

# 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 www.rubinhays.com

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

May 8, 2009

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED

MAY 11 2009

PUBLIC SERVICE  
COMMISSION

Re: Breathitt County Water District Water Project - KRS 278.023

Dear Mr. Derouen:

2009-00183

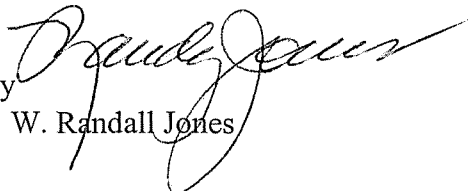
Enclosed please find the original and ten (10) copies of the Application of the Breathitt County Water District for an Order approving financing and issuance of a Certificate of Public Convenience and Necessity pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, and the **Preliminary and Final Engineering Reports, of which two copies 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**

**Re: Breathitt County Water District Waterworks Revenue Bonds, Series 2009, in  
the principal amount of \$350,000**

Mr. Vernon Brown  
Acting State Director  
USDA, Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Phone: (859) 224-7336  
Fax: (859) 224-7425

Ms. Peggy Collett  
USDA, Rural Development  
305 Dawahare Drive  
Hazard, Kentucky 41701

Phone: (606) 439-1378  
Fax: (606) 436-6357

Mr. John L. Smith, Chairman  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

Phone: (606) 666-3800

Ms. Sandra K. Dunahoo  
Nesbitt Engineering, Inc.  
227 North Upper Street  
Lexington, Kentucky 40507

Phone: (859) 233-3111  
Fax: (859) 259-2717

Brendon D. Miller, Esq.  
Attorney at Law  
1149 Main Street  
Jackson, Kentucky 41339

Phone: (606) 666-4422

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

Phone: (502) 569-7534  
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 11 2009

PUBLIC SERVICE  
COMMISSION

In the Matter of:

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

Case No. 2009 - 00183

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

This Application of the Breathitt County Water District (the "Applicant") respectfully shows:

1. That the Applicant is a water district of Breathitt County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statues.

2. That the post office address of the Applicant is:

Breathitt County Water District  
c/o Mr. John L. Smith, Chairman  
1137 Main Street  
Jackson, Kentucky 41339

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

4. That the proposed project consists of the installation of approximately 20 miles of 2, 4, 6 and 8 inch waterline and a booster pumping station, and the construction of two ground water storage tanks.

5. That the Applicant proposes to finance the construction of the Project through (i) issuance of \$350,000 of its Waterworks Revenue Bonds, (ii) a U.S. Department of Agriculture, acting through Rural Development ("RD") grant in the amount of \$250,000, (iii) an Appalachian Regional Commission ("ARC") grant in the amount of \$500,000, and (iv) a Community

Development Block Grant ("CDBG") in the amount of \$862,800. The Applicant has a commitment from RD to purchase said \$350,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 2.75% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

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

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

- A. Copy of RD Letter of Conditions, as amended.
- B. Copy of RD Letter of Concurrence in Bid Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of the Applicant, based upon statements of the Engineers for the 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 the 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 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, Section 1.

WHEREFORE, the Applicant, the Breathitt County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of the Applicant.
- b. An Order approving the financing arrangements made by the Applicant, viz., the issuance of \$350,000 of Breathitt County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 2.75% per annum; an RD grant in the amount of \$250,000; an ARC grant in the amount of \$500,000; and a CDBG grant in the amount of \$862,800.

BREATHITT COUNTY WATER DISTRICT

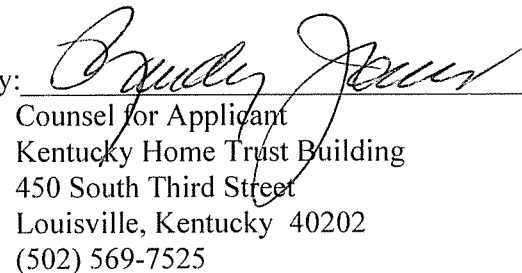
By: \_\_\_\_\_



Chairman  
Board of Water Commissioners

RUBIN & HAYS

By: \_\_\_\_\_

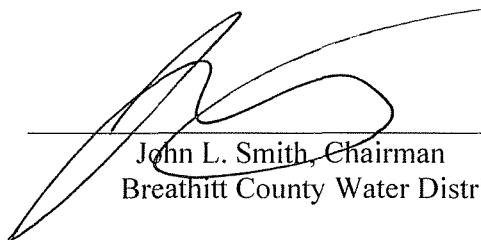


Counsel for Applicant  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525

COMMONWEALTH OF KENTUCKY            )  
  ) SS:  
COUNTY OF BREATHITT                    )


The undersigned, John L. Smith, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Breathitt County Water District, the 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 May 5<sup>th</sup>, 2009.

  
\_\_\_\_\_  
John L. Smith, Chairman  
Breathitt County Water District

Subscribed, sworn and acknowledged to before me by John L. Smith, Chairman of the Board of Commissioners of the Breathitt County Water District, on this May 5<sup>th</sup>, 2009.

My Commission expires: Oct 4, 2009.

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

(Seal of Notary)





JUL - 9 2008

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

July 7, 2008

Mr. John L. Smith, Chairman  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

Dear Mr. Smith:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and 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 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 \$350,000, a RUS grant not to exceed \$250,000, and an Appalachian Regional Commission (ARC) grant in the amount of \$500,000.

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:

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, SW, Washington, DC 20250-9410  
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)



1. Number of Users and Their Contribution:

There shall be 884 water users, of which 420 are existing users, 414 are users from projects under construction, and 50 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

1. 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.

3. 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."

4. 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 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.

5. Recommended Repayment Method:

Payments on this loan shall 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.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$125 per month into a "Funded Depreciation Reserve Account" until the account reaches \$15,000. The deposits are to be resumed any time the account falls below the \$15,000.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the 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.

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,600 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system.

7. Security Requirements:

A 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 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.

8. Land Rights and Real Property:

The 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.

9. Organization:

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

10. Business Operations:

The 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 District after review by Rural Development. At no later than loan pre-closing, the 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, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) /statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

The District shall obtain the assistance of its accountant to establish the District's accounting system. Rural Development review of the accounting system is required.

12. 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.

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. Fidelity Bond - The 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 \$15,000.
- D. 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.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. 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 "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 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 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.

15. 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 borrowers 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 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.

16. 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 District.

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

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

19. Prior to Pre-Closing the Loan, the 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."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

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

21. Commercial Interim Financing:

The 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 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.

22. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the 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 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 District.

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

Borrowers receiving federal loan and/or grant funds 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.

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

23. 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 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.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 808,000
Land and Rights	15,000
Legal and Administrative	20,000
Engineering	175,100
Interest	9,000
Contingencies	<u>72,900</u>
TOTAL	\$ 1,100,000

Financing:

RUS Loan	\$ 350,000
RUS Grant	250,000
ARC Grant	<u>500,000</u>
TOTAL	\$ 1,100,000

25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$500,000.

26. 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/ARC grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

27. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written

authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

28. 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.

Water rates will be at least:

First	2,000	gallons @ \$	19.90 - Minimum Bill.
All Over	2,000	gallons @ \$	9.95 - per 1,000 gallons.

29. Water Purchase Contract:

The 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.

30. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, 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).

31. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the 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 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.

32. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated October 25, 2007, from Ms. Lee Nalley.
- B. 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.



- C. 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).
- 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.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

33. 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 - London, Kentucky  
Kentucky River ADD - Hazard, Kentucky  
Rubin & Hays - Louisville, Kentucky  
Brendon Miller - Jackson, Kentucky  
Nesbitt Eng., Inc. - Lexington, Kentucky  
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



United States Department of Agriculture  
Rural Development  
Kentucky State Office

April 28, 2009

Mr. John L. Smith, Chairman  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

Re: Letter of Conditions Dated July 7, 2008

Dear Mr. Smith:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated July 7, 2008. The previous Amendment No. 1 dated April 22, 2009 should be disregarded as the figures were incorrect. The purpose of this amendment is to add additional funding to the project.

The Second Paragraph on Page 1 is revised to read as follows:

“ 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 \$350,000, a RUS grant not to exceed \$250,000, an Appalachian Regional Commission (ARC) grant of \$500,000, and a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$862,800.”

Paragraph numbered “24” is revised to read as follows:

“ 24. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,565,201
Land and Rights	15,000
Legal and Administrative	20,000
Engineering	262,599
Interest	20,000
Contingencies	<u>80,000</u>
TOTAL	\$ 1,962,800

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7336 • Fax: (859) 224-7344 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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“USDA is an equal opportunity provider, employer and lender.”  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, SW, Washington, DC 20250-9410  
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Financing:

RUS Loan	\$	350,000	
RUS Grant		250,000	
ARC Grant		500,000	
HUD-CDBG		<u>862,800</u>	
TOTAL	\$	1,962,800	”

Paragraph numbered “25” is revised to read as follows:

“ 25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$500,000 and for the HUD-CDBG grant in the amount of \$862,800. ”

Paragraph numbered “26” is revised to read as follows:

“ 26. 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/ARC/CDBG grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds. ”

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,

*Vernon C. Brown*  
VERNON C. BROWN  
Acting State Director

- cc: Area Director - London, Kentucky
- Kentucky River ADD - Hazard, Kentucky
- Rubin & Hays - Louisville, Kentucky
- Brendon Miller - Jackson, Kentucky
- Nesbitt Engineering Inc. - Lexington, Kentucky
- PSC - ATTN: Dennis Jones - Frankfort, Kentucky





United States Department of Agriculture  
Rural Development  
Kentucky State Office


May 8, 2009

SUBJECT: Breathitt County Water District  
Ky 30 East Water Extensions  
Contract Award Concurrence

TO: Area Director  
London, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject project to the low bidder on Contract 1, G & W Construction, Inc., in the amount of 1,439,032.36 with a change order being executed in the amount of \$162,331.00 upon entering into contract to bring project costs within available funds. Rural Development concurs in the award to the low bidder on Contract 2, Laurel Construction Company, Inc., in the amount of \$288,500.00.

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

  
VERNON BROWN  
Acting State Director  
Rural Development

cc: Nesbitt Engineering  
Lexington, Kentucky

~~Rubin and Hays~~  
~~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>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 328-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5984 (voice or TDD).



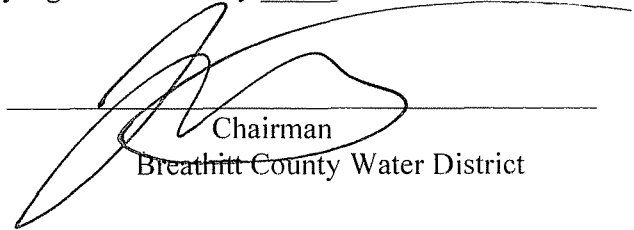
**CERTIFICATE OF CHAIRMAN OF BREATHITT COUNTY WATER DISTRICT,  
AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069**

I, John L. Smith, hereby certify that I am the duly qualified and acting Chairman of the Breathitt County Water District, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with the Engineers for the District, Nesbitt Engineering, Inc, Lexington, Kentucky.

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

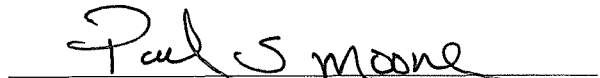
1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have been obtained.
3. That the existing rates of the District shall produce the total revenue requirements set out in the engineering reports.
4. That it is now contemplated that construction of the Project will begin on or about July 1, 2009, and will end on or about June 1, 2010.

IN TESTIMONY WHEREOF, witness my signature this May 5<sup>th</sup>, 2009.

  
\_\_\_\_\_  
Chairman  
Breathitt County Water District

STATE OF KENTUCKY    )  
  ) SS  
COUNTY OF BREATHITT )

Subscribed and sworn to before me by John L. Smith, Chairman of the Board of Commissioners of the Breathitt County Water District, on this May 5<sup>th</sup>, 2009.

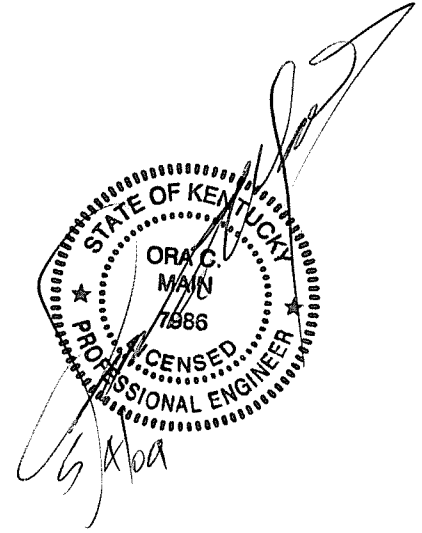
  
\_\_\_\_\_  
Notary Public  
In and For Said State and County

(Seal of Notary)



**nesbitt engineering, inc.**  
*providing proven solutions since 1976*

227 North Upper Street  
Lexington, KY 40507-1016



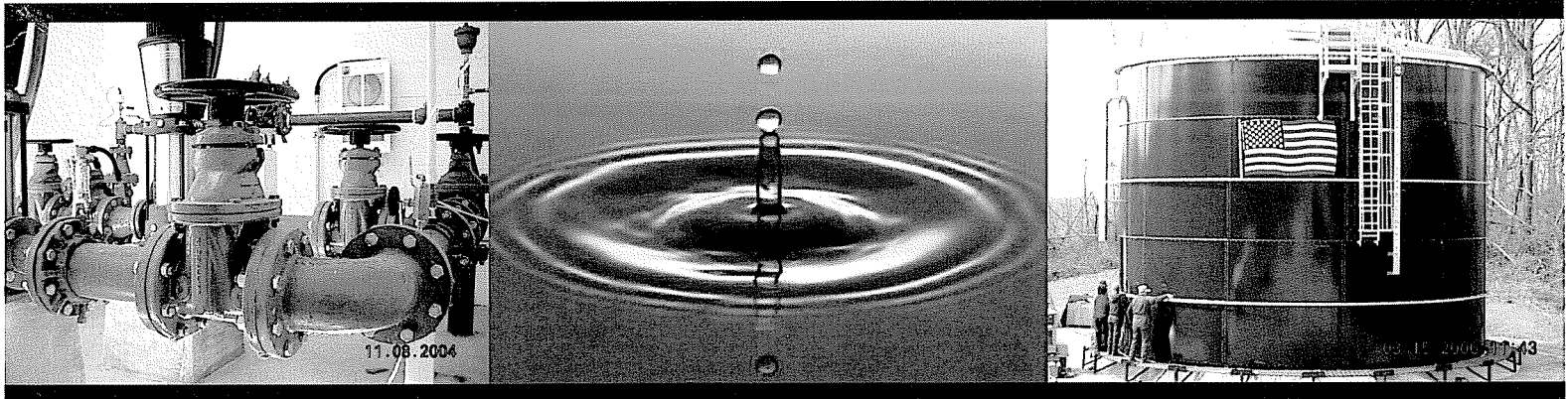
April 2009

# Breathitt County Water District

## KY 30 East Waterline Extension

### Jackson, Kentucky

## Preliminary Engineering Amended to Final Engineering Report



Jason Richardson, Judge/Executive

Breathitt County Water District Commissioners  
John Lester Smith, Chairman

Jay Watts, Vice Chairman  
Bobby Thorpe

Vurl Fugate, Treasurer  
Kash Noble,

**SUBMITTED TO:**  
Breathitt County Water District

**PREPARED BY:**  
Nesbitt Engineering, Inc.  
Offices in Lexington—Hazard—Prestonsburg

*Providing*

*Proven*

*Solutions Since 1976*



**Preliminary Engineering Report  
Amended to Final Engineering Report  
KY 30 East Waterline Extension  
Breathitt County Water District, Jackson, Kentucky**

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**Table Of Contents**

**Chapter 1    General..... 1**

**Figure 1    Location Map**

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**Figure 2    Water Distribution System Improvements  
                  KY 30 East Waterline Extension**

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**Appendix A**

    Engineers Letter of Recommendation of Bid Award

        Contract #1

- Bid From Low Bidder
- Certified Bid Tabulation

        Contract #2

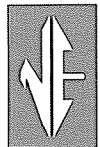
- Bid from Low Bidder
- Certified Bid Tabulation

**Appendix B    FUNDING**

- Table B-1, Project Cost/Project Funding
- Revised RD Letter of Conditions (2 pages – April 28, 2009)
- CDBG Grant Approval Letter (2 pages – April 20, 2009)
- Original RD Letter of Condition (10 pages – July 7, 2008)



**KENTUCKY**



**NESBITT ENGINEERING, INC.**  
ENGINEERS • SURVEYORS • SCIENTISTS

**LOCATION MAP**  
**KY 30 EAST WATERLINE EXTENSION**  
**BREATHITT COUNTY WATER DISTRICT**

**FIGURE 1**

**DRAWN BY:**  
JCW

**DATE:**  
05/4/09

**DISK/FILE NAME:**  
\\PER FIGURE 1.DWG

**LAST PLOT DATE:**

**JOB NO.:**  
998-22

**SCALE:**  
NOT TO SCALE

**NESBITT ENGINEERING**  
INC.

**Chapter 2 – Project Planning Area**

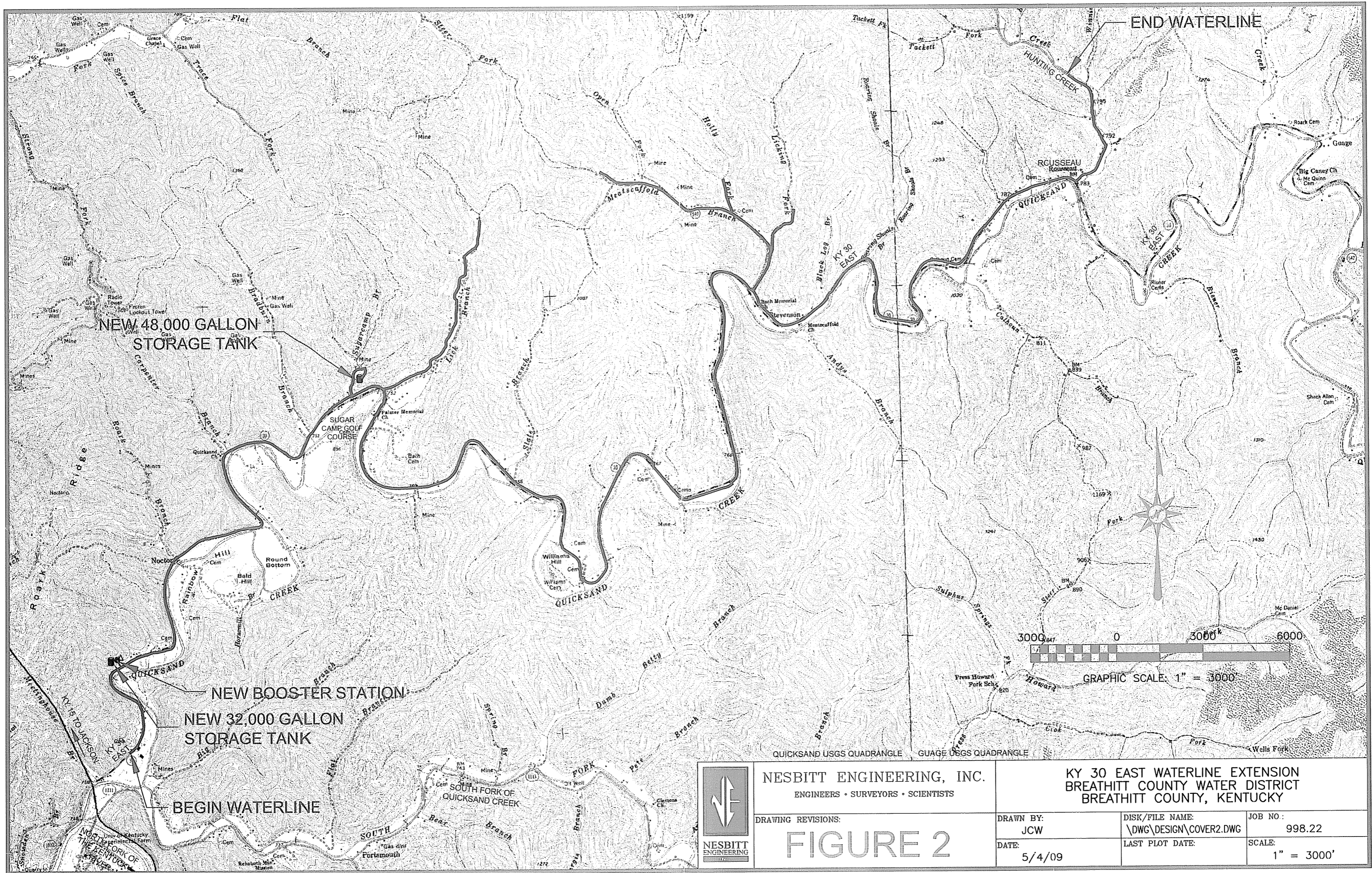
Breathitt County Water District (BCWD) is a Class “C” Water District organized in August 2003 by the Breathitt County Judge Executive. The County Judge then appointed five commissioners to serve on the Water District’s Board. These five commissioners subsequently then selected a Chairman from the appointed board.

Currently, the BCWD has approximately 620 customers; however, once the KY 1110 Phase-1 and KY 15 Watts Waterline Extension projects are put into full service (estimated to be Summer 2009) the number of customers could increase to over 900 households. In addition to these customers, at the completion of the KY 30 West and KY 3237 (Canoe) projects (by the end of 2009) and the KY 1110 Phase-2 project (by early 2010), the District’s customer base could increase to above 1000 households.

Jackson, the county seat, operates an independent water system (Jackson Municipal Water Works), drawing water from the North Fork of the Kentucky River. The system currently serves 2,000 households. The water treatment plant (WTP), capable of producing 2.5 MGD, is expected to supply the potable water product to the various Breathitt County water line extensions. Daily production by Jackson Municipal Water Works is currently 800,000 gallons (33% of plant capacity) and their storage capacity is presently 925,000 gallons. The 300,000-gallon Highland Avenue water storage tank will provide storage for the proposed KY 30 East Waterline Extension. This proposed project is the seventh (7<sup>th</sup>) project of this type in BCWD’s effort to deliver potable drinking water to all residents outside Jackson’s service area. Jackson’s WTP is expected to have more than adequate capacity to supply the needed potable water for this proposed project.

See Figure 2 which shows the Water Distribution Project Area for this project.

Breathitt County has 6,170 occupied housing units per the 2000 US Census report. The KY 30 East Water Main Extension project area has approximately 200 residential households. This project has a maximum concentration of greater than 10 customers per mile plus it would provide water to an elementary school that is now being supplied by an on-site system. Most of the housing in the area is currently served by privately operated wells. Most of the water obtained from drilled wells in Breathitt County is extremely hard and contains noticeable amounts of iron.



**NESBITT ENGINEERING, INC.**  
 ENGINEERS • SURVEYORS • SCIENTISTS

DRAWING REVISIONS:

**FIGURE 2**

**NESBITT ENGINEERING**

<b>KY 30 EAST WATERLINE EXTENSION</b>		
<b>BREATHITT COUNTY WATER DISTRICT</b>		
<b>BREATHITT COUNTY, KENTUCKY</b>		
DRAWN BY: JCW	DISK/FILE NAME: \\DWG\DESIGN\COVER2.DWG	JOB NO.: 998.22
DATE: 5/4/09	LAST PLOT DATE:	SCALE: 1" = 3000'

**Preliminary Engineering Report  
Amended to Final Engineering Report  
KY 30 East Waterline Extension  
Breathitt County Water District, Jackson, Kentucky**

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**Chapter 3 – Existing Facilities/Need for Project**

There is no potable water service in the proposed project area other than the on-site treatment plant at the Rousseau Elementary School. Residents in this area must rely either on wells, springs or hauled water for their domestic water needs. Breathitt County is one of the last counties in the Commonwealth to be provided treated water in the rural areas of the County.

The well water is extremely hard and contains noticeable amounts of iron. Salty water may be found from 50 feet to several hundred feet below the level of the principal valley bottoms. Where springs supply water, the yield is rarely more than 5 GPM. A more reliable and healthy source for water is needed.

The proposed project will consist of approximately 6 miles in the Base Bid area and 13 miles in the Additive Alternate Number 1 area, of various sized water lines ranging from 8 inch to 2 inch diameter. These waterlines will be served by a master meter connection between BCWD and Jackson Municipal Water Works along KY 30 East.

This proposed project could bring potable water service to some 200 homes and churches within the project area plus the Rousseau Elementary School.

The 2000 US Census reports 2.61 persons per household so the maximum total service population will be to  $(2.61 \times 200 = 522 \text{ persons})$  approximately 500 people. At a conservative usage rate of 100 gallons per person per day, this would equate to an average day base requirement of 50,000 GPD for the 200 homes in the project area.

**Preliminary Engineering Report  
Amended to Final Engineering Report  
KY 30 East Waterline Extension  
Breathitt County Water District, Jackson, Kentucky**

---

**Chapter 4 – Proposed Project/Project Cost/Financing**

The proposed potable KY 30 East Waterline Extension consists of two contracts. The waterline contract is Contract # 1 which consists of two segments, the Base Bid (BB)( booster pump station and 6.15 miles of waterline) and the Additive Alternate (AA) Number 1 (consists of 13.08 miles of proposed waterlines). This is a total of approximately 101,500 feet of waterline ranging from 8-inch to 2-inch in diameter. Contract # 2 consists of the construction of two storage tanks

The BB and AA were advertised in the local newspaper and the Lexington Herald-Leader and bids for these segments were opened and read at the Breathitt County Court House at 3:30 P.M. on April 15, 2009. Eleven contractors ordered plans for Contract # 1, the waterlines, and eight contractors submitted sealed bids for Contract # 1 (this contract included both the BB and the AA). Four contractors ordered plans for Contract # 2, the tanks, and two contractors submitted sealed bids for Contract # 2. See the Certified Bid Tabulations for both to these contracts in Appendix "A" of this report.

Both of the low bid contractors had previously completed contracts for the Water District and performed in performed their duties in exemplary fashion. Therefore, and due to other prior experience with these contractors, a letter of recommendation to award the low bids pending available funding, the concurrence of the funding agencies and the Public Service Commission was easy to write to the District.

By adding the two low BB's for Contract # 1 and Contract # 2 ( $\$592,249.51 + 288,500 = \$880,749.51$ ), one can then subtract this total from the Rural Development's revised Letter of Conditions (dated 4/28/09) Development line item ( $\$1,565,201$ ) to see what amount of funds remain for the AA. The total remaining amount of the RD Development line item is therefore ( $\$1,565,201 - 880,749.51$ )  $\$684,451.49$ . The total bid amount for AA was  $\$846,783.83$ . At this time, only  $\$684,451.49$  of the AA will be added to the BB by change order, which will coincide with the RD Development amount. Keep in mind there is also  $\$80,000$  in contingencies which could be used for line installation if not needed during construction.

The Total Opinion of Probable Project Cost, the Sources of Project Funding and the Annual Required Revenue are all provided in Appendix "B" of this report. This spreadsheet also verifies that there will not have to be a rate increase in user rates to adequately finance this project.

**Preliminary Engineering Report  
Amended to Final Engineering Report  
KY 30 East Waterline Extension  
Breathitt County Water District, Jackson, Kentucky**

---

**Chapter 5 – Conclusions & Recommendations**

To provide water service to the residents on KY 30 East, the new water lines, booster stations and storage tanks are necessary. In addition, waterline extensions along the branch roads off KY 30 East (such as Lick Branch, Meatscaffold Road, and Hunting Creek) could now be made or reached more feasibly in the very near future.

The health, environmental, land use, and economic enhancement issues combined necessitate the need for this water system extension in Breathitt County.

The existing City of Jackson water main on KY 30 East, stops just after the Kentucky Transportation Cabinet's Maintenance Garage. This proposed project will also provide a reliable water supply to the additional customers along the branch roads off KY 30 East. Additionally, the availability of reliable, clean, and chlorinated water from the centralized source will improve the economy of scale for both the BCWD and the Jackson Municipal Water Works.

**Appendix "A"**

- Engineer Letter of Recommendation
  
- Contract #1
  - Bid From Low Bidder
  - Certified Bid Tabulation
  
- Contract #2
  - Bid from Low Bidder
  - Certified Bid Tabulation





May 4, 2009

Mr. J. L. Smith, Chairman  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

RE: Award of Construction Contracts  
Contract # 1: KY 30 East Waterline Extension Project  
Contract # 2: KY 30 East Ground Storage Tanks

Dear Mr. Smith:

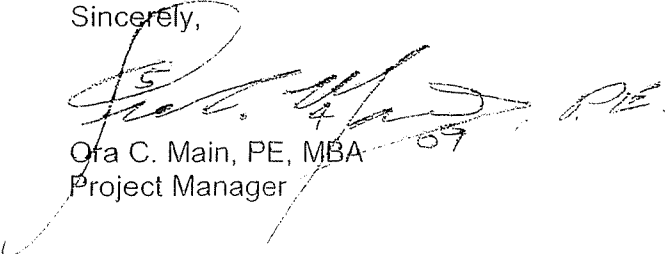
On April 15, 2009 at the Breathitt County Court House, eight (8) bids were received for Contract # 1, and two (2) bids were received for Contract # 2 of the above referenced project. Certified bid tabulations were prepared by our office for each contract and mailed to you for your information and files.

After the Certified Bid Tabulations were prepared, a reference check was eliminated, since both Nesbitt Engineering, Inc. (NEI) and the District have conducted multiple successful projects with both of the apparent low bidders. Based on past experiences, we conclude that both, G&W Construction Co., Inc. (Contract 1) and Laurel Construction Company, Inc. (Contract 2), qualify as responsive and responsible bidders, and are unaware of any reason a construction contract should not be awarded to them. Therefore, NEI recommends that Breathitt County Water District (BCWD) award Contract # 1 to G&W Construction Co., Inc. in the amount of \$592,249.51 and Contract #2 to Laurel Construction Company, Inc for \$288,500.00.

Issuance of the "Notice of Award" for each Contract is recommended pending concurrence of the Kentucky Public Service Commission, and all other Funding Agencies.

Please feel free to call me if you have any questions. Thank you for your time and attention to this matter.

Sincerely,

  
Ora C. Main, PE, MBA  
Project Manager

c: Jason Richardson, Judge-Executive  
Shannon Moore, BCWD Superintendent  
Bryan Kirby, CEDA  
Gabriel Alderman, G&W Construction Co., Inc.  
Demas Philpot, Laurel Construction Co., Inc

P:\Breathitt\998-22 - KY 30 East\Bidding\JL Re Cont. Award 05-04-09 doc

# Breathitt County Water District

## Base Bid Schedule \*

Contract 1 - KY 30 East Waterline Extension

Plan sheets C-2 thru C-9, C-27, C-28, C-28A, C-34 and all D sheets

Item #	Description	Unit	Quantity	Unit Cost	Total Cost
1	Tie-in to City of Jackson's existing line	LS	1	3,000.00	3,000.00
2	Master Meter and Vault with Check valve	LS	1	16,021.32	16,021.32
3	8" PVC SDR21 Waterline	LF	25,700	8.62	221,534.00
4	6" PVC SDR21 Waterline	LF	800	7.38	5,904.00
5	4" PVC SDR21 Waterline	LF	6,400	5.45	34,880.00
6	2" PVC SDR21 Waterline	LF	250	4.75	1,187.50
7	8" Gate Valve and Box	EA	13	1086.98	14,130.74
8	6" Gate Valve and Box	EA	1	772.81	772.81
9	4" Gate Valve and Box	EA	1	673.06	673.06
10	2" Blow-Off Valve Assembly	EA	1	670.70	670.70
11	5/8 x 3/4 radio read meter and box	EA	10	712.24	7,122.40
12	5/8 x 3/4 radio read meter and box w/priv	EA	40	795.83	31,833.20
13	3/4" polyethylene service line	LF	2,500	5.20	13,000.00
14	Combination Air/ Vacuum Valve & Box (CARV)	EA	2	550.57	1,101.12
15	Air Relief Valve & Box (ARV)	EA	2	550.57	1,101.12
16	6" Flush Hydrant Assembly	EA	5	3,125.35	15,626.75
17	Concrete Replacement 4 1/2" thick	LF	300	10.00	3,000.00
18	Bituminous Pavement Replacement 3" thick	LF	300	30.00	9,000.00
19	DGA Replacement 6" thick	LF	400	10.00	4,000.00
20	Waterline Marker (Rhino #70453 w/decal)	EA	11	51.85	570.35
21	Hwy Xing Bore & Jack 12.75" API 5L Grade B Steel Casing	LF	80	108.56	8,684.80
22	Creek Crossing Type 1A	LF	486	58.71	28,533.06
23	Creek Crossing Type 1B	LF	144	78.54	11,309.76
24	Booster Station	LS	1	110,857.02	110,857.02
25	Telemetry System & Towers	LS	1	47,736.00	47,736.00
<b>Total Base Bid (Item No. 1 thru 25) =</b>					<b>592,249.71</b>
Total Base Bid (written) = \$ <u>Five hundred ninety two thousand</u> <u>two hundred forty-nine</u> <span style="float: right;">dollars <u>71/100</u> cents</span>					

\* Contract shall be awarded based on the lowest Base Bid Amount.

00300-2a

# Breathitt County Water District

## Additive Alternate Number 1 - Schedule

### Contract 1 - KY 30 East Waterline Extension

Plan Sheets C-10 thru C-26, C-29 thru C-33 and all the D sheets

Item #	Description	Unit	Quantity	Unit Cost	Total Cost
3	8" PVC SDR21 Waterline	LF	32,200	8.62	277,564.00
4	6" PVC SDR21 Waterline	LF	22,200	7.38	163,836.00
5	4" PVC SDR21 Waterline	LF	13,700	5.45	74,665.00
6	2" PVC SDR21 Waterline	LF	1,000	4.75	4,750.00
7	8" Gate Valve and Box	EA	10	1,086.98	10,869.80
8	6" Gate Valve and Box	EA	11	772.72	8,499.92
9	4" Gate Valve and Box	EA	3	673.06	2,019.18
10	2" Blow-Off Valve Assembly	EA	4	670.70	2,682.80
11	5/8 x 3/4 radio read meter and box	EA	52	712.24	37,036.48
12	5/8 x 3/4 radio read meter and box w/priv	EA	98	795.84	77,991.34
13	3/4" polyethylene service line	LF	7,500	5.20	39,000.00
14	Combination Air/ Vacuum Valve & Box (CARV)	EA	2	550.51	1,101.02
15	Air Relief Valve & Box (ARV)	EA	3	550.51	1,651.53
16	6" Flush Hydrant Assembly	EA	11	3,125.35	34,378.85
17	Concrete Replacement 4 1/2" thick	LF	450	10.00	4,500.00
18	Bituminous Pavement Replacement 3" thick	LF	450	30.00	13,500.00
19	DGA Replacement 6" thick	LF	1,000	10.00	10,000.00
20	Waterline Marker (Rhino #70453 w/decal)	EA	23	57.85	1,192.55
21	Hwy Xing Bore & Jack 12.75" API 5L Grade B Steel Casing	LF	120	108.56	13,027.20
22	Creek Crossing Type 1A	LF	684	58.71	40,157.64
23	Creek Crossing Type 1B	LF	306	78.54	24,033.24
26	Hwy Xing Bore & Jack 10.75" API 5L Grade B Steel Casing	LF	45	96.14	4,326.30
<b>Total Additive Alternate Number 1 (Item Nos. 3 thru 23 &amp; 26) =</b>					<b>846,782.35</b>
Total Additive Alternate Number 1 (written) = \$ <u>Eight hundred forty six thousand seven hundred eighty-two</u>					
					dollars <u>85,100</u> cents


**Note \*** The Additive Alternate Unit Prices must match the unit prices in the Base Bid for the same items.

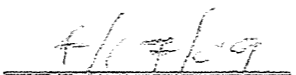
**Breathitt County Water District  
Contract #1 - KY 30 East Waterline Extension  
Breathitt County, KY  
CERTIFIED BID TABULATION**

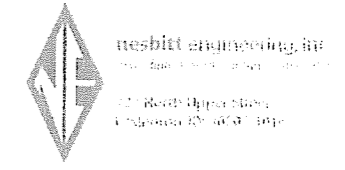
Item No.	Qty.	Unit	Description	G & W Construction Co., Inc. 6730 Flemingsburg Rd Morehead, KY 40351		Stotts Construction Co Inc 203 Burkesville Street Suite 17 Columbus KY 42728		Ronnie Mullins & Sons, Inc. 440 Still House Avenue Elkhorn City, KY 41522		D F Bailey, Inc. 3053 US 60 East Owingsville, KY 40360		Cleary Construction Inc 2006 Edmonton Road Tompkinsville, KY 42167		Music Construction Inc 2510 Margaret Ann Drive Mt. Sterling, KY 40353		Akins Excavating Co., Inc. 182 Busy Lane Corbin, KY 40701		K Carrander Const Co Inc 200 Ringgold Road Somerset, KY 42603	
				Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	1	LS	Tie-in to City of Jackson's existing line	\$ 3,000.00	\$3,000.00	\$ 2,000.00	\$2,000.00	\$ 2,700.00	\$2,700.00	\$ 2,395.11	\$2,395.11	\$ 2,100.00	\$2,100.00	\$ 2,500.00	\$2,500.00	\$ 1,850.00	\$1,850.00	\$ 3,500.00	\$3,500.00
2	1	LS	Master Meter and Vault with Check valve	\$ 16,021.32	\$16,021.32	\$ 15,000.00	\$15,000.00	\$ 25,000.00	\$25,000.00	\$ 25,076.59	\$25,076.59	\$ 21,000.00	\$21,000.00	\$ 15,000.00	\$15,000.00	\$ 26,966.00	\$26,966.00	\$ 19,500.00	\$19,500.00
3	25,700	LF	8" PVC SDR21 Waterline	\$ 8.62	\$21,534.00	\$ 9.60	\$246,720.00	\$ 10.00	\$257,000.00	\$ 9.20	\$236,440.00	\$ 9.40	\$241,580.00	\$ 11.00	\$282,700.00	\$ 10.65	\$273,705.00	\$ 14.90	\$382,930.00
4	800	LF	6" PVC SDR21 Waterline	\$ 7.38	\$5,904.00	\$ 8.20	\$6,560.00	\$ 8.00	\$6,400.00	\$ 6.64	\$5,312.00	\$ 7.85	\$6,280.00	\$ 8.50	\$6,800.00	\$ 10.00	\$8,000.00	\$ 11.60	\$9,280.00
5	6,400	LF	4" PVC SDR21 Waterline	\$ 5.45	\$34,880.00	\$ 7.15	\$45,780.00	\$ 5.00	\$32,000.00	\$ 4.74	\$30,336.00	\$ 6.00	\$38,400.00	\$ 6.00	\$38,400.00	\$ 9.25	\$59,200.00	\$ 9.25	\$59,200.00
6	250	LF	2" PVC SDR21 Waterline	\$ 4.75	\$1,187.50	\$ 6.50	\$1,625.00	\$ 5.00	\$1,250.00	\$ 3.70	\$925.00	\$ 5.75	\$1,437.50	\$ 5.00	\$1,250.00	\$ 5.00	\$1,250.00	\$ 7.35	\$1,837.50
7	13	EA	8" Gate Valve and Box	\$ 1,086.98	\$14,130.74	\$ 950.00	\$12,350.00	\$ 1,000.00	\$12,000.00	\$ 887.07	\$11,531.91	\$ 970.00	\$12,610.00	\$ 1,150.00	\$14,950.00	\$ 1,238.00	\$16,094.00	\$ 875.00	\$11,375.00
8	1	EA	6" Gate Valve and Box	\$ 772.81	\$772.81	\$ 700.00	\$700.00	\$ 800.00	\$800.00	\$ 644.34	\$644.34	\$ 700.00	\$700.00	\$ 800.00	\$800.00	\$ 832.00	\$832.00	\$ 650.00	\$650.00
9	1	EA	4" Gate Valve and Box	\$ 673.09	\$673.09	\$ 600.00	\$600.00	\$ 600.00	\$600.00	\$ 508.16	\$508.16	\$ 650.00	\$650.00	\$ 700.00	\$700.00	\$ 664.00	\$664.00	\$ 600.00	\$600.00
10	1	EA	2" Blow-Off Valve Assembly	\$ 670.70	\$670.70	\$ 520.00	\$520.00	\$ 900.00	\$900.00	\$ 656.45	\$656.45	\$ 750.00	\$750.00	\$ 700.00	\$700.00	\$ 542.00	\$542.00	\$ 800.00	\$800.00
11	10	EA	5/8 x 3/4 radio read meter and box	\$ 712.24	\$7,122.40	\$ 670.00	\$6,700.00	\$ 700.00	\$7,000.00	\$ 853.32	\$8,533.20	\$ 715.00	\$7,150.00	\$ 800.00	\$8,000.00	\$ 575.00	\$5,750.00	\$ 600.00	\$6,000.00
12	40	EA	5/8 x 3/4 radio read meter and box w/priv	\$ 795.83	\$31,833.20	\$ 770.00	\$30,800.00	\$ 800.00	\$32,000.00	\$ 950.42	\$38,016.80	\$ 785.00	\$31,400.00	\$ 850.00	\$34,000.00	\$ 693.00	\$27,720.00	\$ 825.00	\$33,000.00
13	2,500	LF	3/4" polyethylene service line	\$ 5.20	\$13,000.00	\$ 5.00	\$12,500.00	\$ 6.00	\$15,000.00	\$ 3.75	\$9,375.00	\$ 5.15	\$12,875.00	\$ 5.00	\$12,500.00	\$ 5.00	\$12,500.00	\$ 12.70	\$31,750.00
14	2	EA	Combination Air/ Vacuum Valve & Box (CARV)	\$ 550.51	\$1,101.02	\$ 750.00	\$1,500.00	\$ 900.00	\$1,800.00	\$ 1,166.71	\$2,333.42	\$ 750.00	\$1,500.00	\$ 500.00	\$1,000.00	\$ 1,192.00	\$2,384.00	\$ 900.00	\$1,800.00
15	2	EA	Air Relief Valve & Box (ARV)	\$ 550.51	\$1,101.02	\$ 500.00	\$1,000.00	\$ 600.00	\$1,200.00	\$ 440.23	\$880.46	\$ 600.00	\$1,200.00	\$ 500.00	\$1,000.00	\$ 552.00	\$1,104.00	\$ 650.00	\$1,300.00
16	5	EA	6" Flush Hydrant Assembly	\$ 3,125.35	\$15,626.75	\$ 2,700.00	\$13,500.00	\$ 3,200.00	\$16,000.00	\$ 2,871.34	\$14,356.70	\$ 3,000.00	\$15,000.00	\$ 3,500.00	\$17,500.00	\$ 3,100.00	\$15,500.00	\$ 3,200.00	\$16,000.00
17	300	LF	Concrete Replacement 4 1/2" thick	\$ 10.00	\$3,000.00	\$ 12.00	\$3,600.00	\$ 20.00	\$6,000.00	\$ 42.00	\$12,600.00	\$ 25.00	\$7,500.00	\$ 35.00	\$10,500.00	\$ 40.00	\$12,000.00	\$ 60.00	\$18,000.00
18	300	LF	Bituminous Pavement Replacement 3" thick	\$ 30.00	\$9,000.00	\$ 10.00	\$3,000.00	\$ 15.00	\$4,500.00	\$ 37.04	\$13,112.00	\$ 22.00	\$6,600.00	\$ 35.00	\$10,500.00	\$ 40.00	\$12,000.00	\$ 75.00	\$22,500.00
19	400	LF	DGA Replacement 6" thick	\$ 10.00	\$4,000.00	\$ 4.00	\$1,600.00	\$ 10.00	\$4,000.00	\$ 9.82	\$3,928.00	\$ 15.00	\$6,000.00	\$ 20.00	\$8,000.00	\$ 8.80	\$2,720.00	\$ 15.00	\$6,000.00
20	11	EA	Waterline Marker (Rhino #70453 w/decal)	\$ 51.85	\$570.35	\$ 50.00	\$550.00	\$ 50.00	\$550.00	\$ 51.07	\$561.77	\$ 35.00	\$385.00	\$ 75.00	\$825.00	\$ 60.00	\$660.00	\$ 50.00	\$550.00
21	80	LF	Hwy Xing Bore & Jack 12.75" API 5L Grade B St Casing	\$ 108.56	\$8,684.80	\$ 85.00	\$6,800.00	\$ 130.00	\$10,400.00	\$ 107.05	\$8,564.00	\$ 120.00	\$9,600.00	\$ 140.00	\$11,200.00	\$ 120.00	\$9,600.00	\$ 150.00	\$12,000.00
22	486	LF	Creek Crossing Type 1A	\$ 58.71	\$28,533.06	\$ 70.00	\$34,020.00	\$ 36.00	\$17,496.00	\$ 44.83	\$21,787.38	\$ 100.00	\$48,600.00	\$ 45.00	\$21,870.00	\$ 55.00	\$26,730.00	\$ 50.00	\$24,300.00
23	144	LF	Creek Crossing Type 1B	\$ 78.54	\$11,309.76	\$ 50.00	\$7,200.00	\$ 57.00	\$8,208.00	\$ 70.54	\$10,157.76	\$ 120.00	\$17,280.00	\$ 45.00	\$6,480.00	\$ 75.00	\$10,800.00	\$ 95.00	\$13,680.00
24	1	LS	Booster Station	\$ 110,857.02	\$110,857.02	\$ 120,000.00	\$120,000.00	\$ 119,000.00	\$119,000.00	\$ 171,672.95	\$171,672.95	\$ 160,000.00	\$160,000.00	\$ 140,000.00	\$140,000.00	\$ 236,560.00	\$236,560.00	\$ 140,000.00	\$140,000.00
25	1	LS	Telemetry System & Towers	\$ 47,736.00	\$47,736.00	\$ 45,000.00	\$45,000.00	\$ 50,000.00	\$50,000.00	\$ 51,366.55	\$51,366.55	\$ 45,000.00	\$45,000.00	\$ 65,000.00	\$65,000.00	\$ 45,156.00	\$45,156.00	\$ 60,000.00	\$60,000.00
<b>Total Base Bid (Items 1 through 25)</b>				<b>\$ 2,249.57</b>	<b>\$ 2,249.57</b>	<b>\$ 619,608.00</b>	<b>\$ 619,608.00</b>	<b>\$ 632,804.00</b>	<b>\$ 632,804.00</b>	<b>\$ 679,071.55</b>	<b>\$ 679,071.55</b>	<b>\$ 696,597.50</b>	<b>\$ 696,597.50</b>	<b>\$ 712,175.00</b>	<b>\$ 712,175.00</b>	<b>\$ 810,287.00</b>	<b>\$ 810,287.00</b>	<b>\$ 876,562.50</b>	<b>\$ 876,562.50</b>

Notes:  
I hereby certify that the above tabulation accurately represents bids, received, opened and read by the Breathitt County Water District in the Breathitt County Court House, Jackson, KY on April 15, 2019.

Corrections from the Bid Forms, as submitted, or extensions of unit prices and/or the resulting Bid Totals are shown highlighted and in *Italicized Bold Type*

  
Project Manager - Ora C. Main, PE, MBA

  
Date



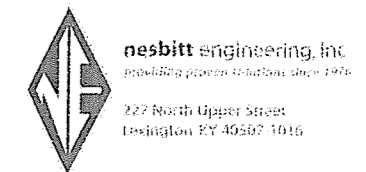
**Breathitt County Water District**  
**Contract 1 - KY 30 East Waterline Extension**  
**Breathitt County, KY**  
**ADDITIVE ALTERNATE NUMBER 1 - SCHEDULE**  
**CERTIFIED BID TABULATION**

Item No.	Qty.	Unit	Description	G & W Construction Co., Inc 6730 Flemingsburg Rd Morehead, KY 40351		Stotts Construction Co Inc 203 Burkesville Street Suite 17 Columbia KY 42728		Ronnie Mullins & Sons, Inc. 440 Still House Avenue Elkhorn City, KY 41522		D F Bailey, Inc. 3053 US 60 East Owingsville, KY 40360		Cleary Construction Inc 2006 Edmonton Road Tompkinsville, KY 42167		Music Construction Inc 2510 Margaret Ann Drive Mt. Sterling, KY 40353		Akins Excavating Co., Inc. 182 Busy Lane Corbin, KY 40701		K Carrender Const Co Inc 200 Ringgold Road Somerset, KY 42503	
				Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
3	32,200	LF	8" PVC SDR21 Waterline	\$ 8.62	\$277,564.00	\$ 9.60	\$309,120.00	\$ 10.00	\$322,000.00	\$ 9.20	\$296,240.00	\$ 9.40	\$302,680.00	\$ 11.00	\$354,200.00	\$ 10.65	\$342,930.00	\$ 14.90	\$479,780.00
4	22,200	LF	6" PVC SDR21 Waterline	\$ 7.38	\$163,836.00	\$ 8.20	\$182,040.00	\$ 8.00	\$177,600.00	\$ 6.64	\$147,408.00	\$ 7.85	\$174,270.00	\$ 8.50	\$188,700.00	\$ 10.00	\$222,000.00	\$ 11.60	\$257,520.00
5	13,700	LF	4" PVC SDR21 Waterline	\$ 5.45	\$74,665.00	\$ 7.15	\$97,955.00	\$ 5.00	\$68,500.00	\$ 4.74	\$64,938.00	\$ 6.00	\$82,200.00	\$ 6.00	\$82,200.00	\$ 9.25	\$126,725.00	\$ 9.25	\$126,725.00
6	1,000	LF	2" PVC SDR21 Waterline	\$ 4.75	\$4,750.00	\$ 6.50	\$6,500.00	\$ 5.00	\$5,000.00	\$ 3.70	\$3,700.00	\$ 5.75	\$5,750.00	\$ 5.00	\$5,000.00	\$ 5.00	\$5,000.00	\$ 7.35	\$7,350.00
7	10	EA	8" Gate Valve and Box	\$ 1,086.98	\$10,869.80	\$ 950.00	\$9,500.00	\$ 1,000.00	\$10,000.00	\$ 887.07	\$8,870.70	\$ 970.00	\$9,700.00	\$ 1,150.00	\$11,500.00	\$ 1,238.00	\$12,380.00	\$ 875.00	\$8,750.00
8	11	EA	6" Gate Valve and Box	\$ 772.72	\$8,499.92	\$ 700.00	\$7,700.00	\$ 800.00	\$8,800.00	\$ 644.34	\$7,087.74	\$ 700.00	\$7,700.00	\$ 800.00	\$8,800.00	\$ 832.00	\$9,152.00	\$ 650.00	\$7,150.00
9	3	EA	4" Gate Valve and Box	\$ 673.06	\$2,019.18	\$ 600.00	\$1,800.00	\$ 600.00	\$1,800.00	\$ 508.16	\$1,524.48	\$ 650.00	\$1,950.00	\$ 700.00	\$2,100.00	\$ 664.00	\$1,992.00	\$ 600.00	\$1,800.00
10	4	EA	2" Blow-Off Valve Assembly	\$ 670.70	\$2,682.80	\$ 520.00	\$2,080.00	\$ 900.00	\$3,600.00	\$ 656.45	\$2,625.80	\$ 750.00	\$3,000.00	\$ 700.00	\$2,800.00	\$ 542.00	\$2,168.00	\$ 800.00	\$3,200.00
11	52	EA	5/8 x 3/4 radio read meter and box	\$ 712.24	\$37,036.48	\$ 670.00	\$34,840.00	\$ 700.00	\$36,400.00	\$ 853.32	\$44,372.64	\$ 715.00	\$37,180.00	\$ 800.00	\$41,600.00	\$ 575.00	\$29,900.00	\$ 600.00	\$31,200.00
12	98	EA	5/8 x 3/4 radio read meter and box w/priv	\$ 795.84	\$77,992.32	\$ 770.00	\$75,460.00	\$ 800.00	\$78,400.00	\$ 950.42	\$93,141.16	\$ 785.00	\$76,930.00	\$ 850.00	\$83,300.00	\$ 693.00	\$67,914.00	\$ 825.00	\$80,850.00
13	7,500	LF	3/4" polyethylene service line	\$ 5.20	\$39,000.00	\$ 5.00	\$37,500.00	\$ 6.00	\$45,000.00	\$ 3.75	\$28,125.00	\$ 5.15	\$38,625.00	\$ 5.00	\$37,500.00	\$ 5.00	\$37,500.00	\$ 12.70	\$95,250.00
14	2	EA	Combination Air/ Vacuum Valve & Box (CARV)	\$ 550.51	\$1,101.02	\$ 750.00	\$1,500.00	\$ 900.00	\$1,800.00	\$ 1,166.71	\$2,333.42	\$ 750.00	\$1,500.00	\$ 500.00	\$1,000.00	\$ 1,192.00	\$2,384.00	\$ 900.00	\$1,800.00
15	3	EA	Air Relief Valve & Box (ARV)	\$ 550.51	\$1,651.53	\$ 500.00	\$1,500.00	\$ 600.00	\$1,800.00	\$ 440.23	\$1,320.69	\$ 600.00	\$1,800.00	\$ 500.00	\$1,500.00	\$ 552.00	\$1,656.00	\$ 650.00	\$1,950.00
16	11	EA	6" Flush Hydrant Assembly	\$ 3,125.35	\$34,378.85	\$ 2,700.00	\$29,700.00	\$ 3,200.00	\$35,200.00	\$ 2,871.34	\$31,584.74	\$ 3,000.00	\$33,000.00	\$ 3,500.00	\$38,500.00	\$ 2,100.00	\$23,100.00	\$ 3,200.00	\$35,200.00
17	450	LF	Concrete Replacement 4 1/2" thick	\$ 10.00	\$4,500.00	\$ 12.00	\$5,400.00	\$ 20.00	\$9,000.00	\$ 42.00	\$18,900.00	\$ 25.00	\$11,250.00	\$ 35.00	\$15,750.00	\$ 40.00	\$18,000.00	\$ 60.00	\$27,000.00
18	450	LF	Bituminous Pavement Replacement 3" thick	\$ 30.00	\$13,500.00	\$ 10.00	\$4,500.00	\$ 15.00	\$6,750.00	\$ 37.04	\$16,668.00	\$ 22.00	\$9,900.00	\$ 35.00	\$15,750.00	\$ 40.00	\$18,000.00	\$ 75.00	\$33,750.00
19	1,000	LF	DGA Replacement 6" thick	\$ 10.00	\$10,000.00	\$ 4.00	\$4,000.00	\$ 10.00	\$10,000.00	\$ 9.82	\$9,820.00	\$ 15.00	\$15,000.00	\$ 20.00	\$20,000.00	\$ 6.80	\$6,800.00	\$ 15.00	\$15,000.00
20	23	EA	Waterline Marker (Rhino #70453 w/decal)	\$ 51.85	\$1,192.55	\$ 50.00	\$1,150.00	\$ 50.00	\$1,150.00	\$ 51.07	\$1,174.61	\$ 35.00	\$605.00	\$ 75.00	\$1,725.00	\$ 60.00	\$1,380.00	\$ 50.00	\$1,150.00
21	120	LF	Hwy Xing Bore & Jack 12 75" API 5L Grade B Steel Casing	\$ 108.56	\$13,027.20	\$ 85.00	\$10,200.00	\$ 130.00	\$15,600.00	\$ 107.05	\$12,846.00	\$ 120.00	\$14,400.00	\$ 140.00	\$16,800.00	\$ 120.00	\$14,400.00	\$ 150.00	\$18,000.00
22	684	LF	Creek Crossing Type 1A	\$ 58.71	\$40,157.64	\$ 70.00	\$47,880.00	\$ 36.00	\$24,624.00	\$ 44.83	\$30,663.72	\$ 100.00	\$68,400.00	\$ 45.00	\$30,780.00	\$ 55.00	\$37,620.00	\$ 50.00	\$34,200.00
23	306	LF	Creek Crossing Type 1B	\$ 78.54	\$24,033.24	\$ 50.00	\$15,300.00	\$ 57.00	\$17,442.00	\$ 70.54	\$21,585.24	\$ 120.00	\$36,720.00	\$ 45.00	\$13,770.00	\$ 75.00	\$22,950.00	\$ 95.00	\$29,070.00
26	45	LF	Hwy Xing Bore & Jack 10 75" API 5L Grade B Steel Casing	\$ 96.14	\$4,326.30	\$ 70.00	\$3,150.00	\$ 120.00	\$5,400.00	\$ 84.55	\$3,804.75	\$ 110.00	\$4,950.00	\$ 140.00	\$5,300.00	\$ 110.00	\$4,950.00	\$ 145.00	\$6,525.00
<b>Total Additive Alternate Number 1 (Item Nos. 3 thru 23 &amp; 26) =</b>				<b>\$846,783.83</b>	<b>\$888,775.00</b>	<b>\$885,866.00</b>	<b>\$848,734.69</b>	<b>\$937,710.00</b>	<b>\$979,575.00</b>	<b>\$1,008,901.00</b>	<b>\$1,303,220.00</b>								

Notes:

I hereby certify that the above tabulation accurately represents bids, received, opened and read by the Breathitt County Water District in the Breathitt County Court House, Jackson, KY on April 15, 2009.

Corrections from the Bid Forms, as submitted, or extensions of unit prices and/or the resulting Bid Totals are shown highlighted and in **Italicized Bold Type**



Project Manager - Ora C. Main, PE, MBA

Date

**Breathitt County Water District**  
**KY 30 East Waterline Extension**  
**Base Bid Schedule**  
**Contract 2 - Ground Storage Tanks (Two Sites)**

Item #	Description	Unit	Quantity	Unit Cost	Total Cost
1	6" DGA Access Road 12' Wide (Excavation & Aggregate)	SY	1,900	\$15.00	\$28,500.00
2	15" BCCMP culvert	LF	40	\$50.00	\$2,000.00
3	Unclassified Tank Site Excavation	LS	1	\$45,000.00	\$45,000.00
4	32,000 Gal. Storage Tank & Related items	LS	1	\$70,000.00	\$70,000.00
5	48,000 Gal. Storage Tank & Related items	LS	1	\$90,000.00	\$90,000.00
6	Valve Vault	EA	1	\$28,000.00	\$28,000.00
7	8' Chainlink Fencing w/Gate	LF	400	\$35.00	\$14,000.00
8	6" Site DGA, Seed, Fert. & Mulch	LS	1	\$5,000.00	\$5,000.00
9	Rock Check Dam	EA	1	\$500.00	\$500.00
10	18" BCCMP Slotted Culvert	LF	25	\$60.00	\$1,500.00
11	Concrete Pavement	SY	50	\$60.00	\$3,000.00
12	Lockable Gate at ROW	LS	1	\$1,000.00	\$1,000.00
<b>Total Base Bid (Item No. 1 thru 12) =</b>				<b>\$288,500.00</b>	
<b>Total Base Bid (written) = \$</b>				<u>Two hundred eighty eight thousand five hundred</u>	
				<u>          </u>	<u>          </u>
				dollars	no cents

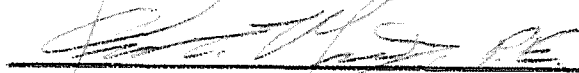
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**Breathitt County Water District  
 Contract #2 - KY 30 East Ground Storage Tanks  
 Breathitt County, KY  
 CERTIFIED BID TABULATION**

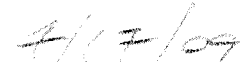
Item No.	Qty.	Unit	Description	Laurel Construction Co Inc 5209 Somerset Road London, KY 40741		KY Glass Lined Tank Syst Inc 3203 Georgetown Rd Lexington, KY 40511	
				Unit Cost	Total Cost	Unit Cost	Total Cost
1	1,900	SY	6" DGA Access Road 12" Wide (Excavation & Aggregate)	\$ 15.00	\$28,500.00	\$ 42.22	\$80,218.00
2	40	LF	15" BCCMP culvert	\$ 50.00	\$2,000.00	\$ 22.25	\$890.00
3	1	LS	Unclassified Tank Site Excavation	\$ 45,000.00	\$45,000.00	\$ 108,668.00	\$108,668.00
4	1	LS	32,000 Gal. Storage Tank & Related items	\$ 70,000.00	\$70,000.00	\$ 118,670.00	\$118,670.00
5	1	LS	48,000 Gal. Storage Tank & Related items	\$ 90,000.00	\$90,000.00	\$ 149,561.00	\$149,561.00
6	1	EA	Valve Vault	\$ 28,000.00	\$28,000.00	\$ 23,335.00	\$23,335.00
7	400	LF	6' Chainlink Fencing w/Gate	\$ 35.00	\$14,000.00	\$ 54.45	\$21,780.00
8	1	LS	6" Site DGA, Seed, Fert. & Mulch	\$ 5,000.00	\$5,000.00	\$ 16,222.00	\$16,222.00
9	1	EA	Rock Check Dam	\$ 500.00	\$500.00	\$ 195.00	\$195.00
10	25	LF	18" BCCMP Slotted Culvert	\$ 60.00	\$1,500.00	\$ 45.00	\$1,125.00
11	50	SY	Concrete Pavement	\$ 60.00	\$3,000.00	\$ 90.00	\$4,500.00
12	1	LS	Lockable Gate at ROW	\$ 1,000.00	\$1,000.00	\$ 1,780.00	\$1,780.00
<b>Total Base Bid (items 1 through 12)</b>					<b>\$ 288,500.00</b>		<b>\$ 524,944.00</b>

Notes:

I hereby certify that the above tabulation accurately represents bids, received, opened and read by the Breathitt County Water District in the Breathitt County Court House, Jackson, KY on April 15, 2009.



Project Manager - Ora C. Main, PE, MBA



Date



**nesbitt engineering, inc.**  
 providing proven solutions since 1976

227 North Upper Street  
 Lexington, KY 40507-1016

**Appendix "B"**

**FUNDING**

- Table B-1, Project Cost/Project Funding
- Revised RD Letter of Conditions (2 pages – April 28, 2009)
- CDBG Grant Approval Letter (2 pages – April 20, 2009)
- Original RD Letter of Condition (10 pages – July 7, 2008)



# Breathitt County Water District

## Table B-1

KY 30 East Waterline - DOT Garage to Rousseau School and some of Hunting Creek

Opinion of Probable Project Cost - Post Bid 4-15-09

Breathitt County, Kentucky

Contract # 1 - Base Bid received 4-15-09 (see Certified Bid Tab) =	\$ 592,249.51
Contract # 1 - Additive Alternate No. 1 received 4-15-09 (see Certified Bid Tab) Reduced to \$\$ available =	\$ 684,451.49
Contract # 2 - Base Bid (2 tanks 32K & 48K and appurtenances) received 4-15-09 (see Certified Bid Tab) =	\$ 288,500.00
<b>Subtotal - Construction Cost Bid 4-15-09 =</b>	<b>\$ 1,565,201.00</b>
<b>Other Project Related Costs</b>	
Legal and Administrative	\$ 20,000
Land and Rights (Acquisition for Tank Site)	\$ 15,000
Interest during construction	\$ 20,000
Engineering	
Preliminary Engr.	\$ 15,000
Design and Contract Admin.	\$ 127,904
Resident Observation	\$ 78,805
Hydraulic Analysis	\$ 17,500
Operation & Maintenance Manual	\$ 5,000
Additional-surveying, DOT permit, etc.	\$ 15,000
Project Contingencies (Engineering fees reduced by reduction in Const. Cost & RD fee schedule, difference added to RD LOC Conting)	\$ 83,390
<b>Total Opinion of Probable Project Cost</b>	<b>\$ 1,962,800</b>
<b>Sources of Funding</b>	
ARC Grant	\$ 500,000.00
RUS RD Grant	\$ 250,000.00
RUS RD Loan (2.75%, 38 yr amort.)	\$ 350,000.00
CDBG Grant	\$ 862,800.00
<b>Total of Possible Project Funding Sources</b>	<b>\$ 1,962,800</b>

<b>Annual Required Revenue</b>	
Debt Service (38 yrs, 2 pymts/yr, 2.75%)(CRF=0.04258)	\$ 14,903
10 % Coverage (over income required)	\$ 1,490
<b>Total Annual Required Debt Service and Coverage Revenue</b>	<b>\$ 16,393</b>
<b>Annual Required Revenue per Customer per Month</b>	
Debt Service & Coverage Cost/customer/month (assuming only 100 new connections)	\$ 13.66
Cost of purchased water/customer/month based on 4,500 gals/cust/mo	\$ 8.55
Additional Monthly OM&R estimated at \$0.10/1000 feet of line	\$ 9.65
<b>Total Monthly Required Revenue per Customer Estimated 4,500 gallons usage</b>	<b>\$ 31.86</b>
<b>Annual Revenue per Customer per Month based on current rates and a usage of 4,500 gal/mo</b>	
Minimum - first 2000 gallons	\$ 19.90
All over 2000 gallons = \$9.95/1000 gallons	\$ 24.88
<b>Total Monthly Revenue per Customer with Estimated 4,500 gallons usage</b>	<b>\$ 44.78</b>



nesbitt engineering, inc.  
 227 North Upper Street  
 Lexington, KY 40507-1016



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

April 28, 2009

Mr. John L. Smith, Chairman  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

Re: Letter of Conditions Dated July 7, 2008

Dear Mr. Smith:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated July 7, 2008. The previous Amendment No. 1 dated April 22, 2009 should be disregarded as the figures were incorrect. The purpose of this amendment is to add additional funding to the project.

The Second Paragraph on Page 1 is revised to read as follows:

“ 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 \$350,000, a RUS grant not to exceed \$250,000, an Appalachian Regional Commission (ARC) grant of \$500,000, and a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$862,800.”

Paragraph numbered “24” is revised to read as follows:

“ 24. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,565,201
Land and Rights	15,000
Legal and Administrative	20,000
Engineering	262,599
Interest	20,000
Contingencies	<u>80,000</u>
<b>TOTAL</b>	<b>\$ 1,962,800</b>

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or call (800) 785-3272 (voice) or (202) 720-6362 (TDD)

Financing:

RUS Loan	\$	350,000	
RUS Grant		250,000	
ARC Grant		500,000	
HUD-CDBG		<u>862,800</u>	
TOTAL	\$	1,962,800	"

Paragraph numbered "25" is revised to read as follows:

" 25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$500,000 and for the HUD-CDBG grant in the amount of \$862,800. "

Paragraph numbered "26" is revised to read as follows:

" 26. 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/ARC/CDBG grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds. "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,

*Vernon C. Brown*  
VERNON C. BROWN  
Acting State Director

- cc: Area Director - London, Kentucky
- Kentucky River ADD - Hazard, Kentucky
- Rubin & Hays - Louisville, Kentucky
- Brendon Miller - Jackson, Kentucky
- Neshitt Engineering Inc. - Lexington, Kentucky
- PSC - ATTN: Dennis Jones - Frankfort, Kentucky



OFFICE OF THE GOVERNOR  
DEPARTMENT FOR LOCAL GOVERNMENT

Steven L. Beshear  
Governor

1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-2382  
Fax (502) 573-2939  
Toll Free (800) 346-5605  
www.dlg.ky.gov

Tony V. Alder  
Commissioner

April 20, 2009

The Honorable Harvey J. Richardson  
Breathitt County Judge/Executive  
1137 Main Street  
Jackson, Kentucky 41339

RE: Breathitt County Hwy 30 East Waterline Extension Project  
Community Development Block Grant 08-016

Dear Judge Richardson:

On behalf of Governor Steven L. Beshear and the staff of the Department for Local Government (DLG), I am pleased to congratulate you on your selection as a recipient of Community Development Block Grant (CDBG) funds. Preliminary approval has been given to your CDBG project referenced above in the amount of \$863,000. This approval is based on your acceptance of the conditions outlined below:

1. Applicant will enter into a grant agreement with the Commonwealth within one month of being presented the document for consideration.
2. Applicant will accept the funding level referenced above and bear all cost overruns.
3. Applicant agrees that federal and state wage rates will be incorporated into all construction contracts where applicable.
4. Applicant must have the project advertised for bids six (6) months from the date of the fully executed grant agreement and the project must be completed by December 30, 2011.

Please indicate your acceptance of these conditions by signing below and return the signed document to our office by **April 30, 2009**. Following receipt of your signature, a grant agreement will be prepared. Once the grant agreement has been drafted, DLG staff will contact you to schedule a grant agreement meeting.



The Honorable Harvey J. Richardson  
April 20, 2009  
Page 2

Please note that you may **not** incur any costs to be reimbursed with CDBG funds or other project funds, except for certain costs relating to planning and design services, until you have received environmental clearance and entered into a grant agreement. Any costs incurred or obligations made prior to receiving a fully executed copy of the grant agreement are at your own risk.

Return this signed document to: Lynn Travis Littrell, Executive Director, Office of Federal Grants, Department for Local Government, 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40601.

We look forward to working with you and assisting your community with this grant. Please contact Marilyn Eaton-Thomas at 502/573-2382, ext. 233, if you have questions concerning this commitment letter.

Sincerely,

Tony Wilder  
Commissioner

c: Bryan Kirby, CEDA

By affixing my signature below, I, the authorized representative of the applicant, do hereby agree to the conditions set forth above.

\_\_\_\_\_  
The Honorable Harvey J. Richardson  
Breathitt County Judge/Executive

\_\_\_\_\_  
Date



JUL -9 2008

United States Department of Agriculture  
Rural Development  
Kentucky State Office

July 7, 2008

RD ✓ LIST  
LEB 7007

Mr. John L. Smith, Chairman  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

Dear Mr. Smith:

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

ARC

2.75% 33 yr ARMOR

This letter is not to be considered as loan and 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 \$350,000, a RUS grant not to exceed \$250,000, and an Appalachian Regional Commission (ARC) grant in the amount of \$500,000.

in DC - 1112

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:

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)

1. Number of Users and Their Contribution:

There shall be 884 water users, of which 420 are existing users, 414 are users from projects under construction, and 50 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

1. 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.

3. 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."

4. 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 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.

5. Recommended Repayment Method:

Payments on this loan shall 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.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$125 per month into a "Funded Depreciation Reserve Account" until the account reaches \$15,000. The deposits are to be resumed any time the account falls below the \$15,000. *CAN BE PRE-FINANCED.*

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the 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. *NEED RD'S BLESSING TO USE FUNDS*

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,600 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system.

7. Security Requirements:

A 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 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.

8. Land Rights and Real Property:

The 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.

9. Organization:

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

10. Business Operations:

The 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 District after review by Rural Development. At no later than loan pre-closing, the 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, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) /statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.



The District shall obtain the assistance of its accountant to establish the District's accounting system. Rural Development review of the accounting system is required.

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

> 133 K in YR

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.

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. Fidelity Bond - The 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 \$15,000.
- D. 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.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. 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 "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 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 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.

15. 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 borrowers 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 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.

16. 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 District.

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

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

19. Prior to Pre-Closing the Loan, the 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."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements

The District is reminded that if at any time it shall appear to the Government that the 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 District will apply for and accept such loan in sufficient amount to repay the Government. *- NO PRE PAYMENT PENALTY!*

21. Commercial Interim Financing:

The 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 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.

22. Disbursement of Project Funds:

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

*REIMBURSED BY RD FOR AMOUNT IN ACCOUNT AT ANY ONE TIME*

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the 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 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 District.

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

Borrowers receiving federal loan and/or grant funds 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.

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

23. 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 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.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 808,000
Land and Rights	15,000
Legal and Administrative	20,000
Engineering	175,100
Interest	9,000
Contingencies	<u>72,900</u>
TOTAL	\$ 1,100,000

*5% > B. 2016/6*

Financing:

RUS Loan	\$ 350,000
RUS Grant	250,000
ARC Grant	<u>500,000</u>
TOTAL	\$ 1,100,000

25. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$500,000.

26. 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/ARC grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

27. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written

authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

28. 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.

Water rates will be at least:

First	2,000	gallons @ \$	19.90 - Minimum Bill.
All Over	2,000	gallons @ \$	9.95 - per 1,000 gallons.

29. Water Purchase Contract:

The 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.

30. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, 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).

31. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the 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 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. *co.*

32. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated October 25, 2007, from Ms. Lee Nalley. PROVIDE COPY
- B. 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.

- C. 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).
- 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.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

33. 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 Silone*  
 KENNETH SILONE  
 State Director

Enclosures

- cc: Area Director - London, Kentucky  
 Kentucky River ADD - Hazard, Kentucky  
 Rubin & Hays - Louisville, Kentucky  
 Brendon Miller - Jackson, Kentucky  
 Nesbitt Eng., Inc. - Lexington, Kentucky  
 PSC - ATTN: Dennis Jones - Frankfort, Kentucky

*\* ACCTS REQ'D*  
 \* CONST. ACCT. \*  
 \* SINKING \*  
 \* SLA  
 \* FUND. DEPT. RESV  
 \* CLOSED > CONST. COMPLETED