

# Rubin & Hays

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

May 10, 2017

RECEIVED

MAY 12 2017

Public Service  
Commission

Dr. Talina Mathews  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Trimble County Water No. 1 District PSC Application - KRS 278.023

Dear Dr. Mathews:

Enclosed please find the original and ten (10) copies of the Application of the Trimble County Water District No. 1 for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the **exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed and the Plans and Specifications on electronic media in portable document format.**

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

Sincerely,

Rubin & Hays

By

  
W. Randall Jones

WRJ:jl  
Enclosures  
cc: Distribution List

## **DISTRIBUTION LIST**

**Re: Trimble County Water District No. 1 Waterworks Revenue Bonds, Series 2017,  
in the principal amount of \$1,174,000.**

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

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

Mr. Greg Pridemore  
USDA, Rural Development  
65 Brighton Boulevard, Suite 3  
Shelbyville, Kentucky 40065  
[greg.pridemore@ky.usda.gov](mailto:greg.pridemore@ky.usda.gov)

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

Mr. Randy Stevens, Manager  
Trimble County Water District No. 1  
P.O. Box 63  
Bedford, Kentucky 40006  
[randy.stevens@trimblecountywater.com](mailto:randy.stevens@trimblecountywater.com)

Telephone: (502) 255-7554  
Fax: (502) 255-7559

Mr. Riley Sumner  
Kentucky Engineering Group, PLLC  
P.O. Box 1034  
Versailles, Kentucky 40383  
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Ruth H. Baxter, Esq.  
Crawford & Baxter, P.S.C.  
523 Highland Avenue  
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W. Randall Jones, Esq.  
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Kentucky Home Trust Building  
450 South Third Street  
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[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)

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

RECEIVED

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

MAY 12 2017

Public Service  
Commission

In the Matter of:

THE APPLICATION OF THE TRIMBLE COUNTY )  
WATER DISTRICT No. 1 FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND ) Case No. 2017- 00200  
NECESSITY TO CONSTRUCT, FINANCE AND )  
INCREASE RATES PURSUANT TO KRS 278.023 )

APPLICATION

This Application of the Trimble County Water District No. 1 ("Applicant"), respectfully shows:

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

2. That the post office address of Applicant is:

Trimble County Water District No. 1  
c/o Mr. Andrew Stark, Manager  
34 East Morgan Drive  
P.O. Box 63  
Bedford, Kentucky 40006  
Phone: (502) 255-7554  
Fax: (502) 255-7559  
email address: [andrew.stark@trimblecountywater.com](mailto:andrew.stark@trimblecountywater.com)

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity ("CPCN"), permitting Applicant to construct a waterworks improvement project (the "Project"); (ii) an Order approving increased water rates; and (iii) approval of the proposed plan of financing said Project.

4. That the Project consists of the (i) installation of approximately 20,900 linear feet of 3, 4 and 6 inch water main replacement and extensions and associated appurtenances; (ii) replacement of existing meters with radio read meters including software; (iii) repainting of 2 existing water storage tanks; (iv) construction of a new storage facility for pipe and materials; and (v) automation of the chlorine system at the clearwell.

5. That Applicant proposes to finance the construction of the Project through the issuance of \$1,174,000 of its Waterworks Revenue Bonds. Applicant has a commitment from RD to purchase said \$1,174,000 of bonds maturing over a 40-year period, at an interest rate not to exceed 2.375% per annum as set out in the RD Letter of Conditions filed herewith as an Exhibit. Please be advised that the original amount of the RD loan, as stated in the Letter of Conditions, was \$1,332,000. Since the bids received on the Project were less than anticipated by the Engineers, the Applicant has decided to reduce the amount of the RD loan to \$1,174,000.

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

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069, Section 2 in support of this Application:

- A. Copy of RD Letter of Conditions (**Exhibit "A"**).
- B. Copy of RD Letter of Concurrence in Contract Award (**Exhibit "B"**).
- C. Copy of Preliminary Engineering Report, Final Engineering Report and certified bid tabulations.
- D. Certified statement from the Chairman of Applicant (**Exhibit "C"**), based upon statements of the Engineers for Applicant, concerning the following:
  - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
  - (2) All other state approvals or permits have been obtained;
  - (3) The proposed rates of Applicant shall produce the total revenue requirements recommended in the engineering reports; and
  - (4) Setting out the dates when it is anticipated that construction will begin and end.
- E. Copy of the Plans and Specifications of the Project on electronic storage medium in portable document format.

8. That Applicant has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) and (b) by posting a copy of the Notice of Proposed Rate Change (the "Notice") (i) at its place of business; and (ii) within five (5) business days of the date this Application is submitted to the Commission, on it's website ([www.trimblecountywater.com](http://www.trimblecountywater.com)) along

with a hyperlink to the location on the Commission's website where the case documents are available. Applicant has also arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspapers of general circulation in Applicant's service area. Said Notice sets out the content requirements of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "D"**. Applicant shall file with this Commission no later than fifteen (15) days from the date this Application was initially filed, an affidavit and tearsheet from the publisher as required by 807 KAR 5:069 Section 3(3)(b).

9. That the foregoing constitutes the documents necessary to obtain the approval of this Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.

WHEREFORE, Applicant, the Trimble County Water District No. 1, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a water system improvement project.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of \$1,174,000 of Trimble County Water District No. 1 Waterworks Revenue Bonds at an interest rate not to exceed 2.375% per annum.
- c. An Order approving the proposed water rates as set out in Section 31 of the RD Letter of Conditions filed herewith as an Exhibit.

Trimble County Water District No. 1

By: 

Chairman

Board of Water Commissioners

  
W. Randall Jones, Esq.

Rubin & Hays, Counsel for Applicant

Kentucky Home Trust Building

450 South Third Street

Louisville, Kentucky 40202

Phone: (502) 569-7534

Fax: (502) 569-7555

[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)





December 16, 2016

Wayne Smith, Chairman  
Trimble County Water District No. 1  
P.O. Box 63  
Bedford, Kentucky 40006

SUBJECT: Recipient Name: Trimble County Water District No. 1 *(must match recipient DUNS number)*

Project Name: FY 17 Water System Improvements *(project name from CPAP)*

Dear Chairman Smith:

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

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,332,000; No applicant cash contribution is required.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application. In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

**Rural Development • Kentucky State Office**  
771 Corporate Drive, Suite 200, Lexington, Kentucky 40502  
Voice (859) 224-7300 • Fax (855) 661-8335 • TTY (859) 224-7422

USDA is an equal opportunity provider, employer and lender.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

1. Number of Users and Their Contribution:

There shall be 1,442 water users, of which all are existing users. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. Drug-Free Work Place:

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

3. Repayment Period:

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

4. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

5. Reserve Accounts:

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

The District will be required to deposit \$435 per month into a "Funded Debt Reserve Account" until the account reaches \$52,200. The deposits are to be resumed any time the account falls below the \$52,200.

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

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

The District also needs to fund an account for short-lived assets by depositing a sum of \$2,328 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's utility systems.

6. Security Requirements:

A pledge of gross water revenue(s) will be provided in the Bond Ordinance. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

Additional security requirements are contained in [RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," and RUS Bulletin 1780-27, "Loan Resolution Public Body." A draft of all security instruments, including, draft bond resolution, must be reviewed and concurred in by the Agency prior to advertising for bids. The Bond Resolution and Loan Resolution must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

7. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users.

The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

8. Organization:

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

The District must maintain a current registration of their Dun and Bradstreet Data Universal Numbering System (DUNS) number in SAM.gov (System for Award Management) in order to receive federal loan and/or grant financial assistance. This registration must be updated/renewed at least annually.

9. Business Operations:

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

10. Conflict of Interest Policy:

Prior to obligation of funds, you will certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict/potential conflict to disclose the conflict/potential conflict, (2) a prohibition of interested members of the applicant's governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure of the same format is required if no conflicts are anticipated. Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

11. Accounts, Records and Audits:

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

The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

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

The type of financial information that must be submitted is specified below:

Audits – An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end.

13. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$117,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "27" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project must be constructed by the design/bid/build method of construction. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
  - 1. Final plans, specifications and bid documents.
  - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.

3. Legal Service Agreements.
4. Engineering Agreements.

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

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

15. Bid Tabulation:

Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer's evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the requirements of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.

- A. Cost Overruns – If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds.

Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.

- B. Excess Funds – If bids are lower than anticipated at time of obligation, excess funds must be de-obligated prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and letter of conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be de-obligated, with grant funds being de-obligated first. Excess funds do not include contingency funds as described in this letter.

16. Contract Documents, Final Plans, and Specifications:

- A. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.

- B. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids.
- C. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

17. Contract Review:

Your attorney will certify that the executed contract documents, including performance and payment, if required, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61 (b).

18. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews.

Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

E. Limited English Proficiency (LEP) under Executive Order 13166:

LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons.

LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during compliance reviews.

19. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

20. Compliance with Special Laws and Regulations:

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

21. Treatment Plant and System Operator:

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

22. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

23. Refinancing and Graduation Requirements:

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

24. Commercial Interim Financing:

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

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

25. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

Agency funds will be disbursed into the construction account through an electronic transfer system. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment.

Any applicant contribution will be the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless an agreement is reached with all other funding sources on how funds are to be disbursed prior to start of construction or loan closing, whichever occurs first. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. The Grant funds must not be disbursed prior to loan funds except as specified in RUS Instruction 1780.45 (d). In the unlikely event the Agency mistakenly disburses funds, the funds will be remitted back to the Agency electronically.

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the District Council shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District. Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing \_\_\_\_\_," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

26. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District.

Grant funds are to be deposited in an interest bearing account in accordance with 2 CFR part 200 and interest in excess of \$500 per year remitted to the Agency.

The funds should be disbursed by the recipient immediately upon receipt and there should be little interest accrual on the Federal funds. Recipients shall maintain advances of Federal funds in interest-bearing account, unless:

- a. The recipient receives less than \$120,000 in Federal awards per year.
- b. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- c. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- d. A foreign government or banking system prohibits or precludes interest-bearing accounts.

27. Project Budget:

Estimated expenditures are as follows:

Project Costs:

Development	\$1,023,090
Legal and Administrative	15,000
Engineering Fees	164,824
Interest	26,000
Contingencies	<u>103,086</u>
<b>TOTAL PROJECT COST</b>	<b>\$1,332,000</b>

Project Funding:

RUS Loan	<u>\$1,332,000</u>
<b>TOTAL FUNDING</b>	<b>\$1,332,000</b>

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

Obligated loan or grant funds not needed to complete the proposed project will be de-obligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

28. Construction Completion Timeframe:

All projects are required to be completed and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit a written waiver request with adequate justification of extenuating circumstances beyond your control for an extension of time. Any additional requests for waivers beyond the initial extension will be submitted through the State Office to the Assistant Administrator for concurrence decision.

29. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS loan funds and refunded in proportion to participation in the project.

30. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

31. Rates and Charges:

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

Water rates will be at least:

5/8 Inch Meter

First	1,000	gallons @ \$17.50 - Minimum Bill.
Next	2,000	gallons @ \$ 7.10 – per 1,000 gallons.
Next	3,000	gallons @ \$ 6.10 – per 1,000 gallons.
Next	6,000	gallons @ \$ 5.10 – per 1,000 gallons.
All Over	12,000	gallons @ \$ 4.10 – per 1,000 gallons.

¾ Inch Meter

First	5,000	gallons @ \$43.90 - Minimum Bill.
Next	1,000	gallons @ \$ 6.10 – per 1,000 gallons.
Next	6,000	gallons @ \$ 5.10 – per 1,000 gallons.
All Over	12,000	gallons @ \$ 4.10 – per 1,000 gallons.

One Inch Meter

First	10,000	gallons @ \$70.40 - Minimum Bill.
Next	2,000	gallons @ \$ 5.10 – per 1,000 gallons.
All Over	12,000	gallons @ \$ 4.10 – per 1,000 gallons.

1.5 Inch Meter

First	30,000	gallons @ \$154.40 - Minimum Bill.
All Over	30,000	gallons @ \$ 4.10 – per 1,000 gallons.

Two Inch Meter

First 50,000 gallons @ \$236.40 - Minimum Bill.  
All Over 50,000 gallons @ \$ 4.10 – per 1,000 gallons.

Wholesale Rate

First 50,000 gallons @ \$236.40 - Minimum Bill.  
All Over 50,000 gallons @ \$ 4.10 – per 1,000 gallons.

Bulk Rate

\$5.00 per 1,000 gallons

32. Water Purchase Contract:

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

33. Vulnerability Assessment/Emergency Response Plan (VA/ERP):

The Agency requires all financed water and wastewater systems to have a VA/ERP in place. Borrowers with existing systems must provide a certification that a VA/ERP has been completed prior to advertising for bids. The documents are not submitted to the Agency for VA/ERP requirements throughout the life of the loan.

34. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain.

If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

35. Water Withdrawal Permit:

The District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

36. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated May 18, 2016, from Ms. Lee Nalley.

- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service by letter dated September 16, 2016, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted until RD can consult with the State Historical Preservation Officer and issue further directions.
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

37. System for Award Management:

You will be required to maintain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Renewal can be done on-line at: <http://sam.gov>.

This registration must be renewed and revalidated every twelve (12) months for as long as there are Agency funds to be expended.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the "Help" section at <http://sam.gov>).

38. Prepayment and Extra Payments:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

*Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.*

39. Security/Operational Inspections:

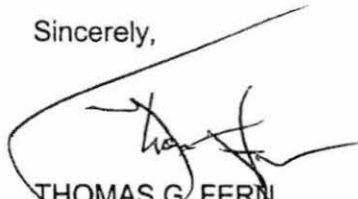
The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

40. Final Approval Conditions:

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

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

Sincerely,



THOMAS G. FERN  
State Director

Enclosures

cc: Area Director – Shelbyville, Kentucky  
KIPDA ADD – Louisville, Kentucky  
Ruth Baxter – Carrollton, Kentucky  
KY Engineering Group – Versailles, Kentucky  
Randy Jones – Louisville, Kentucky



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

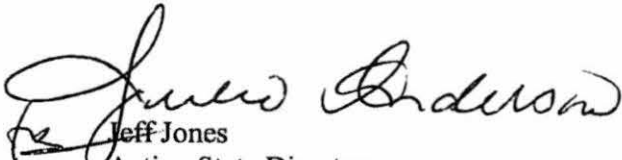
May 3, 2017

**SUBJECT: Trimble County Water District No. 1  
Water Improvements  
Contract Award Concurrence**

**TO: Area Director  
Shelbyville, Kentucky**

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, Salmon Construction, Inc., in the amount of \$509,360, and the low bidder on Contract 2, Pittsburg Tank and tower Maintenance Company, Inc., in the amount of \$166,960.

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

  
Jeff Jones  
Acting State Director  
Rural Development

**cc: Kentucky Engineering Group  
Versailles, Kentucky**

**Randy Jones  
Louisville, Kentucky**

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

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

**CERTIFICATE OF CHAIRMAN OF TRIMBLE COUNTY  
WATER DISTRICT No. 1, AS TO STATEMENT REQUIRED BY  
SECTION 2(6) OF 807 KAR 5:069**

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Trimble County Water District No. 1, and that said District is in the process of arranging to finance the construction of improvements to the water system (the "Project"), in cooperation with Kentucky Engineering Group, PLLC, Versailles, Kentucky, the Engineers for the District (the "Engineers").

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


1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have been obtained.
3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements recommended in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about July 1, 2017, and will end on or about October 1, 2017.

IN TESTIMONY WHEREOF, witness my signature this May 8, 2017.

  
\_\_\_\_\_  
Chairman  
Trimble County Water District No. 1

STATE OF KENTUCKY                    )  
  ) SS  
COUNTY OF TRIMBLE                )

Subscribed and sworn to before me by Wayne Smith, Chairman of the Board of Commissioners of the Trimble County Water District No. 1, on this May 8<sup>th</sup>, 2017.

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

## NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission ("PSC") as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Trimble County Water District No. 1 ("District") of a change in water rates for users of the District's water system. The changes in water rates are required by the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with a loan by RD to the District in the principal amount of \$1,174,000 to be evidenced by the issuance by the District of its waterworks revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

### Current Monthly Water Rates

#### 5/8 x 3/4 Inch Meter

	<u>Monthly Rate</u>
First 1,000 gallons	\$17.50 Minimum
Next 2,000 gallons	\$6.57 Per 1,000 gallons
Next 3,000 gallons	\$5.14 Per 1,000 gallons
Next 6,000 gallons	\$3.75 Per 1,000 gallons
All Over 12,000 gallons	\$3.60 Per 1,000 gallons

#### 3/4 Inch Meter

First 5,000 gallons	\$41.50 Minimum
Next 1,000 gallons	\$5.14 Per 1,000 gallons
Next 6,000 gallons	\$3.75 Per 1,000 gallons
All Over 12,000 gallons	\$3.60 Per 1,000 gallons

#### 1 Inch Meter

First 10,000 gallons	\$62.00 Minimum
Next 2,000 gallons	\$3.75 Per 1,000 gallons
All Over 12,000 gallons	\$3.60 Per 1,000 gallons

#### 1.5 Inch Meter

First 30,000 gallons	\$133.50 Minimum
All Over 30,000 gallons	\$3.60 Per 1,000 gallons

#### 2 Inch Meter

First 50,000 gallons	\$205.50 Minimum
All Over 50,000 gallons	\$3.60 Per 1,000 gallons

#### Wholesale

First 50,000 gallons	\$205.50 Minimum
All Over 50,000 gallons	\$3.60 Per 1,000 gallons

#### Bulk Rate

\$5.00 Per 1,000 gallons
--------------------------

### **Proposed Monthly Water Rates**

<u>5/8 x 3/4 Inch Meter</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 1,000 gallons	\$17.50	\$0.00	0%
Next 2,000 gallons	\$7.10	\$0.53	8%
Next 3,000 gallons	\$6.10	\$0.96	19%
Next 6,000 gallons	\$5.10	\$1.35	36%
All Over 12,000 gallons	\$4.10	\$0.50	14%
 <u>3/4 Inch Meter</u>			
First 5,000 gallons	\$43.90	\$2.40	6%
Next 1,000 gallons	\$6.10	\$0.96	19%
Next 6,000 gallons	\$5.10	\$1.35	36%
All Over 12,000 gallons	\$4.10	\$0.50	14%
 <u>1 Inch Meter</u>			
First 10,000 gallons	\$70.40	\$8.40	14%
Next 2,000 gallons	\$5.10	\$1.35	36%
All Over 12,000 gallons	\$4.10	\$0.50	14%
 <u>1.5 Inch Meter</u>			
First 30,000 gallons	\$154.40	\$20.90	16%
All Over 30,000 gallons	\$4.10	\$0.50	14%
 <u>2 Inch Meter</u>			
Fist 50,000 gallons	\$236.40	\$30.90	15%
All Over 50,000 gallons	\$4.10	\$0.50	14%
 <u>Wholesale</u>			
First 50,000 gallons	\$236.40	\$30.90	15%
All Over 50,000 gallons	\$4.10	\$0.50	14%
 <u>Bulk Rate</u>			
	\$5.00	\$0.00	0%

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued no later than 30 days of the filing of the Application. The amount of average usage for all customers in the calendar year 2016 was 4,418 gallons per month thus generating an average monthly billing based on current rates of \$37.93. The proposed monthly rates will increase the average monthly billing to \$40.35 for an impact of \$2.42 or 6.3%. The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Trimble County Water District No. 1 Office, 34 East Morgan Drive, Bedford KY 40006; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may

be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement. The RD loan proceeds will be used to finance the costs of the (i) installation of approximately 20,900 linear feet of 3, 4 and 6 inch water main replacement and extensions and associated appurtenances; (ii) replacement of existing meters with radio read meters including software; (iii) repainting of 2 existing water storage tanks; (iv) construction of a new storage facility for pipe and materials; and (v) automation of the chlorine system at the clearwell. Signed: Wayne Smith, Chairman, Trimble County Water District No. 1.

RECEIVED

MAY 12 2017

Public Service  
Commission

**Preliminary Engineering Report  
Trimble County Water District No. 1  
2016 Water System Improvements  
February 2016**

prepared by:



Submitted By:

---

**Bryan K. Lovan, P.E.**  
**Project Engineer**



2-22-16

# **TRIMBLE COUNTY WATER DISTRICT NO.1**

## **PRELIMINARY ENGINEERING REPORT**

### **PROJECT PLANNING**

Trimble County Water District No.1 is located in northern Kentucky along the Ohio River between Louisville and Cincinnati, Ohio. The District has been in existence since 1956 and currently serves approximately 1,443 customers.

Trimble County is a rural area with agriculture the primary business. There is a LG&E electric generating station, and an industrial landfill in the County.

The 2010 population was 8,809; an increase of 684 persons from the 2000 Census. However, the Kentucky State Data Center currently estimates that the population is 8,786; a loss of 0.3 percent. The Data Center does project an increase in population over the next 30 years.

### **EXISTING FACILITIES**

Trimble County Water District No.1 is a water treatment and distribution utility. It utilizes groundwater that is disinfected with chlorine and has fluoride added. No filtration is done.

The distribution system consists of two active storage tanks with a combined capacity of 423,000 gallons; 9 miles of 12 inch water mains, 3 miles of 8 inch mains, 66 miles of 6 inch water mains, 14 miles of 4 inch mains, 37 miles of 3 inch mains, and two booster pump stations.

Several areas in the distribution system are undersized or are very old resulting in numerous breaks and increased water loss.

The financial status of the District is healthy. However, preliminary calculations point to the need to make a small adjustment to rates in order to maintain debt coverage ratios and to cover in part depreciation. By covering depreciation all or at least in part, the District will be in a more healthy position to do improvement projects in the future in house without the need to borrow money.

### **NEED FOR PROJECT**

The 2016 Water System Improvements project is primarily an upgrade project, replacing inadequate sized existing lines and removing old galvanized and asbestos cement lines from service, and replacing them with larger PVC water mains. A couple of lines (Fairgrounds Road and Barebone Road) will be looped to remove dead ends from the system. This will improve the quality of water for residents in these particular areas and also provide alternatives for service during emergency outages.

The two water storage tanks were inspected in November 2014. The reports are attached to this engineering report. The Kings Ridge Tank was determined by Horizon QC to be in fair/poor condition overall on the interior and fair to poor on the exterior. The Town Tank was determined to be fair on the interior and good on the exterior.

The water mains proposed to be replaced are either undersized for the demand now on the lines or old and prone to breaks.

In a previous project the main line through town was replaced. However the old line was never taken out of service and has several customers connected to it. The District needs to move the service connections over to the new line and take the old line out of service as this is a source of water loss for the District.

The loops proposed are needed to improve water quality in the areas.

The feeding of chlorine and fluoride is currently done manually and requires that the operators be at the plant at certain times. Automating the feeding of the chemicals will result in better/consistent dosing of the chemicals.

The emergency connection to Milton is needed as a backup in case of failures with the District's supply or other problems in its distribution system.

The District's distribution system covers the entire county and its customers are widely disbursed. Radio read meters will shorten the time needed for reading meters and should result in fewer re-reads and cost savings on fuel for meter readers.

The existing storage building is in poor condition and needs to be replaced.

## **ALTERNATIVES CONSIDERED**

Alternatives considered include:

- For the water storage tanks - do nothing for a period of time until the tanks are no longer salvageable then construct new storage tanks. This would not be the best economical solution as new construction would exceed greatly the cost of rehab.
- For the water line replacement, upgrade, and looping - replace with a different material; however PVC pipe is proposed and that is less expensive than ductile iron pipe.
- For the remaining activities the main alternative is to do nothing but this would not enable the District to provide quality service now and into the future.

## **SELECTED ALTERNATIVE**

The project selected includes numerous items necessary to improve conditions in the distribution system and at the water treatment facility. The improvements include:

1. Rehab of Kings Ridge Storage tank – including re-painting, exterior spot blasting overcoat; interior spot blasting touch up;
2. Rehab of Town Tank – including exterior repaint and interior repaint
3. Water Line Replacements along: Rowlett Lane, Watson Lane, Sunnyside Drive, New Hope Road, Cutshaw Lane;
4. Abandon existing main in town and re-connect services to new main;
5. Install automatic feeders of chlorine and fluoride at the clearwell;
6. Loop lines on Barebone and Fairgrounds Roads;
7. Install emergency connection to Milton
8. Change out meters to radio read meters
9. Construct new storage facility for District maintenance items.

## **PROPOSED PROJECT**

The proposed project includes multiple items. Included in the project are repainting and rehab of two storage tanks; the Kings Ridge Tank and the Town Tank. Water lines will be replaced on the following roads due to the existing lines being undersized or old and prone to breaking: Rowlett Lane, Watson Lane, Sunnyside Drive, New Hope Road, and Cutshaw Lane. The estimated linear foot of water main proposed for replacement by road is listed on the detailed engineering cost estimate located at the end of this report.

The District proposes to create two loops in the distribution system that will improve water service on Barebone and Fairgrounds Road. Other improvements proposed are the installation of automatic feeders of chlorine and fluoride, moving of service connections from an old line through Bedford to the main line that was installed recently, installation of an emergency connection to Milton, installation of radio read meters, and construction of a new storage building for District maintenance parts.

The proposed schedule is:

1. Submit plans and specifications to DOW and RD for Approval – April, 2016
2. Land/easement/encroachment permits secured – June, 2016
3. Advertisement for Bids –July, 2016
4. Loan Closing – October, 2016
5. Contract Award – October, 2016
6. Initiation of Construction – November, 2016
7. Substantial Completion – May, 2017
8. Final Completion and initiation of operation –June, 2017

Total project cost is shown on the detailed engineer estimate located at the end of the report.

## **Annual Operating Costs**

Per the 2014 audit, the District had income of \$724,553; the majority of this income was from water sales - \$685,107 while the balance was for bulk water sales, hydrant rentals, connect, reconnect, disconnect charges, forfeited discounts, miscellaneous, and sewer billing charges that are passed through to the City of Bedford.

The District's operating expenses totaled \$690,127 for the same period. They had interest expense; bond principal payments, and note payments of \$80,647, \$16,600, and \$19,953 respectively.

For the year 2014 they had positive cash flow.

This proposed project will increase their annual debt payment by approximately \$58,500 per year. It is anticipated that a small rate increase will be required to ensure that the District covers all expenses and maintains at least a 1.2 debt coverage ratio and all reserve requirements. It is also expected that the District will cover a portion of its depreciation expense so that it has adequate revenues to do future maintenance in house or at least without incurring additional debt.

Before Kentucky Engineering Group proposes an exact rate increase, it would like to review the 2015 audit to see how expenses changed from the previous two audits that were reviewed for this report.

**ATTACHMENTS:**

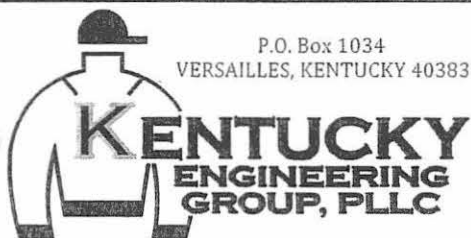
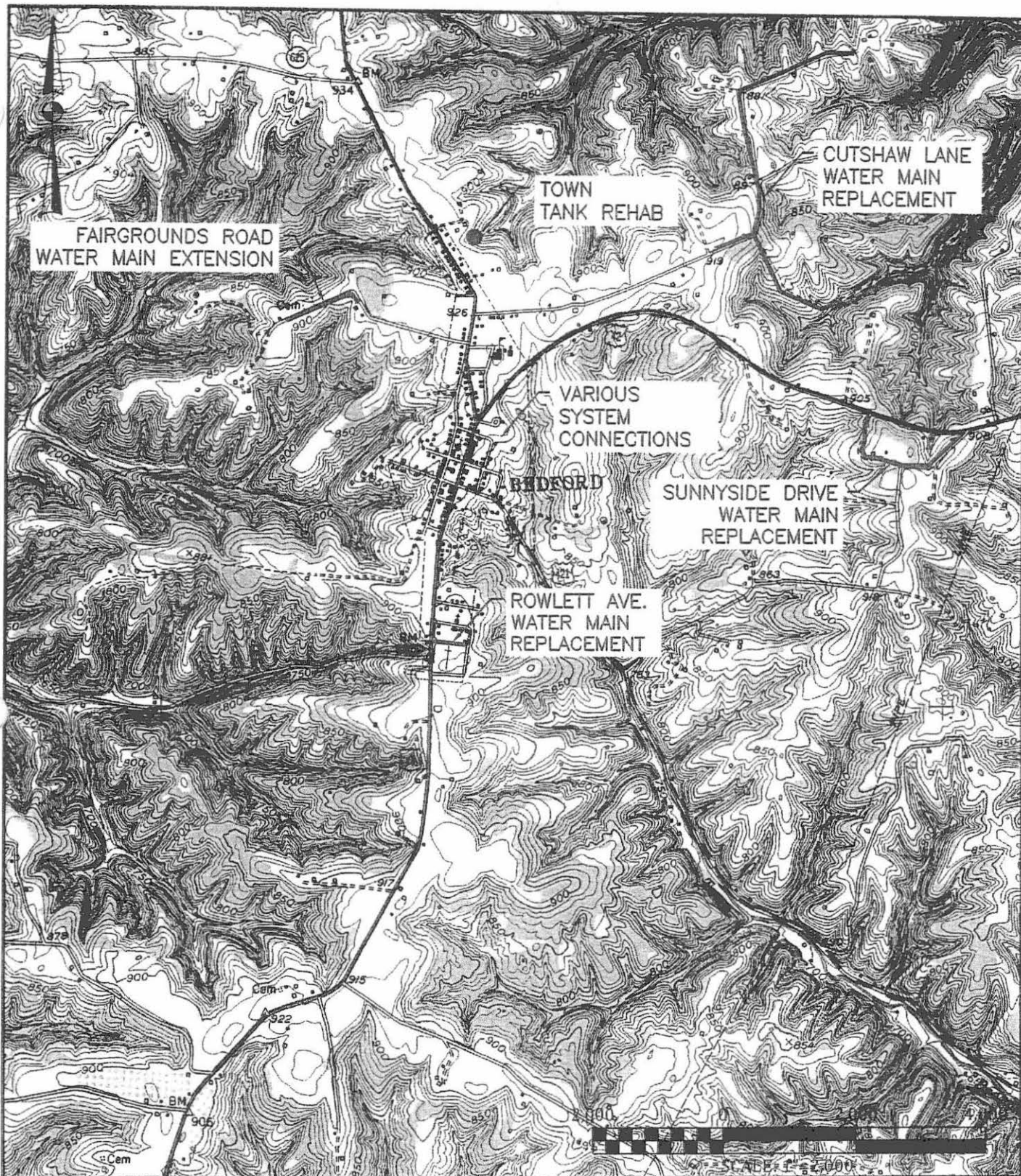
Location Maps

Horizon Inspection Reports

Kings Ridge Tank

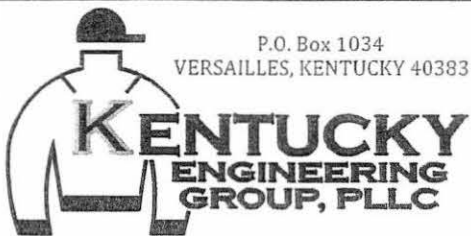
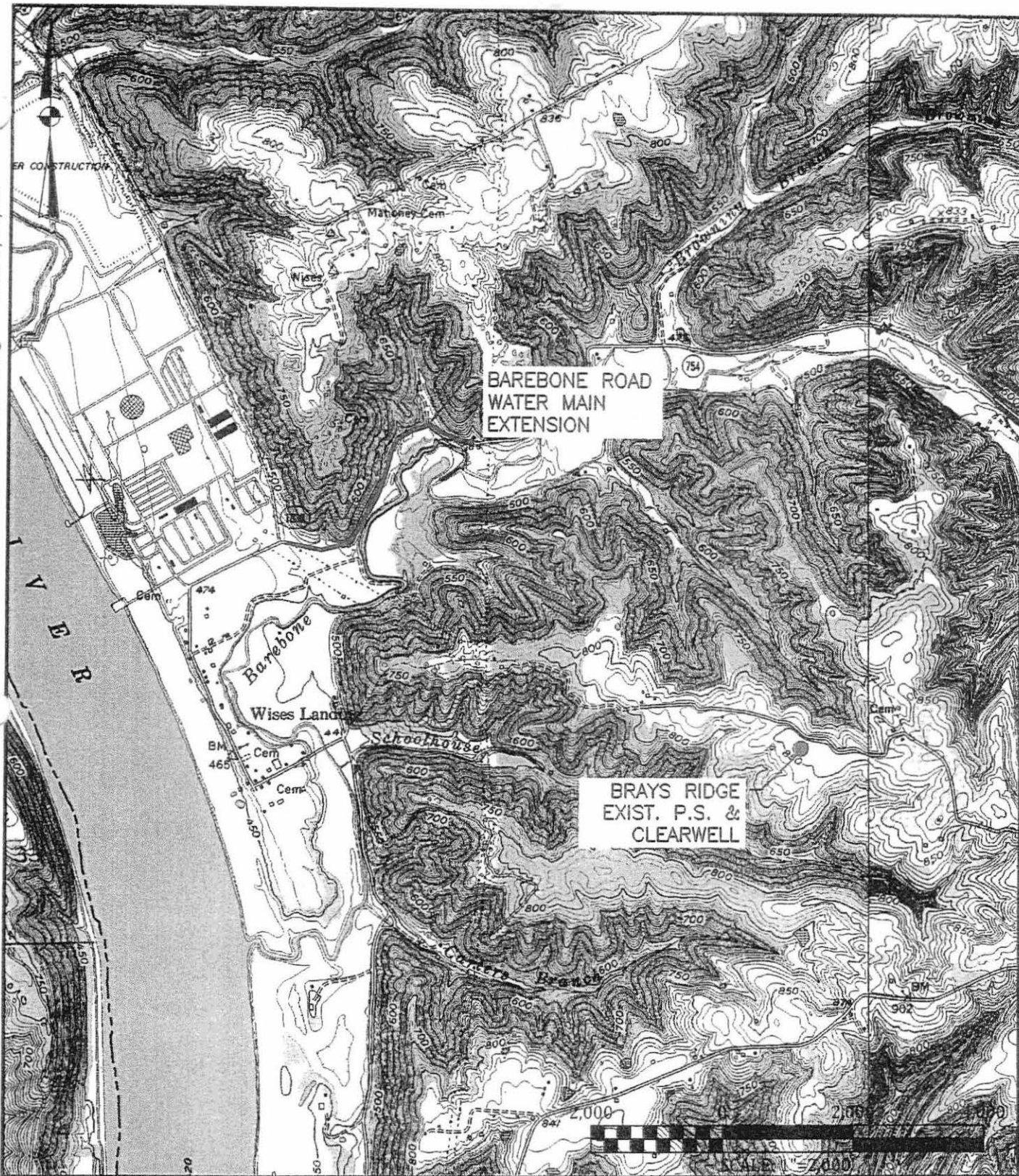
Town Tank

Preliminary Cost Estimate



TRIMBLE CO. WATER DIST. No. 1  
BEDFORD, KY  
2016 WATER SYSTEM  
IMPROVEMENTS

Project No.	15043
Date	JAN., 2016
SCALE	1" = 2,000'
Sheet	1



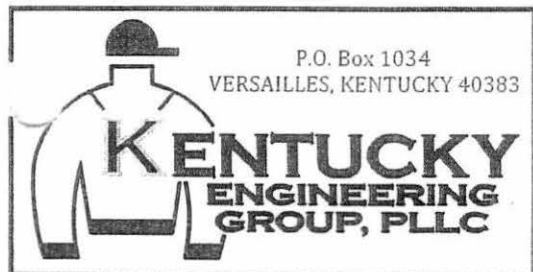
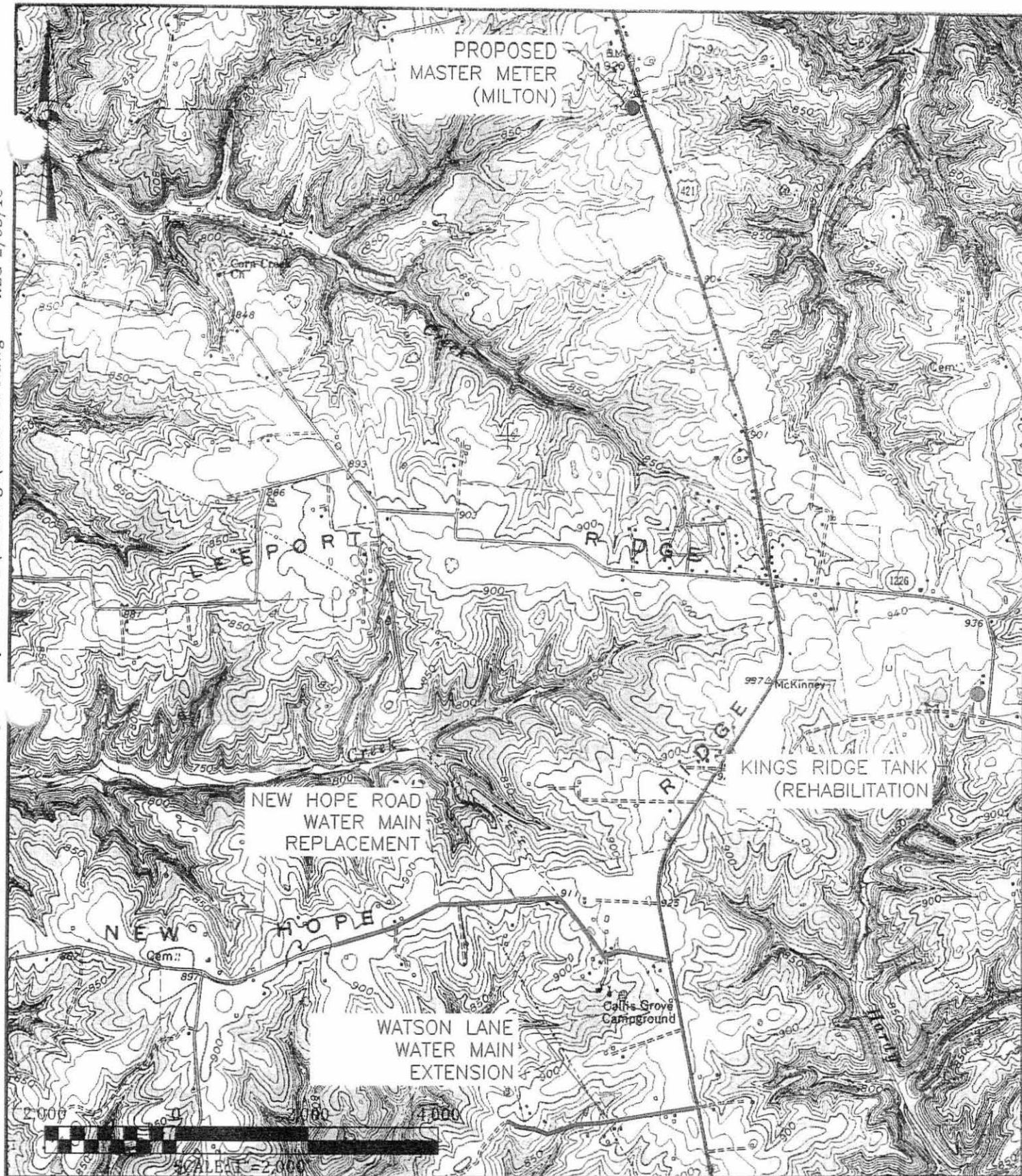
TRIMBLE CO. WATER DIST. No. 1  
BEDFORD, KY  
2016 WATER SYSTEM  
IMPROVEMENTS

Project No.  
15043

Date JAN., 2016

SCALE  
1" = 2,000'

Sheet 2



TRIMBLE CO. WATER DIST. No. 1  
BEDFORD, KY  
2016 WATER SYSTEM  
IMPROVEMENTS

Project No.	15043
Date	JAN., 2016
SCALE	1" = 2,000'
Sheet	3



Trimble Co Water District #1  
Kings Ridge Tank  
125K Welded Steel Ground Storage Tank

To: Trimble Co. Water District #1  
Attn: Randy Stevens – TCWD1  
Copies: Horizon QC File  
From: Mike Topp Horizon QC  
Date: Nov 2014

On Nov 6 2014, Horizon QC inspected the 125,000-gallon steel ground storage tank. The purpose of the inspection was to evaluate the exterior and interior coatings, tank structure, sanitary conditions, and safety related issues. The tank's interior was inspected while in service.

This report summarizes Horizon QC's (Horizon's) observations and recommendations of the standpipe water storage tank (125K Ground Storage tank). Photographs from this evaluation are provided in Attachment A.

## **BACKGROUND**

Caldwell Tanks constructed Kings Ridge Tank in 1985. Tank dimensions are 14' in diameter and 107' tall.

The tank is located in Trimble Co, Kentucky near the City of Bedford. The tank site is situated off of paved road adjacent to a residence and farms. The tank site is boarded on all two sides with fields and is fenced. The site is accessible by vehicles but has limited parking. The last inspection and repairs were completed in 2008.

## **OBSERVATIONS**

Horizon QC (Horizon) visually inspected the water tank for coating related issues, obvious structural problems, and safety related problems. The inspection covered the interior and exterior portions of the tank. The interior of the tank was inspected while in service. The following observations were noted: Condition Scale: Excellent-Good-Fair-Poor

### **Interior**

- Overall condition of the interior should be considered fair/poor. Light corrosion throughout the tank.
- Interior floor is in poor condition with widespread pinhole corrosion Pinhole depth is minimal. Less than 1/16".
- Interior sidewall is in fair/poor condition with widespread pinhole corrosion throughout the side wall section of the tank.
- Interior sidewall support rings are in fair condition with some random spot corrosion.
- Ceiling portions of the tank should be considered good/fair with areas of pinhole corrosion and corrosion along the weld seams.
- Overflow inlet attached to the sidewall is in fair condition with light corrosion spots.
- Interior roof vent is in good condition minor corrosion and mineral staining.
- No interior ladder was present.
- Intake pipe is in fair condition with light corrosion on edges.
- No float assembly was present.

### **Coatings test Interior**

- Dry Film Thickness ranged from 5.4 – 12.0 mils.
- ASTM 3359 Adhesion testing (good adhesion) of protective coatings.

## **Exterior**

- Over all condition of the exterior should be considered fair/poor with several random areas of coating failure.
- Base plates are in good condition. Minor spot corrosion.
- Foundation is in good condition with a few random chips and hairline cracks.
- Anchor bolts are in fair condition with minor corrosion.
- Sidewalls are in good/poor condition with some random areas of corrosion to the substrate and heavy mildew on the bottom sheets.
- Sidewall man way 24" hatch is in good condition with light corrosion on nuts, bolts.
- Roof portion of the tank is in good condition, no visible signs of corrosion
- Roof Vent is in good condition with minor corrosion found along the entire surface. The screen is missing. (16" diameter).
- Overflow pipe is in good condition.
- Roof man way is good condition.
- Discharge basin is in good condition.
- Exterior ladder is in good condition with random spots of corrosion.
- Site perimeter is in good condition with light vegetation on all four sides.
- Tank site was properly maintained.

## **Coatings Test Exterior**

- Average DFT (dry film thickness) range was 6.0 to 20.0 mils.
- ASTM 3359 Adhesion testing (good adhesion) of protective coatings.
- Solvent Sensitivity Test-ASTM D5402 found exterior finish coat with a moderate/good resistance to MEK solvent.

## Recommendations

### Interior

At present the existing coating system of the interior wet portion of the tank is deteriorating, 50% of the substrate is still being adequately protected. Insufficient coating thickness (barrier protection) on the interior sidewalls is most likely the issue. The corrosion found within the sidewall sheets is the most obvious. The corrosion in these areas will only degrade further without new coatings being applied to a clean metal substrate. The remaining spot failures throughout the tank are more isolated and random. These spots appear to be shallow in pit depth, but will likely increase in depth if not corrected. Any seams above the waterline that are not corrected by full penetration welding or caulking will continue to be a corrosion issue. (2-4 years)

The following remediation of the interior wet area is recommended:

1. Remove existing coating system by abrasive cleaning.
2. Caulk seams above water.
3. Grind off weld spatter near weld seams.
4. Plate any holes or pitted areas where metal loss is more than half of steel thickness.
5. Apply pit filler to pitted areas
6. Apply new coating system. High Build System 30 mils minimum

## **Exterior**

At present the exterior substrate is in good/poor condition with only a few random areas of corrosion spots. System officials should consider minor repair work to be preformed on the random corrosion areas. (2-4 years)

The following two methods of remediation for consideration:

1. Power wash clean tank to remove mildew.
2. Abrasively spot clean all corrosion – SSPC SP6
3. Apply Epoxy primer and Urethane topcoat.



Trimble County Water District #1  
Town Tank  
300,000-gallon Elevated Water Storage Tank

To: Randy Stevens, TCWD1  
Copies: Horizon QC  
From: C. Mike Topp, Horizon Inspection Inc.

On November 14 2014, Horizon QC Inspection Services inspected the 300,000-gallon Water Tower (Town). The purpose of the inspection was to evaluate the exterior and interior coatings, tank structure, sanitary conditions, and safety related issues. The tank's interior was full during the duration of the underwater inspection.

This report summarizes Horizon QC (Horizon's) observations and recommendations of the elevated water storage tank (Town). Photographs from this evaluation are provided in Attachment A.

## **BACKGROUND**

Caldwell Tanks constructed Town Tank in 2000. The tank has an overflow height of 101ft. The tank is located in Bedford KY. The design style is ellipsoidal. The tank site perimeter is fenced. The site is accessible by vehicles and has adequate parking. This tank site is adjacent to residential structures and Hwy. 421.

## **OBSERVATIONS**

Horizon Inspection Inc. (Horizon) visually inspected the water tank for coating related issues, obvious structural problems, and safety related problems. The inspection covered the interior and exterior portions of the tank. The interior of the tank was inspected while in service. Tank Conditions: Excellent – Good – Fair – Poor

## Interior

- Overall condition of the interior should be considered fair. Pinhole corrosion found throughout the interior.
- Interior floor is in fair condition with random areas of pinhole corrosion. Pit depth appeared to be shallow, less than 1/8 inch.
- Interior sidewall sheets are in good condition with random areas of pinhole corrosion along the sidewall. Heavy mineral staining can be found on the lower sidewall sheets.
- Ceiling portions of the tank should be considered fair with moderate corrosion along weld seams.
- Interior man-way hatch has corrosion present on the edges and weld seams.
- Inlet pipe 10" is in good condition with minor corrosion on edges of the welds.
- Outlet pipe 16" is in fair condition, with corrosion along the edges and interior portion of the pipe.
- Interior roof vent is in good condition with minor corrosion on the weld to the ceiling and its interior. Minor corrosion found on the bolts.
- Interior riser is in good condition with random spot corrosion.
- Interior ladder is in fair condition, with some minor metal loss and corrosion above water. Below the water line the ladder is in better condition with less corrosion.
- Interior riser ladder is in good condition, with minor pinhole corrosion.
- Flock sediment was two inches thick.
- The overflow pipe weir box is in fair condition with minor corrosion on most of the surface.
- No biological matter was seen inside the tank.

## Exterior

- Overall condition can be considered good. Random areas of coating spot failure, spot corrosion and mildew found randomly over the surface of the tank.
- Foundations 1-7 are in good condition with some chips on edges due to mechanical damage. Vegetative growth has been kept low around the foundation.
- Base Plates are in fair condition with moderate corrosion around edges. No deterioration of the grout.
- Anchor bolts on leg columns 1-6 are tight and in fair condition with moderate corrosion on most bolts.
- Buckles, Rods, and Gusset Plates are in fair condition with areas of spot corrosion.
- The leg columns 1-6 are in fair condition with random areas of spot corrosion, and mildew staining.
- Struts are in fair condition with random areas of moderate corrosion on the topsides and adjacent to leg column.
- The Riser is in fair condition with areas of light corrosion.
- Riser man way (18 oval) is in good condition with minor corrosion on the collar and support bracket.
- Belly sheets are in good condition with heavy mildew staining.
- The tank's balcony bottom side has some minor mildew staining near the drain holes. The balcony floor and handrails has random areas of spot corrosion through the entire floor and the length of the handrail. One antenna tower attached to balcony.
- Sidewalls are in good condition.
- Roof portion of the tank is in fair condition. Random areas of spot corrosion and top coat delamination.
- Roof Vent (24") is in fair condition with minor pinhole corrosion on the inner collar.
- Upper sidewall ladder is in good condition
- Overflow pipe (10") is in good condition with random areas of spot corrosion.

- Exterior column ladder is in good/fair condition with minor areas of corrosion due to mechanical damage. Safety climb is functional
- Exterior DFT (dry film thickness) range is 7.3 – 12 mils
- Site perimeter is clean and properly maintained.

#### Testing (Exterior)

- Solvent Sensitivity Test-ASTM D5402 found exterior finish coat with a moderate resistance to MEK solvent.
- Adhesion Test- ASTM D3359 adhesion test was conducted on the exterior portions of the tank. Scale 0 = poor adhesion & 5 = good adhesion. the adhesion of the coatings is fair with a 3 rating.

## Recommendations

### Interior

At present the interior coating system is deteriorating, 85% of the substrate is still being adequately protected. The corrosion found along the interior's ceiling welded seams and sheet panels were the most obvious. The remaining spot failures throughout the tank are more isolated and random. These spots appear to be shallow in pit depth, but will likely increase in depth if not corrected in the next several of years. Any seams above the waterline that are not corrected by caulking or adequate barrier protection will continue to be a corrosion issue. Trimble Co. personnel should plan repair work within the next 3-5 years.

The following remediation is recommended:

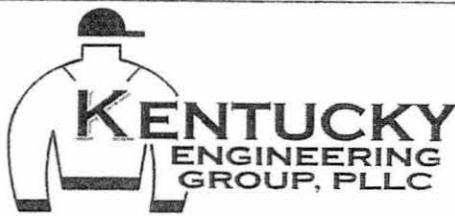
1. Remove existing coating system by abrasive sandblast cleaning (SSPC SP10).
2. Caulk seams above waterline.
3. Grind off weld spatter on seams.
4. Plate any holes or pitted areas as needed.
5. Apply pit filler to pitted areas
6. Apply new coating system.

### Exterior

At present the exterior coating system is in good condition with adequate protection to about 85% of the underlying substrate. Spot Cleaning is necessary to correct the random corrosion spots on the exterior

The following remediation is recommended:

7. Power wash exterior.
8. Abrasively clean all corrosion spots – (SSPC SP6, SSPC SP3)
9. Apply new coating system Epoxy/Urethane with UV Blocker
10. Remove any non-operational equipment from tank.
11. Relocate antenna cables off of the ladders.
12. Install antenna corral to the roof section of the tank.
13. Provide a containment shroud for any exterior abrasive sandblasting.
14. Install all antennas to the roof antenna coral.
15. Install new riser man-way gasket
16. Install new riser man-way bolts and nuts (galvanized)



## Preliminary Project Cost Estimate

Project : Trimble County Water District No.1

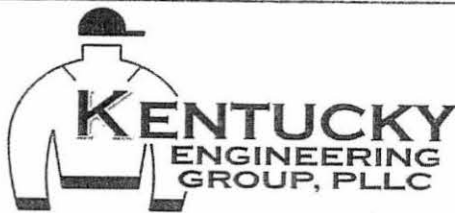
Date : 12/13/15

Job No. : 15043

Revised : 02/04/16

Est. By: RS

ITEM NO.	SUMMARY OF: 2016 Water System Improvements	QUANTITY		COST PER UNIT		TOTAL COST
		NO. OF UNITS	UNIT MEAS.			
1	Kings Ridge Tank Repaint/Rehab					
	Exterior Spot Blasting Overcoat	1	LS			
	Interior Spot Blasting Touch Up	1	LS			
	SUB-TOTAL					\$100,000
2	Town Tank Repaint/Rehab					
	Exterior Repaint - Touch Up	1	LS			
	Interior Repaint	1	LS			
	SUB-TOTAL					\$175,000
3	Rowlett Lane Water Main Replacement					
	4" PVC Cl. 200	950	LF			
	New Meter and Reconnect to Exist. Srv	7	EA			
	SUB-TOTAL					\$30,590
4	Watson Lane Water Main Replacement					
	3" PVC Cl. 200	3900	LF			
	New Meter and Reconnect to Exist. Srv	5	EA			
	SUB-TOTAL					\$70,000
5	Sunnyside Dr. Water Main Replacement etc					
	4" PVC Class 200	900	LF			
	New Meter and Reconnect to Exist. Srv	22	EA			
	SUB-TOTAL					\$54,000
	See Page 2					
	SUBTOTAL AMOUNT					
	10% CONST. CONTINGENCY					
	ENGINEERING DESIGN		0.00%			
	RESIDENT INSPECTION		0.00%			
	LEGAL & ADMINISTRATIVE					
	TOTAL ESTIMATED CONSTRUCTION COST					



## Preliminary Project Cost Estimate

Project : Trimble County Water District No.1

Date : 12/13/15 Job No. : 15043

Revised : 02/04/16 Est. By: RS

ITEM NO.	SUMMARY OF: 2016 Water System Improvements Page -2	QUANTITY		COST PER UNIT		TOTAL COST
		NO. OF UNITS	UNIT MEAS.			
6	New Hope Rd. Water Main Replacement					
	6" PVC, Cl. 200	4,800	LF			
	New Meter/Reconnect to Exist. Srv. Ln	11	EA			
	SUB-TOTAL					\$96,000
7	System Connections/Abandon Exist. Main					
	Tapping Sleeve/Valves	6	EA			
	New Meter/Reconnect to Exist. Srv. Ln	40	EA			
	SUB-TOTAL					\$94,000
8	Automatic Feed of Chlorine/Flouride at					
	Existing Clearwell; Digital Scales, etc.					
	Labor/Materials	1	LS			
	SUB-TOTAL					\$25,000
9	Cutshaw Lane Upgrade					
	4" PVC Cl. 200	2700	LF			
	2" PVC Cl. 200	1100	LF			
	New Meter/Reconnect to Exist. Srv. Ln	9	EA			
	SUB-TOTAL					\$71,000
10	Barebone Loop					
	4" PVC Cl.200	4000	LF			
	SUB-TOTAL					\$74,000
	See page 3					
	SUBTOTAL AMOUNT					
	10% CONST. CONTINGENCY					
	ENGINEERING DESIGN		0.00%			
	RESIDENT INSPECTION		0.00%			
	LEGAL & ADMINISTRATIVE					
	TOTAL ESTIMATED CONSTRUCTION COST					



RECEIVED

MAY 12 2017

Public Service  
Commission

**Final Engineering Report  
Trimble County Water District No. 1  
2016 Water System Improvements  
April 2017**

prepared by:



Submitted By:

---

**Bryan K. Lovan, P.E.**  
**Project Engineer**



4-26-17

# **TRIMBLE COUNTY WATER DISTRICT NO.1**

## **FINAL ENGINEERING REPORT**

### **PROJECT PLANNING**

Trimble County Water District No.1 is located in northern Kentucky along the Ohio River between Louisville and Cincinnati, Ohio. The District has been in existence since 1956 and currently serves approximately 1,443 customers.

Trimble County is a rural area with agriculture the primary business. There is a LG&E electric generating station, and an industrial landfill in the County.

The 2010 population was 8,809; an increase of 684 persons from the 2000 Census. However, the Kentucky State Data Center currently estimates that the population is 8,786; a loss of 0.3 percent. The Data Center does project an increase in population over the next 30 years.

### **EXISTING FACILITIES**

Trimble County Water District No.1 is a water treatment and distribution utility. It utilizes groundwater that is disinfected with chlorine and has fluoride added. No filtration is done.

The distribution system consists of two active storage tanks with a combined capacity of 423,000 gallons; 9 miles of 12 inch water mains, 3 miles of 8 inch mains, 66 miles of 6 inch water mains, 14 miles of 4 inch mains, 37 miles of 3 inch mains, and two booster pump stations.

Several areas in the distribution system are undersized or are very old resulting in numerous breaks and increased water loss.

The financial status of the District is healthy. However, preliminary calculations point to the need to make a small adjustment to rates in order to maintain debt coverage ratios and to cover in part depreciation. By covering depreciation all or at least in part, the District will be in a more healthy position to do improvement projects in the future in house without the need to borrow money.

### **NEED FOR PROJECT**

The 2016 Water System Improvements project is primarily an upgrade project, replacing inadequate sized existing lines and removing old galvanized and asbestos cement lines from service, and replacing them with larger PVC water mains. A couple of lines (Fairgrounds Road and Barebone Road) will be looped to remove dead ends from the system. This will improve the quality of water for residents in these particular areas and also provide alternatives for service during emergency outages.

The two water storage tanks were inspected in November 2014. The reports are attached to this engineering report. The Kings Ridge Tank was determined by Horizon QC to be in fair/poor condition overall on the interior and fair to poor on the exterior. The Town Tank was determined to be fair on the interior and good on the exterior.

The water mains proposed to be replaced are either undersized for the demand now on the lines or old and prone to breaks.

In a previous project the main line through town was replaced. However the old line was never taken out of service and has several customers connected to it. The District needs to move the

service connections over to the new line and take the old line out of service as this is a source of water loss for the District.

The loops proposed are needed to improve water quality in the areas.

The feeding of chlorine and fluoride is currently done manually and requires that the operators be at the plant at certain times. Automating the feeding of the chemicals will result in better/consistent dosing of the chemicals.

The District's distribution system covers the entire county and its customers are widely disbursed. Radio read meters will shorten the time needed for reading meters and should result in fewer re-reads and cost savings on fuel for meter readers.

The existing storage building is in poor condition and needs to be replaced.

## **ALTERNATIVES CONSIDERED**

Alternatives considered include:

- For the water storage tanks - do nothing for a period of time until the tanks are no longer salvageable then construct new storage tanks. This would not be the best economical solution as new construction would exceed greatly the cost of rehab.
- For the water line replacement, upgrade, and looping - replace with a different material; however PVC pipe is proposed and that is less expensive than ductile iron pipe.
- For the remaining activities the main alternative is to do nothing but this would not enable the District to provide quality service now and into the future.

## **SELECTED ALTERNATIVE**

The project selected includes numerous items necessary to improve conditions in the distribution system and at the water treatment facility. The improvements include:

1. Rehab of Kings Ridge Storage tank – including re-painting, exterior spot blasting overcoat; interior spot blasting touch up;
2. Rehab of Town Tank – including exterior repaint and interior repaint
3. Water Line Replacements along: Rowlett Lane, Watson Lane, Sunnyside Drive, New Hope Road, Cutshaw Lane;
4. Abandon existing main in town and re-connect services to new main;
5. Install automatic feeders of chlorine and fluoride at the clearwell;
6. Loop lines on Barebone and Fairgrounds Roads;
7. Change out meters to radio read meters
8. Construct new storage facility for District maintenance items.

## **PROPOSED PROJECT**

The proposed project includes multiple items. Included in the project are repainting and rehab of two storage tanks; the Kings Ridge Tank and the Town Tank. Water lines will be replaced on the following roads due to the existing lines being undersized or old and prone to breaking: Rowlett Lane, Watson Lane, Sunnyside Drive, New Hope Road, and Cutshaw Lane. The District proposes to create two loops in the distribution system that will improve water service on Barebone and Fairgrounds Road. Other improvements proposed are the installation of automatic feeders of

chlorine and fluoride, moving of service connections from an old line through Bedford to the main line that was installed recently, installation of radio read meters, and construction of a new storage building for District maintenance parts. The District had funds remaining after bidding and the board has chosen to include 4 master meters in their system, add a concrete floor to the enclosed part of the storage building, add a generator with transfer switch at the existing pump station, upgrade their existing telemetry system, add a fluoride analyzer, and install a GPS mapping system, software and collector. Only the concrete work and installation of the master meters will be part of a change order. The remaining items will be handled by the District at the end of the construction phase of the project.

## ANNUAL OPERATING COSTS

Per the 2014 audit, the District had income of \$724,553; the majority of this income was from water sales - \$685,107 while the balance was for bulk water sales, hydrant rentals, connect, reconnect, disconnect charges, forfeited discounts, miscellaneous, and sewer billing charges that are passed through to the City of Bedford.

The District's operating expenses totaled \$690,127 for the same period. They had interest expense; bond principal payments, and note payments of \$80,647, \$16,600, and \$19,953 respectively.

For the year 2014 they had positive cash flow.

This proposed project will increase their annual debt payment by approximately \$58,500 per year. A rate increase will be required to ensure that the District covers all expenses and maintains at least a 1.2 debt coverage ratio and all reserve requirements.

The proposed rates are:

### 5/8 Inch

First 1,000 gallons	\$17.50	minimum
Next 2,000 gallons	\$7.10	per 1000 gallons
Next 3,000 gallons	\$6.10	per 1000 gallons
Next 6,000 gallons	\$5.10	per 1000 gallons
Over 12,000 gallons	\$4.10	per 1000 gallons

### ¾ Inch

First 5,000 gallons	\$43.90	minimum
Next 1,000 gallons	\$6.10	per 1000 gallons
Next 6,000 gallons	\$5.10	per 1000 gallons
Over 12,000 gallons	\$4.10	per 1000 gallons

### One Inch

First 10,000 gallons	\$70.40	minimum
Next 2,000 gallons	\$5.10	per 1000 gallons
Over 12,000 gallons	\$4.10	per 1000 gallons

#### 1.5 Inch

First 30,000 gallons	\$154.40 minimum
Over 30,000 gallons	\$4.10 per 1000 gallons

#### Two Inch

First 50,000 gallons	\$236.40 minimum
Over 50,000 gallons	\$4.10 per 1000 gallons

#### Wholesale Rate

First 50,000 gallons	\$236.40 minimum
Over 50,000 gallons	\$4.10 per 1000 gallons

Bulk Rate	\$5.00 per 1000 g
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### PROJECT BUDGET AND FINANCING

The project was advertised for construction bids on March 2, 2017 with a bid opening of March 16, 2017. There were five bidders on Contract 1 and six bidders on Contract 2.

The low bidder on Contract 1 was Salmon Construction, Inc. of Mt. Washington, Kentucky with a low bid of \$509,360. Kentucky Engineering Group, PLLC has worked with Salmon Construction and has found them to be a responsible and responsive bidder and contractor. Therefore, a letter of recommendation was provided to the District.

The low bidder on Contract 2 was Pittsburg Tank and Tower Maintenance Company of Henderson, Kentucky with a low bid of \$166,960. Upon checking references it was determined that Kentucky Engineering Group, PLLC found no significant reason to deny PTTMCO the award, therefore a letter of recommendation was provided to the District.

Both Contracts 1 and 2 were below the engineers estimate for the project, therefore the District has added a few additional items that will be added to the contractor's contract through a change order and a few items will be purchased with project funds at the end of the construction period by the owner. The District also voted to reduce the amount of the loan from \$1,332,000 to \$1,174,000 or a reduction of \$158,000.

The funding available for the project consists of the following source:

Rural Development	\$1,174,000
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The revised budget for the project is as follows:

Legal and Administrative	\$15,000
Preliminary Engineering Report	\$10,000
Environmental	\$7,500
Engineering Design	\$78,000
Construction Inspection	\$45,000
Interest	\$26,000

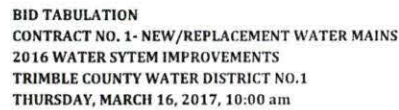
Construction – Contract 1	\$509,360
Construction – Contract 2	\$166,960
Change Order No.1 – Contract 1	
Installation of 4 Master Meters & 1 vault	\$17,000
Installation of Concrete Floor in Building	\$10,000
Owner Purchased Items	
Hersey Radio Read Meters	\$150,000
GPS Mapping System, Software etc.	\$15,000
Generator and Transfer Switch at PS	\$28,500
Telemetry Upgrades	\$8,500
Fluoride Analyzer	\$8,200
Purchase of 4 Master Meters	\$11,000
Contingencies	<u>\$67,980</u>
<b>Total</b>	<b>1,174,000</b>

It is the recommendation of Kentucky Engineering Group, PLLC to proceed to the construction phase of this project after submittal of Rural Development post bid documents and proceed with the pre-closing and pre-construction conferences.

#### **ATTACHMENTS:**

Bid Tabulation – Contracts I and 2

Letter of Recommendations – Contracts 1 and 2

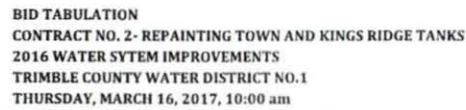


<b>TOTAL BID CALCULATED BID AMOUNT</b>	<b>\$ 509,360.00</b>	<b>\$ 521,438.55</b>	<b>\$ 524,000.00</b>	<b>\$ 528,975.00</b>	<b>\$ 578,595.00</b>
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Note: (RED) Denotes Math Correction

KENTUCKY ENGINEERING GROUP, PLLC

Page 1 of 2




(Page 1 of 2)



**BID TABULATION**  
**CONTRACT NO. 2- REPAINTING TOWN AND KINGS RIDGE**  
**2016 WATER SYTEM IMPROVEMENTS**  
**TRIMBLE COUNTY WATER DISTRICT NO.1**  
**THURSDAY, MARCH 16, 2017, 10:00 am**

Item No.	Description	Quantity	Unit	HORIZON BROTHERS PAINTING Howell, MI							
				\$/unit	Bid Amount						
1A	300,000 Gallon Elevated Town Tank Interior Blast/Repaint	1	LS	\$ 87,300.00	\$ 87,300.00						
1B	300,000 Gallon Elevated Town Tank Exterior Blast/Repaint	1	LS	\$ 93,100.00	\$ 93,100.00						
1C	300,000 Gallon Elevated Town Tank Testing and Sterilization	1	LS	\$ 2,000.00	\$ 2,000.00						
2A	123,000 Gallon Kings Ridge Standpipe Tank Interior Blast/Repaint	1	LS	\$ 61,900.00	\$ 61,900.00						
2B	123,000 Gallon Kings Ridge Standpipe Tank Exterior Blast/Repaint	1	LS	\$ 51,200.00	\$ 51,200.00						
2C	123,000 Gallon Kings Ridge Standpipe Tank Testing and Sterilization	1	LS	\$ 2,000.00	\$ 2,000.00						
<b>TOTAL BID CALCULATED BID AMOUNT</b>				<b>\$ 297,500.00</b>		<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>	

I certify that this is true and accurate tabulation of the bids.  
 The above is a true and complete tabulation of the bids received at 10:00 a.m. local time, Thursday, March 16, 2017  
**KENTUCKY ENGINEERING GROUP, PLLC**  
 By:   
 Riley Sumner, Project Manager



March 29, 2017

Mr. Wayne Smith  
Trimble County Water District No.1  
34 East Morgan Drive  
Bedford, Kentucky 40006

RE: Recommendation of Award  
Contract 1 – New and Replacement Water Mains

Dear Mr. Smith:

Bids for the above referenced project were opened Thursday, March 16, 2017 at 10 am EST. The low bidder was Salmon Construction, Inc., Mt. Washington, Kentucky with a bid of \$509,360.

Upon review of the bid documents, and upon checking of references of the low bidder, Kentucky Engineering Group, PLLC would recommend to Trimble County Water District No.1 that Salmon Construction, Inc. be awarded the Contract 1 – New and Replacement Water Mains project .

A copy of the certified bid tabulation is attached to this letter.

If you have any questions or need additional information please contact me at your earliest convenience.

Sincerely,

KENTUCKY ENGINEERING GROUP, PLLC

Riley Sumner  
Project Manager

c: File w/enclosures

P.O. Box 1034  
Versailles, Kentucky 40383  
Phone: (859) 251.4127  
Fax: (859) 251.4137  
Email: info @ kyengr.com  
www.kyengr.com



March 29, 2017

Mr. Wayne Smith  
Trimble County Water District No.1  
34 East Morgan Drive  
Bedford, Kentucky 40006

RE: Recommendation of Award  
Contract 2 – Repainting Town and Kings Ridge Tanks

Dear Mr. Smith:

Bids for the above referenced project were opened Thursday, March 16, 2017 at 10 am EST. The low bidder was Pittsburgh Tank and Tower Maintenance Company, Inc., Henderson, Kentucky with a bid of \$166,960.


Upon review of the bid documents, and upon checking of references of the low bidder, Kentucky Engineering Group, PLLC would recommend to Trimble County Water District No.1 that Pittsburgh Tank and Tower Maintenance Company, Inc. be awarded the Contract 2 – Repainting of Town and Kings Ridge Tanks.

A copy of the certified bid tabulation is attached to this letter.

If you have any questions or need additional information please contact me at your earliest convenience.

Sincerely,

KENTUCKY ENGINEERING GROUP, PLLC

  
\_\_\_\_\_  
Riley Sumner  
Project Manager

c: File w/enclosures

P.O. Box 1034  
Versailles, Kentucky 40383  
Phone: (859) 251.4127  
Fax: (859) 251.4137  
Email: info@kyengr.com  
www.kyengr.com

Application  
CONTAINS  
LARGE OR OVERSIZED  
MAP(S)

RECEIVED ON:  
05/12/2017