



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: April 23, 2025

Subject: City of Elkins
IJDC No. 2025S-2653
Georgetown Road Area Wastewater Improvements

-
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 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 replace gravity sewer lines on Livingston Ave and install a new forcemain from the Vector Avenue pump station along Scott Ford Rd. An upgrade to the Vector Ave. pump station will also be included. This existing line along Livingston Ave is in disrepair and has reached the end of its useful life. This project will address the overflows that resulted in a Notice of Violation (NOV W24-42-012-TPD).

Using the Combined Application, the Total Fee appears to be above the ASCE curve

The total cost for this project is \$2,500,000 and the City intends to pursue a \$500,000 IJDC Grant, a \$1,250,000 in CWSRF Principle Forgiveness, and a \$750,000 USACE Section 571 Grant.

Preliminary Project Ratings:

Public Health Benefits: 10
Compliance with Standards: 20



Russel Crane
Interim Cabinet Secretary of Health

Jason R. Frame
OEHS Director

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

FROM: Patrick Murphy, P.E.
Environmental Engineering Division

DATE: April 6, 2025

SUBJECT: City of Elkins
IJDC Application- **2025S-2653**
Georgetown Road Wastewater Improvements
Randolph County

Recommendation:

We have reviewed this preliminary application and recommend that it be forwarded to the Funding Committee for review.

Project Scope:

This project proposes (Alternative 1) to replace the gravity sewer line on Livingston Avenue; construct a new force main from the Vector Avenue pump stations along Scott Ford Road to the Livingston Avenue gravity sewer; and to upgrade the Vector Avenue pump station.

The total project cost is **\$2,500,000.00**

Need for the Project:

The city reports that the gravity sewer line along Sylvester Drive and associated Sanitary Sewer Overflow (SSO) are often overloaded from the discharge from the Vector Avenue pump station resulting in four (4) manhole overflows (spills) from June 2022 to February 2024 and that the gravity sewer line along Livingston Avenue is in disrepair and has reached the end of its useful life.

Concerns: No concerns were noted.



Permits:

Coordination with the following agencies will likely be required for this project:

- WV Department of Environmental Protection
- WV Department of Health
- WV Department of Transportation
- US Army Corps of Engineers



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MEMORANDUM

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

FROM: Corey McComas, DWWM

DATE: April 16, 2025

SUBJECT: City of Elkins
Georgetown Road Area Wastewater Improvements
IJDC No. 2025S-2653

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Civil and Environmental Consultants, for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The City of Elkins (City) currently owns a wastewater treatment plant (WWTP) and a collection system, which includes 14 CSOs. The City serves 3,099 customers in the City and surrounding areas, including from Midland Public Service District and Leadville Public Service District. The City's WWTP is a 5.97 MGD oxidation ditch, which discharges into the Tygart Valley River.

This project will replace 4,670 LF of gravity sewer line on Livingston Ave. In addition, this project will include the installation of 1,900 LF of forcemain from the Vector Avenue pump station along Scott Ford Rd. An upgrade to the Vector Ave. pump station will also be included.

The proposed total cost for this project is \$2,500,000.00 and the City intends to pursue a \$500,000 IJDC Grant, a \$1,250,000 in CWSRF Principle Forgiveness, and a \$750,000 USACE Section 571 Grant. The monthly rate for 3,400 gallons is \$50.80 (1.57% MHI).

NEED FOR PROJECT

The Georgetown Road area has two main issues to be addressed. First, the City reports that the gravity sewer line along Livingston Ave. is in disrepair and has reached the end of its useful life.

The City reports that the gravity sewer line along Sylvester Dr. and associated Sanitary Sewer Overflow (SSO) are often overloaded from the discharge from the Vector Ave. pump station resulting in four (4) manhole overflows (spills) from June 2022 to February 2024. This resulted in a Notice of Violation (NOV W24-42-012-TPD).

DEFICIENCIES/COMMENTS

- No discussion of I&I was provided. This should be further discussed when the PER is developed to a facilities plan that meets CWSRF requirements if CWSRF is used
- Using the Combined Application, the Total Fee appears to be above the ASCE curve.

Preliminary Project Ratings:

Public Health Benefits: 10

Compliance with Standards: 20

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



April 22, 2025

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. 2025S-2653
City of Elkins - Sewer System Improvements
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 Technical Staff's comments enclosed herewith, we are recommending the application be:

- Forward the Application
 Return the Application
 Returned to the Applicant

Please advise if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jonathan M. Fowler".

Jonathan M. Fowler, P.E.
Engineering Division

Enclosures
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: April 22, 2025

PROJECT SPONSOR: CITY OF ELKINS – SEWER

PROJECT SUMMARY: This project consists of replacing gravity sewer line, constructing a new force main, and upgrading a pump station.

PROPOSED FUNDING: CWSRF Debt Forgiveness	\$1,250,000
USCOE Grant	750,000
IJDC District 2 Grant	<u>500,000</u>
Total	\$2,500,000

CURRENT/PROPOSED

RATES:	\$50.80	3,400 gallons
	\$59.37	4,000 gallons

Application No. 2025S-2653

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

FINANCIAL: William Nelson

1. Current rates (\$50.80 for 3,400 gallons) are above the rate attributable to 1.25% (\$40.53) and 1.5% (\$48.64) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$56.74) and 2.0% (\$64.85) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$282,082 and \$666,792 respectively.
2. Using Scenario 1, the preferred funding package consisting of a CWSRF Debt Forgiveness of \$1,250,000, a USCOE Grant of \$750,000, and an IJDC District 2 Grant of \$500,000, proposed rates (\$50.80 for 3,400 gallons) will provide a cash flow surplus of \$61,553 and debt service coverage of 137.52%.

3. Using the Scenario 2 alternate loan package of \$2,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$53.31 for 3,400 gallons) will provide a cash flow surplus of \$35,022 and debt service coverage of 132.31%.

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, 2024, and the applicant's Cash Flow Statement submitted with the application.

C. It should be noted that the applicant requested a waiver of the Rule 42 Exhibit requirement since the project is proposed to be entirely grant funded.

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. The City of Elkins (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: Mansour Mashayekhi

1. Pursuant to House Bill 2742 passed in the 2025 Legislative Session this project will not require a Certificate of Convenience and Necessity from the PSC.
2. **Scope:** The City's project consists of the following: **1.** Replace the gravity sewer line on Livingston Avenue, **2.** Construct a new force main from the Vector Avenue pump station along Scott Ford Road to the Livingston Avenue (gravity sewer) and **3.** Upgrade the Vector Avenue pump station. The proposed project is estimated to cost approximately \$1,596,323 in construction cost with an estimated total project cost of \$2,500,000. The proposed project to be funded through a DWTRF debt forgiveness loan amount of \$1,250,000, an IJDC District-2 Grant of \$500,000, and a USCOE contribution of \$750,000.
3. **Need for Project:** The Georgetown Road area has two (2) problems to be addressed. **1.** The city reports that the gravity sewer line along Sylvester Drive and associated Sanitary Sewer Overflow (SSO) are often overloaded from the discharge from the Vector Avenue pump station resulting in four (4) manhole overflows (spills) from June 2022 to February 2024. This resulted in a Notice of Violation (NOV W24-42-012-TPD) issued by the WVDEP Comprehensive Evaluation Inspection and NOV. **2.** The city reports that the gravity sewer line along Livingston Avenue is in disrepair and has reached the end of its useful life. Project is necessitated by Notice of Violations and for the repair of a system that is currently not functioning as intended.
4. **Customer Density:** This is an improvement and an upgrade project; therefore, customer density will stay unchanged.
5. **Cost per Customer:** Based upon the estimated project budget of \$2,500,000 and having approximately 3,074 existing customers, cost-per-customer is approximately \$313. However, this project is debt forgiveness loan and grant funded, therefore, existing customers are not responsible for any capital project related expenses.
6. **Project Feasibility:** The project appears to be technically feasible.
7. **Project Alternatives:** Two (2) alternative methods of addressing these

problems are included in this Preliminary Engineering Report.

Alternative-1 (replace the gravity sewer line on Livingston Avenue, construct a new force main from the Vector Avenue pump station along Scott Ford Road to the Livingston Avenue gravity sewer, and upgrade the Vector Avenue pump station), **Alternative-2** (replace the gravity collection line on Livingston Avenue, construct a new force main from the Vector Avenue pump station along Scott Ford Road, Georgetown Road, and directly to the existing WWTP, and upgrade the Vector Avenue pump station). **Alternative-1** was selected because it addresses the need for the project, is the more cost-efficient alternative and will have a smaller environmental impact during the construction.

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 and/or certificates may be required for this project: WV Bureau of Public Health, WV Department of Environmental Protection State Revolving Fund Facility Plan Approval, WV Department of Environmental Protection, Construction Stormwater Permit, West Virginia Department of Transportation, Division of Highways, United States Army Corps of Engineers, WV Public Service Commission Certificate of Convenience and Necessity, and Authorization to Advertise for Bids from Funding Agencies.
11. **Operation and Maintenance (O&M) Expenses:** This project proposes to separate the sanitary sewer and stormwater collection systems within the existing Smithers collection system. The project does not propose to add new customers, nor alter the number of customers served by Smithers. the project's O&M expenses are expected to increase by approximately \$200 to an annual O&M expense of \$1,630,951.
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 \$170,000 at the construction cost of \$1,596,323. This is approximately 10.65% of the construction cost as shown on the application.

CITY OF ELKINS - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2024
 APPLICATION NO: 2025S-2653
 April 22, 2025

**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	2,835,486	2,835,486	(203,869) (1)	2,631,617
Other Operating Revenue	256,196	256,196	-	256,196
SB 234 Annual Working Cash Collections			203,869 (2)	203,869
Interest Income & Other Misc.	71,201	71,201	-	71,201
Total Cash Available	3,162,883	3,162,883	-	3,162,883
OPERATING DEDUCTIONS				
Operating Expenses	1,630,751	1,630,951	-	1,630,951
Taxes	50,172	50,172	-	50,172
Total Cash Requirements Before Debt Service	1,680,923	1,681,123	-	1,681,123
Cash Available for Debt Service (A)	1,481,960	1,481,760	-	1,481,760
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	1,077,501	1,077,501	-	1,077,501
Other Debt	35,199	35,199	-	35,199
Reserve Account @ 10%	31,442	31,442	-	31,442
Renewal & Replacement Fund (2.5%)	79,072	79,072	(6,877) (3)	72,195
Total Debt Service Requirement	1,223,214	1,223,214	(6,877)	1,216,337
SB 234 Cash Working Capital	203,844	203,869	-	203,869
Remaining Cash	54,902	54,677	6,877	61,553
Percent Coverage (A) / (B)	137.54%	137.52%		137.52%
Average rate for 3,400 gallons	\$ 50.80	\$ 50.80	\$ -	\$ 50.80
Average rate for 4,000 gallons	\$ 59.37	\$ 59.37	\$ -	\$ 59.37

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	2,631,617	(203,869)
		Per Application with Project	2,835,486	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	203,869	203,869
		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	72,195	(6,877)
		Per Application with Project	79,072	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

CITY OF ELKINS - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2024
 APPLICATION NO: 2025S-2653
 April 22, 2025

**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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	2,835,486	2,975,486	(203,869) (1)	2,771,617
Other Operating Revenue	256,196	256,196	-	256,196
SB 234 Annual Working Cash Collections			203,869 (2)	203,869
Interest Income & Other Misc.	71,201	71,201	-	71,201
Total Cash Available	3,162,883	3,302,883	-	3,302,883
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	1,630,751	1,630,951	-	1,630,951
Taxes	50,172	50,172	-	50,172
Total Cash Requirements Before Debt Service	1,680,923	1,681,123	-	1,681,123
Cash Available for Debt Service (A)	1,481,960	1,621,760	-	1,621,760
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	1,077,501	1,224,588	1,124 (3)	1,225,712
Other Debt	35,199	35,199	-	35,199
Reserve Account @ 10%	31,442	46,151	112 (4)	46,263
Renewal & Replacement Fund (2.5%)	79,072	82,572	(6,877) (5)	75,695
Total Debt Service Requirement	1,223,214	1,388,510	(5,641)	1,382,869
SB 234 Cash Working Capital	203,844	203,869	-	203,869
Remaining Cash	54,902	29,381	5,641	35,022
Percent Coverage (A) / (B)	137.54%	132.43%		132.31%
Average rate for 3,400 gallons	\$ 50.80	\$ 53.31	\$ -	\$ 53.31
Average rate for 4,000 gallons	\$ 59.37	\$ 62.30	\$ -	\$ 62.30

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	2,771,617	(203,869)
		Per Application with Project	2,975,486	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	203,869	203,869
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	1,225,712	1,124
		Per Application with Project	1,224,588	
	The difference in P&I is related to Staff's calculation of a loan of \$2,500,000 for 40 years (paid back over 38 yrs.) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	46,263	112
		Per Application with Project	46,151	
	Staff assumed a 10% reserve on the new debt plus the existing debt service requirement not included in the applicant's cash flow.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	75,695	(6,877)
		Per Application with Project	82,572	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			