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Penn Works

Program Guidelines

January 2013

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Section I – Statement of Purpose

The Water Supply and Wastewater Infrastructure Program (which shall be referred to as “PennWorks”) was established by the General Assembly, subsequent to the overwhelming approval by the electorate of a referendum in May of 2004. The program provides single-year or multiyear grants to municipalities and municipal authorities and loans to municipalities, municipal authorities, industrial development corporations and investor-owned water or wastewater enterprises for projects which construct, expand or improve water and wastewater infrastructure which are related to economic development. The PennWorks Program is administered by the Commonwealth Financing Authority (“CFA”).

Section II – Eligibility

A. Eligible Applicants

Any of the following entities may apply for PennWorks **Grants**:

1. A **municipality** which includes any city, township, borough, town, county, or home rule
2. A **municipal authority** which supplies water or provides wastewater services to the public for a fee

Any of the following entities may apply for PennWorks **Loans**:

1. A **municipality** which includes any city, township, borough, town, county, or home rule
2. An **industrial development corporation** certified by The Pennsylvania Industrial Development Authority
3. A **municipal authority** which supplies water or provides wastewater services to the public for a fee
4. An **"investor-owned water or wastewater enterprise"** which includes any nonpublic entity which supplies water or provides wastewater services to the public for a fee

B. Eligible Projects

Eligible PennWorks projects are those which involve the acquisition of land, easements or rights-of-way and the construction, improvement, expansion, extension, repair or rehabilitation of either (1) a system for the supply, treatment, storage or distribution of water not used solely for residential purposes, or (2) a system for the collection, treatment or disposal of wastewater (including industrial waste and the separation of sanitary sewers and storm sewers) not used solely for residential purposes. In addition, the project must involve the investment of capital in Pennsylvania enterprises and communities or result in the creation of new or the preservation of existing jobs in this Commonwealth.

C. Eligible Uses of Funds

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

1. Costs of acquisition of interests in land, infrastructure, buildings, structures, equipment, furnishings, fixtures and other tangible property which are necessary to undertake the water or sewer project.

2. Costs of construction, reconstruction, erection, equipping, expansion, improvement, installation, rehabilitation, renovation or repair of on-site or off-site infrastructure, buildings, structures, equipment and fixtures which are necessary to undertake the water or sewer project.
3. Costs of demolishing, removing or relocating buildings or structures on lands acquired or to be acquired which are necessary to undertake the water or sewer project.
4. Costs of preparing land for development of the water or sewer project.
5. Costs of engineering services, financial services, accounting services, legal services, plans, specifications, studies and surveys necessary or incidental to determining the feasibility or practicability of the water or sewer project.

Section III – Program Requirements

A. Matching Funds Requirement

If the applicant is requesting a grant, the grant may not exceed 75% of the total cost of the water or sewer project. The 25% cash match may come from any source other than the PennWorks grant except that the match may not be a grant from any Commonwealth agency. The applicant must demonstrate there is a commitment from a responsible source to provide the matching funds prior to approval of the PennWorks funding.

B. Planning and Permit Approvals

All recipients of PennWorks funding are required to demonstrate that they have secured planning and permit approvals for the water or sewer project from the Department of Environmental Protection prior to any funds being disbursed. In addition, the applicant must demonstrate in the application that the project generally is in compliance with county or local comprehensive plans as evidenced by a letter from the appropriate local planning agency.

C. Economic Development Impact

The applicant is required to have a firm commitment from a user of the water or sewer project that will provide a positive economic development impact in the host community as a result of the project. A project user is a person, political subdivision, municipal authority, Commonwealth agency or other entity that owns, leases or uses all or any part of a project. If PennWorks grant funds are provided to make improvements on the site of a private business that has or will be receiving additional financial incentives from the Commonwealth, the PennWorks grant contract shall include a provision that requires the grant to be repaid if the business facility is closed or sold within five years after approval of the application. The Commonwealth shall place a lien on the real property of the business facility in the amount of the grant until the Commonwealth receives reimbursement.

D. Other Requirements

1. Federal Tax Status

Prior to approval of a PennWorks application, the CFA board must receive notice from the Secretary of the Budget that the water or sewer project satisfies the federal tax status requirements of any bonds used to fund the grant or loan.

2. **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.

3. **Nondiscrimination**

No assistance shall be awarded to an applicant under this program unless the applicant and project user certify to DCED that they shall not discriminate against any employee or against any person seeking employment because of race, color, handicap, national origin, age, or sex. All contracts for work to be paid with PennWorks assistance must contain the Commonwealth's official nondiscrimination clause.

4. **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. DCED 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 DCED, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

5. **Pennsylvania Prevailing Wage Act**

All or a portion 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 & Industry.

6. **Proof of Notification**

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

7. **Project Audit**

For projects receiving grant funds of \$100,000 or more an audit from a Certified Public Accountant (CPA) licensed in Pennsylvania listing all project costs must be submitted to DCED within 90 days after expiration of the grant. In the opinion section of the audit, a statement shall be made certifying that Commonwealth funds were disbursed in accordance with the terms of the grant agreement.

8. **Bidding Requirements**

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

9. **Guideline Provisions**

The PennWorks guidelines provisions may be modified or waived by the CFA unless otherwise required by law.

E. Fees

The Commonwealth Financing Authority charges a \$350 non-refundable application fee for PennWorks applications. Application fee is due at the time of submission.

In addition, loans are subject to a commitment fee. The commitment fee varies based on the approved loan amount and will be due at the time the applicant executed the commitment letter. The loan commitment fee rates are outlined below.

Loan Range		Fee %	Fee Amount
\$ 1	\$ 1,000,000	1%	\$ 10,000.00
\$ 1,000,001	\$ 2,000,000	0.95%	\$ 19,000.00
\$ 2,000,001	\$ 3,000,000	0.90%	\$ 27,000.00
\$ 3,000,001	\$ 4,000,000	0.85%	\$ 34,000.00
\$ 4,000,001	\$ 5,000,000	0.80%	\$ 40,000.00

Section IV – Grants and Loans

A. Grants

Individual grants may not exceed \$5 million per water or sewer project or 75% of the total eligible project costs, whichever is less. Grants may be used to pay for any eligible project costs as defined in Section II of these guidelines. Grants may not be provided directly to an investor-owned water or wastewater enterprise. However, grants may be provided to municipalities in which the water supply or wastewater services are provided in whole or in part by an investor-owned water or wastewater enterprise.

B. Loans

Individual loans may not exceed \$5 million per water or sewer project. Loans may be used to pay for any eligible project costs as defined in Section II of these guidelines. The interest rate for loans is 2% and may have a repayment term of up to 20 years. Borrowers must demonstrate the ability to repay PennWorks loans. Loans must be adequately secured by the borrower, as determined by the CFA.

C. Grant and Loan Limitations

1. No more than \$10 million in total grant funds shall be awarded to any single municipality or municipal authority.
2. The aggregate amount of grant funds available under PennWorks is \$125 million.
3. No more than \$25 million in total loan funds shall be awarded to any applicant.
4. Project construction may not commence prior to grant/loan approval. Commencement of work prior to receiving CFA approval will result in the project being ineligible for funding consideration.
5. To be eligible for reimbursement, project costs must be incurred within the time frame established by the grant agreement or loan documents.

Section V – Application Procedures

To apply for funding, the applicant must submit the electronic on-line DCED Single Application for Assistance located at <http://www.newpa.com/programFinder.aspx>. Once submitted, please print 14 copies of the application, and send with the required supplemental information (please see Appendix I of these guidelines) via US Mail along with the signature page. Applications must be received by June 28, 2013 for CFA board consideration in September. Please reference the Web ID number on any documents sent with the signature page.

Section VI – Application Evaluation

All applications for financial assistance will be reviewed by the CFA in conjunction with the Department of Community and Economic Development and the Department of Environmental Protection to determine the eligibility of the proposed water or sewer project as well as the competitiveness of the proposal. An eligible project will receive priority consideration if:

1. It is located in an area with a particular need for economic development, as shown by high unemployment, low or declining population, a significant inventory of brownfields or vacant housing, low to moderate household income or other indicators established by the CFA.
2. It will provide the infrastructure to serve a project user that will have substantial impact on regional economic development.
3. It is integral for the development or redevelopment of sites which are planned for development.
4. There is local support for the project as evidenced by the level of local matching funds for the project.
5. It is identified as a priority project in a local comprehensive plan or economic development plan.
6. It will rehabilitate existing infrastructure or will aid in the redevelopment of a brownfield site.
7. It will commence within 90 days of CFA approval.

Section VII – Procedures for Accessing Funds

Following approval of an application by the CFA, a commitment letter will be issued by DCED to the applicant explaining the terms and conditions of the grant/loan. The commitment letter must be signed and returned to DCED within 30 days of the date of the commitment letter or the offer may be withdrawn by the CFA.

Following the acceptance of an offer by the applicant, a grant agreement/loan documents will be sent by DCED to the applicant for execution. Loan documents will be accompanied by a list of closing requirements that must be met before a loan closing can be scheduled. The applicant shall obtain the services of a professional engineer or architect licensed in Pennsylvania who will certify to the CFA during construction that the expenses were incurred and were in accordance with the plans approved by the CFA. The CFA will release funds to the applicant at not less than 30-day intervals.

Section VIII – Program Inquiries

Program Inquiries should be directed to:

PA Department of Community and Economic Development
Center for Business Financing – Site Development Division
PennWorks Program
Commonwealth Keystone Building
400 North Street, 4th Floor,
Harrisburg, PA 17120-0225
Telephone: (717) 787-6245
E-mail: ra-dcedsitedvpt@pa.gov

These guidelines can also be accessed online at www.newPA.com.

Appendix I – Supplemental Information

PennWorks

In addition to completing the DCED Single Application for Assistance, please include the following items when applying for grants/loans under PennWorks:

- Exhibit 1:** Provide a description of the project which discusses all of the following: the specific location of the project area and the impact of the specific economic development activity that will occur as a result of the water or sewer project; any characteristics of the area in which the project is located that demonstrate a need for economic development; whether the water or sewer project is consistent with an existing county or local comprehensive plan and whether the project area is planned for development; the historical and proposed use of land served by the water or sewer project; the specific infrastructure improvements to be funded; the estimated start and end dates of construction; and the potential employment opportunities and investment to be realized as a result of the project.
- Exhibit 2:** A statement as to the estimated cost of the project. The estimate must be prepared by an engineer or other qualified professional and should be accompanied where appropriate by copies of the signed bid/quotations, contractor estimates, or sales agreements that verify project cost estimates.
- Exhibit 3:** Funding commitment letters from all other project funding sources if applicable (including equity commitments). Letters should include the term, rate, and collateral conditions, and must be signed and dated.
- Exhibit 4:** A color-coded map or plot plan detailing the location of the infrastructure, overlaid with the corresponding zoning of the project area.
- Exhibit 5:** The most recent audited financial statements of the Applicant, parent company (if for-profit applicant), and any proposed guarantors. Financial statements should include balance sheets, income statements, and notes to financials.
- Exhibit 6:** A letter from a project user demonstrating a firm commitment to use the water or sewer infrastructure when completed and the nature of their economic development activity.
- Exhibit 7:** The collateral that will be offered to the Commonwealth as security for the loan. If real estate is the proposed collateral, provide an appraisal prepared by either a Member, American Institute or Real Estate Appraisers (MAI) or PA State Certified Appraiser, completed in such a way that it provides the appraised value of the site as is and as the site will be once site development activities have been completed. The appraisal must be no more than six months old.
- Exhibit 8:** A statement as to the amount of loan/grant funding requested and a description of the proposed repayment terms of the loan.
- Exhibit 9:** A letter from the appropriate planning agency certifying that the proposed project is in compliance with the comprehensive land use plans and zoning and subdivision codes.
- Exhibit 10:** For public sector applicants, provide a resolution duly adopted by the applicant's governing board formally requesting the grant/loan, designating an official to execute all documents, describing briefly the project scope, and identifying the grant/loan amount. (see Appendix II for a Sample Resolution).

- Exhibit 11:** For all applicants, provide copies of notifications provided to county and municipal governing bodies advising them of the proposed project.
- Exhibit 12:** Provide the current annual user rates and number of users, both commercial and residential, for the municipality in which the project is located.
- Exhibit 13:** Provide current tap-in fees and a projection of future tap-in fees along the project area.

Send the 15 copies of completed application with all attachments to:

PA Department of Community and Economic Development
Center for Business Financing – Site Development Division
PennWorks 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.

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Appendix II – Authorized Official Resolution

Be it RESOLVED, that the _____ (Name of Applicant) of _____ (Name of County) hereby request a PennWorks grant/loan of \$ _____ at a _____ % rate and _____ year term from the Department of Community and Economic Development of the Commonwealth of Pennsylvania 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 Pennsylvania Department of Community and Economic Development to facilitate and assist in obtaining the requested grant/loan.

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