

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH SHELBY WATER)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT,)	NO. 2016-00216
FINANCE AND INCREASE RATES PURSUANT TO)	
THE PROVISIONS OF KRS 278.020 AND KRS 278.023)	

A P P L I C A T I O N

This Application of North Shelby Water Company (the “Applicant”) respectfully shows:

1. The Applicant is a non-profit water association incorporated in Kentucky on June 4, 1968 under Chapter 273 of the Kentucky Revised Statutes. It is currently in good standing in Kentucky.

2. The mailing address of the Applicant is:

North Shelby Water Company
P.O. Box 97
Bagdad, Kentucky 40003

The electronic mail address of the Applicant is:

nswcus60@bellsouth.net

3. The Applicant, pursuant to the provisions of KRS 278.020 and KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a water-works construction project consisting of extensions, additions, and improvements (the “Project”) to the existing waterworks system of the Applicant; (ii) approval of the proposed plan of financing the project; and (iii) approval of an increase in Applicant’s water rates.

4. The proposed Project includes the construction and installation of (i) approximately 37,750 linear feet of 12-inch PVC transmission line, along with associated appurtenances; (ii) a full-scale renovation of the existing 200,000 gallon elevated storage tank located within the community of Jacksonville near the Franklin County line; (iii) the replacement of the existing 251,000 gallon standpipe water storage tank located within the community of Todds Point with a 400,000 gallon elevated storage tank; (iv) installation of a new booster pump station at the site of the existing one million gallon West Middle School storage tank which will replace the existing functionally obsolescent booster pump station on the site of the existing Todds Point tank and (v) replacing approximately 10,400 feet

of leak-prone 8-inch PVC line with 12-inch PVC line, and upsizing to 6-inch PVC pipe approximately 9,200 linear feet of line.


5. The Applicant proposes to finance the construction of the Project through the issuance of a \$3,550,000 Promissory Note to USDA, Rural Development (“RD”). The Applicant has a commitment from RD to purchase said \$3,550,000 note maturing over a 40-year period, at an interest rate equal to the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, as set out in the RD Letter of Conditions, as amended, filed herewith as Exhibit 1.
6. The Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.
7. The Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:
 - A. A copy of the RD Letter of Conditions dated February 1, 2016, and the Amendment No. 1 dated August 9, 2016, as Exhibit 1.
 - B. A copy of the RD Letter of Concurrence in Bid Award as Exhibit 2.
 - C. A copy of the Preliminary and Final Engineering Reports signed, sealed and dated by an Engineer registered in Kentucky as Exhibit 3.
 - D. A certified statement from the President of the Applicant, based upon statements of the Engineers for the Applicant as Exhibit 4, and 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 the Applicant shall produce the total revenue requirements recommended in the engineering reports.
 4. Setting out the dates when it is anticipated that construction will begin and end.
8. Notice meeting the requirements of 807 KAR 5:069, Section 3 has been given. A copy of the notice is filed herewith as Exhibit 5.
9. One copy of each set of plans and specifications on electronic storage median and portable document format attached as Exhibit 6. The plans and specifications for the 8-inch replacement and 6-inch upsizing projects are not complete but will be filed with PSC prior to beginning construction thereof.

10. The foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.
11. The bids on this project were significantly lower than estimated. Since those bids expire September 17, 2016, the Applicant respectfully requests expedited treatment of this Application and an order from the PSC entered on or before September 16, 2016.

WHEREFORE, the Applicant, North Shelby Water Company, asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:


- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by the Applicant with Rural Development, viz., the issuance of a \$3,550,000 Promissory Note at an interest rate equal to the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, as set out in the RD Letter of Conditions, as amended, filed herewith as Exhibit 1.
- c. An Order approving the proposed increased rates as set out in Paragraph 25 of Amendment No. 1 to the RD Letter of Conditions.
- d. Expedited treatment of this case to avoid loss of the September 17, 2016 very favorable bids.

NORTH SHELBY WATER COMPANY



Jerry Ruble, President

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By: 

Donald T. Prather
Counsel for Applicant
500 Main Street, Suite 5
Shelbyville, Kentucky 40065
Phone: (502) 633-5220

STATE OF KENTUCKY)
COUNTY OF SHELBY)

The undersigned, Jerry Ruble, being duly sworn, deposes and states that he is President of North Shelby Water Company, Applicant in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.


IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 22 day of August, 2016.



Jerry Ruble

STATE OF KENTUCKY)
COUNTY OF SHELBY)

Subscribed and sworn to before me by Jerry Ruble, President of North Shelby Water Company, on this the 22 day of August, 2016.



Notary Public
Commission Expires: 2/1/19



Rural Development

August 9, 2016

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Jerry Ruble, President
North Shelby Water Company, Inc.
P.O. Box 97
Bagdad, Kentucky 40003

Voice 859.224.7300
Fax 855.661.8335
TTY 859.224.7422

Re: Letter of Conditions Dated February 1, 2016

Dear Mr. Ruble:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated February 1, 2016. The purpose of this amendment is to revise project funding, revise rates and charges and make other editorial changes in accordance with current Rural Utilities Service (RUS) Instructions.

"22. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,799,900
Land and Rights	53,000
Legal and Administrative	20,000
Engineering	358,000
Interest	25,000
Environmental	15,000
Contingencies	<u>278,600</u>
TOTAL	\$ 3,550,000

Financing:

RUS Loan	\$ 3,550,000
TOTAL	\$ 3,500,000 "

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

"25. Rates and Charges:

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

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, 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.

Water rates will be at least:

Water Rates – Proposed System

5/8 x 3/4 Inch - Residential

First	2,000	gallons @ \$	20.63. - Minimum Bill.
Next	3,000	gallons @ \$	7.17. - per 1,000 gallons.
Next	5,000	gallons @ \$	5.79. - per 1,000 gallons.
Next	40,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

1 – Inch (Residential and Non-residential)

First	5,000	gallons @ \$	42.14. - Minimum Bill.
Next	5,000	gallons @ \$	5.79. - per 1,000 gallons.
Next	40,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

1 1/2 - Inch (Non-Residential)

First	10,000	gallons @ \$	71.09. - Minimum Bill.
Next	40,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

2 – Inch (Non-Residential)

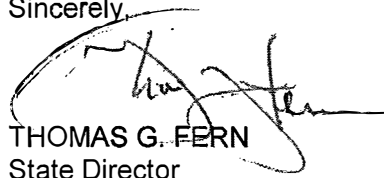
First	15,000	gallons @ \$	96.59. - Minimum Bill.
Next	35,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

3 – Inch (Non-Residential)

First	35,000	gallons @ \$	198.59. - Minimum Bill.
Next	15,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

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

Sincerely,



THOMAS G. FERN
State Director

- cc: Area Director - Shelbyville, Kentucky
 KIPDA ADD - Louisville, Kentucky
 Donald Prather - Shelbyville, Kentucky
 Monarch Engineering - Lawrenceburg, Kentucky
 PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



United States Department of Agriculture

February 1, 2016

Jerry Ruble, President
North Shelby Water Company, Inc.
P.O. Box 97
Bagdad, Kentucky 40003

Dear Mr. Ruble:

This letter establishes conditions which 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 \$3,550,000. No applicant contribution will be 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, 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.

North Shelby Water Company

1. Number of Users and Their Contribution:

There shall be 4926 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 Corporation 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 Promissory Note. Principal payment will not be deferred for a period in excess of two years from the date of the Promissory Note. The Corporation may be required to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the Promissory Note 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 Corporation 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 Corporation will be required to deposit \$1345 per month into a "Funded Debt Reserve Account" until the account reaches \$161,000. The deposits are to be resumed any time the account falls below the \$161,000.

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

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

The Corporation also needs to fund an account for short-lived assets by depositing a sum of \$3333 monthly to the account. The funds in the short-lived asset account may be used by the Corporation as needed to replace or add short-lived assets in the Corporation's water system.

North Shelby Water Company

6. Security Requirements:

The loan will be secured by a real estate mortgage, a financing statement, and a pledge of gross water revenue, in the Loan Resolution and Financing Statement.

7. Land Rights and Real Property:

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

The Corporation 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 Corporation 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 Corporation after review by Rural Development. At no later than loan pre-closing, the Corporation 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. Accounts, Records and Audits:

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

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

The Corporation will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Corporation will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

12. Insurance and Bonding:

The following insurance and bonding will be required:

North Shelby Water Company

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Corporation. The Corporation should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Corporation will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Corporation 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 \$420,000.
- D. Real Property Insurance - The Corporation 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 Corporation 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 Corporation will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

13. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority - owned business participation.
 - 3. Legal Service Agreements.

North Shelby Water Company

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.

14. Civil Rights & Equal Opportunity:

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

A. Section 504 of the Rehabilitation Act of 1973:

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

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

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

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

D. Age Discrimination Act of 1975:

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

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

North Shelby Water Company

15. 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 Corporation.

16. Compliance with Special Laws and Regulations:

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

17. System Operator:

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

18. Prior to Pre-Closing the Loan, the Corporation Will Be Required to Adopt:

- A. Form RD 1942-8, "Resolution of Members or Stockholders."
- B. Form RUS Bulletin 1780-28, "Loan Resolution Security Agreement."
- C. Form RD 400-1, "Equal Opportunity Agreement."
- D. Form RD 400-4, "Assurance Agreement."
- E. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- F. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- G. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- H. RUS Bulletin 1780-22, "Eligibility Certification."

19. Refinancing and Graduation Requirements:

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

20. Commercial Interim Financing:

The Corporation 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.

North Shelby Water Company

Before the loan is closed, the Corporation 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.

21. Disbursement of Project Funds:

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

During construction, the Corporation 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 Corporation, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Corporation.

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

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

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,855,000
Land and Rights	15,000
Legal and Administrative	20,000
Engineering	355,000
Interest	25,000
Contingencies	<u>280,000</u>
TOTAL	\$ <u>3,550,000</u>

North Shelby Water Company

Financing:

RUS Loan		<u>\$ 3,550,000</u>
	TOTAL	\$ 3,550,000

23. Use of Remaining Project Funds:

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. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

24. 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.

25. Rates and Charges:

Rates and charges for facilities and services rendered by the Corporation must be at least adequate to meet cost of maintaining, repairing and operating the 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:

XX. WATER RATES-PROPOSED SYSTEM

Proposed Rate Schedule: 5/8 x 3/4 - Inch (Residential)

First	2,000	gallons @ \$	20.53	- Minimum Bill.
Next	3,000	gallons @ \$	7.12	- per 1,000 gallons.
Next	5,000	gallons @ \$	5.74	- per 1,000 gallons.
Next	40,000	gallons @ \$	5.05	- per 1,000 gallons.
All Over	50,000	gallons @ \$	4.37	- per 1,000 gallons.

Proposed Rate Schedule: 1-inch (Residential and Non-residential)

First	5,000	gallons @ \$	41.89	- Minimum Bill.
Next	5,000	gallons @ \$	5.74	- per 1,000 gallons.
Next	40,000	gallons @ \$	5.05	- per 1,000 gallons.
All Over	50,000	gallons @ \$	4.37	- per 1,000 gallons.

Proposed Rate Schedule: 1-1/2-Inch (Non-residential)

First	10,000	gallons @ \$	70.59	- Minimum Bill.
Next	40,000	gallons @ \$	5.05	- per 1,000 gallons.
All Over	50,000	gallons @ \$	4.37	- per 1,000 gallons.

North Shelby Water Company

Proposed Rate Schedule: 2-Inch (Non-residential)

First	15,000	gallons @ \$	95.84. - Minimum Bill.
Next	35,000	gallons @ \$	5.05. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.37. - per 1,000 gallons.

Proposed Rate Schedule: 3-Inch and larger (Non-residential)

First	35,000	gallons @ \$	196.84. - Minimum Bill.
Next	15,000	gallons @ \$	5.05. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.37. - per 1,000 gallons.

26. Water Purchase Contract:

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

27. Compliance with the Bioterrorism Act:

Prior to closing, the Corporation will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

28. Floodplain Construction:

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

29. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated December 22, 2014, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated May 25, 2015, 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.

North Shelby Water Company

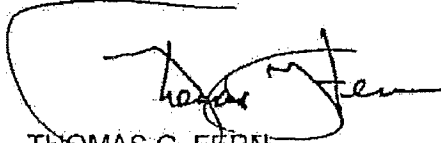
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- 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.

30. Final Approval Conditions:

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

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

Sincerely,



THOMAS G. FERN
State Director

Enclosures

cc: Area Director - Shelbyville, Kentucky
KIPDA ADD - Louisville, Kentucky
Donald Prather - Shelbyville, Kentucky
Monarch - Lawrenceburg, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



Rural Development

July 1, 2016

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: North Shelby Water Company
Phase III Water System Improvements
Contract Award Concurrence

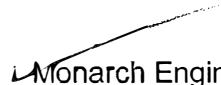
Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Office
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, Stotts Construction Co., Inc., in the amount of \$955,120, the low bidder on Contract 2, Caldwell tanks, Inc., in the amount of \$912,000, and the low bidder on Contract 3, Tank Pro, Inc., in the amount of \$287,744.

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


THOMAS G. FERN
State Director
Rural Development

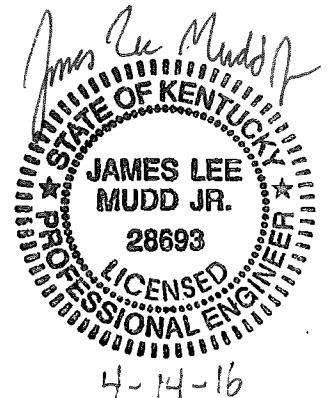
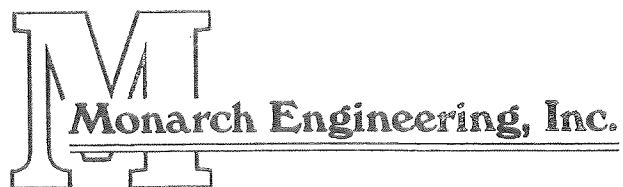
cc:  Monarch Engineering
Lawrenceburg, Kentucky

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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, 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.

**PRELIMINARY ENGINEERING REPORT
FOR THE
NORTH SHELBY WATER COMPANY
EAST WEST CONNECTOR – PHASE III**

**DECEMBER 2014
REVISED APRIL 2016**



**PRELIMINARY ENGINEERING REPORT
EAST WEST CONNECTOR – PHASE III
NORTH SHELBY WATER COMPANY
SHELBY COUNTY, KENTUCKY**

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system improvements which are being planned by the North Shelby Water Company. The improvements include construction of a new water transmission main which will serve to connect the eastern and western portions of the water distribution system. The transmission main will consist of approximately 37,750 L.F. of 12-inch PVC piping along with other associated appurtenances. The project also includes a full scale renovation of the existing 200,000 gallon elevated water storage tank located within the community of Jacksonville near the Franklin County line. In addition, a complete replacement of the existing 251,000 gallon standpipe water storage tank located within the community of Todd's Point is being proposed.

Rural Development "Kentucky Guide 7A" will be submitted at a later date and will serve as the Summary Addendum to this report. The Summary Addendum will further analyze the capability of the Company to execute this project through an evaluation of its financial standing and overall system operation.

II. PROJECT PLANNING AREA

The areas to be affected by construction will generally lie adjacent to existing transportation routes. The transmission main will be installed on state highway rights-of-way or on utility easements granted to the Company. The water storage tank rehabilitation will be implemented on property owned by the Company in fee simple title. The topography of these areas is generally flat, but does vary to gently rolling hills. The land use in this area is mainly agricultural with intermittent areas of residential and recreational development. Within the proposed project area there are no major commercial or industrial businesses expected in the next decade.

Implementation of the project will have a direct impact on the Company's entire service area. However, the impact will initially be more pronounced for portion of the system east of Shelbyville including the northwestern portion of Franklin County. This segment of the service area has experienced significant growth since the water system was first installed over fifty years ago. The growth is expected to continue as residents continue to shift in from Frankfort and other portions of Franklin County.

Attached as a part of this report are location and topographic maps which depict the transmission main route and its proposed connection points to existing system mains. The location of the proposed Jacksonville Storage Tank rehabilitation and Todd's Point Storage Tank replacement is also included therein.

III. EXISTING FACILITIES

The North Shelby Water Company owns and operates a water distribution system which serves the rural population of northern Shelby and northwestern Franklin Counties. Small areas of both Oldham and Henry Counties are also served by the system. The Company purchases all water for resale from the Louisville Water Company, the Frankfort Plant Board, and the City of Shelbyville. The combination of which has sufficient water treatment capacity to serve the Company's approximately 4,600 existing residential, commercial and industrial customers.

The Company operates the water system through a Board of Directors, a General Manager, as well as office and field personnel. The water distribution system consists of a network of water supply and distribution mains along with a series of water tanks and booster pump stations. This includes various size water lines ranging from 2-inch to 12-inch, seven pumps stations, and six water storage tanks rated at 1,827,000 gallons. The majority of the system has been in place for less than 30 years. Pipe material within the system consists of cast iron and asbestos cement for the older lines along with ductile iron and plastic for the newer ones.

Currently, the distribution system is divided into two separate supply zones. The western portion is supplied primarily by the Louisville Water Company and the Eastern portion is supplied primarily by the Frankfort Plant Board. The supply to both zones is supplemented with water from the City of Shelbyville on an as needed basis.

Further information regarding the current rate structure, annual operation and maintenance cost, a tabulation of monthly users and revenue, and a list of the outstanding bonds can be found in the Summary Addendum.

IV. NEED FOR THE PROJECT

The projects primary objective is to allow the Company to purchase an increased amount of water from the Louisville Water Company. The need to purchase a greater volume is twofold and of the utmost importance to the future operation of the system.

As previously stated, the eastern portion of the system continues to experience sustained growth. As a result, the capacity of the existing Frankfort supply is approaching its limit. If demand continues to increase without the proposed upgrades, a potentially serious health hazard could result. The risk would occur during instances where customer demand could not be maintained, leading to water pressures at or below the established regulatory minimum. The occurrence of such situations would render the system unsafe and leave affected customers without a potable water supply.

Aside from correcting the current system deficiencies in the eastern supply zone, the improvements will also improve the overall reliability of the entire system. Currently, the North Shelby lacks the ability to transport water from the Louisville supply to the eastern portion of their system and vice versa from the Frankfort supply. In the event of an emergency supply failure in either zone, the Company lacks capacity to supply all customers from a single supply source. Given the virtually unlimited supply that can be provided from Louisville, the proposed transmission main would allow the majority of

customers in the eastern portion to be served in the event of an emergency failure in the Frankfort supply. Given the limitations of the Frankfort supply, the project will not allow for the entire western portion be served from that source. However, it will greatly improve the current level of transmission, which would significantly reduce the effect of an emergency supply failure by Louisville.

Furthermore, the proposed transmission main will allow North Shelby to eliminate its current purchases from the City of Shelbyville. Shelbyville has experienced raw water shortages in the past and reducing the Company's demand would free up capacity for the city's current and future customers. In the event of an emergency, the improvements would also allow North Shelby to supply to Shelbyville using the Louisville supply.

In addition to the transmission and supply issues, the existing 200,000 gallon Jacksonville water storage tank is in disrepair and needs renovation. The elevated water storage tank is located in far eastern Shelby County near the Franklin County line and works in conjunction with the Bagdad storage tank to serve customers in the eastern portion of the North Shelby system. The tank has only received one interior and exterior overcoating since its construction in the late 1970's. The structure's exterior is beginning to experience large scale paint loss. There are also certain structural and safety components which will require repair in order to ensure its continued operation.

The project also includes a complete replacement of the existing 251,000 gallon standpipe water storage tank located within the community of Todd's Point. Following the collapse of a similar structure owned by a neighboring utility, a full scale inspection of the Todd's Point structure was conducted. The inspection showed that there were areas of significant coating failure and corrosion on the tank interior. The areas were similar to what was seen on the tank which collapsed. Given the tanks style of construction (glass fused to steel) it was determined that the tank is not a candidate for repair and recoating. In addition to the poor condition of the structure, the small usable volume within the tank is insufficient to meet peak customer demands. Therefore, a complete replacement of the existing tank with a new 400,000 gallon elevated structure is being proposed. The existing booster pump station located on the site of the existing Todd's Point Tank will also be replaced with a new station to be constructed on the site of the existing 1,000,000 Shelby School Tank. The new station is being relocated to facilitate decrease water age within the system and increase turnover in the existing 1,000,000 gallon School Tank.

V. ALTERNATIVES CONSIDERED

For the majority of its customers, North Shelby is the only available supplier of potable water. Therefore all alternatives considered were relative to water supply, transport and storage within their system.

One alternative considered was to replace the two existing pumps stations which supply the eastern zone from Frankfort with two new stations of greatly increased capacity. This would allow for an increase in supply to be purchased from the Frankfort Plant Board and transported to underserved customers in the eastern portion of the system.

Another alternative considered was to upgrade the existing Benson Pike pump station which currently supplements the Frankfort supply with water from the City of

Shelbyville. This would allow for an increase in supply to be purchased from the Shelbyville and transported to underserved customers in the eastern portion of the system.

Finally, the option was explored to extend the proposed transmission main onward from the community of Bagdad, further east to the existing 200,000 gallon Jacksonville elevated tank (which is being rehabilitated as part of this project). This would have incorporated the construction of an additional 20,000 L.F. of 12" water transmission main and appurtenances, including a substantial railroad bore, into the project. The inclusion of this additional work into the project would complete the multi-phase East-West Connector project, providing a high capacity transmission link across the entire system. This would have allowed the entire eastern supply zone to be supplied from the Louisville wholesale supply and further expand on the system's ability to supply the entire system from multiple individual wholesale suppliers. It was determined that this additional work should be delayed so to decrease the debt service impact of the project. However, all or a portion may be completed if the as-bid construction cost of the project are less than anticipated herein.

The alternatives described above and others were evaluated based on several factors. They included: the needs of each service area; the total project costs; the topography of the exiting transmission main routes and tank sites; the availability of transmission main rights-of-way, tank sites, and pump station sites; the future cost of maintaining the improvements; and future supply availability from each of the various suppliers

VI. PROPOSED PROJECT

In order to correct the above-described deficiencies, the project proposes to supplement existing system mains with a new water transmission main. The proposed improvements consist of the installation of approximately 37,750 linear feet of 12-inch water transmission main and appurtenances. The water transmission main will be constructed of PVC pipe and will extend from the intersection of Kentucky Highway 1875 (Cranborne Grange) and Kentucky Highway 1005 (Vigo Road) running in a eastern direction parallel to Kentucky Highway 1005 to the existing 100,000 gallon storage tank in the community of Bagdad, KY.

The proposed transmission main will expand on the improvements included in the East-West Connector – Phase II project to supply water from the Louisville supply to underserved portions of the eastern supply zone. In addition, the improvements will allow the company to better serve its entire system from multiple individual suppliers in the event of a water shortage or other emergency.

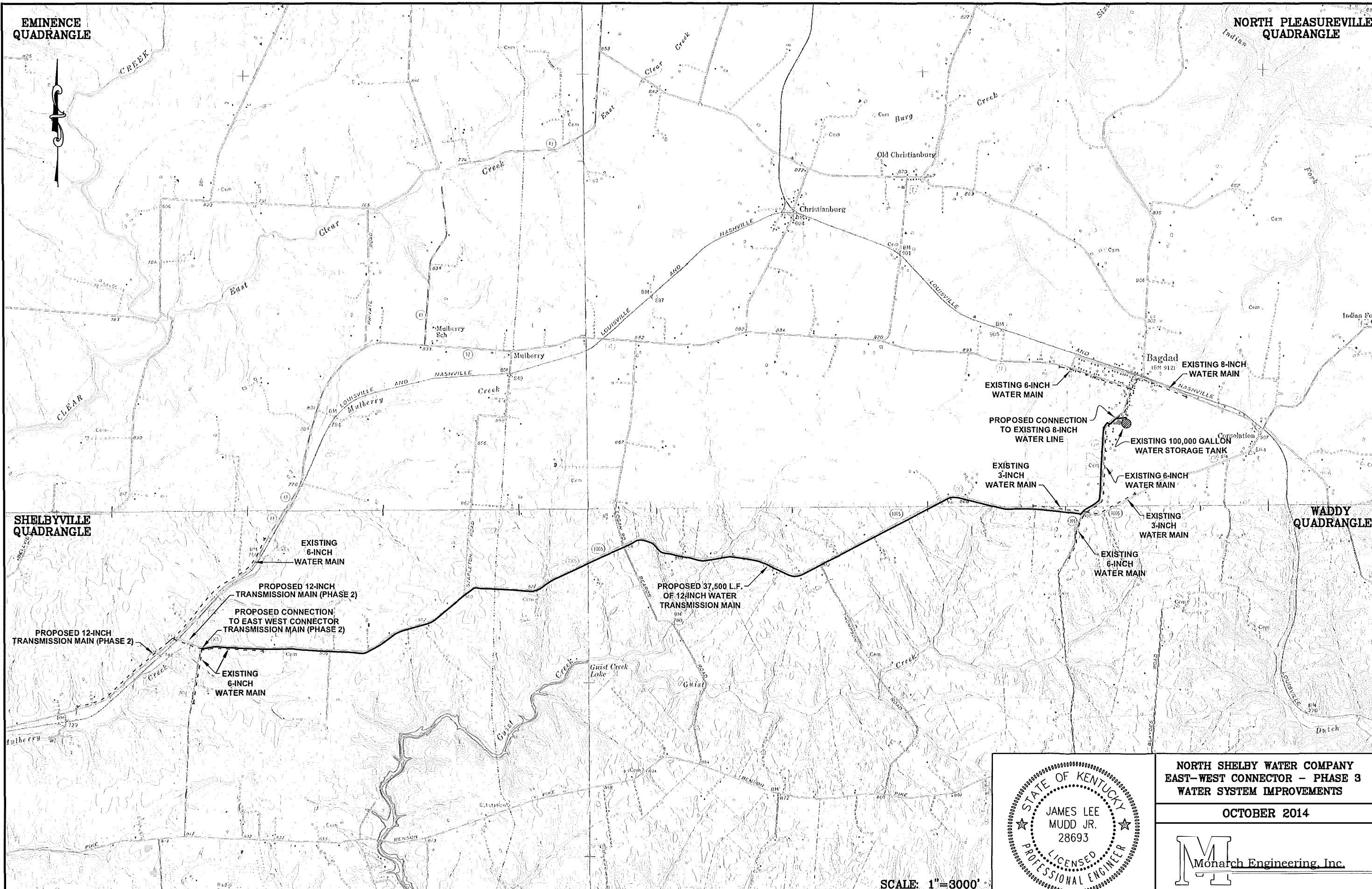
The proposed renovation of the existing 200,000 gallon Jacksonville storage tank will consist of the repair and replacement of all damage structural members and a complete removal and recoating of all interior and exterior surfaces. With today's advanced coatings and better application methods, the renovation will allow the tank to provide trouble free storage for a minimum of twenty years before any significant maintenance or restoration will be required. With proper coating maintenance the tank itself will remain in operation for hundreds of years.

A new 400,000 gallon storage tank is proposed to replace the existing Todd's Point Water Storage Tank. The proposed elevated tank will triple the usable storage available for existing customers as compared to that provided by the existing standpipe style tank. The increased capacity will allow the Company to provide an increased level of service to existing residential and commercial customers, especially those located at higher elevations. In addition, the Company will be able to decommission and demolish the existing tank. This will eliminate the risk of catastrophic failure which is associated with the existing structure. The existing booster pump station located on the site of the existing Todd's Point Tank will also be replaced with a new station to be constructed on the site of the existing 1,000,000 Shelby School Tank.

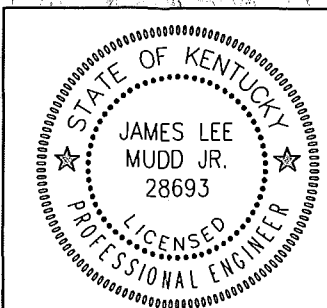
An itemized cost estimate is included in this report and outlines all of the individual construction items along with their estimated unit costs. A summary cost estimate is also included herein and recaps all of the project costs and outlines the funding scheme for the project. The total cost of the improvements is estimated to be \$3,550,000 with full funding being provided by USDA Rural Development loan funds.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on our evaluations of the Company's water system, and its inability to effectively suitably supply existing customers and transport water throughout the system, it is recommended that the Company pursue financing from the U.S. Department of Agriculture through their Rural Development program so that these improvements can be implemented.



SCALE: 1"=3000'



**NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE 3
WATER SYSTEM IMPROVEMENTS**

OCTOBER 2014



SHELBYVILLE
QUADRANGLE



EXISTING 8-INCH
WATER MAIN

795

PROPOSED 1,500 L.F. OF
8-INCH WATER MAIN

EXISTING 1,000,000 GALLON
WATER STORAGE TANK

EXISTING 6-INCH
WATER MAIN

PROPOSED CONNECTION
TO EXISTING 8-INCH
WATER LINE

PROPOSED 500 GPM
BOOSTER PUMP STATION

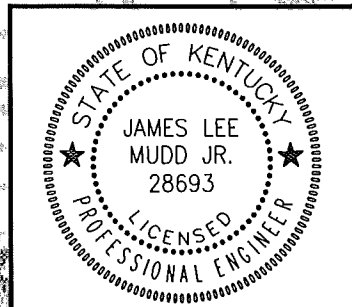
PROPOSED 200 L.F. +/-
12-INCH WATER MAIN AT
PUMP STATION CONNECTION

EXISTING 12-INCH
WATER MAIN

EXISTING 12-INCH
WATER MAIN

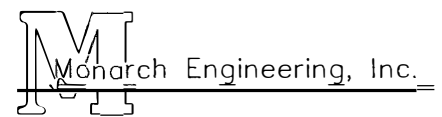
MILLS
78

SCALE: 1" = 500'



NORTH SHELBY WATER COMPANY
SHELBY SCHOOL PUMP STATION
WATER SYSTEM IMPROVEMENTS

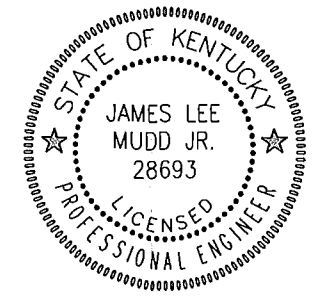
OCTOBER 2014



BALLARDSVILLE
QUADRANGLE



SCALE: 1" = 400'



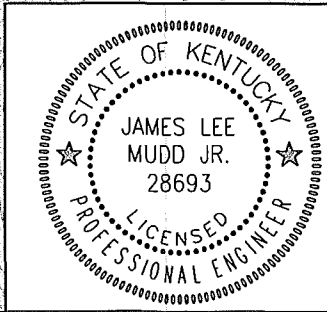
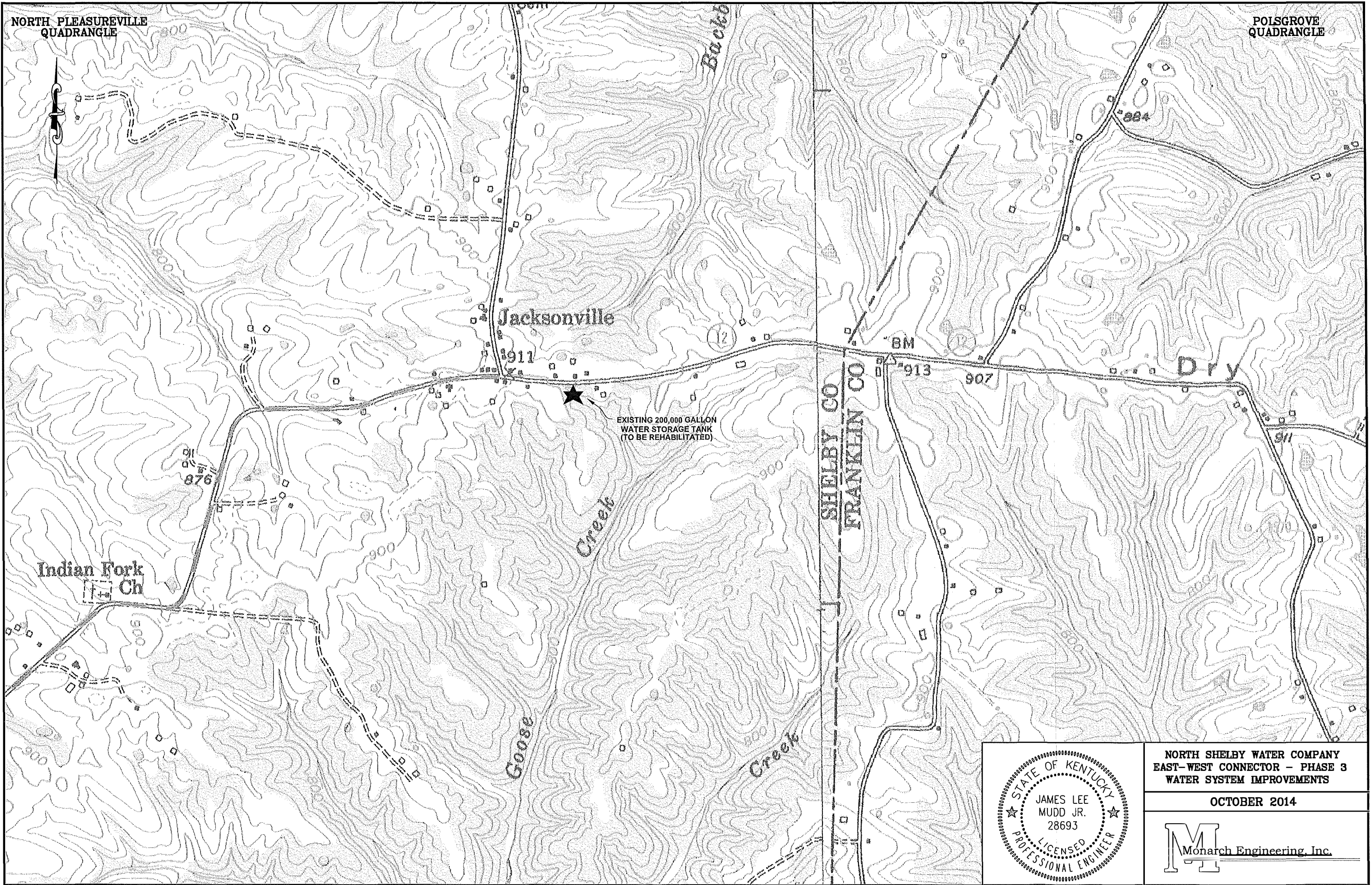
NORTH SHELBY WATER COMPANY
 EAST-WEST CONNECTOR - PHASE 3
 WATER SYSTEM IMPROVEMENTS

OCTOBER 2014



NORTH PLEASUREVILLE
QUADRANGLE

POLSGROVE
QUADRANGLE



NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE 3
WATER SYSTEM IMPROVEMENTS

OCTOBER 2014



**PRELIMINARY COST ESTIMATE
EAST-WEST CONNECTOR - PHASE 3
WATER SYSTEM IMPROVMENTS
NORTH SHELBY WATER COMPANY
OCTOBER 2014**

PROJECT COSTS

DEVELOPMENT

CONTRACT NO. 1 : EAST-WEST CONNECTOR TRANSMISSION MAIN - PHASE 3 \$1,780,000

CONTRACT NO. 2 : JACKSONVILLE WATER STORAGE TANK REHABILITATION 300,000

CONTRACT NO. 3 : TODDS POINT WATER STORAGE TANK REPLACEMENT 775,000

TOTAL DEVELOPMENT \$2,855,000

CONTINGENCY 280,000

ENGINEERING DESIGN 208,000

CONSTRUCTION INSPECTION 117,000

PRELIMINARY ENGINEERING REPORT 10,000

ENVIRONMENTAL ASSESSMENT 10,000

GEOTECHNICAL INVESTIGATION 10,000

LEGAL 20,000

LAND & EASEMENT ACQUISITION 15,000

INTEREST 25,000

TOTAL PROJECT COSTS \$3,550,000

PROJECT FUNDING

USDA RURAL DEVELOPMENT LOAN \$2,840,000

USDA RURAL DEVELOPMENT GRANT 710,000

TOTAL PROJECT FUNDING \$3,550,000

**PRELIMINARY COST ESTIMATE
EAST-WEST CONNECTOR - PHASE 3
WATER SYSTEM IMPROVMENTS
NORTH SHELBY WATER COMPANY
OCTOBER 2014**

**CONTRACT NO. 1
EAST-WEST CONNECTOR TRANSMISSION MAIN - PHASE 3**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	12-Inch PVC SDR-17 Water Line	37,500 LF	\$35.00	\$1,312,500.00
2	8-Inch PVC SDR-17 Water Line	250 LF	25.00	6,250.00
3	6-Inch PVC SDR-17 Water Line	250 LF	20.00	5,000.00
4	16-Inch HDPE DR-7.3 Directional Bore	300 LF	450.00	135,000.00
5	Bore & Case for 12-Inch Water Line	350 LF	300.00	105,000.00
6	Open Cut & Case for 12-Inch Water Line	150 LF	225.00	33,750.00
7	Creek Crossing for 12-Inch Water Line	200 LF	200.00	40,000.00
8	12-Inch Gate Valve	25 EA	2,500.00	62,500.00
9	8-Inch Gate Valve	2 EA	1,500.00	3,000.00
10	6-Inch Gate Valve	2 EA	1,250.00	2,500.00
11	Connection	6 EA	3,000.00	18,000.00
12	Flush Hydrant Assembly	14 EA	3,000.00	42,000.00
13	Air Release Valves	4 EA	2,500.00	10,000.00
14	Exploration	30 HR	150.00	4,500.00
SUBTOTAL				\$1,780,000.00
CONTINGENCY				178,000.00
TOTAL CONSTRUCTION				\$1,958,000.00

**CONTRACT NO. 2
JACKSONVILLE WATER STORAGE TANK REHABILITATION**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	Complete Removal & Reapplication of Exterior Steel Coating System	1 LS	\$185,000.00	\$185,000.00
2	Complete Removal & Re-application of Interior Steel Coating System	1 LS	100,000.00	\$100,000.00
3	Miscellaneous Repairs & Modifications	1 LS	15,000.00	15,000.00
SUBTOTAL				\$300,000.00
CONTINGENCY				17,500.00
TOTAL CONSTRUCTION				\$317,500.00

**CONTRACT NO. 3
TODDS POINT WATER STORAGE TANK REPLACEMENT**

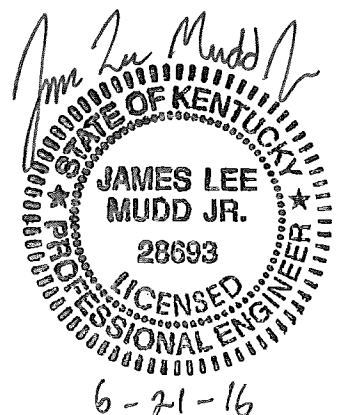
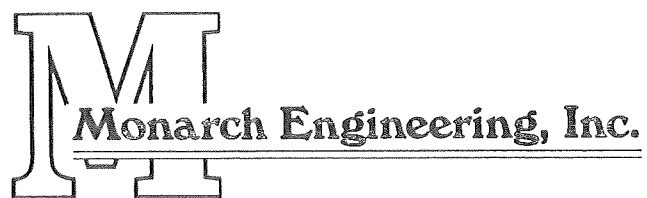
ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	300,000 Gallon Elevated Storage Tank			
1A	Site Work	1 LS	\$35,000.00	\$35,000.00
1B	Foundation	1 LS	85,000.00	85,000.00
1C	Welded Steel Tank Structure	1 LS	500,000.00	500,000.00
1D	Piping & Appurtenances	1 LS	60,000.00	60,000.00
1E	Coatings & Sterilization	1 LS	70,000.00	70,000.00
2	250,000 Gallon Storage Standpipe Tank Demolition	1 LS	25,000.00	25,000.00
SUBTOTAL				\$775,000.00
CONTINGENCY				77,500.00
TOTAL CONSTRUCTION				\$852,500.00

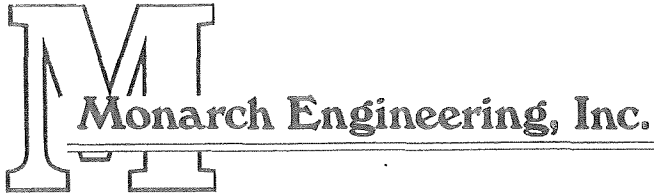
FINAL ENGINEERING REPORT

EAST-WEST CONNECTOR – PHASE III
WATER SYSTEM IMPROVEMENTS PROJECT

NORTH SHELBY WATER COMPANY
SHELBY COUNTY, KENTUCKY

JUNE 2016





June 20, 2016

Mr. Jerry Ruble, President
North Shelby Water Company
P.O. Box 97
Bagdad, KY 40003

Re: East-West Connector - Phase III
Water System Improvements

Dear Mr. Ruble:

On June 17, 2016, bids were received by the North Shelby Water Company for the construction of various water system improvements, known collectively as the East-West Connector - Phase III Water System Improvements. This work was separated into three (3) individual construction contracts as follows:

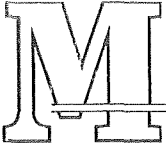
- Contract No. 1 - Water Transmission Main;
- Contract No. 2 - Todd's Point Water Storage Tank;
- Contract No. 3 - Jacksonville Water Storage Tank Rehabilitation.

Considering Contract No. 1, five (5) proposals were received, with the lowest being submitted by Stotts Construction Co., Inc. of Columbia, Kentucky for \$955,120.00. Work included in this contract consists of the construction of approximately 17,900 L.F. of 12-inch water transmission main, 1,500 L.F. of 8-inch water transmission main, a new booster pump station, and other associated appurtenances.

Considering Contract No. 2, two (2) proposals were received, with the lowest being submitted by Caldwell Tanks, Inc. of Louisville, Kentucky for \$912,000.00. Work included in this contract consists of the construction of a 400,000 gallon Multi-Column Elevated Water Storage Tank, associated piping and appurtenances, and the demolition of an existing 251,000 gallon Standpipe Water Storage Tank.

Considering Contract No. 3, three (3) proposals were received, with the lowest being submitted by Tank Pro, Inc. of Tuscaloosa, Alabama for \$287,744.00. Work included in this contract consists of the rehabilitation of an existing 200,000 gallon Multi-Column Elevated Water Storage Tank, including the complete removal and re-application of the interior and exterior coating systems and various other repairs.

A summarized tabulation of all bids received for each contract is attached for your reference.



June 20, 2016
Page Two

As indicated in the attached Final Project Budget, the total "as-bid" project costs are within the amount of allocated financing. Proceeding with a contract award to all three (3) low bidders would allow contingency funds in the amount of \$965,256.00. Therefore, based on the competitive nature of the bids received, and the necessity of the proposed improvements, we recommend that the Company consider awarding contracts to Stotts Construction Co., Inc., Caldwell Tanks, Inc., and Tank Pro, Inc. in respective amounts of \$955,120.00, \$912,000.00 and \$287,744.00. This recommendation is contingent upon approval from USDA Rural Development and the Kentucky Public Service Commission.

Given the substantial amount of contingency funds which are likely to remain following completion of the project, the inclusion of an additional project phase should be considered. Gauging from preliminary discussions, it is recommended that these funds be used for water transmission improvements east of the Bagdad community. The location and scope these additional improvements are detailed in an attached location map. Generally, they include the installation of approximately 9,200 L.F. of 6-inch water main on Kentucky Highway 1005 and also the upgrade of 10,400 L.F. of existing 8-inch water main to 12-inch water main on Kentucky Highway 1570. This recommendation is based on providing the additional transmission capacity needed to fulfill North Shelby's long term goal to further decrease wholesale purchases from the Frankfort Plant Board. Please note that these additional improvements will require approval from both USDA Rural Development and the Kentucky Public Service Commission.

Should you have any questions or require any additional information, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Lee Mudd".

Lee Mudd, P.E.
Project Engineer

/jlm

Attachments

Cc: Greg Pridemore
Area Specialist, USDA Rural Development
Anthony Hollinsworth
Program Director, USDA Rural Development

MONARCH ENGINEERING, INC.
 555 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 1
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

Stotts Construction Co., Inc. P.O. Box 1689 Columbia, KY 42728	Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157	Horsley Construction, Inc. 368 Hagan Dennis Lane Hudson, KY 40145
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ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT								
1	12-Inch PVC SDR-17 Water Line	17,300 LF	\$23.50	\$406,550.00	\$22.00	\$380,600.00	\$27.70	\$479,210.00
2	12-Inch Ductile Iron CL350 Water Line	300 LF	48.00	14,400.00	46.00	13,800.00	45.09	13,527.00
3	8-Inch PVC SDR-17 Water Line	1,300 LF	16.90	21,970.00	16.00	20,800.00	16.80	21,840.00
4	6-Inch PVC SDR-17 Water Line	100 LF	19.00	1,900.00	16.00	1,600.00	14.00	1,400.00
5	12-Inch PVC C900 DR-14 Integral Bell Restrained Joint (Certa-Lok) Water Line	290 LF	60.00	17,400.00	53.00	15,370.00	67.00	19,430.00
6	8-Inch PVC C900 DR-14 Integral Bell Restrained Joint (Certa-Lok) Water Line	170 LF	35.00	5,950.00	30.00	5,100.00	34.00	5,780.00
7	Bore & Case for 12-Inch Water Line	380 LF	130.00	49,400.00	145.00	55,100.00	131.00	49,780.00
8	Bore & Case for 8-Inch Water Line	150 LF	125.00	18,750.00	115.00	17,250.00	122.00	18,300.00
9	Free Bore & Case for 12-Inch Water Line	140 LF	75.00	10,500.00	75.00	10,500.00	65.00	9,100.00
10	Creek Crossing for 12-Inch Water Line	40 LF	50.00	2,000.00	125.00	5,000.00	100.00	4,000.00
11	12-Inch Gate Valve	23 EA	2,500.00	57,500.00	2,300.00	52,900.00	2,800.00	64,400.00
12	8-Inch Gate Valve	1 EA	1,800.00	1,800.00	1,500.00	1,500.00	1,700.00	1,700.00
13	6-Inch Gate Valve	2 EA	1,200.00	2,400.00	1,100.00	2,200.00	1,250.00	2,500.00
14	Air Release Valve	2 EA	3,300.00	6,600.00	3,500.00	7,000.00	4,800.00	9,600.00
15	Flush Hydrant Assembly	9 EA	4,000.00	36,000.00	4,000.00	36,000.00	3,660.00	32,940.00
16	Direct Connection	2 EA	1,000.00	2,000.00	1,400.00	2,800.00	1,000.00	2,000.00
17	Type II Connection	4 EA	1,500.00	6,000.00	2,200.00	8,800.00	2,000.00	8,000.00
18	Booster Pump Station	1 LS	291,000.00	291,000.00	325,000.00	325,000.00	300,995.00	300,995.00
	18A) Site Work		15,000.00		5,000.00		17,480.00	
	18B) Foundations		7,500.00		10,000.00		8,380.00	
	18C) Factory Built Booster Pump Station		252,000.00		275,000.00		248,755.00	
	18D) Brickwork		6,500.00		10,000.00		6,380.00	
	18E) Site Electrical		10,000.00		25,000.00		2,000.00	
19	Exploration	30 HR	100.00	3,000.00	100.00	3,000.00	100.00	3,000.00
TOTAL BASE BID CONTRACT				\$955,120.00		\$964,320.00		\$1,047,502.00

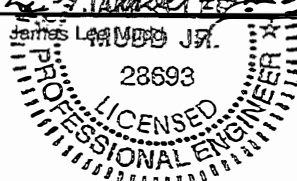
THE ABOVE IS A TRUE AND CORRECT TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, JUNE 17, 2016 AT THE NORTH SHELBY WATER COMPANY.

BY:

James L. Mudd Jr.
 James L. Mudd Jr.
 28693

6-20-16
 Date

Project No. 1321



MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 1
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Clay Pipeline, Inc.		Cumberland Pipeline, LLC	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT					
1	12-Inch PVC SDR-17 Water Line	17,300 LF	\$24.60	\$425,580.00	\$30.24	\$523,152.00
2	12-Inch Ductile Iron CL350 Water Line	300 LF	42.55	12,765.00	43.76	13,128.00
3	8-Inch PVC SDR-17 Water Line	1,300 LF	16.45	21,385.00	17.89	23,257.00
4	6-Inch PVC SDR-17 Water Line	100 LF	23.90	2,390.00	13.25	1,325.00
5	12-inch PVC C900 DR-14 Integral Bell Restrained Joint (Certa-Lok) Water Line	290 LF	58.70	17,023.00	53.78	15,596.20
6	8-Inch PVC C900 DR-14 Integral Bell Restrained Joint (Certa-Lok) Water Line	170 LF	35.00	5,950.00	35.47	6,029.90
7	Bore & Case for 12-Inch Water Line	380 LF	145.95	55,461.00	193.30	73,454.00
8	Bore & Case for 8-Inch Water Line	150 LF	120.30	18,045.00	273.49	41,023.50
9	Free Bore & Case for 12-Inch Water Line	140 LF	101.75	14,245.00	54.35	7,609.00
10	Creek Crossing for 12-Inch Water Line	40 LF	59.55	2,382.00	142.94	5,717.60
11	12-inch Gate Valve	23 EA	2,810.00	64,630.00	2,682.71	61,702.33
12	8-Inch Gate Valve	1 EA	2,150.50	2,150.50	1,671.40	1,671.40
13	6-Inch Gate Valve	2 EA	1,761.00	3,522.00	2,280.96	4,561.92
14	Air Release Valve	2 EA	3,860.50	7,721.00	4,025.00	8,050.00
15	Flush Hydrant Assembly	9 EA	4,519.50	40,675.50	4,302.77	38,724.93
16	Direct Connection	2 EA	2,302.00	4,604.00	875.58	1,751.16
17	Type II Connection	4 EA	5,178.25	20,713.00	1,657.56	6,630.24
18	Booster Pump Station	1 LS	324,310.00	324,310.00	340,964.00	340,964.00
	18A) Site Work		5,300.00		20,004.00	
	18B) Foundations		5,300.00		39,550.00	
	18C) Factory Built Booster Pump Station		281,910.00		245,410.00	
	18D) Brickwork		1,600.00		11,000.00	
	18E) Site Electrical		21,200.00		25,000.00	
19	Exploration	30 HR	265.00	7,950.00	50.00	1,500.00
	TOTAL BASE BID CONTRACT			\$1,051,502.00		\$1,175,848.18

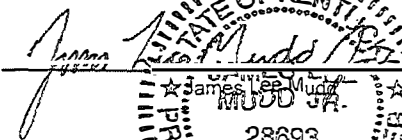
MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

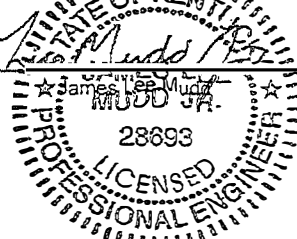
BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 2 - TODDS POINT WATER STORAGE TANK
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

Caldwell Tanks, Inc. 4000 Tower Road Louisville, KY 40219	Phoenix Fabricators & Erectors, Inc. 182 South County Road 900 East Avon, IN 46123
--	---

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT						
1	Site Protection (Temporary Site Fencing)	1 LS	\$14,000.00	\$14,000.00	\$3,500.00	\$3,500.00
2	Erosion & Sedimentation Controls	1 LS	13,000.00	13,000.00	6,000.00	6,000.00
3	Site Preparation, Grading, & Excavation	1 LS	8,000.00	8,000.00	13,000.00	13,000.00
4	400,000 Gallon Steel Multi-Column Elevated Water Storage Tank					
	4A) Foundation	1 LS	105,000.00	105,000.00	58,600.00	58,600.00
	4B) Welded Steel Reservoir & Support Structure	1 LS	507,000.00	507,000.00	689,780.00	689,780.00
	4C) Appurtenances & Accessories	1 LS	20,000.00	20,000.00	10,000.00	10,000.00
	4D) Coatings & Disinfection	1 LS	167,000.00	167,000.00	150,000.00	150,000.00
5	Yard Piping & Appurtenances	1 LS	29,000.00	29,000.00	83,000.00	83,000.00
6	Miscellaneous Site Improvements (Access Road, Parking Area, Lined Ditches)	1 LS	17,000.00	17,000.00	47,000.00	47,000.00
7	251,000 Gallon Storage Tank Demolition	1 LS	23,000.00	23,000.00	21,000.00	21,000.00
8	Final Site Restoration & Cleanup	1 LS	9,000.00	9,000.00	19,000.00	19,000.00
TOTAL BASE BID				\$912,000.00		\$1,100,880.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, JUNE 17, 2016 AT THE NORTH SHELBY WATER COMPANY.

BY:  _____ Date: 6-20-16



MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 3 - JACKSONVILLE WATER STORAGE TANK REHABILITATION
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Tank Pro, Inc. P.O. Box 2669 Tuscaloosa, AL 35403		C&S Quality Services, LLC 1042 Forest Hill Lawrenceburg, KY 40342		Huffman Tank & Tower, Inc. 210 Burkesville Road Albany, KY 42602	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT								
1	Containment & Protection Measures	1 LS	\$54,000.00	\$54,000.00	\$75,000.00	\$75,000.00	\$100,000.00	\$100,000.00
2	Miscellaneous Repairs & Modifications	1 LS	17,245.00	17,245.00	28,650.00	28,650.00	30,200.00	30,200.00
	2A) Caulk interior roof seams and painters ring (Estimated 255 L.F)		1,020.00		1,000.00		2,500.00	
	2B) Grind flush all sharp edges, weld spatter, burrs, etc. (Estimated 2 hours)		100.00		300.00		500.00	
	2C) Fill sharp edged pits (1/16" or deeper) with a surfacing epoxy (Estimated 20 S.F.)		250.00		750.00		200.00	
	2D) Remove the plate at the top of riser pipe and install a 42" tall handrail		800.00		2,500.00		2,000.00	
	2E) Install stainless steel fall prevention cables on the interior tank and riser pipe ladders		2,100.00		3,100.00		5,000.00	
	2F) Remove existing fall protection bars on the exterior tank and leg ladders and replace with stainless steel fall prevention cables		2,300.00		3,500.00		5,000.00	
	2G) Install opening in the balcony handrail at the top of the leg ladder		1,400.00		1,200.00		1,000.00	
	2H) Repair, modify, & relocate the interior tank ladder to improve access to the roof hatch		1,325.00		2,500.00		2,000.00	
	2I) Remove existing 12" roof vent assembly and replace with new 24" flanged vent assembly		2,250.00		4,300.00		4,000.00	
	2J) Drill twenty (20) on-inch holes in the balcony floor to facilitate drainage		400.00		1,000.00		2,000.00	
	2K) Install antenna cable clips extending up the tank support leg and tank shell to the existing antenna support bracket on the roof		400.00		6,000.00		2,000.00	
BASE BID CONTRACT Cont'd								

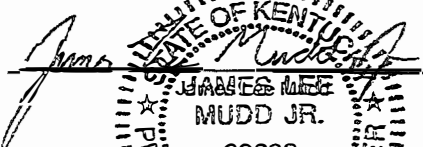
MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 3 - JACKSONVILLE WATER STORAGE TANK REHABILITATION
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Tank Pro, Inc. P.O. Box 2669 Tuscaloosa, AL 35403		C&S Quality Services, LLC 1042 Forest Hill Lawrenceburg, KY 40342		Huffman Tank & Tower, Inc. 210 Burkesville Road Albany, KY 42602	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT Cont'd							
	2L) Remove existing telemetry antenna from leg ladder and relocate to lower strut		1,000.00		750.00		2,000.00	
	2M) Provide an install aluminum climb prevention shield at base of leg ladder		1,000.00		1,750.00		2,000.00	
3	Complete Removal & Reapplication of Exterior Coating Systems	1 LS	131,729.00	131,729.00	133,200.00	133,200.00	140,000.00	140,000.00
4	Complete Removal & Reapplication of Interior Coating Systems	1 LS	80,000.00	80,000.00	47,200.00	47,200.00	60,000.00	60,000.00
5	Application of Basic Lettering/Logo	1 LS	2,300.00	2,300.00	3,500.00	3,500.00	4,000.00	4,000.00
6	Cleaning/Disinfection/Sampling	1 LS	500.00	500.00	1,500.00	1,500.00	500.00	500.00
7	Site Clean-up and Restoration	1 LS	2,000.00	2,000.00	1,500.00	1,500.00	500.00	500.00
	TOTAL BASE BID			\$287,774.00		\$290,550.00		\$335,200.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, JUNE 17, 2016 AT THE NORTH SHELBY WATER COMPANY.

BY:


 JAMES LEE MUDD JR.
 28693
 LICENSED PROFESSIONAL ENGINEER

6-20-16
 Date

**FINAL PROJECT BUDGET
EAST-WEST CONNECTOR - PHASE III
WATER SYSTEM IMPROVEMENTS
NORTH SHELBY WATER COMPANY
JUNE 2016**

PROJECT COSTS

DEVELOPMENT

CONTRACT NO. 1 - WATER TRANSMISSION MAIN - PHASE III	\$955,120
CONTRACT NO. 2 - TODDS POINT WATER STORAGE TANK	\$912,000
CONTRACT NO. 3 - JACKSONVILLE WATER STORAGE TANK REHAB	<u>\$287,744</u>
TOTAL DEVELOPMENT	2,154,864
CONTINGENCY	214,606
ENGINEERING DESIGN (7.58%)	163,340
CONSTRUCTION INSPECTION (4.51%)	97,190
LEGAL	20,000
PRELIMINARY ENGINEERING REPORT	10,000
ENVIRONMENTAL ASSESSMENT	10,000
GEOTECHNICAL INVESTIGATION	10,000
EASEMENT & LAND ACQUISITION	50,000
INTEREST	25,000
WATER TRANSMISSION MAIN - PHASE III-A (SEE ATTACHEMENT)	<u>795,000</u>
TOTAL PROJECT COSTS	\$3,550,000

PROJECT FINANCING

USDA RURAL DEVELOPMENT LOAN	<u>3,550,000</u>
TOTAL PROJECT COSTS	\$3,550,000

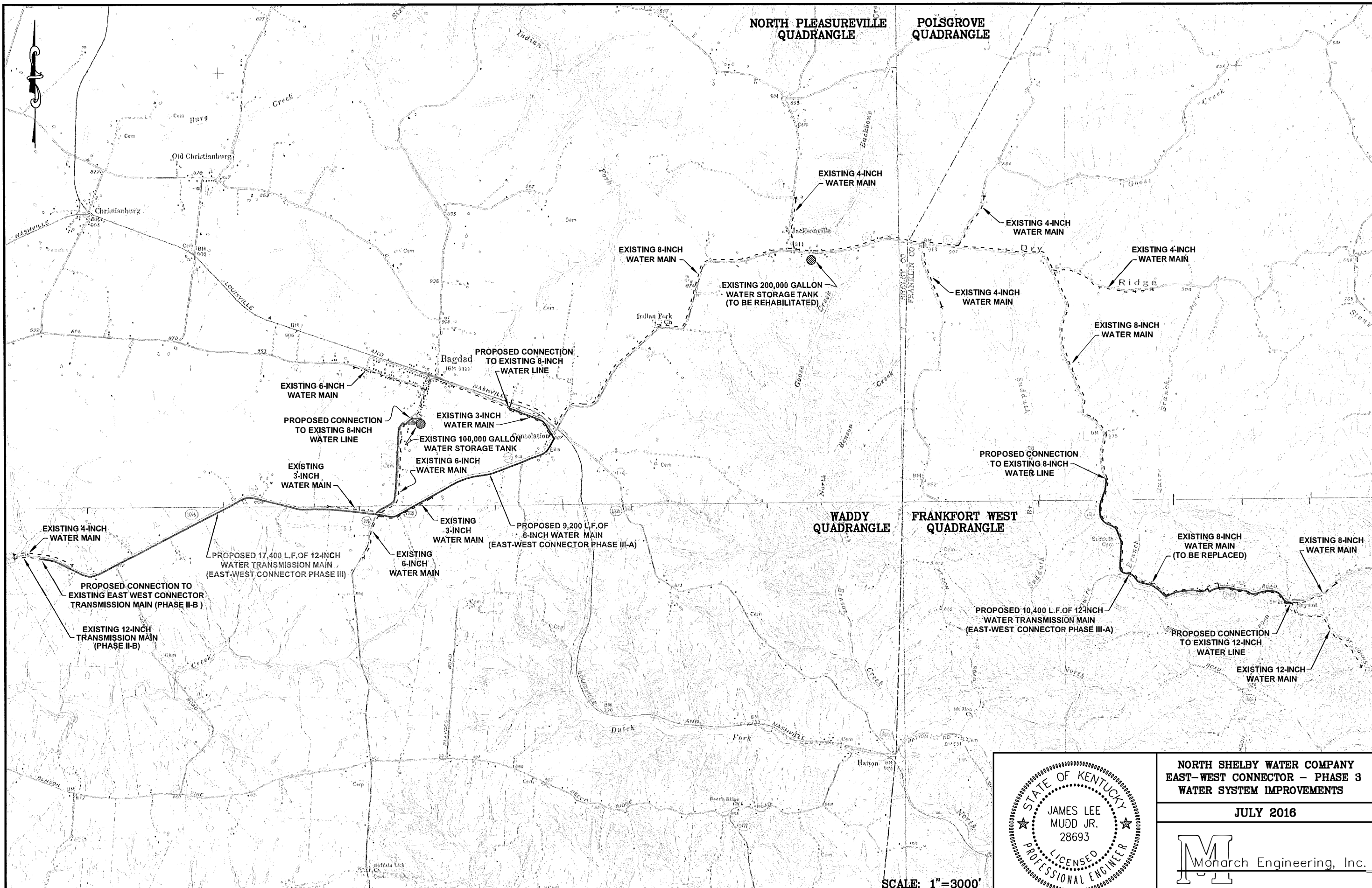
**PRELIMINARY COST ESTIMATE
EAST-WEST CONNECTOR - PHASE III-A
WATER TRANSMISSION IMPROVMENTS
(EAST OF BAGDAD COMMUNITY)
NORTH SHELBY WATER COMPANY
JUNE 2016**

PROJECT COSTS

DEVELOPMENT	\$645,000
CONTINGENCY	64,000
ENGINEERING DESIGN (7.58%)	48,900
CONSTRUCTION INSPECTION (4.51%)	29,100
ENVIRONMENTAL ASSESSMENT	5,000
EASEMENT & LAND ACQUISITION	<u>3,000</u>
TOTAL PROJECT COSTS	\$795,000

**PRELIMINARY COST ESTIMATE
EAST-WEST CONNECTOR - PHASE III-A
WATER TRANSMISSION IMPROVMENTS
(EAST OF BAGDAD COMMUNITY)
NORTH SHELBY WATER COMPANY
JUNE 2016**

ITEM NO.	DESCRIPTION	QUANTITY		UNIT COST	TOTAL COST
1	12-Inch PVC SDR-17 Water Line	10,200	LF	\$30.00	\$306,000.00
2	8-Inch PVC SDR-17 Water Line	200	LF	16.00	3,200.00
3	6-Inch PVC SDR-17 Water Line	9,200	LF	14.00	128,800.00
4	12-Inch PVC C900 DR-14 IB.R.J. Water Line	170	LF	60.00	10,200.00
5	Bore & Case for 12-Inch Water Line	120	LF	180.00	21,600.00
6	Bore & Case for 6-Inch Water Line	120	LF	120.00	14,400.00
7	Free Bore & Case for 12-Inch Water Line	120	LF	100.00	12,000.00
8	Free Bore & Case for 6-Inch Water Line	140	LF	80.00	11,200.00
9	Creek Crossing for 12-Inch Water Line	150	LF	140.00	21,000.00
10	12-Inch Gate Valve	10	EA	2,500.00	25,000.00
11	8-Inch Gate Valve	1	EA	1,800.00	1,800.00
12	6-Inch Gate Valve	8	EA	1,200.00	9,600.00
13	Air Release Valve	1	EA	3,400.00	3,400.00
14	Flush Hydrant Assembly	7	EA	4,000.00	28,000.00
15	Direct Connection	2	EA	1,000.00	2,000.00
16	Type II Connection	4	EA	3,500.00	14,000.00
17	Meter Reconnection	50	EA	500.00	25,000.00
18	3/4-Inch P.E. Service Tubing	500	LF	8.00	4,000.00
19	Exploration	38	HR	100.00	3,800.00
		Subtotal			\$645,000.00
		Contingency			64,000.00
		Total Construction			\$709,000.00



NORTH PLEASUREVILLE
QUADRANGLE

POLSGROVE
QUADRANGLE

EXISTING 4-INCH
WATER MAIN

EXISTING 4-INCH
WATER MAIN

EXISTING 4-INCH
WATER MAIN

EXISTING 8-INCH
WATER MAIN

EXISTING 200,000 GALLON
WATER STORAGE TANK
(TO BE REHABILITATED)

EXISTING 4-INCH
WATER MAIN

EXISTING 8-INCH
WATER MAIN

PROPOSED CONNECTION
TO EXISTING 8-INCH
WATER LINE

EXISTING 6-INCH
WATER MAIN

PROPOSED CONNECTION
TO EXISTING 8-INCH
WATER LINE

EXISTING 3-INCH
WATER MAIN

EXISTING 100,000 GALLON
WATER STORAGE TANK

EXISTING 6-INCH
WATER MAIN

PROPOSED CONNECTION
TO EXISTING 8-INCH
WATER LINE

WADDY
QUADRANGLE

FRANKFORT WEST
QUADRANGLE

EXISTING 4-INCH
WATER MAIN

PROPOSED 17,400 L.F. OF 12-INCH
WATER TRANSMISSION MAIN
(EAST-WEST CONNECTOR PHASE III)

EXISTING 3-INCH
WATER MAIN

PROPOSED 9,200 L.F. OF
6-INCH WATER MAIN
(EAST-WEST CONNECTOR PHASE III-A)

EXISTING 6-INCH
WATER MAIN

PROPOSED 10,400 L.F. OF 12-INCH
WATER TRANSMISSION MAIN
(EAST-WEST CONNECTOR PHASE III-A)

EXISTING 8-INCH
WATER MAIN
(TO BE REPLACED)

EXISTING 8-INCH
WATER MAIN

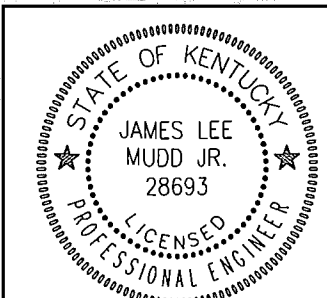
PROPOSED CONNECTION TO
EXISTING EAST WEST CONNECTOR
TRANSMISSION MAIN (PHASE II-B)

EXISTING 12-INCH
TRANSMISSION MAIN
(PHASE II-B)

PROPOSED CONNECTION TO
EXISTING 12-INCH
WATER LINE

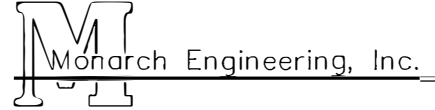
EXISTING 12-INCH
WATER MAIN

SCALE: 1"=3000'



**NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE 3
WATER SYSTEM IMPROVEMENTS**


JULY 2016



CERTIFIED STATEMENT

The undersigned, Jerry Ruble, who is the President of the Board of Directors of North Shelby Water Company, hereby certifies the following based upon the statements of the engineers for North Shelby:

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 the Applicant shall produce the total revenue requirements recommended in the engineering reports.
4. It is anticipated that construction will begin on September 19, 2016 and end on September 19, 2017.



 Jerry Ruble, President

STATE OF KENTUCKY)
 COUNTY OF SHELBY)

The undersigned, Jerry Ruble, being duly sworn, deposes and states that he is President of North Shelby Water Company, Applicant in the above proceedings; that he has read the foregoing Certified Statement and that it is true based upon the statements of the engineers for North Shelby Water Company.


IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 24
 day of August, 2016.



 Jerry Ruble

STATE OF KENTUCKY)
 COUNTY OF SHELBY)

Subscribed and sworn to before me by Jerry Ruble, President of North Shelby Water Company, on this the 24 day of August, 2016.



 Notary Public
 Commission Expires: 2/1/19

North Shelby Water Company (“Company”) will file on or after August 24, 2016 an application with the Kentucky Public Service Commission (“PSC”) for the construction and installation of approximately 37,750 linear feet of 12-inch PVC transmission line upsizing approximately 19,600 linear feet of existing lines, renovation of the Jacksonville storage tank, replacement of the existing Todds Point storage tank, and installation of a pump station at the West Middle School, and will seek to increase rates effective September 23, 2016 as follows:

	<u>Existing Rates</u>	<u>Proposed Rates</u>	<u>Increase (\$)</u>	<u>Increase (%)</u>
<u>5/8” x 3/4” Meters:</u>				
First 2,000 gallons	\$18.22 Minimum Bill	\$20.63 Minimum Bill	\$2.41	13.23%
Next 3,000 gallons	\$6.92 per 1,000 gallons	\$7.17 per 1,000 gallons	\$0.25	3.61%
Next 5,000 gallons	\$5.54 per 1,000 gallons	\$5.79 per 1,000 gallons	\$0.25	4.51%
Next 40,000 gallons	\$4.85 per 1,000 gallons	\$5.10 per 1,000 gallons	\$0.25	5.15%
Over 50,000 gallons	\$4.17 per 1,000 gallons	\$4.42 per 1,000 gallons	\$0.25	6.00%
<u>1” Meters:</u>				
First 5,000 gallons	\$38.95 Minimum Bill	\$42.14 Minimum Bill	\$3.19	8.19%
Next 5,000 gallons	\$5.54 per 1,000 gallons	\$5.79 per 1,000 gallons	\$0.25	4.51%
Next 40,000 gallons	\$4.85 per 1,000 gallons	\$5.10 per 1,000 gallons	\$0.25	5.15%
Over 50,000 gallons	\$4.17 per 1,000 gallons	\$4.42 per 1,000 gallons	\$0.25	6.00%
<u>1 1/2” Meters:</u>				
First 10,000 gallons	\$66.65 Minimum Bill	\$71.09 Minimum Bill	\$4.44	6.66%
Next 40,000 gallons	\$4.85 per 1,000 gallons	\$5.10 per 1,000 gallons	\$0.25	5.15%
Over 50,000 gallons	\$4.17 per 1,000 gallons	\$4.42 per 1,000 gallons	\$0.25	6.00%
<u>2” Meters:</u>				
First 15,000 gallons	\$90.90 Minimum Bill	\$96.59 Minimum Bill	\$5.69	6.26%
Next 35,000 gallons	\$4.85 per 1,000 gallons	\$5.10 per 1,000 gallons	\$0.25	5.15%
Over 50,000 gallons	\$4.17 per 1,000 gallons	\$4.42 per 1,000 gallons	\$0.25	6.00%
<u>3” Meters:</u>				
First 35,000 gallons	\$187.90 Minimum Bill	\$198.59 Minimum Bill	\$10.69	5.69%
Next 15,000 gallons	\$4.85 per 1,000 gallons	\$5.10 per 1,000 gallons	\$0.25	5.15%
Over 50,000 gallons	\$4.17 per 1,000 gallons	\$4.42 per 1,000 gallons	\$0.25	6.00%

The monthly bill for a customer using an average of 5,000 gallons of water each month will increase from \$38.95 to \$42.14. This is an increase of \$3.19 or 8.19%. A person may examine this application at the Company office at 4596 Bagdad Road, Bagdad, KY, or at the PSC office located at 211 Sower Blvd, Frankfort, KY, Monday - Friday from 8:00 a.m. - 4:30 p.m., or on the PSC website at <http://psc.ky.gov>. Written comments regarding this application may be submitted to PSC through its website or by mail to Public Service Commission, PO Box 615, Frankfort, KY 40602. The proposed rates are required under the terms of an agreement between the Company and USDA Rural Development. KRS 278.023 does not grant the PSC any discretionary authority either to modify or reject any portion of the agreement between RD and the Company, or to defer the issuance of all necessary orders to implement the terms of that agreement.



Rural Development

August 9, 2016

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Jerry Ruble, President
North Shelby Water Company, Inc.
P.O. Box 97
Bagdad, Kentucky 40003

Voice 859.224.7300
Fax 855.661.8335
TTY 859.224.7422

Re: Letter of Conditions Dated February 1, 2016

Dear Mr. Ruble:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated February 1, 2016. The purpose of this amendment is to revise project funding, revise rates and charges and make other editorial changes in accordance with current Rural Utilities Service (RUS) Instructions.

"22. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,799,900
Land and Rights	53,000
Legal and Administrative	20,000
Engineering	358,000
Interest	25,000
Environmental	15,000
Contingencies	<u>278,600</u>
TOTAL	\$ 3,550,000

Financing:

RUS Loan	\$ 3,550,000
TOTAL	\$ 3,500,000

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

"25. Rates and Charges:

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

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, 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.

Water rates will be at least:

Water Rates – Proposed System

5/8 x 3/4 Inch - Residential

First	2,000	gallons @ \$	20.63. - Minimum Bill.
Next	3,000	gallons @ \$	7.17. - per 1,000 gallons.
Next	5,000	gallons @ \$	5.79. - per 1,000 gallons.
Next	40,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

1 – Inch (Residential and Non-residential)

First	5,000	gallons @ \$	42.14. - Minimum Bill.
Next	5,000	gallons @ \$	5.79. - per 1,000 gallons.
Next	40,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

1 1/2 - Inch (Non-Residential)

First	10,000	gallons @ \$	71.09. - Minimum Bill.
Next	40,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

2 – Inch (Non-Residential)

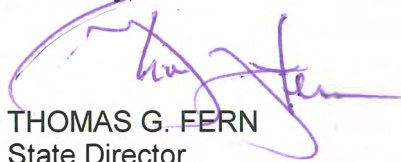
First	15,000	gallons @ \$	96.59. - Minimum Bill.
Next	35,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

3 – Inch (Non-Residential)

First	35,000	gallons @ \$	198.59. - Minimum Bill.
Next	15,000	gallons @ \$	5.10. - per 1,000 gallons.
All Over	50,000	gallons @ \$	4.42. - per 1,000 gallons.

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

Sincerely,



THOMAS G. FERN
State Director

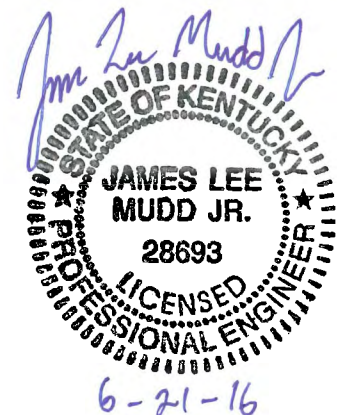
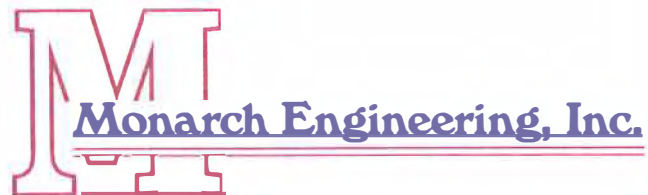
- cc: Area Director - Shelbyville, Kentucky
- KIPDA ADD - Louisville, Kentucky
- Donald Prather - Shelbyville, Kentucky
- Monarch Engineering - Lawrenceburg, Kentucky
- PSC - ATTN: Jeff Derouen - Frankfort, Kentucky

FINAL ENGINEERING REPORT

EAST-WEST CONNECTOR – PHASE III
WATER SYSTEM IMPROVEMENTS PROJECT

NORTH SHELBY WATER COMPANY
SHELBY COUNTY, KENTUCKY

JUNE 2016





June 20, 2016

Mr. Jerry Ruble, President
North Shelby Water Company
P.O. Box 97
Bagdad, KY 40003

Re: East-West Connector - Phase III
Water System Improvements

Dear Mr. Ruble:

On June 17, 2016, bids were received by the North Shelby Water Company for the construction of various water system improvements, known collectively as the East-West Connector - Phase III Water System Improvements. This work was separated into three (3) individual construction contracts as follows:

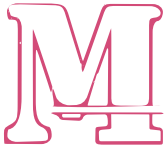
- Contract No. 1 - Water Transmission Main;
- Contract No. 2 - Todd's Point Water Storage Tank;
- Contract No. 3 - Jacksonville Water Storage Tank Rehabilitation.

Considering Contract No. 1, five (5) proposals were received, with the lowest being submitted by Stotts Construction Co., Inc. of Columbia, Kentucky for \$955,120.00. Work included in this contract consists of the construction of approximately 17,900 L.F. of 12-inch water transmission main, 1,500 L.F. of 8-inch water transmission main, a new booster pump station, and other associated appurtenances.

Considering Contract No. 2, two (2) proposals were received, with the lowest being submitted by Caldwell Tanks, Inc. of Louisville, Kentucky for \$912,000.00. Work included in this contract consists of the construction of a 400,000 gallon Multi-Column Elevated Water Storage Tank, associated piping and appurtenances, and the demolition of an existing 251,000 gallon Standpipe Water Storage Tank.

Considering Contract No. 3, three (3) proposals were received, with the lowest being submitted by Tank Pro, Inc. of Tuscaloosa, Alabama for \$287,744.00. Work included in this contract consists of the rehabilitation of an existing 200,000 gallon Multi-Column Elevated Water Storage Tank, including the complete removal and re-application of the interior and exterior coating systems and various other repairs.

A summarized tabulation of all bids received for each contract is attached for your reference.



June 20, 2016
Page Two

As indicated in the attached Final Project Budget, the total “as-bid” project costs are within the amount of allocated financing. Proceeding with a contract award to all three (3) low bidders would allow contingency funds in the amount of \$965,256.00. Therefore, based on the competitive nature of the bids received, and the necessity of the proposed improvements, we recommend that the Company consider awarding contracts to Stotts Construction Co., Inc., Caldwell Tanks, Inc., and Tank Pro, Inc. in respective amounts of \$955,120.00, \$912,000.00 and \$287,744.00. This recommendation is contingent upon approval from USDA Rural Development and the Kentucky Public Service Commission.

Given the substantial amount of contingency funds which are likely to remain following completion of the project, the inclusion of an additional project phase should be considered. Gauging from preliminary discussions, it is recommended that these funds be used for water transmission improvements east of the Bagdad community. The location and scope these additional improvements are detailed in an attached location map. Generally, they include the installation of approximately 9,200 L.F. of 6-inch water main on Kentucky Highway 1005 and also the upgrade of 10,400 L.F. of existing 8-inch water main to 12-inch water main on Kentucky Highway 1570. This recommendation is based on providing the additional transmission capacity needed to fulfill North Shelby’s long term goal to further decrease wholesale purchases from the Frankfort Plant Board. Please note that these additional improvements will require approval from both USDA Rural Development and the Kentucky Public Service Commission.

Should you have any questions or require any additional information, please advise.

Sincerely,

Lee Mudd, P.E.
Project Engineer

/jlm

Attachments

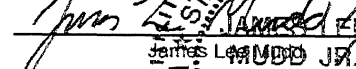
Cc: Greg Pridemore
Area Specialist, USDA Rural Development
Anthony Hollinsworth
Program Director, USDA Rural Development

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 1
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

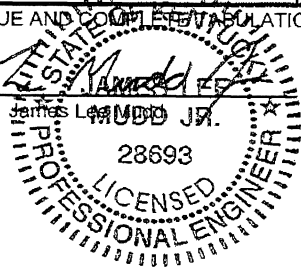
ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. P.O. Box 1689 Columbia, KY 42728		Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157		Horsley Construction, Inc. 368 Hagan Dennis Lane Hudson, KY 40145	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT								
1	12-Inch PVC SDR-17 Water Line	17,300 LF	\$23.50	\$406,550.00	\$22.00	\$380,600.00	\$27.70	\$479,210.00
2	12-Inch Ductile Iron CL350 Water Line	300 LF	48.00	14,400.00	46.00	13,800.00	45.09	13,527.00
3	8-Inch PVC SDR-17 Water Line	1,300 LF	16.90	21,970.00	16.00	20,800.00	16.80	21,840.00
4	6-Inch PVC SDR-17 Water Line	100 LF	19.00	1,900.00	16.00	1,600.00	14.00	1,400.00
5	12-Inch PVC C900 DR-14 Integral Bell							
	Restrained Joint (Certa-Lok) Water Line	290 LF	60.00	17,400.00	53.00	15,370.00	67.00	19,430.00
6	8-Inch PVC C900 DR-14 Integral Bell							
	Restrained Joint (Certa-Lok) Water Line	170 LF	35.00	5,950.00	30.00	5,100.00	34.00	5,780.00
7	Bore & Case for 12-Inch Water Line	380 LF	130.00	49,400.00	145.00	55,100.00	131.00	49,780.00
8	Bore & Case for 8-Inch Water Line	150 LF	125.00	18,750.00	115.00	17,250.00	122.00	18,300.00
9	Free Bore & Case for 12-Inch Water Line	140 LF	75.00	10,500.00	75.00	10,500.00	65.00	9,100.00
10	Creek Crossing for 12-Inch Water Line	40 LF	50.00	2,000.00	125.00	5,000.00	100.00	4,000.00
11	12-Inch Gate Valve	23 EA	2,500.00	57,500.00	2,300.00	52,900.00	2,800.00	64,400.00
12	8-Inch Gate Valve	1 EA	1,800.00	1,800.00	1,500.00	1,500.00	1,700.00	1,700.00
13	6-Inch Gate Valve	2 EA	1,200.00	2,400.00	1,100.00	2,200.00	1,250.00	2,500.00
14	Air Release Valve	2 EA	3,300.00	6,600.00	3,500.00	7,000.00	4,800.00	9,600.00
15	Flush Hydrant Assembly	9 EA	4,000.00	36,000.00	4,000.00	36,000.00	3,660.00	32,940.00
16	Direct Connection	2 EA	1,000.00	2,000.00	1,400.00	2,800.00	1,000.00	2,000.00
17	Type II Connection	4 EA	1,500.00	6,000.00	2,200.00	8,800.00	2,000.00	8,000.00
18	Booster Pump Station	1 LS	291,000.00	291,000.00	325,000.00	325,000.00	300,995.00	300,995.00
	18A) Site Work		15,000.00		5,000.00		17,480.00	
	18B) Foundations		7,500.00		10,000.00		8,380.00	
	18C) Factory Built Booster Pump Station		252,000.00		275,000.00		248,755.00	
	18D) Brickwork		6,500.00		10,000.00		6,380.00	
	18E) Site Electrical		10,000.00		25,000.00		2,000.00	
19	Exploration	30 HR	100.00	3,000.00	100.00	3,000.00	100.00	3,000.00
TOTAL BASE BID CONTRACT				\$955,120.00		\$964,320.00		\$1,047,502.00

THE ABOVE IS A TRUE AND CORRECT TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, JUNE 17, 2016 AT THE NORTH SHELBY WATER COMPANY.

BY: 
 James L. MDD JR.

6-20-16
 Date

Project No. 1321



MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 1
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Clay Pipeline, Inc.		Cumberland Pipeline, LLC	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT					
1	12-Inch PVC SDR-17 Water Line	17,300 LF	\$24.60	\$425,580.00	\$30.24	\$523,152.00
2	12-Inch Ductile Iron CL350 Water Line	300 LF	42.55	12,765.00	43.76	13,128.00
3	8-Inch PVC SDR-17 Water Line	1,300 LF	16.45	21,385.00	17.89	23,257.00
4	6-Inch PVC SDR-17 Water Line	100 LF	23.90	2,390.00	13.25	1,325.00
5	12-Inch PVC C900 DR-14 Integral Bell Restrained Joint (Certa-Lok) Water Line	290 LF	58.70	17,023.00	53.78	15,596.20
6	8-Inch PVC C900 DR-14 Integral Bell Restrained Joint (Certa-Lok) Water Line	170 LF	35.00	5,950.00	35.47	6,029.90
7	Bore & Case for 12-Inch Water Line	380 LF	145.95	55,461.00	193.30	73,454.00
8	Bore & Case for 8-Inch Water Line	150 LF	120.30	18,045.00	273.49	41,023.50
9	Free Bore & Case for 12-Inch Water Line	140 LF	101.75	14,245.00	54.35	7,609.00
10	Creek Crossing for 12-Inch Water Line	40 LF	59.55	2,382.00	142.94	5,717.60
11	12-Inch Gate Valve	23 EA	2,810.00	64,630.00	2,682.71	61,702.33
12	8-Inch Gate Valve	1 EA	2,150.50	2,150.50	1,671.40	1,671.40
13	6-Inch Gate Valve	2 EA	1,761.00	3,522.00	2,280.96	4,561.92
14	Air Release Valve	2 EA	3,860.50	7,721.00	4,025.00	8,050.00
15	Flush Hydrant Assembly	9 EA	4,519.50	40,675.50	4,302.77	38,724.93
16	Direct Connection	2 EA	2,302.00	4,604.00	875.58	1,751.16
17	Type II Connection	4 EA	5,178.25	20,713.00	1,657.56	6,630.24
18	Booster Pump Station	1 LS	324,310.00	324,310.00	340,964.00	340,964.00
	18A) Site Work		5,300.00		20,004.00	
	18B) Foundations		5,300.00		39,550.00	
	18C) Facotry Built Booster Pump Station		281,910.00		245,410.00	
	18D) Brickwork		1,600.00		11,000.00	
	18E) Site Electrical		21,200.00		25,000.00	
19	Exploration	30 HR	265.00	7,950.00	50.00	1,500.00
	TOTAL BASE BID CONTRACT			\$1,051,502.00		\$1,175,848.18

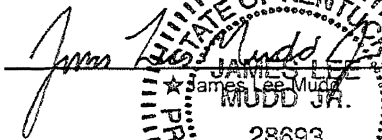
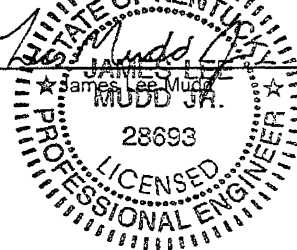
MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 2 - TODDS POINT WATER STORAGE TANK
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

Caldwell Tanks, Inc. 4000 Tower Road Louisville, KY 40219	Phoenix Fabricators & Erectors, Inc. 182 South County Road 900 East Avon, IN 46123
--	---

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT						
1	Site Protection (Temporary Site Fencing)	1 LS	\$14,000.00	\$14,000.00	\$3,500.00	\$3,500.00
2	Erosion & Sedimentation Controls	1 LS	13,000.00	13,000.00	6,000.00	6,000.00
3	Site Preparation, Grading, & Excavation	1 LS	8,000.00	8,000.00	13,000.00	13,000.00
4	400,000 Gallon Steel Multi-Column Elevated Water Storage Tank					
	4A) Foundation	1 LS	105,000.00	105,000.00	58,600.00	58,600.00
	4B) Welded Steel Reservoir & Support Structure	1 LS	507,000.00	507,000.00	689,780.00	689,780.00
	4C) Appurtenances & Accessories	1 LS	20,000.00	20,000.00	10,000.00	10,000.00
	4D) Coatings & Disinfection	1 LS	167,000.00	167,000.00	150,000.00	150,000.00
5	Yard Piping & Appurtenances	1 LS	29,000.00	29,000.00	83,000.00	83,000.00
6	Miscellaneous Site Improvements (Access Road, Parking Area, Lined Ditches)	1 LS	17,000.00	17,000.00	47,000.00	47,000.00
7	251,000 Gallon Storage Tank Demolition	1 LS	23,000.00	23,000.00	21,000.00	21,000.00
8	Final Site Restoration & Cleanup	1 LS	9,000.00	9,000.00	19,000.00	19,000.00
TOTAL BASE BID				\$912,000.00		\$1,100,880.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, JUNE 17, 2016 AT THE NORTH SHELBY WATER COMPANY.

BY:  _____


6-20-16
 Date

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 3 - JACKSONVILLE WATER STORAGE TANK REHABILITATION
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME


ITEM NO.	DESCRIPTION	QUANTITY	Tank Pro, Inc.		C&S Quality Services, LLC		Huffman Tank & Tower, Inc.	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT							
1	Containment & Protection Measures	1 LS	\$54,000.00	\$54,000.00	\$75,000.00	\$75,000.00	\$100,000.00	\$100,000.00
2	Miscellaneous Repairs & Modifications	1 LS	17,245.00	17,245.00	28,650.00	28,650.00	30,200.00	30,200.00
	2A) Caulk interior roof seams and painters ring (Estimated 255 L.F)		1,020.00		1,000.00		2,500.00	
	2B) Grind flush all sharp edges, weld spatter, burrs, etc. (Estimated 2 hours)		100.00		300.00		500.00	
	2C) Fill sharp edged pits (1/16" or deeper) with a surfacing epoxy (Estimated 20 S.F.)		250.00		750.00		200.00	
	2D) Remove the plate at the top of riser pipe and install a 42" tall handrail		800.00		2,500.00		2,000.00	
	2E) Install stainless steel fall prevention cables on the interior tank and riser pipe ladders		2,100.00		3,100.00		5,000.00	
	2F) Remove existing fall protection bars on the exterior tank and leg ladders and replace with stainless steel fall prevention cables		2,300.00		3,500.00		5,000.00	
	2G) Install opening in the balcony handrail at the top of the leg ladder		1,400.00		1,200.00		1,000.00	
	2H) Repair, modify, & relocate the interior tank ladder to improve access to the roof hatch		1,325.00		2,500.00		2,000.00	
	2I) Remove existing 12" roof vent assembly and replace with new 24" flanged vent assembly		2,250.00		4,300.00		4,000.00	
	2J) Drill twenty (20) on-inch holes in the balcony floor to facilitate drainage		400.00		1,000.00		2,000.00	
	2K) Install antenna cable clips extending up the tank support leg and tank shell to the existing antenna support bracket on the roof		400.00		6,000.00		2,000.00	
	BASE BID CONTRACT Cont'd							

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
NORTH SHELBY WATER COMPANY
EAST-WEST CONNECTOR - PHASE III WATER SYSTEM IMPROVEMENTS
CONTRACT NO. 3 - JACKSONVILLE WATER STORAGE TANK REHABILITATION
SHELBY COUNTY, KENTUCKY
BID DATE: JUNE 17, 2016 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Tank Pro, Inc. P.O. Box 2669 Tuscaloosa, AL 35403		C&S Quality Services, LLC 1042 Forest Hill Lawrenceburg, KY 40342		Huffman Tank & Tower, Inc. 210 Burkesville Road Albany, KY 42602	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT Cont'd							
	2L) Remove existing telemetry antenna from leg ladder and relocate to lower strut		1,000.00		750.00		2,000.00	
	2M) Provide an install aluminum climb prevention shield at base of leg ladder		1,000.00		1,750.00		2,000.00	
3	Complete Removal & Reapplication of Exterior Coating Systems	1 LS	131,729.00	131,729.00	133,200.00	133,200.00	140,000.00	140,000.00
4	Complete Removal & Reapplication of Interior Coating Systems	1 LS	80,000.00	80,000.00	47,200.00	47,200.00	60,000.00	60,000.00
5	Application of Basic Lettering/Logo	1 LS	2,300.00	2,300.00	3,500.00	3,500.00	4,000.00	4,000.00
6	Cleaning/Disinfection/Sampling	1 LS	500.00	500.00	1,500.00	1,500.00	500.00	500.00
7	Site Clean-up and Restoration	1 LS	2,000.00	2,000.00	1,500.00	1,500.00	500.00	500.00
	TOTAL BASE BID			\$287,774.00		\$290,550.00		\$335,200.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, JUNE 17, 2016 AT THE NORTH SHELBY WATER COMPANY.

BY: 
 JAMES LEE MUDD JR.
 28693
 LICENSED PROFESSIONAL ENGINEER

6-20-16
 Date

**FINAL PROJECT BUDGET
EAST-WEST CONNECTOR - PHASE III
WATER SYSTEM IMPROVEMENTS
NORTH SHELBY WATER COMPANY
JUNE 2016**

PROJECT COSTS

DEVELOPMENT

CONTRACT NO. 1 - WATER TRANSMISSION MAIN - PHASE III	\$955,120
CONTRACT NO. 2 - TODDS POINT WATER STORAGE TANK	\$912,000
CONTRACT NO. 3 - JACKSONVILLE WATER STORAGE TANK REHAB	<u>\$287,744</u>
TOTAL DEVELOPMENT	2,154,864
CONTINGENCY	214,606
ENGINEERING DESIGN (7.58%)	163,340
CONSTRUCTION INSPECTION (4.51%)	97,190
LEGAL	20,000
PRELIMINARY ENGINEERING REPORT	10,000
ENVIRONMENTAL ASSESSMENT	10,000
GEOTECHNICAL INVESTIGATION	10,000
EASEMENT & LAND ACQUISITION	50,000
INTEREST	25,000
WATER TRANSMISSION MAIN - PHASE III-A (SEE ATTACHEMENT)	<u>795,000</u>
TOTAL PROJECT COSTS	\$3,550,000
 PROJECT FINANCING	
USDA RURAL DEVELOPMENT LOAN	<u>3,550,000</u>
TOTAL PROJECT COSTS	\$3,550,000

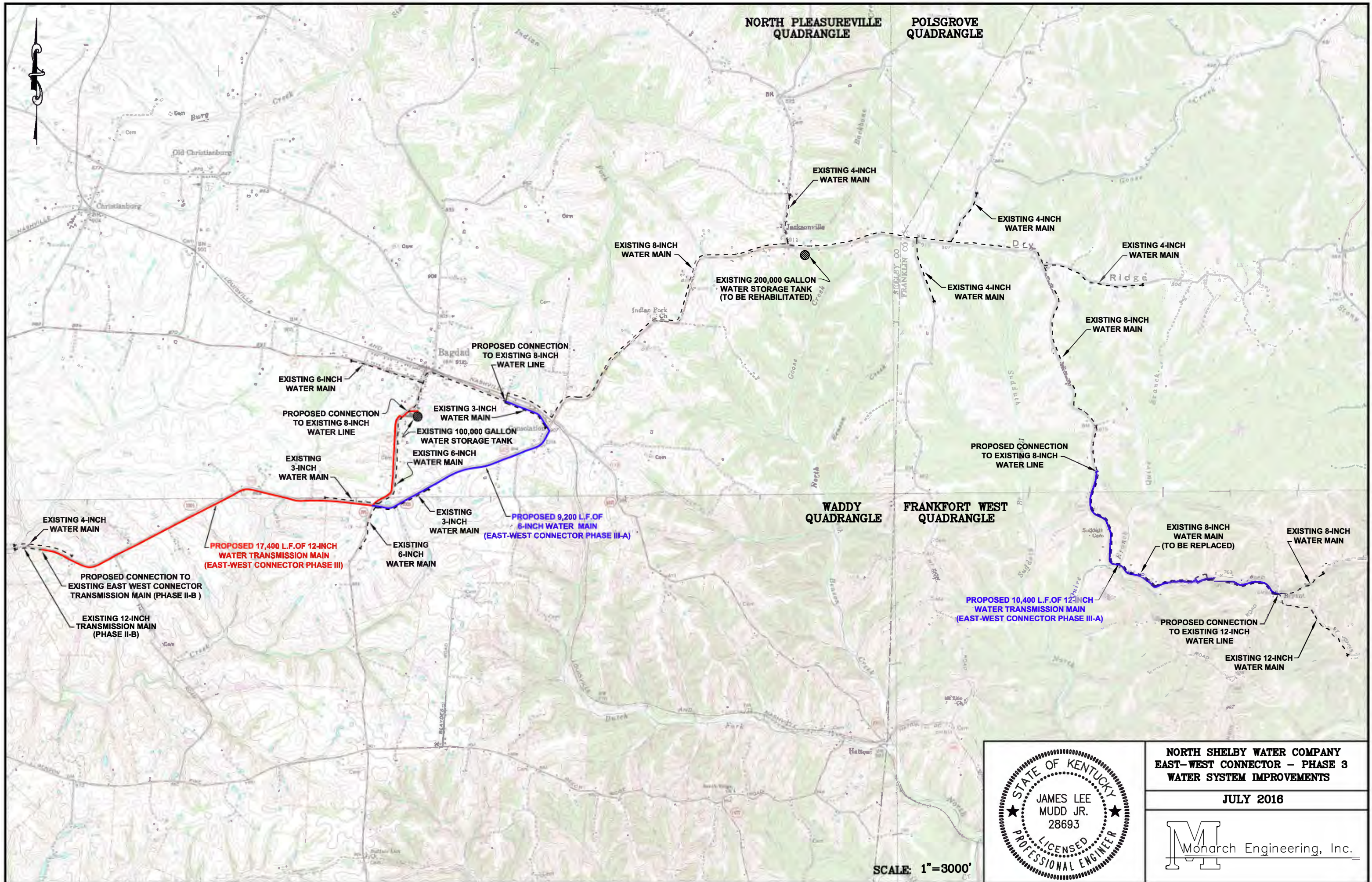
**PRELIMINARY COST ESTIMATE
EAST-WEST CONNECTOR - PHASE III-A
WATER TRANSMISSION IMPROVEMENTS
(EAST OF BAGDAD COMMUNITY)
NORTH SHELBY WATER COMPANY
JUNE 2016**

PROJECT COSTS

DEVELOPMENT	\$645,000
CONTINGENCY	64,000
ENGINEERING DESIGN (7.58%)	48,900
CONSTRUCTION INSPECTION (4.51%)	29,100
ENVIRONMENTAL ASSESSMENT	5,000
EASEMENT & LAND ACQUISITION	<u>3,000</u>
TOTAL PROJECT COSTS	\$795,000

**PRELIMINARY COST ESTIMATE
EAST-WEST CONNECTOR - PHASE III-A
WATER TRANSMISSION IMPROVMENTS
(EAST OF BAGDAD COMMUNITY)
NORTH SHELBY WATER COMPANY
JUNE 2016**

ITEM NO.	DESCRIPTION	QUANTITY		UNIT COST	TOTAL COST
1	12-Inch PVC SDR-17 Water Line	10,200	LF	\$30.00	\$306,000.00
2	8-Inch PVC SDR-17 Water Line	200	LF	16.00	3,200.00
3	6-Inch PVC SDR-17 Water Line	9,200	LF	14.00	128,800.00
4	12-Inch PVC C900 DR-14 IB.R.J. Water Line	170	LF	60.00	10,200.00
5	Bore & Case for 12-Inch Water Line	120	LF	180.00	21,600.00
6	Bore & Case for 6-Inch Water Line	120	LF	120.00	14,400.00
7	Free Bore & Case for 12-Inch Water Line	120	LF	100.00	12,000.00
8	Free Bore & Case for 6-Inch Water Line	140	LF	80.00	11,200.00
9	Creek Crossing for 12-Inch Water Line	150	LF	140.00	21,000.00
10	12-Inch Gate Valve	10	EA	2,500.00	25,000.00
11	8-Inch Gate Valve	1	EA	1,800.00	1,800.00
12	6-Inch Gate Valve	8	EA	1,200.00	9,600.00
13	Air Release Valve	1	EA	3,400.00	3,400.00
14	Flush Hydrant Assembly	7	EA	4,000.00	28,000.00
15	Direct Connection	2	EA	1,000.00	2,000.00
16	Type II Connection	4	EA	3,500.00	14,000.00
17	Meter Reconnection	50	EA	500.00	25,000.00
18	3/4-Inch P.E. Service Tubing	500	LF	8.00	4,000.00
19	Exploration	38	HR	100.00	3,800.00
		Subtotal			\$645,000.00
		Contingency			64,000.00
		Total Construction			\$709,000.00

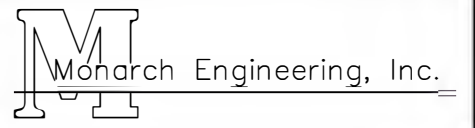


SCALE: 1"=3000'



**NORTH SHELBY WATER COMPANY
 EAST-WEST CONNECTOR - PHASE 3
 WATER SYSTEM IMPROVEMENTS**

JULY 2016





Rural Development

July 1, 2016

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: North Shelby Water Company
Phase III Water System Improvements
Contract Award Concurrence


Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Office
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, Stotts Construction Co., Inc., in the amount of \$955,120, the low bidder on Contract 2, Caldwell tanks, Inc., in the amount of \$912,000, and the low bidder on Contract 3, Tank Pro, Inc., in the amount of \$287,744.

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


THOMAS G. FERN
State Director
Rural Development

cc:  Monarch Engineering
Lawrenceburg, Kentucky

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