

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF MARYSVILLE-OTISCO-NABB WATER )  
CORPORATION: (1) FOR AUTHORITY AND APPROVAL )  
TO INCREASE RATES AND CHARGES FOR WATER )  
SERVICE, INCLUDING APPROVAL OF NEW )  
SCHEDULE(S) OF RATES AND CHARGES FOR WATER )  
SERVICES (2) FOR AUTHORITY AND APPROVAL TO )  
ISSUE BONDS, NOTES, OR OTHER OBLIGATIONS OF )  
INDEBTEDNESS )

CAUSE NO. 45955

PUBLIC'S EXHIBIT NO. 3

TESTIMONY OF SHAWN DELLINGER

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

January 12, 2024

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the *Public's Exhibit No. 3 – Testimony of Shawn Dellinger on behalf of the OUCC* has been served upon the following captioned proceeding by electronic service January 12, 2024.

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**TESTIMONY OF OUCC WITNESS SHAWN DELLINGER**  
**CAUSE NO. 45955**  
**MARYSVILLE-OTISCO-NABB WATER CORPORATION**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is Shawn Dellinger, and my business address is 115 W. Washington St., Suite  
3 1500 South, Indianapolis, IN 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a  
6 Senior Utility Analyst in the Water/Wastewater Division. My focus is on financing and  
7 other financial matters. My educational background and experience are set forth in  
8 Appendix A.

9 **Q: What is the purpose of your testimony?**

10 A: Marysville-Otisco-Nabb Water Corporation ("Marysville," "MON," or "Petitioner")  
11 requests a debt service revenue requirement associated with a borrowing of \$7,980,000. I  
12 recommend an annual debt service revenue requirement of \$165,000 based upon an  
13 appropriate amount of borrowing for the project that the OUCC considers reasonable, as  
14 well as an appropriate interest rate. I also recommend a debt authorization of \$3,425,000.  
15 I recommend a debt service reserve revenue requirement appropriate for the total  
16 expected debt service payments and discuss true-up requirements.

17 **Q: What did you do to form the opinions in your testimony.**

18 A: I reviewed the Petition and Petitioner's case in chief, with a focus on the testimony of  
19 Tracy Wyne, CPA. I drafted data request questions and reviewed Petitioner's responses.

## II. DEBT SERVICE REVENUE REQUIREMENT

1 **Q: Please describe the purpose of Petitioner's requested debt issuance.**

2 A: Petitioner plans to fund two projects — a 300,000-gallon water storage tank and an 8”  
3 Water Main Loop at Charleston — with a total combined estimated cost of \$9,485,200  
4 including financing costs. Petitioner estimates \$1,710,000 in non-construction costs for  
5 these two projects.<sup>1</sup> Petitioner proposes to partially fund these projects with two grants,  
6 an ARP Grant in the amount of \$1,500,000 and a Local Match of \$5,200. Once  
7 accounting for these grants, total borrowing is projected to be \$7,980,000, and  
8 Petitioner's proposed debt service revenue requirement is based upon this amount.  
9 Petitioner also requests additional borrowing authority due to uncertainty surrounding  
10 supply chain and labor shortage issues:

11 Unusual and significant uncertainty also exists as to the final borrowing amount  
12 MON will require to complete the proposed project due to current supply chain  
13 and labor shortage issues currently prevalent in the construction industry. MON  
14 may seek additional borrowing authority and agrees to restrict the use of funds  
15 borrowed to those based on construction bids for completion of the authorized  
16 projects as described in the PER, related contingencies, and soft costs.

17 (Tracy Wynne Direct Testimony, page 7)

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<sup>1</sup> See Marysville-Otisco-Nabb Water Corporation's Submission of Attachments to the Verified Direct Testimony of Tracy Wyne, Exhibit 3, Rate Study and Workpapers, Accountant's Compilation Report and Financial Forecast, Schedule of Estimated Project Costs and Source of Funds, p. 18.

1 Petitioner clarified and quantified this request in its response to OUCC Data Request 3-6,  
2 which may be found in its entirety in OUCC Attachment SD-1. Petitioner has requested a  
3 debt service revenue requirement that would allow it to borrow \$7,980,000. However, in  
4 response to discovery, Petitioner indicated it desires authority to borrow an additional  
5 \$620,000 for potential cost overruns.

6 **Q: Please describe Petitioner's proposed debt issuance.**

7 A: Petitioner based its proposed revenue requirement on a single SRF borrowing of  
8 \$7,980,000 at a 4.00% interest rate and a term of 35 years. As is standard with SRF  
9 borrowings, Petitioner proposes a revenue requirement to fund a debt service reserve  
10 account over five years. Petitioner has not proposed any interest only period or wrapping  
11 for this borrowing.

12 **Q: Do you agree with the proposed structure of this borrowing?**

13 A: Yes. I have no issues with the structure of this borrowing.

14 **Q: Do you agree with the interest rate assumptions for this borrowing?**

15 A No. I believe Petitioner's estimated 4.0% interest rate is too low. Petitioner provided  
16 information and support for this 4.0% estimate in its response to Data Request 3-2  
17 (OUCC Attachment SD-1). It appears Petitioner based the 4.0% interest rate primarily on  
18 an issuance in December of 2022.<sup>2</sup> Based on interest rate changes over the past year  
19 4.73% is a more appropriate interest rate and is the interest rate applied to the November  
20 2023 pooled issuance for the Town of Milan, which Petitioner referenced in its response  
21 to OUCC DR 3-2. Given the possibility of an increase in interest rates of approximately

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<sup>2</sup> City of Madison in December of 2022 was issued at 4.01% as a Pooled SRF financing.

1 25 basis points, 5% would be a reasonable assumption for interest rates for the purpose of  
2 setting initial rates subject to true-up.

3 **Q: Does the OUCC agree with the amount Petitioner proposes to finance with debt?**

4 A: No. As set forth in the testimony of OUCC witness James Parks, the OUCC has  
5 concluded that the water main project used to support part of the borrowing is not needed.  
6 Therefore, the OUCC's position is that the estimated cost of the water main project  
7 (including associated non-construction costs) should be removed from the amount of  
8 financing authorized. The OUCC does not oppose financing for the elevated storage tank.

9 **Q: What is the amount of funding required to complete the elevated storage tank?**

10 A: The funding estimate for the storage tank is \$2,803,300. There is also a 10% contingency  
11 and a 10% BABA ("Build American, Buy American") estimate included in the  
12 construction costs for the tank. This results in a total of \$280,330 for contingency and for  
13 BABA, or a total of \$3,363,960.<sup>3</sup> There are also non-construction costs that are  
14 appropriate.

15 **Q: What non-construction costs are included in the financing?**

16 A: Petitioner included a total of \$1,710,000 of non-construction costs, consisting of twenty  
17 three (23) separate line items. For ease of reference, the list of these costs provided on  
18 page 18 of Petitioner's Accountants Compilation Report is included below:<sup>4</sup>

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<sup>3</sup> Please see Petitioner Independent Accountant Compilation Report, page 18, "Schedule of estimated project costs and source of funds" for these estimates. Please note, the numbers are slightly different due to rounding, specifically because Petitioner stated 10% and a number that was slightly different than 10%.

<sup>4</sup> Modified by the OUCC to include a number for ease of reference for each line item. This may be found in Petitioner Exhibit 3 (Attachments to Verified Direct Testimony of Tracy Wyne, Rate Study and Workpapers.)

**Table SD-1**

<b># Description</b>	<b>Amount</b>
1 Preliminary Engineering Report	\$ 50,000
2 Design	\$ 695,000
3 System Modeling Updates	\$ 20,000
4 Bidding/Negotiating	\$ 37,000
5 Construction Inspection	\$ 300,000
6 Construction Engineering	\$ 125,000
7 Post-Construction	\$ 5,000
8 Erosion Control Plan	\$ 10,000
9 Soil Borings	\$ 50,000
10 Field Investigation and Survey	\$ 75,000
11 Legal/Financial Services (Engineering)	\$ 15,000
12 Start-up Assistance	\$ 5,000
13 Regulatory Assistance	\$ 20,000
14 Administrative (General)	\$ 10,000
15 Local Attorney	\$ 15,000
16 American Iron and Steel Compliance/BABA Compliance	\$ 15,000
17 Rate Consultant	\$ 60,000
18 Bond Bank Fee (Interim Construction Financing)	\$ 25,000
19 Bond Council	\$ 60,000
20 Interest During Construction (2%)	\$ 32,000
21 BAN Fee	\$ 20,000
22 Interest During Design	\$ 56,000
23 Archaeological	\$ 10,000
Total	<u>\$ 1,710,000</u>

1 **Q: Do you agree all these non-construction costs are appropriate to include in the**  
2 **borrowing and as a revenue a revenue requirement?**

3 A: No. Of these items, some amounts are overstated, and some items will not be incurred at  
4 all unless alternative means of financing are pursued. Other estimates would be expected  
5 to be trued-up at the appropriate time when actual figures are known. Broadly, these line  
6 items may be described as (1) construction related costs, (2) rate case expenses, and (3)  
7 financing costs.

8 **Q: Did you request support for the non-construction costs Petitioner is proposing?**

1 A: Yes. The OUCC asked this question in OUCC Data Request 3-3. This question and  
2 Petitioner's response are included in OUCC Attachment SD-1. Generally, this response  
3 did not provide sufficient granularity for the OUCC to determine the reasonableness of  
4 these estimates, how these estimates were determined, or the exact amount needed to  
5 complete the elevated water tank project if the water main project is not pursued.

6 **Q: Did Petitioner provide an estimate on the non-construction costs for the water tank**  
7 **project only?**

8 A: Yes. The Preliminary Engineering Report (PER) included Table ES-9, which is the cost  
9 of completing only the water tank including all non-construction costs.<sup>5</sup> I have inserted  
10 Petitioner's Table ES-9 below.

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<sup>5</sup> Preliminary Engineering Report, July 2023, provided as an Exhibit 5, attachments to Verified Direct Testimony of Robert Bellucci.



Table ES-9  
Estimate of Total Project Cost– Phase 1A

Item	Base Bid
<b>Construction Costs</b>	<b>Estimated Cost</b>
Phase 1A - New 300,000-Gal Elevated Storage Tank	\$2,803,300
<b>Subtotal</b>	<b>\$2,803,300</b>
Contingency (10%)	\$280,400
BABA (10%)	\$280,400
<b>Construction Total</b>	<b>\$3,364,100</b>
<b>Non-Construction Costs</b>	
Preliminary Engineering Report	\$50,000
Design	\$212,000
System Modeling Updates	\$10,000
Bidding / Negotiating	\$12,000
Construction Inspection	\$175,000
Construction Engineering	\$97,500
Post-Construction	\$5,000
Erosion Control Plan	\$5,000
Soil Borings	\$20,000
Field Investigation & Survey	\$15,000
Legal / Financial Services (Engineering)	\$10,000
Start-up Assistance	\$5,000
Regulatory Assistance	\$15,000
Administrative (General)	\$10,000
Local Attorney	\$15,000
American Iron and Steel Compliance / BABA Compliance	\$15,000
Rate Consultant	\$60,000
Bond Bank Fee (Interim Construction Financing)	\$25,000
Bond Council	\$60,000
Interest During Construction (2%)	\$16,000
Ban Fee	\$20,000
Interest During Design	\$18,000
Archaeological	\$10,000
<b>Total Non-Construction Cost</b>	<b>\$880,500</b>
<b>Total Project Cost</b>	<b>\$4,244,600</b>

1 Q: What non-construction costs included in the construction related cost category are  
2 appropriate for financing?

3 A: The items from Petitioner's Table ES-9 that I consider to be construction related costs  
4 that may be properly financed are as set forth in the table below:

**Table SD-2**

<b># Description</b>	<b>Amount for Water Tank Project Only</b>	<b>Amount Appropriate Revenue Requirement</b>
1 Preliminary Engineering Report	\$ 50,000	\$ 40,000
2 Design	\$ 212,000	\$ 212,000
3 System Modeling Updates	\$ 10,000	\$ 10,000
4 Bidding/Negotiating	\$ 12,000	\$ 12,000
5 Construction Inspection	\$ 175,000	\$ 175,000
6 Construction Engineering	\$ 97,500	\$ 97,500
7 Post-Construction	\$ 5,000	\$ 5,000
8 Erosion Control Plan	\$ 5,000	\$ 5,000
9 Soil Borings	\$ 20,000	\$ 20,000
10 Field Investigation and Survey	\$ 15,000	\$ 15,000
11 Legal/Financial Services (Engineering)	\$ 10,000	\$ 10,000
12 Start-up Assistance	\$ 5,000	\$ 5,000
16 American Iron and Steel Compliance/BABA Compliance	\$ 15,000	\$ 15,000
23 Archaeological	\$ 10,000	\$ 10,000
Total	\$ 641,500	\$ 631,500

1 The amounts above are Petitioner's estimates of these costs, and with one exception I  
2 accept them all for purposes of determining a revenue requirement and debt  
3 authorization. Petitioner's response to DR 1-13 (included as OUCC Attachment SD-2),  
4 indicated that the cost of the Preliminary Engineering Report was \$40,000, not \$50,000.<sup>6</sup>  
5 For this reason, I adjusted this line item to reflect the actual cost.

6 **Q: What non-construction costs related to rate case expense did Petitioner include in**  
7 **the proposed financing?**

8 A: There are four (4) line items included in non-construction costs that I consider rate case  
9 expense:

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<sup>6</sup> The attachment contains the question and written response, but only relevant pages of the attachments included as part of this response.

**Table SD-3**

<b>#</b>	<b>Description</b>	<b>Amount Requested- Water Tank Project Only</b>
13	Regulatory Assistance	\$ 15,000
14	Administrative (General)	\$ 10,000
15	Local Attorney	\$ 15,000
17	Rate Consultant	\$ 60,000
		<u>\$ 100,000</u>

1 **Q: Did Petitioner provide adequate support for the costs found in Table SD-4?**

2 A: As with the construction related costs (included as OUCC Attachment SD-1), Petitioner  
3 did not provide sufficient granularity for the OUCC to determine the reasonableness of  
4 these estimates. Specifically, Petitioner provided the following support for the items  
5 found in Table SD-4 in its response to DR 3-3:

- 6 • Regulatory Assistance (m.) are estimated hourly additional services to be  
7 performed by the Engineer throughout the duration of the project life-cycle.  
8 The estimated totals are based upon costs incurred from past projects of  
9 similar nature, scope, and size.
- 10 • Administrative (General) (n.) is an administrative contingency line item  
11 within the budget to account for unforeseen costs incurred by Petitioner as a  
12 result of project implementation. Examples include costs associated with  
13 setting up dedicated project bank accounts, ordering checks, posting legal  
14 advertisements in the local newspaper, etc.
- 15 • Local Attorney (o.) and Rate Consultant (q.) are budgeted project costs for  
16 legal / financial consultants.

1 **Q: What amounts for rate case expense are appropriate to include in the proposed**  
2 **financing?**

3 A: The estimates found in Table SD-3 are appropriate and may be used to establish a debt  
4 authorization amount. However, Petitioner must provide more robust support at the time  
5 of the true-up. The true-up will be addressed later in my testimony.

6 **Q: What financing cost line items are included in the proposed financing?**

7 A: There are five (5) line items included in non-construction costs that I consider to be  
8 financing costs.

**Table SD-4**

<b># Description</b>	<b>Amount Requested per ES-9</b>
18 Bond Bank Fee (Interim Construction Financing)	\$ 25,000
19 Bond Counsel	\$ 60,000
20 Interest During Construction (2%)	\$ 16,000
21 BAN Fee	\$ 20,000
22 Interest During Design	\$ 18,000
	\$ 139,000

9 **Q: Petitioner anticipates SRF financing. Are all of these financing costs incurred in an**  
10 **SRF financing?**

11 A: No. An SRF Debt Issuance would not involve a Bond Bank Fee, Interest During  
12 Construction, a BAN Fee, or Interest During Design. But all of these line items may be  
13 required if the financing is administered through the U.S. Rural Development program,  
14 because there is interim financing involved with this method of financing. For SRF  
15 financing, there is no requirement for interim financing.

16 **Q: Does Petitioner agree that the BAN Fee and the Interest During Design cost would**  
17 **not apply to SRF financing?**

18 A: No. In its response to Data Request 3-5 (found in OUCC Attachment SD-1) Petitioner  
19 stated:

1           The BAN Fee (\$20,000) and Interest During Design (\$56,000) line items  
2           could apply to both USDA and SRF financing should the Petitioner need  
3           to procure short-term financing to support costs incurred during the design  
4           and bidding phases of the project. If the Petitioner is able to fund these  
5           costs with local funds on hand, these items could be removed from the  
6           overall project budget.

7   **Q:    Do you believe that the financing cost line items listed in Table SD-4 are appropriate**  
8   **to include in the financing authorization?**

9   A:    I do not believe these fees will be incurred, for three reasons. First, the debt is currently  
10        estimated to be issued on July 1, 2024, which is approximately the time an order is  
11        anticipated to be issued, so there will already be a revenue requirement in place for the  
12        debt. Second, issuing a BAN and additional interest expense would not be prudent for an  
13        expense of this magnitude without a compelling reason, which has not been provided.<sup>7</sup>  
14        Third, the interest expense estimate seems wildly inflated, since \$56,000 of interest on  
15        \$695,000 of projected expenses, when the work is finished (project bid and debt issued)  
16        six months from now is exorbitant. Just the water tank reflects a design fee of \$212,000  
17        and an interest during this design of \$18,000, which would be an interest rate of 8.5% if  
18        the \$18,000 is incurred over one year. But because the water tank project is estimated to  
19        be ready to bid approximately six months from now, this indicates an interest rate of  
20        approximately 17%. For these reasons, I do not consider these expenses appropriate to  
21        include in the requested borrowing for the purpose of establishing a revenue requirement.

22   **Q:    What is the total amount of non-construction costs that are appropriate to include**  
23   **in the financing?**

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<sup>7</sup> Petitioner requested \$76,000 of total expense for issuance of a BAN (\$20,000) and interest during design (\$56,000) per the Accountants Schedule of Estimated Project Costs and Source of Funds table. This is a material increase on the cost of the design work of \$695,000 total (although the \$695,000 itself appears to be an error from adding \$212,000 from Table ES-9 for the Water Tank and \$334,000 from Table ES-10 for the Water Loop, which should total to \$546,000 instead of \$695,000).

1 A: For the purpose of establishing a revenue requirement, the appropriate non-construction  
 2 cost estimate is \$791,500. The amount per line item is shown in Table SD-5.

**Table SD-5**

<b># Description</b>	<b>Amount Appropriate Revenue Requirement</b>	
1 Preliminary Engineering Report	\$	40,000
2 Design	\$	212,000
3 System Modeling Updates	\$	10,000
4 Bidding/Negotiating	\$	12,000
5 Construction Inspection	\$	175,000
6 Construction Engineering	\$	97,500
7 Post-Construction	\$	5,000
8 Erosion Control Plan	\$	5,000
9 Soil Borings	\$	20,000
10 Field Investigation and Survey	\$	15,000
11 Legal/Financial Services (Engineering)	\$	10,000
12 Start-up Assistance	\$	5,000
13 Regulatory Assistance	\$	15,000
14 Administrative (General)	\$	10,000
15 Local Attorney	\$	15,000
16 American Iron and Steel Compliance/BABA Compliance	\$	15,000
17 Rate Consultant	\$	60,000
18 Bond Bank Fee (Interim Construction Financing)	\$	-
19 Bond Counsel	\$	60,000
20 Interest During Construction (2%)	\$	-
21 BAN Fee	\$	-
22 Interest During Design	\$	-
23 Archaeological	\$	10,000
Total	\$	791,500

3 **Q: Is \$791,500 the proper amount of non-construction costs to include in the debt**  
 4 **authority?**

5 A: No, since it is possible that alternative financing means will be pursued (specifically a  
 6 Rural Development Loan), some line items excluded above will be appropriate to include  
 7 in a debt authorization, even if it is not appropriate to include in a projected revenue  
 8 requirement. Specifically, this would include line items involving financing. The  
 9 appropriate amount to include in a debt authorization for non-construction costs is  
 10 \$870,500.

**Table SD-6**

<b># Description</b>	<b>Amount Appropriate Debt Authority</b>	
1 Preliminary Engineering Report	\$	40,000
2 Design	\$	212,000
3 System Modeling Updates	\$	10,000
4 Bidding/Negotiating	\$	12,000
5 Construction Inspection	\$	175,000
6 Construction Engineering	\$	97,500
7 Post-Construction	\$	5,000
8 Erosion Control Plan	\$	5,000
9 Soil Borings	\$	20,000
10 Field Investigation and Survey	\$	15,000
11 Legal/Financial Services (Engineering)	\$	10,000
12 Start-up Assistance	\$	5,000
13 Regulatory Assistance	\$	15,000
14 Administrative (General)	\$	10,000
15 Local Attorney	\$	15,000
16 American Iron and Steel Compliance/BABA Compliance	\$	15,000
17 Rate Consultant	\$	60,000
18 Bond Bank Fee (Interim Construction Financing)	\$	25,000
19 Bond Counsel	\$	60,000
20 Interest During Construction (2%)	\$	16,000
21 BAN Fee	\$	20,000
22 Interest During Design	\$	18,000
23 Archaeological	\$	10,000
Total	\$	870,500

1 **Q: What is the total amount of financing that should be used to determine Petitioner's**  
2 **appropriate revenue requirement?**

3 **A:** \$2,650,260 is the correct total. Please see Table SD-7 for details.

**Table SD-7**

<b>Construction Costs</b>	
300,000 Gallon Elevated Storage Tank	\$ 2,803,300
Contingency (10%)	\$ 280,330
BABA (10%)	\$ 280,330
Total Construction Costs	\$ 3,363,960
<b>Non-Construction Costs</b>	\$ 791,500
<b>Total Project Costs</b>	\$ 4,155,460
<b>Grants-Local Match</b>	\$ 5,200
<b>Grants-ARP</b>	\$ 1,500,000
<b>Total Funding Required</b>	\$ 2,650,260

1 **Q: Will grant funding still be available if the water main project is not included?**

2 A: Yes. Based on a review of the grant application, the grant is for the water storage tank,  
3 and not for the water main project, so any grants should be unaffected by the removal of  
4 the water main project. For the grant application, please see OUCC Attachment SD-3.

5 **Q: What other inputs need to be confirmed to determine the debt service revenue**  
6 **requirement?**

7 A: An interest rate, term, and payback profile of the loan must each be determined. On pages  
8 3-4 of my testimony, I determined that a 5% interest rate was appropriate, and agreed  
9 with Petitioner's proposed debt profile (no wrapping or interest only period, 35-year  
10 term).

11 **Q: What is the debt service revenue requirement based upon these inputs?**

12 A: The annual debt service payment will be \$161,856 (although since the debt would be  
13 incurred approximately mid-year 2024, the actual payments made in bond year 2024  
14 would be approximately half of this). I would propose rounding this to \$165,000.



1 **Q: Would \$165,000 annually be the debt service revenue requirement if a Rural**  
2 **Development Loan or an SRF Program rate is secured for the borrowing instead of**  
3 **the assumed SRF Pooled rate?**

4 A: The \$165,000 is a placeholder that is expected to be trued-up. Either a Rural  
5 Development Loan or an SRF Program Loan would likely result in material savings, and  
6 this should be reflected in the true-up report. The cost estimates for various services  
7 should be trued-up as well to actual costs.

### III. DEBT AUTHORIZATION

8 **Q: Did Petitioner request additional debt authority to address cost overruns?**

9 A: Yes. Discovery clarified that Petitioner was requesting \$8,600,000 in debt authority,  
10 rather than the \$7,980,000 included in the revenue requirement and debt amortization  
11 tables.<sup>8</sup>

12 **Q: Does the OUCC accept this request?**

13 A: No. The OUCC does not accept the total amount of debt authorization requested of the  
14 Petitioner, for reasons discussed above. However, we do agree that the amount of debt  
15 authorized should include an additional amount for cost overruns. Such authority should  
16 only be granted with assurances that cost containment measures will be implemented and  
17 that the projects are limited in scope to the project design presented in this case. Provided  
18 the Commission imposes the conditions recommended by the OUCC that limit  
19 expenditures to the well-defined projects, the OUCC considers the additional amount of  
20 borrowing authority to address potential cost overruns to be acceptable. We accept  
21 Petitioner's request for an additional \$620,000 of debt authority.

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<sup>8</sup> This may be found in the response to data request 3-6. OUCC Attachment SD-1.

1 **Q: What specific requirements does the OUCC propose for this additional borrowing**  
2 **authority?**

3 A: Petitioner should have an appropriate number of bidders in a public bid, and the scope of  
4 the water storage tank project should not differ from the PER. At the time of the true-up,  
5 if the actual bid amounts for the water storage tank result in a cost of more than  
6 \$3,363,960, documentation to the above effect should be included.<sup>9</sup> With these  
7 requirements, ratepayers would be protected and additional debt authority of \$620,000  
8 may be used to ensure the water tank project is completed. The revenue requirement  
9 associated with this increase would be addressed at the time of the true-up.

10 **Q: What is the debt authority that should be authorized?**

11 A: Based on my analysis, \$3,428,260 of debt authority is appropriate. However, I am  
12 rounding the amount to \$3,425,000. This amount includes non-construction costs that  
13 will allow Petitioner to pursue Rural Development funding if appropriate. It does not  
14 include costs related to the projects that the OUCC considers imprudent. Please see table  
15 SD-8 and SD-9 for specific inputs. Table SD-8 shows the calculation of the total amount  
16 of debt authority, and Table SD-9 shows the specific inputs to determine the non-  
17 construction portion of this debt authority.

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<sup>9</sup> Documentation would include bid tabulations, listing the bidders and their bid price. As well as a confirmation that the project bid was the same as that indicated on the PER.

**Table SD-8**

<b>Construction Costs</b>	
300,000 Gallon Elevated Storage Tank	\$ 2,803,300
Contingency (10%)	\$ 280,330
BABA (10%)	\$ 280,330
Total Construction Costs	\$ 3,363,960
<b>Non-Construction Costs</b>	\$ 870,500
<b>Total Project Costs</b>	\$ 4,234,460
<b>Grants-Local Match</b>	\$ 5,200
<b>Grants-ARP</b>	\$ 1,500,000
<b>Total Funding Required</b>	\$ 2,729,260
<b>Additional Authority for Cost overruns</b>	\$ 620,000
<b>Total Debt Authority</b>	\$ 3,428,260

**Table SD-9**

# Description	Amount Appropriate Debt Authority
1 Preliminary Engineering Report	\$ 40,000
2 Design	\$ 212,000
3 System Modeling Updates	\$ 10,000
4 Bidding/Negotiating	\$ 12,000
5 Construction Inspection	\$ 175,000
6 Construction Engineering	\$ 97,500
7 Post-Construction	\$ 5,000
8 Erosion Control Plan	\$ 5,000
9 Soil Borings	\$ 20,000
10 Field Investigation and Survey	\$ 15,000
11 Legal/Financial Services (Engineering)	\$ 10,000
12 Start-up Assistance	\$ 5,000
13 Regulatory Assistance	\$ 15,000
14 Administrative (General)	\$ 10,000
15 Local Attorney	\$ 15,000
16 American Iron and Steel Compliance/BABA Compliance	\$ 15,000
17 Rate Consultant	\$ 60,000
18 Bond Bank Fee (Interim Construction Financing)	\$ 25,000
19 Bond Counsel	\$ 60,000
20 Interest During Construction (2%)	\$ 16,000
21 BAN Fee	\$ 20,000
22 Interest During Design	\$ 18,000
23 Archaeological	\$ 10,000
Total	\$ 870,500

**IV. DEBT SERVICE RESERVE**

1 **Q: Do you agree with Petitioner's proposed debt service reserve?**

2 A: No. I agree with the method of calculation of this reserve, but the debt service reserve  
3 will necessarily change as the anticipated debt service payments change. Because the  
4 OUCC has determined that the full borrowing is not prudent, this necessarily changes the  
5 debt service reserve revenue requirement.

6 **Q: What is the appropriate debt service reserve revenue requirement?**

7 A: The appropriate debt service reserve revenue requirement is \$33,000. Since SRF allows 5  
8 years to fund a debt service reserve and the payments in this case are level, it is 20% of  
9 the annual revenue requirement. (20% of \$165,000 is \$33,000.) The total amount of  
10 funding required should be approximately \$165,000.

11 **Q: Should there be any restrictions on Petitioner's proposed debt service reserve?**

12 A: Yes. Petitioner's debt service reserve should be placed in a restricted account, and  
13 Petitioner should notify the Commission and the OUCC if it spends any funds from its  
14 debt service reserves for any reason other than to make the last payment on its current or  
15 proposed debt issuances. Petitioner should be required to provide a report to the  
16 Commission and the OUCC within five (5) business days of any such transaction. The  
17 report should (1) state how much Petitioner spent from its debt service reserve, (2)  
18 explain why it spent funds from its debt service reserve, (3) cite to any applicable loan  
19 documents that allow it to spend funds from its debt service reserve, (4) describe its plans  
20 to replenish its debt service reserve, and (5) describe any saving measures it has  
21 implemented to forestall spending funds from its debt service reserve.

**V. TRUE-UP AND OTHER ISSUES**

1 **Q: Should Petitioner be required to true-up its proposed annual debt service once the**  
2 **interest rates on its proposed debt are known?**

3 A: Yes. The precise interest rates, borrowing amount and annual debt service will not be  
4 known until Petitioner's debt has been issued. Therefore, Petitioner's rates should be  
5 true-up to reflect the actual cost of the debt. I recommend the Commission require  
6 Petitioner to file a report within thirty (30) days of closing its debt issuance explaining  
7 the terms of the new loan, the actual balance borrowed, the amount of debt service  
8 reserve required, bid tabulations, and an itemized account of all issuance costs (such as  
9 bond counsel, rate consultant, and BABA costs), including issuance costs actually  
10 incurred to that date. The report should include a revised tariff, amortization schedule  
11 and a calculation of the rate impact in a form similar to the OUCC's schedules. Further,  
12 since revenue collection will occur substantially at the time of the order in this cause,  
13 protections should be implemented to ensure that if bonds are not issued promptly,  
14 ratepayers are not harmed, and revenues are aligned with costs. Therefore, for any  
15 timing differences of more than two months between implementation of rates and  
16 closing on debt, the revenue requirement for current debt should be placed in a  
17 restricted account and used to prefund the debt service reserve account.<sup>10</sup> If the  
18 borrowing is delayed for more than one year, refunds should be issued to ratepayers  
19 out of this restricted balance.

20 **Q: How should disputes regarding Petitioner's true up report be identified?**

21 A: The OUCC should have no less than twenty-one (21) days after service of the true-up

---

<sup>10</sup> For clarity, this would consider all the debt service revenue requirement since the implementation of rates, not just on future basis.

1 to challenge Petitioner's proposed true-up. Petitioner should similarly have twenty-  
2 one (21) days to file a response to the OUCC. Thereafter, the Commission should  
3 resolve any issue raised through a process it deems appropriate. Any true-up report  
4 should state the time frames for objections or responses.

5 **Q: Should there be any exceptions to the requirement for a true-up?**

6 A: Yes. If both parties state in writing to the Commission that the increase or decrease  
7 indicated by the report need not occur because the increase or decrease would be  
8 immaterial, the true-up need not be implemented.

9 **Q: What other conditions should be placed on Petitioner's proposed debt issuance?**

10 A: Financing authority should not continue indefinitely. Petitioner is expecting to  
11 complete its requested borrowing in July of 2024. Any financing authority Petitioner  
12 has not used should expire at the end of 2025 (allowing approximately one and a half  
13 additional years beyond the projected July 2024 issuance date for the debt).

## VI. OUCC RECOMMENDATIONS

14 **Q: Please summarize your recommendations to the Commission in this cause.**

15 A: I recommend that the Commission:

- 16 • Approve a debt authority of \$3,425,000 with rates based on borrowings up to  
17 \$2,650,260.
- 18 • Approve a debt service annual revenue requirement of \$165,000.
- 19 • Approve a debt service reserve revenue requirement of \$33,000.
- 20 • Require Petitioner to follow the true-up procedures I described in this testimony.
- 21 • Require Petitioner to follow the reporting requirements regarding withdrawals  
22 from any debt service reserve funds.

1 **Q:** Does this conclude your testimony?

2 **A:** Yes.

## Appendix A

### QUALIFICATIONS

1 **Q: Please describe your educational background.**

2 A: I graduated from Indiana University with a degree in Biology, a minor in Economics and  
3 a certificate from the Liberal Arts and Management Program (LAMP) which is an honors  
4 certificate program through the Kelley School of Business and the College of Arts and  
5 Sciences. I received my MBA from Indiana University with a concentration in finance. I  
6 am a member of Phi Beta Kappa honor society for my undergraduate studies and Beta  
7 Gamma Sigma honor society for my master's program. I have a certificate from Stanford  
8 University for the Energy Innovation and Emerging Technologies Program. I am a  
9 certified rate of a return analyst (CRRA designation) from the Society of Utility  
10 Regulatory Financial Analysts. Although not specifically related to my educational  
11 background, I am a member of Mensa.

12 **Q: Please describe your work experience.**

13 A: Upon graduating college, I moved to New York and worked at Grant's Interest Rate  
14 Observer, which is a financial newsletter and Lebenthal and Co., which was a municipal  
15 bond brokerage. I moved back to Indianapolis and worked at RCI Sales in Indianapolis,  
16 which was a manufacturer's representative/distributor in commercial and institutional  
17 construction. I became an owner and left when I sold the company. I then worked at  
18 Amazon as a financial analyst in its fulfillment division.

19 **Q: How long have you been at the OUCC?**

20 A: I started at the OUCC in the Water/Wastewater Division in December 2019 as a Utility  
21 Analyst II and was promoted to a Senior Utility Analyst in May 2022. My focus is



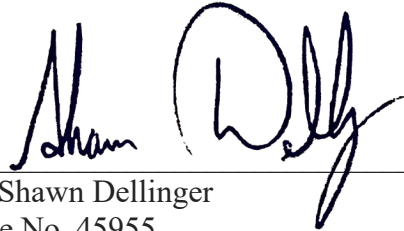
1 financial issues, such as ROEs, Capital Structures, Debt Issuances, Cost of Debt, etc.

2 **Q: Have you previously testified before the Indiana Utility Regulatory Commission?**

3 A: Yes, I have testified before the Commission regarding various aspects of finance in  
4 multiple cases.

**AFFIRMATION**

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read 'Shawn Dellinger', written over a horizontal line.

By: Shawn Dellinger  
Cause No. 45955  
Office of Utility Consumer Counselor (OUCC)

Date: January 11, 2024

**STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF MARYSVILLE- ) Cause No. 45955**  
**OTISCO-NABB WATER )**  
**CORPORATION: )**  
)  
**(1) FOR AUTHORITY AND APPROVAL )**  
**TO INCREASE RATES AND )**  
**CHARGES FOR WATER SERVICE, )**  
**INCLUDING APPROVAL OF NEW )**  
**SCHEDULE(S) OF RATES AND )**  
**CHARGES FOR WATER SERVICES )**  
)  
**(2) FOR AUTHORITY AND APPROVAL )**  
**TO ISSUE BONDS, NOTES, OR )**  
**OTHER OBLIGATIONS OF )**  
**INDEBTEDNESS )**  
)

**RESPONSE TO THE THIRD SET OF DATA REQUESTS  
FROM THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR TO  
MARYSVILLE-OTISCO-NABB WATER CORPORATION  
QUESTIONS NOS. 1-7**

Pursuant to the Data Request Set No. 3 from the Indiana Office of Utility Consumer Counselor (“OUCC”) to Marysville-Otisco-Nabb Water Corporation (“Petitioner”) dated November 29, 2023, in the above-captioned cause, Petitioner hereby files this response to OUCC’s Questions 1 through 7. Petitioner reserves the right to amend, revise, and/or supplement any of the original answers it provides hereunder should there be any relevant change in circumstances.

Tracy Wyne, a Certified Public Accountant, Certified Fraud Examiner, and Manager of Sherman Barber & Mullikin, CPAs, 210 W. Third Street, Madison, Indiana 47250, provided information and/or documentation in response to Questions 1 and 2, subpart ii. of Question 3, and Questions 4 and 6. Ms. Wyne can be called as Petitioner’s

witness to answer questions regarding the substance of or origination of information in response to Questions 1, 2, 4, and 6.

Robert M. Bellucci, a Professional Engineer and the Vice President/Senior Project Manager at Commonwealth Engineers, Inc., 7256 Company Drive, Indianapolis, Indiana 46237, provided information and/or documentation in response to subpart i. of Question 3 and Questions 5 and 7. Mr. Bellucci can be called as Petitioner's witness to answer questions regarding the substance of or origination of information in response to such questions.

## RESPONSES

**Q-3-1:** Please provide the Median Household Income for MON's customer base. If an exact amount isn't available, please indicate to the best of your ability the tier for SRF purposes, i.e. under \$49,555, between \$49,556 to \$61,943, or over \$61,944.

**Response:** According to 2021 census data, the median household income for Clark County, Indiana was \$62,296. Data is not readily available that is more specific to Petitioner's service area.

**Q-3-2:** Ms. Wyne states in Question 19 of her Direct Testimony the estimated interest rate for the SRF loan is 4.0%. Please provide all documentation supporting this estimate.

**Response:** The estimated interest rate of 4.0% was based on SRF pooled financing obtained by the City of Madison ("Madison") in December 2022, which was 4.01%. Attached is a copy of the transfer and amortization schedules filed with SRF for the Madison loan. In IURC Cause No. 45720, Brown County Water Utility, Inc. ("BCW") obtained project funding through pooled financing with SRF that also closed in December 2022. BCW's interest rate was 3.51%. A copy of BCW's true-up report filed with the IURC is attached (See the amortization schedule for the SRF 2023 Series A or Series B). Ms. Wyne estimated the interest rate for Petitioner based on the higher of the two interest rates (Madison and BCW) because the interest rates in general had been increasing from December 2022 to September 2023.

A recent SRF project for the Town of Milan (“Milan”) closed in November 2023 at a pooled rate of 4.73%. Attached is the amortization schedule received from SRF for the 35-year loan for Milan.

Petitioner anticipates applying for funding during the fiscal year beginning July 1, 2024. The PER has not yet been submitted to SRF for evaluation so it is unknown whether the Petitioner’s projects will meet their criteria and fall within the fundable range on SRF’s Project Priority List. Projects falling within SRF’s fundable range, and which are funded during October-December 2023 have interest rates between 2.69% and 3.44%, assuming a median household income of more than \$61,944 (Source-Indiana Financing Authority website, November 30, 2023.)

Interest rate assumptions in the forecast may not be achievable and Petitioner anticipates a true-up process once financing is completed.

**Q-3-3:** Reference Petitioner’s Exhibit 3 - Attachments to Verified Direct Testimony of Tracy Wyne Rate Study and Workpapers page 18 of the “Accountant’s Compilation Report” (page 36 of 214). For each of the following items:

- a. Preliminary Engineering Report, \$50,000
- b. Design, \$695,000
- c. System Modeling Updates, \$20,000
- d. Bidding/Negotiating, \$37,000
- e. Construction Inspection, \$300,000
- f. Construction Engineering, \$125,000
- g. Post-Construction, \$5,000
- h. Erosion Control Plan, \$10,000
- i. Soil Borings, \$50,000
- j. Field Investigation and Survey, \$75,000
- k. Legal/Financial Services (Engineering), \$15,000
- l. Start-up Assistance, \$5,000
- m. Regulatory Assistance, \$20,000
- n. Administrative (General), \$10,000
- o. Local Attorney, \$15,000
- p. American Iron and Steel Compliance/BABA Compliance, \$15,000
- q. Rate Consultant, \$60,000
- r. Bond Bank Fee (Interim Construction Financing), \$25,000
- s. Bond Council, \$60,000
- t. Interest During Construction (2%), \$32,000
- u. BAN Fee, \$20,000
- v. Interest During Design, \$56,000
- w. Archaeological, \$10,000

i. Please indicate how each cost was determined.

**Response:**

Item “a.” is based upon actual cost(s) incurred by the Engineer for assembly of the Preliminary Engineering Report and System Hydraulic Model.

Items “b.”, “d.”, and “f.” are calculated based upon estimated construction costs using the United States Department of Agriculture’s fee estimation guidelines.

Item “g” is a budgeted fee associated with engineering coordination between the contractor and the Petitioner throughout the duration of the post-construction one (1) year warranty period. Fee is lump sum based upon projects of similar size and scope.

Items “c.”, “e.”, “h.”, “i.”, “j.”, “k.”, “l.”, “m.”, “p.”, and “w.” are estimated hourly additional services to be performed by the Engineer throughout the duration of the project life-cycle. The estimated totals are based upon costs incurred from past projects of similar nature, scope, and size.

Item “n.” is an administrative contingency line item within the budget to account for unforeseen costs incurred by Petitioner as a result of project implementation. Examples include costs associated with setting up dedicated project bank accounts, ordering checks, posting legal advertisements in the local newspaper, etc.

Items “o.”, “q.”, and “s.” are budgeted project costs for legal / financial consultants.

Items “r.” and “t.” are associated with United States Department of Agriculture Rural Development Financing as that agency utilizes the Indiana Bond Bank for Interim Construction Financing. Closing of the long-term financing with USDA would not occur until the project is substantially completed.

Items “u.” and “v.” are budgeted fees associated with the Petitioner needing to procure short-term financing to support costs incurred during the design and bidding phases of the project.

ii. Please provide support for each item.

**Response:** Each of the above estimates were taken directly from Table 6-6 of the PER. A copy of Table 6-6 is attached hereto.

**Q-3-4:** Please state the actual cost MON has incurred to date for line item “Rate Consultant” (Line Item q in the above list).

**Response:** As of 12/6/2023, Petitioner has been billed \$19,000 for rate consulting services through 11/30/2023.

**Q-3-5:** Please reference the cost estimates for the financing estimated above (Petitioner’s Exhibit 3 - Attachments to Verified Direct Testimony of Tracy Wyne Rate Study and Workpapers page 18 of the “Accountant’s Compilation Report” (page 36 of 214).

- a. Please confirm that the costs for the BAN/Interim Construction Financing would only be applicable if the borrowing is with Rural Development. For purposes of this question, this would include the Bond Bank Fee of \$25,000, the Interest During Construction of \$32,000, the BAN fee of \$20,000, and the interest during design of \$56,000. If there are other fees that would be necessary for a Rural Development Loan but not for a SRF Loan, please advise what those fees would be. Also, if those fees would be required for an SRF loan, please so state and explain why.

**Response:** Petitioner confirms that the budgeted amounts for the Interim Construction Bond Bank Fee (\$25,000) and Interest during Construction (\$32,000) apply only if all (or a portion) of the project is funded through the United States Department of Agriculture’s (“USDA”) Rural Development Loan Program. The BAN Fee (\$20,000) and Interest During Design (\$56,000) line items could apply to both USDA and SRF financing should the Petitioner need to procure short-term financing to support costs incurred during the design and bidding phases of the project. If the Petitioner is able to fund these costs with local funds on hand, these items could be removed from the overall project budget.

**Q-3-6:** Please reference Ms. Wyne’s testimony, page 7, line 17, Question 19. Please clarify the amount of debt authority MON is requesting in this cause.

**Response:** The proposed debt service used in the rate consultant’s report is \$7,980,000. This is reflected in both the Schedule of Estimated Project Costs and Sources of Funds (page 18) and the Amortization Schedule – State Revolving

Fund Loan (page 19). Petitioner is seeking authority from the IURC to issue debt in an amount not to exceed \$8,600,000.

**Q-3-7:** Please refer to the immediately preceding question. What actions does MON intend to take if it experiences cost overruns due to “current supply chain and labor shortage issues currently prevalent in the construction industry”? Please confirm that MON is requesting authority in this present cause to account for cost overruns and is not anticipating opening a sub-docket or filing a new case requesting additional debt authority if construction bids are higher than anticipated.

**Response:** The proposed budget includes a ten percent (10%) planning-level construction contingency to account for potential cost overruns associated with the current bidding environment. The proposed budget also includes a separate ten percent (10%) planning-level contingency for anticipated costs associated with complying with the federal Build America, Buy America Act (“BABA”). Both USDA and SRF will mandate compliance with federal BABA requirements. Petitioner does not anticipate having to open a sub-docket or file a new case with the IURC to request additional debt authority if construction bids for the project come in higher than anticipated.

Respectfully submitted,

/s/ Darren A. Craig  
Darren A. Craig  
Beau F. Zoeller  
Cameron S. Trachtman  
Matthew K. Duncan  
Frost Brown Todd LLP  
111 Monument Circle Ste. 4500  
Indianapolis, IN 46204  
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E-mail: ctrachtman@fbtlaw.com  
E-mail: mduncan@fbtlaw.com



**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing has been electronically served upon the following counsel of record via e-mail, the agreed method of service for this proceeding, on December 15, 2023:

Daniel M. Le Vay  
Adam J. Kashin  
Victor Peters  
Deputy Consumer Counselor  
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR  
115 West Washington Street, Suite 1500 South  
Indianapolis, IN 46204  
dlevay@oucc.in.gov  
AKashin@oucc.in.gov  
ViPeters@oucc.in.gov  
infomgt@oucc.in.gov

*/s/ Darren A. Craig* \_\_\_\_\_  
Darren A. Craig

0155045.0776811 4879-9448-1046v5

**Response:** No.

**Q-1-13:** Please provide contracts or agreements with each rate case consultant along with all rate case consultant invoices pertinent to this Cause issued to date.

**Response:** Attached are contracts with Frost Brown Todd LLP; Commonwealth Engineers, Inc.; Sherman Barber & Mullikin, CPAs; and DC Develop LLC.

**Q-1-14:** Please provide invoices and contracts for each engineering or consulting expense recorded during the test year.

**Response:** Attached are invoices for General Ledger accounts 632.6, 632.8, and 635.8. The relevant contracts have been attached in response to Question 13.

**Q-1-15:** Please provide copies of invoices for legal services provided during the test year.

**Response:** There are no documents responsive to this Request. Petitioner states that there were no legal services provided to Petitioner during the test year.

Respectfully submitted,

/s/ Darren A. Craig  
Darren A. Craig  
Beau F. Zoeller  
Cameron S. Trachtman  
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**MARYSVILLE OTISCO NABB WATER CORP.**  
**AND**  
**COMMONWEALTH ENGINEERS, INC.**  
**WATER UTILITY IMPROVEMENTS**

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the controlling Laws and Regulations

**AGREEMENT**  
**BETWEEN OWNER AND ENGINEER**  
**FOR STUDY AND REPORT**  
**PROFESSIONAL SERVICES**

Prepared by



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**AGREEMENT  
BETWEEN OWNER AND ENGINEER  
FOR STUDY AND REPORT  
PROFESSIONAL SERVICES**

THIS IS AN AGREEMENT effective as of \_\_\_\_\_ (“Effective Date”) between

Marysville Otisco Nabb Water Corp. (“Owner”) and

Commonwealth Engineers, Inc. (“Engineer”).

Owner’s Project, of which Engineer’s services under this Agreement are a part, is generally identified as follows:

Water Utility Improvements (“Project”).

Engineer’s services under this Agreement are generally identified as follows:

Assemble a Preliminary Engineering Report (PER), Environmental Report (ER), and a Water Model Report in support of soliciting for funding consideration by the Indiana Finance Authority (IFA) State Revolving Fund (SRF) and the United States Department of Agriculture (USDA) Rural Development Program. (“Study and Report Services”).

Other terms used in this Agreement are defined in Article 7.

Owner and Engineer further agree as follows:

**ARTICLE 1 – SERVICES OF ENGINEER**

1.01 *Scope*

- A. Engineer shall provide, or cause to be provided, the services set forth herein and in Exhibit A.

**ARTICLE 2 – OWNER’S RESPONSIBILITIES**

2.01 *General*

- A. Owner shall pay Engineer as set forth in Article 4 and Appendix 1.
- B. Owner shall provide Engineer with all criteria and full information as to Owner’s requirements for the Study and Report Services, including but not limited to design objectives and constraints; space, capacity and performance requirements; flexibility and expandability goals; any anticipated funding sources; and budgetary limitations.
- C. Owner shall furnish to Engineer all existing studies, reports, and other available information pertinent to the Engineer’s performance of the Study and Report Services, including reports and data relative to previous designs, construction, or investigation at or adjacent to any Site under consideration.
- D. Following Engineer’s assessment of initially-available Project data and information, and receipt of Engineer’s advice regarding the need (if any) for additional Project-related data and information,

Owner shall either (1) authorize Engineer to undertake Additional Services necessary to obtain such additional Project-related data and information, or (2) obtain, furnish, or otherwise make available (if necessary through title searches, or retention of specialists or consultants) such additional Project-related data and information. Such additional data and information would generally include the following:

Property descriptions.

1. Zoning, deed, and other land use restrictions.
  2. Utility information, reports, and mapping.
  3. Property, boundary, easement, right-of-way, topographic, and other special surveys or data, including establishing relevant reference points.
  4. Explorations and tests of subsurface conditions at or adjacent to a Site; geotechnical reports and investigations; drawings of physical conditions relating to existing surface or subsurface structures at a Site; hydrographic surveys, laboratory tests and inspections of samples, materials, and equipment; with appropriate professional interpretation of such information or data.
  5. Environmental assessments, audits, investigations, and impact statements, and other relevant environmental, historical, or cultural studies relevant to the Project, the Site(s), and adjacent areas.
  6. Data or consultations as required for the Project but not otherwise identified in this Agreement.
- E. Owner shall advise Engineer of the identity and scope of services of any independent consultants retained by Owner to perform or furnish services pertinent to the Study and Report Services.
- F. Owner shall arrange for safe access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under the Agreement.
- G. Owner shall inform Engineer in writing of any specific requirements of safety or security programs that are applicable to Engineer, as a visitor to any Site under study.
- H. Owner shall examine all alternative solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer (including obtaining advice of an attorney, risk manager, insurance counselor, and other advisors or consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.
- I. Owner shall inform Engineer regarding any need for assistance in evaluating the possible use of Project Strategies, Technologies, and Techniques, as defined in Exhibit A.
- J. Owner shall advise Engineer as to whether Engineer's assistance is requested in identifying opportunities for enhancing the sustainability of the Project.
- K. Recognizing and acknowledging that Engineer's services and expertise do not include the following services, Owner shall provide, as required for Engineer's performance of its Study and Report Services:
1. Accounting, bond and financial advisory (including, if applicable, "municipal advisor" services as described in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 2010, and the municipal advisor registration rules issued by the Securities and Exchange Commission), independent cost estimating, and insurance counseling services.

2. Legal services with regard to issues pertaining to the Project as Owner requires, or Engineer reasonably requests.
- L. Owner shall be responsible for all requirements and instructions that it furnished to Engineer pursuant to this Agreement, and for the accuracy and completeness of all programs, reports, data, and other information furnished by Owner to Engineer pursuant to this Agreement. Engineer may use and rely upon such requirements, programs, instructions, reports, data, and information in performing or furnishing services under this Agreement, subject to any express limitations or reservations applicable to the furnished items.
- M. Owner shall give prompt written notice to Engineer whenever Owner observes or otherwise becomes aware of:
  1. any development that affects the scope or time of performance of Engineer's services;
  2. the presence of any Constituent of Concern at any Site; or
  3. any relevant, material defect or nonconformance in Engineer's services or Owner's performance of its responsibilities under this Agreement.

### **ARTICLE 3 – SCHEDULE FOR RENDERING SERVICES**

#### *3.01 Commencement*

- A. Engineer is authorized to begin rendering services as of the Effective Date.

#### *3.02 Time for Completion*

- A. Engineer shall complete its obligations within a reasonable time. Specific periods of time for rendering services or specific dates by which services are to be completed are provided in Exhibit A, and are hereby agreed to be reasonable.
- B. If, through no fault of Engineer, such periods of time or dates are changed, or the orderly and continuous progress of Engineer's services is impaired, or Engineer's services are delayed or suspended, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.

### **ARTICLE 4 – INVOICES AND PAYMENTS**

#### *4.01 Invoices*

- A. *Preparation and Submittal of Invoices:* Engineer shall prepare invoices in accordance with its standard invoicing practices and the terms of this Article and Appendix 1. Engineer shall submit its invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt.

#### *4.02 Payments*

- A. *Application to Interest and Principal:* Payment will be credited first to any interest owed to Engineer and then to principal.
- B. *Failure to Pay:* If Owner fails to make payments due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then:
  1. amounts due Engineer will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day; and
  2. Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement until Owner has paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension.



- C. *Disputed Invoices:* If Owner disputes an invoice, either as to amount or entitlement, then Owner shall promptly advise Engineer in writing of the specific basis for doing so, may withhold only that portion so disputed, and must pay the undisputed portion subject to the terms of Paragraph 4.01.

4.03 *Payment for Basic Services (Lump Sum Basis) and Additional Services*

- A. Using the procedures set forth in this Article, Owner shall pay Engineer for Basic Services as follows:
  - 1. A Lump Sum amount of \$50,000.00.
    - ▶ Water PER/ER \$40,000.00
    - ▶ Water Model \$10,000.00
  - 2. In addition to the Lump Sum amount, reimbursement for the following expenses: None
- B. The portion of the compensation amount billed monthly for Engineer's services will be based upon Engineer's estimate of the percentage of the Study and Report Services actually completed during the billing period.
- C. For Additional Services, Owner shall pay Engineer an amount equal to the cumulative hours charged to providing the Additional Services by each class of Engineer's employees, times standard hourly rates for each applicable billing class; plus reimbursement of expenses incurred in connection with providing the Additional Services (including but not limited to expenses in the categories listed on the reimbursable expenses schedule in Appendix 1) and Engineer's Consultants' charges, if any.
- D. Engineer's standard hourly rates and reimbursable expenses schedule are set forth in Appendix 1.

**ARTICLE 5 – OPINIONS OF COST**

5.01 *Opinions of Probable Construction Cost*

- A. Engineer's opinions (if any) of probable Construction Cost are to be made on the basis of Engineer's experience, qualifications, and general familiarity with the construction industry. However, because of the limited and preliminary nature of the Study and Report Services, and because Engineer has no control over the cost of labor, materials, equipment, or services furnished by others, or over contractors' methods of determining prices, or over competitive bidding or market conditions, Engineer cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by Engineer. If Owner requires greater assurance as to probable Construction Cost, then Owner agrees to obtain an independent cost estimate.

5.02 *Opinions of Total Project Costs*

- A. The services, if any, of Engineer with respect to Total Project Costs shall be limited to assisting the Owner in tabulating the various categories that comprise Total Project Costs. Engineer assumes no responsibility for the accuracy of any opinions of Total Project Costs.

**ARTICLE 6 – GENERAL CONSIDERATIONS**

6.01 *Standards of Performance*

- A. *Standard of Care:* The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with any services performed or furnished by Engineer.

**STATE OF INDIANA  
CLARK COUNTY  
SUBRECIPIENT AGREEMENT  
FOR  
AMERICAN RESCUE PLAN ACT  
LOCAL FISCAL RECOVERY FUNDS**

This **SUBRECIPIENT AGREEMENT** (the "Agreement") is made and entered into as of this 28 day of September 2023, by and between **Marysville-Otisco-Nabb Water Coproration** (hereinafter called the "Subrecipient") and **CLARK COUNTY, INDIANA** (hereinafter called the "County").

**WITNESSETH:**

**WHEREAS**, the County has received funding from the Coronavirus Local Fiscal Recovery Fund (the "Recovery Fund") as authorized by H.R. 1319 of the 117<sup>th</sup> Congress (2021-2022) - American Rescue Plan Act of 2021 (together with related guidance and regulations, the "Act");

**WHEREAS**, the County is desirous of securing the services of the Subrecipient for the purpose of installing an Three Hundred Thousand (300,000) gallon elevated water storage tank; and

**NOW, THEREFORE**, the Subrecipient and the County for the considerations stated herein, mutually agree as follows:

**ARTICLE 1. SCOPE OF WORK.** The Subrecipient shall erect a Three Hundred Thousand (300,000) gallon elevated water storage tank to connect to previously installed 8" water main along Opossum Trot and County Road 160 to Harry Hughes Road. (the "Services").

**ARTICLE 2. GRANT FUNDING.** The Subrecipient shall receive \$1.5 million in grant funding from the County (the "Grant") to perform the Services.

**ARTICLE 3. ELIGIBLE USES.** The Subrecipient acknowledges that it is receiving the Grant as a subrecipient under the Act and agrees to limit the use of such funds to the following permitted purposes (a "Permitted Purpose"):

- (a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- (c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency;

- (d) to make necessary improvements to improve access to clean drinking water and invest in wastewater and stormwater infrastructure;
- (e) for any additional purposes authorized under federal law, regulations, or subsequent amendments to the Act.

**ARTICLE 4. PROHIBITED PURPOSES.** The Subrecipient agrees that it will not use the Grant for the following prohibited purposes:

- (a) to fund rainy day funds or financial reserves;
- (b) to fund pension funds; and
- (c) for any additional prohibited purposes under federal law, regulations, or subsequent amendments to the Act.

**ARTICLE 5. ACCESS TO RECORDS; REPORTING REQUIREMENTS.** The Subrecipient agrees to keep financial records and supporting documents, including, without limitation, receipts and invoices (the "Records"), related to the Grant for a period of five years after all funds from the Grant have been expended. The Records shall include those documents which demonstrate the Grant funds were used for Permitted Purpose in accordance with the Act. The Subrecipient agrees to permit the County to access to the Records in compliance with its federal audit and reporting requirements and will provide such records to the County or any third party designated by the County upon request.

The Subrecipient agrees to submit the Subrecipient Agreement Reporting Documentation form attached hereto as **Schedule I** upon request by the County to assist with its reporting requirements under the Act.

**ARTICLE 6. TERMINATION; REMEDIES.** All funds received by the Subrecipient under the terms of this Agreement shall be allocated or returned to the County by December 31, 2024 (the "Allocation Deadline"). The Subrecipient shall have completed the Services by December 31, 2026 (the "Services Deadline"). Either party may terminate this Agreement for any reason or for no reason, at any time upon delivery of written notice at least thirty (30) calendar days prior to the effective date of termination, upon which date any remaining Grant funds will be returned to the County.

In the event that the Act, including any related regulations or guidance (such as the Final Rule published by the United States Department of the Treasury, 31 CFR Part 35), is amended or modified in any way that, in the opinion of the County or its legal counsel, clarifies that Recovery Fund allocations may not be used for the purposes stated herein, this Agreement shall terminate immediately at the option of the County as required by law, and all remaining funds held by the Subrecipient shall be returned to the County.

Based upon any or all of the following conditions, the Subrecipient shall be deemed to have

breached this Agreement: (a) the Subrecipient fails to perform the Services in accordance with the provisions of the Agreement; (b) the Subrecipient fails to allocate or return the funds by the Allocation Deadline or fails to perform the Services by the Services Deadline; (c) the Subrecipient uses funds from the Grant for a purpose other than a Permitted Purpose; or (d) any other provisions of the Agreement are otherwise violated by the Subrecipient (a "Default"). Upon ten (10) days written notice to the Subrecipient, the County shall have the right to declare the Subrecipient in Default in the performance of its obligations under this Agreement. Unless within ten (10) days after the service of said notice of a Default, the violation shall cease or satisfactory arrangements shall be made for its correction, the Subrecipient, by written notice, shall be declared in Default, and its right to proceed under the Agreement terminated. In the event the Subrecipient is thus declared to be in Default, the County shall proceed to have the work completed, and the Subrecipient shall be responsible for any damages resulting to the County by said default, including attorneys' fees. The County shall be entitled to a return of any remaining funds from the Grant from the date of the Default. In the event of a Default, the Subrecipient shall be responsible for the repayment of any Grant funds used for a purpose other than a Permitted Purpose in accordance with the terms of the Act or by determination of the United States Department of the Treasury.

**ARTICLE 7. REPRESENTATIONS, WARRANTIES, AND COVENANTS.** Subrecipient represents, warrants, and covenants to the County the following:

- (a) Subrecipient is duly organized or incorporated and authorized to conduct activities within the State of Indiana and will remain so at all times during the term of this Agreement. True and correct copies of Subrecipient's (i) organizational documents and (ii) certificate of good standing are attached hereto as **Exhibit A**.
- (c) Subrecipient has the right, power, and authority to enter into this Agreement, grant the rights and benefits herein described, and satisfy its obligations hereunder.

**ARTICLE 8. ADDITIONAL SUBRECIPIENT COMMITMENTS.** Subrecipient hereby authorizes the County to utilize the name and logo of Subrecipient in advertisements and press releases relating to the Grant and the Services.

**ARTICLE 9. NOTICES.** Notices hereunder shall be in writing and sent to the following addresses, unless stated otherwise herein.

Notices to the County shall be sent to:

300 Corporate Drive, Room 205  
Jeffersonville, IN 47130  
Attention: R. Scott Lewis, County Attorney

Notices to the Subrecipient shall be sent to:

Marysville-Otisco-Nabb Water Company  
PO Box 86  
Otisco, IN 47163  
Attention: Floyd Anthony Masingo

**ARTICLE 10. AGREEMENT.** This Agreement represents the entire Agreement between the parties, and it is expressly agreed and understood that any modifications or revisions hereof shall be in writing and signed by both parties hereto.

**[SIGNATURE PAGE TO IMMEDIATELY FOLLOW]**

**IN WITNESS HEREOF**, the parties have caused this **AGREEMENT** to be executed on the day and year first above written:

**COMMISSION**

BY: *Connie Sellers*  
SIGNATURE  
Vice President board of Commissioners  
[NAME, TITLE] 300 Corporate Drive  
Room 205, Jeffersonville, IN 47130

[ADDRESS]  
Attest: *Ray JT*

**SUBRECIPIENT**

BY: *F. Anthony Masingo*  
SIGNATURE  
Floyd Anthony Masingo, Superintendent  
7703 Highway 3  
Marysville, IN 47141

Attest: *[Signature]*, Attorney

**EXHIBIT A**

**SUBRECIPIENT ORGANIZATIONAL DOCUMENTS**

**Subrecipient Agreement – Exhibit A**

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STATE OF INDIANA  
DEPARTMENT OF STATE

CERTIFICATE OF INCORPORATION

CHARLES O. HENDRICKS,  
SECRETARY OF STATE

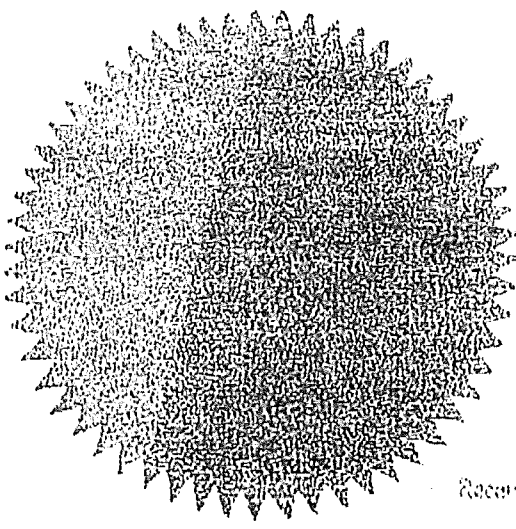
TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of Incorporation, duly signed and acknowledged, showing no Capital Stock, having been filed in the office of the Secretary of State on the 9th day of JULY, 1963, for the organization of the

MARYSVILLE-OTISCO-NABE WATER CORPORATION

under and in accordance with the provisions of "AN ACT" concerning domestic and foreign corporations not for profit, providing for fees, providing penalties for the violation thereof, and repealing certain laws." Approved March 7, 1935, as published at Page 557, Acts of 1935.

NOW THEREFORE, I, the Secretary of the State of Indiana, by virtue of the powers and duties vested in me by law, do hereby certify that the said organization is a body politic and corporate, authorized and empowered by the laws of the State of Indiana to proceed to carry out the objects of its organization.



In Witness Whereof, I have hereunto set my hand and affixed the seal of the State of Indiana, at the City of Indianapolis, this 9th day

of JULY, 1963

*Charles O. Hendricks*  
CHARLES O. HENDRICKS,  
Secretary of State.

By \_\_\_\_\_ Deputy.

Received For Record This 10. Day of July 1963 9:32 AM.

*[Signature]*



A-1  
(For use for Indiana NOT for Profit Corporations.)  
Form prescribed by the Secretary of State

APPROVED

FILED

3918

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MAY 10 1963

ARTICLES OF INCORPORATION

of

*E. Charles O. Tindrock*  
SECRETARY OF STATE OF INDIANA

~~MARYSVILLE-OTISCO-WABB WATER CORPORATION~~

The undersigned, being three or more natural persons of lawful age, at least a majority of whom are citizens of the United States, do hereby adopt the following Articles of Incorporation, representing before-hand to the Secretary of State of the State of Indiana and all persons whom it may concern, that a membership list or lists of the above named corporation for which certificate of incorporation is hereby applied for, have heretofore been opened in accordance with law and that at least three (3) persons have signed such membership list.

Be it further remembered that the following Articles of Incorporation and all matters heretofore done or hereafter to be done are in accordance with "An Act concerning domestic and foreign corporations not for profit, providing for fees, providing penalties for the violation thereof, and repealing certain laws," approved March 7, 1935, and all acts amendatory thereof and supplemental thereto.

1. The name of this corporation shall be Marysville-Otisco-Wabb Water Corporation

(Name must include the word "Corporation" or "Incorporated" or one of the abbreviations thereof.)

2. The purpose or purposes for which it is formed are as follows:

1. Promoting and encouraging the fullest possible use of approved tested water in the Rural Area of Clark County, by making such water available to inhabitants of rural and small residential areas of the County at the lowest cost connected with sound economy and prudent management of the business of such corporation and/or by rendering other services to its member
2. To produce or purchase water for resale to its members only. To that end to construct, install, maintain and operate a water system for the purposes of supplying water to its members, including but not limited to the acquifiting water by purchase, diversion, storage, drilling, pumping, and the purchase, laying, installation, operation, maintenance, and repair of wells, pumping equipment, structures, pipelines, valves, and all other material and equipment, necessary to the construction, repair, maintenance, and operation of a complete water supply system.
3. To buy, lease, hold, and exercise all privileges of ownership in and to all real or personal property as may be necessary or convenient for the conduct and operation of the business of the corporation or incidental thereof.
4. To contract debts, borrow money, and issue or assume the payments obligations.
5. To levy and collect reasonable fees, rents, charges, and other charges for services rendered.
6. To perform any and all of the foregoing acts and to do any and all of the foregoing things under, through, or by means of its own officers, agents, and employees, or by contracts with any persons, Federal Agency, or municipality.
7. To have and exercise all powers, privileges, and right conferred on corporations by the laws of the State of Indiana, and all powers and right incidental in carrying out the purposes for which this corporation is formed, except such as are inconsistent with the express provisions of the act under which this corporation is incorporated.
8. This corporation is organized on a non-profit basis for the actual benefit of its members.

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3. The period during which it is to continue as a corporation is.....until dissolved.....years.
4. The post office address of its principal office is..... Street,  
.....Marysville.....(City).....Clark.....(County).....Indiana.....(State)
5. The name of its resident agent is.....O. D. Cash.....
6. The post office address of its resident agent is.....R. F. D. # 1..... Street,  
.....Marysville.....(City).....Clark.....(County).....Indiana.....(State)

7. If the memberships are to be divided into classes the designations of the different classes, and a statement of the relative rights, preferences, limitations and restrictions of each class, together with a statement as to the voting rights of any such class:

**This corporation shall not have capital stock, but its capital stock shall be represented by membership certificates. Each member shall be issued a certificate of membership, and each member shall be entitled to only one (1) vote, no person shall become, or remain a member unless such person shall use the water service supplied by such corporation.**

**The membership fee in this corporation shall be fixed and determined by its by-laws. The voting power and property rights and interest of each member whose fees are fully paid and who is in good standing shall be equal and each member shall be entitled to one vote only. There shall be no voting by proxy. New members shall upon their admission in this corporation be entitled to one vote and to share in the property of this corporation equally with the old members. When a member has paid his membership fee in full he shall receive a certificate of membership.**

**Under the terms and conditions prescribed by its by-laws, this corporation shall admit as members only such persons as having a reasonable accessibility to the sources of, and who are in need of having water supplied for domestic, livestock, and other purposes from the water system constructed, maintained, and operated by the corporation, but the corporation shall not be required to admit members if the capacity of its water system is exhausted by the needs of its existing members and all such other persons to whom it has been supplying water.**

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8. The number of directors of this corporation shall be five (5)

9. The names and addresses of the first board of directors are as follows:

Name	Street	City	County	State
Henry C. Ercer		Marysville	Clark	Indiana
Carol Schafar	Box 94	Charlestown	Clark	Indiana
Q. D. Cash	R.F.D.#1	Marysville	Clark	Indiana
Robert Righthouse		Marysville	Clark	Indiana
Cecil DeCamp		Otisco	Clark	Indiana
Name	Street	City	County	State
Name	Street	City	County	State
Name	Street	City	County	State
Name	Street	City	County	State

10. The names and post office addresses of the incorporators are as follows:

Name	Street	City	County	State
Henry C. Ercer		Marysville	Clark	Indiana
Carol Schafar	Box 94	Charlestown	Clark	Indiana
Q. D. Cash	R.F.D.#1	Marysville	Clark	Indiana
Robert Righthouse		Marysville	Clark	Indiana
Cecil DeCamp		Otisco	Clark	Indiana
Henry Burks		Habb	Clark	Indiana
Dennis Clapp		Habb	Clark	Indiana
Leonard White		Marysville	Clark	Indiana
Walker Zimmerman		Marysville	Clark	Indiana
John Richards		Charlestown	Clark	Indiana
Layman McClellan		Otisco	Clark	Indiana
Andrew A. Sargent		Otisco	Clark	Indiana

—d—

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11. A statement of the property and an estimate of the value thereof, to be taken over by this corporation at or upon its incorporation:

**\$760.00 CASH on deposit in The New Washington State Bank, New Washington, Indiana.**

12. Any other provisions, consistent with the laws of this state, for the regulation and conduct of the affairs of this corporation, and creating, defining, limiting or regulating the powers of this corporation, of the directors or of the members or any class or classes of members:

- A: The power to make, alter, amend, or repeal by-laws for the regulation and management of the affairs of the corporation, not inconsistent with the law or with the Articles of Incorporation.**
- B: To appoint agents and employees, and to fix their compensation and the compensation of the officers of the corporation.**
- C: To execute instruments.**
- D: To delegate to, one or more of the directors, or to the agents, and employees of the corporation such powers and duties as it may deem proper.**
- E: To make its own rules and regulations as to its procedure.**

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Henry C. Brear  
Henry C. Brear

Cecil DeCamp  
Cecil DeCamp

Carol Schafer  
Carol Schafer

O.D. Cash  
O.D. Cash

Robert Righthouse  
Robert Righthouse

A minimum of three of the incorporators designated in Article 10 on page — c — should sign above.

STATE OF INDIANA

COUNTY OF \_\_\_\_\_

Clark

ss:

Before me, [Signature], a Notary Public in and for said County and State, personally appeared Henry C. Brear, Carol Schafer

O.D. Cash

Robert Righthouse

Cecil DeCamp

and severally acknowledged the execution of the foregoing articles of incorporation.

WITNESS my hand and notarial seal this.....

10<sup>th</sup> day of July, 1963

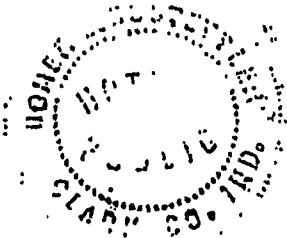
[Signature]  
Notary Public

My commission expires 13 1965

(Articles of incorporation must be prepared in triplicate on the form prescribed by the Secretary of State, by the incorporators and signed and acknowledged by at least three of them before a Notary Public, and shall be presented in triplicate to the Secretary of State at his office accompanied by the fees prescribed by law.)

Received For Record This 10 Day of July 1963 At 9:30 A.M.

Edwin O. Mansford R. C. C.



**Schedule I**

**SUBRECIPIENT AGREEMENT  
REPORTING DOCUMENTATION**

**A. SUBRECIPIENT AND PROJECT INFORMATION**

**Subrecipient Name:** **Marysville-Otisco-Nabb Water Corporation**

**Subrecipient DUNS**

**Number:** \_\_\_\_\_

*(If Any)*

**Subrecipient**

**Address:**

**7703 Highway 3  
Marysville, IN 47141**

**Subaward Date:**   /  /  

**Subaward Amount:** **\$1.5 million**

**Amount Spent to Date:** **\$0.00**

*(All funds must be obligated by December 31, 2024, and expended by December 31, 2026, or returned to Recipient).*

**Project Name:** **Harry Hughes Extension/Elevated Storage**

**Project Location:** **County Road 160**

**Project Expenditure**

**Category:**

**5.14 Drinking Water: Storage**

*(See Appendix A)*

**Project Start Date:** **07/01/2023**

*(MM/DD/YYYY)*

**Anticipated Completion Date:** **10/30/2025**

*(MM/DD/YYYY)*

**Project Status:**

*(Circle One)*

**Not Started**

**Completed Less than 50 Percent**

**50 Percent or More Completed**

**Fully Completed**

**Project Description**

*(50-250 words. Project descriptions must describe the project in sufficient detail to provide understanding of the major activities that will occur.)*

**Erection of Three Hundred Thousand (300,000) gallon elevated water storage tank to be connected to previously installed 8 inch main that runs along Opossum Trot and County Road 160.**

**B. ADDITIONAL RECORD REQUIREMENTS**

**Project Budget:** Please provide a detailed budget for your project as well as an itemized list of all expenditures. If you provided a budget prior to receiving ARPA funds, please provide an updated budget explaining differences, if any, between the prior budget and the updated budget.

**Program Income:** Please provide a detailed record of the organization's program income. Generally, program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired from ARPA funds, and any principal and interest on loans made with ARPA funds.

**Statement of Demographic Distribution:** ARPA Subrecipients are encouraged to design projects to prioritize economic and racial equity and promote equitable outcomes. If possible, please provide detailed demographic information outlining how ARPA funds have benefited disproportionately impacted communities.

**Required Programmatic Data (Non-Infrastructure Projects):** For projects listed under the below expenditure categories (see Appendix A), please provide the following supporting data where applicable:

**1. Household Assistance (EC 2.1-2.5):**

- (a) Brief description of structure and objectives of assistance program(s) (e.g., nutrition assistance for low-income households).
- (b) Number of households served (by program if Subrecipient establishes multiple separate household assistance programs).
- (c) Brief description of Subrecipient's approach to ensuring that aid to households responds to a negative economic impact of Covid-19.

**2. Small Business Economic Assistance (EC 2.9):**

- (a) Brief description of the structure and objectives of assistance program(s) (e.g., grants for additional costs related to Covid-19 mitigation).
- (b) Number of small businesses served (by program if Subrecipient establishes multiple separate small businesses assistance programs).
- (c) Brief description of Subrecipient's approach to ensuring that aid to small businesses responds to a negative economic impact of COVID-19.

**3. Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (EC 2.11-2.12):**

- (a) If aid is provided to industries other than travel, tourism, and hospitality (EC 2.12), a description of pandemic impact on the industry and rationale for providing aid to the industry.
- (b) Brief narrative description of how the assistance provided responds to negative economic impacts of the COVID-19 pandemic, including:
  - a. Sector of employer.
  - b. Purpose of funds (e.g., payroll support, safety measure implementation).

**4. Premium Pay (both Public Sector EC 4.1 and Private Sector EC 4.2):**

- (a) Number of workers to be served.
- (b) Employer sector.
- (c) For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, for whom premium pay would increase total pay above 150 percent of their residing State's average annual wage, or their residing county's average annual wage, whichever is higher, on an annual basis (if any):
  - a. A brief written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19, and why the Subrecipient government determined that the premium pay was responsive to workers performing essential work during the pandemic. This description should not include personally identifiable information; when addressing individual workers, Subrecipients should be careful not to include this information. Subrecipients may consider describing the workers' occupations and duties in a general manner as necessary to protect privacy.

**Required Programmatic Data (Infrastructure Projects):** For projects listed under the below expenditure categories (see Appendix A), please provide the following supporting data where applicable:

**1. All infrastructure projects (EC 5):**



- (a) Projected/actual construction start date (month/year) 07/2023
- (b) Projected/actual initiation of operations date (month/year) 10/2025
- (c) Location (for broadband, geospatial location data) N/A
- (d) For projects over \$10 million (based on expected total cost):
- a. A Subrecipient may provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as "baby Davis-Bacon Acts"). If such certification is not provided, a Subrecipient must provide a project employment and local impact report detailing:
    - i. The number of employees of contractors and sub-contractors working on the project;
    - ii. The number of employees on the project hired directly and hired through a third party;
    - iii. The wages and benefits of workers on the project by classification; and
    - iv. Whether those wages are at rates less than those prevailing. Subrecipients must maintain sufficient records to substantiate this information upon request.
  - b. A Subrecipient may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the Subrecipient does not provide such certification, the Subrecipient must provide a project workforce continuity plan, detailing:
    - i. How the Subrecipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project;
    - ii. How the Subrecipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project;
    - iii. How the Subrecipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities;
    - iv. Whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and

v. Whether the project has completed a project labor agreement.

- c. Whether the project prioritizes local hires.
- d. Whether the project has a Community Benefit Agreement, with a description of any such agreement.

2. Water and sewer projects (EC 5.1-5.15):

- (a) National Pollutant Discharge Elimination System (NPDES) Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund)
- (b) Public Water System (PWS) ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund)

3. Broadband projects (EC 5.16-5.17):

- (a) Confirm that the project is designed to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds.
  - a. If the project is not designed to reliably meet or exceed symmetrical 100 Mbps download and upload speeds, explain why not, and
  - b. Confirm that the project is designed to, upon completion, meet or exceed symmetrical 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.
- (b) Please note: additional programmatic data will be required for broadband projects beginning in July 2022.

### **C. OTHER SUBRECIPIENT RESPONSIBILITIES**

**Procurement:** Subrecipients are responsible for ensuring that procurements using ARPA funds, or payments under procurement contracts using such funds are consistent with the procurement standards set forth in all applicable local, State, and federal procurement laws and regulations. Subrecipient shall keep records of all purchases made with ARPA funds including (i) dollar amounts, (ii) rationale for method of procurement, (iii) basis for contract prices, or (iv) any exceptions that allow for non-competitive proposals, if applicable.

**Closeout Process:** The Recipient must return any ARPA funds not obligated or expended for eligible uses to the United States Department of the Treasury as part of a closeout process pursuant to 2 CFR 200.344(d). All ARPA funds must be used for costs incurred by the Subrecipient during the period that begins on March 3, 2021 and ends on December 31, 2024, and all ARPA funds must be expended by December 31, 2026. Subrecipient will comply with all requests by the Recipient to return such funds.

**Ongoing Reporting Requirements:** Note that these reporting requirements are operating in accordance with the Interim Final Rule published by the United States Department of the Treasury. 31 CFR Part 35. RIN 1505-AC77. These reporting requirements are subject to change upon publication of a Final Rule.

**CIVIL RIGHTS COMPLIANCE: TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 PROHIBITS DISCRIMINATION ON THE BASIS OF RACE, COLOR, OR NATIONAL ORIGIN IN ANY PROGRAM OR ACTIVITY THAT RECEIVES FEDERAL FUNDS OR OTHER FEDERAL FINANCIAL ASSISTANCE. BY SUBMITTING THIS REPORTING DOCUMENT, SUBRECIPIENT REPRESENTS AND WARRANTS THAT IT WILL COMPLY WITH ALL REQUIREMENTS OF FEDERAL STATUTES RELATING TO NONDISCRIMINATION. SUBRECIPIENT SHOULD REPORT ANY PURPORTED VIOLATIONS OF FEDERAL CIVIL RIGHTS LAWS.**

**APPENDIX A  
PROJECT EXPENDITURE CATEGORIES**

<b>1: Public Health</b>			
1.1	COVID-19 Vaccination	1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.2	COVID-19 Testing	1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.2	COVID-19 Contact Tracing	1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)	1.10	Mental Health Services
1.5	Personal Protective Equipment	1.11	Substance Use Services
1.6	Medical Expenses	1.12	Other Public Health Services
<b>2: Negative Economic Impacts</b>			
2.1	Household Assistance: Food Programs	2.8	Contributions to UI Trust Funds
2.2	Household Assistance: Rent, Mortgage, and Utility Aid	2.9	Small Business Economic Assistance (General)
2.3	Household Assistance: Cash Transfers	2.10	Aid to Nonprofit Organizations
2.4	Household Assistance: Internet Access Programs	2.11	Aid to Tourism, Travel, or Hospitality
2.5	Household Assistance: Eviction Prevention	2.12	Aid to Other Impacted Industries
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers	2.13	Other Economic Support
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)	2.14	Rehiring Public Sector Staff
<b>3: Services to Disproportionately Impacted Communities</b>			
3.1	Education Assistance: Early Learning	3.9	Healthy Childhood Environments: Other
3.2	Education Assistance: Aid to High-Poverty Districts	3.10	Housing Support: Affordable Housing
3.3	Education Assistance: Academic Services	3.11	Housing Support: Services for Unhoused Persons
3.4	Education Assistance: Social, Emotional, and Mental Health Services	3.12	Housing Support: Other Housing Assistance
3.5	Education Assistance: Other	3.13	Social Determinants of Health: Other
3.6	Healthy Childhood Environments: Child Care	3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators
3.7	Healthy Childhood Environments: Home Visiting	3.15	Social Determinants of Health: Lead Remediation
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System	3.16	Social Determinants of Health: Community Violence Interventions
<b>4: Premium Pay</b>			
4.1	Public Sector Employees	4.2	Private Sector: Grants to Other Employers

Subrecipient Agreement  
Reporting Requirements  
Appendix A

<b>5: Infrastructure</b>			
5.1	Clean Water: Centralized Wastewater Treatment	5.10	Drinking water: Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance	5.11	Drinking water: Transmission & Distribution
5.3	Clean Water: Centralized Wastewater Collection and Conveyance	5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.4	Clean Water: Combined Sewer Overflows	5.13	Drinking water: Source
5.5	Clean Water: Other Sewer Infrastructure	5.14	Drinking water: Storage
5.6	Clean Water: Stormwater	5.15	Drinking water: Other water infrastructure
5.7	Clean Water: Energy Conservation	5.16	Broadband: "Last Mile" projects
5.8	Clean Water: Water Conservation	5.17	Broadband: Other projects
5.9	Clean Water: Nonpoint Source		
<b>6: Revenue Replacement</b>			
6.1	Provision of Government Services		
<b>7: Administrative</b>			
7.1	Administrative Expenses	7.3	Transfers to Other Units of Government
7.2	Evaluation and Data Analysis	7.4	Transfers to Non-entitlement Units (States and territories only)