

**MINUTES**  
of the regular Meeting of the  
WINCHESTER MUNICIPAL UTILITIES  
**June 06, 2024**

The Winchester Municipal Utilities Commission (WMUC) met in a regular meeting June 06, 2024 at Winchester Municipal Utilities (WMU), 150 N. Main Street, Winchester, Kentucky at 5:30 pm.

Those in attendance were:

Mr. Mike Anderson – Chairman, WMUC  
Mr. Jimmy Powell – Vice-Chairman, WMUC  
Mr. William Baker – Secretary, WMUC  
Mr. John Omohundro - Treasurer, WMUC  
Mr. Billy Vanicek – Commissioner, WMUC  
Mr. John Rompf – Counsel Representative  
Hon. JoEllen Reed – Mayor, City of Winchester  
Mr. Kyle Raney – General Manager, WMU  
Ms. Joy Lewis – Director of Administration, WMU  
Ms. Jennifer Sparks – Director of Finance, WMU  
Mr. Arkadiusz Front – WTP Supervisor, WMU  
Mr. Casey Ray – Solid Waste Supervisor, WMU  
Mr. Jeremiah Epperson – Field Operations Supervisor, WMU  
Ms. Susie Kiniry – Administrative Office Supervisor, WMU

**COMMENTS FROM THE GENERAL PUBLIC**

There were no comments from the general public.

**CONSIDERATION OF MINUTES**

\*\*Upon motion by Mr. Vanicek, second by Mr. Powell, and unanimous vote, the Commission approved the Meeting Minutes of the May 15, 2024 regular meeting of the WMUC.

**CONSIDERATION OF ACCOUNTS PAYABLE AND CASH DISBURSEMENTS**

\*\*Upon motion of Mr. Omohundro, second by Mr. Baker, and unanimous vote, the Commission approved the WMU Accounts Payable and Cash Disbursements for the period May 13, 2024 through May 31, 2024 in the amount of \$1,504,837.67 with funds from Operations and Maintenance (O&M).

**CONSIDER PAY REQUEST**

- Pay Request No. 11  
Flanagan & Madison Outfall Sewer Improvements, Phase I  
Lagco, Inc.

Mr. Raney stated that on May 16, 2024, Lagco, Inc. submitted Pay Request No. 11 for the Flanagan & Madison Outfall Sewer Improvements project. Mr. Raney stated that the pay request has been reviewed and approved by Bell Engineering and the construction Inspector, Alan Edwards. Mr. Raney noted that the pay request reflects the retention of the applicable 10% retainage and represents payment for work performed through May 3, 2024 pay period. Mr. Raney recommended that Pay Request No. 11 in the amount of \$903,948.69 be paid in full with funds from Cleaner Water Program Grant proceeds and various WMU accounts.

\*\*Upon motion of Mr. Powell, second by Mr. Vanicek, and unanimous vote, the Commission approved Pay Request No. 11 in the amount of \$903,948.69 which reflects the

retention of the applicable 10% retainage, for the Flanagan & Madison Outfall Sewer Improvements project to be paid in full to Lagco, Inc. with funds from Cleaner Water Program Grant proceeds and various WMU accounts.

## **CONSIDER CONDITIONAL SUPPLEMENTAL COMMITMENT LETTER**

- Kentucky Cleaner Water Program Grant Funds  
Kentucky Infrastructure Authority (KIA)  
Flanagan & Madison Outfall Sewer

\*\*Upon motion of Mr. Omohundro, second by Mr. Baker, and unanimous vote, the Commission approved the authorization of its Chairman, Mr. Michael Anderson, to sign the Conditional Commitment Letter and the Assistance Agreement with KIA, 100 Airport Road, Frankfort, KY 40601 for the Cleaner Water Program Round 2 grant funds in the amount of \$1,139,723.

## **CONSIDER DESIGN / CONSTRUCTION APPROVAL**

- Washington Penn Plastics Facility  
Water and Sanitary Sewer

Mr. Raney referred the Commission to his memo dated May 30, 2024 for design review. Mr. Raney stated the development consists of one (1) 275,000 sq. ft. plastics industrial facility. Mr. Raney stated that the scope of work will include removing and relocating one fire hydrant assembly, installation of a fire protection vault, decommissioning 5 sanitary sewer manholes and approximately 840 linear of 12" sanitary sewer lines and installing one 6: sanitary sewer service. Mr. Raney stated the following conditions apply, developer procure all on / off site easements, developer provide written description of all on / off site easements, all off-site easements be acquired and easement documents recorded before construction is initiated, developer procure all permits and licenses as may be required by any federal, state and local laws or jurisdictions and provide the necessary approvals prior to construction being initiated, System Development Charges (SDCs) be assessed and paid in accordance with City Ordinance 14-104, at the time water and / or sanitary sewer connection fees are paid to WMU, construction of the improvements be complete within one year of the approved date by the WMU Commission, should construction not be complete by this date, reapproval will be required, and Developer / Builder / Owner waives any benefit or rights per KRS 96.539 and releases Winchester Municipal Utilities (WMU), its successors and assigns from any and all claims for reimbursements for water and sanitary sewer infrastructure and related appurtenances constructed and installed arising from this statute for the named development.

Mr. Raney recommended design approval by the WMU Commission in accordance with the WMU specifications and requirements.

\*\*Upon motion of Mr. Vanicek, second by Mr. Baker, and unanimous vote, the Commission approved design and authorized construction of one (1) industrial facility with approximately 840 feet of 12" sanitary sewer lines and installing one 6: sanitary sewer service.

## **CONSIDER WORK ORDERS**

- Work Order No. 33  
WMU Financial Audit for 2023 / 2024  
Summers, McCreary, & Sparks, PSC

Mr. Raney stated that Work Order No. 33 with Summers, McCrary & Sparks, 110 East Lowry Lane, Lexington, Kentucky 40503 provides for audit services for Winchester Municipal Utilities. Mr. Raney recommended approval of Work Order No. 33 for a fee not to exceed \$16,600.00 and a \$3,500.00 fee to perform the federal audit requirements of the Uniform Guidance Act, with an annual audit rate increase of 0% from the prior year and a 0% increase for the federal audit requirements under the Uniform Guidance Act. Mr. Raney also stated that the increase for the federal audit fees are due to additional audit services needed to develop audit procedures to test compliance with the requirements under the American Rescue Plan Act for expenditures related to the Cleaner Water Program.

\*\*Upon motion of Mr. Powell, second by Mr. Omohundro, and unanimous vote, the Commission approved Work Order No. 33 for audit services for Winchester Municipal Utilities, for a fee not to exceed \$16,600.00 and a \$3,500.00 fee to perform the federal audit requirements of the Uniform Guidance Act, with an annual audit rate increase of 0% from the prior year and a 0% increase for the federal audit requirements under the Uniform Guidance Act.

- Work Order No. 34  
CCGIS Financial Statements Review  
Summers, McCreary, & Sparks, PSC

Mr. Raney stated that Work Order No. 34 with Summers, McCrary & Sparks, 110 East Lowry Lane, Lexington, Kentucky 40503 provides for audit services for review for Clark County GIS financial statements for fiscal year 2023/2024. Mr. Raney recommended approval of Work Order No. 34 for an amount not to exceed \$1,700.00, with a 0% rate increase from the prior year.

\*\*Upon motion of Mr. Baker, second by Mr. Omohundro, and unanimous vote, the Commission approved Work Order No. 34 for audit services for review for Clark County GIS financial statements for fiscal year 2021/2022, for an amount not to exceed \$1,700.00, with a 0% rate increase from the prior year.

- Work Order No. 46  
Industrial Pretreatment Program (IPT)  
Bell Engineering

Mr. Raney stated that Work Order No. 46 has been reviewed by WMU staff and details those professional services required for implementation of the Industrial Pretreatment Program (IPT). Mr. Raney stated the rate schedules for staff utilization and project expenses to be provided by Bell Engineering with laboratory services provided by a certified laboratory as approved by WMU is attached to his memo dated May 20, 2024. Mr. Raney stated the estimated budget of \$93,812.00 reflects the projected costs for the period of July 1, 2024 through June 30, 2025 and laboratory costs are attributable to \$25,000.00 of the projected budget.

\*\*Upon motion of Mr. Vanicek, second by Mr. Powell, and unanimous vote, the Commission approved Work Order No. 46 for Industrial Pretreatment professional services with Bell Engineering, 2480 Fortune Drive, Suite 350, Lexington, Kentucky 40509 in the amount of \$93,812.00 for the period of July 1, 2024 through June 30, 2025 and fees associated with the Industrial Pretreatment Program being a pass-through cost and paid by the participating industries.

## **EMPLOYEE ACTIONS**

\*\*Upon motion of Mr. Vanicek, second by Mr. Baker, and unanimous vote, the Commission approved the recommendation of Mr. Raney in his memo dated May 29, 2024, pursuant to Policy and Procedure No. 420 and No. 540 to give salary adjustment to Mr. Chris Jones for achieving Solid Waste Driver Class III Status for the benefit of WMU. Mr. Raney noted effective date of June 13, 2024.

## **PRESENTATION**

- 2024 / 2025 Operating & Capital Budget

Ms. Sparks stated that the proposed Operating Budget consists of operating revenue, debt service, non-operating revenue, and operations and maintenance expense. Ms. Sparks acknowledged that the Capital Plan consists of Depreciation funded (Five Year Capital Plan) and construction projects.

Ms. Sparks stated that the operating revenue consists of user charge revenue which includes a CPI budgeted rate increase of 3% in March 2024. Ms. Sparks noted that the total proposed budget for operating revenue is \$21,839,150.

Ms. Sparks noted that there is existing debt with this year's Budget. Ms. Sparks stated that the debt service coverage ratio of 2.80 meets the required 1.20 coverage level for bond debt, a debt

service coverage ratio of 1.11 which meets the required 1.0 coverage level for KIA debt. Ms. Sparks summarized the total budget for debt service is \$5,845,428 and service fees of \$48,090. Ms. Sparks stated in FY 2028-2029, the Strodes Creek debt will be completed (1.1 million).

Ms. Sparks stated that non-operating revenue consists of interest income and miscellaneous other income with a total proposed budget for non-operating income of \$674,700.

Ms. Sparks stated that Operations and Maintenance Expenses reflect an overall increase from the prior budget year by 5.80%. Ms. Sparks noted allocations for salary increases along with substantial increases in health insurance, purchased labor, maintenance/repair of fixed assets, and professional fees. Ms. Sparks noted allocations for pension and landfill charges has decreased. Ms. Sparks acknowledged that the total proposed budget for Operations and Maintenance Expense is \$16,037,216.

Ms. Sparks summarized the proposed FY 2024-2025 Operating Budget by stating that the proposed Operating Budget results in a net loss of \$370,244 and meets the required bond coverage ratio at 2.80 (Bond) versus 2.63 the prior year and 1.11 (KIA) versus 1.04 the prior year.

Ms. Sparks stated that the key elements in the Depreciation Funded portion of the Capital Plan are annual allocations to renew and replace infrastructure and system expansion, identified specific project needs, and an allocation for emergency expenditures while maintaining a positive balance.

Ms. Sparks reviewed the Annual Allocations identified in the Depreciation Funded portion of the Capital Plan as follows.

- Administrative Support
  - Copiers
  - Upgrade Local Area Network
  - Replacement of Microcomputers
- Field Operations
  - Vehicles – Over \$60,000
  - Vehicles - \$60,000 and under
  - Heavy Equipment
- Solid Waste Utility
  - Curbit Replacement
  - Container Replacement
  - Replace Compactor Ejector Receiver Box
  - Recycling
- Water Utility
  - Water Treatment Plant Equipment Improvements
  - Main Replacement Program (MRP)
  - Fire Hydrant Replacement
  - Gate Valve Replacement
  - Elevated Storage Tank Rehabilitation
  - Meter Change – Out
  - New Meter Service
  - Large Meter Change - Out
- Wastewater Utility
  - Main Replacement Program (MRP)
  - I & I Rehabilitation
  - Rehabilitation of Private Sewers
  - Flow Meters (EPA CMOM Requirement)
  - Continuous Sewer System Assessment Program
  - Routine Hydraulic Cleaning
  - Manhole Rehabilitation
  - Replacement of Laboratory Equipment

- WWTP Equipment Improvements
- Solids Processing Equipment Improvements
- LHC WWTP Equipment Improvements
- LHC Solids Processing Improvements

Ms. Sparks stated that the Depreciation Funded Annual Allocations total \$2,721,500 which is a \$609,000 increase over the prior year.

Ms. Sparks stated the Replacement of the Raw Water Control Panel I and the continuation of the Strodes Creek SCADA Upgrade project are anticipated for this Budget year.

Ms. Sparks reviewed the Capital Construction Projects as follows.

- Water
  - Water System Improvements
    - Carroll Ecton Reservoir Interconnections
    - Raw Water Pump Station Generator
    - Raw Water Pump at the KY River Pump Station
    - Water Transmission Veterans Highway

Ms. Sparks stated the Water System Improvements projects total \$4,273,548.

Ms. Sparks outlined the Wastewater capital projects as follows.

- Flanagan / Madison Street Sanitary Sewer Improvements – Consent Decree Project
  - Phase I – Flanagan / Madison Outfall Sewer
  - Phase II – Strodes Creek Parallel Trunk Sewer
  - Phase III – Ft. Estill FM Ext. & Broadway/Washington Sewer Imp.
- Hoods Creek Watershed Backbone Interceptor/Pump Station/Force Main
- West Interceptor Sanitary Sewer System Rehabilitation
- Strodes Creek WWTP Improvements

Ms. Sparks stated that the Wastewater System Improvements projects total \$36,745,149.

Ms. Sparks summarized her presentation by reviewing the 10-year debt coverage ratios noting that WMU meets all Bond and KIA debt coverage ratios after accounting for all debt and operational changes from customer growth and increased operational expenses.

## **CONSIDER BUDGET PROPOSALS**

- FY 2024 / 2025 Operations and Maintenance Budget

\*\*Upon motion of Mr. Omohundro, second by Mr. Powell, and unanimous vote, the Commission approved of the Fiscal Year 2024 / 2025 Operating Budget with Operating Revenue at \$21,839,150, Operating Expense at \$16,037,216 which includes a 3% cost of living increase and a 7% merit increase, Debt Service \$5,845,428 and Non-Operating Revenue at \$674,700 as presented at the June 6, 2024 regular meeting.

- FY 2024 / 2025 Capital Budget

\*\*Upon motion of Mr. Omohundro, second by Mr. Vanicek, and unanimous vote, the Commission approved the Fiscal Year 2024 / 2025 Five Year Capital Plan with Depreciation Funded Capital at \$3,251,500 as presented at the June 6, 2024 regular meeting.

## **DISCUSSION**

- CCSD – Fiscal Court voted to approve the dedication of the CCSD Sewer project to WMU upon completion.
- Letter to EPA submitted for a Request of Extension of Time for the Flanagan/Madison Sewer Project.
- East Interceptor – BGADD is working to complete grant proposal.
- Interconnect Project – Pre-bid is on 6/12/24, Bids due on 6/27/24.
- Thursday, July 4<sup>th</sup> meeting will be cancelled.

## **EXECUTIVE SESSION**

\*\*Upon motion of Mr. Baker, second by Mr. Omohundro, and unanimous vote, the WMU Commission adjourned to Executive Session to discuss Personnel Matter KRS 61.810 (c).

- Proposed Litigation KRS 61.810 (c)
- Property Acquisition KRS 61.810 (b)
- Personnel Matters KRS 61.810 (f)
- Industrial Prospects KRS 61.810 (g)

\*\*Upon motion of Mr. Powell, second by Mr. Baker, and unanimous vote, the WMU Commission returned from Executive Session.

## **ADJOURNMENT**

\*\*Upon motion of Mr. Omohundro, second by Mr. Powell and unanimous vote, the WMU Commission adjourned.

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Mike Anderson  
Chairman, WMUC

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William Baker  
Secretary, WMUC