

Issue Paper No. 2 – Ways to Work Together  
Hardin County Water District No. 2  
Regional Wastewater Facilities Plan

This issue paper presents information regarding the different scenarios under which Hardin County utility providers can provide wastewater services to its citizens. The information presented in this issue paper will be discussed at Advisory Committee Meeting No. 2.

Ways to Work Together

As discussed in Advisory Committee Meeting No. 1, there are four scenarios of how legal entities can work together to accomplish this county-wide wastewater facilities plan. In order to proceed with efficient planning, a resolution to the question of how we will work together will be required. The four options are:

1. One County-wide Joint Sewer Authority (JSA). This option would create one sewerage authority and all city-run systems would be turned over to the new authority.
2. Cities operate own systems, and ONE county sanitation district (SD) is created to handle wastewater outside current city limits. The County SD would likely work cooperatively with the Cities, but may also own their own WWTP(s).
3. Cities operate own systems, and TWO county sanitation districts (SDs) are created to handle wastewater outside city limits. The County SDs would likely work cooperatively with the Cities, but may also own their own WWTP(s). Line of demarcation would logically follow current boundary for Water Districts.
4. Cities operate own systems, and TWO existing Water Districts (WDs) begin handling wastewater outside city limits. The County WDs would likely work cooperatively with the Cities, but may also own their own WWTP(s). Line of demarcation would logically follow current boundary for Water Districts.

Issue To Be Resolved

Determine which of the above alternatives should be pursued to establish the organizational framework to provide wastewater service to the citizens of Hardin County. A summary of the issues, advantages and disadvantages to each approach follows in the attached table. Several blank lines have been included to allow the Advisory Committee to establish other local advantages and disadvantages.

Discussion:

Several new issues were brought up in the discussion. The five new issues were added to the attached table.

Examples of JSAs include Owensboro and Paducah. Ballard County had started one, but it disbanded. Owensboro has been very successful in the start-up of their JSA, but keep in mind they had one 'city' and several outlying package plants when they formed. Paducah is still trying to consolidate their four utilities into one. The biggest challenges have been rates and condition of existing infrastructure for each entity. A statute requiring uniform rates for all customers within two years has been revised for them to allow a longer time to achieve uniform rates.



Issue Paper No. 2 – Ways to Work Together  
Hardin County Water District No. 2  
Regional Wastewater Facilities Plan

Cities can extend sewers outside their current city limits and also can set higher rates for customers outside city limits. Cities cannot make customers outside their corporate limits connect to the sewers.

Water Districts have the legal authority to provide sewer service. Since HCWD #1 serves water to Radcliff and Radcliff has their own sewer system, the HCWD#1 would obviously not provide sewer service to Radcliff.

PSC would likely go along with any wholesale rates established between cities and Water Districts as long as there was agreement between the parties. PSC would regulate how much a WD could charge their sewer customers.

If a city had received any federal money (grant or loan) for construction of their current treatment facilities and there was some reserve capacity available, the city would be obligated to accept wastewater from sources outside of the city limits. The city is not obligated to extend their infrastructure.

Annexation and the ability for cities to grow through annexation in the future was a key issue for the cities.

Resolution (at the February 25<sup>th</sup> Advisory Committee meeting):

By hand count, all Advisory Committee members were in favor of the fourth option, Cities plus two Water Districts. Generally the City representatives would be agreeable to any option that included Cities plus either SD(s) or WDs. One Water District member would be willing to operate under any of the four scenarios. Unless the County Judge Executive or the Fiscal Court deem it necessary to form a Sanitation District, planning will proceed with the assumption that the Cities will maintain their autonomy and the two Water Districts will begin to offer sewer service to their customers who do not have sewer service.

All members seemed to agree that at some time in the future, the formation of a JSA may be in the best interest of Hardin County, just not at the present time. Any efforts that proceed as a result of this study should not jeopardize formation of as JSA in the future



Issue Paper No. 2 – Ways to Work Together  
Hardin County Water District No. 2  
Regional Wastewater Facilities Plan

<b>Issue</b>	<b>JSA</b>	<b>Cities + 1 SD</b>	<b>Cities + 2 SDs</b>	<b>Cities + 2 WDs</b>
Mimics existing Organization	No	No	Yes	Yes
Easy for Cities	No	Yes	Yes	Yes
Easy for WDs	No	No	Yes	Yes
Uniform Rates	Yes	No	No	No
Favorable to KDOW	Most	Good	Acceptable	Acceptable
Rates	Set by JSA (county), not regulated by PSC	Set by Cities for City customers, Set by County for SD, not regulated by PSC	Set by Cities for City customers, Set by County for SDs, not regulated by PSC	Set by Cities for City customers, Set by County for WDs, regulated by PSC
Ease of Billing	Hardest	OK	Easy	Easiest
Is approach legal?	Yes	Yes	Not Sure	Yes
Time to form entity	Longest – may delay project	Some time	Some time	Shortest
Resolutions	All entities adopt identical ordinances	Entities resolve to work together through interlocal agreements	Entities resolve to work together through interlocal agreements	Entities resolve to work together through interlocal agreements or contracts
Ordinance requiring connection	Required	Required	Required	Required
Confusion for customers	Likely	Potential	Less likely	Not likely
Autonomy	Lost by Cities	Kept by Cities	Kept by Cities	Kept by Cities
Funding	Available	Available	Available	Available
Credit-worthiness (ability to raise capital)	May be more difficult (no history)	May be more difficult (no history)	May be more difficult (no history)	Easiest (each utility has history)
Rates outside City limits	Not applicable, all rates would be the same eventually	Higher rates could be charged to those outside the city limits	Higher rates could be charged to those outside the city limits	Higher rates could be charged to those outside the city limits
Political Challenge	High	Medium	Low	Lowest
Overhead to operate	Least	High – new entity	High – new entity	Low

