



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street, SE
Charleston, WV 25304
Phone: 304-926-0495 / Fax: 304-926-0463

Harold D. Ward, Cabinet Secretary
dep.wv.gov

MEMORANDUM

To: Marie Prezioso, Chair
Funding Committee
Infrastructure and Jobs Development Council

From: Katheryn Emery, P. E.
Sewer Technical Review Committee

Date: February 15, 2023

Subject: Huntington Sanitary Board
Preliminary Application: IJDC No. 2022S-2303
13th Street West Pump Station Upgrade Project

1. This committee has reviewed the preliminary application and engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15A. It has been determined that the proposed project is:
 - a. Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective, environmentally sound alternative for solving the wastewater needs in this area.
 - b. Not consistent with the Act and may not be the most cost effective, environmentally sound alternative for solving the wastewater needs in this area.
 - c. Same as (a) above except that certain issues need to be addressed prior to design and construction as the attached comments indicate.
2. Our recommendation is that:
 - a. The Funding Committee needs to review the proposed sources of funding to determine the best mix of grant and/or loan funds in accordance with applicable guidelines.
 - b. The Funding Committee should recommend that the Council approve the proposed project and its funding plan.

- c. ___ The Funding Committee does not need to review the funding assumptions on this project because of deficiencies in the engineering report. The proposed project funding should be tabled until technical comments have been resolved.
- d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

The proposed project will replace the existing equipment at the 4th Street Pump Station (pumps, controls, piping, etc.) with similar equipment and utilize the existing structure and piping into the 4th Street Pump Station.

The proposed total project cost is \$15,500,000, and the proposed funding scenario includes a CWSRF Principal Forgiveness Loan of \$2,000,000, a CWSRF 40-year loan at 0.5% interest of \$11,000,000, CWSRF Green Projects Reserve funds of \$500,000, an IJDC District 1 Grant of \$1,000,000, and a WDA Economic Enhancement Grant of \$1,000,000.

Attachments: Technical Comments

Engineering Fees:

Estimated construction cost =	\$ 13,455,000.00
Consultant's design fee =	\$ 825,000.00
Consultant's total fee =	\$ 1,705,000.00
Design fee percentage =	4.1 %
Design fee per ASCE curve =	6.4 %
Total fee percentage =	12.7 %
Total fee per ASCE curve =	16.4 %

Preliminary Project Ratings:

1. Public Health Benefits	10
3. Compliance with Standards	20
5. O & M Capabilities	3
6. Readiness to Proceed	0
8. Cost Effectiveness	0
10. Compliance with PSC Orders	0



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

**Bureau for Public Health
Office of Environmental Health Service**

Jeffrey H. Coben, MD
Interim Cabinet Secretary

Matthew Q. Christiansen, MD, MPH
Commissioner & State Health Officer

MEMORANDUM

TO: Jason Billups, P.E.
DEP/Infrastructure Sewer Technical Review Committee

FROM: William S. Herold, Jr., P.E., Assistant Manager
I/CD/Environmental Engineering Division

DATE: February 13, 2023

SUBJECT: Huntington Sanitary Board
Preliminary Application **Project No.: 2022S-2303**
4th Street Sanitary Pump Station
Cabell County

RECOMMENDATION:

We have reviewed this preliminary application and recommend it be forwarded to the Funding Committee for review.

PROJECT SCOPE:

This preliminary application is to renovate and upgrade the 4th Street Sanitary Pump Station. Major work will consist of the removal and replacement of the existing pumps, electrical service, grating, pump supports, hatches above the pumps, crane, and piping.

The cost per customer is **\$745**. Total estimated project cost is **\$15,500,000** (CWSRF Loan: **\$11,000,000@ 0.50% for 40 years**; CWSRF Principal Forgiveness: **\$2,000,000**; CWSRF Green Funding Forgiveness Loan: **\$500,000**; IJDC Grant: **\$1,000,000**; and WDA Economic Enhancement Grant Fund: **\$1,000,000**).

NEED FOR PROJECT:

The Preliminary Engineering Report indicates the City of Huntington's existing 4th Street Sanitary Pump Station was constructed in 1956 and has not had a major equipment replaced or updated since installation. Many of the replacement parts are not readily available due to the age and make of the pumps. The existing piping is covered in asbestos insulation, the concrete pump supports are worn and could use rehabilitation.

CONCERNS:

None.

PERMITS:

A permit **will not be** required from the WV Bureau for Public Health, since CWSRF funds are proposed.



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

TO: Katheryn Emery, P.E., Director, DWWM

FROM: Dominique Madison, E.I., Engineer, DWWM

DATE: February 10, 2023

SUBJECT: Huntington Sanitary Board
Preliminary Application: IJDC No. 2022S-2303
4th Avenue Pump Station Upgrade Project

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report (PER), prepared by Potesta & Associates, Inc., for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Huntington Sanitary Board (HSB) serves approximately 20,836 customers in the City of Huntington and the surrounding area, including customers served by the Towns of Ceredo and Kenova, and the Northern Wayne, Spring Valley, and Pea Ridge Public Service Districts (PSDs). HSB operates a combined sewer system that conveys sewage to an activated sludge wastewater treatment plant (WWTP) rated for an average daily flow (ADF) of 17.0-million gallons per day (MGD). The combined sewer system contains 22 permitted combined sewer outfalls (CSOs) and is tied into the floodwall's pumping system as well.

The proposed project will consist of removing and replacing the existing pumps, electrical service, grating, pump supports, hatches above the pumps, crane, and piping. New concrete supports will be constructed for the new pumps and the interior of pump station will be cleaned and a sealant will be applied to the walls to fill in any spalling, cracks or deterioration that may have occurred during the lifetime of the pump station. The station piping will be removed and the asbestos insulation on the piping will be removed and disposed of along with the attached piping. The chamber/wet well will be cleaned and have a new layer of concrete applied when the pipes and piping have been removed. A ladder and platform that allows access to the pump on the side of the force main opposite of the stairs is proposed. Structures to access the existing

Promoting a healthy environment.

system for bypass pumping will be constructed and structures for grit removal will be added to reduce the maintenance of the pumps to also be incorporated into the bypass structures.

The proposed total project cost is \$15,500,000, and the proposed funding scenario includes a CWSRF Principal Forgiveness Loan of \$2,000,000, a CWSRF 40-year loan at 0.5% interest of \$11,000,000, CWSRF Green Projects Reserve funds of \$500,000, an IJDC District 1 Grant of \$1,000,000, and a WDA Economic Enhancement Grant of \$1,000,000. The current monthly rate for 3,400 gallons is \$28.29, but rates will be increased to \$65.15 as part of IJDC Project Nos. 2022S-2244 and 2022S-2245.

NEED FOR PROJECT

The 4th Street Pump Station was constructed in 1956 and has not had major equipment replaced or updated since installation (with the exception of the controls and a new Supervisory Control and Data Acquisition (SCADA) system). Currently the HSB is utilizing two of the four installed pumps due to restrictions at the WWTP, and replacement parts are not readily available due to the age and make of the pumps. The existing piping is covered in asbestos insulation, the concrete pump supports are worn and could use rehabilitation. During dry flow events, the weir directs flow to the 4th Street Pump Station, and during storm events, the flow beyond the pump station's capacity overflows the weir and is discharged into the Ohio River creating a CSO event. This project will increase the capacity of the pump station allowing the weir to be raised and reduce the number and frequency of CSO events. This project will help comply with Order 8753 which was issued on October 29,2021.

DEFICIENCIES/COMMENTS

- More information will be necessary in the facilities plan to determine the project's GPR eligibility and funding amount.
- Construction Contingency needs to be reduced to 15%.
- It was unclear during the review whether the ARPA funds from the City have been committed.
- No mention of NOV's or Orders in this PER.
- Right of ways were mentioned in the PER. Unknown as to how many will be required for this project.
- Show the cost estimate of the second alternative.
- A public meeting must be held to discuss the project, costs, and associated customer rates.
- The Applicant will need to file an application for the WDA Economic Enhancement Grant following this submittal.
- The PER will need to be developed into the facilities plan that meets CWSRF requirements.

Engineering Fees:

Estimated construction cost =	\$ 13,455,000.00
Consultant's design fee =	\$ 825,000.00
Consultant's total fee =	\$ 1,705,000.00
Design fee percentage =	4.1 %
Design fee per ASCE curve =	6.4 %
Total fee percentage =	12.7 %
Total fee per ASCE curve =	16.4 %

Preliminary Project Ratings:

Public Health Benefits	10
Compliance with Standards	15

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
Fax: (304) 340-0325

February 2, 2023

Ms. Kathy Emery, P. E.
Office of Water Resources
Department of Environmental Protection
601 57th St.
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments
Application No. 2022S-2303
Huntington Sanitary Board
Infrastructure Preliminary Application

Dear Ms. Emery:

As requested, the Technical Staff of the Public Service Commission of West Virginia has completed its review of the above-referenced Infrastructure application. In light of the District's current financial condition, we are recommending the application be:

- forwarded to the Funding Committee
 forwarded to the Consolidation Committee
 return to the Applicant

Please advise if you have any questions.

Sincerely,

A handwritten signature in red ink, appearing to read "Jonathan M. Fowler".

Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: February 2, 2023

PROJECT SPONSOR: HUNTINGTON SANITARY BOARD

PROJECT SUMMARY: This Project will renovate and upgrade the 4th Street Pump Station which was constructed in the mid 1950's and serves over half of the City of Huntington.

PROPOSED FUNDING:

WDA Economic Enhancement Grant	\$ 1,000,000
CWSRF Loan .25%, .25% AF, 40 yrs	11,000,000
CWSRF Green Funding Grant	500,000
CWSRF Principal Forgiveness	2,000,000
IJDC Grant	<u>1,000,000</u>
Total	\$ 15,500,000

CURRENT RATES: \$28.29 3,400 gallons
\$31.50 4,000 gallons

PROPOSED RATES: \$65.15 3,400 gallons
\$72.50 4,000 gallons

Application No. 2022S-2303

RECOMMENDATION: forward to the Funding Committee.
 forward to the Consolidation Committee.
 return to the Applicant.

FINANCIAL: William Nelson

1. Current rates (\$28.29 for 3,400 gallons) are below the rates attributable to 1.25% (\$34.39), 1.5% (\$41.27), 1.75% (\$48.14), and 2.0% (\$55.02) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$7,333,052, \$15,604,157, \$23,875,263, and \$32,146,368 respectively.
2. Using Scenario 1, the preferred funding package consisting of a WDA Economic Enhancement Grant of \$1,000,000, a CWSRF Loan of \$11,000,000 at .25%, .25% Admin. Fee, for 40 years (paid back over 38 years), a CWSRF Green Funding Grant of \$500,000, a CWSRF Principal

Forgiveness of \$2,000,000, and an IJDC Grant of \$1,000,000, proposed rates (\$65.15 for 3,400 gallons) will provide a cash flow surplus of \$3,578,623 and debt service coverage of 196.95%.

3. Using the Scenario 2 alternate loan package of \$15,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$67.79 for 3,400 gallons) will provide a cash flow surplus of \$2,795,111 and debt service coverage of 172.17%.

4. NOTES TO COMMENTS

- A. It should be noted that the project sponsor is pursuing four separate projects (2022S-2302, 2022S-2303, 2022S-2304, and 2022S-2305). This project is referred to as 4th Street Pump Station. NOTE: The City is proposing an increase in rates (\$65.15 for 3,400 gallons) for all four projects. The review of this project includes adjustments associated with 4th Street Pump Station, but also incorporates adjustments reflected in 2022S-2302.
- B. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package) and Attachment B for Scenario 2 (Loan Package).
- C. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2022, and the applicant's Rule 42 Exhibit submitted with the application.
- D. On December 12, 2022, the City adopted a 4 phase rate increase. Phase 1, effective February 1, 2023, rates will increase to \$37.00 (3,400 gallons). Phase 2, effective January 1, 2024, rates will increase to \$43.00 (3,400 gallons). Phase 3, effective January 1, 2025, rates will increase to \$51.45 (3,400 gallons). Phase 4, effective January 1, 2026, rates will increase to \$65.15 (3,400 gallons).
- E. Senate Bill 234, effective June 12, 2015, required water and sewer utilities that are political subdivisions of the state to maintain a cash working capital reserve in an amount of no less than one-eighth (1/8) of actual annual operation and maintenance expenses. It should be noted that the cash flows provided by the project sponsor include funding for the 1/8 cash working capital reserve. Staff accepted that amount in its analyses. However, this amount may be reviewed by the Commission in

future filings in accordance with Public Service Commission General Order 183.11.

- F. The City of Huntington should carefully evaluate its revenue requirements before passing a rate ordinance in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Staff notes that the City is a political subdivision of the state and it has at least 4,500 customers and annual gross revenues of \$3 million or more. Therefore, in accordance with Senate Bill 234, effective June 12, 2015, the Commission has no jurisdiction regarding the City's rates pursuant to WV Code 24-2-4b. However, the Commission does have jurisdiction pursuant to WV Code 24-2-1 (b)(6) for the investigation and resolution of disputes involving political subdivisions of the state regarding inter-utility agreements, rates, fees and charges, service areas and contested utility combinations.

ENGINEERING: Jim Spurlock

1. This project will not require a Certificate of Convenience and Necessity from the PSC (see financial comment above).
2. Scope: The Huntington Sanitary Board proposes to renovate and upgrade its 4th Street Pumping Station with new equipment, controls, piping, etc. The station was constructed in 1956 and contains mostly original equipment. This large station accepts flows from the combined system's diversion chambers and provides a hydraulic lift to the interceptor sewer line. Construction will also include bypass pumping, grit removal, and a control building rebuild.

Customer Density: N/A

Cost per Customer: \$745 (taken from the total project cost estimate of \$15,500,000 spread over 20,815 existing customers).

3. Project Feasibility: The project is technically feasible. The cost per customer is reasonable. The project will provide needed renovations and modernization to an aged pumping station, increase the flow to the wastewater treatment plant, and reduce combined sewage overflows.

4. Project Alternatives: The proposed renovations were determined to be less expensive and more feasible than building a new pump station.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: None were noted.
7. Operation and Maintenance (O & M) Expenses: The PER does not quantify anticipated O & M expenses, but explains that the new pumps will have approximately the same energy usage at the old pumps, maintenance costs will be reduced due to the new equipment, and power costs will increase after the planned capacity upgrade of the wastewater treatment plant. The rule 42 exhibit lists no increase except \$13,998 for the loan's administrative fee.
8. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$1,705,000 which is equal to 12.67% of the construction cost of \$13,455,000 (including contingency).

Preliminary Project Ranking		
O & M Capabilities		
Performance Measures:	1	<i>Pt.</i>
Asset Management:	1	<i>Pt.</i>
Environmental Management:	1	<i>Pt.</i>
Readiness to Proceed:	0	<i>Pt.</i>
Cost Effectiveness:	0	<i>Pt.</i>
Compliance with PSC Orders:	0	<i>Pt.</i>

HUNTINGTON SANITARY BOARD
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2022S-2303
 February 2, 2023

**PREFERRED FUNDING PACKAGE
 SCENARIO 1**

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	14,773,535	27,053,287	(1,734,731) (1)	25,318,556
Other Operating Revenue	691,446	691,446	-	691,446
SB 234 Annual Working Cash Collections			1,734,731 (2)	1,734,731
Interest Income & Other Misc.	16,488	16,488	-	16,488
Total Cash Available	15,481,469	27,761,221	-	27,761,221
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	12,744,618	13,877,845	697 (3)	13,878,542
Taxes	491,840	558,788	-	558,788
Total Cash Requirements Before Debt Service	13,236,458	14,436,633	697	14,437,330
Cash Available for Debt Servi (A)	2,245,011	13,324,588	(697)	13,323,891
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	1,537,069	6,764,578	689 (4)	6,765,267
Other Debt	-	-	-	-
Reserve Account @ 10%		594,953	67 (5)	595,020
Renewal & Replacement Fund (2.5%)	387,037	694,031	(43,781) (6)	650,250
Total Debt Service Requirement	1,924,106	8,053,562	(43,026)	8,010,536
SB 234 Cash Working Capital	1,593,077	1,734,731	-	1,734,731
Remaining Cash	(1,272,172)	3,536,295	42,329	3,578,623
Percent Coverage (A) / (B)	146.06%	196.98%		196.95%
Average rate for 3,400 gallons	\$ 28.29	\$ 65.15	\$ -	\$ 65.15
Average rate for 4,000 gallons	\$ 31.50	\$ 72.50	\$ -	\$ 72.50

HUNTINGTON SANITARY BOARD
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2022S-2303

Attachment A
 PREFERRED FUNDING PACKAGE
 SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1)	Operating Revenues		
	Per Staff Analysis	25,318,556	(1,734,731)
	Per Application with Project	27,053,287	
	Adjust revenues in accordance with PSC General Order 183.11.		
(2)	SB 234 Annual Working Cash Collections		
	Per Staff Analysis	1,734,731	1,734,731
	Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.		
(3)	Operating Expenses		
	Per Staff Analysis	13,878,542	697
	Per Application with Project	13,877,845	
	To adjust for .25% administrative fees associated with two (2) \$11,000,000 CWSRF Loans for 38 yrs for Applications 2022S-2302 and 2022S-2303.		
(4)	Principal & Interest		
	Per Staff Analysis	6,765,267	689
	Per Application with Project	6,764,578	
	The difference in P&I is related to Staff's calculation of two (2) CWSRF Loans of \$11,000,000 for 38 years at .25% for Applications 2022S-2302 and 2022S-2303.		
(5)	Reserve Account @ 10%		
	Per Staff Analysis	595,020	67
	Per Application with Project	594,953	
	Staff assumed a 10% reserve on the new debt.		
(6)	Renewal & Replacement Fund (2.5%)		
	Per Staff Analysis	650,250	(43,781)
	Per Application with Project	694,031	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.		

HUNTINGTON SANITARY BOARD
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2022S-2303
 February 2, 2023

**LOAN PACKAGE
 SCENARIO 2**

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	14,773,535	27,891,135	(1,733,286) (1)	26,157,849
Other Operating Revenue	691,446	691,446	-	691,446
SB 234 Annual Working Cash Collections			1,733,286 (2)	1,733,286
Interest Income & Other Misc.	16,488	16,488	-	16,488
Total Cash Available	15,481,469	28,599,069	-	28,599,069
OPERATING DEDUCTIONS				
Operating Expenses	12,744,618	13,866,289	-	13,866,289
Taxes	491,840	558,788	-	558,788
Total Cash Requirements Before Debt Service	13,236,458	14,425,077	-	14,425,077
Cash Available for Debt Servi (A)	2,245,011	14,173,992	-	14,173,992
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	1,537,069	8,182,862	49,747 (3)	8,232,609
Other Debt	-	-	-	-
Reserve Account @ 10%		736,782	4,972 (4)	741,754
Renewal & Replacement Fund (2.5%)	387,037	714,977	(43,745) (5)	671,232
Total Debt Service Requirement	1,924,106	9,634,621	10,974	9,645,595
SB 234 Cash Working Capital	1,593,077	1,733,286	-	1,733,286
Remaining Cash	(1,272,172)	2,806,085	(10,974)	2,795,111
Percent Coverage (A) / (B)	146.06%	173.22%		172.17%
Average rate for 3,400 gallons	\$ 28.29	\$ 67.79	\$ -	\$ 67.79
Average rate for 4,000 gallons	\$ 31.50	\$ 75.48	\$ -	\$ 75.48

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	26,157,849	(1,733,286)
	Per Application with Project	27,891,135	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	1,733,286	1,733,286
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Principal & Interest	Per Staff Analysis	8,232,609	49,747
	Per Application with Project	8,182,862	
The difference in P&I is related to Staff's calculation of a Loan of \$19,500,000 for 40 years (paid back over 38 yrs.) at 5%, and a loan of \$15,500,000 for 40 years (paid back over 38 years) at 5% for Applications 2022S-2302 and 2022S-2303.			
(4) Reserve Account @ 10%	Per Staff Analysis	741,754	4,972
	Per Application with Project	736,782	
Staff assumed a 10% reserve on the new debt.			
(5) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	671,232	(43,745)
	Per Application with Project	714,977	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			