



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: Sun Valley PSD
Preliminary Application: 2022S-2148
Ph. IIIA – Collection 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 rehabilitate two of the PSD's pump stations as well as replace the telemetry for the entire collection system. In addition to this work being necessary due to the age and condition of the system, this work will allow the PSD to handle the anticipated flows from the Lake Floyd PSD project. The total project cost is \$1,115,000 and the proposed funding sources are a \$615,000 Harrison County Commission grant and a \$500,000 IJDC grant.

Attachments: Technical Comments

Engineering Fees:

| | |
|-------------------------------|------------|
| Estimated construction cost = | \$ 861,200 |
| Consultant's design fee = | \$ 75,000 |
| Design fee percentage = | 8.7% |
| Design fee per ASCE curve = | 13.1% |
| Consultant's total fee = | \$ 201,000 |
| Total fee percentage = | 23.3% |
| Total fee per ASCE curve = | 27.0% |

Preliminary Project Ratings:

| | |
|--------------------------------|---|
| 1. Public Health Benefits | 5 |
| 3. Compliance with Standards | 5 |
| 5. O & M Capabilities | 3 |
| 6. Readiness to Proceed | 0 |
| 8. Cost Effectiveness | 1 |
| 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: Sun Valley PSD
Preliminary Application **Project No.: 2022S-2148**
Phase IIIA-Collection System Improvements
Harrison 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 upgrade the existing Sun Valley PSD-Lift Station #1 & Lift Station #2 and the existing sewage collection telemetry system.

The cost per customer is **\$1,602**. Total estimated project cost is **\$1,115,000** (IJDC District 1 Grant: **\$500,000** and Local/City/Council: **\$615,000**).

NEED FOR PROJECT:

The Preliminary Engineering Report indicates existing Lift Station #1 and Lift Station #2 and telemetry system are at the end of their useful life and in need of repair and/or replacement.

CONCERNS:

None.

PERMITS:

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



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

FROM: Cali Carter, E.I., DWWM

DATE: July 8, 2022

SUBJECT: Sun Valley Public Service District
Preliminary Application: IJDC No. 2022S-2148
Phase IIIA - Wastewater Collection System (rehab)

RECOMMENDATION

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

PROJECT DESCRIPTION

The Sun Valley Public Service District (SVPSD) owns and operates a wastewater collection system in Central Harrison County, WV. The SVPSD does not own or operate a sewage treatment facility, as all sewage collected in SVPSD's system is conveyed to the City of Clarksburg's wastewater treatment plant (WWTP) for treatment. The SVPSD provides sanitary sewer collection service to the areas of Liberty Addition, Wilsonburg, Oneil, Chiefton, Reynoldsville, Wolf Summit, and Sun Valley, totaling 703 customers.

This project proposes to rehabilitate two of the PSDs existing sanitary sewer lift stations as well as replace telemetry for the entire collection system.

The proposed total cost for this project is \$1,115,000 and the SVPSD intends to pursue a \$615,000 Harrison County Commission Grant and a \$500,000 IJDC Grant. The proposed monthly rate for 3,400 gallons is \$56.37 (1.33% MHI).

NEED FOR PROJECT

According to the PER, existing Lift Stations #1 and #2 are in deteriorating condition and in need of rehabilitation. Lift station #1 is in need of new pumps, piping, and controls. Lift Station #2 is in need of a complete rehabilitation including the wet well, pumps, and piping.

The existing telemetry the PSD uses for the wastewater collection system is in need of replacement. An updated telemetry system will allow the PSD to better control the system and prevent critical failures.

Additionally, The Lake Floyd Public Service District is working to demolish their existing WWTP and convey their flows to the SVPSD Lift Station #2, to eventually be treated by Clarksburg's WWTP. This will add the residential flows of approximately 151 customers to be conveyed to Lift Station #2. The increase of flows to the lift station makes rehabilitation even more crucial.

DEFICIENCIES/COMMENTS

- FY23 CWSRF IUP was used for MHI calculations.
- The PER will need to be developed into a facilities plan that meets CWSRF requirements if CWSRF is used.
- Mapping of existing system, allowable I/I, operators and their certifications, and photos of the existing Lift Stations #1 and #2 were all received from Thrasher separately and are not included in the original PER document.
- There is a discrepancy between the number of customers throughout the PER and the IJDC Application.

Engineering Fees:

| | |
|-------------------------------|---------------|
| Estimated construction cost = | \$ 861,200.00 |
| Consultant's design fee = | \$ 75,000.00 |
| Consultant's total fee = | \$ 201,000.00 |
| Design fee percentage = | 8.71% |
| Design fee per ASCE curve = | 13.1% |
| Total fee percentage = | 23.3% |
| Total fee per ASCE curve = | 27 % |

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



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-2148
Sun Valley 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:

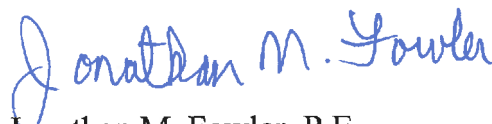
forwarded to the Funding Committee

forwarded to the Consolidation Committee

table the application

Please advise if you have any questions.

Sincerely,



Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: July 11, 2022

PROJECT SPONSOR: SUN VALLEY PUBLIC SERVICE DISTRICT – SEWER

PROJECT SUMMARY: SVPSD currently has two lift stations that are in deteriorating condition and in need of rehabilitation. The District also needs to update their telemetry system.

| | |
|--|----------------|
| PROPOSED FUNDING: IJDC District 1 Grant | \$ 500,000 |
| Local/City/Council Grant | <u>615,000</u> |
| Total | \$ 1,115,000 |

| | | |
|-----------------------|---------|---------------|
| CURRENT RATES: | \$51.85 | 3,400 gallons |
| | \$61.00 | 4,000 gallons |

| | | |
|------------------------|---------|---------------|
| PROPOSED RATES: | \$56.37 | 3,400 gallons |
| | \$66.32 | 4,000 gallons |

Application No. 2022S-2148

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

FINANCIAL: Alex Kovarik

1. Current rates (\$51.85 for 3,400 gallons) are above the rate attributable to 1.25% (\$45.82) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$54.98), 1.75% (\$64.15) and 2.0% (\$73.31) of the MHI. Increasing current rates to 1.5%, 1.75% and 2.0% of the MHI would provide additional revenues of \$29,912, \$117,384 and \$204,855 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC District 1 Grant of \$500,000 and a Local/City/Council Grant of \$615,000, proposed rates (\$56.37 for 3,400 gallons) will provide a cash flow surplus of \$950 and debt service coverage of 127.33%.

3. Using the Scenario 2 alternate loan package of \$1,115,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$63.81 for 3,400 gallons) will provide a cash flow deficit of \$1,779 and debt service coverage of 122.42%. An additional .3% (for a total of \$64.00 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$173 and debt service coverage of 123.21%.

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 Statements submitted with the application.

C. Staff notes that the project sponsor requested a Draft Rule 42 Exhibit waiver.

D. The applicant has a rate increase pending per Order dated June 30, 2022, in Case No. 22-0030-PSD-19A. The pending sewer rate if finalized is to be \$57.09 for 3,400 gallons which is higher than the \$56.37 for 3,400 gallons rate proposed by the applicant. Staff notes that per the applicant, the proposed rate used in this application was an estimated rate prepared before this Order in the 19A rate case was released and does not represent any separate proposed project related rate increase. This project is entirely grant funded and no project related rate increase has been proposed by the applicant.

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.

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: Sun Valley Public Service District (District) is proposing Phase IIIA Wastewater Collection System Improvements, which includes rehabilitation of Lift Stations #1 and #2, and upgrading the telemetry system. Specifically, Pump Station #1 needs new pumps, piping, and controls; while Pump Station #2 needs a complete rehabilitation including a new wet well (with Xypex concrete additive mixture), pumps, and piping. The estimated construction cost is \$861,200 (includes 9.43% construction contingency), and the estimated total project cost is \$1,115,000.

Need: The PER states that Pump Station #1 and #2 are deteriorating and need rehabilitation. The concrete deterioration of Pump Station #2, is suspected to be in result of hydrogen sulfide (H₂S) gas. Pump Stations #1 and #2 are the major system transmission stations, and handle the majority of the District's flows to deliver the flow to Clarksburg for treatment. Additionally, the PER indicates that the existing telemetry system is outdated and needs replaced to allow improved system controls.

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 \$1,115,000, and having approximately 703 customers (based on the 2021 Annual Report), the cost per customer will be approximately \$1,586. 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.
5. Consolidation: There are no consolidation opportunities presented by this project.

6. Inconsistencies: The PER states the justification for a new wet well at Pump Station #2 is due to H₂S gas damaging the existing concrete, but the proposed scope maintains this structure for “additional storage... for high volume events”. Therefore, it would appear Pump Station #2 is increasing capacity, but the PER does not include existing and/or proposed pump specifications. The PER generalizes the rehabilitation and does not include details regarding the rehabilitation of the pump stations. The IJDC application indicates 696 customers, and the 2021 Annual Report indicates 703 customers (consistent with the PER). The number of existing customers needs to be clarified. These issues should be addressed as the project moves forward.

7. Operation and Maintenance (O&M) Expenses: The PER indicates that there is no anticipated change in O&M.

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 \$201,000, which is equal to 23.34% of the construction cost of \$861,200 (includes 9.43% construction contingency).

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

SUN VALLEY PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022S-2148
 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 | 495,726 | 495,726 | - | 495,726 |
| Other Operating Revenue | 10,726 | 10,726 | - | 10,726 |
| SB 234 Annual Working Cash Collections | 37,326 | 37,326 | - | 37,326 |
| Interest Income & Other Misc. | 283 | 283 | - | 283 |
| Total Cash Available | 544,061 | 544,061 | - | 544,061 |
| <u>OPERATING DEDUCTIONS</u> | | | | |
| Operating Expenses | 298,255 | 298,255 | - | 298,255 |
| Taxes | 8,678 | 8,678 | - | 8,678 |
| Total Cash Requirements Before Debt Service | 306,933 | 306,933 | - | 306,933 |
| Cash Available for Debt Service (A) | 237,128 | 237,128 | - | 237,128 |
| <u>DEBT SERVICE REQUIREMENTS</u> | | | | |
| Principal & Interest (B) | 186,235 | 186,235 | - | 186,235 |
| Other Debt | - | - | - | - |
| Reserve Account @ 10% | - | - | - | - |
| Renewal & Replacement Fund (2.5%) | 12,661 | 12,661 | - | 12,661 |
| Total Debt Service Requirement | 198,896 | 198,896 | - | 198,896 |
| SB 234 Cash Working Capital | 37,282 | 37,282 | - | 37,282 |
| Remaining Cash | 950 | 950 | - | 950 |
| Percent Coverage (A) / (B) | 127.33% | 127.33% | | 127.33% |
| Average rate for 3,400 gallons | \$ 56.37 | \$ 56.37 | \$ - | \$ 56.37 |
| Average rate for 4,000 gallons | \$ 66.32 | \$ 66.32 | \$ - | \$ 66.32 |

SUN VALLEY PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2021
APPLICATION NO: 2022S-2148

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

| <u>Adjustment Description</u> | | \$ | Increase <Decrease> |
|-------------------------------|--|----|------------------------|
| N/A | | | |

SUN VALLEY PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022S-2148
 July 11, 2022

**LOAN 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 |
| | \$ | \$ | \$ | \$ |
| <u>AVAILABLE CASH</u> | | | | |
| Operating Revenues | 495,726 | 566,089 | 2,000 (1) | 568,089 |
| Other Operating Revenue | 10,726 | 12,142 | - | 12,142 |
| SB 234 Annual Working Cash Collections | 37,326 | 37,326 | - | 37,326 |
| Interest Income & Other Misc. | 283 | 283 | - | 283 |
| Total Cash Available | 544,061 | 615,840 | 2,000 | 617,840 |
| <u>OPERATING DEDUCTIONS</u> | | | | |
| Operating Expenses | 298,255 | 298,255 | - | 298,255 |
| Taxes | 8,678 | 8,678 | - | 8,678 |
| Total Cash Requirements Before Debt Service | 306,933 | 306,933 | - | 306,933 |
| Cash Available for Debt Service (A) | 237,128 | 308,907 | 2,000 | 310,907 |
| <u>DEBT SERVICE REQUIREMENTS</u> | | | | |
| Principal & Interest (B) | 186,235 | 251,836 | 501 (2) | 252,337 |
| Other Debt | - | - | - | - |
| Reserve Account @ 10% | - | 6,560 | 50 (3) | 6,610 |
| Renewal & Replacement Fund (2.5%) | 12,661 | 12,661 | 1,844 (4) | 14,505 |
| Total Debt Service Requirement | 198,896 | 271,057 | 2,395 | 273,452 |
| SB 234 Cash Working Capital | 37,282 | 37,282 | - | 37,282 |
| Remaining Cash | 950 | 568 | (395) | 173 |
| Percent Coverage (A) / (B) | 127.33% | 122.66% | | 123.21% |
| Average rate for 3,400 gallons | \$ 56.37 | \$ 63.81 | \$ 0.19 | \$ 64.00 |
| Average rate for 4,000 gallons | \$ 66.32 | \$ 75.07 | \$ 0.23 | \$ 75.30 |

SUN VALLEY PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022S-2148

Attachment B
 LOAN PACKAGE
 SCENARIO 2

Staff Adjustments

| <u>Adjustment Description</u> | | | \$ | Increase <Decrease> |
|-------------------------------|--|-------------------------------------|---------|------------------------|
| (1) | Operating Revenues | Per Staff Analysis | 568,089 | 2,000 |
| | | Per Application with Project | 566,089 | |
| | Staff projected that an additional \$2,000 in revenues would be needed to achieve 115% debt service coverage and a positive cash flow surplus. | | | |
| (2) | Principal & Interest | Per Staff Analysis | 252,337 | 501 |
| | | Per Application with Project | 251,836 | |
| | The difference in P&I is related to Staff's calculation of a loan of \$1,115,000 for 40 years (paid back over 38 years) at 5%. | | | |
| (3) | Reserve Account @ 10% | Per Staff Analysis | 6,610 | 50 |
| | | Per Application with Project | 6,560 | |
| | Staff assumed a 10% reserve on the new debt. | | | |
| (4) | Renewal & Replacement Fund (2.5%) | Per Staff Analysis | 14,505 | 1,844 |
| | | Per Application with Project | 12,661 | |
| | Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund. | | | |