

City of Henderson, Kentucky
Board of Commissioners Meeting
Tuesday, November 22, 2016

Municipal Center
Third Floor Assembly Room
222 First Street
5:30 P.M.

AGENDA

1. Invocation: Reverend Jeff Ferguson, First Assembly of God

2. Roll Call:

3. Recognition of Visitors:

4. Appearance of Citizens:

5. Proclamations:

6. Presentations: Planning Commission Refund of Unused Funds – Brian Bishop

Water & Sewer Commission Report on Audits of Financial Statements – Tom Williams

911 Communication System Update – Mike Shockley

7. Public Hearings:

8. Consent Agenda:

Minutes: October 25, 2016 Regular Meeting

November 15, 2016 Work Session

9. Ordinances & Resolutions:

Second Readings: Ordinance Accepting Public Improvements - Harding Avenue Sidewalk Improvements

First Readings: Ordinance Accepting Public Improvements - Finley Addition Sewer Improvements

Please mute or turn off all cell phones for the duration of this meeting.

Ordinance Regarding Annexation - Palmer Oil Co., S. Green Street

Ordinance Relating to Merchants' Use of Sidewalk in Central Business District

Ordinance Amending Appropriation and Budget Ordinance, FY 2017

Ordinance Amending Job Classification and Pay Plan-Exempt to Non-Exempt Status and Salary Adjustment to Meet Department of Labor Regulation Effective December 1, 2016

Resolutions:

Resolution Authorizing Submittal and Acceptance, if Awarded, of a Federal Emergency Management Administration Grant Under the Assistance to Firefighters Grant Program for an Emergency Response Equipment Package

10. Municipal Orders: Municipal Order Approving Salary Increase for the Public Information Officer (PIO) Position to the Minimum Salary Threshold for an Exempt Employee as Set by the Department of Labor Regulation under the Fair Labor Standards Act Effective December 1, 2016

11. Bids & Contracts: Municipal Order Approving Change Order #2 to the Contract Between the City and Danco Construction, Inc. Regarding the Construction Contract of the New Municipal Service Center for a Credit to the City in the Amount of \$13,876.00

12. Unfinished Business:

13. City Manager's Report:

14. Commissioners' Reports:

15. Appointments:

16. Executive Session:

17. Miscellaneous:

18. Adjournment

Please mute or turn off all cell phones for the duration of this meeting.

City Commission Memorandum
16-238

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Presentations

Items scheduled under the Presentations section of the agenda are as follows:

1. Presentation by Henderson City-County Planning Commission. Mr. Brian Bishop, Executive Director, will present the City a check representing the City's portion of unused funds in their 2016 operating budget.
2. Presentation by Henderson Water Utility. Mr. Tom Williams, General Manager, will present the Report on Audits of Financial Statements for the years ended June 30, 2016 for the Henderson Water and Sewer Commission.
3. Presentation by 911 Communications. Mr. Mike Shockley, Dispatch Supervisor, will give an update on the 911 system.

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE WATER & SEWER COMMISSION OF THE CITY OF HENDERSON

TOM WILLIAMS, P.E.
GENERAL MANAGER

Date: 18 November 2016

Memo To: Mayor Steve Austin
Henderson City Commissioners
Russell Sights, City Manager
Buzzy Newman, Asst. City Manager
Dawn S. Kelsey, City Attorney

From: Tom Williams, P.E.
General Manager

Subject: Report on HWU Audit, FY 2016

The Water and Sewer Commission will accept the annual **Report on Audits of Financial Statements** for Fiscal Years ended 30 June 2016 and 2015 at our regular monthly meeting on November 21st. Myriad CPA Group gave us an unmodified (or “clean”) opinion.

To insure compliance with the KRS requirements for Special Purpose Governmental Entities (which requires us to integrate our budget information and financial reporting into that of the City to avoid additional reporting under H.B. 1), we would like to report our Audit to the City Commission at the 22 November meeting. Brian Crafton of Myriad will be in attendance to give a brief summary and answer any questions.

A copy of the Audit is attached to this memo.

If you have any questions, please feel free to call me at the office 270.869.6621 or on by cell 270.823.2573.

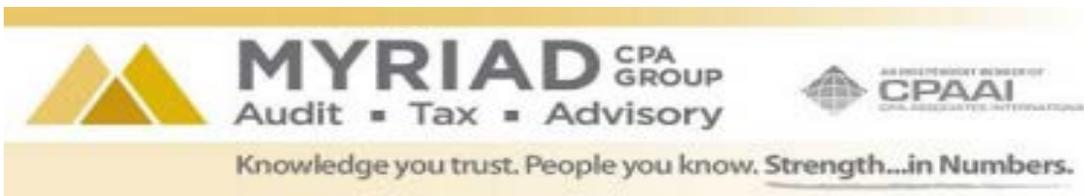
Cc: Todd Bowley, HWU CFO
R. Paul Bird, Jr., HWU Board Chairman

**HENDERSON WATER UTILITY-
CITY OF HENDERSON, KENTUCKY - WATER AND SEWER
COMMISSION**

Report on Audited Financial Statements
For the fiscal years ended June 30, 2016 and 2015

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Independent Auditors' Report

To the Board of Commissioners
Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission
Henderson, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission 's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3 through 10 and schedules of the Commission's Proportionate Share of Net Pension Liabilities and Commission Contributions, on pages 41 and 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Supplemental Schedules of Revenues, Expenses, and Changes in Net Position by Division for the fiscal years ended June 30, 2016 and 2015 on pages 39 and 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission's internal control over reporting and compliance.



Henderson, Kentucky
November 17, 2016

Management's Discussion and Analysis

As management of the Henderson Water Utility- City of Henderson, Kentucky- Water and Sewer Commission (Commission), we offer readers of the Commission's financial statement this overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2016. The Commission is in the business of providing water, wastewater and stormwater services for the City of Henderson, Kentucky as well as parts of Henderson, Webster and McLean counties. It is our intent that these comments provide all parties interested in the Commission's financial condition, especially the citizens of Henderson, a better understanding of the Commission's operations and financial condition. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Commission's financial statements, which begin on page 11 of this report.

Financial Highlights

- The Commission's total assets decreased by 2.2% from \$94,990,325 at June 30, 2015 to \$92,892,622 at June 30, 2016 primarily due to the expenditure of cash and investments to continue the various capital projects including the expansion of the north wastewater treatment plant and make improvements to the two water treatment plants.
- Operating revenues increased \$591,756 or 3.4% from \$17,605,009 to \$18,196,765 due primarily to a 5.85% rate increase on non-contractual customers that went into effect in July 2015 partially offset by decreased commercial and industrial usage.
- Operating expenses increased by \$1,229,874 or 7.9% from \$15,419,716 to \$16,649,590 due primarily to higher personnel related expenses (wages and benefits). This increase in expense outpaced the change in operating revenues resulting in a \$638,118 or 29.2% decrease in operating income compared to the year ago period.
- The Commission produced a negative cash flow of \$3,259,660 for the year. The Commission generated approximately \$7.4 million in cash from operations, investments and proceeds from asset sales. The sources of cash were exceeded by capital expenditures of approximately \$6.8 million and debt-related payments of approximately \$3.8 million.
- During the fiscal year ending June 30, 2015, the Commission implemented GASB Statement No. 68, which required the Commission to report and fully disclose its proportionate share of net pension liability and related deferred outflows and inflows of resources and pension expense from the Commission's participation in the County Employees' Retirement System (CERS). This implementation required the Commission to restate beginning net position for the net beginning balances related to the pension plan. This restatement resulted in an approximate \$5.2 million decrease in net position as of July 1, 2014. For more information on this restatement and current year pension activity, please refer to Note 7 of these financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These basic financial statements are comprised of four components: 1) the financial statements, 2) notes to the financial statements, 3) supplemental information and 4) required supplemental information.

The Commission is a business-type activity and the Commission's basic financial statements include: the *Statement of Net Position*, the *Statement of Revenues, Expenses, and Changes in Net Position* and the *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) and can be found on pages 11-15 of this report.

Overview of the Financial Statements, continued

The *Statement of Net Position* presents information on all of the Commission's assets, deferred outflows of resources, liabilities and deferred inflows, with the difference reported as net position. Net position is an important measure of the Commission's overall financial health and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Commission's creditors (liabilities). It also provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of Commission. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information on how the Commission's net position changed, including operating revenues, operating expenses, non-operating income and expenses, capital contributions and any other changes in net position, during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the company has successfully recovered all of its costs through water and wastewater charges, has earned a profit, and has maintained credit worthiness.

The *Statement of Cash Flows* presents information showing how the Commission's cash and cash equivalents position changed during the fiscal year. The primary purpose of this statement is to provide information about the Commission's cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital and financing activities and provides information on the sources and uses of cash and the changes in cash balances during the year.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 16-38.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's funding of its obligation to provide pension benefits to its employees. The required supplementary information can be found on pages 41-42 of this report. Additional, not required, supplementary information reporting revenues, expenses and changes in net assets by division can be found on pages 39-40.

Condensed Comparative Financial Statements

Statement of Net Position				
(in thousands)				
	6/30/2016	6/30/2015	Increase (Decrease)	Percent Change
Assets:				
Current Assets	\$ 10,654	\$ 15,696	\$ (5,042)	-32.1%
Restricted Assets	535	888	(353)	-39.8%
Non-Current Assets	16	148	(132)	-89.2%
Capital Assets	81,687	78,258	3,429	4.4%
Total Assets	<u>92,892</u>	<u>94,990</u>	<u>(2,098)</u>	<u>-2.2%</u>
Deferred Outflows of Resources	<u>1,341</u>	<u>655</u>	<u>686</u>	<u>104.7%</u>
Liabilities:				
Current Liabilities	4,758	5,209	(451)	-8.7%
Long-term Liabilities	44,752	45,392	(640)	-1.4%
Total Liabilities	<u>49,510</u>	<u>50,601</u>	<u>(1,091)</u>	<u>-2.2%</u>
Deferred Inflows of Resources	<u>-</u>	<u>560</u>	<u>(560)</u>	<u>-100.0%</u>
Net Position:				
Invested in capital assets, net of related debt	41,761	36,390	5,371	14.8%
Restricted for debt service	288	362	(74)	-20.4%
Unrestricted	<u>2,674</u>	<u>7,732</u>	<u>(5,058)</u>	<u>-65.4%</u>
Total Net Position	<u>\$ 44,723</u>	<u>\$ 44,484</u>	<u>\$ 239</u>	<u>0.5%</u>

Summary

The Commission's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$44.7 million at fiscal year end, an increase of \$238,816 or 0.5% from the prior year. The increase in net position was driven by decreases in liabilities and deferred inflows of resources offset by decreases in assets and changes in deferred outflows of resources.

Assets and Deferred Outflows of Resources

Total assets decreased by \$2,097,703 or 2.2% from the prior period. A \$3,428,350 increase in capital assets was offset by a \$5,041,496 reduction in current assets. The decrease in current assets were primarily due to a decrease in cash and investments of approximately \$5.1 million which were primarily used for capital expenditures on ongoing construction projects. The Commission's capital expenditures for the fiscal year were approximately \$6.8 million compared to annual depreciation expense of \$3.1 million and net capital assets disposals of \$300 thousand. Deferred outflows of resources increased \$685,783 and was driven by pension related adjustments from the Commission's participation in CERS.

Liabilities and Deferred Inflows of Resources

Total liabilities decreased \$1,090,736 or 2.2% due to a decrease in current liabilities of \$450,786 and a decrease in non-current liabilities of \$639,950. The decrease in non-current liabilities is largely due to a decrease in long-term debt of \$2,392,473 offset by an increase in the net pension liability of \$1,716,606 from the Commission's participation in CERS. Deferred inflows of resources decreased by \$560,000 which were fully related to pension related adjusts associated with the Commission's CERS participation.

Net Position

There are three components of the Commission's net position. The largest portion, Invested in Capital Assets, Net of Related Debt, represents the Commission's investment in capital assets, net of any related debt (debt used to finance the purchase of capital assets) and reflects the Commission's investment in property, plant and equipment. The component, Restricted for Debt Service, represents amounts restricted by debt covenants to be maintained for specific debt issue and consist of funds to meet principal and interest requirements and reserves. The remaining Unrestricted Net Position is available to the Commission to meet its ongoing obligations. The Commission's overall net position is simply a function of its assets and deferred outflows of resources minus its liabilities and deferred inflows of resources. During the period, the Commission's net position increased as previously noted.

Statement of Revenues, Expenses, and Changes in Net Position				
(in thousands)				
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues	\$ 18,197	\$ 17,605	\$ 592	3.4%
Operating expenses	<u>16,650</u>	<u>15,420</u>	<u>1,230</u>	<u>8.0%</u>
Operating income	1,547	2,185	(638)	-29.2%
Net non-operating activity	<u>(1,103)</u>	<u>(1,445)</u>	<u>342</u>	<u>-23.7%</u>
Change in net position before contributions and transfers	444	740	(296)	-40.0%
Transfers	(400)	(400)	-	0.0%
Capital contributions	<u>195</u>	<u>150</u>	<u>45</u>	<u>30.0%</u>
Change in net position	239	490	(251)	-51.2%
Net position at beginning of year as restated (1)	<u>44,484</u>	<u>43,994</u>	<u>490</u>	<u>1.1%</u>
Net position at end of year	<u>\$ 44,723</u>	<u>\$ 44,484</u>	<u>\$ 239</u>	<u>0.5%</u>

- (1) The Commission implemented GASB Statements Nos. 68 and 71 during the year ended June 30, 2015. For additional information, refer to Notes 7 and 16 in the accompanying financial statements.

Summary

The Commission's operating revenues increased 3.4% and operating expenses increased 8.0% resulting in a decrease in operating income of 29.2% or \$638,118. Non-operating activity (net) improved by 23.7% due to decreases in interest and amortization expense and no loss realized on capital asset activity. Change in net position decreased \$251,500 or 51.2% compared to the year-ago period.

Operating Revenues

Operating revenues increased by approximately \$592,000 or 3.4%. The increase in water and wastewater sales was primarily due to an increase in non-contractual volumetric rates offset by variations in both contractual rates and usage in addition to non-contractual customer usage. Fee and surcharge income increased due to additional current year billings to commercial and industrial customers for various regulatory and contractual issues.

Operating Revenues				
(in thousands)				
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
North:				
Water sales	\$ 5,242	\$ 4,906	\$ 336	6.8%
Wastewater sales	7,536	7,142	394	5.5%
Penalties, fees and surcharges	<u>432</u>	<u>314</u>	<u>118</u>	<u>37.6%</u>
Total North	<u>13,210</u>	<u>12,362</u>	<u>848</u>	<u>6.9%</u>
South				
Water sales	2,012	1,994	18	0.9%
Wastewater sales	2,909	3,210	(301)	-9.4%
Penalties, fees and surcharges	<u>66</u>	<u>39</u>	<u>27</u>	<u>69.2%</u>
Total South	<u>4,987</u>	<u>5,243</u>	<u>(256)</u>	<u>-4.9%</u>
Total operating revenues	<u>\$ 18,197</u>	<u>\$ 17,605</u>	<u>\$ 592</u>	<u>3.4%</u>

Operating Expenses

Operating expenses increased by approximately \$1.2 million or 8.0%. The key components of operating expenses are: Operation and maintenance expenses and depreciation expense. Operation and maintenance expense increased by approximately \$1.4 million primarily due to increased personnel related costs (wages, health insurance and retirement) and electric utilities partially offset by lower contractual service and repairs and maintenance expenses. Depreciation expense decreased by approximately \$227,000 as capitalized assets reaching end of depreciable lives exceeded new capital assets being placed in service.

Operating Expenses, continued

Operating Expenses				
(in thousands)				
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Salaries and benefits	\$ 6,980	\$ 5,693	\$ 1,287	22.6%
Contractual services	2,053	2,146	(93)	-4.3%
Supplies and materials	1,629	1,630	(1)	-0.1%
Utilities	1,552	1,295	257	19.8%
Repairs and maintenance	570	630	(60)	-9.5%
Other services and expenses	767	700	67	9.6%
Depreciation	<u>3,099</u>	<u>3,326</u>	<u>(227)</u>	<u>-6.8%</u>
Total operating expenses	<u>\$ 16,650</u>	<u>\$ 15,420</u>	<u>\$ 1,230</u>	<u>8.0%</u>

Cash Flows

Statement of Cash Flows				
(in thousands)				
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Cash Provided (Used) by:				
Operating Activities	\$ 4,936	\$ 5,832	\$ (896)	-15.4%
Financing Activities				
Non-capital	(400)	(400)	-	0.0%
Capital	(10,085)	(3,420)	(6,665)	194.9%
Investing Activities	<u>2,289</u>	<u>406</u>	<u>1,883</u>	<u>463.8%</u>
Net Change in Cash	<u>\$ (3,260)</u>	<u>\$ 2,418</u>	<u>\$ (5,678)</u>	<u>-234.8%</u>

Cash from Operating Activities decreased by approximately \$896,000 primarily due to higher cash expenses and decreased current liabilities partially offset by increased receipts from customers. Cash from Capital and Related Financing Activities decreased by approximately \$6.6 million due to increased capital spending and principal payments long term debt. Cash Provided by Investing Activities decreased by approximately \$1.9 million primarily due to maturity of investments that were converted to cash in the current year.

Capital Assets

Commission staff has prepared a Strategic Plan for Capital Spending in the water, wastewater and stormwater systems. This document provides an overview of the anticipated needs of the Henderson Water Utility to repair, replace and add to our existing infrastructure for the period through fiscal year 2025. This plan will be updated annually, and will assist in the annual capital budgeting process.

The Commission entered into a Consent Judgment with the Commonwealth of Kentucky's Environmental & Public Protection Cabinet (EPPC) in 2007 related to reducing the negative environmental impacts of the City's combined sewer system on water quality. An Agreed Order was also issued by the U.S. EPA.

Capital Assets, continued

Under that Consent Judgment, the Commission was required to prepare and submit a Long Term Control Plan (LTCP) to the EPPC and EPA in early 2009. The LTCP and the projects incorporated in the plan were approved by both regulatory agencies in April 2012. The Commission is required by the Agreed Order to complete all components of the plan before December 2017. The purpose of the LTCP is to mitigate the negative environmental impacts of the City's combined sewer system on water quality in the Ohio River and Canoe Creek. Those projects are now nearly complete. We have completed the Downtown Sewer Separation Project (Phase I) and the Canoe Creek Interceptor (Phase II) components, and the third major component, the expansion of the North Wastewater Treatment Plant is nearing completion and will be completed in the third quarter of calendar year 2016. The current estimate of costs related to the LTCP is \$44.4 million of which approximately \$800,000 remaining.

The major concern of focusing all our capital investments on the LTCP to meet the Consent Judgment requirements is that we have been unable to fund other necessary infrastructure and operating needs at desired levels. The Commission's treatment plants, water distribution system, sewer and storm water collection systems must be routinely repaired, replaced and upgraded. With extremely limited funds available for other capital needs outside the LTCP projects, we have been forced to delay investments in other critical infrastructure. Additional borrowing of \$ 3 million completed in September 2014 was used to fund critical projects in both the North and South Water systems. That process included painting of the 500,000 gallon Frontier water storage tank, and planning and implementation of various projects at the South Water Treatment Plant. Plans have been prepared for a new 800,000 gallon pre-stressed concrete clearwell. A project to further the useful life of conical clarifiers and other critical items in the plant was completed in spring 2016. In addition, plans have been prepared for a large upgrade of the water plant, switching to a membrane filtration system. An additional project in the North water system was the painting and upgrading of the Vine street water storage tank, completed in fall 2016.

Stormwater needs are ongoing and growing. The Commission has completed several small drainage projects over the previous fiscal years, and maintains a prioritized list of future projects. One notable project completed in fiscal year was the Cooper Park Project, which utilized a State grant to provide stormwater relief in an older subdivision located on the North Fork of Canoe Creek. This project was constructed by Utility crews.

We also know that new, more stringent regulations are on the horizon that will require greater capital investment in advanced water and sewer treatment technology within the upcoming years. As our projects are completed, other requirements within the Consent Judgment will require investments in equipment and technology to collect data and monitor our progress toward improving water quality.

Our challenge continues to be to balance these competing capital needs while providing our customers with quality water and services at a reasonable competitive price.

The Commission's investment in capital assets as of June 30, 2016 amounted to approximately \$42.0 million (net of accumulated depreciation and related debt). The investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, construction in progress and infrastructure acquired and disposed since the Commission's inception. The Commission's net capital assets for the current fiscal year increased approximately \$3.4 million or 4.4% due to current year acquisitions, exceeding current year depreciation expense. The Commission expended approximately \$6.8 million in the current fiscal year on the acquisition and construction of capital assets.

Capital Assets, continued

Major capital events of the current fiscal year included the following:

- Construction of various water and wastewater projects totaling approximately \$5.9 million. Main projects consisted of NWWTP Headworks Project (\$2.4 million), NWTP Rehabilitation Project (\$1.2 million), and Frontier Tank (\$542,000). These projects will be completed in early fiscal year 2017.
- Purchase of new Wash Truck for approximately \$220,000 and five new crew trucks for approximately \$194,000.

Additional information on the City's capital assets can be found in Note 5 on page 23 of this report.

Debt Administration

At June 30, 2016, the Commission had \$3,110,000 principal outstanding in bonded debt related to its Series 2006A Revenue Bonds. The Commission also had other debt of \$36,922,239 which consists of various notes to the City of Henderson issued in conjunction with City's General Obligation Bond Series 2010 A & B, 2012 A, 2013 A, 2014 A, 2015 B & C, and 2016 B. These bonds were issued to finance the Commission's various Long-Term Control Plan (LTCP) capital projects, necessary water plant improvements and refinance various Commission debt issues (bonds, KADD & KIA notes, and KACO leases). The Commission has committed to reimbursing the City for all debt service payments made for these issuances.

Additional information on the Commission's debt can be found in Note 6 on pages 24-25 of this report.

Economic Factors and Next Year's Budgets and Rates

Water and wastewater revenues for the fiscal year ending June 30, 2017, are budgeted to increase approximately 2% from fiscal year 2016 actual revenues based primarily due to increased volumetric rates offset by the expected continued trend of volumetric decreases from our non-contractual customers. Operation and maintenance expenses in the fiscal year ending June 30, 2017 are budgeted to increase by \$590,898 or 5.3% from the fiscal year 2016 budget, primarily based on increased labor costs (salaries and benefits).

Management is continually monitoring our rates and rate structure in relation to capital, debt and operational needs, as well as weighing cost to our customers compared to other utilities. The Commission has a previously approved rate increase schedule that continues with annual 5.85% increases on July 1 through 2018. The Commission continues to evaluate and balance available revenue against expenditures, regulatory requirements and service levels and to seek operating efficiencies. Management emphasizes sound financial and operational decision-making with a focus on strategic thinking and planning. Key objectives at present include focusing on future capital needs and development of budgets that approaches both revenues and expenses conservatively and that focuses on long-term sustainability.

Request for Information

The financial report is designed to provide our citizens, ratepayers, customers and creditors with a general overview of the Commission's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission at 111 Fifth Street, Henderson, Kentucky, 42420.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Statements of Net Position
As of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 8,374,950	\$ 11,445,981
Investments	35,766	2,102,550
Accounts receivable, consumers	1,166,105	1,208,699
Accrued interest receivable	10	1,873
Inventories	1,030,522	902,859
Prepaid expenses	47,282	34,169
Total Current Assets	<u>10,654,635</u>	<u>15,696,131</u>
<u>Restricted Assets:</u>		
Cash and cash equivalents	-	188,629
Investments	534,909	699,042
Accrued interest receivable	91	5
Total Restricted Assets	<u>535,000</u>	<u>887,676</u>
<u>Capital Assets:</u>		
Non-depreciable	1,466,482	1,466,482
Depreciable, net of accumulated depreciation	63,009,675	64,939,581
Construction in progress	17,210,815	11,852,559
Total Capital Assets	<u>81,686,972</u>	<u>78,258,622</u>
<u>Other Assets</u>	<u>16,015</u>	<u>147,896</u>
Total Assets	<u>92,892,622</u>	<u>94,990,325</u>
<u>Deferred Outflows of Resources</u>		
Total Deferred Outflows of Resources	<u>1,340,953</u>	<u>655,170</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 94,233,575</u>	<u>\$ 95,645,495</u>

The accompanying notes are an integral part of the financial statements.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Statements of Net Position, Continued
As of June 30, 2016 and 2015**

Liabilities, Deferred Inflows of Resources, and Net Position

	2016	2015
<u>Current Liabilities:</u>		
Accounts payable	\$ 577,490	\$ 901,504
Retainage payable	477,082	513,404
Deposits payable	85,204	80,694
Accrued interest payable	147,474	160,571
Current portion, long-term debt	2,026,146	1,842,712
Compensated absences	371,967	468,247
Accrued liabilities	826,148	904,364
Total Current Liabilities	4,511,511	4,871,496
<u>Current Liabilities Payable from Restricted Assets:</u>		
Accrued interest payable	21,721	37,522
Current portion, long-term debt	225,000	215,000
Current portion, capital lease obligations	-	85,000
Total Current Liabilities Payable from Restricted Assets	246,721	337,522
Total Current Liabilities	4,758,232	5,209,018
<u>Non-Current Liabilities:</u>		
Compensated absences	342,225	200,677
Accrued pension liability	6,734,694	5,018,088
Capital lease obligations, net of current portion	-	1,700,000
Long-term debt, net of current portion	37,675,462	38,473,566
Total Non-Current Liabilities	44,752,381	45,392,331
Total Liabilities	49,510,613	50,601,349
<u>Deferred Inflows of Resources:</u>		
Total Deferred Inflows of Resources	-	560,000
<u>Net Position:</u>		
Invested in capital assets, net of related debt	41,760,364	36,103,169
Restricted for debt service	288,279	550,154
Unrestricted	2,674,319	7,830,823
Total Net Position	44,722,962	44,484,146
Total Liabilities, Deferred Inflows of Resources, and Total Net Position	\$ 94,233,575	\$ 95,645,495

The accompanying notes are an integral part of the financial statements.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Statements of Revenues, Expenses, and Changes in Net Position
For the fiscal years ended June 30, 2016 and 2015**

	2016	2015
<u>Support and revenues:</u>		
Water sales	\$ 7,254,094	\$ 6,900,359
Water penalties, surcharges and fees	66,143	67,801
Wastewater fees	10,444,721	10,352,108
Wastewater penalties, surcharges and fees	431,807	284,741
Total operating revenues	18,196,765	17,605,009
<u>Operating expenses:</u>		
Water pumps and tanks	227,361	227,365
Water intake and treatment	3,371,069	3,330,630
Water transmission and distribution	1,720,696	1,208,528
Wastewater pumping stations	1,583,924	1,218,893
Wastewater lines and connections	1,327,075	562,369
Wastewater pretreatment and treatment	4,166,032	4,137,147
Stormwater	1,155,032	1,409,219
Depreciation	3,098,401	3,325,565
Total expenses	16,649,590	15,419,716
Operating income	1,547,175	2,185,293
<u>Non-operating revenues (expenses):</u>		
Investment income	42,921	31,150
Gain on sale/impairment of assets	26,967	(263,957)
Miscellaneous income	13,452	25,479
Interest expense	(1,171,858)	(1,213,579)
Amortization	(14,849)	(24,070)
Total non-operating revenues (expenses)	(1,103,367)	(1,444,977)
Increase in net position before contributions and transfers	443,808	740,316
Distribution to the City of Henderson	(400,000)	(400,000)
Capital contributions	195,008	150,000
Increase in net position	238,816	490,316
Cumulative effect of change in accounting principle- GASB 68	-	(5,176,088)
Net position at beginning of year	44,484,146	49,169,918
Net position at end of year	\$ 44,722,962	\$ 44,484,146

The accompanying notes are an integral part of the financial statements.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Statements of Cash Flows
For the fiscal years ended June 30, 2016 and 2015**

	2016	2015
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 18,123,260	\$ 17,944,434
Payments to suppliers for goods or services	(6,744,981)	(6,199,081)
Payments to employees for services	(6,442,618)	(5,913,535)
Net cash provided by operating activities	4,935,661	5,831,818
<u>Cash flows from non-capital financing activities:</u>		
Distributions to the City of Henderson	(400,000)	(400,000)
Net cash used by non-capital financing activities	(400,000)	(400,000)
<u>Cash flows from capital and related financing activities:</u>		
Acquisition and construction of capital assets	(6,801,485)	(8,075,514)
Proceeds from issuance of long-term debt	11,585,000	8,045,812
Principal payments on long-term debt	(12,118,824)	(2,374,586)
Principal payments on capital lease obligations	(1,785,000)	(1,177,253)
Interest payments on long-term debt	(1,189,157)	150,000
Proceeds from contributed capital	195,008	2,400
Proceeds from sale of capital assets	30,067	9,413
Net cash used by capital and related financing activities	(10,084,391)	(3,419,728)
<u>Cash flows from investing activities:</u>		
Purchase of investment securities	(360,246)	(661,943)
Proceeds from sale and maturity of investment securities	2,583,088	1,021,468
Investment and other income	66,228	46,180
Net cash provided by investing activities	2,289,070	405,705
Net increase (decrease) in cash and cash equivalents	(3,259,660)	2,417,795
Cash and cash equivalents, beginning of year	11,634,610	9,216,815
Cash and cash equivalents, end of year	\$ 8,374,950	\$ 11,634,610
<u>Reconciliation of total cash and cash equivalents:</u>		
Current assets-cash and cash equivalents	\$ 8,374,950	\$ 11,445,981
Restricted assets-cash and cash equivalents	-	188,629
Total cash and cash equivalents	\$ 8,374,950	\$ 11,634,610

The accompanying notes are an integral part of the financial statements.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Statements of Cash Flows, continued
For the fiscal years ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,547,175	\$ 2,185,293
Items to reconcile net operating income to net cash provided by operations:		
Depreciation	3,098,401	3,325,565
Net effect of GASB 68	470,823	
Changes in operation asset and liabilities		
Accounts receivable, consumers	42,594	68,533
Inventories	(127,663)	20,900
Prepaid expenses	(13,113)	(1,722)
Accounts payable	(324,014)	163,615
Retainage payable	(36,322)	-
Deposits payable	4,510	-
Compensated absences	45,268	14,250
Accrued liabilities	(78,216)	55,384
Net cash provided by operating activities	<u>\$ 4,629,443</u>	<u>\$ 5,831,818</u>

The accompanying notes are an integral part of the financial statements.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission ("Commission") conform to generally accepted accounting principles (GAAP) applicable to governmental enterprise units. The following summary of the more significant policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

Reporting Entity

The Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission is a component unit of the City of Henderson, Kentucky. Its purpose is to construct, operate, and maintain water and sewer service facilities and supply water to the City of Henderson and surrounding areas. It is legally separate from the City of Henderson but its governing body is appointed by the City Commission of Henderson. The financial statements presented here are also included in the comprehensive annual financial report of the City of Henderson, Kentucky.

Basis of Accounting Presentation

The Commission is a single-enterprise proprietary fund and uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recognized as soon as they result in liabilities for the benefits provided. Proprietary funds are used to account for operations (a) that are financed in a manner similar to private business enterprise-where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) that a periodic determination of revenues earned, expenses incurred and/or change in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB), Statement Number 34, *Basic Financial Statements, Management Discussion and Analysis for State and Local Governments* and related standards.

The Henderson Water Utility is accounted for as an enterprise fund. The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the provisions of the GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements*, the Utility applies all Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Charges for services include revenues based on exchange or exchange-like transactions, namely water and sewer use. Program-specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

Allocation of overhead expenses from one function to another, and within one function, is eliminated in the statement of activities so that allocated expenses are reported only by the function in which they are allocated.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting Presentation, continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for water and sewer usage. Operating expenses include the cost of providing water and sewer services, administrative expenses, and depreciation on capital assets. Other revenues and expenses are reported as non-operating in the financial statements.

Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred. Property tax revenues are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Cash Equivalents

The Commission considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents.

Accounting and Related Services

The Water and Sewer Commission has an agreement with the City of Henderson to perform its billing and collection services. All monies collected and due to the Commission are maintained in the City of Henderson's Utility Clearing Fund and are paid to the Commission on a weekly basis. The City of Henderson also processes the recording and payment of vendor invoices and the biweekly payroll processing for the Commission. In addition, the City manages the Human Resource function's administration for the Commission.

Investments

KRS 66.480 permits the Commission to invest in U.S Treasury obligations, U.S. Agency obligations, certain Federal instruments, repurchase agreements, commercial bank certificates of deposit, savings and loan deposits, and the Commonwealth of Kentucky investment pool. Investments are recorded at fair market value based on quoted market prices. Any gains or losses are reflected in the statement of income, in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Inventories

Inventories of chemicals, parts, and supplies are recorded at cost using the FIFO method (first in, first out). The cost is recorded as an asset when purchased and as an expense when used (consumption method).

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restricted Assets

Restricted assets are cash and cash equivalents, U.S. Treasury obligations and interest receivables whose use is limited by legal requirements. Restricted assets represent amounts required by debt covenants to be segregated for debt service reserves and future debt payments and accrued interest on long-term debt obligations.

Capital Assets

Capital assets are stated at cost. All materials for capital improvements are capitalized when purchased. Construction in progress is not depreciated until completed and placed into service. Interest is capitalized on assets constructed and acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until the completion of the project with interest earned on the invested proceeds from debt issuance over the same period.

Depreciation rates are based upon estimated useful lives and have been applied on the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Structures, Lines, Mains and Accessories, and System Improvements	5-50
Equipment, Tools and Accessories, Office Equipment, Shop and Lab Equipment	7-10
Transportation Equipment	5
Rental Property	20

Debt Issuance Costs and Deferred Loss on Refunding of Long-Term Debt

The Commission's current rate methodology as it relates to contracts with certain large industrial concerns provides for recovery of debt issue costs through its rate structure; therefore, the Commission elected to follow the guidance under GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, rather than GASB No. 65, Items Previously Reported as Assets and Liabilities. Under the guidance of GASB No. 62, the debt issuance costs are considered by management to be a regulatory asset and are amortized over the life of the related debt using the interest rate method.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the Commission and its employees is accrued as employees earn the rights to the benefits. Employees of the Water and Sewer Commission are entitled to paid vacations and paid sick days, depending on job classification, length of service, and other factors. The Commission's policy is to recognize the costs of accumulated earned, but unused, vacation and sick pay benefits under the accrual method of accounting in accordance with Governmental Accounting Standards No. 16.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences, Continued

Compensated absence activity for the year ended June 30, 2016 was as follows:

	Balance July 01, 2015	Additions	Deductions	Balance June 30, 2016
Compensated absences	\$ 668,924	\$ 417,235	\$(371,967)	\$ 714,192

Presented on the statement of net position under the following captions:

Current liabilities-compensated absences	\$ 371,967
Non-current liabilities-compensated absences	342,225
	\$ 714,192

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position presents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the statement of net position. Proprietary fund net position is divided into three components:

- Invested in capital assets, net of related debt- consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consists of net assets that are restricted by the Commission's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted- all other net assets are reported in this category.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Retirement Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Commission has only one item that qualifies for reporting in this category: the pension-related deferred outflows reported in the statement of net position totaling \$1,340,953 and \$655,170 at June 30, 2016 and 2015, respectively, as described in Note 7 to financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Commission only has one item that meets this criteria: the pension deferred inflows reported in the statement of net position totaling \$0 and \$560,000 at June 30, 2016 and 2015, respectively, as described in Note 7 to financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2016, the Water and Sewer Commission maintained deposits in the amount of \$8,374,505 with one local financial institution. Of the bank balances, \$250,000 was insured by federal deposit insurance and the remaining balance was fully collateralized by pledged securities.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 3 – INVESTMENTS

Investments are summarized as follows at June 30, 2016 and 2015:

June 30, 2016				
Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Unrestricted:				
Cash and equivalents	\$ -	\$ -	\$ -	\$ -
U.S. Government Obligations Fund	-	-	-	-
U.S. Government Securities	-	-	-	-
Marketable Securities	35,766	35,766	-	-
	<u>\$ 35,766</u>	<u>\$ 35,766</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:				
U.S Government Obligations Fund	\$ 534,909	\$ 534,909	\$ -	\$ -
	<u>\$ 534,909</u>	<u>\$ 534,909</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2015				
Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Unrestricted:				
Cash and equivalents	\$ 1,875	\$ 1,875	\$ -	\$ -
U.S. Government Obligations Fund	53,083	53,083	-	-
U.S. Government Securities	2,002,970	2,002,970	-	-
Marketable Securities	44,622	44,622	-	-
	<u>\$ 2,102,550</u>	<u>\$ 2,102,550</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:				
U.S Government Obligations Fund	\$ 699,042	\$ 699,042	\$ -	\$ -
	<u>\$ 699,042</u>	<u>\$ 699,042</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

As a means of limiting exposures to fair value losses arising from interest rates, the Commission manages the maturities of its investment portfolio. The Commission had no investments at June 30, 2016 subject to interest rate risk.

Credit Risk

The Water & Sewer Commission is authorized to invest in U.S. Government-backed securities, any corporation of the U.S. Government, Certificates of Deposit and Bankers Acceptances issued by highly rated banks, commercial paper in the highest rating category, and securities issued by a state or local government rated in one of the three highest categories by a nationally recognized rating agency, and any other investment permitted by KRS 66.480.

The only exceptions are the marketable securities owned by the Commission. These securities were obtained by the Commission at no cost when the Utility's life insurance provider converted to a publicly-traded company from a mutual company in 2002. The approximate fair value at June 30, 2016 was \$35,766.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 3 – INVESTMENTS, CONTINUED

Custodial Credit Risk

For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All restricted and unrestricted investments of the Commission, except for the marketable securities, comprise of uninsured and unregistered investments for which the securities are held by the Commission's trustees in their trust department not in the name of the Henderson Water Utility. As of June 30, 2016, no investments are held by and in the name of Field and Main Bank, the counterparty.

Concentration of Credit Risk

The Commission places no limit on the amount that the Commission may invest in any one issuer. More than 5 percent of the Commission's investments are in U.S. Government Obligations Money Market Funds as of June 30, 2016.

NOTE 4 -RESTRICTED ASSETS

Certain assets of the Water and Sewer Commission, which are restricted by bond and loan covenants, consisted of the following at June 30, 2016 and 2015:

June 30, 2016				
	Cash	U.S. Treasury	Accrued Interest	Total
Bond Sinking	\$ -	\$ 172,143	\$ 23	\$ 172,166
Debt Service Reserve	-	362,766	68	362,834
Operating Reserve	-	-	-	-
	\$ -	\$ 534,909	\$ 91	\$ 535,000
June 30, 2015				
	Cash	U.S. Treasury	Accrued Interest	Total
Bond Sinking	\$ -	\$ 166,474	\$ 1	\$ 166,475
Debt Service Reserve	-	532,568	4	532,572
Operating Reserve	188,629	-	-	188,629
	\$ 188,629	\$ 699,042	\$ 5	\$ 887,676

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the years ending June 30, 2016 and 2015 was as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2016</u>
<u>North:</u>							
Water pumps and tanks	\$ 5,732,696	\$ -	\$ -	\$ 5,732,696	\$ -	\$ -	\$ 5,732,696
Water treatment plant	4,809,573	-	(4,722)	4,804,851	71,970	(18,888)	4,857,933
Water transmission and distribution	20,590,505	395,070	-	20,985,575	19,205	(40,682)	20,964,098
Wastewater lines and collections	26,075,993	61,331	(16,854)	26,120,470	-	(47,019)	26,073,451
Wastewater pumping stations	6,714,286	-	-	6,714,286	27,545	-	6,741,831
Wastewater treatment plant	14,943,890	28,712	(258,932)	14,713,670	33,918	(26,045)	14,721,543
Stormwater system	12,376,118	1,436,892	-	13,813,010	267,225	-	14,080,235
<u>South:</u>							
Water pumps and tanks	1,645,225	-	-	1,645,225	-	-	1,645,225
Water treatment plant	3,136,477	30,394	-	3,166,871	46,909	-	3,213,780
Water transmission and distribution	1,200,900	-	-	1,200,900	-	-	1,200,900
Wastewater lines and collections	2,923,222	-	-	2,923,222	-	-	2,923,222
Wastewater pumping stations	1,035,100	-	-	1,035,100	-	-	1,035,100
Wastewater treatment plant	8,739,994	10,024	-	8,750,018	178,985	(21,113)	8,907,890
<u>Administration</u>	881,963	146,253	(16,725)	1,011,491	40,160	(116,981)	934,670
<u>System operations center</u>	3,721,333	425,493	(22,000)	4,124,826	491,434	(107,003)	4,509,257
	<u>114,527,275</u>	<u>2,534,169</u>	<u>(319,233)</u>	<u>116,742,211</u>	<u>1,177,351</u>	<u>(377,731)</u>	<u>117,541,831</u>
Less: accumulated depreciation	<u>(47,066,162)</u>	<u>55,579</u>	<u>(3,325,565)</u>	<u>(50,336,148)</u>	<u>368,875</u>	<u>(3,098,401)</u>	<u>(53,065,674)</u>
	67,461,113	2,589,748	(3,644,798)	66,406,063	1,546,226	(3,476,132)	64,476,157
Construction in progress	<u>7,379,185</u>	<u>6,449,360</u>	<u>(1,975,986)</u>	<u>11,852,559</u>	<u>5,899,125</u>	<u>(540,869)</u>	<u>17,210,815</u>
Capital assets, net	<u>\$ 74,840,298</u>	<u>\$ 9,039,108</u>	<u>\$ (5,620,784)</u>	<u>\$ 78,258,622</u>	<u>\$ 7,445,351</u>	<u>\$ (4,017,001)</u>	<u>\$ 81,686,972</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$3,098,401 and \$3,325,565, respectively.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 6 – LONG-TERM DEBT

Long-term debt of the Water and Sewer Commission consists of the following as of June 30, 2016 and 2015:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Series 2004A Water and Sewer	\$ 595,000	\$ -	\$ (595,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2006A Water and Sewer	3,530,000	-	(205,000)	3,325,000	-	(215,000)	3,110,000	225,000
Note to City of Henderson-2010A	8,860,000	-	(430,000)	8,430,000	-	(8,430,000)	-	-
Note to City of Henderson-2010B	1,251,200	-	(110,470)	1,140,730	-	(113,491)	1,027,239	116,146
Note to City of Henderson-2012A	9,165,000	-	(420,000)	8,745,000	-	(425,000)	8,320,000	435,000
Note to City of Henderson-2013A	9,320,000	-	(405,000)	8,915,000	-	(410,000)	8,505,000	420,000
Note to City of Henderson-2014A	-	8,000,000	-	8,000,000	-	(320,000)	7,680,000	325,000
Note to City of Henderson-2015B	-	-	-	-	1,870,000	(160,000)	1,710,000	155,000
Note to City of Henderson-2015C	-	-	-	-	1,700,000	-	1,700,000	110,000
Note to City of Henderson-2016B	-	-	-	-	8,015,000	(35,000)	7,980,000	465,000
Kentucky Infrastructure Authority Assistance Agreement	2,143,886	-	(133,553)	2,010,333	-	(2,010,333)	-	-
Total long-term debt	34,865,086	8,000,000	(2,299,023)	40,566,063	11,585,000	(12,118,824)	40,032,239	\$ 2,251,146
Unamortized premiums on bonds	(57,226)	-	22,441	(34,785)	(82,445)	11,599	(105,631)	-
	<u>\$ 34,807,860</u>	<u>\$ 8,000,000</u>	<u>\$ (2,276,582)</u>	<u>\$ 40,531,278</u>	<u>\$ 11,502,555</u>	<u>\$ (12,107,225)</u>	<u>\$ 39,926,608</u>	<u>\$ 2,251,146</u>

Presented on the statement of net assets under the following captions:

Current portion long-term debt	\$ 2,026,146
Current portion long-term debt payable from restricted assets	225,000
Long-term debt, net of current portion and deferred loss on defeasance of bonds	<u>37,675,462</u>
	<u>\$ 39,926,608</u>

Principal and interest requirements to retire the Commission's long-term obligation at June 30, 2016 were as follows:

<u>For the fiscal year ending June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,251,146	\$ 991,409	\$ 3,242,555
2017	2,283,613	942,943	3,226,556
2018	2,341,297	892,842	3,234,139
2019	2,389,090	840,916	3,230,006
2020	2,451,671	787,019	3,238,690
2021-2025	12,885,422	3,023,932	15,909,354
2026-2030	11,625,000	1,405,131	13,030,131
2031-2035	3,805,000	184,341	3,989,341
	<u>\$ 40,032,239</u>	<u>\$ 9,068,533</u>	<u>\$ 49,100,772</u>

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 6 – LONG-TERM DEBT, CONTINUED

Other information on the Commission's long-term indebtedness is summarized below:

	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Principal Balance</u>	<u>Security</u>
Water and Sewer Refunding Revenue Bonds, Series 2006A (Due annually in amounts ranging from \$225,000 to \$355,000)	3.70%-4.375%	11/1/26	\$ 3,110,000	Utility revenues
Note payable to City of Henderson, (Due annually in amounts ranging from \$116,246 to \$144,403)	2.00%-3.50%	11/1/23	\$ 1,027,239	Unsecured
Note payable to City of Henderson, (Due annually in amounts ranging from \$435,000 to \$640,000)	1.00%	11/1/31	\$ 8,320,000	Unsecured
Note payable to City of Henderson, (Due annually in amounts ranging from \$420,000 to \$600,000)	2.00%-2.75%	11/1/32	\$ 8,505,000	Unsecured
Note payable to City of Henderson, (Due annually in amounts ranging from \$325,000 to \$520,000)	2.00%-2.50%	11/01/34	\$ 7,680,000	Unsecured
Note payable to City of Henderson, (Due annually in amounts ranging from \$70,000 to \$180,000)	1.00%-2.50%	11/1/2026	\$ 1,710,000	Unsecured
Note payable to City of Henderson, (Due annually in amounts ranging from \$105,000 to \$140,000)	2.00%-2.75%	11/1/2029	\$ 1,700,000	Unsecured
Note payable to City of Henderson, (Due annually in amounts ranging from \$465,000 to \$605,000)	2.00%-2.50%	11/1/2030	\$ 7,980,000	Unsecured

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS)

General Information about the CERS Pension Plan

Plan description: The Commission participates in the County Employees' Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems (KRS), an agency of the Commonwealth of Kentucky. CERS covers all full-time employees in nonhazardous positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that includes audited financial statements and audited required supplementary information for CERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Benefits provided: CERS provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service. The information below summarizes the major retirement benefit provisions of CERS. For retirement and benefit purposes, non-hazardous and hazardous employees are grouped into three tiers. The following summaries are not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Non-hazardous members:

Tier 1:

For members whose participation began before September 1, 2008, the following provisions are in force:

Age and service requirement:

Unreduced Benefit:	Age 65, with at least 48 months of service credit. Age 65, with at least one month of non-hazardous duty service credit. Any age with 27 or more years of service credit
Reduced Benefit:	Age 55, with at least five (5) years of service credit Any age with at least 25 and up to 27 years of service credit

Benefit Amount:

For members whose participation began before August 1, 2004, if a member has at least 48 months of service, the monthly benefit is 2.2% times final average compensation times years of service. For members whose participation began on or after August 1, 2004, the benefit factor is 2.0%. Benefits are reduced by varying percentage based on years of age or service from full retirement criteria.

If a member has at least one month but less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

Compensation:

Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used.

Tier 2:

For members whose participation began on or after September 1, 2008, but before January 1, 2014, the following provisions are in force:

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS), CONTINUED:

Non-hazardous members, continued:

Age and service requirement:

Unreduced Benefit: Age 65, with at least 60 months of service credit.
 Age 57, if members age and years of service equal 87 (Rule of 87)

Reduced Benefit: Age 60, with at least 120 months of service credit

Benefit Amount:

The monthly benefit is the following benefit factor based on service credit at retirement multiplied by final average compensation, multiplied by years of service.

Service Credit	Benefit Factor
120 months or less	1.30%
121 to 240 months	1.50%
241 to 299 months	2.25%
Ovr 300 months	2.50%

Benefits are reduced by varying percentage based on years of age or service from full retirement criteria.

Compensation:

Final compensation is calculated by taking the average of the last (not highest) five (5) complete fiscal years of salary. Each fiscal year used to determine final compensation must contain twelve (12) months of service credit.

Tier 3:

For members whose participation began on or after January 1, 2014, the following provisions are in force:

Age and service requirement:

Unreduced Benefit: Age 65, with at least 60 months of service credit.
 Age 57, if members age and years of service equal 87 (Rule of 87)

Reduced Benefit: Not available

Benefit Amount:

Plan members in Tier 3 participate in and contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a Defined Benefit Plan and a Defined Contribution Plan. Each year that a member is an active contributing member to the System, the member and the member's employer will contribute 5.00% and 4.00%, respectively, of creditable compensation into a hypothetical account.

The employer pay credit represents a portion of the employer contribution. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4%. If the System's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. Upon retirement the hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the System as a lump sum or annuitized into a single life annuity option.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS), CONTINUED:

For all tiers, cost of living adjustments (COLA) are provided only if authorized by the Legislature and are at the discretion of the General Assembly. Death and disability benefits are available to members based on years of service, compensation, retirement date and other factors. Please refer to the Summary Plan Description, available from KRS, for a complete description of all Plan benefits and provisions.

Contributions: Per Kentucky Revised Statutes Sections 78.545 (33), contribution requirements of the active employees and the participating employers are established and may be amended by the KRS Board. Plan members, are required to contribute a percentage of their annual creditable compensation based on their benefit tier as follows:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for health insurance fund
Tier 3	5% + 1% for health insurance fund

The Commission contributes at an actuarially determined contribution rate determined by KRS Board. The Commission's required contribution rates for the year ended June 30, 2016 and 2015, were 12.42% and 12.75%, respectively for non-hazardous employees. Contributions to CERS by the Commission were \$494,745 and \$472,746 for the years ended June 30, 2016 and 2015.

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions

At June 30, 2016 and 2015, the Commission reported a liability of \$6,734,694 and \$5,018,000, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014, the Commission's proportion was 0.15664% and 0.15467%, respectively.

For the year ended June 30, 2016, the Commission recognized pension expense of \$965,568. At June 30, 2016, the Commission reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 55,968	\$ -
Changes in assumptions	679,120	-
Net difference between projected and actual earnings on plan investments	60,371	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,749	-
Commission contributions subsequent to the measurement date	494,745	-
	<u>\$ 1,340,953</u>	<u>\$ -</u>

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS), CONTINUED:

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions, continued

The \$494,745 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ 328,176
2018	328,176
2019	174,764
2020	15,092
2021	-
Thereafter	-
	<u>\$ 846,208</u>

Actuarial assumptions: The total pension liability in the June 30, 2015, actuarial valuation for non-hazardous liabilities was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.0% average, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females) for all retired members and beneficiaries and the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females) for all active members. The RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013 set back four years is used for the period after disability retirement for disable members.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Discount rate: The discount rate used to measure the total pension liability was 7.50%.

Projected cash flows: The projection of cash flows used to determine the discount rate assumed the local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

Long term rate of return: The long term rate of return assumption on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS), CONTINUED:

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions, continued

Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Municipal bond rate: The discount rate determination does not use a municipal bond rate.

Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2117.

Assumed Asset Allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	44%	5.40%
Combined Fixed Income	19%	1.50%
Real Return (Diversified Inflation Strategies)	10%	3.50%
Real Estate	5%	4.50%
Absolute Return(Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.50%
Cash Equivalent	2%	-0.25%
Total	100%	

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
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NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS), CONTINUED

Sensitivity of the Commission's proportionate share of the net pension liability to changes in the discount rate: The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate the is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.50%	7.50%	8.50%
Commission's proportionate share of net pension liability	\$ 8,597,673	\$ 6,734,694	\$ 5,139,217

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2016 and 2017, determined as of July 1, 2015. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	3.25 percent
Salary increase	4.00 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been changed. The changes are noted below:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS), CONTINUED

Changes since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Payables to the Pension Plan: At June 30, 2016, the Commission did not have a payable for the outstanding amount of contractually required contributions due to CERS.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described above, the Kentucky Retirement Systems (KRS) provides post-retirement healthcare benefits, in accordance with Kentucky Revised Statutes. The Kentucky Retirement Systems Insurance Fund (Fund) was established to provide hospital and medical insurance for members receiving benefits from KRS, including those in the County Employees' Retirement System (CERS), in which the Commission participates. The fund and members receiving benefits pay prescribed portions of the aggregate premiums paid by the Fund. The allocation of insurance premiums paid by the Fund and amounts withheld from member benefits is based on years of service with the Systems. For member participating prior to July 1, 2003, years of service and respective percentage of the maximum contribution are as follows:

Service Period	% Paid by Insurance Fund
20 or more years	100%
15-19 years	75%
10-14 years	50%
4-9 years	25%
Less than 4 years	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, nonhazardous employees whose participation began on, or after, July 1, 2003 earn ten dollars (\$10) per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment (COLA), which is at the discretion of the Kentucky General Assembly who reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

In prior years, the employers' required medical insurance contribution rate was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal cost method within a 20 year period measured from 1987. In November 1992, the Board of Trustees adopted a fixed percentage contribution rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed.

In May 1996, the Board of Trustees adopted a policy to increase the insurance contribution rate by the amount needed to achieve the target rate for full entry age normal funding within twenty years.

On August 6, 2012, the Retirement System Board voted to cease self-funding of healthcare benefits for most KRS Medicare eligible retirees. The Board elected to contract with Humana Insurance Company to provide healthcare benefits to KRS' retirees through a fully-insured Medicare Advantage Plan. The Humana Medicare Advantage Plan became effective January 1, 2013.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 9 - DEFERRED COMPENSATION

The Commission allows all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Water and Sewer Commission's members are appointed by the Mayor and Commissioners of the City of Henderson. The Water and Sewer Commission is organized to operate, manage, and control the City of Henderson's Wastewater and Stormwater Systems and the City of Henderson is contingently liable for the outstanding bonded indebtedness (Note 6) of the system in the event user charges are inadequate to fulfill the system's debt service requirements. Other transactions with the City of Henderson during the years ended June 30, 2016 and 2015 were as follows:

- a. Payments to the City of \$599,000 and \$580,000 for the years ended June 30, 2016 and 2015, respectively, for data processing; meter-reading; customer service and other services relating to water, wastewater and stormwater billings and collections.
- b. Payments to the City of Henderson of \$400,000 in distributions each year for the years ended June 30, 2016 and 2015.
- c. Payments to the City of \$1,329,762 and \$1,125,738 for health insurance, for the years ended June 30, 2016 and 2015, respectively. The Commission participates in the City of Henderson's self-insurance plan. Risk is minimized by the purchase of re-insurance for amounts in excess of the stop loss limit. Charges are based on amounts determined to fund claims as they become due and payable and are adjusted periodically.
- d. The Commission has recorded payables to the City of Henderson of \$84,527 and \$91,408 as of June 30, 2016 and 2015, respectively. These payables consisted of electric and gas utility payments, reimbursements of street repairs and other expenses and payroll tax liabilities.
- e. The Commission has recorded receivables from the City of Henderson of \$813,052 and \$826,107 as of June 30, 2016 and 2015, respectively. These receivables related to billings and collections of water and wastewater services by the City of Henderson and not yet remitted to the Commission.
- f. During December 2010, the City of Henderson issued General Obligation Bonds Series 2010A and 2010B.

The City's General Obligation Bonds, Taxable Series 2010A Build America Bonds, were issued solely for the Commission to complete construction of the Downtown Sewer separation project. The City of Henderson designated in the bond ordinance that the proceeds of \$10,000,000 were solely for the benefit of the Commission. The Commission is to fully reimburse the City annually for all required debt service payments, net of the Build America bond subsidy received by the City, until the bonds are retired. This issue was refinanced in May 2016.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 10 - RELATED PARTY TRANSACTIONS, CONTINUED

The City's General Obligation Bonds, Tax-Exempt Series 2010B, were issued to refund various debt issues of the City of Henderson and the Commission. The City of Henderson designated in the bond ordinance that \$1,591,251 of the 2010B issue, which totaled \$3,605,000, be used to refund the Commission's Kentucky Council of Area Development District 2002 Series 065 debt. The Commission is to fully reimburse the City for its pro-rate share of the debt service payments on the 2010B issue.

- g. During October 2013, the City of Henderson issued General Obligation Bond Series 2013A.

The City's General Obligation Bonds, Tax-Exempt Series 2013A, were used to complete construction of the Canoe Creek Phase Two Project and continue construction on the North Wastewater Plan Head Works Project. The City of Henderson designated in the bond ordinance that the proceeds of \$9,730,000 were solely for the benefit of the Commission. The Commission is to fully reimburse the City annually for all required debt service payments until the bonds are retired. The proceeds from the bond issue are held in a restricted construction fund by the City and are transferred to the Commission as needed for project costs.

- h. During September 2014, the City of Henderson issued General Obligation Bond Series 2014.

The City's General Obligation Bonds, Tax-Exempt Series 2014, were issued to complete projects in the North and South water systems. The City of Henderson designated in the bond ordinance that the proceeds of \$8,000,000 were solely for the benefit of the Commission. The Commission is to fully reimburse the City annually for all required debt service payments until the bonds are retired. The proceeds from the bond issue are held in a restricted construction fund by the City and are transferred to the Commission as needed for project costs.

- i. During August 2015, the City of Henderson issued General Obligation Bond Series 2015B.

The City's General Obligation Bonds, Tax-Exempt Series 2015B, were issued to refund the Commission's Kentucky Infrastructure Authority loan from 1996. The City of Henderson designated in the bond ordinance that the proceeds of \$1,870,000 were solely for the benefit of the Commission. The Commission is to fully reimburse the City annually for all required debt service payments until the bonds are retired.

- j. During October 2015 the City of Henderson issued General Obligation Bond Series 2015C.

The City's General Obligation Bonds, Tax-Exempt Series 2015C, were issued to refund the Commission's Kentucky Area Development District loan of 2005. The City of Henderson designated in the bond ordinance that the proceeds of \$1,700,000 were solely for the benefit of the Commission. The Commission is to fully reimburse the City annually for all required debt service payments until the bonds are retired.

- k. During May 2016, the City of Henderson issued General Obligation Bond Series 2016B.

The City's General Obligation Bonds, Tax-Exempt Series 2016B, were issued to refund the City's Series 2010A Build America Bonds that were loaned to the Commission for the Downtown Sewer Separation Project. The City of Henderson designated in the bond ordinance that the proceeds of \$8,015,000 were solely for the benefit of the Commission. The Commission is to fully reimburse the City annually for all required debt service payments until the bonds are retired.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 11 – COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Commission operates a secondary water and wastewater treatment facility located in Southeastern Henderson County, Kentucky, capable of producing 4 million gallons on a daily basis. The commission has an inter-local agreement with the Counties of Henderson, McLean and Webster to share equally in the debt service in the event adequate funds are not generated by this facility to cover the amount of the annual debt service. The commission also has agreements to provide water to the following communities:

a. City of Sebree:

In September 1995, the Water and Sewer Commission entered into an agreement with the City of Sebree, Kentucky whereby the Commission agrees to sell and deliver to the City and the City agrees to purchase and receive from the Commission all of the water and sewer services required by the City. The agreement outlines a specific rate, which will be charged by the Commission to the City for water and sewer service. Sales to the City of Sebree totaled \$247,009 and \$269,906 for the years ended June 30, 2016 and 2015, respectively.

b. City of Beech Grove:

In October 2014, the Commission entered into a new agreement with the Beech Grove Water System, whereby the Commission agrees to sell and deliver to the System and the System will purchase and receive from the Commission all of the water services required by the System. The agreement outlines a specific rate, which will be charged by the Commission to the system for water service. The term of the contract will be twenty-five years, expiring on September 30, 2039. Sales to the Beech Grove Water System totaled 196,940 and \$209,358 for the years ended June 30, 2016 and 2015, respectively.

c. City of Corydon:

In April 2015, the Commission entered into a new agreement with the City of Corydon, Kentucky whereby the Commission agrees to sell and deliver to the City and the City agrees to purchase and receive from the Commission all of the sewer services required by the City. The agreement outlines a specific flat rate, adjusted annually for inflation, which will be charged by the Commission to the City for sewer service. The term of the contract will be forty years expiring on April 30, 2055. Sales to the City of Corydon totaled \$38,428 and \$39,634 for the years ended June 30, 2015 and 2014, respectively.

d. Henderson County Water District:

In June 1989, amended February 1997, the Water and Sewer Commission entered into an agreement with the Henderson County Water District, whereby the Commission agrees to sell and deliver to the District and the District will purchase and receive from the Commission all of the water services required by the District. The agreement outlines a specific rate, which will be charged by the Commission to the District for water service. The term of the contract will be forty years, expiring in July 2029. Sales to the Henderson County Water District totaled \$1,154,254 and \$1,077,418 for the years ended June 30, 2016 and 2015, respectively.

e. Tyson Foods, Inc.:

In November 1994, amended February 1998 and October 2000, the Water and Sewer Commission entered into an agreement with Tyson Foods, Inc. (formerly Hudson Foods, Inc.) whereby the Commission agrees to sell and deliver to Tyson and Tyson agrees to purchase and receive from the Commission all of the water and sewer service. The term of the contract will be twenty years, expiring in June 2018. The agreement outlines a specific rate, which will be charged by the Commission to the Tyson Foods, Inc. for water and sewer service. Sales to Tyson Foods, Inc. totaled \$4,322,516 and \$4,639,781 for the years ended June 30, 2016 and 2015, respectively.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 11 – COMMITMENTS AND CONTRACTUAL OBLIGATIONS, CONTINUED

f. International Paper Company (formerly Weyerhaeuser Company):

In January 1996, amended October 1998, and July 1999, the Water and Sewer Commission entered into an agreement with the International Paper Company (formerly Weyerhaeuser Company) whereby the Commission agrees to sell and deliver to the International Paper Company and the International Paper Company agrees to purchase and receive from the Commission all of the water and sewer services required by the International Paper Company. The terms of the contract expire December 31, 2018 but shall continue until eighteen-month notice by either party in event International Paper Company is not in default at end of original contract term. The agreement outlines a specific rate, which will be charged by the Commission to the International Paper Company for water and sewer service. Sales to the International Paper Company totaled \$2,108,469 and \$1,893,731 for the years ended June 30, 2016 and 2015, respectively.

g. Big Rivers Electric Corporation:

In March 1995, amended October 2000 and September 2015, the Water and Sewer Commission entered into an agreement with Big Rivers Electric Corporation, whereby the Commission agrees to sell and deliver to Big Rivers Electric Corporation and Big Rivers Electric Corporation will receive from the Commission all of the water and sewer services required by Big Rivers Electric Corporation. The agreement outlines that no rate or fee will be charged by the Commission to Big Rivers Electric Company for water service, on up to 75,000 gallons per day, and sewer service. The term of the contract will be twenty-five years expiring in September 2040, with an automatic renewal for successive five year terms until terminated by either party with two-year notice. The commission has elected to waive any charge due to the fact that Big Rivers Electric Corporation provides power for pumping equipment at the South Water Treatment Plan free of charge to the Commission.

NOTE 12 - CONCENTRATION OF SALES

For the year ended June 30, 2016, two industrial and one governmental customers accounted for \$7,585,239 in sales and surcharges for approximately 42% of the Commission's total operating revenues. For the year ended June 30, 2015, sales attributable to these customers were \$7,553,441 or approximately 43% of total revenues.

NOTE 13 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for these types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 - DEFEASANCE ON ADVANCED REFUNDING

During August of 2015, the Commission issued \$1,870,000 Series 2015B general obligation refunding bonds through the City of Henderson, Kentucky for the purpose of partially refunding the 1996 Kentucky Infrastructure Authority Loan. The interest rate on the bonds ranges from 1.00% to 2.50% with a final maturity at November 1, 2026. Debt service payments are scheduled semi-annually at amounts that range from \$70,875 to \$184,000. The economic gain resulting from this refunding is \$448,239 (based upon NPV from delivery date.) The difference in cash flow requirements to service the old debt of \$2,034,088 and the cash flows to service the new debt of \$1,870,000 is \$507,465.

During September of 2015, the Commission issued \$1,700,000 Series 2015C general obligation refunding bonds through the City of Henderson, Kentucky for the purpose of partially refunding the 2005 Kentucky Area Development Districts Financing Trust Lease Agreement. The interest rate on the bonds ranges from 2.00% to 2.75% with a final maturity at November 1, 2029. Debt service payments are scheduled semi-annually at amounts that range from \$23,101

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 14 - DEFEASANCE ON ADVANCED REFUNDING, CONTINUED

to \$146,875. The economic gain resulting from this refunding is \$319,945 (based upon NPV from delivery date.) The difference in cash flow requirements to service the old debt of \$1,828,888 and the cash flows to service the new debt of \$1,700,000 is \$376,224.

During February of 2016, the Commission issued \$8,015,000 Series 2016B general obligation refunding bonds through the City of Henderson, Kentucky for the purpose of refunding the Series 2010A bonds. The interest rate on the bonds ranges from 2.00% to 2.50% with a final maturity at November 1, 2030. Debt service payments are scheduled semi-annually at amounts that range from \$62,466 to \$625,850. The economic gain resulting from this refunding is \$880,146 (based upon NPV from delivery date.) The difference in cash flow requirements to service the old debt of \$8,430,000 and the cash flows to service the new debt of \$8,015,000 is \$1,035,529.

NOTE 15 - CONTINGENCIES

Long Term Control Plan

On August 30, 2007, a Consent Judgment between Henderson Water Utility and the Commonwealth of Kentucky was accepted by the Franklin Circuit Court under Civil Action 07-CI-1250. Under the terms of the Consent Judgment Henderson Water Utility had committed to complete improvements to its sewer system infrastructure in order to comply with certain regulatory requirements of the Federal Clean Water Act.

The Consent Judgment required the development of a Long Term Control Plan and identified sewer system infrastructure improvements that when completed would bring the Commission's combined sewer system into regulatory compliance.

The Long Term Control Plan (LTCP) was submitted to the Kentucky Environmental & Public Protection Cabinet (EPPC) and the U.S. Environmental Protection Agency (EPA) in March 2009 and that LTCP was approved by both agencies in April 2012. The projects identified in the Commission's LTCP must be completed no later than December 2017 under an Administrative Order (AO) issued by the EPA, although that AO has since been rescinded, some projects in the LTCP were modified or dropped in an Amendment approved in February 2014.

Several major components of the LTCP have already been completed and other major components are currently under construction, or are under design. Based upon construction costs for completed projects; currently approved construction budgets; and estimated costs of projects under design; the final estimated cost to complete the LTCP and satisfy this component of the Consent Judgment is approximately \$44.4 million. The current estimate of costs remaining as of June 30, 2016 is \$800,000.

Self-Funded Health Insurance Plan

The Commission participates in the City of Henderson, Kentucky's self-insured health plan for the purpose of providing health insurance to its employees. The plan limits its losses via the purchase of stop loss insurance. Specific losses to claims are limited to \$125,000.

The City of Henderson estimates the annual amount of the premiums as part of its budgetary process each year. Each department is billed based on its percentage of employees in the plan. Charges to each department or component unit participating in the plan may increase depending on the dollar volume of claims activity. The Commission's share of the unpaid claims and incurred but not reported liability is immaterial to the financial statements as of June 30, 2016 and 2015.

NOTE 16 - RECLASSIFICATIONS

Certain amounts from prior year have been reclassified to conform with the presentation of the current year. These reclassifications had no impact on net position.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Notes to the Financial Statements**

NOTE 17 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 17, 2016, the date that the most recent statement of net assets has been evaluated for possible adjustment to the financial statements or disclosure and on which the financial statements were available to be issued.

During September 2016, the Commission approved a capital project to install new equipment and perform additional improvements on two clarifiers at the North Wastewater Plant. As a result, the Commission has entered into a contract with M Bowling, Inc. for this project with an estimated cost of approximately \$714,000.

During fiscal year 2015, the Commission and the Henderson County Fiscal Court participated in a sewer project which was developed to provide sewer service in Hwy 41A, Springfield Drive, and Winchester Road area of Henderson County, currently adjacent to the City of Henderson limits.

The project has been completed at the cost of approximately \$1.4 million, and the Henderson County Fiscal Court is discussing the possibility of transferring the assets to the Commission via a capital contribution of the cost. However, as of November 17, 2016, no official action has been taken by any party.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Supplemental Schedule of Revenues, Expenses, and Changes in Net Position by Division
For the fiscal year ended June 30, 2016**

	<u>North Water</u>	<u>North Wastewater</u>	<u>Storm water</u>	<u>South Water</u>	<u>South Wastewater</u>	<u>Total</u>
Operating revenues:						
Sales	\$ 5,241,817	\$ 7,535,537	\$ -	\$ 2,012,277	\$ 2,909,184	\$ 17,698,815
Penalties, surcharges and fees	66,122	366,259	-	21	65,548	497,950
Total operating revenues	<u>5,307,939</u>	<u>7,901,796</u>	<u>-</u>	<u>2,012,298</u>	<u>2,974,732</u>	<u>18,196,765</u>
Operating expenses:						
Water pumps and tanks	215,583	-	-	11,778	-	227,361
Depreciation	216,978	-	-	35,050	-	252,028
Water intake and treatment	2,032,331	-	-	1,338,738	-	3,371,069
Depreciation	180,788	-	-	99,245	-	280,033
Water transmission and distribution	1,654,517	-	-	66,179	-	1,720,696
Depreciation	533,806	-	-	41,399	-	575,205
Wastewater pumping stations	-	1,356,916	-	-	227,008	1,583,924
Depreciation	-	334,509	-	-	26,577	361,086
Wastewater lines and collections	-	1,317,874	-	-	9,201	1,327,075
Depreciation	-	618,340	-	-	39,508	657,848
Wastewater pretreatment and treatment	-	2,276,859	-	-	1,889,173	4,166,032
Depreciation	-	373,225	-	-	206,274	579,499
Stormwater	-	-	1,155,032	-	-	1,155,032
Depreciation	-	-	392,702	-	-	392,702
Total operating expenses	<u>4,834,003</u>	<u>6,277,723</u>	<u>1,547,734</u>	<u>1,592,389</u>	<u>2,397,741</u>	<u>16,649,590</u>
Operating income (loss)	<u>473,936</u>	<u>1,624,073</u>	<u>(1,547,734)</u>	<u>419,909</u>	<u>576,991</u>	<u>1,547,175</u>
Non-operating income (expense):						
Investment income	42,921	-	-	-	-	42,921
Loss on sale/impairment of assets	26,967	-	-	-	-	26,967
Miscellaneous	13,452	-	-	-	-	13,452
Interest expense	(182,792)	(709,781)	(185,180)	(60,905)	(33,200)	(1,171,858)
Amortization	(2,461)	(4,106)	(5,761)	(574)	(1,947)	(14,849)
Total non-operating income (expense)	<u>(101,913)</u>	<u>(713,887)</u>	<u>(190,941)</u>	<u>(61,479)</u>	<u>(35,147)</u>	<u>(1,103,367)</u>
Change in net position before contributions and transfers	<u>\$ 372,023</u>	<u>\$ 910,186</u>	<u>\$ (1,738,675)</u>	<u>\$ 358,430</u>	<u>\$ 541,844</u>	<u>\$ 443,808</u>

See independent auditors' report.

**Henderson Water Utility –
City of Henderson, Kentucky - Water and Sewer Commission
Supplemental Schedule of Revenues, Expenses, and Changes in Net Position by Division
For the fiscal year ended June 30, 2015**

	<u>North Water</u>	<u>North Wastewater</u>	<u>Storm water</u>	<u>South Water</u>	<u>South Wastewater</u>	<u>Total</u>
Operating revenues:						
Sales	\$ 4,905,944	\$ 7,142,225	\$ -	\$ 1,994,415	\$ 3,209,883	\$ 17,252,467
Penalties, surcharges and fees	67,789	245,439	-	12	39,302	352,542
Total operating revenues	<u>4,973,733</u>	<u>7,387,664</u>	<u>-</u>	<u>1,994,427</u>	<u>3,249,185</u>	<u>17,605,009</u>
Operating expenses:						
Water pumps and tanks	209,785	-	-	17,580	-	227,365
Depreciation	218,676	-	-	35,061	-	253,737
Water intake and treatment	2,019,106	-	-	1,311,524	-	3,330,630
Depreciation	178,913	-	-	109,488	-	288,401
Water transmission	1,187,581	-	-	20,947	-	1,208,528
Depreciation	495,681	-	-	39,155	-	534,836
Wastewater pumping stations	-	1,081,860	-	-	137,033	1,218,893
Depreciation	-	312,153	-	-	51,028	363,181
Wastewater lines and collections	-	562,369	-	-	-	562,369
Depreciation	-	565,920	-	-	144,189	710,109
Wastewater pretreatment and treatment	-	2,239,297	-	-	1,897,850	4,137,147
Depreciation	-	388,265	-	-	390,214	778,479
Stormwater	-	-	1,409,219	-	-	1,409,219
Depreciation	-	-	396,822	-	-	396,822
Total operating expenses	<u>4,309,742</u>	<u>5,149,864</u>	<u>1,806,041</u>	<u>1,533,755</u>	<u>2,620,314</u>	<u>15,419,716</u>
Operating income (loss)	<u>663,991</u>	<u>2,237,800</u>	<u>(1,806,041)</u>	<u>460,672</u>	<u>628,871</u>	<u>2,185,293</u>
Non-operating income (expense):						
Investment income	31,150	-	-	-	-	31,150
Loss on sale/impairment of assets	(263,957)	-	-	-	-	(263,957)
Miscellaneous	25,479	-	-	-	-	25,479
Interest expense	(173,558)	(694,569)	(213,954)	(74,683)	(56,815)	(1,213,579)
Amortization	(6,767)	(10,679)	(5,984)	-	(640)	(24,070)
Total non-operating income (expense)	<u>(387,653)</u>	<u>(705,248)</u>	<u>(219,938)</u>	<u>(74,683)</u>	<u>(57,455)</u>	<u>(1,444,977)</u>
Change in net position before contributions and transfers	<u>\$ 276,338</u>	<u>\$ 1,532,552</u>	<u>\$ (2,025,979)</u>	<u>\$ 385,989</u>	<u>\$ 571,416</u>	<u>\$ 740,316</u>

See independent auditors' report.

**Henderson Water Utility- City of Henderson, Kentucky- Water and Sewer Commission
Schedule of the Commission's Proportionate Share of the Net Pension Liability
County Employees' Retirement system
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	0.15664%	0.15467%
Commission's proportionate share of the net pension liability	\$ 6,734,694	\$ 5,018,000
Commission's covered-employee payroll	\$ 3,983,454	\$ 3,707,812
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.07%	135.34%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	66.80%

*Information for years prior to 2015 is not available.

See independent auditors' report.

**Henderson Water Utility- City of Henderson, Kentucky - Water and Sewer Commission
Schedule of Commission Contributions
County Employees' Retirement system
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 494,745	\$ 472,746	\$ 487,534	\$ 460,855
Contributions in relation to the statutorily required contribution	<u>(494,745)</u>	<u>(472,746)</u>	<u>(487,534)</u>	<u>(460,855)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$3,983,454	\$ 3,707,812	\$ 3,548,282	\$3,651,783
Contributions as a percentage of covered-employee payroll	12.42%	12.75%	13.74%	12.62%

*Information prior to 2013 is not available.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Changes of benefit terms: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Changes of assumptions: The following changes in actuarial assumptions were made for amounts reported in fiscal year 2016:

	<u>FY 2016</u>	<u>Prior Periods</u>
Investment Rate of Return	7.50%	7.75%
Inflation	3.25%	3.50%
Wage Inflation	0.75%	1.00%
Payroll Growth	4.00%	4.50%

For amounts reported in fiscal year 2016, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

For periods prior to fiscal year 2016, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward 5 years is used for the period after disability retirement.

See independent auditors' report.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Henderson Water Utility - City of Henderson, Kentucky - Water and Sewer Commission
Henderson, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Henderson Water Utility - City of Henderson, Kentucky - Water and Sewer Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Henderson, Kentucky - Water and Sewer Commission's basic financial statements and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson Water Utility - City of Henderson, Kentucky - Water and Sewer Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Henderson Water Utility - City of Henderson, Kentucky - Water and Sewer Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Henderson, Kentucky - Water and Sewer Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson Water Utility - City of Henderson, Kentucky - Water and Sewer Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Myriad Co Group, LLC". The signature is written in a cursive, flowing style.

Henderson, Kentucky
November 17, 2016

**City Commission Memorandum
16-235**

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners
FROM: Russell R. Sights, City Manager *RS*
SUBJECT: Consent Agenda

The Consent Agenda for the meeting of November 22, 2016, contains the following:

Minutes: October 25, 2016 Regular Meeting
November 15, 2016 Regular Work Session

CITY OF HENDERSON – RECORD BOOK

Record of Minutes of _____ *A Regular* _____ *Meeting on* _____ *October 25, 2016*

A regular meeting of the Board of Commissioners of the City of Henderson, Kentucky, was held on Tuesday, October 25, 2016, at 5:30 p.m., prevailing time, in the third floor Assembly Room located in the Municipal Center Building at 222 First Street, Henderson, Kentucky.

INVOCATION was given by Reverend Rick Stratton, Family Ministry, First Baptist Church followed by recitation of the Pledge of Allegiance to our American Flag.

There were present Mayor Steve Austin presiding:

PRESENT:

Commissioner Jan Hite
 Commissioner Jesse Johnston, IV
 Commissioner Robert M. (Robby) Mills
 Commissioner X R. Royster, III

ALSO PRESENT:

Mr. Russell R. Sights, City Manager
 Ms. Dawn Kelsey City Attorney
 Ms. Maree Collins, City Clerk
 Mrs. Donna Stinnett, Public Information Officer
 Mr. Robert Gunter, Finance Director
 Mr. Brian Williams, Public Works Director
 Mr. Charles Stauffer, Police Chief
 Mr. Trace Stevens, Parks & Recreation Director
 Mrs. Connie Galloway, Human Resources Director
 Mr. Scott Foreman, Fire Chief
 Mrs. Donna Veazey, Secretary Fire Department
 Mr. Terry Veazey
 Mr. Nathan Veazey
 Mr. Chad Moore, Assistant Fire Chief
 Mr. Josh Dixon, Fire Lieutenant
 Mr. Rob Mindrup, Fire Engineer
 Mr. Travis Denton, Fire Engineer
 Mr. Brad Mattingly, Fire Engineer
 Mr. Will Ainsworth, Fire Engineer
 Mr. Adam Updegraff, Firefighter
 Mr. Chris Sampley, Firefighter
 Ms. Brenda Wethington, Mass Transit Superintendent
 Mr. Doug Boom, Engineer
 Mr. John Stroud, Code Inspector
 Mr. Brian Bishop, City-County Planning Executive Director
 Mr. Herb McKee, Planning Commission
 Mr. Tom Davis, City Commissioner Candidate
 Mr. Brad Staton, City Commissioner Candidate
 Mr. Robert Pruitt, City Commissioner Candidate
 Mr. Dennis Branson
 Mr. Mike Chambers
 Mr. Jim Marshall
 Mr. Taylor DeCorrevont
 Ms. Sarah Stewart, DHP Assistant Executive Director
 Ms. Brittany Ross, SurfKy Reporter
 Ms. Laura Acchiardo, the Gleaner

CITY OF HENDERSON – RECORD BOOK

Record of Minutes of _____ *A Regular* _____ *Meeting on* October 25, 2016

PRESENTATION: 20-Year Service Award

MAYOR AUSTIN expressed his appreciation to Mrs. Donna Veazey, Fire Department Secretary, for her twenty years of service and dedication to the City.

Mrs. Veazey indicated that it doesn't seem like it has been 20 years and she stated, "That is over 19 years at the fire department and they still won't let me drive the fire truck, and I could do it as long as I didn't have to turn any corners. But I'm not gone yet, so there is still a chance." She expressed that she feels very blessed and very fortunate to have a job where your co-workers are like your second family.

APPROVAL OF CONSENT AGENDA:

MAYOR AUSTIN asked the City Clerk to read the Consent Agenda.

Minutes: October 11, 2016, Regular Meeting

Motion by Commissioner Robert M. Mills, seconded by Commissioner Jesse Johnston, to approve the items on the Consent Agenda as presented.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
Commissioner Hite ----- Aye:
Commissioner Royster ---- Aye:
Commissioner Mills ----- Aye:
Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the consent agenda items approved.

/s/ Steve Austin

Steve Austin, Mayor

October 25 2016

ATTEST:

Maree Collins, City Clerk _____

CITY ATTORNEY'S REPORT:

DAWN KELSEY, City Attorney, reported that an application for a map amendment to rezone the clubhouse at Player's Club with five acres to general business was brought before the Planning Commission and on September 6th the Planning Commission approved Findings of Facts to support that rezone. Under our adopted process if no objections are received within 21 days the Planning Commission's ruling becomes final; however, two different requests were received on September 26th for the legislative body to make the final determination on the map rezoning. The Board has 90 days from the date which the Planning Commission took its action in which to take final action on those requests. A determination of how to proceed will need to be resolved tonight due to that time constraint. Option one is to have a full public hearing. The Planning Commission conducted a public hearing and that is one option. If a full public hearing is conducted, statute requires that it be advertised within a set period of time. Option two is to review the Planning Commission record and Findings of Facts and use those to make a final determination. The third option is to review the Planning Commission record and Findings of Facts and allow those people that testified at the Planning Commission hearing to come in to summarize their testimony and answer any questions that you may have relating to that testimony. No new testimony would be allowed under this option.

Upon discussion the Board determined to review the Planning Commission record and Findings of Facts and hear testimony from only those that spoke at the public hearing. The meeting was scheduled for Wednesday, November 9th at 5:30 p.m.

CITY OF HENDERSON – RECORD BOOK

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MR. JIM MARSHALL asked if those that attended the Planning Commission public hearing but did not speak would be allowed to speak as he indicated that he was under the impression that those that attended but did not speak at the Planning Commission public hearing would be allowed to speak when this Board met to review the rezoning request.

MR. TAYLOR DECORRVANT, indicated his appreciation of the legality of only allowing ones that spoke, speak again; however, he also expressed his displeasure with incorrect information dispensed at the Planning Commission meeting and that it was specifically stated that this would automatically come to the City Commission for final determination. He indicated that he did the research and filed an appeal.

BRIAN BISHOP, Planning Commission Executive Director, stated, "I'm not sure where the confusion arose. We described KRS 100.2111, I believe it is basically, if someone files a request that the City Commission hear the rezoning the City Commission has the options that Dawn outlined for you. Once we have our meeting and the rezoning we have no way to say when they will be able to speak, if they will be able to speak, because we have no idea if someone will file a request." He further stated, "If someone got that information by mistake I apologize, that was not our intent."

Upon further discussion the Board of Commissioners determined to proceed with scheduling a full public hearing at a special called meeting for 5:30 p.m. on Thursday, November 10th to hear testimony relating to the rezoning of the Player's Club Golf Course clubhouse and 5.688 acres from Agricultural-Golf Course Restricted Use to General Business with a narrative development plan. It was further determined that there would be a five minute time limit set on each speaker, not including the applicant, and that other rules of conduct would be announced at the beginning of the hearing. Commissioner Mills requested a determination from the City Attorney if the Planning Commission public hearing record could be introduced as part of the new record.

MAYOR AUSTIN indicated that the Planning Commission and its citizen members from all walks of our community that we depend on to make sound decisions serves a very important role in our community and should be commended on all the work that was done relating to this rezoning request.

ORDINANCE NO. 34-16: FIRST READ:
ORDINANCE ACCEPTING PUBLIC IMPROVEMENTS

AN ORDINANCE ACCEPTING PUBLIC IMPROVEMENTS FOR PROPERTY LOCATED AT HARDING AVENUE KNOWN AS CORNBLEET & III C OF KY., LLC CONSOLIDATION SUBDIVISION LOT 1 OF LOTS 1 & 2

MOTION by Commissioner X R. Royster, seconded by Commissioner Robert M. Mills, that the ordinance be adopted.

BRIAN BISHOP, Planning Commission Executive Director, indicated that all of the necessary approvals from the City Engineering department were received on this and that the Planning Commission had accepted the sidewalks at their meeting.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
Commissioner Hite ----- Aye:
Commissioner Royster ---- Aye:
Commissioner Mills ----- Aye:
Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the ordinance adopted on its first reading and ordered that it be presented for a second reading at a meeting of the Board of Commissioners.

CITY OF HENDERSON – RECORD BOOK

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RESOLUTION 56-16:

MAYOR AUSTIN indicated that the City Manager had completed the annual evaluation of the Assistant City Manager and that the Board had reviewed it and agreed with the rating score. Under the employee merit evaluation system other employees that have received that score were granted a 1.5% merit increase. Mayor Austin then asked for a motion to approve a 1.5% salary increase for Assistant City Manager William L. Newman, Jr.

MOTION by Commissioner X R. Royster, seconded by Commissioner Jan Hite to approve inserting the verbiage ‘by 1.5%’ to the title of the resolution approving a salary increase for Assistant City Manager William L. Newman, Jr.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
Commissioner Hite ----- Aye:
Commissioner Royster ---- Aye:
Commissioner Mills ----- Aye:
Mayor Austin ----- Aye:

RESOLUTION 56-16: RESOLUTION INCREASING SALARY OF ASSISTANT CITY MANAGER EFFECTIVE AS OF OCTOBER 1, 2016 BY 1.5%

MOTION by Commissioner Jan Hite, seconded by Commissioner X R. Royster, to adopt the resolution approving a merit evaluation salary increase of one and one-half percent for Assistant City Manager William L. Newman, Jr. effective October 1, 2016, increasing salary to \$108,362.14.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
Commissioner Hite ----- Aye:
Commissioner Royster ---- Aye:
Commissioner Mills ----- Aye:
Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the resolution adopted, affixed his signature and the date thereto, and ordered that the same be recorded.

/s/ Steve Austin
Steve Austin, Mayor
October 25, 2016

ATTEST:
Maree Collins, City Clerk _____

MUNICIPAL ORDER NO. 56-16:

MUNICIPAL ORDER ACCEPTING AGREEMENT BETWEEN HUGH STONE CONSTRUCTION, LLC AND THE CITY OF HENDERSON, AND AUTHORIZING MAYOR TO EXECUTE THE AGREEMENT ON THE CITY’S BEHALF

MOTION by Commissioner Jan Hite, seconded by Commissioner Jesse Johnston, to adopt the municipal order accepting an Agreement between the City and Hugh Stone Construction, LLC relating to the installation of infrastructure on Sand Castle Drive in front of Lots 56 and 41.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
Commissioner Hite ----- Aye:
Commissioner Royster ---- Nay:

CITY OF HENDERSON – RECORD BOOK

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Commissioner Mills ----- Aye:

Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the municipal order adopted, affixed his signature and the date thereto, and ordered that the same be recorded.

/s/ Steve Austin

Steve Austin, Mayor

October 25, 2016

ATTEST:

Maree Collins, City Clerk _____

MUNICIPAL ORDER NO. 53-16:

MUNICIPAL ORDER AWARDING BID FOR THE PURCHASE OF ONE (1) FOUR WHEEL DRIVE TRACTOR WITH CAB FOR THE PARKS DEPARTMENT TO WRIGHT IMPLEMENT 1, LLC. OWENSBORO, KENTUCKY

MOTION by Commissioner Jesse Johnston, seconded by Commissioner Jan Hite, to adopt the municipal order awarding the bid to Wright Implement 1, LLC of Owensboro, Kentucky, in the amount of \$29,129.02 in strict accordance with their bid as submitted pursuant to Bid Reference 16-24 for the purchase of a four-wheel drive tractor with cab.

RUSSELL R. SIGHTS, City Manager, indicated that award was recommended to the firm that met all the specification requirements as not all of the bids received met specifications. He further indicated that Trace Stevens and Robert Gunter were present if there were questions relating to this bid.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:

Commissioner Hite ----- Aye:

Commissioner Royster ---- Aye:

Commissioner Mills ----- Aye:

Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the municipal order adopted, affixed his signature and the date thereto, and ordered that the same be recorded.

/s/ Steve Austin

Steve Austin, Mayor

October 25, 2016

ATTEST:

Maree Collins, City Clerk _____

MUNICIPAL ORDER NO. 54-16:

MUNICIPAL ORDER AWARDING BID FOR CLEANING SERVICES FOR THE PUBLIC SAFETY BUILDING (FORMERLY PEABODY BUILDING) TO FRANTZ BUILDING SERVICES, INC., OF OWENSBORO, KENTUCKY

MOTION by Commissioner Jan Hite, seconded by Commissioner Robert M. Mills, to adopt the municipal order awarding the bid to Frantz Building Service, Inc. of Owensboro, Kentucky to provide cleaning services for the Public Safety Building in the amount of \$2,100.00 per month as submitted pursuant to Bid Reference 16-28.

RUSSELL R. SIGHTS, City Manager, reported that this is the same vendor that currently provides the service and indicated that Terry Stone and Robert Gunter were present if there were questions relating to the bid.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:

Commissioner Hite ----- Aye:

Commissioner Royster ---- Aye:

CITY OF HENDERSON – RECORD BOOK

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Commissioner Mills ----- Aye:
Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the municipal order adopted, affixed his signature and the date thereto, and ordered that the same be recorded.

/s/ Steve Austin
Steve Austin, Mayor
October 25, 2016

ATTEST:
Maree Collins, City Clerk _____

MUNICIPAL ORDER NO. 55-16:

MUNICIPAL ORDER AWARDING BID FOR ONE (1) NEW 2017 4WD MODEL CREW CAB 4-DOOR PICKUP TRUCK TO JOHN JONES AUTO GROUP, CORYDON, IN

MOTION by Commissioner X R. Royster, seconded by Commissioner Jan Hite, to adopt the municipal order awarding the bid to John Jones Auto Group of Corydon, Indiana, in the amount of \$27,923.00 in strict accordance with their bid as submitted pursuant to Bid Reference 16-29 for the purchase of a four-wheel drive crew cab pickup truck.

RUSSELL R. SIGHTS, City Manager, indicated that subsequent to the agenda packet distribution, the Information Technology department has requested that the Ford Freestar van be transferred to their department to be used to transport computers and other equipment. Brian Williams, Brenda Wethington and Robert Gunter were present to answer any questions relating to the purchase or the transfer.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
Commissioner Hite ----- Aye:
Commissioner Royster --- Aye:
Commissioner Mills ----- Aye:
Mayor Austin ----- Aye:

WHEREUPON, Mayor Austin declared the municipal order adopted, affixed his signature and the date thereto, and ordered that the same be recorded.

/s/ Steve Austin
Steve Austin, Mayor
October 25, 2016

ATTEST:
Maree Collins, City Clerk _____

CITY MANAGER’S REPORT:

RUSSELL R. SIGHTS, City Manager, reported that he had three items for discussion. The first item was recognition to the Finance department headed by Robert Gunter and all the people that participated in preparing the budget, including all the departments and their staff on receiving our eighth Distinguished Budget Presentation Award given by the Government Finance Officers Association for the preparation and implementation of the 2016 budget.

The second item is an informational item to be discussed in detail at the November 15th Work Session. The Federal Wage and Hour guidelines relating to the minimum annual salary of employees that are exempt from overtime are changing and we have four job classifications that will need to be reviewed before that change takes effect in December. Those position classifications are currently exempt from overtime requirements, but when the new regulations goes into effect their salary will be below the minimum salary to retain exempt status. Either the salary will need to be adjusted to meet the new minimum to remain exempt or the positions will need to be classified as non-exempt and be eligible for overtime. Detailed information relating to the positions, current salaries and other related information will be provided in the work session agenda packet.

CITY OF HENDERSON – RECORD BOOK

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CONNIE GALLOWAY, Human Resources Director explained that the four positions effected by the new regulations are Golf Course Manager, JFK Center Supervisor, Police Lieutenants and the Public Information Officer.

DAWN KELSEY, City Attorney, explained that under the former regulation the minimum annual salary was \$23,660.00 for exempt positions and under the new regulation, beginning December 1st, the minimum annual salary for an exempt employee is \$47,476.00.

The third and last item is a request from Sarah Stewart, Downtown Henderson Partnership, to close Main Street between 1st and 2nd Streets from 2:00 to 6:00 p.m. to allow picnic tables in the street for Halloween. He reported that he had discussed this with Mrs. Stewart previously by phone and indicated to her that he was inclined to deny the request due to traffic flow concerns and that it may present a false impression of security to close one street allowing children to run back and forth across the street and then have them go around the corner to do the same thing but that street isn't closed. He further indicated that he had relented and informed Mrs. Stewart that if her Board of Directors made an official request for the closure that he would approve it. He then asked Police Chief Stauffer to make a recommendation.

CHARLES STAUFFER, Police Chief, indicated that he was not in favor of closing the street and felt that with the amount of traffic issues as it is on that night and with the young people downtown it would create even more problems, especially for emergency vehicles trying to get through if they were needed.

SARAH STEWART, DHP Assistant Executive Director, thanked the Board for taking the time to hear the request and apologized for the late notice. She indicated that there had been miscommunication on coordination of the downtown Halloween events this year and when she returned from a conference earlier in the week she realized that no event permits had been submitted to the City. The intent of the request was to relieve some of the congestion and address complaints of children darting out into traffic in that area. She was asked if they had addressed the parking issue with business owners located in that area and if they were aware that parking would be prohibited prior to the street closing in order to ensure that most all vehicles were out of the area. She indicated that the business owners had been in favor of closing the street in order to try to alleviate some of the congestion. Mrs. Stewart reported that she had sent out an email to her Board requesting formal authorization to submit the requested street closure; however, there has not been sufficient time to have received responses at this time.

MAYOR AUSTIN stated that the Police Chief has made his recommendation and the City Manager has made his recommendation along with conditions that would allow the closure and that the Board will support that decision.

COMMISSIONER'S REPORT:

COMMISSIONER HITE thanked everyone for the birthday wishes and the cupcake on her last birthday with the Board.

COMMISSIONER ROYSTER requested that he receive copies of the departmental monthly reports from the City Manager. Mr. Sights asked if he preferred to receive them by email or paper. Mayor Austin asked each of the other Commissioners if they would also like to receive the reports. All answered in the affirmative and requested the reports by email. Mr. Sights indicated that over the years we have had Commissioners that wanted the reports and others that did not and that is the mode we have been in for the past several years. The reports for the previous month should be available to be forwarded for review after the 20th of each month.

COMMISSIONER MILLS indicated that he would like to clarify for the record from earlier tonight that he agrees with the Mayor that the Planning Commission serves a great service to our community and their citizen members are supposed to voice and represent the citizens. He

CITY OF HENDERSON – RECORD BOOK

Record of Minutes of A Regular Meeting on October 25, 2016

indicated that in his tenure as a Commissioner there had been only a very few appeals brought before this Commission. He stated that “when I walked in here tonight I was in favor of reviewing the record and giving the people that testified the opportunity to testify, but I really think that that is going to be too cumbersome and it is going to end up creating more distrust in the process than it creates trust.” He continued, “it is an important decision, it was a close vote, I think we are due to give them full review of that.”

EXECUTIVE SESSION: Litigation

MOTION by Commissioner X R. Royster, seconded by Commissioner Jan Hite to go into Executive Session pursuant to the provisions of KRS 61.810 (1) (c) for the discussion of pending litigation on behalf of the city.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
 Commissioner Hite ----- Aye:
 Commissioner Royster ---- Aye:
 Commissioner Mills ----- Aye:
 Mayor Austin ----- Aye:

MEETING RECONVENED:

MOTION by Commissioner X R. Royster, seconded by Commissioner Robert M. Mills, the Board of Commissioners reconvened in regular session.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
 Commissioner Hite ----- Aye:
 Commissioner Royster ---- Aye:
 Commissioner Mills ----- Aye:
 Mayor Austin ----- Aye:

MEETING ADJOURN:

MOTION by Commissioner Robert M. Mills, seconded by Commissioner Jan Hite, to adjourn the meeting.

The vote was called. On roll call, the vote stood:

Commissioner Johnston --- Aye:
 Commissioner Hite ----- Aye:
 Commissioner Royster ---- Aye:
 Commissioner Mills ----- Aye:
 Mayor Austin ----- Aye:

WITHOUT OBJECTION, Mayor Austin declared the Meeting adjourned at approximately 7:35 p.m.

ATTEST:

Steve Austin, Mayor
November 22, 2016

Maree Collins, City Clerk

CITY OF HENDERSON – RECORD BOOK

Record of Minutes of _____ A Work Session _____ Meeting on _____ November 15, 2016

A Work Session of the Board of Commissioners of the City of Henderson, Kentucky, was held on Tuesday, November 15, 2016, at 5:30 p.m. in the third floor Assembly Room, Municipal Center, 222 First Street, Henderson, Kentucky.

There were present Mayor Steve Austin, presiding

PRESENT:

Commissioner Jan Hite
 Commissioner X R. Royster, III
 Commissioner Robert M. (Robby) Mills
 Commissioner Jesse Johnston, IV

CITY STAFF MEMBERS PRESENT included Russell R. Sights, City Manager; William L. “Buzzy” Newman, Jr., Assistant City Manager; Dawn Kelsey, City Attorney; John Stroud, Acting Codes Administrator; Connie Galloway, Human Resources Director; Charles Stauffer, Police Chief; Donna Stinnett, Public Information Officer; Todd Norman, Golf Course Manager; and Mike Richardson, Police Reserve Officer

ALSO PRESENT WERE Tony Iriti, Kyndle CEO; Chuck Stinnett, Kyndle Interim Manager of Business Support; Abby Dixon, Downtown Henderson Partnership Executive Director; Sarah Stewart, Downtown Henderson Partnership Assistant Director; Brad Staton, Commissioner Elect; Robert Pruitt, Commissioner Elect; Patti Bugg, Commissioner Elect; Austin Vowels, Commissioner Elect; Dan Todd; Bill Polk; Martha Polk; Paul Stone; Betsy Stone; and Laura Acchiardo, *The Gleaner*

THE FOLLOWING AGENDA ITEMS WERE DISCUSSED:

1. Review and Discussion Relating to Mobile Food Unit Regulations

MRS. DAWN KELSEY and Mr. John Stroud presented a report on their review of the City’s current zoning ordinances and regulations and an analysis of what other Kentucky cities considered in the regulation of food trucks. The report included options for various locations and the committee requested guidance from the Board of Commissioners. The committee will further review possible locations and present those findings at a future Board meeting for formal action.

CITY ATTORNEY WAS REQUESTED TO PREPARE AN ORDINANCE ON THIS TOPIC FOR CONSIDERATION BY THE BOARD OF COMMISSIONERS.

2. Review and Discussion of Salary Levels for Exempt Job Classifications

MRS. CONNIE GALLOWAY presented the Federal Wage and Hour guidelines relating to the minimum annual salary of employees that are exempt from overtime changing and the four job classifications that need reviewing before the changes take effect in December.

CITY ATTORNEY WAS REQUESTED TO PREPARE AN ORDINANCE ON THIS TOPIC FOR CONSIDERATION BY THE BOARD OF COMMISSIONERS.

3. Discussion of December Called Meeting Schedule

The two Called Meetings were scheduled for December 6th or 9th, and 12th, 2016 at 5:30 p.m. on the Third Floor Assembly Room of the Municipal Center

MEETING ADJOURNMENT: Motion by Commissioner X R. Royster, seconded by Commissioner Jan Hite, that the meeting adjourn.

CITY OF HENDERSON – RECORD BOOK

Record of Minutes of A Work Session *Meeting on* November 15, 2016

The vote was called. On roll call, the vote stood:

- Commissioner Johnston ----- Aye:
- Commissioner Hite ----- Aye:
- Commissioner Royster ----- Aye:
- Commissioner Mills ----- Aye:
- Mayor Austin ----- Aye:

MAYOR AUSTIN declared the Called Work Session adjourned at approximately 7:25 p.m.

Steve Austin, Mayor
November 22, 2016

ATTEST:

Maree Collins, City Clerk

City Commission Memorandum
16-236

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Public Improvements Acceptance– Sidewalks-Harding Avenue, Lot #1
of Lots 1 & 2 Cornbleet & III C of KY, LLC Consolidated Subdivision

An item for the agenda of Tuesday, November 22, 2016, meeting is final reading of an ordinance accepting public improvements for Lot #1 of Lots 1 & 2 Cornbleet & III C of KY, LLC Consolidated Subdivision, 411 Harding Avenue.

Included in this acceptance is approximately 124 lineal feet of 6' wide concrete sidewalk.

The improvements have been built to City subdivision standards, have been inspected and approved, and are recommended for acceptance by the Henderson City-County Planning Commission at its meeting of October 4, 2016.

Your approval of the attached ordinance is requested.

c: Brian Bishop, Planning Executive Director
Doug Boom, Engineer



Henderson City-County Planning Commission
1990 Barret Ct. Suite C
Henderson, KY 42420

Claudia Wayne
Assistant Executive
Director

October 5, 2016

Mayor Steve Austin
City Commissioners
Municipal Center
Henderson, Ky. 42420

RE: Acceptance of sidewalks for located at Harding Ave., Henderson, Ky.

Dear Mayor and Commissioners:

Please be advised Tuesday, October 4, 2016 the Henderson City-County Planning Commission took official action to recommend acceptance of the following:

Lot 1 of Lots 1 & 2 Cornbleet & III C of Ky., LLC Consolidation Subdivision

Sidewalks

Harding Avenue- 124 Lineal feet of 6' wide concrete sidewalks.

These improvements were constructed in accordance with the public improvement specifications and final inspection was performed by the Henderson Engineering Department. The Henderson City-County Planning Commission at this time request your consideration.

Respectfully submitted,

Claudia Wayne
Assistant Executive Director

HENDERSON CITY-COUNTY
PLANNING COMMISSION

Attachment

C: Dawn Kelsey, City Attorney
Russell Sights, City Manager

ORDINANCE ACCEPTING PUBLIC IMPROVEMENTS

SUMMARY: AN ORDINANCE ACCEPTING PUBLIC IMPROVEMENTS FOR PROPERTY LOCATED AT HARDING AVENUE KNOWN AS CORNBLEET & III C OF KY., LLC CONSOLIDATION SUBDIVISION LOT 1 OF LOTS 1 & 2

WHEREAS, at a meeting of the Henderson City-County Planning Commission held on October 5, 2016 it was recommended that certain public improvements for property located at Harding Avenue known as Cornbleet & III C of Ky., LLC Consolidation Subdivision Lot 1 of Lots 1 & 2 in the City of Henderson be accepted; and

WHEREAS, said improvements have been made in accordance with public improvements specifications and regulations.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky, that the City hereby accepts certain public improvements for property located at Harding Avenue known as Cornbleet & III C of Ky., LLC Subdivision Lot 1 of Lots 1 & 2, which is generally depicted on the attached plat marked Exhibit "A", and consists of the following:

Lot 1 of Lots 1 & 2 Cornbleet & III of Ky., LLC Consolidation Subdivision

Sidewalks

Harding Avenue- 124 Lineal Feet of 6' wide concrete sidewalks

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner X R. Royster, seconded by Commissioner Robert M. Mills, that the ordinance be adopted on its first reading.

On roll call the vote stood:

Comissioner Johnston:	<u>AYE</u>	Commissioner Mills:	<u>AYE</u>
Commissioner Hite:	<u>AYE</u>	Mayor Austin:	<u>AYE</u>
Commissioner Royster:	<u>AYE</u>		

PUBLICATION DATE: _____

FIRST READ: 10/25/2016
SECOND READ: _____

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for a second reading at a meeting of the Board of Commissioners.

On second reading of the ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted.

WHEREUPON, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____	Commissioner Mills: _____
Commissioner Hite: _____	Mayor Austin: _____
Commissioner Royster: _____	

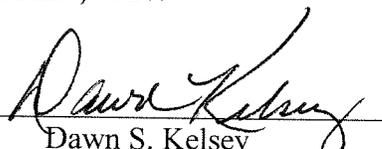
WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.

Steve Austin, Mayor
Date: _____

ATTEST:

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 19 DAY OF
OCTOBER, 2016.**

By: 
Dawn S. Kelsey
City Attorney

City Commission Memorandum
16-227

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Public Improvements Acceptance–Finley Addition (along Hwy 41-A, Springfield Drive and Winchester Road)

Enclosed for the agenda of Tuesday, November 22, 2016, is first reading of an ordinance accepting public improvements for the Finley Addition along US Highway 41-A, Springfield Drive and Winchester Road.

Included in this acceptance of wastewater improvements is 2,696 lineal feet of 8-inch gravity sewer, 1,488 lineal feet of 18-inch gravity sewer, 17 each manholes, and 1,369 lineal feet of 4-inch force main sewer, 59 building services taps and 1 sewage pump station.

The improvements have been built to public improvement standards and have been inspected and approved by HWU. The Water and Sewer Commission approved recommendation for acceptance of these wastewater system improvements at its Monday, November 21, 2016 meeting.

Your approval of the attached ordinance is requested.

c: Tom Williams, HWU General Manager
Brian Bishop, Planning Director
Doug Boom, Engineer

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE WATER & SEWER COMMISSION OF THE CITY OF HENDERSON

TOM WILLIAMS, P.E.
GENERAL MANAGER

Date: 22 November 2016

Memo To: Mayor Steve Austin
Henderson City Commissioners
Russell Sights, City Manager
Buzzy Newman, Asst. City Manager
Dawn Kelsey, City Attorney

From: Tom Williams, P.E.
General Manager

Digitally signed by Tom Williams
DN: cn=Tom Williams,
o=Henderson Water Utility,
ou=HWU,
email=williamst@hkywater.o
rg, c=US
Date: 2016.11.07 12:53:29
-06'00'

Subject: Finley Addition Sewer Project

At its meeting on 21 November, the Water and Sewer Commission passed a Resolution (copy attached) approving the acceptance into our wastewater system of the improvements constructed along US 41A, Springfield Drive and Winchester Road, as part of the County's Finley Addition Sewer Project.

All this work is now complete, the parcels served by this project have been annexed into the City of Henderson, and this acceptance is the final step in a long and arduous project history.

If you have any questions or need further information on this or any other matter, please feel free to call me at 270.869.6621 (Office) or 270.823.2573 (Cell).

**HENDERSON WATER AND SEWER COMMISSION
RESOLUTION OF THE BOARD OF COMMISSIONERS**

**Resolution No. 2016-29
Acceptance of Wastewater Improvements
Finley Addition Sewer Project**

The following Resolution was duly adopted by the Board of Commissioners of the Henderson Water & Sewer Commission at a regular meeting held on Monday, 21 November 2016, at which meeting a quorum was present.

BE IT RESOLVED, that the Henderson Water and Sewer Commission by and through its Board of Commissioners under the authority granted to the Board of Commissioners under Chapter 23 Article II Division 3 Sections 23-36 through 23-45.1 of the City Code of Ordinances hereby recommends to the Board of Commissioners of the City of Henderson, Kentucky, that the City of Henderson accept certain public improvements as constructed under a project funded by Henderson County Fiscal Court, recommended by the staff of the Water and Sewer Commission, and herewith transmitted to the City, to wit:

Finley Addition Sewer Project

Wastewater – US 41 A - Base Bid

8" PVC Sewer:	504 Linear Feet
18" PVC Sewer	1,488 Linear Feet
Manholes:	5 Each
Services:	29 Each

Wastewater – Springfield/Winchester

8" PVC Sewer:	2,192 Linear Feet
Manholes:	12 Each
4" Force Main	1,369 Linear Feet
Services:	30 Each
Springfield Drive Pump Station	

These improvements were constructed along U.S. Highway 41A, Springfield Drive and Winchester Road, and are now complete and in operation. All properties served by this project have been annexed into the City of Henderson. The total investment by the County, paid from Coal Severance funds, was \$ 1,380,405.60. In addition, HWU had direct costs of \$ 28,675.82 attributable to this project.

The General Manager is hereby authorized to deliver this Resolution to the City of Henderson.

IN WITNESS WHEREOF, having come before the Board of Commissioners on Monday, 21 November 2016, and upon Motion made by Commissioner _____, and seconded by Commissioner _____, the Board of Commissioners voted as follows:

	<u>AYE</u>	<u>NAY</u>
Commissioner, Paul Bird, Jr.	_____	_____
Commissioner, George Jones, III	_____	_____
Commissioner, John Henderson	_____	_____
Commissioner, Gary Jennings	_____	_____
Commissioner, Julie Wischer	_____	_____

Tom Williams, P.E.
General Manager
Henderson Water Utility

ORDINANCE NO. _____

ORDINANCE ACCEPTING PUBLIC IMPROVEMENTS

SUMMARY: AN ORDINANCE ACCEPTING PUBLIC IMPROVEMENTS CONSTRUCTED IN THE FINLEY ADDITION (ALONG U.S. HWY 41-A, SPRINGFIELD DRIVE, AND WINCHESTER ROAD) CONSISTING OF WASTEWATER SYSTEM IMPROVEMENTS

WHEREAS, at a meeting of the Henderson Water and Sewer Commission held on November 21, 2016, it was recommended that certain public improvements for the Finley Addition (along U.S. Hwy 41-A, Springfield Drive, and Winchester Road), as shown on the map attached hereto marked Exhibit "A," of wastewater system improvements in the City of Henderson be accepted; and

WHEREAS, said improvements have been made in accordance with public improvements specifications and regulations.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky, that the City hereby accepts the wastewater system public improvements for the Finley Addition (along U.S. Hwy 41-A, Springfield Drive and Winchester Road), which consists of the following:

Finley Addition Sewer Project

<u>Wastewater – US 41 A – Base Bid</u>		<u>Wastewater – Springfield/Winchester</u>	
8" PVC Sewer:	504 Linear Feet	8" PVC Sewer:	2,192 Linear Feet
18" PVC Sewer	1,488 Linear Feet	Manholes:	12 Each
Manholes:	5 Each	4" Force Main	1,369 Linear Feet
Services:	29 Each	Services:	30 Each
		Springfield Drive Pump Station	

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted on its first reading.

On roll call the vote stood:

Commissioner Johnston: _____	Commissioner Mills: _____
Commissioner Hite: _____	Mayor Austin: _____
Commissioner Royster: _____	

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for a second reading at a meeting of the Board of Commissioners.

On second reading of the ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted.

WHEREUPON, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____ Commissioner Mills: _____
Commissioner Hite: _____ Mayor Austin: _____
Commissioner Royster: _____

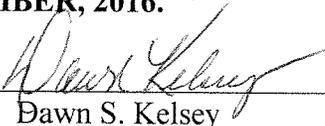
WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.

Steve Austin, Mayor
Date: _____

ATTEST:

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 17 DAY OF
NOVEMBER, 2016.**

By: 
Dawn S. Kelsey
City Attorney

**City Commission Memorandum
16-234**

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners
FROM: Russell R. Sights, City Manager 
SUBJECT: Annexation and Zoning of Property – Palmer Oil Co., Inc. EZ Shop #1

An item for the agenda of Tuesday, November 22, 2016, is first reading of an ordinance annexing property located in Henderson County on South Green Street.

The total area for the proposed annexation is approximately 1.28 acres in size. It is recommended the property be zoned as City Highway Commercial from County Agricultural.

The Henderson City-County Planning Commission, at its meeting of November 1, 2016, recommended approval of the zoning as presented. Staff concurs in this recommendation and annexation of property.

Your approval of the attached ordinance is requested.

c: Brian Bishop
Doug Boom
Tom Williams
Owen Reeves
Robert Gunter



Planning the Future

Henderson City-County Planning Commission
1990 Barret Ct. Suite C
Henderson, KY 42420

Brian Bishop, Executive Director, AICP
bbishop@hendersonplanning.org
270-831-1289

November 8, 2016

Mayor Steve Austin
City Commissioners
Henderson Municipal Center
Henderson, KY 42420

ATTN: Russell Sights, City Manager

Please be advised on Tuesday, November 1, 2016 the Henderson City-County Planning Commission held a Public Hearing to consider the following:

#1063 ASSIGNMENT OF ZONING CLASSIFICATION IN CONJUNCTION WITH

ANNEXATION – Submitted by Palmer Oil Company for the property located in Henderson County at 2120 South Green Street (Parcel ID #46-89), containing 1.28 acres. Applicants are requesting an annexation from County Agricultural (AG) to City Highway Commercial (HC).

PLANNING COMMISSION RECOMMENDATION- The City of Henderson proposes to annex the above parcel into the City and the City has referred this matter to the Planning Commission pursuant to KRS 100.209(1) for the Planning Commission to give notice, advertise and conduct a public hearing regarding the amendment of the Comprehensive Plan and for the Planning Commission to recommend a zoning classification to the City of Henderson for this Parcel.

Motion was made by David Williams, seconded by Dickie Johnson that the Planning Commission recommend the assignment of a H-C (Highway Commercial), zoning classification to the above described Parcel and that the Comprehensive Plan be amended to include this Parcel in the City Zoning Map, if and when it is annexed and a zoning classification assigned by the City, and I leave the motion open for other members of the Planning Commission to add findings of fact in support of this motion, because:

- A H-C (Highway Commercial) zoning classification is in agreement with the Comprehensive Plan because the Future Land Use Element (Future Land Use Map) shows this Parcel and this area as Commercial.
- The H-C (Highway Commercial) zoning classification is in agreement with the Goals and Objectives of the Comprehensive Plan, in that:

Guide development to existing centralized areas served by adequate infrastructure to avoid decentralized and scattered development. (Balancing Land Use Objective B)

- Encourage innovative, safe, and sustainable design for new development and/or infrastructure. (Land Use Objective F)
- Promote aesthetically pleasing commercial development with appropriate access, signage and landscaping while discouraging strip commercial development. (Land Use Objective H)
- Promote the continued operation and expansion of commercial facilities. (Growing the Economy Objective A)

➤ **A H-C (Highway Commercial) zoning classification is appropriate, because:**

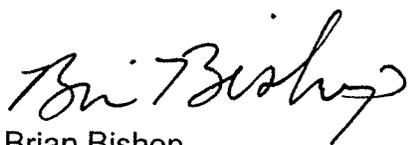
- Hwy 60 W/S Green Street, has been widened to allow for a greater volume of vehicular traffic in addition to the construction of bike lanes and sidewalks. This allows for multi-modal forms of transportation.
- The historical use of the Parcel has been Highway Commercial – it has been and is now a convenience store/automobile service station, which is mainly oriented to vehicular traffic.
- The parcel is served by adequate utilities.
- The parcels in the general area have mixed uses, none are inconsistent with the recommendation.
- This recommended Highway Commercial zoning classification of the subject Parcel will not adversely affect the other properties in the area.

ALL IN FAVOR: AYE

OPPOSED: NONE

Attached is a copy of the transcript of the public hearing, and documents related to the annexation.

Respectfully submitted,



Brian Bishop
Executive Director, AICP
Henderson City-County Planning Commission

BB/tgc
Cc: Dawn Kelsey

REZONING #1063

PALMER OIL

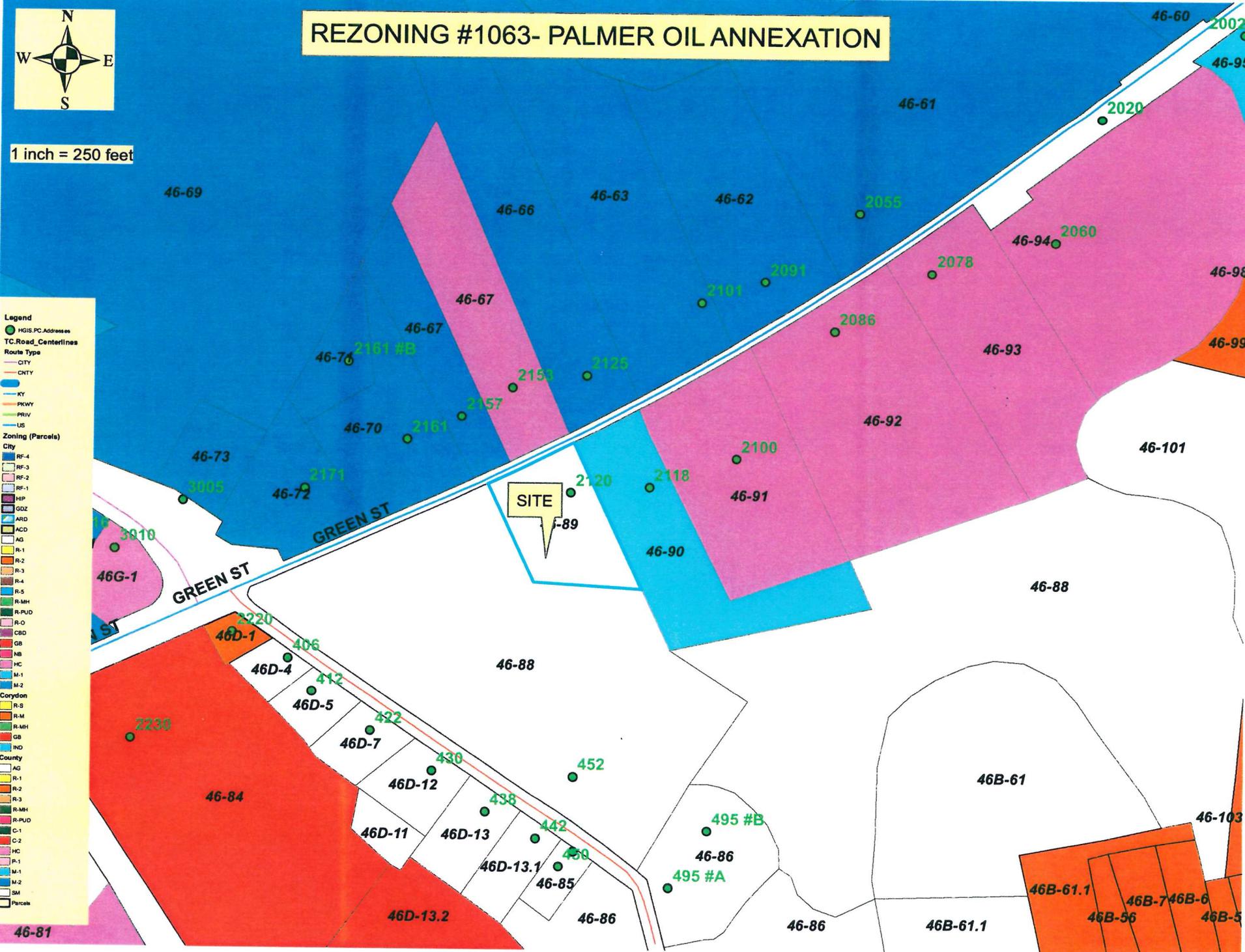
ANNEXATION

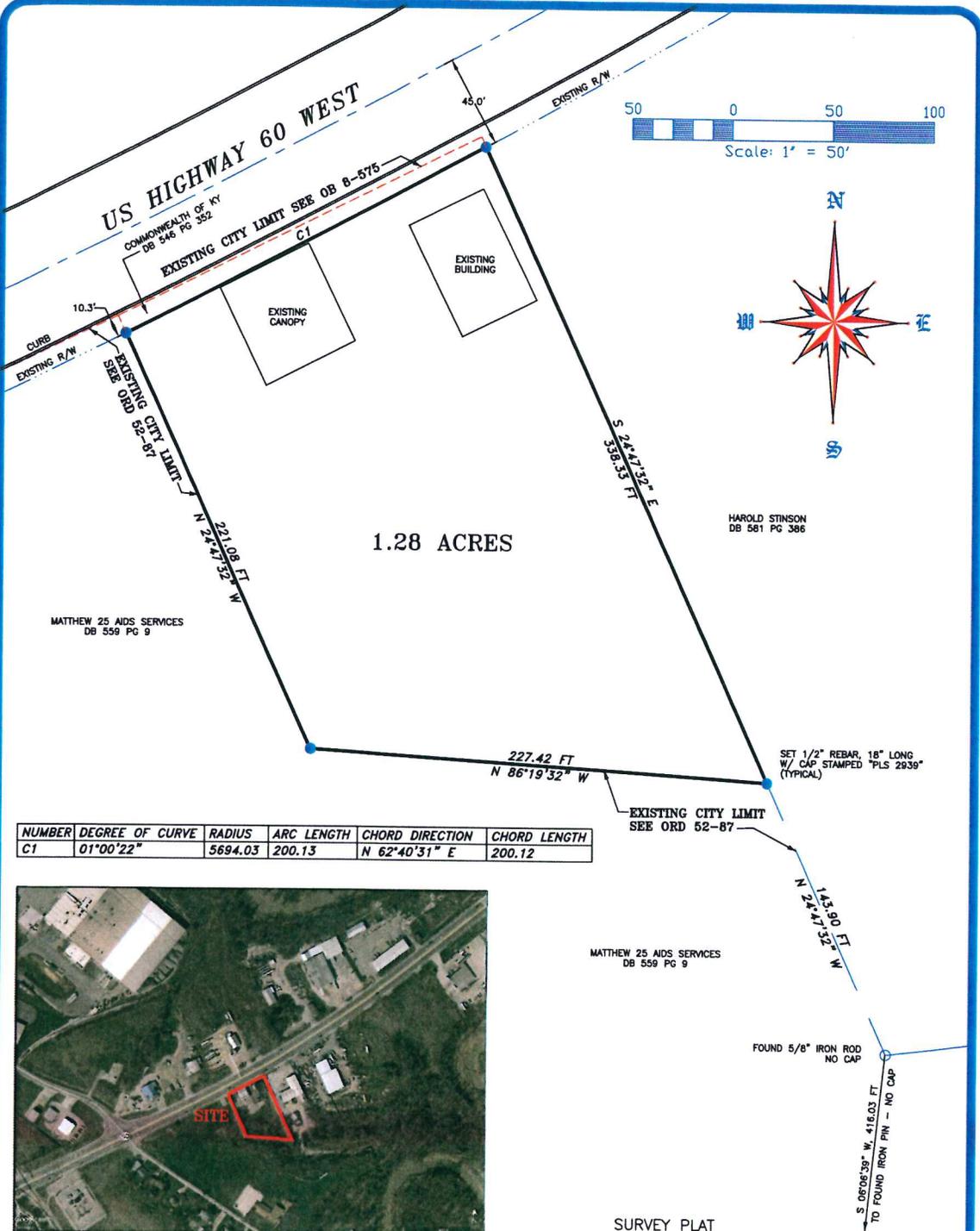
REZONING #1063- PALMER OIL ANNEXATION



1 inch = 250 feet

- Legend**
- HGIS_PC.Addresses
 - TC.Road_Centerlines
 - Route Type
 - CITY
 - CNTY
 - KY
 - PKWY
 - PRIV
 - US
 - Zoning (Parcels)
 - City
 - RF-4
 - RF-3
 - RF-2
 - RF-1
 - HIP
 - GDZ
 - ARD
 - ACD
 - AG
 - R-1
 - R-2
 - R-3
 - R-4
 - R-5
 - R-MH
 - R-PUD
 - R-O
 - CBD
 - GB
 - NB
 - HC
 - M-1
 - M-2
 - Corydon
 - R-S
 - R-M
 - R-MH
 - GB
 - IND
 - County
 - AG
 - R-1
 - R-2
 - R-3
 - R-MH
 - R-PUD
 - C-1
 - C-2
 - HC
 - P-1
 - M-1
 - M-2
 - Parcels





NUMBER	DEGREE OF CURVE	RADIUS	ARC LENGTH	CHORD DIRECTION	CHORD LENGTH
C1	01°00'22"	5694.03	200.13	N 62°40'31" E	200.12



SURVEY PLAT
PALMER OIL COMPANY
DEED BOOK 284 PAGE 732
HENDERSON COUNTY, KENTUCKY

SURVEYOR'S CERTIFICATION
I hereby certify that the survey depicted by this plat was prepared under my direct supervision by utilizing a Topcon GRS-1 Dual Frequency, 72 Channel GPS + GLONASS RTK receiver with a PG-A1 external antenna unit having a relative horizontal positional accuracy of ± 1 cm. The bearings and distances shown hereon have not been adjusted for closure and the basis of the bearings shown hereon is the 1983 NAD Kentucky South Zone coordinate system. The geoid model used was the Geoid09. All monuments shown hereon actually exist and the information shown hereon is correct to the best of my knowledge and belief. This survey meets the specifications of an Urban survey and complies with 201 KAR 18:150.

Bruce K. Bailey, PLS #2939 _____ Date

OWNERS: PALMER OIL COMPANY 1638 CLAY STREET HENDERSON, KY 42420		CLIENT: PALMER OIL COMPANY 1638 CLAY STREET HENDERSON, KY 42420	
STATE OF KENTUCKY BRUCE K. BAILEY 2939 LICENSED PROFESSIONAL LAND SURVEYOR		SOURCE OF TITLE: DB 284 PG 732	PROPERTY LOCATION: 2120 SOUTH GREEN STREET HENDERSON, KY 42420
		BAILEY SURVEYS	
		P.O. BOX 1293 HENDERSON, KY 42419 PHONE: (270) 830-8070 EMAIL: bruce@baileysurveys.com	
FIELD DATE SEPTEMBER 16, 2016	SCALE 1" = 50'	PVA #46-89 DWG NAME - PALMER	



STAFF REPORT - PROPOSED ZONING #1063

ANNEXATION RECOMMENDING ZONE CLASSIFICATION TO CITY

DATE: 11/01/2016

GENERAL INFORMATION		
Applicant:	PALMER OIL COMPANY	<u>Infrastructure</u>
Site Location:	2120 S. GREEN STREET	Water: 18"
PID#	#46-89	Sewer: 8"
Applicant's Request:	City Highway Commercial	Flood and Drainage: N/A
City/County limits:	County	
Current Zoning:	County Agricultural	
Proposed Zoning:	City Highway Commercial	
Size (in acres):	1.28 acres	

ZONING DISTRICT INFORMATION		
	<u>Current (County AG)</u>	<u>Proposed District (City H-C)</u>
Min. Lot Size	1.0 acre	N/A
Min. Lot Width	100 ft.	50
Front Setback	25 ft.	30
Side Setback	10 ft.	10
Rear Setback	25 ft.	20
Building Height:	N/A	30

SURROUNDING ZONING, LAND USE AND REQUIRED BUFFERS		
<u>Adjacent Zoning / Adjacent Land Uses</u>	<u>Setbacks for Adjacent Zoning</u>	<u>Buffer required if rezoned</u>
North: H-C (County)	Front: 30 ft. Side: 20 ft. Rear: 10 ft.	N/A
South: Ag (City)	Front: 25 ft. Side: 15 ft. Rear: 25 ft.	N/A
East: M-1 (County)	Front: 50 ft. Side: 25 ft. Rear: 25 ft.	N/A
West: H-C (City)	Front: 25 ft. Side: 15 ft. Rear: 25 ft.	N/A

PROPOSAL

The City of Henderson proposes annexation of 1.28 acres from the County of Henderson to the City of Henderson; and, the City has referred this matter to the Planning Commission pursuant to KRS 100.209(1), for the Planning Commission recommend a zoning classification to the City. The property is currently used as a convenience store with gas sales, located on the South/East side of Green Street/U. S. Highway 60 West; and, is known as the E-Z Shop. The current County zoning classification is Agricultural; and staff recommends a Highway Commercial (City) zoning classification. It is the role of the Planning Commission to hold a Public Hearing to hear testimony, then recommend to the City an appropriate new zoning classification. Among other things, the Planning Commission should consider: **1) current use, 2) likely or desired future use, and 3) potential growth patterns; all for, a) the subject property, b) the surrounding property, c) the general area, and, d) the effect such recommendation will have on surrounding parcels.**



STAFF REPORT - PROPOSED ZONING #1063

ANNEXATION RECOMMENDING ZONE CLASSIFICATION TO CITY

ZONING

The existing County zoning classification is Agricultural (Ag), which allows a number of permitted uses. Such permitted uses include single family residential units, green houses, stables, farms, including livestock, pork and poultry raising, dairying, horticulture and other similar bona fide agriculture endeavors or use of land

Staff recommends assigning a Highway Commercial zoning district (H-C) or zoning classification. Permitted H-C uses include any use permitted in the general business district such as automobile service stations/convenience stores, banks, grocery stores, in addition to other uses such as automobile service stations, and restaurants.

COMPREHENSIVE PLAN FUTURE LAND USE

Future Land Use:

The future land use map depicts this area developing as Commercial. The Future Land Use element of the Comprehensive Plan is consistent with the recommended H-C (Highway Commercial) classification.

- Guide development to existing centralized areas served by adequate infrastructure to avoid decentralized and scattered development. (Balancing Land Use Objective B)
- Encourage innovative, safe, and sustainable design for new development and/or infrastructure. (Land Use Objective F)
- Promote aesthetically pleasing commercial development with appropriate access, signage and landscaping while discouraging strip commercial development. (Land Use Objective H)
- Promote the continued operation and expansion of commercial facilities. (Growing the Economy Objective A)

STAFF RECOMMENDATION

Staff recommends that the Planning Commission recommend that the City of Henderson assign a H-C (Highway Commercial) zoning classification to the above described Parcel and a proposed motion is attached (you are certainly free to change or add to the proposed motion).

Date Advertised: 10/18/16

Date Posted: 10/18/16

PROPOSED MOTION

November 1, 2016

Proposed Annexation, Recommendation of Zoning Classification to City of Henderson #1063– 2120 S. Green Street, Parcel ID Number #46-89.

This City of Henderson proposes to annex the above parcel into the City and the City has referred this matter to the Planning Commission pursuant to KRS 100.209(1) for the Planning Commission to give notice, advertise and conduct a public hearing regarding the amendment of the Comprehensive Plan and for the Planning Commission to recommend a zoning classification to the City of Henderson for this Parcel.

I move the Planning Commission recommend the assignment of a H-C (Highway Commercial), zoning classification to the above described Parcel and that the Comprehensive Plan be amended to include this Parcel in the City Zoning Map, if and when it is annexed and a zoning classification assigned by the City, and I leave the motion open for other members of the Planning Commission to add findings of fact in support of this motion, because:

A H-C (Highway Commercial) zoning classification is in agreement with the Comprehensive Plan because the Future Land Use Element (Future Land Use Map) shows this Parcel and this area as Commercial.

The H-C (Highway Commercial) zoning classification is in agreement with the Goals and Objectives of the Comprehensive Plan, in that:

Guide development to existing centralized areas served by adequate infrastructure to avoid decentralized and scattered development. (Balancing Land Use Objective B)

- Encourage innovative, safe, and sustainable design for new development and/or infrastructure. (Land Use Objective F)
- Promote aesthetically pleasing commercial development with appropriate access, signage and landscaping while discouraging strip commercial development. (Land Use Objective H)
- Promote the continued operation and expansion of commercial facilities. (Growing the Economy Objective A)

A H-C (Highway Commercial) zoning classification is appropriate, because:

- Hwy 60 W/S Green Street, has been widened to allow for a greater volume of vehicular traffic in addition to the construction of bike lanes and sidewalks. This allows for multi-modal forms of transportation.
- The historical use of the Parcel has been Highway Commercial – it has been and is now a convenience store/automobile service station, which is mainly oriented to vehicular traffic.
- The parcel is served by adequate utilities.
- The parcels in the general area have mixed uses, none are inconsistent with the recommendation.
- This recommended Highway Commercial zoning classification of the subject Parcel will not adversely affect the other properties in the area.

PROPOSED ANNEXATION #1063 MOTION

REZONING #1063 ANNEXATION



SITE FACING NORTH



SITE FACING WEST



SITE FACING EAST



SITE FACING SOUTH

Steve Austin, Mayor

Commissioners:
Jan M. Hite
Jesse L. Johnston IV
Robert M. Mills
X Robert Royster, III



The City of Henderson

P.O. Box 716
Henderson, Kentucky 42419-0716

Russell R. Sights, City Manager
William L. Newman, Jr., Assistant City Manager
Dawn S. Kelsey, City Attorney
Maree Collins, City Clerk
Donna Stinnett, Public Information Officer



October 12, 2016

Mr. Brian Bishop, Executive Director
Henderson-Henderson County Planning Commission
1990 Barrett Court, Suite C
Henderson, KY 42420

Dear Mr. Bishop:

As you know, the City has been requested to annex a parcel of land containing approximately 1.28 acres located on South Green Street by the property owner, Mary Anne Gonnella, President of Palmer Oil Co., Inc. Enclosed is a copy of the letter of request, with attachments.

At its meeting on October 11, 2016, the Board of Commissioners directed that the request be forwarded to the Planning Commission for the assignment of a zoning classification for the property into the corporate limits of the City. Consequently, please proceed with bringing the matter before the Planning Commission for formal action at your earliest convenience.

Thank you for your cooperation and assistance.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Russell".

Russell R. Sights
City Manager

Attachment

c: William L. Newman, Jr.
Doug Boom

DESCRIPTION

PALMER OIL COMPANY PROPERTY
DEED BOOK 284 PAGE 732

HENDERSON, KENTUCKY



A certain tract or parcel located on the south side of US Highway 60, approximately 3 miles west of the City of Henderson, in Henderson County, Kentucky and being more specifically described as follows:

Unless stated otherwise, any monument referred to herein as a "set iron pin" is a 1/2" diameter rebar, 18" in length set with an orange plastic cap stamped "PLS #2939". All bearings stated herein are referred to the 1983 NAD Kentucky South Zone coordinate system.

Beginning at an iron pin set in the southern line of the US Highway 60 right-of-way as described in Deed Book 548 Page 352 in the Henderson County Court Clerk's Office, said iron pin also being in the western line of the Harold Stinson property described in Deed Book 581 Page 386; thence with the line of said Stinson property, South 24 DEGREES 47 MINUTES 32 SECONDS East, a distance of 338.33 feet to an iron pin set in the line of the Matthew 25 Aids Services property described in Deed Book 559 Page 9; thence with the line of said Matthew 25 Aids Services property the following two (2) calls:

- 1) North 86 DEGREES 19 MINUTES 32 SECONDS West, a distance of 227.42 feet to an iron pin set at a corner of said Matthew 25 Aids Services property;
- 2) North 24 DEGREES 47 MINUTES 32 SECONDS West, a distance of 221.08 feet to an iron pin set in said right-of-way line of US Highway 60;

thence with said right-of-way line and along a curve to the left having a radius of 5694.03 feet an arc distance of 200.13 feet along said curve, said curve having a chord direction of North 62 DEGREES 40 MINUTES 31 SECONDS East and a chord length of 200.12 feet to the point of beginning and containing 1.28 acres. This description was prepared from a physical survey conducted under the direction of Bruce K. Bailey, PLS #2939 of Bailey Surveys, Inc. on September 16, 2016.

6-13-16 ld

Palmer Oil Company

E-Z Shops, EZ Serve Stores, & Palmer's Markets

June 13, 2016

To the City of Henderson,

Palmer Oil Co., Inc. requests annexation of EZ Shop #1, 2120 S. Green St., Henderson,
Ky. 42420.

Thank You-
Mary Anne Gonnella
President of Palmer Oil Co.

Mary Anne Gonnella

Henderson City-County
Planning Commission
November 1, 2016

Chairman McKee: Next on the agenda is **Rezoning #1063**, Mr. Bishop are you going to lead this discussion?

Brian Bishop: Yes sir.

Chairman McKee: Please proceed.

Brian Bishop: This is submitted by Palmer Oil Company for the property located in Henderson County at 2120 South Green Street (Parcel ID# 46-89), containing 1.28 acres. Applicants are requesting applicants from the County Agricultural zone to City Highway Commercial zone.

This is not a traditional rezoning that we would typically hear; the Planning Commissions responsibility is to recommend a zoning classification when a property is to be annexed from the county into the city. This property has historically been used as a gas station, and is currently being used as a gas station, and is currently zoned agricultural as I mentioned before. I have met with Mr. Stroud from City Codes, and we both believe that Highway Commercial is the best zoning classification for this. So my recommendation is that we recommend to the City Commission a zone of Highway Commercial.

If you would, please take note of a proposed motion that Mr. Fridy was kind enough to help prepare, it looks like this in your agenda. You will see a proposed motion in red, and then proposed findings of fact at the bottom of the page. Mr. Fridy was very helpful in this, and is something we will try to do a better job of when we have other rezoning's in the near future.

If you have any questions, I will do my best to answer them.

Chairman McKee: Questions for staff?

David Dixon: What are the other surrounding zones other than agriculture?

Brian Bishop: The dark blue is going to be Heavy Industrial, the lighter blue is Light Industrial, the purple is commercial as well, and the white is all agricultural.

David Dixon: Thank you.

Chairman McKee: Any other questions for staff? Is there anyone here that would like to speak for or against this zoning classification change in conjunction with annexation? Seeing none, any comments from Commissioners?

David Williams: This area is already commercially developed?

Brian Bishop: Yes sir.

David Williams: The Comprehensive Plan says that it's going to continue to develop commercially?

Brian Bishop: That is correct.

David Williams: The existing business fits within the use of land around it?

Brian Bishop: Yes sir.

Chairman McKee: Any other comments?

Mac Arnold: Does this place any extra burden on the land owner and the fact of like say screening since now it's going to become Highway Commercial instead of it being Ag?

Brian Bishop: No sir. This is all existing, this is not going through a rezoning hearing, the short answer is no.

Mac Arnold: Ok.

Chairman McKee: Comments?

David Williams: Mr. Moderator, will you entertain a motion?

Chairman McKee: The Chair will entertain a motion.

MOTION WAS MADE BY DAVID WILLIAMS, SECONDED BY DICKIE JOHNSON THAT THE PLANNING COMMISSION RECOMMEND THE ASSIGNMENT OF A H-C (HIGHWAY COMMERCIAL), ZONING CLASSIFICATION TO THE ABOVE DESCRIBED PARCEL AND THAT THE COMPREHENSIVE PLAN BE AMENDED TO INCLUDE THIS PARCEL IN THE CITY ZONING MAP, IF AND WHEN IT IS ANNEXED AND A ZONING CLASSIFICATION ASSIGNED BY THE CITY, AND I LEAVE THE MOTION OPEN FOR OTHER MEMBERS OF THE PLANNING COMMISSION TO ADD FINDINGS OF FACT IN SUPPORT OF THIS MOTION, BECAUSE: H-C (HIGHWAY COMMERCIAL) ZONING CLASSIFICATION IS IN AGREEMENT WITH THE COMPREHENSIVE PLAN BECAUSE THE FUTURE LAND USE ELEMENT (FUTURE LAND USE MAP) SHOWS THIS PARCEL AND THIS AREA AS COMMERCIAL. THE H-C (HIGHWAY COMMERCIAL) ZONING CLASSIFICATION IS IN AGREEMENT WITH THE GOALS AND OBJECTIVES OF THE COMPREHENSIVES PLAN, IN THAT: GUIDE DEVELOPMENT TO EXISTING CENTRALIZED AREAS SERVED BY ADEQUATE INFRASTRUCTURE TO AVOID DECENTRALIZED AND SCATTERED DEVELOPMENT. (BALANCING LAND USE OBJECTIVE B)

- ***ENCOURAGE INNOVATIVE, SAFE, AND SUSTAINABLE DESIGN FOR NEW DEVELOPMENT AND/OR INFRASTRUCTURE. (LAND USE OBJECTIVE F)***

- **PROMOTE AESTHETICALLY PLEASING COMMERCIAL DEVELOPMENT WITH APPROPRIATE ACCESS, SIGNAGE AND LANDSCAPING WHILE DISCOURAGING STRIP COMMERCIAL DEVELOPMENT. (LAND USE OBJECTIVE H)**
- **PROMOTE THE CONTINUED OPERATION AND EXPANSION OF COMMERCIAL FACILITIES. (GROWING THE ECONOMY OBJECTIVE A)**

H-C (HIGHWAY COMMERCIAL) ZONING CLASSIFICATION IS APPROPRIATE, BECAUSE:

- **HWY 60 W/S GREEN STREET, HAS BEEN WIDENED TO ALLOW FOR A GREATER VOLUME OF VEHICULAR TRAFFIC IN ADDITION TO THE CONSTRUCTION OF BIKE LANES AND SIDEWALKS. THIS ALLOWS FOR MULTI-MODAL FORMS OF TRANSPORTATION.**
- **THE HISTORICAL USE OF THE PARCEL HAS BEEN HIGHWAY COMMERCIAL – IT HAS BEEN AND IS NOW A CONVENIENCE STORE/AUTOMOBILE SERVICE STATION, WHICH IS MAINLY ORIENTED TO VEHICULAR TRAFFIC.**
- **THE PARCEL IS SERVED BY ADEQUATE UTILITIES.**
- **THE PARCELS IN THE GENERAL AREA HAVE MIXED USES, NONE ARE INCONSISTENT WITH THE RECOMMENDATION.**
- **THIS RECOMMENDED HIGHWAY COMMERCIAL ZONING CLASSIFICATION OF THE SUBJECT PARCEL WILL NOT ADVERSELY AFFECT THE OTHER PROPERTIES IN THE AREA.**

Chairman McKee: We have a motion and a second, Madame Clerk will you please call the roll?

ALL IN FAVOR: AYE

OPPOSED: NONE

Chairman McKee: So mote it be. That is all the public hearing items so I will entertain a motion to go out of public hearing.

MOTION WAS MADE BY DAVID WILLIAMS, SECONDED BY GARY GIBSON TO GO OUT OF PUBLIC HEARING.

ALL IN FAVOR: AYE

OPPOSED: NONE

ORDINANCE NO. _____

ORDINANCE REGARDING ANNEXATION

SUMMARY: AN ORDINANCE ANNEXING CERTAIN UNINCORPORATED TERRITORY TO THE CITY OF HENDERSON, KENTUCKY, BEING LOCATED AT 2120 SOUTH GREEN STREET, IN HENDERSON COUNTY, CONTAINING 1.28 ACRES, MORE OR LESS, OWNED BY MARY ANNE GONNELLA, d/b/a/ PALMER OIL COMPANY

WHEREAS, pursuant to the provisions of KRS 81A.412, the City of Henderson, Kentucky, desires to annex within the corporate limits of the City of Henderson that certain unincorporated area, which is located at 2120 South Green Street in Henderson County, containing approximately 1.28 acres, more or less, and which is hereinafter described; and

WHEREAS, the real property to be annexed meets all of the requirements of KRS 81A.410; and

WHEREAS, the owner of record of the land to be annexed has given prior consent in writing to the annexation and has waived the waiting period therefor, copies of which consent and waiver are attached hereto, cumulatively marked Exhibit "A," and incorporated herein by reference.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky, as follows:

1. That the real property located on 2120 South Green Street in Henderson County, containing approximately 1.28 acres, more or less, owned by Mary Anne Gonnella d/b/a Palmer Oil Company, as described in Exhibit "A-1", and as shown on the plat attached hereto marked Exhibit "B," which exhibits are incorporated herein by reference, be and said real property is hereby annexed to and made a part of the City of Henderson, Kentucky.

2. The zoning classification of said property shall be H-C (Highway Commercial), pursuant to the recommendation of the Henderson City-County Planning Commission by letter dated November 8, 2016, a copy of which letter, is attached hereto and incorporated herein by reference marked Exhibit "C".

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On the first reading of this ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted on its first reading.

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for a second reading at a meeting of the Board of Commissioners.

On second reading of the ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted.

WHEREUPON, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____ Commissioner Mills: _____
Commissioner Hite: _____ Mayor Austin: _____
Commissioner Royster: _____

WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.

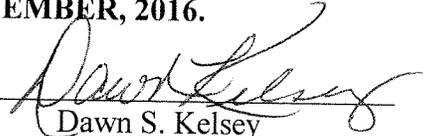
Steve Austin, Mayor
Date: _____

ATTEST:

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 17 DAY OF
NOVEMBER, 2016.**

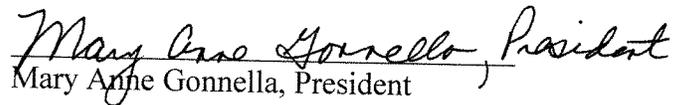
By:


Dawn S. Kelsey
City Attorney

CONSENT TO ANNEXATION

Mary Anne Gonnella, d/b/a Palmer Oil Company, 231 Hancock Street, Henderson, Kentucky 42420 is the owner of certain real property located at 2120 South Green Street in Henderson County, which property is more particularly described in Exhibit "A-1" attached hereto; and as said owner does hereby consent in writing to the annexation into the City of Henderson, Kentucky the property as described in said Exhibit. Also, Mary Anne Gonnella does hereby waive all notice requirements with respect to such annexation, including, but not limited to the notices otherwise required by KRS 81A.420(1), KRS 81A.425, and the sixty (60) day waiting period provided for in KRS 81A.420(2); and Mary Anne Gonnella, states that she is the sole owner of the property to be annexed as described in the attached Exhibit.

SIGNED this 16 day of Nov., 2016.

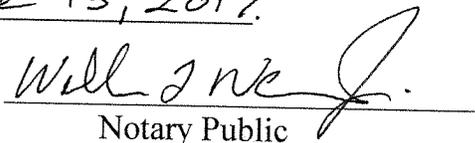

Mary Anne Gonnella, President

STATE OF KENTUCKY

COUNTY OF HENDERSON ... SCT.

THE foregoing CONSENT TO ANNEXATION was signed and acknowledged before me, a Notary Public, by Mary Anne Gonnella, President of Palmer Oil Company, this 16 day of November, 2016.

My commission expires June 13, 2017.


Notary Public

Notary Public, Kentucky State-At-Large
My Commission Expires: June 13, 2017
ID # 489944

(Seal)

DESCRIPTION

**PALMER OIL COMPANY PROPERTY
DEED BOOK 284 PAGE 732**

HENDERSON, KENTUCKY

A certain tract or parcel located on the south side of US Highway 60, approximately 3 miles west of the City of Henderson, in Henderson County, Kentucky and being more specifically described as follows:

Unless stated otherwise, any monument referred to herein as a "set iron pin" is a 1/2" diameter rebar, 18" in length set with an orange plastic cap stamped "PLS #2939". All bearings stated herein are referred to the 1983 NAD Kentucky South Zone coordinate system.

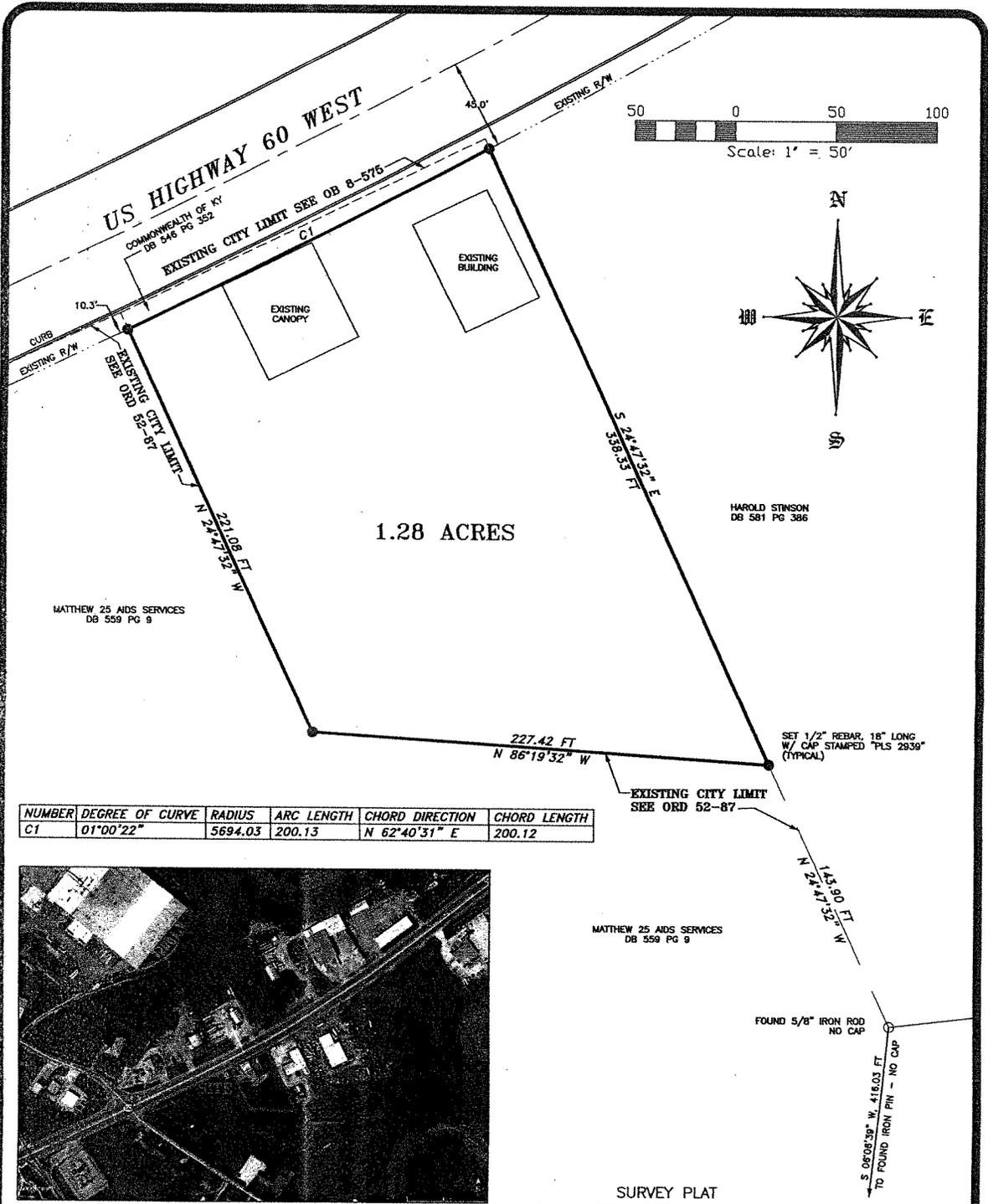
Beginning at an iron pin set in the southern line of the US Highway 60 right-of-way as described in Deed Book 548 Page 352 in the Henderson County Court Clerk's Office, said iron pin also being in the western line of the Harold Stinson property described in Deed Book 581 Page 386; thence with the line of said Stinson property, South 24 DEGREES 47 MINUTES 32 SECONDS East, a distance of 338.33 feet to an iron pin set in the line of the Matthew 25 Aids Services property described in Deed Book 559 Page 9; thence with the line of said Matthew 25 Aids Services property and the existing city limit line as described in ORD 52-87 the following two (2) calls:

- 1) North 86 DEGREES 19 MINUTES 32 SECONDS West, a distance of 227.42 feet to an iron pin set at a corner of said Matthew 25 Aids Services property;
- 2) North 24 DEGREES 47 MINUTES 32 SECONDS West, a distance of 221.08 feet to an iron pin set in said right-of-way line of US Highway 60;

thence with said right-of-way line and along a curve to the left having a radius of 5694.03 feet an arc distance of 200.13 feet along said curve, said curve having a chord direction of North 62 DEGREES 40 MINUTES 31 SECONDS East and a chord length of 200.12 feet to the point of beginning and containing 1.28 acres. This description was prepared from a physical survey conducted under the direction of Bruce K. Bailey, PLS #2939 of Bailey Surveys, Inc. on September 16, 2016.



[Handwritten signature]
11-14-16



1.28 ACRES

NUMBER	DEGREE OF CURVE	RADIUS	ARC LENGTH	CHORD DIRECTION	CHORD LENGTH
C1	01°00'22"	5694.03	200.13	N 62°40'31" E	200.12



VICINITY MAP
1" = 500 FT

SURVEY PLAT
PALMER OIL COMPANY
DEED BOOK 284 PAGE 732
HENDERSON COUNTY, KENTUCKY

SURVEYOR'S CERTIFICATION
I hereby certify that the survey depicted by this plat was prepared under my direct supervision by utilizing a Topcon GRS-1 Dual Frequency, 72 Channel GPS + GLONASS RTK receiver with a PG-A1 external antenna unit having a relative horizontal positional accuracy of ± 1 cm. The bearings and distances shown hereon have not been adjusted for closure and the basis of the bearings shown hereon is the 1983 NAD Kentucky South Zone coordinate system. The geoid model used was the Geoid09. All monuments shown hereon actually exist and the information shown hereon is correct to the best of my knowledge and belief. This survey meets the specifications of an Urban survey and complies with 201 KAR 76:150.

Bruce K. Bailey 11-9-16
Bruce K. Bailey, PLS #2939 Date

OWNERS: PALMER OIL COMPANY 1638 CLAY STREET HENDERSON, KY 42420		CLIENT: PALMER OIL COMPANY 1638 CLAY STREET HENDERSON, KY 42420	
STATE OF KENTUCKY BRUCE K. BAILEY 2939 LICENSED PROFESSIONAL LAND SURVEYOR		SOURCE OF TITLE: DB 284 PG 732	PROPERTY LOCATION: 2120 SOUTH GREEN STREET HENDERSON, KY 42420
P.O. BOX 1293 HENDERSON, KY 42419		PHONE: (270) 830-8070 EMAIL: bruce@baileysurveys.com	



Planning the Future

Henderson City-County Planning Commission
1990 Barret Ct. Suite C
Henderson, KY 42420

Brian Bishop, Executive Director, AICP
bbishop@hendersonplanning.org
270-831-1289

November 8, 2016

Mayor Steve Austin
City Commissioners
Henderson Municipal Center
Henderson, KY 42420

ATTN: Russell Sights, City Manager

Please be advised on Tuesday, November 1, 2016 the Henderson City-County Planning Commission held a Public Hearing to consider the following:

#1063 ASSIGNMENT OF ZONING CLASSIFICATION IN CONJUNCTION WITH

ANNEXATION – Submitted by Palmer Oil Company for the property located in Henderson County at 2120 South Green Street (Parcel ID #46-89), containing 1.28 acres. Applicants are requesting an annexation from County Agricultural (AG) to City Highway Commercial (HC).

PLANNING COMMISSION RECOMMENDATION- The City of Henderson proposes to annex the above parcel into the City and the City has referred this matter to the Planning Commission pursuant to KRS 100.209(1) for the Planning Commission to give notice, advertise and conduct a public hearing regarding the amendment of the Comprehensive Plan and for the Planning Commission to recommend a zoning classification to the City of Henderson for this Parcel.

Motion was made by David Williams, seconded by Dickie Johnson that the Planning Commission recommend the assignment of a H-C (Highway Commercial), zoning classification to the above described Parcel and that the Comprehensive Plan be amended to include this Parcel in the City Zoning Map, if and when it is annexed and a zoning classification assigned by the City, and I leave the motion open for other members of the Planning Commission to add findings of fact in support of this motion, because:

- A H-C (Highway Commercial) zoning classification is in agreement with the Comprehensive Plan because the Future Land Use Element (Future Land Use Map) shows this Parcel and this area as Commercial.
- The H-C (Highway Commercial) zoning classification is in agreement with the Goals and Objectives of the Comprehensive Plan, in that:

Guide development to existing centralized areas served by adequate infrastructure to avoid decentralized and scattered development. (Balancing Land Use Objective B)

- Encourage innovative, safe, and sustainable design for new development and/or infrastructure. (Land Use Objective F)
- Promote aesthetically pleasing commercial development with appropriate access, signage and landscaping while discouraging strip commercial development. (Land Use Objective H)
- Promote the continued operation and expansion of commercial facilities. (Growing the Economy Objective A)

➤ **A H-C (Highway Commercial) zoning classification is appropriate, because:**

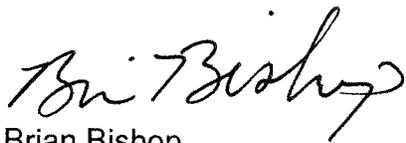
- Hwy 60 W/S Green Street, has been widened to allow for a greater volume of vehicular traffic in addition to the construction of bike lanes and sidewalks. This allows for multi-modal forms of transportation.
- The historical use of the Parcel has been Highway Commercial – it has been and is now a convenience store/automobile service station, which is mainly oriented to vehicular traffic.
- The parcel is served by adequate utilities.
- The parcels in the general area have mixed uses, none are inconsistent with the recommendation.
- This recommended Highway Commercial zoning classification of the subject Parcel will not adversely affect the other properties in the area.

ALL IN FAVOR: AYE

OPPOSED: NONE

Attached is a copy of the transcript of the public hearing, and documents related to the annexation.

Respectfully submitted,



Brian Bishop
Executive Director, AICP
Henderson City-County Planning Commission

BB/tgc

Cc: Dawn Kelsey

City Commission Memorandum
16-232

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Regulating Sale of Merchandise on Sidewalk in the Central Business District

An item for the agenda of Tuesday, November 22, 2016, is first reading of an ordinance regulating the use of sidewalks in the Central Business District.

As you are aware, this ordinance presented for first reading at the September 27, 2016 meeting after being redrafted from an earlier presentation. The redrafted ordinance reflects clarification of the portion of the sidewalk that may be used for the display and sale of merchandise on city sidewalks in the Central Business District.

Mrs. Kelsey, City Attorney, will be available to answer any questions you may have. Your approval of the attached ordinance is requested.

c: Dawn Kelsey

ORDINANCE RELATING TO MERCHANTS USE OF
SIDEWALK IN CENTRAL BUSINESS DISTRICT

SUMMARY: ORDINANCE ESTABLISHING SECTION 20-11, *SALE OF MERCHANDISE ON SIDEWALK IN CENTRAL BUSINESS DISTRICT*, OF ARTICLE I, *IN GENERAL* OF CHAPTER 20, *STREETS, SIDEWALKS, AND OTHER PUBLIC PLACES*, OF THE CODE OF ORDINANCES OF THE CITY OF HENDERSON PERMITTED TO BUSINESSES LOCATED IN THE CENTRAL BUSINESS DISTRICT

BE IT ORDAINED, by the City of Henderson that Section 20-11, *Sale of Merchandise on Sidewalk in Central Business District*, of Article I, *In General*, of Chapter 20, *Streets Sidewalks, and Other Public Places*, of the City's Code of Ordinances pertaining to certain permitted businesses within the Central Business District is hereby established as follows:

Section: 20-11- Sale of merchandise on sidewalk in the Central Business District.

- (a) Any merchant who regularly engages in the retail sales of merchandise in the Central Business District shall have the right to display and sell merchandise regularly sold by such merchant on any city sidewalk which adjoins the place of business of such merchant without the necessity of procuring a permit which is otherwise required pursuant to section 20-1. Provided, however, such activities shall not extend into any adjoining street or thoroughfare.
- (b) Notwithstanding the foregoing authorization, any merchant who displays and sells merchandise on city sidewalks in the Central Business District shall comply with the following regulations:
- (1) The display and sale of merchandise on any city sidewalk shall only take place during the business hours of the merchant, and all merchandise, including any display apparatus, and any equipment or other related apparatus, together with any trash and debris, shall be removed from the city sidewalk immediately upon the close of business.
 - (2) The display and sale of merchandise on any city sidewalk shall be done in an orderly and reasonable manner, next to the business, and extend no more than three (3) feet onto the sidewalk and must leave a minimum of four and one-half (4-1/2) feet of unobstructed sidewalk (pavers next to the curb are not to be counted as part of the measurement of unobstructed sidewalk) and shall at no time obstruct the public's reasonable access upon and across any city sidewalk or right-of-way, nor shall it in any manner be adverse to any necessary emergency or safety access.
 - (3) Any merchant who displays and sells merchandise on any city sidewalk shall regularly inspect the city sidewalk which adjoins the place of business of the merchant for defects or hazardous conditions, and, should any defect or hazardous condition be found, the merchant

shall immediately notify the City Manager and the Public Works Department. Merchants shall refrain from displaying or selling merchandise on any city sidewalk during inclement weather.

(4) The business, at its sole expense, shall maintain comprehensive general liability insurance, protecting against all claims for personal injury, death or property damage occurring upon, in or about the premises resulting from the use of occupancy thereof, with a minimum of \$1,000,000 (one million dollars) in coverage from an insurance company with an A rating. The city must be named in this policy as an additional insured entity. The merchant shall also indemnify the city and save it harmless from any claim or cause of action which may be asserted by any person against the city by reason of the merchant's use and operation upon the city sidewalk, or by reason of the merchant's violation of any provision as set forth herein. Before a merchant displays any merchandise on city sidewalks, they must produce their insurance to the City Manager for his/her approval and sign the city's indemnification form.

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted on its first reading. On roll call the vote stood:

Commissioner Johnston:	_____	Commissioner Mills :	_____
Commissioner Hite:	_____	Mayor Austin:	_____
Commissioner Royster:	_____		

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for second reading at a meeting of the Board of Commissioners.

On second reading of the ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted.

WHEREUPON, the vote was called. On roll call the vote stood:

Commissioner Johnston:	_____	Commissioner Mills :	_____
Commissioner Hite:	_____	Mayor Austin:	_____
Commissioner Royster:	_____		

WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.

Steve Austin, Mayor

ATTEST:

Date: _____

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 17 DAY OF
NOVEMBER 2016.**

By: 
Dawn S. Kelsey
City Attorney

City Commission Memorandum
16-225

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager *RS*

SUBJECT: Amendment of 2017 Appropriation Ordinance

An item for consideration at the meeting of Tuesday, November 22, 2016, is first reading of an ordinance amending the Fiscal 2017 Budget and Appropriation ordinance for the fiscal year ending June 30, 2017.

I discussed with the Board of Commissioners a couple of meetings ago that the City of Henderson had filed a Homeland Security grant for the purchase of a new telephone system upgrade for our 911 Center. As shown in the attached memo from Police Chief Charles Stauffer, the grant was not approved. In order to have state-of-the-art telephone equipment capable of interacting with our CAD system and for receiving text 911 messages, this upgrade is necessary.

Therefore, I am recommending to the Board of Commissioners a supplemental appropriation for the purchase of this equipment in addition to other changes that have become necessary since the adoption of the original budget. These changes are itemized by Finance Director Robert Gunter in the attached Finance Department Memorandum 16-72.

<u>Appropriation</u>	<u>Increase/(Decrease)</u>	<u>Revised</u>
General Fund:	\$ 249,000	\$ 32,650,000
Administration Department		
Salaries - Supervision	\$ 6,000	
Parks & Recreation Department		
Salaries - Supervision	\$ 9,000	
Salaries – Overtime	\$ 1,000	
Professional Services	\$ 6,000	
Police Department		
Salaries – Overtime	\$ 4,000	
Transfers		
Transfer to Construction - Braxton Park Drive	\$ 13,000	
Transfer to 911 - 911 Phone System Replacement	\$ 210,000	
Construction Fund		
Land Acquisition-Fire Station	\$ 625,000	
HOME Fund		
HOME Program Grant	\$ 80,000	

Your approval of the attached ordinance is requested.

c: Robert Gunter
Chip Stauffer
Buzzy Newman

POLICE DEPARTMENT MEMORANDUM
16-44

September 30, 2016

TO: Russell Sights
City Manager

FROM: Chip Stauffer
Chief of Police

SUBJECT: 911 Telephone System Upgrade

As you are aware, the Henderson Police Department did not successfully receive any award amount from the 2016 Homeland Security Grant application. Therefore, I am requesting approval for appropriated funds to purchase the necessary 911 telephone system upgrade equipment for our Communications Center.

I am attaching to this correspondence the proposal provided by AT&T which compares our current system costs to the new upgrade system. The proposal lists a non-recurring cost of \$280,000 with a monthly recurring fee of \$5,849. These are the same figures that were used when preparing the grant application request.

It should be noted that there are only four (4) Kentucky 911 Service Board approved vendors at this time. In order to qualify for future Kentucky 911 Board Service grants an approved vendor must be utilized.

Should you need any additional information regarding this matter, please let me know.



Chip Stauffer
Chief of Police

CHS/wds



at&t

Kim Rankin
 Application Specialist PSS
 May 3rd, 2016

City of Henderson
 Kentucky

Current AT&T Monthly Billing-911	Quantity	Monthly
Combined ALI/Selective Routing-Jointly Provided	3	\$435
Combined Auto Number, Location ID-Selective Routing	6	\$930
ANI/ALI Printer		\$32
Power MIS		\$369
Workstation Computer		\$121
LCD Monitor		\$348
VIPER Base System		\$2,539
VIPER CAMA Gateway Shelf		\$23
VIPER CIM Card		\$180
VIPER VoIP FXO Gateway 4 Port		\$64
VIPER VoIP FXO Gateway 6 Port		\$53
VIPER Backroom Position Access License		\$21
VIPER Base System 1-10 Users		\$550
VIPER Enabling Kit		\$545
VIPER Enabling Kit		\$885
ALI DB Upgrade Enable PSAP to Query	1	\$190
Total		\$7,285

Proposed AT&T Monthly Billing-911	Quantity	Monthly	Non-Recurring
Existing Tariffed Services			
Combined ALI/Selective Routing-Jointly Provided	3	\$435	\$0
Combined Auto Number, Location ID-Selective Routing	6	\$930	\$0
ALI DB Upgrade Enable PSAP to Query	1	\$190	\$0
KIH3 Participation Agreement-Main PSAP			
AT&T Hosted E9-1-1 Service (\$40/month)& (\$35,000/position)	5	\$200	\$175,000
CPE Per Position E9-1-1 (\$300)	5	\$1,500	\$0
Host connectivity Per PSAP	1	\$350.00	\$0
PPVPN-MPLS (host to remote connectivity)	1	\$437	\$0
KIH3 Participation Agreement-Backup Site			
AT&T Hosted E9-1-1 Service (\$40/month)& (\$35,000/position)	3	\$120	\$105,000
CPE Per Position E9-1-1 (\$300)	3	\$900	\$0
Host connectivity Per PSAP	1	\$350.00	\$0
PPVPN-MPLS (host to remote connectivity)	1	\$437	\$0
Optional Mapping Software (\$50/Month, Per Position)			
Total		\$5,849	\$280,000

General Fund – Transfers to Construction Fund: An additional appropriation in the amount of \$13,000 for the construction of Braxton Park Drive. One-half of the cost will be reimbursed by H Properties, LLC. The balance of the funding will come from general fund surplus.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-90-599-4707 Transfer to Construction	\$488,000	\$501,000

General Fund – Transfers to 911 Fund: An additional appropriation in the amount of \$210,000 for the replacement of the phone system in the 911 centers. The total cost for both centers will be approximately \$280,000. The City will apply for a capital grant through Homeland Security in the hopes of covering \$175,000 of the cost. In the event that the grant is not approved, the City will be responsible for 75% with the County paying 25%. Proceeds will come from general fund surplus.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-90-599-4714 Transfer to 911 Fund	\$1,038,000	\$1,248,000

Construction Fund – Fire Station: An appropriation in the amount of \$625,000 for purchase of the Immanuel Baptist Temple property on 2nd Street. Proceeds will come from a future general obligation bond issue.

	<u>Current Budget</u>	<u>Proposed Budget</u>
51-90-298-4626 Land Acquisition	\$0	\$625,000

Construction Fund – Streets: An additional appropriation in the amount of \$13,000 for the construction of Braxton Park Drive. One-half of the cost will be reimbursed by H Properties, LLC. As shown above, funding will come from the General Fund.

	<u>Current Budget</u>	<u>Proposed Budget</u>
51-90-298-4612 Streets	\$592,500	\$605,500

911 Fund: An additional appropriation in the amount of \$280,000 for the replacement of the phone system in the 911 centers. The City will apply for a capital grant through Homeland Security in the hopes of covering \$175,000 of the cost. In the event that the grant is not approved, the City will be responsible for 75% with the County paying 25%. Funding will come from the General Fund and Henderson County.

		<u>Current Budget</u>	<u>Proposed Budget</u>
58-3764	County Contribution	\$345,000	\$ 415,000
58-3851	Transfer from General	\$1,038,000	\$1,248,000
58-40-018-4608	Instruments & Apparatus	\$0	\$ 280,000

FINANCE DEPARTMENT MEMORANDUM
16-72

November 17, 2016

TO: Russell Sights, City Manager
FROM: Robert Gunter, Finance Director
SUBJECT: Budget Amendments

The following are the requested budget amendments. The revised budget ordinance is attached.

General Fund – Administration Department: Additional appropriation for supervision salaries in the City Manager’s division due to the pay reclassification of the public information officer. Proceeds will come from general fund surplus.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-10-011-4101 Salaries - Supervision	\$288,360	\$294,360

General Fund – Parks Department: Additional appropriation for supervision salaries in the Golf division due to the pay reclassification of the golf course manager. Proceeds will come from general fund surplus.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-35-452-4101 Salaries - Supervision	\$39,050	\$48,050

General Fund – Parks Department: Additional appropriation for overtime in the Recreation division due to the reclassification of the recreation facilities supervisor from exempt to non-exempt. Proceeds will come from general fund surplus.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-35-456-4104 Salaries - Overtime	\$2,870	\$3,870

General Fund – Parks Department: Additional appropriation in the amount of \$6,000 for one-half of the cost for protective netting at the girls’ softball fields. Proceeds will come from general fund surplus. Note: the budget below includes the funding for all sports agencies.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-35-456-4419 Professional Services	\$23,000	\$29,000

General Fund – Police Department: Additional appropriation for overtime in the police department due to the reclassification of the lieutenants from exempt to non-exempt. Proceeds will come from general fund surplus.

	<u>Current Budget</u>	<u>Proposed Budget</u>
10-40-231-4104 Salaries - Overtime	\$155,150	\$159,150

HOME Fund: An appropriation in the amount of \$84,000. The City was awarded a HOME GAP grant. The grant will be used for new construction and grant administration.

		<u>Current Budget</u>	<u>Proposed Budget</u>
84-3766	HOME Program	\$0	\$84,000
84-10-017-4863	Construction Costs	\$0	\$80,000
58-40-018-4865	Administration	\$0	\$ 4,000



Robert Gunter

Attachment

ORDINANCE NO. _____

ORDINANCE AMENDING BUDGET AND APPROPRIATION ORDINANCE

SUMMARY: AN ORDINANCE AMENDING BUDGET AND APPROPRIATION ORDINANCE FOR THE FISCAL YEAR COMMENCING JULY 1, 2016 AND ENDING JUNE 30, 2017 FOR THE CITY OF HENDERSON, KENTUCKY

WHEREAS, on June 18, 2016, the City of Henderson adopted its annual budget and appropriation ordinance for the fiscal year commencing July 1, 2016 and ending June 30, 2017, being Ordinance No. 21-16, and,

WHEREAS, on October 11, 2016, the City of Henderson amended its annual budget and appropriation ordinance for the fiscal year commencing July 1, 2016 and ending June 30, 2017, being Ordinance No. 33-16, and,

WHEREAS, the City Manager recommends that the following additional amendments be adopted.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky, that Ordinance No. 33-16 is amended as follows:

1.

GENERAL FUND

ADMINISTRATION	\$ 2,672,330	\$ 2,678,330
FINANCE	2,349,210	2,349,210
FIRE	6,959,750	6,959,750
PARKS & RECREATION	1,891,470	1,907,470
POLICE	7,031,420	7,035,420
PUBLIC WORKS	2,794,760	2,794,760
INFORMATION TECHNOLOGY	1,099,510	1,099,510
TRANSFERS/AGENCIES	7,602,550	7,825,550
TOTAL	<u>\$ 32,401,000</u>	<u>\$ 32,650,000</u>

2. There is hereby appropriated from the General and Special Fund Accounts of the City of Henderson and allocated to the various Funds of the City the following amounts:

GENERAL FUND

GENERAL FUND EXPENDITURE TOTAL	\$ 26,985,000	\$ 27,011,000
TRANSFER TO PWI	1,176,000	1,176,000
TRANSFER TO MASS TRANSIT	684,000	684,000
TRANSFER TO CONSTRUCTION FUND	488,000	501,000
TRANSFER TO EMERGENCY COMM.	1,038,000	1,248,000
TRANSFER TO POLICE/FIRE PENSION	404,000	404,000
TRANSFER TO CIVIL SERVICE PENSION	179,000	179,000
TRANSFER TO CEMETERY	204,000	204,000
TRANSFER TO BOND FUND	1,243,000	1,243,000
TOTAL GENERAL FUND	<u>\$ 32,401,000</u>	<u>\$ 32,650,000</u>
NATURAL GAS FUND	\$ 16,613,000	
HEALTH REIMBURSEMENT ARRANGE.	\$ 420,000	
CIVIL SERVICE PENSION FUND	\$ 185,000	
POLICE & FIRE PENSION FUND	\$ 404,000	
CEMETERY FUND	\$ 405,000	
HEALTH INSURANCE FUND	\$ 7,543,000	
BOND FUND	\$ 4,308,000	
PUBLIC WAY IMPROVEMENT FUND	\$ 1,832,000	
CONSTRUCTION FUND	\$ 9,192,000	\$ 9,830,000
FLOOD MITIGATION FUND	\$ 861,000	
HART OPERATING FUND	\$ 1,649,000	
SANITATION FUND	\$ 3,262,000	
EMERGENCY COMMUNICATIONS FUND	\$ 1,933,000	\$ 2,213,000
COMMUNITY DEVELOPMENT FUND	\$ 510,000	
HOME FUND	\$	\$ 84,000
POLICE INVESTIGATION FUND	\$ 20,000	
TRI-COUNTY RECYCLING	\$ 20,000	

3. This Ordinance shall be effective as of July 1, 2016.

This ordinance of amendment shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner _____ seconded by Commissioner _____, that the ordinance be adopted on its first reading.

On roll call the vote stood:

Commissioner Johnston: _____	Commissioner Mills: _____
Commissioner Hite: _____	Mayor Austin: _____
Commissioner Royster: _____	

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for second reading at a regular meeting of the Board of Commissioners.

On second reading of the foregoing ordinance, it was moved by Commissioner _____ seconded by Commissioner _____, that the ordinance be adopted.

WHEREUPON, the vote was called, on roll call the vote stood:

Commissioner Johnston: _____	Commissioner Mills: _____
Commissioner Hite: _____	Mayor Austin: _____
Commissioner Royster: _____	

WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered it be recorded.

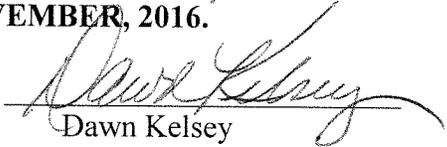
Steve Austin, Mayor

Date

ATTEST:

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 17 DAY OF
NOVEMBER, 2016.**

By: 
Dawn Kelsey
City Attorney

**City Commission Memorandum
16-244**

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Job Classification and Pay Plan Amendment—Exempt to Non-exempt Status and Salary Adjustment to Meet Department of Labor Regulation Effective December 1, 2016

An item for the agenda of Tuesday, November 22, 2016, is first reading of an ordinance amending the Job Classification and Pay Plan by reclassifying the Police Lieutenant and Recreation Facilities Supervisor positions from exempt to non-exempt status and increasing the salary of the Golf Course Manager position to the minimum salary threshold for exempt employee status.

The attached Human Resources Memorandum 16-120 details the new regulations for exempt employee status and this amendment reflects the changes discussed at the Tuesday, November 15, 2016 work session. A municipal order addressing the change to the Public Information Officer position is under separate cover in the Municipal Order section of this agenda.

Your approval of the attached ordinance is requested.

c: Connie Galloway
Robert Gunter

Human Resources Memorandum

16 - 120

November 16, 2016

TO: Russell R. Sights, City Manager

FROM: Connie Galloway, Human Resources Director

SUBJECT: Positions Revised to Comply with Final FLSA Regulation Changes

The final regulations making changes governing overtime exemptions under the Federal Labor Standards Act (FLSA) become effective December 1, 2016. The key elements of the new regulations are:

- Minimum salary threshold changed to \$913/week (\$47,476 annually). The previous minimum salary threshold was \$455/week (\$23,660 annually).
- Automatic salary threshold increases every 3 years to maintain the level at the 40th percentile in the lowest-wage census region.
- The standard duties test remains unchanged.

The 4 exempt positions affected by the final regulations are [1] Police Lieutenant - four positions; [2] Golf Course Manager - one position; [3] Recreation Facilities Supervisor - one position; and [4] Public Information Officer - one position. These positions were presented to and reviewed by the Board of Commissioners at the November 15th work session. The Board directed staff to submit the following changes to these positions at the November 22nd Board of Commission meeting.

1. Maintain the exempt status of the Golf Course Manager and Public Information Officer classifications by raising the annual salary of both employees to the new minimum annual salary threshold of \$47,476.
2. Change the Police Lieutenant and Recreation Facilities Supervisor classifications to non-exempt status.

The positions that are changing to non-exempt will become eligible for overtime. As with other non-exempt positions, the department heads will manage the use of overtime for these positions. The change to the seven affected employees in these classifications will begin with the pay period containing December 1st.

A revised job classifications and grades summary is attached.



Connie Galloway

Cc Dawn Kelsey, City Attorney
Robert Gunter, Finance Director
Chip Stauffer, Chief of Police
Trace Stevens, Parks & Recreation Director

Attachment

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
A			
0301	7	Account Clerk	N
0306	9	Account Representative	N
0304	11	Account Technician	N
0305	14	Account Technician, Senior	N
0314	35	Accounting Manager	E
0307	9	Administrative Clerk	N
0063	14	Administrative Secretary	N
0230	33	Applications Programming Manager	E
0315	36	Assistant Finance Director	E
1110	27	Assistant Fire Chief	N
B			
0062	14	Benefits Coordinator	N
3701	10	Bus Operator	N
4204	10	Bus Preventive Maintenance Technician	N
C			
0020	25	City Clerk	E
2320	37	City Engineer	E
1210	30	Code Administrator	E
1204	16	Code Inspector	N
1208	24	Code Inspector, Senior	N
1302	12	Communications Officer	N
1304	13	Communications Officer, Lead	N
1311	22	Communications Supervisor	E
8100	16	Community Development Specialist	N
4003	6	Crew Worker	N
4004	9	Crew Worker, Senior	N
6000	3	Custodial Worker	N
D			
0201	8	Data Entry Operator	N
1016	35	Deputy Police Chief	E
1203	16	Development Liaison	N
0321	47	Director, Finance	E
3020	45	Director, Gas System	E
0520	38	Director, Human Resources	E
E			
2310	31	Engineer	E
3104	13	Engineering Technician	N
4040	9	Equipment Operator	N
4041	11	Equipment Operator, Senior	N
0010	17	Executive Assistant	N
8020	21	Executive Director, Human Relations Commission	E
F			
1106	20	Fire Captain	N
1120	43	Fire Chief	E
1103	15.5	Fire Driver - Engineer	N
1104	18	Fire Lieutenant	N
1102	13.5	Firefighter	N
1100	13.5	Firefighter-In-Training (hourly)	N
1101	13.5	Firefighter-In-Training (shift)	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
G			
4106	28	Garage Superintendent	E
3004	21	Gas Construction Supervisor	N
3002	17	Gas Distribution Crew Leader	N
3008	33	Gas Distribution Engineer	E
3006	30	Gas Distribution Superintendent	E
3005	11	Gas Distribution Technician	N
3105	12	Gas Measurement Technician	N
3106	19	Gas Measurement Technician Leader	N
3010	37	Gas Operations Manager	E
3108	14	Gas Servicer	N
3003	20	Gas System Analyst	N
3001	12	Gas System Equipment Operator	N
3012	9	Gas System Worker	N
4006	9	Golf Course Maintenance Worker	N
4010	18	Golf Course Manager	E
4000	5	Grounds/Maintenance Worker	N
H			
4043	14	Heavy Equipment Operator	N
4044	15	Heavy Equipment Operator, Senior	N
0507	11	Human Resources Generalist	N
0510	17	Human Resources Specialist	N
0063	14	HWU Administrative Assistant	N
4341	21	HWU Assistant Utility System Superintendent	N
4339	33	HWU Automation Manager	E
4338	21	HWU Automation Specialist	N
4308	37	HWU Chief Engineer	E
4303	17	HWU Construction Crew Leader	N
4337	18	HWU Construction Inspector	N
4329	30	HWU Construction Superintendent	E
4310	42	HWU Director of Field Operations	E
4357	38	HWU Director of Plant Operations	E
3104	13	HWU Engineering Technician	N
4355	16	HWU Environmental Compliance & Pretreatment Coordinator	N
4340	17	HWU GIS Analyst	N
4339	30	HWU GIS Manager	E
4331	33	HWU Information System Manager	E
0302	10	HWU Inventory Control Technician	N
4335	20	HWU Maintenance Team Leader	N
4325	10	HWU Maintenance Technician I	N
4326	14	HWU Maintenance Technician II	N
4327	18	HWU Maintenance Technician, Senior	N
4206	14	HWU Mechanic	N
4314	31	HWU Projects & Compliance Manager	E
4328	25	HWU Purchasing Manager	E
4349	9	HWU Receiving/Inventory Clerk	N
4307	20	HWU Safety & Training Coordinator	N
0060	9	HWU Secretary	N
0061	11	HWU Secretary, Senior	N
4306	9	HWU (SOC) Secretary	N
4305	11	HWU (SOC) Secretary, Senior	N
4313	13	HWU Utility Locator/Geospatial Technician	N
4302	17	HWU Utility System Crew Leader	N
4304	17	HWU Utility System Specialist	N
4311	30	HWU Utility System Superintendent	E
4312	9	HWU Utility System Worker I	N
4315	11	HWU Utility System Worker II	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
4319	14	HWU Utility System Worker III	N
4334	21	HWU Wastewater Treatment Operator Chief	N
4330	10	HWU Wastewater Treatment Operator I	N
4326	16	HWU Wastewater Treatment Operator II	N
4356	17	HWU Water Quality Specialist	N
4333	21	HWU Water Treatment Operator Chief	N
4321	10	HWU Water Treatment Operator I	N
4334	18	HWU Water Treatment Operator II	N
3100	16	HWU Welder/Fabricator	N
I			
0210	13	Information Technology Operations Technician	N
0302	10	Inventory Control Technician	N
L			
4007	7	Landscape Technician	N
0064	13	Legal Secretary	N
M			
3100	16	Maintenance Welder	N
3304	9	Meter Reader	N
6102	8	Municipal Facilities Assistant	N
6110	31	Municipal Facilities Superintendent	E
6104	13	Municipal Facilities Worker	N
6106	15	Municipal Facilities Worker, Senior	N
N			
0214	18	Network Administrator I	N
0213	22	Network Administrator II	N
O			
0389	17	Occupational Tax Representative Administrator	N
0391	9	Occupational Tax Representative	N
0112	7	Office Assistant	N
P			
1000	7	Parking Enforcement Officer	N
4101	21	Parks and Cemeteries Superintendent	E
1020	44	Police Chief	E
1012	22	Police Lieutenant	E N
1014	27	Police Major	E
1004	13.5	Police Officer	N
1008	18	Police Sergeant	N
0221	24	Programmer/Analyst	N
1202	12	Property Maintenance Inspector	N
4117	30	Public Works Engineer	E
R			
1306	17	Radio Network Systems Technician	N
7005	8	Recreation Center Worker	N
7006	15	Recreation Facilities Supervisor	E N
7010	23	Recreation Program Manager	E
0312	20	Revenue Supervisor	N
S			
0515	20	Safety & Training Coordinator	N
4108	30	Sanitation Superintendent	E
4001	5	Sanitation Worker	N
4002	6	Sanitation Worker, Senior	N
4009	9	Scale Operator	N
1001	3	School Crossing Guard	N
0060	9	Secretary	N
0061	11	Secretary, Senior	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
4110	30	Street Superintendent	E
0212	17	System Administrator	N
		T	
4039	12	Traffic Control Supervisor	N
4211	16	Transit Mechanic Supervisor	N
3711	30	Transit Superintendent	E
		U	
3309	20	Utility Billing Supervisor	N
3303	12	Utilities Servicer	N
		V	
4206	14	Vehicle Mechanic	N
4203	8	Vehicle Servicer	N
4202	6	Vehicle Servicer Helper	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
6000	3	Custodial Worker	N
1001	3	School Crossing Guard	N
4000	5	Grounds/Maintenance Worker	N
4001	5	Sanitation Worker	N
4003	6	Crew Worker	N
4002	6	Sanitation Worker, Senior	N
4202	6	Vehicle Servicer Helper	N
0301	7	Account Clerk	N
4007	7	Landscape Technician	N
0112	7	Office Assistant	N
1000	7	Parking Enforcement Officer	N
0201	8	Data Entry Operator	N
6102	8	Municipal Facilities Assistant	N
7005	8	Recreation Center Worker	N
4203	8	Vehicle Servicer	N
0306	9	Account Representative	N
0307	9	Administrative Clerk	N
4004	9	Crew Worker, Senior	N
4040	9	Equipment Operator	N
3012	9	Gas System Worker	N
4006	9	Golf Course Maintenance Worker	N
4306	9	HWU (SOC) Secretary	N
4349	9	HWU Receiving/Inventory Clerk	N
0060	9	HWU Secretary	N
4312	9	HWU Utility System Worker I	N
3304	9	Meter Reader	N
0391	9	Occupational Tax Representative	N
4009	9	Scale Operator	N
0060	9	Secretary	N
3701	10	Bus Operator	N
4204	10	Bus Preventive Maintenance Technician	N
0302	10	HWU Inventory Control Technician	N
4325	10	HWU Maintenance Technician I	N
4330	10	HWU Wastewater Treatment Operator I	N
4321	10	HWU Water Treatment Operator I	N
0302	10	Inventory Control Technician	N
0304	11	Account Technician	N
4041	11	Equipment Operator, Senior	N
3005	11	Gas Distribution Technician	N
0507	11	Human Resources Generalist	N
4305	11	HWU (SOC) Secretary, Senior	N
0061	11	HWU Secretary, Senior	N
4315	11	HWU Utility System Worker II	N
0061	11	Secretary, Senior	N
1302	12	Communications Officer	N
3105	12	Gas Measurement Technician	N
3001	12	Gas System Equipment Operator	N
1202	12	Property Maintenance Inspector	N
4039	12	Traffic Control Supervisor	N
3303	12	Utilities Servicer	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
1304	13	Communications Officer, Lead	N
3104	13	Engineering Technician	N
3104	13	HWU Engineering Technician	N
4313	13	HWU Utility Locator/Geospatial Technician	N
0210	13	Information Technology Operations Technician	N
0064	13	Legal Secretary	N
6104	13	Municipal Facilities Worker	N
1102	13.5	Firefighter	N
1100	13.5	Firefighter-In-Training (hourly)	N
1101	13.5	Firefighter-In-Training (shift)	N
1004	13.5	Police Officer	N
0305	14	Account Technician, Senior	N
0063	14	Administrative Secretary	N
0062	14	Benefits Coordinator	N
3108	14	Gas Servicer	N
4043	14	Heavy Equipment Operator	N
0063	14	HWU Administrative Assistant	N
4326	14	HWU Maintenance Technician II	N
4206	14	HWU Mechanic	N
4319	14	HWU Utility System Worker III	N
4206	14	Vehicle Mechanic	N
4044	15	Heavy Equipment Operator, Senior	N
6106	15	Municipal Facilities Worker, Senior	N
7006	15	Recreation Facilities Supervisor	E N
1103	15.5	Fire Driver - Engineer	N
1204	16	Code Inspector	N
8100	16	Community Development Specialist	N
1203	16	Development Liaison	N
4355	16	HWU Environmental Compliance & Pretreatment Coordinator	N
4326	16	HWU Wastewater Treatment Operator II	N
3100	16	HWU Welder/Fabricator	N
3100	16	Maintenance Welder	N
4211	16	Transit Mechanic Supervisor	N
0010	17	Executive Assistant	N
3002	17	Gas Distribution Crew Leader	N
0510	17	Human Resources Specialist	N
4303	17	HWU Construction Crew Leader	N
4340	17	HWU GIS Analyst	N
4302	17	HWU Utility System Crew Leader	N
4304	17	HWU Utility System Specialist	N
4356	17	HWU Water Quality Specialist	N
0389	17	Occupational Tax Representative Administrator	N
1306	17	Radio Network Systems Technician	N
0212	17	System Administrator	N
1104	18	Fire Lieutenant	N
4010	18	Golf Course Manager	E
4337	18	HWU Construction Inspector	N
4327	18	HWU Maintenance Technician, Senior	N
4334	18	HWU Water Treatment Operator II	N
0214	18	Network Administrator I	N
1008	18	Police Sergeant	N
3106	19	Gas Measurement Technician Leader	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
1106	20	Fire Captain	N
3003	20	Gas System Analyst	N
4335	20	HWU Maintenance Team Leader	N
4307	20	HWU Safety & Training Coordinator	N
0312	20	Revenue Supervisor	N
0515	20	Safety & Training Coordinator	N
3309	20	Utility Billing Supervisor	N
8020	21	Executive Director, Human Relations Commission	E
3004	21	Gas Construction Supervisor	N
4341	21	HWU Assistant Utility System Superintendent	N
4338	21	HWU Automation Specialist	N
4334	21	HWU Wastewater Treatment Operator Chief	N
4333	21	HWU Water Treatment Operator Chief	N
4101	21	Parks and Cemeteries Superintendent	E
1311	22	Communications Supervisor	E
0213	22	Network Administrator II	N
1012	22	Police Lieutenant	E N
7010	23	Recreation Program Manager	E
1208	24	Code Inspector, Senior	N
0221	24	Programmer/Analyst	N
0020	25	City Clerk	E
4328	25	HWU Purchasing Manager	E
1110	27	Assistant Fire Chief	N
1014	27	Police Major	E
4106	28	Garage Superintendent	E
1210	30	Code Administrator	E
3006	30	Gas Distribution Superintendent	E
4329	30	HWU Construction Superintendent	E
4339	30	HWU GIS Manager	E
4311	30	HWU Utility System Superintendent	E
4117	30	Public Works Engineer	E
4108	30	Sanitation Superintendent	E
4110	30	Street Superintendent	E
3711	30	Transit Superintendent	E
2310	31	Engineer	E
4314	31	HWU Projects & Compliance Manager	E
6110	31	Municipal Facilities Superintendent	E
0230	33	Applications Programming Manager	E
3008	33	Gas Distribution Engineer	E
4339	33	HWU Automation Manager	E
4331	33	HWU Information System Manager	E
0314	35	Accounting Manager	E
1016	35	Deputy Police Chief	E
0315	36	Assistant Finance Director	E
2320	37	City Engineer	E
3010	37	Gas Operations Manager	E
4308	37	HWU Chief Engineer	E
0520	38	Director, Human Resources	E
4357	38	HWU Director of Plant Operations	E
4310	42	HWU Director of Field Operations	E
1120	43	Fire Chief	E
1020	44	Police Chief	E
3020	45	Director, Gas System	E
0321	47	Director, Finance	E

ORDINANCE NO. _____

ORDINANCE AMENDING JOB CLASSIFICATION AND PAY PLAN

SUMMARY: ORDINANCE AMENDING JOB CLASSIFICATION AND PAY PLAN TO COMPLY WITH FEDERAL LABOR STANDARDS ACT (FLSA) BY MAINTAINING THE EXEMPT STATUS OF THE GOLF COURSE MANAGER AND INCREASING HIS ANNUAL SALARY TO THE THRESHOLD OF \$47,476; AND CHANGING FOUR (4) POLICE LIEUTENANTS POSITIONS AND ONE (1) RECREATION FACILITIES SUPERVISOR POSITION TO NON-EXEMPT STATUS

WHEREAS, Ordinance No.27-16, as amended, adopted a job classification and pay plan; and

WHEREAS, in order to comply with the Federal Labor Standards Act (FLSA) governing overtime exemptions which becomes effective December 1, 2016, it has been determined necessary and advisable to modify the plan by maintaining the exempt status of the Golf Course Manager and increasing his annual salary to the threshold of \$47,476; and changing four (4) police lieutenants positions and one (1) recreation facilities supervisor position to non-exempt status.

NOW, THEREFORE, BE IT ORDAINED by the City of Henderson, Kentucky, that the job classification and pay plan is amended as follows:

<u>Class Code:</u>	<u>Classified Title:</u>	<u>FLSA:</u>
1012	Police Lieutenants	[E] N
7006	Recreation Facilities Supervisor	[E] N

BE IT FURTHER ORDAINED, by the City of Henderson, Kentucky, that the salary increase for the Golf Course Manager position in the amount of \$47,476.00 is hereby approved, and a copy of the revised job classifications and grades summary is attached hereto and made a part hereof by reference .

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

This ordinance shall become effective upon its legal adoption.

On first reading of the foregoing ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted on its first reading.

On roll call the vote stood:

Commissioner Johnston: _____ Commissioner Mills: _____
Commissioner Hite: _____ Mayor Austin: _____
Commissioner Royster: _____

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for a second reading at a meeting of the Board of Commissioners.

On second reading of the ordinance, it was moved by Commissioner _____, seconded by Commissioner _____, that the ordinance be adopted.

WHEREUPON, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____ Commissioner Mills: _____
Commissioner Hite: _____ Mayor Austin: _____
Commissioner Royster: _____

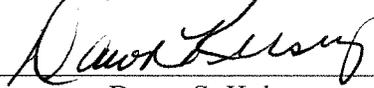
WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.

ATTEST:

Steve Austin, Mayor
Date: _____

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 19 DAY OF
NOVEMBER, 2016.**

By: 
Dawn S. Kelsey
City Attorney

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
A			
0301	7	Account Clerk	N
0306	9	Account Representative	N
0304	11	Account Technician	N
0305	14	Account Technician, Senior	N
0314	35	Accounting Manager	E
0307	9	Administrative Clerk	N
0063	14	Administrative Secretary	N
0230	33	Applications Programming Manager	E
0315	36	Assistant Finance Director	E
1110	27	Assistant Fire Chief	N
B			
0062	14	Benefits Coordinator	N
3701	10	Bus Operator	N
4204	10	Bus Preventive Maintenance Technician	N
C			
0020	25	City Clerk	E
2320	37	City Engineer	E
1210	30	Code Administrator	E
1204	16	Code Inspector	N
1208	24	Code Inspector, Senior	N
1302	12	Communications Officer	N
1304	13	Communications Officer, Lead	N
1311	22	Communications Supervisor	E
8100	16	Community Development Specialist	N
4003	6	Crew Worker	N
4004	9	Crew Worker, Senior	N
6000	3	Custodial Worker	N
D			
0201	8	Data Entry Operator	N
1016	35	Deputy Police Chief	E
1203	16	Development Liaison	N
0321	47	Director, Finance	E
3020	45	Director, Gas System	E
0520	38	Director, Human Resources	E
E			
2310	31	Engineer	E
3104	13	Engineering Technician	N
4040	9	Equipment Operator	N
4041	11	Equipment Operator, Senior	N
0010	17	Executive Assistant	N
8020	21	Executive Director, Human Relations Commission	E
F			
1106	20	Fire Captain	N
1120	43	Fire Chief	E
1103	15.5	Fire Driver - Engineer	N
1104	18	Fire Lieutenant	N
1102	13.5	Firefighter	N
1100	13.5	Firefighter-In-Training (hourly)	N
1101	13.5	Firefighter-In-Training (shift)	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
G			
4106	28	Garage Superintendent	E
3004	21	Gas Construction Supervisor	N
3002	17	Gas Distribution Crew Leader	N
3008	33	Gas Distribution Engineer	E
3006	30	Gas Distribution Superintendent	E
3005	11	Gas Distribution Technician	N
3105	12	Gas Measurement Technician	N
3106	19	Gas Measurement Technician Leader	N
3010	37	Gas Operations Manager	E
3108	14	Gas Servicer	N
3003	20	Gas System Analyst	N
3001	12	Gas System Equipment Operator	N
3012	9	Gas System Worker	N
4006	9	Golf Course Maintenance Worker	N
4010	18	Golf Course Manager	E
4000	5	Grounds/Maintenance Worker	N
H			
4043	14	Heavy Equipment Operator	N
4044	15	Heavy Equipment Operator, Senior	N
0507	11	Human Resources Generalist	N
0510	17	Human Resources Specialist	N
0063	14	HWU Administrative Assistant	N
4341	21	HWU Assistant Utility System Superintendent	N
4339	33	HWU Automation Manager	E
4338	21	HWU Automation Specialist	N
4308	37	HWU Chief Engineer	E
4303	17	HWU Construction Crew Leader	N
4337	18	HWU Construction Inspector	N
4329	30	HWU Construction Superintendent	E
4310	42	HWU Director of Field Operations	E
4357	38	HWU Director of Plant Operations	E
3104	13	HWU Engineering Technician	N
4355	16	HWU Environmental Compliance & Pretreatment Coordinator	N
4340	17	HWU GIS Analyst	N
4339	30	HWU GIS Manager	E
4331	33	HWU Information System Manager	E
0302	10	HWU Inventory Control Technician	N
4335	20	HWU Maintenance Team Leader	N
4325	10	HWU Maintenance Technician I	N
4326	14	HWU Maintenance Technician II	N
4327	18	HWU Maintenance Technician, Senior	N
4206	14	HWU Mechanic	N
4314	31	HWU Projects & Compliance Manager	E
4328	25	HWU Purchasing Manager	E
4349	9	HWU Receiving/Inventory Clerk	N
4307	20	HWU Safety & Training Coordinator	N
0060	9	HWU Secretary	N
0061	11	HWU Secretary, Senior	N
4306	9	HWU (SOC) Secretary	N
4305	11	HWU (SOC) Secretary, Senior	N
4313	13	HWU Utility Locator/Geospatial Technician	N
4302	17	HWU Utility System Crew Leader	N
4304	17	HWU Utility System Specialist	N
4311	30	HWU Utility System Superintendent	E
4312	9	HWU Utility System Worker I	N
4315	11	HWU Utility System Worker II	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
4319	14	HWU Utility System Worker III	N
4334	21	HWU Wastewater Treatment Operator Chief	N
4330	10	HWU Wastewater Treatment Operator I	N
4326	16	HWU Wastewater Treatment Operator II	N
4356	17	HWU Water Quality Specialist	N
4333	21	HWU Water Treatment Operator Chief	N
4321	10	HWU Water Treatment Operator I	N
4334	18	HWU Water Treatment Operator II	N
3100	16	HWU Welder/Fabricator	N
I			
0210	13	Information Technology Operations Technician	N
0302	10	Inventory Control Technician	N
L			
4007	7	Landscape Technician	N
0064	13	Legal Secretary	N
M			
3100	16	Maintenance Welder	N
3304	9	Meter Reader	N
6102	8	Municipal Facilities Assistant	N
6110	31	Municipal Facilities Superintendent	E
6104	13	Municipal Facilities Worker	N
6106	15	Municipal Facilities Worker, Senior	N
N			
0214	18	Network Administrator I	N
0213	22	Network Administrator II	N
O			
0389	17	Occupational Tax Representative Administrator	N
0391	9	Occupational Tax Representative	N
0112	7	Office Assistant	N
P			
1000	7	Parking Enforcement Officer	N
4101	21	Parks and Cemeteries Superintendent	E
1020	44	Police Chief	E
1012	22	Police Lieutenant	E N
1014	27	Police Major	E
1004	13.5	Police Officer	N
1008	18	Police Sergeant	N
0221	24	Programmer/Analyst	N
1202	12	Property Maintenance Inspector	N
4117	30	Public Works Engineer	E
R			
1306	17	Radio Network Systems Technician	N
7005	8	Recreation Center Worker	N
7006	15	Recreation Facilities Supervisor	E N
7010	23	Recreation Program Manager	E
0312	20	Revenue Supervisor	N
S			
0515	20	Safety & Training Coordinator	N
4108	30	Sanitation Superintendent	E
4001	5	Sanitation Worker	N
4002	6	Sanitation Worker, Senior	N
4009	9	Scale Operator	N
1001	3	School Crossing Guard	N
0060	9	Secretary	N
0061	11	Secretary, Senior	N

City of Henderson, Kentucky
Job Classifications & Grades

Code	Grade	Classification Title	<u>FLSA</u>
4110	30	Street Superintendent	E
0212	17	System Administrator	N
T			
4039	12	Traffic Control Supervisor	N
4211	16	Transit Mechanic Supervisor	N
3711	30	Transit Superintendent	E
U			
3309	20	Utility Billing Supervisor	N
3303	12	Utilities Servicer	N
V			
4206	14	Vehicle Mechanic	N
4203	8	Vehicle Servicer	N
4202	6	Vehicle Servicer Helper	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	FLSA
6000	3	Custodial Worker	N
1001	3	School Crossing Guard	N
4000	5	Grounds/Maintenance Worker	N
4001	5	Sanitation Worker	N
4003	6	Crew Worker	N
4002	6	Sanitation Worker, Senior	N
4202	6	Vehicle Servicer Helper	N
0301	7	Account Clerk	N
4007	7	Landscape Technician	N
0112	7	Office Assistant	N
1000	7	Parking Enforcement Officer	N
0201	8	Data Entry Operator	N
6102	8	Municipal Facilities Assistant	N
7005	8	Recreation Center Worker	N
4203	8	Vehicle Servicer	N
0306	9	Account Representative	N
0307	9	Administrative Clerk	N
4004	9	Crew Worker, Senior	N
4040	9	Equipment Operator	N
3012	9	Gas System Worker	N
4006	9	Golf Course Maintenance Worker	N
4306	9	HWU (SOC) Secretary	N
4349	9	HWU Receiving/Inventory Clerk	N
0060	9	HWU Secretary	N
4312	9	HWU Utility System Worker I	N
3304	9	Meter Reader	N
0391	9	Occupational Tax Representative	N
4009	9	Scale Operator	N
0060	9	Secretary	N
3701	10	Bus Operator	N
4204	10	Bus Preventive Maintenance Technician	N
0302	10	HWU Inventory Control Technician	N
4325	10	HWU Maintenance Technician I	N
4330	10	HWU Wastewater Treatment Operator I	N
4321	10	HWU Water Treatment Operator I	N
0302	10	Inventory Control Technician	N
0304	11	Account Technician	N
4041	11	Equipment Operator, Senior	N
3005	11	Gas Distribution Technician	N
0507	11	Human Resources Generalist	N
4305	11	HWU (SOC) Secretary, Senior	N
0061	11	HWU Secretary, Senior	N
4315	11	HWU Utility System Worker II	N
0061	11	Secretary, Senior	N
1302	12	Communications Officer	N
3105	12	Gas Measurement Technician	N
3001	12	Gas System Equipment Operator	N
1202	12	Property Maintenance Inspector	N
4039	12	Traffic Control Supervisor	N
3303	12	Utilities Servicer	N

City of Henderson, Kentucky Job Classifications & Grades

<u>Code</u>	<u>Grade</u>	<u>Classification Title</u>	<u>FLSA</u>
1304	13	Communications Officer, Lead	N
3104	13	Engineering Technician	N
3104	13	HWU Engineering Technician	N
4313	13	HWU Utility Locator/Geospatial Technician	N
0210	13	Information Technology Operations Technician	N
0064	13	Legal Secretary	N
6104	13	Municipal Facilities Worker	N
1102	13.5	Firefighter	N
1100	13.5	Firefighter-In-Training (hourly)	N
1101	13.5	Firefighter-In-Training (shift)	N
1004	13.5	Police Officer	N
0305	14	Account Technician, Senior	N
0063	14	Administrative Secretary	N
0062	14	Benefits Coordinator	N
3108	14	Gas Servicicer	N
4043	14	Heavy Equipment Operator	N
0063	14	HWU Administrative Assistant	N
4326	14	HWU Maintenance Technician II	N
4206	14	HWU Mechanic	N
4319	14	HWU Utility System Worker III	N
4206	14	Vehicle Mechanic	N
4044	15	Heavy Equipment Operator, Senior	N
6106	15	Municipal Facilities Worker, Senior	N
7006	15	Recreation Facilities Supervisor	E N
1103	15.5	Fire Driver - Engineer	N
1204	16	Code Inspector	N
8100	16	Community Development Specialist	N
1203	16	Development Liaison	N
4355	16	HWU Environmental Compliance & Pretreatment Coordinator	N
4326	16	HWU Wastewater Treatment Operator II	N
3100	16	HWU Welder/Fabricator	N
3100	16	Maintenance Welder	N
4211	16	Transit Mechanic Supervisor	N
0010	17	Executive Assistant	N
3002	17	Gas Distribution Crew Leader	N
0510	17	Human Resources Specialist	N
4303	17	HWU Construction Crew Leader	N
4340	17	HWU GIS Analyst	N
4302	17	HWU Utility System Crew Leader	N
4304	17	HWU Utility System Specialist	N
4356	17	HWU Water Quality Specialist	N
0389	17	Occupational Tax Representative Administrator	N
1306	17	Radio Network Systems Technician	N
0212	17	System Administrator	N
1104	18	Fire Lieutenant	N
4010	18	Golf Course Manager	E
4337	18	HWU Construction Inspector	N
4327	18	HWU Maintenance Technician, Senior	N
4334	18	HWU Water Treatment Operator II	N
0214	18	Network Administrator I	N
1008	18	Police Sergeant	N
3106	19	Gas Measurement Technician Leader	N

City of Henderson, Kentucky Job Classifications & Grades

Code	Grade	Classification Title	FLSA
1106	20	Fire Captain	N
3003	20	Gas System Analyst	N
4335	20	HWU Maintenance Team Leader	N
4307	20	HWU Safety & Training Coordinator	N
0312	20	Revenue Supervisor	N
0515	20	Safety & Training Coordinator	N
3309	20	Utility Billing Supervisor	N
8020	21	Executive Director, Human Relations Commission	E
3004	21	Gas Construction Supervisor	N
4341	21	HWU Assistant Utility System Superintendent	N
4338	21	HWU Automation Specialist	N
4334	21	HWU Wastewater Treatment Operator Chief	N
4333	21	HWU Water Treatment Operator Chief	N
4101	21	Parks and Cemeteries Superintendent	E
1311	22	Communications Supervisor	E
0213	22	Network Administrator II	N
1012	22	Police Lieutenant	E N
7010	23	Recreation Program Manager	E
1208	24	Code Inspector, Senior	N
0221	24	Programmer/Analyst	N
0020	25	City Clerk	E
4328	25	HWU Purchasing Manager	E
1110	27	Assistant Fire Chief	N
1014	27	Police Major	E
4106	28	Garage Superintendent	E
1210	30	Code Administrator	E
3006	30	Gas Distribution Superintendent	E
4329	30	HWU Construction Superintendent	E
4339	30	HWU GIS Manager	E
4311	30	HWU Utility System Superintendent	E
4117	30	Public Works Engineer	E
4108	30	Sanitation Superintendent	E
4110	30	Street Superintendent	E
3711	30	Transit Superintendent	E
2310	31	Engineer	E
4314	31	HWU Projects & Compliance Manager	E
6110	31	Municipal Facilities Superintendent	E
0230	33	Applications Programming Manager	E
3008	33	Gas Distribution Engineer	E
4339	33	HWU Automation Manager	E
4331	33	HWU Information System Manager	E
0314	35	Accounting Manager	E
1016	35	Deputy Police Chief	E
0315	36	Assistant Finance Director	E
2320	37	City Engineer	E
3010	37	Gas Operations Manager	E
4308	37	HWU Chief Engineer	E
0520	38	Director, Human Resources	E
4357	38	HWU Director of Plant Operations	E
4310	42	HWU Director of Field Operations	E
1120	43	Fire Chief	E
1020	44	Police Chief	E
3020	45	Director, Gas System	E
0321	47	Director, Finance	E

City Commission Memorandum
16-242

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: FEMA Grant Under Assistance to Firefighters Program

The accompanying resolution authorizes the submittal and acceptance, if approved, of a grant in the total project amount of approximately \$82,000.00 from the Federal Emergency Management Agency under the Assistance to Firefighters Grant (AFG) Program for the purchase of an emergency response package which includes a brush skid unit for an existing F250; a UTV brush/medical unit for trail systems and state parks; an emergency response boat for small creeks, state park lakes, and flood water; and a firefighter turnout gear dryer.

The purpose of the Assistance to Firefighters Grant (AFG) program is to award one-year grants directly to fire departments to enhance their abilities with respect to fire and fire-related hazards. Since 2001, AFG has helped firefighters and other first responders to obtain critically needed equipment, protective gear, emergency vehicles, training, and other resources needed to protect the public and emergency personnel from fire and related hazards.

A ten percent (10%) match will be required. The application deadline was November 18, 2016, therefore, your approval retroactively of the attached resolution is requested.

c: Scott Foreman
Penny Hahn
Robert Gunter

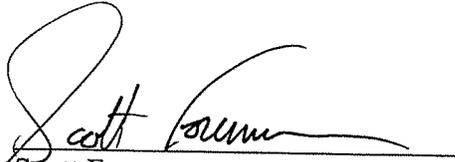
Fire Department Memorandum
16-19

November 16, 2016

TO: Russell Sights, City Manager
FROM: Scott Foreman, Fire Chief
SUBJECT: Application for Assistance to Firefighters grant

The Federal Emergency Management Agency/United States Fire Administration is accepting grant applications until November 18, 2016. The purpose of the Assistance to Firefighters Grant (AFG) Program is to award one-year grants directly to fire departments to enhance their abilities with respect to fire and fire-related hazards. In as much as these grants require a 10% match from local government, we are requesting authorization to apply for and accept, if awarded, a grant within this program.

Our intention is to apply for a grant to purchase an emergency response package which includes a brush skid unit for an existing F250, a UTV brush/medical unit for trail systems and state parks, and an emergency response boat for small creeks, state park lakes, and flood water, and a firefighter turnout gear dryer. The amount requested through the grant is approximately \$82,000.00, of which the local match would total \$ 8,200.00.


Scott Foreman

RESOLUTION NO. _____

RESOLUTION AUTHORIZING SUBMITTAL OF GRANT APPLICATION TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY UNDER THE ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM, IN THE AMOUNT OF \$82,000.00 WITH A 10% MATCH OF \$8,200.00, TO PURCHASE AN EMERGENCY RESPONSE PACKAGE FOR THE FIRE DEPARTMENT, AND ACCEPTING GRANT IF AWARDED

WHEREAS, the City of Henderson desires to submit a grant application to the Federal Emergency Management Agency under the Assistance to Firefighters Grant Program for funds in the amount of \$82,000.00 with a 10% match of \$8,200.00, to purchase an emergency response package which includes a brush skid unit for an existing F250, a UTV brush/medical unit for trail systems and state parks, and an emergency response boat for small creeks, state park lakes, and flood water, and a firefighter turnout gear dryer, to be used by the fire department.

WHEREAS, the City Manager recommends that such grant application be made.

NOW, THEREFORE, BE IT RESOLVED by the City of Henderson, Kentucky, that the recommendation of the City Manager is approved, and the submittal by the City of a grant application to the Federal Emergency Management Agency under the Assistance to Firefighters Grant Program, for funds in the amount of \$82,000.00 with a 10% match of \$8,200.00 to purchase an emergency response package which includes a brush skid unit for an existing F250, a UTV brush/medical unit for trail systems and state parks, and an emergency response boat for small creeks, state park lakes, and flood water, and a firefighter turnout gear dryer, to be used by the fire department, and said grant is accepted if it is awarded, and the Mayor is authorized to sign all necessary documents regarding this grant application.

On motion of Commissioner _____, seconded by Commissioner _____, that the foregoing Resolution be adopted, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____	Commissioner Mills: _____
Commissioner Hite: _____	Mayor Austin: _____
Commissioner Royster: _____	

WHEREUPON, Mayor Austin declared the Resolution adopted, affixed his signature and the date thereto and ordered that the same be recorded.

ATTEST:

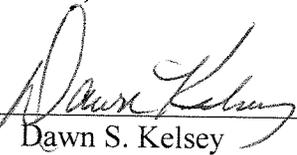
Steve Austin, Mayor

Date: _____

Maree Collins, City Clerk

**APPROVED AS TO FORM AND
LEGALITY THIS 17 DAY OF
NOVEMBER, 2016.**

By:

A handwritten signature in cursive script, appearing to read "Dawn S. Kelsey", written over a horizontal line.

Dawn S. Kelsey
City Attorney

**City Commission Memorandum
16-243**

November 18, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Salary Adjustment-Public Information Officer Position to Meet
Department of Labor Regulation Effective December 1, 2016

The accompanying municipal order provides a salary increase for the Public Information Officer (PIO) Position to the minimum salary threshold for an exempt employee as set by the Department of Labor Regulation under the Fair Labor Standards Act effective December 1, 2016.

The attached Human Resources Memorandum 16-120 details the new regulations for exempt employee status and the attached municipal order reflects the change to the PIO position pay in order for the position to continue as an exempt position as discussed at the Tuesday, November 15, 2016 work session.

Your approval of the attached municipal order is requested.

c: Connie Galloway
Robert Gunter

Human Resources Memorandum

16 - 120

November 16, 2016

TO: Russell R. Sights, City Manager

FROM: Connie Galloway, Human Resources Director

SUBJECT: Positions Revised to Comply with Final FLSA Regulation Changes

The final regulations making changes governing overtime exemptions under the Federal Labor Standards Act (FLSA) become effective December 1, 2016. The key elements of the new regulations are:

- Minimum salary threshold changed to \$913/week (\$47,476 annually). The previous minimum salary threshold was \$455/week (\$23,660 annually).
- Automatic salary threshold increases every 3 years to maintain the level at the 40th percentile in the lowest-wage census region.
- The standard duties test remains unchanged.

The 4 exempt positions affected by the final regulations are [1] Police Lieutenant - four positions; [2] Golf Course Manager - one position; [3] Recreation Facilities Supervisor - one position; and [4] Public Information Officer - one position. These positions were presented to and reviewed by the Board of Commissioners at the November 15th work session. The Board directed staff to submit the following changes to these positions at the November 22nd Board of Commission meeting.

1. Maintain the exempt status of the Golf Course Manager and Public Information Officer classifications by raising the annual salary of both employees to the new minimum annual salary threshold of \$47,476.
2. Change the Police Lieutenant and Recreation Facilities Supervisor classifications to non-exempt status.

The positions that are changing to non-exempt will become eligible for overtime. As with other non-exempt positions, the department heads will manage the use of overtime for these positions. The change to the seven affected employees in these classifications will begin with the pay period containing December 1st.

A revised job classifications and grades summary is attached.


Connie Galloway

✓
Cc Dawn Kelsey, City Attorney
Robert Gunter, Finance Director
Chip Stauffer, Chief of Police
Trace Stevens, Parks & Recreation Director

Attachment

MUNICIPAL ORDER. _____

MUNICIPAL ORDER APPROVING SALARY INCREASE FOR THE PUBLIC INFORMATION OFFICER (PIO) POSITION TO THE MINIMUM SALARY THRESHOLD FOR AN EXEMPT EMPLOYEE AS SET BY DEPARTMENT OF LABOR REGULATION UNDER THE FAIR LABOR STANDARDS ACT EFFECTIVE DECEMBER 1, 2016.

Whereas, the Department of Labor had adopted new regulations governing overtime exemptions under the Fair Labor Standards Act; and beginning December 1, 2016 the minimum salary threshold for an employee classified as exempt will be \$47,476 annually; and

Whereas, the non civil service position of Public Information Officer (PIO) is currently classified as an exempt position; and

Whereas the combination of responsibilities and quick response for social media communication in conjunction with gathering City and community related information then reporting to citizens requires the PIO to be available to work extended and varied hours; and

Whereas, the positive momentum of this responsive and effective communication to the public by the PIO can propel forward by continuing the availability to work extended and varied hours.

Whereas, the City Manager recommends that the PIO's salary be raised to \$47,476 annual so that the position can continue to be classified as an exempt position.

NOW, THEREFORE, BE IT ORDERED, by the City of Henderson, Kentucky, that the salary increase for the PIO position in the amount of \$47,476.00 is hereby approved.

On motion of Commissioner _____, seconded by Commissioner _____, that the foregoing Municipal Order be adopted, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____	Commissioner Mills: _____
Commissioner Hite: _____	Mayor Austin: _____
Commissioner Royster: _____	

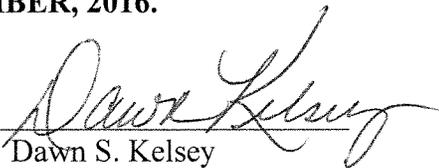
INTRODUCED, PUBLICLY READ AND FINALLY APPROVED ON ONE READING and Mayor Austin, affixed his signature and the date thereto and ordered that the same be recorded.

ATTEST:

Steve Austin, Mayor
Date: _____

Maree Collins, City Clerk

APPROVED AS TO FORM AND
LEGALITY THIS 17 DAY OF
NOVEMBER, 2016.

By: 
Dawn S. Kelsey
City Attorney

**City Commission Memorandum
16-241**

November 16, 2016

TO: Mayor Steve Austin and the Board of Commissioners

FROM: Russell R. Sights, City Manager 

SUBJECT: Municipal Order Approving Change Order #2 to Danco Construction, Inc. Contract for Work Required for the Construction of the New Municipal Services Center

The accompanying municipal order approves Change Order #2 to the Danco Construction, Inc. contract which will result in a credit in the amount of (\$13,876.00) to the City on the contract for the construction of the new Municipal Services Center, as detailed in the attached Public Works Memorandum.

A work flow schedule with a potential occupancy date of April 1, 2017 is further detailed in the attached Interdepartmental Memorandum from the Assistant City Manager.

Both the Assistant City Manager William L. Newman, Jr. and Public Works Engineer Dylan H. Ward will be in attendance at the November 22, 2016 meeting to answer any questions you may have.

Your approval of the attached municipal order is requested.

c: Buzzy Newman
Dylan Ward
Robert Gunter

Interdepartmental Memorandum

November 16, 2016

TO: Russell R. Sights, City Manager

FROM: William L. Newman, Jr., Assistant City Manager *WLN*

SUBJECT: Municipal Service Center – Change Order # 2

Attached is a memo from Dylan Ward, Public Works Engineer, regarding the request of approval for Change Order # 2. We have discussed each item at length regarding the long-term benefit for the facility as well as Gas code-related issues. It is my recommendation to approve Change Order # 2 as submitted.

Schedule Update: Danco Construction is projecting substantial completion on or around mid-January, 2017. Substantial completion means that the project is ready for owner occupancy. The only outstanding item that will not be completed is the final asphalt surface. Weather conditions at this time of year are not suitable for this type work. Discussion of possible move-in dates have been discussed with the departments occupying the facility.

A potential date for occupancy is April 1, 2017, based upon the following work flow schedule:

January 31, 2017	Final acceptance of facility from contractor
Mid-January to March, 2017	Communication and data equipment installation
February, 2017	Furniture delivery and installation
February, 2017	Central Garage equipment relocation
February – March, 2017	Relocation of Gas Department inventory and welding shop
February – March, 2017	Relocation of rolling stock
March, 2017	Administration Staff move

General Note: Schedule allows provisions for potential weather delays during February and March.

Public Works Memorandum
16-03

November 16, 2016

TO: William L. Newman, Jr., Assistant City Manager
FROM: Dylan H. Ward, Public Works Engineer DW
SUBJECT: Henderson Municipal Services Center – Change Order # 2

Enclosed is a letter from Hafer summarizing Change Order # 2, which includes changes in the scope of work as required during the construction of the new Henderson Municipal Services Center (HMSC). An explanation for each item is provided below. Note that credits (deductions in the contract) to the City appear in RED and additional costs appear in black.

- Engineering Area Changes – This area will no longer have a public entrance so the vestibule and canopy were removed from construction. A wall was also removed to combine two offices.

Cost: (\$ 6,272.00)

- Down Spout Piping – Some of the downspouts around the existing building were left as is.

Cost: (\$ 3,760.00)

- Transfer Switch AIC Rating – The AIC rating for the transfer switches was reduced to match the arc fault at each transfer switch.

Cost: (\$ 2,800.00)

- Paint Booth Removal – The paint booth was removed from the new enclosed building since the personnel who would use this equipment will no longer be moving to the new site.

Cost: (\$ 15,855.00)

- Replacing Roll-Up Door in HMG Storage Area – This will replace a free-standing automatic roll-up door inside the main building within the chain link fence with a sliding gate.

Cost: (\$ 712.00)

- Removing Rock Perimeter & Replacing with Soil – When the contract was originally awarded, the exact ground conditions were unknown so Alternate #1 was accepted to place rock around the perimeter of the new site. However, once the actual soil conditions were discovered, it was decided that it would be ill-advised to continue with the placement of the rock. If rock was placed, the area would likely present settlement and maintenance issues in the future. It would also be difficult to level and compact the rock since this area was not included in the soil stabilization work.

Cost: **(\$ 38,624.00)**

- Flooring Changes in Garage Area & Sign Storage – VCT flooring was added to the Garage Superintendent's office in lieu of concrete, and carpet was removed from the sign material storage area.

Cost: **(\$ 148.00)**

- Removing Exterior Signage – An allowance for the main sign outside the existing building was included in the contract; however, the work for this sign is currently out for bid under another bid package relating to the City's branding campaign.

Cost: **(\$ 8,500.00)**

- Door Frame Hardware – Miscellaneous changes to doors including replacing a rusted door, ordering new doors for existing that needed to open in a different direction, additional hardware, and new exit devices.

Cost: **\$ 2,695.00**

- Additional Interior Painting – Additional repairs and painting for some of the existing offices and walls that would have otherwise gone unpainted.

Cost: **\$ 21,400.00**

- Upsize Door & Ceiling Fire Rating in 911 Server Room – Installed a larger door for the 911 equipment to fit and upgraded the ceiling to the proper fire rating.

Cost: **\$ 2,580.00**

- Gas Code Issues Inside the Main Building – Addresses miscellaneous gas code issues within the interior of the building that will bring the system into compliance with current codes.

Cost: **\$ 18,235.00**

- Utilities for Future Wash Bay (Estimate) – Alternate #6 in the original bid documents called for the construction of an automatic car wash structure with an adjacent concrete wash pad, however, this alternate was rejected and is not part of this contract due to its price. To allow for the future development of this structure, the area will remain unpaved and utilities will be run to the site for potential future development.

Cost: \$ 17,885.00

TOTAL FOR CHANGE ORDER #2: (\$ 13,876.00)

Change Order # 2 would result in a credit of \$13,876.00 to the City if accepted. I recommend the approval of Change Order # 2. I will be available at the meeting to answer any questions.



November 16, 2016

Mr. William Newman
Assistant City Manager
City of Henderson
Henderson, KY 42419-0716

Re: Change Order #2
Municipal Services Center
City of Henderson, Kentucky

Dear Mr. Newman:

Hafer has received additional cost proposals from Danco Construction regarding several conditions that have developed during the construction of the Municipal Services Center. We have evaluated these items and believe them to be valid additional costs and deductions for the project. Below is a summary of the items and their descriptions.

- (\$6,272.00) : Deducted secondary office entry, vestibule, and canopy.
- (\$3,760.00) : Deducted underground downspout connections near front entrance.
- (\$15,855.00) : Deducted paint booth and associated systems within new enclosed building.
- (\$2,800.00) : Reduction in Transfer Switch AIC rating based on Arc Flash Study.
- (\$712.00) : Replaced automatic rolling gate with manual sliding gate in Gas Parts Storage Area.
- (\$38,624.00) : Deducting gravel between storage yard buildings/drives and perimeter fencing.
- (\$148.00) : Deducting carpet from Room #135 and adding VCT to Room #148.
- (\$8,500.00) : Deducting Exterior Signage allowance.
- \$2,695.00 : Replacing a door frame in disrepair, 2 new doors, and added hardware to 5 doors.
- \$21,400.00 : Painting of existing office area.
- \$2,580.00 : Installing larger door for server room and providing 1 HR fire rating for 911 area ceiling.
- \$18,235.00 : Upgrading existing natural gas piping to meet current code requirements.
- \$17,885.00 : Installation of plumbing and electrical lines for future vehicle wash.
- (\$13,876.00) DEDUCT

21 SE Third Street, Suite 800, Evansville, IN 47708 • Phone 812.422.4187 • Fax 812.421.6776
101 E Second Street, Suite 101, Owensboro, KY 42303 • Phone 270.926.1331 • Fax 270.684.4456

haferdesign.com

Currently, none of these changes shall result in a change in the project completion date of February 7, 2017.

Respectfully submitted:

A handwritten signature in black ink, consisting of several loops and a final flourish.

Jason Barisano, AIA
Architect

MUNICIPAL ORDER. _____

MUNICIPAL ORDER APPROVING CHANGE ORDER #2 TO THE CONTRACT BETWEEN THE CITY OF HENDERSON AND DANCO CONSTRUCTION, INC., REGARDING THE CONSTRUCTION CONTRACT OF THE NEW MUNICIPAL SERVICE CENTER, FOR A CREDIT TO THE CITY IN THE AMOUNT OF \$13,876.00

WHEREAS, the City of Henderson and Danco Construction, Inc. are parties to a contract relating to the construction of the new Municipal Service Center; and

WHEREAS, the parties have agreed to certain modifications to the contract necessitating Change Order #2, for a credit to the City in the amount of \$13,876.00. (See Exhibit A for the detailed list)

NOW, THEREFORE, BE IT ORDERED, by the City of Henderson, Kentucky, that Change Order #2 to the contract for a credit in the amount of \$13,876.00 is hereby approved and the mayor is authorized and directed to execute the change order on behalf of the City.

On motion of Commissioner _____, seconded by Commissioner _____, that the foregoing Municipal Order be adopted, the vote was called. On roll call the vote stood:

Commissioner Johnston: _____ Commissioner Mills: _____
Commissioner Hite: _____ Mayor Austin: _____
Commissioner Royster: _____

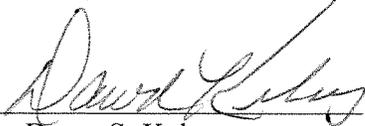
INTRODUCED, PUBLICLY READ AND FINALLY APPROVED ON ONE READING and Mayor Austin, affixed his signature and the date thereto and ordered that the same be recorded.

ATTEST:

Steve Austin, Mayor
Date: _____

Maree Collins, City Clerk

APPROVED AS TO FORM AND LEGALITY THIS 17 DAY OF NOVEMBER, 2016.

By: 
Dawn S. Kelsey
City Attorney



November 16, 2016

Mr. William Newman
Assistant City Manager
City of Henderson
Henderson, KY 42419-0716

Re: Change Order #2
Municipal Services Center
City of Henderson, Kentucky

Dear Mr. Newman:

Hafer has received additional cost proposals from Danco Construction regarding several conditions that have developed during the construction of the Municipal Services Center. We have evaluated these items and believe them to be valid additional costs and deductions for the project. Below is a summary of the items and their descriptions.

- (\$6,272.00) : Deducted secondary office entry, vestibule, and canopy.
- (\$3,760.00) : Deducted underground downspout connections near front entrance.
- (\$15,855.00) : Deducted paint booth and associated systems within new enclosed building.
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- (\$38,624.00) : Deducting gravel between storage yard buildings/drives and perimeter fencing.
- (\$148.00) : Deducting carpet from Room #135 and adding VCT to Room #148.
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- \$17,885.00 : Installation of plumbing and electrical lines for future vehicle wash.
- (\$13,876.00) DEDUCT

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101 E Second Street, Suite 101, Owensboro, KY 42303 • Phone 270.926.1331 • Fax 270.684.4456

Currently, none of these changes shall result in a change in the project completion date of February 7, 2017.

Respectfully submitted:

A handwritten signature in black ink, consisting of several loops and a trailing flourish.

Jason Barisano, AIA
Architect

UPCOMING
BOARD APPOINTMENTS

<u>BOARD</u>	<u>EXPIRATION DATE</u>	<u>TERM</u>
--------------	------------------------	-------------

(UTILITY COMMISSION)

	<u>Current Term Expires</u>	<u>Term</u>
Gregory Risch (resigned effective 11/30/16)	04/25/2019	3-Year

BOARD OF APPEALS (Housing & Building)

	<u>Current Term Expires</u>	<u>Term</u>
Gray Hodge	06/22/2016	4-Year