

The Berea City Council met in a regular session; Tuesday, September 5, 2017; Mayor Steven Connelly presiding. A quorum being present, the meeting was called to order at 6:30 p.m.

Invocation and prayer.

**COUNCIL MEMBERS PRESENT:** J. Davis, B. Fraley, T. Schultz, B. Wooten, J. Little, S. Caudill, C. Wilson, R. Terrill

**OFFICIALS:** J. Gilbert, R. Stone, C. Chasteen, D. Gregory, S. Meeks, K. Hensley, E. Fortner, P. Bloom, S. Sandlin, K. Coffey

**VISITORS:** Kelly McKinney, David Rowlette, Mike Pence, Virginia Bland, Jaqueline Bowling, Charles Wilton, Tim Taylor, John Steinmetz, Rick Fulton

- A council work session was held at 6pm to discuss setting the 2017 Ad Valorem Tax Rate.

**APPROVAL OF AGENDA:**

Caudill motioned, Davis seconded to approve the agenda; all ayes.

**APPROVAL OF MINUTES; AUGUST 15, 2017**

Fraley motioned, Little seconded to approve the minutes as distributed; all ayes.

**BID RECOMMENDATIONS: UTILITIES DEPARTMENT**

Utility Director Ed Fortner recommended accepting Todd Johnson Contracting, Inc., for the Farristown Industrial Sewer Extension Project. Their original bid was \$301,865.20, but there was a mathematical error that brought the actual bid down to \$151,162.00. Todd Johnson Contracting has done work for the BMU in the past and holds a strong reputation in their work. Our engineers, Bell Engineering reviewed the bid and also recommends awarding this bid. Objections were heard from the council. Schultz motioned to approve the bid, Wooten seconded. Roll call vote; Davis-no, Fraley-no, Schultz-yes, Wooten-yes, Little-yes, Caudill-yes, Wilson-no, Terrill-no, Mayor-yes. Bid awarded.

Utility Director Ed Fortner recommended accepting E.H. Wachs, the one bidder for the Water Valve Exercising Trailer in the amount of \$64,375.00. Bid awarded, no objections.

**OPEN BIDS – UTILITIES – ROBOTIC TOTAL STATION SYSTEM**

One bid was received from James R. Adams in the amount of \$24,812.28. The Utility Department will review and make a recommendation.

**ORDINANCE #11-2017; 2017 AD VALOREM TAX RATE – 1ST READING**

Corporate Counsel read the ordinance by title and summary. During the work session the council did not take the recommendation from the Finance Director, Susan Meeks,

to increase the tax rate to 10.5 for every \$100 of assessed value. The 4% would increase our revenue by \$41,000. This would be a very small impact on home owners; a \$100,000 assessment would only increase their property tax by \$3.00. Ms. Meeks stressed that the property tax is our main source of guaranteed revenue the city has. The council decided to keep the rate at 10.2, the same as last year.

**GEORGE OBERST MEMORIAL BENCH**

Mayor Connelly announced a proposal had been submitted to place a memorial stone bench near the welcome center honoring the late George Oberst. Mr. Oberst served on many boards for the city, and was a strong advocate of safe biking paths, and walkways throughout the city. Mr. Oberst was a stone mason and was part of the group that laid the stone along the wall on North Broadway. A group has raised the money for the bench, it will be placed in the near future.

**CHANGE ORDER #2 – WALNUT MEADOW REHABILITATION PROJECT – UTILITY DEPARTMENT**

Utility Director, Ed Fortner informed the council that this is the final balancing change order for this project. Change order amount is \$11,605.22, revising the contract price to \$499,294.80. Caudill motioned, Little seconded to approve; all ayes.

**CHANGE ORDER #4 & #5; OPERATIONS CENTER**

City Administrator, Randy Stone stated Change Order #4 is a reduction in the final numbers to be paid to D.W. Wilburn. Reduction is due to materials that we as a city, can purchase, that will allow us (the city), a tax savings, (6% state tax). We are asking to reduce the contract by \$2,396,621.88. Caudill motioned, Little seconded to approve Change Order #4; all ayes. Change Order #5 is an increase of \$184,650.02 to the contract. Seven items make up this change, one being the total fit-up of work in the basement. The Emergency Operations back-up center choose to not stay at this location, we asked D.W. Wilburn to include this during the construction phase. The fit-up work will make it a usable storm shelter for residents when needed. Fraley motioned, Caudill seconded to approve Change Order #5; all ayes. To date we are \$28,250.00 under our budget.

**PURCHASE POWER – COUNCILMAN JERRY LITTLE**

Mr. Little stated his had questions and concerns moving forward towards the Purchase Power Contract Agreement for our electricity. He has a problem with the confidentiality policy of the contract; we were told that we would get a price of \$3.00 or less on the 10-Mega-Watt capacity, but it has changed, the cost has changed; we were told we had to sign an inter-local agreement so that we could get a transmission contract, with no cost for an administration cost, that has changed; has anyone looked at the contracts KEMA has put in place for Berea and what is expected of us, as a member. KEMA has put up a guarantee to MISO as an agent of only fifty-million dollars, for all members. On June

6, 2016, we voted for AMP Ohio to have our power delivered to our power point, by his motion. Their bid included transmission and delivery only, it was left up to BMU if they wanted to buy capacity. We have never purchased or used capacity in the past. He doesn't understand how people can give us firm numbers and then change them, where do we go from there? He has a copy of the presentation Mr. Fortner recently gave to the council but it doesn't say anything about KEMA? His question is "why did the contract we accepted, differ from what the council voted on"? How can we protect our rate payers? We have a really good power contract with AMP starting in 2019 through 2014; they have a great standing. On June 7th we voted to sign a five year contract, but 70 or 80 days later, we still had not signed it, how long does it take to give someone an email, we had to lock in the rate; it was finally locked in, but during the time a third player became involved; it complicates the agreement. It's because of the agreement that KEMA has, "because of our transmission"; this caused the number to change. When we voted to go with AMP it was to include transmission. He is concerned about our rate payers; when we were with KU they took care of everything, we paid our bill monthly, we didn't have to worry about contracts. He feels confident with AMP, but the other deal, because of the numbers changing, it makes him nervous about it.

Mayor Connelly will refer his questions to our Utility Director for answers. Terrill asked what it would cost the city to cut ties with KYMEA, and get the service through another means. Little added that the 10 Mega-Watts contract has not been signed yet to purchase the extra capacity. Fraley suggested the next meeting, or work session look into this further. Terrill motioned for our Utility Director to not sign anything obligating the city, motioned failed. Stone stated a meeting with AMP is scheduled for Oct. Fortner stated he had tried for a meeting in September, but due to other scheduling conflicts with them, October is the earliest availability. Stone stated a work session will be held to help everyone understand what has taken place to this point. Little's main concern is over the capacity. Caudill asked the Utility Director if we can hold off on signing the Inter-Local Agreement with KYMEA for the extra capacity. Fortner stated yes, we can hold off but he strongly recommended for the council to purchase the extra mega-watts of capacity from KYMEA; we only pay for three months and we get twelve months of service, this will be the only opportunity to do so. If we buy it from AMP or another source we could lose approximately \$300,000 plus, of savings annually. Wilson is afraid we will end up paying more because of changing amounts. Schultz asked if this governing body can take a vote to not go with KYMEA. Fraley asked how it was previously accepted. Mayor Connelly stated we can pull past paperwork for further review; it helps if things can be brought out ahead of time so the questions can be marshalled, information can be produced. The last minute raising of a lot of these questions leaves most of us handicapped, and unaware of a lot of important information. Caudill agreed that all the council needs to be brought up to date so everyone knows what has taken place. Terrill suggested a special meeting, or work session, take place to address the questions that have been brought forth this evening. Little thanked Mr. Fortner, the mayor, and Randy for responding to this issue. He

stressed Mr. Fortner had not changed any of the numbers, that took place at another place.

**COMMITTEE REPORTS:****Audit & Finance – S. Caudill**

The auditors are here this week to begin our annual audit for the last fiscal year.

**Economic Development – J. Davis**

Our next meeting will be Sept. 18th. Danny Isaacs, Director, reported that beginning tomorrow approximately 150 artist will be in town for an “Artist Thrive Conference” being held at the college. Art professionals from across the nation will be visiting all over Berea; if you see any of the attendees, please make them feel welcome. The Kentucky Arts Council will be hosting an event at Churchill’s on Thursday evening for the conference. Mr. Isaacs along with members of the Bluegrass Alliance will be attending the marketing trip in Atlanta next week. The owner of the new “Wing’s Restaurant will be our guest speaker at the meeting on the 18th.

**Parks – T. Schultz**

Next meeting will be Sept. 28th.

**Personnel – C. Wilson**

No report.

**Public Works – J. Little**

Next meeting will be Oct. 2nd.

**PUBLIC COMMENTS:**

David Rowlette, Executive Director of the Berea Chamber of Commerce gave an update on the preparation work for the Spoon Bread Festival. He distributed a schedule of daily events. They are in need of volunteers; anyone can go to the web-site to volunteer.

Ed LaFontaine; he thanked Mr. Little for going to bat for the people in this town. He stated that Mr. Schultz had asked a question of what is in the power of this council, he did not hear an answer. Mr. Fraley; good point; we are currently getting our power from KU, what value is added to this community by going outsourcing? It appears that we are not going to find ourselves with a new obligation in the next 10-14 days, however Mr. Little shed a light on; we let 70 days pass when this council expected an agreement would be entered into with AMP and that did not take place? He is concerned that the city of Berea will be surprised in 10-14 days, that we do have a new obligation. He hopes each of the council members will not let that take place until more is understood about what’s going on with our electric service.

**CITY ADMINISTRATOR’S REPORT – R. STONE**

- During our meeting we will address the time lapse that has been brought forward for the signing of the contract. The administration did everything they could in the framework they were given.

- The Robotic Total Station bid we opened this evening is one of the most valuable pieces of equipment we use. It will be used mainly in the Utilities, but can be used in other departments.
- Due to the change orders for our building, the construction project is being pushed to back to the first of November. We won't move in to the building until all the punch list items have been completed, and approved.
- Last week we received notice from the Department of Local Government that the Parks & Rec Department will receive a \$75,000 grant towards installing a Splash Pad at the pool.
- The roof replacement on the Intergeneration Building will begin tomorrow. Our insurance adjuster looked at the roof and there was hail damage, so the insurance will cover half of the cost.
- The plans for the US25 North Project has been submitted to Frankfort; we expect bid letting to take place in October.
- The Indian Fort Trail Project is moving slowly, but checks have been delivered for the Rights-of-Ways except for two properties that we need court approval for Right-of-Entry. We hope to move forward with the project by late fall or early winter.

Little stated that he was really impressed with our new building, it is going to be a big asset to our city. Stone added that the people who will be using this building helped design it's for usage for the next fifty-years.

**MAYOR'S COMMENTS:**

Mayor Connelly summarized a legal opinion he received regarding the Berea Housing Authority; the letter will be made part of the record/minutes. He also received a letter from the Office of the Governor regarding the "Status of the Berea Tourism Commission as a Special Purpose Governmental Entity". The letter will also be made part of record/minutes.

**COUNCIL COMMENTS:**

**Davis** - He wonders why we have KYMEA, but is willing to listen and learn.

**Schultz** – During his campaign he attended many meetings including the ones the previous council was in on, he is still confused about a few things. This is a large undertaking for the city to do, we need to do it right, and only with one entity. He would like to hear more things to clear up some of his questions.

**Wooten** – He met with Doris Wyatt last week; it was a good meeting. Doris also made it clear that the city has little, or no input on the workings of the Housing Authority. He had a follow-up meeting with Mr. Stone, the mayor, and Mr. Fraley to discuss forming a partnership with the Housing Authority to see if they would be willing to work with the city to help make the lives of the residents better. We as a council can help them on some of their projects. A newly Municipal Order will be brought forth regarding

transparency in the city. His Public Relations class at the college, in collaboration with the Chamber of Commerce, will hold a "Berea Business Fest", Monday, Nov. 13th, noon to 2pm. Local business will be invited to come to campus and market their business.

**Terrill** – He encouraged Randy to try and get the AMP representatives here quicker so we can put this discussion about the electric to bed.

**Little** – We are all lucky to be here tonight, our thoughts and prayers need to be with the flood victims and people who have lost their homes.

Meeting adjourned: 8:14 p.m.