

## WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 16 day of October, 1968, between the City of Brownsville, a municipal corporation of the six th class of the Commonwealth of Kentucky, hereinafter referred to as the "City", and the Edmonson County Water District, hereinafter referred to as the "District",

### WITNESSETH;

Whereas, the District has been organized and established under the provisions of KRS Chapter 74 of the Revised Statutes of Kentucky, for the purpose of constructing and operating a water supply distribution system serving water users with the area described in plans now on file in the office of the District, and,

Whereas, the District will own and operate a water supply distribution system with a capacity capable of serving the estimated number of water users to be served by the said District as shown in the plans of the system now on file in the office of the District and the present customers of the City system.

Whereas, by Resolution of the Board of Directors of the District enacted on the 16 day of October, 1968, the sale of water to the City in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Chairman, and attested by the secretary, was duly authorized,

Whereas, by Ordinance of the Board of Trustees of the City, enacted on the 16 day of October, 1968, the purchase of water from the District in accordance with the provisions of the said Ordinance was approved, and the execution of this contract carrying out the said provisions of the Ordinance was approved.

Now Therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

**A. The District agrees:**

1. (Quality and Quantity) to furnish the City, at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of State Board of Health in such quantity as may be required by the City (not to exceed 3,000,000 gallons per month).

2. (Point of Delivery at the existing tank and Pressure) that water will be furnished at a reasonably constant normal pressure calculated at ✓ from and existing ✓ inch main supply at a point located ✓ near Brownsville storage tank. If a greater pressure than that normally available at the point of delivery is required by the City, the cost of providing such greater pressure shall be borne by the City. Emergency failures of pressure or supply due to main supply line leaks, power failure, flood, fire and use of water to fight fire, earthquakes or other catastrophes shall excuse the City from the provisions for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) to furnish, install, operate and maintain at its own expense a point of delivery, the necessary metering equipment including a meter house or pit, and required devices of stand type for properly measuring the quantity of water delivered to the City and to Calibrate such metering equipment whenever requested by the City but not more frequently than once every twelve (12) months. A meter registering not more than two per cent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 3 months previous

CHECKED  
PUBLIC SERVICE COMMISSION

APR 1973

BY [Signature]  
ENGINEERING DIVISION

to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless City and District shall agree upon a different amount. The metering equipment shall be read on gallons of water.

4. (Billing Procedure) To furnish the City Clerk of the City, at Brownsville, Kentucky, not later than the 1st day of each month, with an itemized statement of the amount of water furnished the City during the preceding month.

B. The City Agrees:

1. (Rates and Payment Date) to pay the District, not later than the 10 day of each month, for water delivered at the rate of \$ .27 per 1,000 gallons, based on the formulae in Attachment "A" hereof.

2. (Connecting Fee) To pay the actual cost of installing the metering equipment and valve pit connecting the City System to the system of the District or \$3,500.00 whichever is less.

C. It is further mutually agreed between the City and the District as follows:

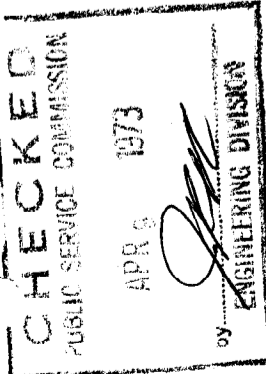
1. (Water Tank) The District shall have the use of the City's present water tank during the term of this lease. Said District shall maintain said water tank during the term of this lease. The City gives to the District an option to purchase said water tank at any time during the term of this lease and the sale price of said tank shall be determined by an engineer selected by the City, an engineer selected by the District and a third party selected by the said two engineers and said purchase price agreed upon by said people shall be reduced by the total cost of repairs made by the District on said water tank.

2. (Term of Contract) That this contract shall extend for a term of twenty (20) years from the date of the initial delivery of any water by the District to the City and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the City and District.

3. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the District's water supply distribution system, the District will notify the City in writing the date for the initial delivery of water.

4. (Failure to Deliver) That the District will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the City with quantities of water required by the City. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the District is otherwise diminished over an extended period of time, the supply of water to City consumers shall be reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the City for water delivered are subject to modification at the end of every one year period based upon the actual cost of operation for the year last past as arrived at by the use of the formulae in Attachment "A" hereof. Should the rate charged differ from the actual cost of the operation by the District, then the District shall with 90 days of the end of the contractual year rebate or charge the difference to the City. No rate hereunder shall consider increased capitalizatt



ion of the District system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in the State of Kentucky and the City and District will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the District is being financed by a loan from (or a loan insured by) the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the District are conditioned upon the approval, in writing, of the State Director of Kentucky, of the Farmers Home Administration. Similarly any modification of the provisions of this contract, including any decrease in the schedule of rates to be paid by the City for the delivery of water shall be conditioned upon the prior approval, in writing, of the State Director of Kentucky, of the Farmers Home Administration.

8. (Successor to the District) That in the event of any occurrence rendering the District incapable of performing under this contract, any successor of the District, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the District hereunder.

In Witness Whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four counterparts, each of which shall constitute an original.

CITY OF BROWNSVILLE, KENTUCKY

BY Franklin Alexander  
MAYOR

ATTEST:

Gerald M. Meredith  
CITY CLERK

EDMONSON WATER DISTRICT

BY Roger Pih  
PRESIDENT

ATTEST:

Lloyd James  
SECRETARY

This contract is approved on behalf of the Farmers Home Administration  
this 16 day of October, 19 68.

<b>CHECKED</b>
PUBLIC SERVICE COMMISSION
APR 3 1973
by <u>GM</u>
ENGINEERING DIVISION

\_\_\_\_\_  
State Director of \_\_\_\_\_

ATTACHMENT A

EDMONSON COUNTY WATER DISTRICT

WHOLESALE WATER RATE TO BROWNSVILLE PER THOUSAND GALLONS

I Basis of Water Demand

- A. Brownsville's Estimated Water Demand  
66,700 G/D = 2. MG/M = 24 MG/Yr.
- B. District's Estimated Water Demand, for 1st Yr. based on  
500 Connections.  
500 x 300 = 150,000 G/D = 4.5 MG/Mo. = 54 MG/Yr.
- C. Total Demand  
216,700 G/D = 6.5 MG/Mo. = 78 MG/Yr.

II Cost

A. Fixed Cost (Based on Estimated Cost for 1st Year)

- (1) Treatment Plant & Intake (Complete) \$201,434
- (2) Distribution System (that portion from Plant to  
Brownsville's Master Meter) 29,500
- (3) Tank (200,000 Gal.) 17,000
- (4) Estimated Construction Cost 247,934
- (5) Percent of Total Est. Construction Cost =  
100 x 247,934 ÷ 1,062,032 = 23%
- (6) 23% of Contingencies, Eng., Legal & Adminis.,  
Int. during Const., Land & R/W (\$177,968) 40,933
- (7) Estimated Project Cost 288,867
- (8) Less 23% of E.D.A. Grant (\$980,000) -225,400
- (9) Amount for Amortization 63,467

BROWNSVILLE WATER DEMAND

- (10) Brownsville's Portion = Total District Water Demand x  
Amnt. in (9) = 24/78 x 63,467 = \$19,528
  - (11) Annual Debt Service 4-1/8% @ 38 yrs.  
19,528 x .05187 = \$1,013/Yr.  
\$1,013 ÷ 24,000 thousand gals/year = .0422
- Total Fixed Cost per Thousand Gallons = .0422

B. Operating Cost

- (a) Salaries and Labor \$550/mo. + 6,500 = .0916
  - (b) Chemicals .0516
  - (c) Power .0462
- Total Oper. Cost per Thousand Gallons .1894
- 15% for Maintenance & Overhead .0347
- Total .2653
- Use .27/1,000 Gal.

RENEGOTIATE PRICE ANNUALLY USING ACTUAL COST OF PAST YEAR  
TO DETERMINE PRICE FOR NEXT YEAR.

