



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: May 26, 2023

Subject: Town of Nutter Fort
Preliminary Application: IJDC No. 2023S-2355
Sanitary Sewer Extension to Route 20 Corridor - Chub Run Area

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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:

This project proposes to extend service to 100 new customers in the Chum Run area. This area drains to Elk Creek, which is listed on the TMDL 303d list for fecal.

The proposed total cost for this project is \$5,500,000, and the Town intends to pursue \$1,500,000 in Economic Enhancement Grant (EEG) funding, \$1,000,000 in IJDC Grant funds, \$2,000,000 in CWSRF Principal Forgiveness funds, and a \$1,000,000 CWSRF Loan (0.25% interest, 0.25% admin fee, 40 years).

Attachments: Technical Comments

Engineering Fees:

Estimated construction cost =	\$ 4,160,000
Consultant's design fee =	\$ 275,000
Consultant's total fee =	\$ 740,000
Design fee percentage =	6.6 %
Design fee per ASCE curve =	8.2 %
Total fee percentage =	17.8 %
Total fee per ASCE curve =	18.9 %

Preliminary Project Ratings:

Public Health Benefits:	5
Compliance with Standards:	5
O & M Capabilities	2
Readiness to Proceed	0
Cost Effectiveness	1



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: May 13, 2023

SUBJECT: Town of Nutter Fort
Preliminary Application **Project No.: 2023S-2355**
Sewage Extension to Chub Run
Harrison County

RECOMMENDATION:

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

PROJECT SCOPE:

This preliminary application is to extend sewage service from the Town of Nutter Fort to approximately 100 customers in the Chub Run area. The project will consist of the installation of approximately 15,700 LF of 8" and 1,650 LF of 6" sewer line; 90 manholes; one (1) new sewage lift station; and approximately 3,350 LF of 8" force main with treatment at the proposed Greater Harrison PSD's Quiet Dell WWTP.

The cost per customer is **\$55,000**. Total estimated project cost is **\$5,500,000** (CWSRF Loan: **\$1,000,000 @ 0.25% for 40 years**; CWSRF Principal Forgiveness: **\$2,000,000**; IJDC District 1 Grant: **\$1,000,000**; and WDA Economic Enhancement Grant Fund: **\$1,500,000**).

NEED FOR PROJECT:

The Preliminary Engineering Report indicates residents in the Club Run area probably are currently being served by septic tanks that may be failing and/or discharging directly into Chub Run.

CONCERNS:

The Greater Harrison PSD's Quiet Dell WWTP is proposed and has not been constructed. What happens if there is a significant delay in the construction of the new WWTP? Where will the Chub Run area sewage be treated?

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: Daniel S. Bailey, E.I., CFM, DWWM

DATE: May 19, 2023

SUBJECT: Town of Nutter Fort
Preliminary Application: IJDC No. 2023S-2355
Sanitary Sewer Extension to Route 20 Corridor - Chub Run Area

RECOMMENDATION

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

PROJECT DESCRIPTION

The Town of Nutter Fort (Town) currently owns and operates a combined wastewater collection system to serve the residents of Nutter Fort. The system consists of approximately 6 miles of wastewater collection main line varying in size from 4 to 21 inches. The Town of Nutter Fort does not operate a wastewater treatment facility. Currently, all sewage collected within the Town is conveyed to the City of Clarksburg's wastewater treatment plant (WWTP) for treatment. The Town is responsible for providing environmentally safe and reliable sanitary sewer collection for the 770 customers in the Nutter Fort area.

This project proposes an extension to the Town of Nutter Fort's existing sanitary sewer system along the Route 20 Corridor in the Chub Run area. This project proposes the addition of 15,700 LF of 8-inch gravity sewer line, 1,650 LF of 6-inch gravity sewer line, 3,500 LF of 8-inch force main sewer line, 90 manholes, one (1) lift station, and all necessary appurtenances to serve 100 new customers. This project proposes all wastewater collected in the Chub Run area be conveyed to the Greater Harrison Public Service District (GHPSD) Quiet Dell WWTP that is currently being designed. This WWTP will be designed with a 250,000 GPD capacity and will have sufficient capacity for this extension.

The proposed total cost for this project is \$5,500,000, and the Town intends to pursue \$1,500,000 in Economic Enhancement Grant (EEG) funding, \$1,000,000 in IJDC Grant funds, \$2,000,000 in CWSRF Principal Forgiveness funds, and a \$1,000,000 CWSRF Loan (40 years at 0.5%). The residential rates for 3400 gallons are \$79.48 (1.9% MHI) with a proposed rate increase to \$102.41 (2.4% MHI).

NEED FOR PROJECT

The residents of the Chub Run area of the Town of Nutter Fort are not currently served by a sanitary sewer system. With the current lack of a public sanitary sewer system, it is suspected that some sewage is directly discharged into Chub Run that leads to Elk Creek, which is listed on the TMDL 303d list for fecal and iron. These direct discharges could have detrimental effects on the wildlife in the area and could be a danger to public health should the sewage enter any clean water sources. The proposed sanitary sewer extension in this area is needed as a safer and more sustainable solution to protect public health and the environment.

DEFICIENCIES/COMMENTS

- The PER should include the agreement with GHPSD that they have the ability to treat the additional flow.
- The PER will need to be developed into a facilities plan that meets CWSRF requirements if CWSRF funding is utilized.

Engineering Fees:

Estimated construction cost =	\$ 4,160,000
Consultant's design fee =	\$ 275,000
Consultant's total fee =	\$ 740,000
Design fee percentage =	6.6 %
Design fee per ASCE curve =	8.2 %
Total fee percentage =	17.8 %
Total fee per ASCE curve =	18.9 %

Preliminary Project Ratings:

Public Health Benefits:	5
Compliance with Standards:	5

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

May 23, 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. 2023S-2355
Town of Nutter Fort - 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

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: May 22, 2023

PROJECT SPONSOR: TOWN OF NUTTER FORT - SEWER

PROJECT SUMMARY: This project proposes an extension of the Town of Nutter Fort's existing sanitary sewer system along the Route 20 Corridor to serve about 100 new customers.

PROPOSED FUNDING:

CWSRF Loan .25%, .25% AF,40 yrs	\$1,000,000
CWSRF Principal Forgiveness	\$2,000,000
IJDC Grant	\$1,000,000
WDA - EEGF	<u>\$1,500,000</u>
Total	\$5,500,000

CURRENT RATES:

\$79.48	3,400 gallons
\$93.12	4,000 gallons

PROPOSED RATES:

\$102.41	3,400 gallons
\$120.00	4,000 gallons

Application No.2023S-2355

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

FINANCIAL: Randall Lengyel

1. Current rates (\$79.48 for 3,400 gallons) are above the rates attributable to 1.25% (\$52.71) 1.5% (\$63.25) and 1.75% (\$73.79) of the Median Household Income (MHI), but below the rates attributable to 2.0% (\$84.33) of the MHI. Increasing current rates to 2.0% of the MHI would provide additional revenues of \$53,738.
2. Using Scenario 1, the preferred funding package consisting of a CWSRF Loan of \$1,000,000 at .25%, .25% Admin. Fee, for 40 years (paid back over 38 years), a CWSRF Principal Forgiveness Loan of \$2,000,000, an

IJDC District 1 Grant of \$1,000,000, and an WDA Economic Enhancement Grant of \$1,500,000, proposed rates (\$102.41 for 3,400 gallons) will provide a cash flow surplus of \$11,638 and debt service coverage of 184.63%.

3. Using the Scenario 2 alternate loan package of \$5,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$136.78 for 3,400 gallons) will provide a cash flow surplus of \$898 and debt service coverage of 140.93%.

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, 2022, and the applicant's Rule 42 Exhibit submitted with the application.
- C. The \$79.48 (3,400 gallons) rates became effective for all service rendered on and after March 11, 2022. However, Staff notes that the going level rates of \$89.09 (3,400 gallons) have been adopted by the Town of Nutter Fort through the municipal rate ordinance process on April 11, 2023, and are scheduled to become effective on July 1, 2024. As of this date, the Town of Nutter Fort has submitted its rate ordinance information to the Commission's Legal Division for review, but is awaiting the final confirmation of compliance with all legal requirements.
- D. Staff notes that the Town of Nutter Fort's Rule 42 Exhibit and Cash Flow Statements included a line item for Miscellaneous Non-utility expenses at Per Books and eliminated them at Going Level. Staff did not include this line item in its analysis.
- 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 analysis. This

1/8 requirement, along with any steps taken to fund this reserve, may be evaluated 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 of Nutter Fort 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: Mansour Mashayekhi

1. This project will require a Certificate of Convenience and Necessity from the PSC. The project 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.
2. **Scope:** This project proposes all wastewater collected in the Chub Run area be conveyed to the Greater Harrison Public Service District (GHPSD Quiet Dell WWTP) that is currently being designed. This WWTP will be designed with a 250,000 GPD capacity and will have sufficient capacity for this extension. This proposal is being considered due to the new WWTP's proximity to the extension area. The sanitary sewer system at Chub Run will utilize a gravity system that leads to a lift station. The lift station will be located on the western side of Interstate 79 and convey flows to the GHPSD Quiet Dell WWTP, located on the eastern side of Interstate 79. The project proposes addition of 15,700 LF of 8-inch gravity sewer line, 1,650 LF of 6-inch gravity sewer line, 3,500 LF of 8-inch force main sewer line, 90 manholes, one (1) lift station, and all necessary appurtenances to serve 100 new customers. The collection system being proposed in this project is a stand-alone sewer system that will not be connected to the existing Town of Nutter Fort collection system. The total budget for the

project is anticipated to be \$5,500,000. The proposed project to be funded through a CWSRF Principal Forgiveness Grant of \$2,000,000, a WDA Economic Enhancement Grant of \$1,500,000, a CWSRF Loan of \$1,000,000 (0.25%, 40 years), and an IJDC District-1 Grant of \$1,000,000.

3. **Need for Project:** The Route 20 Corridor in the Chub Run area is currently not served by a sewer collection system and relies on septic tanks, some of which are suspected to discharge raw waste into Chub Run. The Chub Run is a tributary to Elk Creek, which flows to the West Fork River. The Town of Nutter Fort is committed to extending sanitary sewer service to areas that do not currently have service. This extension would provide service to approximately 100 new customers. These direct discharges could have detrimental effects on the wildlife in the area and could be a danger to public health should the sewage enter any clean water sources.
4. **Customer Density:** customer density will be approximately 25 new customers/mile. This is acceptable.
5. **Cost per Customer:** Based upon the estimated project budget of \$5,500,000 and proposing to have approximately 100 new customers, cost-per-customer is approximately \$55,000 which is considered as acceptable.
6. **Project Feasibility:** The project appears to be technically feasible.
7. **Project Alternatives:** **Alternative #1**(Convey Flows to Greater Harrison Public Service District's Quiet Dell Wastewater Treatment Plant), **Alternative #2** (Convey Flows to the Town of Nutter Fort's Sanitary Sewer Collection System), and **Alternative #3** (Do Nothing). Engineering report analyzed alternatives and ultimately selected Alternative #1 as the only viable solution. The extension will serve the residents of the Chub Run area and provide a more socially, economically, and environmentally sustainable solution than their current wastewater treatment situation.
8. **Consolidation:** There are no consolidation issues with the selected alternatives.
9. **Inconsistencies:** None was noticed for this project.

10. **Project Permits:** The following permits/agency correspondence are anticipated to be required for this project and will be obtained prior to beginning of construction: WVDEP (NPDES Permit Modification and Construction Stormwater Permit), WV Department of Transportation (Division of Highways, District 4 Permit), WV Division of Natural Resources (Office of Land and Streams Permit), WV Department of Culture and History (Correspondence), and the United States Fish and Wildlife Service (Correspondence).
11. **Operation and Maintenance (O&M) Expenses:** The project's O&M expenses are estimated to be approximately \$119,499 (Annual O&M=\$786,012).
12. **Engineering Agreement:** The applicant has provided documentation relative to compliance with West Virginia Code §5G-1-1, et seq. Based on the filing, the total design fees for engineering services are \$275,000 at the construction cost of \$4,160,000. This is approximately 6.61% of the construction costs as shown on the application.

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

TOWN OF NUTTER FORT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2023S-2355
 May 22, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	831,525	1,073,706	-	1,073,706
Other Operating Revenue	14,352	18,121	-	18,121
SB 234 Annual Working Cash Collections	36,376	48,278	-	48,278
Interest Income & Other Misc.	1,819	1,819	-	1,819
Total Cash Available	884,072	1,141,924	-	1,141,924
OPERATING DEDUCTIONS				
Operating Expenses	597,475	782,824	26 (1)	782,850
Taxes	11,838	18,724	-	18,724
Total Cash Requirements Before Debt Service	609,313	801,548	26	801,574
Cash Available for Debt Service (A)	274,759	340,376	(26)	340,350
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	156,720	184,314	24 (2)	184,338
Other Debt	55,893	55,893	-	55,893
Reserve Account @ 10%	10,145	12,904	3 (3)	12,907
Renewal & Replacement Fund (2.5%)	38,106	38,106	(10,810) (4)	27,296
Total Debt Service Requirement	260,864	291,217	(10,783)	280,434
SB 234 Cash Working Capital	36,376	48,278	-	48,278
Remaining Cash	(22,481)	881	10,757	11,638
Percent Coverage (A) / (B)	175.32%	184.67%		184.63%
Average rate for 3,400 gallons	\$ 89.09	\$ 102.41	\$ -	\$ 102.41
Average rate for 4,000 gallons	\$ 104.38	\$ 120.00	\$ -	\$ 120.00

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Expenses	Per Staff Analysis	782,850	26
	Per Application with Project	782,824	
Staff's calculation included an adjustment for the administrative fee with the proposed CWSRF Loan.			
(2) Principal & Interest	Per Staff Analysis	184,338	24
	Per Application with Project	184,314	
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 0.25%.			
(3) Reserve Account @ 10%	Per Staff Analysis	12,907	3
	Per Application with Project	12,904	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	27,296	(10,810)
	Per Application with Project	38,106	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF NUTTER FORT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2023S-2355
 May 22, 2023

LOAN PACKAGE
 SCENARIO 2

	Max Rate Going Level Per Application Before Project	Max Rate Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	831,525	1,393,108	-	1,393,108
Other Operating Revenue	14,352	23,073	-	23,073
SB 234 Annual Working Cash Collections	36,376	62,639	-	62,639
Interest Income & Other Misc.	1,819	1,819	-	1,819
Total Cash Available	884,072	1,480,639	-	1,480,639
OPERATING DEDUCTIONS				
Operating Expenses	597,475	781,546	-	781,546
Taxes	11,838	18,724	-	18,724
Total Cash Requirements Before Debt Service	609,313	800,270	-	800,270
Cash Available for Debt Service (A)	274,759	680,369	-	680,369
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	156,720	480,311	2,472 (1)	482,783
Other Debt	55,893	55,893	-	55,893
Reserve Account @ 10%	10,145	42,504	247 (2)	42,751
Renewal & Replacement Fund (2.5%)	38,106	38,106	(2,701) (3)	35,405
Total Debt Service Requirement	260,864	616,814	19	616,832
SB 234 Cash Working Capital	36,376	62,639	-	62,639
Remaining Cash	(22,481)	916	(19)	898
Percent Coverage (A) / (B)	175.32%	141.65%		140.93%
Average rate for 3,400 gallons	\$ 89.09	\$ 136.78	\$ -	\$ 136.78
Average rate for 4,000 gallons	\$ 104.38	\$ 160.25	\$ -	\$ 160.25

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1)	Principal & Interest	Per Staff Analysis	482,783
		Per Application with Project	480,311
	The difference in P&I is related to Staff's calculation of a CWSRF Loan of \$5,500,000 for 40 years (paid back over 38 years) at 5%.		
(2)	Reserve Account @ 10%	Per Staff Analysis	42,751
		Per Application with Project	42,504
	Staff assumed a 10% reserve on the new debt.		
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	35,405
		Per Application with Project	38,106
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.		