



REPLY TO  
ATTENTION OF:

DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY GARRISON  
U.S. ARMY ARMOR CENTER AND FORT KNOX  
FORT KNOX, KY 40121-5000



February 2, 1996

Directorate of Public Works

SUBJECT: Water Sales Agreement

Mr. Jim Bruce  
General Manager  
Hardin County Water District No. 1  
409 West Lincoln Trail Boulevard  
Radcliff, KY 40160

Dear Mr. Bruce:

This responds to your letter of December 19, 1995 to Major General Maggart concerning the sale of water to Hardin County.

My staff has been working with the Army Power Procurement Office (APPO) to finalize our agreement. On January 24, 1996 the APPO advised our legal staff that our previously signed agreement was binding and should be implemented. We are prepared to proceed with no further authorizations required.

Sincerely,

Leonard G. Hassell  
Colonel, U.S. Army  
Director of Public Works

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WATER PURCHASE AGREEMENT BETWEEN  
U.S. ARMY ARMOR CENTER AND FORT KNOX  
DIRECTORATE OF PUBLIC WORKS  
AND  
HARDIN COUNTY WATER DISTRICT #1

WHEREAS, U.S. Army Armor Center at Fort Knox, Kentucky and the Hardin County Water District #1 agree that it would be mutually beneficial for the entities to jointly promote the ultimate goal of eliminating unnecessary plant and operations duplication in the production of water; and

WHEREAS, the parties mutually agree that it would be beneficial if a regional water authority could be established involving the parties to this agreement plus other regional municipalities and government entities; and

WHEREAS, other regional municipalities and entities have entered into a memorandum of understanding acknowledging their support of the development of a regional water authority (See attached Exhibit #1 attached hereto and incorporated herein as if fully set out); and

WHEREAS, in order to facilitate the proposition set forth herein, the parties have entered into the following agreement:

**1. AGREEMENT TO SELL WATER**

The U.S. Army Armor Center at Fort Knox, Kentucky and its subdivision the Directorate of Public Works, Utility

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Services/Sales, ("Fort Knox") hereby agrees to sell water to Hardin County Water District No. 1 ("District #1") pursuant to the terms and conditions set forth herein.

**2. VOLUME.**

Fort Knox will supply to District #1, capacity guaranteed, of up to 2.7 Million Gallons/Day. Actual usage will vary depending on the needs of District #1, but will not exceed 2.7 Million Gallons/Day without prior agreement from Fort Knox.

**3. WATER QUALITY.**

a. Water Quality Standards. Fort Knox shall provide water, at it's delivery point, that shall meet all state and federal water quality standards. The District reserves the right to take periodic samples at the delivery point and have these samples tested by a certified laboratory for any regulated contaminants or parameters. If an ad-hoc sample tested positive, Fort Knox would agree to take steps as needed to identify the source of the contaminant and make any adjustments needed in their process or facilities to mitigate or remove the contaminant from future deliveries.

b. Disclosure of Information. Fort Knox shall provide all water quality data, reports, summaries, studies, regulatory report submittals, internal (unclassified) notes and memoranda, test results and other water quality documentation to the District No. 1, as requested, and within a reasonable time.

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4. PUBLIC SERVICE COMMISSION, DIVISION OF WATER AND  
OTHER REGULATORY APPROVAL.

The District shall apply for and secure all governmental approvals as needed to enter into this contract and/or construct the needed capital facilities to make the interconnect. This agreement is explicitly contingent on District #1 obtaining required approval.

5. PRICE.

The price of water to be furnished by Fort Knox to District #1 will be at the government's cost, as calculated by using the "A" rate methodology. This price will be adjusted annually, based on the actual usage of the parties. The formula for calculating the rate is as set forth in Exhibit 2, attached hereto and incorporated herein as if fully set out. The annual increase in price will be capped at 10% per year. The base volume of water contributed by Ft. Knox, and used in the formula, shall be 1,427,152 thousand gallons. This provision will allow cost increases, due to volume decrease, only as contributed by a District #1 decrease.

6. TERM.

The contract term shall be for five years from the date of execution. Thereafter, District #1 shall have the right to continue the contract for five year intervals, provided that at the conclusion of the first five year period District #1 can demonstrate development in the formation of a Regional

Water Commission or Authority as allowed by KRS 74 et seq. Provided reasonable progress toward the development of Regional Water Authority can be demonstrated, then this contract shall be renewed for successive five year periods. District #1 may terminate this agreement at any time by providing written advance notice to Directorate of Public Works, Attn: ATZK-DPW, Utility Services/Sales, Fort Knox, Kentucky 40121, 90 days prior to the termination date.

At the conclusion of each five year interval, Fort Knox may terminate this agreement upon providing written notice to Hardin County Water District #1, 409 Lincoln Trail Blvd., Radcliff, Kentucky 40160, 90 days prior to the five year anniversary date. However, Fort Knox must provide District #1 up to three years to establish an alternative water service. Fort Knox may transfer it's facilities to the District#1/ Regional Water Authority for operation and ownership as a method of satisfying the requirement that an alternative water service be provided. District #1 is not, however, required to accept the transfer of facilities but may do so at its sole discretion. If said facilities are transferred to the District#1/Regional Water Authority said transfer shall be in accordance with procedures and policies in effect at the time of the transfer.

**7. EFFECT ON EXISTING CONTRACT.**

Upon approval of this agreement, the previous contract dated March 27, 1990 between District #1 and Fort Knox,

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wherein Fort Knox agrees to provide emergency water to District #1 will be void, and any water taken from the Wilson Road connection point will be charged at the rate described herein.

**8. FACILITIES TO BE PROVIDED.**

Fort Knox shall not be obligated in any way for the cost of making connections for District #1's services. District #1 shall, at District #1's expense, install, maintain and operate all new facilities required for obtaining services, including suitable metering and regulating equipment and service connections to Fort Knox's utility system. Plans for all such facilities shall be subject to the approval of Fort Knox and the installation of such facilities shall be subject to Fort Knox supervision.

**9. LICENSE FOR FACILITIES.**

Fort Knox hereby grants to the District #1 a license to enter upon and use a site or sites to be agreed upon between the parties hereto upon which the District #1 shall install, operate and maintain District #1's new facilities to be located on Government property. Such license shall continue in effect until termination of this agreement. Facilities installed by the District #1 on an Army installation will become the property of District #1 upon termination of the services contemplated herein and District #1 shall have the right to use said improvement at their sole discretion.

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If District #1 fails to so utilize facilities within ninety (90) days, they will be deemed to be abandoned and become Fort Knox property.

10. METERING AND BILLING.

Water will be measured by PSC acceptable metering, to be furnished, installed and maintained by District #1. If meter(s) fail, water consumption will be estimated by an engineering calculation upon discussion/approval of District #1. The meter(s) will be read by District #1, or their authorized representative on a monthly basis, and bills will be rendered monthly to the District #1 by Fort Knox. All such bills will be due and payable 15 days after receipt thereof by District #1. Meter readings will be spot checked by the Energy Office, Utilities Services/Sales officer. Meter cards can be mailed to the Directorate of Public Works, ATTN: ATZK-DPW, Utilities Services/Sales, Fort Knox, Ky 40121

11. WEST POINT WELL FIELD

The parties recognize and agree that Fort Knox may, in its sole discretion, use District #1's well field known as the West Point Well Field which is adjacent to existing wells owned and operated by Fort Knox. If Fort Knox uses and/or operates said West Point Well Field belonging to District #1 then and in that event Fort Knox shall pay the maintenance and operation costs of the West Point Well Field. The parties recognize and agree that if Fort Knox is not

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operating said well field then and in that event District #1, in its sole discretion, may elect to have the well field operated by Fort Knox for the purpose of District #1 retaining its rights in said well field. If District #1 makes this election, then and in that event District #1 shall pay the maintenance and operation costs of said well field.

In the event Fort Knox discontinues use of the West Point well fields, and District #1 does not exercise the above referenced election, then in that event the wells shall be returned to District #1 in a condition comparable to the current condition. Fort Knox agrees to maintain the West Point well fields in a manner consistent with their maintenance of the wells Fort Knox currently owns and operates.

#### 12. CONTINGENCIES

This Agreement is contingent upon District #1 receiving a grant in the amount of the total construction costs of the capital improvements required by this Agreement. In the event District #1 does not receive the grant within 12 months from the date this Agreement is executed then and in that event District #1 shall be entitled to terminate this Agreement by giving 90 days advanced written notice as provided in paragraph 13.

This Agreement is contingent upon District #1 having the exclusive right to utilize the water tank which will be constructed as a result of the capital improvements required

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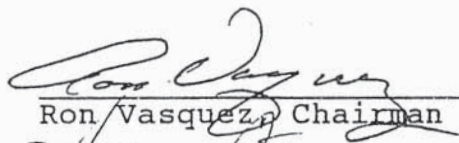


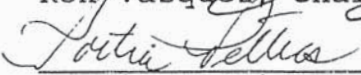
by this Agreement, even if said tank is constructed on military property.

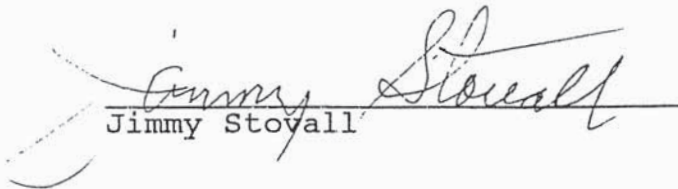
13. All notice required by this contract shall be in writing. Notice to Fort Knox shall be mailed to: Directorate of Public Works, Attn: ATZK-DPW, Utility Services/Sales, Fort Knox, Kentucky 40121. All notice to District #1 shall be mailed to Hardin County Water District #1, P.O. Box 489, Radcliff, Kentucky 40159.

This Agreement is entered into on the 29<sup>TH</sup> day of SEPTEMBER, 1995, by and between the Board of Commissioners of the Hardin County Water District #1 and U.S. Army Armor Center, Utilities Services Sales Office, Fort Knox, Kentucky

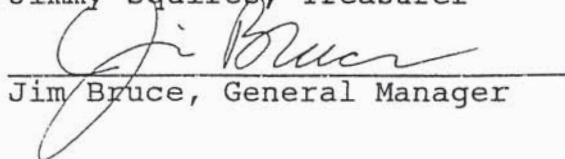
HARDIN COUNTY WATER DISTRICT #1  
BOARD OF COMMISSIONERS:

  
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Ron Vasquez, Chairman

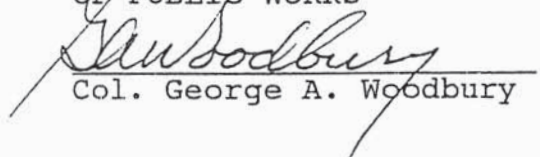
  
\_\_\_\_\_  
Portia Petties, Secretary

  
\_\_\_\_\_  
Jimmy Stovall

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Jimmy Squires, Treasurer

  
\_\_\_\_\_  
Jim Bruce, General Manager

U.S. ARMY ARMOR CENTER  
AND FORT KNOX DIRECTORATE  
OF PUBLIC WORKS

  
\_\_\_\_\_  
Col. George A. Woodbury

\_\_\_\_\_  
Contracting Officer for  
the United States of  
America

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