

## 12. DREWRYVILLE COMMUNITY WATER SYSTEM GRANT/LOAN OPPORTUNITY

As you may recall from your March meeting, the Board authorized us to apply for a federal pass-through grant administered by the Virginia Department of Health to assist with improvements to the Drewryville community water system. While we were hoping for a fully-forgiven loan, I am pleased to report that VDH has offered us \$145,750, which consists of a \$72,875 loan at 2.5% interest for 30 years, with another \$72,875 in forgiven principal.

The Drewryville system was constructed in 1972 and subsequently acquired by Southampton County in 1986. It consists of one 8-inch diameter well drilled to a depth of approximately 240 feet with a 120 gpm submersible pump. The well discharges into a 2,060 pressurized hydropneumatic tank which flows into a distribution system consisting of 6, 4, and 2-inch waterlines. There are also eleven 2-inch blow-off hydrants on the system. It currently has 74 residential connections.

In 2006, we purchased a used 20,000 gallon ground storage tank from Christian & Pugh when it was taken out of service from a Suffolk subdivision. The tank has since been stored on site in Drewryville but never placed in service due to lack of funding. In addition, in 2009, we received a \$25,000 grant from VDH to install a second well for redundancy, which was drilled in August 2010, but never placed in service due to lack of funding.

This funding package would allow the county to:

1. Complete a preliminary engineering report to assess current regulatory requirements and status of the system as it exists today, and then develop specific recommendations for improvements;
2. Develop plans and specifications to place the 2010 water well into service;
3. Develop plans and specifications to place the ground storage tank into service;
4. Install all necessary pumps, piping and controls to accomplish items 2 and 3 above; and
5. Improve the site with new fencing and an all-weather access road.

Based on the terms they've offered, annual debt service would be approximately \$3,468 and the cumulative interest over the 30-year term is roughly \$31,147. The sum of principal and interest over the 30-year period is \$104,040.

I am required to notify VDH no later than September 21 regarding your disposition.

### **MOTION REQUIRED:**

**If the Board is so inclined, a motion is required to accept VDH's funding offer.**



RECEIVED AUG 13 2012

# COMMONWEALTH of VIRGINIA

DEPARTMENT OF HEALTH  
**OFFICE OF DRINKING WATER**

Karen Remley, MD, MBA, FAAP  
State Health Commissioner

J. Wesley Kleene, PhD, PE  
Director, Office of Drinking Water

Madison Building  
109 Governor Street, 6<sup>th</sup> Floor  
Richmond, VA 23219  
Phone: 804-864-7500  
Fax: 804-864-7521

August 10, 2012

Subject: Southampton County  
Water – Drewryville Resiliency Improvements  
WSL – 24-13

Mr. Jon Mendenhall, Assistant County Administrator  
Southampton County  
P.O. Box 400  
Courtland, VA 23837

Re: 2013 Drinking Water Construction Assistance  
DWSRF Initial Offer

Dear Mr. Mendenhall:

The Virginia Department of Health (VDH) has completed its preliminary analysis of your application for drinking water construction funds. The determination of the funding package is shown below; however, this determination and your inclusion in VDH's Intended Use Plan is contingent on the availability of federal and state funding as well as the conditions below.

Based on the information provided, VDH determined the total funding package for your project to be \$145,750. The funding package was determined using information provided in your loan application and at the initial meeting.

The funding package consists of a \$72,875 loan at 2.5% interest for a term of 30 years with \$72,875 as principal forgiveness.

The federal DWSRF appropriation for FY 2013 is not finalized. EPA has notified VDH that Buy American provisions may be included in the program requirements when the appropriation is approved. Therefore funding recipients should plan for the possibility of the Buy American requirement. VDH will assist and provide more information as it becomes available.

The funding package and loan closing are conditioned on and are subject to change based on (but not limited to) the following:

- (1) The availability of federal/state funds to support the Virginia Drinking Water State Revolving Fund (DWSRF) Program,

Mr. Jon Mendenhall, Assistant County Administrator  
August 10, 2012  
Page 2

- (2) New restrictions or conditions that the Environmental Protection Agency may require in the use of the SRF funds.
- (3) The approved Preliminary Engineering Report (PER) significantly changing the scope of the project as presented in your loan application,
- (4) Owner pursuing changes to an approved PER,
- (5) The financial estimates provided in your loan application changing,
- (6) Project readiness to proceed,
- (7) Owner's history of activities with the DWSRF Program,
- (8) Owner's progress to a timely closing according to a pre-negotiated construction schedule,
- (9) Owner obtaining user agreements from future water users in the project area,
- (10) Owner's ability to secure the loan,
- (11) Owner soliciting other lenders for parity on this new debt,
- (12) Owner following the DWSRF Program requirements, and
- (13) Waterworks maintaining compliance with the Virginia *Waterworks Regulations* and other applicable state/federal laws, regulations, policies, and procedures.

VDH reserves the right to by-pass any project that has not executed financial agreements or initiated construction within 12 months from the date of VDH's award letter. An acceptance of this funding offer reflects a commitment on your part to this requirement.

**Please notify me in writing as soon as possible but no later than September 21, 2012 at the address above of your acceptance of this initial funding package offer or any concerns and additional factors that should be considered.** Failure to notify me can be deemed as your withdrawal from this program. I can be contacted at (540) 463-7136, extension 122.

Sincerely,



J. Dale Kitchen, P.E., Acting Director  
Division of Construction Assistance, Planning & Policy

cc: Steven D. Pelli, P.E., Acting Director, Office of Drinking Water  
Hampton Roads Planning District Commission  
S. William Berg, M.D., M.P.H., District Health Director  
Dan Horne, P.E., ODW Field Director, Southeast VA Field Office  
H. Kent Ware, Rural Development

## II. Project Scope

---

### Overview Description

This project for the Drewryville Public Water System will correct compliance deficiencies, provide resiliency of the public water supply, and establish a baseline performance criteria on which future projects can be launched. The Drewryville Public Water System has a total of 74 connections, largely residential ( $\geq 95\%$ ) and baseline revenue for Fiscal Year of \$23,015.50.

### Project Description

1. Update PER and produce PSE Package
2. Develop the required Well #2 for the site (existing well is underperforming due to improper development)
3. Erect existing groundwater storage tank (procurement of which has already taken place, the tank is in inventory)
4. Install booster pumps and appurtenances thereto including but not limited to controls, pipes/valves, and telemetry.
5. Improve the site by constructing an all weather surface (tar and chip driveway) and erecting a security fence.

### III. Project Budget

---

The project budget proposes the use of \$150,000.00 in FCAP funding participation with the following detailed budget below:

Drewryville PWS  
Resiliency Improvements  
Project Budget  
March 19, 2012

Item	Cost	Description
Well Development	\$ 10,000.00	Address well #2
Controls/Monitoring	\$ 45,000.00	Controls and telemetry*
Booster Pumps	\$ 25,000.00	Booster Pumps
Existing Tank Erection	\$ 25,000.00	Erect ground water storage tank
Access Road	\$ 5,000.00	Provide an all weather surface (tar & chip)
Security Fence	\$ 5,000.00	Provide security fence
PER & PSE Package	\$ 25,000.00	RFP for engineering & design
Subtotal	\$ 140,000.00	Subtotal
Contingency	\$ 10,000.00	Contingency
Total	\$ 150,000.00	Total

\*The generator is 20+ years old and was moved from another site and should be evaluated with the PER on loading with new booster pumps, adequate emergency power would be a higher priority than telemetry.

#### IV. Project Schedule

---

The Project Schedule shall consist of the following starting upon notice of award:

Design Services Solicitation: 90 days

Design (Production of PSE Package): 30 days

Permitting: 60 days

Bid Phase for Construction: 90 days

Construction: 90 days

Total Duration: 360 days