

July 1, 2014

RECEIVED

JUL - 2 2014

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

2014-00218

Re: Adair County Water District PSC Application - KRS 278.023

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Adair County Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the **exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed. We are enclosing a CD containing the Engineering Plans and Specifications. Paper copies of the Plans and Specs will be forwarded by the Engineer.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jl
Enclosures
cc: Distribution List

DISTRIBUTION LIST

**Re: Adair County Water District d/b/a Columbia/Adair Utilities District Utilities
Revenue Bonds, Series 2014, in the principal amount of \$694,000.**

Mr. Thomas G. Fern
State Director
USDA, Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5744

Telephone: (859) 224-7336

Mr. Kevin Antle
USDA, Rural Development
957 Campbellsville Road
Columbia, Kentucky 42728-1901

Telephone: (270) 384-6431
Fax: (270) 384-6351

Mr. Robert Flowers, Chairman
Adair County Water District
d/b/a Columbia/Adair Utilities District
P.O. Box 567
Columbia, Kentucky 42728

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116 Public Square
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W. Randall Jones, Esq.
Rubin & Hays
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450 South Third Street
Louisville, Kentucky 40202

Telephone: (502) 569-7534
Fax: (502) 569-7555

RECEIVED

JUL - 2 2014

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE ADAIR COUNTY
WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND) Case No. 2014-_____
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023

A P P L I C A T I O N

This Application of the Adair County Water District ("Applicant"), respectfully shows:

1. That Applicant is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Adair County Water District
c/o Mr. Lenny Stone, General Manager
P.O. Box 567
Columbia, Kentucky 40342
email address: lenny.stone@caud.net

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a water and sewer system improvements project (the "Project"); (ii) an Order approving increased sewer rates; and (iii) approval of the proposed plan of financing said Project.

4. That the Project consists of the (i) construction of various sludge condition system upgrades and other associated work at the Columbia Wastewater Treatment Plant; (ii) installation of (a) 1,950 linear feet of 8 inch sanitary sewer line, (b) 500 linear feet of 4 inch sewer force main, (c) 4 lift stations, and (d) 10 manholes and appurtenances; and (iii) renovation of an existing 500,000 gallon elevated water storage tank.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$694,000 of its Utilities Revenue Bonds; (ii) two USDA, Rural Development ("RD") grants in the aggregate amount of \$381,000; and (iii) an Economic Development Administration ("EDA") grant in the amount of \$2,200,000. Applicant has a commitment from RD to purchase said

\$694,000 of bonds maturing over a 40-year period, at an interest rate not to exceed 1.875% per annum as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069, Section 2 in support of this Application:

- A. Copy of RD Letter of Conditions, as amended (**Exhibit "A"**).
- B. Copy of RD Letter of Concurrence in Contract Award (**Exhibit "B"**).
- C. Copy of Preliminary Engineering Report, Final Engineering Report and certified bid tabulations.
- D. Certified statement from the Chairman of Applicant (**Exhibit "C"**), based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in (i) 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10; and (ii) 807 KAR 5:071, Section 5 and Sections 7(1) through (3).
 - (2) All other state approvals or permits have been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements recommended in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) by posting a copy of the Notice of Proposed Rate Change (the "Notice") in its place of business. Applicant maintains a website (<http://caud.net/>) and in accordance with 807 KAR 5:069, Section 3(1)(b), Applicant shall, within five (5) business days of the date this Application was filed with this Commission, post a copy of the Notice on its website and shall post a hyperlink to the location on this Commission's website where the case documents may be viewed. Applicant has arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspaper of general circulation in Applicant's service area. Said Notice complies with the content requirements of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "D"**. Applicant shall file with this

Commission no later than fifteen (15) days from the date this Application was initially filed, an affidavit and tearsheet from the publisher as required by 807 KAR 5:069 Section 3(3)(b).

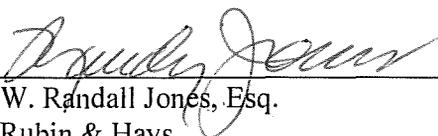
9. That the foregoing constitutes the documents necessary to obtain the approval of this Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.

WHEREFORE, Applicant, the Adair County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a water and sewer system improvements project.
- b. An Order approving the financing arrangements made by Applicant, viz., (i) the issuance of \$694,000 of Adair County Water District Utilities Revenue Bonds at an interest rate not to exceed 1.875% per annum; (ii) two RD grants in the aggregate amount of \$381,000; and (iii) an EDA grant in the amount of \$2,200,000.
- c. An Order approving the proposed sewer rates as set out in Section 28 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

Adair County Water District

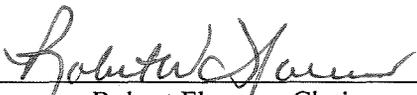
By: 
Chairman
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525
wrjones@rubinhays.com

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF ADAIR)

The undersigned, Robert Flowers, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Adair County Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

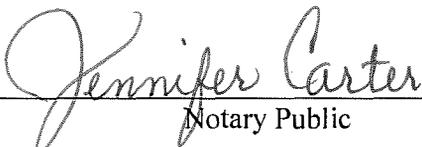
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this June 25, 2014.



Robert Flowers, Chairman
Adair County Water District

Subscribed and sworn to before me by Robert Flowers, Chairman of the Board of Commissioners of the Adair County Water District, on this June 25, 2014.

My Commission expires: 4-24-16.



Notary Public



**United States Department of Agriculture
Rural Development
Kentucky State Office**

January 14, 2013

Robert Flowers, Chairman
Adair County Water District
PO Box 567
Columbia, Kentucky 40342

Dear Mr. Flowers:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$694,000; a RUS grant not to exceed \$231,000; and an Economic Development Administration (EDA) grant in the amount of \$1,600,000. No applicant cash contribution will be required.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7338 • Fax: (859) 224-7344 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

1. Number of Users and Their Contribution:

There shall be 7,717 water users and 1,672 sewer users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

Prior to grant closing, the District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

4. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred for a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$215 per month into a "Funded Debt Reserve Account" until the account reaches \$25,800. The deposits are to be resumed any time the account falls below the \$25,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$2,383 (\$1,750 for water and \$633 for sewer) monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water and sewer system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

7. Security Requirements:

A combined pledge of gross water and sewer revenues will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

8. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

9. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

10. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits), in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

12. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

13. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$1,538,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and

enforceable options have been obtained, and total funds are committed or available for the project.

B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans, specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
3. Legal Service Agreements.
4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published. **The water and sewer construction projects will be bid at the same time. This will assure adequate funds are available to complete the project as planned.**

15. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

17. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

18. System Operator:

The District is reminded that the treatment plant and system operator must have an Operator's Certificate issued by the State.

19. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."

F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

22. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the District's construction account records shall be made by Rural Development.

23. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,977,000
Legal and Administrative	25,000
Engineering	310,000
Interest	15,000
Contingencies	<u>198,000</u>
TOTAL	\$ 2,525,000

Financing:

RUS Loan	\$ 694,000
RUS Grant	231,000
EDA Grant	<u>1,600,000</u>
TOTAL	\$ 2,525,000

25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EDA grant in the amount of \$1,600,000.

26. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/EDA grant funds and refunded. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

27. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

28. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" x 3/4" Meters

First	2,000	gallons @ \$	19.90. - Minimum Bill.
Next	3,000	gallons @ \$	7.00. - per 1,000 gallons.
Next	5,000	gallons @ \$	6.25. - per 1,000 gallons.
Next	15,000	gallons @ \$	5.50. - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45. - per 1,000 gallons.

1" Meters

First	5,000	gallons @ \$	40.90. - Minimum Bill.
Next	5,000	gallons @ \$	6.25. - per 1,000 gallons.
Next	15,000	gallons @ \$	5.20. - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45. - per 1,000 gallons.

1 1/2 " Meters

First	10,000	gallons @ \$	72.15. - Minimum Bill.
Next	15,000	gallons @ \$	5.20. - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45. - per 1,000 gallons.

2" and Larger Meters

First	16,000	gallons @ \$	103.35. - Minimum Bill.
Next	9,000	gallons @ \$	5.20. - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45. - per 1,000 gallons.

Sewer rates will be at least:

First	0	gallons @ \$	5.00. - Minimum Bill.
All Over	0	gallons @ \$	5.20. - per 1,000 gallons.

In order to determine if the above rates are adequate, Adair County Water District, must provide a copy of its 2012 audit prior to requesting permission to advertise for construction bids.

29. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

30. Compliance with the Bioterrorism Act:

Prior to pre-closing, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

31. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water and sewer service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

32. Division of Water (DOW) Health & Sanitary Certification:

The Median Household Income (MHI) for the District's service area qualifies this project for the poverty interest rate. A certification from the Division of Water stating this project will remove a health or sanitary problem will be required. This certification must be obtained prior to loan pre-closing.

33. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated November 27, 2012, from Ms. Lee Nalley.
- B. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- C. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

- D. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

34. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



THOMAS G. FERN
State Director

Enclosures

- cc: Area Director - Columbia, Kentucky
- Lake Cumberland ADD – Russell Springs, Kentucky
- Henry M. Reed - Louisville, Kentucky
- Marshall Loy - Columbia, Kentucky
- Monarch Engineering - Lawrenceburg, Kentucky
- PSC - ATTN: Dennis Jones - Frankfort, Kentucky



Rural Development
Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

June 11, 2014

Mr. Robert Flowers, Chairman
Adair County Water District
P. O. Box 567
Columbia, Kentucky 40342

Re: Letter of Conditions Dated January 14, 2013

Dear Mr. Flowers:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated January 14, 2013. The purpose of this amendment is to revise the project funding, total project cost, and make other editorial changes in accordance with current Rural Utility Services (RUS) Instruction.

The second paragraph on Page 1 is revised to read as follows:

"This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$694,000, a RUS grant not to exceed \$381,000 (\$231,000 initial and \$150,000 subsequent), and an Economic Development Administration (EDA) grant of \$2,200,000."

Paragraph numbered "24" is revised to read as follows:

"24. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,595,153
Legal and Administrative	20,000
Engineering	354,696
Interest	45,000
Contingencies	<u>260,151</u>
TOTAL	\$ 3,275,000

Financing:

RUS Loan	\$ 694,000
RUS Grant (Initial)	231,000
RUS Grant (Subsequent)	150,000
EDA Grant	<u>2,200,000</u>
TOTAL	\$ 3,275,000"

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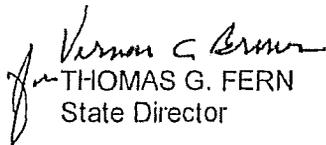
Paragraph numbered "25" is revised to read as follows:

"25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EDA grant in the amount of \$2,200,000."

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,


THOMAS G. FERN
State Director

cc: Area Director - Columbia, Kentucky
Lake Cumberland ADD – Russell Springs, Kentucky
Rubin & Hays - Louisville, Kentucky
Marshall Loy - Columbia, Kentucky
Monarch Engineering - Lawrenceburg, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



United States Department of Agriculture

Rural Development April 21, 2014

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: Columbia/Adair Utilities District
Flood, Water and Wastewater Project
Contract Award Concurrence

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Office
Columbia, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, Cleary Construction, Inc., in the amount of \$1,688,000.00, to the low bidder on Contract 2, Cumberland Pipeline, LLC, in the amount of \$599,903.00, and the low bidder on Contract 3, Caldwell Tanks, Inc., in the amount of \$307,250.00. Project funds, as listed in the Letter of Conditions, are not adequate to cover the estimated project costs. Concurrence is contingent upon the subject borrower securing the additional funds necessary to complete construction.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


THOMAS G. FERN
State Director
Rural Development

cc: Monarch Engineering
Lawrenceburg, Kentucky

Randy Jones
Louisville, Kentucky

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NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission ("PSC") as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Adair County Water District (the "District") of a change in sewer rates for users of the District's sewer system. The change in sewer rates is required by the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with a loan by RD to the District in the amount of \$694,000 to be evidenced by the issuance by the District of its utilities revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the sewer rates as set forth below:

Current Monthly Sewer Rates

<u>All Meters</u>	<u>Monthly Rate</u>
Minimum Bill	\$4.00 No Usage
All Usage	4.10 per 1,000 gallons

Proposed Monthly Sewer Rates

<u>All Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Minimum Bill	\$5.00 No Usage	\$1.00	25.0%
All Usage	5.20 per 1,000 gallons	1.10	26.8

The proposed monthly sewer rates shall be effective for service rendered after the date of the final approving Order of the PSC, which Order is expected to be issued with 30 days of the filing of the Application.

The amount of average sewer usage for all customers in the calendar year 2013 was 5,400 gallons per month thus generating an average monthly billing based on current rates of \$26.14. The proposed monthly rates will increase the average monthly billing to \$33.08 for an impact of \$6.94 or 26.6%.

The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Adair County Water District office, 109 Grant Lane, Columbia, Kentucky 42728; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement.

The RD loan proceeds will be used in conjunction with two RD grants in the aggregate amount of \$381,000 and an Economic Development Administration grant in the amount of \$2,200,000 to finance the cost of the (i) construction of various sludge condition system upgrades and other associated work at the Columbia Wastewater Treatment Plant; (ii) installation of (a) 1,950 linear feet of 8 inch sanitary sewer line, (b) 500 linear feet of 4 inch sewer force main, (c) 4 lift stations, and (d) 10 manholes and appurtenances; and (iii) renovation of an existing 500,000 gallon elevated water storage tank. Signed, Robert Flowers, Chairman, Adair County Water District.

**PRELIMINARY ENGINEERING REPORT
FOR THE
COLUMBIA-ADAIR UTILITIES DISTRICT**

**FLOOD MITIGATION WATER & WASTEWATER
IMPROVEMENTS PROJECT**

OCTOBER 2011

PRELIMINARY ENGINEERING REPORT

**FLOOD MITIGATION WATER & WASTEWATER
IMPROVEMENTS PROJECT
COLUMBIA-ADAIR UTILITIES DISTRICT
ADAIR COUNTY, KENTUCKY**

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water and sewer system improvements that are being planned by the Columbia-Adair Utilities District. The project entails the construction of the Wastewater Treatment Plant Sludge Conditioning System, renovation of existing Water Storage Tanks, and the renovation and construction of several Sewage Lift Stations throughout the City of Columbia.

Rural Development “Kentucky Guide 7A” will be submitted at a later date and will serve as the Summary Addendum to this report. The Summary Addendum will further analyze the capability of the District to execute this project through an evaluation of its financial standing and overall system operation.

II. PROJECT PLANNING AREA

The proposed project area consists of portions of the urban water and sewer system within the limits of the City of Columbia. Much of the area is comprised of existing commercial and residential development. Given the general lack of available work space, most construction activity will lie within or adjacent to the right-of-way of state highways, city streets or other existing utility rights-of-way. The complexity of construction in these areas will increase project cost as compared to that in undeveloped areas.

The area to be affected by the sludge conditioning system construction will adjoin the existing wastewater treatment plant located on the north side of the City of Columbia adjacent to Kentucky Highway 55 and the Russell Creek. The three tank renovation sites are located in the downtown area of the City of Columbia. These storage tank sites are known as the City Industrial Park Tank, Lindsey Wilson Tank, and the Bromar Heights Tank. One new sewage lift station will be constructed near the Columbia Adair Industrial park. Four sewage lift station renovations will be performed, all being located within the City limits of Columbia, one along Kentucky Highway 80, one at the Osh Kosh Factory, one located on Page Street in downtown Columbia, and one in the Rolling Hills Subdivision.

Attached topographic maps display the general project layout and location of all planned construction.

III. EXISTING FACILITIES

The Columbia-Adair Utilities District owns and operates the water distribution system that serves over 7,600 residential, commercial and industrial customers within Adair County, Kentucky. The District purchases all water for resale from the Columbia / Adair County Water Commission and the City of Jamestown. Green River Lake serves as the source of raw water for the Commission, while Lake Cumberland supplies the City of Jamestown. Both sources have excellent quality and excess capacity.

The District maintains fifteen water storage tanks rated at 3,883,000 gallons. Eleven booster pump stations are used to transport water throughout the system, with capacities ranging from 90 to 750 GPM. The distribution system consists of various size water lines ranging from 2-inch to 18-inch. Pipe material within the system includes cast iron and asbestos cement for the older pipe and plastic and ductile iron for the newer water lines. The majority of the system components have been in place for less than 50 years.

The District also operates the sewer collection and treatment system serving the City of Columbia. It serves over 1,650 residential, commercial and industrial customers, most of which reside within the limits of the City of Columbia.

The District's wastewater treatment plant is located in the north central area of Columbia is currently rated at 1.2 million gallons per day. The effluent from the plant is discharged into Russell Creek. The treatment plant is an activated sludge type consisting of a bar screen, grit chamber, two screw pumps, two oxidation ditches, four secondary clarifiers, two tertiary clarifiers/chlorine contact chambers, sludge holding tanks, and sludge drying beds.

The collection system consists of 8-inch and 10-inch sewer collection lines along with 11 lift stations and associated force mains. The first sewer lines were constructed in the late 1930's in and around the central portion of the city. However, the system has grown a great deal since that time. The initial sewer lines were made of vitrified clay and beginning in the 1960's, the sewer pipe material consisted of plastic pipe. There are approximately 400 manholes which lie at each main line change in alignment or where interceptor lines connect to main collector lines. Older manholes were constructed with brick and mortar, with more recent manholes being constructed of precast or poured in place concrete.

Information regarding the current rate structure, annual operating and maintenance data, a tabulation of monthly users and revenue, and a list of the outstanding bonds can be found in the summary addendum which will be submitted at a later date.

IV. NEED FOR THE PROJECT

The sludge conditioning system improvements at the existing wastewater treatment plant are essential to the Utilities District operation as it relates to sewage treatment. The improvements to the wastewater treatment plant will consist of replacing an existing

sludge conditioning system that was damaged as a result of a major flood in 2010. The improvements will upgrade the facilities' sludge conditioning system and allow it safely function during future flood events. Although these systems are just a portion of the overall treatment process, they are an invaluable part of the infrastructure required to safely treat and dispose of the sewage.

The three water storage tanks are in need of renovation in order to maintain their structural integrity and in turn continue providing adequate storage capacity for all areas of Adair County. The tanks provide potable water directly to all residents and businesses located within the City of Columbia and indirectly to all residents within Adair County. The proposed tank renovation projects will allow the Utilities District to continue to operate these vital water storage facilities.

The renovation of the existing sewage lift stations is the result of flooding that has left them severely damaged. These stations are in need of major repair, modification or replacement. Their location allows for them to be inundated during flood events. The improvements will be site and station specific and include measures to ensure that each station is able to function during high water conditions. These stations are an important part of the health, safety and economic activity within the community. Without them, the livelihood of all residents will be in jeopardy. Their operation during future flood events will be ensured by this project.

The construction of a new sewage lift station will provide sanitary sewer service to the Columbia/Adair Industrial Park. This area is an important part of future economic activity within the community. In order for local officials to successfully market the park to potential industry, this essential service must first be provided.

V. ALTERNATIVES CONSIDERED

There are practically no feasible alternatives to correct the problems experienced by the District's water and sewer systems other than that as outlined in this report. This project's focus is primarily centered on the repair or replacement of aging and flood damaged system components. There is no other entity capable of providing these vital services in the area. Therefore the improvements outlined in this report represent the only available alternative to correct the existing system shortfalls.

VI. PROPOSED PROJECT

The project entails the construction of the Wastewater Treatment Plant Sludge Conditioning System, renovation of existing Water Storage Tanks, and the renovation and construction of several Sewage Lift Stations throughout the City of Columbia. The project as a whole will serve to update and expand critical infrastructure within the city which is in desperate need of rehabilitation, replacement, or expansion. The continued long-term operation of the potable water and sanitary sewer systems in the area will be dependent on the improvements included in this project.

The proposed Wastewater Treatment Plant Sludge Conditioning System will replace the facilities existing system which were damaged as a result of the major floods of May 2010. The existing system consists of sludge drying beds that hold sludge for several months until it is sufficiently dried and can be transported to landfill. The effectiveness of this system is compromised during flooding events. The entire treatment facility is located in a floodplain and subject to regular flooding. Most major plant components are elevated and are therefore not subject to being inundated by floodwaters. However, the sludge conditioning system is located at ground level and is not operable during such events. This results in a system of sludge disposal that presents many challenges to plant operators and contributes a significant expense to the cost of treating the community's wastewater. Therefore, the improvements are required in order for the Utilities District to continue to reliably treat wastewater from all commercial, industrial and residential users within the City of Columbia.

The proposed sludge conditioning system will completely replace all existing components with a completely different system that is more efficient and operational during floods. The new system will consist of a sludge settling basin, filter belt press, sludge and supernatant pumping facilities, and other related mechanical and electrical components. All proposed improvements will be elevated to ensure uninhibited operation during future flood events. The system will allow the plant operators to separate the sludge solids from the supernatant liquids. The solids will then be further conditioned and dried by the filter belt press. The end product will be a small amount of dry lightweight sludge cake that can be easily transported to a landfill on a quarterly basis.

The existing water storage tanks are experiencing large scale paint loss on both the interior and exterior surfaces. There are also certain structural and safety components which will require repair in order to ensure their continued operation. The storage tanks are a critical component to the Utilities District's potable water distribution system and therefore their continued use is vital to the community itself. They provide essential emergency storage during natural disasters including those similar to the events of May 2010. They serve all existing industrial users and thousands of residential customers. The potable water supply to these customers is dependent on these structures continued use.

The proposed project will consist of the repair or replacement of all damage structural members, complete removal of the existing interior and exterior coatings, and the complete repainting of all interior and exterior surfaces. With today's advanced coatings and better application methods, the renovation will allow the tanks to provide trouble free storage for a minimum of twenty years before any significant maintenance or restoration will be required. With proper coating maintenance the tanks will remain in operation for hundreds of years.

The renovations of the existing sewage lift stations is the result of flooding that has left them severely damaged. These stations are in need of major repair, modification or replacement. Their location allows for them to be inundated during flood events. The improvements will be site and station specific and include measures to ensure that each station is able to function during high water conditions.

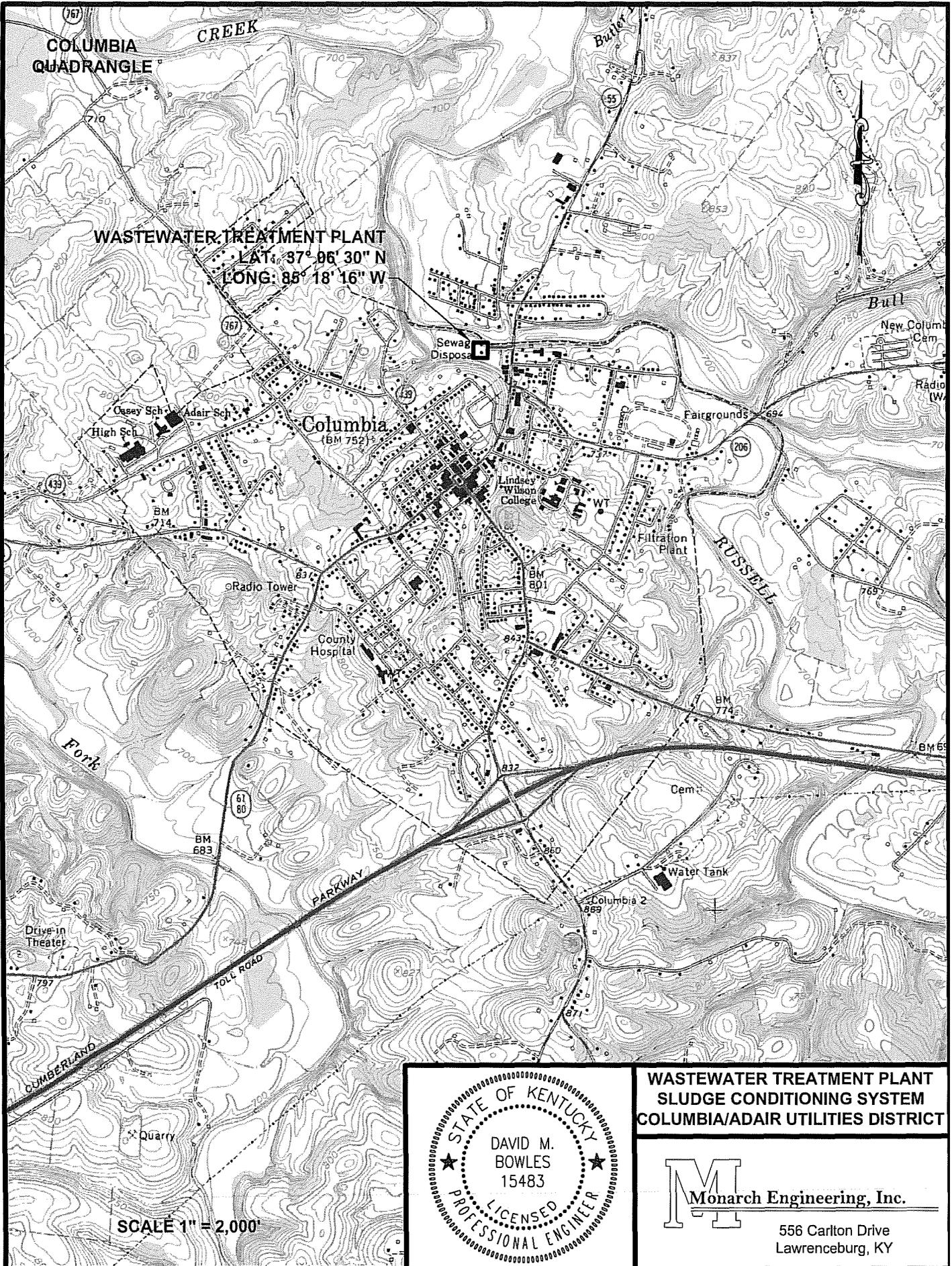
For severely flood prone stations, the damage and site conditions are such that they will need to be completely removed and replaced. Upon removal, they will be replaced with a new precast concrete wet well, sewage pumps, controls, and other related mechanical and electrical components. For other lift stations that have not been damaged beyond repair, they will only need to have the mechanical and electrical components removed and replaced. All proposed construction will include elevated components to ensure each station uninhibited operation during future flood events.

The construction of a new sewage lift station is intended to provide sanitary sewer service to the Columbia/Adair Industrial Park. The District has already constructed a sewage force main to the area. This proposed lift station will allow future industrial customers to make use of the existing infrastructure in order to transport sewage to the wastewater treatment plant.

An itemized cost estimate is included in this report and outlines all of the individual construction items along with their estimated unit costs. A summary cost estimate is also included herein and recaps all of the project costs and outlines the funding scheme for the project. The total cost of the renovations and improvements is estimated to be \$2,525,000 with funding being provided by a \$1,600,000 Economic Development Administration grant, a \$555,000 USDA Rural Development loan and \$370,000 USDA Rural Development grant.

VII. CONCLUSIONS AND RECOMMENDATIONS

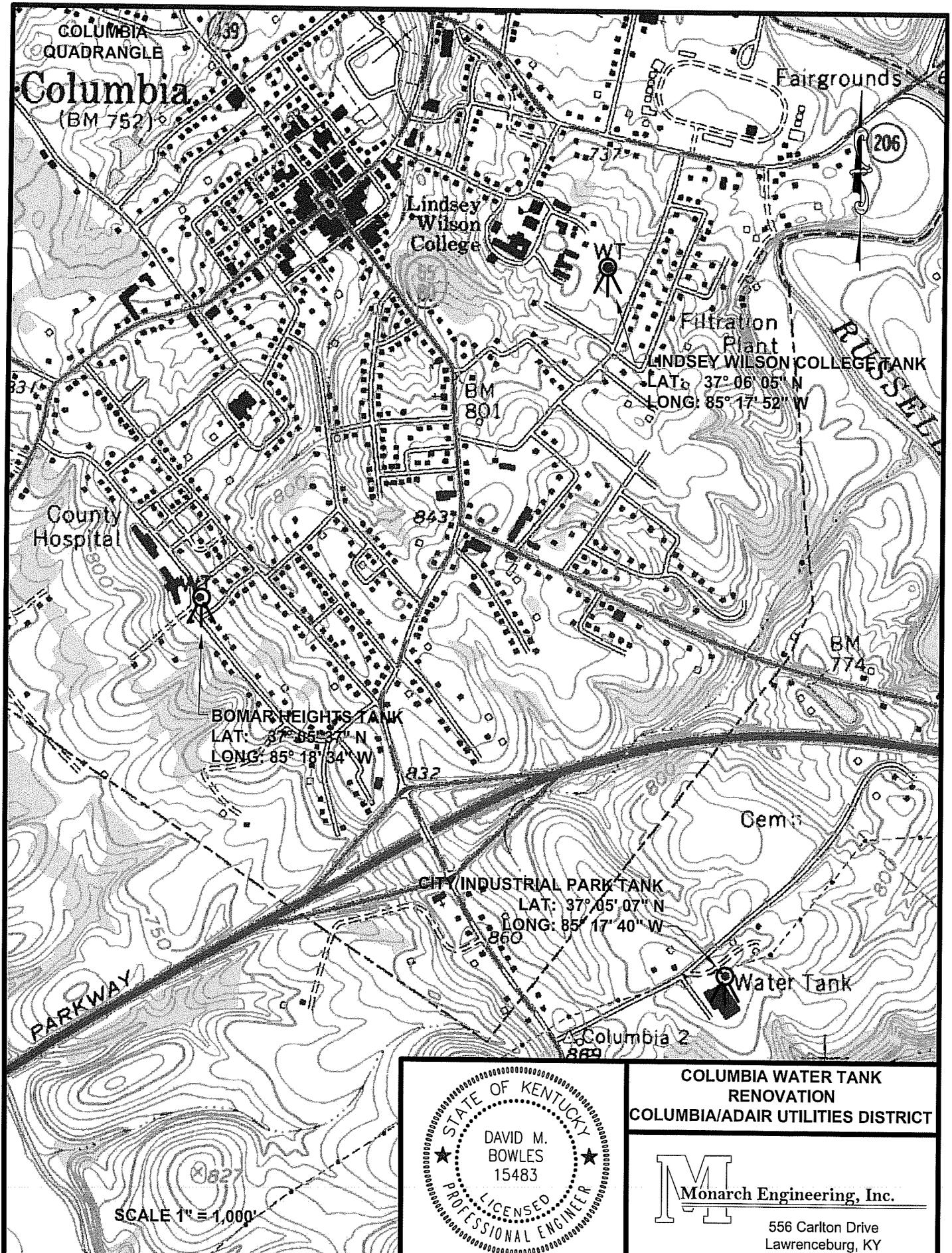
Based on our evaluation of the condition of the water and sewer system components within the City of Columbia and the continuous underperformance associated with them, it is recommended that the District pursue the financial assistance as outlined above in order to correct the deficiencies. The implementation of the project will ensure the District's continued ability to provide water supply and sewage disposal systems which are safe and reliable. Therefore the improvements discussed herein are of the utmost importance and should be implemented as soon as funds can be made available.



STATE OF KENTUCKY
 DAVID M. BOWLES
 15483
 LICENSED PROFESSIONAL ENGINEER

**WASTEWATER TREATMENT PLANT
 SLUDGE CONDITIONING SYSTEM
 COLUMBIA/ADAIR UTILITIES DISTRICT**

M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY



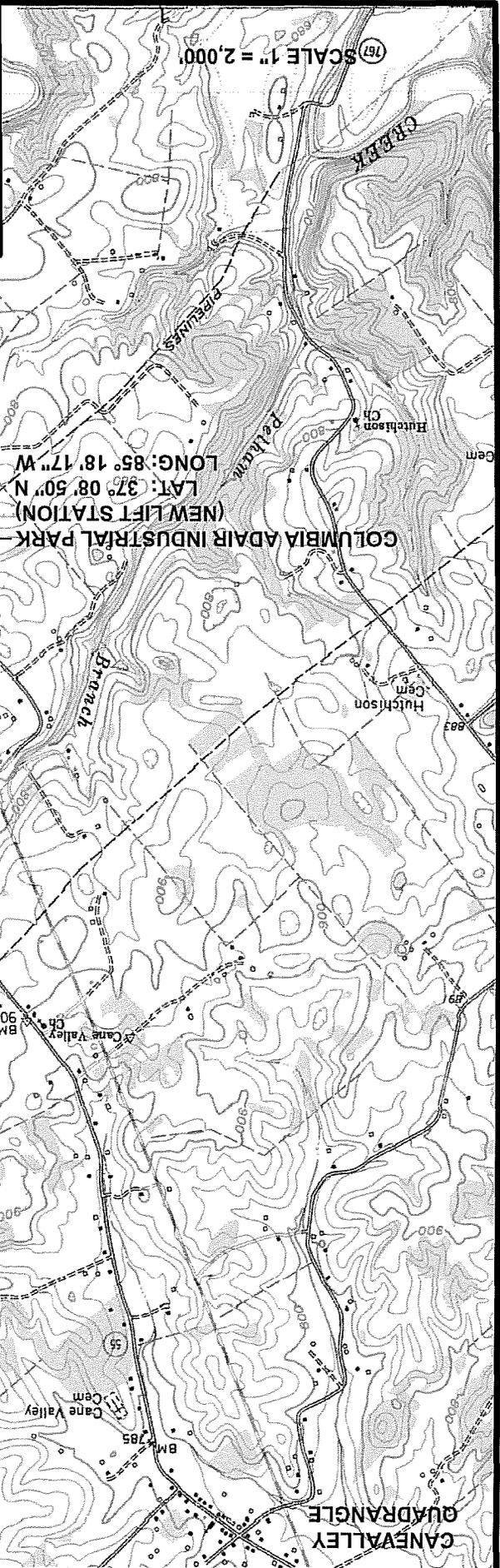
COLUMBIA WATER TANK RENOVATION
COLUMBIA/ADAIR UTILITIES DISTRICT

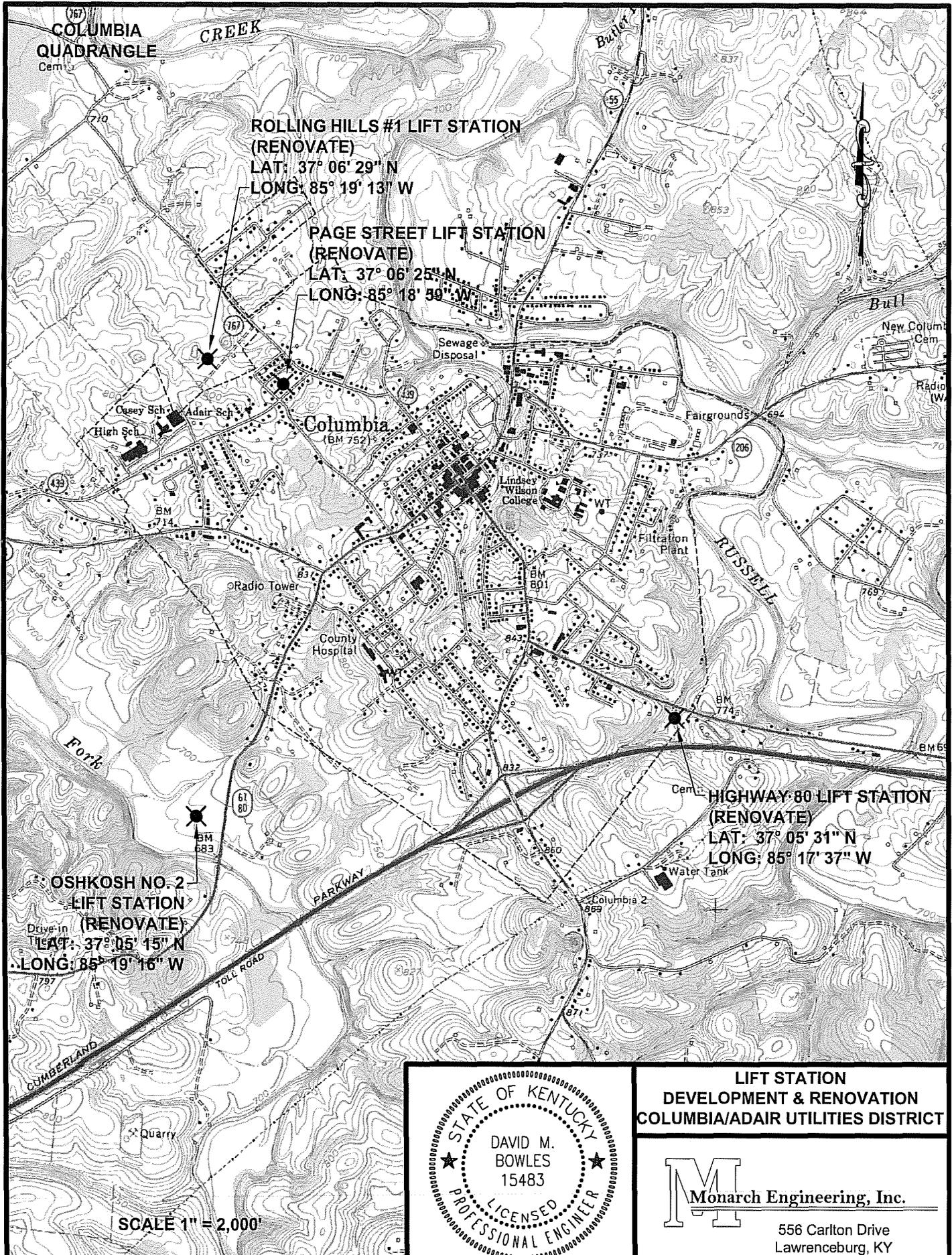
M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

**LIFT STATION
DEVELOPMENT & RENOVATION
COLUMBIA/ADAIR UTILITIES DISTRICT**

Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

STATE OF KENTUCKY
PROFESSIONAL ENGINEER
DAVID M. BOWLES
LICENSED
15483





**LIFT STATION
 DEVELOPMENT & RENOVATION
 COLUMBIA/A DAIR UTILITIES DISTRICT**

M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

**PRELIMINARY COST ESTIMATE
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS PROJECT
COLUMBIA / ADAIR UTILITIES DISTRICT
ADAIR COUNTY, KENTUCKY
OCTOBER 2011**

PROJECT COSTS

DEVELOPMENT

WASTEWATER PLANT SLUDGE CONDITIONING SYSTEM	\$1,142,000
WATER STORAGE TANK RENOVATIONS	405,000
SEWAGE LIFT STATION CONSTRUCTION & RENOVATIONS	430,000
CONTINGENCY	198,000
ENGINEERING DESIGN	165,000
CONSTRUCTION INSPECTION	119,000
PRELIMINARY ENGINEERING REPORT	10,000
ENVIRONMENTAL ASSESSMENT	8,000
GEOTECHNICAL INVESTIGATION	8,000
LEGAL & ADMINSTRATIVE	25,000
INTEREST	15,000
TOTAL PROJECT COSTS	\$2,525,000

PROJECT FINANCING

ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	\$1,600,000
USDA RURAL DEVELOPMENT GRANT	\$370,000
USDA RURAL DEVELOPMENT LOAN	555,000
TOTAL PROJECT FINANCING	\$2,525,000

PRELIMINARY COST ESTIMATE
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS PROJECT
WASTEWATER TREATMENT PLANT SLUDGE CONDITIONING SYSTEM
COLUMBIA / ADAIR UTILITIES DISTRICT
ADAIR COUNTY, KENTUCKY
OCTOBER 2011

ITEM NO.	DESCRIPTION	QUANTITY		UNIT COST	TOTAL COST
1	Site Work				
	Excavating	2000	YD	\$15.00	\$30,000.00
	Demolish Old Aerobic Digester	1	LS	35,000.00	35,000.00
2	Concrete				
	Sludge Settling Basin	420	YD	600.00	252,000.00
	Sludge Pump Vault	20	YD	600.00	12,000.00
	Supernatant Collection & Wet Well	45	YD	600.00	27,000.00
	Supernatant Valve Vault	5	YD	600.00	3,000.00
	Miscellaneous	15	YD	600.00	9,000.00
	Drilled Piers	280	FT	300.00	84,000.00
3	Process Piping				
	18-Inch D.I.	200	LF	100.00	20,000.00
	12-Inch D.I.	100	LF	60.00	6,000.00
	8-Inch D.I.	100	LF	35.00	3,500.00
	6-Inch D.I.	300	LF	25.00	7,500.00
	4-Inch D.I.	300	LF	10.00	3,000.00
	Fittings	1	LS	30,000.00	30,000.00
	Valves	1	LS	40,000.00	40,000.00
4	Mechanical Equipment				
	Sludge Settling Basin	1	LS	150,000.00	150,000.00
	Sludge Pumps	1	LS	50,000.00	50,000.00
	Supernatant Pumps	1	LS	25,000.00	25,000.00
	Filter Belt Press	1	LS	170,000.00	170,000.00
	Polymer Feed System	1	LS	25,000.00	25,000.00
	Instrumentation and Controls	1	LS	35,000.00	35,000.00
5	Buildings				
	Belt Press Building	700	SQFT	100.00	70,000.00
6	Metals				
	Miscellaneous	1	LS	15,000.00	15,000.00
7	Coatings				
	Cast in Place Concrete	1	LS	5,000.00	5,000.00
	Exposed Piping	1	LS	1,000.00	1,000.00
	Buildings	1	LS	2,000.00	2,000.00
	Metals and Machinery	1	LS	7,000.00	7,000.00
8	Electrical				
	Miscellaneous	1	LS	25,000.00	25,000.00
		Subtotal			\$1,142,000.00
		Contingency			\$115,000.00
		Total Construction			\$1,257,000.00

**PRELIMINARY COST ESTIMATE
 FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS PROJECT
 WATER TANK RENOVATIONS
 COLUMBIA / ADAIR UTILITIES DISTRICT
 ADAIR COUNTY, KENTUCKY
 OCTOBER 2011**

ITEM NO.	DESCRIPTION	QUANTITY		UNIT COST	TOTAL COST
1	Paint the Interior of the City Industrial Park Water Tank	1	LS	\$55,000.00	\$55,000.00
2	Paint the Exterior of the City Industrial Park Water Tank	1	LS	80,000.00	80,000.00
3	Paint the Interior of the Lindsey Wilson College Tank	1	LS	65,000.00	65,000.00
4	Paint the Exterior of the Lindsey Wilson College Tank	1	LS	80,000.00	80,000.00
5	Paint the Interior of the Bomar Heights Water Tank	1	LS	55,000.00	55,000.00
6	Paint the Exterior of the Bomar Heights Water Tank	1	LS	70,000.00	70,000.00
		Subtotal			\$405,000.00
		Contingency			\$40,000.00
		Total Construction			\$445,000.00

**PRELIMINARY COST ESTIMATE
 FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS PROJECT
 SEWAGE LIFT STATION ADDITION & RENOVATIONS
 COLUMBIA / ADAIR UTILITIES DISTRICT
 ADAIR COUNTY, KENTUCKY
 OCTOBER 2011**

ITEM NO.	DESCRIPTION	QUANTITY		UNIT COST	TOTAL COST
1	New Lift Station at the Columbia / Adair Industrial Park	1	LS	\$100,000.00	\$100,000.00
2	Highway 80 Lift Station Renovation	1	LS	100,000.00	100,000.00
3	Osh Kosh Lift Station No. 2 Renovation	1	LS	80,000.00	80,000.00
4	Page Street Lift Station Renovation	1	LS	75,000.00	75,000.00
5	Rolling Hills Lift Station No. 1 Renovation	1	LS	75,000.00	75,000.00
		Subtotal			\$430,000.00
		Contingency			\$43,000.00
		Total Construction			\$473,000.00

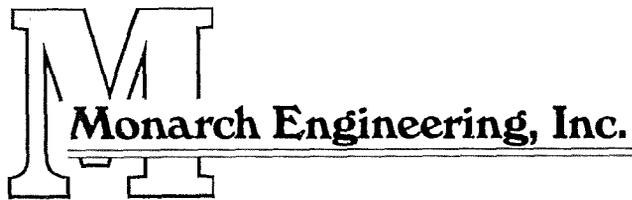


FINAL ENGINEERING REPORT

**FLOOD MITIGATION
WATER & WASTEWATER IMPROVEMENTS PROJECT**

**COLUMBIA / ADAIR UTILITIES DISTRICT
ADAIR COUNTY, KENTUCKY**

MAY 2014



May 7, 2014

Mr. Robert Flowers, Chairman
Columbia / Adair Utilities District
P.O. Box 567
Columbia, KY 42728

Re: Flood Mitigation Water & Wastewater Improvements

Dear Mr. Flowers:

On April 23, 2014, bids were received by the District for construction of the Flood Mitigation Water & Wastewater Improvements project. The project consists of various disciplines of work separated into three (3) individual construction contracts as follows:

Contract 1 – WWTP Improvements - Sludge Conditioning System Upgrades

Contract 2 – Sewer System Improvements - Sewage Lift Station Upgrades & Improvements

Contract 3 – Water System Improvements - Lindsey Wilson Storage Tank Rehabilitation

Two (2) bids were received for Contract 1, with the lowest being submitted by Cleary Construction Inc. of Tompkinsville, KY in the amount of \$1,688,000.00. Two (2) bids were received for Contract 2, with the lowest being submitted by Cumberland Pipeline, LLC of Russell Springs, KY in the amount of \$599,903.00. One (1) bid was received for Contract 3, that being submitted by Caldwell Tanks, Inc. of Louisville, KY in the amount of \$307,250.00. A summarized tabulation of all bids received and a Final Project Budget have been attached for your reference.

Summing the lowest bids of the three (3) individual contracts results in a total construction cost of \$2,595,153.00, and in turn a total project cost of \$3,275,000.00. Given that the current amount of available project funding is \$2,525,000.00, the resulting budget shortfall is \$750,000.00. However, based on the competitive nature of the bids received, and the necessity of the proposed improvements, we recommend that the District consider acquiring the additional funds needed to proceed with the development of the project in full. Accordingly, we recommend that you consider awarding Contract 1 to Cleary Construction Inc. in the amount of \$1,688,000.00, Contract 2 to Cumberland Pipeline, LLC in the amount of \$599,903.00 and Contract 3 to Caldwell Tanks, Inc in the amount of \$307,250.00. This recommendation is contingent upon approval from the Economic Development Administration, U.S.D.A. Rural Development, and the Kentucky Public Service Commission.

In regard to the additional funds needed, officials with the Economic Development Administration and U.S.D.A. Rural Development have unconditionally suggested that the District apply to their respective agencies for these funds. They recommend that the funds be requested in form of a grant in the amount of \$600,000 from the Economic Development Administration and a low interest loan in the amount of \$150,000 from U.S.D.A. Rural Development.

M

May 7, 2014
Page Two

Please be advised that acquiring the additional financing could be a fairly lengthy process and should begin immediately. A delay in action on the part of the District could result in an inability to award the contracts before the bids expire. Therefore, we recommend that you take action now to minimize the delay and ensure the realization of this much needed project.

Should you need additional information, please advise.

Sincerely,



Lee Mudd, P.E.
Project Engineer

/jlm

Attachments

Cc: Kevin Antle, U.S.D.A. Rural Development
Stacey Mills, Economic Development Administration

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
COLUMBIA/ADAIR UTILITIES DISTRICT
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 1
WASTEWATER TREATMENT PLANT IMPROVEMENTS
SLUDGE CONDITIONING SYSTEM UPGRADES
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

Cleary Construction, Inc. 2006 Edmonton Road Tompkinsville, KY 42167	Herrick Company, Inc. 1385 Tracy Road Lawrenceburg, KY 40342
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ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT					
1	Site Work	1 LS	\$109,000.00	\$109,000.00	\$110,000.00	\$110,000.00
	1A) Construction Surveys, Site Layout & Staking					
	1B) Excavation, Filing & Grading					
	1C) Crushed Stone Foundation Backfill					
	1D) Bituminous Pavement Removal & Replacement					
2	Concrete	1 LS	239,000.00	239,000.00	265,000.00	265,000.00
	2A) Sludge Holding Basin Modifications					
	2B) Sludge Pump Station					
	2C) Sludge Press Building					
	2D) Sludge Drying Bed Modifications					
	2E) Miscellaneous					
3	Process Piping	1 LS	65,000.00	65,000.00	120,000.00	120,000.00
	3A) Sludge Holding Basin Modifications					
	3B) Sludge Pump Station					
	3C) Sludge Press Building					
	3D) Yard Piping & Appurtenances					
	3E) Miscellaneous					
4	Valves & Appurtenances	1 LS	60,000.00	60,000.00	40,000.00	40,000.00
	4A) Sludge Holding Basin Modifications					
	4B) Sludge Pump Station					
	4C) Sludge Press Building					
	4D) Miscellaneous					

BID TABULATIONS
COLUMBIA/ADAIR UTILITIES DISTRICT
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 1
WASTEWATER TREATMENT PLANT IMPROVEMENTS
SLUDGE CONDITIONING SYSTEM UPGRADES
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Cleary Construction, Inc. 2006 Edmonton Road Tompkinsville, KY 42167		Herrick Company, Inc. 1385 Tracy Road Lawrenceburg, KY 40342	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT (Continued)					
5	Mechanical Equipment & Systems	1 LS	500,000.00	500,000.00	736,800.00	736,800.00
	5A) Blowers					
	5B) Diffused Aeration System					
	5C) Sludge Transfer Pumps					
	5D) Sludge Pumps					
	5E) Sludge Belt Press					
	5F) Sludge Cake Pump					
	5G) Polymer Mixing & Feed System					
	5H) Field Instrumentation					
	5I) Miscellaneous					
6	Buildings	1 LS	250,000.00	250,000.00	206,400.00	206,400.00
	6A) Sludge & Press Building					
7	Coatings & Painting	1 LS	70,000.00	70,000.00	29,000.00	29,000.00
	7A) Cast In Place Concrete					
	7B) Exposed Piping					
	7C) Buildings					
	7D) Metals & Machinery					
	7E) Miscellaneous					
8	Miscellaneous	1 LS	180,000.00	180,000.00	165,000.00	165,000.00
	8A) Handrails					
	8B) Grating & Walkways					
	8C) Miscellaneous					

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FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 1
WASTEWATER TREATMENT PLANT IMPROVEMENTS
SLUDGE CONDITIONING SYSTEM UPGRADES
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

			Cleary Construction, Inc. 2006 Edmonton Road Tompkinsville, KY 42167		Herrick Company, Inc. 1385 Tracy Road Lawrenceburg, KY 40342	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT (Continued)					
9	Mechanical	1 LS	25,000.00	25,000.00	50,000.00	50,000.00
10	Electrical	1 LS	190,000.00	190,000.00	160,000.00	160,000.00
	10A) Yard					
	10B) Building Interior					
	TOTAL BASE BID			1,688,000.00		1,882,200.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, WEDNESDAY, APRIL 23, 2014 AT THE COLUMBIA/ADAIR UTILITIES DISTRICT.

BY:

James L. Mudd
 JAMES L. MUDD
 James L. Mudd
 28693
 LICENSED PROFESSIONAL ENGINEER
 STATE OF KENTUCKY

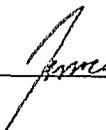
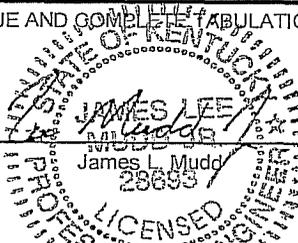
4/24/14
 DATE

BID TABULATIONS
COLUMBIA/ADAIR UTILITIES DISTRICT
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 2
SEWER SYSTEM IMPROVEMENTS
SEWAGE LIFT STATION UPGRADES & IMPROVEMENTS
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Cumberland Pipeline, LLC P.O. Box 277 Russell Springs, KY 42642		United Pipeline, Inc. 4627 Gamaliel Road Tompkinsville, KY 42167	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT					
1	8-Inch PVC SDR-35 Sanitary Sewer	1,950 LF	\$56.00	\$109,200.00	\$75.00	\$146,250.00
2	4-Inch PVC SDR-21 Sewer Force Main	550 LF	26.50	14,575.00	30.00	16,500.00
3	Creek Crossing for 8-Inch Sanitary Sewer	20 LF	126.25	2,525.00	200.00	4,000.00
4	Creek Crossing for 4-Inch Sewer Force Main	20 LF	116.55	2,331.00	200.00	4,000.00
5	Incidental Pavement Crossings	60 LF	50.00	3,000.00	60.00	3,600.00
6	Manhole	10 EA	2,471.00	24,710.00	3,000.00	30,000.00
7	Extra Depth Manhole	26 LF	155.00	4,030.00	250.00	6,500.00
8	Connection (Sanitary Sewer to Existing Manhole)	6 EA	2,000.00	12,000.00	2,000.00	12,000.00
9	Connection (Manhole at Existing Sanitary Sewer)	2 EA	2,200.00	4,400.00	2,000.00	4,000.00
10	Direct Connection (Sewer Force Main)	4 EA	1,200.00	4,800.00	3,200.00	12,800.00
11	Type I Connection (Sewer Force Main)	3 EA	1,600.00	4,800.00	4,100.00	12,300.00
12	4-Inch Plug Valve	4 EA	485.00	1,940.00	1,000.00	4,000.00
13	Industrial Park Sewage Lift Station	1 LS	80,830.00	80,830.00	79,771.00	79,771.00
14	KY Highway 80 Sewage Lift Station	1 LS	105,984.00	105,984.00	96,398.00	96,398.00
15	Majestic Yachts Sewage Lift Station	1 LS	94,134.00	94,134.00	90,299.00	90,299.00
16	Center Street Sewage Lift Station	1 LS	84,394.00	84,394.00	86,647.00	86,647.00
17	Disconnect and Demolish Existing Lift Station	5 EA	6,750.00	33,750.00	5,000.00	25,000.00
18	Convert Existing Lift Station Wet Well to Manhole	1 EA	7,500.00	7,500.00	3,000.00	3,000.00
19	Exploration	20 HR	250.00	5,000.00	100.00	2,000.00
	TOTAL BASE BID			599,903.00		639,065.00

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BY:


James L. Mudd
28695


4/24/14

DATE

BID TABULATIONS
COLUMBIA/ADAIR UTILITIES DISTRICT
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 2
SEWER SYSTEM IMPROVEMENTS
SEWAGE LIFT STATION UPGRADES & IMPROVEMENTS
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

Cleary Construction, Inc. 2006 Edmonton Road Tompkinsville, KY 42167	Twin States Utilities, Inc. P.O. Box 14 Mount Hermon, KY 42157
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ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT					
1	8-Inch PVC SDR-35 Sanitary Sewer	1,950 LF	\$97.00	\$189,150.00	\$100.00	\$195,000.00
2	4-Inch PVC SDR-21 Sewer Force Main	550 LF	25.00	13,750.00	30.00	16,500.00
3	Creek Crossing for 8-Inch Sanitary Sewer	20 LF	300.00	6,000.00	125.00	2,500.00
4	Creek Crossing for 4-Inch Sewer Force Main	20 LF	300.00	6,000.00	100.00	2,000.00
5	Incidental Pavement Crossings	60 LF	50.00	3,000.00	40.00	2,400.00
6	Manhole	10 EA	2,200.00	22,000.00	3,000.00	30,000.00
7	Extra Depth Manhole	26 LF	200.00	5,200.00	150.00	3,900.00
8	Connection (Sanitary Sewer to Existing Manhole)	6 EA	2,000.00	12,000.00	2,000.00	12,000.00
9	Connection (Manhole at Existing Sanitary Sewer)	2 EA	2,000.00	4,000.00	5,000.00	10,000.00
10	Direct Connection (Sewer Force Main)	4 EA	1,200.00	4,800.00	1,500.00	6,000.00
11	Type I Connection (Sewer Force Main)	3 EA	2,000.00	6,000.00	2,500.00	7,500.00
12	4-Inch Plug Valve	4 EA	900.00	3,600.00	1,500.00	6,000.00
13	Industrial Park Sewage Lift Station	1 LS	105,000.00	105,000.00	115,000.00	115,000.00
14	KY Highway 80 Sewage Lift Station	1 LS	155,000.00	155,000.00	150,000.00	150,000.00
15	Majestic Yachts Sewage Lift Station	1 LS	130,000.00	130,000.00	140,000.00	140,000.00
16	Center Street Sewage Lift Station	1 LS	120,000.00	120,000.00	120,000.00	120,000.00
17	Disconnect and Demolish Existing Lift Station	5 EA	4,500.00	22,500.00	10,000.00	50,000.00
18	Convert Existing Lift Station Wet Well to Manhole	1 EA	4,000.00	4,000.00	15,000.00	15,000.00
19	Exploration	20 HR	120.00	2,400.00	300.00	6,000.00
	TOTAL BASE BID			814,400.00		889,800.00

MONARCH ENGINEERING, INC.

556 Carlton Drive

Lawrenceburg, KY 40342

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BID TABULATIONS
COLUMBIA/ADAIR UTILITIES DISTRICT
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 3
WATER SYSTEM IMPROVEMENTS
LINDSAY WILSON WATER STORAGE TANK REHABILITATION
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

Caldwell Tanks, Inc.
P.O. Box 35770
Louisville, KY 40232

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT			
1	Containment & Protection	1 LS	\$70,000.00	\$70,000.00
2	Miscellaneous Repairs & Modifications	1 LS	27,800.00	27,800.00
	2A) Caulk interior lapped roof seams and skip welded roof stiffeners (Estimated 850 L.F.)			
	2B) Fill sharp edged pits (1/8" or deeper) with a surfacing epoxy (Estimated 40 S.F.)			
	2C) Remove & replace the upper 10' of the interior wet section ladder			
	2D) Remove & replace the notched rail safety bar on the interior wet section ladder			
	2E) Remove & replace the existing access tube roof hatch cover and hinge			
	2F) Remove & replace the existing wet section roof hatch cover and hinge			
	2G) Remove & replace the hasp on the existing hatch cover at the crow's nest rigging access			
	2H) Install hinged cover at opening where the pedestal ladder penetrates the upper platform			
	2I) Install cable rack assembly and transfer all existing antenna cables/wiring to the assembly			
	2J) Remove the existing tank drain valve and install new drain valve in an alternate location			
	2K) Install corral type handrail on tank rood and remount all existing antennas on the handrail			

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BID TABULATIONS
COLUMBIA/ADAIR UTILITIES DISTRICT
FLOOD MITIGATION WATER & WASTEWATER IMPROVEMENTS
CONTRACT NO. 3
WATER SYSTEM IMPROVEMENTS
LINDSAY WILSON WATER STORAGE TANK REHABILITATION
ADAIR COUNTY, KENTUCKY
BID DATE: APRIL 23, 2014 @ 11:00 A.M. LOCAL TIME

Caldwell Tanks, Inc.
 P.O. Box 35770
 Louisville, KY 40232

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT (Continued)			
	2L) Remove & reinstall the three (3) existing exterior rigging rings per OSHA standards			
	2M) Insulate the entire interior dry portion of the combination inlet/outlet (fill) pipe			
3	Complete Removal & Reapplication of Interior (Wet) Steel Coating System	1 LS	61,750.00	61,750.00
4	Complete Removal & Reapplication of Interior (Dry) Steel Coating System	1 LS	37,150.00	37,150.00
5	Complete Removal & Reapplication of Exterior Steel Coating System	1 LS	101,550.00	101,550.00
6	Reapplication of Logo & Lettering	1 LS	6,500.00	6,500.00
7	Cleaning/Disinfection/Sampling	1 LS	1,500.00	1,500.00
8	Clean-up	1 LS	1,000.00	1,000.00
	TOTAL BASE BID			307,250.00

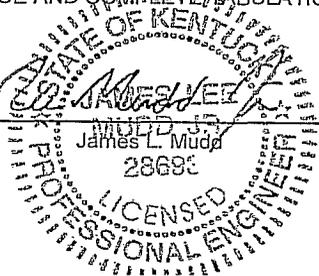
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST
	ADDITIVE ALTERNATE NO. 1			
1	Remove & replace concrete floor slab inside the base cone of the tank	1 LS	\$18,500.00	\$18,500.00
	TOTAL ADDITIVE ALTERNATE NO. 1 BID			18,500.00

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BY: James L. Mudd
 James L. Mudd
 28693

4/24/14
 DATE

Project No. 1142



**FINAL PROJECT BUDGET
FLOOD MITIGATION WATER & WASTEWATER IMPROV
COLUMBIA / ADAIR UTILITIES DISTRI
ADAIR COUNTY, KENTUCKY
MAY 2014**

*New Doc
6-30-14*

PROJECT COSTS

DEVELOPMENT

CONTRACT 1 - WWTP SLUDGE CONDITIONING SYSTEM UPGRADES	\$1,688,000.00
CONTRACT 2 - SEWAGE LIFT STATION UPGRADES & IMPROVEMENTS	599,903.00
CONTRACT 3 - LINDSAY WILSON WATER STORAGE TANK RENOVATION	307,250.00
CONTINGENCY	260,150.70
ENGINEERING DESIGN	191,781.81
CONSTRUCTION INSPECTION	136,914.49
PRELIMINARY ENGINEERING REPORT	10,000.00
ENVIRONMENTAL ASSESSMENT	8,000.00
GEOTECHNICAL INVESTIGATION	8,000.00
LEGAL & ADMINSTRATIVE	20,000.00
INTEREST	45,000.00
TOTAL PROJECT COSTS	<u><u>\$3,275,000.00</u></u>

PROJECT FINANCING

ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	\$1,600,000.00
USDA RURAL DEVELOPMENT GRANT	231,000.00
USDA RURAL DEVELOPMENT LOAN	694,000.00
ADDITIONAL ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	600,000.00
ADDITIONAL USDA RURAL DEVELOPMENT GRANT	150,000.00
TOTAL PROJECT FINANCING	<u><u>\$3,275,000.00</u></u>