COMMONWEALTH OF KENTUCKY

IN RE: KENTUCKY RIVER AUTHORITY

MEETING NO. 189

________________________________

November 29, 2018
1:00 P.M.
Bush Building
Wapping Street
Frankfort, Kentucky

________________________________

APPEARANCES

Mike Flynn
CHAIR

Huston Wells
Jonathan Lang
Thomas Stephens
Mark Smith
Barry Sanders
Kevin Rogers
Angela Muncy
Charles Snavely
Melinda Hill
(Proxy for Finance &
Admin. Cabinet)
KENTUCKY RIVER AUTHORITY

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Chris Lewis
GENERAL COUNSEL
FINANCE & ADMINISTRATION
CABINET

Robin Antenucci
Malissa McAlister
John Brady
Billy Aldridge
Kara Smothermon
Daniel Gilbert
Kevin Crump
Ton Calkins
GUESTS
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MOTIONS

MOTION TO APPROVE
MINUTES OF MEETING
NO. 188 ..................PAGE 25, LINE 6

MR. WELLS: So moved.
CHAIRMAN FLYNN: I have a motion.
MS. HILL: Second.
CHAIRMAN FLYNN: I have a second. Any discussion on those minutes? Anybody want to make a comment or have any concerns about those minutes? Seeing none, all in favor say aye. Any opposed? The motion passes for approval of those minutes.

MOTION TO APPROVE
FINANCIAL REPORTS..........PAGE 13, LINE 23

MR. STEPHENS: I’ll move to approve the Financial Reports.
MS. HILL: Second.
CHAIRMAN FLYNN: I have a motion and a second. Any further discussion? All in favor, say aye. Any opposed? Motion carries.

MOTION TO APPROVE
2018/2019 KRA WATERSHED
GRANT APPLICATIONS:
RED BIRD MISSION, $3,000;
CITY OF HUSTONVILLE, $2,700;
CITY OF NICHOLASVILLE, $3,000;
KNOTT COUNTY CREEKS AND STREAMS, $3,000;
CITY OF HINDMAN, $800;
HENRY COUNTY MIDDLE SCHOOL, $2,500 ..................PAGE 32, LINE 13

MR. SNAVELY: I move we accept.
MR. ROGERS: Second.
CHAIRMAN FLYNN: I have a motion and a second. Any further discussion? All in favor, say aye. Any opposed? The motion carries.
MOTIONS
(Continued)

MOTION TO APPROVE
BLUEGRASS WATER SUPPLY
COMMISSION CONTRACT
FOR REMAINING BALANCE
OF $38,578.58 ............PAGE 50, LINE 24

MR. STEPHENS: I’ll make the motion.
MS. HILL: Second.
CHAIRMAN FLYNN: I have a motion and a second. Any further discussion? All in favor, say aye. Any opposed? Motion carries. (Note: Kevin Rogers recused himself from voting).

MOTION TO APPROVE KRA
STAFFING POSITIONS:
RE-CLASSIFY LOCKMASTER I
TO A LOCKMASTER II;
FILL TWO LOCKMASTER I
POSITIONS; HIRE A
FINANCIAL OFFICER.........PAGE 64, LINE 8

MR. SNAVELY: I’d move to accept David’s recommendations and proceed.
MR. LANG: I’ll second that.
CHAIRMAN FLYNN: Any further discussion? All in favor, say aye. Any opposed? Motion passes. (Note: Thomas Stephens recused himself from voting).

MOTION TO ADJOURN........PAGE 75, LINE 4

MS. HILL: So moved.
MR. SMITH: Second.
CHAIRMAN FLYNN: I will call this meeting to order. Do we have any comments from the general public? Anybody here that wants to address the Board?

With that, I do want to announce, we do have a new Board member with us today, Ms. Angela Muncy, and good to have her on board. She was just recently appointed and good to have her as a Board member on KRA.

Also, Judge Wells was reappointed. Good to have him back. And, then, Mayor Harold Rainwater was reappointed as well and good to have both those gentlemen back with us and offering their services to the Board.

So, I appreciate that and look forward to working with Ms. Muncy and Mr. Wells and Mr. Rainwater in the coming year.

With that, we will go to Item No. 3 on the agenda which is approval of the minutes from I think it was Meeting 188, if I'm not mistaken. You should have received those in an email and been able to review those.

So, with that, I will take a motion to approve those minutes.

MR. WELLS: So moved.
CHAIRMAN FLYNN: I have a motion.

MS. HILL: Second.

CHAIRMAN FLYNN: I have a second. Any discussion on those minutes? Anybody want to make a comment or have any concerns about those minutes?

Seeing none, all in favor say aye. Any opposed? The motion passes for approval of those minutes.

The next item on the agenda is the Financial Report, and I’ve asked David to condense his Financial Report a little bit due to the interest of time. So, he’s going to hit some of the highlights on that, maybe something we don’t regularly see in order that we can move that forward as well.

MR. HAMILTON: You have no complaints from me. I usually get a little dry throat by the time I get through all this. So, I’m glad to hear it.

You should have received Financial Reports for the first quarter of the 2019 fiscal year, so, months ending July, August and September. Like Mike said, I’ll just go ahead and
hit the highlights. If you have any questions after
going through those or as I’m going through them
now, feel free to speak up at anytime.

The Tier I General Operations
Fund began a balance with $654,853.16. After the
normal fee receipts for the month and operating
expenses for the month which are fairly typical - we
did have professional services which was entirely
comprised of our Crown Services’ lockmasters - the
Tier I ended the month with a balance of
$635,213.97.

Dam Maintenance Fund, not a
lot of activity other than interest income, and that
account for that fund closed the month of July with
a balance of $4,302,395.72.

Very little activity in the
Equipment Replacement Fund. This is primarily
funded with navigation chart sales. We did have one
chart sale in July.

One thing that we’ve talked
about, during the period I was gone and
Administrative Services took over, one thing they
pointed out was that we should be collecting sales
tax. So, we’ve suspended sales of those temporarily
until we figure that out, what we need to do. So,
they are still available on our web page but we’re not printing those out for sale at the moment. So, you won’t see any sales in the next couple of months’ reports.

The General Fund, one thing I will highlight in here, again, this is the start of the fiscal year. So, our General Fund allotment for our lock and dam operations this year is $282,700.

We had a budget cut during the last fiscal year and, so, we ended up at $245,000 I believe was what we ended up after the mid-year deduction that we had to take. So, it’s slightly higher than last fiscal year.

We have an unexpended balance through the end of July of $243,360 left in that account and, then, pretty much ordinary expenses in our Capital Project Funds which consist of the Dam 10 construction project and the clearing accounts associated with Dam 10 and Dam 8.

And, again, if you will remember from the last meeting, those had interest payments that were held back from the last month of last fiscal year due to the changeover in eMars.

Any questions on July’s report?
August, I’ll hit on the highlights there. In our General Operations Fund, the only thing billed out of that for professional services was $320. That was for the reporting services for the Board meeting.

And as I’ll get down here to our Tier I Fund, typically, we would pay for our temporary lockmasters out of this fund but it was incorrectly billed to our General Fund, and you’ll see that as I get down further.

That Tier I Fund ended with a cash balance in August of $495,846.80.

The Tier II Dam Maintenance Fund, we did have some deposits from our typical Tier II fee receipts. We did have a quarterly debt service payment of $1,200,076.81 that occurred in the month of August and that left the fund with a cash balance at month end of $3,124,894.55.

Again, the Equipment Replacement Fund did not have any activity.

And, then, getting back to the General Fund, you will see in August, we had an operating expense of $19,045.95 for payments to Crown Services for three lockmasters. This, again, should have been billed out of our Tier I Fund.
And, so, we will move that actual payment so that it is reflected in future Financial Reports to come out of our Tier I General Operations Fund.

MR. STEPHENS: David, what do we pay our lockmasters? Hourly?

MR. HAMILTON: For the temps?

MR. STEPHENS: Yes.

MR. HAMILTON: It’s through Crown. What we pay Crown is not necessarily what they pay but it is roughly for a full year for a lockmaster - now, it will vary because they’re just hourly - if they’re not there, they’re not getting paid - but it’s in the neighborhood of mid-forties to fifty through the temp.

So, it went up significantly when the last master agreement was renewed through Crown and it’s got all kinds. It’s got pastry chefs, it’s got all of them. And for whatever reason, Lockmaster I went--do you remember what the rates were, Sue?

MS. ELLISTON: I want to say it’s around $18, $20 by the time we pay----

MR. HAMILTON: What we’re paying Crown. Now, their actual take home, I believe, is around $13 per hour, in that
neighborhood.

MS. ELLISTON: It’s around $12, I believe, for them, for the actual take home.

MR. HAMILTON: The Capital Project Funds in August, we did have some expenditures for construction. That fund closed the month with a balance of $25,854,396.89.

The other activity that’s significant this month is the Dam 8 Renovation Fund. We had architect/engineering fees of $7,210.53. That’s most likely the last payment that is required to come out of that Dam 8 Renovation Fund. That was for a one-year warranty inspection and just project wrap-up.

So, the ending balance for the Dam 8 Renovation Fund is $44,081.73. So, we should be able to work with O&M and the Budget Office to proceed with closing out that account, returning those funds to our Tier II Dam Maintenance Fund.

Any questions on August?

Moving to the final month, September, again, we had the same problem in September as we had in August where the Crown Services’ lockmasters were paid out of our General Fund instead of the Tier I. Again, that will be
corrected.

The month-end balances for Tier I were $533,195.36.

Cash balance for the Tier II Dam Maintenance Fund was $3,455,116.66.

Again, no activity in the KRA Equipment Replacement Fund.

The General Fund allotment ended with an unexpended balance of $178,094.82.

Once those corrections are made on the Crown billings, that will go up significantly.

Capital Project Funds, Dam 10 had construction and architectural expenses during the month. It closed the month with a cash balance of $25,117,706.29. It had interest income with it’s clearing account as well as the Dam 8 project.

Any questions on that month or any of the other Financial Reports?

CHAIRMAN FLYNN: Questions for David from the Board? With that, I will take a motion to approve each of the Financial Reports from July, August and September.

MR. STEPHENS: I’ll move to approve the Financial Reports.

MS. HILL: Second.
CHAIRMAN FLYNN: I have a motion and a second. Any further discussion? All in favor, say aye. Any opposed? Motion carries.

One of the items I failed to do - I made intros for the new folks that are on the Board but we didn’t go around the room.

And it would probably be a good idea so the Board knows who is in the room with us that we go around the room because I’ve got some friends that are sitting to my left that I want to make sure they’re identified before they leave and they get their due.

So, we will go around the room and, then, I’ll introduce Ms. McAlister with UK.

(INTRODUCTIONS)

CHAIRMAN FLYNN: All right.

Thank you, folks, for coming today. We appreciate that.

And, then, as far as Mr. Kay, we’ve talked to Mr. Kay and Mayor Rainwater both and both of them had made contact with me and David in regard to them not being here today. I think one was a funeral and another obligation. So, I wanted to excuse them for not being at the meeting today.

All right. With that, we will
move to Item No. 5 on our agenda which is
coloration of Watershed Management grants and we
have today with us Ms. Malissa McAlister from UK and
she has been here for several years. So, I’ll let
her explain what she has got before us today.

MR. HAMILTON: Do you want to
give some background information first real quick —
we’ve got some new Board members — as far as what
this is a part of?

And there is a one-sheet kind
of summary that I passed out just at the start of
the meeting. This is part of the Watershed
Management Program that we fund through our contract
with the University of Kentucky Water Resources
Research Institute.

It’s a longstanding contract
that we’ve had for twenty-plus years. And one of
the line items that we included in that contract was
for small grants that they could utilize. They work
with a lot of small watershed groups that do a lot
of sampling efforts, and this gave some small grant
opportunities for some of these smaller groups to
actually start to do some water quality improvement
projects in the watersheds that they’re currently
sampling.
For the most part, they’re on the order of $3,000 per grant. Basically, the way we break that down is when we put the contract together in the spring, on that line item, we determine how much we want to commit to the grant program this year; and in most previous years, that’s been around $15,000, and we try to keep it in the neighborhood of $3,000. That way we can get about five of our applicants funded through this program.

So, in the past, what we’ve done is we’ve had UK come and give their recommendations to a Water Quality Subcommittee for consideration and they would come and present their recommendations to the full Board, but that subcommittee has not met actively for quite a while.

And, so, over the last several years, we’ve just been doing this method where they come directly to the Board giving us their recommendations.

And in the middle of that page are five or six criteria that that Water Quality Subcommittee came up with to kind of base our thinking of who should be awarded these grants, and that’s what UK has kind of based their
recommendations on.

Malissa will, then, proceed to give us her recommendations and take it to the full Board to decide which grants to award for this fiscal year.

I hope that wasn’t your first ten slides.

MS. McALISTER: I’ll try to keep it brief, but I will tell you that I work with almost all these groups regularly. So, I could go on for the whole meeting but I will not.

This map shows where the eleven applications were submitted from this year, and I always like it when they’re distributed well throughout the basin.

The stars are new applicants which is really fun to see because we have had a lot of repeat applicants. So, it’s nice to be able to support new initiatives.

David mentioned that this is critical seed money for little start-up projects. It’s amazing what kind of energy a grant of up to $3,000 can spark and it’s led to a lot of longer-term initiatives that have made a good impact.

So, since 2004, you all have
awarded eighty-nine grants totaling over $200,000.

This is one of the grants that was awarded last year in Letcher County and they’ve done a great outreach in the community with the school groups. They have a week-long day camp over the summer getting kids in the creek and teaching them about water.

These are the funding considerations. I won’t read through them all but distribute them broadly, kind of a variety of projects and we like to see new applicants to fund their interests.

So, I’m going to run through each of the applications. I think you have copies of them. I don’t know if you got a chance to read them. I just wanted to give an overview and, then, I will give you our funding recommendations.

The Red Bird River in Clay and Leslie Counties, there were two grant applications submitted for that watershed. It’s down here.

It’s in the South and Middle Fork of the Kentucky River and they are trying to supplement a bigger project that was funded by the Division of Water and address some failing septic systems, straight pipes and things like that to help homeowners attend an informational workshop and,
then, maybe get a free system pump-out and maybe minor repairs of their system.

AdventureServe Ministries has received a few grants from the River Authority. This is continuing to work there. They’ve made some really good progress. They have a nine-acre property in Wilmore and the Town Creek of Jessamine Creek flows through it and they’ve done a lot of enhancements to the creek.

They’re working really well with Asbury and the local schools to draw the kids there and help with tree-plantings on Arbor Day. They do environmental field days and this would continue those efforts.

The City of Hustonville I’ve been working with in this area for years now on the Dix River Watershed and this follows on a lot of activity to improve the Hanging Fork Creek.

I’ve had my eye on this property for a long time because it’s the only public park access I’m aware of on Hanging Fork and it is in Hustonville. It’s used a lot by the community. It’s right across from the elementary school.

We are trying to work with
Bluegrass ADD, the school and the city to develop an outdoor classroom, and the Hanging Fork Creek and Boston Creek join right there. They want to give access to the creek and have ways that they can get in and do some water sampling. So, that’s what that project is about.

Nicholasville is a new applicant. I’ve been wanting to work with them for a long time. The city applied to enhance – it’s another kind of down-trodden park area that has a creek flowing through it and they want to clean it up a little bit, take away some of the invasive plants, do a liter cleanup and hopefully do some kind of educational outreach there. So, it’s similar.

Bluegrass Greensource has received a few grants from you. They’re based in Lexington but they have a broad service area in Central Kentucky and they want to pilot a youth water camp in the summer, a week-long water camp with lots of hands-on and service-learning kind of activities with the idea of replicating it in the future and maybe throughout other areas in the basin.

Knott County, another surprise
entry this year that I was happy to see.
Troublesome Creek is a little bit troublesome.
They’ve got some water quality issues for sure.
They have high pathogen issues from sewage and some
other issues.

And, so, the Extension Office
and a local watershed group want to collaborate on
addressing that and do some water sampling and
outreach in the community. So, I was happy to see
that submission.

And, then, the City of Hindman
also submitted from Knott County wanting to do a
stream clean-up right downtown. So, they need to
work together, I think.

And, then, Henry County - have
not heard from them ever in the past either - and
this is a great example of how a little bit of money
stimulates a lot of ideas. They want to do water
testing. They want to look at impacts from runoff
from the school properties and ways to minimize the
runoff pollution.

They want to do a rain barrel
workshop in the community and, then, they want to
develop kind of a water education class for their
families to come in and have the middle school
students present that to their families. I thought
that was kind of fun.

And, then, finally,

Headwaters. We’ve worked with them quite a bit.
I’m working with them on a larger effort now. This
map over there is from a formal watershed plan that
was developed there and all the red areas show where
there is very inadequate what we call riparian
buffers. I don’t know if you know what that is but
the vegetated width all alongside the water that has
a lot of protective benefits to water quality.

And I have seen it firsthand.
The banks are falling off into the stream and the
roads are crumbling in and even a lot of the roads
just fall in the stream.

So, this is a demonstration
project to help people understand why we need to
preserve trees along the creek banks, and Whitesburg
has a trail that goes right through town along the
North Fork and it would be cited on that trail.
It’s actually so pretty and it would show people
with signage of what that’s all about and how they
that will be beneficial for them to duplicate on
their property.

I thought that was the last
one. Sorry. Red River Gorge, Kentucky Waterways Alliance, they’re doing a lot of work in Red River, and they asked for funding for canoes to help get students and other community volunteers onto the water for cleanup events which they’ve had a lot of and, then, also just kind of educational trips on the river.

So, it’s always really hard for me to make recommendations because I know them and I appreciate all the work that they’re trying to do, but this year, I kind of focused on the new applicants to try to stimulate this new activity. I feel like the others have stuff going that will keep going without the funding.

These are my funding recommendations. All of them are funded for what they requested except for Hindman.

There was an $800 remaining and I feel like Hindman could do a pretty good stream cleanup with T-shirts for $800 and I would really like to see them collaborate with the other Knott County applicant to make that a broader effort.

And I’ll also tell you that I do shepherd these projects along and give them
guidance and make sure that they do what they say and have a good impact.

I’m happy to answer any questions now or later.

MR. WELLS: Can I ask you a question, Malissa?

MS. McALISTER: Sure.

MR. WELLS: I think that’s great. In Franklin County, we have Elkhorn Creek and a huge valuable resource opportunity for us. A couple of groups have come to me about signage on the creek. You know about all of that.

MS. McALISTER: Yes.

MR. WELLS: Would something like that fit into this grant as an application for something like that?

MS. McALISTER: Yes. Some of these groups have requested funding for signage. And, actually, I’ve gotten so many requests about signage lately that at UK, I have a meeting tomorrow.

We are working on some templates of common water quality topics and information and graphics and narrative content that
people can just adapt and use in their own communities so that there’s a consistent message and is scientifically accurate and all that. So, hopefully that will be make it easier. So, yes, that’s a totally legitimate request.

MR. WELLS: Thank you.

MR. SNAVELY: I do have a question because I noticed in looking through the spreadsheet that not only did Mission apply for a grant but Eastern Kentucky PRIDE applied for a grant also.

MS. McALISTER: Yes.

MR. SNAVELY: Do they not have money?

MS. McALISTER: Eastern Kentucky PRIDE?

MR. SNAVELY: Yes.

MS. McALISTER: No. So, they’re all collaborating. The idea there was that they would both apply; and if they both were funded, they would work together and make sure they weren’t duplicating efforts. So, that’s what is going on, but they don’t have funding for this type of stuff.

MR. SNAVELY: That’s a Congressman Rogers’ initiative, right?
MS. McALISTER: Yes. They have in the past.

MS. MUNCY: Rid Bird Mission, Malissa, are they just with them and PRIDE or are they just concentrating on the Red Bird River or the Middle Fork of the Kentucky River also?

MS. McALISTER: I think Eastern Kentucky PRIDE was going to work on the Middle Fork but Red--I might have that reversed.

MS. MUNCY: That’s probably right because I know the last money that Red Bird Mission done, basically it had to be on the Red Bird.

MS. McALISTER: So, I did write this down. Red Bird Mission was going to work in the Red Bird River, Goose Creek and Middle Fork. Eastern Kentucky PRIDE was just in the Red Bird River. I know you know the area well.

MS. MUNCY: Very well.

MR. STEPHENS: I was going to say thank you for taking time to go through and vet these. I think I came to some different conclusions as I was reviewing the stuff last night and I’m not in a very good situation to make. I think those judgments, since you’re working with them, it’s
MS. McALISTER: So, we’re going to move this process up a little earlier next year so it will align better with UK’s timing; but if there is a group that wants to convene before the formal Board meeting to discuss these, I’m happy to do that.

MR. STEPHENS: I just wish we had more resources.

MS. McALISTER: Yes. I would love to fund all of them.

MR. SNAVELY: But there’s things in the Division of Water. We have 319 programs. So, there’s other people doing watershed management and they cooperate through the Water Resources Institute. So, it’s bigger than this.

MS. McALISTER: The beauty of these grants is they’re pretty simple and straightforward and the 319 grants have a 40% match and a lot of reporting; but, yes, definitely, a lot of these projects are in grant-funded areas.

MR. SNAVELY: I like that your concept is to award new applicants because, you’re right, some of the others are pretty established.

CHAIRMAN FLYNN: In moving
forward, I do like the new applications. And I
don’t know how we put out feelers maybe for folks
that are in the watershed to do that, Malissa.

MS. McALISTER: Throughout the
year when I’m at meetings or just in contact, I
mention the program. And, then, we do send it out
through ListSers and it seems like the word gets
out because every year, I mean, this year
especially, they just roll in.

CHAIRMAN FLYNN: And when they
find out there’s not a lot of red tape involved and
not a match and a lot of paperwork involved, then,
that’s going to entice them to submit.

But, then, on the backside of
that, I want to make - and there were some questions
- we want to make sure that the monies that are
appropriated, that we are seeing it, and it sounds
like you’re doing a very good job in overseeing that
those funds are being spent in the right manner.
So, we appreciate that.

MS. McALISTER: Right. As
soon as they are awarded, they sign an agreement,
committing to an interim and final report with a
budget, expenditures and pictures of work. And,
then, UK has added another layer of bureaucracy and
they have been auditing some of them. So, they are monitored.

MR. STEPHENS: How many followers do we have on social media and stuff? Is this a place that we put this out when we do the grant?

MR. HAMILTON: We haven’t put it on our Facebook in the past. We’re in the process of growing our Facebook. We just kind of started last year. My personal use of Facebook wasn’t vast enough to be able to jump right in, unfortunately. Sara, who was here before, helped greatly. She had a lot more with the local running communities, so, she was pretty familiar with pushing stuff out and all the other stuff you do, but we don’t currently have a tremendous social media presence. We have Facebook but it could be improved.

MS. McALISTER: It is good PR, and I can send you pictures from visiting these sites.

CHAIRMAN FLYNN: And one of the avenues that I know, aren’t we going to Louisville to set up at a conference?

MR. HAMILTON: Yes. That’s
January 22nd through 28th, the Louisville Boat Show.

CHAIRMAN FLYNN: So, those are the type of things where we promote our presence and the things that we offer as far as the River Authority.

MR. SNAVELY: But if you’re looking at getting the word out on the grant process, also you’ve got the online presence of the Water Resources Institute and the Watershed Watch. So, there’s a lot of connectivity of different organizations that could get the word out, too.

MR. STEPHENS: I had had some conversations with the Governor’s Office and they had different ideas on wetland grants and stuff, and the one that I kept coming back to - I think I brought it up in other meetings - was at Fort Boonesborough. You used to have Boonesborough Beach, and, then, we’re spending all that money with the associated dam repair and whatever.

If there was an opportunity for them to look broader at some sort of opportunity there in a restoration type project. I’ve been up there. We’ve been there in the last six months.

I was going to say, some of the different groups, I mean, I know that like the
Frankfort Boat Club is super active. If somebody put something on their Facebook social media, it would probably get some hits. You’ve got the new boat club that’s in the pool below that has the— it’s not an RV park but it kind of is, the campground, some of those.

If you just want generic thumbs-up, it will start to do it. I’m sure those folks all are pretty active.

MS. ELLISTON: They do follow our Facebook. I know when I put things on there as far as the locks and things like that, they will put things on their page.

MR. STEPHENS: If there’s something that’s coming out like a re-branding or just a re-launch or comments or whatever, I could hit the—I’m in the (inaudible) in Lexington. I know they do an event down here. I mean, we could hit some of those obvious ones and just get some hits maybe.

It’s so hard if you’re not paying for content. I think Facebook is only like 1% of impression, something like that, will get re-posted.

MS. ELLISTON: And it’s
actually linked up with my personal Facebook.

MR. STEPHENS: Yes, and that’s not exactly what you want.

CHAIRMAN FLYNN: Any other comments or questions for Ms. Malissa? All right. Well, we have her recommendation, and with that, I will take a motion to accept Ms. McAlister’s recommendation for funding of these grants.

MR. SNAVELY: I move we accept.

MR. ROGERS: Second.

CHAIRMAN FLYNN: I have a motion and a second. Any further discussion? All in favor, say aye. Any opposed? The motion carries.

Thank you, Ms. Malissa. We appreciate it. We appreciate the work that you do. David, I think you’re next on the agenda for Item No. 6, consideration of KRA water withdrawal fee exemption for golf courses.

MR. HAMILTON: I mentioned this briefly at the last Board meeting. I came back with a little bit better information.

A little background about how this came about is the KRA was contacted at our
office by a couple of golf course owners. One of them actually was outside the basin because this became more of a statewide effort to say can we reduce having to report our water usage, because all across the state, any water withdrawers have to report their water withdrawals to the Kentucky Division of Water.

Those within the Kentucky River Basin also report usage to us for which they get billed.

We’ve gotten some inquiries from Senator Schickel’s office, just that they’re interested to see what was going on but really no directional guidance or push from that office.

A little bit of background about what type of users that consists of. In the Kentucky River Basin, currently we have seventeen golf courses that are fee-paying entities.

I looked at one full fiscal year and the total fees paid by these seventeen courses for an entire year was $4,344. That comes out to an average of about $255 per course per year.

That compares to--the golf courses are just Tier I fee which is the smaller fee. That’s the 2.2 cents per thousand. That’s for
anybody out in the basin. So, it’s a much smaller fee. So, I didn’t compare it to what the big river users withdraw but just the Tier I usage.

So, the Tier I usage that we collect for all users for that year was $926,717. So, again, the golf courses’ portion of that Tier I collection was $4,344. So, that’s just under or just over a half of 1%. So, it’s a pretty small amount of our Tier I collections.

MR. STEPHENS: You catch just the private golf courses or does this include any state park?

MR. HAMILTON: It includes public or private, yes. I’m trying to think. For the most part, they’re like university clubs. I guess that would be considered public. We’ve got a couple of those - EKU, Arlington.

MR. STEPHENS: I think I misspoke. I was thinking more along the lines of are any of these state parks?

MR. HAMILTON: I do not believe we currently have a state park.

MR. STEPHENS: So, they’re not obligated to pay additional?

MR. HAMILTON: No.
MR. STEPHENS: I don’t think it changes my thought process.

MR. HAMILTON: A little bit more background information. So, our water user fees are spelled out in statute and in administrative regulation. Particularly, the KRS statute 151.723 states: The Authority shall define by administrative regulation those uses of the Kentucky River or the waters of the Kentucky River Basin subject to a water use fee.

And in the statute, it actually says water use fees shall not apply to facilities using water for agricultural purposes. So, the agricultural purpose exemption is already spelled out in the statute and it talks about other collection things.

So, the administrative regulation where we spell that out is in 420 KAR 1:040 in Section 3: Persons exempt from paying Tier I fee: The only exemption, again, we restate the agricultural use exemption that was spelled out in the statute, and, then, the only one we add is a person whose gross withdrawal of surface water or groundwater from the Kentucky River Basin is less than ten thousand gallons per day. So, that works
out to roughly a million gallons per month. So, that’s kind of the floor that we don’t charge any kind of fee. So, that’s the only current exemptions that we have.

I’ve talked to a few of the Board members and the Secretary of Finance just to kind of get their feeling on the matter.

At this point, I would not recommend changing our exemptions for a couple of reasons. One, as several people pointed out, why break them out versus quarries versus distilleries, all the other small fee payors that currently pay us.

And, then, secondly, there are golf courses that don’t necessarily draw their water themselves such as Juniper getting their water from the City of Frankfort and there’s a fee that the City of Frankfort pays that gets passed on to those type of golf courses.

So, you would be essentially exempting golf course that would draw their own water and not necessarily exempting courses that are having to pay that fee indirectly through their water bill.

So, I wouldn’t recommend doing
 anything with it at this time. I think it would have to be part of a broader look at our fee system. If you really wanted to make some major changes of exempting certain groups, just piecemeal I don’t think is the way to go about it.

MR. WELLS: Do you think that’s necessary that we look at it in a broader term at some point in time?

MR. HAMILTON: It was brought up one time back when Don Morse was here, and he was almost to the point because they’re so small compared, even when you added in the quarries and the coal-wash facilities and the distilleries I guess are the main categories, they pale in comparison so much to the water utilities, that he had tried – and this goes back fifteen years ago – and it didn’t fly then.

I think you would have to look budgetarily just to see what kind of impacts you would have.

MR. WELLS: I’m not asking that to have you do it. You had mentioned that, that we would have to look at it in a broader scope. I didn’t know whether that’s something you were thinking we should do or shouldn’t do.
MR. HAMILTON: I’m not recommending that at this time.

MR. WELLS: Okay. That’s fine.

MR. HAMILTON: Unless if directed to do so.

MR. WELLS: Has this fee been constant for----

MR. HAMILTON: The Tier I has been constant for twenty years.

MR. SNAVELY: You could tell them that you appreciate them making the request but we didn’t realize the fee was so low.

MR. STEPHENS: Can you make that motion?

CHAIRMAN FLYNN: If your recommendation is that we take no action, then, there’s no action to be taken. So, we’ll just move forward, then. Does he expect response from you? Is there a response?

MR. HAMILTON: I indicated on the phone talking to them the way the Board was leaning. I’ll touch base with them again and tell them.

CHAIRMAN FLYNN: I think that
would be our direction to just make contact with him and let him know that the general consensus of the Board at this time is that no changes will be made.

MR. SMITH: And that’s Senator Schickel?

MR. HAMILTON: Yes. I didn’t talk to him directly. It was a lady in his office.

CHAIRMAN FLYNN: Any other questions or comments about Item 6?

Moving forward to Item No. 7, consideration of Bluegrass Water Supply Commission contract. And, of course, as introduced, we do have Mr. Calkins here with us today.

I think he and David are going to tag-team this. I don’t know if Kevin is going to help out but I think they’re asking for an extension of this contract in order that some funds can be expended from what was the Bluegrass Water Supply Commission that was formed some years ago to look at the concepts for water supply to the Central Kentucky area which I personally thought was a very good idea, and I hate to see that that’s not still going; but in any regards, I’m not going to cry over spilled milk. You’ve got to move forward.

So, with that, I will let
David and Tom take the floor.

MR. HAMILTON: You should have in your information – this came in this morning – it wasn’t in the emailed-out package, unfortunately – is the contract from last year for the Bluegrass Water Supply Commission.

And, typically, this would be one of the contracts we bring up in the February meeting or the May meeting so that we can have it ready for the following fiscal year along with our UK contract or USGS contract.

Early this spring, the Bluegrass Water Supply Commission was not for sure if they were going to try to renew that and just relinquish those funds.

They approached us a month or so ago and said they were interested in seeing if they could renew that for this fiscal year. And, so, that’s what this item is for, albeit a little bit late or later than we usually would do it.

In the contract, I’ve highlighted with a star several of the items. Again, the printed-out copy is from last year’s contract.

So, the only remaining balance
we have in this fund is $38,578.58. So, that would
be what the contract total would be.

On the second page - it’s two-
sided printed - I highlighted the background of
where these grant funds come from. It was put in
the 2006/2008 budget of the Commonwealth for a grant
in the amount of originally $900,000.

It was essentially pass-thru
money through the Kentucky River Authority for the
use and benefit of the Bluegrass Water Supply
Commission. And, so, the KRA has been overseeing
those funds since that time.

The second highlight is on
page 4 - pricing - particularly the second paragraph
there.

The Kentucky River Authority
will pay to the Bluegrass Water Supply Commission
other costs of a regional water supply project upon
submission of a project acceptable to the Kentucky
River Authority Board and upon submission of
acceptable documentation of costs incurred for the
submitted project.

And Tom can fill you in a
little bit more about the communities that were a
part of the Bluegrass Water Supply Commission, but
essentially every community was given, was it an

equal share?

MR. CALKINS: They submitted
grant requests as an individual member and that will
be eight members at that time of BWSC. We had six
members that came in and we capped any one member
allotment or share at $100,000.

So, there was a total--after
the KACO and KLC loans, operational loans were paid
off out of the $900,000, there was around $550,000
left, and we came up with $545,000 in projects, of
which all has been spent to date except for the
remaining $30,000 for the City of Paris and that’s
where we are right now.

MR. HAMILTON: Do you want to
give background information about what Paris is
wanting to do specifically?

MR. CALKINS: Yes. Kevin is
here to address that.

MR. CRUMP: We have our own
treatment plant, of course, that is withdrawing from
the Licking River Basin, but there’s consideration
that it’s getting close to capacity and we would
make an interconnection with Kentucky American or
whoever, which they’re the most logical one, the
closest.

There was also a study to do that or expand the plant or do both and that’s still ongoing. One reason it has taken a while, and I’ll make some excuses here, we’ve had like four City Managers in the last ten years. It seems like every time we bring somebody on, we have to start over again.

But in that time, I’ve retired and, then, the other guy that replaced me retired. So, it’s just been a lot of turnover there and it’s been dragging on, but they are in the process right now.

They have an engineering firm that’s looking at, like I said, maybe an expansion of the plant plus a connection with Kentucky American to kind of feel out which way would be best, or, like I said, maybe a hybrid with both.

And one of the things that’s kind of holding it up right at the moment is we’re asking the Division of I guess Watershed Management for more withdrawal from the Stoner Creek and that’s kind of where it is right now and there’s a lot of red tape that goes with that.

So, we’re in the process of
doing that. When we get the invoices submitted from HMB Engineers, then, we would be able to put those on for the grant.

MR. CALKINS: David, the Chairman mentioned about the project and it didn’t work out. Well, maybe not the way it was originally conceived, but it really did work out because there were three major components.

There was raw water intake improvements to address the raw water shortage that we had, deficit. Then we also had the treatment deficit which was addressed at Pool 3 and put online in April of 2010 by Kentucky American.

The third part, the third ring in the plan was the interconnectivity amongst the members which at that time there were nine members. And the majority of the projects in which we were spending the remaining grant money were just those kinds of projects.

Kevin mentioned one. The Nicholasville project is now under construction where Nicholasville will be interconnected through a water district and, then, as a result of that, also being connected indirectly, so to speak, with Kentucky American.
So, we’re trying to use the rest of the money on interconnectivity and the analysis of the interconnectivity.

CHAIRMAN FLYNN: Do you have any more, David?

MR. HAMILTON: No. That was pretty much it. The rest of the contract is boilerplate stuff from procurement.

CHAIRMAN FLYNN: So, when these funds are expended, then, this goes away.

MR. CALKINS: Closed out.

CHAIRMAN FLYNN: This is just a pass-thru cost.

MR. HAMILTON: There will be a small balance.

MR. CALKINS: About $4,200, in that range, $4,000.

MR. HAMILTON: So, there may be some leftover. We’ll have to figure out what to do with that.

MR. CALKINS: We had talked before as a group, maybe that could assist in a small way with some of the help that we received from you all.

MR. ROGERS: And, Mike, since
Kentucky American is a part of this discussion, I need to recuse myself from the discussion.


Make sure to make that note.

All right. Do we have any questions from any of the Board members, for Tom or Kevin or David in regards to this?

MR. STEPHENS: I was just going to ask, what is the exact recommendation?

MR. HAMILTON: To renew the contract for the remaining balance of $38,578.58.

MR. WELLS: Which $4,200 would come back to the KRA.

MR. HAMILTON: Roughly that. They could bill all the way up to that. Basically, the contract would but it doesn’t sound like they’re planning to go that high. Because of the way they broke down the caps for each utility or each community, they----

MR. CRUMP: I believe it was $90,000 and we have spent some.

MR. HAMILTON: So, they’ll hit their cap before they hit----

MR. CALKINS: The Frankfort Plant Board was one of the earliest ones to spend
their $100,000, for instance, and they evaluated the Kentucky American interconnectivity at that time and determined it wasn’t as feasible as other raw water intake measures.

MR. HAMILTON: But just for cleanliness, go ahead and make it for the total remaining balance so that the Chair could sign. I think our new General Counsel, Chris Lewis, who we had asked to be here, will review it. It also goes through a committee, I believe, for approval and procurement, but that would allow it to go through this fiscal year.

If for some reason they can’t get it done this year, we’d probably bring it back before the KRA Board in February or May to get it renewed for FY ’20.

MR. WELLS: I know it can’t be done because there’s nothing easy about money being returned, but just as a general thought after listening to her and her needs for these grants, could that remaining money, could we earmark that, whatever monies that come back be earmarked towards an addition to her $15,000?

MR. HAMILTON: She’s shaking her head, so, probably not.
MR. WELLS: Thanks for ruining my day, but, anyway, as I said, there’s nothing easy about returning money.

MR. HAMILTON: If I can do it legally, I will look into it.

MS. SMOTHERMON: Was the original money bond funds or General Fund?

MR. CALKINS: They were multi-county in the tobacco settlement, not the coal. It was the tobacco settlement.

MR. STEPHENS: Tobacco severance funds.

MR. CALKINS: Under a multi-county, yes. The original 2006 grant was re-purposed in 2011 in House Bill 4. So, it is technically now I’m told by people in the know in Frankfort, it is a House Bill 4 grant at this point.

MS. SMOTHERMON: The original authorization fund was for the Bluegrass Water Supply Commission and we can’t just make new usage of it. So, it’s Bluegrass Water Supply Commission and it just happened to flow through the River Authority for lots of reasons but it goes back through a bills. So, we would have to look at the original source of funding.
MR. CALKINS: The reason it went through the Authority to begin with was basically at the protestation of the Authority at that time. They wanted nothing to do with it and that was the only way, however, politically we could get the votes that we needed to get the grant included in the budget.

MR. HAMILTON: Ralph Clanahan was one of your big fans, right?

MR. CALKINS: No.

MR. STEPHENS: To run a pipeline from Kentucky American Water to Bourbon County, is that pretty significant dollars?

MR. CRUMP: No, because we’re close.

MR. ROGERS: We’re close.

We’re within spitting distance.

MR. CRUMP: That’s one of the things that has been studied in the past. There are several points around where they are very close to us, but you’ve got to consider main strength and all of that where we can get volumes as needed and we think that probably the Lexington Road/Paris Pike connection to be the one and it’s probably less than maybe two miles or something like that.
MR. LANG: I noted you mentioned there’s been a lot of delays, but do you have any idea now on a time line?

MR. CRUMP: Well, it seems to be moving along pretty good and we have a City Manager that’s been there for a couple of years. So, I think it is moving on.

We tried to get it done before. They submitted what they were going to do and we submitted that, and, they said, well, no, that until you do it and it is moving on.

Like I said, we’re in the hold mold for the Division of Water and they’re the people to decide if we can withdraw more or can increase the plant size which would affect the size and the amount that we would be withdrawing from Kentucky American if that connection is made.

MR. SNAVELY: I wrote it down.

CHAIRMAN FLYNN: All right.

Any further discussion? I will take a motion to approve the request that David has made for the approval of this contract for the funds remaining to go to Paris in that amount.

MR. STEPHENS: I’ll make the motion.
MS. HILL: Second.

CHAIRMAN FLYNN: I have a motion and a second. Any further discussion? All in favor, say aye. Any opposed? Motion carries.

(Kevin Rogers recused himself from voting)

Thank you, gentlemen, for coming and we appreciate the information.

MR. CALKINS: And congratulations on your Executive Director. A wonderful breath of fresh air.

CHAIRMAN FLYNN: You’ve got to know those two - I worked with them - but, anyway, moving on to Item No. 8, consideration of KRA staffing. David.

MR. HAMILTON: As you’re aware, we’re working with limited staff right now. The KRA currently has an employee cap of ten positions. Right now we only have five of those positions filled - myself, Sue here at the office, Bobby as Program Coordinator over at Lock 4 and, then, two full-time lockmasters.

I projected out what our personnel costs for the year would be given our actual personnel through November and just projected out those numbers through the remainder of the
fiscal year and that would put us at just over
$600,000 projected personnel costs - that’s salaries
and benefits - through the remainder of the fiscal
year.

MR. WELLS: If you had five
additional?

MR. HAMILTON: No. If we made
no changes.

MR. WELLS: If you made no
changes.

MR. HAMILTON: If we just go
with the current status quo.

Budget-wise, we have for both
fiscal year ’19 and ’20, we have just over $1
million budgeted for personnel costs. It goes up
slightly in FY ’20.

What I’m asking for today is
specifically three staffing items. The first
staffing item is we have one gentleman in a
Lockmaster I position who has met the years of work
as a lockmaster to meet the requirements to be a
Lockmaster II. We’d like to re-class him to a
Lockmaster II position. It’s not a huge budget
item. It would involve the 5% pay increase along
with all the other increases to FICA that would be
affected by that. That is the first item to have him re-classed from a Lockmaster I to a Lockmaster II.

The second item is approval to proceed to fill two of our Lockmaster I vacancies that we currently have. I’d like to go ahead and seek approval for both of those positions at this point since we won’t meet until February. It is kind of a lengthy process as far as it is just a standard merit position where we have to post it, interview.

MR. WELLS: Are those full- or part-time?

MR. HAMILTON: It would be a full-time position.

The second of the two - I’m going ahead and requesting both. The second of the two we may stagger just a little bit so that we could get that second one on closer to the middle of spring but well in time before lock seasons would start so we could get them properly trained and familiar with all the operating equipment on the locks, but that’s the second item is approval to fill two of the vacant Lockmaster I positions.

The third staffing approval
that I’m seeking today is for the hiring of Ms. Jennie Wolfe as the Financial Officer of the Kentucky River Authority. Many of you are familiar with her. Some of the Board members have overlapped with her. She spent three years here working as the Fiscal Officer for the KRA.

We have consulted with the Finance Cabinet, the Secretary’s Office. They are on board with this move.

MR. WELLS: This would be a transfer?

MR. HAMILTON: This would be a transfer to a nonmerit position. The goal would be to have it effective by January 1st. That would be the goal.

MR. WELLS: The total financial impact would be?

MR. HAMILTON: With that, again, I ran numbers with those changes and I ran two scenarios. One is for the remainder of this fiscal year because there were some higher spikes with Jerry’s separation from payouts for retirement and what-have-you.

And even with those, those kind of get washed out because we’re running pretty
lean right now employee-wise. I was gone for a couple of months. Right now we don’t have a financial person.

So, even with those spikes, with adding Ms. Wolfe, that puts us at year end at total personnel costs of around just over $680,000 for the remainder of this fiscal year.

And, then, going forward over the course of a full fiscal year, budget-wise, it puts us closer to $788,000 in the first fiscal year and $810,000 the second year, the difference being a little higher defined contributions in FY ‘20.

MR. STEPHENS: So, that’s all in. That’s all fringe benefit costs, salary, retirement?

MR. HAMILTON: Yes.

CHAIRMAN FLYNN: And your budgetary number was $1 million base. Is that what you said?

MR. HAMILTON: Yes.

MS. SMOTHERMON: If you had the lockmasters, would that reduce the need for Crown Services?

MR. HAMILTON: That would. What we did this year is we had, for most of the
year, we had Bobby, two full-timers and for most of
the year three temp guys through Crown.

Like I said earlier, Crown’s
master agreement rates have gone through the roof to
where, even though we’re not paying those guys
benefits, salary-wise, if they work a full year,
they’re coming out pretty close to what we’re paying
our full-timer guys. Now, there are certain caveats
you don’t have to worry about – unemployment or
benefits and stuff like that that Crown would have
to, but, financial-wise, a full-timer really does
not cost significantly more than a part-time or a
temp.

MR. LANG: Is it just Crown or
can you use Adecco?

MR. HAMILTON: We’re going to
look into that. In the past, we tried to get Adecco
and Staffmark. There were issues with vehicles and
what they could and couldn’t do, but somebody was
saying that they’ve kind of backed off on some of
those. So, it’s going to be worth a re-look to get
some more competitive prices and we can renegotiate
with Crown.

CHAIRMAN FLYNN: I’m in favor
of what you said; but I think moving forward, we
still have a few open lockmaster positions, and before we do that, I think we need to evaluate utilizing somebody like a Crown versus hiring them in-house because it fluctuates, it changes.

And as Crown increases their prices, then, it may make it more cost effective for us to have our own employees. You have a different control over those than you do with a temp because we use temp services and I know how it is and I know just exactly what you’re saying.

There’s always some type of little caveat or nuance with having a temp employee, something you can or can’t do. I don’t like that.

MR. STEPHENS: What’s the pay grade on a Lockmaster I?

MR. HAMILTON: It is an 8.

MR. STEPHENS: An 8.

MR. HAMILTON: We usually start them out close to the midpoint because it is such a low grade to make it high enough to where we can keep them because we have had issues with----

MR. STEPHENS: Have we historically done interims during the summer or did we back in the day maybe when it was----

MR. HAMILTON: Back in the day
and that’s something I’ve considered. I’d like to learn a little bit more about unemployment effects and stuff like that, but we have used like the seasonal guys in the past but that has been early 2000's since we did that. It’s been a long time.

MR. STEPHENS: Basically, an interim employee of the state system, if you’re not familiar with it, you can be employed for up to nine months and, then, you have to have a break in service. You’re not able to utilize all of the employee benefits. I don’t think you pay into the retirement.

So, it is. The trouble is just finding people. It was originally designed more for--Parks actually was a big utilizer. You would hire them at golf courses and they worked the summer schedule. It’s more if you can find them.

MR. HAMILTON: And nine months would be ideal for us because, in the winter, having a full crew, I mean, we could find work for them to do, but certainly during the lock season is really when you need duplicates and guys to be able to work the locks and guys to be able to perform maintenance at the same time.

MR. STEPHENS: These are also,
too, when you use an interim, irrespective of how you work them, they’re treated as hourly employees. So, you pay them out on that hourly schedule. So, that gives you more flexibility in some practices.

CHAIRMAN FLYNN: David, did you have anything else?

MR. HAMILTON: No. I think that was it.

MR. STEPHENS: For the record, I’ll recuse on the vote since this will all pass across my desk.

One of the things I can say, and Secretary Snayvel may have heard this before – I hope he doesn’t punch me in the shoulder. One of the things, there was an Executive Order that the Governor’s Office put out when he came in as far as looking at merit positions, and one of the things that is heavily scrutinized right now is overtime.

Well, I shouldn’t say that. It’s comp time, incurring comp time. And basically one of the decision factors is that if you’re not incurring overtime, they won’t let you add positions without a showing of why.

The problem is, I just ran new numbers on this, the average state employee which
would be higher than this with benefit computation and whatever else, it works out to over 2,000 hours on an annualized basis that we have to pay out in overtime to justify a new employee because of fringe benefit costs, the biggest one being the retirement contribution which is right now at eighty-three cents on the dollar of salary.

So, $10,000 in employment costs you an additional $8,300 in retirement contribution before FICA, before health insurance. Health insurance is about $7,000 is the employer contribution.

MR. SNAVELY: So, even though you hire a new employee and they do not participate in the pension plan, your budget will be charged for a pension contribution of 83% of their salary.

MR. STEPHENS: The way that we compute the retirement contributions is based on payroll. So, if you have an employee, irrespective of the fact they’re not going to get Tier 1 benefits or Tier 2 benefits or Tier maybe – we’re working into that Tier 3 model – they still pay in at the same rate.

MR. ROGERS: Labor dollars are labor dollars for that calculation.
MR. STEPHENS: Yes. The trouble is, it’s not actual labor dollars necessarily. It’s based on one thing and, then, you have changes through the year. You have more retirements and we don’t amortize the retirement costs across the agencies.

Probably nobody wants to hear this, but, for example, using Jerry as an example, let’s say Jerry when he retired had worked at different agencies.

If he worked here one day, if this was his last day of employment, this agency paid 100% of the cost of his service into the system that he might have been able to use towards his retirement. They paid 100% of the cost of his annual leave. They paid 100% of his comp balance. None of that is spread across another agency.

So, it’s a brutal hit and it’s very difficult to budget. In fact, it’s impossible to budget for it really.

MR. SNAVELY: We’re not allowed to budget it, are we, which is baffling?

MR. WELLS: It’s happening to all of us. The counties and the cities and all of us that are a part of the pension system, it’s huge.
MS. HILL: So, it’s kind of sounding to me, is interim kind of better costly to consider before we move forward on these lockmasters?

MR. STEPHENS: It’s really just a matter of can you find people.

MR. HAMILTON: The only thing I would add to that is, even with these two, and with these two, that would give us four plus Bobby. So, to be honest, we would probably even look for at least one more interim beyond that or a Crown.

MR. STEPHENS: We’re all fighting the same thing, right? Four percent unemployment.

MR. SNAVELY: Your decision is not that risky because you’re going to get turnover anyway. So, it’s not like you’re making a twenty-year decision.

MR. HAMILTON: I can attest we do have a lot of overtime issues. We’ve tried to fight for getting block fifties.

MR. SNAVELY: Tom didn’t tell you that part. We also have a memo that says don’t work overtime.

MR. STEPHENS: It’s just
really crazy written. It says don’t work overtime----

MR. SNAVELY: But you have to.

MR. STEPHENS: Yeah, but you have to, which we all do.

MR. HAMILTON: Just the nature of the locks where we’ll have a big water event; and if the guys don’t get out there mid-week and do an ounce of preventive work to get some logs out of the drift gap, it could mean a difference of spending a week out there trying to get that stuff cleared out. So, just the nature of the job or you have a special event where they have to get some boats through.

MR. SNAVELY: They have to work when the work is there.

MR. HAMILTON: Yes. I try to be pretty gracious with when they ask for time off because they’re pretty gracious for volunteering for when we need them.

MR. STEPHENS: It’s not like it rains in the summer here or anything.

MR. LANG: I think you’ve been looking for a financial person for a while, right?

MR. HAMILTON: Yes.

MR. WELLS: And that’s a good
one. She has been here. She’s been excellent.

MS. HILL: I would like to remind everyone, that name does not need to leave this room. It probably shouldn’t have been mentioned.

CHAIRMAN FLYNN: Well, don’t blame that on David. That was me.

MR. SNAVELY: I’d move to accept David’s recommendations and proceed.

MR. LANG: I’ll second that.

CHAIRMAN FLYNN: Any further discussion? All in favor, say aye. Any opposed?

Motion passes.

(Thomas Stephens recused himself from voting)

CHAIRMAN FLYNN: Thanks, David, for that. Thank you, Board, for approving that. I’m sure David is appreciative. I’m sure Bobby is appreciative.

MR. WELLS: Mr. Chair, I have to apologize. I have another meeting I have to get to. It’s at 3:00 in Lexington and I’m going to have to leave at this point in time.

CHAIRMAN FLYNN: I don’t think we have any more items that we have to make any decisions on or take any action. So, I think you’re
MR. WELLS: I apologize to the Board. Merry Christmas to everyone. Thank you.

CHAIRMAN FLYNN: All right, David, do you want to hit the Executive Director report?

MR. HAMILTON: All right. You should have a printout in front of you providing the recent activities at the Dam 10 project. Daniel Gilbert with Stantec is representing them here today if you have any detailed questions for him.

I’ll give a little update of where that project is. Through October 30th, through their last billing, they’ve billed just over $4.3 million of the contract. As a reminder, that total contract amount is just over $24.4 million.

To date, there have been no cost-related change orders. There are a few small ones that are being worked on. Some are adds, some are deducts but they are not substantial amounts.

The completion date has changed. The contractor is given particular water levels that they are given schedule extensions for and that has caused the completion date to spill over to the next construction season.
So, the new substantial completion date is set at June 1, 2021. The final completion date is currently set at July 1, 2021. So, those are likely to change between now and then but that’s what it currently is.

I mentioned to Mike whose intake is right there at the dam, there will be quite a bit of activity there tomorrow. They’re fixing to pour Cell No. 5. That will be the second of the full-size cells to be completely filled with concrete, as far as the tremie concrete that is.

Again, the sheet that I handed out gives some of the other activities that have been completed there.

We did get all the signatures required for the agreement with the adjacent farm owner and Parks who, if you will remember, had the car show, and part of the agreement for us to be able to utilize that bottom was to accommodate their car show.

Unfortunately, the lady who owned the adjacent farm passed away right before we were trying to get everything finalized. And thanks to the Finance Cabinet Secretary for really pushing that through because the ink was still drying as we
approached that car show. So, it was a very tight schedule.

We did get that signed. We heard back from Parks. It went really well. So, I think that’s going to really work out well throughout the course of this project.

The agreement was $100 a day which is a bargain, so, we paid the adjacent farm owner $300 and the bill on the trolley service was – I wrote it down somewhere – probably on a scrap and I left it in the office – four hundred and some-odd dollars for the trolley service. So, a really good bargain for what we’re getting out of that agreement to be able to utilize that bottomland.

Again, I’d like to thank Chris for being here. We asked him. He’s our new General Counsel. So, we get free legal advice from the Finance Cabinet. So, we appreciate you coming today. I believe that’s all I’ve got.

MR. STEPHENS: However it works out, I would enjoy an opportunity to go down there and see the construction at some point. I don’t know if anybody else wants to see it. I know you will want to go.

MR. LANG: Yes.
MR. SANDERS: I have just a quick question. Since delays have caused it to go into another construction season, has there been any indication or talk about extra cost because you’re having an extra winter?

MR. HAMILTON: Not on the construction side. That was pretty much assumed because it went right up to the end of the third construction season. So, in all reality, there was a pretty good likelihood that that was going to spill over; but in the past, there has not----

MR. SANDERS: Most of the time they haven’t?

MR. HAMILTON: No. We’ve had plenty. I mean, Dam 9 was two years.

MR. GILBERT: If there is a delay related to the river elevations, we get a day for a day within the construction season; and what we wanted to do was to be a little more fair this time. Instead of giving them the day off December 20th, give them a day that’s within the season.

David, we did get an inquiry the other day from the contractor whether that was a compensatory or a non-compensatory scheduled extension. So, the precedent that we’ve had in the
past is it’s been non-compensatory.

There is a potential if there was a scope addition or something that would drive them to keep their equipment over the winter, that might need to be negotiated in the future; but at the time, we don’t have any scheduled additions.

MR. HAMILTON: In the past, the bulk of the schedule overrun has been associated with just the contractor not being able to accomplish it. I would guess a small percentage of that is the actual days given.

MR. GILBERT: Our position would be now that we’ve pushed into 2021 from a non-compensatory standpoint, the schedule has already been extended.

CHAIRMAN FLYNN: Anybody have any questions for David on anything?

I don’t have anything on my report. I think we’ve discussed everything that needed to be discussed.

Our next meeting for the calendar year 2019, do we have that set?

MS. ELLISTON: We normally will meet again in February but I’ll have to get back with you on a date.
CHAIRMAN FLYNN: Okay.

MR. HAMILTON: One other thing and I mentioned it at the last meeting was putting together Board member informational packets. We’re still working on those. Those don’t necessarily have to be out at the Board meeting.

So, we’ll just distribute those when they’re done, and they’re anything from breaking down what our budget looked like last year, where the money went to operationally-wise to lock schedule. If you’re a Board member and somebody asks you when the locks were open, you would have that information at your fingertips. So, we’ll get that to you as soon as we get it cleaned up and put together.

CHAIRMAN FLYNN: Any other comments, questions? Anybody have anything else?

MS. HILL: I will say something. Something that was brought up in our meeting yesterday with the Secretary he wants looked into is possible fee schedule when we go work on days that the locks aren’t open and when we open the locks for for-profit companies and we’re not charging anything and they ask for special treatment.
What was it, Rolling Thunder, Rocking Thunder?

MR. HAMILTON: We have occasionally where Rocking Thunder, which is a commercial entity, but for the most part, they are normal hours.

Occasionally, they’ll have special events where they will want to come through and they will usually coordinate through Sue and she will check with Bobby and his guys to see if anybody is willing. Like I said, they’re very willing to work with us.

They don’t currently pay anything for that, for those overtime hours associated with that. And that was something that we have discussed back when Jerry was here. At that time, the locks had just been renovated. And I think his feeling was, we wanted to really drum up the use of it and try to pull back any kind of restrictions that would dissuade people from using the locks and one of those was a fee but that is something that we looked at.

And it’s not just your commercial vessels. There are also groups. We will get calls from a group of, say, three or four boats
that say we want to come up to Frankfort, spend a
couple of days and go out. Well, it’s hard to come
up—if it’s Friday, Saturday and Sunday, it’s hard
to come up Friday because it’s a 65-mile trip and
spend any time at all and, then, turn around.

So, a lot of them want to come
up on a Friday and they leave out as a group on
Wednesday.

So, one thing we discussed
over the last several years is tying some kind of
fee to that that would cover our lockmasters’
overtime or fees associated with that overtime.

CHAIRMAN FLYNN: The goal is
not money, to make money. The goal is to cover the
cost.

MR. SNAVELY: We’re doing the
same thing in our agencies. We’re really
scrutinizing what does it cost to provide services
and a large part is because of the increase in the
pension contributions. Our costs are going up,
therefore, our General Fund dollars are dwindling.
And, so, in order to just keep doing what we’re
supposed to do, we’re going to have to charge
people.

MR. HAMILTON: At the next
Board meeting, I will put together how many special 
lockages we had over the last couple of years and 
we’ll put together what that cost is associated with 
those hours and, then, maybe come with a proposal 
because the lock season won’t kick off until 
Memorial Day.

So, if we make a decision to 
do that, that gives us plenty of time to get the 
word out. And I think we put the caveat that it is 
contingent upon our lockmasters being available. 
It’s not if you request it, you will get it. It’s 
if our lock guys are able to do it.

MR. STEPHENS: One of the 
things this summer we experienced, we went and 
locked down through a couple of the pools below and 
it was interesting because it’s something we do 
rarely.

So, some of the things - and 
Bobby can attest to this - if you’re coming from up 
here and you haven’t been down there before, it’s 
like the first time, there’s this whole learning 
cycle to it because some of the signage is better 
going one way than the other, that type of thing.

MR. LANG: I think you’re 
right on the fees. We’ve done the same thing. It’s
a never-ending battle because people don’t understand. They think you’re trying to stick it to them when you say it costs me something to take a person to do this. You’re not trying to make money but you just want to cover your costs.

MR. HAMILTON: And there are other events. Like, a lot of times, we’ll have bass tournaments and they’ll say, can you open up Lock 1 early on Saturday and Sunday, say, like 6:00 a.m. for these tournaments and we’ll have a guy there. They can’t guarantee where the bass guys are going to go. They may go up Ohio or up some tributary, so, they obviously can’t make the guys go through, but, then, our guys will be there and nobody will decide to come through.

But if you have them pay and it’s going to be small. When you’ve got a whole tournament going on, it’s dollars to each individual angler. So, there are events like that, too, where we have extended hours. It’s not just mid-week.

But we’ll address that between now and the next Board meeting and come back with a proposal.

CHAIRMAN FLYNN: All right.

Good discussion. Any further discussion?
Seeing that there is none, I don’t think we have any Executive Session and I’ll take a motion to adjourn.

MS. HILL: So moved.
MR. SMITH: Second.
CHAIRMAN FLYNN: All in favor, say aye. Have a Merry Christmas.

MEETING ADJOURNED
STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Terri H. Pelosi, a notary public in and for the state and county aforesaid, do hereby certify that the foregoing pages are a true, correct and complete transcript of the proceeding taken down by me in the above-styled matter taken at the time and place set out in the caption hereof; that said proceedings were taken down by me in shorthand and afterwards transcribed by me; and that the appearances were as set out in the caption hereof.

Given under my hand as notary public aforesaid, this the 2nd day of December, 2018.

_______________________
Notary Public
State of Kentucky at Large