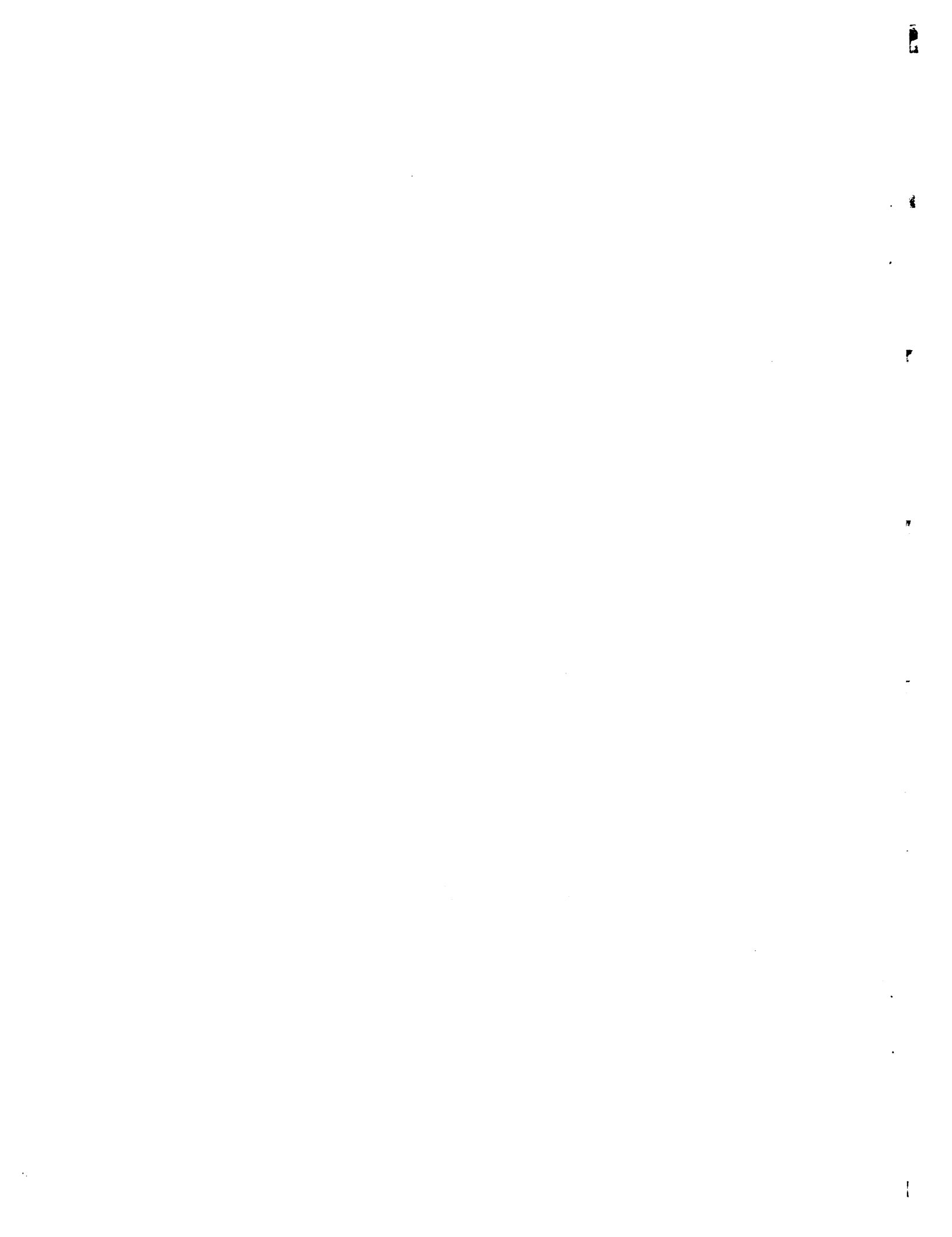


EXHIBIT 3

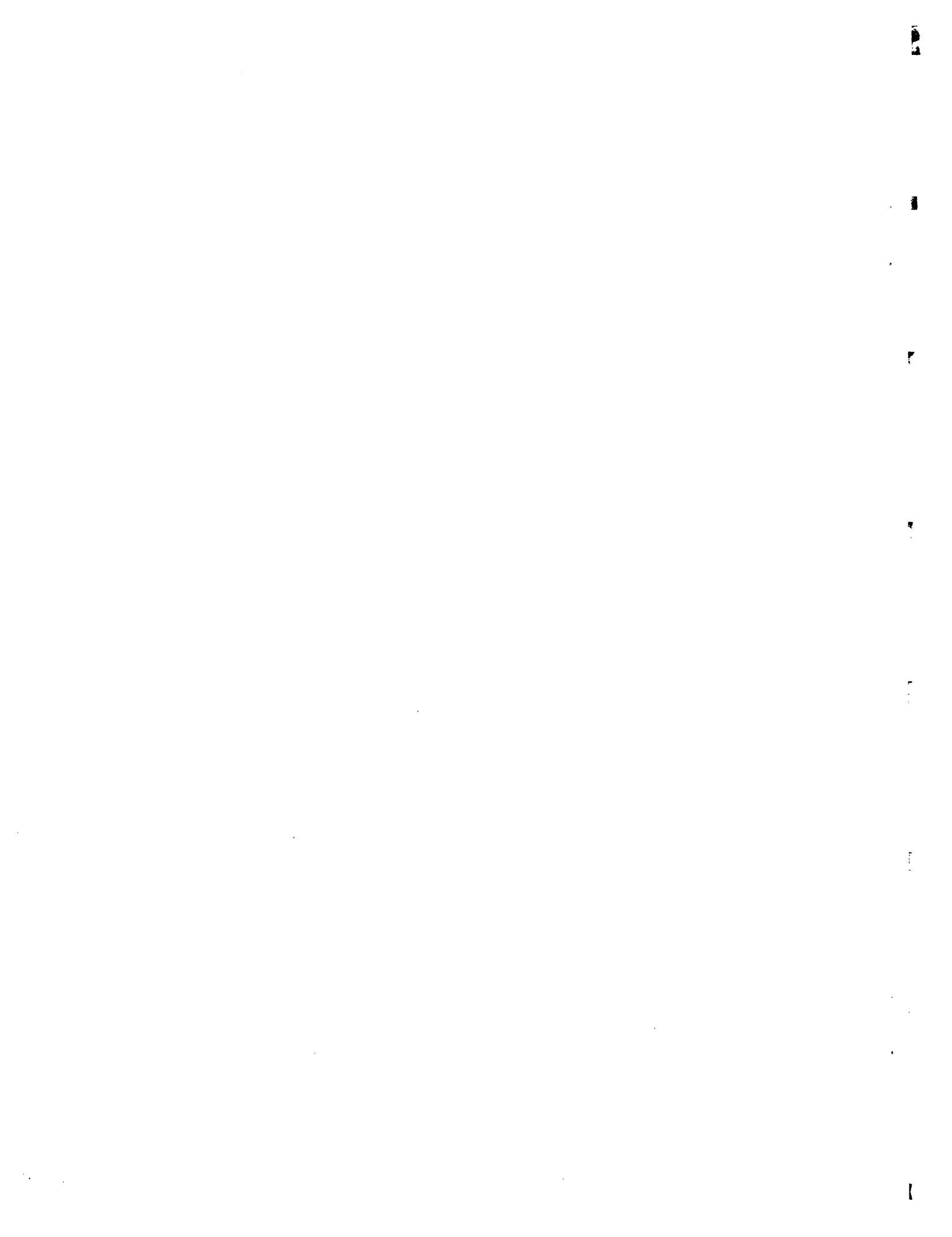
PUBLIC WATER SERVICE EXTENSIONS TO UNSERVED JEFFERSON COUNTY RESIDENTS





APPENDIX A

SENATE CONCURRENT RESOLUTION NO. 105





GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

REGULAR SESSION 1990

SENATE CONCURRENT RESOLUTION NO. 105

MONDAY, MARCH 12, 1990

The following concurrent resolution was reported to the House from the Senate and ordered to be printed.

A CONCURRENT RESOLUTION creating a task force to study extension of city water service throughout Jefferson County.

WHEREAS, the General Assembly realizes the extreme importance of water resources to the health and welfare of all Kentuckians; and

WHEREAS, the task force provides a vehicle for discussion of city water service issues existing throughout Jefferson County and its importance to the development of Kentucky's water resource; and

WHEREAS, the General Assembly recognizes the need for the development and expansion of city water services throughout Jefferson County on a timely and affordable basis; and

WHEREAS, the General Assembly realizes that this is a complex issue, involving several constituencies and will require extensive fact finding;

NOW, THEREFORE,

Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:

1 Section 1. That the Legislative Research Commission
2 intending to obtain information and determine facts about
3 the extension of city water service throughout Jefferson

1 County, shall appoint the following thirteen (13) members
2 to the task force. One (1) co-chair shall be the mayor of
3 Louisville or his designee, the other co-chair shall be
4 the Jefferson County judge/executive or his designee. The
5 remaining members shall be one (1) county commissioner,
6 one (1) member of the Louisville Board of Aldermen, one
7 (1) representative of the Louisville Water Company, one
8 (1) representative of the Jeffersontown Water and
9 Wastewater Department, two (2) members of the Senate, two
10 (2) members of the House of Representatives, one (1) chief
11 of a county volunteer fire department whose district has
12 portions not substantially within the Louisville Water
13 Company System, one (1) board member of the Louisville and
14 Jefferson County Metropolitan Sewer District, and one (1)
15 board member, (but not the chairman) of the Louisville and
16 Jefferson County Planning and Zoning Commission. The four
17 (4) members of the General Assembly shall consist of one
18 (1) member of the Senate and one (1) member of the House
19 of Representatives residing in Jefferson County whose
20 district has portions not substantially within the
21 Louisville Water Company System. The other members of the
22 General Assembly shall be residents of Jefferson County,
23 whose districts are substantially within the Louisville
24 Water Company System.

25 Section 2. The task force shall develop a plan for
26 extending Louisville Water Company service to currently

1 unserved residents of Jefferson County within the next ten
2 (10) years. The task force shall also develop a long-term
3 plan for the eventual extension of water service
4 throughout Jefferson County, following accepted principles
5 for sound land-use planning and planned growth and
6 development.

7 The plan for extending water service to currently
8 unserved residents of Jefferson County shall be presented
9 for adoption to the Louisville Board of Aldermen and the
10 Jefferson County Fiscal Court by December 31, 1990. A copy
11 shall be presented to the Legislative Research Commission.
12 The long-term plan for extending water service throughout
13 Jefferson County shall be presented to these same bodies
14 by September 1, 1991. Both plans shall include reasonable
15 timetables for implementation, an outline of
16 responsibilities, and financing for the extension of
17 service.

18 Every effort shall be made by the task force to
19 present a plan for extending water service to currently
20 unserved residents of Jefferson County in which the cost
21 incurred by the residential property owners is kept at a
22 realistic and affordable level. The financing of such
23 extension of service to currently unserved residences
24 shall not unduly burden the existing customers of the
25 Louisville Water Company.

26 Section 3. That the task force shall obtain

1 information from any public or private source for the
2 purpose of determining the facts in relation to the
3 extension of city water service throughout Jefferson
4 County.

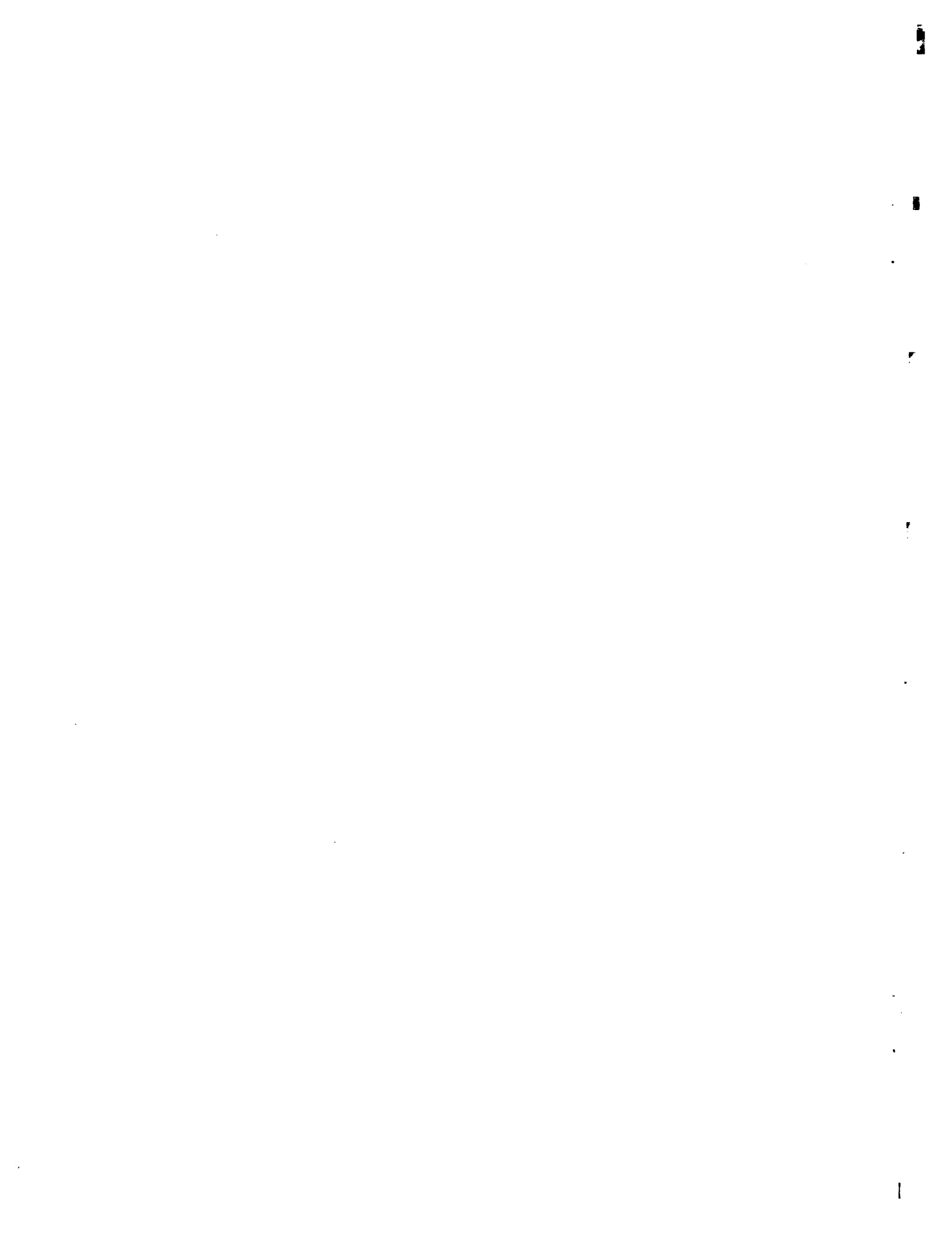
5 Section 4. That any public or private source shall
6 report information to the task force as requested.

7 Section 5. That Legislative Research Commission
8 staff shall be assigned to the task force.

9 Section 6. That each member of the task force assign
10 a support staff person from their agency to work with the
11 task force to assure the task force can accomplish its
12 purpose.

13 Section 7. That the members of the task force shall
14 be reimbursed their expenses in attending meetings.

15 Section 8. That the Legislative Research Commission
16 staff services to be utilized in the conduct of this
17 effort are estimated to cost \$24,000, and shall be
18 provided from the regular commission budget, subject to
19 the limitations and other research responsibilities of the
20 Commission.



APPENDIX B

EXECUTIVE SUMMARY "PUBLIC WATER SUPPLY EXTENSIONS TO UNSERVED JEFFERSON COUNTY RESIDENTS"

By GRW, Inc.

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93
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**EXECUTIVE SUMMARY
PUBLIC WATER SUPPLY
EXTENSIONS TO UNSERVED
JEFFERSON COUNTY RESIDENTS
PHASE A**

**GRW Engineers, Inc.
September 1990**

I. Introduction

This study was commissioned by the Louisville Water Company to provide information and facts concerning water line extensions to all presently unserved residents in Jefferson County, Kentucky. Approximately 3,582 unserved residents presently exist in Jefferson County. Of these unserved residents, approximately 324 abut existing water mains and have chosen not to connect. The remaining 3,258 unserved residents require water main extensions and are the focus of this study.

The study area shown in Figure 1 has been divided into five study zones, each identified with the number of unserved residents:

Zone 1	Southwest Jefferson County	516
Zone 2	South Jefferson County	490
Zone 3	Southeast Jefferson County	1,487
Zone 4	Northeast Jefferson County	505
Zcne 5	Central Service Area	<u>260</u>
	TOTAL	3,258

Phase A of this study addresses the identification, location, computer hydraulic analysis, and costs to serve each of these unserved residents. System alternatives are presented, along with a review of generally accepted water main extension practices and an overview of funding alternatives. Finally, this study identifies major issues to be considered by the Task Force. These issues must be resolved prior to initiation of Phase B, which will cover recommendations, design and growth considerations, and implementation.

II. System Alternatives

Generally, two alternative systems were developed to serve all unserved Jefferson County residences. These were limited urban no growth and limited rural no growth. The limited urban no growth system was designed based on providing water to currently unserved residences at peak daily flow plus a 750 gallon per minute fire flow capability. The limited rural no growth system was based on peak flows experienced by existing Louisville Water Company customers during the 1988 drought without providing fire flow capacity. Both alternatives will support only minimal future growth. We do not recommend building either of these systems without fully assessing system requirements to provide for future growth.

The limited urban no growth system design criteria was used inside the Gene Snyder Freeway and within 3,000 feet of a freeway interchange, for both alternatives. Outside the Freeway both limited urban and rural systems were considered. An estimated 235 miles (1,241,086 linear feet) of water main will be required to serve the approximate 3,258 potential customers for either alternative. We strongly recommend that any selected plan be required to allow for growth potential in the Study Area. This growth consideration will be addressed in Phase B of the Study beginning in early 1991.

III. Extension Practices

A recent study "Financing Water and Sewer Extensions in Urban Growth Areas; Current Practices and Policy Alternatives" (University of N.C. 1987) indicates that a standard approach for extensions is to supply service to all new customers in a similar manner to those already being served. Courts analyze municipal decisions relating to extensions on the basis of reasonableness and whether they discriminate against any individual or group of property owners. Factors of reasonableness considered by the Courts generally entail economic considerations. These include:

1. The need and cost of the extension;
2. The return in revenue which might be expected as a result of the extension;
3. The financial condition of the utility;
4. Advantages to the public from an extension;
5. The franchise or charter obligation to make such extensions.

Equity between established residents and new customers/development has emerged as an important policy issue in the financing of water systems. Established residents of a city tend to believe that they are paying for their existing system and its replacement and should not be burdened with extensions to serve new customers or development. That opinion has grown recently as a result of higher interest rates and inflation. This has been compounded by the decline in construction grants from the federal government.

The University of North Carolina Study indicated that in most instances cities throughout the United States utilize a "growth must pay its own way" approach for water main extensions and services. A couple of cities had a policy to extend 50 feet of water line for each actual customer after which the developer or resident would pay for the rest of the extension. A summary of these findings are in the Appendix of the Study.

IV. Cost Estimates

Estimated project costs (including construction, construction contingencies, engineering, inspection, etc.) for the two independent alternatives are as follows:

<u>Limited Urban No Growth System:</u>	\$45,000,000
<u>Limited Rural No Growth System:</u>	\$31,700,000

Cost data has been estimated for each zone and is shown in Table ES-1. Detailed data including segment numbers, street names, pipe size, segment length, depth, and unit costs are shown in tabular form in the Appendix of this Study.

Estimates are based on 1990 project costs and should be escalated to the time of expected construction. Costs do not include buying right-of-way or cost of the service line from the meter to the house. Costs per customer were calculated assuming all existing unserved residences signed an agreement for water service. Typically, 70%-85% of the potential customers might be expected for initial sign up.

Based on past experience with similar water systems, we believe that an acceptable maximum cost per customer (without grants) is around \$5,000 per customer or approximately a \$50 per month water bill. Customers tend to not want to sign-up when costs are higher. Average costs per customer for each zone are shown in Table ES-1 for both the limited urban no growth and limited rural no growth alternatives.

Costs for a separate rural water district were also developed. Such a district would initially serve approximately 1,200 customers in southeastern Jefferson County at an estimated cost of \$11,000,000. This district might be organized similar to the Kentucky Turnpike Water District, having their own Commissioners with system maintenance provided by the Louisville Water Company.

V. Funding Alternatives

Funding sources were investigated. There are many low interest loan funding sources such as Kentucky Association of Counties, (KACO), Kentucky League of Cities (KLC), or Kentucky Infrastructure. Grants, on the other hand, are not readily available. In some cases grants are limited to less than \$1,000,000 per grantee. Farmers Home Administration (FmHA) grant funding is usually limited to rural counties and Jefferson County would generally not be eligible for grant funding due to its high average household income. If a rural district is formed, FmHA may loan monies at interest rates similar to KACO, KLC, etc. for that district. The most likely sources of grant monies are through Community Development Block Grants (CDBG) or through other federal grants tied to economic development and jobs. Possible funding through the County, City of Louisville, Louisville Water Company and fire districts needs further study (beyond scope of this Study) to determine what funding might be available.

Supplemental grants will be essential in feasibility of these proposed water lines. Graph 1 shows the monthly cost per customer as it varies with the amount of grant obtained. It appears that 50% or more grant or subsidy monies are needed to provide reasonable charges to the new customers.

Further analysis in Phase B of this Study will include sizing lines for planned orderly growth. Phase A, if accepted without considering Phase B, could have the liability of limiting the potential of land development and would also stimulate urban sprawl and hamper industrial site development. These lines, when constructed, would be too small to allow future growth. It is recommended that Phase B be completed before construction of water lines is considered.

VI. Issues

In developing base data for Phase A, many issues have arisen. These are key issues that need to be addressed by the Task Force. We have developed an initial list of issues and request that the Task Force provide direction on these issues before before Phase B of the Study is initiated.

Urban vs. Rural Systems

Two alternative, no growth systems are presented. Should an Urban or Rural water system be designed to serve the study areas?

Growth vs. No Growth

This study assumes a minimum no growth design scenario to accommodate only water service to existing unserved residents. Should the plan for water main extensions provide for future growth potential? If so, to what design level and what financial resources are used to pay for the growth related service level?

Fire Protection Requirement

Should a system be designed and built to provide a minimum fire flow availability or to only provide domestic water service? Consideration for the spacing of fire hydrants (county ordinance) may want to be evaluated on proximity of residences.

Participation

Will 100 percent participation be a requirement of all currently unserved residents?

Financial Considerations

Will financial participation be required, and what is an acceptable cost to the customer? Who bears the financial burden, existing or potential customers?

Funding Alternatives

Which funding subsidies, grants, or loans would be considered and at what level?

Feasibility

Upon review of the facts concerning scope, costs, funding alternatives, etc. what is considered a feasible solution to providing water service? Should construction be phased?

Prioritization, Schedule and Guidelines

Upon determination of feasibility what priorities, schedule, and guidelines should be developed to implement the plan? Do all of the residences want water?

Impact/Coordination of Infrastructure

How will construction of water lines affect roads, sewers, property value, industrial, commercial and residential expansion, pollution of streams and health aspects?

Reasonable Cost

What is a reasonable cost for the customer? Will this vary based on geographic area? Who is willing/able to pay?

VII. Summary

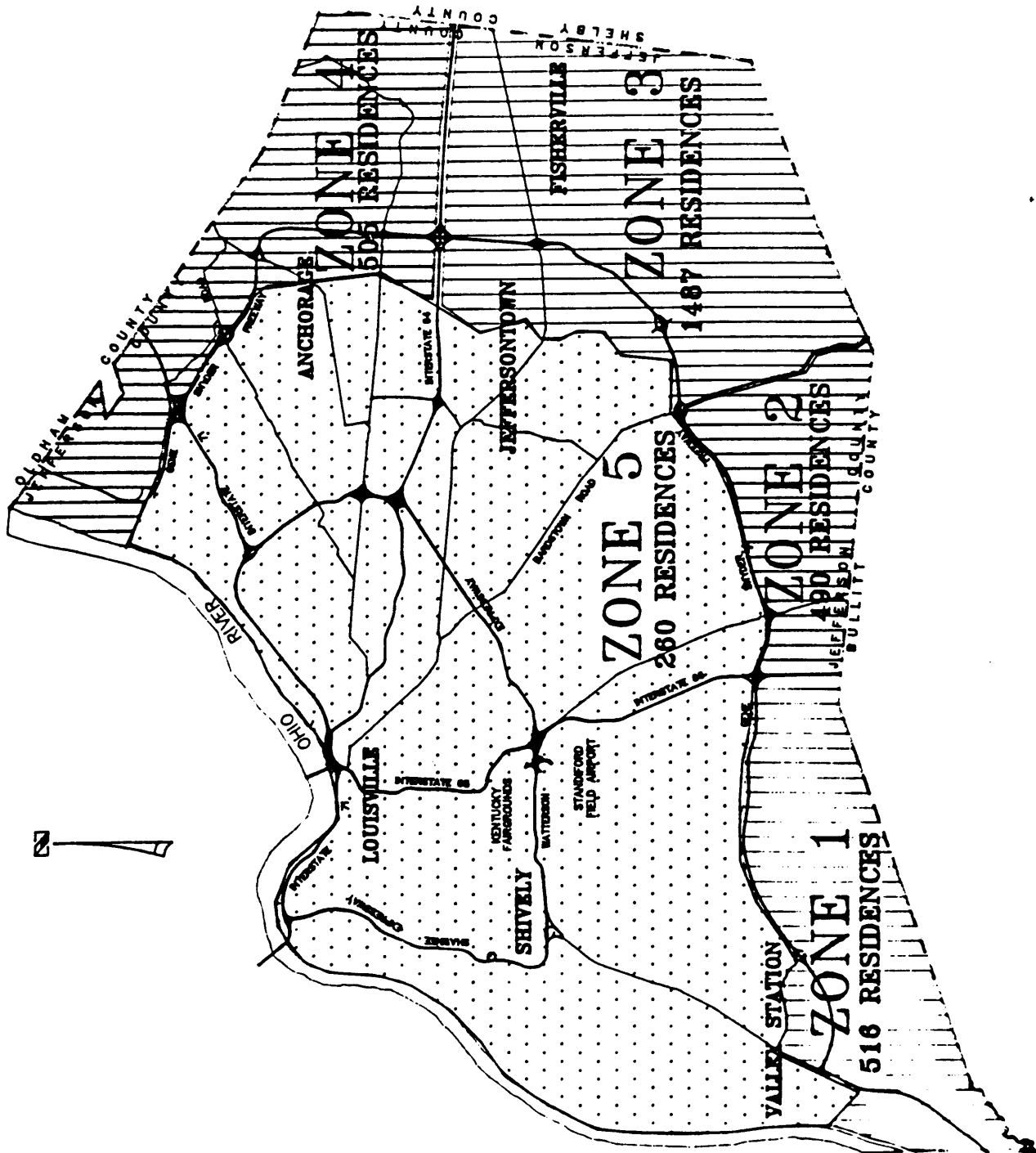
This water extension study is divided into Phases A and B. Phase A (this study) provides information and basic facts concerning the identification, location and cost to extend water service to the 3,258 unserved residents of Jefferson County. Two alternative systems were developed based on no growth. The costs were determined and funding sources identified.

The major issues identified in Phase A must be resolved by the Task Force before implementation of Phase B. Phase B will develop specific plans for serving the designated unserved residents of Jefferson County, including detailed design criteria, location, hydraulic analysis, costs, schedules and funding recommendations. Phase B will also include sizing of the water lines to accommodate planned orderly growth.


Water extensions should not be constructed until the issues and facts of Phase A have been addressed and Phase B of the Study has been completed and approved.

STUDY AREA

ZONE 1	516
ZONE 2	490
ZONE 3	1487
ZONE 4	505
ZONE 5	260
TOTAL	3258



JEFFERSON COUNTY
EXTENSION STUDY



GRW Engineers, Inc.
Engineers, Architects, Planners

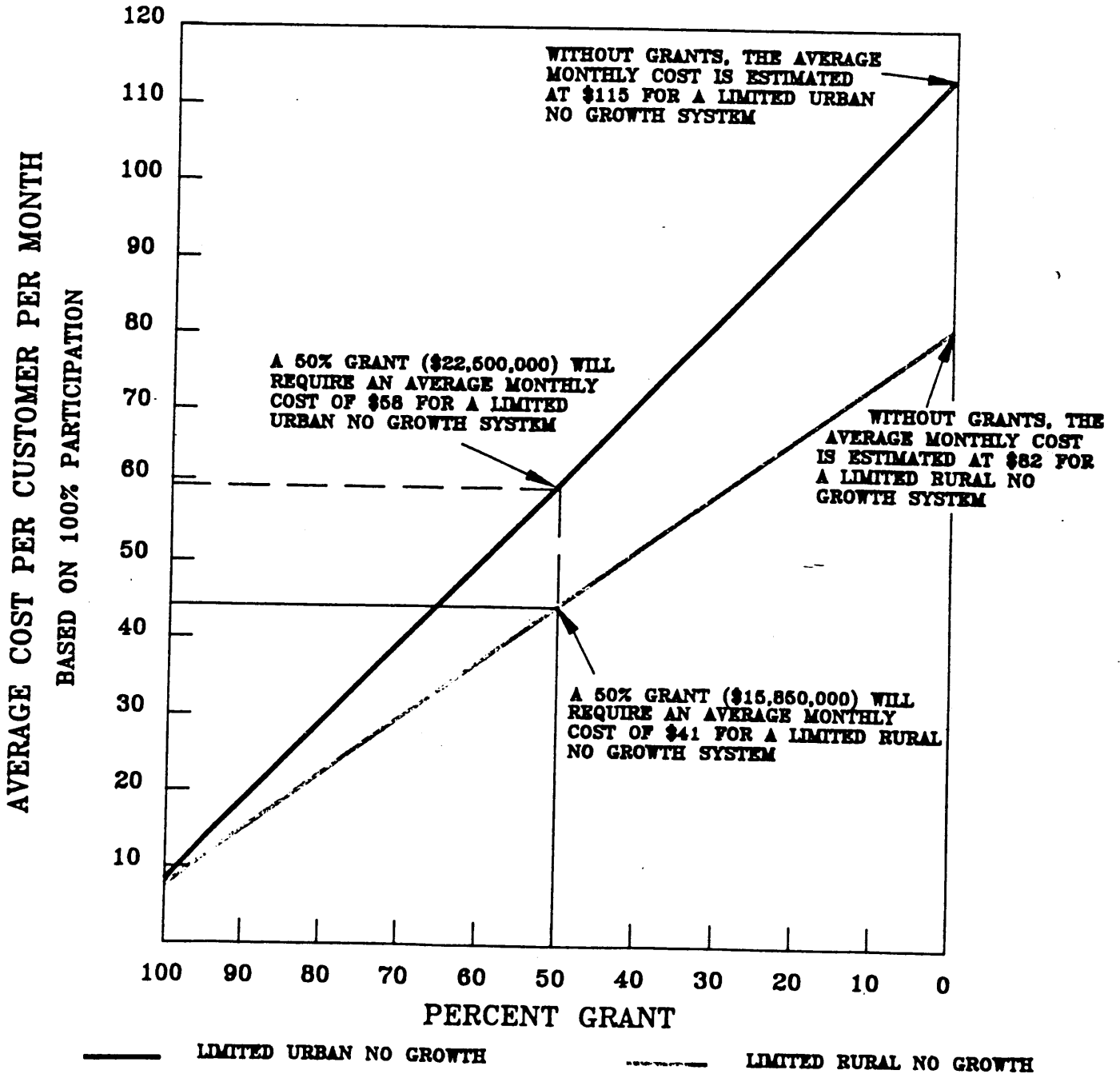
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COST DATA SUMMARY

	NO. CUSTOMERS	LINEAL FT./CUSTOMER	LIMITED URBAN NO GROWTH		LIMITED RURAL NO GROWTH	
			ESTIMATED COST (IN MILLIONS)	ESTIMATED COST/CUSTOMER	ESTIMATED COST (IN MILLIONS)	ESTIMATED COST/CUSTOMER
ZONE 1 SW JEFF. CO.	516	291	\$ 4.8	\$ 9,400	\$ 3.4	\$ 6,500
ZONE 2 S JEFF. CO.	490	313	\$ 5.0	\$ 10,100	\$ 3.0	\$ 6,100
ZONE 3 SE JEFF. CO.	1487	408	\$ 25.9	\$ 17,400	\$ 18.3	\$ 12,300
ZONE 4 NE JEFF. CO.	505	541	\$ 7.8	\$ 15,500	\$ 5.5	\$ 10,900
ZONE 5 LWC CENTRAL SERVICE	260	222	\$ 1.5	\$ 5,700	\$ 1.5	\$ 5,700
TOTAL	3258		\$ 45.0	\$ 13,800	\$ 31.7	\$ 9,700

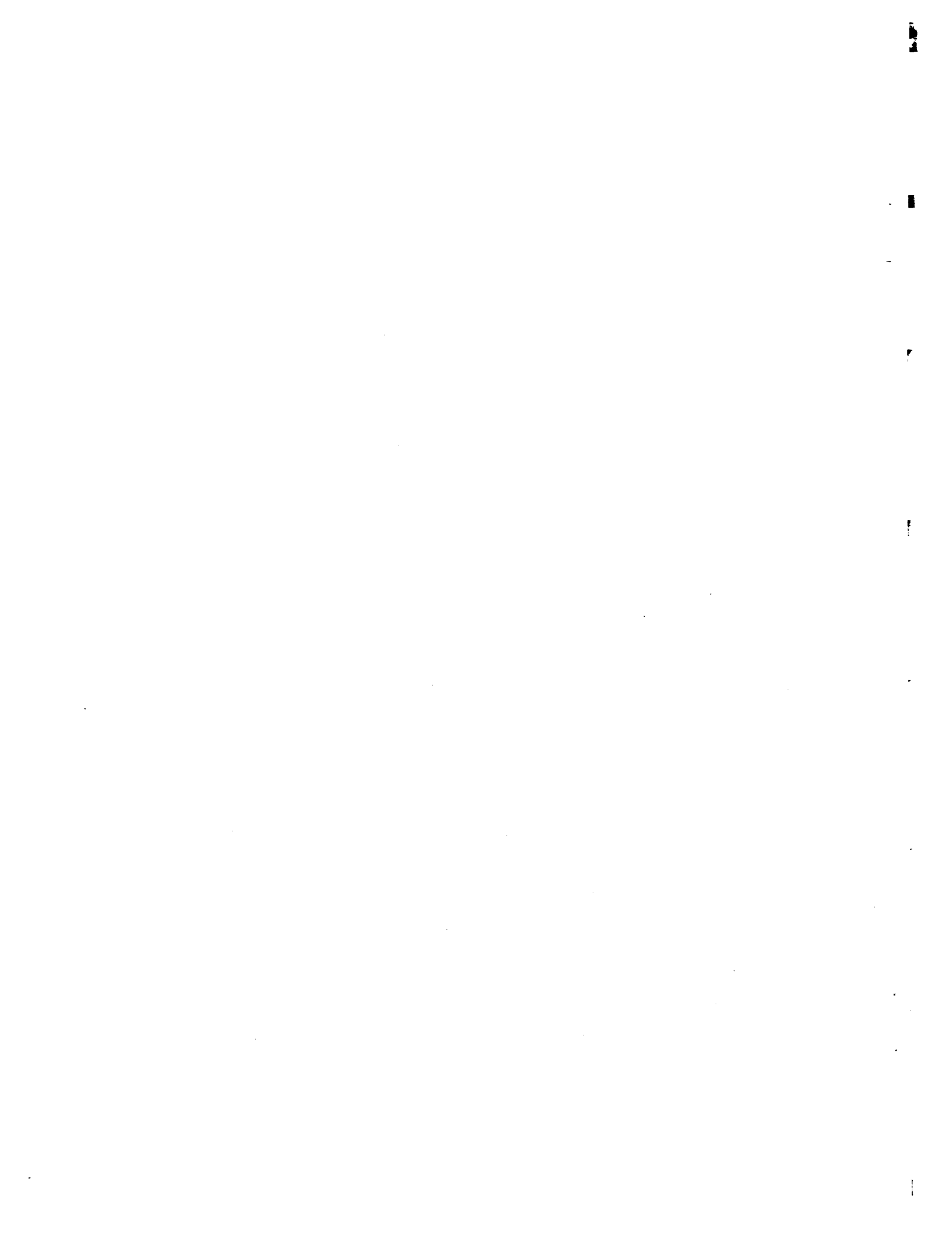
TABLE

GRANT FUNDING VS. AVERAGE MONTHLY COST



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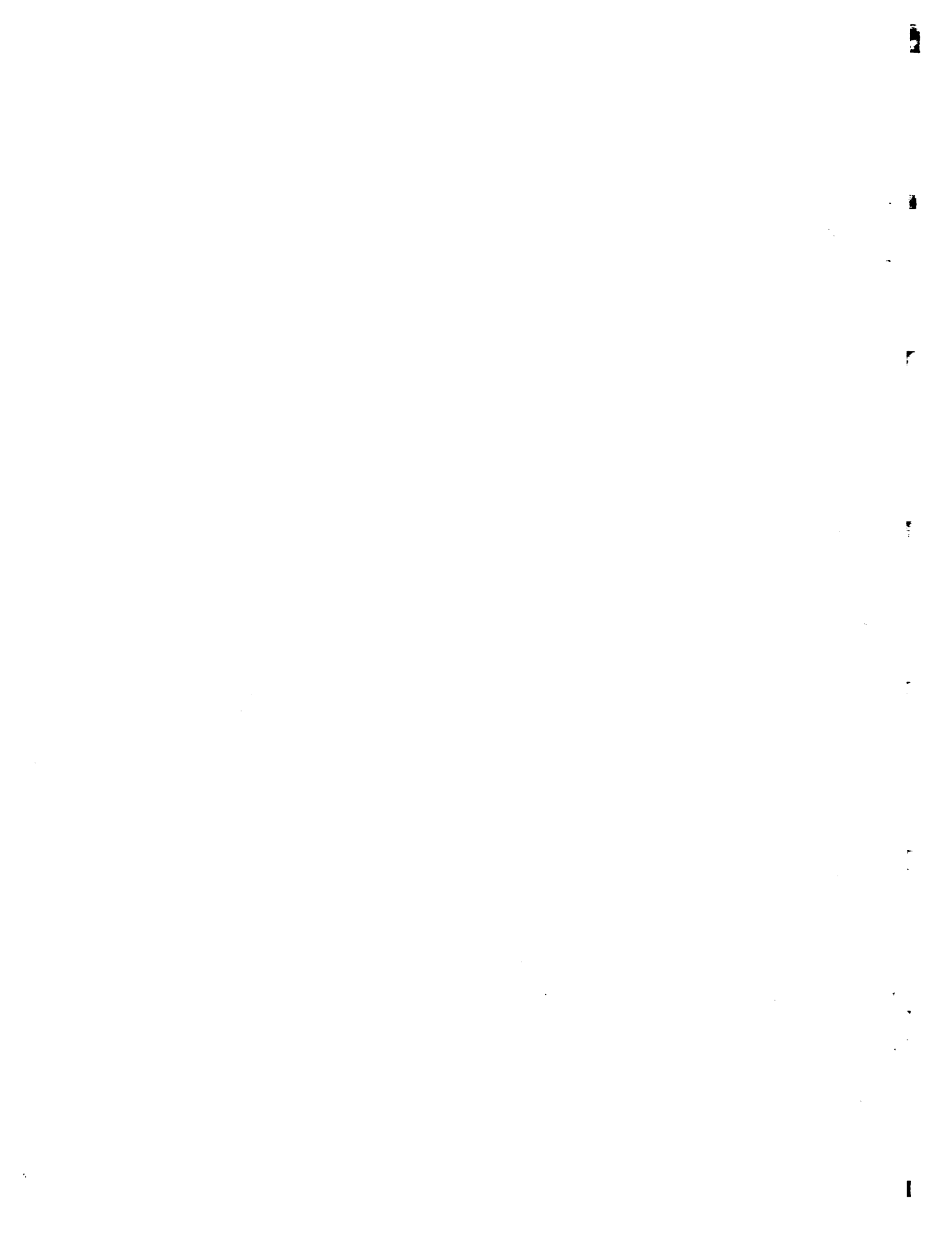
GRAPH 1



APPENDIX C

GROWTH / NO-GROWTH COST DATA SUMMARY BY PRIORITY AREA

By GRW, Inc.

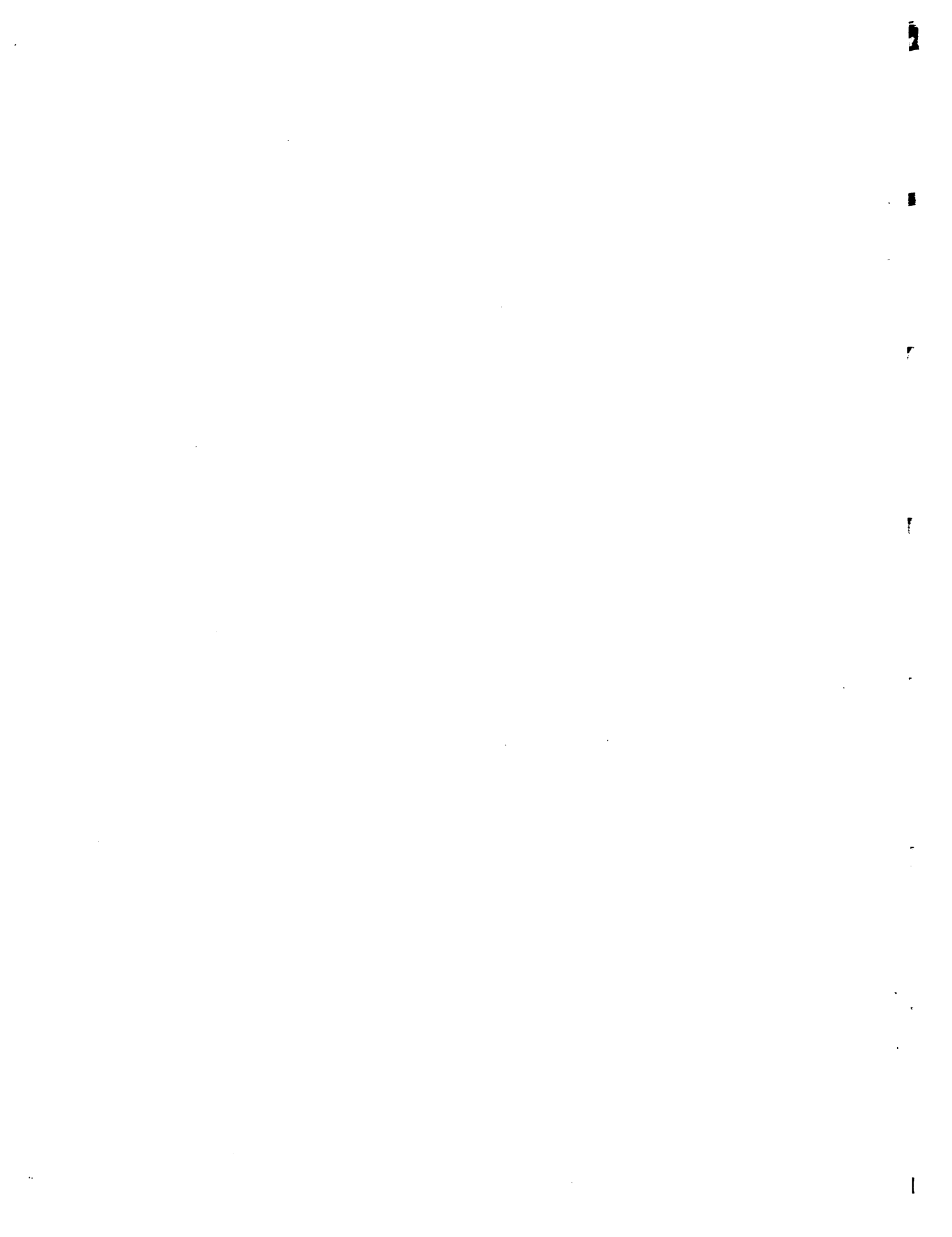


COST DATA SUMMARY

	NO. CUSTOMERS	URBAN NO GROWTH		URBAN GROWTH		RURAL NO GROWTH		RURAL GROWTH	
		ESTIMATED COST (IN MILLIONS)	ESTIMATED COST/CUSTOMER	ESTIMATED COST (IN MILLIONS)	ESTIMATED COST/CUSTOMER	ESTIMATED COST (IN MILLIONS)	ESTIMATED COST/CUSTOMER	ESTIMATED COST (IN MILLIONS)	ESTIMATED COST/CUSTOMER
PRIORITY 1 SUB-TOTAL:	260	\$ 1.5	\$ 5,700	\$ 1.7	\$ 6,400				
PRIORITY 2 SUB-TOTAL:	1635	\$ 20.3	\$ 12,300	\$ 26.2	\$ 15,900				
PRIORITY 3 SUB-TOTAL:	1363	\$ 23.2	\$ 14,800	\$ 30.4	\$ 19,000	\$ 13.4	\$ 9,900	\$ 15.6	\$ 11,500
TOTAL	3258	\$ 45.0	\$ 12,800	\$ 58.3	\$ 16,500				

APPENDIX D

TASK FORCE MEETING MINUTES



TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the First Meeting
of the 1990-91 Interim

July 12, 1990

The first meeting of the Task Force on Extension of Water Service in Jefferson County was held on Thursday, July 12, 1990, in the County Judge's Conference Room, Jefferson County Courthouse, Louisville, Kentucky. Mayor Jerry Abramson, Co-Chairman, called the meeting to order, and the secretary recorded attendance.

Present were:

Members: Mayor Jerry Abramson, Co-Chairman, Joan Riehm, Designee; County Judge/Executive David Armstrong, Co-Chairman, Evelyn Waldrop, Designee; Senators Gerald Neal and Tim Shaughnessy; Representatives Larry Clark and Bob Heleringer; Foster Burba, Reba Doutrick, Irv Maze, Melissa Mershon, Doug Taylor, and Glenn Vogedes.

Guests: Norbert Blume, Louisville Water Company; Steve Tedder, County Judge's Office; J. David Morris, City of Louisville; Jim Smith, Jefferson County Public Protection; Tim Firkins, Mayor's Office.

LRC Staff: Gerard Donovan and Jeanie Smith.

Press: David Goodwin and Calvin Miller, Courier-Journal; WLKY-TV; WLKY-TV; WAVE-TV; WDRB-TV.

Mayor Abramson announced that he and Judge Armstrong will alternate in presiding over future meetings. He then called on Judge Armstrong, who made welcoming remarks. He said the job before the Task Force is extremely important and that the growth of the area, the health of the people, and their quality of life are at stake. He then discussed the problems with water service extension from a county perspective, and discussed well water pollution, fire safety and economic development.

Judge Armstrong noted that the City of Louisville owns the Louisville Water Company and receives funding from the water company annually. He also noted that the county receives about \$2.6 million in federal community development monies each year. He recommended these two funds as being one source the Task Force may look into. In addition, he said the residents and businesses impacted must also be expected to share in the costs of water extension.

Mayor Abramson challenged the Task Force to develop a water extension plan which is fair to the currently unserved 3,200 households in Jefferson County, as well as the 98.6 percent of households who have already paid for water service in purchasing their lots or buying their homes.

Gerard Donovan, LRC staff, explained SCR 105, the resolution which created and outlined the mission of the Task Force.

Mayor Abramson referred everyone to suggested Task Force topics listed on the reverse side of the agenda. He mentioned that it may be necessary to hold two meetings in September. Representative Heleringer suggested holding public hearings throughout Jefferson County. Senator Shaughnessy suggested holding some of the Task Force meetings at county government centers in order to make the meetings more accessible to area residents. Representative Clark suggested that before holding public forums of any kind, the Task Force should be better educated and prepared to discuss the issues before them. Mayor Abramson suggested a possible meeting in November to present a proposal to the public.

Reba Doutrick, representing the Metropolitan Sewer District, recommended that the proposed August agenda be moved to the September meeting, and the first part of the proposed September agenda be moved to the August meeting. This suggestion met with no opposition, and the modification was made.

Foster Burba, President of the Louisville Water Company, discussed the status of current water service in Jefferson County. He explained the role of the Louisville Water Company in providing data and information which will assist the Task Force in its deliberations. He informed the Task Force that the company has engaged a consulting engineer to study the requirements for extending water service in the county to currently unserved residents, as well as gathering additional information necessary to develop a water extension plan. He suggested that any members who have ideas concerning the scope of the engineer's study should present them as soon as possible. He added that Phase I of the engineer's study will be completed by September 1, 1990.

Mr. Burba discussed the history of the Louisville Water Company, noting that there is only one other retail utility operating in Jefferson County, Jeffersontown Water Department. This utility is currently under merger negotiations with the Louisville Water Company. He said that although both utilities are weak at points, tying the systems together will improve both in that particular geographical area.

Mr. Burba discussed the Louisville Water Company's expansion over the years. He said that the process of having customers pay for a main extension is a common practice throughout the United States.

John Huber, also with the Louisville Water Company, presented maps of the water service zones within Jefferson County.

There was discussion concerning the funding of water extensions outside Jefferson County. Mr. Burba agreed with Mayor Abramson that those extensions were funded through a federal program for rural communities. He also agreed that Farmers Home Administration funds cannot be used in an urban setting such as Jefferson County. Mr. Burba further explained that funding water extensions often involves

community development grant funds, which are administered by the state. However, in Jefferson County and the City of Louisville, these funds go directly to the governmental entities.

Mayor Abramson asked if adjoining counties could get funding which is not available to Jefferson County to extend lines into Jefferson County. Mr. Burba was asked to get more information on this, but he indicated this was the situation with the North Shelby Water Company. However, Mr. Burba said this has resulted in inadequate fire hydrants and brought about complaints to the Louisville Water Company. He suggested the Task Force determine the type of water system it wants, and pointed out the Jefferson County fire ordinance requires a system with fire protection. He said neighboring counties do not require fire protection.

Mr. Burba discussed Senate Bill 175, passed by the 1988 General Assembly. This bill offers water extension financing by the apportionment method, but as yet has not been utilized. He suggested the city, water company, and county address some of the uncertainties in the bill so that residents will be willing to petition for a water main using that particular means of financing.

Mr. Burba said that a major transmission facility must be located in the southeastern corner of Jefferson County. This brought about discussion of forming a new water district, possibly a suburban district. Mr. Burba was asked to get information regarding funding entitlement if a new district is created.

Mr. Burba cautioned the Task Force to rely only on data provided by an independent source, but estimated that there are approximately 3,758 housing units without water service. Of those, about 485 have water mains available to them. Therefore, about twelve percent of those without water service need only to connect to the main. He then discussed the issues before the Task Force, those being (1) what type of water service should be provided; (2) amount of fire protection which should be available; whether the system should serve only current residents or be designed for growth; and financing and connection considerations.

Representative Clark suggested that Gary Larimore, Kentucky Rural Water Association, address the Task Force. Mr. Burba said he would be glad to contact Mr. Larimore, but reminded the members that Farmers Home money and many state funds are not available to Jefferson County because they are earmarked for industrial development in small rural areas.

Judge Armstrong suggested that LRC staff can assist in determining the parameters of state law on the issues. He also asked for assistance from Louisville Water Company.

Mayor Abramson discussed the agenda for the next meeting, and asked LRC staff to arrange a meeting schedule for future meetings. No further business was brought before the Task Force, and the meeting was adjourned at 4:15 p.m.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Second Meeting
of the 1990-91 Interim

September 11, 1990

The second meeting of the Task Force on Extension of Water Service in Jefferson County was held on Tuesday, September 11, 1990, at 1:30 p.m. in the County Judge's Conference Room, Jefferson County Courthouse, Louisville, Kentucky. County Judge/Executive David Armstrong, Co-Chairman, called the meeting to order, and called the roll.

Present were:

Members: Senator Tim Shaughnessy, Representatives Larry Clark and Bob Heleringer, County Judge/Executive David Armstrong, Mayor Jerry Abramson, Foster Burba, Reba Doutrick, Irv Maze, Melissa Mershon, Doug Taylor, and Glynn Vogedes.

Guests: Senator Eugene Stuart; Joan Riehm and Tim Firkins, Mayor's Office; Evelyn Waldrop, Mary McCarthy and Greg Dearing, Jefferson County Judge/Executive's Office; Marilyn Eaton, Kentucky Infrastructure Authority; David Hulefeld, Louisville-Jefferson County Planning Commission; John Huber, Louisville Water Company; Dr. David Allen and Clark Bledsoe, Louisville-Jefferson County Health Department; Bruce Seigle and Bud Schardein, Metropolitan Sewer District (MSD); Tom Stockton, Jefferson County Public Works & Transportation Division; and Francene Shepard, Speaker's Office.

LRC Staff: John Schaaf, Gerard Donovan and Mac Lewis.

Press: Lawrence Muhammad, Courier-Journal; Mike Edgerly, Ken Bradley, WDRB-TV; Rob Patterson, Community Standard.

Welcoming remarks were made by Judge Armstrong. Motion was made by Judge Armstrong to approve the minutes of the previous meeting and the motion passed with no objection.

Judge Armstrong introduced Marilyn Eaton of the Kentucky Infrastructure Authority (KIA). Ms. Eaton discussed possible sources of financing for the extension of water services. KIA does not have a suitable grant program for extension of water service in Jefferson County, but it does have a loan program, the Governmental Agencies Program, which is available. Ms. Eaton said this program could be used if the extension work is done through the existing water company or by setting up water districts. The state would issue revenue bonds, loan the money to the local governments to be repaid by them at an annual rate of 7.6 percent to 8 percent over a period of 20 years.

Ms. Eaton said there might be no advantage in getting the loan through the KIA, because Louisville's credit rating is AA and he

city could issue its own bonds for the project. John Huber asked if there was a variable loan available through the KIA, and Ms. Eaton said the KIA had not done variable rate loans. She also said there would be a mortgage on water company facilities if a loan was handled through the KIA.

Ms. Eaton discussed the availability of Community Development Block Grant money through the U.S. Department of Housing and Urban Development. She said the eligibility requirements, including proof of a national objective, benefit to low or moderate income people, prevention of slums and blight, or urgent need, might be difficult for a water extension project to meet.

Ms. Eaton discussed the possibility that an extension project would be eligible for a Farmers Home Administration (FHA) loan. To set up an FHA loan, the FHA must determine whether the area is urban or rural, with a 10,000 population limit. Setting up a separate water district might solve this problem. John Huber said he had discussed the extension of water service with the FHA and was told the entire project would not fit FHA criteria, but selected areas might. The FHA must examine the area to determine if it is "rural" and meets the income criteria. FHA loan funds are available at a market rate of 7 1/8 percent. However, Mr. Huber said he thinks there may be other competitive funding programs which have fewer restrictions than the FHA programs.

David Hulefeld, Louisville-Jefferson County Planning Commission, distributed a booklet of maps to which he and later speakers referred. He said he wanted to put the issue of extension of water lines into the context of other essential services for development. He said development depends on three services: adequate roads, a method of disposing of waste water, and a supply of drinking water. He said there are 22 sites not receiving water which are located within existing water service areas.

Mr. Hulefeld said 30 percent of the county, or an area of 114 square miles does not have public water. Most of the areas not currently served are relatively affluent, with a median annual income over \$19,000 per household, well above FHA standards. He also pointed out that new development in the county seems to be a "redistribution" of current residents, rather than a growth of population, so services are being provided to people who have already had services provided in another location within the county.

Mr. Hulefeld said the Planning Commission recommends a system of ranking areas which need water services. The Commission thinks the highest priorities should be given to those 22 pockets which are not currently served but are located within the areas of water service, followed by the areas generally west of the Floyds Fork Corridor, including all areas inside the Snyder Freeway, and finally the clusters of existing population or new developments in other areas. Mr. Hulefeld said some policy matters which should be considered are: determining whether subsidies could be made available to lower income residents in the priority areas; extending water lines in conjunction with measures to assure adequate sewage

disposal and roads in areas receiving water line extension; and extending water lines in a manner compatible with recommendations for low density development.

John Huber said the Louisville Water Company has commissioned a study by GRW Consulting Engineers to determine the cost of serving the "pockets" and other areas not currently served. He said preliminary figures show that these pockets contain 250 residences. These residences are in fairly high density areas with less construction necessary and would therefore be cheaper to serve than the remainder of the areas not currently served.

Dr. David Allen, Executive Director of the Louisville-Jefferson County Health Department, stressed the significance of clean drinking water and appropriate sewage removal for health. He said the people who do not receive public water are currently served by three methods: cisterns, wells, and hauled water. If a home is on any subsurface sewage system, that sewage system can contribute to pollution of ground water.

Dr. Allen said the Health Department tests 400 wells a year and about 40 percent of them are contaminated with bacteria. Since 1980, the Health Department has found significant chemical and bacteriological contamination. The Board of Health recommends that people drink treated water and recommends against using untreated well water. He said the Board of Health advocates a long range plan that would expand the sewer system with an expansion of the water system.

Bruce Seigle, of the Metropolitan Sewer District, discussed four waste treatment plants owned by MSD and two subregional plants which MSD plans to set up. MSD's primary policy is to provide services to those areas already developed, and then to other areas based on developers' needs or as the requirements dictate. Usually, MSD is approached by potential customers, often by a petition. Next, MSD does a study to determine estimated costs, and then the residents vote on whether they want sewer service.

Mr. Seigle said the residents of the area pay up to 75 to 80 percent of actual costs for sewage lines that go into an area. Residents do not pay for extraordinary costs, such as when construction goes through rock. The average cost for sewers runs between \$4,000 and \$5,000 per household.

Mr. Seigle said MSD has identified over \$50 million worth of sewer work which is needed in existing neighborhoods, but only \$25 million is available for construction. MSD's current plan is to take money received from new construction on high priority projects and funnel it back into future work.

Mr. Seigle said developers usually extend the sewer lines in newly developed areas, and when development gets there before the sewer lines do, interim treatment plants are used. MSD, the Planning Commission and the Health Department have developed a specific policy regarding the priorities to serve new development. He said

the first priority is to hook up the new area to the regional MSD system; the next priority would be to hook it up to a small MSD-owned plant; third would be hooking up to an existing plant, even if it's private; and lastly, allowing it to provide its own on-site treatment.

Mr. Seigle discussed the twenty-two areas previously mentioned as not having water service, although they are located within water service areas. He said eight of the areas could be served by MSD in a relatively short time, five could be served in a longer period of time because sewers are not readily available, there are two in development areas, and seven which there are no plans to serve, generally those on the river.

Mr. Seigle said MSD is concerned that if water service is made available in large, undeveloped areas, the chances of new development are increased, creating pressure to build small sewage treatment plants, causing a proliferation of such plants, as occurred in the 1950's and 1960's. Also, dense development could lead to worsening pollution of area streams and threaten wetlands. Mr. Seigle said MSD's obligation is to provide wastewater treatment to those areas of Jefferson County that are already developed. MSD must provide service in a cost effective and orderly manner. He said MSD believes that new development should occur in areas that have the infrastructure to support the development, and MSD recommends planned growth which is controlled.

Tom Stockton, Jefferson County Public Works and Transportation Division, discussed the plans for road construction in developing areas of the county which do not have water service. He said the majority of the most needed roads are within the Snyder Freeway and are being developed in conjunction with the state's six-year road plan.

No further business was brought before the Task Force and the meeting was adjourned at 3:15 p.m.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Third Meeting
of the 1990-91 Interim

October 10, 1990

The third meeting of the Task Force on Extension of Water Service in Jefferson County was held on Wednesday, October 10, 1990, at 10 a.m. in the County Judge's Conference Room, Jefferson County Courthouse, Louisville, Kentucky. County Judge/Executive David Armstrong, Co-Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy, Representatives Larry Clark and Bob Heleringer, County Judge/Executive David Armstrong, Joan Riehm, Reba Doutrick, Irv Maze, and Doug Taylor.

Guests: Senator Eugene Stuart; Evelyn Waldrop, Mary McCarthy and Greg Dearing, County Judge/Executive's Office; Tim Firkins, Mayor's Office; John Huber and Greg Heitzman, Louisville Water Company; Lyle F. Wolf, Ralph Johanson, Glen Ellmers, Angela Chamberlin, and Jill Carr, GRW Engineers; David Hulefeld, Louisville-Jefferson County Planning Commission; Francene Shepard, Speaker's Office; Robert T. Harrod and J. Todd Switzer, KACO; Tom Underwood, Kentucky Fire Sprinkler Contractors Association; and Norbert Blume.

LRC Staff: John Schaaf, Gerard Donovan and Mac Lewis.

Press: Mike Edgerly and Ken Bradley, WDRB-TV; Patrick Howington, Courier-Journal; Rob Patterson, Community Standard; and personnel from WAVE-TV.

Welcoming remarks were made by Judge/Executive Armstrong. Motion was made by Senator Tim Shaughnessy to approve the minutes of the previous meeting, Reba Doutrick seconded and the motion passed without objection.

Judge/Executive Armstrong said GRW Engineers, Inc. had prepared a report for the Louisville Water Company on extension of water service. John Huber said GRW was hired to give factual cost data and other information relating to extension and he introduced Lyle Wolf, President of GRW, to present the report.

Mr. Wolf introduced Ralph Johanson, vice-president of GRW's Louisville office, and Glen Ellmers, project manager of the Louisville office and said they had prepared most of the report. Mr. Wolf said GRW traveled the water lines of Jefferson County to find all houses without water service.

Mr. Wolf said as of July, 1990 there were 3258 customers not served by water lines from the Louisville Water Company. The unserved customers were divided into zones, and the zones were analyzed individually for cost and access. Mr. Wolf explained the interior of the county is Zone 5, and the rural areas are Zones 1-4.

Mr. Wolf said GRW designed the study with two alternative systems, urban and rural, to give the Task Force options to compare. Both systems were designed without consideration of future growth and development, but GRW and the Louisville Water Company both stressed that growth and development should be considered by the Task Force, or similar extension problems would occur in future years.

Mr. Wolf said the urban system was based on residential demand plus fire flow, 100 percent sign-up, thick wall PVC pipe, sized for fire flow, pipe buried 42 inches deep, and fire hydrants. The rural system was based on residential demand, 100 percent sign up, thin wall PVC pipe, not sized for fire flow, pipe buried 36 inches deep, and no fire hydrants.

Mr. Wolf said there have been three surveys conducted relating to water service extension in Louisville: a 1988 Louisville Water Company survey, a 1990 Louisville Water Company survey, and a 1990 GRW literature search for similar situations in other cities. Of the 40 cities surveyed, Mr. Wolf said the consensus for extending service has been that "growth pays its own way". Mr. Huber said he would bring in the three studies in order to give the Task Force more details. Mr. Wolf said existing customers who are already served are willing to pay maintenance and upkeep on their current water service but are not willing to pay for extension to customers who do not have service.

The GRW study estimated it would cost \$45 million for an urban system to serve the 3258 currently unserved homes, or \$31.7 million for a rural system. These figures translate to an estimated average cost of \$13,800 per household for the urban system, and \$9,700 per household for the rural system.

Mr. Wolf said GRW has generally found that customers don't want to sign on for water service if the cost is more than \$5,000 per household, or if the water bill would be more than \$50 per month. He said only Zone 5 in Jefferson County could get extension completed at these costs. Extension work in the other areas of the county would have to be subsidized with grants or loans to reach a level which customers could afford.

Mr. Wolf said that under GRW's cost estimates, the monthly water bill for a household in a new urban system would be \$115, if none of the cost was subsidized. Without any subsidy, the rural system would cost \$82 per month. He said those amounts would be paid permanently, and not just for a specific term of years.

Mr. Wolf said the Task Force should look closely at funding, and he suggested several options to help fund extension of service:

Jefferson County could help pay for it; Community Development Block Grants; Kentucky Association of Counties; City of Louisville; Kentucky League of Cities; Commonwealth of Kentucky; Farmers Home Administration; Economic Development Administration; Fire Districts; Kentucky Infrastructure Revolving Loan; bank loans; and private financing.

Mr. Wolf said GRW had reviewed the three priority areas discussed at the Task Force's previous meeting and examined service costs for each area. The first priority, the pockets of unserved customers located within existing water service areas, contains 260 customers to whom it would cost \$1,484,900 to extend service. The average cost per household would be \$5,711.15. For priority two, the areas in Jefferson County located along the Snyder Freeway and west of Floyds Fork, the cost would range from \$9,008.14 to \$15,928.12 per household, with an average of \$12,404.58 each. The third priority area, the southwest corner of the county and areas east of Floyds Fork, would average \$17,076 per household.

Representative Heleringer asked whether the additional monies generated by the new customers had been estimated. Mr. Huber said the average water bill is a little less than \$10 per month, or less than \$120 per year. He said the total revenue generated by new customers would be approximately \$391,000 a year. That is based on consumption of 6,000 gallons of water per month, which is the average use per household.

Mr. Wolf said construction prices for extension depended on various considerations such as the amount of rock where pipe is placed, thickness of pipe, and depth at which the pipe is placed. Mr. Huber said all the piping now was thick walled, and existing systems are built for 100 year life.

Judge/Executive Armstrong asked about the difference between the \$60 million estimated cost the Louisville Water Company had initially given several months ago, and the \$45 million GRW was now estimating for total extension costs. Mr. Wolf said there is no growth figured in the GRW survey, there is a difference in the depth of the pipes to be used, and there is a difference in the amount of rock estimated to be blocking the placement of pipe.

Joan Riehm said it is important to note that the \$45 million figure is the lowest estimate of extension costs. Mr. Huber said it is not a good investment for the community to build a system without anticipation of population growth and new development.

Doug Taylor said Florida is an example of a state which requires developers to pay for all extension of services to new areas. He said housing in the Louisville area is cheap, but such a policy would make it cost more. Commissioner Maze said there is controlled growth now, with the planning commission requiring developers to pay for traffic signals, and any extensions of roads.

Mr. Huber said the Louisville Water Company currently has several different ways to finance water extension. The most popular

method is surcharge extension, where the water company advances the cost of extension and the customer pays back over 60 months the money advanced by the company. He said customers will pay more than the previously mentioned \$50 per month because they know the payments will end after five years.

Judge/Executive Armstrong said the Task Force needs to examine the issues, discuss options and begin to make plans. To review the current extension plans of the Louisville Water Company, Mr. Huber said he would bring the five-year capital construction plan, along with information of the Company's escrow account to the Task Force's next meeting.

Mr. Huber said the Water Company had paid for the original study by GRW at a cost of \$88,000. He asked whether the \$24,000 cost estimate that is found in the resolution creating the Task Force could be used to pay for some of GRW's upcoming work. Mr. Huber said the Louisville Water Company would pay for it up to this point, but the Company wanted the Legislative Research Commission to pay part of the future costs. Commissioner Maze made a motion to submit the question to Legislative Research Commission, but the motion failed for lack of a second.

No further business was brought before the Task Force and the meeting was adjourned at 11:45 p.m.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Fourth Meeting
of the 1990-91 Interim

October 23, 1990

The fourth meeting of the Task Force on Extension of Water Service in Jefferson County was held on Tuesday, October 23, 1990 at 1:30 p.m., in the Mayor's Conference Room, City Hall, Louisville, Kentucky. Mayor Jerry Abramson, Co-Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy; Representatives Larry Clark and Bob Heleringer; Mayor Jerry Abramson, Co-Chairman; County Judge/Executive David Armstrong, Co-Chairman; Foster Burba; Reba Doutrick; Irv Maze; Melissa Mershon; and Glenn Vogedes.

Guests: Senator Eugene Stuart; Evelyn Waldrop, Mary McCarthy and Greg Dearing, County Judge/Executive's Office; Joan Riehm and Tim Firkins, Mayor's Office; John Huber and Greg Heitzman, Louisville Water Company; Lyle F. Wolf, Ralph Johanson, and Angela Chamberlin, GRW Engineers; Francene Shepard, Speaker's Office; Robert T. Harrod, Kentucky Association of Counties; Sylvia Lovely and Fred Miller, Kentucky League of Cities; John R. O'Connor and Christie LeMay, Kentucky Fire Sprinkler Contractors Association; Jim Smith and Ken Quire, Jefferson County Public Protection; Paul Barth, Jefferson County Fire Chiefs; and Norbert Blume.

LRC Staff: John Schaaf, Gerard Donovan, and Mac Lewis.

Press: Tony Hyatt, WDRB-TV; Dave Nakdimen and Brad Goss, WAVE-TV; and Patrick Howington, Courier-Journal.

Welcoming remarks were made by Mayor Jerry Abramson. Mayor Abramson asked John Huber, Louisville Water Company, and Lyle Wolf, GRW, to address issues and questions remaining from the previous meeting.

Mr. Huber first addressed the issue of the Water Company's sale of water to other counties when Jefferson County is not yet fully served. Mr. Huber said the Water Company has expended no capital funds since 1975 to serve water districts and utilities outside Jefferson County. Surrounding counties acquire water from wholesale meters at the county line. These water districts pay for extension necessary to procure service at the county line and the Water Company pays for any increase in the size of pipe which is needed to serve Jefferson County customers along the pipeline route. The three water districts served before 1975 all helped finance the work necessary to supply them with water, although the Water Company paid part of the costs.

Mr. Huber then addressed a second concern of the Task Force by saying the increase in water rates over the past years has followed the cost of inflation. He said rates in the city of Louisville are the fourth lowest of 10 comparable cities in the area, and the rates paid in Jefferson County outside the city are the second lowest of the 10 areas.

Mr. Huber also addressed the issue of the Water Company's construction escrow account. He said construction requirements necessary to meet existing water needs will cut considerably into any reserve, so by 1996 the Water Company will have to borrow funds to pay for all capital requirements in the updated five-year plan.

Mr. Wolf said that according to the North Carolina study of extension practices around the nation, the key is equity between existing residents and new residents to be served by extension. Mr. Wolf said the study indicated the trend is for existing customers to pay for their own maintenance and service, with any new extensions paid for by the newly-served customers.

Ralph Johanson said GRW polled nine cities of similar circumstances to see what they have done in similar cases. In most cases, growth paid for itself. One exception is Nashville, an urban-county government which had a \$30 million water expansion. Half of the project was for upgrading smaller existing lines, and half was for extension of service to new customers. The project was financed by a bond issue. Mr. Wolf said GRW had done a quick estimate to allow for growth in its calculation of the costs of extending service in Jefferson County. The total with growth would be \$58,268,000, or \$17,800 per customer for the 3,258 unserved customers.

Mayor Abramson began a review of the three priority areas for extension which were suggested at a previous meeting by the city-county planning commission. He said the cost for extension of service in the "priority one" area would be about \$1.4 million, "priority two" would be about \$24 million, and "priority three", the outlying areas of the county, would cost about \$23 million for extension. Glenn Vogedes made a motion to accept the priorities set forth by the planning commission as the working plan. Alderman Mershon seconded the motion. The motion was approved by voice vote.

It was unanimously agreed that priority one would be an urban system. Representative Clark said priority two needs to be a mixture of rural and urban because of the high cost. Senator Shaughnessy said priority two is a high growth area and water lines should be put in this area with that in mind. Mr. Huber agreed priority two is a high growth area and said if the lines were not put in now they would need to be replaced in a very short time.

Judge/Executive Armstrong said the area did have strong industrial development potential and with water service, industries would be encouraged to settle there and produce new jobs and new occupational tax revenue. He said the water system in the area

should be an urban system. Representative Clark agreed it should be as urban as possible. Commissioner Maze said priority three should have a rural system, with urban characteristics when it is affordable. Mr. Vogedes agreed, but he stressed using a case by case method, so there would be no major subdivisions without sufficient water for fire protection.

Mayor Abramson said that, in the case of new development, developers should handle the majority of the cost. The builders in priority three would be told that they were last on the list to get water extensions, because of the high cost and low density of people.

Representative Heleringer said a case by case review may not comply with the resolution establishing the Task Force. He said there should be a definite time frame set up to serve the people in the priority three area. He asked how many unserved people were in each priority area. Mayor Abramson said there are 260 unserved households in priority one, 1635 in priority two and 1363 in priority three.

Representative Clark said the Task Force resolution required a timetable for the extension of water service. He said when the final report is written, the priorities of one and two should be included, and the long-range plan would be to extend service to priority three. Mayor Abramson asked the Water Company and GRW to focus on the most cost effective way to get service to the most people in the priority three area, using a rural system.

Mayor Abramson then asked for discussion on whether 100 percent of customers should be required to sign up. Senator Shaughnessy suggested a system similar to MSD's, where if a majority of residents in an area wanted water, all residents would be required to hook up. Representative Heleringer said people should be told in advance what the service would cost with 100 percent participation, and the cost without full participation.

Mayor Abramson suggested using a triggering mechanism that would be activated at "50 percent plus one" of the residents. If the majority on a street wants water service, everyone on the street would get water service. Reba Doutrick said MSD gives the maximum cost for service and then people on a street vote on being hooked up. Mayor Abramson asked Mr. Huber and the Water Company to come up with options for the voting which would insure fairness.

Mayor Abramson introduced Sylvia Lovely, from the Kentucky League of Cities; and Bob Harrod, Kentucky Association of Counties; who were there to discuss funding options. Ms. Lovely said in 1988, bond pools were authorized by Congress to give cities and counties low cost loans for purposes such as water extension. These pools could earn arbitrage interest, which is the difference between the bond rate paid to bondholders and what can be obtained in investments. The League of Cities has a bond pool which they use to make loans to cities. The League has a fixed rate program and a variable floating rate program and can serve cities and organizations which serve cities.

Ms. Lovely said the loan particulars would work well for the type of water service extension being studied by the Task Force. The variable rates are the lowest available in the market place, because there is no risk factor built in for long-term financing. The bonds are at 5.7 to 6 percent. She said there is no cap on the full variable loan, but the highest rate was 8 percent in 1982, when the prime rate was 17 percent. There is an unlimited borrowing amount, up to the \$120 million borrowing limit. The fixed rate is around 7 percent for a 20 year loan.

Mayor Abramson introduced Bob Harrod of the Kentucky Association of Counties. Mr. Harrod said the KACO loan is identical to the League of Cities loan. Earlier this year, KACO issued a loan to MSD for \$25 million, so they have experience with the utility business in Louisville. He said KACO could serve counties and special districts of counties, and would not be eligible to lend money unless the county is a participant.

Mayor Abramson asked Mr. Huber to offer the Water Company's ideas on raising money for extension. Mr. Huber said the Water Company staff is reviewing several alternatives related to the unserved areas, but noted that the alternatives had not yet been discussed with the Water Company Board. He said the staff is looking at options to advance up to \$10 million over the next five to 10 years to assist getting water into the unserved areas. He said the funds would be additions to the Company's 1990 capital program.

Evelyn Waldrop said she is working with Mr. Huber and the Water Company to develop language that is acceptable to Housing and Urban Development (HUD) for Community Development Block Grants. CDBG money would be used to enable low-income families to have water lines extended to their property.

Mayor Abramson said there is an issue concerning low income people. He said the Task Force should look at some arrangement whereby people who could afford to pay for extension pay, and those who could not would be subsidized. Mr. Huber said if subsidies are given, they should come through the government and not the Louisville Water Company, because the Water Company is not set up to handle subsidies.

Mayor Abramson asked Mr. Vogedes if there is funding the fire protection districts could offer. Mr. Vogedes said it would be difficult because funding is tight. He suggested a funding method which would use future investment by developers to pay for past development. Developers would pay for the lines going in and this new money would roll into the fund to be used for future development.

Senator Neal suggested using the low interest funding from the League of Cities and the \$10 million from the Water Company, and letting the monies accumulate to pay the Water Company back and try to crunch the numbers to keep the surcharge payments smaller for each household. He said the lower the monthly payment the lesser the effect for each household, and with taxes increasing, individuals

would like smaller amounts. The aim would be to keep monthly costs low and still not heavily impact the existing customers.

It was decided that the next meeting would focus on funding options and debate what would be the best ways to handle the financing issues.

No further business was brought before the Task Force and the meeting was adjourned at 3:15 p.m.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Fifth Meeting
of the 1990-91 Interim

November 19, 1990

The fifth meeting of the Task Force on Extension of Water Service in Jefferson County was held on Monday, November 19, 1990 at 10 a.m., in the County Judge's Conference Room, Jefferson County Courthouse, Louisville, Kentucky. County Judge/Executive David Armstrong, Co-Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy; Representatives Larry Clark and Bob Heleringer; Mayor Jerry Abramson, Co-Chairman; County Judge/Executive David Armstrong, Co-Chairman; Foster Burba, Reba Doutrick, Irv Maze, Doug Taylor, and Glenn Vogedes.

Guests: Evelyn Waldrop and Greg Dearing, County Judge/Executive's Office; Joan Riehm and Tim Firkins, Mayor's Office; John Huber and Greg Heitzman, Louisville Water Company; David Hulefeld, Louisville-Jefferson County Planning Commission; Ralph Johanson, and Angela Chamberlin, GRW Engineers; Francene Shepard, Speaker's Office; John R. O'Connor and Christie LeMay, Kentucky Fire Sprinkler Contractors Association; and Norbert Blume.

LRC Staff: John Schaaf, Gerard Donovan, and Mac Lewis.

Press: Patrick Howington, Courier-Journal.

Welcoming remarks were made by County Judge/Executive David Armstrong, and the minutes were unanimously approved. John Huber of the Louisville Water Company was invited to present the Water Company's concept paper on extension of water service.

Mr. Huber began by explaining that the Water Company defines a "public road" as a state road, a county "through road", or any road maintained by the County as of July 1, 1990. Any other road would be considered a private road and would not be included in the Task Force's plans for extension of service. If households on these private roads are interested in water extension, the benefitting property owners would have to request extension and pay the entire cost.

Mr. Huber said 13 to 14 percent of the previously estimated cost of water service extension involves households located on private roads. Senator Shaughnessy and Representative Heleringer said they would like to know how many private roads there are and where these roads are located before those people are excluded from the extension plan. Representative Heleringer said he was concerned

about the cutoff date of July 1, 1990, because anyone who now wants to have their road dedicated in order to avail themselves of the proposed water extension could not do it. There was discussion about whether this date should be changed to allow residents to apply for dedication of their road as a county road. The Water Company's position was that the first commitment of funds for extension should be to those people already on public roads. Mr. Huber said the Water Company believes that if water mains along private roads are subsidized, the property owners have a windfall of benefits. Representative Heleringer said the property owners along private roads should be given the chance to bring their roads into the public system to take advantage of this water extension plan. He said the County Government would still have the last word on which roads would be dedicated.

Major Vogedes said by using GRW's listing and figures, taking the private roads out of the extension plan would save approximately \$5 million. Representative Clark moved that the Task Force accept the language in the Water Company's concept paper relating to private roads, including the July 1, 1990 cutoff. The motion was seconded by Ms. Doutrick. Mr. Taylor moved to amend the motion to change the cutoff date to July 1, 1991, and Senator Shaughnessy seconded the proposed amendment. The amendment failed on a show of hands. The Task Force then approved the original motion to accept the concept paper's language that water main extensions along private roads would be solely at the cost of the benefitting residents and not part of the extension plan.

Mr. Huber said in the Priority One area, the unserved pockets in the existing service area, the Water Company proposes that the residents fund the basic required size mains that it takes for water extension, usually a six-inch water main. Payment would be through the "surcharge method". If the appropriate number of people petition for the service, the Water Company would build the system, putting up all front-end costs, and then collect a proportionate share from the residents for 60 months interest free. Mr. Huber said 75 percent of the households on a street currently need to petition to get city water. The Water Company proposes to amend this participation requirement and lower it to 51 percent. Mr. Huber said this meant the Water Company could be carrying the interest and the cost for up to 49 percent of the customers. If a larger water main is required to support system growth and hydraulic requirements, the Water Company will pay the additional costs.

In the Priority Two area, Mr. Huber said the Water Company decided the most effective way to serve its potential customers was to spend \$10 million within the next seven years to build a "backbone" system that would support future growth and extensions. Once the backbone is built, water mains could be extended along existing roadways, using a streamlined "Apportionment Warrant Method" which involves a 20 year, low-interest loan with a lien on each property. Extensions would be made based on "50 percent plus one" of the eligible residents petitioning for extension and property owners would know the up-front costs.

Mr. Huber said current residents who hook up to the backbone system would pay a fair share cost for connecting to the system. The Water Company would base this fair share cost on the average costs that other unserved residents in the Priority Two area will pay to acquire water service. Mr. Huber said that 770 of the 1635 unserved customers in the Priority Two area live along the backbone system. Future residents would also pay a fair share cost which would be at least as much as the existing residents paid to hook on to the system.

Mr. Huber said the Water Company proposes that funds brought in go into a revolving fund that would support growth-related facilities. He said the Water Company has looked at using two other sources of funds to develop the extensions: County sources including CDBG funds for low income households, and the use of KRS 75.080 by the fire districts to install fire hydrants and assess the benefitting property owners. Using the KRS 75.080 funding mechanism could yield \$1.2 million, according to Mr. Huber. Major Vogedes said it would be difficult to use that funding mechanism because there is no system set up to use this statute and it could become a long process for developers. He said he would check with other fire chiefs from the affected districts to get their feelings on using KRS 75.080.

Mr. Huber used charts to illustrate the comparative costs to customers for extension in the Priority Two area. The charts showed the Water Company furnishing \$10 million of the estimated \$26 million cost, and future customers, Jefferson County, and the fire districts furnishing the other \$16 million. The costs were compared using a scenario with 100 percent of the customers signing up, and a second scenario estimating 70 percent of the customers signing up. If the average cost is going to be limited to \$5,000 per household, the Water Company estimates it will need \$8 million dollars from other sources (with 100 percent sign up) and slightly more than \$10 million if only 70 percent sign up.

Mr. Huber said new customers would pay a "System Development Charge". This uses the "growth pays for growth" concept adopted at an earlier meeting. When a developer applied for water service to a lot, they would pay a charge for the three-quarter inch piping which is the size necessary for a single family residence to have water service. If the service is larger than that, the fee would be graduated. Based on the experience of other communities, Mr. Huber said the fee could be expected to be within the range of \$750 to \$1250. Revenue from this charge would go into a revolving fund for growth-related expansion. This would establish a revenue system, to finance growth-related expansion such as transmission mains, and pumping and storage facilities. This revolving fund money would not count toward the dividend the City receives, according to Mr. Huber.

Mr. Huber said the Priority Three area could receive some extension by using the backbone system of the Priority Two area. In these cases, the apportionment warrant method would also be used. The Water Company proposes to take a more comprehensive look at the Priority Three area in five years, to review growth and development

in the area. At that time, the Water Company would determine whether an urban or rural system is appropriate for that area. Major Vogedes said a concern he has is the five-acre lots that are being developed in the Priority Three area. He said there is no requirement for water service for fire protection in developments of five-acre lots. Senator Shaughnessy said developers were creating subdivisions based on five-acre tracts to avoid this requirement.

Representative Clark suggested that the Task Force members take time to review the Water Company's concept paper and be prepared to act on the proposals at the next meeting.

The next meeting of the Task Force will be December 17, 1990 at 10 a.m., at City Hall, in the Mayor's Conference Room. No further business was brought before the Task Force and the meeting was adjourned at Noon.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Sixth Meeting
of the 1990-91 Interim

December 17, 1990

The sixth meeting of the Task Force on Extension of Water Service in Jefferson County was held on December 17, 1990, in the Mayor's Conference Room, City Hall, Louisville, Kentucky. Mayor Jerry Abramson, Co-Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy; Representatives Larry Clark and Bob Heleringer; Mayor Jerry Abramson, Co-Chairman; County Judge/Executive David Armstrong, Co-Chairman; Foster Burba, Reba Doutrick, Irv Maze, Melissa Mershon, Doug Taylor, and Glenn Vogedes.

Guests: Senator Eugene Stuart; Joan Riehm, Tim Firkins and Kathleen Partlow, Mayor's office; Evelyn Waldrop and Greg Dearing, County Judge/Executive's office; John Huber and Greg Heitzman, Louisville Water Company; David Hulefeld, Louisville-Jefferson County Planning Commission; Francene Shepard, Speaker's Office; Angela Chamberlin and Ralph Johanson, GRW Engineers, Inc.; and Norbert Blume.

LRC Staff: John Schaaf, Gerard Donovan, and Mac Lewis.

Press: Neil Johnsen, WLKY-TV News; John Asher, WHAS Radio; Dale Mader and Allison Bell, WAVE-TV; Bill Tingley, WDRB-TV; Frank Hudson, WHAS-TV; and Patrick Howington, Courier-Journal.

Welcoming remarks were made by Mayor Abramson, and the minutes were unanimously approved. The Mayor opened discussion on the preliminary draft of the Task Force's final report. He started with the proposed recommendations, beginning on page 8 of the report.

The Task Force agreed to concentrate on extending water service in the areas designated as Priority 1 and Priority 2. The Priority 1 area is comprised of the streets currently without water service contained within the developed urban area. The Priority 2 area is the area where there are compatible future plans for sewer system development, upgrading of roads, and other infrastructure components. The Priority 3 area is the remainder of the unserved portion of the county and extension in that area will follow expansion in Areas 1 and 2.

For the Priority 1 and 2 areas, the Task Force agreed on an urban water supply system which will support future growth. The Task Force deferred any specific recommendation on the type of system for the Priority 3 area because development patterns in the area cannot

be forecast at this time.

The Task Force agreed that if 50 percent plus one of eligible property owners in an area wanted water, all property owners fronting the water main would be required to participate in the cost of the extension. Senator Shaughnessy expressed a concern about situations where a developer could come in and essentially make the decision instead of the people who had been there for years. The Task Force decided if the word "resident" was used, the burden might be on renters who would not have anything on which to place a lien. Representative Clark pointed out that the Task Force's recommendations should be consistent with the Metropolitan Sewer District (MSD), which uses "property owners." Mr. Taylor made the motion to accept the change of the term "resident" as originally written, replacing it with the term "property owner." It passed by voice vote with objection by Senator Shaughnessy.

The Task Force decided that extension on private roads would be paid for by benefitting residents, as is current Louisville Water Company policy. Representative Heleringer asked how many private roads would be affected. He was told that Exhibit 2 in the report shows the private roads in Jefferson County. Representative Heleringer said he would like to be shown as voting no on the motion that was voted on last meeting which excluded private roads from the extension plan. Mayor Abramson called for a vote approving section 4-a, setting the date at July 1, 1990, as the cut-off date for public roads. It passed by voice vote with Representative Heleringer voting no.

The Task Force then discussed extension in the Priority 1 Area. Under the recommendation, residents would fund the required size water main with the surcharge method, by a five year, no-interest loan from the Water Company. Resident participation would be set at 51 percent. Jefferson County will work to assist lower income individuals through Community Development Block Grants. Motion was made to accept the recommendations of 4-b, relating to extension in the Priority 1 Area. It passed unanimously by voice vote.

The Task Force then addressed extension in the Priority 2 Area. The Water Company will build a \$10 million backbone system. The residents would have to petition in order to get the process underway. Senator Shaughnessy asked about the "fair share costs" by people connecting to the system. Mr. Huber said people who connected on the backbone should have to pay the same as others not on the backbone. Future properties would pay a connection fee of at least as much as those paid by existing properties, plus a system development charge.

Mr. Huber further explained that there would be two different plans for people to extend their water service. The first would be customers that are there now who want to tap on to the backbone system built by the Water Company. This would be a "fair share cost." If, in the future, someone wants to join the system, they would pay a system development charge of \$750 to \$1250 and the connection fee.

Mayor Abramson made a motion to amend section 4-c, paragraph 4, to say that future properties (homes constructed after July 1, 1990), taking services directly from the backbone system or the remainder of the system constructed under this program would pay a connection fee at least as much as that paid by existing properties. The amendment passed unanimously by voice vote.

The Task Force next looked at section 4-d, relating to the system development charge. Mr. Huber said anyone who builds a new home would be considered a developer. Representative Heleringer asked whether this would include families that divided up their land and built on it. Mr. Huber said it would. Representative Clark asked whether this would cover five acre lots that were being subdivided. He was told yes, that the five acres was set by the Health Department for percolation problems.

David Hulefeld, Louisville-Jefferson County Planning Commission, was asked to draft a recommendation that would cover the concern over the five acre lots. Representative Clark wanted the planning commission to make sure that future developments were set up with proper infrastructure.

Senator Shaughnessy asked for further information about the system development charge. He asked about a scenario where everyone there now will pay \$6,000. If he builds a house in two years, he would pay \$6,000 plus the system development charge. The system development charge goes into the revolving fund, and the \$6,000 goes to pay off the original costs. Senator Shaughnessy asked at what point would the original costs be paid off. Mr. Huber replied the original costs would probably never be paid off.

Senator Shaughnessy commended the Water Company for their initiative in coming forward with this plan. He said he wanted to be sure that the money generated in the revolving fund would be enough to pay for future development, so there would not be any need to come back in the future. He said he wants to be sure the Priority 3 Area would be taken care of.

Representative Heleringer asked whether a family that gave part of their property to a son or daughter would pay the connection fee, and the system development charge. Mr. Huber said they would.

Representative Heleringer moved that the proposal should be amended to say that this fee shall not apply to residents deeding part of their property (owned as of July 1, 1990) to other immediate family members, who then construct a primary residence there for their personal use. Representative Clark expressed his concern that costs would increase because these individuals were not going to have to pay the system development charge. Mr. Taylor asked how long the children would have to live in the house before they could sell the house and develop the land. Senator Shaughnessy amended the motion to add a five year requirement. The motion failed by voice vote, with Senator Shaughnessy and Representative Heleringer voting in favor.

Mayor Abramson called for a vote on the recommendation 4 a-d, to clarify the approval of those sections, as amended. They were passed by voice vote with Senator Shaughnessy and Representative Heleringer voting no.

The Task Force next addressed Section 4-e. Representative Clark recommended amending the report to have the Water Company review the growth and development in the Priority 3 Area and report to the Mayor and County Judge/Executive. County Judge/Executive Armstrong wanted this done in three years. Representative Heleringer suggested the report also be sent to the Jefferson County Legislative Delegation. In three years, there will be an examination of what the Task Force had done, where the water extension is headed and what could be done to extend service into Priority 3. Motion was made to change the term from five to three years, and was unanimously approved. Motion was made to report to the Mayor, Jefferson County Delegation and the County Judge/Executive. Section 4-e, paragraph 2 will now read: In three years, the Louisville Water Company will review growth and development in the area and report to the City, County and the Jefferson County Delegation. This language was approved unanimously by voice vote.

Representative Clark made the motion to add a section into the report which said the Task Force recommends that the Louisville-Jefferson County Planning Commission address concerns about the redevelopment of five-acre subdivisions at higher densities. This may take the form of a policy, addressed in the update of the Comprehensive Plan, that five-acre subdivisions outside of environmentally constrained areas or recommended scenic corridors be designed for an ultimate density consistent with existing zoning. The motion was approved unanimously on a voice vote and the language is to be inserted into the report after section 4-d.

The Task Force asked Mr. Huber about any way that a ceiling could be placed on customer costs for water extension. Mr. Huber said if all residents in Priority 2 Area sign up for water service a ceiling could be set at \$5,886. Mr. Huber said the only additional cost would be getting the water service to the house from the road. The estimated cost for this is five dollars per lineal foot. Taking the piping through the wall could add additional expense, which the Water Company estimates at \$100.

The Task Force addressed Proposals A and B, Water Service to Existing Unserved Customers, presented by the Water Company. There were seven alternative versions of funding for the Task Force to examine. Each proposal divided into figures for Water Company growth, Water Company Backbone, and other funding, which included Jefferson County funds, Fire District Funds, etc. Alternative I included \$4 million in "other" funding and resulted in an average cost to customers of \$5,886. Alternative IV had no subsidies and had the average cost to customers as \$14,595.

County Judge/Executive Armstrong distributed a new proposal, "the Jefferson County Water Line Extension Proposal." The

Judge/Executive developed this proposal because the Fiscal Court had objections to the Water Company's alternatives. The County would start immediately giving funds for eligible families with low income by using CDBG funds, with an estimated cost of \$80,000 per year. Beginning in 1992, \$2 million is earmarked from the County's general fund to support extension. In 1994, CDBG funds will go to extension, for a total of \$4 million over the next five years.

Major Vogedes said the fire districts wanted a change in the County ordinances to allow for further spacing between fire hydrants. He said spacing these hydrants at 750 feet in areas where there were long stretches between homes is wasting money. The old hydrants are at 1000 feet or more. The fire districts could not use KRS 75.080 without changes in legislation. Major Vogedes said the Fire Districts could not give the money out of their general fund because the funds are already spent for upgrading fire protection.

Major Vogedes said he had some estimates on insurance. For a \$100,000 residence built in 1980, a homeowner will pay \$500 a year in home insurance. If there was a fire hydrant within a mile of their home they would pay only \$220 a year. He said this would provide substantial savings.

Ms. Mershon asked who would make up the difference if the \$1.7 million was not available from CD funds because of federal regulations. Senator Neal said if the funds are not there the fire districts may be the answer.

Senator Shaughnessy moved that the Task Force accept Alternative 1 as the framework on which to base the Task Force recommendations. Mayor Abramson said with \$10.5 million coming from the Water Company, and \$4 million coming from County government, as outlined under the Judge/Executive's proposal, the plan was similar to Alternative I. Judge/Executive Armstrong said the County's proposal really stands alone from Alternative I. He said it should be separate from Alternative I.

Mayor Abramson said the vote is actually on the County's concept, regardless of the terminology. He said the concept included \$10.5 million coming from Water Company, a County commitment of \$4 million, the fire districts proposing to extend distances between hydrants, and 100 percent of the people signing up, to bring the average amount of money customers have to pay to about \$5,900. Judge/Executive Armstrong said the County will forego language in its proposal, which requires announcement by the Fiscal Court of extension priorities. The motion then passed by voice vote and was unanimous.

There was a final motion on the floor to have two public hearings sponsored by the Task Force to give the people of Louisville and Jefferson County an opportunity to review and comment on the proposal. The motion passed by voice vote unanimously.

The meeting was adjourned at 12:30 p.m.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Seventh Meeting
of the 1990-91 Interim

February 2, 1991

The seventh meeting of the Task Force on Extension of Water Service in Jefferson County was held on February 2, 1991, at 10 a.m. at the Central Government Center, 7201 Outer Loop, Louisville, Kentucky. Senator Tim Shaughnessy, acting Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy, Representative Larry Clark, Evelyn Waldrop, Joan Riehm, Reba Doutrick, Irv Maze, and Glenn Vogedes.

Guests: Representative Jerry Toby, Earl Stephan, Howard Allen, Richard Arnold, Irene Covington, William F. Moles, Jesse O. Smith, John M. Scherling, Carroll Kidd, Wayne Kidd, Jim Mattingly, Orville W. Jones, George Dentsch, Sheryl Stout, Ray Lenninger, Martha S. Pike, Paul R. Smith, Edward O. Price, Dominic Bosco, Marshall Chasteen, Michael W. Talin, Donald K. Mone, Jim and Letha Rafferty, Howard Haverly, Terri Burch, Charles Mattingly, Mr. and Mrs. Calvin Dickinson, Corene Colebank, Mr. and Mrs. David Durbin, O. D. Mattingly, Don Lattis, Cynthia Burgin, Al Lichsteiner, M. A. McCombs, Erwin C. Fisher, Cecil Davidson, and Jeffrey C. Smith.

LRC Staff: John Schaaf, Gerard Donovan, and Mac Lewis.

Press: Gerald A. Ryan, Courier-Journal; WHAS-TV; and WAVE-TV.

Senator Shaughnessy began by welcoming the guests and describing the reasons for the creation of the Task Force on Extension of Water Service. He said the Task Force established three priority areas for extension of water service, based on factors such as population density and areas where there are compatible plans for sewer extension and upgrading of roads and other utilities. The Priority One area is within the current water service boundaries, Priority Two is the area bordering the current service area, generally a crescent-shaped area along the Snyder Freeway from southern Jefferson County around to the north corner of the county. Priority Three is the remaining area of the county. Senator Shaughnessy introduced John Huber, Louisville Water Company, who explained the Task Force recommendations.

Mr. Huber said the Task Force decided it was premature to make decisions on Priority Three because there are no compatible plans for extensions of other utilities into that area. The Task Force decided an urban water system should be built in Priority Two because it would support future growth. He said an urban system also provides fire protection while a rural system does not. Priority

Three will be examined and its system will be selected when the Planning Commission updates its plan for that area. At that time, the Task Force will reexamine the area and decide whether a rural or urban system would best suit Priority Three.

Mr. Huber said the Task Force discussed the subject of private roads extensively, and decided water mains could be extended along private roads but there could be no public subsidy for that work. He said the Water Company will build a \$10 million backbone system over seven years and Jefferson County will provide four million dollars over five years to subsidize the cost of water extension. He said these funds will make the extension project feasible.

Mr. Huber said residents who add on to the system in the future will pay a fair share cost plus a system development charge of \$750 to \$1,250 which will go into a revolving fund to support future growth. Residents will have the option of financing the \$5,900 estimated cost of water extension through the Water Company at an interest rate of not more than eight percent per year over 20 years.

Senator Shaughnessy opened the floor for comments and questions from the audience.

Ms. Terri Burch said many people in her area could not afford to pay the \$5,900 average cost which was projected by the Water Company. She suggested that all Water Company customers in the county pay a surcharge to lower the costs for those who don't have service.

Mr. Huber said a rural water system might be cheaper to build, but it would not provide for growth and would become outdated. He again mentioned the lack of fire protection in a rural system. He said water systems built in the past were subsidized with many federal grants and funds that are no longer available. Any federal monies available at this time are only available to low income and rural areas. Jefferson County is classified as an urban area, even though many parts of the county are rural. He said people who have water have already paid for it and it is not fair to expect them to pay for others to have water.

Ms. Burch asked if the people paying for extension of service would receive refunds when future customers pay their fair share tap on fee. Senator Shaughnessy said the money from the fair share fee would go into a revolving fund to help finance future growth of the system.

Ms. Burch said she could see development coming in her area and is concerned the Water Company will have a profit windfall. Mr. Huber said according to the recent census there is no growth in Louisville and Jefferson County, and has not been for 20 years. He said there are no projections for future growth. Mr. Huber said it is very unlikely the Water Company would recoup the \$10 million they are spending on the project, because water rates in Jefferson County are extremely low.

Senator Shaughnessy said the Task Force surveyed many different cities and counties that had expanded their water systems and almost all of these places required the area receiving extension of service to bear the cost of that extension.

Marshall Chasteen, the next speaker, asked if there is any timetable for extension into the Priority Three area. Mr. Huber said information on Priority Three can not yet be provided because the system for that area would not be established for three years.

Mr. Chasteen asked the Louisville Water Company to use some of its out-of-county water profits to help pay for extending service. He suggested that developers pay for expansion of the water system.

Mr. Huber said out-of-county water systems were paid for by the counties which get the water, and they pay wholesale prices for water they get from the Louisville Water Company. He said developers would pay the system development charge, which was created to raise money for future growth.

Richard Arnold said he is located in the Priority One area and a majority of the people on his street would not vote to receive water service. He wanted to know how he would get water. Mr. Huber said the Water Company is trying to develop a way to address this type of situation, but the number of residents who must vote to receive water is set at 50 percent plus one.

Mr. Arnold asked if a \$10 million cap could be placed on the amount of the annual dividend paid by the Water Company to the City of Louisville. Mr. Huber said there is a formula for determining the dividend, so in effect, there is a cap on it.

Letha Rafferty asked why the new water system had to be urban and not rural, and whether the customers in the Priority Two area had been asked if they were interested in the less expensive system. Senator Shaughnessy said the Task Force did not want to be short-sighted. They did not want to put in a system which would have to be upgraded in just a few years.

Jeffrey C. Smith said it would be cheaper to dig a well and set up a treatment system to get purer water than was supplied by the Water Company.

The public hearing was adjourned. The next hearing was scheduled to take place, February 3, 1991 at 7 p.m. at the Jeffersontown City Hall.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Eighth Meeting
of the 1990-91 Interim

February 3, 1991

The eighth meeting of the Task Force on Extension of Water Service in Jefferson County was held on February 3, 1991 at 7 p.m., at Jeffersontown City Hall, 10416 Watterson Trail, Louisville, Kentucky. Senator Tim Shaughnessy, acting Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy, Representatives Larry Clark and Bob Heleringer, Evelyn Waldrop, Joan Riehm, Reba Doutrick, Irv Maze, Doug Taylor, and Glenn Vogedes.

Guests: Tinsley Elkingsworth, E.H. Prosil, D. W. Fife, Mr. and Mrs. Charles Johnson, Deborah Cruze, Suzanne Gaddie, Don Ridge Sr., Sonja Ridge, Wayne L. Gilezan, Sylvia L. Gilezan, Van Pendleton, Mike Tucker, Debbie Gabhart, G.B. Blankenbaker, William E. Downes Sr., Mr. and Mrs. Delbert C. Rowan, Mr. and Mrs. Kenneth L. Ernsbarger Sr, Dunley Wetherby, Janet Greiner, Sue Clark, Philip Simon, Tammy Simon, Chester Ann Baltenberger, Stuart Benson, Buddy Hockensmith, R. Joseph Ruckriegal, Larry Brotzge, Jim Noe, Don Lattis, Joe Green, John Gutterman, Ida Kendrick, Sue Roff, Gregory M. Leep, David Heeren, Robert Furlong, Beth Sanders, Jim Ray, John and Ruth S. Ryan, Joyce and Sonny Leonberger, Stuart J. Gorrie, Benita Buschemoble, Sammie F. Lee, Ann Colbert Wade, Mr. and Mrs. Richard Bartlett, Mark Downey, William C. Smith, G. C. Bridwell, Joseph M. Schurech, Galen and Lou Martin, Doris Bridwell, Thomas J. Cundiff, Lyman L. Hunt Jr, Charles R. Dorms, Laverne Jones, John Earl Clark, Carol Clark, Marty Clark, Ailene Ginter, Tori Oberhausen, George and Charlene Sauer, Calvin Carruthers, Karl Rothrock, Steve Thompson, Terri Burch, Cassie Burch, Ed Coy, Lois Coy, Eddie Coy Jr., Deborah Cornell, Sherman Cornell, Savinell Husband, Fred L. Deckman, Thomas Cundiff, E. A. Schmeing, Darrell D. Goshen, and Fieldon Bryant.

LRC Staff: Gerard Donovan and Mac Lewis.

Press: WHAS-TV.

Senator Shaughnessy began by welcoming the guests and giving them an overview of the Task Force on Extension of Water Service in Jefferson County. He said the Task Force established three priority areas for extension of service, based on factors such as population density and areas where there are compatible plans for sewer extension and upgrading of roads and other utilities. Priority One is the area within the current water service boundaries, Priority Two is the area bordering the current service area, generally a crescent-shaped area along the Snyder Freeway from southern

Jefferson County around to the north corner of the county. Priority Three is the remaining area of the county. Senator Shaughnessy introduced John Huber, Louisville Water Company, who explained the Task Force's recommendations.

Mr. Huber said the Task Force decided it was premature to plan extension into the Priority Three area because there are no compatible plans for extensions of other utilities into that area. The Task Force decided an urban water system which would support future growth should be built in the Priority Two area. He said an urban system provides fire protection while a rural system does not. Priority Three will be reviewed and its system will be selected when the Planning Commission updates its plan for that area. At that time, the Task Force will reexamine the area and decide whether an urban or rural system would be appropriate for the Priority Three area.

Mr. Huber said the Task Force had discussed the subject of private roads extensively, and decided water mains could be extended along private roads but there could be no public subsidy for those extensions. He said the Water Company will build a \$10 million backbone system over seven years and Jefferson County will provide four million dollars over five years to subsidize the cost of water extension. He said these funds will make the extension project feasible.

Mr. Huber said customers who add on to the system in the future will pay a fair share cost plus a system development charge of \$750 to \$1,250 which will go into a revolving fund to support future growth. Residents will have the option of financing the \$5,900 estimated cost of water extension with the Water Company at an interest rate of not more than eight percent per year over 20 years.

Senator Shaughnessy opened the floor to comments and questions from the audience.

Fieldon Bryant said water from Shelby County was once offered to people on his road. Mr. Huber said a water district had been created in Shelby County which could provide service to that area but he said it did not provide fire protection.

Ruth S. Ryan complimented the Task Force on a job well done and said she hoped the Task Force would continue on its path.

Don Lattis said he is a county taxpayer and wants the subsidies to serve all taxpaying customers, including those on private roads. He asked about the use of public funds to buy the Jeffersontown Water Company. Mr. Huber said there were several reasons for the purchase of that company. Jeffersontown was going to have to spend a lot of money to support future growth, as was the Louisville Water Company, and the Louisville Water Company was going to have to build around the Jeffersontown system, so it was financially expedient for the Louisville Water Company to buy out the Jeffersontown company.

Tammy Simon asked if the \$5,900 average cost would apply to her

area. Mr. Huber said she was in the Priority Two area and it would include her. Ms. Simon wanted to know if the costs would be higher by the time the work started near her. Mr. Huber said everything would be done to control costs to try to keep the numbers as close to the same as possible, but the estimates were done in 1990 dollars.

Senator Shaughnessy explained what the Task Force had gone through to develop its recommendations. He said the Task Force had explored water companies that were privately owned and those owned by municipalities such as Louisville. In almost every instance the companies' policies required new areas to pay for extension of water service. The Task Force didn't think it would be fair if people who already paid for water had to pay for those who don't have water. At some point, everybody pays to hook up to the system. At the same time, the Task Force took a strong stand that the Louisville Water Company should contribute to the extension cost. He said the Louisville Water Company was contributing \$10 million.

Joan Riehm said the Water Company was run with a rate of return that is one percent below the rate of return allowed by the Public Service Commission. If the Water Company was owned by a private concern, the rates could go up. The city gets the dividend because 100 years ago the City of Louisville bought the Water Company. She said the dividend is spent in the city, which is a part of the county.

Wayne Gillezan said that the \$5,900 per household figure represents a good deal. John Earl Clark said there should be no Priority One area. He said water bills were doubled in 1960 so the county could be served. He said the funding plan is going to end up being a tax.

Dick Bartlett asked if Spencer County buys water from the Louisville Water Company. Mr. Huber said the City of Taylorsville buys water from the company. Mr. Bartlett asked what the Metropolitan Sewer District and L.G. & E. would do to make extension of utilities compatible. Mr. Huber said M.S.D. had plans for extension of service to the area, but it would be several years away. He said only 1.4 percent of the people in Jefferson County are not served by water, but 30,000 to 40,000 people do not have sewer service.

Mr. Bartlett said that in the interest of saving money for the taxpayers, these utilities should be installed at the same time. Mr. Huber said M.S.D. may not extend into these areas for 10 years, for financial reasons.

Mark Downey asked if people with two lots would be charged for both lots. Senator Shaughnessy said if a person hooks up his own home, he will pay the \$5,900. If he then builds on another lot, he will pay that cost, plus the system development charge.

Mr. Downey said there would be additional housing coming into the area and the new money should go to the people who originally did the expanding and not to the Water Company. He said he did not

like the idea of the system development charge revolving fund because he saw the Water Company as gaining tremendous profit from it. Senator Shaughnessy said the money was to develop water service in the Priority Three area.

Representative Heleringer said he intends to raise the issue of the exclusion of private roads at the next meeting.

Bill Carruthers asked when the plan would go to the residents for a vote. Mr. Huber said the Task Force would meet again and finalize the plan and the vote may come in September after the implementation plan is developed. Mr. Carruthers suggested a \$5,900 interest free rate to the customers. Mr. Huber said the money loaned to the customers at eight percent is made possible because of a loan from the Kentucky Association of Counties which carries the same interest rate.

Bill Downs asked how the Shelby Water District could charge \$3,200 for water connection while the Louisville Water Company plans to charge \$5,900. Senator Shaughnessy said the difference is the type of system, with the Shelby County system being a rural system which can not provide fire protection and would not prepare the area for future growth.

Mr. Huber said these rural systems are not long life systems. Rural systems are not designed to last 100 years like the urban systems installed by the Water Company.

The meeting was adjourned at 9:30 p.m.

TASK FORCE ON EXTENSION OF WATER
SERVICE IN JEFFERSON COUNTY

Minutes of the Ninth Meeting
of the 1990-91 Interim

May 13, 1991

The ninth meeting of the Task Force on Extension of Water Service in Jefferson County was held on May 13, 1991 at 3 p.m., in the County Judge/Executive's Conference Room, Jefferson County Courthouse, Louisville, Kentucky. Mayor Jerry Abramson called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Gerald Neal and Tim Shaughnessy; Representatives Larry Clark and Bob Heleringer; Mayor Jerry Abramson, Co-Chairman; Reba Doutrick, John Huber, Irv Maze, Melissa Mershon, Doug Taylor, Glenn Vogedes, and Evelyn Waldrop.

Guests: Larry Bond and Greg Dearing, County Judge/Executive's Office; Joan Riehm and Tim Firkins, Office of the Mayor; Norbert Blume, Jerry Ford and Greg Heitzman, Louisville Water Company; Joseph B. Helm, Attorney, Louisville Water Company; Francene Shepard, Speaker's Office; David Hulefeld, City-County Planning Commission; Angela L. Chamberlin and Ralph G. Johanson, GRW Engineers; Ann Norbert Wade; Robert and Barbara Furlong; Kenneth B. Haberstein; Thomas A. Conley; Bob Marrett, Home Builders Association of Louisville; Lucille and Arthur Mattingly; Garnett Hulord; Rev. E.H. Prasch and Douglas Fife, Heritage Assembly of God Church; Lyman Hunter; James W. Ray; Wayne and Carol Kidd; Mark Downey; Ernest Jackson; Dominic Bosco; Charles Harris; Margaret Harris; Bill Carrithers; Stuart Gorrie; Joseph Schureck; Mr. and Mrs. Calvin C. Dickenson; Linda Dudding, Louise Hofelich; Ida Kendrick; William Smith; Ray Semminger; William F. Miles; Leo Deutsch; William Blankenbaker; Terri Burch; Frank E. Wimsatt, Bluegrass Lumber Company; William E. Downes; and Len Mills, Home Builders Association.

LRC Staff: John Schaaf, Gerard Donovan and Mac Lewis.

Press: Patrick Howington, Courier-Journal.

Mayor Abramson began by welcoming the Task Force members and guests. Representative Larry Clark made a motion to approve the minutes of the previous meeting and two public hearings. The minutes were unanimously approved by voice vote.

Mayor Abramson said the plan for extension of water service was almost complete, but there were four unresolved issues. He turned the meeting over to John Huber for explanation of the four issues raised by the public hearings, Task Force members, and the Home Builders Association.

Mr. Huber said the first issue involved private roads. He said

the Task Force consensus indicated it was not appropriate to subsidize water mains built on private roads, but there should be an opportunity for private roads to be dedicated as public. This "window of opportunity" would be allowed only if the roads met certain criteria established by Jefferson County and would extend to July 1, 1992. As part of the requirement for dedication, the roadway would have to have a minimum width of 50 feet for a cul-de-sac or 60 feet for a through street.

Glenn Vogedes asked whether this would affect the current estimated cost figured for persons on public roads. Mr. Huber replied that it would not, unless a significant number of roads were dedicated. Evelyn Waldrop said there must be more than three houses on the private road and that the requirements for private roads to be dedicated are found in state statutes.

Doug Taylor made the motion that on page 10 of the Task Force draft report, the first paragraph be replaced with new language relating to private roads. The motion was unanimously approved by voice vote. The paragraph now reads "A public road will be defined as any State road, County through-road, or County maintained road as of July 1, 1990. An opportunity shall be given to private road owners to dedicate their roads to the County by July 1, 1992. Such roads must meet Jefferson County road standards per KRS Chapter 178 and include: minimum right-of-way for cul-de-sac shall be 50 feet; minimum right-of-way for through street shall be 60 feet."

The second issue related to the terminology regarding residents of the Priority 2 and 3 areas. Mr. Huber said during the Task Force's work it became important that everything be based on the number of properties rather than the number of residents. To facilitate this, there must be a definition of "property". Based on advice from its legal counsel, the Water Company suggested that each tract or contiguous properties (tax block and lot) under single ownership be considered a unit of property. Major Vogedes made the motion that this be accepted as the definition in the Task Force report. The motion was unanimously approved by voice vote.

Mr. Huber said the third issue involved the apportionment district plan. The conceptual plan of the Task Force recommended the Priority 2 area be approached as a single apportionment district. At the public hearings there were comments from a few areas that might not wish to participate. In response to legal and administrative concerns, it was recommended that the Priority 2 area be approached as a group of smaller projects to utilize the apportionment warrant method (KRS 96.315) and other appropriate funding methods, to reach an average cost per property of \$5,900 in 1992 dollars.

Representative Heleringer asked who will decide on the boundaries of the apportionment districts. Mr. Huber said when a final plan was in place, the Water Company, with the help of the Jefferson County legislative delegation, would determine the boundaries of the districts. He said larger districts would be preferable. Motion was made by Mr. Taylor to amend the draft on page 11, third paragraph, first sentence to read: "Use 'streamlined

Apportionment Warrant Method (20 year, low interest loan with lien on each property), or other available financing methods, to extend water mains along existing roadways." The motion passed unanimously on a voice vote.

Mr. Huber said the fourth issue concerned the system development charge. During Task Force discussions, Mr. Huber said people had different concepts of where the development charge would be applied. Also, the Home Builders Association was interested in how and where the charge would be implemented. He said the Water Company proposes that the system development charge be assessed to all applicants for service connections to a water main installed or under contract after January 1, 1992. Mr. Huber said developers have made considerable investment in the developments they have currently under way. The off-site development costs which have been paid represent sizable investments for developers and it is fair not to charge the system development charge in those instances.

In the future, when the water mains are in place, the developers will not have these off-site development costs, and they should pay the system development charge. Representative Clark asked Mr. Huber for a clarification on the system development charge. Originally, he said he understood the charge would only be applied in the Priority 2 and 3 areas and now it is to be applied in all priority areas. Mr. Huber said that is correct, but it will not apply to existing residents of areas 1, 2 and 3, because they are funded as part of the initial system construction.

Motion was made by Alderman Melissa Mershon that on page 13 of the draft report, after the third paragraph, the following should be added: "The System Development Charge will be paid by all applicants for service connection to water mains installed or under contract after January 1, 1992. Water mains installed or extension projects under contract prior to January 1, 1992 will be exempt from the System Development Charge. Residents and/or property owners, as of July 1, 1990, paying the "fair share" cost for connection will be exempted from the System Development Charge for that one service connection." The motion passed unanimously on a voice vote.

Mr. Huber said the next topic related to setting priorities for extension. It was recommended that the third paragraph on page 12 of the draft report be replaced with the following: "Schedules for installing water mains in the Priority 2 Area will be submitted to Jefferson County Fiscal Court for review and discussion during the prioritization process. Final recommendations will be presented to Jefferson County Fiscal Court for review and comment prior to presentation to the Louisville Water Company Board of Water Works for approval. Public information on water main construction schedules will be provided by the Louisville Water Company, and may be used by Jefferson County Fiscal Court or other interested parties for public announcements as appropriate." A motion was made by Representative Clark to adopt this wording and was approved unanimously on a voice vote.

The next topic Mr. Huber presented involved oversight of the

revolving fund into which the system development money will be deposited. He recommended adding the following language to the final report: "LWC will publish an independent auditor's report annually for the revolving fund. Report shall be provided to Jefferson County Judge/Executive, Fiscal Court, Louisville Mayor and Aldermen, Jefferson County State Legislative Delegation and made available to any interested party." A motion was may by Mr. Taylor to accept this language and the motion passed unanimously on a voice vote.

Mr. Huber said the next item concerned average costs per property owner receiving service. He recommended the following language be added on page 15 of the draft report: "The funding plan is based on estimated residential customers identified in Priority 1 and 2 areas. Using the Apportionment Warrant Method, or other available methods, the average cost per property owner will be \$5900, in 1992 dollars." Mr. Huber said this language was necessary because it will be 1992 before the mains will be in place. Major Vogedes moved to accept the recommended language and the motion was unanimously approved by voice vote. Senator Shaughnessy asked if the contributions by the Water Company and County government had been indexed as well. Mr. Huber said the Water Company had made the commitment to build the backbone system and would spend whatever money was necessary to complete the job. Also, the County is committed to contributing certain amounts of money in specific years, so these contributions are also indexed.

Mr. Huber said the next recommendation was to delete the second paragraph on page 16 of the draft report, relating to approaching Priority 2 as a single apportionment district. Alderman Mershon made that motion and it passed unanimously on a voice vote.

The final item Mr. Huber addressed was to recommend changing the last paragraph on page 16 of the draft report, Recommendation for Future Action to be Taken by the Louisville Board of Aldermen and the Jefferson County Fiscal Court. He proposed that the paragraph read as follows: "To accept the Task Force Report and Conceptual Plan, and request that the Louisville Water Company, in conjunction with the City of Louisville and Jefferson County, develop a program for implementation in accordance with the Conceptual Plan, and implement said program within six month of approval by the City and County, and adoption by the Board of Water Works." Representative Clark moved to accept this language, and the motion passed unanimously by voice vote.

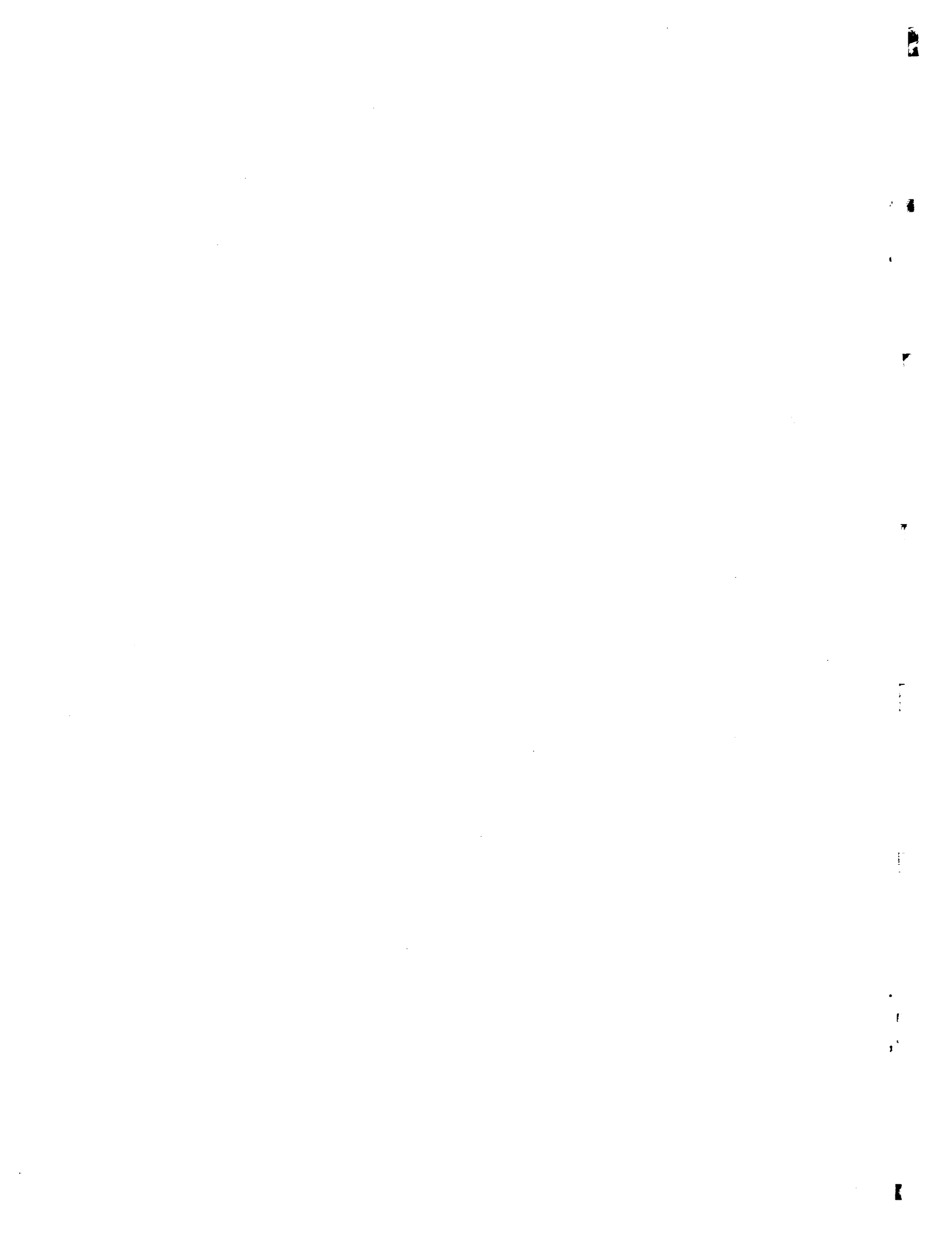
Major Vogedes made a motion to change language on page 16 of the draft report so that it states: "Jefferson County Fire Districts will work in accordance with Jefferson County Ordinance Number 28, Series 1980 to establish fire hydrant spacing at intervals reflective of the area to be served, which will be at spacings greater than 750 feet." The motion was approved unanimously by voice vote.

Mayor Abramson commented on the hard work of the Task Force members and said that because of strong subsidies from the Jefferson County Government and the Water Company, the potential cost fo

water extension has been reduced from \$19,000 to \$5,900 per property. He said the direction given by state legislators was appreciated because it gave the community the opportunity to work out a situation which had been on the table for a long time.

Motion was made by Representative Clark to approve the Report of the Task Force on Extension of Water Service in Jefferson County, as amended. The motion passed unanimously on a voice vote.

There being no further business the meeting was adjourned at 4:15 p.m.



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