

FINANCIAL
AND
COST ANALYSIS
PROGRAMS

FOR



***Winchester Municipal
Utilities***

Winchester, Kentucky

JULY 2009

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1.0 EXECUTIVE SUMMARY

Winchester Municipal Utilities (WMU) and the City of Winchester finalized the Consent Decree with the Environmental Protection Agency (EPA) in April 2007 for violations of the Clean Water Act that included 27 documented recurring Sanitary Sewer Overflow (SSO) locations. In accordance with Section VI, Remedial Measures, Item B, CMOM Programs, paragraph 28g, Financial and Cost Analysis Programs, the Consent Decree requires the City and WMU to develop, submit, finalize, and implement plans for the continued improvement of the wastewater collection and transmission system and the wastewater treatment plant.

WMU, through the WMU Commission, has set its mission to:

- Improve water, wastewater, and solid waste services provided by WMU to its customers through a continual program of infrastructure renewal and upgrade
- Provide such services in a cost-effective manner
- Accommodate growth as approved by the Winchester/Clark County Planning Commission
- Comply with all regulations as established by regulatory agencies
- Comply with all requirements of the Consent Decree

To meet these objectives, WMU must maximize revenue while minimizing expenses where possible, as well as perform necessary upgrades in a cost effective manner. The Financial and Cost Analysis Program will document WMU's procedures for analyzing, projecting, planning, and financing collection system and wastewater treatment operations and capital improvement needs, including system upgrades and component replacements. The document will also describe the procedures and schedule adopted by WMU to establish its annual budget, and set customer rates.

WMU personnel responsible for development and implementation of financial programs are knowledgeable of the procedures outlined in this document.

This document will be reviewed annually by WMU management to ensure all elements are up-to-date and are being implemented as outlined. A review and update log is provided in Appendix A.

WMU is committed to efficiently maintaining and operating its sanitary sewer system to provide the best service possible to its customers in Winchester and Clark County in a cost-effective manner, while complying with requirements set forth in federal and state regulations, and the Consent Decree.

2.0 DEFINITION OF TERMS

Business Hours – Hours that WMU has customer service representatives available to handle customer inquiries and/or complaints. (Monday – Friday: 7:00 a.m. – 4:00 p.m.)

Capacity, Management, Operations, and Maintenance (CMOM) – Flexible program of accepted industry practices to properly manage, operate and maintain sanitary wastewater collection, transmission and treatment systems, investigate capacity-constrained areas of these systems, and respond to SSO events.

Capital Improvement – Any WMU expenditure over \$150 or with a service life greater than one year.

Capital Plan – Rolling short and long-range plan which identifies capital improvement projects and equipment purchases, provides a planning schedule, and identifies options for funding.

Collection System – The network of pipes, manholes, and associated appurtenances that conveys wastewater to the wastewater treatment plant.

Depreciation Fund – Fund consisting of interest-bearing accounts and investments used for the renewal and replacement of utility system components.

Environmental Protection Agency (EPA) – United States Environmental Protection Agency, Region 4. Regulatory agency with the mission of protecting the environment.

Force Main Sewer – A pressurized sewer line that conveys wastewater to some point in the gravity collection system or to the wastewater treatment plant.

Full Time Employee (FTE) – Individual employed by WMU working a 40-hour work week.

Geographic Information System (GIS) – A spatially related, automated mapping database created and maintained by WMU that contains all of WMU's sanitary sewer system and appurtenant structures.

Grant – Funds given by a federal or state government entity, to be used for a specific project.

Gravity Sewer – A sewer line that utilizes gradient between sections to transport wastewater to a pump station or the wastewater treatment plant.

Kentucky Division of Water (KDOW) – Regulatory agency with the mission of managing, protecting, and enhancing the quality and quantity of the Commonwealth's water resources through voluntary, regulatory and educational programs.

Loan – Funds borrowed for a specific project to be repaid with interest.

Manhole – Structure within the sanitary sewer collection system that can be accessed to visually inspect and perform maintenance on the collection system. Typically located at intersections with other line sections or changes in vertical elevations.

Non-business Hours – Hours that WMU customer service representatives are not available to handle customer inquiries and/or complaints. During this time, customer inquiries and complaints are handled by Emergency Contacts. (Mon -Fri 4:00 p.m. – 7:00 a.m., Saturdays, Sundays, holidays)

Non-operating Income – Revenue derived from interest-bearing accounts, service fees and charges, fees for labor and material sold, and other miscellaneous sources of income.

On-Call Staff – WMU or contract personnel available during non-business hours to respond to emergency situations.

Operating Income – Revenue derived from water sales to distribution system customers, resale to other water providers, bulk water sales, hydrant rental, meter charges, and fire line rental charges.

Private Sewer – A sewer not meeting any or a portion of the criteria for ownership and perpetual maintenance as set forth in WMU Policy 408.1 (See Appendix B).

Pump Station – That part of the sanitary sewer collection system responsible for conveying sewage under pressure from a gravity portion of the sewer collection system to another gravity sewer or to the treatment plant.

Revenue Bond – Bond issued by an agency for the financing of a public works project, to be repaid with the operating revenue of the completed project.

Sanitary Sewer Overflow (SSO) – Discharge of sewage from anywhere other than a permitted discharge point to the waters of the Commonwealth or to wet weather ditches or systems that discharge to waters of the Commonwealth. The two types of SSOs are outlined in Section 2.2.

Sanitary Sewer Overflow Response Plan (SORP) – Structured guidance that includes various options for responding to sanitary sewer system overflows.

Service Lateral – Pipes that receive sewage from homes and businesses and transport that sewage to the publicly-owned, collection system.

Unpermitted Bypass – Any discharge to the waters of the United States from the Wastewater Treatment Plant which constitutes a prohibited bypass as defined in 40 C.F.R. § 122.41(m).

Waters of the Commonwealth – Means and includes any and all rivers, streams, creeks, lakes, ponds, impounding reservoirs, springs, wells, marshes, and all other bodies of surface or underground water, natural or artificial, situated wholly or partly within or bordering upon the Commonwealth or its jurisdiction as defined by KRS 224.01-010.

WMU Cleanout – A vertical pipe with a removable cap extending from a service lateral to the surface of the ground. It is used for access to the service lateral from the limits of the easement or the right-of-way to the publicly-owned, gravity sewer for inspection and maintenance. Typically, the WMU cleanout is located at the limit of the easement or right-of-way line.

3.0 SYSTEM AND ORGANIZATIONAL STRUCTURE

3.1 *WMU Wastewater System*

Currently, WMU provides wastewater service to 11,533 residential, commercial, institutional, and industrial customers. The WMU wastewater treatment and collection system is comprised of the following.

- 137.7 miles of gravity sewer
- 9.8 miles of force main sewer
- 0.8 miles of private sewer (including private pump stations)
- 3,585 manholes
- 17 pump stations
- 1 wastewater treatment plant

WMU owns and maintains the collection system and appurtenances that transport the wastewater to the treatment plant. WMU Policies 203.1, 402.2, and 408.1, (Appendix B), establishes points of ownership and maintenance for the utility and the customer. In general, WMU owns and maintains the sanitary sewer system to the right-of-way or easement limit. Typically, a cleanout is located at the right-of-way or easement limit to establish the point of responsibility. A private sanitary sewer line is defined in WMU Policy 408.1 and maintained per WMU Policy 203.1 (See Appendix B). In the event a problem occurs on a private sanitary sewer and repair or maintenance is required to protect the public health, safety, and welfare of the general public, work **may** be initiated by WMU to alleviate, eliminate, or mitigate the problem.

3.2 *WMU Organizational Structure*

A copy of WMU's overall organizational structure is shown in Figure 3-1.

The Director of Accounting and Finance is responsible for the overall management of WMU's financial resources. Serving under the Director is a staff consisting of three (3) accounting assistants.

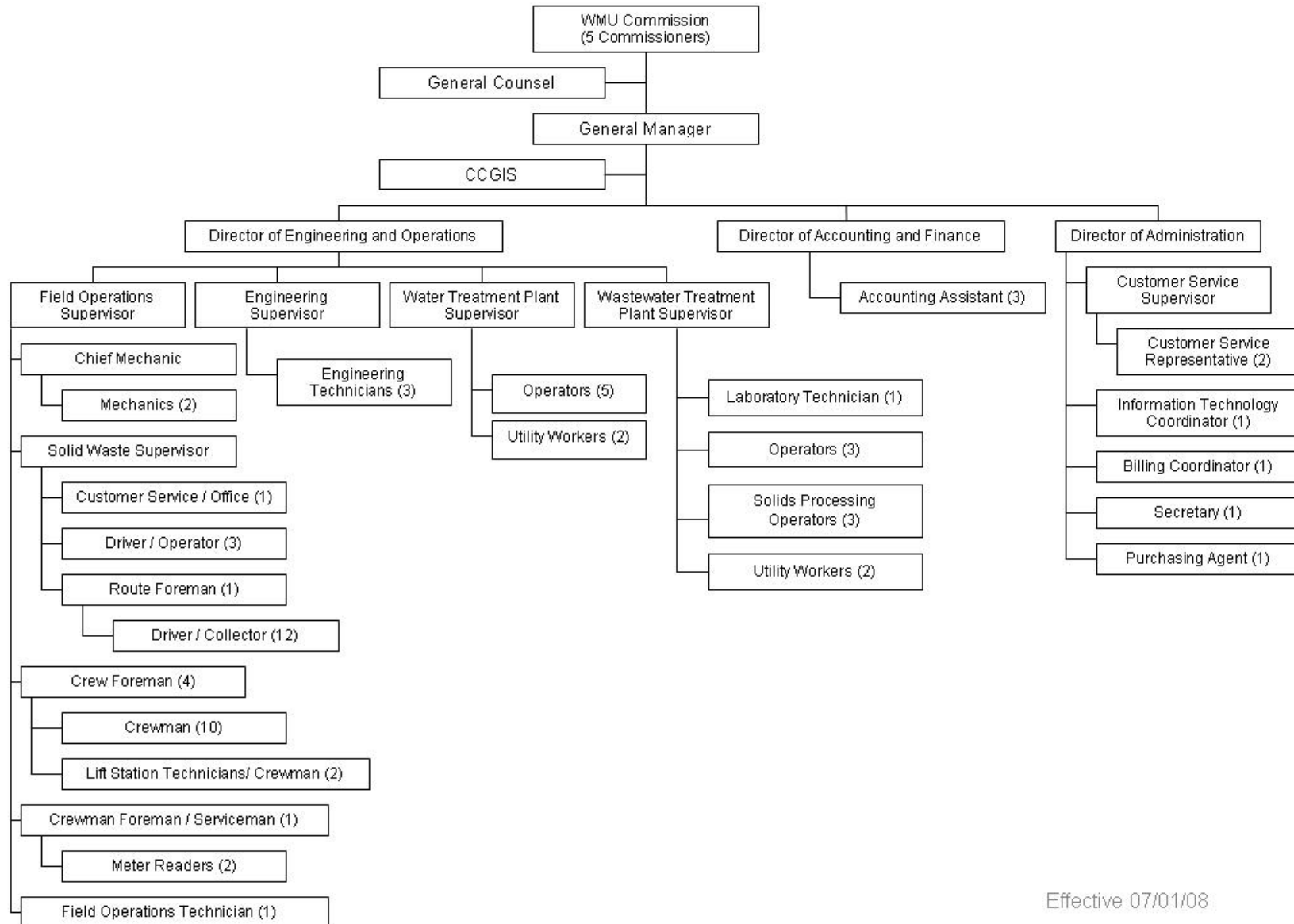
3.3 *Employee Responsibilities*

- **WMU Commission** – Responsible for approval of the budget and Capital Improvement plan. Reviews and recommends rate adjustments to the Winchester City Commission for consideration.
- **General Manager** – Oversees development of the O&M and Capital budgets. Ensures the financial capacity of the utility to comply with Capital Improvement requirements.



- **Director of Accounting and Finance** – Responsible for overall budget development and tracking of funds throughout the year.
- **Supervisors** – Responsible for development and submission of individual departmental budgets. Track expenditures for relevant project and programs to ensure that they remain within budgetary restraints.

FIGURE 3-1: WMU Organizational Chart



Effective 07/01/08

4.0 WMU RESOURCES

Funds for WMU operations and capital improvements come primarily from the following sources:

4.1 Operating Income

Wastewater utility revenues come primarily from fees from collection and treatment of sanitary sewage from WMU customers. WMU currently serves approximately 11,530 wastewater customers. Revenues are heavily dependent on user charge rates and water usage. Weather conditions can significantly affect wastewater revenues. Other revenues are derived from septage hauler charges, pollutant surcharges, and delivery fees from distribution of Class A biosolids.

4.2 Non-operating Revenue

Non-operating income is derived from interest from checking accounts, money-market funds, and investment accounts. All WMU funds are invested to earn maximum interest revenue within ordinance requirements.

4.3 Other Income

Other income is obtained from revenue from miscellaneous fees such as meter testing services, connect/disconnect fees, penalty charges, inspections, labor and materials sold, and sale of assets.

4.4 Expenses

Primary operating costs include employee salaries and benefits, utilities, chemicals, fuel, maintenance and repairs, and insurance. Salaries, benefits, utilities, chemicals, and fuel have the most significant impact on operation and maintenance (O&M) expenses. Capital expenses are classified as expenditures over \$150 or expenses with a service life greater than one (1) year.

4.5 Depreciation Fund

The Depreciation Fund consists of an interest-bearing checking account and a pool of conservative investments. WMU deposits 12% (set by bond covenant) of its annual utility revenues, or \$42,000, whichever is greater, in the account each year. The Depreciation Fund funds all expenditures for renewal and replacement of system components. Surplus funds may be used for additions or extensions to the system. For budgeting purposes, the Depreciation Fund maintains an average balance of approximately \$2,500,000.

4.6 Grants

WMU is eligible for an array of grants including Community Development Block, Economic Development, and specific appropriations from the state and federal government. The state-approved budget provides Tobacco Settlement grants to tobacco counties. WMU receives Tobacco Settlement and Economic Development grant money through the Clark County Fiscal Court and the City of Winchester.

4.7 Loans

WMU can apply for loans from the Kentucky Infrastructure Authority (KIA), State Revolving Fund (SRF), and various bond pools, including Kentucky League of Cities (KLC), Kentucky Association of Counties (KACo), and Kentucky Rural Water Association (KRWA).

WMU currently has a Kentucky Improvement Authority (KIA) loan for \$21 million, used for the recent construction of the WWTP. A request has been submitted for a KIA loan to be used for a sewer rehabilitation project in Lower Howards Creek. WMU expects review and action on the loan request in May 2009.

4.8 Bonds

WMU can issue revenue bonds based upon the combined revenues of the water, wastewater, and solid waste utilities. WMU's current bond rating is AA.

4.9 System Development Charges

WMU adopted a schedule of System Development Charges (SDC) in August 1995. SDCs are assessed in order that growth pays for growth, and that existing customers not be assessed and burdened to pay for capacity upgrades to benefit growth. WMU's policies related to SDCs are included in Appendix B.

5.0 ANNUAL BUDGET ANALYSIS AND PREPARATION

Per the 2003 City of Winchester Bond Ordinance and WMU's enabling legislation, WMU is required to prepare and adopt a budget of expenses for operation of the utilities system for each fiscal year.

The annual budget includes provisions for expenses derived from the daily operation and maintenance of the system, as well as capital improvements. The Operations and Maintenance (O&M) and Capital budgets must be approved by the WMU Commission. New long-term debt must also be approved by the Winchester City Commission.

5.1 *Types of Expenditures*

5.1.1. *O&M Expenditures*

Items covered under O&M Expenditures for wastewater include all routine expenditures necessary to operate and maintain the wastewater collection system.

Direct O&M expenditures include:

- Salaries and Benefits
- Insurance
- Utilities
- Fuel
- Chemicals
- Maintenance and Repair

Shared O&M expenditures include:

- Administration
- Human Resources
- Finance
- Billing
- Information Technology
- Engineering
- Operations
- Vehicle Maintenance

5.1.2. *Capital Expenditures*

WMU defines Capital Expenditures as one-time expenses over \$150, or expenses that have a service life greater than 1 year. Examples of capital expenditures include equipment and vehicle purchases, and projects to repair or upgrade the sewer system or wastewater treatment plant.

5.2 O&M Budget Preparation

The preparation of the annual budget for WMU is a cyclical process. The annual budget for a given fiscal year is mandated by the City Bond Ordinances to be adopted on or before the 15th day of the second month (May 15) immediately preceding the beginning of the fiscal year (July 1 – June 30).

The following timeline outlines the sequence of activities in preparing the budget.

- **March** – The WMU Accounting and Finance staff distributes data to supervisors showing the previous year’s budget, current expenditures, and an annualized total of expenditures based on current spending rates. Supervisors use this historical information to develop their departmental budget for the upcoming year. Any increase in the budget requires justification.
- **April** – The General Manager meets with the Accounting and Finance staff and individual supervisors. At this meeting, the O&M budget by department is reviewed and adjusted. The draft Capital budget is reviewed and adjusted based upon priorities as set by the General Manager and supervisors of the Operations, Engineering, and Vehicle Maintenance departments. \$350,000 from the Depreciation Account is earmarked for non-specific emergency expenses.
- **April-May** – The WMU Accounting and Finance staff prepares the draft budget based upon the recommendations of the supervisors and General Manager. Once approved by the General Manager, the budget is presented to the WMU Commission for consideration.
- **May-June** – WMU Commission reviews, amends, and approves annual budget for next fiscal year.
- **July 1** – New budget goes into effect.
- **July 1-Ongoing** – WMU Accounting and Finance staff tracks monthly expenditures against the approved budget. Supervisors are provided monthly updates of actual expenditures vs. budget.

5.3 Five Year Capital Plan

WMU maintains a rolling five-year plan for capital improvement expenditures. Review and preparation of the Capital Plan is performed annually, concurrent with the O&M budget preparation. Funding for capital improvements comes from multiple sources:

- Depreciation Fund
- Bond issues (debt-funded)
- System Development Charges (SDC)

- New debt
- Grants

The primary focus of the Five-Year Capital Plan is infrastructure renewals and replacements, and vehicle/equipment replacements. Annual allocations from the Depreciation Fund are made for upgrades to equipment, sewer main replacement, manhole adjustments, rehabilitation projects to address Infiltration and Inflow (I&I) in sanitary sewers, and rehabilitation of private sewers. During the budget preparation process, annual allocations are reviewed and adjusted as needed based on historical spending data and current requirements.

There are a number of capital projects identified as needs but are currently not funded or partially funded. Some projects are classified as immediate needs, while others are related to improved customer service or to support growth.

5.3.1. Prioritization of Capital Improvement Projects

Upon implementation, the Combined Sewer System Assessment Program (CSSAP) and Infrastructure Rehabilitation Program (IRP) will supplement the methodology for developing and prioritizing projects for funding under the Capital Plan.

- The CSSAP establishes procedures for setting sewer-basin priorities and sets schedules for the condition assessment of sewer system components. The procedures outlined in the CSSAP identify critical areas in the sewer system for repair, rehabilitation, or replacement.
- The IRP uses information gathered in the CSSAP to identify and prioritize system rehabilitation efforts, and determine appropriate methods of rehabilitation. Implementation of the IRP results in discrete projects which can be evaluated and prioritized in the Capital Plan for funding.

During inspections, data will be collected on pump running times, and any maintenance issues will be identified. For each pump station, WMU will develop and maintain a database to track average pump starts, cycle times, and operating hours.

6.0 RATE SETTING

WMU is an enterprise fund of the City of Winchester. Each utility operation under WMU is dependent on user charge revenues to support operations. Tax revenues do not support utility operations. WMU's policy is to at all times maintain funds in its accounts sufficient for 2 months of continuous operations.

Per Section 16 of the 2003 Bond Ordinance, rates "shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof...and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Ordinance."

As a vital public utility, WMU must ensure that revenues collected are sufficient to ensure continuous performance of the system, allow for contingencies and unforeseen expenditures, while meeting all debt obligations. The 2003 Bond Ordinance mandates a review of revenues to future annual debt requirement be conducted each year by a CPA and/ or independent consulting engineer. If, after all operating and maintenance expenses are met, the revenue balance of the previous year is less than 1.4 times the amount to meet the maximum annual principal and interest payments on any debt due in future years, rates will be adjusted to meet this requirement.

The current rate schedule was established in 1991. In general, rate increases have not kept pace with increasing operating costs and inflation. In December 2007, the City of Winchester passed an ordinance allowing WMU to adjust rates annually to correlate with the Consumer Price Index (CPI). The ordinance, which was first implemented in July 2008, allowed for a 2.8% rate increase for that current year. Any rate increases in future years adjusted for changes in CPI will be implemented in April of that year.

The CMOM and Compliance Programs will be treated like any other operating expense. They are required expenses like salaries or electricity costs. The CPI adjustment should allow WMU to maintain coverage for all levels of operating costs with WMU management efficiently managing operations and expenses.

A comprehensive rate study for WMU is currently being prepared under contract by an independent consultant. The rate study will include a model that will enable WMU to annually review and identify rates necessary to meet projected operating expenses and capital needs. The rate consultant was given the deadlines for all of the consent decree projects as well as other capital needs of WMU. The rate model was prepared by the consultant, R. W. Beck and presented to the WMU commission. The four-phase water, wastewater and solid waste rate adjustments were recommended to the City of Winchester for consideration on April 16, 2009 by the WMU commission. The WMU budget is projecting that the City of Winchester will approve the four yearly rate increases with the first increase effective in October 2009. The model will have to be evaluated yearly to ensure that the projects will be paid and completed in a timely manner.

APPENDIX A – REVIEW/UPDATE LOG

APPENDIX B – RELATED WMU POLICIES

WINCHESTER MUNICIPAL UTILITIES
POLICY AND PROCEDURES

SECTION: 200

POLICY NUMBER: 203.1

EFFECTIVE DATE: 11-05-98

SUBJECT: PRIVATE SANITARY
SEWER REPAIR AND MAINTENANCE

STATEMENT OF POLICY – The Winchester Municipal Utilities (WMU) will not repair or maintain any portion of any private sanitary sewer except under the following conditions: (1) when immediate emergency repair or maintenance is required for the protection of the public health, safety, and welfare or (2) when immediate repair or maintenance is required on facilities that are not known at the time to be a private sanitary sewer. The performance by WMU of emergency repair or maintenance on a private sanitary sewer shall not constitute an act of acceptance of the subject private sanitary sewer, or any component thereof, into the public sanitary sewer system.

STATEMENT OF PROCEDURE – Upon receiving a call for immediate or emergency repair or maintenance of a sanitary sewer, the request will be forwarded to the Operations Department which will assess the problem and make a determination as to the appropriate response. The following actions may occur as they relate to a private sanitary sewer: (1) If the subject sanitary sewer is known to be a private sanitary sewer and emergency repairs are not required, the customer will be informed immediately by the Operations Department that WMU does not own the subject facilities and that WMU does not repair or maintain a private sanitary sewer. (2) If the subject sanitary sewer is known to be a private sanitary sewer and emergency repairs are required to protect the public health, safety, and welfare. WMU may initiate necessary emergency repair or maintenance. At the same time, the customer will be informed by the Operations Department that WMU does not repair or maintain a private sanitary sewer, and that only emergency repair and maintenance will be performed. WMU will invoice through miscellaneous billing for emergency repairs to private sewers. (3) If repair or maintenance is performed on sanitary sewer facilities which are not known at the time to be a private sanitary sewer, the customer will be informed immediately upon identification of the facilities as a private sanitary sewer that WMU does not own the subject facilities, that WMU does not repair or maintain a private sanitary sewer, and that no further repair or maintenance will be performed on the subject facilities. Any question regarding the identification of a private sanitary sewer shall be directed to the Operations Department.

DEFINITION – Private Sanitary Sewer – A “private sanitary sewer main” is defined in policy number 408.1.

Approved by WMU Commission

November 5, 1998

WINCHESTER MUNICIPAL UTILITIES
POLICY AND PROCEDURES

SECTION: 400

SECTION NUMBER: 402.2

EFFECTIVE DATE: 09-03

SUBJECT: MINIMUM LEVEL OF SERVICE
FOR WATER, SANITARY
SEWER, AND FIRE LINE
EXTENSIONS

RE: ORDINANCE NO. 14-139

STATEMENT OF POLICY - The WMU Commission has established a minimum level of service for water, sanitary sewer, and fire line extensions. The minimum level of service requirements are:

Water:

- Minimum working pressure of 30 psi.
- Minimum residual pressure of 20 psi.
- WMU will maintain the WMU water service line to the meter, as defined in Policy 408.1. Water meters shall be located within the right-of-way or easement limit.

Sanitary Sewer:

- Sanitary sewers shall be of sufficient depth to receive wastewater from the first, grade-level floor served by gravity. In areas where the first, grade-level floor served is below the top of either of the two adjacent WMU maintained manholes or where basement service is provided but the basement floor elevation does not meet minimum requirements with respect to the two adjacent WMU maintained manholes, neither the city of Winchester nor the Winchester Municipal Utilities shall be responsible for backups of the sanitary sewer system resulting in personal property damage, in accordance with Section 14-139 of the City of Winchester Code of Ordinances.
- WMU will maintain the WMU sanitary sewer service lateral to the sanitary sewer service lateral clean-out, as defined in Policy 408.1. Clean-outs shall be located within the right-of-way or easement limit.

Fire Line:

- Minimum fire flow shall be 1,000 gpm for two hours in the following corridors:
 1. Industrial Park;
 2. Bypass Area;
 3. Central Business District, (bound by Maple Street, Iron Works Road, Highland Street, and Boone Avenue); and
 4. Lexington Avenue, Maryland Avenue to Bon Haven, McCann Drive, and Floyd Clay Drive.
- All other areas shall have a minimum fire flow of 750 gpm for two hours.
- WMU will maintain the fire line from the water main up to the first valve of the backflow prevention device located inside the vault. The fire line and vault shall be located within the right-of-way or easement limit.

STATEMENT OF PROCEDURE - All plans and specifications shall be reviewed in accordance with WMU established design standards and minimum level of service requirements. Builders/property owners shall be given a copy of this policy at the time service is requested. It is the builders/property owner's responsibility for determining compliance with Section 14-139 of the City of Winchester Code of Ordinances prior to occupancy of any residential or commercial building.

Approved By - WMU Commission

September 18, 2003

Date

WINCHESTER MUNICIPAL UTILITIES
POLICY AND PROCEDURES

SECTION: 400

SECTION NUMBER: 408.1

EFFECTIVE DATE: 11-96

SUBJECT: EXTENSION OF WATER
AND/OR SANITARY SEWER
LINES

RE: ORDINANCE NO. N/A

STATEMENT OF POLICY - Water and sanitary sewer services shall be designed and constructed to the satisfaction of the WMU Commission such that the water and/or sanitary sewer lines shall be extended to the nearest property line of the last property or lot to be served.

A water and/or sanitary sewer main extension shall be required where there does not exist a WMU owned water and/or sanitary sewer main within 100 feet of the property or lot to be served or where, in the opinion of the Utilities Engineer, there is potential for further extension.

A water and/or sanitary sewer main extension shall not be required where there exists a WMU owned water and/or sanitary sewer main within 100 feet of the property or lot to be served and where, in the opinion of the Utilities Engineer, there is no potential for further extension. A WMU water service line shall be installed from the water main to the property line or easement limit. A WMU sanitary sewer service lateral shall be installed from the sanitary sewer main to the property line or easement limit.

All water mains, WMU water service lines, sanitary sewer mains, and WMU sanitary sewer service laterals, shall be in a dedicated easement or in a public right-of-way. In no case shall a building water service line or a building sanitary sewer service lateral extend across any property which is not part of the property to be served.

Effective with the date of this policy, connections of lots or properties to private water mains or private sanitary sewer mains shall not be permitted.

DEFINITIONS - Water Main - All water mains shall be a minimum of six (6) inches in diameter and shall conform to the WMU standard specifications and details for water lines. A fire hydrant shall be installed at the end of all water mains. Water mains are owned, operated, and maintained by WMU.

WMU Water Service Line - All WMU water service lines shall be a minimum of 3/4 inch in diameter and shall conform to the WMU standard specifications and details for water service connections. WMU water service lines shall transport water from the water main to the water meter. WMU water service lines are to be used by no more than two entities and each entity shall have its own water meter. Service lines serving two entities shall be 1 inch in diameter. The length of a WMU water service line shall not exceed 100 feet. A water meter setting shall be installed at the end of all WMU water service lines. WMU water service lines and water meter settings are owned, operated, and maintained by WMU. The water meter is the limit of WMU's responsibility.

Building Water Service Line - All building water service lines shall be a minimum of 3/4 inch in diameter and shall conform to the Kentucky State Plumbing Code. Building water service lines shall transport water from the water meter to the building served.

Building water service lines are to be used by one entity only. Building water service lines are owned, operated, and maintained by the property owner.

Private Water Main - A water main serving one or more buildings; and for which there is no record of dedication to WMU; and/or for which there is no recorded or platted easement in favor of WMU; and/or which is not maintained by WMU; and/or which crosses a separate tract of land other than the one being served; and/or which exceeds 100 feet in length on the tract of land which is not being served; and which is at some point connected to a waterline which is owned and maintained by WMU.

Sanitary Sewer Main - All sanitary sewer mains shall be a minimum of eight (8) inches in diameter and shall conform to the WMU standard specifications and details for sanitary sewers. A manhole shall be installed at the end of all sanitary sewer mains. Sanitary sewer mains are owned, operated, and maintained by WMU.

WMU Sanitary Sewer Service Lateral - All WMU sanitary sewer service laterals shall be a minimum of six (6) inches in diameter and shall conform to the WMU standard specifications and details for sanitary sewer service laterals. WMU sanitary sewer service laterals shall transport sewage from the property line or easement limit to the sanitary sewer main. WMU sanitary sewer service laterals shall be used by one entity only. The length of a WMU sanitary sewer service lateral shall not exceed 100 feet. A clean-out shall be installed at the end of all WMU sanitary sewer service laterals. WMU sanitary sewer service laterals are owned, operated, and maintained by WMU. The clean-out is the limit of WMU's responsibility.

Building Sanitary Sewer Service Lateral - All building sanitary sewer service laterals shall be a minimum of four (4) inches in diameter and shall conform to the Kentucky State Plumbing Code. Building sanitary sewer service laterals shall transport sewage from the building served to the WMU sanitary sewer service lateral. Building sanitary sewer service laterals are to be used by one entity only, except as established in Section 14-141 of the Code of Ordinances of the City of Winchester. Building sanitary sewer service laterals are owned, operated, and maintained by the property owner.

Private Sanitary Sewer Main - A sanitary sewer main serving one or more buildings; and for which there is no record of dedication to WMU; and/or for which there is no recorded or platted easement in favor of WMU; and/or which is not maintained by WMU; and/or which crosses a separate tract of land other than the one being served; and/or which exceeds 100 feet in length on the tract of land which is not being served; and which is at some point connected to a sanitary sewer which is owned by WMU; except as defined by City of Winchester Code of Ordinance 14-141.

STATEMENT OF PROCEDURE - Developers, builders, or property owners desiring WMU water or sanitary sewer service for a property or lot that currently does not have a WMU owned water and/or sanitary sewer main within 100 feet of the property or lot to be served shall submit to WMU a plan or schematic of the proposed connections. WMU shall review said plan or schematic to ensure its compliance with this policy.

If an extension of water and/or sanitary sewer service is required, plans and specifications shall be submitted in accordance with Policy No. 401.1. Connection to the sanitary sewer system by force main sewer shall constitute an extension. System development charges (SDCs) and all applicable tap fees shall apply on all water and sanitary sewer extensions.

If an extension of water and/or sanitary sewer service is not required, water and sanitary sewer tap fees shall be paid in accordance with Policy Nos. 104.1, 201.1, and 202.1.

Chairman - WMU Commission

Approved January 16, 1997

Date