

# Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

July 15, 2016

RECEIVED

Ms. Talina R. Mathews  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

JUL 19 2016

Public Service  
Commission

Case No. 2016-00266

Re: Mountain Water District PSC Application - KRS 278.023

Dear Ms. Mathews:

Enclosed please find the original and ten (10) copies of the Application of the Mountain Water District for a Certificate of Public Convenience and Necessity to construct and finance a project 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 and the Plans and Specifications on electronic media.**

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

Sincerely,

Rubin & Hays

By

  
W. Randall Jones

WRJ:jlm  
Enclosures  
cc: Distribution List

**DISTRIBUTION LIST**

**Re: Mountain Water District Upper Pompey Water Supply Project**

Mr. Elwood Howe  
USDA, Rural Development  
220 West First Street  
Morehead, Kentucky 40351  
[elwood.howe@ky.usda.gov](mailto:elwood.howe@ky.usda.gov)

Phone: (606) 784-6447  
Fax: (606) 784-2076

Mr. Roy Sawyers  
Mountain Water District  
P.O. Box 3157  
Pikeville, Kentucky 41502-3157  
[rsawyers@mtwater.org](mailto:rsawyers@mtwater.org)

Phone: (606) 631-9162  
Fax: (606) 631-3087

Jody G. Hunt, P.E.  
Summit Engineering, Inc.  
131 Summit Drive  
Pikeville, Kentucky 41501  
[jhunt@summit-engr.com](mailto:jhunt@summit-engr.com)

Telephone: (606) 432-1447

W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)

Phone: (502) 569-7534  
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RECEIVED

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JUL 19 2016

Public Service  
Commission

In the Matter of:

THE APPLICATION OF THE MOUNTAIN )  
WATER DISTRICT FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND ) Case No. 2016-00266  
NECESSITY TO CONSTRUCT AND FINANCE )  
PURSUANT TO KRS 278.023 )

APPLICATION

This Application of the Mountain 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:

Mountain Water District  
c/o Mr. Roy Sawyers  
P.O. Box 3157  
6332 Zebulon Highway  
Pikeville, Kentucky 41501  
Phone: (606) 631-9162  
Fax: (606) 631-3087  
email address: [rsawyers@mtwater.org](mailto:rsawyers@mtwater.org)

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity ("CPCN"), permitting Applicant to construct a waterworks improvement project (the "Project"); and (ii) approval of the proposed plan of financing said Project.

4. That the Project consists of the installation of (i) approximately 28,000 linear feet of various sizes of water main and associated appurtenances; and (ii) a 20,000 gallon water storage tank, booster pumping stations and telemetry.

5. That Applicant proposes to finance the construction of the Project through (i) a USDA, Rural Utilities Service ("USDA") administered Appalachian Regional Commission ("ARC") grant in the amount of \$500,000; (ii) an Abandoned Mine Land ("AML") grant in the amount of \$500,000; and (iii) State Mining Mitigation funds in the amount of \$900,000.

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 USDA Letter of Conditions (**Exhibit "A"**).
- B. Copy of USDA Letter of Concurrence in Contract Award (**Exhibit "B"**).
- C. Copy of USDA/ARC Grant Agreement (**Exhibit "C"**).
- D. Copy of Preliminary Engineering Report, Final Engineering Report and certified bid tabulations.
- E. Certified statement from the Chairman of Applicant (**Exhibit "D"**), 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 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.
  - (2) All other state approvals or permits have been obtained;
  - (3) The 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 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 Mountain 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 system improvement project.
- b. An Order approving the financing arrangements made by Applicant, viz., (i) a USDA administered ARC grant in the amount of \$500,000; (ii) an AML grant in the amount of \$500,000; and (iii) State Mining Mitigation funds in the amount of \$900,000.

Mountain 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  
Phone: (502) 569-7525  
Fax: (502) 569-7555  
[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)





United States Department of Agriculture

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September 22, 2015

Ancie Casey, Chairman  
Mountain Water District  
P.O. Box 3157  
Pikeville, Kentucky 41502-3157

Dear Chairman Casey:

This letter establishes conditions which must be understood and agreed to by you before further processing of your Appalachian Regional Commission (ARC) grant application and which must be met before the grant can be closed.

The Federal Co-Chairman of ARC has entered into an agreement with the Administrator of the Rural Utilities Service (RUS) whereby the RUS will be responsible for awarding and administering the ARC grant offer for the proposed project in an amount not to exceed \$500,000. The grant offer is composed of an ARC Section 214 Grant in the amount of \$500,000.

Please complete Form RD 1942-46, "Letter of Intent to Meet Conditions," if you agree with the conditions stated herein and desire to continue with the ARC grant.

1. Grant Administration:

The RUS is responsible for administering the ARC grant. This will include responsibility of making the decisions and determinations involving project costs, availability of funds, contract documents, specifications, plans, change orders, inspections during construction, final inspections, financial management of the project, and other areas affecting the awarding and administering of the ARC grant.

2. Grant Resolution:

The District will be required to pass and adopt a resolution accepting the grant offer of \$500,000 from the Appalachian Regional Commission.

3. Grant Agreement:

The District will be required to execute RUS Bulletin 1780-12, "Water or Waste System Grant Agreement," prior to closing the grant.

**Rural Development • Kentucky State Office**  
771 Corporate Drive, Suite 200, Lexington, Kentucky 40502  
Voice (859) 224-7300 • Fax (859) 224-4748 • TTY (859) 224-7422

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

Mountain Water District

4. 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."

5. Organization:

The District will be legally organized under applicable KRS, which will permit them to perform this service and to carry out the purpose of the proposed grant.

The District must maintain a current registration of their Dun and Bradstreet Data Universal Numbering System (DUNS) number in SAM.gov (System for Award Management) in order to receive federal loan and/or grant financial assistance. This registration must be updated/renewed at least annually.

6. Office of General Counsel:

The District will be required to submit sufficient evidence for the Office of General Counsel to determine that it is an eligible entity, and able to carry out the purposes of the proposed grant.

7. Fund Release:

The District will be required to provide paid receipts or accounts payable invoices for release of funds.

8. Davis-Bacon Act:

The construction contracts for project work in all applicable cases will contain binding provisions for paying the prevailing wages as determined by the Secretary of Labor in accordance with Davis-Bacon Act.

9. 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 grantees 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



Mountain Water District

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.

10. Compliance with Special Laws and Regulations:

The District will be required to conform with any and all state and local laws and regulations affecting this type project. This will include compliance certification from the United States Department of Labor, if applicable.

11. Advertising for Bids:

The District will be required to comply with State and Federal laws on procurement.

12. Prior to Closing the Grant, the District Will Be Required to Adopt:

- A. Form RD 400-1, "Equal Opportunity Agreement."
- B. Form RD 400-4, "Assurance Agreement."
- C. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction," to certify that your organization is not debarred or suspended from Government assistance. You must obtain a certification on Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transaction," from any person or entity you do business with as a result of this Government assistance that they are not debarred or suspended from Government assistance.
- D. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans," which requires disclosure of lobbying activities, if any.

Mountain Water District

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

14. Audit/Closeout Report:

The District will be required to furnish an audit report, or other approved report, on the final cost of the project, at its own expense.

The proportionate share of any ARC grant funds actually advanced and not needed for any approved purposes shall be returned immediately to the ARC as provided for in the grant agreement.

15. Remaining Project Funds:

If the actual eligible costs are less than the estimated costs on which the Commission based its approval of a supplemental or special basic grant (or if the non-214 basic federal grant(s) or the non-federal funds are increased for a project without any change in eligible project costs), the amount of Section 214 funds available for the project shall be reduced to the difference between the actual eligible costs and the sum of (i) the non-214 basic grant(s) and (ii) the non-federal funds shown in the approved Section 214 application unless, because of changed circumstances, the Commission directs otherwise.

16. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds will be established by the District. Prior to disbursement of funds by the District, the District shall review and approve each invoice. All invoices and vouchers must be approved by RUS prior to payment by the District.

Mountain Water District

Positions of officials entrusted with the receipt and disbursement of the construction account will be covered by a fidelity bond with USDA as Co-Obligee. The amount of coverage will be at least equal to the amount of funds on hand in the construction account at any one time.

17. 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.

18. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,572,150
Land and Rights	11,468
Engineering (Basic & Design)	62,156
Engineering - Inspections	76,511
Archeological	5,000
Geotechnical	20,000
Contingencies	<u>152,715</u>
TOTAL	\$ 1,900,000

Financing:

ARC Grant	\$ 500,000
Federal - AML	500,000
State Mining Mitigation	<u>900,000</u>
TOTAL	\$ 1,900,000

19. Commitment of Other Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the Federal - AML in the amount of \$500,000 and for the State Mining Mitigation in the amount of \$900,000.

20. 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.

21. Compliance with the Bioterrorism Act:

Prior to closing the grant, 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).

Mountain Water District

22. Mitigation Measures:

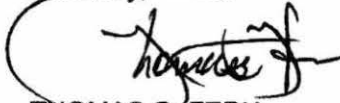
- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated July 28, 2015, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated April 21, 2015, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. 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).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

23. Final Approval Conditions:

Final approval of this grant 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 processing your grant offer.

Sincerely,



THOMAS G. FERN  
State Director

cc: Area Director - Morehead, Kentucky  
Big Sandy ADD - Prestonsburg, Kentucky  
Dan Stratton - Pikeville, Kentucky  
Summit Engineering, Inc. - Pikeville, Kentucky



Rural Development April 4, 2016

Kentucky State Office

771 Corporate Drive,  
Suite 200  
Lexington, KY  
40503

**SUBJECT:** Mountain Water District  
Upper Pompey Water Supply  
Contract Award Concurrence

Voice 859.224.7300  
Fax 859.224.7425  
TTY 859.224.7422

**TO:** Area Office  
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, H2O Construction, Inc., in the amount of \$1,332,025.

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



THOMAS G. FERN  
State Director  
Rural Development

cc: Summit Engineering  
Lexington, Kentucky

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

**Water and Waste System Grant Agreement**

**United States Department of Agriculture**

**Rural Utilities Service**

Appalachian Regional Commission

THIS AGREEMENT dated 6/24/2016, between

**Mountain Water District**

a public corporation organized and operating under

**KRS 74**

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

**WHEREAS**

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 1,900,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,400,000.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,400,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 500,000.00 or 26.32 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 26.32 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

**Grantee Agrees That Grantee Will:**

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated \_\_\_\_\_, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

**[Revision 1, 04/17/1998]**

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

**This Grant Agreement covers the following described real property (use continuation sheets as necessary).**

**Any and ALL real property purchased or improved with grant**

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.  
**[Revision 1, 04/17/1998]**

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.



2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

**This Grant Agreement covers the following described equipment(use continuation sheets as necessary).**

**Any and all equipment purchased or improved with grant**

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414 ) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

**[Revision 1, 11/20/1997]**

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

**[Revision 1, 11/20/1997]**

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 500,000.00 which it will advance to Grantee to meet not to exceed 26.32 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

**Chairperson** \_\_\_\_\_

attested and its corporate seal affixed by its duly authorized

**Secretary** \_\_\_\_\_

Attest:

By Ancie Casey  
Ancie Casey

(Title) Secretary

By Michael Blackburn  
Michael Blackburn

(Title) Chairperson

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Elwood Howe

Elwood Howe  
Area Director

(Title)


**CERTIFICATE OF CHAIRMAN OF MOUNTAIN  
WATER DISTRICT AS TO STATEMENT REQUIRED BY  
SECTION 2(6) OF 807 KAR 5:069**

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Mountain Water District, and that said District is in the process of arranging to finance the construction of improvements to the water system (the "Project"), in cooperation with Summit Engineering, Inc., Pikeville, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers, I hereby certify as follows:

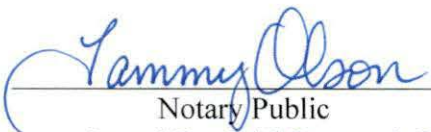
1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have been obtained.
3. That the rates of the District are contemplated to produce total revenue requirements set forth in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about August 1, 2016, and will end on or about January 28, 2017.

IN TESTIMONY WHEREOF, witness my signature this July 13<sup>th</sup>, 2016.

  
\_\_\_\_\_  
Chairman  
Mountain Water District

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF PIKE            )

Subscribed and sworn to before me by Michael Blackburn, Chairman of the Board of Commissioners of the Mountain Water District, on this July 13<sup>th</sup>, 2016.

  
\_\_\_\_\_  
Notary Public  
In and For Said State and County  
*My Commission Expires January 16, 2020.*





**SUMMIT  
ENGINEERING INC.**

# RIDGELINE ROAD WATER SUPPLY PROJECT

Pike County, Kentucky

RECEIVED

JUN 19 2015

Public Service  
Commission

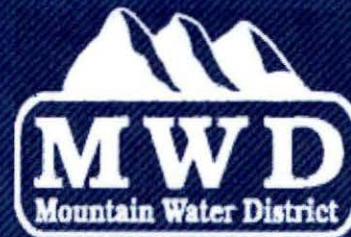
## Preliminary Engineering Report

June, 2015

Owner:

**Mountain Water District**

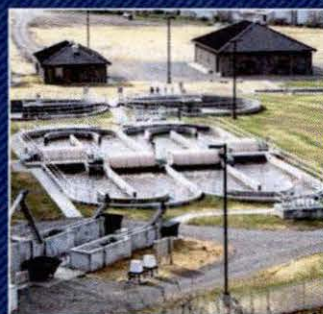
6332 Zebulon Highway  
Pikeville, Kentucky 41501



Prepared By:

**Summit Engineering, Inc.**

131 Summit Drive  
Pikeville, Kentucky 41501



CIVIL ENGINEERING    MINING ENGINEERING    ENVIRONMENTAL  
ENGINEERING    ARCHITECTURE    SURVEYING

Ridgeline Road Water Supply Project  
Preliminary Engineering Report

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EXHIBIT D – Additional Pump Station Upgrades	



*Jonathan R. Newman*  
7-7-16

**Ridgeline Road Water Supply Project**  
Preliminary Engineering Report

**ITEM 1 – GENERAL**

The Mountain Water District (MWD) seeks funding to complete the Ridgeline Road Water Supply Project. Two sections of the project have been completed and are in service. The Hurricane Creek section was funded by Abandoned Mine Lands (AML) and was completed in 2011. The Jonican Creek section was funded by Coal Severance and was completed in 2014. The remaining portion will serve the Pompey Creek area and connect to the existing main line at Raccoon (See **Exhibit B**).

Supporting exhibits are provided at the end of this report. A general project location map is provided as **Exhibit A**. **Exhibit B** depicts both completed and proposed lines, tanks, and pump stations. The Engineer's Opinion of Probable Project Cost is presented as **Exhibit C**.

**ITEM 2 – PROJECT PLANNING AREA**

The planning area was originally defined in the 2008 Ridgeline Road (AML) Groundwater Contamination Study report prepared by Summit Engineering, Inc. The area included all of Ridgeline Road as well as Hurricane Creek, Jonican Creek, and Pompey Creek. As is typical in eastern Kentucky, the project area features narrow valleys and steep ridges. Elevations range from 800 ft. at Fishtrap Lake to over 2,000 ft. at the ridges. Residents in the area were isolated by the construction of Fishtrap Lake to the south.

The water line as proposed in the report connects to existing mains on each end, one at Grapevine Creek and the other at Opossum Branch of Raccoon. This provides additional connectivity and capacity for the system while supplying the residents in between with potable water.

The study by Summit Engineering included groundwater sample testing, mining history research, and interviews with residents. A total of 118 houses were counted in the planning area. Of these, interviews were conducted with 100 residents and groundwater samples were taken from 25 locations distributed throughout the area. AML reviewed the report and determined that only the Hurricane Creek section was eligible for AML funds. The Hurricane Creek section served 30 households upon completion. The Jonican Creek section served 46 upon completion. An estimated 33 residences would be served by the proposed final phase at Pompey Creek.

**ITEM 3 – EXISTING FACILITIES**

The first two phases of the project constructed 32,756 LF of 6-inch ductile iron water main along Ridgeline Road with 7,436 LF of 4-inch ductile iron branch lines. A 20,000 gallon skid tank and pump station were also constructed during the first phase. The Pompey Creek section will connect to the existing 6-inch ductile iron water main on Ridgeline Road and to the existing 6-inch main at Raccoon.



**Ridgeline Road Water Supply Project**  
Preliminary Engineering Report

**ITEM 4 – NEED FOR THE PROJECT (BENEFICIARIES)**

The basis of need for the proposed Project is as follows:

1. **Water Service** – Residents who are not served by public water rely upon wells. Interviews conducted during the 2008 study indicated that groundwater quality was poor, with residents often reporting iron and sulfur in their well water. Some residents reported that their wells had gone dry. Laboratory testing confirmed the presence of high amounts of iron and sulfates in several samples. While many residents have been served by previous phases of the project, those in the Pompey Creek area remain unserved. Completion of the project would provide safe drinking water for those remaining residents.
2. **Additional Storage and Connectivity** – When completed, the Ridgeline Road Water Supply Project will provide a connection between existing water mains at Grapevine and Raccoon, as well as additional storage by way of two 20,000 gallon skid tanks.

**ITEM 5 – SELECTION OF DESIGN ALTERNATIVE**

**Design Alternatives Considered**

Two design alternates are considered as follows:

**I. No Build**

This alternate would maintain existing conditions and thus be ineffective. Residents of Pompey Creek would continue to rely upon contaminated wells and bottled water.

**II. Public Water Supply**

This alternate would offer residents of Pompey Creek the option of connecting to public water and abandoning wells. The Pompey Creek section would connect to the existing 6-inch main at Opossum Branch of Raccoon and follow Ridgeline Road for approximately 9,400 LF before turning uphill to a proposed 20,000 gallons skid tank. The 6-inch line would continue down the other side of the hill and connect to an existing tee along Ridgeline Road. A pump station near the intersection of Opossum Fork Road and Ridgeline Road would provide the pressure needed to reach the tank elevation. 4-inch branch lines would serve residents along Pompey Creek.

**ITEM 6 – PROPOSED PROJECT**

As of this writing, the District proposes to select Alternate II in an effort to complete the Ridgeline Road Water Supply Project as proposed in the 2008 report.

**Ridgeline Road Water Supply Project**  
Preliminary Engineering Report

Additionally, the MWD proposes upgrades to three existing pump stations to improve system performance. These pump stations are located at Anderson Branch, Hunts Branch, and Abner Fork (See **Exhibit D**). Proposed upgrades include a 100 HP generator and 700 GPM pump at Abner Fork, and a portable 100 HP generator for Hunts Branch and Anderson Branch.

**ITEM 7 – LIFE EXPECTANCY**

The design lives of the major components of the project are as follows:

Pumps	5-10 Years
Skid Tank	50+ Years
Piping	50+ Years

**ITEM 8 – LANDS / EASEMENTS / PERMITS**

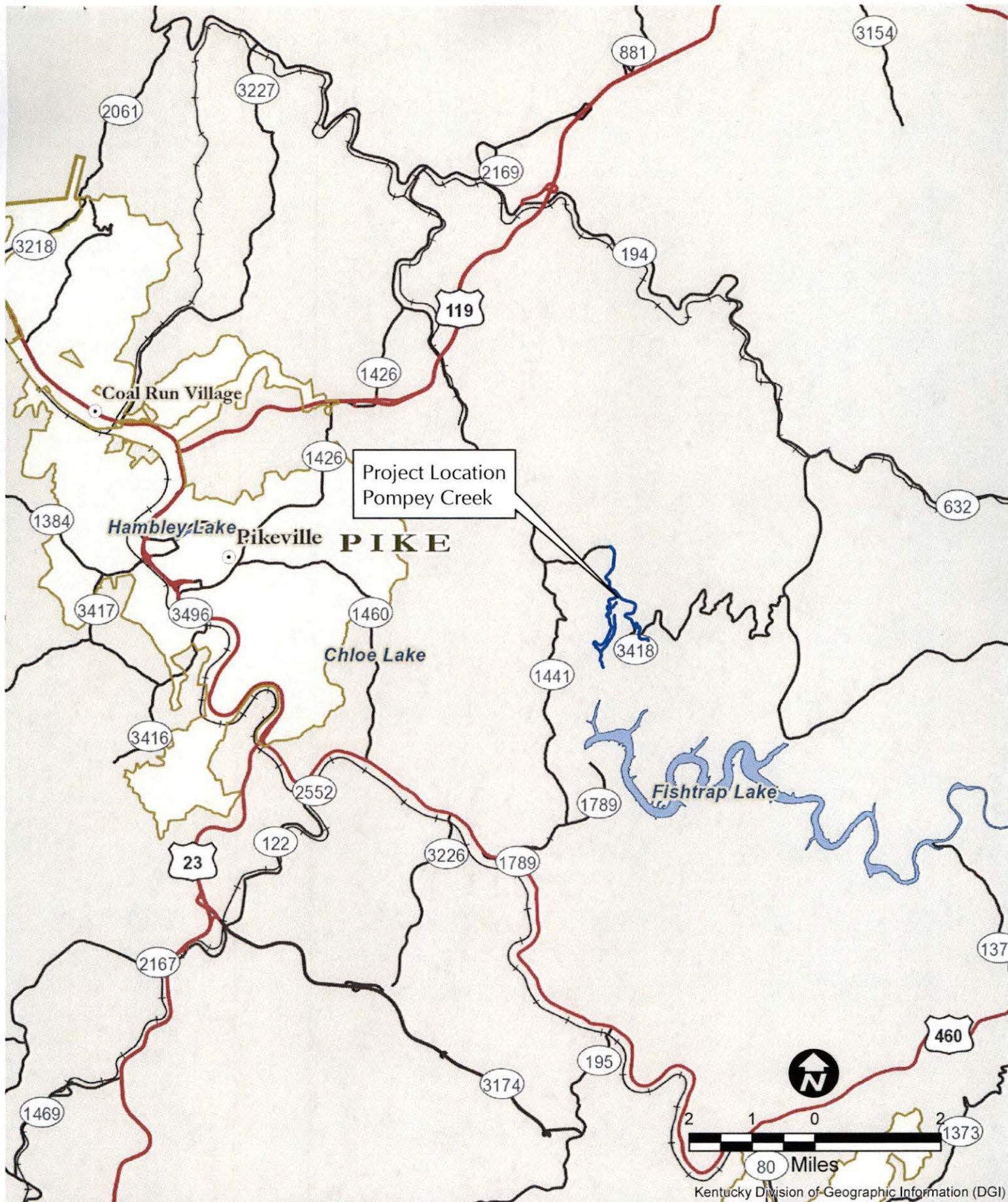
Pipe will be installed along state and county road right-of-way. Ridgeline Road is a state highway (KY 3418) and will require an encroachment permit. County roads do not require a permit for public utility installations. The proposed pump station and skid tank will each require an easement or property acquisition.

The permits anticipated to be required for this project are:

- KYDOW Drinking Water Construction Permit and Water Quality Certification
- Army Corps of Engineers Nationwide 12 Permit
- KYTC Encroachment Permit

**ITEM 9 - CONSTRUCTION COST ESTIMATE**

The estimated project cost for the Pompey Creek section is \$1,855,000.00. The Engineer's opinion of Probable Project Costs is provided as **Exhibit C**.



Kentucky Division of Geographic Information (DGI)

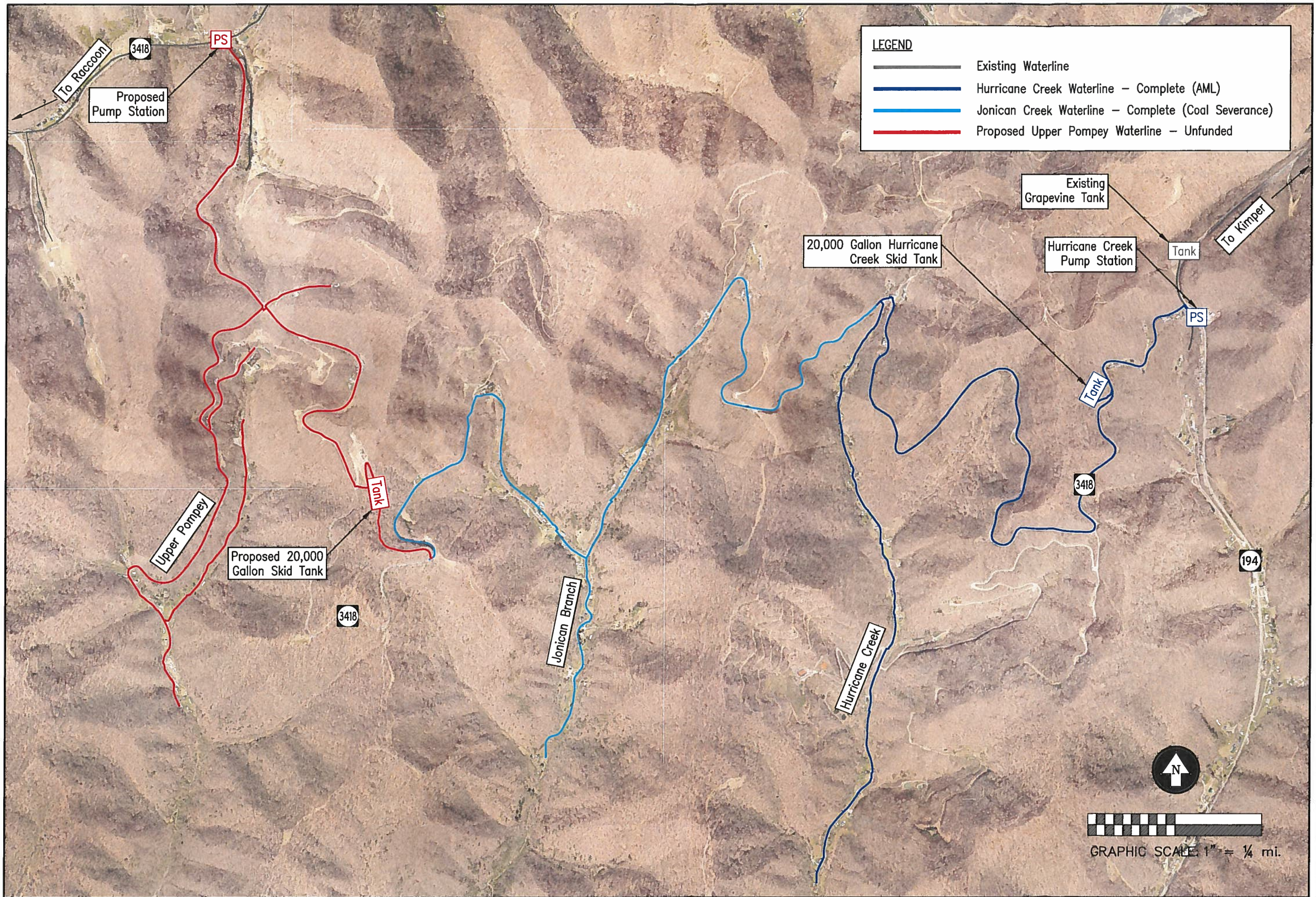


Mountain Water District  
 6332 Zebulon Highway  
 Pikeville, KY 41501

DATE: 04/22/14  
 SCALE: 1" = 2 mi.  
 DRAWN BY: J. Newmon  
 CHECKED:  
 PROJECT NO:  
 SHEET:  
 OF:

Ridgeline Road Water Supply Project  
 Location Map

Exhibit A



DESCRIPTION OF REVISION	
DATE	

**SUMMIT ENGINEERING INC.**

**SE**

Pikeville, KY  
 Lexington, KY  
 South Charleston, WV  
 Bridgeport, WV

**Mountain Water District**  
 6332 Zebulon Highway  
 Pikeville, Kentucky 41601

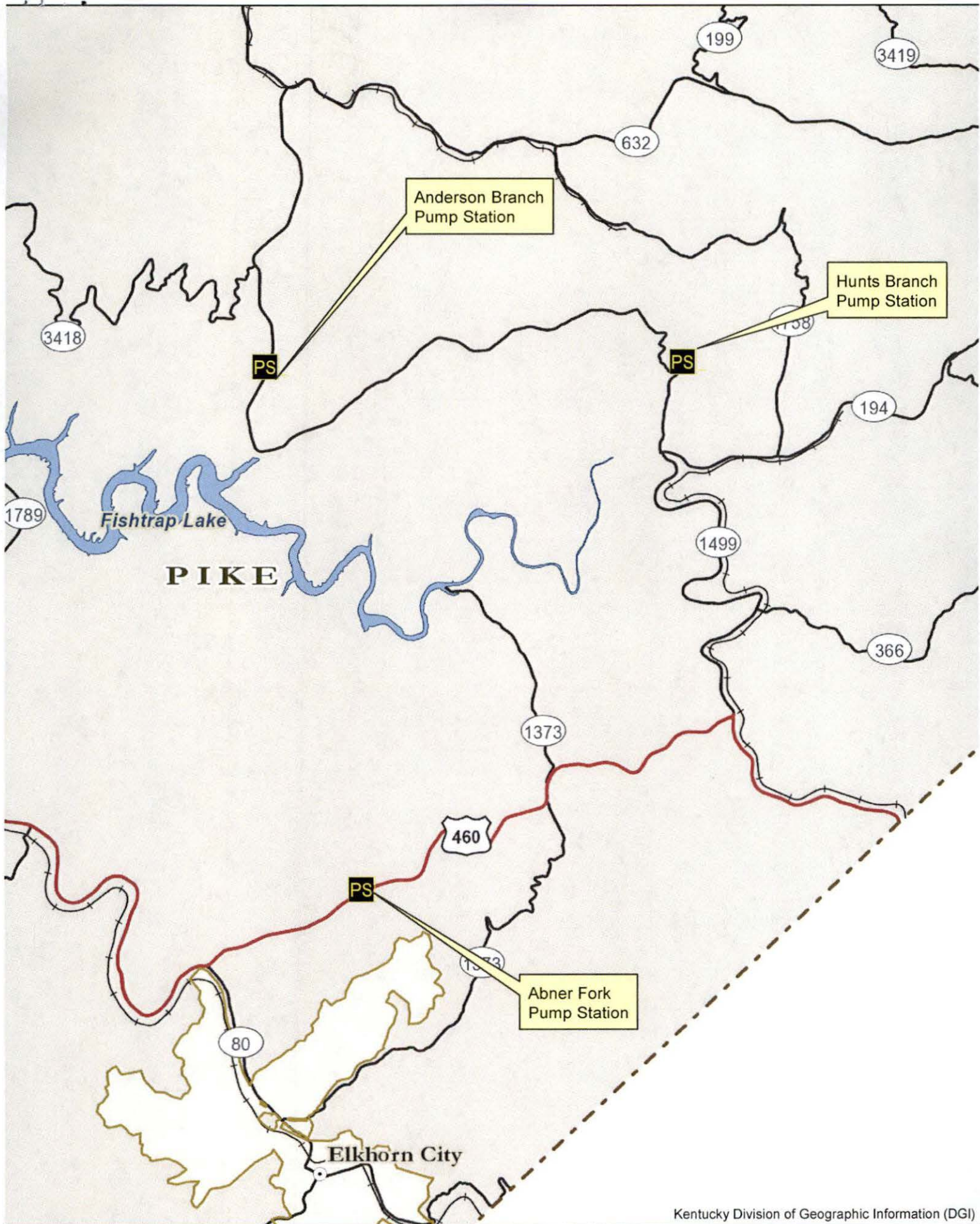
**RidgeLine Road Water Supply Project**  
 Project Status

DATE: 6/17/15  
 SCALE: 1" = 2000'  
 DRAWN BY: J. Newman  
 CHECKED BY:  
 PROJECT NO:  
 SHEET:  
**Exhibit B**  
 OF:

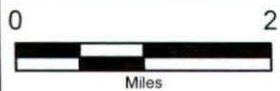
**Exhibit C**  
**Ridgeline Road Water Supply Project**  
**Pompey Creek Section**  
**ENGINEER'S OPINION OF PROBABLE COST OF SANITARY SEWER**  
**June 25, 2015**

Item No.	Item Description	Unit	Unit Price	Quantity	Amount
<b>1</b>	<b>GENERAL</b>				
a	Mobilization/Demobilization (Note 2)	LS	\$ 30,000.00	1	\$ 30,000.00
b	Seeding and Clean-Up	LS	\$ 5,000.00	1	\$ 5,000.00
c	Special Pipe Bedding (Note 3)	TON	\$ 25.00	200	\$ 5,000.00
d	Flowable Fill (Note 3)	TON	\$ 100.00	50	\$ 5,000.00
e	Pavement Replacement (Note 4)	LS	\$ 12,000.00	1	\$ 12,000.00
<b>2</b>	<b>WATER LINE</b>				
a	Connect to Existing	EA	\$ 1,000.00	2	\$ 2,000.00
b	6" DI Water Line, CL 350, PJ	LF	\$ 30.00	13,600	\$ 408,000.00
c	4" DI Water Line, CL 350, PJ	LF	\$ 29.00	15,700	\$ 455,300.00
<b>3</b>	<b>ENCASEMENT</b>				
a	Bore and Encase for 6" Water Line	LF	\$ 225.00	80	\$ 18,000.00
b	Bore and Encase for 4" Water Line	LF	\$ 200.00	70	\$ 14,000.00
c	Open Cut Case for 6" Water Line	LF	\$ 125.00	30	\$ 3,750.00
d	Open Cut Case for 4" Water Line	LF	\$ 100.00	70	\$ 7,000.00
<b>4</b>	<b>VALVES AND FITTINGS</b>				
a	6" Resilient Wedge Gate Valve, MJ, 250 psi	EA	\$ 1,000.00	6	\$ 6,000.00
b	4" Resilient Wedge Gate Valve, MJ, 250 psi	EA	\$ 1,000.00	8	\$ 8,000.00
c	Air Relief	EA	\$ 900.00	4	\$ 3,600.00
d	Blow-Off	EA	\$ 2,500.00	4	\$ 10,000.00
<b>5</b>	<b>SERVICE CONNECTIONS</b>				
a	5/8" x 3/4" Water Meter Set w/ Double Cut Regulation	EA	\$ 1,500.00	33	\$ 49,500.00
b	3/4" Double Cut Copper Service Line - Type "K" (Note 4)	LF	\$ 15.00	2,000	\$ 30,000.00
<b>6</b>	<b>MISCELLANEOUS</b>				
a	Master Meter Station	LS	\$ 45,000.00	1	\$ 45,000.00
b	6" PRV Station	LS	\$ 45,000.00	1	\$ 45,000.00
c	4" PRV Station	LS	\$ 40,000.00	1	\$ 40,000.00
d	20,000 Gal Water Storage Tank - Upper Pompey	LS	\$ 50,000.00	1	\$ 50,000.00
e	Water Booster Pumping Station - Upper Pompey	LS	\$ 60,000.00	1	\$ 60,000.00
f	Telemetry RTU Water Storage Tank - Upper Pompey	LS	\$ 15,000.00	1	\$ 15,000.00
g	Telemetry RTU Water Booster Pumping Station - Pompey	LS	\$ 15,000.00	1	\$ 15,000.00
h	Abner Fork Pump Station Generator 100 HP	LS	\$ 75,000.00	1	\$ 75,000.00
i	Hunts Br. / Anderson Br. Mobile Pump Station Generator 100 HP	LS	\$ 75,000.00	1	\$ 75,000.00
j	Abner Fork Pump Station Booster Pump Upgrade @ 700 gpr	LS	\$ 35,000.00	1	\$ 35,000.00
<b>ESTIMATED CONSTRUCTION COSTS</b>					<b>\$ 1,527,150.00</b>
	Construction Contingencies @ 10%			10.0%	\$ 152,715.00
	Basic Engineering (Reduced by 50%, Design Complete on Connector)				\$ 62,156.00
	Resident Inspection @ 6.606%				\$ 76,511.00
	Archeological				\$ 5,000.00
	Geotechnical				\$ 20,000.00
	Miscellaneous / ROW Permits / Etc.				\$ 11,468.00
<b>TOTAL PROJECT COST</b>					<b>\$ 1,855,000.00</b>

1. The method of payment varies with the individual item and is described at the close of each section of the Technical Specifications.
2. The amount bid for "Mobilization/Demobilization" may not exceed 3% of the Base Bid Total.
3. Only installed upon written order of the Engineer.
4. Assume replacement of trench width only.



Kentucky Division of Geographic Information (DGI)



**SUMMIT ENGINEERING, INC.**  
 PIKEVILLE, KY HAZARD, KY LEXINGTON, KY  
 SOUTH CHARLESTON, WV BRIDGEPORT, WV  
 BIG ROCK, VA

**Exhibit D**  
**Additional Pump Station Upgrades**  
**Ridgeline Road Water Supply Project**  
**Mountain Water District**



**SUMMIT ENGINEERING INC.**

since 1977

April 28<sup>th</sup>, 2016

**RECEIVED**

Mountain Water District  
P.O. Box 3157 / 6324 Zebulon Highway  
Pikeville, KY 41502

**JUL 19 2016**

Public Service  
Commission

**Re: Upper Pompey Water Supply Project  
Mountain Water District  
Final Engineering Report**

Ladies and Gentlemen:

Bids were opened on April 26<sup>th</sup>, 2016 at 10:00 a.m. local time at the offices of Dan Stratton, Attorney for the above referenced project. Bid results and award recommendations are discussed below.

#### EXECUTIVE SUMMARY

Exhibit A shows the bid amounts submitted by all bidders for each contract. As stated on the Bid Form, both contracts are to be awarded to a single bidder based on lowest price of the sum of both contracts. Bids were received from L&L Excavation, Boca Enterprises, and H2O Construction. H2O Construction was the low bidder. The bid submitted by H2O Construction was approximately 13% below the engineer's estimate.

H2O Construction has an outstanding reputation and has completed several projects of similar or greater size and complexity for both Mountain Water District and Summit Engineering. These projects were completed in a satisfactory manner. It is our recommendation that both contracts be awarded to H2O Construction.

#### FUNDING

Funding for this project includes \$500,000.00 from Abandoned Mine Lands (AML), \$500,000.00 from Appalachian Regional Commission (ARC), and an additional \$900,000.00 from a coal company. Therefore, total project funding is \$1,900,000.00. It is recommended that the District confirm availability of funds prior to award.

An itemized listing of non-construction costs can be found in Exhibit A. The remaining funding available for construction is \$1,724,865.00. This leaves \$392,840.00 available for contingency if the project is awarded to H2O Construction.

#### CLOSURE

Summit Engineering appreciates the opportunity to be of assistance. If you have any questions or if I can be of further assistance please feel free to contact me at our Pikeville, KY office at (606) 432-1447.

131 Summit Drive, Pikeville, Kentucky 41501 Phone 606-432-1447

Mining Engineering  
Architecture

Civil Engineering  
Surveying

Environmental  
GIS Services

Upper Pompey Water Supply Project  
April 28<sup>th</sup>, 2016

---

Thank you,



Jonathan Newman, P.E.  
Project Engineer

encl.

cc: Phillip Bowling, AML  
Ernie Ellison, AML  
Roy Sawyers, MWD  
Elwood Howe, Rural Development  
Kevin Howard, Summit Engineering  
File



7-7-16



**EXHIBIT A**

**FINAL PROJECT BUDGET AND PLAN OF CONSTRUCTION CONTRACT AWARD**

ADJUSTED BID PRICES

<u>Contractor</u>	<u>Contract 1 (AML)</u>	<u>Contract 2</u>	<u>Combined</u>
L&L Excavating	\$ 942,150.00	\$ 692,100.00	\$ 1,634,250.00
Boca Enterprises	\$ 945,004.40	\$ 602,492.96	\$ 1,547,497.36
<b>H2O Construction</b>	<b>\$ 847,875.00</b>	<b>\$ 484,150.00</b>	<b>\$ 1,332,025.00</b>

NON-CONSTRUCTION COSTS

Design / Bidding / Administration	\$ 62,156.00
Resident Inspection	\$ 76,511.00
Archaeological	\$ 5,000.00
Geotechnical	\$ 20,000.00
Misc. (ROW, Permits, Legal, etc.)	\$ 11,468.00
<b>TOTAL</b>	<b>\$ 175,135.00</b>

<b>PROJECT BUDGET</b>	<b>\$ 1,900,000.00</b>
<b>FUNDS AVAILABLE FOR CONSTRUCTION</b>	<b>\$ 1,724,865.00</b>
<b>RECOMMENDED AWARD AMOUNT</b>	<b>\$ 1,332,025.00</b>
<b>REMAINING FUNDS (CONTINGENCY)</b>	<b>\$ 392,840.00</b>

Application

CONTAINS

MAP(S)

RECEIVED ON:

7/19/2016