Transformative Infrastructure & Energy Opportunities

Commonwealth of Pennsylvania
Office of the Governor, Critical Investments and Transformation & Opportunity
PA Departments of Environmental Protection and Transportation, PENNVEST

Office of the Governor, Critical Investments

- Executive Director
  - Seated in both OB and Gov's Office
  - Chair of PENNVEST
- Infrastructure Coordinators
  - Dual report to COPA Agency & Critical Investments
  - Informal Liaisons with Agencies without dual report

Mitigating Local Energy Siting Challenges In Pennsylvania

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Policy Analysis Exercise, Harvard Kennedy School

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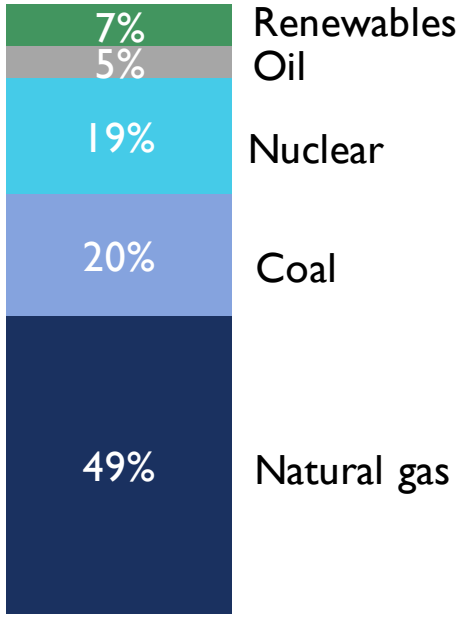
These materials reflects the views of the author and should not be viewed as representing the views of the Office of Governor Josh Shapiro, nor those of Harvard University or any of its faculty.

Background: Current Energy Landscape In Pennsylvania

PA Installed Generation Capacity (2022)



Total capacity: 46,977 MW

PJM "2022 Pennsylvania State Infrastructure Report"

PA lags the national average in utility-scale electricity generation from renewables:

- US Average: ~22%
- PA (2022): ~3% (lower than installed capacity due to reliability)

Alternative Energy Portfolio Standard (AEPS) **requires utilities to supply 8% from renewables**; currently requires purchasing out-of-state generation

- Governor Shapiro campaigned on a promise to raise the AEPS to 30% by 2030

Sources: PJM "2022 Pennsylvania State Infrastructure Report,"
Karin Kirk, "Which state is winning at renewable energy production?" Yale Climate Connections, Feb 2023
Elowyn Corby and Amani Ried, "Pa. must modernize its approach to clean energy – or risk falling further behind," Pennsylvania Capital Star, Oct 20, 2022

Background: Project Approval Processes & Challenges

Approval Level	Challenges	Current Initiatives
Federal (FERC) Approval required for hydro	Years-long federal process to meet FERC and NEPA requirements for hydro development.	
PJM (Grid Operator) Approve grid interconnection requests	Wait times are persistently long. Nationally, projects wait 5 years on average in grid operator queue.	PJM added resource and implemented a "first ready, first serve" policy to reduce wait times.
PA Dept of Environmental Protection (DEP) Issue environmental permits	Wait times have historically been long and unpredictable; regional DEP offices interpret requirements differently.	Backlog cut by 41% by PAyback money-back guarantee for on-time review, adding 15 staff, and new digital tools.
Municipalities Have authority to pass zoning ordinances allowing/prohibiting development	Laws differ across 2,500+ municipalities. Currently, only 13% of municipalities have ordinances allowing for solar. Of these, only 5% allow for grid-scale solar. Pennsylvania is a "home rule" state for localities	PA Energy Programs Office is partnering with Penn State to provide voluntary education to local leaders, promoting best practices for solar ordinances.

Focus for research

Background: Current prevalence of local solar ordinances across Pennsylvania

Local Ordinance Type	Description	Percent of Municipalities
Solar Ordinance for Principal Use	• Zoning ordinance passed allowing solar energy as main use of land • Includes conditional use (subject to approval)	5%
Solar Ordinance for Accessary Use	• Accessory use solar (e.g., rooftop panels) permitted by zoning ordinance • Principal use is explicitly or implicitly banned	8%
No Solar Guidance	• Municipal zoning laws do not mention solar or do not specify where it is permitted	87%

Source: Mohamed Rali Badissy, "PA Solar Ordinances: Local Regulation and National Trends" (Penn State Dickinson Law, n.d.).

Case Study #1: Solar In North Beaver County

In 2021, Vesper Energy signed lease options for ~10% of N Beaver Township landmass. Consolidated local opposition from other residents took hold.

Vesper then offered a $750K annual community incentive for 20y. This was ineffective, and the **project has not been built.**

Parties involved in solar dispute:

- **Farmland owners** are financially burdened; signed lucrative solar leases. **Other locals** did not want the aesthetic disruption of solar panels.
- **Local officials** blocked project despite tax and grant benefits.
- **Vesper energy** has been unsuccessful at gaining approval despite incentives.

Learnings:

- Community financial incentives ineffective if not targeted at individuals
- Solar can increase local tax base significantly, but residents are unaware
- Opposition is often rooted in aesthetic concerns; difficult to mitigate
- Farmland owners struggle financially; solar more lucrative than ag easement

"The money [offered by Vesper] didn't sway anybody, mostly because it's not democratized. It's not going towards the individuals on the ground." - *Former County Lawmaker*

"There has not been a lot of marketing about how solar would increase the property tax value for the township, county, and school district." - *Local Tax Solicitor*

"The biggest driver of farmland getting taken out of agriculture is not actually solar, it's housing development." - *Local Landowner*

Case Study #2: Hydro In Easton & Palmer

Two dams, owned by the state, create a canal. This canal is the centerpiece of a local park and cruise attracting thousands of tourists annually.

There is interest in converting these dams to small-scale hydropower, potentially serving as a model for **3,300+ non-hydro dams in PA.**

Parties involved in potential hydropower dam conversion:

- **State officials** engaging closely to create replicable conversion process, which includes project design, local zoning, and vendor auction.
- **County / township officials** stress that the canal park cannot be disturbed, local labor must be used, and there must be maintenance plan.
- **Potential developers** require upfront grant/loan funding to defer risk.

Learnings

- State engagement with local zoning is resource intensive; any development processes involving the state must be standardized
- State-owned assets provide a significant opportunity for energy development; design and auction processes must be fair and cost-effective

"How can we make sure everyone, including the Commonwealth and the county, get returns on their investment?" – *State Official*

"It's critical that this project uses local labor at the prevailing wage… [and] the canal boat needs to continue running." – *Local Official*

"Often, public meetings start off with a lot of local opposition, but by the end everyone wants to get it done – because it's development, it's restoration, it's power."

Takeaways from Case Studies & Interviews

- Local opposition often is rooted in concerns about **aesthetics and preservation of town character**, which are challenging to mitigate.
- Landowners who wish to lease or sell for renewables, including farmland owners, feel their **autonomy is being infringed upon by their neighbors**.
- **Engaging early and understanding community needs** can help generate buy-in. However, all developers approach projects differently.
- It is difficult to pitch host communities on **inherent benefits** of renewable projects, as jobs are temporary and tax base benefits are not widely recognized.
- Residents often **do not respond to community financial incentives** unless those benefits are democratized and directly impact residents' wallets.

High-level Analysis of Options

	Policy Option	Analysis Summary	*Efficacy*	*State Involvement*	*Community Benefit*	*Political Viability*
1	**Centralized state siting authority**	Ultimate path to efficient siting	High	High	Med	Med
2	**State intervention in site development**	Allows for strategic planning, but may not be large-scale enough	Med	High	Med	High
3	**Host community benefit requirements**	May cause roadblocks while leaving local concerns unaddressed	Low	Med	High	Med
4	**Expansion of voluntary education**	No-regrets move to supplement other policies	Med	Med	Med	High

Recommendation

To achieve ambitious renewable energy targets, it likely will be necessary for Pennsylvania to **consolidate siting power at the state level in the long term.** A patchwork of local ordinances will become unsustainable – most states with a high concentration of renewables have preempted local siting control.

If superseding local control is not politically feasible in the short term, the state government can develop new programs and incentives on **sites less prone to opposition – including brownfields and other non-agricultural plots.** Policies can include financial incentives and state-facilitated land auctions.

The existing collaboration between the Energy Programs Office and Penn State Dickinson law to educate local communities is a strong step toward standardizing local ordinances in the current landscape without centralized state control.

As shown by the North Beaver case study, host community benefit requirements (in the form of financial incentives) are often not compelling to residents. Furthermore, state involvement in developer interaction with communities may pose more of a roadblock than a benefit.

Inflation Reduction Act (2022)

- ~$400 billion in Appropriations Available Nationally For:
  - Domestic Energy Production
  - Increasing Manufacturing Capacity
  - Securing Critical Supply Chains
  - Commercialization of Novel Clean Energy Technologies
- Bill Scored 2/3s Tax Credits by CBO
  - Otherwise Grants & Loans
  - Key Tax Provisions include
    - Elective Payment (Direct Pay)
    - Stackability of Credits

IRA Funding Mechanisms

IRA funds will be delivered through a mix of tax incentives, grants, loans, and cooperative agreements.

	Overview	Highlights
Tax Credits	• Largest funding mechanism in the IRA primarily coming from investment tax credits (ITC) and production tax credits (PTC) available to businesses, individuals, and tax-exempt entities • Introduced novel funding mechanisms and provisions such as direct pay, bonus credits, and stackability that have increased the pool of eligible recipients and massively amplifies money received via incentive-based structures	• PTC and ITC tax credits are structured to incentive investment in disadvantaged communities and job creation including additional bonuses for wind and solar projects in low-income communities
Grants	• Grants provide government funding to stakeholders that are not expected to be paid back and come in subtypes that include (i) non-competitive grants awarded to state and local governments often utilizing a "formula" to determine size and eligibility (ii) competitive grants awarded by federal agencies via application processes to eligible entities (e.g., implementation grants) and (iii) rebates processed after a transaction is complete	• The EPA's $27B Greenhouse Gas Reduction Fund will award competitive grants to projects reducing greenhouse gas emissions with an emphasis on low income and disadvantaged communities across the country
Loans	• **Basic** loans offering flexible financing options to support critical clean energy, manufacturing and clean vehicle projects will largely be administered through the Department of Energy's Loan Programs Office (DOE's LPO) • DOE's LPO may also provide loan guarantees to protect lenders from potential borrower defaults, expanding financing for riskier innovation projects	• DOE's LPO has over $400B in loan authority and $3.6B in credit subsidy for loan guarantees for clean energy projects nationwide including renewables, carbon capture, nuclear, critical minerals processing, and manufacturing, & recycling
Cooperative Agreements	• While similar to grants, cooperative agreements differ in that they provide substantial involvement between the federal awarding agency or pass-through entity and the non-federal entity in carrying out the purpose of the agreement	• $5.8B Advanced Industrial Facilities Deployment Program to support projects that reduce greenhouse gas emissions through installation and implementation of advanced industrial technologies

Original slide courtesy of the Heinz Endowments

Elective Payment

Elective payment (also called “direct pay”) allows tax-exempt entities — local governments, state governments, rural electric cooperatives, territories, Tribal nations, and nonprofits — to receive the full value of 12 IRA tax credits. Funds are available on a non-competitive basis and can be accessed by filing tax returns with the IRS.

Example IRA Projects:

Transition of Abandon Wells into Physical Batteries

Solar Panels on School Buildings

Installation of EV Charging Infrastructure

Novel Geothermal Energy Production

How to use Elective Payment:

STEP 1

Identify a project that qualifies for Elective Payment

A school district plans to lower operating expenses through onsite solar power generation

STEP 2

Complete the project and put it into service

The district installs a Solar Parking Canopy over its student parking lot

STEP 3

Determine what tax year to use and when the tax return is due

The district determines installation occurred in 2024, return due on April 15, 2025

STEP 4

Register with the IRS before the tax return is due and filed

Before filing the return, the district registers its project with the IRS

STEP 5

File the tax return using the registration number by due date and receive $$

The district files a 990-T Form (or equivalent) by April 15, 2025 and receives a check from Treasury

Original slide courtesy of the Heinz Endowments

Bonus Credits

Bonus credits can be applied to some of the IRA's base tax credits for clean energy projects that meet goals related to workforce, labor, priority communities, and domestic industries.

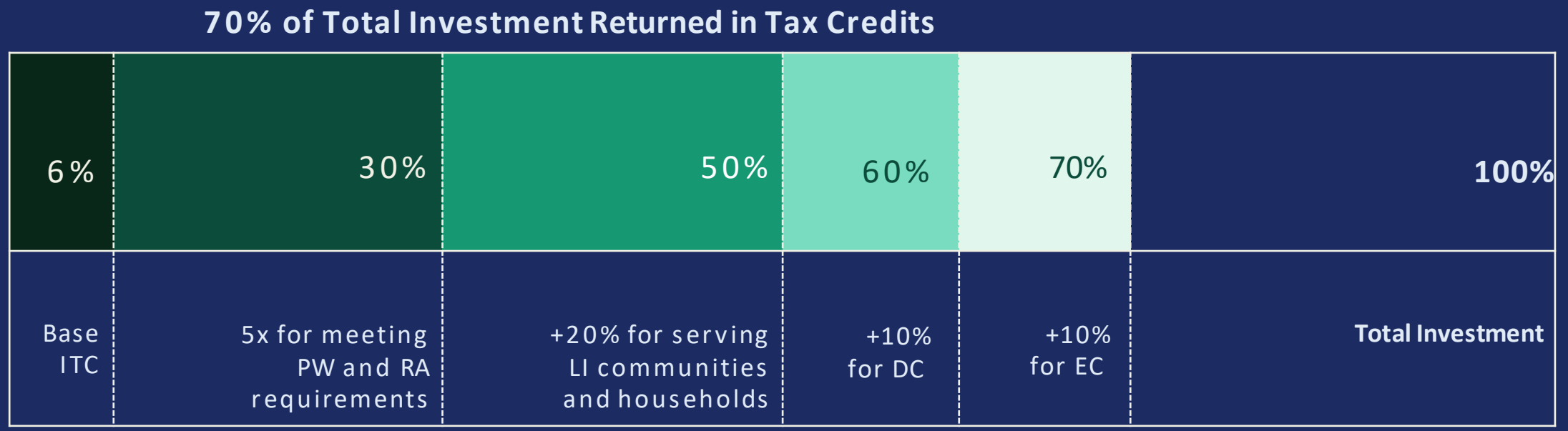
Bonus Credit	Eligible Projects	Maximum Bonus Amount
Registered Apprenticeship	Projects that employ apprentices from registered apprenticeship programs for a certain number of hours	Up to 5 times base credit*
Prevailing Wage	Projects that pay laborers and mechanics employed in construction, alteration, or repair at least the prevailing wage rate in their area	Up to 5 times base credit*
Domestic Content	Facilities built using required amounts of domestically produced steel, iron, and manufactured products	10 percent or 10 percentage points, depending on base credit**
Low Income or Tribal Communities	Facilities in low-income communities and tribal communities, including facilities that are part of affordable housing developments or benefit low-income households	10 percentage points or 20 percentage points** (if part of LI residential buildings or providing service to LI households)
Energy Communities	Projects located in communities historically dependent on fossil energy jobs and tax revenues, including areas with closed coal mines or coal-fired power plants, and on brownfields	10 percent or 10 percentage points, depending on base credit**

*Most (but not all) tax credits eligible for RA and PWA bonus credits must meet both bonus credits' requirements at the same time, resulting in a total of 5 times the base credit for both bonuses combined.
**There is a difference between percent and percentage point increases; a 10 percentage point increase is worth more than a 10% increase.

Original slide courtesy of the Heinz Endowments

Stackability

The IRA's bonus credits are stackable for certain base credits, meaning that they can be combined with one another. This allows projects to massively amplify the amount of money they receive. At the high end, some small-scale solar and geothermal projects claiming the IRA's Investment Tax Credit for Energy Property could qualify for all five bonus credits and receive 70% of the total investment back in tax credits.*



*Eligibility depends on the project type and specifics. Most of the IRA's base credits are not eligible for multiple bonus credits.

Bonus Credits

DC = Domestic Content

EC = Energy Communities

LI = Low Income or Tribal Communities

PW = Prevailing Wage

RA = Registered Apprenticeship

Original slide courtesy of the Heinz Endowments

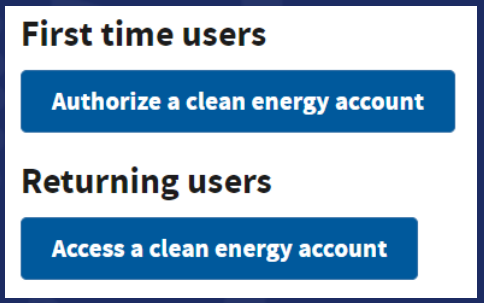
Case Study:
PA Joint Lab Facility

- Lab capacity (new building) for PDA, DEP, and DOH
- $300 million Phase-1 price tag
- Cost estimates include a geothermal heat pump vs. traditional gas-fired boilers and HVAC system
- Before IRA Elective Payment:
  - Geothermal heat pump system is more expensive than gas-fired boilers
- However, the heat pump is eligible for 30% ITC
  - 40% if domestic content requirement can be met
- The more expensive option thus becomes the more cost-effective option

Preregistering Projects with Treasury

irs.gov/credits-deductions/register-for-elective-payment-or-transfer-of-credits

- How to use:
  - Existing IRS online account = Sign in
  - Creating IRS online account will determine the authorized representative of an organization and require:
    - Name & Address
    - Photo Identification
    - Employer ID Number (EIN)
- When to register:
  - After putting project into service, but within tax year for filing
    - At least 120 days before filing
- Upon successful account creation, user can register projects
  - Documentation will be required and will vary based on credit sought
- IRS acceptance of the project will produce a registration number
  - To be used when the filing Form 990-T, Exempt Organization Business Income Tax Return



Elective Payment Service Bureau

- Service Bureau as central point of submission for COPA Agency projects
- Best practices to be distilled therefrom
  - Then used to assist Counties and Municipalities in their efforts
- PA in favor of Treasury allowing for transferability of Elective Payment among eligible organizations
  - Not to organizations with traditional tax burdens
  - COPA Service Bureau could aggregate, process, and submit on behalf of all PA government entities
    - Overcome the limits on local capacity

Infrastructure Investment & Jobs Act (2021)*

- ~$1.2 trillion in Appropriations Available Nationally
  - ~$550 billion Newly Authorized at Time of Passage
- Major Project/Investment Areas:
  - Transportation
    - Electric Vehicles
  - Legacy Pollution
  - Clean Water
  - Broadband & Digital Equity

* AKA: Bipartisan Infrastructure Law (BIL)

LV PENNDOT Projects

RAISE = Rebuilding American Infrastructure with Sustainability and Equity
HSIP = Highway Safety Improvement Program
BOF = Bridges off the Federal-Aid System

Project	Location	Source	Amount	~Timing
SR 2031/Country Club Rd	Bethlehem Twp	Supplementary IIJA	$4.5M	Wrapping Up
I-78	Allentown/Salisbury/Upper Saucon	Supplementary IIJA	$37.5M	In Progress
PA 309 & Tilghman St	S Whitehall Twp	Supplementary IIJA	$91.6M	Let July 24
Riverside Dr	Allentown	RAISE Grant	$21.2M	Let August 24
SR 2018 @ Farmersville Rd, Intersection Improvements	Bethlehem Twp	HSIP Funding	$4.3M	Let Dec 25
SR 191 & Newburg Rd, Intersection Improvements	Lower Nazareth Twp	HSIP Funding	$3.5M	Let March 26
Bridge - SR 2010/Fish Hatchery Rd	Allentown	BOF	$2M	Let 4-5 Years
Bridge - SR 2029/Limeport Pike	Lower Milford	BOF	$1.2M	Let 4-5 Years
Bridge - SR 2001 o E Branch of Saucon	Lower Saucon Twp	BOF	$1M	Let 4-5 Years
Bridge - SR 1016 o Trib to L Bushkill	Plainfield Twp	BOF	$1.2M	Let 4-5 Years

DEP - Act 537 (Sewage Facilities Act)

- Importance of sewage disposal to public health, safety, and welfare of the Commonwealth
  - Municipalities must develop and implement official plans
  - Address existing and future sewage disposal needs
- Official Plans may result in infrastructure projects
- PENNVEST offers financing assistance for infrastructure project implementation
  - Increase funding due to IIJA
  - Competitive interest rates
  - Grant eligibility determination - Affordability evaluation
- Funding for OLDS Replacement and Sewer Laterals

DEP - MS4 NPDES Permitting Program

- Municipal Separate Stormwater Systems (MS4)
  - Publicly Owned and Operated Stormwater Conveyance Systems
  - Over 1000 Permitted small MS4s Statewide
- General NPDES Permit for MS4s (PAG-13)
  - General Stormwater Management Requirements
  - Pollutant Reduction Plan (PRP) and TMDL Requirements
- Final Reports – Opportunities for BMP Implementation
- PENNVEST Program can funds BMPs to facilitate MS4s permit compliance with PRPs and TMDL Plans
- Continued Opportunities for BMP Funding in the future.

DEP - Act 167 (Stormwater Management Act)

- Counties must prepare, adopt, and periodically update, watershed stormwater management plans
- Evaluate existing and future development to ensure public health, safety, and welfare
- Results in Municipal adoption of the Stormwater Management Ordinance
- Funding for Act 167 Planning (ARPA Funds)
  - Phase I - Complete - 7 Counties ($260,000)
  - Phase II – Open until 8/30/2024
  - Info on Phase II funding – DEP's Act 167 Website
- PENNVEST funding for Issues identified in through 167 Process

DEP - Compliance Assistance

- IIJA Funds for Technical Assistance
- Options for Technical Assistance
  - EPA Technical Assistance – WaterTA through MD EFC
  - Pilot Technical Assistance – Larson Design Group Team
- Plans for expansion of PA technical assistance

“Only by setting the table of opportunity and inviting all to sit and partake, can we …tackle big challenges again and dream of brighter, more prosperous tomorrows.”

-Josh Shapiro, Governor
Inaugural Address, 01/17/23

PENNSYLVANIA
VIRTUE
LIBERTY AND
INDEPENDENCE
THE GOVERNOR

Thank You

What Does PENNVEST Do?

We fund clean water projects.

PENNVEST
PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

State-affiliated Entity

Established by the General Assembly in 1988

13-member Board of Directors

34 Full-time Employees

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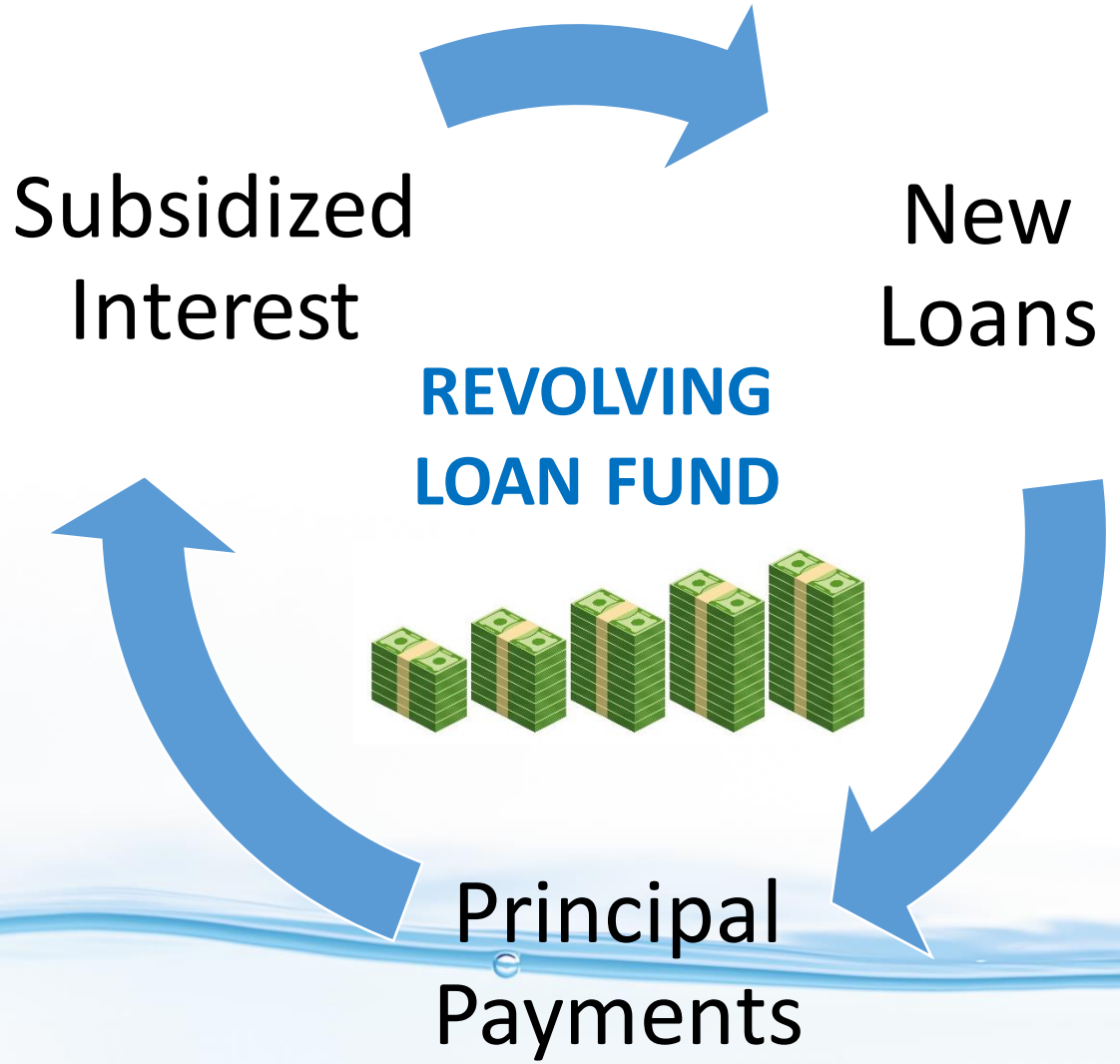
The State Revolving Fund



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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

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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

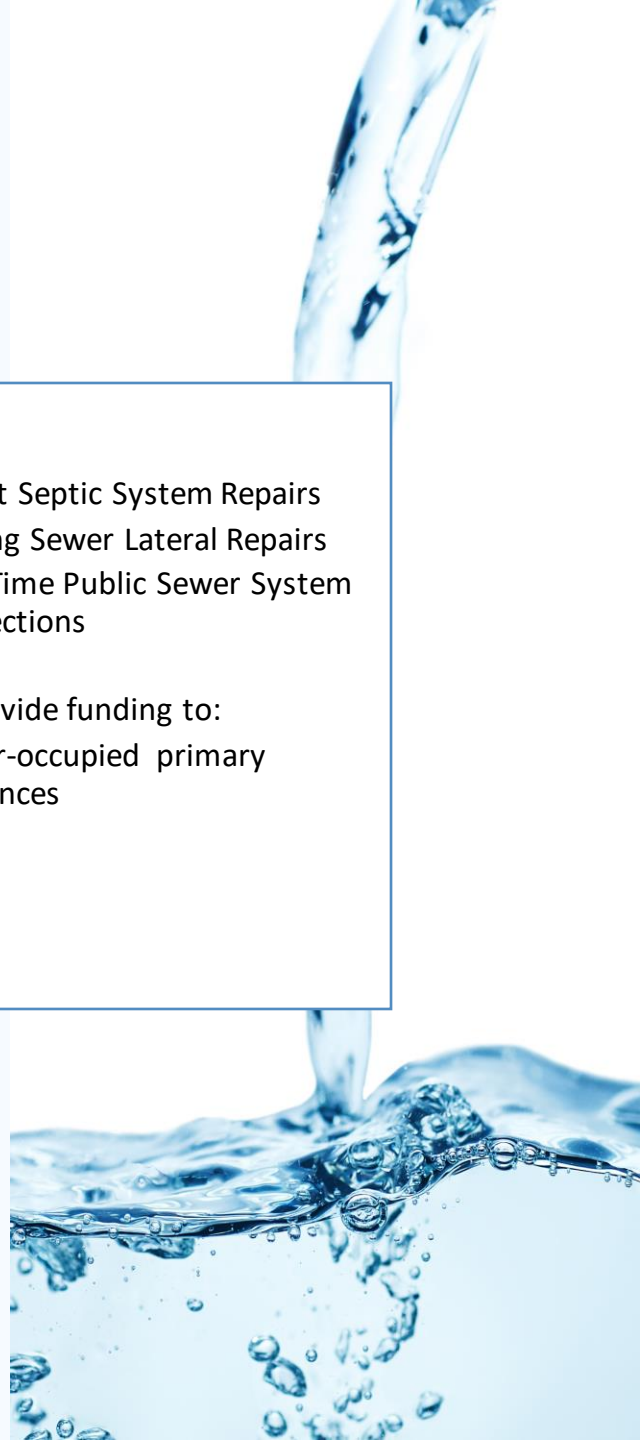
Residential

- 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



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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

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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

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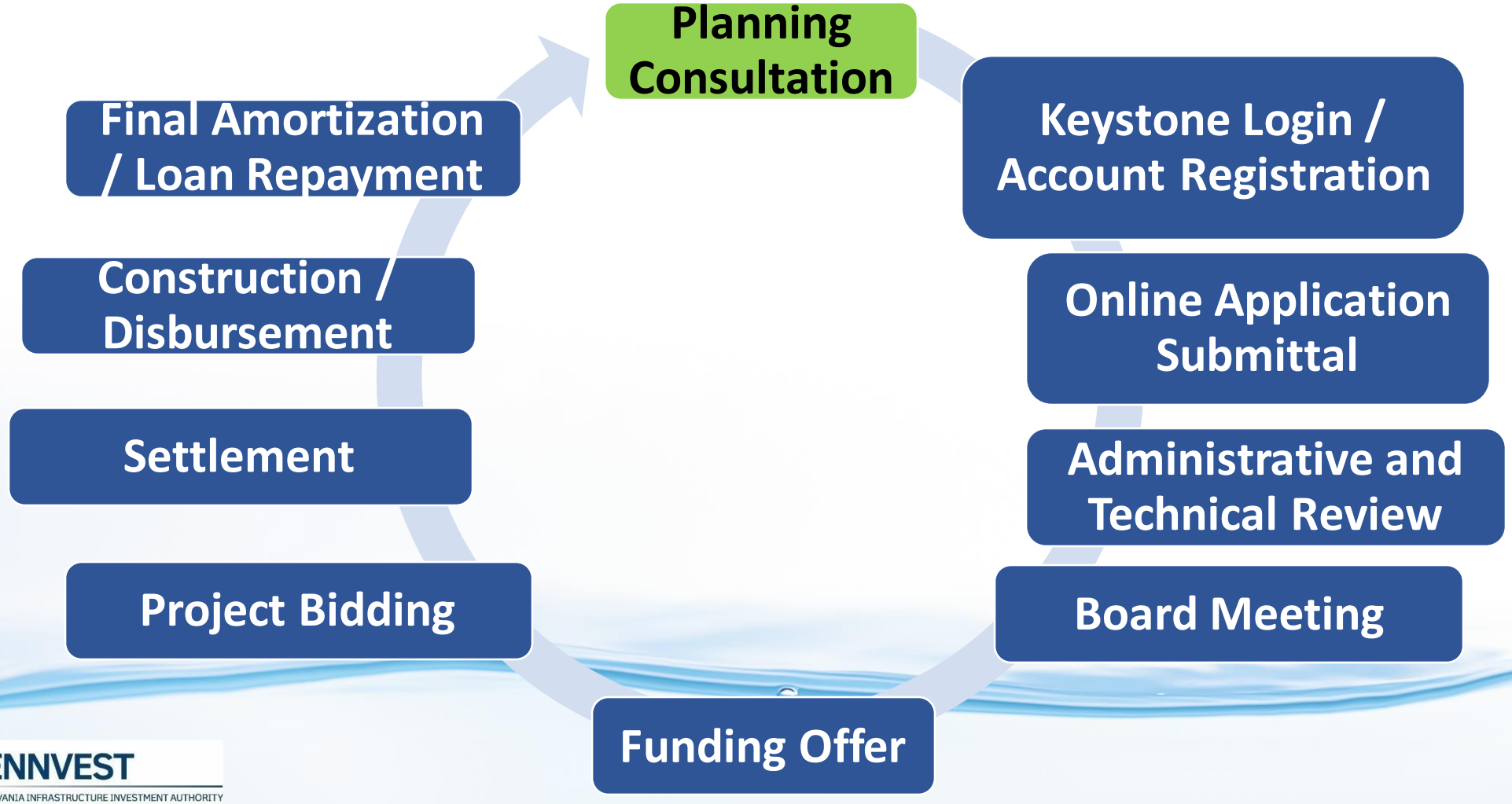
Stormwater-related projects are capped at $10 million, regardless of number of municipalities served.

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



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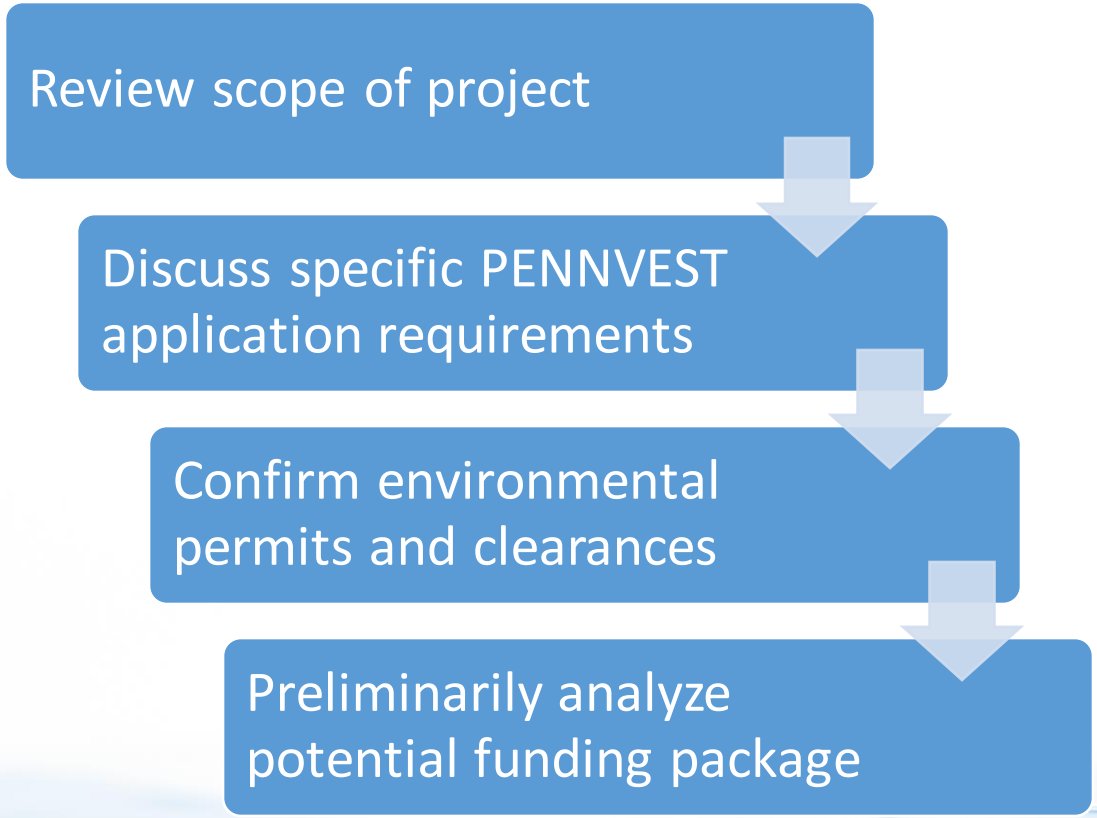
Planning Consultation

- 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



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

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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.

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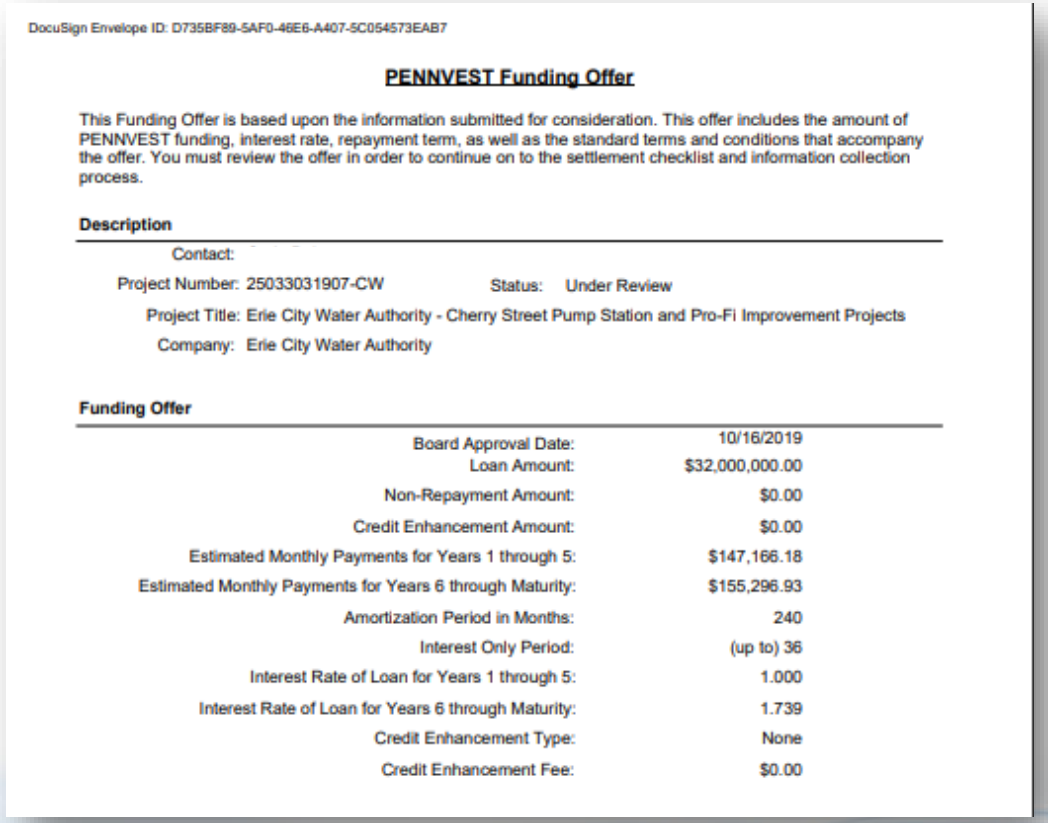
Rate Calculations

- 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

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The funding source and regulatory requirements will be detailed in your funding offer – read it closely!

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**

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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

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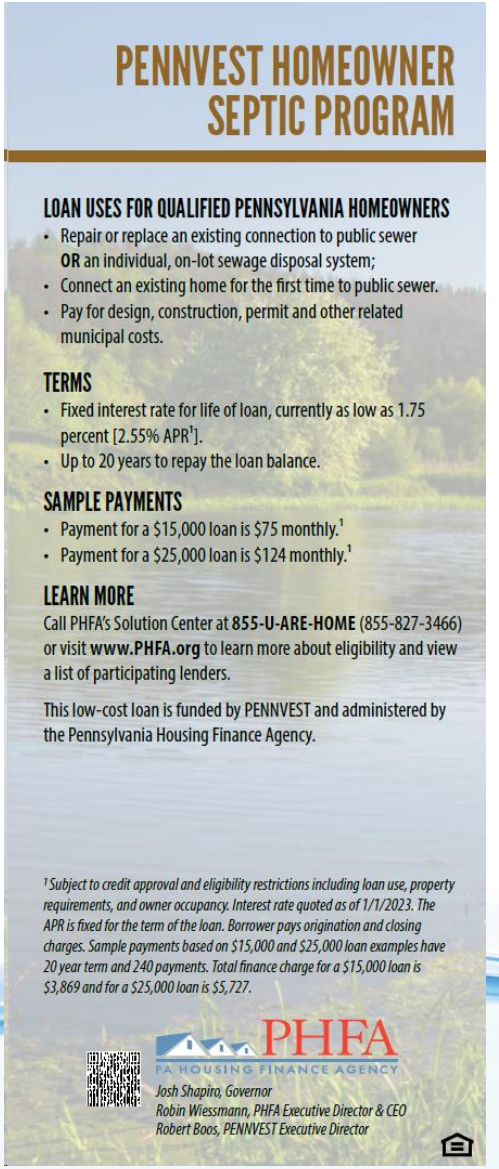
Targeted Funding Programs

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[1]].
- 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.

PHFA
PA HOUSING FINANCE AGENCY

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

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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.

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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

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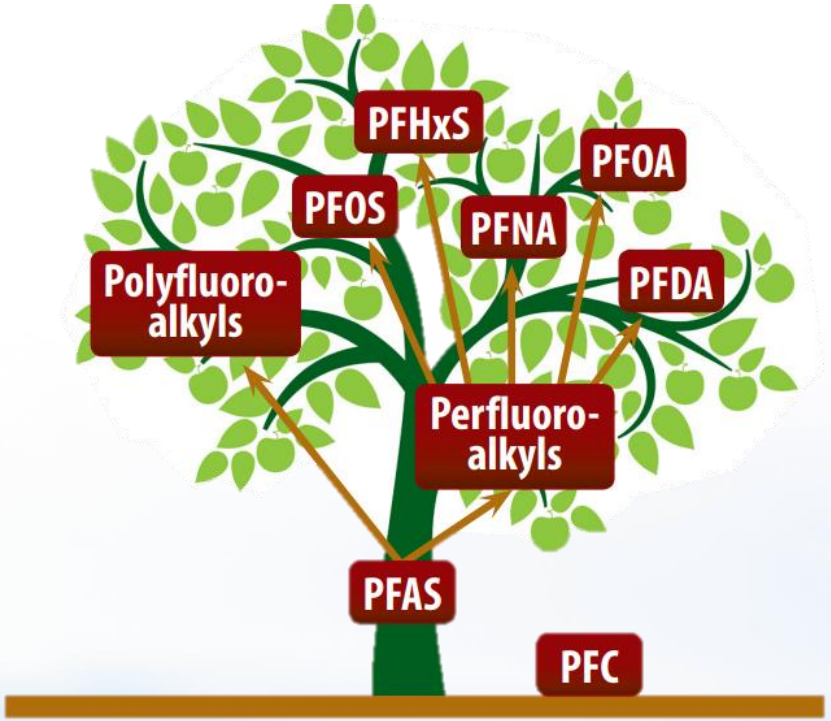
Emerging Contaminant Funding

- **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.



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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.

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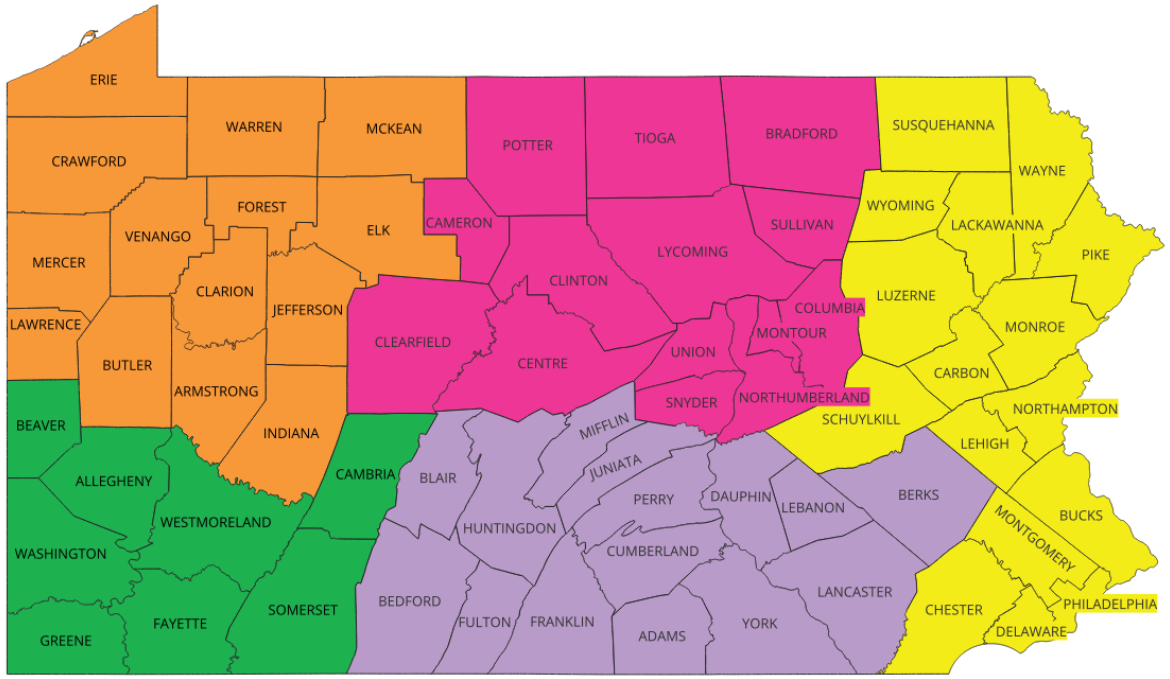
PENNVEST Regional Contacts



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

pennsylvania
Office of Transformation
& Opportunity

OFFICE OF TRANSFORMATION & OPPORTUNITY

May 14, 2024

Lehigh Valley General Assembly

Michelle Tarquino

Transportation Coordinator

“

I’ve heard from business and labor leaders across the Commonwealth – **government needs to work more quickly and figure out a way to get to yes**. Today, we are making clear that Pennsylvania is open for business, and that we are going to be leaders in economic growth, job creation, and innovation.

GOVERNOR JOSH SHAPIRO

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& Opportunity

The Four Pillars of our Office

1. **Be the Front Door**

2. **Measure what Matters**

3. **Support Long Term Strategy**

4. **Drive Structural Reform**

Permitting reform is underway

Shapiro's money-back guarantee for Pa. permits, licenses is working

Updated: Mar. 06, 2024, 6:04 p.m. | Published: Mar. 06, 2024, 5:54 p.m.

- Catalogued 2400 Permits
- Classified issues as HR, IT, Leg, Reg or Process Improvements
- Filled many open permitting positions
- Agencies implemented process improvements
- Code PA stood up PAyback (money back guarantee)
- Working with OGC to fix Leg and Regs

The Four Pillars of our Office

1. The Front Door

Serve as a single point of contact for businesses as they navigate complex projects that require coordination amongst multiple state agencies.

2. Measure what Matters

Develop data dashboards to measure KPIs for the Governor's Office as part of a comprehensive Performance Management System.

The Four Pillars of our Office

3. Support Long Term Strategy

Ensure a competitive PA by supporting the Economic Development Strategy and standing up CEO Councils to ensure an ongoing dialogue with the business community.

4. Drive Structural Reform

Address bottlenecks with both immediate support and long term regulatory and legislative reform, from permitting to procurement.

PENNSYLVANIA
GETS IT DONE.

Economic Development Strategy

Economic Development Strategy

PENNSYLVANIA GETS IT DONE.

Why Pursue This?

Nearly 20 years since PA last published a plan.

- Position Pennsylvania as a premier state to do business
- Build a stronger Pennsylvania that works for all the residents, businesses, and entrepreneurs

pennsylvania
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

Economic Development Strategy

Goals

PENNSYLVANIA GETS IT DONE.

Invest in Our Economic Growth to Compete

Make Government Work at the Speed of Business

Open Doors of Opportunity for all Pennsylvanians

Innovate to Win

Build Vibrant and Resilient Regions

Economic Development Strategy
Priority Sectors

PENNSYLVANIA GETS IT DONE.

Pennsylvania has identified five priority sectors through analysis of existing competitive advantages, growth potential, size of existing employment base, and average wages.

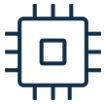
These sectors represent opportunities for the commonwealth to accelerate its leadership in growth industries and sustain competitive advantages in key industries that support large job bases.

Agriculture

Energy

Life Sciences

Manufacturing



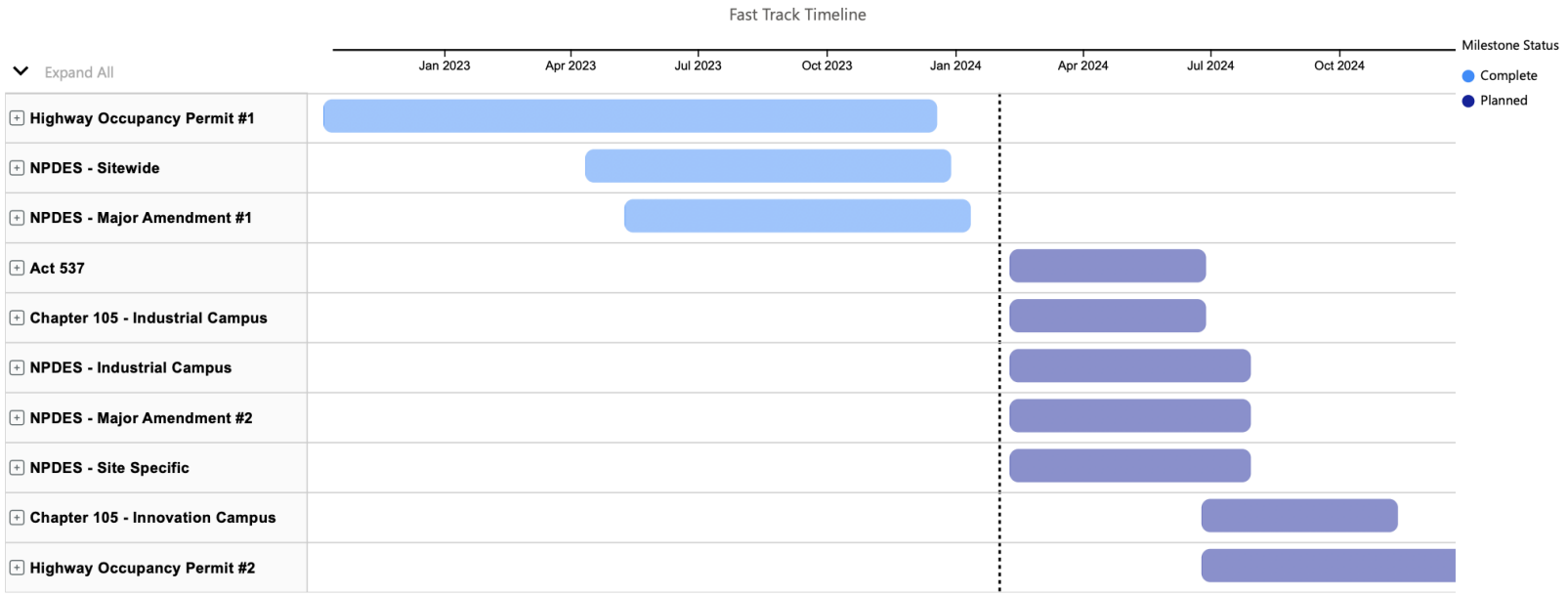
Robotics and Technology

PERMITTING

Permitting reform is underway

- Technological change
  - Overhauling age-old systems
- Process change
  - Setting targets alongside agencies to streamline permit approval processes
- Cross-agency collaboration
  - Anticipating roadblocks and working across agencies to overcome them

Creating a permit **Fast Track** for high-impact projects



Goals

- Coordinate permitting timelines across agencies
- Expedite key permits
- Create transparency and visibility
- Anticipate roadblocks

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