

**CITY OF RUSSELLVILLE, KENTUCKY  
ORDINANCE 2008-08**

AN ORDINANCE AMENDING ORDINANCE 2007-01, "AN ORDINANCE SETTING FORTH GENERAL ADMINISTRATIVE PROCEDURES, FEES, GUIDELINES AND RATES FOR WATER & SEWER SERVICE WITHIN THE CITY LIMITS OF THE CITY OF RUSSELLVILLE, KENTUCKY AND CONTAINING A SEVERABILITY CLAUSE AND REPEALER CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE BY MODIFYING RATES AND FEES FOR SERVICES; BY CREATING A NEW SECTION DEFINING GUIDELINES FOR METER RESPONSIBILITIES BETWEEN LANDLORD AND TENANT; BY CREATING A NEW SECTION TO DETERMINE DEPOSITS; BY CREATING A NEW SECTION REGULATING COLLECTION OF INACTIVE ACCOUNTS; AND CONTAINING A SEVERABILITY CLAUSE AND REPEALER CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE.

\*\* \*\* \*

WHEREAS, the City of Russellville deems it to be in the best interests of the ratepayers to change the current structure for utility deposits and reconnect fees; and

Whereas the City of Russellville deems the Landlord should insure that plumbing and fixtures are adequate to protect the tenant and himself/herself from leakages; and

Whereas the Landlord (Owner) is utilizing property for profit; and

WHEREAS, this Ordinance is enacted for the health, safety and welfare of the ratepayers of the City of Russellville, Kentucky;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL IN AND FOR THE CITY OF RUSSELLVILLE, KENTUCKY, AS FOLLOWS:

**ARTICLE ONE: SECTION G IS HEREBY AMENDED AS FOLLOWS:**

**G. RATES AND FEES FOR SERVICES**

- ~~1. \$150.00 refundable security deposit is required for each application for new or existing service when the applicant is the property owner. Proof of ownership (a deed) is required. A \$250.00 refundable security deposit is required when the applicant is lessee of the property.~~
- 1.
- ~~2.~~ 2. The water cut-on fee for existing service is \$35.00 during normal working hours, \$50.00 after hours.
- 2.
- ~~3.~~ 3. The cost of installation of new residential service is as follows:

5/8" Meter including all mounting hardware and box	\$187.00
Tap on fee	300.00
Cut on fee	35.00
Actual cost of meter and fittings	\$\$\$\$\$\$
<b>Total:</b>	<b><u>\$522.00</u></b>

- 3.
4. Charges for commercial or industrial meters (or meters larger than 5/8") will be determined at the time of application, depending on the type of service required.
- 4.
5. Sewer tap on fee for new service is \$300.00 for each new house, mobile home, or building.
- 5.
6. Reconnect fee to re-establish service due to non-payment is ~~\$50.00~~ \$35.00 during normal working hours, ~~\$65.00~~ \$50.00 after hours. ~~When service has been terminated due to non-payment, the refundable security deposit for lessees of property will increase to \$500. This additional deposit may be paid at the rate of \$100 per month.~~
- 6.
7. ~~An A 10 day extension prior to disconnecting service may be granted by the Office Administrator. A payment of 1/4 of the outstanding balance to be applied to the account plus a \$10 administrative fee not applied to the account must be paid up to a maximum total extension charge of \$50. A \$35.00 Extension Fee. will be charged. Only one extension fee may be applied for in any given billing period. No extension fees will be granted on commercial accounts.~~
- 7.
8. If a customer calls to report a leak, the City will recommend that they check for visible and audible leaks. Customers will be advised to first determine if the leak is on their property or inside the residence or building. If the City is requested to check for leaks and it is determined to be the customer's responsibility, a \$25.00 per hour service charge will apply during normal working hours, \$35.00 per hour after normal working hours. The minimum charge is \$25.00 during normal working hours, \$35.00 after normal working hours. Service calls for leaks which are determined to be on City service lines will be at the expense of the City.
- 8.
9. Customers may request that their meter be tested if they believe that it is not metering correctly. If the customer requests that the meter be tested, a replacement meter will be set at no charge if the meter is found to be defective. If the original meter is found to be accurate after testing, a \$25.00 service charge will apply.

9.  
~~10.~~ Customers may request that a meter be provided for the purpose of leak testing new or repaired water lines on private property. The City will provide this service at the rate of \$25.00 per hour with a \$25.00 minimum charge. This service is available only during normal working hours.
10.  
~~11.~~ There is a \$25.00 charge for returned checks.
11.  
~~12.~~ Water is made available for fire protection to the point of connection to fire hydrants at no charge. Any other withdrawal of water from fire hydrants or the fire protection system is strictly prohibited without the express approval of the City.
12.  
~~13.~~ Cross-Connections are prohibited by 401 KAR 8:020. A cross connection is any physical connection between two otherwise separate systems one of which contains potable water and the other does not. Attaching to any portion of the water distribution system, including fire hydrants, is strictly prohibited. This requirement is based on the need to protect the water supply from contamination due to backflow or backsiphonage.
13.  
~~14.~~ If a customer requests a meter be set for water only service (no discharge to the sewer), the same charges will apply as for new water service.
14.  
~~15.~~ Administrative Fee: An administrative fee for facilities with grease discharges is assessed by the City of Russellville. The fee is established to insure full cost recovery and shall include but not be limited to the cost of field, administrative, engineering, and clerical expenses involved. The fee is \$100.00 per year for each facility. This annual administrative fee shall be applied to the customer's July Water & sewer service bill and be paid in accordance with the City of Russellville Sewer Use Ordinance.
15.  
~~16.~~ Water and sewer usage rates are as follows:

**WATER:**

First 1,000 gallons	\$13.29
Next 19,000 gallons	11.44
Next 30,000 gallons	10.06
Next 50,000 gallons	9.15
Next 400,000 gallons	8.24
Over 500,000 gallons	7.33
Water crisis surcharge	.55



the required deposit fees based on credit worthiness from the "Russellville Meter Deposit Table" (Exhibit A).

6. Meter deposits from the "Russellville Meter Deposit Table" are assumptions of usage. If usage exceeds assumptions for three consecutive months and account becomes delinquent and is disconnected for non-payment, deposit will be re-evaluated with average usage and assessed at the column three rates.

**ARTICLE THREE: A NEW SECTION K IS HEREBY CREATED TO READ AS FOLLOWS:**

K. Deposits

1. Meter deposits will be determined by applicant's credit worthiness. Applicant may refuse credit check and elect to pay the maximum deposit.
2. Credit worthiness will be determined by using "Online Utilities Exchange".
3. Meter deposits will be recorded on "Exhibit A" and be called "Russellville Meter Deposit Table".
4. Any appeal of credit worthiness will be made to "Online Utilities Exchange" and not with the City of Russellville.
5. All deposits will be held by the City of Russellville until the meter is no longer in the applicant's name and will be applied to the final readout of the meter. Any over-payment will be refunded promptly to the applicant.
6. Any person currently being assessed security deposit under Section G Item 6 of the amended ordinance may request to be reevaluated under the new guidelines and any overpayment will be promptly returned.

**ARTICLE FOUR: A NEW SECTION L IS HEREBY CREATED TO READ AS FOLLOWS:**

L. Inactive Accounts and Unpaid Accounts

1. Inactive and unpaid accounts currently on the books will be reviewed by the administrator and when determined to be valid will be turned over to the "Online Utility Exchange" for collection.

2. Any account whose status changed to inactive and unpaid will be reported to the "Online Utility Exchange" immediately. On a quarterly basis these accounts will be remitted for collection to the "Online Utility Exchange".

**ARTICLE FIVE: SEVERABILITY CLAUSE.** If any section, subsection, or clause of this ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections, and clauses shall not be affected.

**ARTICLE SIX: REPEALER CLAUSE.** All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed. This ordinance specifically repeals Article VIII (G)(2) of Ordinance 2002-11 (as amended)(administrative fee for grease discharges).

**ARTICLE SEVEN: EFFECTIVE DATE.** This ordinance shall be effective upon its passage and publication as required by law.

FIRST READING conducted on the 17<sup>th</sup> day of June, 2008.

SECOND READING AND PASSAGE on the 22<sup>nd</sup> date of July, 2008.

**VETOED, MAYOR GENE ZICK, 7/29/08**  
**GENE ZICK, MAYOR**

**Ayes:** Davenport, Jimmy; Jones, Russell; McPherson, Lanny; Philips, Chuck; Stratton, Mark; Whipple, Jack.

**Nays:** none.

**Absent:** none.

**Abstaining:** none.

MOTION TO OVERRIDE MAYOR'S VETO PASSED 6-0 on the 29<sup>th</sup> day of July, 2008.

**Ayes:** Davenport, Jimmy; Jones, Russell; McPherson, Lanny; Philips, Chuck; Stratton, Mark; Whipple, Jack.

**Nays:** none.

**Absent:** none.

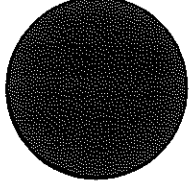
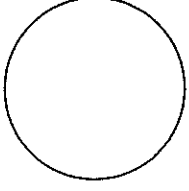
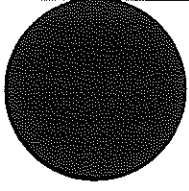
**Abstaining:** none.

  
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**GENE ZICK, MAYOR**

ATTEST:

  
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BOB RIGGS, CITY CLERK

# Russellville Meter Deposit Table

CREDIT				Ref. GALLONS
HOUSEHOLD				
1	\$25	\$60	\$90	2,000
2	\$50	\$80	\$120	3,000
3	\$50	\$100	\$150	4,000
4	\$50	\$120	\$180	5,000
5	\$50	\$140	\$210	6,000
6	\$50	\$160	\$240	7,000
7	\$50	\$180	\$270	8,000
8+	\$50	\$200	\$300	9,000
COMMERCIAL	\$100	\$500	\$750	

MINIMUM

100%

150%

Meter deposits are based on normal usage. If usage exceeds assumptions for three consecutive months meter deposit may be increased if payments are not promptly made to the City of Russellville.

**STATEMENT OF OBJECTIONS  
AND VETO MESSAGE FOR  
CITY OF RUSSELLVILLE ORDINANCE 2008-08**

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Comes now Gene Zick, duly elected Mayor of the City of Russellville, Kentucky, and for his Statement of Objections as contemplated by KRS 83A.130(6) and his Veto Message as to City Ordinance 2008-08, states as follows:

As Mayor of this city, I feel compelled to veto this ordinance based upon the following grounds:

- ◆ The proposed Ordinance was sent to the Attorney General of Kentucky on July 24, 2008, for an independent review of the changes being made to Ordinance 2008-01. The Attorney General has not given a date on when a response will be forthcoming. Therefore, out of an abundance of caution, I am vetoing this Ordinance as my veto window will expire in two (2) days. If the Attorney General approves the Ordinance, I may, or I may not, withdraw my veto.
- ◆ The Attorney General may be looking into the following areas, all of which are grounds for veto of the Ordinance, but also which collectively demonstrate the multiple problems with the Ordinance:
  - The Ordinance twice references an "administrator" yet the City of Russellville has no employee with the job title of "administrator."
  - The Ordinance applies only to ratepayers within the City of Russellville; the City of Russellville provides potable water to dozens of others ratepayers outside the city limits. Such separate treatment denies Equal Protection under the law for ratepayers outside the City limits.
  - Kentucky Rural Water Association has indicated that our current rates for meters and cut-ons and offs do not now cover our costs.
  - The Attorney General recently reviewed our deposit and said it was an appropriate amount due to demonstration of our costs.
  - Increased cost of fuel.
  - A current case in Louisville (Louisville Gas & Electric) now has landlords paying the outstanding debt. No service until paid.
  - The same thing could be done with letter of credit from (a previous) utility

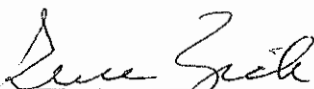


- Doesn't cover (2) two month's bills; the one being cut off and the current one.
- Potential for fraud, count of people in the house can not be proven. If higher deposit is required, would landlord report the truth?
- Water use should be the determining factor, not the number of people.
- Landlords will get their money, with the City left holding the bag; consequently, other ratepayers will have to cover the debt.
- The current deposit system has reduced cut offs from in the 50's to just 11 this past month (July).
- Water rate increase was to cover some bad debts. Recommended rate was \$15.25 but we decided to use \$13.29 as the base; on a monthly basis it is approximately \$35,800 which would have covered some of the bad debt.
- If you look at a summary of the cut-offs for 2007, with a deposit of \$350 you can capture over 85% of the cut-offs. Most bills avoided are for two months.
- An analysis of the period from March-June 2008 (period of new deposit rate) there were 93 on list versus 188 in the same period in 2007.
- Lost revenue for January-June 2008 was \$9,659.18 as compared with \$19,470.23 for the same period in 2007.
- The City is waiving deposits for landlords but not for other ratepayers; this is discriminatory, and denies Equal Protection under the laws.
- Implementing the Ordinance with the day-to-day operations of the clerical staff of the water department will increase the work load and job duties of staff.
- Madisonville is on the list of cities using this collection feature for a 5 (five) year period. The amount to be collected was \$700,000. Madisonville only collected \$66,000 but was charged for each try made by the company.
- In comparison, South Logan Water Association is looking to increase its rates as follows:
  - Tenants will have a deposit of \$175.00; if you can compare on the basis of water rate (potential loss), then Russellville should have a rate of \$220.00.
  - Disconnect fee of \$50 (and ours is going to \$35).

- Cut-off fees should be different because of more trips.
  - Cut-ons do not cover line costs.
  - \$300 meter fee doesn't include labor.
  - Based on 100 gallons usage, a house with (8) eight persons should have an estimated use of 24,000 gallons.
  - 3,900 residences with an average consumption would be 3.461 gallons.
  - Can not reconnect on the same day.
  - Giving another 10 days beyond 10 days already given.
- Article 2, Sec. J, Item 4: There is no charge for a landlord switching names and disconnecting/reconnecting service. This doesn't cover costs. Could only do read out and read-in. Discrimination? Everyone should be charged.
  - Article 2, Sec. J, Item 6: Watching for (3) three months of usage requires a system, accounting meaning more work to see if it matches the existing deposit rate. Will take another clerk (which is not in the budget).
  - Article 3, Sec K, Item 6: What is the time frame, who will do? Checking 3 months worth of consumption on 3,400 customers will be a lot of extra work for us on cut-off day. Staff already come in an hour early to get the list prepared before it goes out the door.
  - Madisonville doesn't use the Orange section. Either you have good credit or you do not. If not, they are charged a set deposit. No chart. Only use credit check if they do not have a letter of credit from a Utility.
  - Why aren't more cities using it?
  - Madisonville uses letter of credit from utility.
  - Printing cost of forms, filing (filing), and what if person lives out of town? How do we keep track of this?
  - Can't see all landlords wanting to do extra work of filling out cards every time they have a tenant move in.
  - What happens if the card is not filled our completely? Is it our responsibility to contact the owner for the rest of the information?

- What happens if a tenant comes in without a card? Do we send the customer away until they get a card or do we get in the middle of it and try to contact the owner?
- We have limited storage space; where will we keep the cards and for how long?
- How will landlords get the cards? Do we have them printed and give to landlords at their request; how will out-of-town landlords/tenants get them, do we mail?
- Customer registration is very time consuming. Certain steps have to be completed which entails paper, computer time and paperwork. At the first of the month, customers line up out the door while one or possibly two office staff complete this type of transaction (new tenants almost always move in the first day of the month).
- Item #4 allows for landlords to have the water turned on in their name at no charge any time they want. This means that can turn the water on one day and their tenant can come in and put the water in their name the next day and neither one has to pay a cut-on.
- The rates are too low. We are doing the exact opposite of what we were trying to accomplish when we changed the Ordinance. We have no idea if checking a person's credit worthiness or using a collection agency would help reduce the amount of dollars we are stuck with each year so should not reduce deposit until we have a proven track record. The new rates do not cover our costs.

This the 29 day of July, 2008.

  
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**GENE ZICK, MAYOR**

ATTEST:

  
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BOB RIGGS, CITY CLERK