

**West Virginia
Clean Water State Revolving Fund**



**Fiscal
Year
2010**

Intended Use Plan Addendum #1

Submitted to the
U.S. Environmental Protection Agency
Region III
June 4, 2010



west virginia department of environmental protection

Preface

This addendum to the Fiscal Year 2010 Intended Use Plan (IUP) is being issued so DEP can apply for its FY2010 federal appropriation of \$31,762,000, which was not anticipated when the original IUP was developed.

A portion of this money must be used for green infrastructure projects and a portion of this money must be used to provide additional loan subsidies to disadvantaged communities in the form of grants or principal forgiveness, as further described in this addendum.

Introduction

This addendum to the FY2010 Intended Use Plan has been developed to serve as the basis for the Environmental Protection Agency awarding to DEP its next capitalization grant consisting of FY2010 funds appropriated by Congress.

The required 20% state match will be obtained from the West Virginia Infrastructure and Jobs Development Council prior to receiving the EPA grant award.

Funds Identification

The following funds will be available for the remainder of federal FY2010 once the capitalization grant has been awarded and the state match has been obtained:

| | |
|------------------------|--------------|
| FY2010 federal grant - | \$31,762,000 |
| 20% state match - | \$ 6,352,400 |

These funds will be in addition to the available funds identified in the FY2010 IUP.

FY2010 Appropriation & Uses

On January 15, 2010, FY2010 Clean Water Act Title VI funding was made available to states. West Virginia's allocation is \$31,762,000, or three times the amount received in FY2009. The Appropriations Act requires that a portion of each capitalization grant be used for additional loan subsidization and for funding green infrastructure projects.

The Act requires a minimum of 20% be set aside for funding green projects. This amount is equal to \$6,352,400. The allowable green project categories that will be considered for this funding are described in this addendum.

The Act also requires a minimum amount be set aside for providing additional loan subsidization in the form of grants or principal forgiveness to qualifying communities. This minimum amount is \$4,756,940. The Act also allows for a maximum amount to be set aside, which is equal to \$15,856,466. In accordance with the CWSRF state statute, which says in part, "...moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law", the DEP will be setting aside the maximum amount which will be used for providing additional loan subsidies for disadvantaged communities as described in this addendum.

A. Additional Loan Subsidization - \$15,856,466

An amount not to exceed \$6,352,400 shall be reserved for green technology type projects as described in Section B.

Principal forgiveness of all or part of a loan will be the mechanism that will be used to supply the additional subsidization. The criteria for projects to be eligible for additional subsidization are as follows:

1. Additional loan subsidization for disadvantaged communities will only be provided as a last resort when other funding options within the CWSRF program are not practical to make the project financially affordable (40-year loan terms, deferred principal repayments, reduced debt service coverage, etc.).
2. The proposed average sewer rate based upon 4,000 gallons of water usage after project completion must be equal to or greater than 1.75% of the median household income based upon the 2000 census data. The additional loan subsidization provided will be the lesser of 50% of the total eligible CWSRF project costs or \$1,000,000.
3. If the proposed average rate is equal to or greater than 2.0% MHI, then the additional loan subsidization amount will be the lesser of 100% of the total eligible CWSRF project costs or \$2,000,000.

For all public service districts, the MHI to be used will be the individual magisterial/census tracts most appropriate to the district location in the county. County census information as contained in Appendix G in the initial Intended Use Plan will no longer be used.

Readiness to proceed to construction will be the primary criterion that will be used in allocating the additional subsidies. A preliminary commitment of the additional subsidization amount will not be issued by DEP until the project has been advertised for construction bids. The final amount of the subsidy will be determined after receipt of bids and after a formal application is submitted.

Loan recipients eligible for additional subsidization must appear on the current FY2010 priority list prior to loan closing.

B. Green Reserve

In accordance with federal law, to the extent there are sufficient eligible project applications, not less than 20% of the funds in the FY2010 capitalization grant shall be used to address green infrastructure projects. A loan subsidization amount not to exceed \$6,352,400 will be reserved for green technology type projects until the 20% requirement is met.

Allowable green project categories will be as follows:

1. Energy Efficiency

A community may change its current wastewater treatment process to something significantly more energy efficient. A business case that identifies substantial energy savings must be submitted to justify the project. Only the dollar amount associated with the green component of a larger project will qualify for the green reserve.

Proposed green projects in this category will be eligible to receive additional loan subsidization to the lesser of 20% of the total eligible green CWSRF costs or \$500,000.

Projects that will not be allowable include but are not limited to:

- a. Infiltration and inflow pipe repair or replacement.
- b. Purchase of hybrid vehicles for sewer fleets.
- c. Operation, maintenance and replacement activities.
- d. Drinking water related projects.

2. Water Efficiency

Water efficiency type projects will not be allowable for additional loan subsidization or green technology funding.

3. Storm Water / Green Infrastructure

Allowable green projects to be funded under this category are:

- a. Publicly sponsored projects that utilize green technologies to treat or eliminate storm water from existing wastewater collection and treatment systems.
- b. MS4 sponsored projects that utilize green technologies to solve storm water issues.

Proposed green projects in this category will be eligible to receive additional loan subsidization to the lesser of 20% of the total eligible green CWSRF costs or \$500,000.

4. Environmentally Innovative

Allowable green projects to be funded in this category are:

a. Decentralized sewer systems

1. Publicly Owned Systems
2. Privately Owned Onsite Systems

For constructing, upgrading, or repairing septic systems to existing home structures to protect water quality. The project must be sponsored by a local entity eligible to receive SRF funding.

Proposed green projects in this category will be eligible to receive additional loan subsidization of 100% of the total eligible green CWSRF costs.

b. Water reuse

Proposed green projects in this category will be eligible to receive additional loan subsidization to the lesser of 20% of the total eligible green CWSRF costs or \$500,000.

Based upon the above guidelines and criteria, a list of potential green projects is included with this addendum. These projects were submitted in response to a DEP solicitation for green projects that occurred in December 2009 with a submittal deadline of February 1, 2010.

Public Participation

A public hearing on this addendum was held on May 20, 2010 at 1:00 pm in the DEP's office in Charleston to receive comments from the public. The hearing was advertised in newspapers throughout the state. In addition, DEP issued a notice of the hearing by sending a mass email to all persons on the CWSRF mailing list. The comment period remained open until the close of business on May 20th.

All comments received, both written and verbal, were taken into consideration prior to finalizing this document. A copy of the public hearing minutes and written comments received are attached to this addendum. As a result of public comments, the DEP has agreed to allow public service districts to use individual magisterial/census tracts applicable to their area instead of county wide median household income data.

**LIST OF POSSIBLE
GREEN TECHNOLOGY TYPE PROJECTS**

FY2010 Green Solicitation Results - Possible Eligible Projects Only

| <u>Name</u> | <u>Category</u> | <u>Description</u> | <u>Cost Estimate</u> | <u>GPR Amount</u> | <u>Status</u> | <u>Schedule</u> |
|------------------------|-------------------|--------------------------------------|----------------------|---------------------|---------------------|-----------------|
| COMA PSD | Decentralized | Amigo | 1,532,400 | 1,532,400 | planning completed | ADV June 2010 |
| COMA PSD | Decentralized | Ury | 368,000 | 368,000 | | |
| COMA PSD | Decentralized | Rhodell | 4,750,000 | 4,750,000 | | |
| Lewis County EDA | Decentralized | Walkersville system | 685,000 | 685,000 | Design complete | |
| Morgantown | Decentralized | Crown system | 1,439,000 | 1,439,000 | | |
| West Fork Onsite Coop. | Decentralized | Onsite/Cluster system 4 communities | 5,226,705 | 5,226,705 | Design complete | PSC issues |
| Winona | Decentralized | | 2,000,000 | 2,000,000 | | |
| | | | 16,001,105 | 16,001,105 | | |
| Jefferson County PSD | Effluent reuse | Flowing Springs WWTP reuse of | 5,103,000 | 500,000 | planning underway | provided |
| | | | 5,103,000 | 500,000 | | |
| Bluefield | Energy Efficiency | Eliminate Ada WWTP. | 6,714,236 | 500,000 | planning done | ADV Feb 2011 |
| Moorefield | Energy Efficiency | Composting | 2,540,000 | 500,000 | design complete | ADV soon? |
| Weirton | Energy Efficiency | Eliminate pumping stations | 800,000 | 160,000 | ? | ? |
| | | | 10,054,236 | 1,160,000 | | |
| Beckley | Storm Water | City hall green roof | 881,484 | 176,297 | design 95% | |
| Beckley | Storm Water | Stratton School & judicial Annex | 1,995,700 | 399,140 | | |
| Berkeley County PSD | Storm Water | Inwood storm water reuse | 5,957,405 | 500,000 | Design under review | ? |
| Bluefield | Storm Water | Pervious concrete parking lot | 832,961 | 166,592 | planning underway | |
| Huntington | Storm Water | Bioretention pond at WWTP | 830,000 | 166,000 | design under review | ADV May 2010 |
| Jefferson County PSD | Storm Water | Green roof and permeable paving | 1,301,768 | 260,354 | design complete | ADV June 2010 |
| McMechen | Storm Water | Green Street first flush CSO project | 277,000 | 55,400 | planning complete | Adv now |
| Point Pleasant | Storm Water | reduce storm water that is pumped | 3,521,000 | 500,000 | Advertise Nov 2010 | PER complete |
| | | | 15,597,318 | 2,223,783 | | |
| | | | \$46,755,659 | \$19,884,888 | | |

Black - 2010 solicitation

Green - EPA previously approved under ARRA

Red - Others?

PUBLIC PARTICIATION

A L E R T

Clean Water State Revolving Fund

April 27, 2010

With passage of the FY2010 Appropriations Bill by Congress, the CWSRF will be receiving \$31,762,000 for municipal wastewater projects in West Virginia.

The Department of Environmental Protection has developed an addendum to its FY2010 Intended Use Plan (IUP) for obligating and spending this money. The 2010 IUP Addendum can be found on DEP's web site (www.dep.wv.gov) under the Water and Waste home tab (Div. of Water and Waste Management) and then SRF (FY2010 IUP Addendum #1).

Priority for these funds will be given to projects that have completed construction drawings and specifications and are ready to proceed to construction in the near future.

A 20% reserve of \$6,352,400 will be set aside to fund Green Infrastructure Projects as required by federal law. The law also requires each state to set aside a minimum amount for providing additional loan subsidies to disadvantaged communities. DEP will be setting aside the maximum amount allowed under federal law, which is \$15,856,466.

A public hearing on the FY2010 IUP Addendum #1 will be held at the DEP office in Charleston on May 20, 2010 at 1:00 pm (conference room #2129). Comments will be solicited on this document at that time. Written comments will also be accepted if postmarked by May 20, 2010.

Any other questions should be directed to Mike Johnson, Program Manager of the CWSRF program, at (304) 926-0499 ext. 1611 or John.M.Johnson@wv.gov.

MEETING SIGN-IN SHEET

Project: CWSRF FY2010 IUP Addendum#1 Public Hearing

Meeting Date: May 20, 2010

Facilitator: Mike Johnson

Place/Room: DEP

| Name | Title | Company | Phone | Fax | E-Mail | Speak/Comments Please Circle |
|------------------|-----------------|------------------|-----------------------|--------------|------------------------------------|---------------------------------|
| LAURA COX | | Michael Baker Jr | 304-769-0821 | | lcox@mbakercorp.com | NO YES |
| TODD SCHOOLCRAFT | LANDSCAPE ARCH. | MICHAEL BAKER JR | 304-769-0821 | 304-769-0821 | tschoolcraft@mbakercorp.com | NO YES |
| DAN FERRELL | Project manager | Thronley Eng. | (304) 624-4108 304 | 624-7601 | D Ferrell e ThronleyEng.com | NO YES |
| Ashok Sanghani | President | S&S Engr | 342-7168 | 342-7069 | asanghani@wrdsr.net | NO YES |
| David Howell | Chairman | Chelyan PSD | 304 595-2203 | | davidhowell@epa @sodderlink.net | NO YES |
| SAM HOPE | Gen Manager | Chelyan PSD | 595-2203 | 595-2242 | | NO YES |
| Owen Stout | Comm. | Chelyan PSD | 595-2675 | | STOUT | NO YES |
| Jonathan Holbert | | WV DEP | 926-0495 | | | NO YES |
| CARRIE GRIMM | | WV DEP | 926-0499 Ext 1605 | | Carrie.L.Grimm @wv.gov | NO YES |
| Yale Burdette | | WV DEP | 926-0499 ext. 1606 | | elizabeth.g.burdette @wv.gov | NO YES |
| John Tingley | | " " | " " x1603 | | John.L.Tingley @wv.gov | NO YES |
| John Rogers | | " " | " " x1602 | | John.R.Rogers @wv.gov | NO YES |

CWSRF Intended Use Plan, Addendum #1

Public Hearing Minutes

May 20, 2010

A public hearing was held on the CWSRF's FY2010 Intended Use Plan, Addendum #1 on May 20, 2010 at 1:00 pm in DEP's Headquarters Office in Charleston. An attendance list is attached. Mike Johnson, program manager of the CWSRF explained the logistics for the hearing. He then went through the addendum section by section and explained DEP's rationale and reasoning for the criteria developed for utilizing the future green project reserve and loan forgiveness money. He also presented and explained the list of eligible green projects that originated from the solicitation for green projects in December 2009. This introduction and explanation took approximately 20 minutes.

The hearing was then opened up for those individuals who signed up to speak on the proposed addendum. First Laura Cox from Michael Baker, Inc. spoke to newer green technologies proposed for several of their clients. Green solicitation facts sheets were previously sent in on these projects. These types of green projects would be an excellent way to educate the public of the benefits of using green technology to deal with storm water issues.

Next Ashok Sanghavi of S&S Engineers, Inc. spoke to the proposed criterion of 1.75% median household income to determine those entities eligible for loan forgiveness. He believed it should be lowered to 1.5% MHI to help out more expensive projects in more disadvantaged communities.

David Howell from Chelyan PSD then spoke about DEP using the county wide MHI data for PSDs instead of using local census tracts which would be more representative of the individual project area within the county. He also believed the 1.75% criterion should be lowered to 1.5%. He believes the repayable part of the CWSRF loans that involve loan forgiveness should be at a 0% interest rate.

Next John Tuggle from Pentree Inc. supported the inclusion of water reuse type projects in the eligible green categories. He also believes that nutrient removal type projects should be considered for green project reserve funds. These projects are becoming more and more common given the Chesapeake Bay requirements and in the future statewide.

An opportunity was then given for anyone in attendance to make further comments. Mike Johnson indicated that several letters were received from communities in advance of today's hearing and these will be included in the official public hearing transcript in addition to any comments postmarked today. There were no additional comments and the official public hearing was adjourned.

After the public hearing there was an informal question and answer session which lasted about 30 minutes.



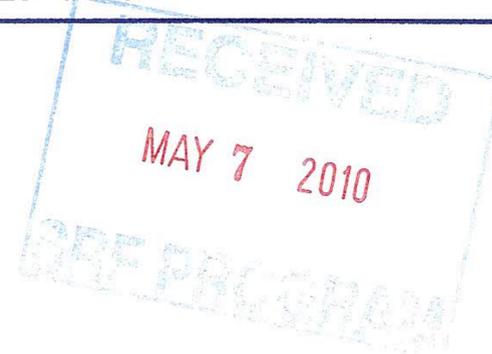
Green Valley - Glenwood Public Service District

P.O. Box 6099
Bluefield, West Virginia 24701
Office: (304) 325-6832 Fax: (304) 325-6475

COMMISSIONERS:
J. W. Welch
G. L. Wimmer
J. H. Carter, Jr.

May 5, 2010

Mr. Mike Johnson, P.E.
Program Manager
Clean Water SRF
WVDEP-DWWM
601 57th. Street, SE
Charleston, WV 25304



Re: Draft 2010 Intended Use Plan
Addendum No. 1

Dear Mr. Johnson:

We have reviewed the Draft-IUP and offer the following comments:

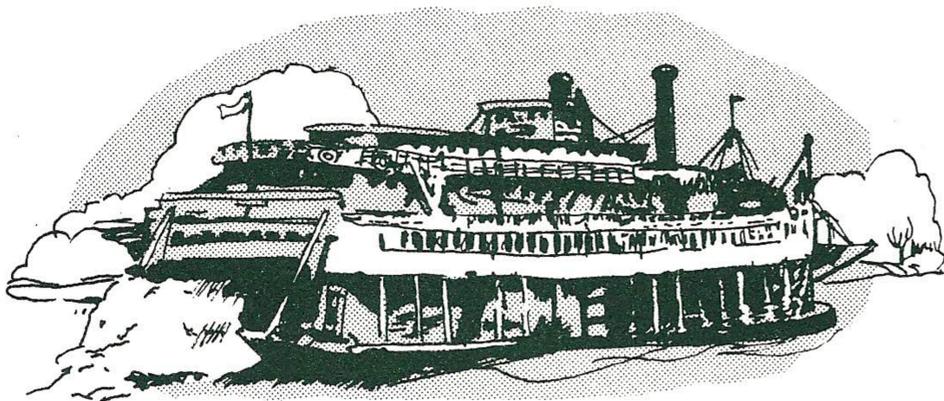
1. The Loan subsidization should be 1.5% of the median household income. As you know, many of our communities cannot go to a 1.75% MHI which will be very high for their customers. In fact, we think the use of previous ARRA criteria may be better. A limit of \$2,000,000 or 50% loan subsidization would be appropriate.
2. We would recommend that the remaining amount of loan be at zero percent with a ½ % administration fee.
3. The MHI for the Public Service Districts should be based on their respective U.S. Bureau of Census tracts and should not be based on the entire County's MHI. This will definitely help disadvantaged communities as these communities MHI would be much lower than the entire County's MHI in most cases.

Your favorable consideration in the above matter will be greatly appreciated.

Marty Mariotti

General Manager

Green Valley-Glenwood PSD



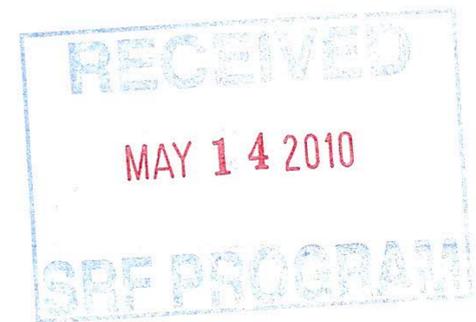
Town of Winfield

Ronald C. Stone - Mayor

P.O. BOX 596 • WINFIELD, WEST VIRGINIA 25213 • PHONE (304) 586-2122 • FAX (304) 586-5318
www.townofwinfield.com

May 10, 2010

Mr. Mike Johnson, P.E.
Clean Water SRF
WVDEP - DWWM
601 57th Street, SE
Charleston, WV 25304



Re: Draft 2010 Intended Use Plan
Clean Water SRF

Dear Mr. Johnson:

The Town of Winfield requests that the funding for FY 2010 projects be based on criteria similar to the Stimulus Package, i.e. 50% debt subsidization for rates based on up to 1.5% MHI, 70% debt subsidization for rates based on 1.75% MHI, and 100% debt subsidization for rates based on above 2% MHI.

As you know, the Town of Winfield's rates would have to be \$ 74.41 at 1.75% MHI to obtain load subsidization, which is not practical or affordable for our residents.

We are 80% complete in our project funded by ARRA because of the 50% debt forgiveness and zero percent loan for the remaining amount.

Thank you, in advance, for your cooperation of the above changes.

Sincerely,

A handwritten signature in blue ink that reads "Ronald C. Stone". The signature is cursive and fluid.

Ronald C. Stone
Mayor

RCS/gac

TOWN OF SOPHIA

Incorporated 1912

P.O. Box 700

Sophia, West Virginia 25921-0700

Telephone: 304-683-4456

304-683-3225

Fax: 304-683-3231

May 11, 2010

Mr. Mike Johnson, P.E.
Program Manager
Clean Water SRF
WVDEP- DWWM
601 57th Street, SE
Charleston, WV 25304



RE: Draft 2010 Intended Use Plan
Clean Water SRF Program

Dear Mr. Johnson:

We would like to request you to consider lowering the debt subsidization for rates up to 1.5% MHI and a debt subsidization of 50% at rates up to 1.5% MHI. Our customers can not afford rates based on 1.75% MHI (\$37.93 per month).

We greatly appreciate your consideration in the above matter.

Very truly yours,
TOWN OF SOPHIA

Danny Barr, Mayor

DB:pd



CHELYAN
PUBLIC SERVICE DISTRICT

P.O. BOX 8
CABIN CREEK, WEST VIRGINIA 25035
(304) 595-2203 • FAX (304) 595-2243

May 5, 2010

Mr. Mike Johnson, P.E.
Program Manager
Clean Water SRF
WVDEP - DWWM
601 57th Street, SE
Charleston, WV 25304



Re: Draft 2010 Intended Use Plan
Clean Water SRF

Dear Mr. Johnson:

This is in reference to the Draft 2010 Intended Use Plan. We would like to offer our comments:

1. The Chelyan Public Service District encompasses rural, unincorporated communities comprising of low and moderate income households. However, the current guidelines forces us to use Kanawha County's median household income which is on average 25-30% higher than Chelyan PSD's based on U. S. Census tracts. This means a difference between no debt subsidization if County's MHI is used or at least 50% subsidization if local census tracts are used for MHI. Therefore, please consider using census tracts instead of County's MHI for all unincorporated areas.
2. We would suggest that the debt subsidization should be for 1.5% MHI or higher rates rather than at 1.75% MHI. As you know, a public service district usually serves rural, low to moderate income customers and 1.75% MHI rate (\$49+ per month for Chelyan PSD) would be extremely burdensome for our customers under current economic conditions.
3. We would like to recommend that any remaining amount of loans for the projects at zero percent interest rate.

We greatly appreciate your favorable consideration of the above items prior to finalization of Intended Use Plan.

Very truly yours,

CHELYAN PUBLIC SERVICE DISTRICT

A handwritten signature in black ink, appearing to read "David Howell, CPA". The signature is fluid and cursive, with the initials "D.H." being particularly prominent.

David Howell, CPA
Chairman

City of St. Marys

418 Second Street

ST. MARYS, WEST VIRGINIA 26170

Phone: (304) 684-2401

Fax: (304) 684-2463

May 6, 2010



Mr. Mike Johnson, P.E.
Program Manager
Clean Water SRF
WVDEP-DWWM
601 57th Street, SE
Charleston, WV 25304

Re: Draft 2010 Intended Use Plan
Clean Water SRF Program

Dear Mr. Johnson:

The City of St. Marys wishes to offer the following comments on the draft IUP.

The City has recently completed a major water & sewer replacement project and the new waste water treatment plant is under construction at this time. Due to these projects our sewer rates have been raised more than 100% in the past five years. We have recently submitted an application for replacement of the remaining water and sewer system in the City which contemplates raising rates to at least 1.5% MHI each for water and sewer rates. Therefore, raising rates to 1.75% will not be affordable to our citizens and other resale customers.

We would like you to consider debt subsidization at 1.5% MHI level rather than 1.75% proposed in IUP. Also, we would suggest that 50% debt subsidy occur at 1.5% MHI rate.

Your favorable consideration will be greatly appreciated.

Sincerely,

CITY OF ST. MARYS

A handwritten signature in blue ink that reads "L. Paul Ingram".

L. Paul Ingram

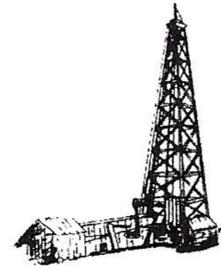
Mayor

TP/lmt



THE CITY OF SISTERSVILLE

200 DIAMOND STREET
SISTERSVILLE, WEST VIRGINIA 26175-1349



May 17, 2010



West Virginia Department of Environmental Protection
Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304



Re: Public Comments Clean Water State Revolving Fund Addendum #1

Gentlemen:

Due to prior commitments I will be unable to attend the Public Hearing scheduled for May 20, 2010.

I would like to take this opportunity to express my support for Addendum #1 to the Clean Water State Revolving Fund for Fiscal Year 2010.

Sincerely,

David B. Fox, Mayor