

ORDINANCE NO. _____, SERIES 2017

AN ORDINANCE AMENDING SECTION 50.24 OF THE LOUISVILLE METRO CODE OF ORDINANCES (LMCO) TO INCREASE THE DEBT SERVICE ADJUSTMENT FROM SEVEN PERCENT (7%) TO TEN PERCENT (10%) FOR A CERTAIN PERIOD OF TIME.

SPONSORED BY: SPONSORSHIPS HAVE BEEN WITHDRAWN

WHEREAS, pursuant to Chapter 76 of the Kentucky Revised Statutes, the Louisville and Jefferson County Metropolitan Sewer District (the “District” or “MSD”) has been created and organized as a public body corporate, and is a valid political subdivision in good standing under the law of the Commonwealth of Kentucky;

WHEREAS, pursuant to Chapter 76 of the Kentucky Revised Statutes, the District is empowered: to have jurisdiction, control, possession, and supervision of the existing sewer and drainage system of the Louisville/Jefferson County Metro Government; to maintain, operate, reconstruct and improve the sewer and drainage system; and to make additions, betterments and improvements to the sewer and drainage system, with the power and authority to set its rates, rentals and charges for wastewater and drainage services;

WHEREAS, MSD has identified several major capital projects in its FY2018 Capital Budget and expects several more in the future to address Louisville Metro’s aging wastewater and drainage infrastructure;

WHEREAS, to address Louisville Metro’s aging wastewater and drainage infrastructure, MSD expects to issue debt and will need additional revenue to service this debt; and

WHEREAS, the Legislative Council of Louisville/Jefferson County Metro Government would like to increase the debt service adjustment percentage for a certain period of time to allow MSD to generate additional revenue to service the debt.

BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

SECTION I: LMCO Section 50.24 is hereby amended as follows:

§ 50.24 DEBT SERVICE ADJUSTMENTS.

(A) Whenever the Metropolitan Sewer District's (MSD's) net revenues are less than 1.10 times the debt service on MSD's outstanding revenue bonds for any consecutive six-month period, by order of the Board of MSD, the schedule of wastewater and stormwater service charges shall be amended in order to maintain a 1.10 debt service coverage required by MSD's 1971 bond authorizing resolution which was approved by the City of Louisville Ordinance Number 86, series 1971, and by Ordinance No. 25, Series 1979 as amended by Ordinance No. 32, Series 1986, and Ordinance No. 152, Series 1979 as amended by Ordinance No. 388, Series 1986, provided that the aggregate of such adjustments for any 12-month period shall not generate additional revenue from wastewater service charges in excess of 710%. An explanation of proposed rate increases in excess of 4% shall be delivered to the Metro Council at least 60 days prior to MSD Board approval.

(B) The term **NET REVENUES** is defined as gross revenue from wastewater service charges less operating expenses and debt payments other than debt service payments on MSD's outstanding revenue bonds.

(C) **Sunset Provision.** The amended Section 50.24(A) shall take effect upon its passage and approval and shall continue in full force and effect until July 31, 2021. Effective August 1, 2021, the amended Section 50.24(A) shall expire and the prior Section 50.24(A) shall be deemed reenacted and in full force and effect and read as follows:

(A) Whenever the Metropolitan Sewer District's (MSD's) net revenues are less than 1.10 times the debt service on MSD's outstanding revenue bonds for any consecutive six-month period, by order of the Board of MSD, the schedule of wastewater and stormwater service charges shall be amended in order to maintain a 1.10 debt service coverage required by MSD's 1971 bond authorizing resolution which was approved by the City of Louisville Ordinance Number 86, series 1971, and by Ordinance No. 25, Series 1979 as amended by Ordinance No. 32, Series 1986, and Ordinance No. 152, Series 1979 as amended by Ordinance No. 388, Series 1986, provided that the aggregate of such adjustments for any 12-month period shall not generate additional revenue from wastewater service charges in excess of 7%. An explanation of proposed rate increases in excess of 4% shall be delivered to the Metro Council at least 60 days prior to MSD Board approval.

SECTION II: This Ordinance shall take effect upon its passage and approval.

H. Stephen Ott
Metro Council Clerk

David Yates
President of the Council

Greg Fischer
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

BY: _____
MSD Amend LMCO 50.24 Debt Service Adjustment nl 061417 draft 1.docx