

The background of the slide is a photograph of the Pennsylvania State Capitol building in Harrisburg. The building is a large, classical-style structure with a prominent green-tiled dome topped with a golden statue. The sky is blue with scattered white clouds. In the foreground, there are some trees with autumn-colored leaves and a stone wall with greenery.

PENNVEST *Lunch and Learn* Outreach

August 7, 2023

Recording Notice

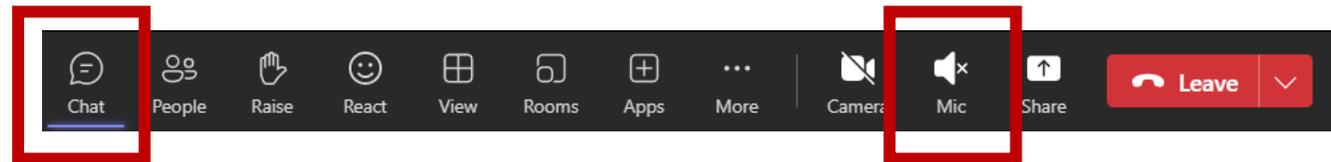
This webinar is being recorded.

By participating in this webinar, you are consenting to the recording, retention, and use of this session.

If you ask us a question, you consent to the recording, retention, and use of your statements as part of the session.

How to Ask a Question

- **Please remain muted until the Q&A segment**
 - Use the "Mic" button on your Microsoft Teams application
 - Use a mute button or press *6 on a standard telephone
- To ask a question before the Q&A segment, use the chat thread
 - We will respond verbally or by typing a response in the chat thread as time permits



Overview of PENNVEST

Brendan Linton

Our History

- State affiliated entity
- Established by the General Assembly in 1988
- 13-member Board of Directors
 - Chaired by the Governor or designee
 - State legislative and executive branch representation
 - Community members
- 34 full-time employees
 - Many located across the Commonwealth

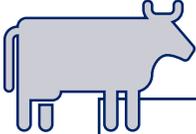
Our Programs



Traditional Projects

- Drinking Water
- Wastewater
- Stormwater

- Municipalities
- Municipal Authorities
- Counties
- Private Entities



Non-Point Source

- Agricultural BMPs
- Acid Mine
- Brownfield
- Green Infrastructure

- Municipalities
- Municipal Authorities
- Counties
- Private Entities



Residential*

- On-Lot Septic System Repairs
- Existing Sewer Lateral Repairs
- First-Time Public Sewer System Connections

- Owner-occupied primary residences

*Funding provided by PENNVEST; program administered by Pennsylvania Housing Finance Agency (PHFA)

Our Applicants and Borrowers

- We can provide financing to **most public or private entities** in the Commonwealth for projects with a positive water quality impact

Municipalities

Counties

Municipal
Authorities

School
Districts

Utility
Companies

Private
Entities

Our Funding Sources

Federal Funds

Drinking Water &
Clean Water State
Revolving Funds
(44%)

American Recovery
and Reinvestment Act
(4%)

Internal Funds

Investment Income
(8%)

Interest Earned
(8%)

State Funds

Growing Greener
Grants (7%)

Capital Budget (3%)

Marcellus Legacy
Grants (2%)

Act 218 of 2004 (1%)

General Fund (1%)

State General Obligation Bond Proceeds

2008 (7%)

1992 (6%)

1988 (5%)

1981 (4%)

Our Funding Sources

- Total of \$1 billion budgeted for FY 2023-2024
- Projects are funded with state and/or federal dollars
- Regulatory requirements included in funding offer
- PENNVEST and DEP assist through the application and settlement process

All Projects

- “Or-equal” provisions in bid documents
- Steel Products Procurement (Act 3 of 1978)
- Pennsylvania Prevailing Wage Act

All Federally-Funded Projects

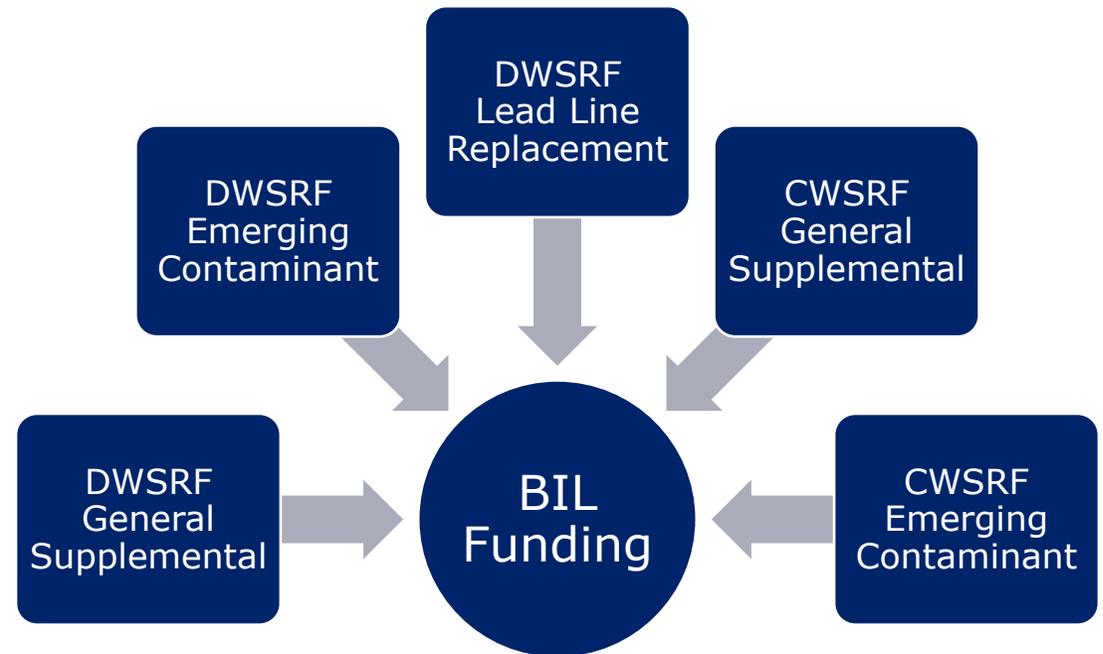
- American Iron and Steel
- Davis-Bacon Wage Rates

Federal “Equivalency” Projects

- Disadvantaged Business Enterprise (DBE)
- Build America, Buy America Act (BABA)

Our Funding Sources

- Additional funds available through the **Bipartisan Infrastructure Law (BIL)**
- Covers clean water and drinking water projects
- Factored into our current budget calculations
- Applicants automatically considered for these funds through the regular PENNVEST process



Our Statewide Project Portfolio

4,731 APPROVED PROJECTS

\$11.5 BILLION TOTAL FUNDING

1,208 Drinking Water

1,775 Wastewater

17 Brownfield Remediation

190 Non-Point Source

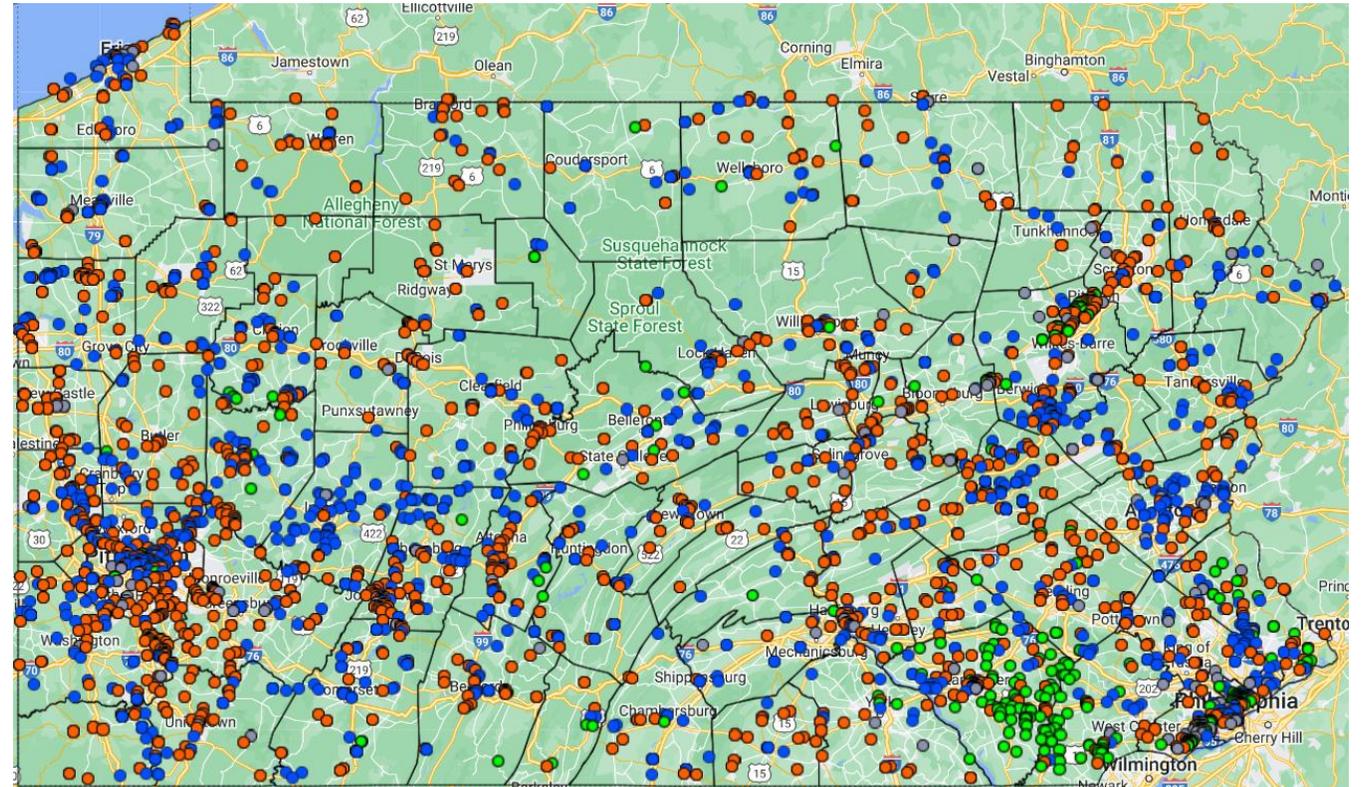
3 Acid Mine Drainage

155 Stormwater

1,101 Residential Septic Repairs

37 Residential Sewer Laterals

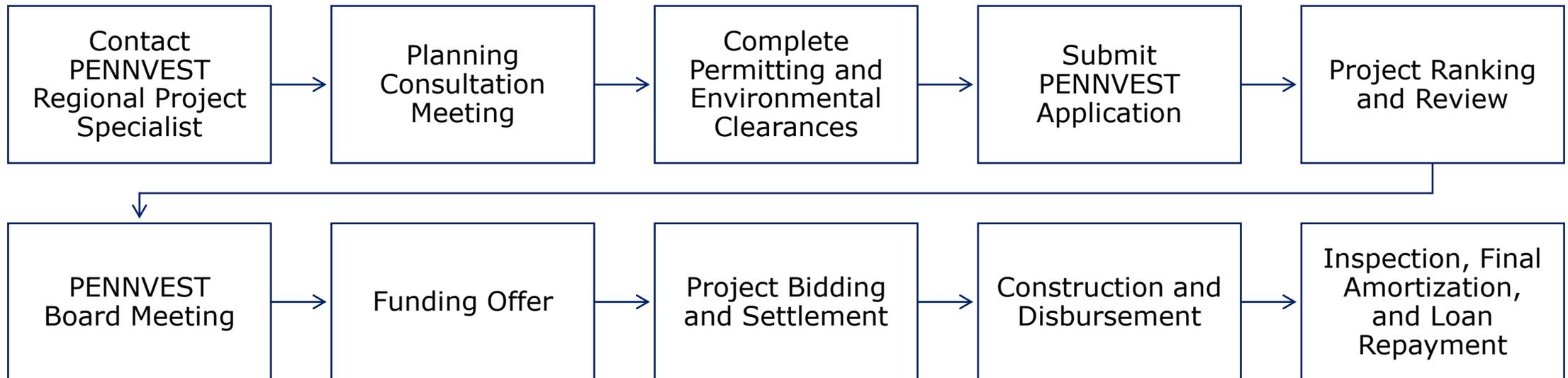
245 Residential Sewer Connections



The PENNVEST Application Process

Dan Mikesic

Application and Project Workflow



1

Contact PENNVEST Regional Project Specialist

- Each DEP region has a dedicated PENNVEST contact
 - Complete list at www.pennvest.pa.gov > Services > Regional Assistance Map
- Provide basic information regarding project
- Complete and return intake questionnaire

PENNVEST COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

**PLANNING CONSULTATION MEETING QUESTIONNAIRE
DRINKING WATER OR WASTEWATER PROJECT - NORTHWEST REGION**

OVERVIEW AND INSTRUCTIONS

This document is collected by PENNVEST at the time of a planning consultation request within PENNVEST Region 1 which comprises Armstrong, Butler, Clarion, Crawford, Elk, Erie, Forest, Indiana, Jefferson, Lawrence, McKeen, Mercer, Venango, and Warren counties. Responses are used by staff at PENNVEST and the Pennsylvania Department of Environmental Protection (PADEP) to review project eligibility and provide guidance to applicants on next steps of the PENNVEST application process.

At the time of the planning consultation, PENNVEST will provide applicants instructions on how to submit the full online application for financial assistance and other required materials. This document alone does not constitute a full PENNVEST application.

Please type all responses in the spaces provided. When completed, please return the questionnaire to PENNVEST in **Microsoft Word format** along with any attachments such as maps, drawings, etc. that you feel are helpful to illustrate your proposed project.

Need help? Please contact Brendan Linton at 717-783-6799 or blinton@pa.gov.

1. What is the full name of the entity applying to PENNVEST for funding? Please enter the full legal name appearing on the entity's Articles of Incorporation and/or an IRS Form W-9 or Letter 147C.
<Type Answer Here>
2. Are you applying for funding relating to a wastewater or drinking water project?
<Type Answer Here>
3. In the table below, please list all municipalities served by your agency, system, or entity and include the number of customers in each municipality that are **currently served and direct billed**, separated by residential and commercial type. In the last two columns, for each municipality, please provide the number of new customers that **will be served** under the new project and **direct billed**. Add or delete additional rows if necessary.

County	Municipality (City, Township, or Borough)	Current Residential Customers	Current Commercial Customers	New Residential Customers	New Commercial Customers

4. Do you have any bulk customers? If yes, please provide the names of specific municipalities, municipal authorities, or other entities.
<Type Answer Here>
5. If you are currently serving or intend to serve a township, is/are any township(s) a township of the first class?
<Type Answer Here>
6. Please list your system's current average residential user rate and indicate if customers are billed monthly, quarterly, or annually. Do not include commercial or industrial rates.
<Type Answer Here>
7. Does your entity have current debt against revenues of your system? If yes, please list below in the provided table. Add or delete additional rows if necessary.

Annual Debt Service Payment	Year Debt Expires	Debt Holder

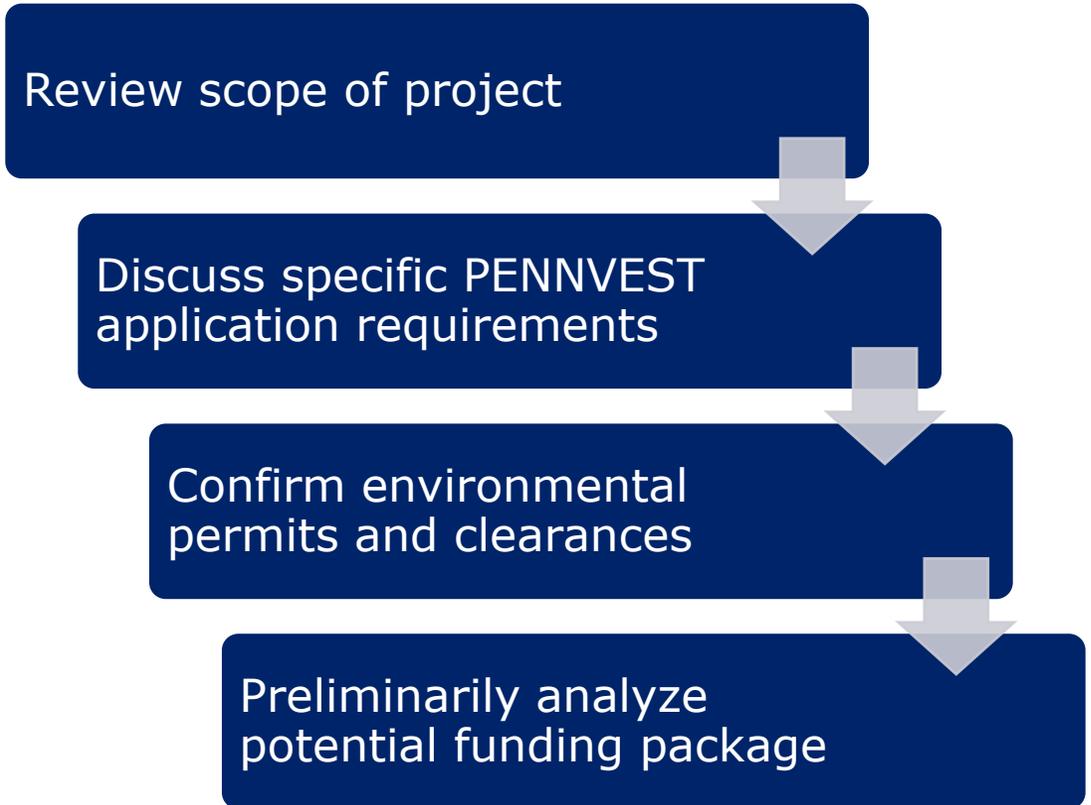
8. In a few sentences, please describe **problems and issues** you are currently experiencing that make this project necessary. Include any project scopes, spreadsheets, maps, etc. that you feel are helpful to illustrate your problem.
<Type Answer Here>
9. In a few sentences, please describe **proposed solutions** to correct the problems and issues described above. Include any project scopes, spreadsheets, maps, etc. that you feel are helpful to illustrate your proposed solutions.
<Type Answer Here>
10. What is the current estimated cost of the entire project?
<Type Answer Here>
11. Will annual O&M of the system increase substantially as a result of this project? If yes, please provide an estimated annual O&M cost of the system one year after project implementation.
<Type Answer Here>
12. Will you be applying to PENNVEST for total project funding? If no, please list all committed grants, loans, and cash reserves that your entity intends to contribute to the project. Do not list grants, etc. that have been applied for but not yet awarded or committed.
<Type Answer Here>

2

2

Planning Consultation

- Mandatory meeting prior to submission of the PENNVEST application
- Can be held in-person or virtually
 - Applicant
 - Applicant's engineer
 - PENNVEST Project Specialist
 - DEP representatives
 - Other state officials



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Environmental Clearances

- **Projects must be “shovel ready”** at the time of application submission
- All environmental-related permits must be issued and in hand
- Biddable plans and specifications must be made available for DEP review
- Contact DEP regional office early in the process to avoid delays

Public Water
Supply
Permit

Water
Allocation
Permit

Act 537
Sewage
Planning

NPDES
Permits

Water
Quality
Management

Chapters
102 and 105

4

Submit Electronic Application

APPLICATION CUT-OFF DATE (BY 5:00 P.M. EASTERN TIME)	PENNVEST BOARD OF DIRECTORS MEETING DATE
August 2, 2023	October 18, 2023
November 1, 2023	January 24, 2024
February 7, 2024	April 24, 2024
May 8, 2024	TBD

More details: www.pennvest.pa.gov > Spotlight > Board Meetings

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Project Ranking and Review



DEP

• TECHNICAL AND ENGINEERING

- Public Health
- Public Safety
- Environment
- Compliance
- Adequacy
- Efficiency



DCED

• ECONOMIC DEVELOPMENT

- Job Creation
- Job Growth
- Job Retention
- Industrial Expansion
- Tourism
- Community Action Team Participation



PENNVEST

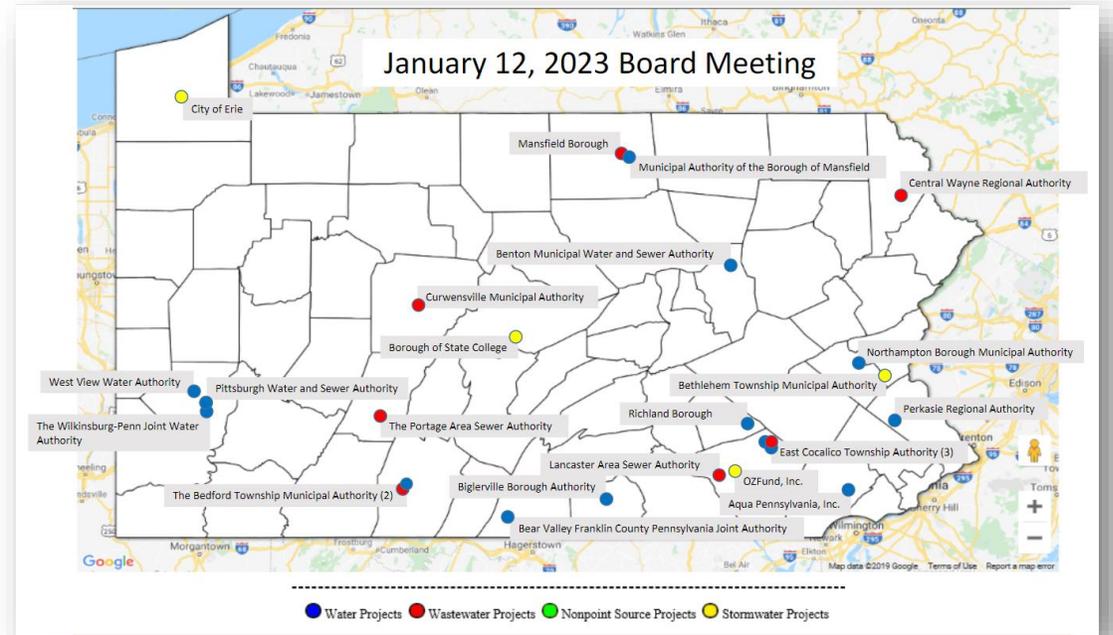
• COMMUNITY CAPACITY

- Land Use
- Infill Priority
- Financial Capability
- Environmental Justice
- Funding Offer
- Collateral

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PENNVEST Board Meeting

- Board votes on funding offers at quarterly meetings
- Applicants do not need to attend in-person
- All meetings live-streamed from Harrisburg via Microsoft Teams
- Open to public participation



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Funding Offer

- Applicant receives copy of funding paperwork via email
- Contains all terms and conditions
 - Funding source (state or federal) with associated regulatory requirements
 - Funding amount
 - Loan vs. non-repayment amounts
 - Interest rates

DocuSign Envelope ID: D735BF89-SAF0-46E6-A407-5C054573EAB7

PENNVEST Funding Offer

This Funding Offer is based upon the information submitted for consideration. This offer includes the amount of PENNVEST funding, interest rate, repayment term, as well as the standard terms and conditions that accompany the offer. You must review the offer in order to continue on to the settlement checklist and information collection process.

Description

Contact:

Project Number: 25033031907-CW

Status: Under Review

Project Title: Erie City Water Authority - Cherry Street Pump Station and Pro-Fi Improvement Projects

Company: Erie City Water Authority

Funding Offer

Board Approval Date:	10/16/2019
Loan Amount:	\$32,000,000.00
Non-Repayment Amount:	\$0.00
Credit Enhancement Amount:	\$0.00
Estimated Monthly Payments for Years 1 through 5:	\$147,166.18
Estimated Monthly Payments for Years 6 through Maturity:	\$155,296.93
Amortization Period in Months:	240
Interest Only Period:	(up to) 36
Interest Rate of Loan for Years 1 through 5:	1.000
Interest Rate of Loan for Years 6 through Maturity:	1.739
Credit Enhancement Type:	None
Credit Enhancement Fee:	\$0.00

8

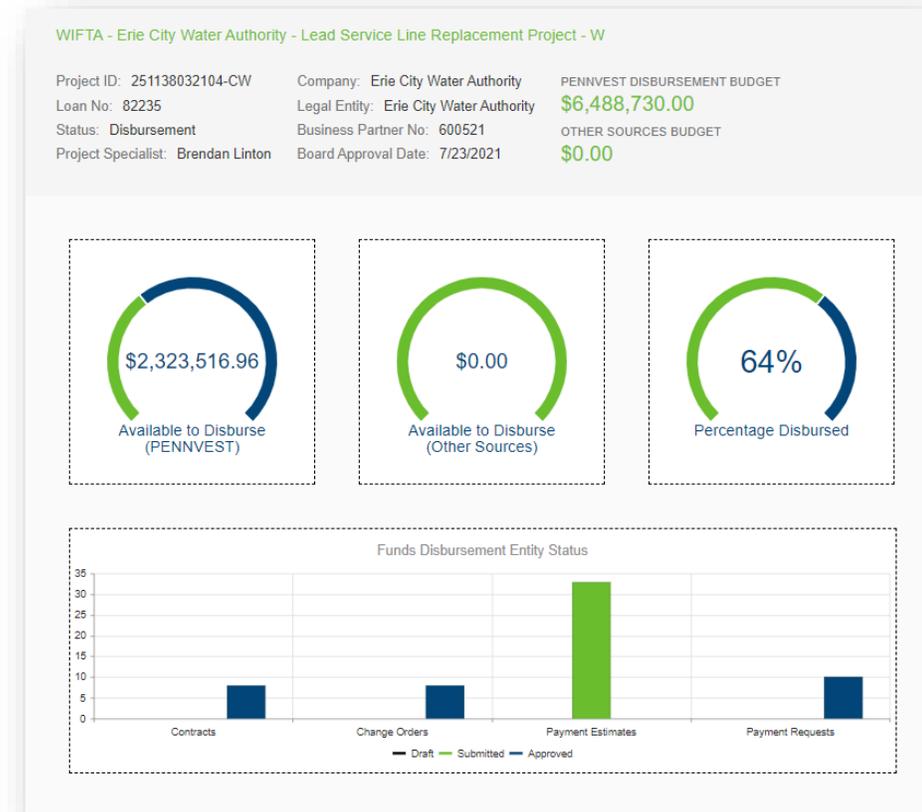
Project Bidding & Settlement



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Construction & Disbursement

- Construction may begin the day after settlement
 - **Do not begin construction early** – renders project ineligible
 - Exceptions granted via a Letter of No Prejudice (LONP) request
- Payments and change orders processed 100% electronically via PENNVEST portal
- Interest-only payments up to 36 months during construction



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Inspection, Final Amortization, and Loan Repayment

- Submit final payment request via PENNVEST portal
- DEP, PENNVEST, and other state/local officials will participate in on-site final inspection
- PENNVEST reconciles final costs and moves project to repayment status

Glen Campbell Borough - Water System Improvements Project - W

Project ID: 321354042101-CW Company: Borough of Glen Campbell PENNVEST DISBURSEMENT BUDGET
Loan No: 85201 Legal Entity: Borough of Glen Campbell \$1,111,000.00
Status: Disbursement Business Partner No: 600644 OTHER SOURCES BUDGET
Project Specialist: Brendan Linton Board Approval Date: 7/23/2021 \$282,500.00

CLOSEOUT SUMMARY

Archived Closeout Documents

Completed	Closeout	Status	Detail	Comment	Documents	Record Audit
<input type="checkbox"/>	Final Amortization	Pending	NA			
<input type="checkbox"/>	Financial Statements	Pending	NA			
	Final DEP Inspection	Pending	NA		Additional Info	
	Continuing Education	Pending	NA		Additional Info	
	Performance Audit	Pending	NA			
<input type="checkbox"/>	Nutrient Subsidy	Pending	NA		Additional Info	
<input type="checkbox"/>	Release Holdback	Pending	NA			
<input type="checkbox"/>	Close-Out Completed	Pending	NA			

HOW TO ENTER A CLOSEOUT

Closeout

The Closeout tab is for PENNVEST and DEP users to track the final stages and closeout of the project. The following are the steps and process to finalize closeout:

1. DEP Final Inspection must be complete before the other items may be completed.
2. Upon inspection completion, PV's Loan Servicing Officer confirms the receipt of the most recent financial statements, then approves
3. In addition, a PV representative will ensure that a plan has been submitted to maintain required certification and licenses. DEP will verify.
4. If the project has any nutrient subsidy considerations, PV's Deputy Executive Director will upload and approve at this stage.
5. Performance audits may be required for construction and/or financial/transactional to ensure compliance with the intended use of the funding. If audit has been requested, the final documents/findings must be uploaded prior to closeout and holdback considerations.
6. PV holds back the final 5% of all funding to ensure the completion and closeout of required items, as listed above. Once all the items have been complete, PV's Funds Disbursement Manager will release the Holdback for processing.
7. Once funds have been fully disbursed, the Funds Disbursement Manager will contact the Comptroller that the loan should move to final amortization.

Funding Determination Process

Brendan Linton

Funding Maximums

One Municipality Served

- \$11 million funding cap per application

Two or Three Municipalities Served

- \$20 million funding cap per application

Four or More Municipalities Served

- No specified cap
- Subject to approval by PENNVEST Board of Directors

*All stormwater-related projects capped at \$10 million, regardless of number of municipalities

Rate Calculations

TARGET RATE

- Median Household Income (MHI)
- DCED Early Warning Score
 - 0.5 to 1.5
 - Lowered for BIL funding
- Rate of Inflation

RESULTING RATE

- Annual debt service of proposed PENNVEST loan
- Current annual debt of borrower
- Annual O&M costs of borrower's system

Rate Calculations

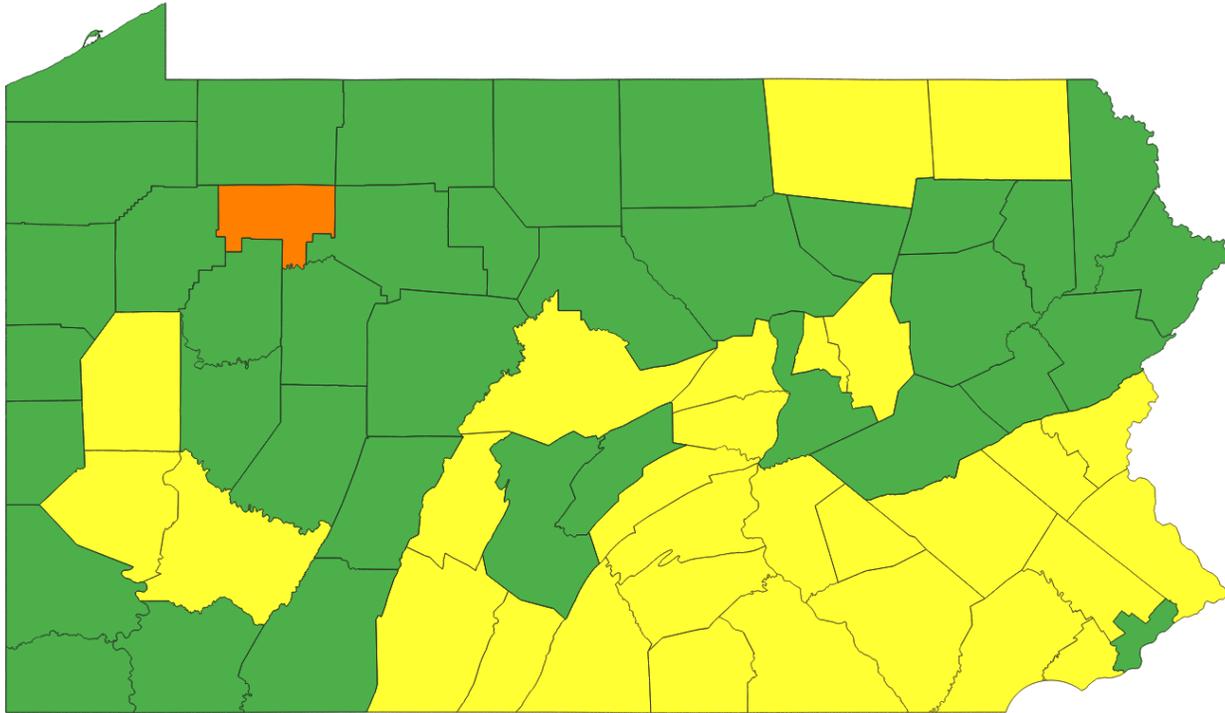
RESULTING RATE BELOW TARGET RATE

- All loan
- Fixed interest rates upon application submission
 - Exception during annual rate change window each spring
- Rates vary by county
 - Go to **www.pennvest.pa.gov** > Tools > County Cap Rate for an updated list

RESULTING RATE ABOVE TARGET RATE

- Option 1: Reduced interest rate of 1% for full term
- Option 2: Non-repayment (grant)
 - Limited funds
 - Often prorated due to demand
- Option 3: Extend loan to 30 years

Current Interest Rates (May 2023)



	YEARS 1-5	YEARS 6-20
Orange	1.000%	1.000%
Green	1.000%	1.743%
Yellow	1.743%	2.179%

Offer Determination

- Uniform funding calculation used across all 67 counties
- Applicants will receive the best offer PENNVEST can provide in accordance with our program limitations
- No guarantees on hitting the target rate
- We suggest exploring other funding as a backup plan

CDBG funds

Commonwealth
Finance
Authority (CFA)

Act 13 funds

County grant
programs

ARPA/COVID
federal
stimulus

USDA Rural
Development

Competitive Terms

\$1,000,000	Scenario 1	Scenario 2	Scenario 3
Term in Years	20	20	20
Payment Frequency	Monthly	Monthly	Monthly
Annual Interest Rate	1.00%	5.00%	7.50%
Scheduled Payment	\$4,598	\$6,600	\$8,056
Total Payments	240	240	240
Total Interest	\$103,520	\$583,894	\$933,424

Special PENNVEST Funding Opportunities

Dan Mikesic

Advance Funding Program

- Excellent tool for new systems or Environmental Justice communities
- Covers upfront design costs
 - Act 537 planning costs ineligible
- Phase-specific loan **up to \$2 million** for 5-year term
- Interest only payments for 59 months in anticipation of PENNVEST construction loan
 - Design loan term extended to construction term once complete

Feasibility
Studies

Feasibility
Reports

Preliminary
Design

Preliminary
Engineering

Small Project Initiative (SPI)

- **Loan only** up to \$500,000
- Total project cost of \$1 million or less including contingency
- Quick turnaround
 - Processed outside of traditional cut-off dates
 - Apply anytime during the year
- State funds guaranteed
 - No federal dollars and associated regulatory requirements

Population of
12,000
people or less

Hookups of
1,000 or less

Agricultural
operation
(narrow exceptions)

Programmatic Financing (ProFi)

- Ideal for larger systems with a list of projects to implement over a maximum three-year period
- Requires an officially adopted capital improvement plan by applicant
- Allows applicants to address multiple projects at once instead of a project-by-project basis
- **Loan only**, no grant
- Locks in the county cap interest rate

Lead Service Line Replacement

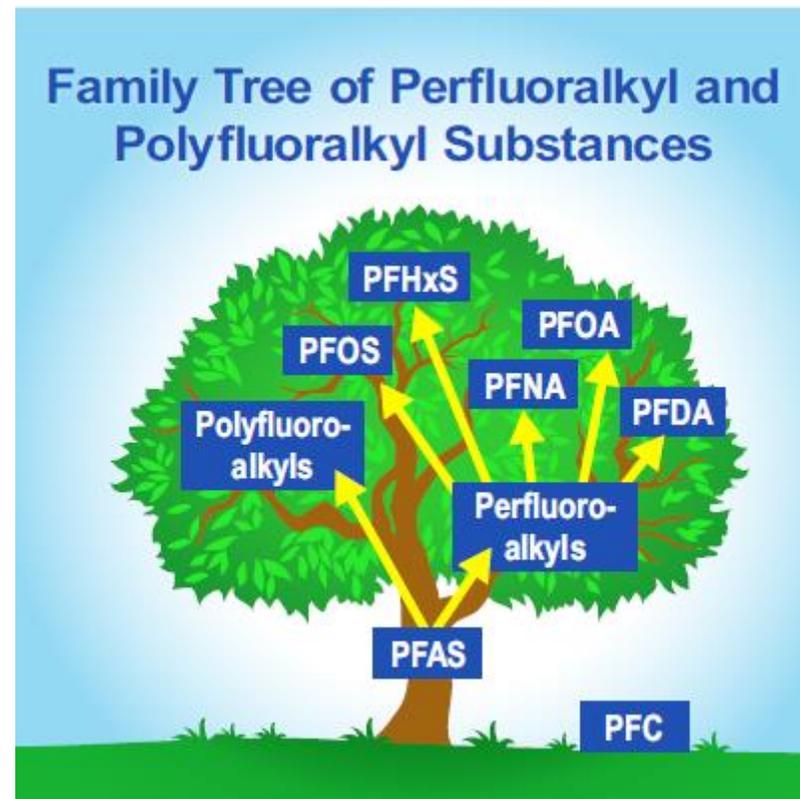
- Special incentives under BIL funding for lead service lines and goosenecks
 - Full lead line replacement required
 - Requires a separate application in the PENNVEST system
 - Can be paired with another project
- **Higher chance of grant funding** with revised financial calculation
- Risk mitigation measures must be followed per EPA and DEP rules, these are eligible PENNVEST costs



Example lead gooseneck and corroded lead service line
Erie City Water Authority - City of Erie, Erie County

Emerging Contaminant Funding

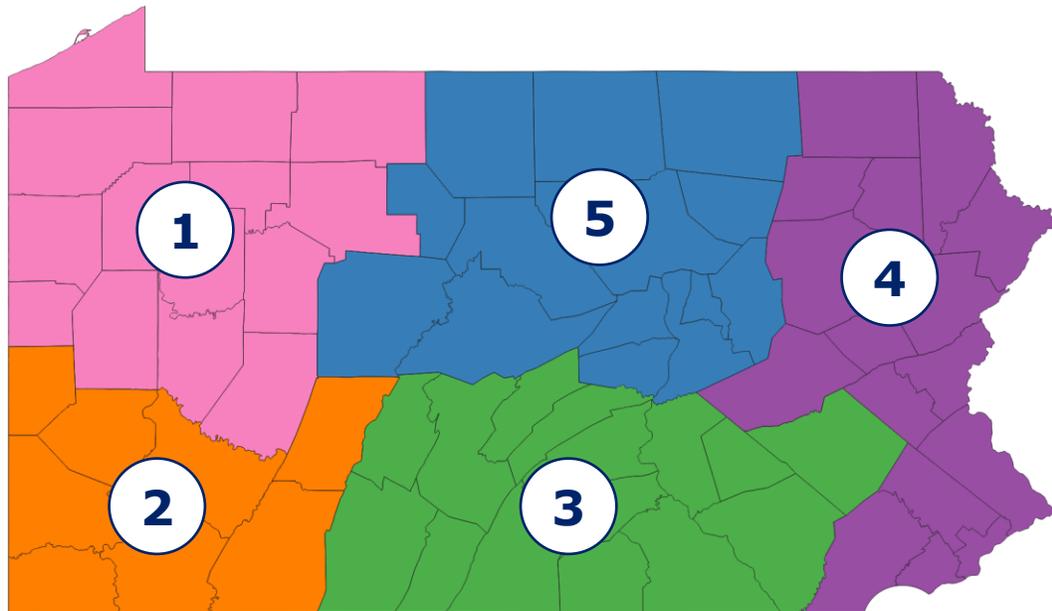
- Special funding for projects mitigating perfluoralkyl and polyfluoralkyl substances (PFAS)
- Excludes projects addressing contamination from a military installation
- Uses normal PENNVEST application
- Special funding typically available in the early spring
- **100% grant** if available



Homeowner Sewage Program

- PENNVEST provides funding to the Pennsylvania Housing Finance Agency (PHFA)
 - Repairs for existing on-lot septic systems
 - Replacement of existing sewer laterals
 - First-time connections to public sewage systems
- Design, construction, and permit costs for most primary owner-occupied residences are eligible; some narrow exceptions
- Fixed rate, currently 1.75%, up to a 20-year term
- Homeowners work directly with PHFA or a participating local bank
- Call **(855) 827-3466**, email **septic@phfa.org**, or **www.phfa.org**

PENNVEST Regional Contacts



- 1. Brendan Linton**
(717) 783-6799 · blinton@pa.gov
- 2. Dan Mikesic**
(717) 783-6673 · dmikesic@pa.gov
- 3. Tesra Schlupp**
(717) 783-8618 · tschlupp@pa.gov
- 4. Rebecca Hayden**
(717) 783-4488 · rhayden@pa.gov
- 5. Leslie Coté**
(717) 783-4489 · lecote@pa.gov

Complete list: www.pennvest.pa.gov > Services > Regional Assistance Map

Questions and Answers

- **Please click the “Raise Hand” button to ask a question**
- You will be placed in a numbered queue
- When called upon, please unmute your microphone and begin speaking

