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JUL 20 2018

PUBLIC SERVICE
COMMISSION

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July 19, 2018

Gwen R. Pinson, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Martin County Concerned Citizens Inc.'s
Notice of Filing
PSC Case No. 2016-142

Dear Ms. Pinson,

Please find enclosed the original and six copies of Martin County Concerned Citizens Inc.'s Notice of Filing and six bound copies of the transcript of the deposition of Bob Taylor.

Copies are provided this day to counsel of record for the Martin County Water District via U.S. mail and electronic mail.

Sincerely,


Mary Varson Cromer

Enclosures

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

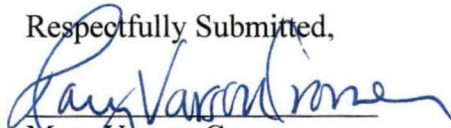
In The Matter Of:
INVESTIGATION OF THE
OPERATING CAPACITY OF
MARTIN COUNTY WATER
DISTRICT PURSUANT TO KRS
278.280

No.: 2016-00142

MARTIN COUNTY CONCERNED CITIZENS, INC.'S NOTICE OF FILING

Martin County Concerned Citizens, Inc. ("MCCC"), by and through counsel, hereby provides Notice of Filing of the transcript of the deposition of Bob Taylor that was taken at the Public Service Commission on June 26, 2018, which is attached hereto. Due to error of undersigned counsel, the transcript lists the wrong case number in its heading. The heading should read "Commonwealth of Kentucky Before the Public Service Commission No.: 2016-00142."

Respectfully Submitted,



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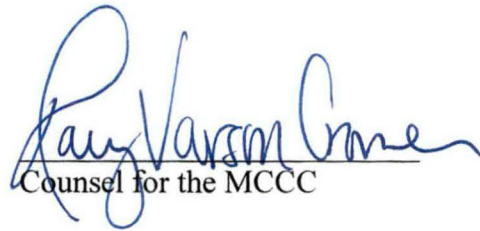
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CERTIFICATE OF SERVICE

Pursuant to 807 KAR 5:001 Sec. 6, I, Mary Varson Cromer, hereby certify that on July 20p, 2018, a true and accurate copy of the foregoing Notice of Filing and attached transcript was served via electronic mail and postage-paid U.S. mail to the following:

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Counsel for the MCCC

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
NO.: 2016-000162 142

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JUL 20 2018

PUBLIC SERVICE
COMMISSION

ORIGINAL

In The Matter Of:

INVESTIGATION OF THE
OPERATING CAPACITY OF
MARTIN COUNTY WATER
DISTRICT PURSUANT TO
KRS 278.280

* * * * *

The deposition of BOB TAYLOR was taken before Stephanie A. Blanton, Certified Court Reporter and Notary Public in and for the State of Kentucky at Large, at the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky on Tuesday, June 26, 2018 commencing at the approximate hour of 10:12 a.m. Said deposition was taken pursuant to Notice, heretofore filed, to be read and used on behalf of the Martin County Concerned Citizens, Inc. ("MCCC") at the trial in the above-captioned action and all other purposes as permitted by the Kentucky Rules of Civil Procedure.

* * * * *

Stephanie A. Blanton, CCR
An/Dor Reporting & Video Technologies, Inc.

APPEARANCES:

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COUNSEL FOR MARTIN COUNTY WATER DISTRICT

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I N D E X

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E X H I B I T I N D E X

<u>Exhibit</u>	<u>Description</u>	<u>Page(s)</u>
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1 The witness, BOB TAYLOR, after first
2 being duly sworn, was examined and testified as
3 follows:

4 EXAMINATION

5 By Ms. Cromer:

6 Q Good morning, Mr. Taylor.

7 A Good morning.

8 Q My name is Mary Cromer. I represent the
9 Martin County Concerned Citizens. We're
10 conducting this deposition as part of the
11 PSE's ongoing investigation into the water
12 district. My questions are going to be in
13 regard to the work that you have done for
14 the water district, and to a very limited
15 extent, the work that you're doing for the
16 Martin County Fiscal Court. The questions
17 and answers you're giving are being
18 recorded by the court reporter; you
19 understand that?

20 A Yes.

21 Q And I believe you've been deposed before?

22 A Yes.

23 Q Can you tell me the number of times you've
24 been deposed?

25 A Once.

1 Q Okay. Well, since you have been deposed
2 before you probably know the rules, but I'm
3 going to go over them. One of the really
4 important things is to please state your
5 answer audibly. So, she can't record a
6 shaking or nodding of head, so please go
7 ahead and state yes or no. Also, she can't
8 record when you're--if someone's speaking
9 over another person, so please don't--let
10 me finish my question, let Mr. Bowker
11 finish his question before giving an
12 answer, even if you know what I'm going to
13 ask.

14 A Okay.

15 Q If you--if I ask a question that you do not
16 understand, will you please just stop me
17 and tell me you don't understand the
18 question and I will try to rephrase it?

19 A Okay.

20 Q And at any point, if your answer is based
21 on a guess or an estimate, will you please
22 state so before you give your answer?

23 A Yes.

24 Q If at any point there is a--you find that
25 recollection has improved or something and

1 you need to change an answer that's been
2 previously given, will you please just let
3 me know and I will give you an opportunity
4 to change that answer?

5 A Okay.

6 Q And that also goes for if you recall things
7 that are responsive to a question that's
8 already been asked, will you please just
9 stop me and go ahead and provide that
10 additional information?

11 A Okay.

12 Q Thank you. And if you are tired at any
13 point, please just let us know and
14 we'll--we can take a break.

15 A Will do.

16 Q And after the deposition is over, the court
17 reporter will prepare a transcript and you
18 will have an opportunity to review it.

19 A Okay.

20 Q And then we will sign it under penalty of
21 perjury.

22 A Okay.

23 Q And at that time you can change any answer
24 that you believe is inaccurate. Would you
25 like any water? Would anyone like water?

1 I brought water.

2 A Water would be good. Thank you.

3 Q You're welcome. Did you review any
4 documents in preparation for today's
5 deposition?

6 A No, I did not.

7 Q Okay. Did you speak to anyone in
8 preparation for today's deposition?

9 A No.

10 Q Okay. Let me go a little bit into your
11 background. What is the highest level of
12 education that you have?

13 A I have an associate's degree in Engineering
14 Technology, or Architectural Technology,
15 from the University of Kentucky community
16 college system.

17 Q Okay. And when did you get that?

18 A 1977.

19 Q Okay. And so this deposition concerns work
20 that you've done for and with Martin County
21 Water District, and I understand that
22 you've worked with--with the water district
23 for a number of years. I'd like to go
24 through your employment history, but just
25 from the time you started working with the

1 water district.

2 A Okay.

3 Q So, when did you start working with the
4 water district?

5 A 1988.

6 Q 1988?

7 A Yeah.

8 Q Okay. And who did you work for at that
9 time?

10 A First contact was Judge John Callaham.

11 Q Well, let me ask what company did you work
12 for?

13 A Oh, the company. That was PDR Engineers,
14 Proctor, Davis, Ray. And they were located
15 in Lexington.

16 Q Okay. And how long did you work for them?

17 A Till 2004.

18 Q 2004. Okay. And what was your title?

19 A Project manager.

20 Q Were you project manager throughout your
21 time there?

22 A Yes.

23 Q Okay. And can you tell me, just briefly, a
24 summary of the kind of work you did with
25 the water district at that time?

1 A At that time it was mainly water line
2 extensions throughout the county. There
3 was a--a big portion of Martin County that
4 was unserved at that point, and their focus
5 in Martin County was to get as many people
6 served with potable water service as
7 possible. So, the first two or three
8 projects we did were--were water line
9 extension projects serving areas of the
10 county.

11 Q Okay. And so in that period, 1988 to 2004,
12 you did two to three projects?

13 A No, there were--I probably could not give
14 you an accurate number of the projects in
15 that amount of the time, but it was
16 several. More than several. Maybe 10 or
17 12, maybe 15 projects during that time.

18 Q And do you refer to Martin County--when you
19 were project--project manager, do you refer
20 to the water district as a client, is
21 that--

22 A Yes.

23 Q --the way you refer to the relationship?

24 A Yes.

25 Q So how many clients did you have at that

1 time?

2 A Me personally?

3 Q Approximately, yes.

4 A Three.

5 Q Okay. Was Martin County--

6 A Let me clarify that--

7 Q Uh-huh, (affirmative).

8 A --if you don't mind. When I first started
9 in Martin County in 1988, I probably had
10 three and by the time we got to 2004, it
11 may have been six or eight to ten clients
12 at that time.

13 Q Okay. And as a project manager, can you
14 just kind of walk me through what you would
15 do for--for a given project?

16 A Project manager's main responsibility is
17 client contact and dealing with the client
18 and--and their representatives. You are
19 also managing the team--engineering team or
20 project team, which includes a project
21 engineer, your--your drafting CAD people,
22 your survey personnel. Any of the
23 components or personnel that you need to
24 accomplish the project, that's your role,
25 is to manage the individuals and obviously

1 to get the project done on--on time and
2 within budget.

3 Q Okay. And I'd also like to work through
4 this chronologically, so let's start at the
5 beginning. What is the first step in a
6 project?

7 A The first step is to--generally you're
8 contacted by your client. They have an
9 idea of--of a project they want to pursue.
10 They will give you an idea or a scope of
11 what they want to--if it's a water line
12 project, they'll say, "We want to look at
13 running water service to these specific
14 roads" or "this area," whatever. Then we
15 typically--then I'll go out and determine
16 what it's going to take in order to serve
17 that area as far as the facilities, water
18 lines, tanks, pump stations. I don't
19 usually know definitely about tanks and
20 pump stations until your--the project
21 engineer gets involved and starts
22 hydraulics of the--of the area that
23 you're--that you're wanting to serve. But
24 I'll generally have an idea of what it's
25 gonna take, and then we put together cost

1 estimates based on experience, what we feel
2 like that the project is likely to cost.
3 Then I will get with a funding agent or--or
4 the area development district or whoever
5 happens to be putting together project
6 profiles and that sort of thing in order to
7 get it in the state database and have the
8 client eligible for funding for that
9 project.

10 Q And so at the time the cost estimate is
11 done, have engineers generally looked
12 at--looked at it to determine specifically
13 what will be required or is this based on
14 your--

15 A It is--at that point, it is generally my
16 view because I'm not to the point where I
17 have a full project team involved, and we
18 generally don't get them started on the
19 project until you have a signed contract
20 and a--and you are hired to do the project.
21 And that varies depending on funding agent
22 and--and that, as far as the time table
23 when that happens.

24 Q I'm sorry. What varies?

25 A When you sign an engineering contract

1 related to the different funding agencies
2 and that sort of thing.

3 Q Okay. So after the funding agent puts
4 everything together and gets it into the
5 database and starts looking for funding,
6 what happens next?

7 A Typically you will be notified if--if it's
8 KIA or SRF rural development funding, they
9 will let you know that you are--that you've
10 been selected or you're in line for funding
11 for that project, and then they will ask
12 typically for a full funding application to
13 be filed, and that's--in our office, that's
14 done by, Holly Nicholas is our funding
15 specialist. And she will file those
16 funding applications, and then--and then
17 they will--it's different with--with
18 each--with each funding agency as far as
19 how they make their selection-

20 Q Uh-huh, (affirmative).

21 A --as to what projects are funding--funded,
22 but we typically don't do a whole lot until
23 you get notification that the project has
24 been approved for funding.

25 Q Let me--well, I--this--you may have already

1 answered this, but I wasn't quite clear.
2 So, at the point when you go--when you're
3 getting funding, when you put it in a
4 funding application, what level of
5 engineering and specifications have been
6 done?

7 A It's very minimal. It's--it--there hasn't
8 been any design--engineering design done at
9 that point. It is very preliminary.

10 Q Okay. Okay. And then after the funding
11 application is submitted, what happens
12 then?

13 A You wait to hear for approval of the
14 funding--

15 Q Uh-huh, (affirmative).

16 A --from the funding agency. Then once that
17 happens, one of the first items that you
18 will--you will put together is the
19 engineering contract. Have that signed by
20 the owner or the client, and then you're
21 ready to get started. And--and typically
22 as well, there are time parameters and
23 schedules that the funding agencies
24 will--will assign to each project, you
25 know, that they want the project at certain

1 stages by this--by these dates.

2 Q And so at the point where the engineering
3 contract is signed with the client, what is
4 the level of project--of specification and
5 engineering design that has been done?

6 A Nothing--

7 Q Still nothing?

8 A --at that point. It's still very
9 preliminary.

10 Q Okay. And then after that contract is
11 signed, what happens?

12 A That's when you actually start your
13 engineering design. And that's when you
14 start putting your project team together,
15 the people that you need to accomplish the
16 project, and start to work on it.

17 Q Okay. And if you have the engineering
18 design and the project team, what happens
19 next?

20 A You actually design the project and you
21 have the design engineer that's involved in
22 the hydraulics of the project, basically
23 tells you what--what's gonna work and
24 what's not gonna work. And you put that
25 together and start your plans and

1 specifications, and that is completed and
2 then they are submitted to the division of
3 water for their review and approval. And
4 you may have other agencies that you have
5 to submit to, such as the Highway
6 Department if you're on any highway
7 right-of-way with your line work, you have
8 to get an encroachment permit from the
9 Highway Department, which we have to file
10 all that stuff with the highway department
11 and get the permit.

12 Q Uh-huh, (affirmative).

13 A And depending on--on where you are and
14 where the project is, there could be other
15 agencies that you have to--to get--

16 Q Uh-huh, (affirmative).

17 A --permits from as well.

18 Q Okay. And so after you've gotten the
19 permits, what happens then?

20 A You wait for approval from the--from the
21 regulatory agencies. Once you get your
22 approval from division of water, your
23 funding agency then will generally give
24 you--if all of their criteria and all of
25 their items have been taken care of, they

1 will give you permission to advertise the
2 project for construction. That is
3 done--legal advertisement in the newspaper.
4 It's also done now online with a--a lot of
5 the--the one that we use in this are more
6 than anything else is Lynn Imaging, they're
7 a plan distribution. We send the plans and
8 specifications down to Lynn's, they
9 advertise it on their website, and they
10 handle the distribution of the plans and
11 specs to the contractors that are wanting
12 to bid the project.

13 Q So if you're a contractor, you see this ad,
14 you respond. How do you get those plans
15 and specs?

16 A You get--you call Lynn Imaging--

17 Q Uh-huh, (affirmative).

18 A --and typically there's a price for the
19 copying and all of that of the plans and
20 specs. They'll have to pay that amount
21 to--to Lynn Imaging, and then Lynn
22 generally sends the plans and specs out to
23 the contractors by UPS, FedEx, whatever
24 they need to do.

25 Q And then after the advertisement, what's

1 next?

2 A You will have a bid opening date that is
3 set, and all of the contractors that want
4 to bid the project will submit their bids,
5 sealed bids, and generally it will be at
6 the--the bid opening will be held at the
7 offices of the--of the owner.

8 Q Uh-huh, (affirmative).

9 A And a public bid opening will be held at a
10 specific time. The bids are opened, and
11 generally we read the--the--the owner will
12 have representatives there, but I kind of
13 conduct the--the bid opening. Open the
14 bids, read the bids, and then at that point
15 you declare a--an apparent low bidder based
16 on the numbers or the bid amounts that have
17 been submitted. And then, at the point
18 you--we bring the bids back to our office,
19 you check all of--to make sure that all of
20 the items that were required in the bidding
21 package had been completed, you check their
22 references, their previous work experience,
23 and at that point, once that's done--and
24 that varies also depending on the funding
25 agency, everything that has to happen

1 between the time that you open bids and you
2 actually start construction. And
3 that--that can vary anywhere from a couple
4 of weeks to three months, depending on the
5 funding agency. And--and then at that
6 point, we will mainly--

7 Q Let me stop you one--one--

8 A Okay.

9 Q --really quickly, and ask you a follow-up
10 question.

11 A Okay.

12 Q If you receive bids, the apparent
13 lowest--the apparent lowest bidder, for
14 instance, has no relevant experience with
15 that type of project, how would you handle
16 that?

17 A Typically, I would go to the owner and say,
18 "I think we need to reject this bid because
19 they do not have the qualifications
20 necessary to complete the project--or the
21 qualifications that are required in the bid
22 package." And at that point, it would be
23 up to the owner to make the decision to
24 reject that bid.

25 Q If a bid is rejected, what happens?

1 A Typically I will write a letter and--and
2 tell them the decision that the owner has
3 made and give them the reasons why that
4 their bid has been rejected.

5 Q Is there then another--do you re-enter the
6 bidding process? Do you start over?

7 A No, typically we go to the next bidder at
8 that point.

9 Q Okay. So, what happens once a bid has been
10 accepted?

11 A You go through the process of checking
12 references, checking work experience, that
13 sort of thing of your--of your low bidder.
14 Then I will make a recommendation of award
15 to the owner, and I do that by written
16 letter, and it states that we have checked
17 references, we've checked work experience,
18 and feel that the low bidding contractor is
19 qualified to complete the contract, and
20 then it's turned--that letter goes directly
21 to the owner and if it's a water district,
22 fiscal court, city, whatever, then they
23 take the appropriate action with their
24 board to get approval to award the contract
25 to that--to that contractor or those

1 contractors, if you have more than one
2 contract.

3 Q Okay. And if the--when the contract is
4 awarded, then what?

5 A We will prepare the contract documents, and
6 that's the specification book that came
7 out. In the front of those specification
8 books, you have the actual contract
9 documents and then the back portion of that
10 is technical specifications. The contract
11 includes your--your bid forms, your
12 agreement forms, the--the bonding
13 requirements, and a lot of the general
14 information or requirements, most of the
15 time dictated by the funding agencies in
16 the front of that book. I will plug in the
17 contractor's name, the amount, any
18 pertinent information related to that one,
19 and ask the contractors to submit insurance
20 certificates that show all of their
21 insurance coverage and they will also have
22 to submit performance and payment bonds in
23 the amount sufficient to cover the amount
24 of the project. Those are all included in
25 the contract documents, and then we will

1 actually schedule a contract signing with
2 the owner and the contractors and--and
3 typically we will have a preconstruction
4 meeting on that same day. We'll sign
5 contracts and then we'll go into a
6 pre--what's called a preconstruction
7 meeting. That--that goes through it a
8 little more in detail of--of how we see the
9 construction proceeding, we'll talk with
10 the contractor on what his plans are for
11 completing the project within the specified
12 time and answer any questions, and if there
13 are specific things that we want to
14 highlight related to items that may have
15 been requested by the regulatory agencies
16 or the Highway Department or anything like
17 that, we'll go over all of that in--in that
18 preconstruction meeting. Typically the day
19 that that happens, the contract signing and
20 the preconstruction meeting, the contractor
21 will have ten calendar days to start
22 construction after that meeting.

23 Q Okay. And then what happens?

24 A We start construction.

25 Q And what is your role during construction?

1 A My role is, as--as project manager, is kind
2 of a contract administrator. I will--there
3 will be a construction inspector that is on
4 the project that--that most of the time
5 works for us and is qualified to oversee
6 construction. And I will handle
7 construction progress meetings, the
8 inspector will report to me and anything
9 that comes up related to the construction
10 of the design that anybody has questions
11 about, he will get with me and we will take
12 care of those items during construction.

13 Q And so the construction inspector will be
14 employed by you--your group?

15 A Yes, typically.

16 Q And how many days--how often is the
17 construction inspector there? How often
18 does--

19 A The construction inspector is to be on-site
20 with the contractor every day that the
21 contractor works. The only exception to
22 that is when you get down to the--close to
23 the finish of--completion of a project. If
24 they are in the clean-up phase where all of
25 the--everything that they were to install

1 is in the ground, is--is--has been
2 completed, and the contractor is down to
3 cleaning up property owners--where
4 pipeline's laid and that sort of thing,
5 it's not mandatory that the inspector be
6 there every day because that's items that
7 he can see any time he goes out there and
8 look at that. But typically I want a--I
9 want the inspector there for the most part
10 any time--he may miss a day or so here and
11 there--

12 Q Uh-huh, (affirmative).

13 A --when we get close to the end of the
14 project and they're mainly doing what we
15 call cleanup work, but--

16 Q Uh-huh, (affirmative).

17 A --typically I--if--any time there's
18 anything going on underground especially, I
19 want him there every--every minute that the
20 contractor's there.

21 Q Okay. So, tell me what happens when,
22 during the construction phase, something
23 unforeseen comes up that expands the--would
24 expand the scope or would cause extra work
25 that needs to be done?

1 A Typically, if it's anything outside the
2 original contract, that is handled by a
3 contract change order. And I would--I
4 would typically go take a look at what
5 they're wanting to do. If I need to get
6 the project engineer involved, I will. We
7 will determine kind of jointly with the
8 contractor what--what they have in mind.
9 If they want to change something, do
10 something different to what we have
11 designed, or it's--it's something that
12 needs to be added to the project. I will
13 go up and meet with the contractor, take a
14 look at what he--what--what the situation
15 is, then will we--we will negotiate a price
16 from the contractor to do the additional
17 work, and that is handled through a
18 contract change order that has to be
19 approved by the funding agency, has to be
20 approved by us, and it has to be approved
21 by the owner. And it has to be within your
22 budget.

23 MR. CUMBO: The budget's an important
24 consideration.

25 THE WITNESS: Yes.

1 Q What happens if it's not within budget?

2 A During the discussion of that, then you
3 would--it would be my responsibility to
4 make sure that the owner knows you don't
5 have the money to do that. And if we
6 decide that we want to do that, then you're
7 going to have to seek additional funding in
8 order to cover the cost of it.

9 Q And in those situations, would your group
10 generally handle seeking additional
11 funding?

12 A We have. It--it all depends kinda on
13 the--on the project and the client.
14 Typically on water projects and--and sewer
15 projects, that sort of thing, we would
16 handle that for the client with their
17 authorization.

18 Q Can you give me an estimate of the number
19 of contracts that you work on that require
20 change orders?

21 A Not really. It--it would be a percentage.
22 A lot--it's not uncommon to have change
23 orders. A lot of projects do, and
24 depending on the complexity of the project,
25 things that come--it depends on the type of

1 project as well. And when I say that,
2 brand new construction is--you generally
3 have less than you probably do in a rehab
4 type project because there's so many
5 unknowns in rehab projects that you just
6 aren't--you're unaware of it in the design
7 phase and there's no way to--to--to know
8 that or determine. Things come up in--in
9 that.

10 Q Uh-huh, (affirmative).

11 A So it kind of depends on the type of project.
12 Most water and sewer projects are done on a
13 unit price bid basis, which means you
14 are--the project is broken down into pay
15 items--

16 Q Uh-huh, (affirmative).

17 A --that you're paying for as they are
18 installed. Your water line, your gate
19 valve, your service connection, your
20 every--every component is broken down. So
21 that is done--at the beginning you're
22 working on estimated quantities that we've
23 put together through the design, but then
24 when you're actually in construction, you
25 are actually paying the contractor on

1 actual quantities installed. That--it's
2 hard to say--give a percentage or anything
3 on change orders. But it's--it's--it's
4 pretty, fairly common to have a change
5 order--

6 Q Okay.

7 A --on most projects, I guess would be the
8 best way to answer.

9 Q Okay.

10 MR. CUMBO: I was just thinking, I've
11 never known a contract that
12 didn't have a change order. I
13 was expecting you to say,
14 "It's uncommon not to have a
15 change order."

16 THE WITNESS: No.

17 MR. CUMBO: I've--I've--

18 THE WITNESS: Well, that is--that is what I
19 meant. If I didn't say it
20 that way, it's--it would be
21 very uncommon to have a
22 project that didn't have a
23 change order.

24 Q Okay.

25 A It can happen, and I have had a few

1 projects over the years, but typically
2 you're gonna have a change order or two on
3 most projects.

4 Q Okay. So after the construction, does the
5 construction inspector report to you at the
6 completion of the project? I mean, is
7 there any kind of official--

8 A Yes. He is--he is keeping what's called
9 "record drawings" or "as-built drawings."
10 Anything that is changed or modified from
11 what the original design was through
12 construction, and that's very common also.
13 It's very difficult to construct a project
14 exactly to the T where you designed it
15 originally, and it's--it's very close, but
16 he--he keeps track of any variations from
17 the original design. When the project is
18 completed, he turns his mark-up set of
19 plans back over to me, I take it back into
20 the office, have the CAD people make
21 the--the corrections, the changes, and that
22 set of plans goes back to the owner and
23 sometimes the funding agencies require them
24 as well, and Division of Water for any
25 changes and they are marked "as-built" or

1 "record drawings" of the project. And they
2 go back to the owner as well--

3 Q Okay.

4 A --so they have a record of--of the project
5 as it was constructed.

6 Q And is there anything more in the--in the
7 life history of the project after--

8 A There's--there's always closeout documents
9 and that sort of thing that have to be
10 done. There again, that varies from the
11 funding agency and what they require, but
12 we will go through what's called a "project
13 closeout" to make sure everybody has
14 everything that--that is required to close
15 the project out. We will issue some--an
16 example of that is there's--every project
17 that we do, we require contractors to
18 provide a one year warranty period to the
19 owner--

20 Q Uh-huh, (affirmative).

21 A --for anything that they have problems with
22 during that one year period. I will issue
23 a letter to the owner spelling out what
24 that warranty is, and it starts on this
25 date, and it ends on this date, and if you

1 have any issues during that period of time
2 you need to get in touch with the--with the
3 contractor and they are required to to take
4 care of anything that comes up--

5 Q Okay.

6 A --during that period.

7 Q And so when the--after those closeout
8 documents, do you have any more duties with
9 regard to the project in your role as
10 project manager?

11 A No.

12 Q Okay, so that's the end. Okay. Well,
13 thank you for that long explanation of the
14 steps.

15 A I hope it made sense.

16 Q It did. Thank you. So, back to your work
17 history.

18 A Uh-huh, (affirmative).

19 Q You worked for PDR Engineers until 2004.

20 A What--

21 Q Where did you go after that?

22 A PDR was bought back in, I think it was '99
23 or 2000, I can't remember exactly, by a
24 major national engineering firm called
25 Tetra Tech--

1 Q Uh-huh, (affirmative).

2 A --Incorporated, and there were, obviously
3 any time that happens, a lot of changes,
4 and I just felt like that--I primarily
5 worked for rural type utilities that worked
6 on--their--their money came from state and
7 federal agencies, and grant money, and loan
8 monies, and the time table--Tetra Tech was
9 not crazy about the time it took to do a
10 project, and how long it took for us to get
11 paid, and that sort of thing. And I
12 just---I got to the point of, I had
13 never--all of my years of working had been
14 with the rural-type clients, and that's
15 typically the only way they can do
16 projects. They don't have an abundance of
17 money and they rely on those state and
18 federal grants and loans in order to do
19 projects. So, anyway, we--myself,
20 and--and kind of my team decided that
21 we--we needed to do something else, and we
22 resigned from PDR/Tetra Tech and opened an
23 office for O'Brien & Gere Engineers in
24 Lexington. They are based in Syracuse, New
25 York, and they had had an office in

1 Louisville for about, I think, seven or
2 eight, nine years, maybe. But they'd never
3 had an office in Lexington and that--they
4 wanted one, and so that was an opportunity
5 kind of for our--our group to stay together
6 and--and basically move across the street
7 and open an office for O'Brien & Gere.

8 Q And who's in your group?

9 A Holly Nicholas. She and I have worked
10 together for, oh, gosh, 35 years probably.
11 Jim Thompson. And I can give you the--the
12 ones that are with us now. Jim Thompson is
13 an engineer. He and I have worked together
14 20 years. Troy Hogge, H-O-G-G-E, is a--is
15 another project manager type. He is not an
16 engineer, like myself. Troy and I have
17 worked together 20 plus years. Right now
18 we've got Ryan Carr, who is a--an engineer.
19 Got Mark Upton, an engineer. Jeff Bond is
20 our production manager.

21 Q Well, when moved from PDR to O'Brien &
22 Gere--

23 A Oh.

24 Q --how many--

25 A That group.

1 Q --how many folks moved with you?

2 A Five. It was me, Jim Thompson, Troy Hogge,
3 Holly Nicholas, Bryan Levin came just a two
4 or three months later, and Lisa Steele was
5 our CAD person.

6 Q Okay. And when you moved from PDR to
7 O'Brien & Gere, did you take your clients
8 with you?

9 A Yes.

10 Q Okay. And were those mostly the rural
11 utility clients?

12 A Yes. Yes.

13 Q And did--did that include the Martin County
14 Water District?

15 A Yes. And it--it wasn't--I want to clarify,
16 it's not actually taking the clients.
17 Obviously in our business it--it's a lot of
18 personal relationships--

19 Q Right.

20 A --and that sort of thing. And every client
21 said, you know, "We don't--we don't know
22 the company."

23 Q Right.

24 A "That's not important to us, we've always
25 worked with you all, we want to stay with

1 you all." And so we kind of gave each
2 client a process of how they could go about
3 requesting that from PDR/Tetra Tech,
4 and--and they--what it comes down to is
5 they write a letter--

6 Q Uh-huh, (affirmative).

7 A --requesting that they would like to stay
8 with us, and that we've left and they--they
9 want to continue working with us.

10 Q Uh-huh, (affirmative).

11 A So that's what happened. And I think--as I
12 recall, every single client that we worked
13 with ended up going with us to O'Brien &
14 Gere.

15 Q And at--while you were at O'Brien & Gere,
16 were you also the project manager?

17 A Yes.

18 Q And did your duties change?

19 A Not really.

20 Q And how long were you with O'Brien & Gere?

21 A We stayed with O'Brien & Gere for four and
22 a half years, till March of 2009.

23 Q Okay.

24 A And that's when we decided to establish
25 Kentucky Engineering Group. Actually, I

1 think it's February of '09 is the official
2 date when Kentucky Engineering started.

3 Q And are you still with Kentucky
4 Engineering?

5 A Yes.

6 Q And have your--are you project manager--

7 A Yes.

8 Q --at this time? Have you been project
9 manager for the whole time at Kentucky
10 Engineering?

11 A Yes.

12 Q Have your duties changed significantly
13 from--

14 A Well, I'm--with Kentucky Engineering Group,
15 I'm a majority owner, and I'm a co-managing
16 member, and a project manager. So--

17 Q Uh-huh, (affirmative).

18 A --there are--there--my project duties
19 haven't changed, but there are other
20 things--

21 Q Right.

22 A --that have been added to that.

23 Q And how--how would you describe your
24 clients primarily? You've previously said
25 that you mostly work with rural utilities.

1 A Most of--of my clients, most of Kentucky
2 Engineering Group's clients are all the
3 smaller, rural water districts,
4 municipalities, fiscal courts. We do
5 occasionally do a--a water line for a
6 private developer or something like that,
7 but generally it's--it's the rural
8 utilities.

9 Q And do you have retention con--contracts
10 with these clients or is your work with
11 them on a project-by-project basis?

12 A It is on a project-by-project basis.

13 Q And how are you paid?

14 A We are paid on a project-by-project basis,
15 and those fees are determined by the
16 funding agency. And they will either
17 have--you have--will have lump sum or
18 percentage of construction contracts, and
19 in a lot of cases there is a fee schedule
20 or a rate schedule that you use that's
21 provided by the funding agency. So it
22 doesn't matter what engineering firm they
23 would use, they--they're gonna get paid the
24 same based on those fee schedules.

25 Q Does that mean that you--Kentucky

1 Engineering does not get any payment until
2 funds are dispersed from whatever grant
3 or--

4 A In most cases.

5 Q --loan is provided?

6 A In most cases. Occasionally you will have
7 a client that is financially capable of
8 paying engineering as they go, but in most
9 cases they are not. And so we have to wait
10 till--in--in most cases till the project
11 goes to construction when funds are
12 dispersed. That's when we get our first
13 payment.

14 Q So when you were describing your duties,
15 you started out by saying you meet with the
16 clients and they have an idea of work that
17 needs to be done?

18 A Uh-huh, (affirmative).

19 Q Are there instances where, because of your
20 familiarity with, say, the water district,
21 that you go to the client and suggest a
22 project?

23 A Absolutely.

24 Q Okay. How often does that happen?

25 A I'd say 50 percent of the time. Because we

1 are more familiar a lot of times with the
2 needs of--and what--what the possibilities
3 are related to--to solutions to the issues
4 that they're having. And they will
5 generally describe to us, "We're having
6 these problems, we've got this issue, we've
7 got that" and we will come up with some
8 alternatives or--or options that they can
9 look at. A lot of times I will put costs
10 together related to those different options
11 and present that to the board or city
12 council or whatever, and then they--they
13 can make decisions. I feel like it--it's
14 my role to provide the information to them
15 to make the decisions on what they want to
16 do. And sometimes I go in and I may have
17 three or four options or alternatives and
18 they don't like any of them, or it costs
19 too much, or that. So I have to go back
20 and look to see if there's another--another
21 way or something that can--that the same
22 thing can be accomplished.

23 Q Uh-huh, (affirmative).

24 A But--and typically with your rural clients,
25 money is always an issue. You never

1 have--there's never a situation where,
2 "Just go out there and design whatever you
3 want to to fix this problem and it doesn't
4 matter what it costs." That never happens.
5 Most of the time, the--the clients get a
6 certain amount of money, and then you're
7 told to do the best you can with this
8 amount of money because that's all we've
9 got and--and cover as much territory as you
10 can, fix as much as you can with this
11 amount of money. And that's--that's most
12 of the time what the situation is. I
13 don't--I don't know that any of--any of the
14 rural clients ever get the amount of money
15 that they would like to have--

16 Q Uh-huh, (affirmative).

17 A --or that they--that they probably need in
18 order to--to do the work that they do. At
19 least not the clients I work with.

20 Q I want to ask you some general questions.
21 I--from what you've said, it sounds like
22 you've got a pretty good knowledge of
23 Martin County Water District's system, so I
24 want to ask you some general questions
25 about that system.

1 A Okay.

2 Q First, what is the current capacity of the
3 well water intake in the transmission?

4 A I believe when it was originally
5 designed--and that's been a long time ago.
6 We're talking 20 years ago that it
7 was--when it was originally designed. I
8 believe it was originally set up for three
9 pumps and each pump had the capacity of two
10 million gallons. I know it was constructed
11 with two pumps originally with space for
12 three, if I'm remembering correctly. And
13 the transmission main is a 16-inch duct
14 liner transmission main from the intake at
15 the river, up to the top of the hill where
16 it goes over to the reservoir, and then I
17 believe it drops down to a 12-inch from the
18 top of the hill to the reservoir. And that
19 is--I can't explain why that is, because
20 that's a hydraulic issue but--and I'm not a
21 hydraulics engineer, but that is--so, I
22 would say, as it's constructed, I believe
23 it had a 4 million gallon a day capacity to
24 pump to the reservoir.

25 Q So you said there was space for three pumps

1 but as it was constructed, it was two
2 pumps--

3 A Correct.

4 Q --at two million gallons a pump?

5 A So, if--if--and I get, you know, you always
6 try to set things to up to where if they
7 need to expand, if they get in a position
8 where they need to pump more water, they
9 can do that with a--a limited amount of
10 expansion and cost.

11 Q So from your understanding of the
12 hydraulics, does the 16-inch transmission
13 pipe throttle the capacity at all? Is
14 there--if--can--can they pump 4 million
15 gallons a day through that 16-inch
16 transmission pipe, as far as you
17 understand?

18 A I think so. I'm not an expert at that, but
19 I think you can, yes.

20 Q And then the 12-inch pipe from the
21 reservoir to the plant?

22 A From the top of the hill to the reservoir.
23 There is not a pipe currently from the
24 reservoir to the water treatment plant.

25 MR. CUMBO: Say that again, Bob.

1 A The--when the transmission--new
2 transmission main was originally designed
3 and con--constructed, we had designed it
4 all the way from the river to the water
5 treatment plant so that you had the
6 capability of--of bypassing the reservoir
7 and going directly to the plant with raw
8 water because there are issues that come up
9 with reservoirs related to--to water
10 quality--

11 Q Uh-huh, (affirmative).

12 A --of the raw water. In the fall of the
13 year, when all the leaves go in and all
14 that stuff, that creates issues in the raw
15 water. So they wanted to have the
16 capability to go--to bypass the reservoir
17 if--if necessary and go straight to the
18 plant. When we bid the project, it came in
19 over budget as I recall and we ended up
20 deleting the section from the reservoir to
21 the water treatment plant but the--the
22 new--the new transmission main was
23 constructed from the river to the
24 reservoir. And the new intake structure
25 located at the river.

1 Q And so, as--from what you understand, if
2 that was functioning as properly, it would
3 provide 4 million gallons of water per day
4 into the water treatment plant?

5 A I believe so, yeah.

6 Q Using two pumps, not three?

7 A Correct.

8 Q Okay.

9 A Keep in mind, I'm--I'm trying to remember
10 from 20 years ago, so it's--don't hold me
11 to those numbers exactly, but I think
12 generally that's where we are.

13 Q And then, what is the cap--current capacity
14 of the water treatment plant?

15 A I believe it is just under three million
16 gallons a day. I think it's at 2.8 or 2.9
17 million, I believe, capacity. Now that
18 is--I'll have to clarify that too, because
19 I believe that is with all three of the
20 clarifiers in operation, and the oldest
21 clarifier, which is number one, I believe,
22 it is out of service because it is--it is
23 listed in a new project profile that we
24 have put together. And I believe it may be
25 in the AML-funded project profile to

1 rehabilitate clarifier number one and also
2 to complete that section of the--of the raw
3 water transmission main from the reservoir
4 to the plant. It is in a current project
5 profile to be funded.

6 Q Okay. We'll--we'll get into those a little
7 more--

8 A Okay.

9 Q --later. Do you know how--let me, since
10 you mentioned it--do you know how long that
11 first clarifier has been out of service?

12 A No, I don't.

13 Q Okay. I wanted to ask you your memory
14 of--since you've been working with the
15 Martin County Water District, capital
16 improvements that have been done in
17 certain--for certain systems. The first is
18 the backwash system. Has there been a
19 capital improvement project that you've
20 worked on that has dealt with the backwash
21 system?

22 A No.

23 Q Okay. And then the filtration system in
24 the plant?

25 A Probably, but when--and--and I need to

1 clarify that. When it was a--a project
2 strictly related to the water plant, I
3 probably didn't handle it. That would have
4 been handled by one of the engineers that
5 actually does water treatment plant work
6 and I was probably aware of the project
7 and--and obviously knew it was going on,
8 but I don't know the--the details or
9 specifics related to it if it--if it dealt
10 directly with the water treatment plant.

11 Q Are you saying that in your work as project
12 manager, you have--you do not work on
13 projects that deal specifically with the
14 water treatment plant?

15 A I may--I may work in a management role
16 related to that project, but I'm not
17 involved in the actual design of it at all.
18 That would be handled by a water treatment
19 plant engineer.

20 Q Okay. But as manager, you would be--

21 A Yes.

22 Q --the one who would be--

23 A I--

24 Q --administrating, essentially?

25 A Yeah. I'm kind of on the outside edges of

1 it, I guess. Not involved in the--in the
2 details of the design.

3 Q Okay. Well, what projects are you aware of
4 that have dealt with the water treatment
5 plant?

6 A Different than, two or three, that I know
7 of. We mentioned that clarifier number
8 one. I can remember we did a project in
9 the early '90s where we actually
10 rehabilitated clarifier number one. And I
11 believe it was in 1992, where that
12 clarifier number one was--it's a concrete
13 tank engine basically, it was good in the
14 clarifier system put in that--so when you
15 asked me how long it had been out of
16 service, I know it went--I know it was
17 rehabilitated in--in about '92, but I don't
18 know when it--how long it's been out of
19 service or when it went out of service
20 after that. We did another project just
21 about the time that we started Kentucky
22 Engineering Group, because I believe the
23 design was done under O'Brien & Gere, and
24 we transferred the project for the
25 construction phase under Kentucky

1 Engineering Group. And that was when
2 clarifier number three was added, and I
3 believe there was some chemical feed work
4 done and--and may have been some other
5 things. I don't--I don't remember
6 specifically, seems like they may have had
7 some sludge handling issues or something in
8 the project as well. I guess those are the
9 only two that I can remember at this point.
10 I know we did a lot of work probably 10 or
11 15 years ago--kind of the--the planning and
12 put together some--some conceptual things
13 and concepts, even looked at building a new
14 water treatment plant, did a lot of op--and
15 there again, that was kind of information
16 to go to the board related to options and
17 alternatives that they might have. And I
18 think at that time they opted to stay with
19 the plant that they had. I think their
20 operators preferred to stay with the
21 technology that is there rather than go to
22 one of the newer technologies and they
23 decided to--to kind of, when they had money
24 available, to work on the renovating
25 the--the existing plant that they had.

1 Q So, when you--just to clarify. So when you
2 did the planning and conceptual work
3 on--for the water treatment plant, I
4 believe that there were reports that you
5 did; is that correct?

6 A I believe there was one generated, yes.

7 Q Were you--was your group paid for that
8 work?

9 A I doubt it. I don't remember exactly, but
10 typically we will do that sort of thing for
11 no charge in order to, you know, to get
12 a--ultimately to get a project put together
13 and--and--and started. We will provide
14 that information to the--the utility.
15 Because we do--we don't operate on a
16 retainer, we don't bill for, you know, if
17 they call me and say, "Could you come up
18 and look at this?" or "I've got a road
19 they'd like to run water line on." or "I'm
20 having a problem with this, can you look at
21 that?" We don't charge for that sort of
22 stuff. We--we work on a--on a
23 project-by-project basis.

24 Q Okay. I want to go back to the raw water
25 intake for a just a minute.

1 A Sure.

2 Q Are you aware of problems that have--with
3 the raw water intake since the system was
4 installed?

5 A I know that they have had a lot of problems
6 with it since that project was completed.

7 Q And tell me about those problems.

8 A As I recall, shortly after it was
9 completed, they had a major flood event
10 down there that did a lot of damage. And I
11 know at one point during that period, the
12 control building was struck by lightning.

13 Q And tell me about the control building.

14 A That is the--the control building is what
15 controls all your pumps and
16 every--everything down that are actually
17 sitting down beside the river. The control
18 building sits up by the road at a higher
19 elevation to keep it out of the flood
20 situation. All of that originally was
21 built to be flood-proof and--and all
22 electrical, everything was flood-proofed
23 down there because obviously if you're
24 building at the side of the river. I know
25 there was--that the control building, I

1 know, in one storm was struck by lightning
2 and almost caught on fire, and caused quite
3 a bit of damage. And it--it seemed to be
4 just one thing after another. They've had
5 a lot of problems over the years with the
6 power that comes in there. It's--it's
7 three-phase power, but the, you know,
8 typically--and I'm not an electrical
9 engineer by--by any stretch, but your
10 voltage on three-phase power, you have
11 three legs of power, the voltage is
12 supposed to be the same on those three
13 legs.

14 Q Uh-huh, (affirmative).

15 A And it varies tremendously up there. Which
16 that causes problems with pumps. It burns
17 pumps up and motors and--and that sort of
18 thing. So it's been a lot of problems.
19 I--I will say that I think the water
20 district also hired people to do repair
21 work that were not qualified to do repairs
22 to that kind of an installation and they
23 ended up causing more problems because
24 they--they did not know what they were
25 doing and weren't qualified to be working

1 on something like that. There wasn't much
2 maintenance, if any. Those are facilities
3 that you have to keep an eye on. Obviously
4 if you're pumping out of the river and the
5 conditions in the river are changing
6 constantly, you have to keep an eye on your
7 equipment and what's going on there and be
8 able to adjust to the--to the conditions.
9 I don't think that happened. And, you
10 know, to my impression. And this is--it's
11 my impression they basically went down
12 there and flipped the switch on and walked
13 away from it and never looked back until it
14 quit running, and you can't do that in--in
15 water system. There's been some
16 modifications over the years, I know that
17 we were not involved in, and what is there
18 now is not the original configuration that
19 we designed and it's not anything like what
20 it was when we designed it and it was
21 constructed in 2000.

22 Q Can you describe for me how it was designed
23 and how the--how it's--what the changes
24 have been?

25 A I can--I can generally. There--the

1 original design was in--with submersible
2 pumps and a wet well. You had a--a--a
3 screen and a gravity line that's a--or a
4 screen that's out in the river, a gravity
5 line that comes into a wet well, it fills
6 up, the submersible pumps are down in that
7 and it pumps through the transmission main
8 to the river. They have--the pumps have
9 been completely changed, the controls have
10 been completely changed, they're a
11 different type of pump.
12 They--there's--there's not a whole lot down
13 there other than the original structure
14 that's--that's anything like it was to
15 start with. And that was changed through a
16 project a few years ago that we were not
17 involved in.

18 Q Do you know what engineering group was
19 involved?

20 A I do not.

21 Q Have you been involved in installing or
22 updating the--and I don't know if it's
23 SCADA or SCADA?

24 A SCADA.

25 Q SCADA system. And can you tell me about

1 that?

2 A SCADA is a telemetry system where you have
3 electronic readouts, and I--and in some
4 aspects you can control pumps and--and that
5 with the SCADA system. I can't--I don't
6 think Martin County's system had a whole
7 lot of control related to it, it was mostly
8 monitor your tanks, your pump stations.
9 You have your--your main readout system is
10 at the water treatment plant typically,
11 where you can sit at the plant and tell
12 what's going on--

13 Q Uh-huh, (affirmative).

14 A --with each tank and each pump station and
15 that sort of thing. They--we did the
16 project, and I'm thinking it was part of
17 a--a larger project where a county-wide
18 telemetry or SCADA system was put in as
19 part of one of the projects. And I'm
20 thinking it was about 10 or 12 years ago,
21 I'm not positive on the time frame. But as
22 I understand it, there's a big portion of
23 that that no longer works.

24 Q No longer works in that they can no longer
25 monitor those pump stations and--

1 A That--that's my understanding.

2 Q Okay. From your experience, would that be
3 typical to have a system that no longer
4 works at all after 10 to 12 years?

5 A No.

6 Q And why would you think it might have
7 failed?

8 A When you have problems, you need to repair
9 those problems, and maintenance, and that's
10 one thing. I don't think that happened.
11 And whether that's related to financial
12 or--I can't--I don't know the--the reason
13 why, but I don't think it happened.

14 Q Have you been involved with efforts to
15 install in-line meters? Meters on the
16 master lines?

17 A Yes. Yes.

18 Q Tell me about those.

19 A That was done--and I--I'm trying to
20 remember when that was done also. It may
21 have been around the same time as the
22 telemetry system, and I believe it was a
23 Rural Development funded project. And at
24 the time, Rural Development had put as part
25 of the program, if your system had water

1 loss above a certain percentage, they
2 wanted you to include in your project a--a
3 certain percentage that addressed dealing
4 with the water loss issue.

5 Q Uh-huh, (affirmative).

6 A So, Martin County did not have any master
7 liters throughout the system where they can
8 isolate certain areas and compare that to
9 the individual liters and tell whether
10 they, you know, how much loss they've got
11 in that area. I'm thinking that we--I
12 believe there were 14 master liters that
13 were designed and installed in the project
14 in order for them to isolate certain areas
15 of their project so they could monitor
16 water loss and determine what areas had the
17 most and where they needed to concentrate
18 on their--on their efforts, maintenance.
19 Don't know that that was utilized like it
20 should have been.

21 Q Do you know if it's still functional?

22 A I do not.

23 Q What about service meters? Have you been
24 involved in projects to replace service
25 meters?

1 A I know of a couple of projects where new
2 meters were a part of the project, and I
3 believe typically the way it was handled
4 was the meters were bought in the project
5 and then the water district staff changed
6 out the old meters for the new
7 meters--individual service meters.

8 Q Do you know how many current radio-read
9 meters that they are using?

10 A I do not.

11 Q Let's look at some documents. And again, I
12 don't--I don't think there's any reason to
13 put these in as exhibits because they're
14 already in the record. I'll put a copy
15 here just in case. There are two documents
16 here and they're double--the first one is
17 double-sided.

18 A Okay.

19 Q And the first is the--was provided on
20 May 12th, 2016 in Martin County Water
21 District's response to PSE data requests.
22 And it's a preliminary project cost
23 estimate, it has a schematic. Looks like
24 the water treatment plant.

25 A Uh-huh, (affirmative).

1 Q And the second one is titled "Project
2 Rejuvenate" and it was provided, among
3 other times, on August 5th, 2016, Martin
4 County Water District's response to PSE
5 second data requests, and that's Exhibit 2
6 in that response. So I just wanted to ask
7 you some questions about these.

8 A Okay.

9 Q First, let's look at the "Project
10 Rejuvenate." Mr. Taylor, do you recognize
11 this document?

12 A I have seen it before.

13 Q Okay. Do you know who prepared this
14 document?

15 A I believe this was put together by the
16 Water District.

17 Q That would be correct.

18 A I think we may have provided some of the
19 numbers that are used here, but it's my
20 recollection that--and I can't
21 remember--who was-is the state senator?
22 Jones?

23 MR. CUMBO: Uh-huh, (affirmative). Ray
24 Jones?

25 A Yes. I think he asked a couple of years

1 ago of Martin County, you know, to kind of
2 put together a wish list of--of things that
3 they needed and kind of some costs related
4 to that. And I--I was--I--I never met with
5 Senator Jones. I don't--I may have talked
6 to him on the phone a time or two, but as I
7 recall I think he made the request of the
8 water district to kind of give him an idea
9 of--of what--what their needs were.

10 Q Uh-huh, (affirmative).

11 A And that--that's where this list came from.
12 And I think we may have provided some of
13 the numbers, but we did not put this actual
14 list together.

15 Q Okay. Did you consult with the water
16 district about what their needs were?

17 A Yes.

18 Q Okay. So is that to say that in addition
19 to providing some of the numbers, you
20 provided some of--some of the items?

21 A Yes.

22 Q And then the second document, on the front
23 it's labeled--labeled "Exhibit 7, Updated
24 Capital Improvement Plan." Can you tell me
25 about this document?

1 A It looks as though that was a preliminary
2 cost estimate related to water--or
3 improvements at the water treatment plant.
4 It was put together by Brian Levin, who's
5 an engineer, he--at the time. He no longer
6 works with us. But it--it appears that it
7 is strictly related to the water treatment
8 plant. And--and I would say that--that
9 schematic drawing is probably one that was
10 done originally back when I told you we had
11 done some conceptual things for the water
12 district and that--it--all of that probably
13 started 10 or 15 years ago, but it looks as
14 though it may have been a drawing that kind
15 of modified to match the system.

16 Q Can you tell me from the drawing what is
17 new? Like what--what in this drawing does
18 not currently exist at the water treatment
19 plant?

20 A This structure right here, basin, does not
21 exist. And this--which I believe they were
22 talking about doing a chemical
23 store--because that's a chemical storage.
24 Looks like it does. They need all new
25 chemical storage and--and feed equipment,

1 and I think the--the concept was to do a
2 building separate from the original
3 building and part of that--that's usually
4 done nowadays for safety reasons and that
5 sort of thing. But it houses all your
6 chemicals--

7 Q Right.

8 A --related to that. But that structure is
9 not there now, and that structure is not
10 there now.

11 Q And the tank would be--is that--would that
12 just be another clarifier or is that--

13 A I am--

14 Q --some type of feed system?

15 A I don't know. I think that--that's either
16 sludge--it could be related to sludge,
17 storage, or--and I can't read what that
18 says on there. Or it could be another--it
19 doesn't look like it says treatment unit.

20 Q Okay.

21 A So, it must be--we'll see what's on there.
22 Yeah, they don't give any specifics. I'm
23 not sure what that--it's probably related
24 to sludge handling at the water plant, if I
25 had to guess.

1 Q Do you know what the water treatment plant
2 does with sludge now?

3 A There is a pond--concrete structure pond
4 out there and--and they have a--I think
5 they decant water off of the top of that
6 that goes--it's discharge, but I think the
7 actual sludge is pumped with a pumper
8 truck, and the last that I knew, I think
9 they had a permitted area up Calloway.

10 Q Okay.

11 A It's an old industrial area that's in
12 Martin County, and Calloway's the only name
13 I know of.

14 Q Uh-huh, (affirmative).

15 A There's a water storage tank up there as
16 well, but I--that's my understanding, that
17 they have a permitted site that they spread
18 sludge from the water plant on up there.

19 Q Okay. Well, going back to the preliminary
20 project cost estimate page. I just wanted
21 to ask you some questions about what kinds
22 of costs these are? So, the--you've got
23 this sort of system cost, and then you have
24 subtotal, then you've got contractors "OH"
25 and "P"?

1 A Overhead and profit.

2 Q Overhead and profit. Okay. Is ten percent
3 typical for that?

4 A I would say, yes. I did not put this
5 estimate together, so--

6 Q Okay. I understand. Then below the next
7 subtotal, you have mobilization, bonds, and
8 general conditions, ten percent?

9 A Uh-huh, (affirmative).

10 Q What--what are those?

11 A That's generally the contractors mobilizing
12 to--to--for construction. All of his
13 equipment, all of his materials, getting
14 all that on site. Bonds are his
15 performance and payment bonds. There is a
16 cost related to that. And general
17 conditions, that's a term that is kind of
18 used in the industry and it's basically
19 the--the general type stuff that a
20 contractor has to provide on project signs,
21 that--that--all that sort of stuff falls
22 into that category. If he has to have an
23 office trailer, you know, if he has to have
24 restroom facilities. Any--any of that
25 normal stuff that he has to provide for a

1 project.

2 Q Okay. And then, what is the ten percent
3 contingency?

4 A Every project that we do, and most funding
5 agencies, require you to have a ten percent
6 contingency going in for construction.
7 That is where, as we spoke earlier of
8 change orders, that's where they--the cost
9 of change orders comes out of. It's--it's
10 a given that, you know--as far as I know,
11 there's never been the perfect project and
12 there's going to be changes that have to be
13 made through the construction process, so
14 you have a construction contingency that is
15 there to cover those sorts of things that
16 come up in construction.

17 Q So if, for instance, this project were
18 funded?

19 A Uh-huh, (affirmative).

20 Q And it included this ten percent
21 buffer--ten percent contingency, would-

22 A Uh-huh, (affirmative).

23 Q --you then be required--or would the client
24 be required to go to the funding agency for
25 approval of those change orders if it's

1 within that ten percent?

2 A I believe so.

3 Q Okay.

4 A I'm trying to think if there's any instance
5 where you don't have to get approval from
6 the funding agency. We typically don't,
7 but I don't know if it's a regulation--I
8 mean, we typically always get approval from
9 the funding agency. I don't know if there
10 is an instance where you wouldn't have to.
11 We typically do on all change orders.

12 Q Okay. And then when you do a cost estimate
13 like this and it--you have broad
14 categories--

15 A Uh-huh, (affirmative).

16 Q --electrical systems, improvements,
17 mechanical renovations, and then you have
18 cost per unit. That \$280,000, ideally,
19 does that cover all cost? Materials?
20 Labor?

21 A Yes.

22 Q Okay. Design?

23 A No. Design and construction services are
24 listed down there at the bottom.

25 Q Okay.

1 Q And that--those--typically when we do the
2 construction or preliminary project cost
3 estimate, we use the Rural Development fee
4 curve. And it is--used to be, it is a
5 basis of percentage, and that is still how
6 you figure the fees, but Rural Development
7 has gone to lump sum contracts. You--you
8 figure the fee based on a percentage, but
9 then that's your lump sum amount.

10 Q Okay. But the 6.64 is the Rural
11 Development back when--

12 A Correct. They have a--a scale and it's
13 based on the amount of--the cost of the
14 project.

15 Q Uh-huh, (affirmative).

16 A And the larger the project, the less the
17 percentage.

18 Q Okay. And what's the resident inspection?

19 A That is the resident inspection. That
20 covers the cost of your inspection and--and
21 the services that you provide during
22 construction. Progress meetings, that sort
23 of stuff. That may actually be covered
24 under contract administration, which is
25 a--which is actually a percentage of the

1 design fee. But inspection is a separate
2 category on the RD fee schedule, that you
3 have your design percentages and then you
4 have your construction inspection
5 percentages.

6 Q Okay. And if this were--this project as
7 provided here was funded then Kentucky
8 Engineering, if you were the project
9 administrator, would get those two; is that
10 correct?

11 A Correct.

12 Q Your payment would be the 402,000 plus the
13 200,000?

14 A Correct.

15 Q So, you said that you--it was your
16 understanding that Senator Jones had asked
17 for a wish list and that's when the water
18 district came up with Project Rejuvenate.
19 Have you--has your group, at any time, in
20 the last--since 2016, done a capital
21 improvements wish list for the water
22 district?

23 A We're constantly putting together cost
24 estimates for things that funding agencies
25 may ask for, the water district may ask

1 for, whoever, you know?

2 Q Uh-huh, (affirmative).

3 A They want to know--it's something that
4 we've been involved with quite a bit here
5 in the last year related to obviously
6 the--the current problems that the district
7 has, and you have agencies that are--one
8 that I'm working on right now is a project
9 that's being funded by ARC, which is
10 Appalachian Regional Commission

11 Q Uh-huh, (affirmative).

12 A --to replace service lines--

13 Q And we'll get into that more later.

14 A --but I can't remember an actual capital
15 improvements plan or anything, but I know
16 we've worked on a lot of project cost
17 estimates and that sort of thing, like
18 this--

19 Q Uh-huh, (affirmative).

20 A --in the last year or two just at the
21 request of--of the district, funding
22 agencies. You know, "Put this together so
23 we have some idea of what we're talking
24 about here." So, and I know related to the
25 current ARC, related to the AML funding

1 that they're trying--that they're trying to
2 get, I bet we've done, oh, gosh, 20
3 revisions of stuff. Or 20 versions of
4 that, trying to, you know, fit within the
5 parameters, or the funding agencies, "I can
6 fund this, but I can't fund this part."

7 Q Uh-huh, (affirmative).

8 A And that sort of thing. So you're
9 constantly moving. I--I've worked
10 with--since Greg Heitzman has been involved
11 with the water district, I think he's
12 worked quite a bit with the funding side of
13 things to try to see what they could get
14 money-wise. I've had a--a lot of
15 conversations with him trying to--to fit
16 things in the right spot and category
17 to--that--where the funding agencies could
18 use that.

19 Q But to your knowledge, has there been any
20 work since 2016 to assess the system on a
21 holistic basics--basis, and sort of
22 determine what the capital needs are and
23 prioritize those?

24 A No.

25 Q Okay. So now--

1 A You care if we take a break?

2 Q So now--

3 MR. CUMBO: Do you care if we take a
4 break?

5 MS. CROMER: I think a break would be good.
6 Yeah, let's go off the record.

7 (OFF THE RECORD)

8 (A BRIEF BREAK IS TAKEN)

9 By Ms. Cromer:

10 Q Okay. I have handed out another document
11 and on the front of the page it just says
12 "Exhibit 4." It was provided by Martin
13 County Water District in response to the
14 PSE's post-hearing data request on
15 May 18th, 2018. It may have been in
16 response to Martin County Concerned
17 Citizens' data request, I'm not positive.
18 And it was in response to a question about
19 ongoing efforts to preserve two grants and
20 low interest loans related to capital
21 projects.

22 A Uh-huh, (affirmative).

23 Q It's a fairly long document because there
24 are actually four documents that are
25 combined, and at the top of each document

1 it says "Drinking Water Project Profile."

2 A Uh-huh, (affirmative).

3 Q Mr. Taylor, are you familiar with these
4 documents? Are you familiar with drinking
5 water project profiles?

6 A Yes.

7 Q Okay. Can you tell me about them?

8 A That is through the process at the state,
9 and I think it, if I remember correctly,
10 Kentucky Infrastructure Authority has a
11 database and once you come up with a
12 project that you would like to do, you have
13 to go through the AD district, and in
14 Martin County's case that is Big Sandy AD
15 in Prestonsburg. And a project profile is
16 developed and that's what--that's what
17 these are. And they are entered into the
18 state database and that is how--that is the
19 information that funding--Kentucky
20 Infrastructure Authority uses to--to go
21 through and rank or rate projects for every
22 funding cycle. And it's--it's my
23 understanding that if you're gonna use any
24 type of state and federal funding, you have
25 to have a project profile in the system to

1 be eligible for that funding.

2 Q What's your understanding of Kentucky
3 Industrial Authority's role with regard to
4 funding? Do they provide funding
5 themselves?

6 A Are you specifically talking about the
7 Martin County Economic Development?

8 Q No, I'm specifically asking about KIA's
9 role in keeping this database. Is it for
10 their own funding purposes that they keep
11 this database?

12 A I--I would say yes.

13 Q Okay.

14 A But I--I also think that there maybe other
15 funding agencies that use the information
16 as well.

17 Q Okay. In--in this document that's labeled
18 Exhibit 4, in front, there are four
19 projects, so I'd like to go through and ask
20 you some questions about each of these
21 projects.

22 A Okay.

23 Q So the first project is titled "Water
24 Treatment Plant Clarifier Rehab"?

25 A Uh-huh, (affirmative).

1 Q Have you--do you have a role with regard to
2 this project? Does your--Kentucky
3 Engineering have a role with regard to this
4 project?

5 A I would say we do. Holly L. Nicholas is
6 listed as the project administrator, and
7 she works for Kentucky Engineering Group.
8 Holly is the funding specialist--

9 Q Okay.

10 A --for our company.

11 Q And can you tell me about this project?

12 A This is to rehab clarifier number one that
13 we talked about earlier--

14 Q Uh-huh, (affirmative).

15 A --which is part of a--there's three
16 clarifiers at the water treatment plant.
17 Number one has been out of service for some
18 length of time and it needs to be
19 completely rehabbed and that's what this
20 project profile does. We would have also
21 put together the estimates related to the
22 cost for the rehab work.

23 Q Okay. And I noticed that--going back to
24 the Project Rejuvenate, there was a line
25 item to rebuild the number one clarifier.

1 Is this likely the same project?

2 A Yes.

3 Q And then there's what appears to be sort of
4 an add-on: "Project will also replace
5 remainder of district's water liters'
6 radio-read meters, residential and
7 commercial."

8 A That is--I hadn't seen that till you
9 mentioned it, but I know that is something
10 that they wanted to do. And I can't
11 remember--you asked me earlier how many
12 radio-read meters that they have, and I
13 think it's several hundred. I'm not sure,
14 but I think they've got somewhere around
15 36, 38 hundred customers.

16 Q Uh-huh, (affirmative).

17 A Something like that. And I don't believe
18 that there are a thousand radio-reads at
19 this point. And they--one of the things
20 that they've wanted to do is try to get all
21 of those switched over to radio-read
22 meters--

23 Q Uh-huh, (affirmative).

24 A --in the--in a project and that's why it
25 was probably added to this.

1 Q And do radio-read meters allow remote
2 reading?

3 A Yes.. Yes.

4 Q How--how close do they need to be?

5 A Generally, and I--and I am no expert on
6 this either, but I--I have listened to a
7 couple of the presentations from the
8 companies. A meter reader has a laptop
9 that is mounted in their service truck, and
10 they have to drive down each road.

11 Q Okay.

12 A They can drive at 35 or 40 miles an hour,
13 and it will pick up--

14 Q Okay.

15 A --all of the meters as you go down through
16 there. It will also record if there is a
17 non-reading or--or there was one missed or
18 if there's a problem with one to where they
19 can go back and recheck those specific
20 meters. But it greatly reduces the amount
21 of time necessary to read meters--

22 Q Uh-huh, (affirmative).

23 A --throughout the system. And hopefully get
24 more accurate readings as well, that's
25 another benefit--

1 Q Right.

2 A --of that.

3 Q On the second page for the project, where
4 it lists the estimated budget and the
5 funding sources, I noticed that the--under
6 funding source it has "Fiscal Year 2017"
7 and "Fiscal Year 2018" and "Fiscal Year
8 2019." The--first of all, I want to ask
9 you about the amounts. The amounts
10 for--the amount total changes somewhat
11 significantly between 2017 and 2019. Why
12 would--why is that?

13 A I have no idea.

14 Q Okay. And each--the status for each of
15 those years is ranked?

16 A Uh-huh, (affirmative).

17 Q What's your understanding of what that
18 means?

19 A I'm not sure I understand what that is.

20 Q Okay.

21 A Like I mentioned earlier, my participation
22 in project profiles is I will provide the
23 estimate amount and that sort of thing.
24 And--and Holly Nicholas in our office is
25 the one, along with the AD district staff,

1 generally do these and I am not familiar
2 with what--what that necessarily means down
3 there.

4 Q Okay. But you all did, you said, help
5 provide this estimated budget?

6 A Yes.

7 Q And the contingencies part of that budget,
8 159,500?

9 A Correct.

10 Q Is that the same type of buffer you were
11 describing earlier?

12 A Yes. Yes.

13 Q And--well, let me ask one more question.
14 Is--that is not ten percent of the total
15 amount?

16 A There again, typically we use a ten percent
17 contingency. I have no idea why that would
18 not be at this stage a ten percent
19 contingency. It--it maybe related to funds
20 that are available and I know that
21 contingencies get adjusted occasionally
22 depending on, there again, the funding
23 that's available. I--I don't know about
24 this.

25 Q And--

1 A I just thought of something related to
2 this.

3 Q Yes.

4 A If a big part of this project is radio-read
5 meters, they may have only done the ten
6 percent contingency on the actual water
7 treatment plant work and--and probably
8 decided they did not need a ten percent
9 contingency on the water meter side of
10 things because obviously if you order 500
11 water meters, you're gonna get 500 water
12 meters.

13 Q Right.

14 A That's just a guess. I don't know that for
15 sure.

16 Q If--if this estimated budget included the
17 water meters, where would they--what line
18 would they be in?

19 A Not sure how that would be broken down in
20 this--in this profile. I'm just looking at
21 the very bottom sentence in the
22 description. It says, "The project will
23 also replace the remainder of the
24 district's meters to radio-read meters,
25 residential and commercial." I'm not sure

1 where that would fall into the--the budget.
2 Originally I know one of the estimates that
3 we had--and it may have been on that
4 Project Rejuvenate--it said the clarifier
5 was about a million dollars, so obviously
6 this project's a little over two, so there
7 must be a million then in--in meters or
8 somewhere there about.

9 Q Okay.

10 A It doesn't appear that it's broken down
11 specifically in the profile.

12 Q Do you know when you're preparing this
13 budget, are these line items provided in
14 the drinking water project profile, are
15 they the same for each?

16 A I would--I would think so, but there again,
17 I don't prepare the project profiles--

18 Q Okay.

19 A --so I'm not--I'm not sure.

20 Q Okay. That's fine. I wanted to ask a
21 couple more questions about this one.

22 A Okay.

23 Q The--couple--let's see--one, two--page four
24 of this project profile, it has a section
25 titled "DW-Specific Impacts."

1 A Uh-huh, (affirmative).

2 Q And three boxes are checked. "One, that
3 the project relates to a public health
4 emergency, the project will provide
5 assistance not compliance related, and the
6 project is necessary to achieve full or
7 partial components with a court order,
8 agreed order, judicial or administrative
9 consent decree." What is your
10 understanding of why this would be
11 categorized as related to a public health
12 emergency? Do you know?

13 A I have no idea.

14 Q Do you know why--

15 A I--I don't.

16 Q Okay. Do you know why it's been
17 categorized as needed to achieve compliance
18 with an order or decree?

19 A I do not.

20 Q Okay. And what role--let's see, one
21 second. And do you have any knowledge as
22 to where this is in the funding cycle? Is
23 there a potential for funding here? Is
24 there--

25 A I know that Martin County received email--I

1 believe it was the end of last week. And
2 if I'm not mistaken, there were four or
3 five invitations for funding. And it is so
4 recent that I haven't had a chance to look
5 at any of those, but I would say that
6 there's a good possibility this is one of
7 them. Now, KIA--and here again I'm not an
8 expert on this by any means--typically they
9 will go through the project profiles and
10 they will--the utility will receive
11 notification that they have been invited, I
12 guess.

13 Q Uh-huh, (affirmative).

14 A And there is a time period where the
15 utility has to respond, we're either going
16 to decline the funding or accept the
17 funding. And I think--I think these just
18 came out, the email notification here,
19 Thursday or Friday of last week. Because
20 Greg Scott emailed me--or called me from
21 Martin County and he said he had just
22 received the email notification and wanted
23 me to check into it and see which ones
24 these were, and--and that, and I just--I've
25 been out on the road every day since, so

1 haven't had a chance to do that yet. But I
2 would say that there's a good possibility
3 this is one of them.

4 Q So--and your understanding is these--these
5 invitations from funding sources are
6 usually based on one of these drinking
7 water project profiles?

8 A Correct.

9 Q And if this project were funded, do you
10 know what Kentucky Engineering Group's role
11 would be?

12 A Our--we would--if we were selected, or I
13 guess in this case, I don't believe you
14 have to go through procurement because we
15 have an existing relationship with Martin
16 County, but if the project was funded, I
17 would assume that we would be doing the
18 design and construction services for the
19 project.

20 Q When is that decision made as to what--who
21 does the design and construction?

22 A That is a board decision, and--and I guess
23 once they accept or--if they accept the
24 funding, then they need to make a decision
25 at that time as to who the engineering

1 firm's going to be for that project.

2 Q Okay. Let's turn to the second project,
3 which is "Water Systems Controls and Well
4 Water Intake."

5 A Uh-huh, (affirmative).

6 Q Are you familiar with this project?

7 A I am.

8 Q Can you tell me what's proposed?

9 A This is to rehabilitate the well water
10 intake, to--I'm--I'm pretty sure it
11 includes that little piece of the
12 transmission main from the reservoir to the
13 water plant, and it also includes a new
14 telemetry SCADA system. And I believe this
15 is the project that was--that AML or
16 Abandoned Mine Lands has talked about
17 funding.

18 Q You said "has talked about funding."
19 What--what is your understanding of the
20 current funding status?

21 A I believe it has been approved, but I'm not
22 sure--the funding has been approved, but
23 I'm not sure exactly where we are related
24 to moving ahead with it. I--I do not have
25 an engineering contract at this point for

1 that project.

2 Q Have you done any preliminary work for this
3 project?

4 A We put together the cost estimate, and I
5 have had one of our engineers--I took him
6 down to the raw water intake about a couple
7 of months ago just to take a look at it
8 because he had not been there previously.

9 Q And did you prepare the cost estimate
10 before or after the engineer went to go
11 look at the intake?

12 A After. I believe so. All that--that runs
13 together after a time. And--and there
14 again, a lot of times the funding agencies
15 will say, "I have this much money." It's
16 not always that I prepare an estimate and
17 that's just automatic how much money comes.
18 A lot of times they will say, "We have this
19 much. See what you can do."

20 Q Uh-huh, (affirmative).

21 A Or, "The items that you need to accomplish,
22 see what will work in this amount."

23 Q Uh-huh, (affirmative).

24 A And that's how it's put together also.

25 Q So for what--

1 A And I can't remember on this one
2 specifically.

3 Q You can't remember what?

4 A Whether or not it was--I--I believe this
5 was the amount of funding that was put
6 together by AML that they could--could be
7 this round, I believe.

8 Q Okay. So it's described as a secondary
9 intake. Did--in your conception of it, is
10 this--would the design be for a completely,
11 like a redundant system?

12 A No. Well, the actual structure that's on
13 the river bank that houses the pumps and
14 the valves and all that stuff, that
15 is--that's still--it's got to be rehabbed,
16 but it's still a good structure. When
17 they're talking about redundancy, they are
18 wanting to--there is a single screen and
19 pipe that gravity flows water from the
20 river into this wet well, and what they are
21 wanting to do is to go downstream just a
22 little bit and put a second screen and pipe
23 in there so that they have redundancy in
24 the screen and actual intake point in the
25 river. And the reason for that is anybody

1 that has an intake in a--in a river has a
2 tremendous issue with sand and--and grit
3 and that, and that's part of the problems
4 that they've encountered over the years is
5 every time the, you know, water level
6 changes, so does the bottom--

7 Q Uh-huh, (affirmative).

8 A --of the--of the river. And they've had
9 tremendous trouble with sand wanting to
10 build up around their screen area out in
11 the river, which drastically cuts down the
12 amount of water that will come through it
13 and--and they don't really have a way
14 to--to remove that sand, so what they're
15 wanting to do is to put a secondary screen
16 out there where they have the option of
17 using two different locations, to where if
18 sand builds up against one they've got
19 another one that they can open up and use
20 to--to gain raw water.

21 Q And looking at the record--the past record
22 from the 2002 investigation, I guess,
23 there's talk of moving the intake point, I
24 think downstream--

25 A Uh-huh, (affirmative).

1 Q --about 900 feet to there's, I guess, a
2 bend that there's a deeper portion of the
3 river?

4 A That is what I have been told by people in
5 Martin County for years. I do not know if
6 that actually exists or not.

7 Q Okay. So, you don't know--do you know
8 where the secondary intake would be if
9 it's--

10 A Not specifically. I know that it--and
11 you're correct, it--it's supposed to be
12 downstream of the one that's there now.

13 Q Uh-huh, (affirmative).

14 A But my view would be if we're the engineer
15 on this project, that would be one of the
16 first things we investigate is--is this--to
17 locate this supposed deep hole that people
18 have talked about, and whether it's
19 consistent or not. You know, because we
20 know the conditions in the bottom of the
21 river change constantly and you may go and
22 locate a deeper hole today and it may not
23 be there next week.

24 Q Uh-huh, (affirmative).

25 A So that's something that we'll have to

1 check into obviously and--and see what the
2 existing conditions are.

3 Q Okay. Well, for this there'd be a
4 second--that secondary intake you talked
5 about. Would--currently there are I
6 believe two pumps, room for three pumps?

7 A I believe so, yes.

8 Q Would there be any additional pumps added
9 with this project?

10 A I don't know. I think--it's a possibility,
11 but I don't know that until we actually get
12 into the design of it whether or not a--a
13 third pump would be necessary at this
14 point.

15 Q Okay. And--but then, the structure that is
16 at the river where the pumps are, and then
17 there's the station where all the
18 electrical components--

19 A Yes.

20 Q --are housed?

21 A Yes.

22 Q Would any more be built either--to either
23 of those--

24 A I think it's possible--

25 Q Okay.

1 A --but I don't--until we actually get into
2 the design I couldn't say for sure.

3 Q Okay. So--and then what about the
4 transmission line going up and over the
5 mountain?

6 A I think it's good. I think the plan is to
7 where the line stops now at the reservoir,
8 to connect on to that, there'll actually be
9 a--a small intake structure, like a screen,
10 built at the reservoir and then the
11 transmission main will proceed on to the
12 water treatment plant and that gives you
13 the capability to pump directly from the
14 river to the water plant and bypass the
15 reservoir, or if things are--conditions
16 are--are suitable at the reservoir, you can
17 open up your intake at the reservoir and
18 run water to the treatment plant as well.

19 Q Would this--and would the system, if that
20 is installed in that way, would the system
21 then abandon the current gravity feed--

22 A At the reservoir--

23 Q --at the reservoir to the water treatment
24 plant?

25 A Yes.

1 Q My understanding is it's--

2 A Yes.

3 Q --a gravity-fed system.

4 A Yes. And they've had a lot of issues with
5 it over the years. The old structure, I
6 think the--the screens are in bad shape.
7 The--the valves, I think they've had
8 trouble with that. I think they're, if I
9 remember correctly, there's two lines
10 actually that run from the existing
11 structure at the reservoir to the water
12 treatment plant, and I--and I think they've
13 had issues with those lines as well. But
14 that all would be--and it was originally
15 constructed, I guess, when the reservoir
16 was constructed back in the '60s, so
17 it--it would all be abandoned.

18 Q Okay. And then it also says the--it would
19 include a new SCADA system--SCADA system.
20 What's your understanding of that? Would
21 it be a completely new system?

22 A I--I would think so. That's like computers
23 and everything else, technology and that
24 changes so quickly. And I think that
25 existing system is somewhere 10, 12, 14

1 years old. I can't remember exactly. And
2 technology has changed so drastically
3 related to that in that time, that I think
4 they can get a--a much better--and part of
5 the--part of the issue with the old, I
6 think, was the maintenance involved was
7 fairly expensive, and--and obviously when
8 you get into financial difficulties some
9 things like that kind of go by the wayside
10 and that's part of the problem, so I think
11 that a newer, less--a system that requires
12 less maintenance and--and the overall
13 technology being a lot better than the
14 older system, I think that would be the way
15 to--to go.

16 Q Forgive me if I've asked this already. Did
17 you prepare the estimated budget for this?
18 Did Kentucky Engineering prepare the
19 estimated budget for this?

20 A Yes.

21 Q And similar to the last drinking water
22 project profile, it doesn't appear that
23 there is any break down between the
24 estimate for the transmission and raw water
25 intake and the SCADA system; is that

1 correct?

2 A Correct.

3 Q It--I assume that for a new raw water
4 intake you would have to, in addition to
5 the other permits you talked about, you
6 would probably have--need an Army Corps
7 permit?

8 A Yes. When we did the--the one originally,
9 because of the Tug Valley--or Tug Fork in
10 the Big Sandy River is controlled by the
11 Corps of Engineers, we had to get a permit
12 from the Corps, and if I'm not mistaken, I
13 believe we had to also get permitted from
14 Kentucky Division of Water and we also had
15 to get permitted from West Virginia--

16 Q Uh-huh, (affirmative).

17 A --as well, because the--

18 Q Yeah. I understand.

19 A --the border runs right down the middle of
20 the river, I guess, so you have to--I know
21 we--it was quite a permitting process in
22 order to get that done originally. Now
23 my--that's something that--another thing
24 would be very high on the list once you get
25 started is to get with the agencies and

1 determine exactly what type of permitting
2 is gonna take place. Since there is
3 existing structures and that sort of thing
4 there, we're going to have to go back
5 through a complete permitting process or
6 can current permits be amended to what's
7 gonna happen now and that sort of thing.
8 But that's something we'd have to--to
9 investigate to find out.

10 Q Okay.

11 A Related to your question--related to the
12 break down on the profile, I know when we
13 do the cost estimate, they are broken down
14 into categories, and it maybe that they are
15 fitting that information into this form and
16 it may not allow for a break down. Could
17 be what it is. I provide a lot of the
18 information, but I don't actually do the
19 project profile forms.

20 Q Okay. Let's go on to the third project,
21 which is the "Water Treatment Plant
22 Clarifier and Disinfection Byproduct
23 Reduction Project."

24 A Uh-huh, (affirmative).

25 Q Are you familiar with this project?

1 A This appears to be somewhat redundant from
2 the last one, and I'm not exactly--because
3 obviously the water treatment plant
4 clarifier is the--is the same. I'm just
5 gonna read the description. Oh, okay.
6 This is a different project. It's not to
7 rehab the clarifier, this is where they
8 were talking about related to their
9 disinfection byproducts and they were
10 wanting to cover the clarifiers. And I'm
11 not--I don't profess to know anything much
12 about that whole situation, but I know that
13 they--they--we did put some estimates
14 together and they were probably done by one
15 of our engineers to cover the clarifiers
16 and that has something to do with the
17 disinfection byproducts and an intake
18 screen at the reservoir, which that must
19 have been taken out of that previous
20 project that I--I mentioned having an
21 intake screen at the reservoir. It must
22 have been taken out of that one and added
23 to this one, is what it looks like. And
24 then there--it looks like they're doing
25 some air--aeration at the clear well at the

1 water plant, and that has to do with those
2 disinfection byproducts also.

3 Q Uh-huh, (affirmative).

4 A But this appears that it's more
5 improvements to what's there related to the
6 clarifier covers and then making some
7 modifications that directly affect
8 disinfection byproducts.

9 Q Well, let me ask you about the--with regard
10 to the intake screen at the reservoir.
11 Would the last project, the "Well Water
12 Intake Improvements" would the transmission
13 part of that project make sense if there
14 wasn't a new intake screen at--put--put in
15 at the reservoir?

16 A Probably not. I think it probably needs to
17 be done at the same time.

18 Q Okay. So--

19 A Because obviously if you're going to put in
20 an intake structure at the reservoir,
21 you're going to need a pipe to transport--

22 Q Right.

23 A --transport the water with. I don't--I
24 don't know how this has gotten separated

25 Q Okay.

1 A --like this. But there again, it could
2 have been trying to fit the improvements
3 list with the funding that was available,
4 again, from an agency.

5 Q Well, let me ask a bigger picture question.

6 A Okay.

7 Q When you have two projects, one of which is
8 contingent on the other, and you are
9 putting them into this pot of potential
10 funding sources, how do you--is there a
11 mechanism to make sure that if one is
12 funded, the other is funded?

13 A I--I don't know that there is, but there
14 should be.

15 Q Uh-huh, (affirmative).

16 A I'm--I--that's beyond my knowledge of how
17 this whole system works.

18 Q Okay.

19 A And the Area Development District puts a
20 lot of this information together. I know
21 Holly in our office will work with them to
22 some extent, but--but the actual project
23 profiles are put together by the AD staff
24 for the most part.

25 Q Okay. But then they--do they contact you

1 for specific items?

2 A Yes.

3 Q Like the budget?

4 A Yes.

5 Q Okay.

6 A Yes.

7 Q Okay. Let's go to the last project.

8 A Uh-huh, (affirmative).

9 Q I believe it's the last one. It's the "ARC
10 Water System Improvements." And are you
11 familiar with this project?

12 A Yes, I am. That is the one we are
13 currently under contract and working on.

14 Q And where are you currently in the process?

15 A We are just ready to submit to division
16 water and--and be ready to advertise for
17 construction bids here in the next 30 days
18 or so. I know currently there is some
19 discussion between the water district and
20 the funding agencies about possibly
21 modifying the funding to do some main line
22 replacement at the same time as the service
23 line replacement because the way this
24 project was originally written up is
25 strictly replacing the--the individual

1 customer service lines from the main to the
2 individual meter at the houses, and there's
3 been some discussion throughout this
4 project of this that it's in--in an area
5 where they really need to replace the main
6 line as well, but funding is not currently
7 available for that. But I know that they
8 are in discussion--we had a meeting at DOG
9 a month or so ago about the possibility of
10 going to another--a different funding
11 source to provide some funding to replace
12 main lines as well at the same time. So,
13 we're kind of in a little bit of a holding
14 pattern right now just to see if that
15 additional funding is--is a--is potentially
16 available, and if so, we can modify this
17 project to include some main line
18 replacement that's needed as well. But
19 that's all contingent on whether funding is
20 available to do that.

21 Q And if funding is not available--

22 A Then we'll--

23 Q --will the district be confined to--

24 A Yes.

25 Q --the description of the project?

1 A That's correct. And it will proceed with
2 replacing a thousand service lines. If we
3 can do a thousand for the--for the amount
4 of money they've got. That won't be
5 determined until we actually put it out for
6 construction bids and see what kind of bid
7 we get to replace it, because we may not be
8 able to do a thousand. That was what was
9 hoped to do originally, but we're always
10 confined by the amount of money that we've
11 got, so--

12 Q You sound as if you may believe that one
13 thousand is perhaps aspirational. That it
14 might--might be an overestimation of what's
15 possible; correct?

16 A I am--I am a little concerned just because
17 of the way some things seem to be bidding.
18 The trends right now--

19 Q Uh-huh, (affirmative).

20 A --are a little higher than where they have
21 been, and it could affect where we are.
22 Plus, most of this area in Martin County is
23 along KY-40--

24 Q Uh-huh, (affirmative).

25 A --which is the main road between Inez and

1 Moorefield. It's gonna be--it's gonna be a
2 lot of--a lot of obstacles and things
3 contractors are gonna have to deal with
4 and--which generally that drives the--the
5 price up a little bit.

6 Q When you have a situation like this, it
7 sounds like this might be--you were
8 discussing change orders and how if you're
9 replacing an existing system or working
10 with an existing system, there's a greater
11 likelihood of change or needing to do
12 change orders.

13 A Right. Right.

14 Q Sounds like that would be--might be the
15 situation here; is that correct?

16 A Not necessarily on this project because the
17 way we're gonna bid this is unit cost,
18 which means a contractor is gonna be paid a
19 lump sum amount for each service that he
20 replaces. And the--the length of those
21 services vary, but we're gonna give him a
22 range when he bids the project of, you
23 know, obviously you have services that are
24 coming off of a main, you're gonna have
25 services on the same side as the main, and

1 then you're gonna have services that are on
2 the opposite side of the main where you
3 have to cross the road. We're gonna try to
4 give him a description of that when we bid,
5 and there'll be a range and lengths there
6 that he knows will be included in his lump
7 sum bid for each service. So I--I don't--I
8 don't see the potential of--of much change
9 order in this--in this contract because
10 it's pretty specific to start with and
11 there's only one component involved in it
12 and that's changing service lines. It's
13 not like you've got a lot of different
14 things going on at one time.

15 Q Uh-huh, (affirmative).

16 A So, I would think that the potential for
17 change orders would be less on this. I'm
18 not gonna sit here and tell you there won't
19 be a change order--

20 Q Uh-huh, (affirmative).

21 A --but I would think that the potential is
22 less on this.

23 Q Is there a potential--let's see--of
24 replacing the meters for these lines?

25 A Yes. And that is included in the project,

1 that the existing meter--meter box. That
2 whole assembly will be replaced as well.
3 And they will be replaced with the
4 radio-read meters as we go because
5 that's--obviously we read in the project
6 profile that's something they want to do.
7 So any--any services and meters that we
8 replace will be replaced with the
9 radio-read meters.

10 Q I've heard it said in testimony that the
11 only way to catch some of the water theft
12 in the county is when you're replacing
13 lines. Would this project potentially
14 catch people who have lines installed that
15 are not run through meters?

16 A I think so. The--obviously if you go down
17 the road and you're replacing every service
18 line down through there and you come up
19 on--on a--on a residence that--that
20 obviously has--is connected to city water
21 but you cannot find the water meter there
22 anywhere, most likely they have a straight
23 service line that runs from the main to the
24 house and is not metered.

25 Q Okay.

1 A But I would think, to answer your question,
2 yes. That would be the perfect time. I
3 think you're gonna find--you're gonna have
4 access to the most information--

5 Q Uh-huh, (affirmative).

6 A --related to that at that time that you
7 would otherwise.

8 Q Well, and since the people that are going
9 to be working who are going to have access
10 to that information are not working
11 directly for the water district--

12 A Uh-huh, (affirmative).

13 Q --they're contracted through you, have you
14 talked about--

15 Q We have. And that's an issue, obviously,
16 we don't want to put a contractor in the
17 position of having to be the water police
18 in Martin County or whatever.

19 Q Uh-huh, (affirmative).

20 A But I think that they can identify those
21 that they find and then my view is that
22 information will be turned over to the
23 water district and then most likely the
24 water district will be--at that point,
25 contact the property owner and if necessary

1 contact the county attorney or
2 however--however they need to go about
3 getting that remedied. But obviously
4 anybody that is--got an unmetered service
5 line is hurting everybody else in the
6 county that does have one.

7 Q Right. Similarly, do you think there will
8 be an opportunity to discover--slightly
9 different situation--lines that maybe
10 running from one house to another?

11 A Yes.

12 Q Where you have, you know, a house-

13 A Multiple houses hooked on one service line?

14 Q Uh-huh, (affirmative).

15 A Yes, absolutely.

16 Q Okay. Okay. Let's see. And I do have
17 another question, and I may have just not
18 noticed this in the other project profiles.
19 On page five of this project profile, below
20 where it has the drinking water specific
21 impacts--let me back up. On the drinking
22 water specific impacts, there are the three
23 things checked, you--

24 A Uh-huh, (affirmative).

25 Q --had testified previously you really

1 didn't know. I'd assume that that--for all
2 of these--

3 A Yes.

4 Q --projects, you don't know?

5 A That is correct.

6 Q Okay. But then down to the administrative
7 components?

8 A Uh-huh, (affirmative).

9 Q Planning, design, and construction are
10 checked. But management is not. And I was
11 just wondering why management would not be?
12 It's--

13 A I don't know.

14 Q Okay. I don't have any more questions on
15 that.

16 A Okay.

17 MS. CROMER: When we come back, I want to
18 talk about a Hollow Bush
19 Extension Project, and then I
20 may have just a few questions
21 to wrap up after that.

22 THE WITNESS: Okay.

23 MS. CROMER: But I think that will be
24 primarily what we're talking
25 about when we get back.

1 THE WITNESS: Okay.

2 MS. CROMER: I think it's a good time to
3 break for lunch.

4 THE WITNESS: All right. That will work.

5 MR. CUMBO: Sounds good.

6 (OFF THE RECORD)

7 (A LUNCH BREAK IS TAKEN)

8 By Ms. Cromer:

9 Q So now I'm going to turn to what I refer to
10 as the "Hollow Bush Extension Project."

11 A Okay.

12 Q When I say that, do you know what I'm
13 talking about?

14 A Yes, I do.

15 Q Okay. It's been referred to in a number of
16 ways, so--

17 A That's what I call it.

18 Q Okay. Okay. And the contract has been
19 provided in the record on February 23rd,
20 2018, Martin County Water District's
21 response--or no, I'm sorry, secondary
22 witness and exhibit list. And this is the
23 contract between Kentucky Engineering and
24 the fiscal court; is--

25 A Yes.

1 Q --that correct? And according to the
2 contract, Kentucky Engineering is
3 responsible for planning, design, bidding,
4 construction, inspection and administrating
5 services--

6 A Yes.

7 Q --administrative services?

8 A Yes.

9 Q Is there anything else?

10

11 A That covers it.

12 Q And your fee is based on a percentage of
13 the construction cost; is that correct?

14 A Correct.

15 Q And is that guided by a particular funding
16 table or--

17 A Yes. And that is attached to this contract
18 and I think you are actually missing a--the
19 front sheet of this. This is the
20 inspection services percentages, and there
21 is actually a--

22 Q Okay.

23 A --front sheet to this that is the design
24 services percentages.

25 Q Okay. Well, based on what's written on the

1 first page of the contract, it said that
2 your--it sounded like the estimate for your
3 payment for this project would be around
4 166,000--

5 A Correct.

6 Q --at the time the contract was written?
7 Can you tell me what the current estimate
8 would be?

9 A We have had one engineering contract
10 amendment--

11 Q Okay.

12 A --and it was due to the redesign increasing
13 the size--when then the Martin County
14 Economic Development Board got involved and
15 we started looking at what they wanted to
16 change on the project. Mainly increasing
17 the size of the tank from 150,000 to
18 300,000, which would be more advantageous
19 to them. That meant that we had to
20 redesign the water side of the project.
21 Increase the tank size, we had to do some
22 additional surveying, we had to resubmit to
23 the Corps of Engineers, we had to resubmit
24 to the Kentucky Division of Water, we had
25 to resubmit to the Kentucky Transportation

1 Cabinet. And there is a contract amendment
2 for \$25,000 lump sum to cover the cost of
3 all of those revisions and resubmittals.
4 And I think the current total for
5 engineering is 191,000, I believe. I do
6 not have that contract amendment back. It
7 is with the county judge right now to be
8 signed, and I have not received it back
9 yet.

10 Q But there--so you're additional fee is the
11 25,000, did it also include an additional
12 percentage amount because the contract
13 price overall has increased?

14 A Yes. We didn't specifically bid on a
15 percentage basis. We did it--we did it
16 related to percentages, but it was just a
17 lump sum amount in the contract amendment.

18 Q So will your additional amount be more than
19 25,000?

20 A No, it is a lump sum 25,000.

21 Q Okay. So, let--let's talk about these
22 changes that you were discussing.

23 A Okay.

24 Q And I guess start with--you--you mentioned
25 the Martin County Economic Development

1 Authority's role.

2 A The original design of the project had
3 the--the--the water line connection over
4 off of 908, KY-908, at the water treatment
5 plant.

6 Q And actually, can I show you a map of
7 something?

8 A Yes. Yes.

9 Q I don't know if this is going to help, but
10 if it would, that would be great.
11 Unfortunately, this is the map I've got and
12 I don't know--I mean, it's a very
13 consistent map, so it doesn't have very
14 much in the way of roads.

15 A I've seen that site, I believe it's right
16 up in here.

17 Q Can you mark with an "X" the school site.

18 A Okay. There's Little Blacklog. The school
19 site is right up in here.

20 Q Okay.

21 A And the water treatment plant is right--

22 Q I think it's at--

23 A --below what that Clearwell, where it says.

24 Q Okay. So you marked an "X" for the school
25 site, and just north of that is an "X" for

1 the water treatment plant?

2 A Correct.

3 Q Okay.

4 A And originally there is a ridge that runs
5 along the--the--between the property that
6 Martin County Economic Development and
7 fiscal court own and the water plant. All
8 of this property on--on--on west, northwest
9 side of that ridge line is privately owned.
10 And we--they wanted--the water district
11 wanted to try to connect over on--near the
12 water treatment plant because obviously it
13 had the best capacity and--and it was the
14 shortest distance--

15 Q So, you're saying that in the
16 original--originally they wanted to make a
17 line from that "X" to that "X"?

18 A That is correct.

19 Q So, directly-

20 A And that is the way the project was
21 designed originally.

22 Q Uh-huh, (affirmative).

23 A We--there's several property owners over
24 there, but we were able to locate this line
25 to where they were primarily on one piece

1 of property.

2 Q Uh-huh, (affirmative).

3 A Obviously that makes it easier because
4 you're having to negotiate easements and
5 that sort of thing.

6 Q Let me--let me ask--

7 A Okay.

8 Q Was it still primarily a straight line
9 between--direct line?

10 A I wouldn't say it was a straight line. It
11 went around that direction because we had
12 to obviously avoid any of that--as much of
13 the higher ground as possible from a
14 hydraulic standpoint.

15 Q Right.

16 A Plus, the homeowner--the property owner
17 dictated to some extent where he wanted the
18 line to go.

19 Q Okay. Uh-huh, (affirmative).

20 A So, and--trying to be as accomodating as
21 possible to the property line, hope--or the
22 property owner, hoping that would make it
23 easier when it came time to sign the
24 easement. We--we routed it kind of the way
25 he wanted it routed.

1 Q And who is this property owner?

2 A Horn is their last name.

3 Q Okay.

4 A His first name, I believe is Bob Horn.

5 But, as I understand it, where the tank
6 site actually sits, or what did originally,
7 two of his brothers are involved in that
8 piece of that property somehow. All of a
9 sudden there was two heirs that we had to
10 deal with on just a sliver of property up
11 by the--up by the tank site.

12 Q And--and is the tank site near the school?

13 A Yes. It's up on the ridge above the school
14 site.

15 Q Okay.

16 A We did the plans, got with--met with the
17 property owner, turned all of that over to
18 Martin County Water and the fiscal court
19 because obtaining property and easements is
20 an owner responsibility. We'll assist
21 where we can and we'll prepare the
22 documents and that, but that is something
23 that the owner has to do because it's--they
24 are the ones acquiring the easement or
25 the--or the property.

1 Q Uh-huh, (affirmative).

2 A They worked for, I don't know how long,
3 months, trying to negotiate with the Horns.
4 And it got to a point where they gave a--an
5 amount that they would accept for granting
6 the easement, and just a--I think it was a
7 tenth of an acre of the tank site that they
8 owned. That amount was 35,000 for the
9 easement, and I believe 6,000 for the
10 little sliver of property at the tank site.

11 Q So the 35,000 for the easement, do you have
12 an--how many linear or feet are we talking
13 about?

14 A I have that at the office, but I--I--I
15 guess 3,000 feet, approximately. And--and
16 that is a guess.

17 Q Uh-huh, (affirmative).

18 A I can't remember exactly.

19 Q Uh-huh, (affirmative).

20 A So, we took those figures to the water
21 district and the fiscal court, and there
22 wasn't--and this is what I was told from
23 the county judge and--and everybody
24 involved. That they would have to go
25 through the appraisal process in order to

1 determine whether or not they could even
2 come close to giving that kind of money.
3 It would be--I don't--I don't know exactly
4 the terminology, but as it turned out, from
5 what I understand, the property did not
6 appraise to where they would be anywhere
7 close to that amount, so the fiscal court
8 legally could not do that. Pay the Horns
9 that amount of money for the property.

10 Q Do you know if there were--in your
11 discussions with either the fiscal court or
12 the water district, was eminent domain
13 ever discussed?

14 A I think it was mentioned, but that's about
15 all that I ever heard was just a mention of
16 it. So, after a length of time I got a
17 call from the county judge and he said,
18 "This just is not--it's not gonna work.
19 This routing." He said, "I need you to
20 come up here and look at what our
21 alternatives are." So, I went to Martin
22 County, took one of the other guys with me
23 at the office that has worked up there
24 quite a bit, and we came up with two other
25 possible options to get water to that site

1 and the tank site, but they were
2 considerably more expensive. One was--and
3 I'm--I have an exhibit at the office that I
4 actually took the county judge that showed
5 both of the options--one was to come around
6 the KY-40 route from 908--

7 Q Uh-huh, (affirmative).

8 A --around this way to the site, but the
9 existing line in here could not handle so
10 we were gonna have to upgrade and upsize
11 this existing line along 40 in order to do
12 that.

13 Q Okay.

14 A So, as it was originally. And that was
15 gonna cost around \$400,000, estimated cost.

16 Q Uh-huh, (affirmative).

17 A The other option-

18 Q 400,000 additional dollars?

19 A Yes.

20 Q Okay.

21 A And the other option was to come around 645
22 from the Route 3 intersection around this
23 way to the site, and we thought that
24 hydraulically that would work and we would
25 have the flow and pressure--

1 Q This is a pump station?

2 A Yes, there is. It's the Little Fork pump
3 station, I believe is what they call it.

4 Q Uh-huh, (affirmative).

5 A And, but that was gonna increase the cost
6 of the project about \$600,000.

7 Q Uh-huh, (affirmative).

8 A So, we were kind of in a dilemma,
9 obviously, at that point, as to was there a
10 possibility that the judge could come up
11 with some more funds in order to make one
12 of these options a possibility or not, and
13 I think he did some checking and--and--and
14 was a dead end as far as more money. So,
15 it was probably in March of this year, I
16 got a call from the--Ronnie Warrix, who
17 works for Jim Booth, who is the chairman of
18 the Martin County Economic Development, is
19 it Authority? Martin County Economic
20 Development, I think it's Authority.

21 MR. CUMBO: It's Authority.

22 Q Are you saying that Mr. Warrix is the
23 chairman--

24 A No.

25 Q --or Mr. Booth?

1 A Mr. Booth is the chairman. Mr. Warrix
2 works for Mr. Booth.

3 Q And what does Mr. Warrix do for Mr. Booth?

4 A He is--I don't really know, other than he
5 handles a lot of the development and that
6 sort of--development interests and that
7 sort of thing that Mr. Booth has.

8 Q Do you know his professional
9 qualifications?

10 A He is a registered professional land
11 surveyor.

12 Q Okay.

13 A I know that. But we've dealt with
14 Mr. Warrix a lot on, you know, projects
15 when we were dealing with property owned by
16 Mr. Booth and that sort of thing. Getting
17 information as to where we could lay
18 utilities and easements and that sort of
19 thing. But anyway, he called and--and
20 said, wanted to meet with us as far as, you
21 know, we've got to--we've got to come up
22 with something here to make this work. The
23 school is now under construction, we've got
24 to figure out what can happen. So we
25 started looking at some other options and

1 what we could do related to connecting the
2 water down on 40 in the area of--of this
3 area down here.

4 Q And that is where you said that--

5 A That the line--

6 Q --the transmission line would need to be
7 upgraded.

8 A That's correct. And I explained that all
9 to him. I said we've got a situation here
10 where they're already having a few issues.
11 And he said, "Well, what about if we
12 increase the size of the storage tank
13 and--and be able to use that water to help
14 feed that line on 40?" And so I had to go
15 back and get one of the engineers to--that
16 runs hydraulics to look at that and he said
17 I think we can make--make that work, but he
18 said, "Keep in mind that that line still is
19 gonna need to be upgraded in the near
20 future." Well, we put together some
21 information for them and I think it's in
22 some--some new project profile. And I
23 don't know if the profiles have been done
24 yet, but they have the information about
25 upgrading that. But the idea was that the

1 amount of water that the school is actually
2 gonna use up there is not a big amount to
3 start with. And they've got a vocational
4 school planned and some other things. So
5 the way it is designed currently was to
6 increase the size of that tank 300,000
7 gallons, which would benefit the--the rest
8 of the industrial development area up there
9 around where the school is. And it would
10 also help with the situation with the line,
11 having the extra volume and capacity there,
12 with the line on 40, but it will have to
13 operated in a managed situation. You
14 cannot just go up there and flip a switch
15 and turn it on and say "pump" whenever you
16 want to pump, because that's--it just--it's
17 not gonna work that way. And we dealt
18 with, or talked to the staff at the water
19 district and said, you know, "Until we can
20 get this line upgraded on there, we're
21 gonna have to kind of manage this a little
22 bit. There will be water to serve
23 everything, but you're gonna have to manage
24 a little when you're pumping and that sort
25 of thing." They all agreed with that.

1 Q And I'm still not clear about what you mean
2 about managing when you're pumping. What
3 exactly is the problem with the line?

4 A That it--it--it's undersized.

5 Q Okay.

6 A Well, it's one of the original lines that
7 was in the system to start with. It's
8 never been upgraded since it was originally
9 put in there. And it needs to be. It's
10 part of the plan. I think I mentioned
11 earlier about going to some other funding
12 agencies about line replacement and that
13 sort of--

14 Q Uh-huh, (affirmative).

15 A --it's on that group of mains to be
16 replaced. And we've gotten some pretty
17 positive information related to that. But
18 as far as managed, what I'm saying is pick
19 your--your most optimum time to pump up
20 to--to the school and that sort of thing,
21 so when your demand on the regular line is
22 not at its peak. Wait till that backs off
23 a little bit, and then do your pumping to
24 the school. And they all understood that
25 and I think everybody's okay with it.

1 Q Okay. So there is a current planned
2 route--

3 A Yes.

4 Q --that would--for--can you, just quickly,
5 can you draw in purple the original route
6 that was abandoned because of problems with
7 the Horn property?

8 A Okay. Was it--oh, here it is. The pump
9 station we were gonna hook on over here at
10 the water plant, and it was gonna come
11 around and go to--and this is so small, but
12 it's--was gonna go to a tank up there. The
13 school site's right in here, see?

14 Q Uh-huh, (affirmative).

15 A And then the--the water line was gonna come
16 down to the--the school at that point.

17 Q Okay.

18 A And now, what we're doing--

19 Q I'll give you the blue--blue marker. It's
20 questionable. I was trying to find another
21 color.

22 A That's all right. Where the pump station
23 is gonna be down here, and we're coming up
24 past the school site and going up to the
25 tank in that direction. Obviously the way

1 this works is you pump to the tank, you
2 fill the tank, and then the rest of that
3 system rides off pressure once the tank's
4 full.

5 Q Okay. And so currently the plan does not
6 any--include any upgrades from--well,
7 actually tell me how the water gets from
8 the water treatment plant to this new pump
9 station?

10 A It comes around through existing lines that
11 run down 908 and come around Route 40 to
12 that point.

13 Q Okay. And so based on what you said
14 before, there is no current plan to upgrade
15 the--the lines on--

16 A It--it's--

17 Q --coming out from the water treatment plant
18 or going down 40?

19 A There's no funding that's been approved at
20 this point to do that.

21 Q Okay.

22 A We have provided information that we need
23 to do that and funding agencies are looking
24 at it, but we do not have anything approved
25 at this point.

1 Q Okay.

2 A And that was all a result of the--the Horn
3 property situation and then the other two
4 options were so much more expensive. Now
5 this, the current plan is somewhat more
6 expensive, but that's where the Economic
7 Development Authority has stepped in and
8 they're going to contribute to the project
9 to fill the gap and--because the tank's
10 bigger, that will benefit some of their
11 developable property up there, and that's
12 how they're gonna add to the funding to
13 make this--

14 Q So, just backing up a little, what is their
15 current source of funding? What has been
16 allocated?

17 A The current source of funding is a grant
18 through the US Army Corps of Engineers.
19 And there is a tap fee going to be paid by
20 the Martin County Board of Education.

21 Q Okay.

22 A And the Board of Education tap fee amount,
23 as I understand it, is 375,000. And I
24 can't remember the exact figure of the
25 Corps at this point, but it's

1 one--somewhere a little over a million
2 dollars.

3 Q Okay. And so how much has the project cost
4 increased as a result of this change?

5 A Based on the bids that we're--we received,
6 we're looking at about \$200,000 increase.

7 Q And how much has the Economic Development
8 Authority committed?

9 A They have--they have pledged the full
10 amount of the--of the increase over what
11 the original cost was--estimate.

12 Q And why--why the increase? What costs
13 more?

14 A The tank costs more. And the pump station
15 is--got a little more valving involved in
16 it than the original one did, but primarily
17 the cost is the increased size of the tank.
18 It's doubled.

19 Q Okay. And the benefit--what is the benefit
20 of increasing the size of the tank?

21 A Increasing the size of the tank will be
22 able to serve the rest of the industrial
23 development area up by the school and it
24 will also provide increased capacity that
25 can help the flow situation on the existing

1 lines headed east out of Inez.

2 Q Okay. And my understanding is there--there
3 isn't any current development at that site
4 other than the school; is that correct?

5 A That is correct.

6 Q Okay. And so, as to the second benefit,
7 how will this improve flow, I guess,
8 downstream?

9 A Its original--additional capacity. And one
10 of the issues that they've had out there,
11 and we're--you're headed into hydraulics a
12 little bit, and that's not my baileywig,
13 but they have some low suction
14 issues--suction pressure issues--

15 Q Uh-huh, (affirmative).

16 A --with the pump station that's on out Route
17 40--

18 Q Uh-huh, (affirmative).

19 A --that pumps to Moorefield and to the
20 county. The additional capacity of the
21 tank will help provide more capacity that
22 should eliminate some of those low suction
23 issues out there.

24 Q I'm confused about how the tank is
25 providing additional capacity. I

1 understand that the tank holds more water--

2 A Uh-huh, (affirmative).

3 Q --but--

4 A It's more volume there that they can draw
5 from when the pump station kicks on.

6 There's a bigger volume of water to draw
7 from.

8 Q But the water is coming from the current
9 system, and the capacity of the current
10 system hasn't been increased at all?

11 A And this is--this is actually just
12 increasing the--the storage capacity that
13 they have.

14 Q Okay. So it's increasing the storage
15 capacity?

16 A Uh-huh, (affirmative).

17 Q And you said that you--your group had done
18 some engineering to determine the ways in
19 which this would be beneficial to the
20 system?

21 A Yes.

22 Q Okay. Can--can you explain that again?
23 What--what exactly that engineering showed?

24 A I thought that's what I just said.

25 Q Well--

1 MR. CUMBO: It was what you just said.

2 Q Well, my confusion is that I don't
3 understand how having a larger tank that is
4 drawing the same water from the same system
5 that has not been improved or increased in
6 any way, how just having a larger storage
7 tank in any way increases capacity for the
8 rest of the system?

9 A Capacity maybe the wrong term. You're
10 deal--a rural water system operates on--on
11 tank storage and pumping. You're either
12 working under pumping pressure from a pump
13 station or you're--you're dealing with
14 static pressure, it's called, from a full
15 water storage tank.

16 Q Uh-huh, (affirmative).

17 A So obviously the more storage capacity that
18 you have, the more volume of water you can
19 draw from and the--and the pressure the
20 tank is actually, by increasing the size of
21 the tank, it's actually a little taller so
22 it increases the pressure a little bit down
23 there. That's partially the valving, I
24 told you, in the pump station dealt with.
25 But it--it, and that's--that's about as

1 general a explanation as I can give without
2 getting into hydraulics, which you'd have
3 to talk to the hydraulilics engineer on
4 exactly how that works.

5 Q So as I understand it, you're saying that
6 because there will be a larger tank up the
7 hill, there will be the opportunity to
8 release water at a higher pressure into
9 these--the system that is farther out--

10 A It can--

11 Q --from the school.

12 A It can boost the pressure as long as you're
13 not exceeding the--the pressure
14 classification of the existing pipelines
15 that are in there, and that's part
16 of--we're--they--they're running somewhat
17 low pressure in that area, so they--they
18 can increase the pressure, which increases
19 the service to all of the people that live
20 in that area. But you have to have the
21 capacity and the--and the pressure to do
22 that.

23 Q Okay. And as far as the--I--I also
24 understand that you do not want water just
25 sitting in a tank.

1 A That--

2 Q That there has to be some turnover.

3 A That's correct.

4 Q So what is the plan for making sure that
5 there is some--

6 A That is a part of the operations end of it.
7 They're gonna have to go by--once the
8 school gets into operation, exactly how
9 much--what the usage is of the school. If
10 the vocational school is in operation,
11 they'll have to look at that whole--what
12 their usage is and then they'll have to
13 fill that tank to an amount where they can
14 turn it over, I believe it's within a 48
15 hour period that they have to turn that
16 water over. And if that happens by usage
17 or sending it to another area, or you just
18 can't have it stagnant sitting in that
19 tank. It has to be used and moved within
20 the system.

21 Q Well, that's okay. Let me ask you about
22 your dealings with the Army Corps of
23 Engineers. First of all--

24 A Okay.

25 Q --in the, let's see, it was the

1 environmental assessment. This is the one
2 that was finalized in January of this year,
3 and this--as I have read it and understand
4 it--this assessment applies to what--the
5 purple line on this map, the original
6 route?

7 A Yes.

8 Q And with regard to KY-40 water service
9 connection, on the second page of the
10 environmental assessment--and I think it's
11 there in bold for you, if you want to look.

12 A Okay.

13 Q It talks about this connection
14 possibility--it says that the water main is
15 already over capacity, and connecting a new
16 main and pump station to this water main
17 would increase the already existing
18 capacity problems in the area. Does this
19 2.3 alternative in any way relate to the
20 current design?

21 A It did related to the original design, but
22 that's when we got to talking about
23 increasing the capacity of the tank and we
24 were able to change the hydraulics a little
25 bit in that area in order to make it work.

1 It's not ideal. But it's a situation where
2 we feel like that it is manageable to
3 operate and we got to a point where we
4 really didn't have any other
5 alternatives--options and alternatives.
6 And without being able to get the easement
7 across the Horn property, it was about the
8 only option we had. So we have tried to
9 figure out, you know, how this could
10 possibly work. But, granted, it's not
11 ideal.

12 Q And why do you say it's not ideal?

13 A Well, it's not. There's issues there, but
14 they can be managed in the operations
15 sense.

16 Q Uh-huh, (affirmative).

17 A And typically you want to have--you want to
18 have more safeguards, I guess, related to
19 backup and that sort of thing. And that
20 just wasn't possible in this situation
21 because of the issues that already existed
22 there. But I think we--based on--on the
23 design that we've come up with, it is a
24 manageable situation.

25 Q And when you say--

1 A And if we can get the funding for that
2 section to replace, that will--that will
3 put it exactly where it needs to be.

4 Q Okay. And just to clarify, when you're
5 talking about the issues, are you talking
6 about the problems with the water main--

7 A Yes.

8 Q --as it exists--

9 A Yes.

10 Q --running along 40?

11 A Yes. Yes.

12 MS. CROMER: Okay. And, Brian, I know
13 you've got, is it exactly
14 2:00, the call?

15 MR. CUMBO: I got 1:50. The judge
16 supposed to call, so--

17 MS. CROMER: Okay.

18 MR. CUMBO: --it will be whenever he
19 decides to call.

20 MS. CROMER: Well, it's 1:50 now. Are you
21 saying your call is supposed
22 to be at 1:50 or is it
23 supposed to be at 2:00?

24 MR. CUMBO: No, it's supposed to be at
25 2:00.

1 MS. CROMER: Okay. Then I think we're
2 good.
3 MR. CUMBO: Yeah, I want to say--I suggest
4 we just keep on going till the
5 call comes in.
6 MS. CROMER: Okay.
7 MR. CUMBO: If you don't care, we just
8 stop for a few minutes.
9 MS CROMER: Sounds good.
10 Q : So I wanted to ask you about this email
11 exchange that you had with Mr. Steven
12 Porter of the Army Corps?
13 A Yes.
14 Q And you explain to him the
15 changes--the--the changes in the project?
16 A Uh-huh, (affirmative).
17 Q Then he wrote back and asked two questions.
18 One, "When were the decisions made to make
19 these changes?" And two, "When can UACE,
20 which is the Corps, anticipate updated
21 plans/specs for review?" Then he
22 concludes, saying "rerouting the water line
23 and doubling the size of the storage tank
24 are significant changes from what we
25 reviewed and approved." I have not seen

1 your response to this email if there was
2 one. Can you tell me how you responded to
3 him?

4 A To the first question, "When were the
5 decisions made to make these changes?"
6 I believe I responded to him about a month
7 ago.

8 Q Uh-huh, (affirmative).

9 A And that was after we had met with Ronnie
10 Warrix, who was representing the Martin
11 County Economic Development, and he was
12 asking about that. And then, "When can we
13 anticipate updated plans and specs for
14 review?" We actually arranged a meeting
15 and went to Huntington--myself, Jim
16 Thompson, who is the project engineer, and
17 Mr. Warrix, and we met with the whole
18 project team over this project in
19 Huntington at the Corps' office. And the
20 meeting did not last 15 minutes, I don't
21 guess, because there--we--I spent the first
22 five minutes explaining what we had
23 changed. They wanted to know if it was
24 within the original environmental corridor,
25 I believe, and I said it was because

1 the--the water main actually was--was
2 shortening the environmental impact
3 corridor because now we were running the
4 water line in the same location basically
5 as the sewer, which had already been
6 cleared environmentally for that. And he
7 went around the room to the other team
8 members at the Corps, and nobody had any
9 questions and everybody was pretty good
10 with the explanation that I gave. And we
11 delivered at that meeting revised plans and
12 specifications to the Corps for their
13 review. And once they got into their--we
14 asked the Corps if they could expedite
15 their review, because obviously we needed
16 to get started. They said they'd do their
17 very best. And I believe it was around the
18 first--I know originally he had said he'd
19 try to have his review comments back to us
20 by the 31st of May. It was actually June
21 the 1st or 2nd, or something like that. He
22 had very few comments. Some of the--my
23 staff responded to those comments, and it
24 went back to the review engineer with the
25 Corps, and we received the Corps of

1 Engineers' final approval a week or two
2 ago.

3 Q Okay. So, I'm--did the Corps do another
4 environmental assessment?

5 A No, they did not. The lady that was over
6 the environmental review looked at the
7 exhibits and the mapping of the revised
8 project, and she said it falls in the
9 original corridor. She said, "I don't have
10 to do anything."

11 Q Okay. And is your understanding of the
12 Corps' concern, was it based on their duty
13 under National Environmental Protection Act
14 to do the environmental assessment or was
15 their concern based on the fact that
16 they're the funding agency under WERDA?

17 A I don't know. It could be both.

18 Q Okay. And so, what is the current status
19 of the project?

20 A Of the project.

21 Q Uh-huh, (affirmative).

22 A We have bid the project. We have a low bid
23 on each--there are two contracts in the
24 project. Water and sewer line work is in
25 one contract, the water storage tank is in

1 a--in a separate contract because typically
2 tank contractors don't do line work, line
3 work contractors don't do tanks. So we
4 have contract number one, which is the line
5 work. Contract number two is the storage
6 tank. The low bidder for contract number
7 one, which is the line work, is GNW
8 Construction out of Morehead. They--most
9 of us in the engineering community consider
10 them the best in the state at water and
11 sewer work. I was very happy that they
12 were the low bidder. The contract number
13 two is--the low bidder was Kentucky
14 Glassline Tanks out of Lexington. And they
15 have worked a dozen tanks in Martin County
16 and everywhere else, and you're--we've
17 worked with them a lot. And they are also
18 considered one of the best contractors in
19 the state. So I was very happy with the
20 bid results and who we ended up with for
21 construction. The county judge is going
22 to--I have written my letter of
23 recommendation of award to the judge, went
24 to him last Friday recommending award to
25 GNW and Kentucky Glassline Tanks. And when

1 I was in Martin County yesterday I stopped
2 by his office and he didn't know for sure
3 whether he was gonna be able to have fiscal
4 court meeting this evening, but you heard
5 that you thought he was gonna be able to?
6 And he's going--fiscal court will award
7 both of those contracts. I am waiting on
8 insurance certificates and performance and
9 payment bonds from both contractors that go
10 in the contract documents. I have one
11 insurance certificate from one of them
12 right now that came first thing this
13 morning. Then I get--other two maybe there
14 now, and I'll put those contract documents
15 together and if we don't sign the contracts
16 Friday, it'll probably be Monday or Tuesday
17 of next week. And then the contractors
18 will have ten calendar days to start
19 construction from that--from that date.

20 MS. CROMER: Okay. I believe that's all
21 the questions I have. I would
22 like to go ahead and have this
23 marked as Exhibit 1.

24 MR. CUMBO: Okay. I'll ask that you do.

25 (MARTIN COUNTY WATER DISTRICT WATER MAP IS

1 MARKED AS EXHIBIT NUMBER 1 FOR PURPOSES OF
2 IDENTIFICATION AND THE SAME IS ATTACHED
3 HERETO AND FILED HEREWITH)

4 * * * * *

5 EXAMINATION

6 By Mr. Bowker:

7 Q Before we go off the record, I may have
8 missed this. If I did, I apologize. When
9 is the school completion? When is the
10 school supposed to be completed?

11 A I have been told that is March of '19.
12 2019.

13 Q And I know that's what we've been talking
14 about here, but do we expect to make that
15 date?

16 A Both of these construction contracts for
17 the line work and the storage tank are 180
18 calendar days, and they run simultaneously.
19 So if we start by the first week in July,
20 they should be finished by about the first
21 week in January.

22 Q Who is held liable if they don't--if they
23 aren't completed on time? Would that be
24 the--the fiscal court? Or district? Who
25 is--who is responsible, I guess, if

1 the--if--if it's not completed on time?
2 Would that be the fiscal court? I mean--
3 A I know in the contracts with the
4 contractors, we have liquidated damages
5 clauses in both of those. And I--I
6 believe, and don't--I can't swear to this,
7 but I believe it's \$1,000 a day per
8 calendar day liquidated damages if they
9 don't meet the deadline. So there's a
10 great incentive there for them to be
11 finished on time. Both of these
12 contractors, for what it's worth, have
13 the--have the reputation they generally get
14 finished ahead of schedule. And I've
15 talked to the president of GNW and he
16 seemed to think that they could have the
17 line work finished in three to four months.
18 And I think the tank--obviously when you're
19 building a tank, it's working in the right
20 time of year has a lot to do with it, and
21 they've indicated it's great to be able to
22 start in July because that's the best
23 construction period they could possibly
24 have to--to get finished early.
25 Q So we--as far as water line completion, you

1 don't have a specific date, we just have
2 ballpark?

3 A It will be--it will be established when we
4 sign the contracts. If I sign Friday,
5 it'll be 180 days from this Friday. If
6 it's Monday or Tuesday of next week, it'll
7 be 180 calendar days from--from one of
8 those dates.

9 Q And the same thing with the tank as well?

10 A Yes.

11 Q Same thing?

12 A Yes, sir.

13 Q I believe you've already addressed the same
14 issue that--did you get a letter from Greg
15 Scott, April 11th, 2018 to you
16 regarding--can you read all of that real
17 quick? Do you mind to just read that into
18 the record?

19 A It's a letter from Martin County Water
20 District, it's dated April the 11th, 2018,
21 and it's to Kentucky Engineering Group.
22 "Bob Taylor, I am writing to you in regards
23 to the proposed water line extension and
24 tank site for the new Sheldon Clark High
25 School. I have concerns regarding the

1 hydraulics in that area. As you know, we
2 have had and continue to have problems in
3 that area. Please address my concerns.
4 Thank you, Greg Scott, General Manager."
5 Yes, I have this laying right on my desk
6 and--

7 Q You received that around April 11th, 2018?

8 A Yes, I did.

9 Q And have you addressed everything that
10 Mr. Scott wanted you to address? Have you
11 addressed it in your testimony here today?
12 Is there anything that he was asking about
13 that wasn't addressed?

14 A I don't think so. And we are in the
15 process of responding to him in writing
16 because I--what we wanted, and what he--his
17 concern was that there was some
18 documentation as to the exact situation and
19 issues with this situation, and that--and I
20 was very glad that he--he and I discussed
21 this before he wrote the letter, and I said
22 just for history or for whatever, I would
23 like there to be some documentation as to
24 the issues and the concerns that everybody
25 has had related to this and that there is

1 documentation on record.

2 Q Just so we're clear. On May 31st, 2018, we
3 had a hearing. It was our last hearing
4 here at the--the commission. And there was
5 a three--May 31st, 2018, did you attend a
6 hearing at 3 p.m. that day with some
7 members of the Martin County board,
8 May 31st?

9 A I attended a meeting at Department of Local
10 Government at 3:00 with the--concerning the
11 ARC project, yes.

12 Q Okay. And did you also discuss anything
13 else relating to the school project at that
14 time with the commissioners Horn
15 or--and--and Kurr? Was that discussed at
16 all?

17 A I can't remember related to the school
18 project. I know that we discussed some
19 issues out KY-3 related to the Big Sandy
20 Airport and--and that area, where the
21 prison is. Just very generally some ideas
22 that they had about their system out there,
23 but I don't recall anything related to the
24 school project. But that was--there was
25 all kind of--there was 15 people in the

1 room, so I--I couldn't say for sure.

2 Q And you all may have already touched on
3 this, and if, so I apologize, but this
4 latest time working with the Martin County
5 Water District, what was the process that
6 they used this particular time in order to
7 secure your services? And keep it as brief
8 as you can.

9 A I'll try. They went through a--a
10 procurement process back last summer, and
11 it was handled by--the Big Sandy Area
12 Development District puts out the request
13 for qualifications, we responded, and I was
14 informed by the county judge that we had
15 been selected. And it specifically was
16 requesting engineering services for all of
17 the components that were included in the
18 current ARC project and the current
19 project, I guess, that's being funded by
20 AML. And we were selected, I can't
21 remember the date exactly when the
22 statement's qualifications were--were due.
23 But we did go through a--a--a procurement
24 process.

25 (MR. CUMBO RECEIVES PHONE CALL AT THIS

1 TIME)

2 MR. CUMBO: Let's take a break.

3 MR. BOWKER: I have no further questions.

4 (OFF THE RECORD)

5 (A BRIEF BREAK IS TAKEN)

6 By Mr. Bowker:

7 Q I just have one more question, and I
8 apologize, again, if it's already been
9 asked. Did you have any involvement
10 regarding the Honey Branch storage tank by
11 the prison? Did--

12 A Yes.

13 Q Okay. What was your involvement? Just
14 briefly.

15 A It was a design project that--there again,
16 I--I have to--time and dates are--I believe
17 that it was a project, the Route 3
18 extension project for Martin County. And
19 we ran from around the Davella area on
20 Route 3 out to the prison, built a million
21 gallon tank out there, and the pump station
22 that's there at the Davella Road and
23 Route 3. I believe it was in the 2000 time
24 frame also.

25 MR. BOWKER: I have nothing further.

1 MR. CUMBO: I have no questions.

2 * * * * *

3 RE-EXAMINATION

4 By Ms. Cromer:

5 Q I have one follow-up question.

6 A Okay.

7 Q When you--when Mr. Bowker asked you about
8 the procurement process--

9 A Uh-huh, (affirmative).

10 Q --that was done last summer--or, your
11 answer talked about the procurement process
12 last summer.

13 A Right.

14 Q I understood from your testimony regarding
15 the AML grant for 3.5 million that you did
16 not have a contract to do any work--

17 A We--

18 Q --on that grant.

19 A That is correct. We--we do not have a
20 signed engineering contract at this point.
21 I have a signed contract on the ARC
22 project, but the procurement that the AD
23 put together was covered all of the
24 components for both the ARC and the AML
25 project. I'm trying to think--I think we

1 signed the engineering contract and the ARC
2 project in January of this year after the
3 new board came in. The new water board.

4 Q Uh-huh, (affirmative).

5 A But we haven't--that--the AML project is--I
6 don't do a lot of AML-funded projects, and
7 their process is somewhat different. I
8 know the last that I had heard from talking
9 to Bob Scott at AML, that the--the
10 agreement between AML and Martin County
11 Water District was at the Big Sandy AD for
12 signatures and all of that and that's where
13 it was. And they can't do an engineering
14 agreement with me until they get the
15 agreement between AML and the water
16 district finalized.

17 Q Is it your understanding that once that's
18 finalized that they will do the agreement
19 with Kentucky Engineering Group?

20 A I hope so. I don't know that for a fact,
21 but--

22 Q Well, and I'm still just a little confused.

23 A Yeah.

24 Q So, you--there was a request for
25 qualifications put out--

1 A Uh-huh, (affirmative).

2 Q --and that related both to the AML and the
3 ARC grants?

4 A Correct, correct.

5 Q And Kentucky Engineering was chosen?

6 A Yes.

7 Q So I don't understand what it means that
8 you--you were chosen. What were you chosen
9 to do regarding the AML grant?

10 A That--that is the selection process, but
11 you--you never know 100 percent until you
12 have a signed contract. If the new board
13 decided that they wanted to go with a
14 different engineering firm, they could, but
15 they would have to go back through the
16 procurement process again. There's nothing
17 that says they can't. They could separate
18 out the components of the AML
19 project--since we've already signed an
20 engineering agreement for the ARC project,
21 if they decided that they wanted to go with
22 a different engineering firm, they--that's
23 their choice. They could, but they would,
24 I think, legally they'd have to go back
25 through the procurement process and do a

1 new procurement for--for that AML project.
2 Since it was included in the original one
3 and we were selected.

4 Q Uh-huh, (affirmative). Is it normal to
5 have, in the procurement process, to lump--

6 A A lot--

7 Q --these projects together?

8 A --a lot of times it is. A lot of places
9 will just put out a procurement, it's not
10 even project specific. It maybe for water
11 and sewer improvements, maybe as specific
12 as it gets. And that way they can take
13 whatever project they want to and give it
14 to that engineer that is selected.

15 MS. CROMER: Okay. Thank you. No further
16 questions.

17 THE WITNESS: You're very welcome. Thank
18 you.

19 * * * * *

20 THEREUPON, the deposition of BOB TAYLOR was
21 concluded at 2:18 p.m.

22 * * * * *

STATE OF KENTUCKY)

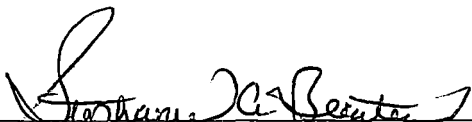
COUNTY OF WOODFORD)

I, STEPHANIE A. BLANTON, the undersigned Notary Public in and for the State of Kentucky at Large, certify that the facts stated in the caption hereto are true; that at the time and place stated in said caption, the witness named in the caption hereto personally appeared before me, and that after being by me duly sworn, was examined by counsel for the parties; that said testimony was taken down in stenotype by me and later reduced to computer transcription under my direction and the foregoing is a true and accurate record to the best of my knowledge of the testimony given by said witness.

No party to said action nor counsel for said parties requested in writing that said deposition be signed by the testifying witness.

My commission expires: November 19, 2020.

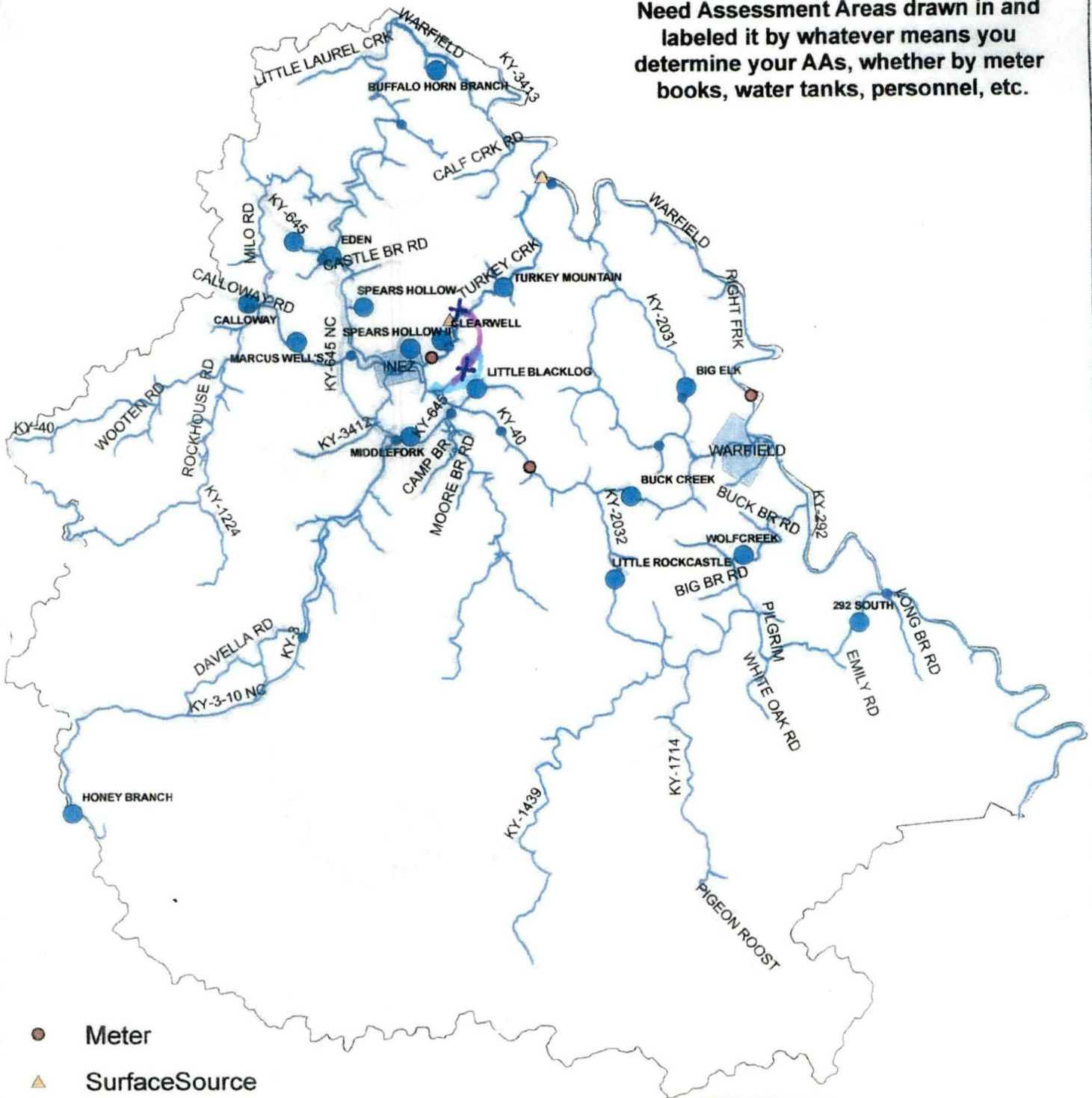
IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office on this the 9th day of July, 2018.


STEPHANIE A. BLANTON, CCR (KY)
NOTARY PUBLIC, STATE-AT-LARGE

Stephanie A. Blanton, CCR
An/Dor Reporting & Video Technologies, Inc.

MARTIN COUNTY WATER DISTRICT WATER INFRASTRUCTURE

Need Assessment Areas drawn in and labeled it by whatever means you determine your AAs, whether by meter books, water tanks, personnel, etc.



- Meter
- ▲ Surface Source
- Water Pump
- Water Tank
- Water Line
- Roads
- Cities

EXHIBIT

tabbles

6/26/18

SB

