



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Earl Ray Tomblin
Governor

Rocco Fucillo
Cabinet Secretary

MEMORANDUM

TO: Chris Jarrett, Funding Committee
WV Infrastructure and Jobs Development Council

FROM: Robert W. DeCrease, P. E. *RWD*
Water Technical Review Committee

DATE: June 25, 2013

RE: City of Cameron
IJDC Preliminary Application Number: 2013W-1448 (Old 2013W-1430)
Phase III Water Line Extensions and Improvements
Marshall County

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.
- 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:

The PSC cash flow analysis indicates the proposed user rate is **\$33.70 (1.61% MHI)** and will provide an annual cash flow deficit of **\$1,188** and debt service coverage of **136%** using the preferred funding package. An additional **0.7%** increase in proposed rates (for a total of **\$33.94** for 4,000 gallons) would be required in order to provide a cash flow surplus of **\$80** and debt service coverage of **145%**.

RWD:lch

pc: OEHS Wheeling DO
To be distributed at the Funding Committee Meeting



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MEMORANDUM

TO: Robert W. DeCrease, P.E., Manager
Infrastructure & Capacity Development

FROM: Benjamin J. Savage, PE, Assistant Manager *Benjamin J. Savage*
Infrastructure & Capacity Development

DATE: June 25, 2013

RE: City of Cameron
IJDC Preliminary Application Number: 2013W-1448 (Old 2013W-1430)
Phase III Water Line Extensions and Improvements
Marshall County

RECOMMENDATION:

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

PROJECT SCOPE:

This project is to replace deteriorated water line within the City of Cameron and to extend water service to 52 new customers along County Route 25 to the Pennsylvania border. The project will consist of approximately 3.3 miles of water line (5,500 LF of 2" 10,300 LF of 6" and 1,700 LF of 8" water line), 16 fire hydrants, painting of the existing 500,000 gallon water storage tank, new radio read system and all necessary valves and appurtenances. Approximately 4,700 LF of water main will be replaced to reduce water loss.

The estimated total project cost is \$1,710,951.24 [SCBG: \$1,203,428.77 (uncommitted); DWTRF Loan: \$404,361.23 at 0.5%, 0.5% Admin. fee for 30 years (uncommitted); Marshall County Commission Grant: \$103,161.24]. The cost per customer is \$3,528.

The prior submitted estimated total project cost was \$1,993,161.24 [SCBG: \$1,500,000 (uncommitted); DWTRF Loan: \$375,000 at 0.5%, 0.5% Admin. fee for 30 years (uncommitted); Marshall County Commission Grant: \$103,161.24; City of Cameron: \$15,000]. The cost per customer is \$4,096.

NEED FOR THE PROJECT:

The Preliminary Engineering Report (PER) indicates that the new customers to be served through the extension

portion of the project are currently served by private water wells that lack quantity and/or substandard quality of water. The extension would provide the new customers with not only a safe and reliable source of potable water, but also provide them with fire protection. The existing deteriorated water lines in the areas of State Street, Maple Avenue, Gable Avenue, Pleasant Drive and Route 250 North of Cameron need to be replaced. Replacing these water lines should reduce the current 48% unaccounted for water losses. The existing 500,000 gallon tank (the only one in the City) needs to be painted.

CONCERNS:

1. This project is for Phase III in the City of Cameron. Phases I & II also included water line replacement in an effort to reduce unaccounted for water loss due to old deteriorated water lines. Both Phases I & II did temporarily reduce the unaccounted for water losses, but for only a short period. Water losses are now estimated to be back up to approximately 48%. We noted that the last WV Bureau for Public Health's Sanitary Survey indicated that the City of Cameron does not have a program for inspecting and/or replacing water customer's meters or any type of leak detection system. Addressing these two (2) areas may help the City of Cameron to reduce their unaccounted for water losses or at the very least help pinpoint where the losses are occurring. Only a small part of this project will reduce water loss in the distribution system.

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 will be required from the PSC.

Prior to removal of the old paint on the existing water storage tank, a determination as to whether the paint to be removed is hazardous must be made in order for proper containment and disposal procedures. If the paint is determined to be hazardous, Mike Zeto of DEP must be contacted; otherwise Sudhir Patel of DEP must be contacted.

ENGINEERING FEES:

The engineering design fees for this project are "**above the curve**" for average complexity for new construction cost, but "**on the curve**" for average complexity for modified construction costs as referenced in the American Society of Civil Engineers manual of practice. The total fees for this project are "**above the curve**" for average complexity for both new construction and modified construction costs as referenced in the American Society of Civil Engineers manual of practice. The sponsor should make a written request for a waiver approval from the WVIJDC for the total fees.

ASSET MANAGEMENT PLAN AND ANNUAL MAINTENANCE AUDIT:

The IJDC application states that the City of Cameron does not have a formal asset management plan in

City of Cameron

Project No.: 2013W-1448 (Old 2013W-1430)

June 25, 2013

Page Three

place and has completed an annual maintenance audit.

CAPACITY DEVELOPMENT PROGRAM ASSESSMENT:

The IJDC application states that the City of Cameron has completed a Capacity Development Analysis (CDA) within the last 5 years. The Bureau for Public Health records indicate the system last participate in a CDA in September 2012.

RANKING:

- Public Health Benefit: 10
- Compliance: 10

*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

June 13, 2013

Mr. Robert W. DeCrease, P.E.
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Re: Public Service Commission Staff Review Comments
Application No. 2013W-1448 (Formerly 2013W-1430)
City of Cameron
Infrastructure Preliminary Application

Dear Mr. DeCrease:

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:

 X forwarded to the Funding Committee

 forwarded to the Consolidation Committee

 returned to the Applicant

Please advise if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Ingrid Ferrell".

Ingrid Ferrell
Engineering Division
IFerrell@psc.state.wv.us

Enclosures
IF:vt

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: June 13, 2013

PROJECT SPONSOR: CITY OF CAMERON

PROJECT SUMMARY: Improvements to system and extend service approximately 1.6 miles along Green Valley and Tunnel Hill Roads to serve 52 new customers.

PROPOSED FUNDING: Small Cities Block Grant	\$ 1,203,429
DWTRF Loan 0.5%, 30 years,	404,361
0.5% administrative fee	
Marshall County Commission Grant	<u>103,161</u>
Total	<u>\$ 1,710,951</u>

CURRENT RATES: \$29.00 4,000 gallons

PROPOSED RATES: \$33.70 4,000 gallons

Application No. 2013W-1448 (formerly 2013W-1430)

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

FINANCIAL: Bonnie Boston

1. Current rates (\$29.00 for 4,000 gallons) are below the rates attributable to 1.5% (\$31.40), 1.75% (\$36.63), and 2.0% (\$41.87) of the Median Household Income (MHI). Increasing current rates to 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$12,563, \$39,972 and \$67,381, respectively.
2. Using Scenario 1, the preferred funding package consisting of a SCBG for \$1,203,429, a Marshall County Commission grant for \$103,161, and a \$404,361 DWTRF loan (0.5%, 30 years, 0.5% administrative fee), proposed target rates (\$33.70 for 4,000 gallons) would provide a cash flow deficit of \$1,188 and debt service coverage of 136.30%. An additional 0.7% increase in proposed target rates (for a total of \$33.94 for 4,000 gallons) would be required in order to provide a cash flow surplus of \$80 and debt service coverage of 145.23%.
3. Using the Scenario 2 alternate loan package totaling \$1,710,951, which consists of a loan of \$1,607,790 at 5% for 40 years (paid back over 38 years) and \$103,161 for

the committed grant, proposed maximum rates (\$35.40 for 4,000 gallons) would provide a cash flow deficit of \$79,454 and debt service coverage of 32.16%. An additional 40.4% increase in proposed maximum rates (for a total of \$49.70 for 4,000 gallons) would be required in order to provide a cash flow surplus of \$496 and debt service coverage of 118.19%.

4. FINANCIAL 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 Applicant's Rule 42 Exhibit proposes a DWTRF loan of \$404,361 using terms of 1% and 30 years. Staff considered the terms of the proposed DWTRF loan of \$404,361 to be 0.5%, 30 years, with a 0.5% administrative fee, for Scenario 1.
- C. The Going Level and Proforma adjustments included in the Applicant's Rule 42 Exhibit were used in Staff's Cash Flow Analyses.
- D. The Applicant included a Maximum Rate Cash Flow Analysis with the application, which Staff assumed was prepared using on a maximum rate of \$35.40 for 4,000 gallons, as indicated on page 4 of the Preliminary Application Form Accountant. Staff used the Maximum Rate Cash Flow Analysis as its basis of analysis for Scenario 2, adjusted as noted on Attachment B.
- E. This infrastructure application (previously numbered 2013W-1430) was last reviewed on April 19, 2013, with a recommendation of "Return to the Applicant", to change the scope of the project by eliminating the construction of a 100,000 gallon tank. At that time, the proposed funding package totaled \$1,978,161, consisting of a Small Cities Block Grant of \$1,500,000, a Marshall County Grant of \$103,161, and a DWTRF loan for \$375,000 at 0.5% for 30 years with a 0.5% administrative fee.
- F. The City of Cameron 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: Jim Spurlock

1. This application is a resubmittal of the project which was proposed in 2013W-1448. The City proposed to extend public water service to 50 customers along Rt. 25, replace approximately 4,700 feet of deteriorated water lines, and construct a 100,000 gallon tank to allow an existing tank to be taken out of service for painting. In the instant filing, construction of the new tank has been eliminated from the project. Staff's initial comments had questioned the need for the tank. Accordingly, Staff's concerns regarding feasibility have been addressed.
2. The customer density for the extension is 20 customers per mile. The current total project cost is \$1,710,951, which results in a cost per customer of \$3,542 for 483 customers.
3. Operation and maintenance expenses are expected to increase by \$9,331 annually as a result of the project. Supporting calculations were provided.
4. The application includes information that shows compliance with West Virginia Code §§5G-1-1, et seq. Engineering costs are \$242,750, which equates to 18.2% of the construction cost of \$1,331,880.
5. The remainder of Staff's previous comments still applies. Staff recommends that this application be forwarded to the funding committee.

Preliminary Project Ranking:

5. O & M Capabilities:
 - Performance Measures = 1 pt.
 - Asset Management Plan = 0 pts.
 - Environmental Management = 1 pt.
6. Readiness To Proceed: = 0 pts.
8. Cost effectiveness: = 5 pts.
10. Compliance with PSC Orders: = 0 pts.

CITY OF CAMERON
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2012
APPLICATION NO: 2013W-1448
June 13, 2013

**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 \$
<u>AVAILABLE CASH</u>				
Operating Revenues	151,888	196,907	(2,280)	(1) 194,627
Other Operating Revenue	6,193	7,221	-	7,221
Interest Income & Other Miscell.	-	-	-	-
Total Cash Available	158,081	204,128	(2,280)	201,848
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	164,554	173,678	1,070	(2) 174,748
Taxes	5,971	5,971	-	5,971
Total Cash Requirements Before Debt Service	170,525	179,649	1,070	180,719
Cash Available for Debt Service (A)	(12,444)	24,479	(3,350)	21,129
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	-	15,668	(1,120)	(3) 14,548
Reserve Account @ 10%	-	1,567	(112)	(4) 1,455
Renewal & Replacement Fund (2.5%)	-	5,103	(57)	(5) 5,046
Total Debt Service Requirement	-	22,338	(1,289)	21,050
Remaining Cash	(12,444)	2,141	(2,061)	80
Percent Coverage (A) / (B)		156.24%		145.23%
Average rate for 4,000 gallons	\$ 29.00	\$ 33.70	\$ 0.24	\$ 33.94

**CITY OF CAMERON
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2012
APPLICATION NO: 2013W-1448**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis Per Application with Project	194,627 196,907	(2,280)
Staff's decreased operating revenues by \$3,580, as Staff's calculation included only 80% of the projected new water customers in its proforma revenue projections, then added \$1,300 needed to achieve positive cash flow.			
(2) Operating Expenses	Per Staff Analysis Per Application with Project	174,748 173,678	1,070
Staff added \$1,070 in administrative fees associated with the proposed TRF loan.			
(3) Principal & Interest	Per Staff Analysis Per Application with Project	14,548 15,668	(1,120)
Staff considered the terms of the proposed TRF loan of \$404,361 to be 0.5%, 30 years, with a 0.5% administrative fee.			
(4) Reserve Account @ 10%	Per Staff Analysis Per Application with Project	1,455 1,567	(112)
Staff assumed a 10% reserve on the new debt.			
(5) Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	5,046 5,103	(57)
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

CITY OF CAMERON
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2012
APPLICATION NO: 2013W-1448
June 13, 2013

**LOAN PACKAGE
SCENARIO 2**

	Rule 42 Going Level Per Application Before Project	Max Rate Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1 \$	2 \$	3 \$	4 \$
<u>AVAILABLE CASH</u>				
Operating Revenues	151,888	206,753	78,327	(1) 285,080
Other Operating Revenue	6,193	7,221	-	7,221
Interest Income & Other Miscell.	-	-	-	-
Total Cash Available	158,081	213,974	78,327	292,301
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	164,554	173,678	-	173,678
Taxes	5,971	5,971	-	5,971
Total Cash Requirements Before Debt Service	170,525	179,649	-	179,649
Cash Available for Debt Service (A)	(12,444)	34,325	78,327	112,652
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	-	15,668	79,649	(2) 95,317
Reserve Account @ 10%	-	1,567	7,965	(3) 9,532
Renewal & Replacement Fund (2.5%)	-	5,349	1,959	(4) 7,308
Total Debt Service Requirement	-	22,584	89,572	112,156
Remaining Cash	(12,444)	11,741	(11,245)	496
Percent Coverage (A) / (B)		219.08%		118.19%
Average rate for 4,000 gallons	\$ 29.00	\$ 35.40	\$ 14.30	\$ 49.70

**CITY OF CAMERON
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2012
APPLICATION NO: 2013W-1448**

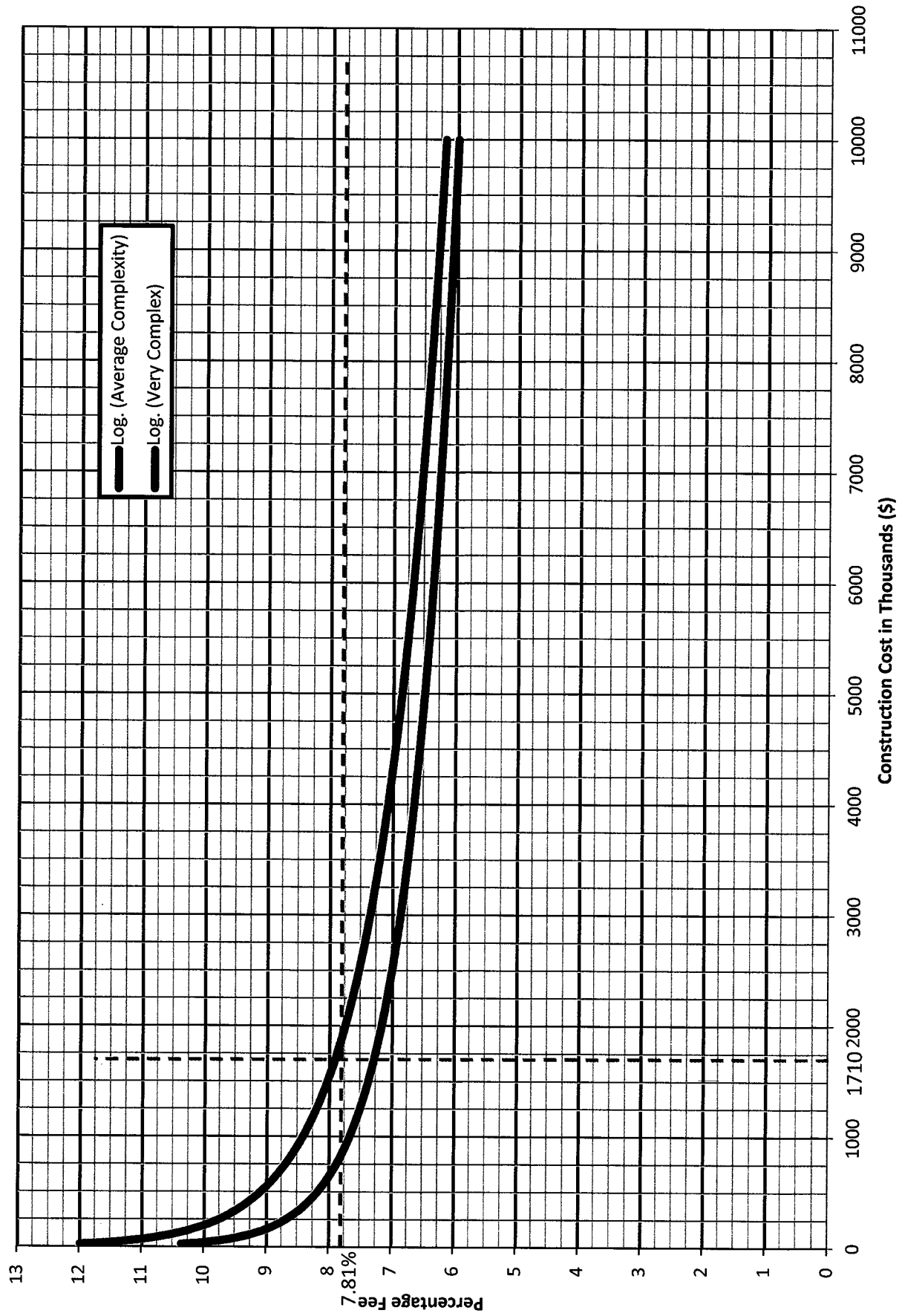
**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	285,080	78,327
	Per Application with Project	206,753	
Staff's decreased operating revenues by \$3,673, as Staff's calculation included only 80% of the projected new water customers in its proforma revenue projections, then added \$82,000 needed to achieve positive cash flow for Scenario 2.			
(2) Principal & Interest	Per Staff Analysis	95,317	79,649
	Per Application with Project	15,668	
Staff's proforma debt service calculation for Scenario 2 was based on an alternate loan package of \$1,710,951, consisting of \$103,161 in committed grants and an alternate loan of \$1,607,790 at 5% for 38 years.			
(3) Reserve Account @ 10%	Per Staff Analysis	9,532	7,965
	Per Application with Project	1,567	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	7,308	1,959
	Per Application with Project	5,349	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

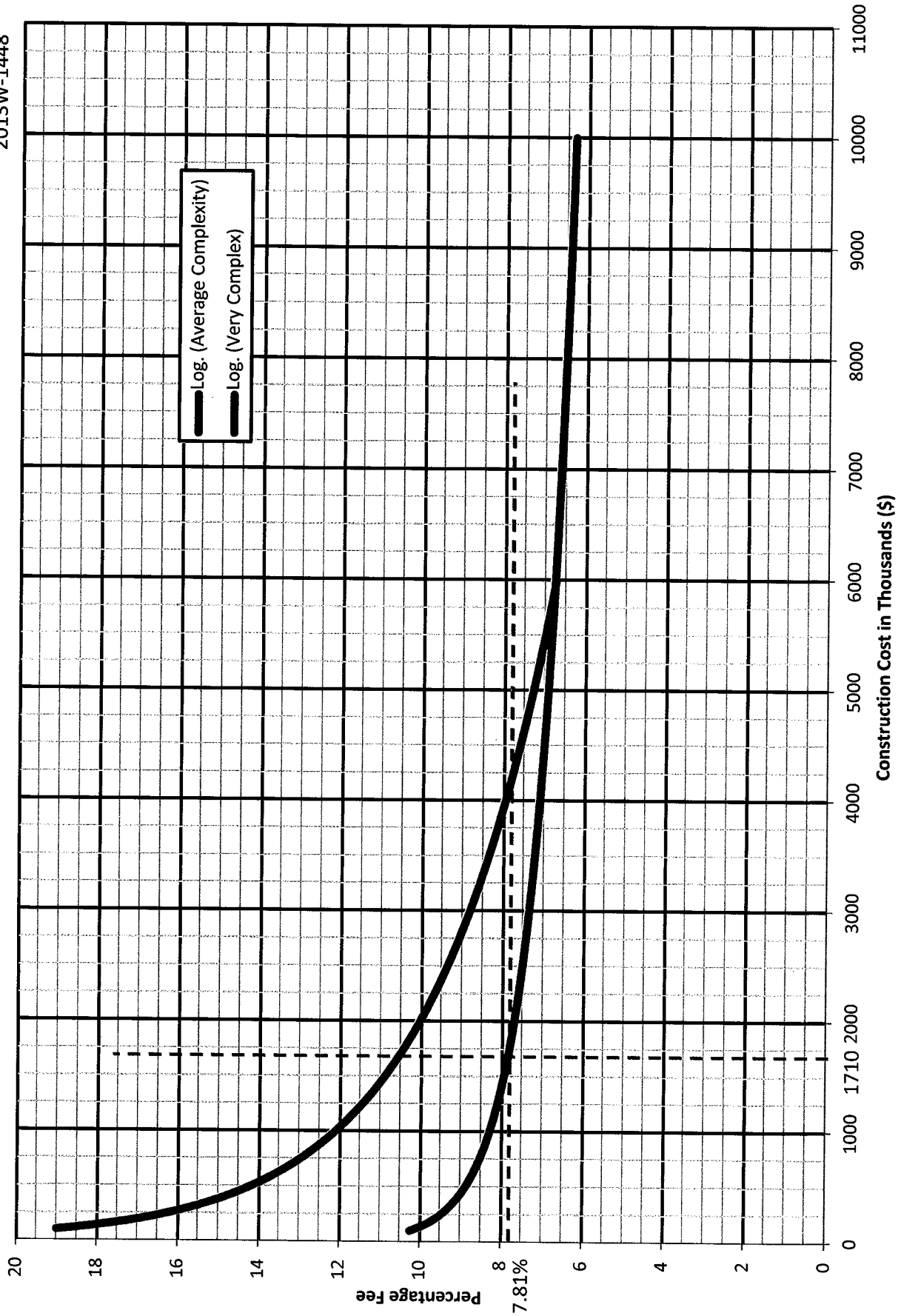
Graph 1. Design Fee vs. Construction Cost for New Construction

City of Cameron
2013W-1448



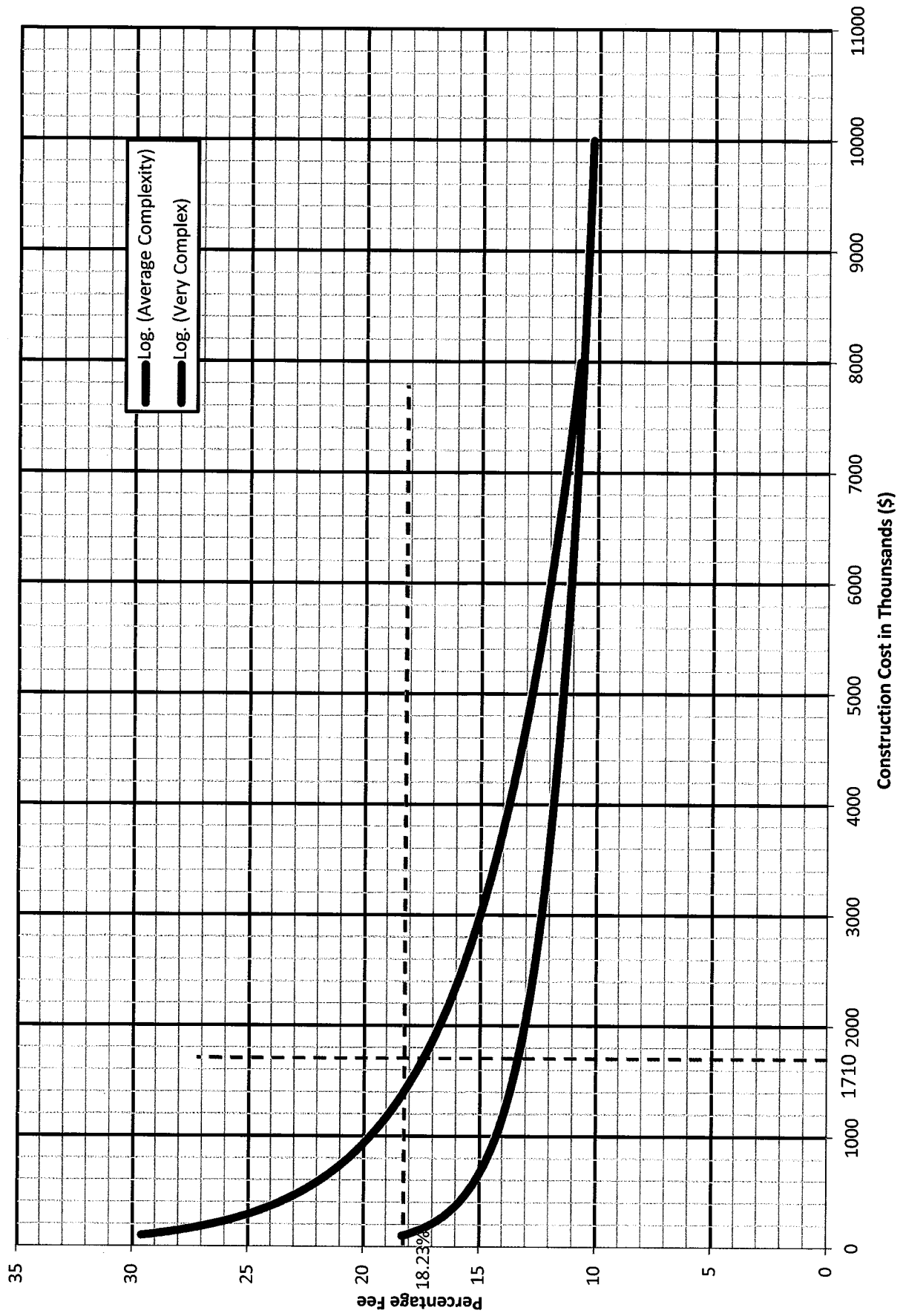
Graph 2. Design Fee vs. Construction Costs for Modifications

City of Cameron
2013W-1448



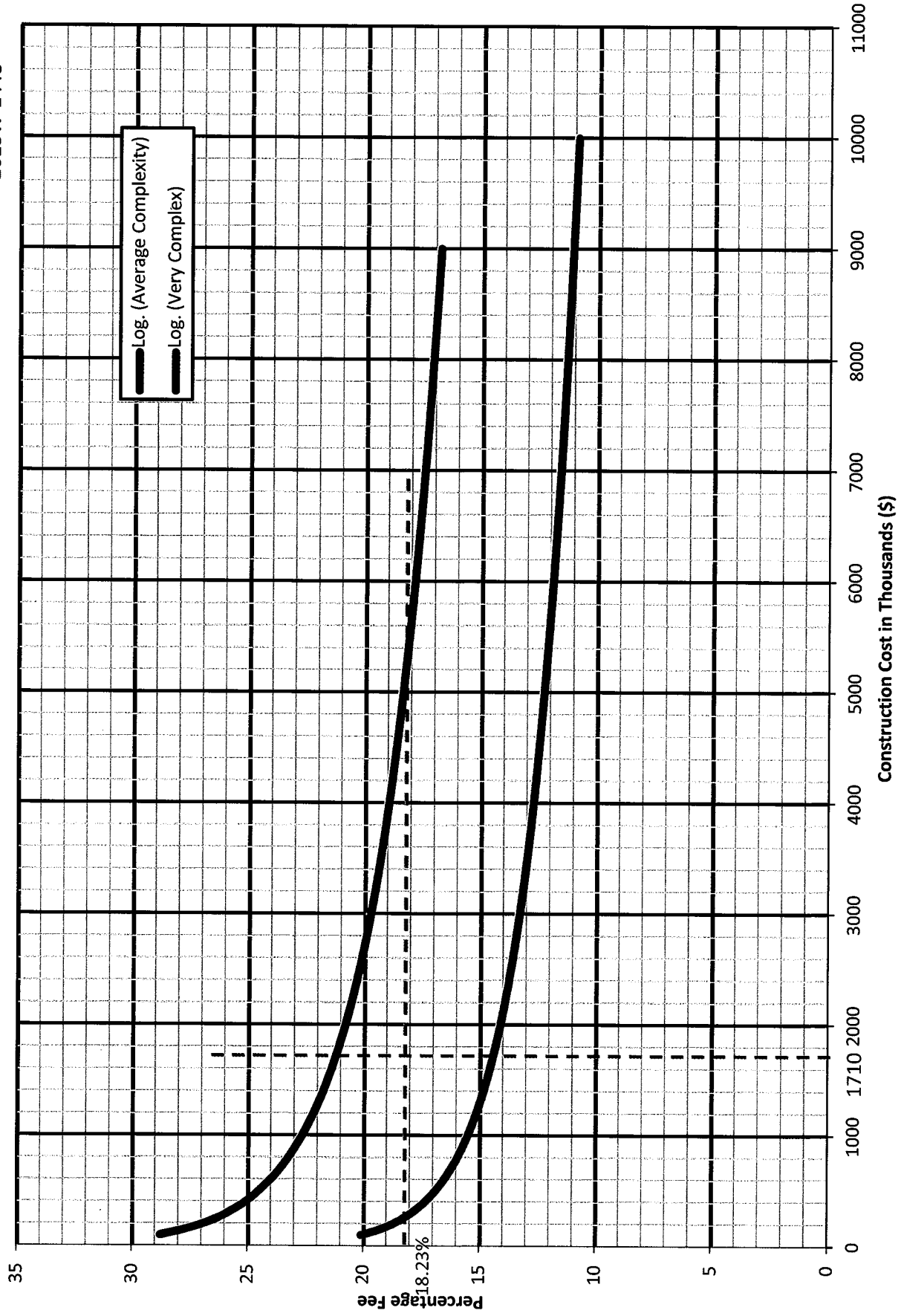
Total Fee vs. Construction Cost for New Construction

City of Cameron
2013W-1448



Total Fee vs. Construction Cost for Modifications

City of Cameron
2013W-1448





west virginia department of environmental protection

Office of Abandoned Mine Lands & Reclamation
601 57th Street SE
Charleston, WV 25304
Telephone: (304) 926-0485
Fax: (304) 926-0458

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

MEMORANDUM

To: Mr. Robert W. DeCrease, P.E., Manager
Infrastructure and Capacity Development

From: ^{JH} Jonathan Holbert, P.E., Waterline Coordinator
Office of Abandoned Mine Lands & Reclamation

Date: April 15, 2013

Subject: City of Cameron
IJDC Preliminary Application: 2013W-1430

AML does not participate in routine improvements and replacement of existing systems. Also there are no known AML sites in the area of the proposed extension. Therefore AML funds will not be available for this project.

OEHS District Review for Infrastructure Council Water Projects

Water System:	CAMPION	IJDC Number:	2013W-1430
Project Description:	WATER SYSTEM IMPROVEMENTS AND WWT EXTENSION	Review by:	BRAD HESS
County:	MARSHALL	Date:	3-18-2013

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

BWH 3/18/13



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Earl Ray Tomblin
Governor

Rocco S. Fucillo
Cabinet Secretary

MEMORANDUM

TO: Robert DeCrease, PE
Infrastructure and Capacity Development Unit

FROM: Michelle Cochran, R.S.
Capacity Development Program

DATE: March 22, 2013

RE: City of Cameron, PWSID: 3302603
IJDC project #: 2013W-1430

The above referenced system stated on their application that they had not had a Capacity Development Assessment within the last 5 years. This is not correct; the system last participated in a capacity development assessment in September 2012. The system indicates in their application that they do not have an asset management plan in place. The system is seeking DWTRF monies.

The City of Cameron system has an ETT score of 20 which is above the EPA's action level of 11. This score is the result of violations related to failure to meet required turbidity parameters. Because the ETT score tracking runs as much as 6 months behind current events, I checked with the Enforcement staff for a status update. Enforcement staff report that all violations have been addressed and the system is back in compliance at this time.

If you have any other questions or need additional information, please call me at 304-356-4299.

MLC