



Rural Development

December 2, 2019

SENT VIA EMAIL ONLY

Lufkin Area Office

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KSA Engineers, Inc.
Attn: Danny Hays, P. E.
140 East Tyler Street, Suite 600
Longview, TX 75601

SUBJECT: City of San Augustine
Wastewater Collection System & Treatment Improvements
Preliminary Engineering Report

Dear Mr. Hays:

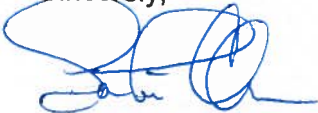
A review has been conducted on the Preliminary Engineering Report, dated 10/08/19 for the City of San Augustine. The approval is withheld. We provide the following comments:

1. Existing Facilities, Condition of Existing Facilities should describe suitability for continued use.
2. Existing Facilities, Financial Status: Information regarding average monthly flows for a residential, commercial and other type of connection should be provided. Numbers of each type of connection should be provided. The average monthly flows should be for the most recent year.
3. A summarized total project cost estimate indicating the construction cost, contingencies, Preliminary Engineering Report, Environmental Report, basic fees, surveying, inspection, and legal fees, etc, as applicable, should be provided. The cost of contingencies should be lowered to 10-15% of the construction cost. The soft cost appears to be very excessive. One total project cost estimate for the collection system and treatment should also be included.
4. Proposed Project: Information regarding the short-lived assets for the time periods of 1-5, 6-10 and 11-15 years for the whole system should also be provided. See the RUS Bulletin 1780-2, Exhibit A, for an example.
5. Agreement between Owner and Engineer for Professional Services should be provided for our review and approval. We only have a DRAFT copy.
6. Itemized annual operating budget information should be provided as a part of the PER, including projected project costs for operating the system as improved, debt repayments, debt service reserves and short-lived asset reserves.

The American Iron and Steel requirements apply to the project, and the RUS Bulletin 1780-035 must be followed.

If you have any questions, please contact this office at (936) 634-9900 ext. 4.

Sincerely,



SABRINA GLENN
Area Director

cc: Community Programs
City of San Augustine