

H2O PA WATER SUPPLY, SANITARY SEWER AND STORM WATER PROJECTS

Program Guidelines | September 2019



Table of Contents

Section I Statement of Purpose	1
Section II Eligibility	1
A. Eligible Applicants	1
B. Eligible Projects	1
C. Eligible Uses of Funds	1
Section III Program Requirements	2
A. Matching Funds	2
B. Planning Approvals	2
C. Other Requirements	2
D. Fees	3
Section IV Grants	4
Section V Application Procedures	4
Section VI Application Evaluation	5
Section VII Procedures for Accessing Funds	5
Section VIII Program Inquiries	6
Appendix I Supplemental Information	7
Appendix II Authorized Resolution	9

Section I – Statement of Purpose

The H2O PA Water Supply, Sanitary Sewer and Storm Water Projects Program was established under the Act of July 9, 2008 (P.L.908, No. 63) (32 P.S. §694.101), known as the H2O PA Act, and authorizes the Commonwealth Financial Authority to provide single-year or multi-year grants to municipalities or municipal authorities to assist with the construction of drinking water, sanitary sewer and storm sewer projects.

Section II – Eligibility

A. Eligible Applicants

Any of the following entities who will own the proposed project are eligible to apply for a grant.

1. A Municipality includes any city, township, borough, town, county, or home rule.
2. A Municipal Authority includes any authority created by a municipality pursuant to the act known as the "Municipal Authorities Act."

B. Eligible Projects

Eligible H2O PA projects are those which commenced construction after January 1, 2007 and involve the acquisition, construction, improvement, expansion, or rehabilitation of all or part of a water supply, sewage disposal, or storm water system which is owned and maintained by an eligible applicant. An eligible project also includes consolidation or regionalization of two or more water supply systems, sewage disposal systems, or storm water systems which are managed or operated as an integrated system regardless of whether the system is physically connected.

C. Eligible Use of Funds

H2O PA funds may be used by the applicant to pay for any of the following project costs:

1. Construction, improvement, expansion, repair, or rehabilitation of all or part of a water supply system, sewage disposal system, and storm water system.
2. Installation of security measures.
3. Acquisition of land, rights-of-way, and easements necessary to construct an eligible project.
4. Engineering design costs not to exceed 10% of the grant amount.
5. Inspection costs related to the construction of an eligible project.
6. Permit Fees.
7. Costs to secure appropriate bonds and insurance.

8. Administrative costs of the applicant that are necessary to administer the H2O PA grant. Administrative costs will include advertising, legal, and audit costs as well as documented staff expenses. Administrative costs shall not exceed 2% of the H2O PA grant and any amount over 2% cannot be included as match for this program.
9. Project contingencies associated with construction costs are limited to 5% of the eligible construction costs. No other contingencies shall be included as eligible project costs.

Ineligible costs include but are not limited to fees for securing other financing, interest on borrowed funds, refinancing of existing debt, lobbying, fines, application preparation fees, tap in fees, and costs incurred prior to approval.

Section III – Program Requirements

A. Matching Fund Requirement

An eligible applicant shall provide matching funds of not less than 50% of the amount awarded under the H2O PA Program. The cash match may come from any other source including PENNVEST.

B. Planning Approvals

All recipients of H2O PA funding are required to demonstrate in the application that the project is in compliance with regional, county, and local comprehensive plans as evidenced by a letter from the appropriate local planning agency. If inconsistencies between plans exist, preference will be given to the approved county-level plans.

C. Other Requirements

1. Conflicts of Interest

An officer, director, or employee of an applicant who is a party to or who has a private interest in a project shall disclose the nature and extent of the interest to the governing body of the applicant and may not vote on any action of the applicant concerning the project nor participate in the deliberations of the applicant concerning the project.

2. Nondiscrimination

No assistance shall be awarded to an applicant under this program unless the applicant and project user, if applicable, certify to the Authority that the applicant and project user, if applicable, shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with grant funds must contain the commonwealth's official nondiscrimination clause.

3. Project Records

The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over related parties in the project. The Authority requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the Authority, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

4. Pennsylvania Prevailing Wage Act

All of the construction work associated with the project may be subject to the Pennsylvania Prevailing Wage Act, as determined by the Pennsylvania Department of Labor and Industry.

5. Proof of Notification

The applicant must provide proof that the county and host municipality or municipalities have been notified about the intended project.

6. Certification of Expenses

The applicant shall sign a payment request form certifying that the expenses were incurred and were in accordance with the scope of work approved by the CFA. In lieu of a formal project audit and prior to final closeout of the grant agreement, the applicant shall be required to submit copies of all canceled checks verifying the expenditure of the H2O PA proceeds. Bank statements may also be submitted if electronic payment of the expenditure occurred.

7. Bidding Requirements

Applicants must comply with all applicable federal, state, and local laws and regulations dealing with bidding and procurement.

8. Guideline Provisions

The H2O PA guidelines provisions may be modified or waived by the Authority unless otherwise required by law.

D. Fees

The Commonwealth Financing Authority charges a \$100 non-refundable application fee for H2O PA applications. The application fee must be paid electronically by credit or debit card or electronic check through our secure, third-party vendor. Payment of the application fee must be completed prior to the certification and submission of the Electronic Single Application. Detailed payment instructions will be provided on the Certification Tab of the Electronic Single Application once all required fields have been completed.

Section IV – Grants

1. Grants are available for projects with a total cost of \$500,000 or more.
2. Grants shall not exceed a total of \$20,000,000 for any project.
3. Multi-year grants may not be given for a period of more than six (6) years and shall not exceed a total of \$20,000,000 for any project.
4. A minimum of 50% of the grants shall be awarded to projects that will consolidate two or more systems or to regional systems.
5. Match requirements for grants may be acquired through any local, state, or federal program.
6. No funding may be authorized or distributed for any project within a city or county of the first or second class, other than those projects described in the Pennsylvania Gaming Economic Development and Tourism fund, until such time as an amount equal to \$750,000,000 has been authorized and distributed from the H2O PA Program for projects outside of a city or county of the first or second class.
7. To be eligible for reimbursement, project costs must be incurred within the time frame established by the grant agreement.

Section V – Application Procedures

To apply for funding, the applicant must submit the electronic on-line Department of Community and Economic Development Single Application for Assistance located at www.esa.dced.state.pa.us. Required supplemental information outlined in Appendix I of these guidelines must be attached electronically to the application as directed on the Addenda tab. For technical inquiries regarding the submission of the on-line application, contact the Customer Service Center at (800) 379-7448 or (717) 787-3405. Once submitted, please print one (1) copy of the application, including the required supplemental information, and mail to:

PA Department of Community and Economic Development
Site Development Office – H2O PA Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Please reference the application ID number on any documents sent with the signature page.

Section VI – Application Evaluation

All applications for financial assistance will be reviewed by the Authority in conjunction with the Department of Community and Economic Development, Department of Environmental Protection, and PENNVEST to determine eligibility and competitiveness of the proposed project. A minimum of 50% of grants for water or sewer projects approved by the Authority shall be awarded to projects that will consolidate two or more systems or to regional systems. In addition, priority shall be given to eligible applicants that are currently subject to a Federal or State court or agency order, consent decree or new permit discharge requirements imposed after January 1, 2007. Projects will be evaluated using the following criteria:

1. The number of municipalities that will be part of the water or sewer project and the number of municipalities that will benefit from the project.
2. Whether the construction, repair or consolidation of a water or sewer project will enable customers of the system or regional system to be more efficiently served.
3. The nature of any Federal or State court or agency order, consent decree or new permit discharge requirements imposed after January 1, 2007 applicable to the project.
4. Project readiness.
5. Project is consistent with all local, state and regional comprehensive, regional resource management or economic development plans.
6. The cost-effectiveness of the proposed project.
7. Whether the project serves existing populations or whether the project is intended to serve new development.
8. The ability of the applicant to secure funding for the project.
9. The proactive implementation of practices to promote sustainability of the system.

Section VII – Procedures for Accessing Funds

Upon approval of an application by the CFA, a grant agreement and commitment letter will be electronically issued to the applicant explaining the terms and conditions of the grant. The Grantee must provide the names, titles and e-mail addresses for two authorized individuals to receive and electronically sign the grant agreement. The grant agreement must be electronically signed and returned to the CFA within 45 days of the date of the commitment letter or the offer may be withdrawn by the CFA.

Section VIII – Program Inquiries

Program inquiries should be directed to:

PA Department of Community and Economic Development
Site Development Office H2O PA Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Telephone: (717) 787-6245
Fax: (717) 772-3581
E-mail: ra-dcedsitedvpt@pa.gov

These guidelines can also be accessed online at dced.pa.gov

Appendix I – Supplemental Information

H2O PA

In addition to completing the Department of Community and Economic Development Single Application for Assistance, please include the following items when applying for a grant under H2O PA:

Exhibit 1: Project Description

Provide a clear and concise description of the project which discusses all of the following: (a) the specific location of the project area; (b) whether the project will result in a substantiated positive economic development impact; (c) the estimated start and end dates of construction; (d) the names of the municipalities that will potentially benefit from the project; (e) how the project promotes the most efficient management of water resources and protects the health and safety of the citizens of the Commonwealth; (f) the sound management practices implemented by the applicant in the past five years to enhance the long-term sustainability of the system including but not limited to energy efficiency improvements, water conservation, full cost pricing, asset management, and the installation of non-structural alternatives to minimize the amount of storm water that infiltrates the system; and (g) whether the project serves existing populations or new development.

Exhibit 2: Ownership Letter

A letter stating the project will be owned and maintained by an eligible applicant.

Exhibit 3: Cost Estimate

Provide a thorough and detailed statement as to the estimated cost of the project. This statement should be part of the cost-effectiveness analysis for each feasible alternative and include the identification of the most cost-effective alternative. The most cost-effective alternative is the treatment system that has the lowest present worth value, unless non-monetary costs are overriding, that meets the minimum requirements of applicable effluent limitations, groundwater protection, and other applicable standards. The period for this analysis should be the expected design life of the project. The costs to be considered in the analysis include the present worth or equivalent annual value of capital costs and operation and maintenance (O&M) costs. Monetary costs shall be presented as present worth values for all capital and operation and maintenance (O&M) costs over the expected design life of the project. A description of the significance and impact of non-monetary factors, such as environmental effects, implementation capability, operability, performance reliability, and flexibility.

Exhibit 4: Matching Funds Commitment

Provide funding commitment letters from all other project funding sources (including equity commitments).

- Funding commitments or term sheets provided by lending institutions must include the term, rate, and collateral conditions, and must be signed and dated.
- Funding commitments of equity from the applicant or private third party must be signed and dated (indicating the amount of funds being committed) and be accompanied by documentation (such as audited financial statements) showing the ability to commit such funds.

Exhibit 5: Color-Coded Map

A color-coded map detailing the location of the infrastructure, overlaid with the corresponding zoning of the project area.

Exhibit 6: Planning Letter

A letter from the appropriate planning agency certifying that the proposed project complies with the comprehensive land use plans.

Exhibit 7: Resolution

Provide a resolution duly adopted by the applicant's governing board formally requesting the grant, designating an official to execute all documents, describing briefly the project scope, and identifying the grant amount (see Appendix II for a Sample Resolution).

Exhibit 8: Permits

A copy of all local, state, and federal planning approvals and permits from the appropriate agencies.

Exhibit 9: Consent Order

A copy of the Federal or State court agency order, consent decree, or new permit discharge requirements imposed after January 1, 2007.

Exhibit 10: User Rates / Tap-in Fees

- Provide the current annual user rates and number of users, both commercial and residential, for the municipality(ies) in which the project is located.
- Provide current tap-in fees and a projection of future tap-in fees along the project area.

Send 1 copy of completed application with all supplemental information and attachments to:

PA Department of Community and Economic Development
Site Development Office H2O PA Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

If you have any questions on completing the application, please call the Center for Business Financing at (717) 787-6245.

Appendix II – Authorized Official Resolution

Be it RESOLVED, that the _____ (Name of Applicant) of _____ (Name of County) hereby request an H2O PA grant of \$ _____ from the Commonwealth Financing Authority to be used for _____.

Be it FURTHER RESOLVED, that the Applicant does hereby designate _____ (Name and Title) and _____ (Name and Title) as the official(s) to execute all documents and agreements between the _____ (Name of Applicant) and the Commonwealth Financing Authority to facilitate and assist in obtaining the requested grant.

I, _____, duly qualified Secretary of the _____ (Name of Applicant), _____ (Name of County) _____, PA, hereby certify that the forgoing is a true and correct copy of a Resolution duly adopted by a majority vote of the _____ (Governing Body) at a regular meeting held _____ (Date) and said Resolution has been recorded in the Minutes of the _____ (Applicant) and remains in effect as of this date.

IN WITNESS THEREOF, I affix my hand and attach the seal of the _____ (Applicant), this ____ day of ____, 20__.

Name of Applicant

County

Secretary