

August 26, 2020

Jim Nikkell, District Manager
St. Mary's Glacier Water and Sanitation District
PO Box 1529
Idaho Springs, CO 1529
80452

Re: St. Mary's Glacier Water Pollution Control Revolving Fund (WPCRF)
Project Needs Assessment (PNA) and Grant Recommendation
WPCRF Project No. 141462W-Q

Dear Mr. Nikkell:

The Water Quality Control Division (division) has reviewed the Water Pollution Control Revolving Fund (WPCRF) PNA prepared by Lamp Rynearson, Inc., and dated September 2019 for the St. Mary's Glacier Water and Sanitation District.

To comply with the requirements of the WPCRF loan program, the following items require further clarification and/or attention. These must be submitted no more than 60 days from the date of this letter:

Final Environmental Determination

CATEGORICAL EXCLUSION

The State Environmental Review Process (SERP) specifically states that Categorical Exclusions may be granted for projects where no federal cross-cutters are impacted, there are no known or expected Extraordinary Circumstances and the facilities planning are solely directed toward minor rehabilitation of existing facilities, functional replacement of equipment, construction of new ancillary facilities either adjacent or appurtenant to existing facilities which do not affect the degree or capacity of treatment, infiltration and inflow corrections, and minor upgrades and expansions of existing treatment works in sewer communities (sewer extensions are not included). The project is eligible for a Categorical Exclusion, however, the project will be required to coordinate a SHPO review, CPW review, and verify pipe replacement procedure at the Silver Creek crossing (coordinate with USACE on potential applicable permits) prior to finalization of the environmental decision.

In addition to the above PNA comments, please hold a public meeting to inform the citizens in the affected area of the proposed wastewater project to comply with the Federal public participation requirement. The meeting must be noticed in the local newspaper at least 30 days prior to the scheduled meeting date, and should include a discussion of project alternatives, the preferred alternative, any projected rate increases, and construction related and/or environmental impacts of the project. A sample legal notice is available upon request. An affidavit of publication, responsiveness summary, meetings minutes, and a list of attendees must be submitted to the division.

WPC PNA Section Comments:

1. Section 6.2 - Facility Planning Analysis, Population and Water Demand Projections

Section 6.2 of the PNA requires the applicant to forecast the population growth, projected increase in Single Family Equivalents (SFEs), and projected wastewater flows. The PNA form provides a discussion of the original design hydraulic capacity for the existing facility and the current and projected operating conditions. As of the 2010 US Census, the population served by the facility was at 283 residents, and the current estimated population is 316 residents. The PNA uses a 1.2 percent growth rate to arrive at the 20-year projected population of 404 residents. Based on influent flow data from 2015 through 2019, the PNA indicates the average influent flow is 0.0375 million gallons per day (mgd). Assuming the wastewater flow increases at the same rate as the population growth, the projected average influent flow for the planning period is expected to be 0.050 mgd or 50,000 gallons per day (gpd). The projected influent flow is substantially lower than the approved hydraulic capacity of 0.60 mgd (600,000 gpd), but the PNA form did not appear to discuss rerating the facility as part of the project. Please clarify the proposed hydraulic and organic loading capacities for the proposed project, and ensure that the improvements will be capable of producing effluent meeting either the discharge permit limits or preliminary effluent limits (PEL) at the proposed design capacity. If the proposed project involves rerating the hydraulic and/or organic loading capacity of the facility, the applicant will need to request PELs prior to submittal of the site application.

2. Section 8.9 - Selected Alternative, Costs

Section 8.9 of the PNA requires the applicant to summarize the capital costs associated with the selected alternative, and the 20-year cash flow projections included in Attachment 4 must reflect the capital and operation and maintenance (O&M) costs. Section 8.9 of the PNA form identifies the total construction costs for the selected alternative as \$4,289,000 and the costs for engineering planning and design as \$429,000. Based on the 20-year cash flow projections provided as attachment 4 of the PNA, the wastewater improvements expenditures are identified as \$2,900,000 and the wastewater engineering expenditures are identified as \$429,000. Thus, the costs identified in the 20-year cash flow projections do not appear to reflect the capital costs identified for the selected alternative. Please define the capital costs for the project, which should include costs for both construction and engineering, and revise the appropriate section of the PNA form. If the response results in revising the 20-year cash flow projections, please define the additional impact to user rates or fees assessed on property owners, and if the response requires the scope of the project to be revised, please update the alternatives analysis section of the PNA form. In addition, please revise the construction costs and/or the 20-year cash flow, as necessary, based on the response to the first comment.

Other:

The Engineering Section has identified issues that require the applicant to submit a written response. Following receipt of the response, the Engineering Section will review the additional information. Upon determining whether the issues have been adequately addressed, the Engineering Section will finalize the review of the PNA, and issue an acceptance memo.

If you have any questions, please contact me via email at michael.emming@state.co.us or by telephone at 303-692-6337.

Financial Analysis Update:

The 2019 audit has not yet been accepted by the Office of the State Auditor, therefore there is no change to the financial analysis found in the pre-qual review letter. As a reminder, the District must receive approval for all other funding prior to, or concurrently with, its formal application for a WPCRF loan. This includes any co-funding with other debt.

Disadvantaged Community:

Based on 2014-2018 ACS data, the District meets the definition of disadvantaged community using Scenario 3. The District's MHI is not considered highly reliable, but the District does meet program requirements for P2 (MHV), P3 (County jobs/unemployment), S4 (Current Debt/Tap /MHV), and S5 (System Cost/Tap/MHI). This determination is valid for eighteen months from the date of the PNA review letter.

Design and Engineering Grant recommendation:

It was determined that this project met the eligibility criteria for \$300,000 in design and engineering grant funds to assist with the costs of completing the necessary design and engineering of the proposed project. This funding may be used for the development of required submittals or documents to bid and construct the project (i.e, basis of design report, process design report, site application, permits, plans and specifications). Please note that this review letter does not commit the funds as this will originate from the Colorado Water Resources and Power Development Authority. Pending confirmation of available funding, a representative from the authority will be in contact to begin drafting the grant agreement.

If the District receives funding through the State Revolving Fund (SRF) program, the SRF Required Specifications will need to be included in the bid package. You can find the bid specifications on our website. The specifications identify requirements with Davis-Bacon Act and the use of American Iron and Steel. According to Section 436 of H.R. 3547 Consolidated Appropriations Act, 2014, all iron and steel products purchased using WPCRF monies must be produced in the United States unless the project or a portion of the project is waived from this requirement.

Projects deemed eligible for self-certification by the division are required to submit the SRF Wastewater Design Submittal Form with a copy of the specifications to the division project manager for formal contract document approval and receipt of Davis-Bacon wage determination. Projects with self-certification portions can submit the SRF Wastewater Design Submittal Form with plans and specifications to division engineer and project manager. Please note that SRF projects deemed eligible for self-certification must still provide the Division construction completion form upon completion of the project.

If the project scope changes, the District must submit an amended PNA for approval. Project amendments may result in environmental and/or design approval changes.

Questions can be directed to me via telephone at 303-692-3315, or via e-mail at evan.butcher@state.co.us.

Sincerely,



Evan Butcher
Project Manager
Grants and Loans Unit
Water Quality Control Division

ec: Bob Orsati, Consulting Engineer
Craig Matsuda, Consulting Engineer
Mike Emming, WQCD Engineer
Joe McConnell, DLG representative
Ian Loffert, Authority representative
Clay Brown, DOLA Field Rep
Allison Trujillo, USDA





MEMORANDUM

Date: August 17, 2020
To: State Revolving Fund (SRF) Project Team, Joe McConnell & Ian Loffert
From: Evan Butcher
Subject: St. Mary's Glacier SRF Design & Engineering Grant Recommendation, \$300,000

Design / Engineering Grant Criteria

- Entity must be on the eligibility list.
- Entity must be governmental agency.
- Entity must be a Disadvantaged Community (DAC) with 10,000 population or less.
- Completed and Approved Project Needs Assessment (PNA), including TMF and environmental determination.
- Sufficient budget provided in PNA to evaluate the design and engineering costs of the project.
- Maximum Design/Engineering Grant amount of up to \$300,000 depending on size and scope of project.

Project Description

The project consists of new wastewater treatment plant headworks, SCADA, aeration system, blowers, clarifier, a building addition for backup power and chemical feed equipment, and additional appurtenances. Additionally, the project will include replacement and repair of collection system piping and additional appurtenances.

Grant Recommendation

The D&E Grant recommendation in the amount of \$300,000, is to offset the remaining design costs on the project for a total of \$310,000 (D&E + Planning Grant) in SRF grant assistance. This funding may be used for the development of required submittals or documents to bid and construct the project (i.e, basis of design report, process design report, site application, permits, plans and specifications.)

Grant Amount Evaluation

- The District has a population of 316 which is below the 10,000 threshold for the disadvantaged communities program.
- \$4,287,395: Total estimated project costs.
- \$429,000: Total estimated design and engineering costs to provide completed design, plans and specifications excluding construction observation, construction management, construction surveying, etc.
- The engineering costs fall within the anticipated evaluation range.
- The project received a \$10,000 SRF planning grant executed on 10/15/2019.
- Yes: The District will pursue additional grant and USDA funding for the project. No additional details on the funding are available at this time.
- Check the anticipated range of the Design/Engineering budget amount below:

Anticipated Design/Engineering range of 0% to 15% of total project budget - typical range, requires only GLU PM approval.



- Anticipated Design/Engineering range of 16% to 20% of total project budget - requires GLU PM and the GLU Team Lead or the GLU Unit Manager approval.
Justification:

- Anticipated Design/Engineering range of over 20% of total project budget - requires GLU PM, GLU Team Lead, and GLU Unit Manager approval.
Justification:





WPCRF REVOLVING FUND
DESIGN AND ENGINEERING PRINCIPAL FORGIVENESS AWARD
APPROVAL/DENIAL

Applicant: St. Mary's Glacier Water and Sanitation District

Amount of D&E Agreement: \$300,000

Date: August 17, 2020

All documents necessary for final consideration of the WPCRF Design and Engineering agreement have been submitted and reviewed by all parties named below. By approving below, the SRF agencies agree that this award amount will be included in the Project Needs Assessment review letter to the applicant. Following issuance of the review letter with award recommendation, the Colorado Water Resources and Power Development Authority's Project Financial Analyst will draft the Design and Engineering agreement for issuance but will not execute the agreement until the Project Needs Assessment approval letter is issued.

APPROVE	DENY	NO RECOMMENDATION	SIGNATURE
X			 <hr/> Mark Henderson, Colorado Water Quality Control Division
X			<hr/> DOLA Financial Analyst, Colorado Department of Local Affairs
X			 <hr/> Authority Finance Director, Colorado Water Resources and Power Development Authority

Cost Estimates for Recommended Improvements

The total estimated costs for the recommended WWTF and collection system improvements are listed below and summarized in . The costs do not take into consideration the District's \$3.0 Million budget, however the costs were included in case additional funding sources become available and improvements in excess of \$3.0 Million can be completed.

If \$3.0 Million is the District's limit for construction, the recommended WWTF improvements will be prioritized over collection system repairs because the WWTF must be improved to maintain and comply with current and future discharge permit requirements. Therefore, only a portion of the recommended collection system improvements will ultimately be implemented due to the District's limited funding. Please refer to Attachment A for a more detailed description of costs:

- Total construction costs including contractor overhead and profit, contingency, mobilization/general conditions:
 - WWTF Improvements: \$2,333,176
 - Collection System Improvements: \$1,954,219
 - Total Construction Project Costs: \$4,287,395

- Estimated Engineering Fees for the recommended WWTF and Collection System Improvements:
 - Planning and Design Phase Services
 - Planning phase engineering services include but are not limited to development of site location application and engineering report, assistance with preliminary effluent limitation (PEL) request and review, CCTV investigation, geotechnical analysis, and survey reconnaissance.
 - Design phase engineering services include development of design drawings, specifications, and Process Design Report, and coordination with CDPHE Engineering Section and all engineering disciplines associated with the design. Also included in the design phase services is construction bidding.
 - Construction Phase Services (assuming SRF funding only, for a \$3.0 M construction project): \$180,000
 - Construction phase services include administrative tasks such as submittal reviews and processing contractor pay applications. Other construction phase services may include periodic construction observations, start-up assistance, and substantial and final completion coordination.

Table 2: WWTF and Collection System Improvements Construction Cost Estimates

Item	Installed Cost
WWTF Improvements	\$ 1,703,048
Collection System Improvements	\$ 1,426,438
<i>Construction Subtotal</i>	\$ 3,129,486
<i>Bonds/Insurance/Mobilization/General Conditions</i>	\$ 219,064
<i>Contingency (20%)</i>	\$ 625,897
<i>Contractor Overhead and Profit (10%)</i>	\$ 312,949
WWTF Total Construction Cost	\$ 4,287,395
Planning and Design Phase Engineering Services (10%)	\$ 429,000
Construction Phase Engineering Services (5%)	\$ 215,000
Total Estimated Project Cost	\$ 4,931,395

Project Next Steps

With completion of this memorandum and upon Board approval to proceed with the recommended improvements, Lamp Rynearson will assist the District with development of the Pre-Qualification Form as part of the SRF funding process. The following sequence describes the District's next steps in the SRF process and concurrent planning and design phases:

- Step 1. SRF Pre-Qualification: Lamp Rynearson will assist District with development of a Pre-Qualification Form. District shall submit the form to the CDPHE Grants and Loans Unit (GLU) for review and approval. GLU through the pre-qualification process will verify the District's eligibility for SRF funding and disadvantaged community status, then schedule a pre-application meeting with the District to discuss the project and SRF funding process.