

PennVest Sewer Funding

May 21, 2003 - This is the application (10 pages) Conewago Township made to PennVest (a state agency) for financial assistance with the Laurel Woods sewer project.

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On July 23, 2003, PennVest announced an award of financial assistance to Conewago Township: \$2,843,334 loan and \$1,906,666 grant to install more than five miles of sewage collection lines and mains to serve the Laurel Woods area of the township, where at least one-fourth of the on-lot septic systems are malfunctioning and contaminating local drinking water wells with coliform bacteria. The loan will be for a term of 20 years at a rate of 1%.

REQUEST FOR PENNVEST FUNDING

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

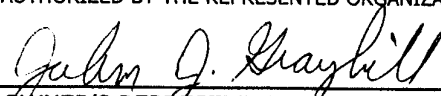
DATE: May 21, 2003

APPLICANT	LEGAL ENTITY NAME: <u>TOWNSHIP OF CONEWAGO</u> LEGAL FORM: MUNICIPAL <input checked="" type="checkbox"/> AUTHORITY _____ CORPORATION _____ OTHER _____ PUC REGULATED? <u>No</u> FEDERAL TAX ID # <u>23-1704645</u> IF AUTHORITY, YEAR LAST INCORPORATED: <u>N/A</u> COUNTY (IES) IN WHICH PROJECT IS LOCATED: <u>DAUPHIN</u> DEP SYSTEM ID#: <u>N/A</u> FISCAL YEAR END: <u>December 31</u> MUNICIPALITY (IES) SERVED BY THE PROJECT: <u>TOWNSHIP OF CONEWAGO</u>
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PROJECT	TITLE: <u>INSTALLATION OF SANITARY SEWER SERVICE FOR LAUREL WOODS</u> PENDING STAGE: FEASIBILITY _____ DESIGN _____ CONSTRUCTION <input checked="" type="checkbox"/> (ONE ONLY) PROJECT TYPE: DRINKING WATER _____ WASTEWATER <input checked="" type="checkbox"/> STORM WATER _____ (ONE ONLY) QUANTITATIVE DESCRIPTION: <u>Installation of approximately 21,500 L.F. of 8" diameter gravity sewer main, 3 pumping stations and approximately 6,440 L.F. of related force main, and a capital contribution to Derry Township Municipal Authority (DTMA) for wastewater treatment capacity.</u> PROBLEMS TO BE ALLEVIATED VIA THIS PROJECT: <u>Eliminate malfunctioning on-lot systems and contaminated wells.</u> WHAT IS THE CURRENT STATUS OF DEP PLANNING & PERMITS REQUIRED FOR THIS PROJECT: <u>DEP PART II Permit No. 2202404 (10-20-2002), Act 537 Plan approval for Township of Conewago (12-30-1998) and Township of Derry (9-25-2002).</u>
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CONTACTS	APPLICANT	OWNER/OPER.	ENGINEERING	LEGAL	FINANCIAL
FIRM/AGENCY	Township of Conewago, Dauphin County	SAME AS APPLICANT	Rettew Associates, Inc.	Yost & Davidson	Herbert, Rowland & Grubic, Inc.
PERSON/TITLE	John J. Graybill, Chairman		W. Max Shradley, Jr., P.E.	Jon Yost, Attorney	Kaye Goodman, Project Accountant
ADDRESS	3279 Old Hershey Road		2500 Gettysburg Rd, Suite 100	320 West Chocolate Ave, P.O. Box 437	369 East Park Drive
CITY STATE ZIP CODE	Elizabethtown, PA 17022		Camp Hill, PA 17011	Hershey, PA 17033-0437	Harrisburg, PA 17111
TELEPHONE	717-534-8556		717-697-3551	717-533-5101	717-564-1121
FAX	717-533-6643		717-697-6953	717-534-1293	717-564-1158
EMAIL	jgraybill2003@yahoo.com		wshradley@retrew.com	yost.davidson@verizon.net	kgoodman@hrq-inc.com

FUNDING	ESTIMATED TOTAL PROJECT COST: <u>\$4,750,000</u> AMOUNT REQUESTED FROM PENNVEST: <u>\$4,750,000</u> OTHER SOURCES: _____
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CERTIFICATE	_____ John J. Graybill, Chairman OWNER'S REPRESENTATIVE (PLEASE PRINT NAME & TITLE) 05/21/2003 _____ John J. Graybill, Chairman DATE OPERATOR'S REPRESENTATIVE (PLEASE PRINT NAME & TITLE) 05/21/2003 _____ DATE I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE ALL INFORMATION IS TRUE AND CORRECT AND HAS BEEN AUTHORIZED BY THE REPRESENTED ORGANIZATION.  _____ OWNER'S REPRESENTATIVE 5/21/2003 _____ DATE
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PENNVEST – PART I - SUMMARY

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

PLEASE EXPLAIN THE PROJECTS IMPACT ON THE FOLLOWING:
 PLEASE SUMMARIZE ALL RESPONSES IN SPACE PROVIDED OR
 ATTACH ADDITIONAL INFORMATION AS APPROPRIATED.
 (REFER TO REGULATIONS BEFORE COMPETING)

H E A L T H	<p>Based upon the results of the recently completed Act 537 Plan, the current method of on lot wastewater disposal poses a serious threat to the health of the residents of the project area. There are a total of 218 Equivalent Dwelling Units (EDUs) in the project area. Of these, 88 returned a sanitary survey and had an on-site inspection of their wastewater disposal facilities or were evaluated by the Township's SEO. Additional testing by an independent organization in the project area (tier two) provided a composite needs analysis. The composite results indicate that 32 properties (25%) have confirmed malfunctions of their on lot septic system, another 31 properties (24.5%) are suspected malfunctions, and 39 properties (29.5%) are potential malfunctions according to the definitions provided by the Pennsylvania Department of Environmental Protection (DEP). One property is served with a holding tank. Taken together, 172 of the 218 properties (78.9%) have some form of malfunction.</p> <p>In addition, a drinking water sample was obtained from 74 of the properties in the Laurel Woods project area. Of the samples 23 properties (31%) tested positive for bacteria (total coliform). Two properties (3%) had measurable amounts of nitrates in their drinking water.</p> <p>A table summarizing all inspections and test results is included under Tab 2.</p>
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S A F E T Y	<p>No public safety impacts have been identified.</p>
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E N V I R O N M E N T	<p>The project area is drained by two streams, one intermittent and one an extension of Iron Run. Iron Run joins Swatara Creek near the confluence with the Susquehanna River. While it has been determined that the project will not have an adverse impact on the environment, the failure to abate the pollution from the malfunctioning on-lot systems does have the potential to effect nearby aquatic life and recreational activities. The project is located near Hershey, Pennsylvania, a popular destination and recreational area.</p>
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C O M P L I A N C E	<p>The project is recommended by Conewago Township's Act 537 Plan, which includes an implementation schedule with enforceable deadlines. Presently, there has been no consent agreement or other enforcement action by DEP due to the Township's willingness to proceed with the planning and implementation of the 537 plan's recommendations. However, the failure by the Township to pursue implementation would likely result in stepped-up enforcement resulting in fines or other penalties being imposed.</p>
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PENNVEST – PART II – PROJECT BENEFITS

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

D E V E L O P M E N T	<p>Explain: How this project will effect: 1. Expansion of any company and if so, complete "Company Impact" form; 2. Service to an existing/proposed industrial park; 3. Other state/federal programs including source, amount & status.</p> <p>The project has no direct economic impact on the area.</p>
E F F E C T I V E N E S	<p>Please briefly explain how this project effects regionalization /increased viability of the utility system. Include a description of, and the basis for, any system "growth".</p> <p>The project serves nearly 25% of the total population of this predominately rural township. Other adjacent areas have been identified as future needs areas as development occurs. However, this project is important and represents a complete solution to the townships long term needs because it provides the conveyance infrastructure needed to accommodate these future areas. Also, there is a regional impact since the collected wastewater will be treated by an existing regional facility owned and operated by the Derry Township Municipal Authority (DTMA).</p>
C O M P A R I S O N	<p>List physical and administrative alternatives and selected alternatives and justify purposed alternative. Include all issues discussed in Planning Consultation and cost effectiveness.</p> <p>Two alternatives were considered from the Act 537 plan. The first alternative considered an independent system, constructed, owned and operated by Conewago Township. The second alternative considered interconnection with existing facilities owned and operated by DTMA, which would allow for a lower annual user rate as indicated in the analysis below:</p> <p>Alternative 1 - Independent system, constructed, owned and operated by Conewago Township - Expected user rate of \$1,045* in addition to a substantial tapping fee of \$5,000.</p> <p>Alternative 2 - Interconnection with existing facilities owned and operated by DTMA - Expected user rate of \$760* with a tapping fee of \$5,000 or financing through DTMA with a \$2,004 annual cost per user.</p> <p>* User rates based on analysis included in the Conewago Township Act 537 Plan (dated 10-26-98) and prepared by Rettew Associates, Inc.</p>

PENNVEST – PART II – PROJECT BENEFITS & JUSTIFICATION

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

COMPANY IMPACT FORM

Complete this form only if the project is necessary to create or retain permanent jobs. For each private company expanding their employment as a result of the proposed PENNVEST project, please provide the information requested below.

NOT APPLICABLE

Company Name SIC Code (4 – digit number)

Address Type of Business

Product Project Contact Person, Title Telephone Number

Total Existing Employment including, parent, subsidiaries, and affiliates
 Pennsylvania Employment _____ Worldwide, including Pennsylvania _____

Number of Employees	Average Annual Wage	Average Hours Worked / Week
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Existing Employment (This site only)

New employment within three years (Do not include existing jobs at the site or jobs transferred from another site within the state)

Total employment at the end of three years (including existing)

Private Company Investment

1 Construction/Renovation	\$ _____
2 Equipment	\$ _____
3 Land and Rights of Way	\$ _____
4 Land and Rights of Way	\$ _____
Total Private Investment	\$0

STATE USE ONLY:	
Project #	_____
County Code:	_____
Per Capitol Inc.	_____
Rate:	_____

In the space below, please provide a description of the company's expansion project.

Signature of company official _____

Printed name _____ Title _____ Date _____

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

RATES	RATE STRUCTURE: FLAT <input checked="" type="checkbox"/> METERED _____ OTHER _____		
	REVENUES COLLECTED		
		<u>BEFORE PROJECT</u>	<u>AFTER PROJECT</u>
	RESIDENTIAL	\$0	\$239,645
	COMMERCIAL	\$0	\$0
	\$0	\$0	
	*Please explain any special rate structure or rate agreement not included above.		
	BILLING DONE:		
	MONTHLY <input checked="" type="checkbox"/> BI-MONTHLY _____ QUARTERLY _____ OTHER _____		

CUSTOMERS	RESIDENTIAL HOUSEHOLDS SERVED CURRENTLY: <u>0</u> 1 ST YEAR AFTER: <u>200</u>
	NUMBER OF ADDITIONAL EDU'S SERVED BY THIS PROJECT: <u>200</u>
	ESTIMATED POPULATION IMPACTED: <u>582</u>
	AVERAGE GALLON PER DAY
	<u>SYSTEMS LARGEST CUSTOMERS</u> BEFORE PROJECT AFTER PROJECT
	1 <i>All residential</i> _____
	2 _____
3 _____	
4 _____	
5 _____	

PROJECT SCHEDULE	Has a letter of No Prejudice Been issued for this Project? <u>Yes</u> (Yes/No)
	If yes, date issued: <u>March 21, 2003</u>
	TASK
	ESTIMATED COMPLETION DATE
	Planning Consultation <u>06/25/2001</u>
	Planning <u>10/01/2002</u>
	Design <u>03/31/2003</u>
	Pre-construction Conference <u>04/25/2003</u>
	Start Construction _____
	Construction Of <u>Sanitary Sewer</u> <u>04/28/2003</u>
	<u>Installation</u> _____
	Complete Construction <u>10/18/2004</u>
	Final Inspection <u>11/30/2004</u>
	Begin Repayment <u>01/01/2005</u>

ENGINEERING COSTS	1. Planning <u>\$0</u>
	2. Pre-Design <u>4,535</u>
	3. Design <u>207,360</u>
	4. Bidding <u>8,265</u>
	5. Construction Services <u>262,440</u>
	6. Other <u>0</u>
	7. _____
	8. _____
	9. _____
	TOTAL ENGINEERING COSTS <u>\$482,600</u>

PENNVEST PART III – FINANCIAL INFORMATION/PLANNING

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APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

CONSTRUCTION COSTS	MAJOR ITEM	UNITS	ESTIMATED COST
	Transmission/interceptor	LF	\$0
	Mains - Force (340 LF-1.5", 1,500 LF-2.5", 4,600 LF-6")	6,440 LF	244,370
	Pump Station(25 gpm @24' TDH, 50 gpm @82' TDH, 180 gpm @ 127' TDH)	3 EA	452,000
	Storage	MG	
	Treatment	MG	
	Source/Disposal	MG	
	Other:		
	Mains - Gravity 8"	21,500 LF	2,656,305
	Mains - Low pressure(with 5 service values & assemblies)	100 LF	10,500
	Stream crossings	2	12,375
	TOTAL CONSTRUCTION COSTS		\$3,375,550

TOTAL PROJECT COSTS	PHASE	PRE-DESIGN	DESIGN	CONSTRUCTION	TOTAL
	1. Administrative			\$20,000	\$20,000
	2. Legal			40,000	40,000
	3. Financial/ Accounting			25,000	25,000
	4. Interest			225,000	225,000
	5. Engineering	4,535	207,360	270,705	482,600
	6. Permits			0	0
	7. Land			11,900	11,900
	8. Construction			3,375,550	3,375,550
	9. Contingency			329,950	329,950
	10. Other *			240,000	240,000
	TOTALS	\$4,535	\$207,360	\$4,538,105	\$4,750,000

* Capital contribution to Derry Township Municipal Authority (DTMA) for wastewater treatment plant capacity.

FUNDING SOURCES	SOURCE	AMOUNT	COMMITTED
	System Funds (resources, Owner equity, etc.)	\$0	
	Connection Fees/Tap Fees/ Assessments*	\$0	
	Grants	\$0	
	Other	\$0	
	Amount requested from PENNVEST	\$4,750,000	
	*SPECIAL ASSESSMENTS		
	Amount of Assessment per EDU	\$0	
	No. of EDU to be Charged	\$0	
	Anticipated Collection Rate	0%	
	Total to be Generated by Assessments	\$0	

PENNVEST PART III – FINANCIAL INFORMATION/PLANNING

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

Other Sources of Financing/Funds

Please describe which other sources of funding you have explored for this project, and the status of those inquiries. Please include the term and interest rate of any borrowing available. Example might include: other programs administered by the Commonwealth of Pennsylvania, U.S. Department of Agriculture, local financial institutions, system equity, and developers contributions. Identify all system funds, assessments, developer contribution, capital contribution, etc.

Program/Name	Amount	Status: Pending or Committed	Date	Term	Rate
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Project financing is available on an interim basis by DTMA; however, the interest rates are higher than the rates that the Township of Conewago would obtain on their own.

If you have chosen not to utilize other available sources of funding for this project, please explain the basis for you decision.

No other financing is available at the competitive interest rates offered by PENNVEST.

Describe any constitutional, statutory, charter, or other limitation on debt that apply to the applicant:

Loan Security

Are there any liens or other encumbrances by existing debt obligations which would prevent the Pennsylvania Infrastructure Investment Authority from requesting any of the following forms of loan security: a) First lien on user charge revenues; b) Guaranty of municipality; c) Municipal taxing power; **OR for non-Governmental entities:** Guarantee of the parent company, pledge of stock, or mortgage lien on company facilities? YES **NO** If yes, please attach explanation.

Is there any collateral or other security, that applicant can offer? YES **NO** If yes, please attach explanation.

NON-GOVERNMENTAL APPLICANTS: Please complete the requested information and list major stockholder; and percent of total stock owned.

Officers

N / A

President _____
 Vice President _____
 Treasurer _____
 Secretary _____
 Other (specify) _____

<u>Owner/Major Shareholders/Parent</u>	<u>Percent Owned</u>
_____	_____
_____	_____
_____	_____

PART III – FINANCIAL INFORMATION

APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

FIGURES MUST REFLECT ONLY THE UTILITY AFFECTED BY THIS PROJECT ON A SYSTEM-WIDE BASIS.		Per Last Completed Audit Year 20__	Current Year 20__	First Full Year After Project Complete 2005
BILLING	Estimated population			582
	# Households served by system			200
	# EDUs served by system/total			200
	# EDUs served by system/residential			200
	Average annual residential bill			\$1,223
	Total residential bills levied			\$244,536
	Total residential bills collected			\$239,645
	Total commercial/industrial bills levied			\$0
	Total commercial/industrial bills collected			\$0
INCOME	Total bills collected			\$239,645
	Other charges collected *			\$0
	Total operating revenues	\$0	\$0	\$239,645
	Non-operating revenues*			\$0
	TOTAL INCOME	\$0	\$0	\$239,645
EXPENSES	OPERATING EXPENSES			
	Labor			
	Utilities			
	Materials and supplies			
	Outside services			
	Other Expenses*			
	Total O & M expenses	0	0	61,200
	Depreciation			
	Total Operating Expenses	\$0	\$0	\$61,200
	NON-OPERATING EXPENSES			
	Annual debt service excluding this project			
	Other*			
	Total non-operating expenses	\$0	\$0	\$0
	TOTAL EXPENSES	\$0	\$0	\$61,200
NET INCOME	+ TOTAL INCOME	\$0	\$0	\$239,645
	- TOTAL EXPENSES	0	0	61,200
	NET INCOME	\$0	\$0	\$178,445

*Please attach explanation for all "other" income and expenses.

PENNVEST – PART III – FINANCIAL/INCOME & EXPENSES

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APPLICANT: TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY

DATE: May 21, 2003

	<u>INCLUDED</u>	<u>N / A</u>
FINANCIAL STATEMENTS (3 YEARS)	Tab 1	
CONTINUATION OF PROJECT "BENEFITS" (<i>HEALTH</i>)	Tab 2	
EXPLANATION OF "OTHER" INCOME/EXPENSES		N / A
EXPLANATION OF CURRENT DEBT		N / A
COMPANY IMPACT FORM		N / A
FINANCIAL STATEMENTS OF PARENT COMPANY		N / A
FINANCIAL STATEMENTS OF SPONSORING AGENCY, IF "START-UP"		N / A
FINANCIAL STATEMENTS OF OWNER / OPERATOR, IF LEASED		N / A
ARTICLES OF INCORPORATION/BY-LAWS (AUTHORITY'S ONLY)		N / A
LIST OF MUNICIPALITIES SERVED BY THE SYSTEM IDENTIFYING THE NUMBER OF CUSTOMERS PER MUNICIPALITY (IN ACCORDANCE WITH INCOME & EXPENSE STATEMENT)	SEE FOOTNOTE BELOW	
PLANNING & FEASIBILITY REPORT		N / A
RESOLUTION TO BORROW	Tab 2	
LETTER OF RESPONSIBILITY	Tab 2	
LETTER TO PUC		N / A
STORM WATER APPLICANT SUPPLEMENT		N / A
LIST OTHER ATTACHMENTS:		
<u>PENNVEST Planning Consultation Minutes</u>	Tab 2	
<u>Conewago Township / Derry Township Municipal Authority Sewer Service Agreement and Supplement</u>	Tab 2	
<u>Federal 4700-4 Form</u>	Tab 3	
<u>Non-Restrictive Bidding Certification Form</u>	Tab 3	
<u>MBE/WBE(solicitation letter, certified mail receipts, phone log, newspaper ad)</u>	Tab 3	
<u>Local / County Planning Approvals</u>	Tab 4	

FOOTNOTE: *All customers are located within the Township of Conewago, Dauphin County.*

PENNVEST - PART IV - LEGAL / ATTACHMENT LIST