

Financing Water Infrastructure

PENNVEST Financing Water Infrastructure

Sponsored by,

**Local Government
Commission of the
Pennsylvania General
Assembly**



How Can PENNVEST Help?



Drinking Water



Wastewater



Stormwater



Non-point Source

- Ag BMPs
- Acid Mine
- Brownfield
- Green Infrastructure

Principal Residence

- On-lot Systems
- Sewer Lateral Repair/
First-time Hookup



Tally Sheet Since 1988

The BIG Numbers

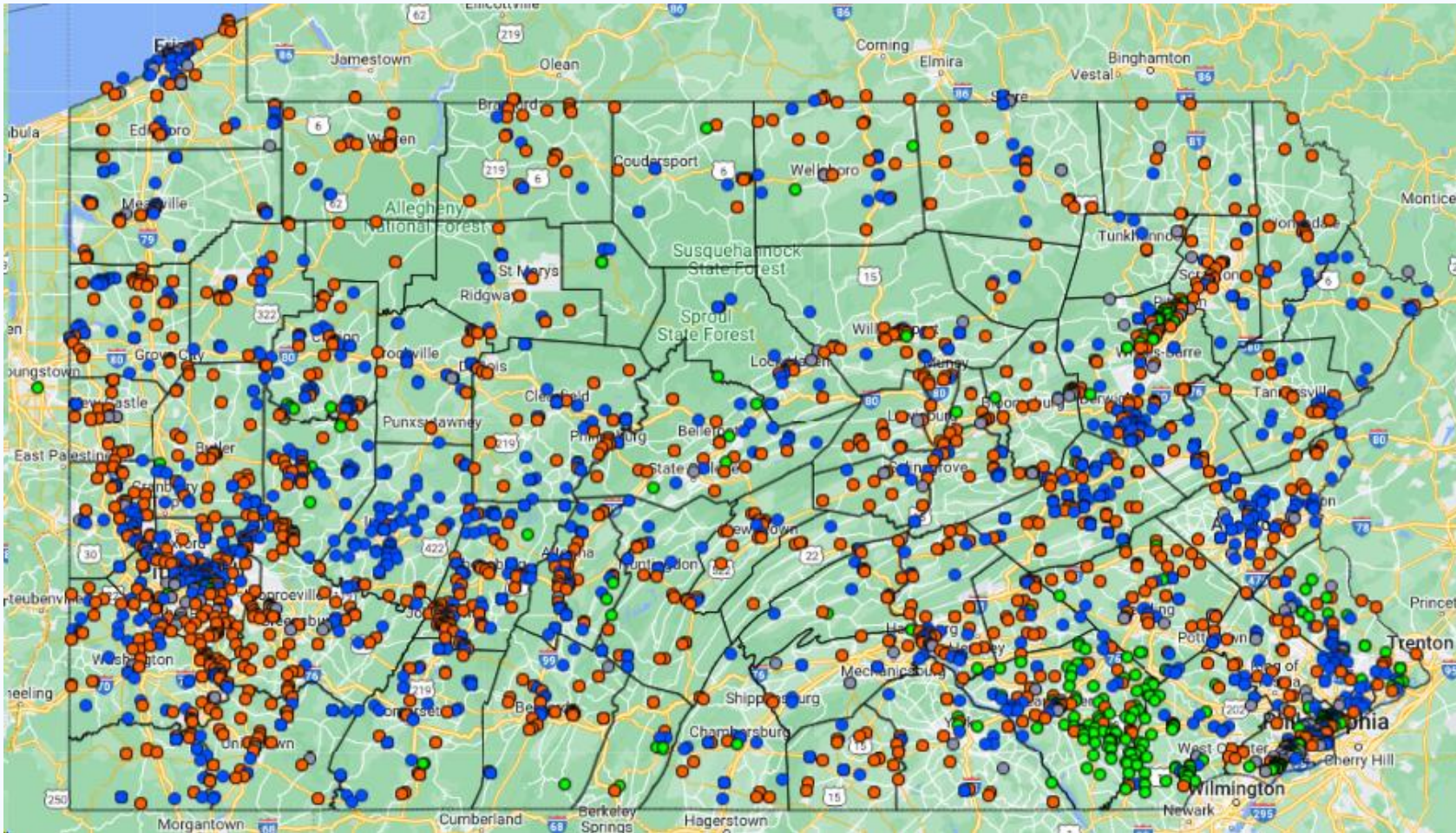
- 5,089 Projects Approved
- \$12.6 Billion Total Funds Invested
- \$1 Billion Budgeted for 2024-2025

Breakdown by Project Type

1,266	Drinking Water
1,839	Wastewater
1,215	On-lot Repairs
341	New Sewer Connections
200	Non-point Source
164	Stormwater
44	Sewer Lateral Replacements
17	Brownfield
3	Acid Mine Drainage



Statewide Project Distribution



Legend

Drinking Water



Non-Point Source



Stormwater



Wastewater



The State Revolving Fund

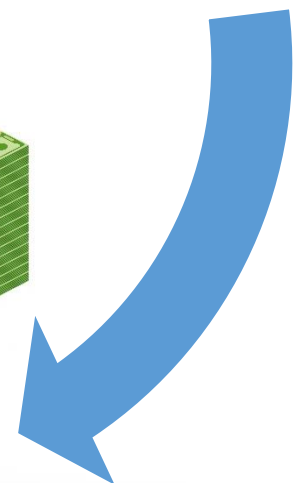
Subsidized
Interest

New
Loans

**REVOLVING
LOAN FUND**



Principal
Payments



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

Homeowner Sewage Program

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.

Interest Rate 1.75%; Term up to 20 years

PENNVEST HOMEOWNER SEWAGE 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% APR¹].
- 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 1/1/2024. 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 Weissmann, PHFA Executive Director & CEO
Robert Boos, PENNVEST Executive Director



PENNVEST Funding Programs

Traditional Construction:

- "Bread and Butter" Program.
- Available to all project types.
- Funds complete cost of project.
- DEP permits in hand, "Shovel Ready".
- No match requirement.
- Financing based on Affordability.



PENNVEST Funding Programs

Design and Engineering:

- Phase specific funding (Feasibilities, Studies, or Design Engineering).
- Systems that cannot obtain interim financing.
- Interest only for 59 months, balloon payment on month 60.
- Must lead to a construction project. Term modification at construction phase.
- Financing based on Affordability.
- Up to \$2 million



PENNVEST Funding Programs

Small Projects:

- \$500,000 or less for projects not exceeding \$1,000,000.
- Quick turnaround / approvable by staff.
- No need to wait for a Board Meeting.
- Loan only. At County CAP Interest Rate

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.

PENNVEST Funding Programs

Programmatic Financing (Pro-Fi):

- Bundle projects from your Capital Improvement Plan into a single application.
- 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.”

Construction Projects Initiatives

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 PV Portal.
 - Can be paired with another project.
- **Higher chance of Hardship funding** with revised financial calculation.
- Risk mitigation measures must be followed per EPA and DEP rules.
 - These are eligible PENNVEST costs.



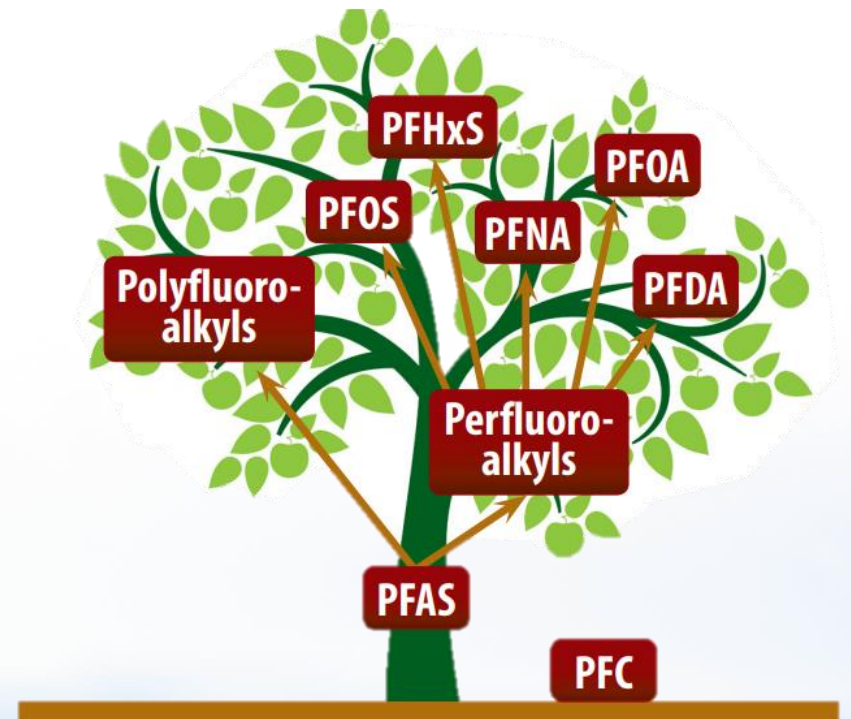
Example lead gooseneck and corroded lead service line.
Erie City Water Authority – City of Erie, Erie County

Construction Projects Initiatives

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** (CCL1 – draft CCL5) Drinking Water
- Uses normal application process in the PV Portal.
- Principal Forgiveness available and may be supplemented with loan funds.

The family tree of perfluoroalkyl and polyfluoroalkyl substances.



Construction Projects Initiatives



Solar Projects:

- Eligible for federal or state funds.
- Comply with local and county land use planning.
- DEP planning, alternative analysis and permitting approvals at time of application.
- Sizing of the solar system cannot exceed the needs of the sewer/drinking water facilities.
- Solar equipment can be complementary components, or a stand-alone project.
- Plans and specifications required. “Or Equal” provisions apply.
- The first step in PENNVEST funding is a Planning Consultation meeting.

Board Meeting Dates

Application Cut-off Dates	Board Meeting Dates
July 31, 2024	October 16, 2024
October 30, 2024	January 22, 2025
February 5, 2025	April 23, 2025
May 7, 2025	To Be Determined

Small Projects applications can be submitted anytime and generally approved in 2 weeks



PENNVEST Project Financing Steps



Project Ranking and Review

Technical and Engineering

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



Economic Development

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



Community Capacity

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



Project Ranking has no bearing on the type of funding extended to the Applicant.

Funding Determinations

Apply for Funding - PENNVEST determines the Funding Source and Type (loan, grant or guaranty).

User Rate Projection vs 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.
- Loan term stretched up to 30 years.

PENNVEST will extend the best possible funding offer:

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



Funding Maximums

One Municipality Served

- \$11 million funding cap per application

Two or Three Municipalities Served

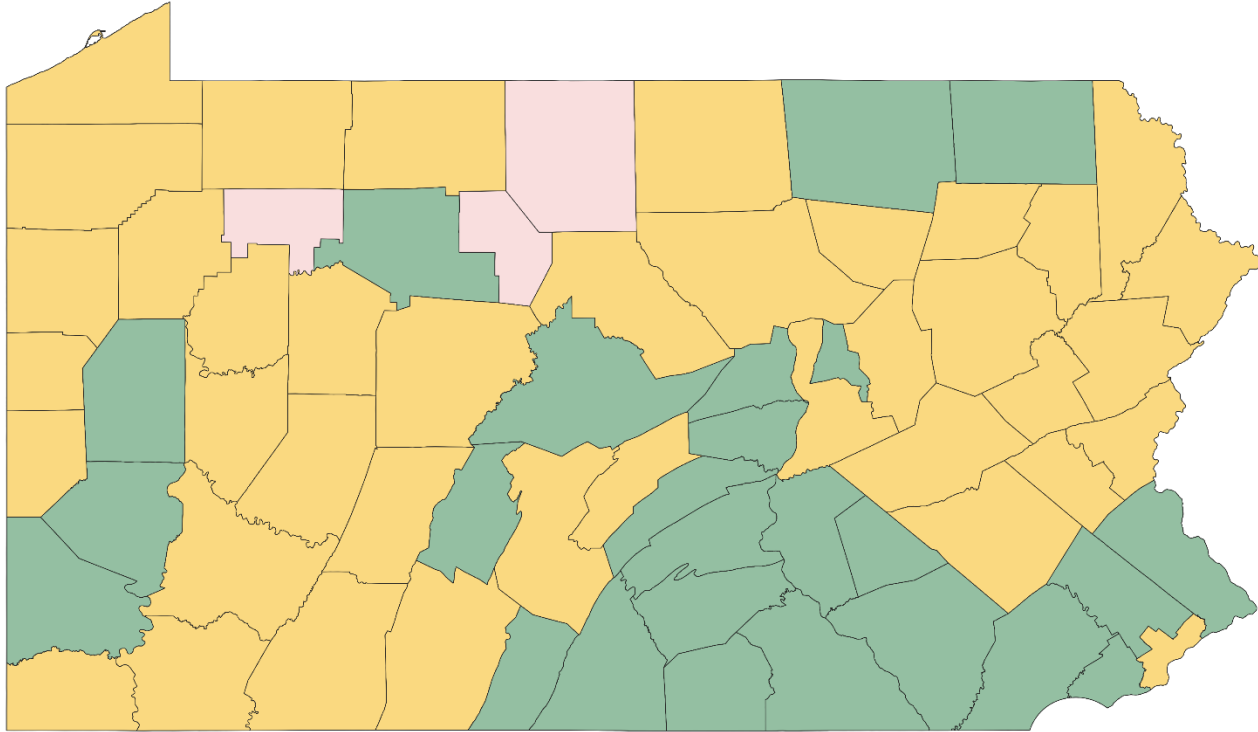
- \$20 million funding cap per application

Four or More Municipalities Served

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

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

Current Interest Rates (May 2024)



	YEARS 1-5	YEARS 6+
PINK	1.000%	1.000%
YELLOW	1.000%	1.743%
GREEN	1.743%	2.179%

Competitive Terms

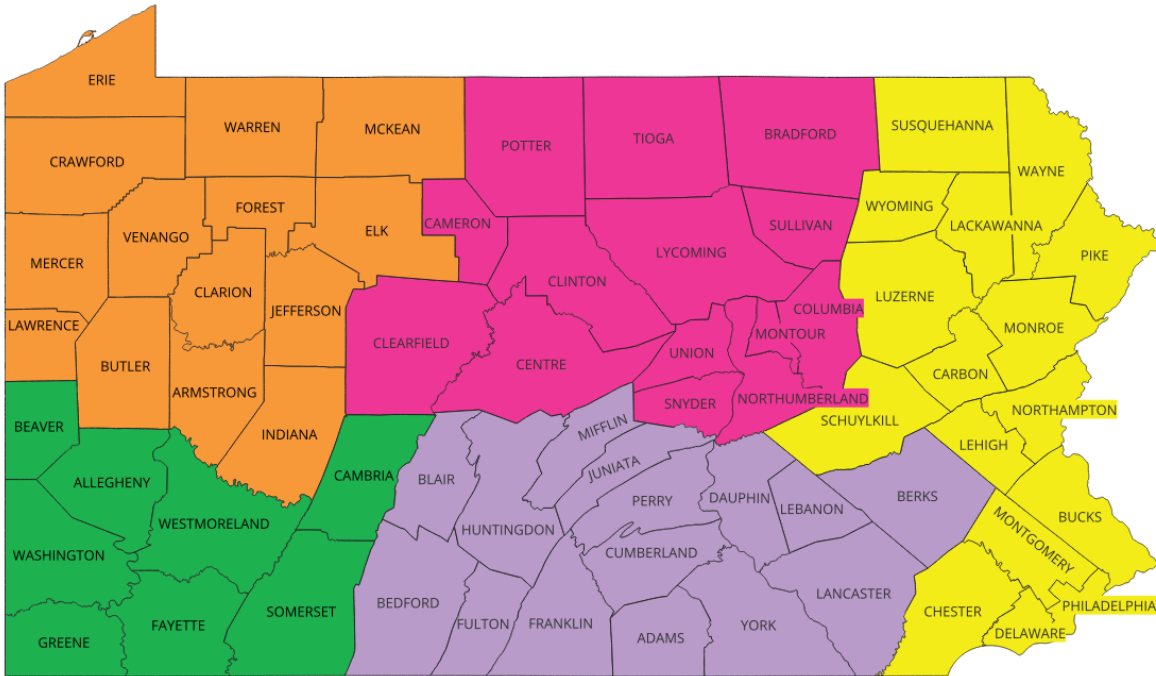
Current PENNVEST Interest Rates Range from 1%-2.179%

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

Make a Better Project:

- **Physical security and Cybersecurity** – secure your facilities (fencing, cameras, cybersecurity assessments, recovery plans, back up systems, software/hardware)
- **“Green Up”** – efficiency improvements (energy, conservation and technology)
- **“Dream Big”** – consider adding those items that you need but are afraid to ask.
- **PENNVEST** - complete project financier (no match or tap fee requirements)
 - Administration, Land, Legal Fees, Engineering, Accounting/Financing, Permits and Construction are all eligible costs.
 - PENNVEST can partner with other state or federal programs (we can be your local match)
- **Get some Green backs** - Inflation Reduction Act Tax Credits (credits between 30% to 50%)
 - Wastewater - Anerobic Digestion and Hydrothermal Carbonization
 - Hydropower – Dam sourced or In-conduit hydropower
 - Solar – Rooftop, groundmount, carport systems - contact PA Solar Center
 - For more information contact Louie Krak at lkarak@pa.gov or Abbey Cadden at acadden@pa.gov

PENNVEST Regional Contacts



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

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