

# MINUTES } CITY OF PIKEVILLE

## CITY OF PIKEVILLE BOARD OF COMMISSIONERS REGULAR MEETING MINUTES DECEMBER 28, 1998

The Board of Commissioners of the City of Pikeville met in regular session on Monday, December 28, 1998. The meeting was held in the City Hall Public Meeting Room located at 260 Hambley Boulevard, Pikeville, Kentucky.

There being a quorum present, Mayor Steven D. Combs called the meeting to order at 6:00 p.m. Commission Members present at roll call were as follows:

MAYOR: STEVEN D. COMBS  
COMMISSIONER: BILL BLACKBURN  
EUGENE DAVIS  
JOHNNY MOUNTS

Commissioner Sharon Clark was absent.

### AGENDA ITEM II. MINUTES

The minutes for the previous regular meeting of November 23, 1998 and special meetings held on November 30 and December 21, 1998, were included in each Commission Member's agenda package. There being no additions or corrections, Commissioner Mounts made the motion, seconded by Commissioner Blackburn to approve the minutes as presented. The motion carried 3 - 0 (Commissioner Davis not present at the time of the vote).

### AGENDA ITEM III. BUSINESS FROM THE FLOOR

A. KEYSER HEIGHTS UDAG FUNDS: Stuart Adams appeared before the Commission to request a 2 year time extension to utilize the UDAG funds designated for his Keyser Heights development. Mr. Adams advised the Commission that he plans to construct 15 houses in 1999 and the remaining 15 houses in 2000. He added that the extension is necessary due to the amount of time expended in negotiations between he and the City concerning the installation of a 200,000 gallon water storage tank versus the 100,000 gallon tank that he had proposed. City Attorney Davis reported that HUD officials have advised there will be no further time extensions granted, however he commented that the City is not prevented from requesting a time extension. Project Director, Sue Smallwood, advised the Commission that she had discussed the extension request with David Adams. She reported that she had requested Mr. Adams send a letter to her detailing the reasons why the project had been delayed and outlining a specific time frame for the completion of the project. Ms. Smallwood explained that, with the letter, she could contact HUD officials to determine if a time extension would be considered. David Adams requested that Ms. Smallwood determine if a time extension would be feasible prior to sending a letter. Ms. Smallwood told the Commission that she could check to see if HUD would entertain the proposed time extension. Commissioner Davis made the motion, seconded by Commissioner Mounts to authorize the Project Director to pursue an amendment to the UDAG agreement for the Keyser Heights project. The motion carried 4 - 0.

B. LODESTAR ENERGY: Ross Anderson appeared before the Commission on behalf of Lodestar Energy to request permission to hook onto the city's water line. Mr. Anderson explained that Lodestar is in the process of expanding its Chaparral tipple facility located on Marion's Branch Road. City Manager Blackburn told the Commission that a meter would be placed at the end of the City's line as it now exists. Lodestar would extend the line approximately 3500 ft. at their cost, and would be responsible for any maintenance. Lodestar would also be required to design and install the line in accordance with city specifications. Additionally, the design would have to be approved by the Division of Water. Mr. Anderson requested to add two fire hydrants. The City Manager explained the city has sufficient supply and pressure for fire hydrant installation, however, a six inch steel line would have to be constructed. Commissioner Davis made the motion to grant Lodestar Energy's request to extend the city's water service to their Chaparral facility. Commissioner Mounts seconded the motion. The motion carried 3 - 0 - 1 with Mayor Combs abstaining from the vote.

C. AUDIT REPORT: J. Donald Wallen, of Wallen & Cornett, CPAs, was present to deliver the city's 1997-98 fiscal year audit report. Mr. Wallen congratulated the Commission on the financial health of the city and advised the audit detected no reportable findings. According to the audit report, the General Fund completed the year with a \$823,752 surplus. Budgeted revenues for the General Fund were \$5,829,000. The actual revenues exceeded the budget by \$707,000. A large part of the increase was from Occupational Taxes. Payroll taxes exceeded budget by \$234,000 and business licenses exceeded budget by \$322,000. Mr. Wallen attributed the increase to growth and enforcement. The City increased its liquid assets by \$697,000 (cash on hand, certificates of deposit, and savings). Of the \$106,000 loss reported for the Water & Sewer Fund, \$622,000. was depreciation; \$64,000 of the \$145,000 loss in the Gas Fund is depreciation; and the Sanitation Fund made a profit of \$13,125 which includes depreciation expenses of \$39,000. The long-term debt was decreased by \$1,125,000. The reserve was increased to 4 months over the previous year's 2 1/2 months. Mr. Wallen explained that this means the city could operate for 4 months if it had no income.

D. BALLFIELD LIGHTS: Presented for approval was an agreement between the Pike County Fiscal Court and the City of Pikeville, whereby the County will give the City the sum of \$15,000 to use toward lighting the fields at Bob Amos Park. Don Wallen, who is a member of the Little League and Senior League Boards, explained that a request had been made of the fiscal court for assistance in lighting the fields. Mr. Wallen estimated the total cost of the lights, on steel poles, would be \$40,000. Mr. Wallen reported that fund raisers are planned to try to raise the remainder of the monies needed. The city has two years in which to use the money, or the money will revert to the fiscal court. Commissioner Blackburn made the motion, seconded by Commissioner Davis to approve the agreement with Pike County Fiscal Court. The motion carried 4 - 0

### AGENDA ITEM IV. PAYMENT OF BILLS



# MINUTES } CITY OF PIKEVILLE

A. CITY BILLS: A list of City Bills totaling \$9,440.37 was presented to the Commission for approval of payment. Mayor Combs made the motion, seconded by Commissioner Mounts to approve payment of the City Bills as requested. The motion carried 4 - 0.

B. ACADEMY BUILDING: Presented for approval of payment was an invoice from Commonwealth Building and Construction in the amount of \$48,420.00 for work completed on the Academy Building project. Project Coordinator, Sue Smallwood advised the Commission that the bill had not been presented to the Historic Preservation Board for approval. Historic Preservation Board Chair, Jack Sykes, told the Commission that the majority of the bill is for work toward converting the building to City Hall. As the Historic Preservation Board was not privy to the negotiations, Mr. Sykes suggested the Commission look to the architect for recommendations. He added that the architect had approved the payment request. Commissioner Mounts made the motion, seconded by Commissioner Davis to approve payment of the bill as submitted. The motion carried 3 - 1, with Mayor Combs casting a nay vote.

Richardson Associates Architects presented their payment request in the amount of \$1,580.00 for the redesigning of the exit from the second floor meeting room at the Academy Building. Commissioner Davis made the motion to approve payment of the invoice as presented. Commissioner Blackburn seconded the motion. The motion carried 3 - 1 with Mayor Combs casting a nay vote.

C. HAROLDS BRANCH PROJECT: Presented for approval of payment was a request from C & W Equipment in the amount of \$94,411.80. City Manager Blackburn reported that of the total pay request, \$69,215.89 is for outstanding invoices owed to local vendors, and recommended payment be made jointly to C & W Equipment and the vendor. The City Engineer reported that C & W Equipment representatives have signed an affidavit certifying the listed vendors were the only outstanding invoices owed. The city is currently retaining about \$98,000. Mayor Combs made the motion to approve payment of the invoice according to the City Manager's recommendations. Commissioner Mounts seconded the motion. The motion carried 4 - 0. City Engineer Sykes requested an executive session to discuss conditions for release of the final payment.

## AGENDA ITEM V.

## OLD BUSINESS

A. MAIN STREET PROGRAM REPORT: There was no representation from the Main Street Board at this date's meeting.

B. ACADEMY BUILDING REPORT: The architect was not present to deliver a construction progress report for the Academy Building project.

C. CITY ENGINEER'S REPORTS: Jack Sykes representing Summit Engineering, City Engineers, gave a verbal progress report for the following projects:

1. Water Pressure Policy: During the special meeting held on December 17th, the Commission discussed the water pressure issue on Cedar Creek and the need for a policy relating to high pressure water service lines within the city limits. A proposed policy was prepared by PSG, the City Engineer and City Manager. The policy was read as follows:

1. Unless specifically authorized by the City Manager all operating pressure shall be at 250 psi or less.
2. Any time the operating pressure exceeds 150 psi, the City shall install pressure reducing valves (PRV). For 3/4" lines, the prv shall be a Wilkins 600 L.U.S.C. Larger lines - Watts 115 PRV.
3. Detailed schematics for installation were attached.
4. The City shall include the cost of these installations in the water tap fee charged to the customer.

Commissioner Mounts asked if anyone had spoken with representatives of the Presbyterian Church about relocating their pressure reducer. Mr. Sykes explained that he thought it best to have a city wide policy and to allow PSG to compute the cost before speaking with church representatives. The policy will be included as amendments to the Utility Rules and Regulations and the Subdivision Regulations.

Commissioner Blackburn made the motion to adopt the policy as presented. Commissioner Mounts seconded the motion. The motion carried 3 - 0 (Commissioner Davis not present at the time of the vote).

2. Cedar Creek Drainage: Mr. Sykes reported that he has investigated the Cedar Hills/Cedar Creek Drainage problems as discussed during the two previous regular meetings. After meeting with Terry Kinzer and John Rasnick, Mr. Sykes learned there had been another owner of the property - Paul Thacker. Mr. Kinzer has agreed to allow the city to route the storm drain directly across his property. Mr. Sykes told the Commission this would reduce the cost of the project significantly. Two quotes were solicited with the lowest being from East Kentucky Water in the amount of \$27,745.84. The developer of the Cedar Hills Subdivision, STC, of which Mr. Sykes is a partner, will pay 1/3rd of the project cost, and proposes to be the contracting agent. The property owners (Thacker estate, Rasnick & Kinzer) will pay 1/3rd. Mr. Sykes asked the Commission to approve paying 1/3rd or a cost not to exceed \$9,250.00. City Attorney Davis told the Commission that he had initially thought one of the two property owners had caused the drainage problem, but after review of the matter, did not think it as clear cut how the problem arose. Further discussion was deferred to executive session to allow the City Attorney to brief the Commission regarding the case's legal aspects.

D. CITY ATTORNEY'S REPORTS: Russell H. Davis, Jr., City Attorney, presented the following items for the Commission's consideration:

1. Special Room Tax: Second reading was given to an Ordinance entitled:



# MINUTES } CITY OF PIKEVILLE

AN ORDINANCE ADOPTING A SPECIAL TRANSIENT ROOM TAX FOR USE AS OPERATING EXPENSES OF THE EASTERN KENTUCKY EXPOSITION CENTER; PROVIDING FOR COLLECTION OF SAID TAX; PRESCRIBING PENALTIES FOR FAILURE TO COMPLY WITH THIS ORDINANCE (O-98-025)

Local motel owner, Thomas Huffman, was present to voice his opposition to the enactment and collection of the transient room tax until such time as the civic center is built. He pointed out the ordinance specifies the funds are to be used for operating expenses only. Terry Spears, member of the Civic Center Board, explained that the board had thought this method of funding to be the least obtrusive to residents, since the persons paying the tax would be those staying in the local motels. He added that he did not think it would be a problem to set aside the money collected in a separate account to be used exclusively for operations. In the event the civic center is not constructed, the monies could be reimbursed. Mr. Huffman expressed his concern that the funds collected for this special tax would be used for construction. Mr. Spears informed the Commission that the Governor had awarded \$12 million for the project which is earmarked for design, property acquisition and construction. The Civic Center Board is working toward acquiring the services of an architect to provide consultation for site selection. Mayor Combs pointed out that an annual shortfall of \$200,000 is expected when the civic center becomes operational. Prior collection of the special tax will aid in balancing the budget.

Mayor Combs made the motion to adopt the Ordinance as presented. Commissioner Davis seconded the motion. The motion carried by the following votes:

MAYOR:	STEVEN D. COMBS	YES
COMMISSIONER:	BILL BLACKBURN	YES
	EUGENE DAVIS	YES
	JOHNNY MOUNTS	YES
	SHARON CLARK	ABSENT

2. Airport Boards Merger: Airport Board Chair, Michael de Bourbon, appeared before the Commission to renew his request for a budget allotment of \$25,000/annually to be used toward the operation of the airport. Mr. de Bourbon emphasized the importance of providing competitive salaries, benefits, and uniforms for the airport's employees, since their appearance and service leaves a lasting impression upon persons utilizing the airport facilities. Mr. de Bourbon stressed the positive economic impact the airport could provide for Pikeville and Pike County. He informed the Commission that the Pike County Fiscal Court had budgeted \$60,000/annually to assist with the maintenance of the 150+ acres of airport property and to offer retirement, insurance and medical packages to the employees. Approximately \$23 million in public funds has been spent for improvements to the roadway leading to the airport. Mayor Combs suggested approval of an allotment of \$12,500 over the next six months, with review of the airport's progress at the budget meeting to determine continued funding. Commissioners Blackburn and Davis spoke in support of the Mayor's recommendation, commenting that the airport is a means of progress for the community. Mayor Combs made the motion to authorize the City Manager to disburse \$12,500 to the Pike County Regional Airport in six equal monthly payments. Commissioner Blackburn seconded the motion. The motion carried 4 - 0.

Second reading was given to the following ordinance:

ORDINANCE OF THE CITY OF PIKEVILLE AUTHORIZING AND CONSENTING TO A MERGER OF THE PIKE COUNTY AIR BOARD AND THE PIKEVILLE/PIKE COUNTY AIR BOARD (O-98-026)

Mayor Combs made the motion to adopt the ordinance as presented and read. Commissioner Eugene Davis seconded the motion. The motion carried by the following votes:

MAYOR:	STEVEN D. COMBS	YES
COMMISSIONER:	BILL BLACKBURN	YES
	EUGENE DAVIS	YES
	JOHNNY MOUNTS	YES
	SHARON CLARK	YES

Mayor Combs made the motion to reaffirm the appointments of Mike Francisco, Michael de Bourbon, and Frank Hatcher to serve as the city's representatives on the newly merged board. Commissioner Mounts seconded the motion. The motion carried 4 - 0.

3. Mayor/Commission Salaries: Presented and given second reading was an ordinance entitled:

ORDINANCE AMENDING COMPENSATION OF THE MAYOR AND COMMISSIONERS AND ESTABLISHING AN EFFECTIVE DATE OF JANUARY 1, 2001 FOR THE COMMISSIONERS' COMPENSATION AND JANUARY 1, 2003 FOR THE MAYOR'S COMPENSATION (O-98-027)

Commissioner Johnny Mounts made the motion to adopt the ordinance as presented. Mayor Combs seconded the motion. The motion carried by the following votes:

MAYOR:	STEVEN D. COMBS	YES
COMMISSIONER:	BILL BLACKBURN	YES
	EUGENE DAVIS	YES
	JOHNNY MOUNTS	YES
	SHARON CLARK	ABSENT

4. Ethics Policy: City Attorney Davis presented and gave second reading to an ordinance captioned as follows:



# MINUTES } CITY OF PIKEVILLE

ORDINANCE AMENDING SECTION 40.20 OF THE CITY OF PIKEVILLE'S CODE OF ORDINANCES PROHIBITING NEPOTISM SO TO INCLUDE AS AN EXEMPTION THEREFROM FAMILY MEMBERS OF ANY OFFICER OR EMPLOYEE OF DIFFERENT CITY DEPARTMENTS. (O-98-028)

Mayor Steven D. Combs made the motion, seconded by Commissioner Mounts to adopt the ordinance as read. The motion carried by the following votes:

MAYOR:	STEVEN D. COMBS	YES
COMMISSIONER:	BILL BLACKBURN	YES
	EUGENE DAVIS	YES
	JOHNNY MOUNTS	YES
	SHARON CLARK	ABSENT

E. CITY MANAGER'S REPORTS: Kenny Blackburn, City Manager, gave a verbal report for the following items:

1. Steer Loader: Two bids were received in answer to the advertisement for the purchase of a skid steer loader. Wilson Equipment submitted a bid in the amount of \$19,975.00, which included a 1 year warranty on parts and labor and a 2 year warranty on the engine. Phelps Equipment, Inc., presented a bid for the skid loader in the amount of \$19,695.00 (includes a 12 month warranty) along with an extended warranty bid of \$950.00. Public Works Manager, Greg May, advised that the low bidder had not completed their bid on the required form and recommended the bid be awarded to Wilson Equipment. The City Attorney concurred with Mr. May's recommendation, stating the low bid should be declared invalid. Commissioner Mounts made the motion, seconded by Commissioner Davis to reject the Phelps Equipment, Inc. bid and to award the bid to Wilson Equipment in the amount of \$19,975.00, as recommended by the Public Works Manager. The motion carried 4 - 0.

2. Police Cars: City Manager Blackburn presented two bids for the purchase of three police package vehicles. The bids were received from Bruce Walters Ford in the amount of \$20,386.60 each and from Babe Charapp Ford for a total of \$62,007.00. City Manager Blackburn recommended the bid be awarded to the low bidder, Bruce Walters Ford, in the amount of \$20,386.60 per car. Mayor Combs made the motion to approve the purchase of three police package vehicles from the low bidder, Bruce Walters Ford, as recommended by the City Manager. Commissioner Mounts seconded the motion. The motion carried 4 - 0. Estimated time of delivery is between 6 and 8 weeks.

3. Utility Bill Collections: City Manager Blackburn presented a proposal from Community Trust Bank for the collection of utility bills. All utility bill payments will go to a lock box at a Lexington Post Office. No payments will be accepted at the utility office. The City Manager told the Commission there is one position open in the utility office. He commented the lock box system would be more economical and the city offices would no longer have to deal with cash. He estimated a savings of \$20,000 per year, however there will be approximately \$10,000 for initial start-up fees to convert to the lock box system. Mr. Blackburn advised the Commission that 76% of the utility customers currently mail their payments. Commissioner Mounts suggested a study be conducted to determine if the savings would outweigh the inconvenience to the utility customers. No action taken.

4. Meters: PSG Manager Greg May advised the Commission that \$45,000 had been set aside in the current budget to purchase new meters. PSG is proposing to implement a new system whereby readings would be taken by a handheld unit and the readings would then be downloaded into the computer system for billing. PSG currently has a handheld unit, however it could not be used with the City's billing system until the software had been updated. C.I. Thornburg (only supplier) has proposed to sell 500 meters, provide the necessary equipment and to supply an additional hand-held meter reading unit, all within budget. Commissioner Mounts made the motion to authorize the purchase of the meters from C. I. Thornburg. Mayor Combs seconded the motion. During discussion, the City Attorney clarified that bids are not required when only one supplier is available. The motion carried 4 - 0.

5. Check Signators: Presented for approval was a resolution to authorize Sue Varney, as the new Finance Director, to sign checks. Mayor Combs made the motion to authorize Sue Varney to be included as a signatory on checks. Commissioner Davis seconded the motion. The motion carried 4 - 0.

6. Bob Amos Park Storage Building: City Manager Blackburn reported that he and the City Engineer had met with the low bidder, Patriot Construction Company, to negotiate the price for construction of the storage building at the Bob Amos Park. \$65,000 had been budgeted for the project, however the low bid was submitted in the amount of \$79,000. The City Manager reported that he had been in contact with a bricklayer, that had previously worked on projects with PSG, who submitted a cost of \$65,495. Commissioner Mounts made the motion, seconded by Commissioner Davis to reject all bids and authorize the City Manager to negotiate with a contractor. The motion carried 4 - 0.

At 7:57 p.m., Mayor Combs made the motion, seconded by Commissioner Mounts to adjourn to executive session for the purpose of discussing a personnel matter and a legal matter. The motion carried 4 - 0.

At 9:00 p.m., Mayor Combs made the motion to reconvene to regular session. Commissioner Mounts seconded the motion. The motion carried 4 - 0.

Personnel Change: City Manager Blackburn recommended the transfer of Ramona Campbell from utility clerk to accounts payable clerk. Commissioner Mounts made the motion, seconded by Commissioner Davis to approve the transfer as recommended by the City Manager. The motion carried 4 - 0.

Cedar Creek Drainage: The City Attorney and City Engineer recommended the Commission approve paying 1/3 of the cost (not to exceed \$9,250.00) to remedy the drainage problem in the Cedar Creek/Cedar Hills Subdivision. Commissioner Mounts made the motion to approve the City Attorney and City Engineer's recommendations. The motion carried 4 - 0.



## MINUTES } CITY OF PIKEVILLE

Harolds Branch Road Improvement Project: City Engineer Sykes presented Change Order #4 from C & W Equipment in the amount of \$1,784.70 for additional paving and relocation of a storm drain. Mayor Combs made the motion to approve the Change Order at presented. Commissioner Davis seconded the motion. The motion carried 4 - 0.

City Attorney Davis explained that he and City Engineer Sykes had assessed the fee for liquidated damages to C & W Equipment at \$79,000. for exceeding the contract period. During executive session the Commission reviewed C & W Equipment's explanation as to reasons why liquidated damages should not be assessed. In the spirit of compromise to resolve a legal dispute, the City Attorney and City Engineer recommended the Commission to offer to reduce the amount to \$51,500. subject to C & W Equipment accepting this figure as the amount for liquidated damages. Commissioner Davis made the motion to accept the recommendation of the City Attorney and City Engineer and authorized them to make the offer to C & W Equipment. Commissioner Mounts seconded the motion. The motion carried 4 - 0.

## AGENDA ITEM VI.

## NEW BUSINESS

A. BOARD APPOINTMENTS: The Commission was advised of two vacancies on the Historic Preservation Board; and 1 vacancy on the Pikeville Public Library Advisory Board and the Ethics Board.

Mayor Combs nominated Mary Jo Blackburn and Beverly Coleman to serve as members of the Historic Preservation Board; Sonya Newsome to serve as a member of the Pikeville Public Library Advisory Board; and Herman Lester to serve as a member of the Ethics Board.

Commissioner Mounts made the motion to approve the appointments as recommended by the Mayor. Commissioner Davis seconded the motion. The motion carried 4 - 0.

There being no further business to come before the Commission, Commissioner Mounts made the motion, seconded by Mayor Combs to adjourn the meeting. The motion carried 4 - 0. (Adjournment Time: 9:15 p.m.)

APPROVED:

FRANK M. MORRIS, MAYOR

ATTEST:

KAREN W. HARRIS, CITY CLERK