

ORDINANCE NO. 10-09

**AN ORDINANCE RELATING TO THE APPROVAL OF A REVISION OF  
SEWER RATES FOR THE NORTHERN MADISON COUNTY  
SANITATION DISTRICT**

**WHEREAS**, the Madison County Fiscal Court has received a Resolution from the Northern Madison County Sanitation District for the revision of rates for the District; and

**WHEREAS**, the Madison County Fiscal Court has reviewed the changes proposed by the Northern Madison County Sanitation District and has made public this ordinance with the required notification.

NOW, THEREFORE, BE IT ORDAINED BY THE MADISON COUNTY FISCAL COURT, COMMONWEALTH OF KENTUCKY AS FOLLOWS:

1. That Resolution No. 11-10 of the Board of Commissioners of the Northern Madison County Sanitation District attached hereto is incorporated herein as if fully set forth in this Ordinance.
2. That pursuant to that Resolution, the Northern Madison County Sanitation District rate structure for the years 2011- through 2013 shall be as follows:

Rate beginning January 1, 2011:

**Residential Customers:**

First 280 Cubic Feet	\$34.50
All over 281 Cubic Feet	\$5.75 per 100 Cubic Feet
Maximum Bill	\$57.50

**Commercial Customers:**

First 280 Cubic Feet	\$34.50
All over 281 Cubic Feet	\$16.75 per 100 Cubic Feet

Rates beginning January 2012

**Residential Customers**

First 280 Cubic Feet	\$37.95
All over 281 Cubic Feet	\$6.33 per 100 Cubic Feet
Maximum Bill	\$63.25

**Commercial Customers**

First 280 Cubic Feet \$37.95  
All over 281 Cubic Feet \$16.75 per 100 Cubic Feet

Rate beginning January 2013

**Residential Customers**

First 280 Cubic Feet \$41.75  
All Over 281 Cubic Feet \$6.96 per 100 Cubic Feet  
Maximum Bill \$69.58

**Commercial Customers**

First 280 Cubic Feet \$41.75  
All over 281 Cubic Feet \$16.75 per 100 Cubic Feet

3. That beginning in January 2014, all rates of the District shall be adjusted annually to reflect its increases in its operational costs. This adjustment shall be made based upon the consumer price index for urban consumers published by the U.S. Department of Labor for that year; provided however, that the change shall not be less than zero.

THIS ORDINANCE SHALL BECOME EFFECTIVE ON THE DATE OF THE SECOND READING AND ADOPTION.

INTRODUCED, SECONDED AND GIVEN FIRST READING APPROVAL at a duly convened meeting of the Fiscal Court of Madison County, Kentucky held on the 29 day of November, 2010.

GIVEN SECOND READING AND ADOPTED at a duly convened meeting of the Fiscal Court of Madison County, Kentucky, held on the 15<sup>th</sup> day of December, 2010, and of record in Fiscal Court Order Book \_\_\_\_\_, Page \_\_\_\_\_.

DATE ADOPTED:

December 15, 2010

MOTION BY:

William Tudor

SECONDED BY:

Harold Botner Jr

VOTE:

YES

NO

Magistrate Harold Botner, Jr.

\_\_\_\_\_

Magistrate Roger Barger

\_\_\_\_\_

Magistrate William Tudor

\_\_\_\_\_

Magistrate Larry Combs

\_\_\_\_\_

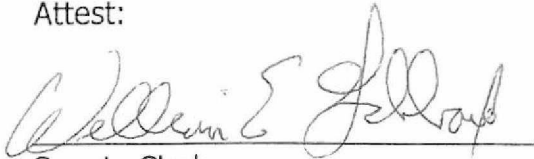
Judge Kent Clark

\_\_\_\_\_



\_\_\_\_\_  
MADISON COUNTY JUDGE/ EXECUTIVE

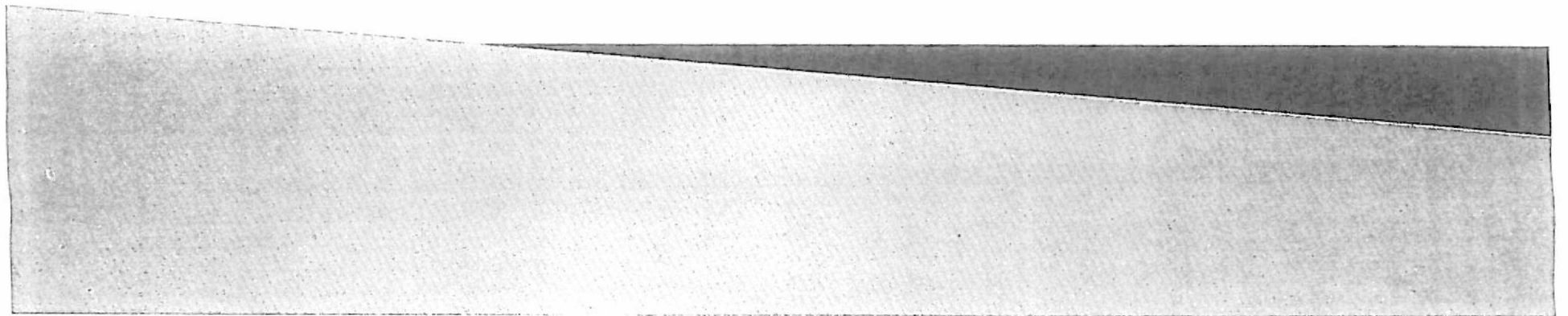
Attest:



\_\_\_\_\_  
County Clerk

# Northern Madison County Sanitation District

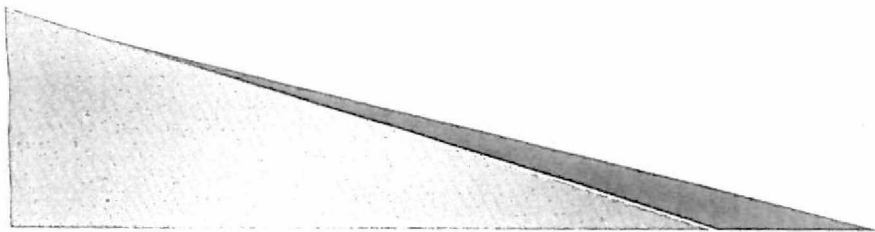
Sanitary Sewer Usage Fee



- ▶ The District has 119,640 ft of Force Main to maintain – repair costs averaging \$20.00/ft.
- ▶ The District has 129,000 ft, gravity sewer to maintain – repair costs averaging 35.00/ft.
- ▶ The District has 20 pump stations with 2 pumps in each station. Replacement cost of each pump between \$2,000 and \$30,000.
- ▶ The District has 2 package treatment plants and one Regional Plant to maintain.

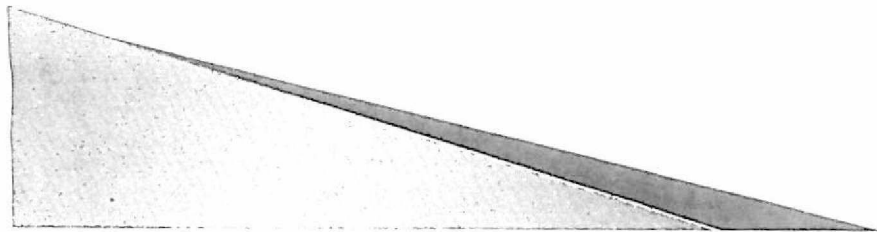


- ▶ The Northern Madison County Sanitation District (NMCSD) is required by law to operate on a balance budget.
- ▶ Beginning in January 2011 the District will be unable to balance the budget without an increase in rates.
- ▶ NMCSD has not had a rate increase in 4 years
- ▶ With costs to the District increasing in some instances by 97%



▶ Several of those items which have increased between 2007 and 2009/2010 are;

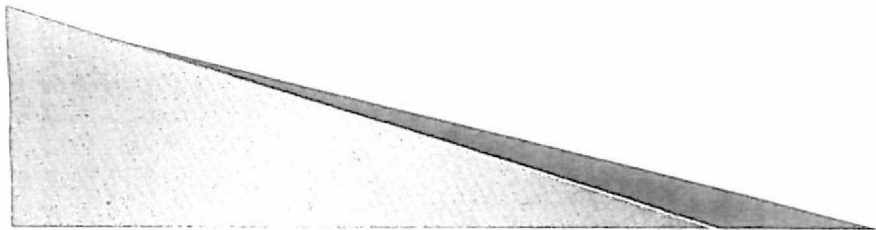
-- Richmond Utilities	54%
-- Electric Service	46%
-- Health Insurance	42%
-- Auto Expense(gas)	61%
-- New EPA Testing Requirements	49%
-- Chemicals	97%
-- Full 2 part Audits - required	100%



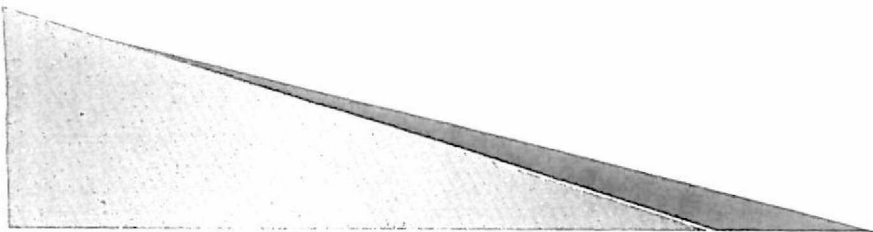
▷ To establish a new user rate the District has outlined annual expenses of the District:

— Accounting	\$13,169.60
— Auto Expenses	\$18,000.00
— Billing by Water Office	\$25,548.00
— Salaries	\$124,836.00
— Insurance	\$21,660.00
— Office Supplies	\$ 3,000.00
— Rent	\$ 3,000.00
— Laboratory Services	\$25,200.00
— Plant Lab Supplies	\$ 2,700.00

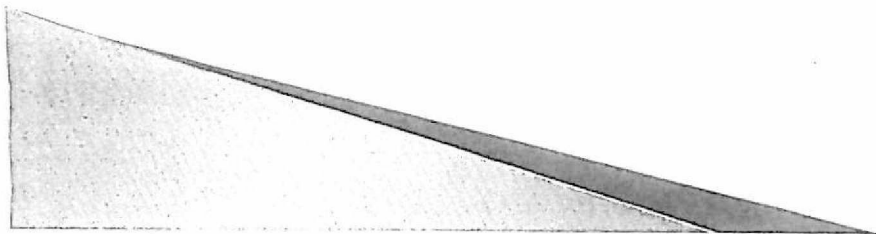
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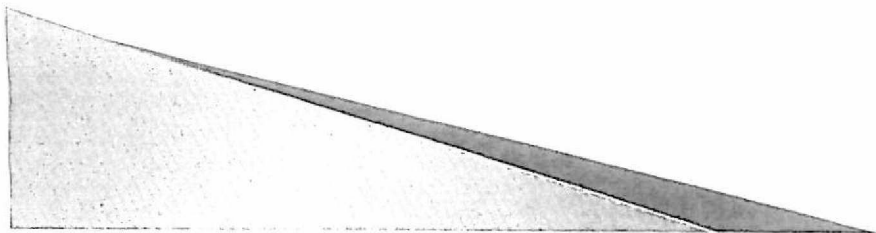
- ▶ As you can see the District requires just over \$1,048,895.00 in user fee revenue in 2011
- ▶ Last years (2009/2010) revenue from sewer service user fee was \$806,055.00
- ▶ A shortfall of \$242,840.00 is evident
- ▶ Why does the District have this shortfall of revenue?



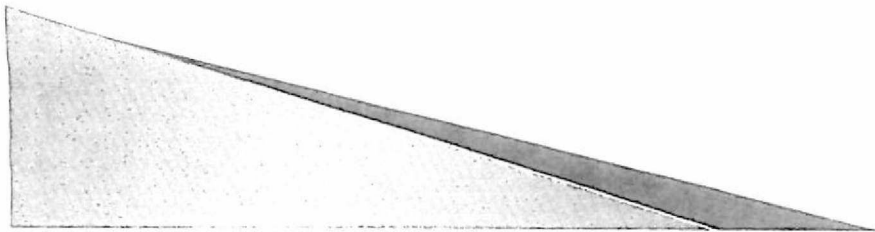
- ▷ First, when the last rate increase was enacted in January 2007, home building was adding approximately 100 new homes (customers) per year to the District.
- ▷ That has stopped, and actually the customer count has dropped due to now empty homes.
- ▷ That rate structure was calculated based on 2,000 customers, we currently have 1,700.



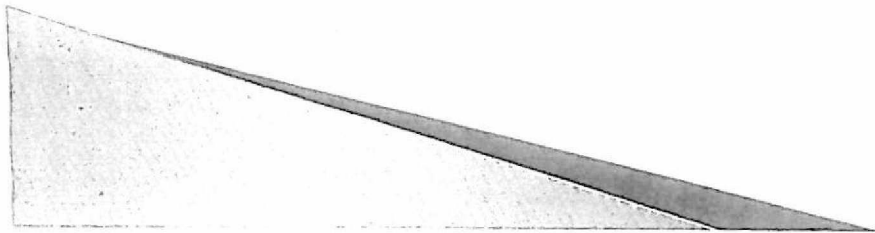
- ▷ Secondly, the amount that we are paying Richmond Utilities (RU) has increased by \$3,800. per month
- ▷ Richmond Utilities rates are already set to increase at 17.0 % each year for the next 4 years.
- ▷ When we began sending wastewater to RU the rate was \$2.33 per 100 Cubic Feet (CF), today that rate is \$5.34 per 100 CF



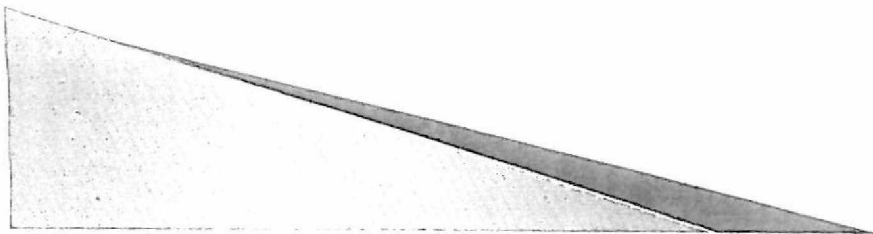
- ▶ In 2014 that preset RU rate to NMCS D will have increased to \$10.00 per 100 Cubic Feet.
- ▶ The minimum bill for Richmond Utilities customers “Outside the City Limits” in 2014 will be \$60.72.
- ▶ These rates have already been passed by the Richmond City Council.



- Third, considering all the other increases, outlined above, which the District has seen over the pass 4 years and that accounts for the majority of the shortfall.
- We discussed our situation with the Bluegrass Area Development District and they indicated that they are seeing usage increases in all areas of this 16 Country region.



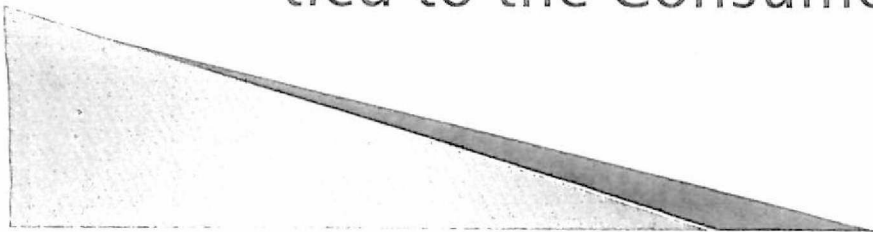
- NOW WHAT DOES THE DISTRICT PROPOSE???
- The NMCSD Commissioners have passed at their monthly board meeting a resolution adjusting the usage rates as outlined below.



# Rate Structure

## ▶ Residential Customers 2011

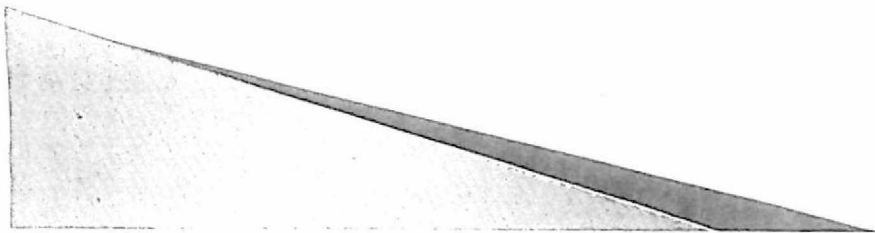
- 0-280 CF Minimum (2094 gallons)                      \$34.50
- 281 CF and above    \$5.75/100CF
- Maximum monthly charge (cap)=                      \$57.50
  
- Customers using 4,000 gallons/month (535 CF) would then have a new sewer usage fee of \$49.15
  
- A 10% rate adjustment would occur in 2012 and 2013. Beginning in 2014 the adjustment will be tied to the Consumer Price Index.



▶ Commercial Customers:

— 0–280 CF	\$34.50
— 281 and above	\$16.75/100 CF

The District proposes to have one Commercial rate in their service area and this rate is already being used for Commercial Customers in the northern part of the county.



▶ How does this new rate compare to other utilities for customers using 4,000 gallons per month in 2011?

– Berry Sewer Department	\$43.00
– Irvine outside city customers	\$35.38
– Jessamine S.E Sanitation District	\$40.00
– Mercer County Sanitation District	\$43.00
– Midway	\$36.50
– North Middletown	\$46.80
– Powell Valley Sanitation District	\$50.24
– Richmond Utilities out of town customers	\$48.37

