

CONTRACT FOR WATER SERVICE

THIS CONTRACT FOR WATER SERVICE, made and entered into as of this 27<sup>th</sup> day of January, 2003, by and between the OHIO COUNTY WATER DISTRICT, a Water District created under and existing by virtue of the provisions of Chapter 74 of the Kentucky Revised Statutes, (hereinafter sometimes referred to as the "District"), and the CITY OF FORDSVILLE, a municipal corporation of the Sixth Class, acting by and through its City Commission (hereinafter sometimes referred to as "City" or "Fordsville");

RECITALS:

(A) The Ohio County Water District is a de jure Water District, created and presently existing under the provisions of Chapter 74 of the Kentucky Revised Statutes by virtue of an Order entered by the County Court of Ohio County, Kentucky, on the 2<sup>nd</sup> day of April, 1962. As created, the Ohio County Water District embraces a substantial area of Ohio County, Kentucky, including areas in and about the City of Fordsville.

(B) The City of Fordsville, is a municipal corporation of the Sixth Class, situated in Ohio County, Kentucky. The City is situated in close proximity to the boundaries of the Ohio County Water District, but is not included within the corporate limits of said District. The City of Fordsville, has long owned and operated a municipal waterworks and water distribution system, and is presently providing water services to the citizens and inhabitants of Fordsville and to certain adjoining areas through use of such municipal facilities.

(C) Based upon negotiations and studies it has been ascertained and agreed by and between the parties that the Ohio County Water District will be able to serve the City of Fordsville, pursuant to the provisions of KRS 74.120(2) with a pure and sufficient supply of

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treated, potable water in quantities greater than are presently available to Fordsville, and at a wholesale rate which is reasonable.

NOW THEREFORE IN CONSIDERATION OF ALL OF THE FOREGOING AND THE VARIOUS REPRESENTATIONS, COVENANTS AND UNDERTAKING HEREINABOVE AND HEREINAFTER CONTAINED, THE PARTIES HEREBY SPECIFICALLY AGREE AND COVENANT EACH WITH THE OTHER, AS FOLLOWS:

SECTION 1. The City of Fordsville, hereby agrees to purchase from the Ohio County Water District upon connection of the Ohio County Water District water main line to the Fordsville Water System, as hereinafter set out, the City's total daily water requirements to meet the demands and requirements of all of the City's water customers, and the District agrees to furnish and sell to Fordsville to satisfy the City's needs treated water daily at the District's wholesale water rate as approved and authorized from time to time by the Kentucky Public Service Commission, presently set at as follows:

*	*	*	*	*
Current Wholesale Rate.....				\$ 1.53 per 1,000 gallons
*	*	*	*	*

It is further understood that the City of Fordsville, unless changed or altered by an agreement in writing between the City and the District, shall not receive or demand from the District more than the maximum daily amount of 216,000 gallons of water per day and that the maximum rate of draw shall not exceed 150 gallons per minute from the Districts main line to be constructed.

It is further understood that the City of Fordsville operates its own municipal water distribution system, and will serve its own retail customers. No tapping fees will be



exacted from any customers served by the Fordsville municipal water distribution system for the benefit of the District, and Fordsville customers shall be customers of the City only, and not the District, the City itself being a customer of the District.

SECTION 2. The term of this Contract shall be for forty (40) years.

SECTION 3. It is agreed that the amount of water purchased by Fordsville in any one month shall be measured and determined at the master meter which the District shall install to meter and measure treated water entering the City water system. Said meter is to be located along Kentucky Highway 69 at or near its intersection with the northerly end of Canary Loop.

SECTION 4. It is hereby expressly agreed that during the term of this “Contract For Water Service”, the City of Fordsville shall satisfy its entire municipal water needs from the District, and that said City shall not operate any waterworks system in competition with the District, nor seek to satisfy any part of its water needs from any other source or party. Provided, however, that as hereinafter set forth, the City of Fordsville may retain standby water treatment facilities for emergency purposes only in the event of a failure of the District’s system, but shall not use the same for purposes of satisfying any part of its municipal water needs except in the event of such an emergency.

It is understood and agreed by and between the parties that in the event of the occurrence of an emergency situation rendering the District’s water treatment and filter plant inoperable, or any similar type emergency situation, so that the District is unable to provide water service to the City, Fordsville reserves the right and option to request that the District immediately close and seal off the “master meter” as more specifically identified in Section 3 hereof. In the event of such action being taken, Fordsville shall thereupon have the right to obtain potable water for its citizens and inhabitants through reactivation of its own standby facilities or



by using the facilities of others, until such time as the District's water facilities are again capable of providing adequate water service to the City, at which time it shall be the duty of the City to terminate such alternate water provision, and the District shall immediately reopen the said master meter, in which event the City shall continue to carry out and perform its duties to the District pursuant to this Contract.

Section 5. The master meter as hereinabove particularly described in Section 3 is to be tested by the Ohio County Water District at least once each year. The District shall give written notice to the City a reasonable time in advance of the conducting of such test, and the City shall have the right to be represented, when such test is conducted, by its designated representatives. In like manner, a duly designated representative of the City of Fordsville is hereby given the right to be present at the monthly reading of the master meter by District representatives, and reasonable advance notice of the date of reading thereof shall be given by the District to the City.

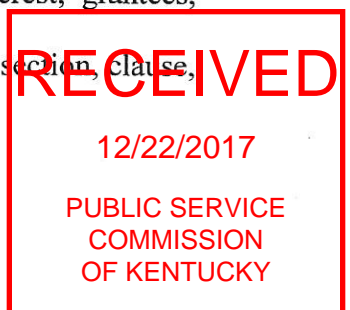
Section 6. The City of Fordsville, may in the future extend its corporate boundaries by annexation and thereby encompass portions of Ohio County not presently within the City, but incorporated into the area served by the District. It is understood and agreed by and between the parties hereto that in the event any such annexation proceedings are instituted in accordance with Kentucky statutory requirements by the City, the District will make no legal objection thereto, and that all water customers in the areas annexed to the City of Fordsville, which are at that time being serviced by the Ohio County Water District directly, shall thereupon become the water customers of the City. In the event of the institution of such annexation proceedings, the City of Fordsville shall purchase at fair market value any of the District's water facilities situated within or adjacent to the City included within the area to be annexed. The fair



market value of said facilities shall be ascertained as follows: The City and the District shall each designate an appraiser, and the two appraisers shall themselves designate a third appraiser. A majority of the three appraisers shall ascertain the fair market value of the facilities, and the determination by such appraisers shall be binding on the parties. Upon the payment of the appraised value by the City and the execution of an appropriate transfer of ownership document by the District, the said facilities shall be and become the property of the City.

Section 7. The effective date for delivery of water under this Contract for water service by the District to the City shall be upon completion of a new water main line and appurtenances extending from the current District's water main on Kentucky Highway 919 through the community of Narrows and along Kentucky Highway 69 to the southwesterly edge of the City of Fordsville, which such water main line construction is scheduled to begin before the end of the year 2003. It is understood and agreed that the construction of the said new water main line to serve the City is conditioned upon the final approval and availability of a Five Hundred Thousand Dollar (\$500,000.00) Community Development Block Grant by the administrating Kentucky state agency to the City for the benefit of the District to be used toward such construction costs. It is further understood and agreed that the City shall make the application and be the recipient of said Grant, if approved, but that the use of said Grant funds and the construction and ultimate ownership of the said water main line shall be in accordance with the proposed "Memorandum of Agreement" as set out in attached Schedule "A", which is incorporated and made a part hereof.

Section 8. This "Contract For Water Service" shall be binding upon, and shall inure to the benefit of, all of the parties hereto and their successors in interest, grantees, assignees, and assigns, and all parties taking any interest from said parties. If any section, clause,





SCHEDULE "A"

MEMORANDUM OF AGREEMENT REGARDING UTILIZATION  
OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
FOR PURPOSES OF ACQUISITION, CONSTRUCTION, AND  
INSTALLATION OF MAIN WATER LINE TO THE CITY OF FORDSVILLE  
BY THE OHIO COUNTY WATER DISTRICT

THIS MEMORANDUM OF AGREEMENT entered into by and between the CITY OF FORDSVILLE, a Sixth Class City of the Commonwealth of Kentucky, (hereinafter referred to as "City") and the OHIO COUNTY WATER DISTRICT established in accordance with KRS Chapter 74 (hereinafter referred to as "District");

WITNESSETH;

WHEREAS, the City has been deemed a recipient of \$500,000 in Commonwealth of Kentucky Community Development Block Grant funds (hereinafter referred to as the "Grant"), for purposes of acquisition, construction, and installation of a water main line to the District's system in order to provide potable water to fully meet the requirement of the City (hereinafter referred to as the "Project"); and,

WHEREAS, the City is obligated to perform all of its duties in accordance with the Grant Agreement entered into between the City and the Commonwealth, a copy being attached hereto marked "Exhibit A" and incorporated herein as if set forth in full; and,

WHEREAS, the District is obligated to perform all of the duties related to the construction and installation of the said water main line addition to the District system in accordance with KRS Chapter 74, the regulations of the Commonwealth and the Kentucky Division of Water (hereinafter referred to as "DOW"), and the District system standards; and,

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WHEREAS, the District agrees to accept the responsibility to own, operate, and maintain the Project once it is completed in accordance with the District and DOW standards, as well as the regulations and requirements of the Kentucky Public Service Commission (hereinafter referred to as "PSC").

NOW, THEREFORE, the parties hereby agree as follows:

1. The District, upon PSC approval, shall coordinate the construction and installation of the Project in accordance with the terms and provisions of the Grant Agreement (Exhibit A) by and between the City and the Commonwealth, and DOW requirements.

2. All work shall be performed by the District, or contractors procured by the District, according to the terms and provisions of the aforesaid Grant Agreement, District standards, and requirements of the DOW.

3. The District shall undertake the coordination of construction of the Project, according to the District standards, Commonwealth regulations, and requirements of DOW; and therefore, the District is hereby designated as the Agent of the City to insure that the Project is constructed in accordance with the aforementioned standards, regulations, and requirements.

4. Upon completion of the Project, the same shall be deemed to be property of the District, having been acquired under the terms of the aforesaid funding agency, as an addition to the District system, and the District shall be required thereafter to continue to properly operate and maintain said water main line addition and the master meter to be constructed as part of this project; providing, however, that all new water main line additions to be constructed beginning at the master meter and then running to

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and joining with the City's water main line within City limits shall remain the property of the City and the City shall operate and maintain such newly constructed water main line additions.

5. The City, as recipient of the Grant Funds from the Commonwealth, shall be responsible for coordinating payment of authorized expenditures and request funds through the Commonwealth.

6. The City shall immediately transfer funds received from the Commonwealth to the District, and shall not gain financial benefit from said funds (i.e., interest income, etc).

7. The District shall request financial reimbursement from the City, after expenditures have been incurred and properly verified by the District on the Project.

IN TESTIMONY WHEREOF, the parties hereto have entered into this Memorandum of Agreement to duplicate originals hereof by their officers thereunto duly authorized as of this 27 day of January, 2003.

OHIO COUNTY WATER DISTRICT

BY: Henry Morgan  
HENRY MORGAN, CHAIRMAN

(SEAL)  
ATTEST:

B.J. Dickens  
B.J. DICKENS, SECRETARY

CITY OF FORDSVILLE, KENTUCKY

BY: Jack Edge  
JACK EDGE, MAYOR

(SEAL)  
ATTEST:

Phyllis Farmer  
PHYLLIS FARMER, CITY CLERK

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COMMONWEALTH OF KENTUCKY )  
 ) SS  
COUNTY OF OHIO )

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing Memorandum of Agreement Regarding Utilization of Community Development Block Grant Funds for Purposes of Acquisition, Construction, and Installation of Main Water Line to the City of Fordsville by the Ohio County Water District was produced before me in my said County and State by, Henry Morgan, Chairman, and B.J. Dickens, as Secretary of the Ohio County Water District, a party thereto, and being both personally known to me and personally known by me to be such officers and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and said persons acknowledged the execution of the same to be their voluntary act and deed as such officers of said Ohio County Water District and the official act and deed of said Ohio County Water District through them as its duly authorized officers.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal this 27 day of January, 2003. My commission expires July 8, 2004.

(SEAL)

Gina Powers  
NOTARY PUBLIC,  
KENTUCKY STATE AT LARGE

COMMONWEALTH OF KENTUCKY )  
 ) SS  
COUNTY OF OHIO )

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing Memorandum of Agreement Regarding Utilization of Community Development Block Grant Funds for Purposes of Acquisition, Construction, and Installation of Main Water Line to the City of Fordsville by the Ohio County Water District was produced before me in my said County and State by Jack Edge, Mayor, and Phyllis Farmer, as City Clerk of the City of Fordsville, Kentucky, a party thereto, and being both personally known to me and personally known by me to be such officers and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and said persons acknowledged the execution of the same to be their voluntary act and deed as such officers of said City of Fordsville, Kentucky and the official act and deed of said City of Fordsville, Kentucky and through them as its duly authorized officers.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal this 23rd day of January, 2003. My commission expires July 30, 2005.

(SEAL)

Arcey Bush  
NOTARY PUBLIC,  
KENTUCKY STATE AT LARGE



RESOLUTION NO. 03- 01

A RESOLUTION APPROVING A "CONTRACT FOR WATER SERVICE" BETWEEN THE OHIO COUNTY WATER DISTRICT AND THE CITY OF FORDSVILLE AND AUTHORIZING THE EXECUTION THEREOF BY THE CHAIRMAN OF THE DISTRICT FOR AND ON BEHALF OF THE OHIO COUNTY WATER DISTRICT.

WHEREAS, the City of Fordsville owns and operates a municipal water system for the benefit of its residents with the purpose of providing to the residents of the City as well as certain users outside the city limits a safe potable water supply; and,

WHEREAS, the source of water used by the City over the years has not always been dependable and on occasions has been reduced to the point where the City has experienced emergency conditions and has had to rely upon temporary water supplied by the Ohio County Water District, resulting in substantial costs to the City and great inconvenience for the City, the District, and the residents of the City; and,

WHEREAS, the City and the District have entered into negotiations which have taken place over an extended period of time and which have resulted in an agreement for the District to accept the responsibility to provide a permanent supply for the City's safe and potable water supply needs;

NOW THEREFORE, BE IT RESOLVED by the Board of the Ohio County Water District.

SECTION I: That the "Contract for Water Service" between the Ohio County Water District and the City of Fordsville with attached Schedule "A", to be dated as of the 27 day of January, 2003, shall be and the same is now approved and the Chairman of the Ohio County Water District shall be and is now authorized to execute the same for and on behalf of the District.

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