



STATE OF WEST VIRGINIA  
DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
Bureau for Public Health  
Office of Environmental Health Services

Bill J. Crouch  
Cabinet Secretary

Ayne Amjad, MD, MPH  
Commissioner & State Health Officer

**MEMORANDUM**

**TO:** Marie Prezioso, Funding Committee  
WV Infrastructure and Jobs Development Council

**FROM:** Meredith J. Vance  
Water Technical Review Committee

**DATE:** August 3, 2022

**RE:** City of Pennsboro  
IJDC Preliminary Application Number: **2022W-2128**  
Rt. 74 North Critical Needs Water Extension  
Ritchie County

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1. The Committee has reviewed the pre-application and preliminary engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15-A. It has been determined that the project is:
    - a.  Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.
    - b.  Consistent with the Act but may not be the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.
    - c.  Consistent with the intent of the Act and most cost-effective and environmentally sound alternative for solving the drinking water needs in this area **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.
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- b. \_\_\_\_\_ The Funding Committee should recommend that 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 application. The proposed project funding should be postponed until technical comments have been resolved.
- d. \_\_\_\_\_ The project to be referred to the Consolidation Committee.

3. Other remarks:

**Comment:**

This Preliminary Application is to extend water service to 30 customers along WV Route 74 North.

The total project cost is **\$2,000,000**.

Proposed funding is IJDC Critical Needs Grant: \$2,000,000

pc: To be distributed at the Funding Committee Meeting



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**MEMORANDUM**

**TO:** Meredith J. Vance, Director  
Environmental Engineering Division

**FROM:** William Herold, P.E.  
Infrastructure & Capacity Development

**DATE:** August 3, 2022

**SUBJECT:** City of Pennsboro  
IJDC Application- 2022W-2128  
Rt. 74 North Critical Needs Water Line Extension  
Ritchie County

**Recommendation:**

This preliminary application appears technically feasible and is recommended to be forwarded to the Funding Committee.

**Project Scope:**

This Preliminary Application is to extend water service to 30 customers along WV Route 74 North. The project will consist of the installation of approximately 21,600 LF of 6" and 500 LF of 2" water line and all necessary valves and appurtenances.

The cost per customer is \$66,667 for the project. The total project cost is \$2,000,000 (IJDC Critical Needs Grant: \$2,000,000).

**Need for the Project:**

The PER indicates the area to be served has an abundance of oil and gas works that have affected the quality and quantity of water in individual water wells that serve the area. In some cases, during the summer months the water wells have stopped producing water, rendering them unreliable and in some cases unusable. One water well in the area has been found to have been contaminated with arsenic. In many cases the water well quantity is so low that it is insufficient to wash clothes, take showers or to cook with.

**Concerns:**

None.

### **Permits:**

A permit **will be** required from the WV Bureau for Public Health prior to construction.

Construction activities with a disturbed area of one (1) acre or greater are required to register for the NPDES Storm Water Construction General Permit No. WV0115924.

A permit for stream crossings may be required.

A Certificate of Convenience and Necessity may not be required from the PSC.

A permit from the WV Division of Highways will be required for the construction activities that will take place within WVDOH right-of-way.

**Engineering:** 6.08% for design, 16.57% for total.

The Design Fees vs. Construction Cost for new construction is below both the average complexity curve and the very complex curve. The Design Fees vs. Construction Cost for modifications is below both the average complexity curve and the very complex curve. The Total Fees vs. Construction Cost for new construction is above the average complexity curve and below the very complex curve. The Total Fees vs. Construction Cost for modified construction is above the average complexity curve and below the very complex curve. A fee waiver **will not be** required for this project.

### **Asset Management Plan and Annual Maintenance Audit:**

The Preliminary Application indicates that the PSD does have an asset management plan. This is incorrect. The City of Pennsboro does not have an approved Asset Management Plan. The application indicates that the City of Pennsboro has completed the annual maintenance audit for the current year.

### **Capacity Development:**

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as “no.” This is incorrect. The last assessment of the system was in May 2022.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system’s overall compliance. The City of Pennsboro has a score of 10 on the January 2022 quarter of the EPA’s Compliance Tracking Tool (ETT.) The following violations contributed to this score:

- Failure to monitor for DBPs in 2020

Based upon information from the Municipal Bond Commission, as of May 2022, the City of Pennsboro is current on their water reserve funding requirements.

### **IJDC Ranking:**

- Public Health Benefit: 10
- Compliance: 10

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** July 29, 2022

**PROJECT SPONSOR:** CITY OF PENNSBORO - WATER

**PROJECT SUMMARY:** Critical Needs Water Extension along Rt. 74 north of  
Pennsboro to serve approximately 30 homes which have  
contaminated private water supplies (wells).

**PROPOSED FUNDING:** IJDC Critical Needs Grant \$2,000,000

**CURRENT/  
PROPOSED RATES:**

<b>Schedule I</b>	\$60.08	3,400 gallons
	\$70.24	4,000 gallons
<b>Schedule II</b>	\$69.08	3,400 gallons
	\$80.77	4,000 gallons

Application No. 2022W-2128

**RECOMMENDATION:**  forward to the Council.  
 forward to the Consolidation Committee.  
 return to the Applicant.

**FINANCIAL: Dave Acord**

1. Current average rates (\$64.58 for 3,400 gallons) are above the rates attributable to 1.25% (\$30.25), 1.5% (\$36.30), 1.75% (\$42.35) and 2.0% (\$48.40) of the Median Household Income (MHI).
2. For purposes of this review, Staff is assuming 100% grant funding. Therefore, no cash flow is provided.

**NOTES TO COMMENTS:**

- A. Staff used the MHI for the City of Pennsboro of \$29,038 from the 2015 U.S. Census as listed in the application.
- B. Staff notes that the project sponsor requested a Draft Rule 42 Exhibit waiver. We have no objection to such request.

- C. 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. The project sponsor would need to have non-restricted funds available to meet the 1/8 requirement, otherwise, they may need to take steps to fund this reserve. 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.
- D. The City 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:** Jonathan M. Fowler, P.E.

1. This may not project will require a Certificate of Convenience and Necessity from the PSC. The utility should consult with Staff pursuant to General Order 246 for such determination. If a Certificate is required, the utility should reference this IJDC 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). Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.
2. Scope: The proposed project includes the installation of approximately: 22,600 LF of 6" mains; 500 feet of 2" lines; 3,000 feet of new utility service line; necessary main line valves; thirty customer meter settings with meters; two air release valves and; all other necessary items and appurtenances. This project is estimated to cost \$2,000,000 and the construction cost is \$1,665,000 (rounded with contingency) and will provide badly needed safe drinking water to about thirty new customers, some of which have documented the presence of poisonous contamination of their private water supplies.

Customer Density: Using thirty new customers and 4.2 miles of new main, the customer density is 7.14 customers per mile of new line. This is acceptable.

Cost per New Customer: Based on a project cost of \$2,000,000 and thirty new customers, the cost per customer is about \$66,700 and is deemed acceptable in the current project development setting.

3. **Project Feasibility:** The project is technically feasible and poses little implementation risk. It is opined to be necessary to insure the health of the public in the project area whose private supplies are contaminated.
4. **Project Alternatives:** Small extensions of water service in rural areas offer little opportunity for practical, cost-effective alternatives beyond the extension of existing mains. This having been said, Staff has no objection to the scope of the proposed project.
5. **Consolidation:** There are no realistic consolidation opportunities presented by this project.
6. **Inconsistencies:** No fatal issues were noted. Staff comments that the PER is consistent, complete and concise and meets the abbreviated requirements for critical need extensions.
7. **Operation and Maintenance (O & M) Expenses:** O & M expenses are projected to increase by about \$12,000 per year as a result of the project. This calculation is adequate for preliminary review; further, detailed analysis of project-related O&M increases will be accomplished should a Certificate application be filed.
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 \$272,500 which is equal to 16.6% of the construction cost.

<i><b>Preliminary Project Ranking</b></i>		
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>

## OEHS District Review for Infrastructure Council Water Projects

Water System:	City of Pennsboro	IJDC Number:	2022W-2128
Project Description:	Rt. 74 CN Waterline Extension	Review by:	Bob Smith, M.B.A.,P.E
County:	Ritchie	Date:	June 22, 2022

<u>No.</u>	<u>Review Criteria</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Comments (Especially if No is indicated or providing a DWTRF score)</u>
1.	Does the district agree that the project scope seems to be the most feasible solution?	X			
2.	Is this the most practical project to correct the problem stated in the application?	X			
3.	Does the project solve the major operation maintenance problems in the water system?	X			
4.	Does the project eliminate deficiencies noted in the sanitary survey?	X			
5.	Should these improvements be made to this system versus another system that could serve the same area?	X			
6.	The application has an alternative in it evaluating the most likely consolidation option?	X			
7.	Do you agree with the need statement for the project?	X			
8.	Has the engineer included all justification (that you are aware of) in the project application?	X			
9.	Is the management of the water system capable of completing this project?	X			
10.	Other comments				N/A.

<b><u>No.</u></b>	<b><u>Review Criteria</u></b>	<b><u>Yes</u></b>	<b><u>No</u></b>	<b><u>N/A</u></b>	<b><u>Comments (Especially if No is indicated or providing a DWTRF score)</u></b>
11.	For new projects or projects with revised scope, provide DWTRF Priority Ranking Public Health Score (indicate score in the comments section with explanation).				DWTRF Priority Ranking Public Health Score Public Health Score is: 30 Compliance Score is: 10
12.	For new projects or projects with revised scope, provide DWTRF Priority Ranking Compliance Score (indicate score in the comments section with explanation).				Affordability Score is: 30  Total Points: 70

**DWTRF Project Priority Ranking System**

(1) **PUBLIC HEALTH** (0 to 50 points - 50 points maximum)

Up to fifty points may be given to a project for public health. The public health categories are listed below. A particular project may apply to several categories. In such cases, the project will be given the highest rating.

(A) \_\_\_\_\_ **Projects to correct acute health hazards** - (50 points) Fifty points will be given to projects that propose to eliminate a problem that poses an acute, ongoing health hazard to the consumer. Violations should be included in the Enforcement Tracking Tool (ETT). Examples are listed below.

- Projects that address documented nitrate or nitrite violations.
- Projects that address documented exceedances of primary inorganic MCL's
- Projects that address a problem where a system has significant turbidity violations. The project must ensure compliance in order to receive DWTRF assistance.
- Projects that address a problem where a system has significant microbiological violations. The project must ensure compliance in order to receive DWTRF assistance.
- Projects that propose filtration for surface water source that currently do not have filtration.
- Projects that propose disinfection for a system that currently do not have disinfection.
- Projects that address documented water outages for extended periods (1 week) due to system or design deficiencies.

(B) \_\_\_\_\_ **Correct chronic health hazards** - (40 points) Forty points will be given to projects that propose to eliminate a chronic health hazard to the consumer. Examples are listed below.

- Projects that address occasional turbidity violations for a system that has a moderate ETT score.
- Projects that address occasional microbiological violations for a system that has a moderate ETT score.
- Projects that address exceedances of the Lead and Copper Rule.
- Projects that address documented exceedances of primary organic MCL's.
- Projects that address documented exceedances of radiological MCL's.
- Projects that address treatment technologies for the SWTR.
- Projects that address documented water outages due to system or design deficiencies.

- (C) 30 **Correct periodic health hazards** - (30 points) Thirty points will be awarded to projects that propose to eliminate a documented health hazard which has occurred periodically. Examples are listed below.
- Projects that address low chlorine residuals.
  - Projects that address periodic exceedances of a primary MCL.
  - Projects that address periodic water outages to some customers for at least a day due to design or system deficiency.
  - Projects to bring existing facilities to current design standards which affect water quality: treatment, chemical application, pumping facilities, finished storage and distribution systems.
- (D) \_\_\_\_\_ **Correct potential health hazards** - (20 points) Twenty points will be given to projects that propose to eliminate potential health hazards. Examples are listed below.
- Projects for line extensions to areas with poor water quality or limited quantity.
  - Projects to develop new source to augment existing sources where there is no other health hazard associated with the project. Dams and reservoirs are not eligible.
  - Projects for installation / upgrade of waste disposal facilities.
- (E) \_\_\_\_\_ **System Improvements** - (10 points) Ten points will be given to projects that propose general system improvements. Examples are listed below.
- Projects to replace / repair old, undersized, or malfunctioning equipment.
  - Projects to replace leaking water line.
  - Projects to improve aesthetic quality of the water such as iron, manganese, taste and odor.

(2) **REGULATORY COMPLIANCE** (0 to 20 points, 20 points maximum)

- (A) \_\_\_\_\_ Correction of chronic non-compliance - 20 points  
Compliance with administrative orders, agreements, statutes, or regulatory deadlines.
- (B) 10 Compliance with periodic and potential non-compliance - 10 points  
Compliance with sanitary survey recommendations, NPDES permits, new regulations, or design standards.
- (C) \_\_\_\_\_ Protection against non-compliance -5 points  
Compliance with proposed regulations.
- (D) \_\_\_\_\_ Line extensions with documented cases of fecal coliform - 3 points

(3) **AFFORDABILITY** (0 to 30 points) (Based on post-project user rates)

- Rates = 0% to 0.49% MHI (0 points)
- Rates = 0.50% to 0.99% MHI (5 points)
- Rates = 1.00% to 1.24% MHI (10 points)
- Rates = 1.25% to 1.49% MHI (15 points)
- Rates = 1.50% to 1.74% MHI (20 points)
- Rates = 1.75% to 1.99% MHI (25 points)
- Rates  $\geq$  2.0% MHI (30 points)       **$\$58.73 / (\$29,038 / 12) \times 100 = 2.43\%$**

Note: MHI = median household income by county or municipality as published by the West Virginia Infrastructure and Jobs Development Council (IJDC) at time of approval for funding by IJDC.  
Rates based on 4,000 gallons if approved by IJDC prior to September 20, 2014 or 3,400 gallons if approved by IJDC after September 20, 2014.

Public Health	30
Compliance	10
Affordability	30
<b>Total Points</b>	<b>70</b>

**Tie Breaker:**

In the event that two or more systems have the same score, the following will be used as the tie-breaker.

1. Whichever system has the highest public health rating will be ranked highest.
2. In the event there is still a tie, then the system with the smaller population served will be ranked higher.

**Definitions**

- EPA -- Environmental Protection Agency
- MCL -- Maximum Contaminant Level
- MHI -- Median Household Income
- ETT -- Enforcement Tracking Tool
- SWTR -- Surface Water Treatment Rule