



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: October 19, 2022

Subject: Putnam PSD Sanitary Board
Preliminary Application: IJDC No. 2022S-2249
Putnam PSD Route 817 Sewer Extension

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.

Promoting a healthy environment.

- 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 would serve approximately 25 new customers along WV Route 817 between Winfield and Frazier's Bottom, while also constructing the necessary sewer infrastructure to collect the proposed flow from the planned development at the old Meadowland Golf Course and the surrounding properties.

This application should be tabled until the next Funding committee meeting to give the applicant time to address the DEP comments.

Attachments: Technical Comments

Engineering Fees:

Estimated construction cost =	\$ 8,590,000.00
Consultant's design fee =	\$ 450,000.00
Consultant's total fee =	\$ 925,000.00
Design fee percentage =	5.2 %
Design fee per ASCE curve =	8.5 %
Total fee percentage =	10.8 %
Total fee per ASCE curve =	19.0 %

Preliminary Project Ratings:

1. Public Health Benefits	5
3. Compliance with Standards	5
5. O & M Capabilities	0
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: October 17, 2022

SUBJECT: Putnam PSD
Preliminary Application **Project No.: 2022S-2249**
Route 817 Sewer Extension
Putnam 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 extend sewer service to approximately 25 existing homes and a future shopping plaza, future 100-unit RV Campground, and a future 70 unit motel between Winfield and Frazier's Bottom along Route 817. The project will consist of the installation of approximately 4,070 LF of 8" & 685 LF of 6" sewer line, 26 manholes, three (3) duplex pump stations, three (3) duplex grinder pump stations, one (1) simplex grinder pump station, one (1) chemical dosing station, approximately 17,850 LF of 12" & 7,030 LF of 10" force main with connection to and treatment at the Town of Buffalo's WWTP.

The cost per customer is **\$397,800**. Total estimated project cost is **\$9,945,000** (Local/County/Council (Putnam PSD?): **\$1,989,000**; and WDA Economic Enhancement Grant Fund: **\$7,956,000**).

NEED FOR PROJECT:

The Preliminary Engineering Report indicates the proposed project is needed to serve approximately 25 new residential customers, a development at the old Meadowlands Golf Course, and considerable development at the surrounding properties. The planned development at the golf course includes 100 RV slips, a future 70-room motel, and a small shopping plaza. There are two developers that own approximately 2,968 acres adjacent to the old golf course that are planning to develop their property. Sanitary sewer infrastructure is necessary for all future development.

CONCERNS:

None.

PERMITS:

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



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Dominique Madison E.I., DWWM

DATE: October 14, 2022

SUBJECT: Putnam PSD Sanitary Board
Preliminary Application: IJDC No. 2022S-2249
Putnam PSD Route 817 Sewer Extension

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by E.L Robinson for the above referenced project has been reviewed and it is recommended to be tabled to the November Funding and Technical meeting. This has been discussed with the project's engineer, and they agreed that tabling the project would allow the deficiencies/comments listed below to be addressed.

PROJECT DESCRIPTION

The Putnam Public Service District (PSD) Sanitary Board. The proposed flow from this project will be pumped to and treated by the Town of Buffalo wastewater treatment plant (WWTP). The Sanitary Board wants to provide sewer service to approximately 25 customers in Putnam County, WV.

The proposed project would serve approximately 25 new customers along WV Route 817 between Winfield and Frazier's Bottom, while also constructing the necessary sewer infrastructure to collect the proposed flow from the planned development at the old Meadowland Golf Course and the surrounding properties. The sanitary system improvements will consist of three (3) pump stations, three (3) duplex grinder pump stations, one (1) simplex grinder pump station, a force main chemical dosing station, approximately 17,850 lineal feet of 12" force main, 7,030 lineal feet of 10" force main, 4,070 lineal feet of 8" gravity sewer line, 685 lineal feet of 6" gravity sewer line, 55 force main cleanouts, 26 manholes, a 1,700 lineal foot 16" directional bore river crossing, connection to existing WWTP, and other related appurtenances.

The proposed total cost for this project is \$9,945,000 and the Sanitary Board intends to pursue a \$7,956,000 WDA Economic Enhancement Grant, and \$1,989,000 Putnam PSD funds. The proposed monthly rate will remain unchanged.

NEED FOR PROJECT

The proposed project is needed to serve approximately 25 new residential customers, a development at the old Meadowlands Golf Course, and considerable development at the surrounding properties. The planned development at the golf course includes 100 RV slips, a future 70-room motel, and a small shopping plaza. There are two developers that own approximately 2,968 acres adjacent to the old golf course that are planning to develop their property. Sanitary sewer infrastructure is necessary for all future development.

DEFICIENCIES/COMMENTS

- The PER will need to be developed into a facility plan that meets CWSRF requirements if CWSRF is used.
- PER did not include evidence of the developers commitment or schedule plan.
- If SRF funding is requested this project would not be considered eligible since we can not fund future development.
- Number of Lands and ROWs required weren't stated.
- State whether the Town of Buffalo can handle the new flow at their plant. Include any correspondence that will show that Buffalo is agreeable to this additional flow and project.
- No discussion of total EDUs to be added.
- No peak flows calculated.
- Public Health benefits not in the PER. Labeled as 5g Evidence of Compliance.
- The Applicant will need to file an application for the WDA Economic Enhancement Grant following this submittal.

Engineering Fees:

Estimated construction cost =	\$ 8,590,000.00
Consultant's design fee =	\$ 450,000.00
Consultant's total fee =	\$ 925,000.00
Design fee percentage =	5.2 %
Design fee per ASCE curve =	8.5 %
Total fee percentage =	10.8 %
Total fee per ASCE curve =	19.0 %

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



October 18, 2022

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-2249
Putnam County PSD - 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,

Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: October 5, 2022

PROJECT SPONSOR: PUTNAM COUNTY PSD (SEWER)

PROJECT SUMMARY: Extend sanitary sewer service to approximately 25 existing homes between Winfield and Frazier's Bottom along Route 817. Also, to provide sewer service to planned development of a shopping plaza, 100 slip RV Park, and future 70-room motel on the property that was the Meadowland Golf Course.

PROPOSED FUNDING: WDA Economic Enhancement Grant	\$7,956,000
Putnam County PSD Contribution	<u>\$1,989,000</u>
Total	<u>\$9,945,000</u>

CURRENT RATES:	\$40.39	3,400 gallons
	\$47.52	4,000 gallons

PROPOSED RATES:	\$44.13	3,400 gallons
	\$51.92	4,000 gallons

Application No. 2022S-2249

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

FINANCIAL: Stephen Edens

1. Current rates (\$40.39 for 3,400 gallons) are below the rate attributable to 1.25% (\$66.62), 1.5% (\$79.94), 1.75% (\$93.27) and 2.0% (\$106.59) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75% and 2% of the MHI would provide additional revenues of \$5,005,000, \$7,547,453, \$10,089,906 and \$12,632,359 respectively.
2. Using Scenario 1, the preferred funding package consisting of a WDA Economic Enhancement Grant Fund of \$7,956,000, and a Putnam County PSD Grant (committed) of \$1,989,000, proposed rates (\$44.13 for 3,400 gallons) will provide a cash flow surplus of \$16,793 and debt service coverage of 130.52%.

3. Using the Scenario 2 alternate loan package of \$7,956,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$47.43 for 3,400 gallons) will provide a cash flow surplus of \$71,154 and debt service coverage of 129.62%.

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. The Going Level and Proforma adjustments included in the Applicant's Cash Flow Analyses for Scenarios 1 and 2 were used in Staff's Cash Flow Analyses, except as noted on Attachments A and B.
- C. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2022.
- D. Staff notes the applicant's Rule 42 Exhibit reflects going level rates of \$44.13 for 3,400 gallons. Staff has utilized this rate in its analysis, however, as of this date no resolution adopting these rates has been filed with the Public Service Commission.
- E. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement.
- F. Staff notes the Applicant listed the wrong total for New Customers Served on the Administrator Preliminary Application Form. Staff corrected this number in its analysis.
- G. 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.
- H. The Putnam County Public Service District should carefully evaluate its revenue requirements before pursuing a rate increase in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Staff notes that the District 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 District's rates pursuant to WV Code 24-2-4a and WV Code 16-13A-9. 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: Mansour Mashayekhi

1. This project will not require a Certificate of Convenience and Necessity.
2. **Scope:** The proposed project is needed to serve approximately 25 new residential customers, a development at the old Meadowlands Golf Course, and considerable development at the surrounding properties. The planned development at the golf course includes 100 RV slips, a future 70-room motel, and a small shopping plaza. There are two developers that own approximately 2,968 acres adjacent to the old golf course that are planning to develop their property. Sanitary sewer infrastructure is necessary for all future development. The project is estimated to cost \$9,945,000 with the following proposed funding: A WDA Economic Enhancement Grant of \$7,956,000, and a Local/City/Council contribution of \$1,989,000.

The proposed project will consist of three (3) pump stations, three (3) duplex grinder pump stations, one (1) simplex grinder pump station, a force main chemical dosing station, approximately 17,850 lineal feet of 12" force main, 7,030 lineal feet of 10" force main, 4,070 lineal feet of 8" gravity sewer line, 685 lineal feet of 6" gravity sewer line, 55 force main cleanouts, 26 manholes, a 1,700 lineal foot 16" directional bore river crossing, connection to existing WWTP and other related appurtenances.

3. **Need for Project:** The proposed project is needed to serve approximately 25 new residential customers, a development at the old Meadowlands Golf Course, and considerable development at the surrounding properties. Sanitary sewer infrastructure is necessary for all future development.
4. **Customer Density:** This project is a new development area and customer density can't be determined at this time.

5. **Cost per Customer:** Based upon the estimated project budget of \$9,945,000 and having approximately 11,704 existing customers and 25 new extension (total = 11,729), cost-per-new-customer is approximately \$397,800. However, it appears that the project is fully grant funded; therefore, current and new customers bear no capital project cost related expenses.

6. **Project Feasibility:** This project appears to be technically feasible and poses little technical risk.

7. **Project Alternatives:** **Alternative-1** (No Action), **Alternative-2** (Collection & pumping systems to Town of Eleanor wastewater treatment plant), **Alternative-3** (Collection & pumping system to new wastewater treatment plant), and **Alternative-4** (Collection & pumping system to Town of Buffalo wastewater treatment plant). The proposed project is necessary to provide the infrastructure needed to collect and treat the flow from the proposed developments and existing residents. It has been determined that Alternative-4 is the only viable alternative for this project.

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 will be required for the proposed project: WVDEP NPDES State/Stormwater Discharge Permit, WVDEP 401 Certification, WVDOH MM-109 Permit, WVDHHR Health Department Permit, WVDNR Public Lands Permit, and United States Corps of Engineers Nationwide Permit.

11. **Operation and Maintenance (O&M) Expenses:** The project's O&M expenses are expected to increase by approximately \$222,471 to a total annual O&M expenses of \$4,720,447.

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 \$450,000 at the construction cost of \$8,590,000. This is approximately 5.24 % of the construction costs as shown on the application and it is lower than the range of fees suggested per ASCE Manual-45 for modification construction projects (6.4%).

<i>Preliminary Project Ranking</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>

PUTNAM COUNTY PSD
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2022S-2249
 October 6, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	7,720,146	7,733,386	(590,056) (1)	7,143,330
Other Operating Revenue	485,450	485,450	-	485,450
SB 234 Annual Working Cash Collections			590,056 (2)	590,056
Interest Income & Other Misc.	14,229	14,229	-	14,229
Total Cash Available	8,219,825	8,233,065	-	8,233,065
OPERATING DEDUCTIONS				
Operating Expenses	4,497,976	4,720,447	-	4,720,447
Taxes	101,513	101,513	-	101,513
Total Cash Requirements Before Debt Service	4,599,489	4,821,960	-	4,821,960
Cash Available for Debt Service (A)	3,620,336	3,411,105	-	3,411,105
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	2,613,536	2,613,536	-	2,613,536
Other Debt			-	-
Reserve Account @ 10%			-	-
Renewal & Replacement Fund (2.5%)	205,496	205,827	(15,108) (3)	190,719
Total Debt Service Requirement	2,819,032	2,819,363	(15,108)	2,804,255
SB 234 Cash Working Capital	562,247	590,056	-	590,056
Remaining Cash	239,057	1,686	15,108	16,793
Percent Coverage (A) / (B)	138.52%	130.52%		130.52%
Average rate for 3,400 gallons	\$ 44.13	\$ 44.13	\$ -	\$ 44.13
Average rate for 4,000 gallons	\$ 51.92	\$ 51.92	\$ -	\$ 51.92

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	7,143,330	(590,056)
	Per Application with Project	7,733,386	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	590,056	590,056
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	190,719	(15,108)
	Per Application with Project	205,827	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

PUTNAM COUNTY PSD
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2022
 APPLICATION NO: 2022S-2249
 October 6, 2022

**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	7,720,146	8,321,276	(590,056) (1)	7,731,220
Other Operating Revenue	485,450	485,450	-	485,450
SB 234 Annual Working Cash Collections			590,056 (2)	590,056
Interest Income & Other Misc.	14,229	14,229	-	14,229
Total Cash Available	8,219,825	8,820,955	-	8,820,955
OPERATING DEDUCTIONS				
Operating Expenses	4,497,976	4,720,447	-	4,720,447
Taxes	100,392	100,392	1,121 (3)	101,513
Total Cash Requirements Before Debt Service	4,598,368	4,820,839	1,121	4,821,960
Cash Available for Debt Service (A)	3,621,457	4,000,116	(1,121)	3,998,995
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	2,613,536	3,188,990	(103,789) (4)	3,085,201
Other Debt			-	-
Reserve Account @ 10%			47,167 (5)	47,167
Renewal & Replacement Fund (2.5%)	205,496	220,524	(15,107) (6)	205,417
Total Debt Service Requirement	2,819,032	3,409,514	(71,729)	3,337,785
SB 234 Cash Working Capital	562,247	590,056	-	590,056
Remaining Cash	240,178	546	70,608	71,154
Percent Coverage (A) / (B)	138.57%	125.44%		129.62%
Average rate for 3,400 gallons	\$ 44.13	\$ 47.43	\$ -	\$ 47.43
Average rate for 4,000 gallons	\$ 51.92	\$ 55.80	\$ -	\$ 55.80

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	7,731,220	(590,056)
		Per Application with Project	8,321,276	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	590,056	590,056
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Taxes	Per Staff Analysis	101,513	1,121
		Per Application with Project	100,392	
	To adjust based on the Scenario 1 information in the filing.			
(4)	Principal & Interest	Per Staff Analysis	3,085,201	(103,789)
		Per Application with Project	3,188,990	
	The difference in P&I is related to Staff's calculation of a loan of \$7,956,000 for 40 years (paid over 38 years) at 5%.			
(5)	Reserve Account @ 10%	Per Staff Analysis	47,167	47,167
		Per Application with Project	-	
	Staff assumed a 10% reserve on the new debt.			
(6)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	205,417	(15,107)
		Per Application with Project	220,524	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			