

**Kentucky Infrastructure Authority  
Projects for March 2025  
Capital Projects and Bond Oversight Committee**

▪ **Fund A Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
A23-007	Louisville Metropolitan Sewer District (Increase)	\$ 20,000,000	\$ 74,006,047	Jefferson
A23-007E	Louisville Metropolitan Sewer District (Increase)	\$ 2,544,580	\$ 6,207,760	Jefferson

▪ **Fund B Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
B25-007	City of Burnside	\$ 300,000	\$ 300,000	Pulaski

▪ **Fund F Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
F25-008S	City of Hopkinsville	\$ 8,000,000	\$ 8,000,000	Christian

**2024 HB1 LINE ITEM Grants (State) - Sewer**

Grant Number	Grantee	Project Title	Amount	County	Allocation Pool
24KGS137	Spencer County Fiscal Court	Spencer County Sanitation District Phase I Project	\$ 10,050,000.00	Spencer	HB1-2024 RS Line Item
24KGS228	City of Williamsburg	Miscellaneous WWTP and Sewer System Improvements	\$ 2,000,000.00	Whitley	HB1-2024 RS Line Item

**2024 HB1 LINE ITEM Grants (State) - Water**

Grant Number	Grantee	Project Title	Amount	County	Allocation Pool
24KGW110	Edmonson County Water District	WTP Water System Improvements Project	\$ 3,500,000.00	Edmonson	HB1-2024 RS Line Item
24KGW122	City of Stanton	Stanton - Water Improvements Phase 2	\$ 2,000,000.00	Powell	HB1-2024 RS Line Item
24KGW128	City of Williamsburg	Williamsburg , KY - Downtown Water System Improvement	\$ 1,000,000.00	Whitley	HB1-2024 RS Line Item



**Kentucky Infrastructure Authority**  
**Loan Programs**  
**Fiscal Year Ended June 30, 2025**

The Kentucky Infrastructure Authority (KIA) was created in 1988 to provide the mechanism for funding construction of local public works projects. KIA is continually growing and expanding its services. Through the various programs currently offered, KIA has become a major provider for local financing needs.

Program Designation Description of Program Federal / State  Selection Basis Types of Infrastructure		Fund A (CWSRF)	Fund F (DWSRF)	Fund B	Fund C	
		Clean Water Federal	Drinking Water Federal	Infrastructure State First Come First Served Various <sup>(1)</sup>	Governmental Agencies State First Come First Served Various <sup>(1,3)</sup>	
		Priority List Wastewater	Priority List Drinking Water			
<b>Fiscal 2023</b>						
Terms <sup>(4)</sup>	Interest Rates	Income Based	Income Based	Income Based	Terms	Market Rate
20 years	Standard (> or = \$60,183)	2.25%	2.25%	2.25%	1-5 years	1.75%
20 years	Non-standard (\$48,147 - \$60,182) <sup>(2)</sup>	1.25%	1.25%	1.25%	6-10 years	2.25%
20 to 30 years	Disadvantage (< or = \$48,146)	0.50%	0.50%	0.50%	11-20 years	2.75%
20 years	Broadband Projects	N/A	N/A	4.25%	20 years	4.25%
Administration Fees (on principal) Principal Forgiveness  Estimated Annual Availability Significant Federal Requirements		0.25% 0.30% depends on MHI/affordability index		0.20% 0.25% N/A N/A		
		\$101,732,614	\$76,323,479	\$5,008,495	\$6,790,533	
		Davis Bacon Environmental Review American Iron and Steel Fiscal Sustainability Plan Build America Buy America	Davis Bacon Environmental Review American Iron and Steel Build America Buy America			

(1) Includes planning, design, and construction of solid waste projects; dams; storm water control treatment systems; gas or electric utility; broadband deployment project; or any other public utility or public service project. Broadband project interest rates are at the non-standard rate of 4.25%.

(2) Other reasons include regionalization, consent decrees, agreed orders, or other criteria relating to public health or financial considerations. Rate less than Kentucky MHI but greater than 80% of MHI.

(3) Fund C interest rates are based on term and not MHI.

(4) The 30 year terms are only available for Disadvantaged Communities, depending on factors such as life expectancy of assets being funded and affordability.

<b>EXECUTIVE SUMMARY</b>		Reviewer	John Brady	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	March 6, 2025	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A23-007 (Increase)	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21111024	
BORROWER		LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT JEFFERSON COUNTY		
BRIEF DESCRIPTION				
The Louisville and Jefferson County Metropolitan Sewer District is requesting a Fund A loan in the amount of \$20,000,000 for the Paddy's Run Flood Pumping Station (FPS) and Capacity Improvements project. This project is receiving funding over multiple cycles. They received approval for \$27,783,547 from the KIA Board on December 7, 2023 and approval for an additional \$26,222,500 on July 11, 2024. This brings their total KIA loan amount up to \$74,006,047. The project will construct a new FPS that will provide a total estimated pumping capacity of 1,900 MGD. It will also include six new flood pumps, motors, and discharge pipes. SCADA and associated electrical and mechanical components will be installed to operate the new flood pumps in addition to the required aesthetic, plumbing, and HVAC equipment. The existing FPS, designed by the U.S. Army Corps of Engineers and put into service in 1953, will be decommissioned. The existing Paddy's Run FPS routinely pumps combined sewer overflows during wet weather events when the river is elevated, further protecting the public and many critical assets within MSD's sewer system. In addition to providing critical flood protection, the Paddy's Run FPS serves as essential wastewater infrastructure for combined sewer overflow control and is a required project in MSD's Consent Decree. This project will also help protect critical infrastructure within Rubbertown which could have catastrophic consequences if flooded, including releasing volatile chemicals and contaminants into the Ohio River. Failure to act on this project could result in an ever-increasing risk of life-threatening flooding in the community. Additionally, the inadequate capacity of the existing pump station would worsen the impact of a flood event by allowing a higher portion of wastewater in flood waters.				
PROJECT FINANCING		PROJECT BUDGET		
KIA Loan A23-007 Phase 1	\$27,783,547	Administrative Expenses	\$11,096,295	
KIA Loan A23-007 Phase 2	26,222,500	Eng - Design / Const	2,143,666	
KIA Loan A23-007 Phase 3	20,000,000	Eng - Insp	7,138,241	
CWP Grant - 21CWS054	14,568,371	Eng - Other	1,680,000	
CWP Grant - 22CWS182	2,440,316	Construction	174,557,979	
KIA Loan A23-007E	6,207,760	Equipment	27,164,320	
Louisville MSD	144,196,098	Contingency	17,248,091	
		Other	390,000	
TOTAL	\$241,418,592	TOTAL	\$241,418,592	
REPAYMENT	Rate	0.50%	Est. Annual Payment	\$3,978,134
	Term	20 Years	1st Payment	6 Mo. After first draw
PROFESSIONAL SERVICES	Engineer	Ulliman Schutte		
	Bond Counsel	Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Construction Start	Jul-23		
	Construction Stop	Dec-26		
DEBT PER CUSTOMER	Existing	10,940		
	Future	11,083		
OTHER DEBT	See Attached			
RESIDENTIAL RATES		Users	Avg. Bill	
	Current	258,333	\$65.50 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2022	244,922	138,389	106,533	1.8
Audited 2023	274,638	144,616	130,022	1.9
Audited 2024	301,964	151,214	150,750	2.0
Projected 2025	314,066	158,308	155,758	2.0
Projected 2026	334,578	149,891	184,687	2.2
Projected 2027	356,431	166,992	189,439	2.1
Projected 2028	379,418	177,194	202,224	2.1
Projected 2029	404,210	177,336	226,874	2.3

Reviewer: John Brady  
Date: March 6, 2025  
Loan Number: A23-007 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
LOUISVILLE AND JEFFERSON COUNTY  
METROPOLITAN SEWER DISTRICT  
PROJECT REVIEW  
SX21111024**

**I. PROJECT DESCRIPTION**

The Louisville and Jefferson County Metropolitan Sewer District (Louisville MSD) is requesting a Fund A loan in the amount of \$20,000,000 for the Paddy's Run Flood Pumping Station (FPS) and Capacity Improvements project. This project is receiving funding over multiple cycles. They received approval for \$27,783,547 from the KIA Board on December 7, 2023 and approval for an additional \$26,222,500 on July 11, 2024. This brings their total KIA loan amount up to \$74,006,047.

The project will construct a new FPS that will provide a total estimated pumping capacity of 1,900 MGD. It will also include six new flood pumps, motors, and discharge pipes. SCADA and associated electrical and mechanical components will be installed to operate the new flood pumps in addition to the required aesthetic, plumbing, and HVAC equipment. The existing FPS, designed by the U.S. Army Corps of Engineers and put into service in 1953, will be decommissioned.

The existing Paddy's Run FPS routinely pumps combined sewer overflows during wet weather events when the river is elevated, further protecting the public and many critical assets within MSD's sewer system. In addition to providing critical flood protection, the Paddy's Run FPS serves as essential wastewater infrastructure for combined sewer overflow control and is a required project in MSD's Consent Decree. This project will also help protect critical infrastructure within Rubbertown which could have catastrophic consequences if flooded, including releasing volatile chemicals and contaminants into the Ohio River. Failure to act on this project could result in an ever-increasing risk of life-threatening flooding in the community. Additionally, the inadequate capacity of the existing pump station would worsen the impact of a flood event by allowing a higher portion of wastewater in flood waters.

The Louisville MSD currently serves 236,020 residential customers, 21,919 commercial customers, and 394 industrial customers.

## II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 11,096,295
Engineering Fees - Design	2,143,666
Engineering Fees - Inspection	7,138,241
Engineering Fees - Other	1,680,000
Construction	174,557,979
Equipment	27,164,320
Contingency	17,248,091
Other	390,000
<b>Total</b>	<b>\$241,418,592</b>

## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
KIA Loan A23-007 Phase 1	\$ 27,783,547	11.5%
KIA Loan A23-007 Phase 2	26,222,500	10.9%
KIA Loan A23-007 Phase 3	20,000,000	8.3%
CWP Grant - 21CWS054	14,568,371	6.0%
CWP Grant - 22CWS182	2,440,316	1.0%
KIA Loan A23-007E	6,207,760	2.6%
Louisville MSD	144,196,098	59.7%
<b>Total</b>	<b>\$ 41,418,592</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Construction Loan	\$ 74,006,047
Less: Principal Forgiveness	1,812,951
Amortized Loan Amount	\$ 72,193,096
Interest Rate	0.50%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 3,797,652
Administrative Fee (0.25%)	180,483
<b>Total Estimated Annual Debt Service</b>	<b>\$ 3,978,134</b>

## **V. PROJECT SCHEDULE**

Construction Start: July 2023  
Construction Stop: December 2026

## **VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

### **A) Customers**

Customers	Current
Residential	236,020
Commercial	21,919
Industrial	394
Total	258,333

### **B) Rates**

	Current	Prior	Prior
Date of Last Rate Increase	08/01/24	08/01/23	8/1/2022
Minimum	\$22.68	\$21.22	\$19.85
Per 1,000 Gallons	6.07	5.79	5.42
Consent Decree Surcharge	18.54	17.34	16.22
Cost for 4,000 gallons	\$65.50	\$61.72	\$57.75
Increase %	6.1%	6.9%	
Affordability Index (Rate/MHI)	1.1%	1.1%	1.0%

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2017-2021, the Utility's service area population was 427,764 with a Median Household Income (MHI) of \$36,514. The MHI for the Commonwealth was \$55,454. The loan will qualify for a 0.50% interest rate.

## **VIII. 2024 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project qualifies for \$15,082,000 of Green Project Reserve funding. The majority of the green project components fall under the environmentally innovative category.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of \$1,812,951 will be credited to the loan balance.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2022 through June 30, 2024. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

Total revenues increased 16.7% from \$365.4 million in 2022 to \$426.3 million in 2024 primarily due to rate increases. Operating expenses increased 15.9% from \$118.9 to \$137.9 million during the same period due to higher service and administration costs. The debt coverage ratio was 1.8, 1.9, and 2.0 in 2022, 2023, and 2024.

The balance sheet reflects a current ratio of 1.2, a debt-to-equity ratio of 2.8, 37.8 days of sales in accounts receivable, and 4.9 months of operating expenses in unrestricted cash.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Sewer revenues will increase 6% annually in projected years due to current and anticipated rate increases.
- 2) Operating expenses will increase 4% annually due to inflation and general expenses for pending projects.
- 3) Debt service coverage is 2.1 in 2028 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

### **REPLACEMENT RESERVE**

MSD maintains debt reserve accounts on its senior obligations equal to at least 10% of the face amount of all bonds issued outstanding, 100% of the maximum aggregate net debt service in the current year or any future fiscal year, or 125% of the average aggregate net debt service in the current or any future fiscal year.



## **X. DEBT OBLIGATIONS**

*numbers in thousands*

### **Senior Debt**

	<b>Outstanding</b>	<b>Maturity</b>
Series 2009C Bonds	\$ 180,000	2040
Series 2010A Bonds	330,000	2043
Series 2013B Bonds	89,300	2038
Series 2014A Bonds	77,280	2045
Series 2015A Bonds	168,525	2046
Series 2015B Bonds	59,865	2038
Series 2016A Bonds	145,470	2047
Series 2016B Bonds	16,585	2036
Series 2017A Bonds	138,035	2048
Series 2017B Bonds	13,505	2025
Series 2018A Bonds	60,380	2038
Series 2020A Bonds	221,355	2050
Series 2020B Bonds	33,137	2060
Series 2020C Bonds	37,790	2044
Series 2021A Bonds	214,665	2034
Series 2022A Bonds	223,500	2052
Series 2023A Bonds	49,745	2035
Series 2023B Bonds	41,950	2036
Series 2023C Bonds	348,380	2053

### **Senior Subordinate Debt**

2023 Commercial Paper	212,195	2026
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### **Subordinate Debt**

Series 2014 GO Bonds	6,105	2030
Series 2017 GO Bonds	2,881	2035
KACO Lease	1,525	2031
KIA Loan A209-41	1,194	2033
KIA Loan A10-04A	1,420	2033
KIA Loan A10-05A	524	2033
KIA Loan A10-07A	1,331	2034
KIA Loan A11-15A	335	2033
KIA Loan A12-29A	4,323	2037
KIA Loan A17-028A	7,400	2044
KIA Loan A18-010A	947	2040
KIA Loan A19-015	2,414	2042
KIA Loan A19-028	22,700	2043
KIA Loan B10-01A	182	2030
KIA Loan B10-04A	210	2031
KIA Loan B15-006A	62	2038
KIA Loan A20-040 (i.a.o. \$2,944)		TBD

KIA Loan A21-022 (i.a.o. \$8,270)		TBD
KIA Loan A23-002 (i.a.o. \$11,200)		TBD
<b>Total</b>	<b>\$ 2,715,215</b>	

## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	Louisville and Jefferson County MSD
Authorized Official	James A. Parrott (Executive Director)
County	Jefferson
Email	tony.parrott@louisvillemad.org
Phone	(502) 540-6533
Address	PO Box 740011 Louisville, KY 40201

### **Project Administrator**

Name	Stephanie Laughlin
Organization	Louisville & Jefferson County MSD
Email	stephanie.laughlin@louisvillemad.org
Phone	(502) 523-9690
Address	700 W Liberty St Louisville, KY 40203

### **Project Consultant**

Name	Sheryl Chino
Organization	HDR, Inc.
Email	sheryl.chino@hdrinc.com
Phone	(270) 538-1506
Address	4645 Village Square Dr, Ste F Paducah, KY 42001

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

FINANCIAL SUMMARY (JUNE YEAR END) - numbers in thousands

	Audited 2022	Audited 2023	Audited 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	187,158	193,736	201,862	235,566	275,203	315,991	359,536	408,111
Other Assets	3,754,954	3,873,885	4,081,906	4,086,391	4,110,853	4,369,056	4,390,033	4,430,730
Total	3,942,112	4,067,621	4,283,768	4,321,956	4,386,056	4,685,047	4,749,569	4,838,841
<b>Liabilities &amp; Equity</b>								
Current Liabilities	124,319	147,914	166,645	161,004	180,844	259,408	262,510	266,197
Long Term Liabilities	2,894,761	2,915,428	2,984,027	2,961,099	2,893,996	2,954,325	2,795,762	2,634,113
Total Liabilities	3,019,080	3,063,342	3,150,672	3,122,103	3,074,840	3,213,733	3,058,273	2,900,310
Net Assets	923,032	1,004,279	1,133,096	1,199,854	1,311,216	1,471,314	1,691,296	1,938,530
<b>Cash Flow</b>								
Revenues	365,367	392,026	426,275	451,044	477,294	505,114	534,597	565,843
Operating Expenses	118,978	124,641	137,929	143,446	149,184	155,151	161,647	168,101
Other Income	(1,467)	7,253	13,618	6,468	6,468	6,468	6,468	6,468
Cash Flow Before Debt Service	244,922	274,638	301,964	314,066	334,578	356,431	379,418	404,210
<b>Debt Service</b>								
Existing Debt Service	138,389	144,616	151,214	158,308	149,891	166,992	177,194	177,336
Proposed KIA Loan	0	0	0	0	0	0	3,978	3,978
Total Debt Service	138,389	144,616	151,214	158,308	149,891	166,992	181,172	181,314
Cash Flow After Debt Service	106,533	130,022	150,750	155,758	184,687	189,439	202,224	226,874
<b>Ratios</b>								
Current Ratio	1.5	1.3	1.2	1.5	1.5	1.2	1.4	1.5
Debt to Equity	3.3	3.1	2.8	2.6	2.3	2.2	1.8	1.5
Days Sales in Accounts Receivable	26.2	27.0	37.8	37.8	37.8	37.8	37.8	37.8
Months Operating Expenses in Unrestricted Cash	4.9	6.4	4.9	7.3	10.0	12.5	15.6	18.4
Debt Coverage Ratio	1.8	1.9	2.0	2.0	2.2	2.1	2.1	2.3

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND A, FEDERALLY ASSISTED WASTEWATER</b> <b>REVOLVING LOAN FUND</b>		Reviewer Date KIA Loan Number WRIS Number		John Brady March 6, 2025 A23-007E (Increase) SX21111024
BORROWER		LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT JEFFERSON COUNTY		
BRIEF DESCRIPTION				
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PROJECT FINANCING		PROJECT BUDGET		
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REPAYMENT	Rate Term	N/A N/A	Est. Annual Payment 1st Payment	N/A N/A
PROFESSIONAL SERVICES	Engineer Bond Counsel	Ulliman Schutte Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Construction Start Construction Stop	Jul-23 Dec-26		
DEBT PER CUSTOMER	Existing Future	10,940 11,083		
OTHER DEBT	See Attached			
RESIDENTIAL RATES	Current	Users 258,333	Avg. Bill \$65.50	(for 4,000 gallons)
REGIONAL COORDINATION    This project is consistent with regional planning recommendations.				
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Reviewer: John Brady  
Date: March 6, 2025  
Loan Number: A23-007E Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
LOUISVILLE AND JEFFERSON COUNTY  
METROPOLITAN SEWER DISTRICT  
PROJECT REVIEW  
SX21111024**

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Other	390,000
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## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
KIA Loan A23-007E Phase 1	\$ 1,118,600	0.5%
KIA Loan A23-007E Phase 2	2,544,580	1.1%
KIA Loan A23-007E Phase 3	2,544,580	1.1%
CWP Grant - 21CWS054	14,568,371	6.0%
CWP Grant - 22CWS182	2,440,316	1.0%
KIA Loan A23-007	74,006,047	30.7%
Louisville MSD	144,196,098	59.7%
<b>Total</b>	<b>\$241,418,592</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Construction Loan	\$ 6,207,760
Less: Principal Forgiveness	6,207,760
Amortized Loan Amount	\$ -
Interest Rate	0.00%
Loan Term (Years)	0
Estimated Annual Debt Service	\$ -

## V. PROJECT SCHEDULE

Construction Start:	July 2023
Construction Stop:	December 2026

## **VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

### **A) Customers**

<u>Customers</u>	<u>Current</u>
Residential	236,020
Commercial	21,919
Industrial	394
Total	258,333

### **B) Rates**

	<u>Current</u>	<u>Prior</u>	<u>Prior</u>
Date of Last Rate Increase	08/01/24	08/01/23	8/1/2022
Minimum	\$22.68	\$21.22	\$19.85
Per 1,000 Gallons	6.07	5.79	5.42
Consent Decree Surcharge	18.54	17.34	16.22
Cost for 4,000 gallons	\$65.50	\$61.72	\$57.75
Increase %	6.1%	6.9%	
Affordability Index (Rate/MHI)	1.1%	1.1%	1.0%

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2017-2021, the Utility's service area population was 427,764 with a Median Household Income (MHI) of \$36,514. The MHI for the Commonwealth was \$55,454.

## **VIII. 2024 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project qualifies for \$15,082,000 of Green Project Reserve funding. The majority of the green project components fall under the environmentally innovative category.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 100% of the assistance amount will be credited to the loan balance.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2022 through June 30, 2024. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and

Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Total revenues increased 16.7% from \$365.4 million in 2022 to \$426.3 million in 2024 primarily due to rate increases. Operating expenses increased 15.9% from \$118.9 to \$137.9 million during the same period due to higher service and administration costs. The debt coverage ratio was 1.8, 1.9, and 2.0 in 2022, 2023, and 2024.

The balance sheet reflects a current ratio of 1.2, a debt-to-equity ratio of 2.8, 37.8 days of sales in accounts receivable, and 4.9 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Sewer revenues will increase 6% annually in projected years due to current and anticipated rate increases.
- 2) Operating expenses will increase 4% annually due to inflation and general expenses for pending projects.
- 3) Debt service coverage is 2.1 in 2028 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

MSD maintains debt reserve accounts on its senior obligations equal to at least 10% of the face amount of all bonds issued outstanding, 100% of the maximum aggregate net debt service in the current year or any future fiscal year, or 125% of the average aggregate net debt service in the current or any future fiscal year.

X. DEBT OBLIGATIONS

<i>numbers in thousands</i>	<u>Outstanding</u>	<u>Maturity</u>
<b><u>Senior Debt</u></b>		
Series 2009C Bonds	\$ 180,000	2040
Series 2010A Bonds	330,000	2043



Series 2013B Bonds	89,300	2038
Series 2014A Bonds	77,280	2045
Series 2015A Bonds	168,525	2046
Series 2015B Bonds	59,865	2038
Series 2016A Bonds	145,470	2047
Series 2016B Bonds	16,585	2036
Series 2017A Bonds	138,035	2048
Series 2017B Bonds	13,505	2025
Series 2018A Bonds	60,380	2038
Series 2020A Bonds	221,355	2050
Series 2020B Bonds	33,137	2060
Series 2020C Bonds	37,790	2044
Series 2021A Bonds	214,665	2034
Series 2022A Bonds	223,500	2052
Series 2023A Bonds	49,745	2035
Series 2023B Bonds	41,950	2036
Series 2023C Bonds	348,380	2053
<b><u>Senior Subordinate Debt</u></b>		
2023 Commercial Paper	212,195	2026
<b><u>Subordinate Debt</u></b>		
Series 2014 GO Bonds	6,105	2030
Series 2017 GO Bonds	2,881	2035
KACO Lease	1,525	2031
KIA Loan A209-41	1,194	2033
KIA Loan A10-04A	1,420	2033
KIA Loan A10-05A	524	2033
KIA Loan A10-07A	1,331	2034
KIA Loan A11-15A	335	2033
KIA Loan A12-29A	4,323	2037
KIA Loan A17-028A	7,400	2044
KIA Loan A18-010A	947	2040
KIA Loan A19-015	2,414	2042
KIA Loan A19-028	22,700	2043
KIA Loan B10-01A	182	2030
KIA Loan B10-04A	210	2031
KIA Loan B15-006A	62	2038
KIA Loan A20-040 (i.a.o. \$2,944)		TBD
KIA Loan A21-022 (i.a.o. \$8,270)		TBD
KIA Loan A23-002 (i.a.o. \$11,200)		TBD
<b>Total</b>	<b>\$ 2,715,215</b>	

## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	Louisville and Jefferson County MSD
Authorized Official	James A. Parrott (Executive Director)
County	Jefferson
Email	tony.parrott@louisvillemSD.org
Phone	(502) 540-6533
Address	PO Box 740011 Louisville, KY 40201

### **Project Administrator**

Name	Stephanie Laughlin
Organization	Louisville & Jefferson County MSD
Email	stephanie.laughlin@louisvillemSD.org
Phone	(502) 523-9690
Address	700 W Liberty St Louisville, KY 40203

### **Project Consultant**

Name	Sheryl Chino
Organization	HDR, Inc.
Email	sheryl.chino@hdrinc.com
Phone	(270) 538-1506
Address	4645 Village Square Dr, Ste F Paducah, KY 42001

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

## LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

## FINANCIAL SUMMARY (JUNE YEAR END) - numbers in thousands

	Audited <u>2022</u>	Audited <u>2023</u>	Audited <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>	Projected <u>2028</u>	Projected <u>2029</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	187,158	193,736	201,862	235,566	275,203	315,991	359,536	408,111
Other Assets	3,754,954	3,873,885	4,081,906	4,086,391	4,110,853	4,369,056	4,390,033	4,430,730
Total	3,942,112	4,067,621	4,283,768	4,321,956	4,386,056	4,685,047	4,749,569	4,838,841
<b>Liabilities &amp; Equity</b>								
Current Liabilities	124,319	147,914	166,645	161,004	180,844	259,408	262,510	266,197
Long Term Liabilities	2,894,761	2,915,428	2,984,027	2,961,099	2,893,996	2,954,325	2,795,762	2,634,113
Total Liabilities	3,019,080	3,063,342	3,150,672	3,122,103	3,074,840	3,213,733	3,058,273	2,900,310
Net Assets	923,032	1,004,279	1,133,096	1,199,854	1,311,216	1,471,314	1,691,296	1,938,530
<b>Cash Flow</b>								
Revenues	365,367	392,026	426,275	451,044	477,294	505,114	534,597	565,843
Operating Expenses	118,978	124,641	137,929	143,446	149,184	155,151	161,647	168,101
Other Income	(1,467)	7,253	13,618	6,468	6,468	6,468	6,468	6,468
Cash Flow Before Debt Service	244,922	274,638	301,964	314,066	334,578	356,431	379,418	404,210
<b>Debt Service</b>								
Existing Debt Service	138,389	144,616	151,214	158,308	149,891	166,992	177,194	177,336
Proposed KIA Loan	0	0	0	0	0	0	0	0
Total Debt Service	138,389	144,616	151,214	158,308	149,891	166,992	177,194	177,336
Cash Flow After Debt Service	106,533	130,022	150,750	155,758	184,687	189,439	202,224	226,874
<b>Ratios</b>								
Current Ratio	1.5	1.3	1.2	1.5	1.5	1.2	1.4	1.5
Debt to Equity	3.3	3.1	2.8	2.6	2.3	2.2	1.8	1.5
Days Sales in Accounts Receivable	26.2	27.0	37.8	37.8	37.8	37.8	37.8	37.8
Months Operating Expenses in Unrestricted Cash	4.9	6.4	4.9	7.3	10.0	12.5	15.6	18.4
Debt Coverage Ratio	1.8	1.9	2.0	2.0	2.2	2.1	2.1	2.3

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND B, INFRASTRUCTURE REVOLVING LOAN FUND			Reviewer Date KIA Loan Number WRIS Number		Jeremy Skinner March 6, 2025 B25-007 WX21199048	
BORROWER			CITY OF BURNSIDE PULASKI COUNTY			
BRIEF DESCRIPTION						
The City of Burnside is requesting a Fund B loan in the amount of \$300,000 for the Burnside Water Storage Tank project. This loan will supplement previously awarded Cleaner Water Program grants to fully fund the project after bids came in over budget. The project will add a second water storage tank to the distribution system providing the City with greater capacity and the ability to take one tank out of service in the event of an emergency of for inspection or maintenance. The project consists of the construction of approximately 130 linear feet of 8-inch PVC water line and a 200,000-gallon steel ground storage tank. Additionally, the 300-foot access road to the tank will be re-graveled.						
PROJECT FINANCING			PROJECT BUDGET			
Fund B Loan		\$300,000	Administrative Expenses		\$12,000	
21CWW187		786,000	Planning		25,000	
22CWW185		644,094	Eng - Design / Const		73,200	
Local Funds		4,906	Eng - Insp		52,300	
			Eng - Other		8,100	
			Construction		1,514,400	
			Contingency		50,000	
TOTAL		\$1,735,000	TOTAL		\$1,735,000	
REPAYMENT	Rate	0.50%	Est. Annual Payment		\$16,381	
	Term	20 Years	1st Payment		6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	HMB Professional Engineers				
	Bond Counsel	Dinsmore & Shohl, LLP				
PROJECT SCHEDULE	Bid Opening	Dec-24				
	Construction Start	Jul-25				
	Construction Stop	Nov-25				
DEBT PER CUSTOMER	Existing	\$3,124				
	Proposed	\$1,973				
OTHER DEBT	See Attached					
RESIDENTIAL RATES		Users	Avg. Bill			
	Current	603	\$61.76 (for 4,000 gallons)			
REGIONAL COORDINATION This project is consistent with regional planning recommendations.						
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio		
Audited 2021	20,642	117,139	(96,497)	0.2		
Audited 2022	77,186	113,059	(35,873)	0.7		
Unaudited 2023	187,804	166,197	21,607	1.1		
Projected 2024	180,488	164,989	15,499	1.1		
Projected 2025	174,793	169,395	5,398	1.0		
Projected 2026	195,128	175,250	19,878	1.1		
Projected 2027	201,934	182,926	19,008	1.1		
Projected 2028	208,974	181,864	27,110	1.1		

Reviewer: Jeremy Skinner  
Date: March 6, 2025  
Loan Number: B25-007

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)  
CITY OF BURNSIDE, PULASKI COUNTY  
PROJECT REVIEW  
WX21199048**

**I. PROJECT DESCRIPTION**

The City of Burnside is requesting a Fund B loan in the amount of \$300,000 for the Burnside Water Storage Tank project. This loan will supplement previously awarded Cleaner Water Program grants to fully fund the project after bids came in over budget. The project will add a second water storage tank to the distribution system providing the City with greater capacity and the ability to take one tank out of service in the event of an emergency or for inspection or maintenance. The project consists of the construction of approximately 130 linear feet of 8-inch PVC water line and a 200,000-gallon steel ground storage tank. Additionally, the 300-foot access road to the tank will be re-graveled.

The City of Burnside serves 568 residential customers and 35 commercial and industrial customers. The City produces approximately 85 percent of its water and purchases the remaining 15 percent from the Southeastern Water Association.

**II. PROJECT BUDGET**

	Total
Administrative Expenses	\$12,000
Planning	25,000
Engineering Fees – Design	57,000
Engineering Fees – Construction	16,200
Engineering Fees – Inspection	52,300
Engineering Fees – Other	8,100
Construction	1,514,400
Contingency	50,000
<b>Total</b>	<b>\$1,735,000</b>

### III. PROJECT FUNDING

	Amount	%
Fund B Loan	\$300,000	17.3%
21CWW187	786,000	45.3%
22CWW185	644,094	37.1%
Local Funds	4,906	0.3%
<b>Total</b>	<b>\$1,735,000</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$300,000
Less: Principal Forgiveness	0
Amortized Loan Amount	\$300,000
Interest Rate	0.50%
Loan Term (Years)	20
Estimated Annual Debt Service	15,781
Administrative Fee (0.20%)	600
Total Estimated Annual Debt Service	<b>\$16,381</b>

### V. PROJECT SCHEDULE

Bid Opening:	December 2024
Construction Start:	July 2025
Construction Stop:	November 2025

### VI. RATE STRUCTURE

#### A. Customers

Customers	Current
Residential	568
Commercial	34
Industrial	1
Total	603

## B. Rates

<b>Water – Inside City</b>	Current	Prior	Prior
Date of Last Rate Increase	2/18/2025	7/12/2024	8/22/2023
Minimum (1,000 gallons)	\$25.00	\$24.30	\$24.25
Next 2,000 gallons (per 1,000)	13.63	13.25	13.22
Next 3,000 (per 1,000)	9.50	9.24	9.22
Cost for 4,000 gallons	\$61.76	\$60.04	\$59.91
Increase %	2.9%	0.2%	
Affordability Index (Rate/MHI)	1.7%	1.6%	1.6%

  

<b>Sewer – Inside City</b>	Current	Prior	Prior
Date of Last Rate Increase	2/18/2025	7/12/2024	8/22/2023
Minimum (1,000 gallons)	\$23.08	\$22.44	\$22.39
Next 2,000 (per 1,000)	11.86	11.54	11.51
Cost for 4,000 gallons	\$58.66	\$57.06	\$56.92
Increase %	2.8%	0.2%	
Affordability Index (Rate/MHI)	1.6%	1.5%	1.5%

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2018-2022, the Utility's service area population is 1,314 with a Median Household Income (MHI) of \$44,443. The MHI for the Commonwealth is \$60,183. The loan will qualify for a 0.50% interest rate.

## VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2021, through June 30, 2022. Financial information for the year ended June 30, 2023, was obtained from an unaudited financial statement and verified with profit and loss statements. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### HISTORY

Modest increases in water and sewer revenues were outpaced by rising operating expenses due to plant repairs and inflation in 2021 and 2022, resulting in debt service coverage ratios of 0.2 and 0.7, respectively. The City passed an ordinance in the

summer of 2022 stating that water and sewer rates will be increased annually based according to the U.S. Department of Labor Bureau of Labor Statistics Consumer Price Index. A ten percent increase in combined water and sewer revenues coupled with steadied operating expenses resulting in a debt service coverage ratio of 1.1 in 2023.

The balance sheet reflects a current ratio of 0.6, a debt-to-equity ratio of 0.7, 28.5 days of sales in accounts receivable, and 1.7 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Water and sewer revenue projections for the first eight months of FY 2025 were calculated based on the City's July 2024 rate changes. The City subsequently discovered a calculation error in the rate changes and adjusted the rates in February of 2025. Revenue projections for the final four months of FY 2025 reflect the adjusted water and sewer rates.
- 2) Water and sewer revenues will increase annually according to the Consumer Price Index, which is assumed to be 3 percent for fiscal years 2026 through 2029.
- 3) Operating expenses will increase 3 percent annually due to inflation and general expense increases.
- 4) Purchased water/treatment/related costs will increase 1 percent annually due to an increase in Southeaster Water Association's wholesale rate and general expense increases.
- 5) Debt service coverage is 1.1 in 2027 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$15,000 total) of the final amount borrowed to be funded annually (\$750 yearly) each December 1 for 20 years and maintained for the life of the loan.



## IX. DEBT OBLIGATIONS

	Outstanding	Maturity
KIA Loan F19-005	\$1,677,700	2051
Series 2006 Bonds	438,500	2045
Series 2013D Bonds	415,000	2037
Series 2014A/B Bonds	465,158	2054
<b>Total</b>	<b>\$2,996,358</b>	

## X. CONTACTS

### **Legal Applicant**

Entity Name	City of Burnside
Address	P.O. Box 8, 7929 S Hwy 27 Burnside, KY 42519
County	Pulaski
Authorized Official	Robert Lawson (Mayor)
Phone	(606) 561-4113
Email	mayor@burnsidecitygovernment.com

### **Applicant Contact**

Name	Lyndsey Brown
Organization	Lake Cumberland ADD
Address	2384 Lakeway Dr. Russell Springs, KY 42642
Phone	(270) 866-4200
Email	lyndsey@lcadd.org

### **Project Administrator**

Name	Lyndsey Brown
Organization	Lake Cumberland ADD
Address	2384 Lakeway Dr. Russell Springs, KY 42642
Phone	(270) 866-4200
Email	lyndsey@lcadd.org

**Consulting Engineer**

PE Name	Jeff Reynolds
Firm Name	HMB Professional Engineers
Address	3 HMB Circle Frankfort, KY 40601
Phone	(502) 695-9800
Email	jdreynolds@hmbpe.com

**XI. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF BURNSIDE**  
**FINANCIAL SUMMARY (JUNE YEAR END)**

	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	179,931	209,563	229,619	246,149	252,147	274,726	295,333	324,143
Other Assets	10,376,887	9,895,788	9,487,275	9,226,491	8,896,420	10,257,974	9,884,528	9,511,082
Total	<u>10,556,818</u>	<u>10,105,351</u>	<u>9,716,894</u>	<u>9,472,640</u>	<u>9,148,567</u>	<u>10,532,700</u>	<u>10,179,861</u>	<u>9,835,225</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	491,083	537,541	375,292	165,973	166,255	183,038	184,322	185,608
Long Term Liabilities	4,716,861	4,525,817	4,168,188	3,219,929	3,104,901	3,273,090	3,139,995	3,005,614
Total Liabilities	<u>5,207,944</u>	<u>5,063,358</u>	<u>4,543,480</u>	<u>3,385,902</u>	<u>3,271,156</u>	<u>3,456,128</u>	<u>3,324,317</u>	<u>3,191,222</u>
Net Assets	<u>5,348,874</u>	<u>5,041,993</u>	<u>5,173,414</u>	<u>6,086,738</u>	<u>5,877,411</u>	<u>7,076,572</u>	<u>6,855,544</u>	<u>6,644,003</u>
<b>Cash Flow</b>								
Revenues	647,743	623,857	717,100	730,074	737,781	772,642	793,608	815,203
Operating Expenses	627,101	546,671	529,296	549,586	562,988	577,514	591,674	606,229
Other Income	0	0	0	0	0	0	0	0
Cash Flow Before Debt Service	<u>20,642</u>	<u>77,186</u>	<u>187,804</u>	<u>180,488</u>	<u>174,793</u>	<u>195,128</u>	<u>201,934</u>	<u>208,974</u>
<b>Debt Service</b>								
Existing Debt Service	117,139	113,059	166,197	164,989	169,395	167,059	166,545	165,483
Proposed KIA Loan	0	0	0	0	0	8,191	16,381	16,381
Total Debt Service	<u>117,139</u>	<u>113,059</u>	<u>166,197</u>	<u>164,989</u>	<u>169,395</u>	<u>175,250</u>	<u>182,926</u>	<u>181,864</u>
Cash Flow After Debt Service	<u>(96,497)</u>	<u>(35,873)</u>	<u>21,607</u>	<u>15,499</u>	<u>5,398</u>	<u>19,878</u>	<u>19,008</u>	<u>27,110</u>
<b>Ratios</b>								
Current Ratio	0.4	0.4	0.6	1.5	1.5	1.5	1.6	1.7
Debt to Equity	1.0	1.0	0.7	0.6	0.6	0.5	0.5	0.5
Days Sales in Accounts Receivable	23.7	24.6	28.5	28.5	28.5	28.5	28.5	28.5
Months Operating Expenses in Unrestricted Cash	1.0	1.7	1.7	2.0	2.1	2.5	2.8	3.3
Debt Coverage Ratio	0.2	0.7	1.1	1.1	1.0	1.1	1.1	1.1

<b>EXECUTIVE SUMMARY</b>			Reviewer		Sandy Rankin
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>			Date		March 6, 2025
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>			KIA Loan Number		F25-008S
<b>REVOLVING LOAN FUND</b>			WRIS Number		WX21047055
BORROWER		CITY OF HOPKINSVILLE CHRISTIAN COUNTY			
BRIEF DESCRIPTION					
The City of Hopkinsville is requesting a Fund F loan in the amount of \$8,000,000 for their HWEA Phase V-E - Hopkinsville DWTP - GAC & Membrane Filtration project. This project includes construction of a new 8MGD GAC filtration system and 5MGD membrane filtration system. These improvements will allow for removal of PFAS in accordance with proposed EPA MCL's and are part of the expansion to 20MGD which is currently recommended due to demand.					
PROJECT FINANCING		PROJECT BUDGET			
F25-008S	\$	8,000,000	Eng - Design / Const	\$	450,000
			Construction		6,500,000
			Contingency		1,050,000
TOTAL	\$	8,000,000	TOTAL	\$	8,000,000
REPAYMENT	Rate	0.50%	Est. Annual Payment	\$	106,835
	Term	30 Years	1st Payment	6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	JR Wauford & Company			
	Bond Counsel	Dinsmore & Shohl, LLP			
PROJECT SCHEDULE	Bid Opening	Oct-26			
	Construction Start	Jan-27			
	Construction Stop	Jul-28			
DEBT PER CUSTOMER	Existing	\$4,045			
	Proposed	\$5,786			
OTHER DEBT		See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>		
	Current	16,025	\$23.26	(for 4,000 gallons)	
REGIONAL COORDINATION This project is consistent with regional planning recommendations.					
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio	
Audited 2022	7,818,213	6,056,476	1,761,737	1.3	
Audited 2023	8,234,563	6,128,759	2,105,804	1.3	
Audited 2024	7,937,269	6,164,453	1,772,816	1.3	
Projected 2025	7,364,239	6,199,351	1,164,888	1.2	
Projected 2026	7,812,470	7,700,181	112,289	1.0	
Projected 2027	7,924,964	5,610,904	2,314,060	1.4	
Projected 2028	7,607,419	5,557,671	2,049,748	1.4	
Projected 2029	7,263,523	5,258,008	2,005,515	1.4	
Projected 2030	6,933,149	5,311,425	1,621,724	1.3	

Reviewer: Sandy Rankin  
Date: March 6, 2025  
Loan Number: F25-008S

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND F)  
CITY OF HOPKINSVILLE, CHRISTIAN COUNTY  
PROJECT REVIEW  
WX21047055**

**I. PROJECT DESCRIPTION**

The City of Hopkinsville is requesting a Fund F loan in the amount of \$8,000,000 for their HWEA Phase V-E - Hopkinsville DWTP - GAC & Membrane Filtration project. This project includes construction of a new 8MGD GAC filtration system and 5MGD membrane filtration system. These improvements will allow for the removal of PFAS in accordance with proposed EPA MCL's and are part of the expansion to 20MGD which is currently recommended due to demand.

The Hopkinsville Water Environmental Authority currently serves 13,789 residential customers, 2,236 commercial, industrial and institutional customers and 1 wholesale customer.

**II. PROJECT BUDGET**

	<b>Total</b>
Engineering Fees - Design	\$ 300,000
Engineering Fees - Construction	150,000
Construction	6,500,000
Contingency	1,050,000
<b>Total</b>	<b>\$ 8,000,000</b>

**III. PROJECT FUNDING**

	<b>Amount</b>	<b>%</b>
F25-008S	\$ 8,000,000	100%
<b>Total</b>	<b>\$ 8,000,000</b>	<b>100%</b>

#### **IV. KIA DEBT SERVICE**

Construction Loan	\$ 8,000,000
Less: Principal Forgiveness	<u>5,256,237</u>
Amortized Loan Amount	\$ 2,743,763
Interest Rate	0.50%
Loan Term (Years)	<u>30</u>
Estimated Annual Debt Service	\$ 98,604
Administrative Fee (0.30%)	<u>8,231</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 106,835</b>

#### **V. PROJECT SCHEDULE**

Bid Opening:	October 2026
Construction Start:	January 2027
Construction Stop:	July 2028

#### **VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

##### **A) Customers**

<u>Customers</u>	<u>Current</u>
Residential	13,789
Commercial	2,003
Industrial/Institutional	233
Wholesale	<u>1</u>
Total	16,025

##### **B) Rates**

<u>Water - Hopkinsville</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	07/01/17	01/01/16
Minimum - 300 cu ft or less	\$13.05	\$11.64
Next 100 cu feet	<u>4.35</u>	<u>3.88</u>
Cost for 4,000 gallons	\$23.26	\$20.75
Increase %	12.1%	
Affordability Index (Rate/MHI)	0.6%	0.6%

Wastewater - Hopkinsville	Current	Prior
Date of Last Rate Increase	01/01/24	01/01/23
Minimum - 300 cu ft or less	\$24.14	\$22.05
Next 100 cu feet	8.05	7.35
Cost for 4,000 gallons	\$43.04	\$39.30
Increase %	9.5%	
Affordability Index (Rate/MHI)	1.2%	1.1%

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2018-2022, the Utility's service area population is 34,958 with a Median Household Income (MHI) of \$44,266. The MHI for the Commonwealth is \$60,183. The loan will qualify for a 0.50% interest rate.

## **VIII. 2024 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness, not to exceed \$5,256,237, will be credited to the loan balance.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the Hopkinsville Water Environment Authority for the years ended June 30, 2022, through June 30, 2024. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

Total water and sewer revenues increased 8.4% from \$20.67 million in 2022 to \$22.4 million in 2024 due to an increase in sewer rates. Operating expenses increased 15.2% from \$12.98 million to \$14.96 million during the same period primarily due to increases in chemicals and repairs and maintenance. The debt coverage ratio was 1.3, 1.3, and 1.3 in 2022, 2023, and 2024, respectively.

The balance sheet reflects a current ratio of 1.0, a debt-to-equity ratio of 1.9, 29.3 days of sales in accounts receivable, and 4.1 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Wholesale water rates/revenues will increase in FY26 and FY27 per Municipal Order 42-2024 pending PSC approval; all other revenues will remain the same.
- 2) Expenses for water and sewer will increase 2% each year due to inflation.
- 3) Debt service coverage is 1.3 in 2030 when full principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$400,000 total) of the final amount borrowed, prior to principal forgiveness, to be funded annually (\$20,000 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA Loan B95-02	\$ 428,651	2026
KIA Loan A03-05	386,370	2026
KIA Loan A04-05	403,704	2027
KIA Loan F02-04	327,344	2028
KIA Loan F06-02	1,003,886	2028
KIA Loan F08-06	3,955,409	2032
KIA Loan A11-07	241,571	2033
KIA Loan A09-19	4,115,606	2034
KIA Loan A11-09	4,587,234	2036
KIA Loan A11-08	7,404,234	2036
KIA Loan F13-020	3,056,983	2040
KIA Loan A19-003/A16-005 (i.a.o. \$45,000,000)		TBD
KIA Loan F16-001 (i.a.o.\$8,000,000)		TBD
Series 2010B Revenue Bond	1,249,000	2030
Series 2013B General Obligation Bond	2,060,000	2034
Series 2014C General Obligation Bond	515,000	2029
Series 2015A General Obligation Bond	3,435,000	2026
<b>Total</b>	<b>\$33,169,992</b>	



## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	Hopkinsville Water Environment Authority
Authorized Official	Derrick Watson (President/CEO)
County	Christian
Email	dwatson@hwea-ky.com
Phone	270-887-4246
Address	PO Box 628 Hopkinsville, KY 42240

### **Applicant Contact**

Name	Derrick Watson
Organization	Hopkinsville Water Environment Authority
Email	dwatson@hwea-ky.com
Phone	270-887-4237
Address	PO Box 628 Hopkinsville, KY 42241

### **Project Administrator**

Name	Travis Barnett
Organization	Hopkinsville Water Environment Authority
Email	tbarnett@hwea-ky.com
Phone	270-887-4242
Address	PO Box 628 Hopkinsville, KY 42241

### **Consulting Engineer**

PE Name	J. Gregory Davenport
Firm Name	JR Wauford & Company
Phone	615-883-3243
Address	2835 Lebanon Pike Nashville, TN 37214

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

CITY OF HOPKINSVILLE  
FINANCIAL SUMMARY (JUNE YEAR END)

	Audited 2022	Audited 2023	Audited 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
<b>Balance Sheet</b>									
<b>Assets</b>									
Current Assets	8,040,268	8,422,687	7,678,855	7,911,807	7,994,764	8,491,676	8,901,626	9,302,729	10,924,453
Other Assets	132,108,093	137,765,461	146,748,348	193,934,822	187,511,725	182,850,045	178,976,915	181,868,399	175,155,471
Total	140,148,361	146,188,148	154,427,203	201,846,629	195,506,489	191,341,721	187,878,541	191,171,128	186,079,924
<b>Liabilities &amp; Equity</b>									
Current Liabilities	6,271,263	7,045,634	7,451,107	7,523,846	5,438,848	5,503,573	5,212,628	5,123,335	5,145,035
Long Term Liabilities	85,880,243	89,864,540	93,295,632	140,793,866	137,772,332	134,706,573	132,535,105	132,635,547	129,992,226
Total Liabilities	92,151,506	96,910,174	100,746,739	148,317,712	143,211,180	140,210,146	137,747,733	137,758,882	135,137,261
Net Assets	47,996,855	49,277,974	53,680,464	53,528,917	52,295,309	51,131,575	50,130,808	53,412,246	50,942,663
<b>Cash Flow</b>									
Revenues	20,667,152	22,044,103	22,401,164	22,401,164	23,154,609	23,578,422	23,578,422	23,578,422	23,578,422
Operating Expenses	12,981,959	14,239,467	14,961,494	15,534,524	15,839,738	16,151,057	16,468,602	16,812,498	17,142,872
Other Income	133,020	429,927	497,599	497,599	497,599	497,599	497,599	497,599	497,599
Cash Flow Before Debt Service	7,818,213	8,234,563	7,937,269	7,364,239	7,812,470	7,924,964	7,607,419	7,263,523	6,933,149
<b>Debt Service</b>									
Existing Debt Service	6,056,476	6,128,759	6,164,453	6,199,351	7,700,181	5,610,904	5,557,671	5,204,590	5,204,590
Proposed KIA Loan	0	0	0	0	0	0	0	53,418	106,835
Total Debt Service	6,056,476	6,128,759	6,164,453	6,199,351	7,700,181	5,610,904	5,557,671	5,258,008	5,311,425
Cash Flow After Debt Service	1,761,737	2,105,804	1,772,816	1,164,888	112,289	2,314,060	2,049,748	2,005,515	1,621,724
<b>Ratios</b>									
Current Ratio	1.3	1.2	1.0	1.1	1.5	1.5	1.7	1.8	2.1
Debt to Equity	1.9	2.0	1.9	2.8	2.7	2.7	2.7	2.6	2.7
Days Sales in Accounts Receivable	23.3	25.9	29.3	29.3	29.3	29.3	29.3	29.3	29.3
Months Operating Expenses in Unrestricted Cash	5.8	4.9	4.1	4.3	4.2	4.5	4.7	4.9	6.0
Debt Coverage Ratio	1.3	1.3	1.3	1.2	1.0	1.4	1.4	1.4	1.3

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>2024 RS LINE ITEM</b> <b>HB1 2024 RS LINE ITEM - STATE</b>		Reviewer CPBOC Date KIA Grant Number WRIS Number		Jeremy Skinner March 27, 2025 24KGS137 SX21215007																																														
GRANTEE		SPENCER COUNTY FISCAL COURT SPENCER COUNTY																																																
<b>BRIEF DESCRIPTION</b>  The Spencer County Sanitation District is seeking to develop a public sanitary sewer collection and treatment system to provide service to unincorporated areas of Spencer County, including the planned expansion of the school system and areas of residential, commercial, and/or industrial growth in Spencer County beyond the City of Taylorsville's existing customer base. SCSD has completed a preliminary feasibility study and this project includes a Facility Plan and the purchase Top Flight Landings WWTP and customer base. Following the Facility Plan, the project will include the design and construction of a new or expanded WWTP near Top Flight, as well as a new pump station, force main, and gravity interceptor system in Spencer County, KY to convey sewer flow to the new SCSD WWTP.																																																		
<b>PROJECT FINANCING</b> 2024 HB1 Line Item - Sewer Grant - 24KGS137 Other  <div style="text-align: right;">             \$10,050,000              2,143,000               -              -              -  <b>TOTAL</b> </div>		<b>PROJECT BUDGET</b> <div style="float: right;">RD Fee %    Actual %</div> <div style="clear: both;"></div> <table border="0" style="width: 100%;"> <tr> <td>Administrative Expenses</td> <td></td> <td></td> <td></td> <td>\$50,000</td> </tr> <tr> <td>Legal Expenses</td> <td></td> <td></td> <td></td> <td>20,000</td> </tr> <tr> <td>Land, Easements</td> <td></td> <td></td> <td></td> <td>500,000</td> </tr> <tr> <td>Planning</td> <td></td> <td></td> <td></td> <td>175,000</td> </tr> <tr> <td>Eng - Design / Const</td> <td>6.4%</td> <td>5.8%</td> <td></td> <td>608,000</td> </tr> <tr> <td>Eng - Insp</td> <td>3.0%</td> <td>3.7%</td> <td></td> <td>390,000</td> </tr> <tr> <td>Construction</td> <td></td> <td></td> <td></td> <td>9,500,000</td> </tr> <tr> <td>Contingency</td> <td></td> <td></td> <td></td> <td>950,000</td> </tr> <tr> <td><b>TOTAL</b></td> <td></td> <td></td> <td></td> <td><b>\$12,193,000</b></td> </tr> </table>				Administrative Expenses				\$50,000	Legal Expenses				20,000	Land, Easements				500,000	Planning				175,000	Eng - Design / Const	6.4%	5.8%		608,000	Eng - Insp	3.0%	3.7%		390,000	Construction				9,500,000	Contingency				950,000	<b>TOTAL</b>				<b>\$12,193,000</b>
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PROFESSIONAL SERVICES	Engineer	Haworth-Meyer-Boleyn Professional Engineers, LLC																																																
PROJECT SCHEDULE	Bid Opening	December 1, 2027																																																
	Construction Start	March 1, 2028																																																
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RESIDENTIAL RATES		Current	Users	Avg. Bill																																														
			N/A	\$ -	(for 4,000 gallons)																																													
REGIONAL COORDINATION		This project is consistent with regional planning recommendations.																																																
Allocation Source	Appropriation Amount	Project Amount																																																
HB 1 - 2024 RS Line Item	10,050,000	\$ 10,050,000.00																																																
	Total	\$ 10,050,000.00																																																
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<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>2024 RS LINE ITEM</b> <b>HB1 2024 RS LINE ITEM - STATE</b>		Reviewer CPBOC Date KIA Grant Number WRIS Number		Jeremy Skinner March 27, 2025 24KGS228 SX21235007																																														
GRANTEE		CITY OF WILLIAMSBURG WHITLEY COUNTY																																																
<b>BRIEF DESCRIPTION</b> This project consists of various improvements to the city's wastewater treatment plant and sewer collection system. Components to be evaluated at the wastewater treatment plant include the following; a new bar screen and control panel at the headworks structure, evaluation of oxidation ditch and clarifiers, new sludge feed pumps, sludge conditioner, and controls at the sludge feed vault, a new polymer feed system and controls for the belt filter press, repairs to the belt filter press, new sewage samplers, upgrades to the UV disinfection equipment, and other miscellaneous components. The improvements to the sewer collection system include addressing needs at various sewer pump stations to improve operational reliability and eliminate routine reported overflows. The project will include rehabilitation of deteriorated manholes identified in the collection system. Upon completion of improvements to existing wastewater treatment plant and collection system, city will look at new gravity sewer service near the Kentucky Splash Water Park.																																																		
<b>PROJECT FINANCING</b> 2024 HB1 Line Item - Sewer Grant - 24KGS228 22HB001 CW Grant Local      TOTAL		<table border="1"> <thead> <tr> <th colspan="2">PROJECT BUDGET</th> <th>RD Fee %</th> <th>Actual %</th> <th></th> </tr> </thead> <tbody> <tr> <td>Administrative Expenses</td> <td></td> <td></td> <td></td> <td>\$8,500</td> </tr> <tr> <td>Legal Expenses</td> <td></td> <td></td> <td></td> <td>6,000</td> </tr> <tr> <td>Eng - Design / Const</td> <td></td> <td>7.5%</td> <td>6.9%</td> <td>156,750</td> </tr> <tr> <td>Eng - Insp</td> <td></td> <td>4.4%</td> <td>4.2%</td> <td>93,900</td> </tr> <tr> <td>Eng - Other</td> <td></td> <td></td> <td></td> <td>35,000</td> </tr> <tr> <td>Construction</td> <td></td> <td></td> <td></td> <td>2,055,000</td> </tr> <tr> <td>Contingency</td> <td></td> <td></td> <td></td> <td>206,600</td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> <td>\$2,561,750</td> </tr> </tbody> </table>				PROJECT BUDGET		RD Fee %	Actual %		Administrative Expenses				\$8,500	Legal Expenses				6,000	Eng - Design / Const		7.5%	6.9%	156,750	Eng - Insp		4.4%	4.2%	93,900	Eng - Other				35,000	Construction				2,055,000	Contingency				206,600	TOTAL				\$2,561,750
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PROFESSIONAL SERVICES	Engineer	Summit																																																
PROJECT SCHEDULE	Bid Opening	TBD																																																
	Construction Start	TBD																																																
	Construction Stop	TBD																																																
RESIDENTIAL RATES	Current	Users 1,575	\$	Avg. Bill 22.56	(for 4,000 gallons)																																													
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.																																																	
Allocation Source	Appropriation Amount	Project Amount																																																
HB 1 - 2024 RS Line Item	3,000,000	\$ 2,000,000.00																																																
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<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>DRINKING WATER AND WASTEWATER GRANT PROGRAM</b> <b>HB1 2024 RS LINE ITEM - STATE</b>		Reviewer CPBOC Date KIA Grant Number WRIS Number		Jeremy Skinner March 27, 2025 24KGW110 WX21061014																																																			
GRANTEE		EDMONSON COUNTY WATER DISTRICT EDMONSON COUNTY																																																					
<b>BRIEF DESCRIPTION</b> Construction of a new 4.0 MGD Water Treatment Plant to replace the existing Brownsville and Wax WTP's. Included with the new WTP is the construction of a new raw water intake on Nolin Lake, raw water main to the plant, approximately 27 miles of water transmission main, and other associated improvements to the distribution network. The proposed WTP will be expandable and the high service pumps and pumping stations will be equipped with variable frequency drives for energy efficient start-stop. Security measures, such as property fencing, video surveillance, and cyber security will be incorporated into the design process. In order to treat PFAS in the sources waters, the new WTP will be equipped with a Granular Activated Carbon system (GAC).																																																							
<b>PROJECT FINANCING</b> 2024 HB1 Line Item - Water Grant - 24KGW110 Other Anticipated Funding         TOTAL		<table border="1"> <thead> <tr> <th colspan="2">PROJECT BUDGET</th> <th>RD Fee %</th> <th>Actual %</th> <th></th> </tr> </thead> <tbody> <tr> <td></td> <td>Administrative Expenses</td> <td></td> <td></td> <td>\$130,000</td> </tr> <tr> <td></td> <td>Legal Expenses</td> <td></td> <td></td> <td>\$145,000</td> </tr> <tr> <td></td> <td>Land, Easements</td> <td></td> <td></td> <td>\$1,000,000</td> </tr> <tr> <td></td> <td>Planning</td> <td></td> <td></td> <td>155,000</td> </tr> <tr> <td></td> <td>Eng - Design/Const</td> <td>6.4%</td> <td>5.8%</td> <td>4,401,000</td> </tr> <tr> <td></td> <td>Eng - Insp</td> <td>3.0%</td> <td>3.7%</td> <td>2,802,000</td> </tr> <tr> <td></td> <td>Construction</td> <td></td> <td></td> <td>68,850,000</td> </tr> <tr> <td></td> <td>Contingency</td> <td></td> <td></td> <td>6,517,000</td> </tr> <tr> <td></td> <td>TOTAL</td> <td></td> <td></td> <td>\$84,000,000</td> </tr> </tbody> </table>				PROJECT BUDGET		RD Fee %	Actual %			Administrative Expenses			\$130,000		Legal Expenses			\$145,000		Land, Easements			\$1,000,000		Planning			155,000		Eng - Design/Const	6.4%	5.8%	4,401,000		Eng - Insp	3.0%	3.7%	2,802,000		Construction			68,850,000		Contingency			6,517,000		TOTAL			\$84,000,000
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PROFESSIONAL SERVICES		Engineer	Haworth-Meyer-Boleyn Professional Engineers, LLC																																																				
PROJECT SCHEDULE		Bid Opening	June 1, 2028																																																				
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RESIDENTIAL RATES		Current	<u>Users</u> 11,281	\$	<u>Avg. Bill</u> 32.70 (for 4,000 gallons)																																																		
REGIONAL COORDINATION		This project is consistent with regional planning recommendations.																																																					
Allocation Source	Appropriation Amount	Project Amount																																																					
HB 1 - 2024 RS Line Item	3,500,000	\$	3,500,000.00																																																				
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<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>DRINKING WATER AND WASTEWATER GRANT PROGRAM</b> <b>HB1 2024 RS LINE ITEM - STATE</b>		Reviewer CPBOC Date KIA Grant Number WRIS Number		Jeremy Skinner March 27, 2025 24KGW122 WX21197026	
GRANTEE		CITY OF STANTON POWELL COUNTY			
BRIEF DESCRIPTION This project will repair two leaking ground water storage tanks, replace non-functioning fire hydrants in the distribution network and replace failing water meters with radio read meters.					
PROJECT FINANCING		PROJECT BUDGET		RD Fee %	Actual %
2024 HB1 Line Item - Water Grant -					
24KGW122		\$2,000,000	Administrative Expenses		\$50,000
Other		\$50,000	Legal Expenses		\$5,000
			Land, Easements		\$5,000
			Eng - Design/Const	8.0%	8.0% 139,000
			Eng - Insp	4.9%	4.9% 85,000
			Eng - Other		35,000
		-	Construction		1,570,000
		-	Contingency		161,000
TOTAL		\$2,050,000	TOTAL		\$2,050,000
PROFESSIONAL SERVICES	Engineer	Nesbitt Engineering, Inc.			
PROJECT SCHEDULE	Bid Opening	TBD			
	Construction Start	TBD			
	Construction Stop	TBD			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>		
	Current	309	\$	33.02	(for 4,000 gallons)
REGIONAL COORDINATION		This project is consistent with regional planning recommendations.			
Allocation Source	Appropriation Amount	Project Amount			
HB 1 - 2024 RS Line Item	2,000,000	\$ 2,000,000.00			
	Total	\$ 2,000,000.00			
Notes:					

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>DRINKING WATER AND WASTEWATER GRANT PROGRAM</b> <b>HB1 2024 RS LINE ITEM - STATE</b>		Reviewer CPBOC Date KIA Grant Number WRIS Number		Jeremy Skinner March 27, 2025 24KGW128 WX21235008	
GRANTEE		CITY OF WILLIAMSBURG WHITLEY COUNTY			
BRIEF DESCRIPTION  Project will include replacement of the oldest water lines in the City's System. In general, this would be in the downtown area of Williamsburg. Starting from the WTP and working towards downtown, across the Cumberland River and up to the Highland Park Tanks. This would also include areas most likely to contain services eligible for lead service line replacement. This project includes the evaluation of Williamsburg's current storage systems (Mt. Morgan and Highland Tanks) and will address rehabilitation or replacement of existing water storage tanks based growth of distribution system. This project includes filter console and valve replacement at the WTP with SCADA and Instrumentation upgrades to improve operational efficiency.					
PROJECT FINANCING		PROJECT BUDGET			
2024 HB1 Line Item - Water Grant - 24KGW128 EDI/CPF Other		RD Fee % Actual %			
	\$1,000,000	Administrative Expenses			\$50,000
	4,000,000	Legal Expenses			10,000
	5,000,000	Land, Easements			50,000
		Planning			45,000
		Eng - Design / Const	6.4%	5.9%	527,000
		Eng - Insp	3.0%	2.8%	254,500
	-	Eng - Other			60,000
	-	Construction			8,184,000
	-	Contingency			819,500
TOTAL	\$10,000,000	TOTAL			\$10,000,000
PROFESSIONAL SERVICES	Engineer	Summit			
PROJECT SCHEDULE	Bid Opening	TBD			
	Construction Start	TBD			
	Construction Stop	TBD			
RESIDENTIAL RATES	Current	Users		Avg. Bill	
		1,881	\$	21.36	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.				
Allocation Source	Appropriation Amount	Project Amount			
HB 1 - 2024 RS Line Item	3,000,000	\$ 1,000,000.00			
	Total	\$ 1,000,000.00			
Notes:					