

Appendix K-1

COMMONWEALTH ENVIRONMENTAL PROJECT LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

This Appendix contains a description of a proposed Commonwealth Environmental Project (“State Project”) to be funded by the Lexington-Fayette Urban County Government (“LFUCG”) as part of the Consent Decree resolving alleged violations of the Federal Water Pollution Control Act, also known as the Clean Water Act. LFUCG will dedicate a minimum of \$1,300,000 to this State Project.

Through this State Project, LFUCG will design and construct a sanitary pumping station and force main for the express purpose of eliminating the Blue Sky Wastewater Treatment Plant (WWTP). Elimination of the Blue Sky WWTP would allow the Kentucky Environmental and Public Protection Cabinet (EPPC) to eliminate a point source discharge on an impaired unnamed tributary of Baughman Fork and ultimately terminate the KPDES discharge permit associated with this facility.

The Blue Sky WWTP is currently operated by LFUCG as Receiver pursuant to the terms of a Franklin Circuit Court Order dated November 15, 2004. LFUCG was appointed and approved as Receiver to “operate the current WWTP and system in its current condition” after the owner and permittee filed for bankruptcy protection in the United States Bankruptcy Court for the Eastern District of Kentucky in case No. 03-52759. Under the November 15, 2004 Franklin Circuit Court Receivership Order, LFUCG is operating the Blue Sky WWTP and collection system “as a representative of the Court.” LFUCG may, in its sole and absolute discretion, terminate its appointment as Receivership under the terms of the Order at any time upon sixty (60) days written notice filed with the Court.

State Project Purpose

This State Project will involve design, right of way acquisition and construction of a sanitary pump station and force main that will eliminate the point source discharge associated with the existing Blue Sky WWTP KPDES permit. Construction of the sanitary pump station and force main would facilitate the conveyance of sewage generated within the Blue Sky Rural Activity Center (RAC) to LFUCG owned collection and conveyance facilities located within the Urban Service Area, with the wastewater ultimately being treated at LFUCG’s West Hickman WWTP. The project is not intended to preempt local planning and zoning procedures or decision-making with respect to future development or provisions for providing urban services other than the elimination of Blue Sky WWTP and acquisition of required components of the conveyance system serving the Blue Sky WWTP.

The primary benefit of this project is the elimination of a point source discharge on an impaired, unnamed tributary of Baughman Fork. This unnamed tributary is identified on the Clean Water Act Section 303(d) listing as impaired for nutrients, and the existing

WWTP had a history, prior to the Receivership, of frequent permit exceedances of ammonia-nitrogen limitations. In addition, the WWTP currently does not have a total phosphorus discharge limit and phosphorous concentrations in effluent discharged from the plant are substantially elevated. The project will have the following benefits:

- Elimination of the “primary” source of impairment to the current receiving stream;
- Accommodation of eventual elimination of the Boonesboro Manor Package Treatment Plant;
- Elimination of the need for a “Receiver” to operate the Blue Sky WWTP;
- Improved treatment of the wastewater stream in LFUCG’s West Hickman WWTP; and
- Improved control over industrial and other sources that currently discharge to the Blue Sky WWTP.

SEP Project Scope

LFUCG will select a qualified professional engineering firm to develop the construction drawings, specifications and bidding documents for the construction of the sewage pumping station and force main. Upon receipt of qualified bids, LFUCG will award a construction contract to complete the sewage pumping station and force main as shown on the construction drawings. LFUCG will also proceed with right-of-way acquisitions. The pump station and force station will be designed using sound engineering judgment.

SEP Project Costs

LFUCG shall spend at least \$1,300,000 for the implementation of this SEP. The monies designated for this project may include the costs of the design and construction of the sewage pumping station and force main, easement / right-of-way acquisitions, and decommissioning and demolition of the existing Blue Sky WWTP. Programmatic and administrative costs incurred by LFUCG will not be counted against the \$1,300,000 devoted to this project.

SEP Project Schedule

The duration of this SEP will be four (4) years from the date of entry of the Consent Decree.