



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

From: Katheryn Emery, P.E. Engineer Chief
Sewer Technical Review Committee

Date: July 17, 2024

Subject: City of Vienna
Preliminary Application: IJDC No. 2024W-2556
Water System Improvements Project, Phase 1

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 water 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 should be tabled for the consultant to address technical comments.
- d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

This project will be the first phase to replace the aged galvanized lines that have become problematic throughout the system.

The proposed total cost for this project is \$3,600,000.00 and the Town intends to pursue a \$3,600,000 WV IJDC Loan.

Using the Combined Application, the Design and Total Fees appear to be within the ASCE curves.

Preliminary Project Ratings:

Public Health Benefits: 0
Compliance with Standards: 5



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MEMORANDUM

TO: Katheryn Emery, P.E., Engineer Chief, DWWM

FROM: Spencer Fultineer, DWWM

DATE: July 9, 2024

SUBJECT: City of Vienna
Preliminary Application: IJDC No. 2024W-2556
Water System Improvements Project, Phase 1

RECOMMENDATION

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

PROJECT DESCRIPTION

The City of Vienna owns and operates an existing water treatment and distribution system operating under Public Water System Identification number (PWSID#) WV3305411 that serves 5,359 customers in Wood County, WV. The PSD also sells water to the Central Boaz PSD.

This project is the first phase of a multiphase project to replace inadequate distribution lines within the system. This phase proposes to replace approximately 10,750 linear feet of old, small-diameter galvanized waterlines ranging in size from 0.5” to 1.5” with new PVC C900 waterlines ranging in size from 2” to 8”.

The proposed total cost for this project is \$3,600,000.00 and the town intends to pursue a \$3,600,000 WV IJDC Loan.

NEED FOR PROJECT

The project will address the faulty galvanized lines that frequently break and for which replacement parts are hard to find. The proposed project will be the first phase in the necessary rehabilitation of this area of the City’s distribution system.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fee and the Design Fee appear to be within the ASCE curve.
- A permit will be required from the WV Bureau for Public Health prior to construction.
- Project cost and the proposed funding scenario doesn't match in several locations.

Preliminary Project Ratings:

Public Health Benefits: 0

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



July 16, 2024

Meredith J. Vance
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Re: Public Service Commission Staff Review Comments
Application No. 2024W-2556
City of Vienna, Water Improvements
Infrastructure Preliminary Application

Dear Ms. Vance:

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 Technical Staff's comments enclosed herewith, we are recommending the application be:

forwarded to the Funding Committee

forwarded to the Consolidation Committee

returned to the Applicant

Please advise if you have any questions.

Sincerely,

Jonathan M Fowler
Jonathan M. Fowler, P.E.
Engineering Division

Enclosures
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: July 16, 2024

PROJECT SPONSOR: CITY OF VIENNA - WATER

PROJECT SUMMARY: Small diameter water main replacements.

PROPOSED FUNDING: IJDC District 1 Loan (3%, 20 yrs.) \$3,600,000

CURRENT RATES: \$16.75 3,400 gallons
\$18.25 4,000 gallons

PROPOSED RATES: \$22.62 3,400 gallons
\$24.65 4,000 gallons

Application No. 2024W-2556

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

FINANCIAL: Dave Acord

1. Current rates (\$16.75 for 3,400 gallons) are below the rates attributable to 1.25% (\$57.48), 1.5% (\$68.98), 1.75% (\$80.47), and 2% (\$91.97) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75% and 2.0% of the MHI would provide additional revenues of \$3,636,155, \$4,662,454, \$5,688,753 and \$6,715,053 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC District 1 Loan of \$3,600,000 at 3% for 20 years, proposed rates (\$22.62 for 3,400 gallons) will provide a cash flow surplus of \$216,720 and debt service coverage of 230.28%.
3. Using the Scenario 2 alternate loan package of \$3,600,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$22.01 for 3,400 gallons) will provide a cash flow surplus of \$195,521 and debt service coverage of 234.10%.

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, 2023, and the applicant's Rule 42 Exhibit submitted with the application.
- C. The project sponsor lists a Pre-Project Proforma rate (\$19.26 for 3,400 gallons) and a Post-Project Proforma rate (\$22.62 for 3,400 gallons) in its application, which staff used in its analysis.
- D. 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.
- E. Based on the City's Per Books and Going-Level deficit it should consider pursuing an ordinance to adjust rates and resolve any deficiencies. 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. Staff notes that the City 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 City's rates pursuant to WV Code 24-2-4b. 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: Brandon Crace

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. Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.
2. Scope: The City of Vienna is proposing to replace old and/or small diameter waterlines throughout their existing water system. The proposed project scope includes: 3500 LF of 2-inch HDPE pipe, 3510 LF of 4-inch PVC pipe, 3750 LF of 6-inch PVC pipe, 950 LF of 8-inch PVC pipe, 50 connections to existing water mains, five (5) 2-inch gate valve and box, thirty (30) 4-inch gate valve and box, fifteen (15) 6-inch gate valve and box, five (5) 8-inch gate valve and box, five (5) 6-inch hydrant assemblies, abandon 30 existing valve boxes, two-hundred thirty (230) 3/4-inch service saddle/corp stops, 4150 LF of 3/4-inch service tubing, two-hundred thirty (230) 3/4-inch service reconnections, 3700 CY of granular backfill, 100 SY of asphalt/concrete replacement, 2750 SY of concrete replacement, 1200 SY of asphalt replacement, 220 SY of gravel replacement, 1100 SY of grading and seeding, traffic control, and all necessary appurtenances. The estimated construction cost is \$2,933,900 (includes 9.88%), and the estimated total project cost is \$3,600,000 (includes 4.72% project contingency). *(Amounts used are from the IJDC Application.)*

Need: The PER indicates that approximately 10,000 feet of water mains 1.25-inch diameter and smaller, and are constructed of galvanized steel. The PER states that the small diameter mains require frequent repairs and should be replaced.

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

Cost per Customer: Based upon the estimated total project cost is \$3,600,000, and having approximately 5359 customers, the cost per customer will be approximately \$672. The cost per customer in terms of proposed borrowing is \$672, as the proposed funding is 100% loan.

3. Project Feasibility: The project scope appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER evaluated two (2) alternates: #1 – Water Main Replacement with PVC Pipe, and #2 – Water Main Replacement with Ductile Iron Pipe (DIP). The PER states Alternate #1 was recommended as this option provides lower construction cost.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER states that O&M costs are not anticipated to increase. The PER did not include supporting calculations or a detailed discussion of changes to O&M.
7. 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 \$528,600, which is equal to 18.02% of the construction cost of \$2,933,900 (includes 9.88% construction contingency). Engineering Design costs for the project are \$247,000, which is equal to 8.42% of the construction cost of \$2,933,900 (includes 9.88% construction contingency).
8. Deficiencies/Comments:
 - 5G Documentation is from a 2011 advertisement, and at least 1 Certificate Case (14-1275-W-CN) was reviewed with the same 5G Documentation.
 - Construction Cost Estimate in the PER does not match the Construction Cost Estimate in the IJDC Application.
 - Engineer provided an updated Construction Cost Estimate; however, that estimate still contains mathematical errors. The Engineer's estimate is approximately \$4,100 greater than the requested funding.

CITY OF VIENNA - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2556
 July 16, 2024

**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	1,495,342	1,984,068	(150,863) (1)	1,833,205
Other Operating Revenue	27,777	27,777	-	27,777
SB 234 Annual Working Cash Collections			150,863 (2)	150,863
Interest Income & Other Misc.	8,012	8,012	-	8,012
Total Cash Available	1,531,131	2,019,857	-	2,019,857
OPERATING DEDUCTIONS				
Operating Expenses	1,204,461	1,206,905	-	1,206,905
Taxes	38,221	38,221	-	38,221
Total Cash Requirements Before Debt Service	1,242,682	1,245,126	-	1,245,126
Cash Available for Debt Servi (A)	288,449	774,731	-	774,731
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	94,449	353,529	(17,103) (3)	336,426
Other Debt	-	-	-	-
Reserve Account @ 10%	-	25,908	(1,710) (4)	24,198
Renewal & Replacement Fund (2.5%)	38,278	50,496	(3,971) (5)	46,525
Total Debt Service Requirement	132,727	429,933	(22,784)	407,148
SB 234 Cash Working Capital	150,558	150,863	-	150,863
Remaining Cash	5,164	193,935	22,784	216,720
Percent Coverage (A) / (B)	305.40%	219.14%		230.28%
Average rate for 3,400 gallons	\$ 16.75	\$ 22.62	\$ -	\$ 22.62
Average rate for 4,000 gallons	\$ 18.25	\$ 24.65	\$ -	\$ 24.65

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	1,833,205	(150,863)
		Per Application with Project	1,984,068	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	150,863	150,863
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	336,426	(17,103)
		Per Application with Project	353,529	
	The difference in P&I is related to Staff's calculation of an IJDC Loan of \$3,600,000 for 20 years at 3%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	24,198	(1,710)
		Per Application with Project	25,908	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	46,525	(3,971)
		Per Application with Project	50,496	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

CITY OF VIENNA - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2556
 July 16, 2024

**LOAN PACKAGE
 SCENARIO 2**

	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	1,495,342	1,929,798	(150,829) (1)	1,778,969
Other Operating Revenue	27,777	27,777	-	27,777
SB 234 Annual Working Cash Collections			150,829 (2)	150,829
Interest Income & Other Misc.	8,012	8,012	-	8,012
Total Cash Available	1,531,131	1,965,587	-	1,965,587
OPERATING DEDUCTIONS				
Operating Expenses	1,204,461	1,206,633	-	1,206,633
Taxes	38,221	38,221	-	38,221
Total Cash Requirements Before Debt Service	1,242,682	1,244,854	-	1,244,854
Cash Available for Debt Servi (A)	288,449	720,733	-	720,733
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	94,449	306,254	1,619 (3)	307,873
Other Debt	-	-	-	-
Reserve Account @ 10%	-	21,180	162 (4)	21,342
Renewal & Replacement Fund (2.5%)	38,278	49,140	(3,971) (5)	45,169
Total Debt Service Requirement	132,727	376,574	(2,190)	374,384
SB 234 Cash Working Capital	150,558	150,829	-	150,829
Remaining Cash	5,164	193,330	2,190	195,521
Percent Coverage (A) / (B)	305.40%	235.34%		234.10%
Average rate for 3,400 gallons	\$ 16.75	\$ 22.01	\$ -	\$ 22.01
Average rate for 4,000 gallons	\$ 18.25	\$ 23.98	\$ -	\$ 23.98

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	1,778,969	(150,829)
		Per Application with Project	1,929,798	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	150,829	150,829
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	307,873	1,619
		Per Application with Project	306,254	
	The difference in P&I is related to Staff's calculation of a Loan of \$3,600,000 for 40 years (paid back over 38 yrs.) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	21,342	162
		Per Application with Project	21,180	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	45,169	(3,971)
		Per Application with Project	49,140	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: Brian D. Bailey *BB*
Technical Analyst
General Permits & Support Team

DATE: June 26, 2024

SUBJECT: Infrastructure Preliminary Application for the City of Vienna: Water System Improvements Phase I in Wood County, WV. (2024W-2556)

We have reviewed the above referenced project application information. The City of Vienna obtains treated water from the Vienna Utility Board via 8 Wells. No NPDES permit modifications are necessary.

If the City of Vienna is considering repairing and painting an existing water treatment plant or storage tanks, then the scope of this project requires precautions to prevent contamination of the waters of the state. Prior to beginning any removal of old paint, the City of Vienna should contact Mr. Brad Wright or a member of his staff at (304)-926-0499, extension 49746 for guidance in determining whether the paint to be removed is considered a hazardous waste. If so, proper containment and disposal procedures must be followed for the paint and any material associated with the sandblasting. If it is determined that the paint is not hazardous, the City of Vienna should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43889 for proper disposal options.

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

effective on April 6, 2024. Projects registered under the previous General Permit No. WV0115100 were automatically provided coverage under WV/NPDES General Permit No. WV0115924. For more information, they may contact Larry Board at (304)-926-0499, extension 43883.

In light of the above, we have no objection to this project as long as the appropriate provisions are taken to assure compliance with Chapter 22, Article 11, of the Code of West Virginia and any associated regulations. The responsible party may contact Mylinda Maddox (304) 926-0499 ext. 43825, should additional information be required.

BDB:mam

cc: Katheryn Emery