



OFFICE OF THE BREATHITT COUNTY ATTORNEY

**BRENDON D. MILLER**

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October 11, 2011

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

RE: Breathitt County Water District  
Case No. 2011-\_\_\_\_\_

RECEIVED

OCT 13 2011

PUBLIC SERVICE  
COMMISSION

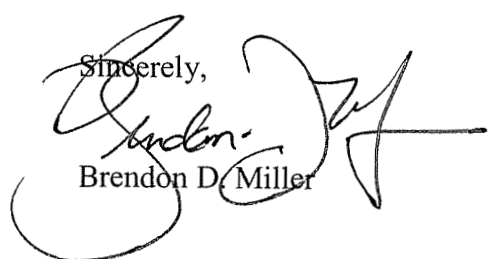
Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Breathitt County Water District for a Certificate of Public Convenience and Necessity to construct and finance pursuant to KRS 278.020.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069.

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

Sincerely,

  
Brendon D. Miller

Enclosures  
CC: Distribution List

CERTIFICATE of CHAIRPERSON of BREATHITT COUNTY  
WATER DISTRICT, as to STATEMENT REQUIRED by  
SECTION 1 (5) OF 807 KAR 5:06

I, BOBBY THORPE, JR., hereby certify that I am the duly qualified and acting Chairperson 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 Nesbitt Engineering, Inc., Lexington, Kentucky, the Engineers for the District (the "Engineers").

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

1. The proposed plans and specifications for the Project have been designated 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 have already been obtained, including the approval of the Kentucky Division of Water.

3. The Existing rates of the District filed with the Public Service Commission of Kentucky are contemplated to produce total revenue requirements set out in the Engineering Reports, prepared by the Engineers and filed with the Public Service Commission.

4. That it is now contemplated that construction of the KY 1098 "South Fork" PHASE 1 Project will begin on or about December 15, 2011, and will end on or about July 13, 2012.

IN TESTIMONY WHEREOF, witness my signature this 11<sup>th</sup> day of October, 2011.

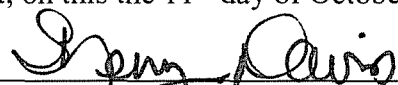
BREATHITT COUNTY WATER DISTRICT

By:   
BOBBY THORPE, JR., Chairperson

STATE OF KENTUCKY

COUNTY OF BREATHITT

Subscribed and sworn to before me by Bobby Thorpe, Jr., Chairperson of the Board of Commissioners of the Breathitt County Water District, on this the 11<sup>th</sup> day of October, 2011.

  
NOTARY PUBLIC  
Commission Expires: 4/6/2014

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2011-\_\_\_\_\_**

**In the Matter of:**

**THE APPLICATION of the BREATHITT COUNTY WATER DISTRICT  
of BREATHITT COUNTY, KENTUCKY, for a CERTIFICATE of PUBLIC  
CONVENIENCE and NECESSITY to CONSTRUCT and FINANCE,  
PURSUANT TO KRS 278.020.**

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**APPLICATION**

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This Application of the Breathitt County Water District (“Applicant”) of Breathitt County, Kentucky, 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 Statutes.
2. That the post office address of the Applicant is:  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339
3. That Applicant pursuant to the provisions of KRS 278.020, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the “Project”) to the existing waterworks system of Applicant; and (ii) approval of the proposed plan of financing said project.
4. That the KY 1098 “South Fork” Phase 1 Project consists of the construction and installation of approximately 18,000 linear feet of 8-inch waterline; 22,000 lf of 6-inch waterline; 13,000 linear feet of 4-inch waterline; and 1,200 linear feet of 2-inch waterline, and a 64,000 gallon water storage tank.
5. That Applicant proposes to finance the construction of the KY 1098 “South Fork” Phase 1 Project through a combination of Grant and Loan funds. The Grant portion of the funding is as through a Community Development Block Grant in the amount of \$566,000.00, and use of a grant of Coal Severance funds in the amount of \$334,000.00. The balance of the funding is through a Kentucky Infrastructure Authority loan in the

amount of \$310,000.00, (which is 40% forgiveness). This amount is for this project only. The KIA loan (in the entirety of \$2,500,000.00 including funds for other projects) is currently under review for approval of acceptance by this Agency.

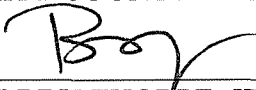
6. That Applicant does not contemplate having the project constructed with any deviation from minimum construction standards of this Public Service Commission.
7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application.
  - A. Copies of the funding Agreements are attached: CDBG Grant Agreement, "Exhibit A"; Revised Kentucky Infrastructure Authority - State Revolving Fund Loan, "Exhibit B"; and Coal Severance Commitment, "Exhibit C".
  - B. Project has not been bid, bid tabulations will be supplemented upon receipt and acceptance of bids for project.
  - C. Copy of the Preliminary Engineering Report, which will be amended to the FER, based on bids received when project is bid. "Exhibit D".
  - D. Certified statement from the Chairperson of the Applicant, based upon statements of the Engineers for Applicant, concerning the following:
    1. The proposed plans and specifications for the Project have been designated 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 have already been obtained, including a drinking water construction permit from the Kentucky Division of Water, "Exhibit E".
    3. The Existing rates of Applicant shall produce the total revenue requirements set out in the engineering reports, therefore no rate increase is necessary, and
    4. Setting out the date of December 15, 2012, when it is anticipated that construction will begin and July 13, 2012, when it is anticipated to end.
8. The foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.020 of the KRS and in accordance with the "Filing Requirements" specified in 807 KAR 5:609, Section 1.

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

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements of the existing waterworks system of Applicant.
- b. An order approving the financing arrangements made by Applicant, viz. through agreements made with the Department for Local Government as Administrator of the CDBG Grant and Coal Severance Funds, and the Kentucky Infrastructure Authority, Administrator of the State Revolving Fund.

BREATHITT COUNTY WATER DISTRICT

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

  
BOBBY THORPE, JR. Chairperson

\_\_\_\_\_  
HON. BRENDON D. MILLER

Breathitt County Attorney  
Counsel for Applicant  
1149 Main Street  
Jackson, Kentucky 41339  
(606) 666-4400

VERIFICATION

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

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this the 11<sup>th</sup> day of October, 2011.

BREATHITT COUNTY WATER DISTRICT

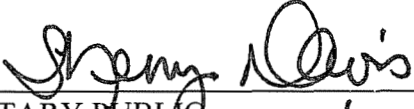
By: \_\_\_\_\_



COMMONWEALTH OF KENTUCKY

COUNTY OF BREATHITT

The foregoing was subscribed and sworn to before me by Bobby Thorpe, Jr.,  
Chairperson of the Board of Commissioners of the Breathitt County Water District, on  
this the 11<sup>th</sup> day of October, 2011.

  
\_\_\_\_\_  
NOTARY PUBLIC  
Commission Expires: 4/6/2014

DISTRIBUTION LIST

Case No. 2011-\_\_\_\_\_

Re: Breathitt County Water District Application

RECEIVED

OCT 13 2011

PUBLIC SERVICE  
COMMISSION

District Officials

Mr. Bobby Thorpe, Jr., Chairperson  
Mr. Estill McIntosh, Manager  
Breathitt County Water District  
1137 Main Street  
Jackson, Kentucky 41339

Telephone: (606) 666-3800  
Fax: (606) 666-2860

Engineer

Mr. Paul Nesbitt  
Nesbitt Engineering, Inc.  
227 North Upper Street  
Lexington, Kentucky 40507

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

Local Counsel

Hon. Brendon D. Miller  
Breathitt County Attorney  
1149 Main Street  
Jackson, KY 41339

Telephone: (606) 666-4400  
Fax: (606) 666-4422

CDBG Administrator

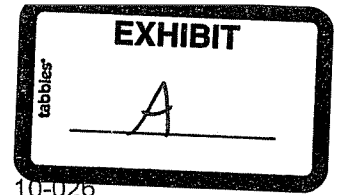
Mr. Brian Kirby  
CEDA, INC.  
P.O. Box 855  
Richmond, Kentucky 40476

Telephone: (859) 624-3396  
Fax: (859) 575-4175

KIA Loan Administrator

Ms. Jennifer McIntosh  
KRADD  
917 Perry Park Road  
Hazard, Kentucky 41701

Telephone: (606) 436-3158  
Fax: (606) 436-21444



Recipient: Breathitt County

Grant No. 10-026

**GRANT INFORMATION AND IDENTIFICATION**

Grant Agreement Number: 10-026

Subrecipient: Breathitt County

Project Name: Hwy 1098/Southfork/Bill Howard Memorial  
Waterline Extension Project

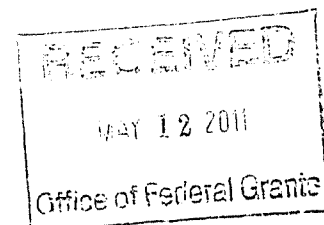
Federal Agency: U.S. Department of Housing and Urban  
Development

Pass-Through Agency: Kentucky Department for Local Government

CFDA Title: Community Development Block Grant/State's  
Program (State-Administered Small Cities Program)

CFDA Number: 14.228

Award Year: 2010





**GRANT AGREEMENT**

This Agreement is made and entered into this 23<sup>rd</sup> day of MAY, 2011, by and between the county of Breathitt, Kentucky, hereinafter referred to as Recipient and the Commonwealth of Kentucky, Department for Local Government, hereinafter referred to as the Commonwealth.

The purpose of this Agreement is to set forth the terms and conditions under which the Commonwealth agrees to dispense the sum of \$566,000 to the Recipient.

Recipient desires to use the funds for the Hwy 1098/Southfork/Bill Howard Memorial Waterline Extension and the Recipient shall complete the project by June 30, 2013.

## GRANT AGREEMENT

### 1. GENERAL PROVISIONS

#### A. Contents of Agreement

This Grant Agreement, hereinafter called the "Agreement," shall consist of the following documents which are incorporated by reference as if fully set out herein: (1) the Grant Agreement and all exhibits to which this Grant Agreement refers; (2) the Application, including the Statement of Assurances; (3) all State and Federal Law requirements to which the Application and this Agreement refer or apply; (4) the Kentucky Community Development Block Grant Handbook currently in effect, plus any advisories; (5) The Guide to National Objectives and Eligible Activities for State CDBG Programs; (6) any applicable administrative regulations; and (7) any amendments or modifications to any of the above referenced requirements.

#### B. General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement:

(1) "Act" means the Housing and Community Development Act of 1974, Pub. L. No. 93-383, as amended.

(2) "Application" means the Commonwealth Small Cities Community Development Block Grant (CDBG) Application, and such other submittals, as are specified in Exhibit A of this Grant Agreement.

(3) "CDBG" means a grant guided by Title I of the Housing and Community Development Act of 1974, as amended and those regulations set forth in 24 CFR Part 570, Subpart I, as may be amended from time to time and all other applicable Federal and State regulations and laws and assurances signed by Recipient at the time the Recipient's Application was submitted.

(4) "Commonwealth" when not used to designate the territory of the Commonwealth of Kentucky shall mean the Department for Local Government, its Commissioner, or any other person to whom the Commissioner has delegated authority to act with respect to matters covered by this Agreement.

(5) "Default" means any default set forth in Section 6-A to this Agreement.

(6) "Eligible Costs" means costs for the activities specified in Exhibit B of this Agreement for which grant funds are budgeted as specified in Exhibit C of this Agreement, provided that such costs (i) are incurred in connection with any activity which is eligible under Section 105A of Title I of the Act, and (ii) conform to the requirements of Attachment B of Office

of Management and Budget Circular A-87 (Cost Principles Applicable to Grants and Contracts with State and Local Government), as may be amended from time to time. For purposes of determining the conformity of costs to said Attachment B, all costs set forth in Section C thereof may be considered eligible without prior approval of the Commonwealth.

(7) "Environmental Conditions" means the condition imposed by law, particularly 24 CFR Part 58, and the provisions of the Agreement which prohibit or limit the commitment and use of grant funds until certain procedural requirements have been completed.

(8) "Environmental Requirements" means the requirements described in 24 CFR Part 58.

(9) "Environmental Studies" means all eligible activities necessary to produce an "environmental document", as that term is defined at Section 1508.10 of 40 CFR Part 1508, or to comply with the requirements of 24 CFR Part 58.

(10) "Grant Funds" means those funds to be provided by the Commonwealth to Recipient pursuant to the terms of this Agreement, as specified in Exhibit A of this Agreement.

(11) "HUD" means the United States Department of Housing and Urban Development.

(12) "Participating Party" means any person, firm, corporation or funding source identified as such in Exhibit A and/or B to this Agreement.

(13) "Program Income" means the CDBG portion of: (i) any income earned by Recipient, or an agent or agency of Recipient, from the disposition of real or personal property acquired in whole or in part with grant funds; (ii) the repayment proceeds (including principal and interest) of any loan made in whole or part with grant funds; (iii) any other revenues defined as program income in 24 CFR Part 570, Subpart J. The "CDBG portion" means an amount computed by applying the percentage of participation of CDBG funds (i) in the acquisition cost of the property to the total income from the disposition of such property, (ii) in the amount of the loan to the total repayment proceeds of such loan, or, (iii) in the cost of an activity to the total income from such activity.

(14) "Project" means the activities described in the Application and in Exhibits B and C of this Agreement, which are to be carried out to meet the objectives of the CDBG Program.

(15) "Recipient" means the local governmental entity receiving grant funds pursuant to this Agreement, as more particularly identified on the cover page of this Agreement.

(16) "Recipient Activities" means those activities of the Project to be carried out by the Recipient, its agent or agency, which activities are described in Exhibit B of this Agreement and further defined in the Application.

(17) "Subrecipient" means governmental or private nonprofit organizations chosen by the Recipient to undertake certain eligible CDBG activities identified as such in Exhibit A and/or B to this Agreement.

## **2. AMOUNT AND AUTHORIZED USES OF GRANT FUNDS**

### A. Grant Assistance Provided

In consideration of the various obligations undertaken by the Recipient pursuant to this Agreement, as represented by the Recipient in the Application, the Commonwealth agrees, subject to the terms and conditions set forth herein, to provide the Recipient with grant funds in the amount specified in Exhibit A of this Agreement.

### B. Authorized Uses of Grant Funds

The grant funds provided to the Recipient pursuant to this Agreement shall be used only for the specific purposes described in Exhibit B of this Agreement and in the amounts budgeted in Exhibit C of this Agreement, subject to the project amendments provisions of the Commonwealth CDBG program.

### C. Adjustments to Grant Funds

(1) The amount of grant funds which the Commonwealth has agreed to provide to the Recipient under this Agreement has been determined by the Commonwealth in reliance upon the cost estimates of the Recipient with respect to the activities set forth in the Application. The Commonwealth reserves the right to reduce the grant amount (i) to conform to any revision to which the Recipient and the Commonwealth may agree with respect to Exhibits B or C of this Agreement, (ii) if the actual costs for activities are lower than those set forth in Exhibits B or C of this Agreement, or (iii) if the investment by Participating Parties is less than the amount specified in Exhibits B, C or D.

(2) The parties understand that funding pursuant to this Agreement may be discontinued by the General Assembly in subsequent budgets.

### D. Recipient's Use of Program Income

(1) All Program Income which is received by the Recipient, prior to completion of all Recipient Activities shall be used prior to, and in place of, any draw of grant funds to the extent adequate to pay costs so incurred.

(2) Unless otherwise specifically stated in Exhibit B of this Agreement, all Program Income received by the Recipient, after completion of all Recipient Activities shall be used by the Recipient, for community or economic development activities eligible for assistance under Title I of the Act as specified in the Guide to National Objectives and Eligible Activities for State CDBG Programs.

### 3. DISBURSEMENT OF GRANT FUNDS

#### A. Authorization

(1) Promptly after the Commonwealth has received from the Recipient two (2) fully executed copies of this Agreement and has approved evidentiary materials required by Exhibit D of this Agreement that would allow a draw of grant funds pursuant to the terms of Exhibits B and C of this Agreement, the Commonwealth shall authorize the amount of grant funds specified in Exhibit A of this Agreement.

(2) The Recipient is authorized to draw grant funds only in accordance with the provisions of this Agreement and the procedures established by the Commonwealth. No payment by the Commonwealth of an improper or unauthorized draw to the Recipient shall constitute a waiver of the right of the Commonwealth to challenge the validity of said draw, to enforce all rights and remedies set forth in the Agreement, or take corrective or remedial administrative action, which action may include, without limitation, suspension or termination of the Recipient's funding under this Agreement.

(3) The disposition of any grant funds that remain available following completion of the Project, termination of this Agreement by the Commonwealth, or termination of the Project for any cause, shall be in accordance with closeout procedures then in effect or established by the Commonwealth including provisions of OMB Circular A-133, and the Recipient shall not have any rights to such grant funds.

#### B. Incurring Costs for Project Activities

(1) The use of grant funds is conditioned upon the Recipient incurring costs to be paid in accordance with this Agreement or as otherwise approved by the Commonwealth in writing. Except as permitted by 24 CFR Part 58, no costs to be paid out of project funds may be incurred by the Recipient until all Environmental Conditions of 24 CFR Part 58 have been fully satisfied and the Commonwealth has issued the environmental clearance required by 24 CFR Part 58.

(2) The authorization to incur costs in subsection (1) above is not an authorization to reimburse those costs and does not mean or imply that such costs will be reimbursed out of grant funds. The Recipient may voluntarily, at his or her own risk, and upon his or her own credit and expense, incur costs as authorized in subsection (1) above, but his or her authority to reimburse or to be reimbursed out of grant funds shall be governed by the

provisions of this Agreement applicable to the payment of costs and the release of funds by the Commonwealth.

(3) Prior to the issuance by the Commonwealth of the environmental releases required by 24 CFR Part 58, the Recipient may not use any funds, including local funds, to take any action with respect to the Project where such action might have an adverse environmental effect, would limit choices among competing alternatives, or might alter the environmental premises on which the pending clearance is based in such a fashion that the validity of the conclusions to be reached would be affected.

C. Authorization by the Commonwealth for the Recipient to Draw Grant Funds

Recipient's draw of grant funds can occur only after the following has occurred:

(1) The Commonwealth has issued the environmental clearance required by 24 CFR Part 58,

(2) The Commonwealth has approved the required evidentiary materials specified in Exhibit D of the Agreement,

(3) The Commonwealth has authorized, per the executed Notice of Approval of Evidentiary Materials and Release of Funds, the Recipient's ability to draw grant funds,

(4) Recipient shall have submitted all certifications and materials required as conditions precedent to Recipient's authority to pay costs out of grant funds,

(5) If authorized by Exhibit D herein and if the Commonwealth finds Recipient has timely and acceptably submitted the evidentiary materials in Exhibit D herein, approved same, and if no default has occurred, as defined in Section 6-A herein, and

(6) Recipient has not been served by the Commonwealth with notice of Recipient's suspension of authority to so draw the grant funds nor is in breach of its obligation to report a default.

**4. REPRESENTATIONS, WARRANTIES, AND OBLIGATIONS**

A. Recipient's Representations and Warranties

The Recipient has, by and through consultations among all appropriate members of the Recipient's governing body and its officers, examined each of the following and by its execution of this Agreement the Recipient does, upon information and belief, represent and warrant to the Commonwealth that:

(1) The Recipient is duly organized and validly existing under the laws of the Commonwealth, and has all the requisite power and authority to enter into this Agreement and to assume the responsibilities for compliance with all Federal and State laws and regulations.

(2) A resolution, motion, order or ordinance has been duly adopted, passed or enacted as an official act of the Recipient's governing body, authorizing the execution and delivery of this Agreement by the Recipient and authorizing and directing the person executing this Agreement to do so for and on behalf of the Recipient, said acts being done in such manner and form as to comply with all applicable laws to make this Agreement the valid and legally binding act and agreement of the Recipient.

(3) There is no action, proceeding, or investigation now pending, nor any basis therefore, known or believed by the Recipient to exist, which (i) questions the validity of this Agreement, or any action taken or to be taken under it, or (ii) is likely to result in any material adverse changes in the authorities, properties, assets, liabilities, or conditions (financial or otherwise) of the Recipient which would materially and substantially impair the Recipient's ability to perform any of the obligations imposed upon the Recipient by this Agreement.

(4) The representations, statements, and other matters contained in the Application were true and complete in all material respects as of the date of filing. The Recipient is aware of no event which would require any amendment to the Application (other than an amendment which has been filed with and approved by the Commonwealth) which would make such representations, statements, and other matters true and complete in all material respects and not misleading in any material respect. The Recipient is aware of no event or other fact, which should have been, and has not been, reported in the Application as material information.

(5) The Recipient has obtained or has reasonable assurances that it will obtain all Federal, State and local government approvals and reviews required by law to be obtained by the Recipient for the Project.

(6) Insofar as the capacity of the Recipient to carry out any obligation under this Agreement is concerned, (i) the Recipient is not in material violation of its Charter, or any mortgage, indenture, agreement, instrument, judgment, decree, order, statute, rule or regulation and (ii) the execution and performance of this Agreement will not result in any such violation.

(7) Except for approved eligible administrative and personnel costs, none of the recipient's designees, agents, members, officers, employees, consultants or members of its governing body in which the program is situated, and no other public official of the recipients of such locality or localities who exercises or who has exercised any functions or responsibilities with respect to the project during his or her tenure, or who is in a position to participate in a decision-making process or gain inside information with regard to the project, has or shall have any interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work performed in connection with the project or in any activity, or benefit there from, which is part of

this project at anytime during or after such person's tenure unless all procedures for an exception have been documented and submitted in writing to the Department for Local Government and the Department for Local Government has approved such exception.

(8) Anti-Lobbying – The recipient certifies that; No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(9) Conflicts of Interest - The procedures for requesting, documenting, and submitting a request for an exception from the Conflict of Interest provisions shall include the applicable procedures delineated in 24 CFR 570.489(h)(4); KRS 99.350(8); KRS 61.252(1); KRS 65.003; and the local community ethics code. This Conflict of Interest provision shall be in addition to the requirements in the "Common Rule," 24 CFR Part 85, 24 CFR 570.489(h), A-110, KRS 45A.340, KRS 61.210, KRS 61.220 and KRS 61.250 et. seq.

B. Obligation to Complete Recipient Activities as Scheduled

(1) The Recipient shall use its best efforts to assure the completion of the Recipient Activities described in Exhibit B of the Agreement and further defined in the Application.

(2) The Recipient agrees that the foregoing undertaking and assurance means that Recipient shall, to the maximum extent permitted by law, use and apply all of its governmental and proprietary powers for such completion, including but not limited to those powers governing taxes, other revenues, credit, eminent domain and appropriations, if necessary, for the purpose of providing any shortfall between funds available under the grant and funds necessary to complete all of the Recipient Activities described in Exhibit B of this Agreement.

C. Commonwealth Approval of Amendments

The Commonwealth will consider program amendments initiated by the Recipient or by the Commonwealth. The Commonwealth defines a program amendment as a request for change in an approved program which (i) is a new activity in the program, (ii) significantly alters



the scope, location, or objective of the approved activities or beneficiaries, and/or (iii) results in a change or cumulative changes of the approved budget. Any amendments will be made in accordance with the procedures set forth in the Kentucky Community Development Block Grant Handbook established by the Commonwealth.

D. Notification and Action upon Default

(1) The Recipient shall promptly give written notice to the Commonwealth upon the discovery by the Recipient of any default involving any Participating Party, as defined in Section 6-A of this Agreement.

(2) Promptly, upon the discovery of any default involving any Participating Party, the Recipient shall vigorously pursue, to the fullest extent possible, all remedies available to Recipient to remove or cure such default, or to seek redress or relief from its effects, including reimbursement for any grant funds expended on the Project, and to prevent or mitigate any adverse effects on the Project. Recipient shall keep the Commonwealth fully informed as to the status of such actions.

**5. INSPECTION AND REVIEW**

A. Duty to Maintain and Rights to Inspect and Copy, Books, Records and Documents

(1) The Recipient agrees that the Commonwealth, the Finance and Administration Cabinet, The Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, documents, papers, records, or other evidence provided to the Commonwealth, the Finance and Administration Cabinet, The Auditor of Public Accounts, and the Legislative Research Commission which directly pertinent to the contract shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1) (c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information, which would otherwise be subject to public release if a state government agency were providing the services.

(2) The Recipient shall keep and maintain such books, records and other documents as shall be required under rules and regulations now or hereafter applicable to grants made under the CDBG Program, and as may be reasonably necessary to reflect and fully disclose the amount and disposition of the grant funds, the total cost of the activities paid for in whole or in part with grant funds, and the amount and nature of all investments relative to such activities which are supplied or to be supplied by other sources.

(3) All such books, records and other documents shall be available at the office of the Recipient for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the Commonwealth, HUD, the General Accounting Office and the Inspector General of the United States.

B. Site Visits

Any duly authorized representative of the Commonwealth or HUD shall, at all reasonable times, have access to all portions of the Project until completion of all closeout procedures and final settlement and conclusion of all issues arising from this grant.

C. Reports

The Recipient shall promptly furnish to the Commonwealth all reports required to be filed in accordance with any directives of the Commonwealth or any statute, rule or regulation of HUD.

**6. DEFAULTS AND REMEDIES**

A. Defaults

A default shall consist of any use of grant funds for any purpose other than as authorized in Exhibits B and C of this Agreement; or any breach of any covenant, agreement, provision, or warranty (i) the Recipient made in the Agreement; (ii) the Recipient made in any agreement entered into between the Recipient and any Participating Party relating to the Project; (iii) any Participating Party made in any agreement specified in Exhibit D of this Agreement, or; (iv) of the time frame specified in Exhibit B of the Agreement.

B. Remedies Upon Default

(1) Upon occurrence of any default as described in Section 6-A, the Commonwealth may suspend the Recipient's authority to draw grant funds at any time by notice to the Recipient. If a default is not cured within thirty (30) consecutive days from notice of such default by the Commonwealth to the Recipient, the Commonwealth may continue such suspension or by delivery of notice terminate this Agreement. In the event of a termination, the Recipient's authority to draw funds shall have terminated at the date of the notice of termination and the Recipient shall have no right, title or interest in or to any grant funds remaining.

(2) In addition to any other rights or remedies, if a default consists of the Recipient's failure to submit the evidentiary materials described in Exhibit D of this Agreement or in other official written notification, the Commonwealth shall have the right to terminate this Agreement and the award of grant funds to which this Agreement relates by delivery of written notice to the Recipient. Upon such termination, all obligations of the Commonwealth pursuant to this Agreement and such award shall cease and the Recipient shall neither have nor retain any rights whatsoever with respect to the grant funds provided under this Agreement.

(3) The rights and remedies of the Commonwealth shall be deemed to be cumulative and shall be in addition to all those rights afforded the Commonwealth by law or equity. Any election of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

(4) The rights and remedies available to the Commonwealth in the event of a suspension or termination of the Agreement shall survive such suspension or termination.

## **7. EVIDENTIARY MATERIALS**

### **A. Commitments of Participating Parties**

(1) In selecting the Recipient for the award of this grant, the Commonwealth has relied, in material part, upon the representations of the Recipient and Participating Parties that the Recipient and the Participating Parties (i) will carry out certain activities connected with the Project; (ii) will complete those activities; (iii) have, or will have, the financial capability to assure the carrying out of the activities to the completion; and (iv) will invest, or cause to be invested, a specific value amount in the Project.

(2) Evidentiary materials submitted by the Recipient as Exhibit D which have been submitted to and approved by the Commonwealth shall not be amended in any material respect without prior written approval of the Commonwealth.

### **B. Form of Documentary Evidence**

All documentary evidence of commitments submitted to the Commonwealth for approval shall be in the form of either (i) a duplicate original, or (ii) a photographic copy of the fully executed original, of the documents.

## **8. MISCELLANEOUS**

### **A. Notice**

(1) All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing.

(2) Any such communication shall be deemed effective for all purposes as of the date such communication is mailed, postage prepaid, by first class, registered or certified mail, return receipt requested, to be delivered only to the office of the addressee, addressed as follows:

(a) Communications to the Commonwealth shall be mailed to: Office of Federal Grants, Department for Local Government, 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40601.

(b) Communications to the Recipient shall be addressed to the Recipient, at the address set forth in Exhibit A of this Agreement, or such other address or representative as may be furnished by the Recipient to the Commonwealth.

B. Assignment

No right, benefit, or advantage inuring to the Recipient under this Agreement and no burden imposed on the Recipient hereunder may be assigned without the prior written approval of the Commonwealth. An authorization by the Commonwealth for the transfer of grant funds by Recipient to a Participating Party shall not be deemed an authorization for an assignment, and such Participating Party shall not succeed to any rights, benefits or advantages of the Recipient hereunder.

C. Successors Bounds

This Agreement shall bind, and the rights, benefits and advantages shall inure to, the Recipient's successors.

D. Remedies Not Impaired

No delay or omission of the Commonwealth in exercising any right or remedy available under this Agreement shall impair any such right or remedy or constitute a waiver of any default, or an acquiescence therein.

E. Cumulative Remedies

All rights and remedies of the Commonwealth under this Agreement shall be cumulative.

F. Severability

If any article, subsection, clause or provision of this Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

G. Entire Agreement

This Agreement constitutes the entire agreement between the Commonwealth and the Recipient and supersedes all prior oral and written agreements between the parties

hereto with respect to the subject grant. Notwithstanding the provisions of Section 1-A of this Agreement and anything contained in the Application, the provisions of this Agreement shall prevail.

H. Table of Contents, Titles and Headings

Any table of contents and the headings of the sections and subsections set forth herein are not a part of this Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

I. Amendment of this Agreement

This Agreement, or any part hereof, may be amended as previously described in Section 4-C from time to time hereafter only in writing executed by the Commonwealth and the Recipient.

J. Governing Law

This Agreement as it may affect the rights, remedies, duties, and obligations of the Commonwealth shall be governed by and construed in accordance with Federal and State law. Insofar as Federal law does not apply, the provisions of this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

K. Waiver by the Commonwealth

The Commonwealth reserves and shall have the exclusive right to waive, at the sole discretion of the Commonwealth, and to the extent permitted by law, any requirement or provision under this Agreement. No act by or on behalf of the Commonwealth shall be, or be deemed or construed to be, any waiver of any such requirement or provision, unless the same be in writing, signed by the Commonwealth, and expressly stated to constitute such waiver.

L. Effective Date

This agreement is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission Government Contract Review Committee ("GCRC").

Payments on this Agreement shall not be authorized for services rendered after GCRC disapproval, unless the decision of the GCRC is overridden by the Secretary of the Finance and Administration Cabinet or agency head, if the agency has been granted delegation authority by the Secretary. The Agreement shall continue in effect until June 30, 2013, unless terminated at an earlier date in accordance with the terms set forth herein. The terms of this Agreement may be renewed or extended upon mutual written agreement duly executed by the parties.

#### M. Termination of Agreement

This Agreement shall terminate upon the completion of all closeout procedures respecting this grant including provisions of the Single Audit Act, OMB Circular A-133 and the final settlement and conclusion between Recipient and the Commonwealth of all issues arising out of this grant. Either party may cancel the contract at any time for cause or may cancel without cause on 30 days' written notice. This notice, if tendered by the Commonwealth, may also include the notice to cure provided for in Section 6 B. (1). Upon termination of the agreement pursuant to this provision, the Recipient shall have no right to grant funds remaining to be disbursed. This provision shall in no way impair and shall be in addition to any additional remedies the Commonwealth may have upon a finding of default or other non-compliance according to the terms of this Agreement. Upon termination of this Agreement by either party with or without cause, the Commonwealth may declare this Agreement void from the beginning without further obligation to the recipient. Further, if the Agreement is terminated by the recipient with or without cause or by the Commonwealth with cause, the Commonwealth may recover all funds paid to the recipient hereunder.

The Commonwealth may terminate this Agreement if funds are not appropriated for the Project or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the Agreement. The Commonwealth shall provide the Recipient thirty (30) calendar days written notice of termination of the Agreement.

#### N. Anti-Speculation Provisions-Sale of Real Property

(1) When, in Exhibit D of this Agreement, a document is required to contain a provision for the prevention or discouragement of speculation in the purchase and sale of property by a beneficiary of grant funds, then, unless otherwise specified, such provision shall comply with this Section.

(2) The document shall prohibit the beneficiary of grant funds from selling or otherwise disposing of the property within a period specified in Exhibit D of this Agreement after the date of the purchase, for an amount in excess of the purchase price paid, plus the actual costs of any improvements to the property by the beneficiary. The prohibition against sale shall have the same force and effect as a *lis pendens*, and shall specify that in the event of any attempted sale in violation of the provision; the Recipient shall be entitled to the ex-parte issuance of an injunction restraining such sale. The document shall be executed and authenticated in such manner and form as may be required under State law to authorize its recordation at the place of recordation of deeds, as if a *lis pendens* and the document shall be so recorded.

(3) The document may, in conjunction with the foregoing or in lieu thereof, describe a procedure where under, in the event of any sale of the property within the period specified in Exhibit D of the Agreement, the amount of grant funds which benefited the

beneficiary shall be repaid by the beneficiary to the Recipient. Such procedure may include a pro-rata reduction of the amount to be repaid, based upon the time elapsing between the date of the initial purchase of the property and its disposition by the beneficiary. The document must either specify the amount of the grant funds which benefited the beneficiary, or set forth a formula or agreed method for determining such amount. The document shall be executed and authenticated in such manner and form as may be required to authorize its recordation, as if a lis pendens and the document shall be so recorded.

### **9. MOA STANDARD TERMS AND CONDITIONS**

**Cancellation clause:**

Either party may cancel the contract at any time for cause or may cancel without cause on 30 days' written notice.

**Funding Out Provision:**

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

**Access to Records**

The state agency certifies that it is in compliance with the provisions of KRS 45A.695. "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The contractor, as defined in KRS 45A.030(9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884

**Effective Date:**

All Memorandum of Agreements are not effective until the secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the government contract review committee. However, Memoranda of Agreements \$50,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes only as provided under KRS 45A.700.

KRS 45A.695(7) Payments on personal service contracts and memoranda of agreements shall

not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the secretary of the Finance and Administration cabinet or agency head, if the agency has been granted delegation authority by the secretary.

Violation of tax and employment laws

KRS 45A.485 requires the contractor to reveal to the Commonwealth, prior to the award of a contract, any final determination of a violation by the contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to the state sales and use tax, corporate and utility tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively.

To comply with the provisions of KRS 45A.485, the contractor shall report any such final determination(s) of violation(s) to the Commonwealth by providing the following information regarding the final determination(s): the KRS violated, the date of the final determination, and the state agency which issued the final determination.

KRS 45A.485 also provides that, for the duration of any contract, the contractor shall be in continuous compliance with the provisions of those statutes which apply to the contractor's operations, and that the contractor's failure to reveal a final determination as described above or failure to comply with the above statutes for the duration of the contract, shall be grounds for the Commonwealth's cancellation of the contract and the contractor's disqualification from eligibility for future state contracts for a period of two (2) years.

Contractor must check one:

\_\_\_\_\_ The contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

\_\_\_\_\_ The contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). A list of such determination(s) is attached

Reduction in Contract Worker Hours:

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts. If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the contract will be reduced by the amount specified in that document.



IN WITNESS WHEREOF, the Parties have executed this Agreement.

DEPARTMENT FOR  
LOCAL GOVERNMENT

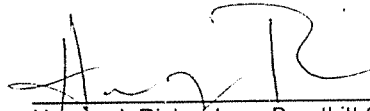
GRANT RECIPIENT

Department for  
Local Government

Breathitt County

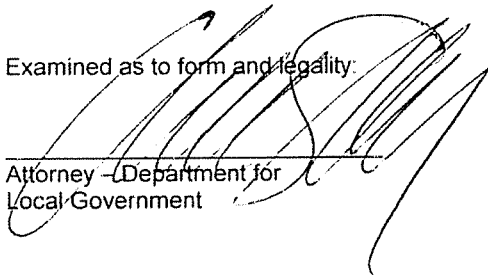


Tony Wilder  
Judge/Executive  
Commissioner

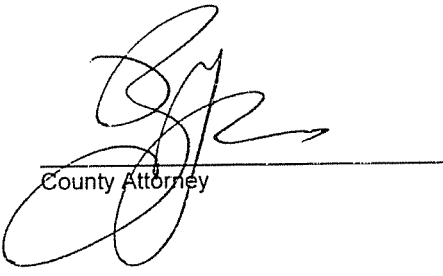


Harvey J. Richardson, Breathitt County  
Chief Executive Officer

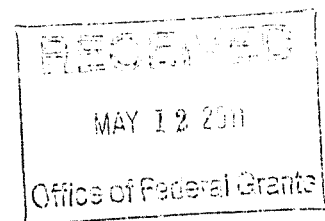
Examined as to form and legality:

Attorney - Department for  
Local Government

County Attorney



**EXHIBIT A**

**SUPPLEMENTARY PROVISIONS**

Rider to Section 1-B (2). In addition to Recipient's Application for Commonwealth Small Cities Community Development Block Grant Assistance, "Application" shall include the following submittals:

Cost Summary (Exhibit C)

Rider to Section 1-B (12). The terms "Subrecipient" and "Participating Party" consist of the following persons, firms, corporations and funding sources:

**Subrecipient**

Mr. Bobby Thorpe, Chairman or  
Mr. Estill McIntosh, Superintendent  
Breathitt County Water District  
1127 Main Street  
Jackson, Kentucky 41339

Rider to Section 2-A. The amount of this CDBG grant is:

\$566,000

Rider to Section 8-A. The address of the Recipient for the purposes of communications relating to this Agreement shall be the following:

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

**Contact**

Mr. Bryan Kirby  
CEDA  
PO Box 855  
Richmond, Kentucky 40476

**EXHIBIT B**

**DESCRIPTION OF RECIPIENT ACTIVITIES**

Rider to Section 1-B (16). "Recipient Activities" for this Project shall consist of the following:

1. The Recipient agrees to perform activities as stated in the CDBG Application and given preliminary approval on March 29, 2011 as summarized below:
  - a. The Recipient shall design and construct 600,000 gallon water storage tank with telemetry and approximately 10 miles of various sized waterlines.
  - b. The Recipient will provide the necessary engineering design, surveying, inspection services and start-up services.
  - c. The Recipient will own and ensure the maintenance of the facilities for the benefit of at least 51 percent low and moderate-income persons, thereby meeting the National Objective of low and moderate-income (LMI) benefit. The project shall provide new service to approximately 123 customers.
2. The Recipient will provide necessary administration of the project by a certified CDBG grant administrator to assure compliance with all applicable state, federal and local statutes, as set forth in the KCDBG Statement of Assurances signed by Judge Richardson on October 29, 2010 and submitted on or about that date as part of the project Application.
3. The Recipient will expend no more than \$40,000 in CDBG funds to cover the planning and administrative costs of the project.
4. The Recipient will have the project advertised for bid within six (6) months of the date of the fully executed grant agreement and completed by June 30, 2013.
5. The Recipient must provide assurance that Davis-Bacon and state wage rates will be incorporated into all construction contracts where they are applicable.
6. The Recipient will include in the bid document a requirement that the contractor erect a project sign according to CDBG specifications.
7. The Recipient must be currently using or adopt an accounting system that meets the requirements of the Kentucky Uniform System of Accounting.

8. The Recipient will be responsible for determining the objectives of each activity and measuring the outcomes of each activity funded with CDBG funds utilizing a performance measurement system provided by DLG. This data shall be reported to DLG on an annual basis until the project is closed.

**EXHIBIT C**

**PROJECT BUDGET – SUMMARY OF PROPOSED EXPENDITURES**

*Attached (as marked Exhibit C containing one page)*

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**COST SUMMARY**

<b>PLG USE ONLY</b>
Exhibit C
Project # 10-026

Applicant: Breathitt County

Activity Code	Activity Description	CDBG Funds		OTHER FUNDS	TOTAL	SOURCE
		LMI	Slum/Blight			
1	ACQUISITION			2,000	2,000	RD
2	CLEARANCE					
3	RELOCATION					
	a owner					
	b renter					
	c other					
	<b>TOTAL RELOCATION</b>					
4	REHABILITATION					
	a code enforcement					
	b grants					
	c loans					
	d public housing modernization					
	e non-residential-historic preservation					
	f acquisition for rehabilitation					
	g multi-unit residential rehabilitation					
	h rehabilitation administration					
	i other					
	<b>TOTAL REHABILITATION</b>					
5	PUBLIC FACILITIES					
	a parks & recreation facilities					
	b street improvements					
	c water lines	526,000		540,055	1,066,055	RD 224,655, Coal Sev 309,400, Tap 7,000
	d water treatment facilities					
	e sewer lines					
	f sewage treatment facilities					
	g flood & drainage facilities					
	h senior centers					
	i centers for the disabled/handicap					
	j child care centers					
	k Other- Legal			17,345	17,345	RD
	<b>TOTAL PUBLIC FACILITIES</b>	<b>526,000</b>		<b>557,400</b>	<b>1,083,400</b>	
6	PUBLIC SERVICES					
7	ED ON-SITE DEVELOPMENT					
	a clearing and grading					
	b street improvements					
	c water lines					
	d water treatment facilities					
	e wastewater collection					
7	ED OFF-SITE DEVELOPMENT					
	f wastewater treatment					
	g drainage facilities					
	h other					
	<b>TOTAL ED On-Site Develop.</b>					
8	ED OFF-SITE DEVELOPMENT					
	a clearing and grading					
	b street improvements					
	c water lines					
	d water treatment facilities					
	e wastewater collection					
	f wastewater treatment					
	g drainage facilities					
	h other					
	<b>TOTAL ED Off-Site Develop.</b>					
9	COMMERCIAL/INDUSTRIAL FACILITIES					
	a land acquisition/disposition					
	b building acquisition/construction/rehabilitation					
	c other improvements					
	<b>TOTAL Commercial/Industrial Facilities</b>					
10	Commercial/Industrial Equipment					
11	Inventory/Working Capital					
12	Microenterprise Technical Assistance					
13	Other					
	<b>Subtotal</b>	<b>526,000</b>		<b>559,400</b>	<b>1,085,400</b>	
14	PLANNING	10,000			10,000	
15	ADMINISTRATION	30,000			30,000	
	CONTINGENCIES			91,600	91,600	Coal Severance
	<b>TOTAL PROJECT COSTS</b>	<b>566,000</b>		<b>651,000</b>	<b>1,217,000</b>	

*Architectural/Engineering Costs must also be shown in a line item above (do not show as "other")*

Architectural/Engineering Design			82,220	82,220	Coal Severance
Architectural/Engineering Inspection			52,835	52,835	Coal Severance
Architectural/Engineering Other			15,000	15,000	Coal Severance
<b>Total Architectural/Engineering</b>			<b>150,055</b>	<b>150,055</b>	

**EXHIBIT D**

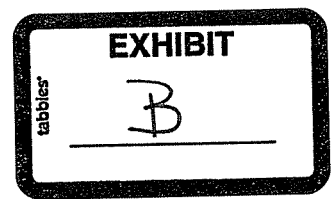
**REQUIRED EVIDENTIARY MATERIALS**

Recipient agrees to submit the following evidentiary materials for the approval of the Commonwealth in the manner and form described by the applicable provisions of Section 7 of this Agreement:

- Environmental Certification per 24 CFR, Part 58
  - Request for Release of Funds
  - Environmental Review Status Sheet
  - Tear sheet(s) from advertisement of environmental notices
  - Copy of the clearance from the State Historic Preservation Officer
  - Copy of endorsement from the Clearinghouse Review
- Copy of and evidence that a Residential Anti-displacement and Relocation Assistance Plan has been adopted
- Evidence of budget ordinance/amendment indicating inclusion of CDBG funds into the Recipient's budget
- Resolution that over income tap fees will be used to finance service lines for low and moderate users
- Evidence of commitment that all other funds are readily available:

Rural Development Loan & Grant	\$ 244,000
Coal Severance	\$ 400,000
Tap Fees	<u>\$ 7,000</u>
Total	\$ 651,000

- Copy of and evidence of adoption of a procurement code meeting the CDBG requirements
- Evidence of Clearinghouse review and assurance that all conditions will be met
- Resolution that cost overruns will be borne by the Recipient
- Written assurance that the utility system of the Recipient has adopted the Kentucky Uniform System of Accounts for Class A, B and C Water Utilities and/or Sewer Utilities or an accounting system deemed comparable to the Kentucky Uniform System of Accounts by a Certified Public Accountant
- Authorized Signature Form
- Electronic Transfer of Funds Form



Steven L. Beshear  
Governor

KENTUCKY INFRASTRUCTURE AUTHORITY  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-0260  
Fax (502) 573-0157  
<http://kia.ky.gov>

John E. Covington III  
Executive Director

August 12, 2011

Mr. Bobby Thorpe, Jr., Chairman  
Breathitt County Water District  
1137 Main Street, Suite 305  
Jackson, KY 41339

KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND  
**RESTATED** CONDITIONAL COMMITMENT LETTER (F11-07)

Dear Chairman Thorpe:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On July 7, 2011, the Authority approved your loan and, subsequently, on August 4, 2011, approved a modification to your loan for the Canoe Road, Hwy 1098 (South Fork) and Houston Water Line Extensions project subject to the conditions stated below. The total cost of the project shall not exceed \$2,775,000 of which the Authority loan shall provide \$2,500,000 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Breathitt County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of the original Conditional Commitment Letter dated July 14, 2011 (7/13/12), will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$2,500,000.

Chairman Bobby Thorpe

August 12, 2011

Page 2

2. The loan shall contain principal forgiveness in the amount of 40% (previously 35%). Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 1% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.



The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.

Chairman Bobby Thorpe  
August 12, 2011  
Page 4

10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

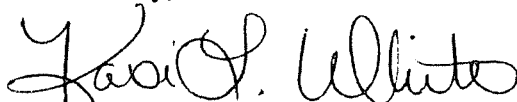
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,




Kasi L. White  
Financial Analyst

Chairman Bobby Thorpe  
August 12, 2011  
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Attachments

cc: Jennifer McIntosh, Kentucky River Area Development District  
Matt Steen, Nesbitt Engineering, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State Local Debt Office, DLG  
Borrower File - Breathitt County Water District - F11-07

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

  
\_\_\_\_\_  
Accepted

10 - 11 - 2011  
\_\_\_\_\_  
Date

**ATTACHMENT A**

**Breathitt County Water District  
F11-07**

**EXECUTIVE SUMMARY**  
**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**FUND F, FEDERALLY ASSISTED DRINKING WATER**  
**REVOLVING LOAN FUND**

Reviewer: Kasi White  
 Date: July 7, 2011  
 KIA Loan Number: F11-07  
 WRIS Number: WX21025015, WX21025020  
 WX21025021

**BORROWER:** BREATHITT COUNTY WATER DISTRICT  
 BREATHITT COUNTY

**BRIEF DESCRIPTION:**

This request is comprised of three primary components. These projects will provide an adequate water supply to a community that currently has contaminated drinking water sources. Selective testing indicates that contaminants include iron, sulfur, manganese, sodium chloride as well as pathogens that usually include fecal coliform bacterial contamination at various levels.

The first project is the installation of approximately 78,330 linear feet of PVC and ductile iron pipe in various sizes to service KY 315 north of 1933 (Turner's Creek) and the remaining side roads off of Canoe Road including Canoe, Spicer Branch, Butter Point, Buzzard Fork, Stamper Fork and Lick Branch. The project will also install a service line via railroad bore to Cecil Clair on HWY 52 and upgrade the HWY 52 and Town Hill pump stations. In addition, approximately 46,247 linear feet of 6", 4" and 2" PVC of new lines will be constructed to serve the area of South Fork from Swift Branch to Open Fork and Press Howard Fork and the Short Fork Road area. Lastly, approximately 25,000 linear feet of 4" and 2" line will be constructed to extend service from KY 1114 to Walter Combs' House at the end of Houston Road. Approximately 340 customers will be added as a result of the projects.

**PROJECT FINANCING:**

Fund F Loan	\$	2,500,000
HB1		275,000
<b>TOTAL</b>	<b>\$</b>	<b>2,775,000</b>

**PROJECT BUDGET**

Administrative Expenses	\$	40,839
Legal Expenses		18,700
Land, Easements		4,699
Engineering Fees		355,554
Construction		2,117,200
Contingency		238,008
<b>TOTAL</b>	<b>\$</b>	<b>2,775,000</b>

**REPAYMENT**

Rate	1.00%	Est. Annual Payment	\$	86,687
Term	20 years	1st Payment	6 Mo. after first draw	

**PROFESSIONAL SERVICES**

Engineer	Nesbitt Engineering, Inc.
Bond Counsel	Peck, Shaffer, & Williams

**PROJECT SCHEDULE**

Bid Opening:	August, 2011
Construction Start:	October, 2011
Construction Stop:	November, 2012

**DEBT PER CUSTOMER**

Existing:	\$	560
Proposed:	\$	1,432

**OTHER DEBT**

See Attached

**OTHER STATE-FUNDED PROJECTS LAST 5 YRS**

See Attached

**RESIDENTIAL RATES**

	Users	Avg. Bill
Current	1,105	\$ 39.80 (for 4,000 gallons)
Additional	342	\$ 39.80 (for 4,000 gallons)

**REGIONAL COORDINATION**

This project is consistent with regional planning recommendations.

**CASHFLOW**

	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2006	(15,725)	0	(15,725)	n/a
Audited 2007	6,578	0	6,578	n/a
Audited 2008	(39,715)	45,070	(84,785)	(0.88)
Audited 2009	(43,548)	56,427	(99,975)	(0.77)
Preliminary 2010	34,564	574,181	(539,617)	0.06
Projected 2011	47,467	31,781	15,686	1.49
Projected 2012	152,030	44,118	107,912	3.45
Projected 2013	134,600	116,160	18,440	1.16
Projected 2014	126,208	116,003	10,206	1.09

Reviewer: Kasi White  
 Date: July 7, 2011  
**Amended: August 4, 2011**  
 Loan Number: F11-07

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 DRINKING WATER REVOLVING LOAN FUND (FUND "F")  
 BREATHITT COUNTY WATER DISTRICT, BREATHITT COUNTY  
 PROJECT REVIEW  
 WX21025015, WX21025020 and WX21025021**

**I. PROJECT DESCRIPTION**

The Breathitt County Water District is requesting a Fund "F" loan in the amount of \$2,500,000 to extend water service in various areas. The request is comprised of three components. The projects will provide an adequate water supply to areas that currently have contaminated drinking water sources. Selective testing indicates that contaminants include iron, sulfur, manganese, sodium chloride as well as pathogens that usually include fecal coliform bacterial contamination at various levels.

The first project is the installation of approximately 78,330 linear feet of PVC and ductile iron pipe in various sizes to service KY 315 north of 1933 (Turner's Creek) and the remaining side roads off of Canoe Road including Canoe, Spicer Branch, Butter Point, Buzzard Fork, Stamper Fork and Lick Branch. The project will also install a service line via railroad bore to Cecil Clair on HWY 52 and upgrade the HWY 52 and Town Hill pump stations. In addition, approximately 46,247 linear feet of 6", 4" and 2" PVC of new lines will be constructed to serve the area of South Fork from Swift Branch to Open Fork and Press Howard Fork and the Short Fork Road area. Lastly, approximately 25,000 linear feet of 4" and 2" line will be constructed to extend service from KY 1114 to Walter Combs' House at the end of Houston Road. Approximately 340 customers will be added as a result of the projects.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 40,839
Legal Expenses	18,700
Land & Easements	4,699
Engineering Fees	355,554
Construction	2,117,200
Contingency	238,008
<b>Total</b>	<b>\$ 2,775,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,500,000	90%
HB1 (No CPBOC approval)	275,000	10%
<b>Total</b>	<b>\$ 2,775,000</b>	<b>100%</b>

#### IV. KIA DEBT SERVICE

Construction Loan	\$ 2,500,000
Less: Principal Forgiveness (40%)	1,000,000
Amortized Loan Amount	<u>\$ 1,500,000</u>
Interest Rate	1.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 82,937
Administrative Fee (0.25%)	<u>3,750</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 86,687</b>

#### V. PROJECT SCHEDULE

Bid Opening:	August, 2011
Construction Start:	October, 2011
Construction Stop:	November, 2012

#### VI. RATE STRUCTURE

The district purchases all water for distribution from the City of Jackson at a rate of \$1.90 per 1,000 gallons. There is a minimum purchase required of 400,000 gallons per month.

##### A. Customers

Customers	Current	Proposed	Total
Residential	1,100	342	1,442
Commercial	5	0	5
Industrial	0	0	0
	<u>1,105</u>	<u>342</u>	<u>1,447</u>

The Canoe Road project is expected to add 220 customers while the Highway 1,098 project will add 122 customers.

##### B. Rates

Rates were last increased in October, 2005.

First 2,000 gallons (minimum)	\$ 19.90
Rate Per Additional 1,000 Gallons	<u>9.95</u>
Cost for 4,000 gallons	\$ 39.80

Affordability Index (Rate/MHI) 2.5%

**VII. DEMOGRAPHICS**

In 2000, the County's population was 13,500 with a Median Household Income (MHI) of \$19,155, which is less than 80% of the MHI for the Commonwealth (\$33,672), thus qualifying the District for a 1% interest rate on the proposed loan.

**VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$1,000,000.

**IX. FINANCIAL ANALYSIS (See Exhibit 1)**

Financial information for the utility was obtained audited financial statements for the years ended December 31, 2006 through 2009. Amounts for 2010 are based on preliminary financial statements.

**HISTORICAL**

The Breathitt County Water District (BCWD) was created in 2003 to provide water service to unserved residences in Breathitt County. The customer base has increased from about 100 in 2006 to approximately 1,100 today. Since its inception the District has extended the water supply to numerous areas throughout the County.

Revenues have increased 461% from \$88,609 in 2006 to \$497,238 in 2010. Operating expenses and purchased water costs have increased 339% from \$105,449 to \$463,023 during the same period. Cash available for debt service has been negative in all years but 2007 due to customer hookups from extension projects being realized a little later after project completion than expected. The debt coverage ratio in 2010 was 0.06. Reserve funds and a portion of operating cash were utilized to fund the required \$572,000 in debt service from the ARRA loan.

The 2010 operating cash balance represents about 1.5 months of operating expenses and purchased water cost. There are minimal restricted reserve funds to support total capital assets of \$23.5 million. Large unexpected expenses could stress the District's finances given these combined factors.

Financing for the District's capital expansion has involved a combination of grants, fiscal court contributions and credit facilities. The District's long term debt is minimal and is comprised of Series 2009 Revenue Bonds and a note to KIA. Total debt to equity is approximately 4%. Days' sales in accounts receivables are 35.9 which reflects an efficient collection process.



## PROJECTED

Projections are based on the following assumptions:

- Revenues have been adjusted to include the additional 340 customers that will be added in 2012 as a result of the project.
- Customer growth outside of planned service area expansions will be 2% per year.
- Operating expenses and purchased water costs are projected to increase by 4% annually
- Average water use was calculated at 3,600 gallons per month per customer based on historical usage.
- The replacement reserve is \$6,250 for this project and \$7,250 annually in total (includes KIA loan F2 09-05).
- Debt service on the new KIA loan will be \$86,687 annually beginning in June 2013.

Based on the above assumptions the Breathitt County Water District will meet the required cash flow through the projected years with a debt coverage ratio of 1.16 in 2013. Debt to equity will increase from 4% to 11% upon completion of the project.

## REPLACEMENT RESERVE

Based on the information provided in the application the annual replacement cost is \$6,250. This amount should be added to the replacement account each December 1 until the balance reaches \$62,500 and maintained for the life of the system.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2009 Revenue Bonds	\$350,000	2049
KIA (F2 09-05)	257,630	2030
<b>Total</b>	<b>\$607,630</b>	

## XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Watts Extension	HB608	\$1,600,000	Grant
Watts Extension	CDBG	\$1,000,000	Grant
Ext on Hwy 205/1812 to Wolfe County	HB380	\$1,200,000	Grant
Highway 30 West Project	HB608	\$750,000	Grant
Highway 30 East Extension	CDBG, USDA, RD, ARC, CST	\$1,200,000	Grant

## **XII. CONTACTS**

### **Applicant**

Name                   Breathitt County Water District  
Address               1137 Main Street  
                              Jackson, Kentucky 41339  
County                 Breathitt County  
Contact                Bobby Thorpe, Jr.  
Phone                 (606) 666-3800, extension 250  
Email                 breathittwater@yahoo.com

### **Engineer**

Name                   Matt Steen  
Firm                    Nesbitt Engineering, Inc.  
Address               227 North Upper Street  
                              Lexington, Kentucky 40507  
Phone                 (859) 233-3111  
Email                 msteen@nei-ky.com

### **Applicant Contact**

Name                   Kentucky River Area Development District  
Address               917 Perry Park Road  
                              Hazard, KY 41701  
Contact                Jennifer McIntosh  
Phone                 (606) 436-3158  
Email                 Jennifer@kradd.org

## **XIII. RECOMMENDATIONS**

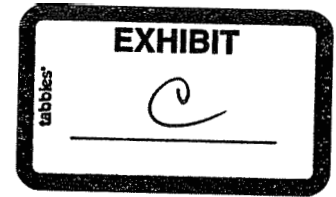
KIA staff recommends approval of the loan with the standard conditions.

**EXHIBIT 1  
BREATHITT COUNTY WATER DISTRICT DECEMBER  
CASH FLOW ANALYSIS**

	Audited	%	Audited	%	Audited	%	Audited	%	Preliminary	Projected	Projected	Projected	Projected
	2006	Change	2007	Change	2008	Change	2009	Change	2010	2011	2012	2013	2014
<b>Operating Revenues</b>													
Charges for Services	51,597	148%	128,026	59%	203,781	49%	304,003	39%	421,912	480,776	565,884	652,927	668,616
Tap Fees	0		54,550	-55%	24,750	135%	58,093	-52%	27,802	5,000	69,000	5,000	5,000
Other	37,012	-100%	25	169276%	42,344	26%	53,533	-11%	47,524	47,524	47,524	47,524	47,524
<b>Total Revenues</b>	<b>88,609</b>	<b>106%</b>	<b>182,601</b>	<b>48%</b>	<b>270,875</b>	<b>53%</b>	<b>415,629</b>	<b>20%</b>	<b>497,238</b>	<b>533,300</b>	<b>682,408</b>	<b>705,451</b>	<b>721,140</b>
<b>Operating Expenses</b>													
Purchased Water	13,946	158%	36,029	2%	36,709	92%	70,497	62%	114,289	120,055	143,381	167,180	173,851
Operating Expenses	91,503	54%	141,024	94%	274,150	42%	388,935	-10%	348,734	364,078	380,097	396,821	414,281
Depreciation	121,135	67%	202,701	40%	283,242	26%	358,016	57%	563,199	577,500	594,000	610,900	796,800
Replacement Reserve									0	2,000	7,250	7,250	7,250
<b>Total Expenses</b>	<b>226,584</b>	<b>68%</b>	<b>379,754</b>	<b>56%</b>	<b>594,101</b>	<b>38%</b>	<b>817,448</b>	<b>26%</b>	<b>1,026,222</b>	<b>1,063,633</b>	<b>1,124,728</b>	<b>1,182,151</b>	<b>1,392,182</b>
<b>Net Operating Income</b>	<b>(137,975)</b>	<b>43%</b>	<b>(197,153)</b>	<b>64%</b>	<b>(323,226)</b>	<b>24%</b>	<b>(401,819)</b>	<b>32%</b>	<b>(528,984)</b>	<b>(530,333)</b>	<b>(442,320)</b>	<b>(476,700)</b>	<b>(671,042)</b>
<b>Non-Operating Income and Expenses</b>													
Interest on Investments	1,115	-8%	1,030	-74%	269	-5%	255	37%	349	300	350	400	450
<b>Total Non-Operating Income &amp; Expenses</b>	<b>1,115</b>	<b>-8%</b>	<b>1,030</b>	<b>-74%</b>	<b>269</b>	<b>-5%</b>	<b>255</b>	<b>37%</b>	<b>349</b>	<b>300</b>	<b>350</b>	<b>400</b>	<b>450</b>
<b>Add Non-Cash Expenses</b>													
Depreciation	121,135	67%	202,701	40%	283,242	26%	358,016	57%	563,199	577,500	594,000	610,900	796,800
<b>Cash Available for Debt Service</b>	<b>(15,725)</b>	<b>-142%</b>	<b>6,578</b>	<b>-704%</b>	<b>(39,715)</b>	<b>10%</b>	<b>(43,548)</b>	<b>-179%</b>	<b>34,564</b>	<b>47,467</b>	<b>152,030</b>	<b>134,600</b>	<b>126,208</b>
<b>Debt Service</b> <small>(enter as positive #'s)</small>													
Existing Principal	0		0		0		0		557,057	5,500	5,500	6,000	6,000
Existing Interest	0		0		45,070		56,427		10,387	9,188	9,044	8,899	8,742
KIA (F2 09-05)									6,737	14,593	14,574	14,574	14,574
Proposed KIA Loan										2,500	15,000	86,687	86,687
<b>Total Debt Service</b>	<b>0</b>		<b>0</b>		<b>45,070</b>		<b>56,427</b>		<b>574,181</b>	<b>31,781</b>	<b>44,118</b>	<b>116,160</b>	<b>116,003</b>
<b>Income After Debt Service</b>	<b>(15,725)</b>		<b>6,578</b>		<b>(84,785)</b>		<b>(99,975)</b>		<b>(539,617)</b>	<b>15,686</b>	<b>107,912</b>	<b>18,440</b>	<b>10,206</b>
<b>Debt Coverage Ratio</b>	<b>n/a</b>		<b>n/a</b>		<b>(0.88)</b>		<b>(0.77)</b>		<b>0.06</b>	<b>1.49</b>	<b>3.45</b>	<b>1.16</b>	<b>1.09</b>

**BREATHITT COUNTY WATER DISTRICT  
BALANCE SHEETS (DECEMBER)**

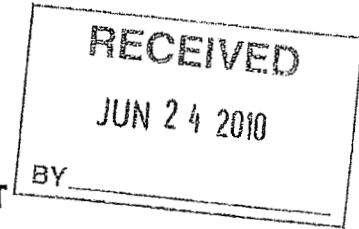
ASSETS	Audited 2006	Audited 2007	Audited 2008	Audited 2009	Preliminary 2010	Project Completion
<b>Current Assets</b>						
Cash	38,002	32,149	40,788	119,763	19,287	19,287
Accounts Receivable	5,905	15,236	20,945	26,998	48,881	46,740
Inventory					6,799	7,500
Other Current Assets (Construction Receivables)					151,460	25,000
<b>Total Current Assets</b>	<b>43,907</b>	<b>47,385</b>	<b>61,733</b>	<b>146,761</b>	<b>226,427</b>	<b>98,527</b>
<b>Restricted Assets</b>						
Restricted for Construction	40,332	43,005	14,475	89,114	163	10,000
Debt Service Reserve Fund	0	0	0	369,833	34,551	34,551
KIA R&M Fund						3,000
<b>Total Restricted Assets</b>	<b>40,332</b>	<b>43,005</b>	<b>14,475</b>	<b>458,947</b>	<b>34,714</b>	<b>47,551</b>
<b>Utility Plant</b>						
Land, System, Building and Equipment	6,375,640	9,329,214	13,881,781	19,863,658	23,537,096	26,312,096
Less Accumulated Depreciation ( )	(184,865)	(387,566)	(670,809)	(1,028,825)	(1,592,024)	(2,763,524)
<b>Net Fixed Assets</b>	<b>6,190,775</b>	<b>8,941,648</b>	<b>13,210,972</b>	<b>18,834,833</b>	<b>21,945,072</b>	<b>23,548,572</b>
<b>Total Assets</b>	<b>6,275,014</b>	<b>9,032,038</b>	<b>13,287,180</b>	<b>19,440,541</b>	<b>22,206,213</b>	<b>23,694,650</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable	1,195	5,622	9,919	20,798	16,884	20,900
Accrued Liabilities	1,184	2,226	478	838	10,012	15,000
Construction Related Payables	0	0	0	0	151,460	25,000
Current Portion Long Term Debt	0	0	0	500,000	28,804	17,649
Current Portion Proposed KIA Loan						68,106
<b>Total Current Liabilities</b>	<b>2,379</b>	<b>7,848</b>	<b>10,397</b>	<b>521,636</b>	<b>207,160</b>	<b>146,655</b>
<b>Long Term Liabilities</b>						
Long Term Debt	0	0	1,267,334	350,000	590,103	554,926
KIA - Proposed Loan						1,431,894
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>0</b>	<b>1,267,334</b>	<b>350,000</b>	<b>590,103</b>	<b>1,986,819</b>
<b>Total Liabilities</b>	<b>2,379</b>	<b>7,848</b>	<b>1,277,731</b>	<b>871,636</b>	<b>797,263</b>	<b>2,133,475</b>
<b>Retained Earnings:</b>						
Invested in Capital Assets Net of Related Debt	6,190,775	8,941,648	11,943,638	17,984,833	21,326,165	21,466,325
Restricted for Construction	40,332	43,005	14,475	89,114	163	10,000
Restricted for Debt Service	0	0	0	369,833	34,551	34,551
Restricted for R&M	0	0	0	0	0	3,000
Unrestricted	41,528	39,537	51,336	125,125	48,071	47,300
<b>Total Retained Earnings</b>	<b>6,272,635</b>	<b>9,024,190</b>	<b>12,009,449</b>	<b>18,568,905</b>	<b>21,408,950</b>	<b>21,561,176</b>
<b>Total Liabilities and Equities</b>	<b>6,275,014</b>	<b>9,032,038</b>	<b>13,287,180</b>	<b>19,440,541</b>	<b>22,206,213</b>	<b>23,694,651</b>
<b>Balance Sheet Analysis</b>						
Current Ratio	18.46	6.04	5.94	0.28	1.09	0.67
Debt to Equity	0.00	0.00	0.11	0.05	0.04	0.10
Working Capital	41,528	39,537	51,336	(374,875)	19,267	(48,128)
Percent of Total Assets in Working Capital	0.66%	0.44%	0.39%	-1.93%	0.09%	-0.20%
Days Sales in Accounts Receivable	24.3	30.5	28.2	23.7	35.9	25.0



**MEMORANDUM OF AGREEMENT**

between the

**COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR  
DEPARTMENT FOR LOCAL GOVERNMENT**



and the

**Breathitt County Fiscal Court, KENTUCKY**

THIS MEMORANDUM OF AGREEMENT (hereinafter 'the Agreement') by and between the Commonwealth of Kentucky, Office of the Governor, Department for Local Government (hereinafter 'DLG'), with address at 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40601 and the Breathitt County Fiscal Court, Kentucky, with address of 1137 Main Street – Jackson, KY 41339, (hereinafter 'the Recipient') is made and entered into as of the date last executed by the parties thereto as evidenced by the dates written below.

WHEREAS, the 2008 General Assembly enacted House Bill 406 authorizing the 'Parameters for County Flexibility' (Parameters) county grant program; and

WHEREAS, the Parameters program enhanced the KRS 42.4588 coal severance grant program administered by DLG; and

WHEREAS, the Recipient has submitted an application for coal severance funds, with the application having been approved by DLG, for the following project and in the following amount: Southfork Waterline Project WX2105015 project (hereinafter 'the Project') and is to be funded in an amount not to exceed \$400,000.00 (FOUR HUNDRED THOUSAND AND 00/100); and

WHEREAS, the Recipient has agreed to the terms and conditions enumerated herein and has further agreed to effectuate the completion of the Project in accordance with those terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants, commitments, and conditions contained herein, DLG and the Recipient agree as follows:

## **1 – EFFECTIVE DATES OF THE AGREEMENT**

A. This Agreement shall be effective only upon approval by the Government Contract Review Committee of the Legislative Research Commission or, in the event of disapproval by the committee, upon override of the committee's action in accordance with KRS 45A.695(7). Pursuant to KRS 45A.700, should this Agreement be for the sum of \$50,000.00 or less, as denoted in Section 2(A), this Agreement shall be effective upon filing with the Government Contract Review Committee and does not require Government Contract Review Committee approval. The Agreement shall continue in effect through June 30, 2010, unless terminated at an earlier date in accordance with the terms set forth herein. The terms of the Agreement may be renewed or extended upon mutual written agreement duly executed by the parties.

B. This Agreement may be terminated by either party at any time for cause and may be terminated by either party without cause upon 30 days written notice to the other party. Termination of this Agreement shall not diminish or in any other manner affect any other remedy that may be available to the parties for any breach of the Agreement that occurs prior to the termination.

## **2 – OBLIGATIONS OF DLG**

DLG covenants and agrees, conditioned upon the timely performance by the Recipient of its obligations herein, to undertake the following obligations:

A. DLG shall, subject to the availability of appropriate funds, pay the Recipient a sum not to exceed \$400,000.00 (FOUR HUNDRED THOUSAND AND 00/100) in accordance with the submission of a Request for Disbursement set forth as Attachment A, which is hereby incorporated herein and made a part of this Agreement.

B. Payments pursuant to this Agreement shall not be authorized for services rendered after Government Contract Review Committee disapproval unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the Secretary.

C. DLG may, but is not required to, make periodic inspections of the Project and may send inspection reports to the Recipient. Deficiencies identified in an inspection report shall be corrected by the Recipient and their correction reported in writing to DLG within two weeks of receipt of the inspection report.

D. DLG shall cooperate fully with the Recipient to the extent necessary to facilitate the obligations set out in this Agreement.

E. DLG shall close out the Project upon satisfactory completion of the Project by the Recipient in accordance with the terms and conditions of this Agreement and submission of and acceptable project completion report in the form prescribed by DLG.

### **3 – OBLIGATIONS OF THE RECIPIENT**

The Recipient covenants and agrees to undertake the following obligations:

A. The Recipient shall perform and cause to be performed all necessary acts to plan, design and complete the Project in accordance with the Scope of Work attached hereto as Attachment B which is hereby incorporated herein and made a part of this agreement.

B. The Recipient shall obtain all necessary permits, licenses, and approvals required for completion of the Project from the appropriate governmental entities.

C. The Recipient shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies.

D. The Recipient shall use its own procurement procedures that reflect applicable state and local laws for all purchases of goods or services related to the Project.

**E. Beginning upon the effective date of this agreement and regardless of whether any funds have been drawn**, the Recipient shall submit quarterly progress reports to DLG in the form prescribed by DLG until the Project is closed out by DLG. The reports shall be postmarked no later than the 30<sup>th</sup> day of the month following the last day of each calendar quarter (i.e., January 30<sup>th</sup>, April 30<sup>th</sup>, July 30<sup>th</sup>, and October 30<sup>th</sup>). The report shall list, at a minimum, the line items in the cost estimate and the percent of completion as well as any indication of problems or time delays. Failure to submit or fully complete the required report will place the recipient in noncompliance status at which time DLG will suspend the release of additional funds until the appropriate documentation has been submitted.

F. The Recipient shall submit to DLG a copy of the engineer's certification of completion and As-built plans in an AutoCAD Drawing File Format (DWG), and a 1 inch: 2,000 square foot topographic map outlining flood zones and showing project location in the county. Both items should be submitted on a Compact Disc (CD) within three months of project completion.

G. The Recipient shall retain all records relating to the Project until the records are audited by DLG, or for three years after the Project has been closed out by DLG, whichever occurs first.

H. A copy of the Recipient resolution authorizing the execution of this Agreement is attached hereto as Attachment C which is hereby incorporated herein and made a part of this Agreement.

I. The Recipient shall cooperate fully with DLG and provide any documentation requested by DLG in order to facilitate the obligations set out in this Agreement.

J. The Recipient shall begin design of the Project no later than upon receipt of the initial draw. The Project shall be completed by the Recipient no later than June 30, 2010.

K. The Recipient shall be responsible for the expenditure of funds in accordance with House Bill 406, all other applicable laws. Any unauthorized or improper expenditure of funds or expenditure of funds other than in accordance with the terms of this Agreement shall be deemed a default of this Agreement by the Recipient. The Recipient shall repay DLG all funds that are not spent in accordance with this Agreement and appropriate laws.

L. The Recipient shall submit a project completion report to DLG in the form prescribed by DLG upon completion of the Project.

M. All recipients, with the exception of 6<sup>th</sup> Class Cities covered by KRS 91A.040(2) and (3) and Districts covered by KRS 65.065(2), are subject to an independent annual audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments," if applicable, and the Audit Guide for Fiscal Court Audits issued by the Kentucky Auditor of Public Accounts. The audit report shall include a certification that the funds were expended for the purpose intended. A copy of the audit and certification of compliance shall be forwarded to DLG, Office of State Grants, no later than 12 months after the end of each fiscal year in which funds were received by a recipient.

N. Those 6<sup>th</sup> Class Cities and Districts referenced above shall be required to submit a copy of their financial statement, when applicable, to DLG, Office of State Grants, no later than 12 months after the end of each fiscal year in which funds were received by a recipient. Where a financial statement is not applicable, pursuant to the relevant statute, an audit shall be required.



#### **4 – MUTUALITY OF OBLIGATIONS**

A. The parties agree that the obligations imposed upon them are for the benefit of the parties and the timely fulfillment of each and every obligation in accordance with this Agreement is necessary. The failure of any party to fulfill its obligations under this Agreement or the failure of any event to occur by a date established by this Agreement shall constitute a breach of it unless the fulfillment of such obligation is waived or modified by written Agreement of the parties.

B. In the event of default by the Recipient, including the failure to meet any time deadlines set out in this memorandum, DLG may declare this Agreement void from the beginning without further obligation to the Recipient and may commence appropriate legal or equitable action to enforce its rights under this Agreement including action for recovery of funds expended hereunder.

C. Except as may otherwise be provided herein, the parties to this Agreement shall be solely responsible for any costs incurred in fulfilling their obligations under this Agreement and no party shall have any claim against the other party for reimbursement of costs whether or not a party is in default.

#### **5 – MISCELLANEOUS PROVISIONS**

A. This Agreement may be signed by each party upon a separate copy, and in such case one counterpart of this Agreement shall consist of a sufficient number of such copies to reflect the signature of each party hereto. This Agreement may be executed in two or more counterparts each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms and conditions hereof to produce or account for more than one of such counterparts.

B. The headings set forth in this Agreement are for convenience or reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

C. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of the parties. This provision shall not be construed to permit assignment by any party of any of its rights and duties under this Agreement which assignment shall be prohibited except with the prior written consent of all parties hereto.

D. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing agreements among them concerning the subject matter hereof, and may be modified only by a written instrument duly executed by each of the parties hereto.

E. Time is of the essence in the performance of each of the terms and conditions of this Agreement.

F. The parties agree that any suit, action, or proceeding with respect to this Agreement may only be brought in or entered by, as the case may be, the courts of the Commonwealth of Kentucky situated in Frankfort, Franklin County, Kentucky or the United States District Court for the Eastern District of Kentucky, Frankfort Division.

G. All notices, requests, demands, waivers, and other communications given as provided in this Agreement shall be in writing, and shall be addressed as follows:

If to DLG: Department for Local Government  
Office of State Grants  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601  
ATTN: Amy Barnes

If to the Recipient: Breathitt County Fiscal Court  
1137 Main Street  
Jackson, KY 41339  
ATTN: Harvey Jason Richardson, County Judge Executive  
INITIAL HSR

H. DLG may audit or review all documentation and records of the Recipient relating to this project pursuant to the provisions of KRS 45A.150.

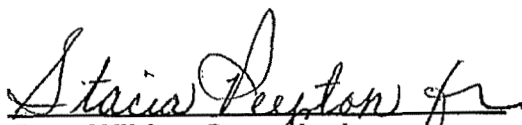
I. The Recipient agrees that DLG, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, document, papers, records, or other evidence provided to the Commonwealth, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission which are directly proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1) (c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

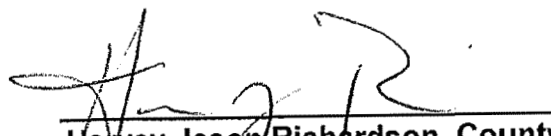
J. The parties agree that this Agreement is not entered into under the provisions of KRS 56.8161 et seq.

IN WITNESS WHEREOF, DLG and the Recipient have executed this memorandum as of the dates written below.

**Department for Local Government  
1024 Capital Center Drive, Ste. 340  
Frankfort, Kentucky 40601**

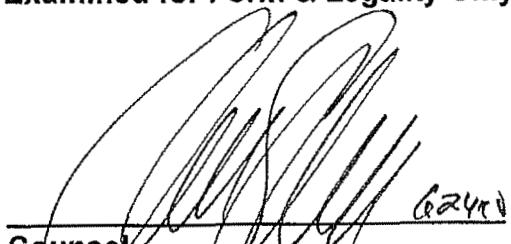
**Breathitt County Fiscal Court  
1137 Main Street  
Jackson, KY 41339**

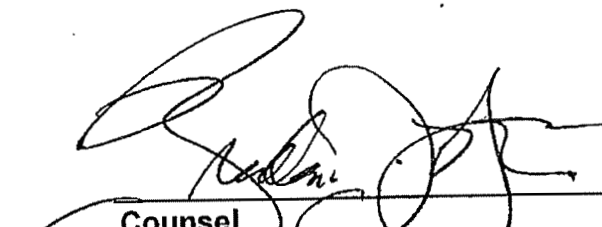
  
Tony Wilder, Commissioner

  
Harvey Jason Richardson, County Judge  
Executive  
Breathitt County Fiscal Court

**Department for Local Government**

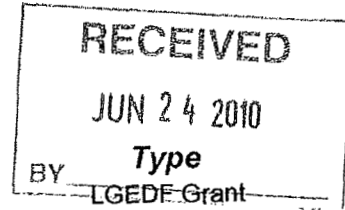
**Examined for Form & Legality Only:**

  
Counsel  
Department for Local Government

  
Counsel  
Breathitt County Fiscal Court

**Project Number**  
1029

## **Scope of Work**



**Project Name**  
Southfork Waterline Project WX2105015

**Funded Amount**  
\$400,000.00

**Document**

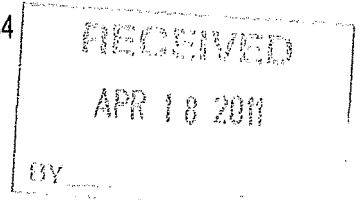
**County**  
Breathitt

### **Scope of Work**

FUNDS WILL BE USED TO CONSTRUCT WATERLINES AND A WATER STORAGE TANK IN THE SOUTHFORK AREA OF BREATHITT COUNTY. PROJECT COSTS INCLUDE BUT ARE NOT LIMITED TO CONSTRUCTION, ENGINEERING AND LEGAL FEES.

COMMONWEALTH OF KENTUCKY  
DEPARTMENT FOR LOCAL GOVERNMENT  
AMENDMENT

M.A. No. 100003834  
Amendment No. 2  
Project No. 1029  
Net Incr/Decr \$0.00



Breathitt County Fiscal Court  
1137 Main Street  
Jackson, KY 41339

RE: Southfork Waterline Project WX2105015 (LGEDF Grant)

The Memorandum of Agreement (MA) cited above, by and between the Commonwealth of Kentucky, Department for Local Government (DLG) and the Breathitt County Fiscal Court, Kentucky is being amended as follows: EXTEND THE EXPIRATION DATE FROM JUNE 30, 2011 TO JUNE 30, 2012 TO ALLOW FOR PROJECT COMPLETION.

All other terms and conditions of the MA, except as modified above and by prior amendments, if any, are hereby ratified and confirmed.

Payments pursuant to this Amendment shall not be authorized for services rendered after Government Contract Review Committee disapproval unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the secretary.

This Amendment shall be approved by the Secretary of the Finance and Administration Cabinet prior to it taking effect.

This Amendment may be terminated by either party at any time for cause and may be terminated by either party without cause upon 30 days written notice to the other party.

Funding Out Provision:

DLG may terminate this Agreement if funds are not appropriated for the Project or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the Agreement. DLG shall provide the Recipient thirty (30) calendar-days written notice of termination of the Agreement.

IN WITNESS WHEREOF, DLG and the Recipient have executed this Amendment.

Examined as to form and legality only:

DEPARTMENT FOR LOCAL GOVERNMENT:

DATE: \_\_\_\_\_

A handwritten signature in black ink over a horizontal line.

Counsel  
Department for Local Government

A handwritten signature in black ink over a horizontal line.

Tony Wilder, Commissioner  
Department for Local Government

RECIPIENT:

DATE: \_\_\_\_\_

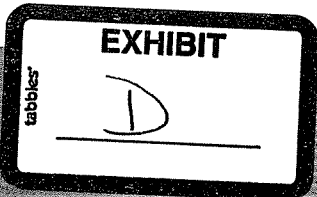
A handwritten signature in black ink over a horizontal line.

Counsel  
Breathitt County Fiscal Court

A handwritten signature in black ink over a horizontal line.

Harvey Jason Richardson, County Judge Executive  
Breathitt County Fiscal Court



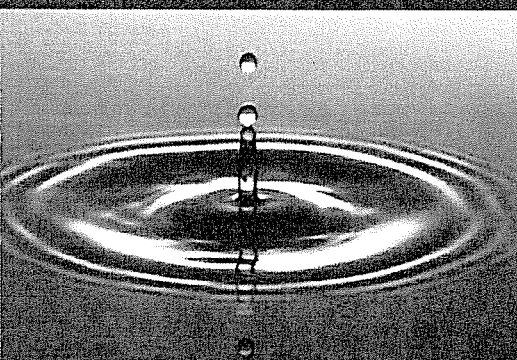
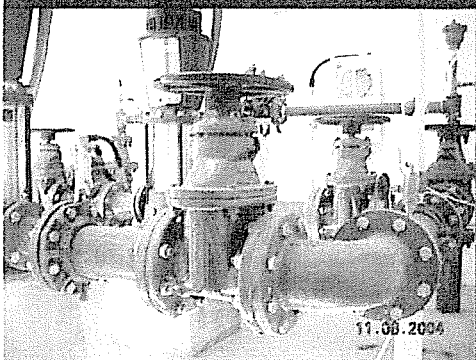


**nesbitt engineering, inc.**

**March 2009  
Revised October 2011**

# **Breathitt County Water District South Fork KY 1098 Waterline Extension**

## **Preliminary Engineering Report**



**SUBMITTED TO:  
Breathitt County Water District**

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

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Solutions Since 1976*



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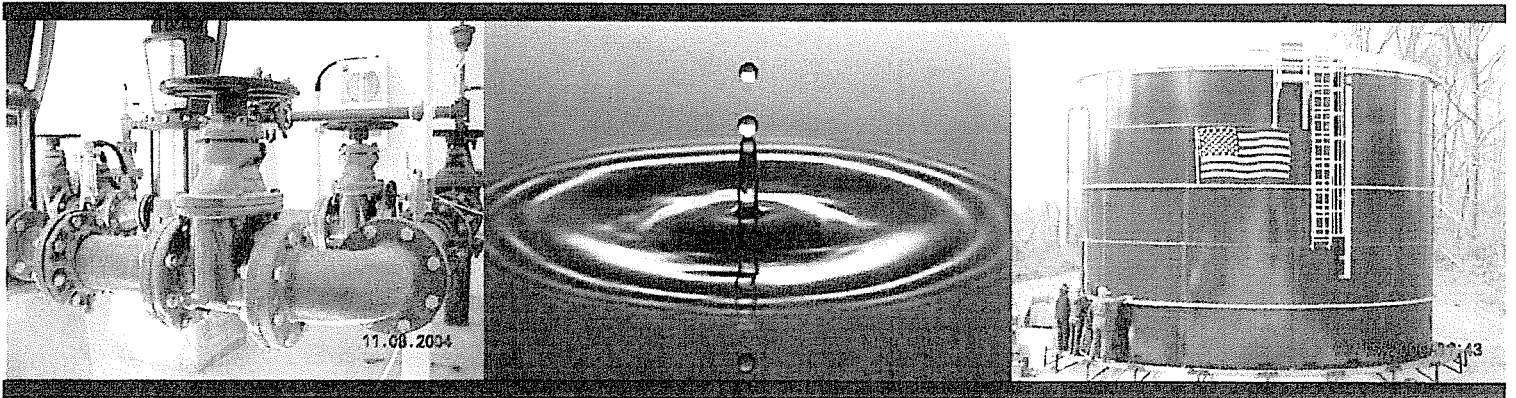
227 North Upper Street  
Lexington, KY 40507-1016

**March 2009**  
**Revised October 2011**

# **Breathitt County Water District**

## **South Fork KY 1098 Waterline Extension**

### **Preliminary Engineering Report**



**Breathitt County Judge/Executive — Jason Richardson**

**Breathitt County Water District Commissioners**

**Bobby Thorpe, Chairman**

**Sammie Turner, Vice Chairman**

**Kash Noble, Treasurer**

**Eva Fugate, Secretary**

**Eugene Turner, Member**

**SUBMITTED TO:**  
**Breathitt County Water District**

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

*Providing*

*Proven*  
*Solutions Since 1976*

**Chapter 1 – General**

Breathitt County, which encompasses the City of Jackson, is located in the eastern coalfields of Kentucky, approximately 85 miles south and east of Lexington on KY 15, and approximately 34 miles north of Hazard. Jackson, the county seat, is a fourth class city located near the center of Breathitt County. The County borders Wolfe, Lee, Owsley, Perry, Knott, and Magoffin Counties. (See Figure 1)

The 2000 US Census figure for Breathitt County is 16,100 persons. There are 6,170 occupied housing units in Breathitt County and therefore 2.61 persons per household.

Major highways passing through Jackson and/or Breathitt County are KY 15, KY 30, KY 52, KY 315, KY 1110, KY 476 and KY 205. Some of these listed areas are already provided potable water service by Breathitt County Water District (BCWD). The ultimate proposed project will bring potable water to the residents along KY 1098 to the area known as Press as well as other minor roads.

The construction for the ultimate proposed project along South Fork (KY1098) includes approximately 54,000 feet of CL200 SDR 17 PVC waterline, a 64,000 gallon water storage tank with telemetry and all necessary appurtenances to initiate service to 123 new water customers. Necessary easements and property for installation of the main and ancillary facilities will be secured for the project as soon as funding is solidified.

Therefore the Opinion of Estimated Construction Costs for the **South Fork (KY 1098) Project** is given in Appendix "A" Table A - 1.

**Funding for the Project** is estimated to come from **Kentucky Infrastructure Authority** (grant and loan combination), **Community Development Block Grant (CDBG)** (grant) and **Coal Severance Funds** (grant).

Depending upon the amount of Grant funding obtained, there would more than likely be some debt service required for this project.



**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 Executive then appointed five commissioners to serve on the Water District's Board. These five commissioners then selected a Chairman from the appointed board.

Currently (September 2011), the BCWD has approximately 1,162 customers. The completion of the KY 476 Waterline Extension currently under construction could increase the District's customer base to over 1,377 customers.

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 approximately 2,000 households within the Jackson service area. The water treatment plant (WTP), capable of producing 2.5 MGD, is expected to supply the potable water product to the various 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. This proposed project is a continuation of BCWD's efforts to deliver potable drinking water to all residents of Breathitt County 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.

**The South Fork (KY 1098) Project** is estimated to encompass approximately 10.2 miles and it is estimated that approximately **123 homes will be served**. This project has a concentration of approximately 12 customers per mile, with the potential to serve more customers in the future.

Most of the housing 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 and/or salt.

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

There is no potable water service available in the proposed **South Fork Project Area**. 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.

Well water, in the Project Area, 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 for the residents.

The proposed **South Fork Project** will consist of approximately 10.2 **miles** of water lines. These waterlines will be served by a master meter connection between Breathitt County Water District and Jackson Municipal Water Works.

The **South Fork Project** could provide water to approximately **123 homes**, while installing infrastructure for future extensions.

The 2000 US Census reports 2.61 persons per household. Therefore, the **South Fork Project** could serve  $2.61 \times 122 = 327$  **persons** and the quantity of water based on 100 gallons per person per day would be 32,700 gallons per day.

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

The proposed **South Fork (KY 1098)** waterline project consists of adding approximately 54,000 LF of PVC water line. Included within this project is the construction of one (1) 64,000 gallon ground storage tank. This proposed project would be able to serve approximately 123 homes along KY1098.

The **South Fork (KY 1098)** estimated Project Cost is delineated in Appendix "B" and is **\$1,217,000**.

Potential funding sources are shown in Appendix "B". Additional water main extensions (other Phases) can be continued off of this initial South Fork (KY 1098) Project, as funding and customer interests becomes available.

**Chapter 5 – Conclusions & Recommendations**

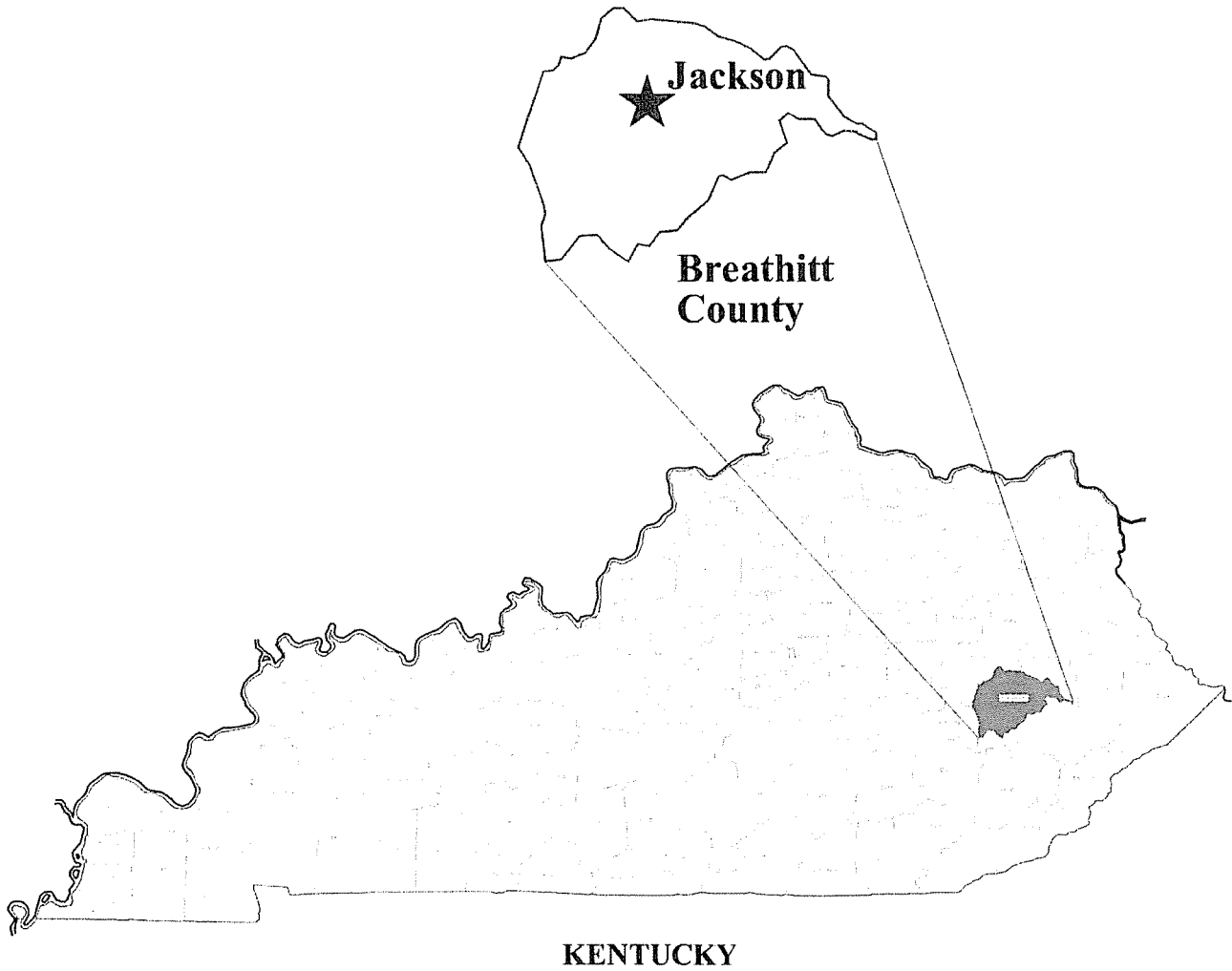
To provide potable water service to the residents in the South Fork (KY 1098) area of Breathitt County, the new water lines and a storage tank are necessary.

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

Breathitt County ranks as one of the lowest served counties in the Commonwealth of Kentucky for public water service. Great strides have been made in recent years to extend water service to the population; however, many projects are still left to complete. The proposed project will install the initial infrastructure for the Breathitt County Water District to serve 123 new customers, while completing the infrastructure to all adequate water pressure and supply for a second phase to serve additional customers in the area.

While a majority of families in Kentucky now enjoy the essential convenience of access to a safe, sanitary public water supply, residents of Breathitt County have lagged behind the rest to the Commonwealth in receiving assistance. Many of these families are forced to live a sub-standard quality of life, constantly dealing with securing a clean supply of water for daily use. Families living in Breathitt County face issues with both quantity and quality of safe, potable water on a daily basis, compared to neighbors in surrounding counties who enjoy living a modern lifestyle with the conveniences of public water supply. Many residents in Breathitt County express anger and frustration that public water is not available to them. The residents regularly contact their elected officials, sign petitions and attend water board meetings, begging for help.

The proposed project will provide water service to 123 rural residential users and will position the Breathitt County Water District to extend additional lines to more customers in the future. Access to a safe, public water supply will allow for a healthier quality of life for the residents in the South Fork area of Breathitt County. As an added benefit, the residents of this area will now be able to enjoy modern conveniences such as doing laundry at home, and drinking water from the tap like their neighbors in surrounding counties.



KENTUCKY



NESBITT ENGINEERING, INC.  
ENGINEERS • SURVEYORS • SCIENTISTS

LOCATION MAP  
KY 1098 WATERLINE EXTENSION  
BREATHITT COUNTY WATER DISTRICT

NESBITT  
ENGINEERING

FIGURE 1

DRAWN BY:

kr

DISK/FILE NAME:

\\PER FIGURE 1.DWG

JOB NO.:

998

DATE:

03/09/09

LAST PLOT DATE:

SCALE:

NOT TO SCALE

**Appendix "A" – Opinion of Probable Construction Cost**

**South Fork (KY 1098) Waterline Extension**

Opinion of Probable Construction Cost

**Table A – 1**

# Breathitt County Water District

## KY 1098 South Fork Waterline Extension Phase 1 Opinion of Probable Construction Cost 10/10/11

Waterline Extension					
Item #	Item	Unit	Quantity	Unit Cost	Total Cost
1	Tie Into Existing WL	LS	1	\$ 2,400	\$ 2,400
2	Air Release Valve	EA	6	\$ 550	\$ 3,300
3	8" PVC C900 DR-14 Pipe	LF	18,000	\$ 12	\$ 216,000
4	6" PVC C900 DR-14 Pipe	LF	22,000	\$ 10	\$ 220,000
5	4" PVC C900 DR-14 Pipe	LF	13,000	\$ 8	\$ 104,000
6	2" PVC C900 DR-14 Pipe	LF	1,200	\$ 7	\$ 8,400
7	8" D.I.M.J. Gate Valve & Box	EA	6	\$ 800	\$ 4,800
8	6" D.I.M.J. Gate Valve & Box	EA	8	\$ 700	\$ 5,600
9	4" D.I.M.J. Gate Valve & Box	EA	5	\$ 650	\$ 3,250
10	Flushing Hydrant assembly	EA	15	\$ 2,250	\$ 33,750
11	Post Hydrant Blow off Assembly	EA	7	\$ 1,000	\$ 7,000
12	5/8 x 3/4 Indiv. Customer meters	EA	43	\$ 750	\$ 32,250
13	5/8 x 3/4 Indiv. Customer meters w/ipv	EA	80	\$ 850	\$ 68,000
14	3/4" CI 200 service line	LF	4920	\$ 5	\$ 24,600
15	Booster Station Improvements	LS	1	\$ 10,000	\$ 10,000
16	Hwy Xing Bore & Jack w/ 14" steel casing	LF	80	\$ 130	\$ 10,400
17	Creek Crossing	LF	800	\$ 50	\$ 40,000
18	Directional Drill 10" HDPE (Hwy, River Crossing)	LF	425	\$ 90	\$ 38,250
19	Waterline Marker	EA	20	\$ 50	\$ 1,000
Waterline Extension - Total Opinion of Construction Cost					<b>\$ 833,000</b>
Water Tank					
Item #	Item	Unit	Quantity	Unit Cost	Total Cost
1	Unclassified Excavation & Grading (Road & Tank)	LS	1	\$ 20,000	\$ 20,000
2	6" DGA Access Road 12' Wide (Complete)	LF	1,200	\$ 10	\$ 12,000
3	64,000 gallon Ground Storage Tank (Complete)	LS	1	\$ 85,000	\$ 85,000
Water Storage Tank - Total Opinion of Construction Cost					<b>\$ 117,000</b>
Construction (Waterline & Tank)					<b>\$ 950,000</b>



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 227 North Upper Street  
 Lexington, KY 40507-1016

**Preliminary Engineering Report**  
South Fork (KY 1098) Waterline Extension  
Breathitt County Water District, Jackson, Kentucky

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**Appendix "B" – Opinion of Probable Project Cost &  
Possible Funding Sources  
Project Area Map**

**South Fork (KY 1098) Waterline Extension**

Opinion of Probable Project Cost & Possible Funding

**Table B - 1**



# Breathitt County Water District

## KY 1098 South Fork Waterline Extension Phase 1

Opinion of Probable Project Cost 10/10/11

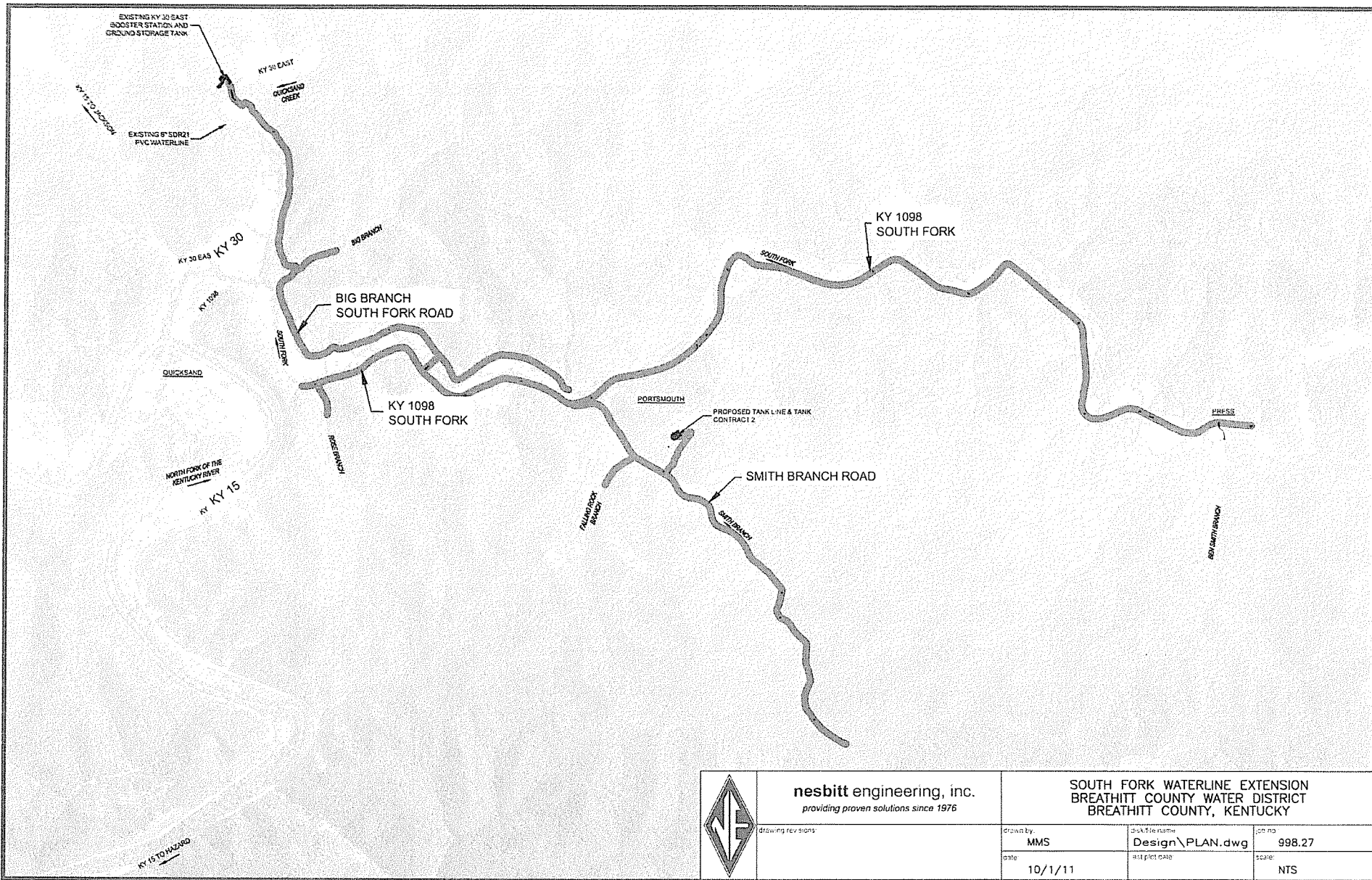
Opinion of Probable Construction Costs (Waterline & Tank) =	\$ 950,000
Administration	\$ 40,000
Legal	\$ 2,000
Property Acquisition	\$ 3,000
Engineering - Basic	
Design	\$ 59,352
Construction	\$ 25,436
Resident Observation	\$ 54,150
Engineering - Additional Services	
Preliminary Engineering	\$ 2,500
Permitting	\$ 3,000
Easements, Surveying, etc.	\$ 5,000
Contingencies	\$ 72,562
<b>Total Opinion of Probable Project Cost</b>	<b>\$ 1,217,000</b>

Possible Funding	
Kentucky Infrastructure Authority - State Revolving Funds (Grant/Loan)	\$ 310,000
Community Development Block Grant (Grant)	\$ 566,000
CDBG - Tap Fee Requirements	\$ 7,000
Coal Severance Funds	\$ 334,000
<b>Total Project Funding Scenario</b>	<b>\$ 1,217,000</b>



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 Lexington, KY 40507-1016



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

**SOUTH FORK WATERLINE EXTENSION  
 BREATHITT COUNTY WATER DISTRICT  
 BREATHITT COUNTY, KENTUCKY**

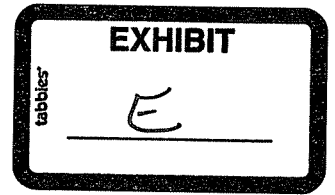
drawing revisions	drawn by: <b>MMS</b>	disk file name: <b>Design\PLAN.dwg</b>	job no: <b>998.27</b>
	date: <b>10/1/11</b>	print date:	scale: <b>NTS</b>

STEVEN L. BESHEAR  
GOVERNOR



LEONARD K. PETERS  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WATER  
200 FAIR OAKS LANE, 4TH FLOOR  
FRANKFORT, KENTUCKY 40601  
[www.kentucky.gov](http://www.kentucky.gov)



January 7, 2011

Mr. Bobby Thorpe, Jr. Chairman  
Breathitt Co Water District  
1137 Main St., Suite 305  
Jackson, Ky 41339

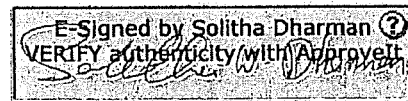
RE: Breathitt Co Water District  
AI # 45303, APE20100006  
PWSID # 0131012-10-006  
KY 1089 Southfork Cont  
Breathitt County, KY

Dear Mr. Thorpe:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 12,000 LF of 8-inch, 32,500 LF of 6-inch, 3,000 LF of 4-inch, 4,000 LF of 2-inch PVC water lines and 64,000 gallon water storage tank. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. Hamid Beykzadeh at 502-564-3410, Ext.4822 .

Sincerely,



Solitha Dharman, PE  
Supervisor, Engineering Section  
Water Infrastructure Branch  
Division of Water

SD:HB

Enclosures

C: Honorable Mayor Rose Wolf (City of Jackson)  
Abbie Jones (Nesbitt Eng.)  
Breathitt County Health Department  
Public Service Commission

*Kentucky*

**Distribution-Major Construction**

Breathitt Co Water District

Facility Requirements

Activity ID No.: APE20100006

**GACT000000015 (Southfork Water and Storage Tank) 12,000 LF of 8-inch, 32,500 LF of 6-inch, 3,000 LF of 4-inch and 4,000 LF of 2-inch PVC water lines:**

**Monitoring Requirements:**

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Condition No.	Parameter	Condition
M-1	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new or relocated water line(s). Take samples at connection points to existing lines, at 1 mile intervals, and at dead ends without omitting any branch of the new or relocated water line. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7), 401 KAR 8:150 Section 4, Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.
M-2	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new storage structure(s). With at least 1 sample taken at least 24 hours after the first construction complete sample(s), take 2 or more samples from the yard hydrant, the outlet piping from the storage structure, or a sample tap directly connected to the storage structure. Sample bottles shall be clearly identified as "special" construction tests. [Recommended Standards for Water Works 7.0.18, 401 KAR 8:150 Section 4] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

**Submittal/Action Requirements:**

**Coliform:**

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Condition No.	Condition
S-1	Coliform For new construction projects, the distribution system, using the most expedient method, shall submit Coliform test results to the Cabinet: Due immediately following disinfection and flushing. [401 KAR 8:150 Section 4(2)]

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Condition No.	Condition
S-2	For proposed changes to the approved plan, submit information: Due prior to any modification to the Cabinet for approval. Changes to the approved plan shall not be implemented without the prior written approval of the Cabinet. [401 KAR 8:100 Section 1(8)]

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

Page 2 of 16

### Submittal/Action Requirements:

Condition  
No.

Condition

- S-3 The person who presented the plans shall submit the professional engineer's certification: Due when construction is complete to the Division of Water. The certification shall be signed by a registered professional engineer and state that the water project has been constructed and tested in accordance with the approved plans, specifications, and requirements. [401 KAR 8:100 Section 1(8)]

### Narrative Requirements:

#### Additional Limitations:

Condition  
No.

Condition

- T-1 Additional Limitations:  
Chlorinated water resulting from disinfection of project components shall be disposed in a manner which will not violate 401 KAR 5:031. [401 KAR 8:020 Section 2(20)]

Condition  
No.

Condition

- T-2 This project has been permitted under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies. Further, this permit does not address the authority of the permittee to provide service to the area to be served. [401 KAR 8:100 Section 1(7)]
- T-3 Unless construction of this project is begun within 1 year from the issuance date of this permit, the permit shall expire. If requested prior to the permit expiration, an official extension from the Division of Water may be granted. If this permit expires, the original plans and specifications may be resubmitted for a new comprehensive review. If you have any questions concerning this project, please contact the Drinking Water Branch at 502/564-3410. [401 KAR 8:100 Section 1(9)]
- T-4 Final approval of facility. Upon completion of construction, the person who presented the plans shall certify in writing that the project has been completed in accordance with the "approved" plans and specifications. The public water supply shall operate the facility consistent with the approved plans and specifications. Any proposed change to the approved plan shall be submitted to the cabinet for approval. The public water supply shall not implement any change to the approved plan without the prior written approval of the cabinet. [401 KAR 8:100 Section 401 KAR 8:100(1)(8)]

**Distribution-Major Construction**

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

Narrative Requirements:

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Condition No.	Condition
T-5	During construction, a set of approved plans and specification shall be available at the job site at all times. All work shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 1(7)(a)]

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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PORT0000000025 (WLE) 12,000 LF of 8-inch, 32,500 LF of 6-inch, 3,000 LF of 4-inch and 4,000 LF of 2-inch PVC water lines:

### Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a Depth $\geq 6$ in below the bottom of the pipe. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-2	Depth	All water lines shall be covered to a Depth $\geq 30$ in to prevent freezing. [Recommended Standards for Water Works 8.5.3, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Diameter	All water lines shall have Diameter $\geq 3$ in. [Recommended Standards for Water Works 8.1.4] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Diameter	Water lines with Diameter $< 6$ in shall not have fire hydrants. [Recommended Standards for Water Works 8.1.5] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Diameter	All new and existing water lines serving fire hydrants or where fire protection is provided shall have Diameter $\geq 6$ in. [Recommended Standards for Water Works 8.1.2] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-6	Distance	Water lines shall have a sufficient quantity of valves so that inconvenience and sanitary hazards will be minimized during repairs. A valve spacing Distance $\leq 1.0$ mi should be utilized. [Recommended Standards for Water Works 8.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-7	Distance	Hydrant drains shall not be connected to sanitary sewers or storm drains and shall be located a Distance $> 10$ ft from sanitary sewers and storm drains. [Recommended Standards for Water Works 8.3.4] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-8	Distance	Except when not practical, water lines shall be laid a horizontal Distance $\geq 10$ ft from any existing or proposed sewer. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 foot separation, water lines may be installed closer to a sewer provided that the water lines shall be laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water line is at least 18 inches above the top of the sewer. [Recommended Standards for Water Works 8.6.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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PORT0000000025 (continued):

### Limitation Requirements:

Condition No.	Parameter	Condition
L-9	Distance	<p>When water lines and sewers cross,</p> <ol style="list-style-type: none"><li>1) water lines shall be laid such that either<ol style="list-style-type: none"><li>a) the the top of the water line is a vertical Distance <math>\geq 18</math> in below the bottom of the sewer line or</li><li>b) the bottom of the water line is a vertical Distance <math>\geq 18</math> in above the top of the sewer line,</li></ol></li><li>2) 1 full length of the water pipe shall be located so that both joints of the water pipe will be as far from the sewer as possible, and</li><li>3) special structural support for the water and sewer pipes may be required. [Recommended Standards for Water Works 8.6.3]</li></ol> <p>This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-10	Distance	<p>The open end of an air relief pipe from automatic valves shall be extended a Distance <math>\geq 1.0</math> ft above grade and provided with a screened, downward-facing elbow. The pipe from a manually operated valve shall be extended to the top of the pit. Use of manual air relief valves is recommended wherever possible. [Recommended Standards for Water Works 8.4.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-11	Pressure	<p>Pipes shall not be installed unless all points of the distribution system remain designed for ground level Pressure <math>\geq 20</math> psi under all conditions of flow. [Recommended Standards for Water Works 8.1.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-12	Pressure	<p>Pressure <math>\geq 30</math> psi must be available on the discharge side of all meters. [401 KAR 8:100 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>
L-13	Residual Disinfection	<p>New or relocated water lines shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect the new or relocated lines use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection <math>\geq 25</math> ppm at the end of 24 hours. Follow the line disinfection with thorough flushing and place the lines into service if, and only if, Coliform monitoring applicable to the line does not show the presence of Coliform.</p> <p>If Coliform is detected, repeat flushing of the line and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the line has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:150 Section 4(1), Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>



## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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PORT0000000025 (continued):

### Limitation Requirements:

Condition No.	Parameter	Condition
L-14	Velocity	Each blow-off, fire hydrant, or flush hydrant shall be sized so that Velocity $\geq$ 2.5 ft/sec can be achieved in the water main served by the blow-off or hydrant during flushing. [Recommended Standards for Water Works 8.1.6.b, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

### Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	leaks	The presence or absence of leaks monitored by physical testing as needed shall be determined in all types of installed pipe. Pressure testing and leakage testing shall be in accordance with the latest edition of AWWA Standard C600. [Recommended Standards for Water Works 8.5.5] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

### Narrative Requirements:

#### Asbestos (Friable):

Condition No.	Condition
T-1	Asbestos (Friable): If the existing water line to be tapped is asbestos concrete, then the contractor shall conform to OSHA regulations governing the handling of hazardous waste during the process of tapping the asbestos concrete line. Pieces of asbestos concrete resulting from the tap shall be double bagged, placed in a rigid container and disposed of in an approved landfill. [401 KAR 8:100 Section 1(7)]

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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### PORT000000025 (continued):

#### Narrative Requirements:

##### Additional Limitations:

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Condition

No. Condition

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- T-2 Additional Limitations:  
Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]
- T-3 Additional Limitations:  
Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). PVC and PE piping used must be certified to ANSI/NSF Standard 61. [Recommended Standards for Water Works 8.0.1]
- T-4 Additional Limitations:  
At high points in water lines, where air can accumulate, provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where manhole or chamber flooding may occur. [Recommended Standards for Water Works 8.4.1]
- T-5 Additional Limitations:  
All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.5.4]
- T-6 Additional Limitations:  
A fire hydrant or blow-off shall be required at the end of each dead end line. [Recommended Standards for Water Works 8.1.6]
- T-7 Additional Limitations:  
For each fire or flush hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]
- T-8 Additional Limitations:  
No flushing device, blow-off, or air relief valve shall be directly connected to any sewer. Chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances shall not be directly connected to any storm drain or sanitary sewer. Such chambers, pits or manholes shall be drained to absorptions pits underground or to the surface of the ground where they are not subject to flooding by surface water. [Recommended Standards for Water Works 8.1.6, Recommended Standards for Water Works 8.4.3]
- T-9 Additional Limitations:  
If water lines are installed or replaced in areas of organic contamination or in areas within 200 ft of underground or petroleum storage tanks, ductile iron or other nonpermeable materials shall be used in all portions of the water line installation or replacement. [401 KAR 8:100 Section 1(5)(d)6, Recommended Standards for Water Works 8.0.2]

**Distribution-Major Construction**

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

**PORT0000000025 (continued):**

**Narrative Requirements:**

**Additional Limitations:**

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Condition

No. Condition

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T-10 Additional Limitations:  
No water pipe shall pass through or come in contact with any part of a sewer manhole. [Recommended Standards for Water Works 8.6.6]

T-11 Additional Limitations:  
If a fire sprinkler system is to be installed, a double check detector assembly approved for backflow prevention shall be utilized. The double check detector assembly of the system shall be accessible for testing. [401 KAR 8:100 Section 1(7)]

T-12 Additional Limitations:  
If water lines cross a stream or wetland, the provisions in the attached Water Quality Certification shall apply. If you have any questions please contact the Water Quality Certification Supervisor of the Water Quality Branch at (502) 564-2225. [401 KAR 8:100 Section 1(7)]

**Subfluvial Pipe Crossings:**

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Condition

No. Condition

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T-13 Subfluvial Pipe Crossings:  
For subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 if the following requirements of 401 KAR 4:050 Section 2 are met.

- 1) No material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc. during construction of pipe crossings.
- 2) Crossing trenches shall be backfilled as closely as possible to the original contour.
- 3) All excess material resulting from construction displacement in a crossing trench shall be disposed of outside the flood plain.
- 4) For erodible channels, there shall be at least 30 inches of backfill on top of all pipe or conduit points in the crossing.
- 5) For nonerodible channels, pipes or conduits in the crossing shall be encased on all sides by at least 6 inches of concrete with all pipe or conduit points in the crossing at least 6 inches below the original contour of the channel. [401 KAR 8:100 Section 1(7)]

**Distribution-Major Construction**

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

PORT0000000025 (continued):

Narrative Requirements:

**Subfluvial Pipe Crossings:**

Condition  
No.

Condition

T-14

Subfluvial Pipe Crossings:

For subfluvial pipe crossings greater than 15 feet in width,

- 1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and
- 2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair.

Valves shall

- a) be easily accessible,
- b) not be subject to flooding, and
- c) if closest to the supply source, be in a manhole with permanent taps made on each side of the valve to allow insertion of a small meter to determine leakage and for sampling purposes. [Recommended Standards for Water Works 8.7.2]

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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### STOR000000016 (water storage tank) 64,000 gallon:

#### Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	High and low level Depth $\geq 30$ ft apart should not be allowed in storage structures providing pressure to a distribution system. [Recommended Standards for Water Works 7.3.2] This requirement is applicable during the following months: All Year. Statistical basis: Maximum.
L-2	Depth	Water Depth $\geq 50$ percent of the total water depth should be above grade. [Recommended Standards for Water Works 7.0.2.b] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-3	Distance	Sewers, drains, standing water and similar sources of possible contamination shall be a Distance $\geq 50$ ft from ground-level storage structures. The only exception allowed is for gravity sewers. Gravity sewers are allowed within 50 ft of ground-level storage structures only if they are a) greater than 20 ft from all ground-level storage structures and b) constructed of water main pipe pressure tested in place to 50 psi without leakage. [Recommended Standards for Water Works 7.0.2.b] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Distance	To prevent excessive erosion of storage structure foundations, the overflow and main drain shall either a) discharge to concrete or other stable surfaces (splash pads) which extend a Distance $\geq 10$ ft away from the base of the storage structure or b) discharge directly into a crushed stone pit that is at least 2' x 2' x 2' which is a Distance $\geq 10$ ft away from the base of the storage structure. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Height	Tanks shall have an overflow which is a) brought down to a Height $\geq 12$ and $\leq 24$ in above the ground surface, b) of sufficient diameter to permit waste of water in excess of the filling rate, c) open downward, d) screened with twenty-four mesh noncorrodible screen installed within the pipe at a location least susceptible to damage by vandalism, and e) located on the outside of the tank so that any discharge is visible. [Recommended Standards for Water Works 7.0.7] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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### STOR0000000016 (continued):

#### Limitation Requirements:

Condition No.	Parameter	Condition
L-6	Height	Tanks shall have manholes that are a) framed a Height $\geq 4$ in above the surface of the roof at the opening and b) fitted with a solid watertight cover which overlaps the framed opening and extends down around the frame at least 2 inches. Manholes should be hinged at one side and shall have a locking device. [Recommended Standards for Water Works 7.0.8] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

#### Narrative Requirements:

##### Additional Limitations:

Condition No.	Condition
T-1	<p>Additional Limitations: The materials and designs used for storage structures shall provide stability and durability as well as protection for the quality of the stored water. Steel structures shall follow the AWWA standards wherever they are applicable. Other materials of construction are acceptable when properly designed to meet the requirements in this permit. [Recommended Standards for Water Works 7.0]</p>
T-2	<p>Additional Limitations: The safety of employees must be considered in the design of any storage structure. The design of storage structures shall</p> <ol style="list-style-type: none"><li>meet or exceed the minimum requirements of pertinent safety laws and regulations in the areas where the structures are constructed,</li><li>include ladders, ladder guards and balcony railings (where applicable),</li><li>locate entrance hatches in safe places, and</li><li>consider confined space entry requirements. [Recommended Standards for Water Works 7.0.12]</li></ol>
T-3	<p>Additional Limitations: Storage structures shall be designed with reasonably convenient access to the interior for cleaning and maintenance. Where space permits, at least 2 manholes shall be provided above the waterline at each water compartment. [Recommended Standards for Water Works 7.0.8]</p>
T-4	<p>Additional Limitations: Fencing, locks on access manholes, and other necessary precautions shall be provided to prevent trespassing, vandalism, and sabotage. [Recommended Standards for Water Works 7.0.4]</p>

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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### STOR000000016 (continued):

#### Narrative Requirements:

##### Additional Limitations:

Condition No.	Condition
T-5	<p>Additional Limitations: All storage structures and their appurtenances, especially the riser pipes, overflows, and vents, shall be designed to prevent freezing. [Recommended Standards for Water Works 7.0.13]</p>
T-6	<p>Additional Limitations: Tanks shall be constructed with no openings except properly constructed vents, manholes, overflows, risers, drains, pump mountings, control ports, and piping for inflow and outflow. For steel tanks, any pipes running through the roof or sidewall must be welded or properly gasketed. For concrete tanks, any pipes running through the roof or sidewall shall be connected to standard wall castings which were poured in place during the forming of the concrete and which should have seepage rings imbedded in the concrete. [Recommended Standards for Water Works 7.0.10]</p>
T-7	<p>Additional Limitations: All finished water storage structures shall have suitable watertight roofs and sidewalls which exclude birds, animals, insects, and excessive dust. [Recommended Standards for Water Works 7.0.3, Recommended Standards for Water Works 7.0.10]</p>
T-8	<p>Additional Limitations: The roof of each storage structure shall be well drained. Downspout pipes shall not enter or pass through storage structures. Parapets or similar structures which would tend to hold water and snow on a storage structure roof shall not be approved unless adequate waterproofing and drainage are provided. [Recommended Standards for Water Works 7.0.11]</p>
T-9	<p>Additional Limitations: Storage structures shall be designed so they can be isolated from the distribution system and drained for cleaning or maintenance without necessitating loss of pressure in the distribution system. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.5]</p>
T-10	<p>Additional Limitations: Storage structure drains shall discharge to the ground surface at a drainage structure inlet or splash plate. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.7]</p>
T-11	<p>Additional Limitations: No drain on a storage structure may have a direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.0.5, Recommended Standards for Water Works 7.0.7, Recommended Standards for Water Works 7.3.2]</p>

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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STOR0000000016 (continued):

Narrative Requirements:

Additional Limitations:

Condition  
No.

Condition

- 
- | Condition No. | Condition                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| T-12          | Additional Limitations:<br>Main drains from storage structures shall have a twenty-four mesh noncorrodible screen installed within the drain pipe at a location least susceptible to damage by vandalism. [401 KAR 8:100 Section 1(7)]                                                                                                                                                                            |
| T-13          | Additional Limitations:<br>Storage structures shall be designed to facilitate turn over of water. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.6]                                                                                                                                                                                                                                       |
| T-14          | Additional Limitations:<br>Ground level storage tanks and standpipes shall be equipped with separate inlet/outlet pipes installed on opposite sides of the tank. A check valve shall be installed in the outlet pipe to insure turnover of the water. The inlet pipe<br>a) shall be installed near the overflow elevation and<br>b) shall not interfere with the overflow discharge. [401 KAR 8:100 Section 1(7)] |
| T-15          | Additional Limitations:<br>Storage structures shall have sufficient capacity, as determined from engineering studies, to meet domestic demands. Additionally, if fire protection is provided, capacity shall also be sufficient to meet fire flow demands. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.1]                                                                              |
| T-16          | Additional Limitations:<br>The bottom of the structure shall be above<br>a) the maximum flood level and<br>b) the groundwater level. [Recommended Standards for Water Works 7.0.2]                                                                                                                                                                                                                                |
| T-17          | Additional Limitations:<br>Storage structure discharge pipes shall be located in a manner that will prevent the flow of sediment into the distribution system. Additionally, removable silt stops should be provided. [Recommended Standards for Water Works 7.0.15]                                                                                                                                              |
| T-18          | Additional Limitations:<br>Appropriate sampling tap(s) shall be provided to facilitate collection of water samples for both bacteriologic and chemical analyses. [Recommended Standards for Water Works 7.0.19]                                                                                                                                                                                                   |



**Distribution-Major Construction**

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

STOR0000000016 (continued):

**Narrative Requirements:**

**Additional Limitations:**

Condition No.	Condition
T-19	<p>Additional Limitations: Storage structures shall be vented. Overflows shall not be considered as vents. Open construction between the sidewall and roof is not permitted. Vents shall</p> <ul style="list-style-type: none"><li>a) prevent the entrance of rainwater,</li><li>b) exclude birds and animals, and</li><li>c) exclude insects and dust (as much as compatible with effective venting).</li></ul> <p>Vents may use four-mesh noncorrodible screen. [Recommended Standards for Water Works 7.0.9]</p>
T-20	<p>Additional Limitations: Adequate controls shall be provided to maintain levels in storage structures. The level controls shall be acceptable to the Division of Water. Level indicating devices should be provided at a central location. Overflow and low-level warnings or alarms should be located at places in the community where they will be under responsible surveillance 24 hrs a day. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.3.3]</p>
T-21	<p>Additional Limitations: If storage structures have a catwalk over the water, the catwalk floor shall be solid with raised edges so that shoe scrapings and dirt will not fall into the water. [Recommended Standards for Water Works 7.0.14]</p>
T-22	<p>Additional Limitations: The area around the storage structure shall be graded in a manner that will prevent surface water from standing within 50 ft of the storage structure. [Recommended Standards for Water Works 7.0.16]</p>
T-23	<p>Additional Limitations: Proper protection shall be given to metal surfaces by</p> <ul style="list-style-type: none"><li>a) paints or other protective coatings and/or</li><li>b) cathodic protective devices. [Recommended Standards for Water Works 7.0.17]</li></ul>
T-24	<p>Additional Limitations: If cathodic protection is utilized,</p> <ul style="list-style-type: none"><li>a) competent technical personnel should design and install the protection and</li><li>b) a maintenance contract should be provided. [Recommended Standards for Water Works 7.0.17]</li></ul>

## Distribution-Major Construction

Breathitt Co Water District  
Facility Requirements

Activity ID No.: APE20100006

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### STOR000000016 (continued):

#### Narrative Requirements:

##### Additional Limitations:

Condition

No. Condition

- | Condition No. | Condition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| T-25          | <p>Additional Limitations:<br/>If the interior of the storage structure is coated or lined, the coating or lining shall be of a type approved by the Division of Water for use in contact with potable water. [401 KAR 8:020 Section 2(19)]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| T-26          | <p>Additional Limitations:<br/>Paints and coatings</p> <ol style="list-style-type: none"><li>shall meet NSF standard 61,</li><li>shall be acceptable to the Division of Water,</li><li>shall be properly applied and cured, and</li><li>shall not transfer any substance to the water which will be toxic or cause tastes or odors (following curing).</li></ol> <p>Wax coatings shall not be used in any storage structure and must be completely removed before using other paints or coatings in an existing storage structure. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.17]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| T-27          | <p>Additional Limitations:<br/>New water storage structures shall be thoroughly disinfected (in accordance with AWWA Standard C652) upon completion of construction and before being placed into service. To disinfect new storage structures</p> <ol style="list-style-type: none"><li>remove all scaffolding, planks, tools, rags, and other items that are not part of the structural or operational facilities of the storage structure,</li><li>clean thoroughly by sweeping, scrubbing, using high-pressure water jets, or some equivalently effective means, and</li><li>use chlorine or chlorine compounds as subsequently described.</li></ol> <p>Finalize disinfection by</p> <ol style="list-style-type: none"><li>chlorination method 1, described in detail at AWWA Standard C652 Section 4.3.1,</li><li>chlorination method 2, described in detail at AWWA Standard C652 Section 4.3.2, or</li><li>chlorination method 3, described in detail at AWWA Standard C652 Section 4.3.3.</li></ol> <p>See the following conditions for abbreviated descriptions of the methods.<br/>Following the finalization of disinfection, place storage structures into service if, and only if, Coliform monitoring applicable to the storage structure does not show the presence of Coliform.<br/>If Coliform is detected, flush the tank and repeat Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the tank has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [Recommended Standards for Water Works 7.0.18]</p> |

**Distribution-Major Construction**

Breathitt Co Water District

Facility Requirements

Activity ID No.: APE20100006

STOR0000000016 (continued):

Narrative Requirements:

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Condition No.	Condition
T-28	If applicable, chlorination method 1 generally requires a) filling a storage structure to the overflow level with water providing a free chlorine Residual Disinfection $\geq 10$ ppm and b) i) completely draining the storage facility and refilling or b) ii) otherwise reducing (in accordance with method 1) the free chlorine residual to a level appropriate for distribution. [Recommended Standards for Water Works 7.0.18]
T-29	If applicable, chlorination method 2 generally requires a) scrubbing or spraying the water-contact surfaces of a storage structure with a water solution having an available chlorine concentration = 200 ppm and b) purging of the strong chlorine solution and filling to the overflow level. [Recommended Standards for Water Works 7.0.18]
T-30	If applicable, chlorination method 3 generally requires a) filling a storage structure to approximately 5% of the total storage volume with water having an available chlorine concentration of 50 ppm, b) continued filling of the storage structure to the overflow level with normal potable water, and c) purging the storage structure so that various disinfection by-products do not reach water consumers. [Recommended Standards for Water Works 7.0.18, 401 KAR 8:100 Section 1(7)]