

2004-280



3 HMB Circle  
U.S. 460  
Frankfort, KY 40601  
Office: (502) 695-9800  
Fax: (502) 695-9810

July 2, 2004

James Rice  
Public Service Commission  
P.O. Box 615  
Frankfort, Ky 40602

RECEIVED

JUL 07 2004

PUBLIC SERVICE  
COMMISSION

RE: Fleming 2002 Water Project  
Fleming County Water Association  
HMB #4045

Dear Mr. Rice:

The anticipated start of construction for the above referenced project is August 9, 2004. With a 75 day construction period, the anticipated end of construction is October 23, 2004.

If you have any questions, please call.

Sincerely,

*HMB Professional Engineers, Inc.*

Jeff Reynolds, P.E.

- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Site Development
- Right-of-Way
- Master Planning
- Environmental Planning
- Surveying
- Project Management
- Cost Estimation
- Construction Inspection
- Aviation Services
- Environmental Remediation
- Landscape Architecture



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June 22, 2004

Elwood Howe  
 Rural Development  
 200 West First Street  
 Morehead, KY 40351-1504

RE: Final Engineering Report  
 Fleming 2002 Water Project  
 Fleming County Water Association  
 HMB # 4045

Dear Mr. Howe:

As you know, the above referenced project was bid June 17, 2004. The low bidder for Contract VIII, the Water Line Extensions, was Double D Enterprises, Inc. from Maysville, Kentucky. Their bid was \$292,800.00.

Following is a summary of the financing and budget for this project:

<u>Project Budget:</u>	<u>Letter of Conditions</u>	<u>Current (As Bid)</u>
Development	\$398,400	\$292,800.00
Land and Rights	\$3,000	\$3,000.00
Legal and Administrative	\$5,000	\$5,000.00
Engineering/Inspection	\$104,700	\$72,400.00
Interest during Construction	\$3,000	\$3,000.00
<u>Contingencies</u>	<u>\$39,900</u>	<u>\$177,800.00</u>
<b>TOTAL PROJECT COST</b>	<b>\$554,000</b>	<b>\$554,000.00</b>

<u>Financing:</u>	<u>Letter of Conditions:</u>	<u>Current (As Bid)</u>
<u>RUS Loan</u>	<u>\$554,000</u>	<u>\$554,000</u>
<b>TOTAL</b>	<b>\$554,000</b>	<b>\$554,000</b>

- Highway Engineering
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Mr. Elwood Howe  
 June 22, 2004  
 Page 2

Attached find a copy of the Bid Tabulation for the project.

It appears the project can be completed within the available funding; therefore, we are recommend this contract be approved and allowed to go forward. Please contact us if there are any questions.

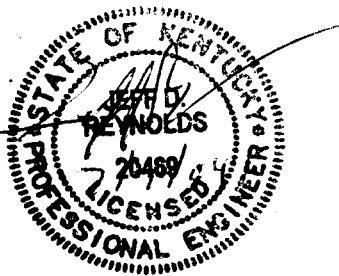
Very Truly Yours,

*HMB PROFESSIONAL ENGINEERS, INC.*

Jeff Reynolds, P.E.

Enclosures

cc: Gene Jett, FCWA  
 Marvin Suit, Attorney



- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Site Development
- Right-of-Way
- Master Planning
- Environmental Planning
- Surveying
- Project Management
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- Aviation Services
- Environmental Remediation
- Landscape Architecture

HENRY C. LIST  
SECRETARY



PAUL E. PATTON  
GOVERNOR

RECEIVED OCT 09 2003

*J. Roy*

COMMONWEALTH OF KENTUCKY  
**NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
FRANKFORT OFFICE PARK  
14 REILLY RD  
FRANKFORT KY 40601  
September 26, 2003

Mr. Eugene Jett, Supt.  
Fleming County Water Association  
PO Box 327  
Flemingsburg, Kentucky 41041

RE: DW # 0350133-03-001  
Contract VII, 2002 Water Project  
Fleming Co., Kentucky

Dear Mr. Jett:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 19,650 feet of 10-inch PVC water line. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of the date of this approval letter, with the following stipulations:

1. Upon completion of construction, disinfection shall be strictly in accordance with the procedure designated in the State Regulations, which reads as follows:

"A water distribution system, including storage distribution tanks, repaired portions of existing systems or all extensions to existing systems, shall be thoroughly disinfected before being placed into service. A water distribution system shall disinfect with chlorine or chlorine compounds, in amounts as to produce a concentration of at least fifty (50) ppm and a residual of at least twenty-five (25) ppm at the end of twenty-four (24) hours and the disinfection shall be followed by a thorough flushing."

New or repaired water distribution lines shall not be placed into service until bacteriological samples taken at the points specified in 401 KAR 8:150 Section 4 (2) are examined and are shown to be negative following disinfection.



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2. A minimum pressure of 30 psi must be available on the discharge side of all meters. All water mains, including those not designed to provide fire protection, shall be sized after a hydraulic analysis based on flow demands and pressure requirements. The system shall be designed to maintain a minimum pressure of 20 psi (140 kPa) at ground level at all points in the distribution system.
3. If PVC piping is used, it must be NSF approved and manufactured in accordance with ASTM standards.
4. Water mains shall be laid at least 10 feet horizontally from any existing or proposed sewer. A sewer is defined as any conduit conveying fluids other than potable water. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 - foot separation, this office may allow deviation on a case-by-case basis, if supported by data from the design engineer. Such deviation may allow installation of the water main closer to a sewer, provided that the water main is laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water main is at least 18 inches above the top of the sewer. This deviation will not be allowed for force mains.

Water mains crossing sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sewer. This shall be the case where the water main is either above or below the sewer. At crossings, one full length of the water pipe shall be located so both joints will be as far from the sewer as possible. Special structural support for the water and sewer pipes may be required.

5. Chlorinated water resulting from disinfection of treatment facilities and new, repaired, or extended distribution systems shall be disposed in a manner which will not violate 401 KAR 5:031.
6. At high points in water mains where air can accumulate provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur.

7. For underwater crossings greater than 15 feet in width the following shall be provided:
  - a. The pipe shall be of special construction, having flexible water tight joints, except if concrete encased;
  - b. valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair; the valves shall be easily accessible, and not subject to flooding; and the valve closest to the supply source shall be in a manhole; and,
  - c. permanent taps shall be made on each side of the valve within the manhole to allow insertion of a small meter to determine leakage and for sampling purposes.
8. A minimum free chlorine residual of 0.2 pm must be maintained throughout the distribution system. If this residual can not be maintained, booster chlorination facilities must be provided. If chloramination is used, a minimum combined residual of 0.5 ppm must be maintained throughout the distribution system.
9. If the existing water main material being tapped is asbestos concrete, then during the process of tapping the asbestos concrete water main, the contractor shall conform to OSHA regulations governing the handling of hazardous waste. Pieces of asbestos concrete resulting from the tap shall be double bagged, placed in a rigid container and disposed of in an approved landfill.
10. When this project is completed, the owner shall submit a written certification to the Division of Water that the above referenced water supply facilities have been constructed and tested in accordance with the approved plans and specifications and the above stipulations. Such certification shall be signed by a licensed professional engineer.

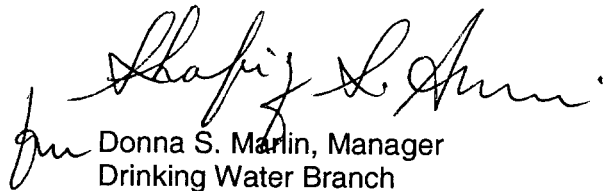
Since the requirements of Administrative Regulations 401 KAR 4:050, Section 2 are met with regard to subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 for this aspect of the project. Please note the reference to subfluvial pipe line crossings in the enclosed copy of the regulations.

If this water line project will cross a stream or wetland, the attached Water Quality Certification will apply. Please read this certification and make this a part of any contract to install the water lines. If you have any questions please contact John Dovak of the Water Quality Branch at 502/564-2225, extension 485.

This approval has been issued under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other permits or licenses required by this Cabinet and other state, federal and local agencies.

Unless construction of this project commences within one year from the date of this approval letter, Fleming County Water Association shall request an official extension from the Division of Water prior to the first anniversary of this approval letter, or resubmit the original plans and specifications for a new comprehensive review. If you have any questions concerning this project, please contact Stephanie Rich at (502) 564-2225, extension 422.

Sincerely,



Donna S. Marlin, Manager  
Drinking Water Branch  
Division of Water

DSM:SSR

Enclosures

C: HMB Professional Engineers, INC.  
Fleming County Health Department  
Public Service Commission  
Morehead Regional Office  
Water Quality  
Water Resources  
Drinking Water Files

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET  
Department for Environmental Protection  
Division of Water

401 KAR 4:050. Construction exemptions.

RELATES TO: KRS 151.110, 151.250, 151.310

STATUTORY AUTHORITY: KRS 151.230, 151.250

NECESSITY AND FUNCTION: In the course of regulating construction in or along streams pursuant to KRS 151.250, the Natural Resources and Environmental Protection Cabinet frequently encounters actions or proposed actions which are of such nature or location as to have little potential for damage or such that any damage which would occur is limited in extent to the immediate vicinity of the action. This regulation exempts construction of this type from the provisions of KRS 151.250.

**Section 1.** A construction permit pursuant to KRS 151.250 shall not be required for construction in or along a stream whose watershed is less than one (1) square mile, except for the construction of dams as defined by KRS 151.100 or other water impounding structures or for any construction that does or may endanger life or cause severe damage to residential or commercial property.

**Section 2.** A construction permit pursuant to KRS 151.250 shall not be required for a subfluvial utility or pipeline crossing provided that the construction of the crossing meets the following criteria:

(1) During the construction of the crossing, no material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc., unless prior approval has been obtained from the cabinet.

(2) The trench shall be backfilled as closely as possible to the original contour. All excess material from construction of the trench shall be disposed of outside of the flood plain unless the applicant has received prior approval from the cabinet to fill within the flood plain.

(3) For subfluvial crossings of erodible channels, there shall be at least thirty (30) inches clear to the top of the pipe or conduit at all points.

(4) For subfluvial crossings of nonerodible channels, there shall be at least six (6) inches of clear cover above the top of the pipe or conduit at all points, and the pipe or conduit shall be encased on all sides by at least six (6) inches of concrete.

(5) The weight of a pipe and its contents during normal operating conditions at all points must exceed that of an equal volume of water, or the applicant must provide the division with sufficient information to show that the pipe and joints have sufficient strength. (7 Ky.R. 365; eff. 11-6-80.)





COMMONWEALTH OF KENTUCKY  
**NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
FRANKFORT OFFICE PARK  
14 REILLY RD  
FRANKFORT KY 40601

**General Certification--Nationwide Permit #12**  
**Utility Line Backfill and Bedding**

This General Certification is issued March 17, 2002, in conformity with the requirements of Section 401 of the Clean Water Act of 1977, as amended (33USC 1314), as well as Kentucky Statute KRS 224.16-070.

The Commonwealth of Kentucky hereby certifies under Section 401 of the Clean Water Act (CWA) that it has reasonable assurances that applicable water quality standards under Kentucky Administrative Regulations Title 401, Chapter 5, established pursuant to Sections 301, 302, 304, 306 and 307 of the CWA, will not be violated for the activity covered under 33 CFR Part 330 Appendix A (B) (12), namely utility line backfill and bedding provided that the following conditions are met:

1. This general Water Quality Certification is limited to the crossing of streams by utility lines. The length of a single utility stream crossing shall not exceed twice the width of the stream. This document does not authorize the installation of utility lines in a linear manner within the stream channel or below the top of the stream bank.
2. The provisions of 401 KAR 5:005 Section 8 are hereby incorporated into this General Water Quality Certification. Namely, "Sewer lines shall be located at least 50 feet away from a stream which appears as a blue line on a USGS 7 ½ minute topographic map except where the sewer alignment crosses the stream. The distance shall be measured from the top of the stream bank. The cabinet may allow construction within the 50' buffer if adequate methods are used to prevent soil from entering the stream.

Gravity sewer lines and force mains that cross streams shall be constructed by methods that maintain normal stream flow and allow for a dry excavation. Water pumped from the excavation shall be contained and allowed to settle prior to re-entering the stream. Excavation equipment and vehicles shall operate outside of the flowing portion of the stream. Spoil material from the sewer line excavation shall not be allowed to enter the flowing portion of the stream." The provisions of this condition shall apply to all types of utility line stream crossings.

3. Removal of riparian vegetation in the utility line right-of-way shall be limited to that necessary for equipment access. Effective erosion and sedimentation control measures must be employed at all times during the project to prevent degradation of waters of the Commonwealth. Site regarding and reseeded will be accomplished within 14 days after disturbance.



4. Utility line construction projects through jurisdictional wetlands shall not result in conversion of the area to non-wetland status.
5. This General Certification shall not apply to those waters of the Commonwealth identified as Outstanding State Resource Waters, Exceptional Waters or Cold Water Aquatic Habitat Waters, as designated by the Division of Water. An individual Water Quality Certification will be required for projects in these waters.

Non-compliance with the conditions of this general certification or violation of Kentucky state water quality standards may result in civil penalties.

This general certification will expire on March 19, 2007, or sooner if the COE makes significant changes to this nationwide permit.



United States  
Department of  
Agriculture

Rural  
Development

771 Corporate Drive, Suite 200  
Lexington, KY 40503-5477  
(859) 224-7336 TTY(859) 224-7422

December 3, 2002

#4045 (CORR)  
DEC 06 2002

Mr. J.E. Smith, President  
Fleming County Water Association, Inc.  
P.O. Box 327  
Flemingsburg, Kentucky 41041

TMW  
JDR  
JHB

Dear Mr. Smith:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan 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 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 \$554,000.

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 240 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:

1. Number of Users and Their Contribution:

There shall be 3,339 existing water users. The Rural Development Manager will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Association.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Promissory Note. Principal payment will not be deferred for a period in excess of two years from the date of the Promissory Note. The Association will be required to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the Promissory Note is held or insured by RUS.

3. Recommended Repayment Method:

Payments on this loan can 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 SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the Association to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Rural Development Manager will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Association will be required to deposit \$260.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$31,200. The deposits are to be resumed any time the account falls below the \$31,200.

The required monthly deposits to the Reserve Account and required Reserve account levels are in addition to the requirements of the Association's prior note 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.

5. Security Requirements:

The loan will be secured by a real estate mortgage, a financing statement, and pledge of gross water revenue, in the Loan Resolution and Financing Statement.

6. Land Rights and Real Property:

The Association 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.

7. Organization:

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

8. Business Operations:

The Association 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 Association after review by Rural Development. At no later than loan pre-closing, the Association 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, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The Association will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

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

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

11. 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 Association. The Association should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Association will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Association 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 \$230,000.

- D. Real Property Insurance - The Association 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 Association 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 Association will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

12. 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 "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him 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.

13. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Association will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

14. 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 Association.

15. Compliance with Special Laws and Regulations:

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

16. System Operator:

The Association is reminded that the system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the Association will be Required to Adopt:

- A. Form RD 1942-8, "Resolution of Members or Stockholders."
- B. Form RUS Bulletin 1780-28, "Loan Resolution Security Agreement."
- C. Form RD 400-1, "Equal Opportunity Agreement."
- D. Form RD 400-4, "Assurance Agreement."
- E. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- F. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- G. FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Association must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

18. Refinancing and Graduation Requirements:

The Association is reminded that if at any time it shall appear to the Government that the Association 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 Association will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The Association 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 Association 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.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Association 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.

During construction, the Association 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 Association, 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 Association.

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

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

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 398,400
Land and Rights	3,000
Legal and Administrative	5,000
Engineering	104,700
Interest	3,000
Contingencies	<u>39,900</u>
TOTAL	\$ 554,000



Financing:

RUS Loan		\$ <u>554,000</u>
	TOTAL	\$ 554,000

22. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearinghouse (EFT/ACH). Borrowers receiving payments 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.

23. Rates and Charges:

Rates and charges for facilities and services rendered by the Association 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:

First	2,000	gallons @ \$	12.51 - Minimum Bill.
Next	8,000	gallons @ \$	5.43 - per 1,000 gallons.
Next	40,000	gallons @ \$	3.73 - per 1,000 gallons.
All Over	50,000	gallons @ \$	2.78 - per 1,000 gallons.

24. Water Purchase Contracts:

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

25. Floodplain Construction:

The Association will be required to pass and adopt a Resolution or amend its By-Laws whereby the Association will deny any water 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 Association 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.

26. Mitigation Measures:

- A. The Association shall be required to comply with the requirements of the Kentucky State Clearinghouse as detailed by letter dated November 26, 2001 and signed by Mr. Ronald W. Cook.
- B. The Association shall be required to comply with the requirements, if any, of the U.S. Fish and Wildlife Service as requested by letter dated July 18, 2002, and signed by Lee A. Barclay, Ph.D., Field Supervisor.
- C. The Association will comply with all applicable executive orders and regulations that are applicable to the preservation of prime farmlands, wetlands, floodplains, and cultural resources.

27. Final Approval Conditions:

Final approval of this loan 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 Rural Development Manager will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,

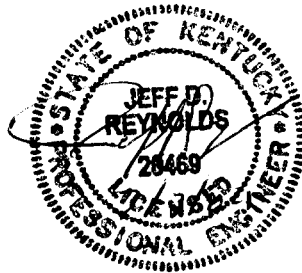
  
KENNETH SLONE  
State Director  
Rural Development

Enclosures

cc: Rural Development Manager - Morehead, Kentucky  
Community Development Manager - Flemingsburg, Kentucky  
Buffalo Trace ADD - Maysville, Kentucky  
Marvin W. Suit - Flemingsburg, Kentucky  
✓ HMB, Inc. - Frankfort, Kentucky  
PSC - ATTN: Bob Amato - Frankfort, Kentucky

PRELIMINARY ENGINEERING REPORT  
FLEMING 2002 WATER PROJECT  
FLEMING COUNTY WATER ASSOCIATION  
FLEMING COUNTY, KENTUCKY

SEPTEMBER 2001



Prepared By:

Haworth, Meyer & Boleyn, Inc.  
3 HMB Circle  
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Frankfort, Ky 40601

## TABLE OF CONTENTS

- I. Introduction
- II. Existing Water System
- III. Proposed Improvements
- IV. Cost Summary
- V. Funding
- VI. Recommendations

### Appendices

Appendix A - Project Maps

## **I. Introduction**

The Fleming County Water Association (FCWA) provides potable water to approximately 3,378 customers of rural Fleming, Mason and Lewis counties. It has water service to virtually all of its service area. However, the number of customers within the service area continues to grow. Therefore, the FCWA must continue to upgrade existing water lines and find more efficient and dependable ways to run the system.

This proposed project will upgrade water lines to the Hillsboro area, which continues to grow. This project will also include a SCADA system which will enable the FCWA to monitor and control the system more efficiently.

## **II. Existing Water System**

The Fleming County Water Association (FCWA) was formed in the late 1960's. It is a non-profit corporation controlled by a Board of Directors. This Board consists of a President and five Directors. Each water customer is voting member in the Association. The Association is regulated by the Public Service Commission.

The FCWA supplies potable water to approximately 3,378 customers. It purchases treated water from five water utilities, Western Fleming Water District, Rowan County Water District, City of Morehead, City of Flemingsburg and the City of Vanceburg. Currently, FCWA purchases approximately 20,000,000 gallons per month.

The FCWA has six existing water storage tanks with a total capacity of 1,333,000 gallons and five booster pump stations.

## **III. Proposed Improvement**

### **A.) KY 111 Upgrade to Hillsboro**

The City of Hillsboro and surrounding areas are served by a 6 inch water line along KY 111. With the growth rate of the surrounding areas, the existing 6 inch water line is nearing its capacity. Therefore, the FCWA proposes to lay an 8 inch line parallel to the 6 inch line along KY 111. The proposed 8 inch line will extend from Parker Road to Hillsboro. With both the 6 and 8 inch lines in service, the FCWA should be capable of meeting the future demands of the City of Hillsboro and surrounding areas.

## B.) SCADA System

The FCWA system is currently comprised of 5 booster pump stations and 6 water tanks spread throughout the county. For the FCWA to monitor these sites, a FCWA employee must drive to each site daily and record information such as tank levels, pump run times, etc. Therefore, the FCWA proposes to install a SCADA system which will allow monitoring and controlling of the pump stations and tanks 24 hours a day. The SCADA system will also be helpful determining line breaks and other emergencies, which might go undetected for long periods of time without a SCADA system. And finally, the SCADA system will replace the unreliable pressure switches that currently control the booster pump stations.

## IV. Cost Summary

Tables 1& 2 summarize the estimated construction cost for the project. Table 3 shows the estimated project cost.

TABLE 1

**ESTIMATED CONSTRUCTION COST  
KY 111 UPGRADE**

ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL
8" WATER LINE (SDR-21)	25,000	L.F.	\$6.50	\$162,500.00
14" ROAD BORE	150	EA.	\$80.00	\$12,000.00
8" GATE VALVE	12	EA.	\$700.00	\$8,400.00
CONNECTION TO EXIST. SYSTEM	3	EA.	\$1,500.00	\$4,500.00
RECONNECTIONS (SAME SIDE OF ROAD)	15	EA.	\$300.00	\$4,500.00
RECONNECTIONS (OPP. SIDE OF ROAD)	15	EA.	\$400.00	\$6,000.00
AIR RELEASE VALVE	5	EA.	\$400.00	\$2,000.00
BLOWOFF HYDRANT	1	EA.	\$1,500.00	\$1,500.00
ADDITIONAL SERVICE TUBING	500	L.F.	\$3.00	\$1,500.00
CREEK CROSSING	50	L.F.	\$60.00	\$3,000.00
BITUMINOUS REPLACEMENT	100	L.F.	\$50.00	\$5,000.00
CRUSHED STONE	500	L.F.	\$5.00	\$2,500.00
MISCELLANEOUS CONNECTIONS		L.S.		\$10,000.00
<b>TOTAL ESTIMATED CONSTRUCTION COST</b>				<b>\$223,400.00</b>

TABLE 3

**ESTIMATED CONSTRUCTION COST  
SCADA SYSTEM**

ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL
SCADA SYSTEM		L.S.		\$175,000.00
<b>TOTAL ESTIMATED CONSTRUCTION COST</b>				<b>\$175,000.00</b>

TABLE 3

FLEMING 2002 WATER PROJECT  
FLEMING COUNTY WATER ASSOCIATION  
ESTIMATED CONSTRUCTION COST

ESTIMATED CONSTRUCTION COST	\$398,400
ENGINEERING	\$85,700
ENVIRONMENTAL REVIEW	\$15,000
LEGAL & ADMINISTRATION	\$5,000
LAND & RIGHTS	\$3,000
INTEREST DURING CONSTRUCTION	\$3,000
CONTINGENCIES	\$39,900
BOTANICAL SURVEY	\$4,000
<b>TOTAL ESTIMATED PROJECT COST</b>	<b>\$554,000</b>



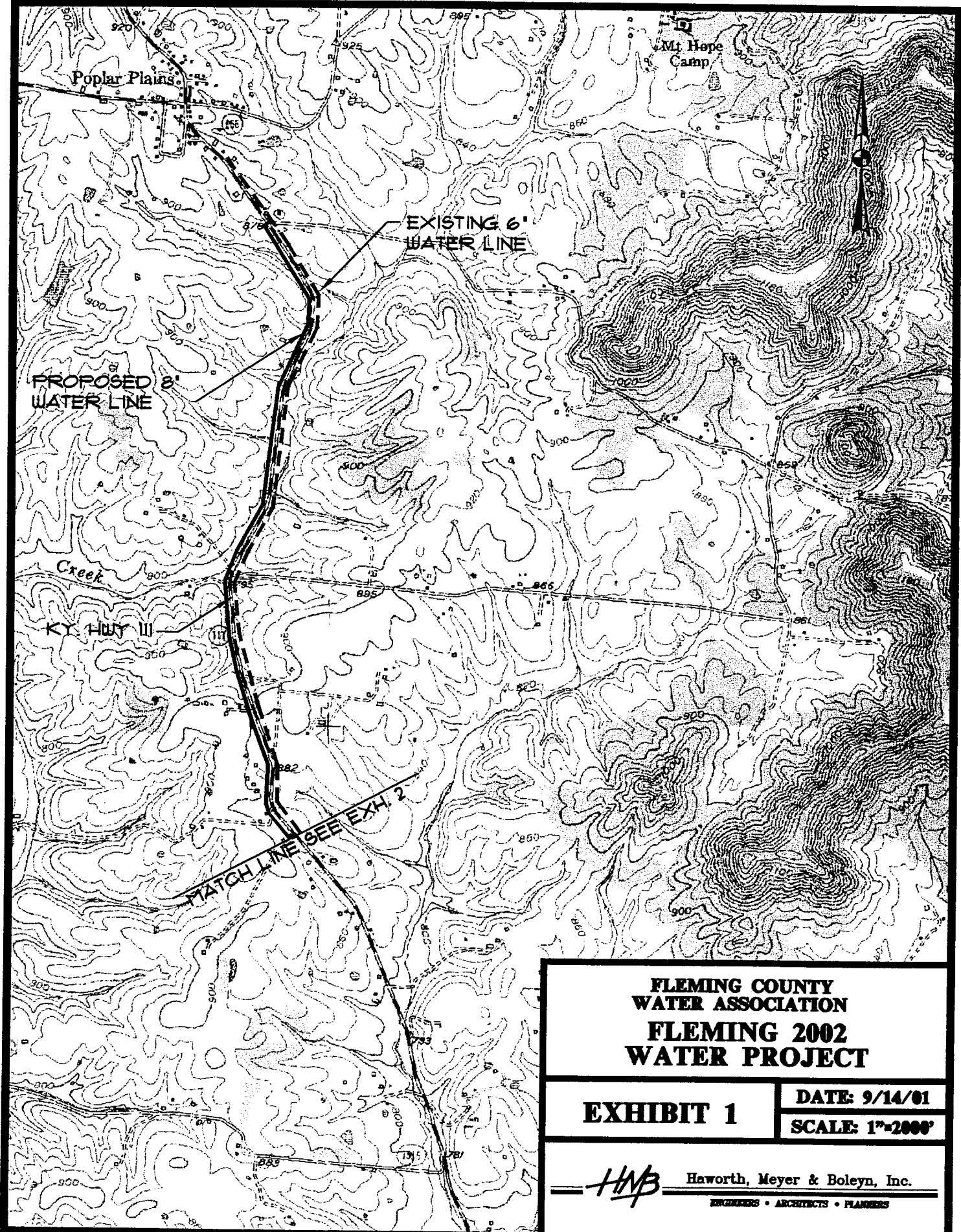
## **V. Funding**

Proposed funding for this project is being made available by Rural Development Loan of \$554,000.

## **VI. Recommendations**

It is recommended that the project be funded by Rural Development and a Letter of Conditions be issued as soon as possible.

APPENDIX A  
PROJECT MAPS

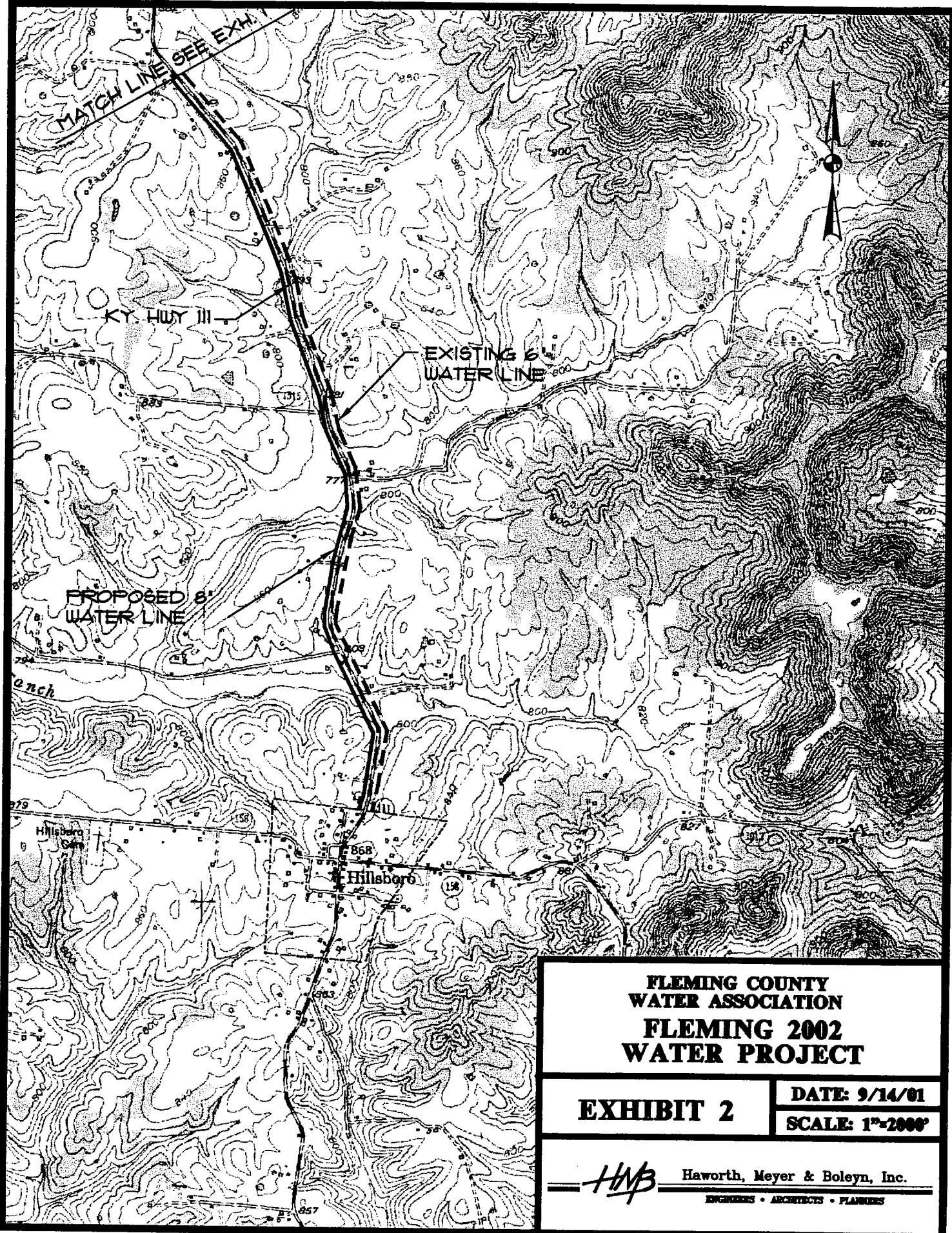


**FLEMING COUNTY  
WATER ASSOCIATION  
FLEMING 2002  
WATER PROJECT**

**EXHIBIT 1**

**DATE: 9/14/01  
SCALE: 1"=2000'**

**HMB** **Haworth, Meyer & Boleyn, Inc.**  
ENGINEERS • ARCHITECTS • PLANNERS



MATCH LINE SEE EXH.

KY. HWY III

EXISTING 6" WATER LINE

PROPOSED 6" WATER LINE



**FLEMING COUNTY  
WATER ASSOCIATION  
FLEMING 2002  
WATER PROJECT**

**EXHIBIT 2**

**DATE: 9/14/01**

**SCALE: 1"=2000'**

**HMB** **Haworth, Meyer & Boleyn, Inc.**  
ENGINEERS • ARCHITECTS • PLANNERS



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 Frankfort, KY 40601  
 Office: (502) 695-9800  
 Fax: (502) 695-9810

June 23, 2004

James Rice  
 Public Service Commission  
 211 Sower Blvd.  
 Frankfort, Ky 40601

RE: Fleming 2002 Water Project  
 Fleming County Water Association  
 HMB #4045

Dear Mr. Rice:

The scope of the above referenced project has completely changed since the Rural Development Preliminary Engineering Report was written in September 2001. As discussed in the attached letter to Vernon Brown with Rural Development, the changes were essential for Fleming County Water Association to purchase water from the Greater Fleming County Regional Water Commission. The new project consists of approximately 19,500 feet of 10-inch water line and will serve no additional customers.

If you have any questions or need additional information, please call.

Sincerely,

*HMB Professional Engineers, Inc.*

Jeff Reynolds, P.E.

- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Site Development
- Right-of-Way
- Master Planning
- Environmental Planning
- Surveying
- Project Management
- Cost Estimation
- Construction Inspection
- Aviation Services
- Environmental Remediation
- Landscape Architecture



January 14, 2003

3 HMB Circle  
U.S. 460  
Frankfort, KY 40601  
Office: (502) 695-9800  
Fax: (502) 695-9810

Vernon Brown, Program Director  
Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Ky 40503

Re: Fleming 2002 Water Project  
Fleming County Water Association  
HMB #4045

Dear Mr. Brown

The Fleming County Water Association (FCWA) proposes to alter the above referenced project from its original design. Originally, this project was designed to enable the FCWA to purchase additional water from Rowan County. But with the current progress of the Greater Fleming County Regional Water Commission Project, it is believed that the Commission water line will be in service in a timely manner and the additional water from Rowan County will not be required. The FCWA proposes to install a bypass water line around the City of Flemingsburg. This will enable the FCWA to purchase water from Commission without it having to pass through the City of Flemingsburg system and prevent the FCWA from having to pay the City of Flemingsburg a pass through fee. This will also benefit FCWA hydraulically, because the Commission's system will have a higher hydraulic grade line.

If you have any questions or need additional information, please call.

Sincerely

HMB PROFESSIONAL ENGINEERS, INC.

Jeff Reynolds, P.E.

cc: FCWA  
Elwood Howe, RD

Highway Engineering

Structural Engineering

Water & Wastewater

Site Development

Right-of-Way

Master Planning

Environmental Planning

Surveying

Project Management

Cost Estimation

Construction Inspection

Aviation Services

Environmental Remediation

Landscape Architecture



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JDR  
CAS  
REB  
File

United States Department of Agriculture  
Rural Development  
Kentucky State Office

June 29, 2004

SUBJECT: Fleming County Water Association  
2002 Water Project  
Contract Award Concurrence

TO: Area Director  
Morehead, 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, Double D. Enterprises, Inc., in the amount of \$292,800.00

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

  
KENNETH SLONE  
State Director  
Rural Development

cc: HMB Engineers, Inc.  
Frankfort, Kentucky

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