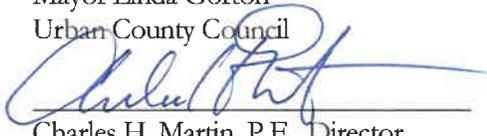




TO: Mayor Linda Gorton
Urban County Council

FROM: 
Charles H. Martin, P.E., Director
Division of Water Quality

DATE: September 15, 2021

SUBJECT: Sanitary and Storm Sewer Infrastructure Agreement
Lexington Housing Authority
Bluegrass-Aspendale Phases 2 and 3

Request

The purpose of this memorandum is to recommend approval of an agreement between the Lexington Housing Authority and LFUCG to mitigate sanitary / storm sewer construction punch list obligations associated with Bluegrass-Aspendale Phases 2 and 3. Approval of this agreement authorizes the Housing Authority to pay Lexington the amount of \$399,000 in exchange for Lexington's acceptance of sanitary / storm infrastructure in its present condition, with an accompanying full release of outstanding letters of credit.

Purpose of Request

Punch list obligations associated with the construction of Bluegrass-Aspendale Phases 2 and 3 have been in effect since the 2008-2011 timeframe. Since that time, the area has fully redeveloped with new homes being serviced by the constructed infrastructure. In February 2021, the Housing Authority and Division of Water Quality engaged in several discussions regarding how to satisfy the outstanding punch list obligations. After several months, it was mutually agreed that since the existing system is operating at a level consistent with standards elsewhere in the system, excavation of the Bluegrass-Aspendale system at this time is not in the best interests of the impacted customers. In order to provide for completion of the remaining infrastructure work, both parties mutually agreed that a cash payment to LFUCG to offset future infrastructure life cycle costs was in the best interest of rate payers.

Project Cost in FY22 and in Future Budget Years

Revenue generating agreement.

Are Funds Budgeted - NA

Martin/Albright

