

What Does PENNVEST Do?

We fund clean water projects.



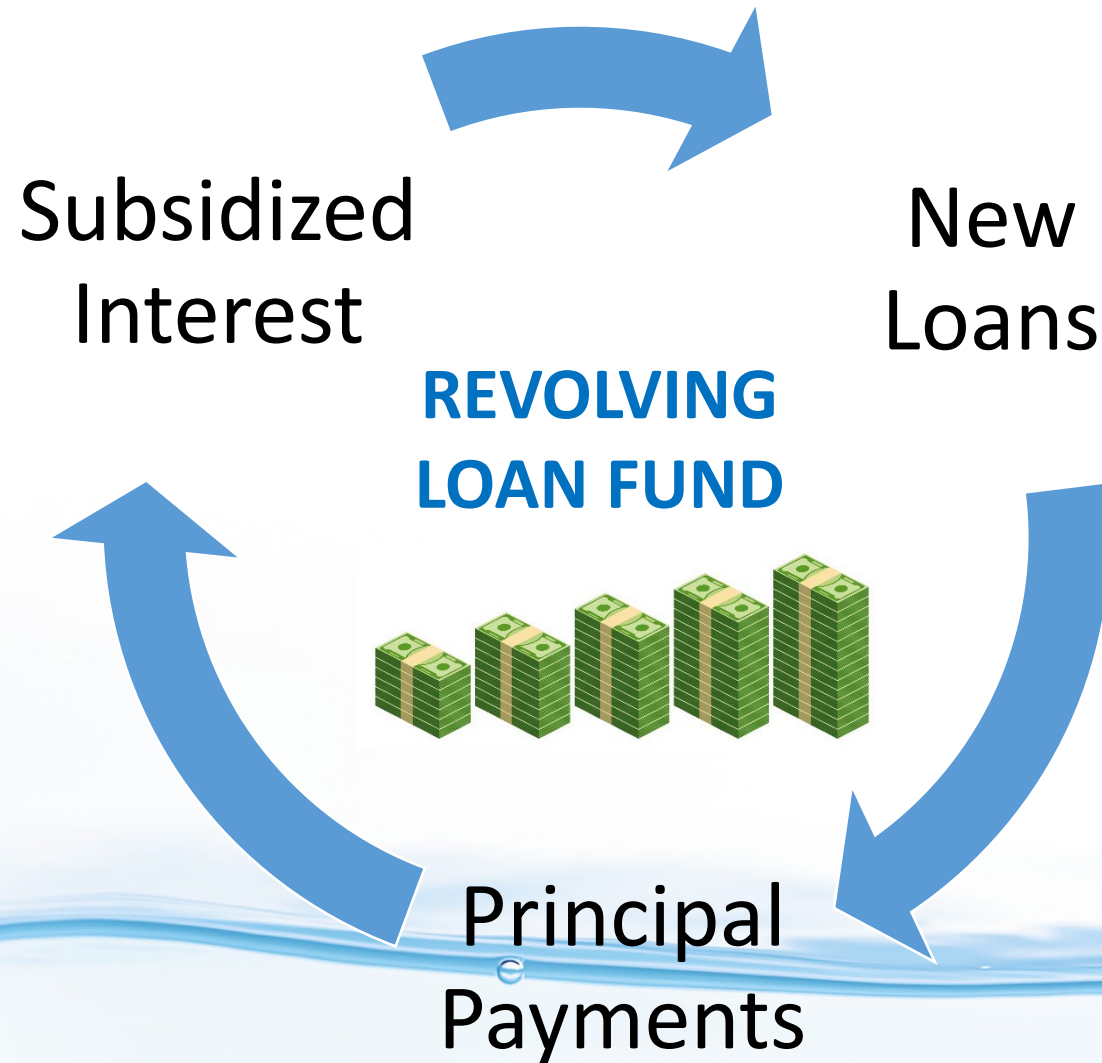
State-affiliated Entity

Established by the General Assembly in 1988

13-member Board of Directors

34 Full-time Employees

The State Revolving Fund



Who Can Receive PENNVEST Funding?

- We can provide financing to **public & private entities** in the Commonwealth.
- **All funding must have a positive water quality impact.**

Municipalities

Counties

Municipal
Authorities

School
Districts

Utility
Companies

Private
Entities

PENNVEST Funding



Traditional Projects

- Drinking Water
- Wastewater
- Stormwater

Can provide funding to:

- Municipalities
- Municipal Authorities
- Counties
- Private Entities



Non-Point Source

- Agricultural Best Management Practices
- Acid Mine
- Brownfield
- Green Infrastructure

Can provide funding to:

- Municipalities
- Municipal Authorities
- Counties
- Private Entities



Residential

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

Can provide funding to:

- Owner-occupied primary residences

Since 1988, PENNVEST has approved nearly 5,000 projects for a total of over \$12 billion dollars - \$1 billion is budgeted for this fiscal year

PENNVEST Funding Sources

Federal

- U.S. EPA State Revolving Fund Capitalization Drinking Water and Clean Water Grants
- Infrastructure Investment and Jobs Act Funding

State

- Funds approved by Pennsylvania Voters (i.e. Growing Greener and Marcellus Legacy Funds)
- State General Obligation Bond Proceeds

Other

- Recycled Loan Payments
- Interest Earned
- Investment Income

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 the PENNVEST Board of Directors

Stormwater-related projects are capped at \$10 million, regardless of number of municipalities served.

Project Considerations

- Projects that have already started construction ineligible.
- Drinking water project applicants must be the holder of the public water supply permit.
- A professional engineer (or other appropriate design professional) is required through the entire funding.
- Lawyer are required for settlement.
- Must have up to date financial statements at application.

PENNVEST Project Financing Steps

First Step – Reach out to your project specialist to discuss the basics of your project



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

Review scope of project

Discuss specific PENNVEST application requirements

Confirm environmental permits and clearances

Preliminarily analyze potential funding package

PENNVEST ONLINE PORTAL

Submittal of financing application.

Collection and evaluation of information for review, ranking and recommendation.

Submittal of bid, project costs, contracts, and documents necessary for settlement.

Submittal, review, and disbursement of eligible construction costs.

PENNVEST review of change orders and project close-out.

Collection of repayments and annual financial statements.

Electronic signatures

Environmental Clearances

- **Projects must be “shovel ready”** at the time of application submission
- All environmental-related permits must be issued and in hand
- An environmental impact analysis is also necessary for most projects
- Biddable plans and specifications must be made available for DEP review
- Contact DEP regional office early in the process to avoid delays
- Ideally, reach out to PENNVEST and DEP six months ahead of an application deadline

Public Water
Supply Permit

Water
Allocation
Permit

Act 537
Sewage
Planning

NPDES Permits

Water Quality
Management

Chapters 102
and 105

Funding Determinations

User Rate Projection is based on the County Cap Rate and compared with the Community Target Rate:

- The Target Rate is between .5%-1.25% of the Median Household Income and is weighted based on several socio-economic factors.
- If resulting rate is below target – all loan.
- If resulting rate is above target – hardship.

Hardship considerations:

- Reduced interest rate to 1.000% for full term.
- Principal forgiveness funds – often prorated and usually has to have a \$15/year impact on residential user rates.
- Loan term stretched up to 30 years.

PENNVEST will extend the best possible funding offer based upon available funding:

- No guarantees on hitting Target Rate.
- In some cases, you may need to leverage other sources if affordability is an issue.



Rate Calculations

- Funding calculation is uniform across all 67 counties
- Applicants will receive the best offer PENNVEST can provide in accordance with our program limitations and funds available
- 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

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

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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

Requirements by Funding Source

All Projects

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

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)
- Architecture and Engineering Procurement
- Single Audit
- Signage requirements

Competitive Terms

Current PENNVEST Interest Rates Range from 1%-2.179%

For Every \$1,000,000 Borrowed	Scenario #1	Scenario #2	Scenario #3
Terms 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
Cumulative Interest Paid	\$103, 746	\$583,894	\$933,424

Impact of Inflation

\$1,000,000 expense today...	Cost Tomorrow
2024	\$1,025,000
2025	\$1,050,625
2026	\$1,076,891
2027	\$1,103,813
2028	\$1,131,408

Note: Assumes a 2.5% rate of inflation

Targeted Funding Programs



Homeowner Sewage Program

This program is implemented in cooperation with the Pennsylvania Housing and Finance Agency.

Eligible projects:

- On-lot repair
- First-time connection for an existing residential structure
- Existing lateral replacement
- Applicant must be owner of a primary residence

PENNVEST HOMEOWNER SEPTIC PROGRAM

LOAN USES FOR QUALIFIED PENNSYLVANIA HOMEOWNERS

- Repair or replace an existing connection to public sewer **OR** an individual, on-lot sewage disposal system;
- Connect an existing home for the first time to public sewer.
- Pay for design, construction, permit and other related municipal costs.

TERMS

- Fixed interest rate for life of loan, currently as low as 1.75 percent [2.55% APR].
- Up to 20 years to repay the loan balance.

SAMPLE PAYMENTS

- Payment for a \$15,000 loan is \$75 monthly.¹
- Payment for a \$25,000 loan is \$124 monthly.¹

LEARN MORE

Call PHFA's Solution Center at **855-U-ARE-HOME** (855-827-3466) or visit www.PHFA.org to learn more about eligibility and view a list of participating lenders.

This low-cost loan is funded by PENNVEST and administered by the Pennsylvania Housing Finance Agency.

¹ Subject to credit approval and eligibility restrictions including loan use, property requirements, and owner occupancy. Interest rate quoted as of 1/1/2023. The APR is fixed for the term of the loan. Borrower pays origination and closing charges. Sample payments based on \$15,000 and \$25,000 loan examples have 20 year term and 240 payments. Total finance charge for a \$15,000 loan is \$3,869 and for a \$25,000 loan is \$5,727.



Josh Shapiro, Governor
Robin Wiessmann, PHFA Executive Director & CEO
Robert Boos, PENNVEST Executive Director



Small Project Program

- \$500,000 or less for projects not exceeding \$1,000,000.
- Quick turnaround / approvable by staff.
- No need to wait for a Board Meeting.
- In the form of loan only.
- System serves a community with fewer than 12,000 residents or has less than 1,000 hookups

Terms that do apply:

- Steel Products Procurement Act.
- “Or Equal” bidding.
- Cost effectiveness.

Terms that do not apply:

- Davis Bacon Wage rates.
- Architectural and Engineering Services.
- American Iron and Steel.
- Uniform Environmental Review.
- Disadvantaged Business Enterprise.
- Fiscal Sustainability Plan.

Programmatic Financing

- Bundle projects from a system's capital improvement plan into a single application.
- System must have a formal approved and adopted capital improvement plan.
- Only one project needs to be shovel ready.
 - Have up to 36 months to get other projects under construction.
- Allows systems the flexibility to implement projects on their schedule.
- Program funded as low-interest loan.



“Take a bite out of your capital improvement plan.”

Lead Service Line Replacement

- Special incentives under Bipartisan Infrastructure Legislation funding for lead service lines and goosenecks.
 - Full lead line replacement required.
 - Requires a separate application in the PV Portal.
 - Can be paired with another project.
- **This program uses a modified financial calculation and is more likely to be grant-eligible.**
- Risk mitigation measures must be followed per EPA and DEP rules.
 - These are eligible PENNVEST costs.

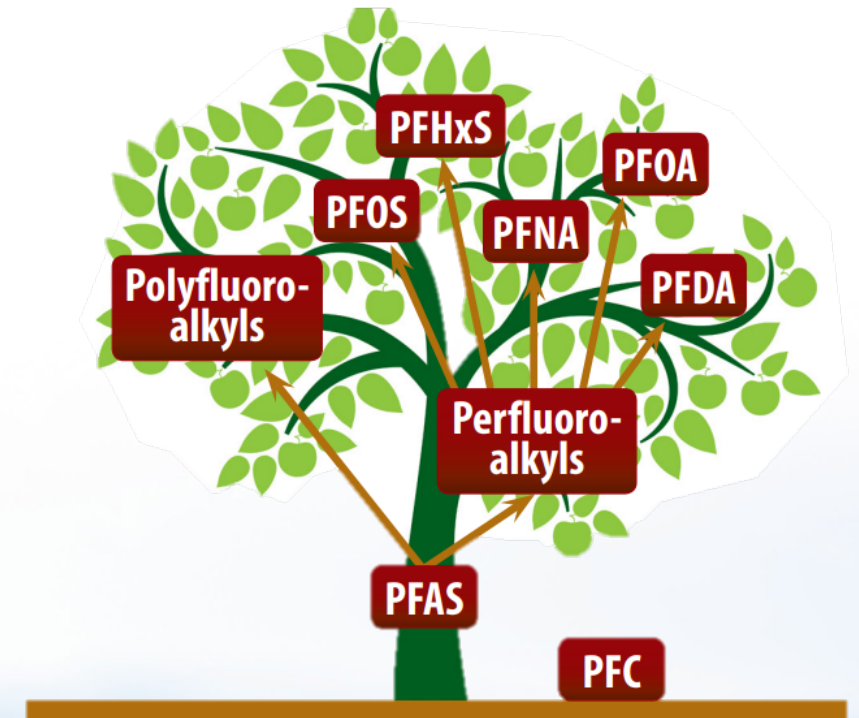


Example lead gooseneck and corroded lead service line.
Erie City Water Authority – City of Erie, Erie County

Emerging Contaminant Funding

- **Special funding for projects mitigating:**
 - **PFAS** - Perfluoroalkyl and other persistent organic pollutants
 - **Biological** – antimicrobial resistant bacteria and pathogens
 - **PPCPs** – Pharmaceuticals and personal care products
 - **Nanomaterials** – Carbon/Nano Scale particulates
 - **Microplastics/Nanoplastics**
 - **Contaminant Candidate Lists** Drinking Water
- Uses the normal application process in the PV Portal.
- 100% grant, if available.

The family tree of perfluoroalkyl and polyfluoroalkyl substances.



PENNVEST Program Highlights

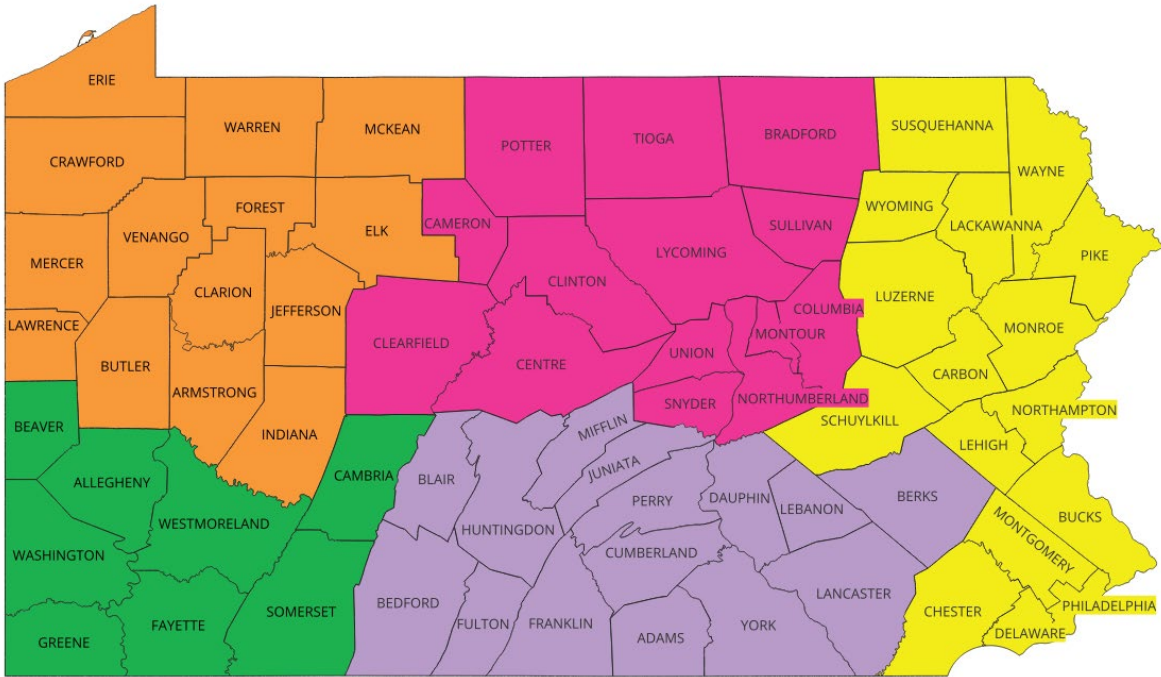
PENNVEST is a complete project financier –
No matching funds or tapping fee requirements.

PENNVEST can fund most project costs
(Administration, Legal Fees, Engineering, Accounting, Financing, Construction, Permit Fees)

PENNVEST can partner with other state and federal programs.

PENNVEST can fund your local match requirements for programs like
WIFIA, STAG, CFA, CDBG, etc.

PENNVEST Regional Contacts



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For more information on PENNVEST contacts visit www.pennvest.pa.gov.