



Office of the Mayor
Jimmy Lindon

December 22, 2015

Mr. Brad N. Hall, MBA
External Affairs Manager
AEP Kentucky Power Company
3249 N Mayo Trail
Pikeville, KY 41501

Re: Application for Kentucky Power Company Economic Growth Grant to the City of Hazard, Kentucky for Expansion of Excess Sewer Capacity at Coalfields Regional Industrial Park

Dear Mr. Hall:

It is my understanding that AEP will give consideration to assisting the City of Hazard with funding to improve excess wastewater capacity at the Coalfields Regional Industrial Park to make the Park more attractive to potential businesses which may locate there. The City of Hazard, Kentucky Board of Commissioners has passed a resolution authorizing the submittal of an application for a Kentucky Power Company Economic Growth Grant for that purpose, and a copy of our resolution is attached. A brief statement of the purpose of the application and our plans for its use appears below.

Our City Engineer has given consideration to the prospects for adding extra sewer capacity at the Coalfields Regional Industrial Park. All wastewater generated at the Park is transported along Highway 15 to the City of Hazard Wastewater Treatment Plant located approximately 14 miles south of the Park. The City's treatment plant which presently serves the city limits and limited areas outside the city limits was constructed in 1996 and is a 3.0 mgd/6.0 mgd (average/peak flow) oxidation ditch type facility. The current average daily flow to the plant from all sources is only approximately 1.6 mgd. The current permitted discharge rate is 3.0 mgd. The current daily flow from the Park alone is estimated to be only approximately 15,000 gpd. Movement of wastewater is accomplished by a series of lift stations which pump wastewater up "to the top of each hill" where gravity takes over to move the wastewater to the next pumping station. This process is repeated several times along the route to Hazard. A plan of the system appears on the attached Exhibit A. The profile of this system is shown on the two page overleaf as Exhibit B.

The City has obtained certain priority funding for upgrades to the treatment facility and to certain of its wastewater collection lines within the city limits. The funding which has been obtained consists of a combination of City funds and a KIA loan which is only sufficient to do a portion of the work which is essential to the City and the customers of its system. There are existing needs within and adjacent to the City limits which are going unmet with this round of funding. It is questionable when or if the City will ever be able to find priority funding to upgrade or increase excess sewer capacity on the pipeline to the Park even though excess utility capacity is an important element of industrial recruitment. Funding from a separate third party source would enable the City to make upgrades in capacity at the Park which it is otherwise unlikely to make in the foreseeable future.

The original wastewater transportation system from the Park was designed to be “upgradable” with oversized pumps in the lift stations and dual, parallel force mains, but with undersized impellers for purposes of efficiency. These parallel force mains had one size for the original flow, one size for the ultimate flow. The original force mains used were the smaller of the two in order to give the required scouring pipe velocity while also ensuring reasonable pump run times. It was always planned that the Park would increase the size of the impellers and revert to the larger dual force mains whenever the increased wastewater flow rate would justify their use.

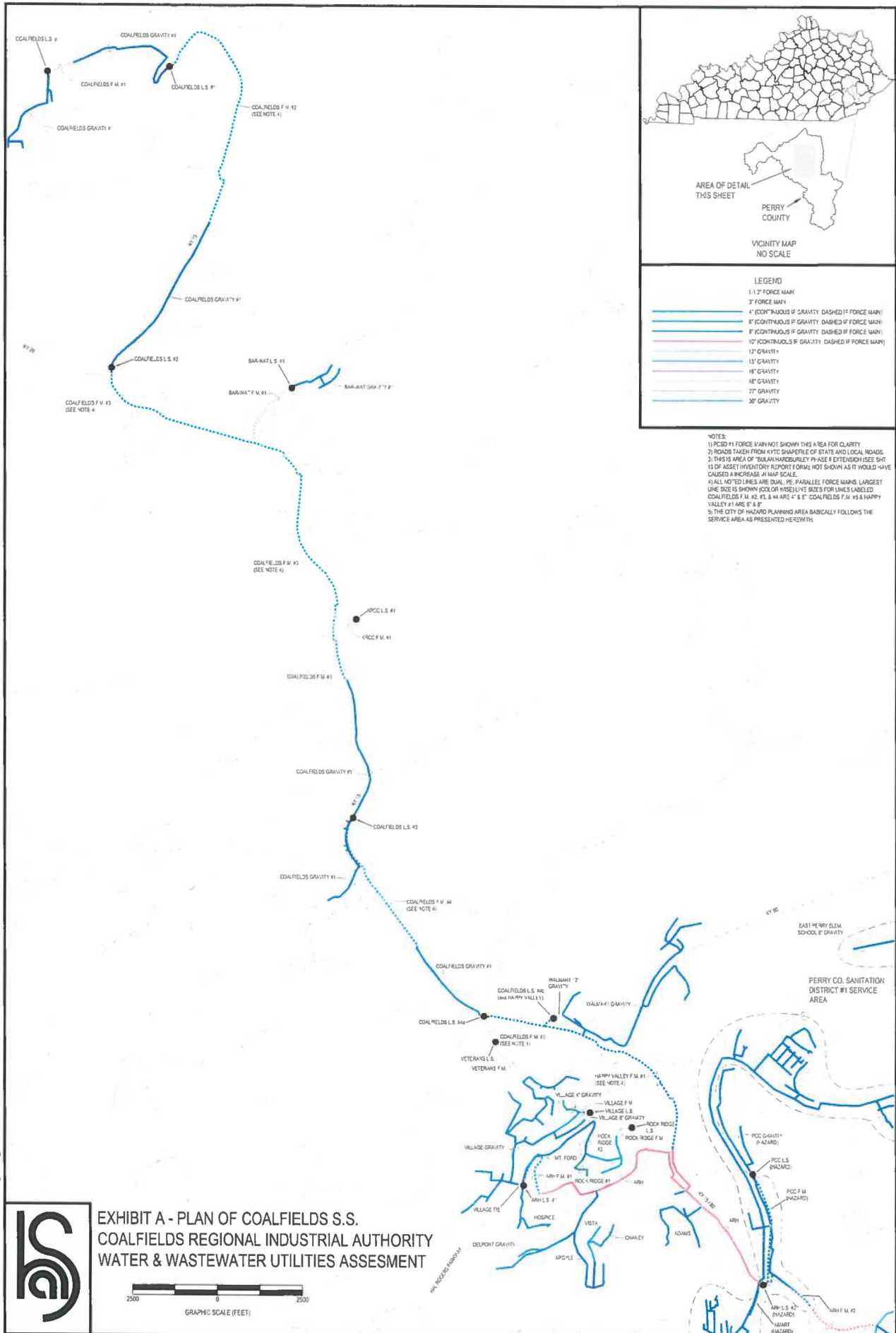
Excess capacity at the Park is currently estimated at 100,000 gpd based upon the current flow level of 15,000 gpd. An increase in excess capacity from 100,000 up to 244,000 gpd should be achieved by making only impeller changes in each of the eight pumps at a price of \$7,000 per pump (including technical services) or \$56,000 total. As our resolution indicates, we also plan to file a second application for a grant to perform certain improvements at an existing lift station within the Park which would insure that the new excess capacity would be available at all intervals along the main trunkline within the Park.

We are excited at the prospect of joining with you to improve excess sewer capacity at the industrial park and hope that you will give our application favorable consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jimmy Lindon".

Jimmy Lindon, Mayor
City of Hazard



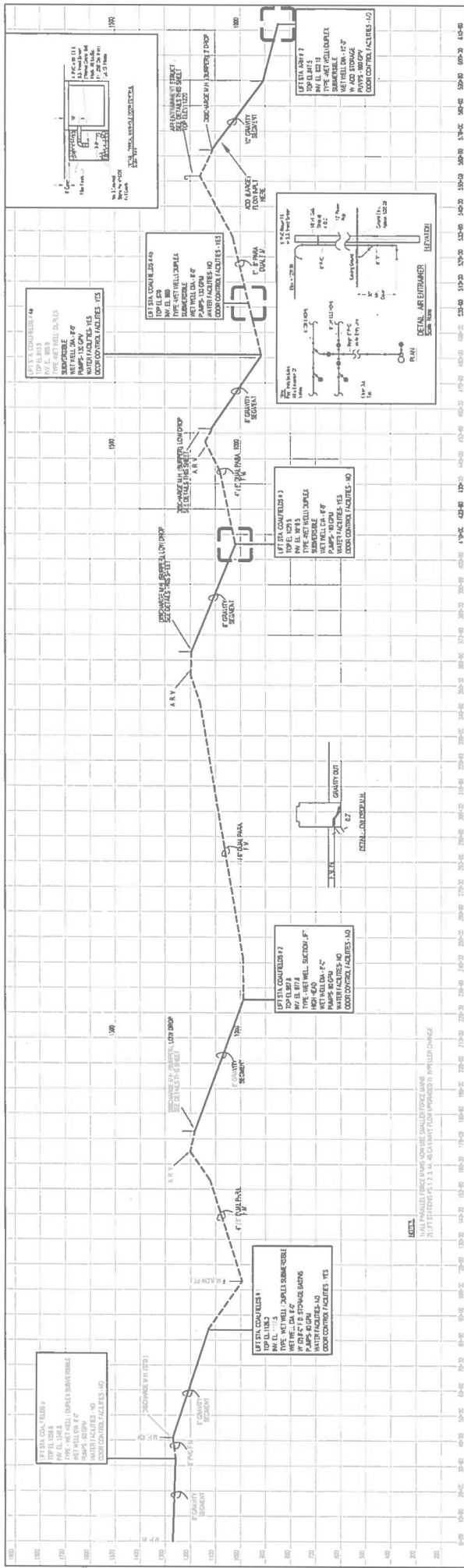
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**EXHIBIT A - PLAN OF COALFIELDS S.S.
COALFIELDS REGIONAL INDUSTRIAL AUTHORITY
WATER & WASTEWATER UTILITIES ASSESSMENT**



NOTES:
 1) FICED #1 FORCE MAIN NOT SHOWN THIS AREA FOR CLARITY
 2) ROADS TAKEN FROM KYTC SHAPFILE OF STATE AND LOCAL ROADS.
 3) THIS IS AREA OF "BULAN HARBURLEY PHASE 8" EXTENSION (SEE SHEET 13) OF ASSET INVENTORY REPORT FOR GRW. NOT SHOWN AS IT WOULD HAVE CAUSED AN INCREASE IN MAP SCALE.
 4) ALL NOTED LINES ARE DUAL, PER PARALLEL FORCE MAINS. LARGEST LINE SIZE IS SHOWN (COLOR HIGHLIGHTS) LINE SIZES FOR LINES UNLABLED: COALFIELDS F.M. #2, #3, & #4 ARE 4" & 6" COALFIELDS F.M. #5 & HAPPY VALLEY #1 ARE 8" & 8"
 5) THE CITY OF HAZARD PLANNING AREA BASICALLY FOLLOWS THE SERVICE AREA AS PRESENTED HEREWITH.



LEGEND
 — GRAVITY SANITARY LINES (SEE NOTED)
 — SANITARY LINES (SEE NOTED)
 — PROPOSED SANITARY LINES

EXHIBIT B - PROFILE OF COALFIELDS S.S.
 CITY OF HAZARD, KENTUCKY
 WASTEWATER UTILITY ASSESSMENT



CITY OF HAZARD, KENTUCKY
BOARD OF COMMISSIONERS

Resolution to Authorize Grant Application
And Approve Project to Expand Sewer
Collection Facilities at Coalfields Regional Industrial Park

WHEREAS, the City of Hazard, Kentucky Board of Commissioners currently provides water and sewer utilities to the Coalfields Regional Industrial Park which serves the citizens of Hazard, Kentucky and Perry County and surrounding Counties; and

WHEREAS, Kentucky Power Company, a local unit of American Electric Power, furnishes electric utility services in the City of Hazard, Kentucky and Perry County and surrounding Counties; and

WHEREAS, the City of Hazard and Kentucky Power Company have both recognized the urgent need for the recruitment of industry and the creation of new permanent jobs to remedy recent job losses sustained in the coal industry and to revitalize and rebuild the economy of Eastern Kentucky; and

WHEREAS, Kentucky Power Company has created a program to provide Kentucky Power Economic Growth Grants to fund special projects to enhance economic development initiatives in its service area and has identified Coalfields Industrial Park as a site for prospective economic development; and

WHEREAS, both the City and Kentucky Power Company agree there is an immediate and urgent need to expand both water and sewer capacities at Coalfields Regional Industrial Park in order to make it a viable and attractive prospective location for new industrial recruitment; and

WHEREAS, the City of Hazard, Kentucky Board of Commissioners wish to make application to Kentucky Power Company for a Kentucky Power Economic Growth Grant in the amount of \$56,000.00 for procurement and installation of eight (8) new impellers at four sewer pumping stations in order to increase excess sewer capacity at the industrial park from 100,000 up to 244,000 gallons per day and to undertake such project if funded; and

WHEREAS, the City also wishes to make a second application to Kentucky Power Company for a Kentucky Power Economic Growth Grant for certain improvements to an existing lift station with the Park further to enhance sewer capacity in all areas of the Park;

NOW THEREFORE, be it RESOLVED that the City Manager and City Engineer be authorized and directed to oversee preparation of two Applications for Kentucky Power Economic Growth Grant in the form presented to the Board for the amount of \$56,000.00 for procurement and installation of eight (8) new impellers at four sewer

pumping stations and for improvements to an existing lift station inside the Park in order to increase excess sewer capacity at the industrial park from 100,000 up to 244,000 gallons per day, and be it further

RESOLVED that the Mayor Jimmy Lindon be and the same is hereby authorized to execute and to submit said Applications to Kentucky Power Company for consideration for funding and to coordinate with Company officials to implement said grant if approved; and be it further

RESOLVED that, in the event funding is approved, the City of Hazard shall accept responsibility for funding and completing the project as outlined in the Applications to be submitted, and the City Manager and other City officials are authorized to take any and all steps, including advertisement, evaluation and acceptance of bids and oversight of construction of said project, in order to comply with the terms of said grant award.

Passed this the 21st day of December, 2015.



Jimmy Lindon, Mayor

Attest:



Linda Steele, City Clerk