



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: July 21, 2022

Subject: Town of Monongah
Preliminary Application: 2022S-2265
Ph. III – Sewer System Rehabilitation

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 continue the work from the prior two phases of rehabilitating the existing collection system to remove I/I in accordance with their approved Long-Term Control Plan. The Town is under DEP Administrative Order #6692 to address CSO's and this project will help address the order. The total project cost is \$1,000,000 and the proposed funding sources are a \$500,000 CWSRF principal forgiveness loan and a \$500,000 IJDC grant.

Attachments: Technical Comments

Engineering Fees:

Estimated construction cost =	\$ 1,000,000
Consultant's design fee =	\$ 60,000
Design fee percentage =	8.6%
Design fee per ASCE curve =	12.5%
Consultant's total fee =	\$ 172,500
Total fee percentage =	24.6%
Total fee per ASCE curve =	24.6%

Preliminary Project Ratings:

1. Public Health Benefits	10
3. Compliance with Standards	15
5. O & M Capabilities	2
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

Bill J. Crouch
Cabinet Secretary

Ayne Amjad, 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: July 1, 2022

SUBJECT: Town of Monongah
Preliminary Application **Project No.: 2022S-2165**
Phase III Sewage Collection System Improvements
Marion 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 implement the Town of Monongah's LTCP to reduce I&I in the system with the goal of reducing wet weather CSO discharges. Major work will consist of the installation of approximately 1,895 LF of 6" and 1,260 LF of 8" sewer line and eighteen (18) manholes.

The cost per customer is **\$1,647**. Total estimated project cost is **\$1,000,000** (IJDC District 1 Grant: **\$500,000**; and CWSRF Principal Forgiveness: **\$500,000**).

NEED FOR PROJECT:

The Preliminary Engineering Report indicates the Town of Monongah has received a DEP Administrative Order that requires CSO's be reduced or eliminated. Phase II is designed to separate sanitary and storm water systems in the Shaver Street, Bridge Street and Lambert Avenue areas.

CONCERNS:

None.

PERMITS:

A permit **will not be** required from the WV Bureau for Public Health prior to construction.



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MEMORANDUM

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

FROM: Matthew Codispoti, DWWM

DATE: July 14, 2022

SUBJECT: Town of Monongah
Preliminary Application: IJDC No. 2022S-2265
Phase III Sanitary Improvements Project

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Thrasher Engineering Group for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Town of Monongah owns and operates a sewer collection system serving 571 residential, and 36 commercial customers. The flow is transported to the City of Fairmont's Wastewater Treatment Plant (WWTP) for processing.

The proposed inflow and infiltration (I&I) project consists of removing and replacing sewer lines and/or installing new sewer lines that parallel the existing. This will require 1,400 Linear Feet (LF) of six (6) inch PVC, 500 LF of six (6) inch Ductile Iron, 400 LF of eight (8) inch PVC, 900 LF of eight (8) inch Ductile Iron Gravity Sewer Lines, 18 Manholes, and 3,200 LF of various surface repairs. A new Ductile Iron pressure pipe will be used because of the proximity to existing water lines.

The proposed total cost for this project is \$1,000,000 and Monongah intends to pursue funding with a \$500,000 West Virginia Infrastructure and Jobs Development Council (IJDC) Grant, and a \$500,000 Clean Water State Revolving Fund (CWSRF) Principal Forgiveness Loan. As a result of this project the average monthly cost of 3,400 gallons per month is not expected to change.

Promoting a healthy environment.

NEED FOR PROJECT

The Town is currently under Administrative Order Number 6692 from the DEP and a CSO Notice of Violation (NOV) from October of 2018. The Town currently has one (1) CSO that discharges into West Fork River. The current level of I&I in the sanitary sewer system is most likely contributing to unnecessary CSO discharge. This has detrimental effects on the wildlife in the area and could be a danger to public health should the sewage enter any clean water sources.

DEFICIENCIES/COMMENTS

- The PER will need to be developed into a facility plan that meets CWSRF requirements if CWSRF is used.

Engineering Fees:

Estimated construction cost =	\$ 1,000,000.00
Consultant's design fee =	\$ 60,000.00
Consultant's total fee =	\$ 172,500.00
Design fee percentage =	8.57 %
Design fee per ASCE curve =	12.50 %
Total fee percentage =	24.64 %
Total fee per ASCE curve =	24.65 %

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



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-2165
Town of Monongah - Sewer
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

table the application

Please advise if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Jonathan M. Fowler'.

Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: July 11, 2022

PROJECT SPONSOR: TOWN OF MONONGAH - SEWER

PROJECT SUMMARY: The objective of this Phase III-Sanitary Sewer Improvements Project is to continue the implementation of the Town's LTCP to reduce Inflow and Infiltration (I&I) into the system with the ultimate goal of reducing wet weather CSO discharges.

PROPOSED FUNDING: IJDC District 1 Grant	\$ 500,000
CWSRF Principal Forgiveness	<u>500,000</u>
Total	\$1,000,000

CURRENT RATES:	\$50.28	3,400 gallons
	\$58.89	4,000 gallons

PROPOSED RATES:	\$55.79	3,400 gallons
	\$65.34	4,000 gallons

Application No. 2022S-2165

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

FINANCIAL: Nathan Nelson

1. Current rates (\$50.28 for 3,400 gallons) are above the rate attributable to 1.25% (\$38.27) and 1.50% (\$45.92) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$53.58) and 2.0% (\$61.23) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$29,307 and \$97,330 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC District 1 Grant of \$500,000 and CWSRF Principal Forgiveness of \$500,000, proposed rates (\$55.79 for 3,400 gallons) will provide a cash flow surplus of \$11,710 and debt service coverage of 141.38%.

3. Using the Scenario 2 alternate loan package of \$1,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$63.39 for 3,400 gallons) will provide a cash flow surplus of \$4,433 and debt service coverage of 130.20%.

4. Notes to Comments:

- A. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package) and Attachment B for Scenario 2 (Loan Package).
- B. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2021, and the applicant's cash flow submitted with the application.
- C. The Going Level rate of \$55.79 (3,400 gallons) is the approved rate for the Town's sewer system improvement project, project number 2018S-1780. This project received PSC approval in May, 2021 (Case No. 21-0044-S-CN), and the approved rate, which is shown at Going Level, is projected to be in effect prior to the completion of the project under review in this application. There is no planned rate increase for the current project.
- D. Because proposed funding is based on all grant funds and no rate increase is needed for the project, the applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- 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. Senate Bill 234 (2015) required, pursuant to WV Code 24-2-4b (b), that municipally operated utilities shall consider a reasonable plant-in-service depreciation expense for rates and charges. The project sponsor should take this into consideration when preparing its Rule 42. Municipals that do not provide for a reasonable depreciation expense risk delays in Certificate of Convenience and Necessity filings if rates are determined to not be sufficient.
- G. The Town 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. Calculations to support the revenue projections should also be provided.

ENGINEERING: Brandon Crace

1. This project may not require a Certificate of Convenience and Necessity from the PSC. The project sponsor should consult with Commission Staff pursuant to the requirements of General Order No. 246 for such determination. Should a Certificate be required, the sponsor should reference this application number on the PSC's Form No. 4 when its application is filed at the Commission given the requirement of West Virginia Code §24-2-11 (c) and (e) et seq. Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.
2. Scope: The Town of Monongah (Town) is proposing Phase III Sewer Improvements to address the Town's Inflow and Infiltration (I&I), and achieve compliance with the Town's Long-Term Control Plan (LTCP), approved by the West Virginia Department of Environmental Protection (DEP). More specifically, the Town is proposing to remove existing sewer lines and manholes, and construct new sewer lines and install new manholes in the area of Bridge Street, Lambert Avenue, and Shaver Street. This scope estimates approximately 1,400 LF of 6-inch PVC, 500 LF of 6-inch DIP, 400 LF of 8-inch PVC, 900 LF of 8-inch DIP, and 18 manholes. in the areas. The estimated construction cost is \$700,000 (includes 9.85% construction contingency), and the estimated total project cost is \$1,000,000 (includes 3.09% project contingency).

Need: The PER states that the Town received Amendment Number 1 to the Administrative Order Number 6692 from the DEP, in January 2012. The Amendment stated that the DEP had approved the Town's LTCP to ultimately reduce and eliminate wet weather Combined Sewer Overflow (CSO) events. In October 2018, the DEP issued a Notice of Violation (NOV) to the Town. This NOV was issued due to the Town not meeting the compliance schedule outlined in the Administrative Order.

Customer Density: This project is an upgrade/improvement project; therefore, customer density will remain unchanged.

Cost per Customer: Based upon the estimated total project cost of \$700,000, and having approximately 607 customers, the cost per customer will be approximately \$1,153. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. **Project Feasibility:** This project appears to be technically feasible and poses little technical risk.
4. **Project Alternatives:** Two (2) Alternates were proposed (do nothing or improve the system). The PER did not indicate that any other alternates were evaluated. Although a “do nothing” alternative is generally not acceptable for evaluation purposes – in this case, owing to the nature of the work proposed (the in-kind replacement) we take no exception to the proposed scope of work.
5. **Consolidation:** There are no consolidation opportunities presented by this project.
6. **Inconsistencies:** The PER does not clearly identify how existing stormwater flows will be conveyed to a discharge location, if the existing system will remain in place, or if the existing system piping and CSO locations will be removed.
7. **Operation and Maintenance (O&M) Expenses:** Supporting calculations or detailed discussion of changes to O & M expenses were not included in the PER.
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 \$172,500, which is equal to 24.64% of the construction cost of \$700,000 (includes 9.85% construction contingency).

<i>Preliminary Project Ranking</i>		
O & M Capabilities		
Performance Measures:	0	<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>

TOWN OF MONONGAH - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022S-2165
 July 11, 2022

**PREFERRED FUNDING PACKAGE
 SCENARIO 1**

	Cash Flow Going Level Per Application Before Project	Cash flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	406,679	406,679	-	406,679
Other Operating Revenue	10,696	10,696	-	10,696
SB 234 Annual Working Cash Collections	27,175	27,175	-	27,175
Interest Income & Other Misc.	-	-	-	-
Total Cash Available	444,550	444,550	-	444,550
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	225,229	225,229	-	225,229
Taxes	6,884	6,884	-	6,884
Total Cash Requirements Before Debt Service	232,113	232,113	-	232,113
Cash Available for Debt Service (A)	212,437	212,437	-	212,437
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	150,261	150,261	-	150,261
Other Debt	2,980	2,980	-	2,980
Reserve Account @ 10%	9,877	9,877	-	9,877
Renewal & Replacement Fund (2.5%)	17,230	17,230	(6,796) (1)	10,434
Total Debt Service Requirement	180,348	180,348	(6,796)	173,552
SB 234 Cash Working Capital	27,175	27,175	-	27,175
Remaining Cash	4,914	4,914	6,796	11,710
Percent Coverage (A) / (B)	141.38%	141.38%		141.38%
Average rate for 3,400 gallons	\$ 55.79	\$ 55.79	\$ -	\$ 55.79
Average rate for 4,000 gallons	\$ 65.34	\$ 65.34	\$ -	\$ 65.34

**TOWN OF MONONGAH - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2021
APPLICATION NO: 2022S-2165**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	10,434	(6,796)
		Per Application with Project	17,230	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

TOWN OF MONONGAH - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022S-2165
 July 11, 2022

LOAN FUNDING PACKAGE
 SCENARIO 2

	Cash Flow Going Level Per Application Before Project	Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	406,679	464,704	-	464,704
Other Operating Revenue	10,696	12,093	-	12,093
SB 234 Annual Working Cash Collections	27,175	28,154	-	28,154
Interest Income & Other Misc.	-	-	-	-
Total Cash Available	444,550	504,951	-	504,951
OPERATING DEDUCTIONS				
Operating Expenses	225,229	225,229	-	225,229
Taxes	6,884	6,884	-	6,884
Total Cash Requirements Before Debt Service	232,113	232,113	-	232,113
Cash Available for Debt Service (A)	212,437	272,838	-	272,838
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	150,261	209,096	449 (1)	209,545
Other Debt	2,980	2,980	-	2,980
Reserve Account @ 10%	9,877	14,760	1,045 (2)	15,805
Renewal & Replacement Fund (2.5%)	17,230	17,230	(5,310) (3)	11,920
Total Debt Service Requirement	180,348	244,066	(3,815)	240,251
SB 234 Cash Working Capital	27,175	28,154	-	28,154
Remaining Cash	4,914	618	3,815	4,433
Percent Coverage (A) / (B)	141.38%	130.48%		130.20%
Average rate for 3,400 gallons	\$ 55.79	\$ 63.39	\$ -	\$ 63.39
Average rate for 4,000 gallons	\$ 65.34	\$ 74.24	\$ -	\$ 74.24

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Principal & Interest	Per Staff Analysis	209,545	449
		Per Application with Project	209,096	
The difference in P&I is related to Staff's calculation of a loan of \$1,000,000 for 40 years (paid back over 38 years) at 5%.				
(2)	Reserve Account @ 10%	Per Staff Analysis	15,805	1,045
		Per Application with Project	14,760	
Staff assumed a 10% reserve on the new debt.				
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	11,920	(5,310)
		Per Application with Project	17,230	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				