

# Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

PARALEGAL  
MARY M. EMBRY

April 22, 2005

RECEIVED

APR 25 2005

PUBLIC SERVICE  
COMMISSION

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Case No. 2005-00172

Re: Corinth Water District - Public Service Commission Application for the Water System Improvements Project

Dear Ms. O'Donnell:


Enclosed please find the original and ten (10) copies of the Application of the Corinth Water District for a Certificate of Public Convenience and Necessity to construct and finance a water improvement project pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required, with the exception of the Preliminary and Final Engineering Reports two (2) are enclosed.

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

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jl  
Enclosures  
cc: Distribution List

**DISTRIBUTION LIST**

Account #0100.0000

Re: Corinth Water District Waterworks Revenue Bonds, Series 2005 in the principal amount of \$1,532,000

Mr. Kenneth Slone  
State Director  
Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336  
Fax: (859) 224-7340

Mr. Ernest Scruggs  
Rural Development  
90 Howard Drive, Suite 3  
Shelbyville, Kentucky 40065

Telephone: (502) 633-3294  
Fax: (502) 633-0552

Mr. Billy Hill, Manager  
Corinth Water District  
P.O. Box 218  
Corinth, Kentucky 41010

Telephone: (859) 824-7110  
Fax: (859) 824-5922

Mr. Bob Sturdivant  
Quest Engineers, Inc.  
2517 Sir Barton Way  
Lexington, Kentucky 40509

Telephone: (859) 223-3755  
Fax: (859) 223-3150

Edward J. Lorenz, Esq.  
Ackman & Lorenz, P.S.C.  
200 South Main Street  
P.O. Box 70  
Williamstown, Kentucky 41097

Telephone: (859) 824-3361  
Fax: (850) 824-3529

W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Telephone: (502) 569-7525  
Fax: (502) 569-7555

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
APR 25 2005  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

**THE APPLICATION OF CORINTH WATER )  
DISTRICT FOR A CERTIFICATE OF )  
PUBLIC CONVENIENCE AND NECESSITY )  
TO CONSTRUCT AND FINANCE PURSUANT )  
TO KRS 278.023. )**

Case No. 2005-00172

**A P P L I C A T I O N**

This Application of the Corinth 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:

Corinth Water District  
c/o Mr. Billy Hill, Manager  
P.O. Box 218  
Corinth, Kentucky 41010

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity permitting Applicant to construct a water project, consisting of extensions, additions, and improvements (the "Project") to the existing water system of Applicant; and (ii) an Order approving the proposed plan of financing said Project.

4. That the Project consists of the construction and installation of approximately 75,000 linear feet of 6-inch water line and 23,000 linear feet of 4-inch water line and appurtenances to serve approximately 132 new customers in Grant and Harrison counties. The Project also involves the refinancing of an outstanding KaCO loan to the Applicant. Such KaCO loan is being refinanced to lower the interest rate in order to keep the Applicant's user rates at an affordable level.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,532,000 of its Waterworks Revenue Bonds; (ii) a Rural Development ("RD") Grant in the amount of \$600,000; (iii) a Harrison County Fiscal Court ("HCFC") contribution in the amount of \$20,000; (iv) a Grant County Fiscal Court ("GCFC") contribution in the amount of

\$75,000; and (v) an Applicant contribution in the amount of \$63,000. Applicant has a commitment from RD to purchase said \$1,532,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.3750% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

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

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

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of Applicant, 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 already been obtained;
  - (3) The existing rates of Applicant shall produce the total revenue requirements set out 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 the Kentucky Public Service 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.

WHEREFORE, Applicant, the Corinth 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 project consisting of extensions, additions, and improvements to the water system of Applicant and the refinancing of an outstanding KaCO loan.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$1,532,000 of Corinth Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.3750% per annum; (ii) a Rural Development grant in the amount of \$600,000; (iii) a HCFC contribution in the amount of \$20,000; (iv) a GCFC contribution in the amount of \$75,000; and (v) an Applicant contribution in the amount of \$63,000.

CORINTH WATER DISTRICT

By: 

Chairman

Board of Water Commissioners

  
W. Randall Jones, Esq.

Rubin & Hays

Counsel for Applicant

Kentucky Home Trust Building

450 South Third Street

Louisville, Kentucky 40202

(502) 569-7525

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF GRANT )

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


IN TESTIMONY WHEREOF, witness the signature of the undersigned on this April 18<sup>th</sup> 2005.



\_\_\_\_\_  
Dan Field, Chairman  
Corinth Water District

Subscribed and sworn to before me by Dan Field, Chairman of the Board of Commissioners of the Corinth Water District, on this April 18<sup>th</sup> 2005.

My Commission expires: 01/13/2009.



\_\_\_\_\_  
Notary Public  
In and for said County and State





**Rural Development**  
*A mission area of the*  
**United States Department of Agriculture**

771 Corporate Drive, Suite 200  
Lexington, KY 40503-5477  
859/224-7336 Fax 859/224-7344  
TTY 859/224-7422

Rural Business  
Cooperative Service

May 12, 2004

Rural Housing  
Service

Rural Utilities  
Service

Mr. Dan Field, Chairman  
Corinth Water District  
P.O. Box 218  
Corinth, Kentucky 41010

Dear Mr. Field:

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

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,532,000, a RUS grant not to exceed \$600,000, a cash contribution from Harrison County Fiscal Court of \$20,000, and a cash contribution from Grant County Fiscal Court of \$75,000.

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 942 water users, of which 810 are existing users and 132 are new users contributing \$63,000 in connection fees toward the cost of the project. The connection fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

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

1b. Drug-Free Work Place:

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

2. Repayment Period:

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

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 District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$700.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$84,000. The deposits are to be resumed any time the account falls below the \$84,000.

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

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

5. Security Requirements:

A combined pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

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

7. Organization:

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

8. Business Operations:

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

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with subsection 1780.47 of RUS Instruction 1780 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 Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District 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 Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$142,000.
- D. Real Property Insurance - The Water 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 Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a 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 "22" 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 Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

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

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

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

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

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

The Water District 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 Water District.

15. Compliance with Special Laws and Regulations:

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

16. System Operator:

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

17. Prior to Pre-Closing the Loan, the Water District Will Be Required to Adopt:
- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
  - B. Form RD 400-1, "Equal Opportunity Agreement."
  - C. Form RD 400-4, "Assurance Agreement."
  - D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
  - E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
  - F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

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

19. Commercial Interim Financing:

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

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

20. Disbursement of Project Funds:

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

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

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

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

21. Disbursement of Grant Funds:

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

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,094,000
Land and Rights	15,000
Legal and Administrative	20,000
Engineering	137,000
Interest	15,000
Refinance KACO	890,000
Contingencies	<u>119,000</u>
TOTAL	\$ 2,290,000

Financing:

RUS Loan	\$ 1,532,000
RUS Grant	600,000
Harrison Co. Fiscal Court Contribution	20,000
Grant Co. Fiscal Court Contribution	75,000
Applicant Connection Fees	<u>63,000</u>
TOTAL	\$ 2,290,000

23. 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 Clearing House (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.

24. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

25. Rates and Charges:

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

Water rates will be at least:

First	1,000	gallons	@	\$ 14.27 - Minimum Bill.
Next	4,000	gallons	@	\$ 10.37 - per 1,000 gallons.
Next	5,000	gallons	@	\$ 9.25 - per 1,000 gallons.
All Over	10,000	gallons	@	\$ 8.11 - per 1,000 gallons.

Bulk Loading Water Station Rate: \$ 5.75 - per 1,000 gallons.

26. Water Purchase Contract:

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

27. Commitment of Cash Contributions from Harrison County Fiscal Court and Grant County Fiscal Court:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the Harrison County Fiscal Court cash contribution in the amount of \$20,000 and for the Grant County Fiscal Court cash contribution in the amount of \$75,000.

28. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District 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 Water District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

29. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Kentucky Department for Local Government letter dated September 29, 2003, from Mr. Ronald A. Cook, Manager.
- 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 November 6, 2003, 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 affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

30. Final Approval Conditions:

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



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

Sincerely,

  
KENNETH SLONE  
State Director

Enclosures

cc: Area Director - Shelbyville, Kentucky  
Rural Development Manager - Williamstown, Kentucky  
✓ Northern Kentucky ADD - Florence, Kentucky  
Edward J. Lorenz - Williamstown, Kentucky  
W. Randall Jones - Louisville, Kentucky  
Quest Engineers - Lexington, Kentucky  
PSC - ATTN: Bob Amato - Frankfort, Kentucky





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

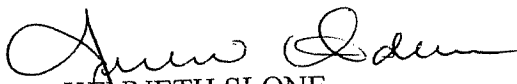
April 13, 2005

**SUBJECT:** Corinth Water District  
Phase V Water Line Extensions  
Contract Award Concurrence


**TO:** Area Director  
Shelbyville, 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, Music Construction, Inc., in the amount of 1,006,335.00.

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

  
KENNETH SLONE  
State Director  
Rural Development

cc: Quest Engineers, Inc.  
Lexington, Kentucky

  
Rubin and Hayes  
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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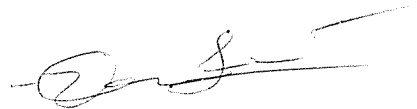
**CERTIFICATE OF CHAIRMAN OF THE CORINTH WATER DISTRICT,  
AS TO STATEMENT REQUIRED BY SECTION 1(5)(a) OF 807 KAR 5:069**

I, Dan Field, hereby certify that I am the duly qualified and acting Chairman of the Corinth Water District, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the water system of the District (the "Project"), in cooperation with Quest Engineers, Inc., Lexington, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, 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 already been obtained.
3. That the existing rates of the District are contemplated to produce total revenue requirements set out 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 May 30, 2005, and will end on or about November 26, 2005.

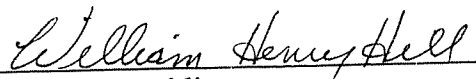
IN TESTIMONY WHEREOF, witness my signature this April 18, 2005.



Chairman  
Corinth Water District

STATE OF KENTUCKY     )  
                                      ) SS  
COUNTY OF GRANT     )

Subscribed and sworn to before me by Dan Field, Chairman of the Board of Commissioners of the Corinth Water District, on this April 18, 2005.



Notary Public  
In and For Said State and County

RECEIVED

APR 25 2005

PUBLIC SERVICE  
COMMISSION

# Final Engineering Report

for

## Phase V Water Line Extensions Corinth, Kentucky

March 2005

Prepared by:

Quest Engineers, Inc.  
2517 Sir Barton Way  
Lexington, Kentucky 40509  
(859) 223-3755



**Final Engineering Report**  
**Phase V Water Line Extensions**  
**Corinth Water District**  
**Corinth, Kentucky**

**Project Scope**

The project includes water lines on Ashbrook Road, Dark Region Road, Stone Schoolhouse Road, Dunn-Maize Road, Mason Cordova Road, Scaffold Lick Road, Needmore-Cordova Road, Denny Road, Stringtown-Webber Road, Gainsway Drive, Corinth-Hinton Road, KY 330, Mason Sipple Road and Shields-Shinkle Road.

Four (4) additive alternatives were also identified. Alternatives No. 1 through No. 4 were for water lines on Lincoln Ridge Road, Hightower-Tibleman Road, Crooked Creek Road, and Morgan Creek Road respectively.

The original project cost breakdown is presented in Table 1.

**Table 1**  
**Original Project Cost Breakdown**  
**Phase V Water Line Extensions**  
**Corinth Water District**  
**Corinth, Kentucky**

<i>Item</i>	<i>Cost</i>
Development (Construction)	\$1,094,000
Land and Rights	\$15,000
Legal and Administrative	\$20,000
Engineering	\$137,000
Interest	\$15,000
Refinance KACO	\$890,000
Contingencies	\$119,000
Total Project Costs	\$2,290,000

**Bid Results**

Bids were opened on March 10, 2005 at 2:00 p.m. at the office of the Corinth Water District.

Four bids were received from; Music Construction, Inc. of Mt. Sterling, Kentucky, Silver Oaks Ventures, LLC. of Salt Lick, Kentucky, B. P. Pipeline, LLC. of Quincy, Kentucky, and Anderson Contracting, Inc. of Williamsburg, Kentucky. Table 2 presents a bid tabulation summary.

**Table 2**  
***Bid Tabulation Summary***  
***Phase V Water Line Extensions***  
***Corinth Water District***  
***Corinth, Kentucky***

<i>Item</i>	<i>Bidder</i>			
	<i>Music Construction</i>	<i>Silver Oaks Ventures</i>	<i>Anderson Contracting</i>	<i>B.P. Pipeline</i>
Base Bid Amount	\$854,745.00	\$970,652.20	\$1,234,436.90	\$0.00
Additive Alternative No. 1 Lincoln Ridge Road	\$45,340.00	\$45,001.50	\$61,962.00	\$0.00
Additive Alternative No. 2 Hightower-Tibleman Road	\$74,580.00	\$82,317.90	\$111,087.60	\$0.00
Additive Alternative No. 3 Crooked Creek Road	\$31,670.00	\$32,847.00	\$42,881.00	\$0.00
Additive Alternative No. 4 Morgan Creek Road	\$60,665.00	\$69,154.70	\$95,121.00	\$0.00
Total Base Bid and Additive Alternatives	\$1,067,000.00	\$1,199,973.30	\$1,545,488.50	\$0.00

Bid rejected due to information on wrong bid form

As specified, the Contract would be awarded based on the lowest responsive base bid by a qualified bidder combined with any additive alternatives that result in a total bid amount within the Owner's available funds for the project. As shown in Table 2 the base bids range from \$854,745.00 to \$1,234,436.90. The low bidder was Music Construction, Inc. of Mt. Sterling, Kentucky (Music). Music's bid indicated more than 50% of the work would be done by a subcontractor, Double D Construction, Inc. (Double D). This is not consistent with the specifications, therefore, Quest Engineers, Inc. (Quest) recommended award to the second low bidder in a letter dated April 5, 2005. However, Quest contacted the references provided by Music and Double D for previous work, and found them fully capable of successfully completing this type and size of extension project. This was detailed in a letter dated April 6, 2005. The Corinth Water District (District) waived the subcontractor requirement and awarded the contract to Music. The District has elected to proceed with the base bid and alternatives No. 1, 2, and 3. The resulting contract would be for \$1,006,335. Copies of the aforementioned correspondence are attached.

### **Project Budget**

Based on the bids received, the revised project cost breakdown is presented in Table 3. The project funding sources are shown in Table 4.



**Table 3**  
***Revised Project Cost Breakdown***  
***Phase V Water Line Extensions***  
***Corinth Water District***  
***Corinth, Kentucky***

<i>Item</i>	<i>Cost</i>
Development (Construction)	\$1,006,335
Land and Rights	\$15,000
Legal and Administrative	\$20,000
Engineering	\$137,000
Interest	\$15,000
Refinance KACO	\$890,000
Contingencies	\$206,665
<b>Total Project Costs</b>	<b>\$2,290,000</b>

The revised project cost breakdown represents changes in the development costs and contingencies. The construction fee includes the base bid, and alternatives No. 1, 2 and 3. The contingency was increased to 20.53%.

**Table 4**  
***Project Funding Sources***  
***Phase V Water Line Extensions***  
***Corinth Water District***  
***Corinth, Kentucky***

<i>Source</i>	<i>Amount</i>
RUS Loan	\$1,532,000
RUS Grant	\$600,000
Harrison County Fiscal Court Contribution	\$20,000
Grant County Fiscal Court Contribution	\$75,000
Applicant Connection Fees	\$63,000
<b>Total Project Costs</b>	<b>\$2,290,000</b>

Adequate funding is available to cover the revised project cost.

## **Attachments**



April 5, 2005

Billy Hill, Manager  
Corinth Water District  
215 Thomas Lane  
P.O. Box 218  
Corinth, Kentucky 41010

Re: Phase V Water Line Extensions  
Corinth, Kentucky

Mr. Hill:

**Quest Engineers, Inc.**

*Lexington:*

2517 Sir Barton Way  
Lexington, KY 40509  
859-223-3755  
859-223-3150 (Fax)

*Louisville:*

One Riverfront Plaza  
401 West Main Street  
Suite 500  
Louisville, KY 40202  
502-584-4118  
502-589-3009 (Fax)

*Cincinnati:*

1251 Kemper Meadow Drive  
Suite 600  
Cincinnati, OH 45240  
513-851-9774  
513-851-9207 (Fax)

A total of three (3) bids were received and opened on March 10, 2005 in conjunction with the construction of the above referenced extension project. A fourth bid was submitted on the wrong bid form and rejected. Base bids ranged from \$854,745.00 to \$1,243,436.90. The multiplications of unit prices and quantities have been checked and a tabulation of the bids is attached. The base bid includes water lines on Ashbrook Road, Dark Region Road, Stone Schoolhouse Road, Dunn-Maize Road, Mason Cordova Road, Scaffold Lick Road, Needmore-Cordova Road, Denny Road, Stringtown-Webber Road, Gainsway Drive, Corinth-Hinton Road, KY 330, Mason Sipple Road and Shields-Shinkle Road.

Four (4) additive alternatives were also bid. Alternatives No. 1 through No. 4 were for; Lincoln Ridge Road, Hightower-Tibleman Road, Crooked Creek Road, and Morgan Creek Road respectively. In accordance with the project Specifications, the Contract will be awarded based on the lowest responsive base bid by a qualified bidder combined with any additive alternatives that result in a total bid amount within the OWNER'S available funds for the project.

The low base bid of \$854,745.00 was submitted by Music Construction, Inc. of Mt. Sterling, Kentucky. However, this bid does not comply with Specification Section 00700, Article 1.09 of the General Conditions, which is related to the subletting of contracts. Article 1.09 states that the Contractor shall not sublet more than 50 % of the work without the consent of the Owner and approval of the Engineer prior to the receipt of bids. Music Construction, Inc. listed subcontractors for all branches of work. Approval was neither requested nor given prior to

Billy Hill  
April 5, 2005  
Page 2

bidding. Therefore, we can not recommend an award of the contract to Music Construction Inc.

The second low base bid was submitted by Silver Oaks Ventures, LLC., of Salt Lick, Kentucky. This bid complies with the requirements of the Specifications. We have contacted the references provided for previous work and found them fully capable of successfully completing this type and size of extension project.


The project is funded primarily by Rural Development. Allowing a 5% contingency, available funds for construction are \$1,153,500.00. The alternatives bid from Silver Oaks Ventures, LLC. would allow the base bid and alternatives No. 1, 2, and 3 to be awarded.

Considering the qualifications of the lowest responsive bidder, the bid amounts and the funds available for construction, we see no reason why a contract can not be awarded to Silver Oaks Ventures, LLC. for the base bid and alternatives No. 1, 2, and 3 in the amount of \$1,130,818.60.

If you concur with our recommendation, we will proceed toward contract award. Please contact us if you have questions or need further information.

Thank you,

QUEST ENGINEERS, INC.



Michael D. Galavotti, P.E.  
Project Manager

w/ attachment

**Bid Tabulation Base Bid  
Phase V Water Line Extensions  
Corinth, Kentucky  
Bids Received: March 10, 2005**

Item No.	Description	Unit	Approx Qty	Music Construction, Inc.		Silver Oaks Ventures, LLC		Anderson Contracting, Inc.		B.P. Pipeline, LLC*	
				Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount
1	Mobilization	LS	1	\$2,500.00	\$2,500.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00		\$0.00
2	General Conditions	LS	1	5,000.00	5,000.00	1.00	1.00	10,000.00	10,000.00		0.00
3	Bonds and Insurance	LS	1	25,000.00	25,000.00	25,000.00	25,000.00	12,000.00	12,000.00		0.00
4	6-inch PVC Water Line (SDR21)	LF	37,170	6.00	223,020.00	6.65	247,180.50	9.92	368,726.40		0.00
5	6-inch PVC Water Line (SDR17)	LF	22,475	6.50	146,087.50	7.19	161,595.25	10.70	240,482.50		0.00
6	6-inch PVC Water Line (SDR13.5)	LF	15,835	8.00	126,680.00	8.05	127,471.75	11.90	188,436.50		0.00
7	4-inch PVC Water Line (SDR21)	LF	13,825	4.50	62,212.50	5.10	70,507.50	7.90	109,217.50		0.00
8	4-inch PVC Water Line (SDR17)	LF	4,595	5.00	22,975.00	5.39	24,767.05	8.20	37,679.00		0.00
9	2-inch PVC Water Line (SDR21)	LF	3,655	4.00	14,620.00	4.13	15,095.15	6.00	21,930.00		0.00
10	6-inch x 6-inch Tapping Sleeve and Valve	EA	5	2,000.00	10,000.00	2,000.00	10,000.00	1,822.00	9,110.00		0.00
11	6-inch x 4-inch Tapping Sleeve and Valve	EA	2	2,000.00	4,000.00	2,000.00	4,000.00	1,751.00	3,502.00		0.00
12	6-inch Gate Valve	EA	32	600.00	19,200.00	670.00	21,440.00	601.00	19,232.00		0.00
13	4-inch Gate Valve	EA	3	550.00	1,650.00	600.00	1,800.00	553.00	1,659.00		0.00
14	12-inch Gate Assembly	EA	1	500.00	500.00	550.00	550.00	384.00	384.00		0.00
15	Flushing Hydrant Assembly	EA	8	2,200.00	17,600.00	2,200.00	17,600.00	2,084.00	16,672.00		0.00
16	12-inch Steel Encasement Pipe- Open Cut	LF	300	60.00	18,000.00	65.00	19,500.00	66.00	19,800.00		0.00
17	12-inch Steel Encasement Pipe- Bore and	LF	130	120.00	15,600.00	100.00	13,000.00	166.00	21,580.00		0.00
18	10-inch Steel Encasement Pipe- Open Cut	LF	40	55.00	2,200.00	65.00	2,600.00	65.00	2,600.00		0.00
19	10-inch Steel Encasement Pipe- Bore and	LF	40	110.00	4,400.00	100.00	4,000.00	142.00	5,680.00		0.00
20	6-inch Steel Encasement Pipe- Open Cut	LF	25	50.00	1,250.00	60.00	1,500.00	55.00	1,375.00		0.00
21	Line Marker	EA	45	100.00	4,500.00	75.00	3,375.00	46.00	2,070.00		0.00
22	Creek Crossing	LF	284	50.00	14,200.00	72.00	20,448.00	97.00	27,548.00		0.00
23	Valve Vault	EA	1	5,000.00	5,000.00	2,500.00	2,500.00	2,020.00	2,020.00		0.00
24	6-inch Cap and Block	EA	6	450.00	2,700.00	1,000.00	6,000.00	593.00	3,558.00		0.00
25	4-inch Cap and Block	EA	3	400.00	1,200.00	1,000.00	3,000.00	583.00	1,749.00		0.00

**Bid Tabulation Base Bid  
Phase V Water Line Extensions  
Corinth, Kentucky  
Bids Received: March 10, 2005**

Item No.	Description	Unit	Approx Qty	Music Construction, Inc.		Silver Oaks Ventures, LLC		Anderson Contracting, Inc.		B.P. Pipeline, LLC*	
				Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount
26	Meter Setting	EA	177	350.00	61,950.00	623.00	110,271.00	308.00	54,516.00		
27	Pressure Reducing Valve	EA	73	100.00	7,300.00	55.00	4,015.00	81.00	5,913.00		
28	Polyethylene Service Pipe	LF	4,500	4.00	18,000.00	3.23	14,535.00	7.00	31,500.00		
29	Connect to Existing Pipe	EA	6	1,000.00	6,000.00	1,000.00	6,000.00	1,262.00	7,572.00		
30	Bituminous Pavement Replacement	LF	340	10.00	3,400.00	35.00	11,900.00	14.00	4,760.00		
31	Concrete Pavement Replacement	LF	200	20.00	4,000.00	50.00	10,000.00	18.00	3,600.00		
32	Fire Hydrant Meter	EA	1	1,500.00	1,500.00	1,000.00	1,000.00	1,065.00	1,065.00		
33	Demobilization	LS	1	2,500.00	2,500.00	5,000.00	5,000.00	2,500.00	2,500.00		
<b>TOTAL AMOUNT OF BASE BID</b>					<b>\$854,745.00</b>		<b>970,652.20</b>		<b>1,243,436.90</b>		

\* Bid rejected due to information on wrong bid form

**Bid Tabulation Additive Alternative No. 1**  
**Lincoln Ridge Road**  
**Phase V Water Line Extensions**  
**Corinth, Kentucky**  
**Bids Received: March 10, 2005**

Item No.	Description	Unit	Approx Qty	Music Construction, Inc.		Silver Oaks Ventures, LLC		Anderson Contracting, Inc.		B.P. Pipeline, LLC*	
				Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount
34	Mobilization	LS	1	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00		\$0.00
35	General Conditions	LS	1	1,000.00	1,000.00	1.00	1.00	500.00	500.00		0.00
36	Bonds and Insurance	LS	1	1,000.00	1,000.00	2,000.00	2,000.00	730.00	730.00		0.00
37	6-inch PVC Water Line (SDR21)	LF	4,060	8.00	32,480.00	8.05	32,683.00	11.90	48,314.00		0.00
38	6-inch PVC Water Line (SDR17)	LS	48	120.00	5,760.00	100.00	4,800.00	166.00	7,968.00		0.00
39	6-inch PVC Water Line (SDR13.5)	EA	1	2,000.00	2,000.00	2,000.00	2,000.00	1,822.00	1,822.00		0.00
40	10-inch Steel Encasement Pipe- Bore and	EA	2	350.00	700.00	623.00	1,246.00	308.00	616.00		0.00
41	6-inch Steel Encasement Pipe- Open Cut	LF	50	4.00	200.00	3.23	161.50	7.00	350.00		0.00
42	Line Marker	EA	2	100.00	200.00	55.00	110.00	81.00	162.00		0.00
43	Creek Crossing	LS	1	1,000.00	1,000.00	1,000.00	1,000.00	500.00	500.00		0.00
<b>TOTAL AMOUNT OF ADDITIVE ALTERNATE NO. 1</b>					<b>\$45,340.00</b>		<b>45,001.50</b>		<b>61,962.00</b>		

\*Bid rejected due to information on wrong bid form

**Bid Tabulation Additive Alternative No. 2**  
**Hightower Tibleman Road**  
**Phase V Water Line Extensions**  
**Corinth, Kentucky**  
**Bids Received: March 10, 2005**

Item No.	Description	Unit	Approx Qty	Music Construction, Inc.		Silver Oaks Ventures, LLC		Anderson Contracting, Inc.		B.P. Pipeline, LLC*	
				Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount
44	Mobilization	LS	1	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00		\$0.00
45	General Conditions	LS	1	1,000.00	1,000.00	1.00	1.00	500.00	500.00		0.00
46	Bonds and Insurance	LS	1	1,000.00	1,000.00	2,000.00	2,000.00	1,300.00	1,300.00		0.00
47	6-inch PVC Water Line (SDR21)	LF	8,830	6.00	52,980.00	6.65	58,719.50	9.92	87,593.60		0.00
48	12-inch Steel Encasement Pipe, Open Cut	LF	24	60.00	1,440.00	65.00	1,560.00	166.00	3,984.00		0.00
49	6-inch Gate Valve	EA	3	600.00	1,800.00	670.00	2,010.00	601.00	1,803.00		0.00
50	Line Marker	EA	3	100.00	300.00	75.00	225.00	46.00	138.00		0.00
51	Valve Vault	EA	1	5,000.00	5,000.00	2,500.00	2,500.00	2,020.00	2,020.00		0.00
52	Creek Crossing	LF	60	50.00	3,000.00	72.00	4,320.00	97.00	5,820.00		0.00
53	6-inch Cap and Block	EA	1	450.00	450.00	1,000.00	1,000.00	593.00	593.00		0.00
54	Flushing Hydrant Assembly	EA	1	2,200.00	2,200.00	2,200.00	2,200.00	2,084.00	2,084.00		0.00
55	Meter Setting	EA	7	350.00	2,450.00	623.00	4,361.00	308.00	2,156.00		0.00
56	Polyethylene Service Pipe	LF	180	4.00	720.00	3.23	581.40	7.00	1,260.00		0.00
57	Bituminous Pavement Replacement	LF	24	10.00	240.00	35.00	840.00	14.00	336.00		0.00
58	Demobilization	LF	1	1,000.00	1,000.00	1,000.00	1,000.00	500.00	500.00		0.00
<b>TOTAL AMOUNT OF ADDITIVE ALTERNATE NO. 2</b>					<b>\$74,580.00</b>		<b>82,317.90</b>		<b>111,087.60</b>		

\*Bid rejected due to information on wrong bid form



**Bid Tabulation Additive Alternative No. 3**  
**Crooked Creek Road**  
**Phase V Water Line Extensions**  
**Corinth, Kentucky**  
**Bids Received: March 10, 2005**

Item No.	Description	Unit	Approx Qty	Music Construction, Inc.		Silver Oaks Ventures, LLC		Anderson Contracting, Inc.		B.P. Pipeline, LLC*	
				Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount
59	Mobilization	LS	1	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00		\$0.00
60	General Conditions	LS	1	1,000.00	1,000.00	1.00	1.00	500.00	500.00		0.00
61	Bonds and Insurance	LS	1	1,000.00	1,000.00	2,000.00	2,000.00	500.00	500.00		0.00
62	6-inch PVC Water Line (SDR21)	LF	2,630	8.00	21,040.00	8.05	21,171.50	11.90	31,297.00		0.00
63	12-inch Steel Encasement Pipe, Open Cut	LF	24	60.00	1,440.00	65.00	1,560.00	166.00	3,984.00		0.00
64	6-inch Gate Valve	EA	3	600.00	1,800.00	670.00	2,010.00	601.00	1,803.00		0.00
65	Line Marker	EA	3	100.00	300.00	75.00	225.00	46.00	138.00		0.00
66	Flushing Hydrant Assembly	EA	1	2,200.00	2,200.00	2,200.00	2,200.00	2,084.00	2,084.00		0.00
67	Water Setting	EA	1	350.00	350.00	623.00	623.00	308.00	308.00		0.00
68	Polyethylene Service Pipe	LF	50	4.00	200.00	3.23	161.50	7.00	350.00		0.00
69	Bituminous Pavement Replacement	LF	24	10.00	240.00	35.00	840.00	14.00	336.00		0.00
70	Pressure Reducing Valve	EA	1	100.00	100.00	55.00	55.00	81.00	81.00		0.00
71	Demobilization	LS	1	1,000.00	1,000.00	1,000.00	1,000.00	500.00	500.00		0.00
<b>TOTAL AMOUNT OF ADDITIVE ALTERNATE NO. 3</b>					<b>\$31,670.00</b>		<b>32,847.00</b>		<b>42,881.00</b>		

\* Bid rejected due to information on wrong bid form

**Bid Tabulation Additive Alternative No. 4**  
**Morgan Creek Road**  
**Phase V Water Line Extensions**  
**Corinth, Kentucky**  
**Bids Received: March 10, 2005**

Item No.	Description	Unit	Approx Qty	Music Construction, Inc.		Silver Oaks Ventures, LLC		Anderson Contracting, Inc.		B.P. Pipeline, LLC*	
				Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount	Unit Price	Total Item Amount
72	Mobilization	LS	1	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00		\$0.00
73	General Conditions	LS	1	1,000.00	1,000.00	1.00	1.00	500.00	500.00		0.00
74	Bonds and Insurance	LS	1	1,000.00	1,000.00	2,000.00	2,000.00	1,220.00	1,220.00		0.00
75	4-inch PVC Water Line (SDR21)	LF	4,670	4.50	21,015.00	5.10	23,817.00	7.90	36,893.00		0.00
76	4-inch PVC Water Line (SDR17)	LF	5,030	5.00	25,150.00	5.39	27,111.70	8.20	41,246.00		0.00
77	4-inch Gate Valve	EA	2	550.00	1,100.00	600.00	1,200.00	553.00	1,106.00		0.00
78	Line Marker	EA	4	100.00	400.00	75.00	300.00	46.00	184.00		0.00
79	Creek Crossing	LF	60	50.00	3,000.00	72.00	4,320.00	97.00	5,820.00		0.00
80	4-inch Cap and Block	EA	1	400.00	400.00	1,000.00	1,000.00	583.00	583.00		0.00
81	Post Hydrant Assembly	EA	1	1,500.00	1,500.00	1,500.00	1,500.00	1,800.00	1,800.00		0.00
82	Water Setting	EA	8	350.00	2,800.00	623.00	4,984.00	308.00	2,464.00		0.00
83	Polyethylene Service Pipe	LF	200	4.00	800.00	323.00	646.00	7.00	1,400.00		0.00
84	Pressure Reducing Valve	EA	5	100.00	500.00	55.00	275.00	81.00	405.00		0.00
85	Demobilization	LS	1	1,000.00	1,000.00	1,000.00	1,000.00	500.00	500.00		0.00
<b>TOTAL AMOUNT OF ADDITIVE ALTERNATE NO. 4</b>					<b>\$60,665.00</b>		<b>69,154.70</b>		<b>95,121.00</b>		

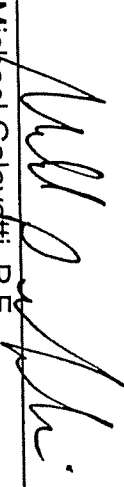
\*Bid rejected due to information on wrong bid form

**Bid Tabulation**  
**Bid Summary**  
**Phase V Water Line Extensions**  
**Corinth, Kentucky**  
**Bids Received: March 10, 2005**

Description	Music Construction, Inc.	Silver Oaks Ventures, LLC	Anderson Contracting, Inc.	B.P. Pipeline, LLC*
BASE BID (Items 1 - 33)	\$854,745.00	970,652.20	1,243,436.90	
Additive Alternative No. 1 (Items 34-43)	\$45,340.00	45,001.50	61,962.00	
Additive Alternative No. 2 (Items 44-58)	\$74,580.00	82,317.90	111,087.60	
Additive Alternative No. 3 (Items 59-71)	\$31,670.00	32,847.00	42,881.00	
Additive Alternative No. 4 (Items 72-85)	\$60,665.00	69,154.70	95,121.00	
<b>TOTAL BID (Items 1-85)</b>	<b>\$1,067,000.00</b>	<b>1,199,973.30</b>	<b>1,554,488.50</b>	

\*Bid rejected due to information on wrong bid form

I hereby certify that this is a true and correct tabulation of the bids

  
 Michael Galavditi, P.E.  
 Quest Engineers, Inc.



April 6, 2005

Billy Hill, Manager  
Corinth Water District  
215 Thomas Lane  
P.O. Box 218  
Corinth, Kentucky 41010

Re: Phase V Water Line Extensions  
Corinth, Kentucky

Mr. Hill:

Quest Engineers, Inc.

*Lexington:*  
2517 Sir Barton Way  
Lexington, KY 40509  
859-223-3755  
859-223-3150 (Fax)

*Louisville:*  
One Riverfront Plaza  
401 West Main Street  
Suite 500  
Louisville, KY 40202  
502-584-4118  
502-589-3009 (Fax)

*Cincinnati:*  
1251 Kemper Meadow Drive  
Suite 600  
Cincinnati, OH 45240  
513-851-9774  
513-851-9207 (Fax)

In our letter of April 5, we did not recommend an award of the contract to Music Construction, Inc. because they did not comply with Specification Section 00700, Article 1.09 of the General Conditions relating to the subletting of contracts, which states that the Contractor shall not sublet more than 50 % of the work without the consent of the Owner and approval of the Engineer prior to the receipt of bids.

Your right, as the Owner, includes the following: Section 00100, Article 3.07, "The Owner may consider informal any bid not prepared and submitted in accordance with the provisions hereof. The Owner reserves the right to reject any or all bids, including without limitation, nonconforming, non-responsive, unbalanced, or conditional bids. The Owner further reserves the right to reject the bid of any bidder whom it finds, after reasonable inquiry and evaluation, to be non-responsive.", Section 00100, Article 4.01, "The Owner reserves the right to reject any and all bids, to waive any bidding informalities, and to disregard all nonconforming, non-responsive or conditional bids."

We requested additional references from Music Construction Inc. and its subcontractor Double D Construction, Inc. Should you decide to waive the requirements of Section 00700, Article 1.09 and accept the bid of Music Construction, Inc., and we have contacted the references provided by Music Construction Inc. and its subcontractor Double D Construction, Inc. for previous work, and found them fully capable of successfully completing this type and size of extension project.

Billy Hill  
April 6, 2005  
Page 2

Based on your waiver and considering the qualifications of the lowest bidder, the bid amounts and the funds available for construction, we see no reason why a contract can not be awarded to Music Construction Inc. for the base bid and alternatives No. 1, 2, and 3 in the amount of \$1,006,335.00.

If you should have any questions, or require additional information, please feel free to contact us at (859)223-3755.

Thank you,

QUEST ENGINEERS, INC.

A handwritten signature in black ink, appearing to read "Michael D. Galavotti". The signature is fluid and cursive, with a period at the end.

Michael D. Galavotti, P.E.  
Project Manager

# CORINTH WATER DISTRICT

215 THOMAS LANE  
P. O. BOX 218  
WILLIAM DAN FIELD  
CHAIRMAN

**\*CORINTH KY\***  
41010-0218  
DONNIE DYER  
TREASURER

(859) 824-7110  
(859) 824-5922  
WANDA COLSON  
SECRETARY

April 06, 2005

## RESOLUTION 2005-001

RESOLUTION OF CORINTH WATER DISTRICT, CORINTH KY, AWARDING A CONSTRUCTION CONTRACT TO MUSIC CONSTRUCTION, INC. FOR THE PHASE V WATER LINE EXTENSION PROJECT.

WHEREAS, Corinth Water District advertised for construction bids on February 17, 2005;

WHEREAS, Corinth Water District received bids on March 10, 2005;

WHEREAS, the low bid was MUSIC CONSTRUCTION, INC.

NOW, THEREFORE, BE IT RESOLVED BY CORINTH WATER DISTRICT AS FOLLOWS:

SECTION 1, That Corinth Water District hereby approves the low bid from Music Construction, Inc.

SECTION 2, That Corinth Water District hereby accepts the low bid from Music Construction, Inc.

ADOPTED ON APRIL 06, 2005

By: Donnie Dyer  
Title: One - Chair - treasure

ATTEST

By: Wanda M. Colson  
Title: Secretary