

6.1 CONSISTENCY EVALUATION

In addition to obtaining consistency with municipal objectives, it is important to evaluate the consistency between the wastewater management alternatives selected in this Plan and the objectives of county, state, and federal policies and plans. As required by the Pennsylvania Sewage Facilities Act, this Plan is evaluated for consistency with each of the following policies and plans.

6.1.1 Comprehensive Plans

As identified in Chapters 1 and 4, the Strasburg Region Comprehensive Plan was completed in 2006. This document was reviewed and utilized during the formulation of this Plan. Future Land Use Plans and population records for Strasburg Township as identified in the Township's Comprehensive Plan are presented in Chapter 4. Although the Comprehensive Plan states that sewer and water services are not anticipated to be required in the Township due to its low density growth characteristics, and private water wells and on-lot disposal systems would continue to be the primary means of sewage disposal in the Township, it also states that majority of development is expected and encouraged to occur within the DGAs for accessibility to public water and sewer.

All wastewater management alternatives evaluated in this Plan have been developed based on a desired consistency with the *Strasburg Region Comprehensive Plan* in that low density areas will continue to use on-lot disposal systems as a primary means of sewage disposal. In addition, alternatives for public sanitary sewer was evaluated based on malfunctioning OLDS in the Study Areas and were evaluated based on projected growth where higher density development is planned and expected within the DGAs. Alternatives developed in this Plan will meet the goals of the Comprehensive Plan related to sewage facilities.

The Plan is also consistent with the Lancaster County Comprehensive Plan. Specifically, the Plan is consistent with the *Functional Elements* component for evaluation of feasible, environmentally sound wastewater management alternatives that will meet the goals of the county and local comprehensive plans. Lancaster County discourages the provision of public sewer service to rural areas and to the agricultural security area outside of villages and the DGAs in an effort to preserve the agricultural landscape. None of the alternatives selected for implementation by the Plan are considered inconsistent with the Lancaster County Comprehensive Plan, whereas the public sewage facilities were evaluated for the Village of Refton and DGAs within the Township.

6.1.2 Municipal Wasteload Management Plans Under Chapter 94

Strasburg Township does not own, operate, or maintain any community wastewater collection/treatment system at this time.

6.1.3 Plans Developed Under the Federal Clean Streams Law, Water Quality or Clean Water Acts

In addition to the Chesapeake Bay Tributary Strategy, the United States Environmental Protection Agency (EPA) issued a final Nutrient and Sediment Total Maximum Daily Load (TMDL) in the Pequea Creek Watershed on April 9, 2001. Pequea Creek was identified as impaired by nutrients and sediment from agricultural and urban/residential land uses under Section 303(d) of the Clean Water Act (CWA) in 1996 based on an aquatic biological survey performed by the Susquehanna River Basin Commission (SRBC) in 1985. Section 303(d) of the CWA and its implementing regulations require a TMDL be developed for those water bodies identified as impaired by the state where technology-based and other controls will not provide for attainment of water quality standards.

The TMDLs were developed to address the impairments caused by excess sediment and nutrients (Total Nitrogen and Total Phosphorus) in waters of the Pequea Creek. The proposed reductions in nitrogen, phosphorus, and sediment loadings all come from agricultural areas and from urban runoff from developed areas. PADEP has endorsed the implementation of Best Management Practices (BMPs) throughout the Pequea Creek watershed for achieving the TMDL limits.

The wastewater treatment system proposed to serve the Refton Study Area is proposed to discharge effluent water to in-ground drainage beds thereby eliminating a new discharge to the Pequea Creek. The Creekview Study Area would connect to the existing SBA system which is conveyed to the City of Lancaster AWWTF, where wastewater is treated and discharged to the Conestoga River. Future connections to the Hershey Farm PWWTF from the SR 896 DGA would not result in an increase to the existing capacity of the PWWTF. Therefore this Plan is consistent with the TMDL for the Pequea Creek as well as the Chesapeake Bay Tributary Strategy.

6.1.4 Antidegradation Requirements Contained in Chapters 93, 95, and 102

The implementation of any of the alternatives identified in this Plan would not result in a conflict with the regulations of Chapter 93, Water Quality Standards; Chapter 95, Wastewater Treatment Requirements; or Chapter 102, Erosion and Sediment Control. The proposed wastewater treatment system to serve the Refton Study Area will be designed in accordance with all applicable regulations and will require Water Quality Permitting consistent with applicable water quality standards. No new surface water discharges are proposed by the recommended alternatives of this Plan. Existing discharges from the Hershey Farm PWWTF and the City of Lancaster's AWWTF currently comply with the established water quality criteria contained in the respective NPDES permit and are anticipated to remain in compliance with the criteria if any of the alternatives developed for this Plan are implemented.

It is expected that the construction of a public sanitary sewer system serving the Refton Study Area and the Creekview Study Area will enhance water quality in the Township by reducing the number of active, improperly functioning OLDS. Any sanitary sewer system constructed within Strasburg Township will have a soil and erosion sedimentation control plan prepared and submitted to the Lancaster County Conservation District as part of the preliminary design stage of the projects. The Soil and Erosion Sedimentation Plans will include Best Management Practices for controlling erosion and sediment pollution in the project areas in accordance with requirements of Chapter 102 of the Pennsylvania Code.

6.1.5 Pennsylvania's Watershed Implementation Plan and State Water Plan

The alternatives proposed in this Plan are consistent with Pennsylvania's Watershed Implementation Plan (WIP) and State Water Plan. Strasburg Township currently does not own a wastewater treatment plant which discharges treated effluent to a waterway tributary to the Chesapeake Bay.

Public sewage generated as a result of the Creekview Study Area will be conveyed to the City of Lancaster AWWTF for treatment and disposal to Conestoga Creek, a tributary to the Chesapeake Bay. Implementation of the public sewer extension serving the Creekview Study Area will result in a minimal increase in sewage flow conveyed to the City of Lancaster AWWTF. The City of Lancaster NPDES Permit includes nutrient cap loads that will not be affected by connection of the Creekview Study Area.

As previously identified, the proposed wastewater treatment system to serve the Refton Study Area will discharge effluent water to in-ground drainage beds for final treatment and disposal.

Therefore, it is not anticipated that any of the alternatives recommended by this Plan will result in failure to meet the requirements of the TMDL limitations.

6.1.6 Pennsylvania's Prime Agricultural Land Policy

Map 4 contained in Appendix H displays the location of Prime Agricultural Soils in Strasburg Township. As identified in Map 4, prime agricultural soils are located within the Refton Study Area and the DGAs of the Township. Construction of any proposed sanitary sewer system for this area will result in minimal disturbance of these soils, if any, as new sewer facilities will be constructed mainly within existing Township roadway rights-of-way in areas that have already been disturbed during building construction; however, approval from the Agricultural Land Condemnation Approval Board may need to be secured. Therefore, this Plan is considered consistent with the Prime Agricultural Land Policy.

6.1.7 Stormwater Management Plans Approved by the Department

Stormwater management is dictated by the Lancaster County *Subdivision and Land Development Ordinance*. There are no inconsistencies with the Ordinance in regards to stormwater management as a result of implementation of this Plan. It is anticipated that the proposed wastewater collection, conveyance, and treatment system to serve the Refton Study Area will require a NPDES Permit for Discharges of Stormwater Associated with Construction Activities.

6.1.8 Wetland Protection

Based on the National Wetlands Inventory mapping (see Map 2 in Appendix H), none of the alternatives proposed will adversely impact those areas designated as wetlands throughout the Township. Subdivision plans, including construction of sanitary sewage facilities, are reviewed for wetlands encroachment with respect to current DEP regulations.

6.1.9 Protection of Rare and Endangered Plant and Animal Species

A Pennsylvania Natural Diversity Inventory (PNDI) Project Environmental Review was conducted for the Refton Study Area, Creekview Study Area, and the S.R. 896 DGA. Based on this review, a request to the Pennsylvania Fish and Boat Commission was submitted for the Refton Study Area. A Copy of this request and the appropriate responses are provided in Appendix E.

6.1.10 Pennsylvania Historic Preservation Act

A Cultural Resource Notice request and supporting documentation was sent to the Bureau of Historic Preservation for a list of known historical sites and identification of potential impacts on known archaeological and historic sites within Strasburg Township by implementation of the recommended alternatives. Copies of the request and PHMC correspondence are included in Appendix E.

6.2 PENNVEST CONSISTENCY

Because this Plan proposes the possible use of PENNVEST funds including both grants and low-interest loans, the following social, recreational, and environmental issues must be considered in addition to the issues identified above.

6.2.1 Recreation and Open Space

Strasburg Township has purchased available land in anticipation for the need to provide a site for a wastewater treatment system to serve the Refton Study Area. As a result, the Township has created additional open space used for farming (open-space) and recreational opportunities.

6.2.2 Air Quality

With the exception of the minimal dust and exhaust during the construction of any sanitary sewer facilities the proposed projects will not create any significant impacts on air quality.

6.2.3 Fish and Wildlife

The elimination on-lot malfunctions from the Refton Study Area and the Creekview Study Area to surface waters in the Township will have a positive impact on aquatic life. None of the recommendations proposed by this Plan are anticipated to have negative impacts on fish and wildlife.

6.2.4 Wild and Scenic Rivers

There is no Pennsylvania or Federally designated Scenic Rivers in Strasburg Township according to the Pennsylvania Scenic Rivers Program.

6.2.5 Coastal Zone Management

There are no coastal areas within Strasburg Township.

6.2.6 Socio-Economic Impacts

The availability of public sewer service in Strasburg Township is anticipated to improve community viability, protection of public health, and secondarily to protect property investments with the Village of Refton and Creekview Lane.

6.2.7 Water Supplies

Water supplies, both public and private, will not be negatively impacted by the recommended alternatives of this Plan. In fact, water supplies will be positively impacted through elimination of pollution entering existing groundwater sources from existing malfunctioning OLDS and greywater discharges.

6.3 WATER QUALITY STANDARDS

The wastewater management alternatives identified and evaluated in Chapter 5 were selected based on their ability to provide adequate collection, conveyance and treatment of wastewater generated in Study Areas throughout Strasburg Township.

Implementation of the public sewer extension serving the Refton Study Area will require a new public wastewater treatment system; however, the recommended treatment alternative for the Village of Refton does not discharge to the surface waters of the Commonwealth. Implementation of the public sewer extension serving the Creekview Study Area will not require new public wastewater treatment facilities as wastewater from this area is proposed to be conveyed to the SBA collection and conveyance system with treatment at the City of Lancaster AWWTF.

6.4 COST ANALYSIS

Estimates of probable construction costs and overall project costs for public sewer extensions to each of the Study Areas were presented in the Tables provided in Chapter 5. These costs, as well as estimated operation and maintenance costs, and present worth costs for each alternative are summarized in Chapter 5. Please refer to Chapter 5 for the detailed cost estimates for each alternative.

The cost estimates presented in Chapter 5 are first level cost estimates appropriate for planning level detail and should not be considered as final costs for financing purposes.

6.5 FUNDING ALTERNATIVES FOR STUDY AREAS AND S.R. 896 DESIGNATED GROWTH AREA ALTERNATIVES

DEP guidelines for the preparation of Act 537 Plans specify that an analysis of funding methods available to finance the proposed alternatives must be undertaken for those facilities needed within five years from the date of Plan approval. The proposed public sewer facilities serving the Refton Study Area is the only public sewer facilities required in the Study Areas within the next five years. According to DEP, the Creekview Study Area warrants a designation as a future (10 year) sewer service area. The S.R. 896 DGA will continue to utilize OLDS for sewage disposal and will rely on continued repair and replacement of malfunctioning systems and continue to enforce the Township's On-lot Management Ordinance for proper maintenance. In the case of new development in the S.R. 896 DGA, public sewer facilities shall be provided by the developer allowing connection of existing properties.

Initial design and construction costs represent the most significant investment the Township will be required to make in providing public sewer service to the Study Areas. The annual operation and maintenance costs of the facilities that are proposed to be constructed to serve these areas must also be considered when evaluating the economic feasibility of the proposed alternatives. The largest portion of the annual operating budget will be debt service from the initial design and construction.

The most significant challenge for a viable public sewer project is identification of a financing plan that is affordable to residents and businesses affected by the project. The revenue needed to plan and construct a public sewerage project can be separated into two (2) general categories. The first category, referred to as up-front revenues, is the total revenue that can be reasonably collected in the initial stages of the project. Up-front revenues typically consist of reserved local funds, government grants, developer contributions and capital charges fees. Up-front revenues are used to offset the costs of planning, designing, and constructing the project. In most cases, these revenues are insufficient to cover the total costs of the project and additional revenue is needed. The second category of revenue is financing, which consists of the additional revenue needed to pay for the remainder of the project. Several options are available for financing, including government grants or loans, private loans, or bond issues.

6.5.1 Sources of Up-Front Revenue

It is critical for Strasburg Township to obtain as much up-front revenue as possible to construct the recommended structural alternatives serving the Refton Study Area and Creekview Study Area in order to reduce the total amount of the project that must be financed. In the past, there were several federal programs that provided grants for these types of projects. Over the years, these programs have been gradually eliminated as the federal government has transferred most of the financial responsibility for these programs to the state and local level. Consequently, competition for these funds is keen and the majority of grant money is generally funneled to the most economically distressed communities. As a result, most up-front revenue is now generated locally through connection and tapping fees as well as contributions by land developers. A summary of the various sources of up-front revenue the Township should consider in the construction of public sewers serving the Refton Study Area and Creekview Study Area is provided as follows:

Pennsylvania Infrastructure Investment Authority (PENNVEST) Grant

The PENNVEST program was established by the Pennsylvania State Legislature to address the health risks posed by inadequate water and wastewater facilities within the Commonwealth. The principle mission of the PENNVEST program is to provide financial assistance for projects that protect the public health and promote economic development in Pennsylvania. Since its inception, this program has developed into primarily a low cost revolving loan program. Grants are rare and are only made when PENNVEST has determined that the financial condition of the recipient is so poor that the repayment of a loan is unlikely, and that the project will not be able to proceed without a direct grant. The Growing Greener Initiative has allowed PENNVEST to allocate greater amounts of loans and grants for infrastructure development projects making them more affordable for the users who ultimately must pay for them.

Recent initiatives by the current administration have indicated a priority of funding toward infrastructure projects tied to economic development.

Rural Utilities Service (R.U.S.) Grant

The R.U.S. program was established by the United States Department of Agriculture (USDA) to help rural utilities expand and keep their technology up to date. Within R.U.S., Water and Environmental Programs (WEP) provides grants to reduce water and waste disposal costs to a reasonable level in rural areas and cities and towns of 10,000 or less. Grants may be made for up to 75 percent of eligible project costs in some cases.

Developer Contributions

Contributions by land developers are becoming a relatively common source for up-front revenue. The funds provided by the developer are directly related to the benefits that the development will derive from the use of the public facilities. In some cases, the developer may actually construct the necessary improvements at his expense and then transfer ownership of the improvements to the local municipality. In other cases, in lieu of actually constructing the improvements, the developer may make a cash payment to the municipality to offset a portion of the costs for the improvements. Developer contributions are not expected to be likely sources of up-front revenue for public sewer facilities serving the Study Areas.

Capital Charges Fees

Capital charges fees or tapping fees are an equitable means by which a system can assess a portion of the capital costs of constructing the new facilities to all users of the proposed system. The imposition of these fees is based upon the concept that all users of the system derive a benefit from this use, and that the costs of this benefit should be allocated among all users without prejudice or penalty. Tapping fees are usually based on a measure of the total flow contributed by the service connection or lateral.

PA Act 57 of 2003 contains extensive provisions regarding calculation and types of fees that may be charged by municipalities and authorities. Each community must establish its own fee criteria in accordance with this Act. Capital charges fees are an established method for raising up-front revenue and would be an appropriate part of the financing plan for public sewer facilities serving the Study Areas.

One point to keep in mind when establishing connection and tapping fees is that such fees have the greatest financial impact on residents of existing homes in areas such as the Refton and Creekview Study Areas. Unlike new residential development construction where the connection and tapping fee costs are included in total construction costs and financed accordingly, existing residents in the Study Areas must pay these fees from their own resources or by securing a loan from a local bank. In addition to these fees, the residents must also pay the costs to extend a sewer lateral from the lateral stub provided by the Township to the point of interconnection with the building sewer. These costs may present a financial hardship for some residents and the Township should consider a program that addresses this situation by providing alternate payment schedules and funding assistance to those residents exhibiting the greatest need.

6.5.2 Sources of Financing

After all sources of up-front revenue have been identified, a reasonable forecast of the anticipated total revenue can then be made. Once the total amount of this up-front revenue is known, the amount of the project that must be financed can then be determined. There are several alternatives available for financing the construction of public sewers which would serve the Study Areas. Not all of these alternatives are equally suitable for application to the project. The choice of a financing method varies from project to project, and is dependent upon the financial specifics of each situation and the amount to be borrowed. A summary of the various means of financing the public sewer facilities for the Study Areas is provided as follows:

Pennsylvania Infrastructure Investment Authority (PENNVEST) Loan Program

The PENNVEST program offers below market interest financing for financing sewer projects in the Commonwealth of Pennsylvania. The PENNVEST Authority may receive funds from the following sources:

1. State funds appropriated to the Municipality.
2. Federal funds appropriated to or granted to the State or Municipality.
3. Proceeds from the sale of bonds.

PENNVEST is also required to establish a Water Pollution Control Revolving Fund, which is administered in accordance with the requirements of the Water Quality Act of 1987. PENNVEST's Board may also establish non-revolving funds and accounts. The monies deposited with PENNVEST as repayment of the principal and interest due on loans issued from the program are used to pay PENNVEST's indebtedness. The criteria considered by the PENNVEST Board when evaluating applications is summarized as follows:

1. The project's ability to improve the health, safety, welfare, or economic well being of the citizens of the Commonwealth.
2. The project's ability to lead to an effective or complete solution to the problems of the system and bring it into compliance with state and federal regulations.
3. The cost-effectiveness of the proposed project when compared with other alternatives.
4. The consistency of the project with state and regional resource management and economic development plans.
5. Demonstration of the applicant's ability to operate and maintain the project in the proper manner.
6. The ability to promote consolidation of water and wastewater systems where consolidation would provide more effective service of the customers.
7. The availability of other sources of funds at reasonable rates to finance all or portions of the project.

Interest rates for PENNVEST loans typically range from 1 to 6 percent based on community need as judged by the PENNVEST Board. This loan may cover the entire project costs or only a portion of the total costs at the discretion of PENNVEST, and based on community need. Applications are received and funding granted four times per year.

PENNVEST financing offers several advantages in addition to below-market interest rates and possible grants. For example, PENNVEST funding is available to pay for engineering and planning costs prior to the completion of the final design under their advance loan procedure. Construction inspection costs are also eligible under the PENNVEST program. Participation in this program does, however, impose additional responsibilities upon the municipality. Good accounting and administrative procedures must be followed and the use of funds from this program is subject to audit at any time by the State Comptroller's office. Additionally, PENNVEST relies on PA DEP to evaluate the cost effectiveness of the proposed project and verify that PENNVEST funds are being utilized in the appropriate manner. PA DEP will conduct occasional

site visits on PENNVEST's behalf and they also provide input to PENNVEST on whether or not to approve payment for changes made during construction.

In order for PENNVEST to maximize the use of its funds, public sewer projects must meet federal requirements as well as state requirements since PENNVEST receives funds from the federal government to capitalize the Water Pollution Control Revolving Loan Fund. In addition to an approved Act 537 Plan, the following additional planning assessments and investigations must be completed (see Section 6.2):

1. Assessment of innovative and alternative technologies.
2. Investigation of open space and recreational opportunities in conjunction with the public sewer project.
3. Alternative evaluation that provides thorough justification for the selected alternative.
4. Environmental assessment to assure that the project complies with the Water Quality Act and will undergo a review in accordance with the National Environmental Policy Act (NEPA).
5. Public participation.

Other special requirements of the PENNVEST program include the following:

1. A value engineering review of all projects having an estimated treatment works construction cost exceeding \$10 million to verify that the proposed work is cost-effective.
2. The applicant must have an adequate user charge system, sewer use ordinance, and financial capability. The applicant must demonstrate sufficient legal, institutional, managerial, and financial capability to construct, operate, and maintain the proposed project.
3. The applicant must comply with the federal Davis-Bacon Act regarding labor wage rates.
4. The applicant must comply with MBE/WBE/DBE affirmative action steps.
5. One year after the completion of construction and the initiation of operation, the applicant must certify that the treatment facility meets all design specifications and effluent limitations stipulated in its operation permit.

To initiate a request for PENNVEST financial assistance, an application form must be completed. The information provided in this application would be the basis by which PENNVEST makes its decision on whether the project is eligible for funding.

The decision to seek PENNVEST funding must be analyzed on an individual basis depending on the terms and interest rate of the loan. If a decision is made to seek PENNVEST funding, the Township must be prepared to comply with the regulatory requirements that are inherent to the program.

Rural Utilities Service (R.U.S.) Loan Program

The R.U.S. Loan Program makes funding available for the development of water and waste disposal systems in rural areas and towns with a population not in excess of 10,000. The funds are available to public entities such as municipalities, counties, special-purpose districts, Indian tribes, and corporations not operated for profit. R.U.S. also guarantees water and waste disposal loans made by banks and other eligible lenders.

Three interest rates are used. They are set periodically based on an index of current market yields for municipal obligations. The rates are as follows:

1. The *Poverty Rate* interest rate applies when:
 - a. The primary purpose of the loan is to upgrade existing facilities or construct new facilities required to meet applicable health or sanitary standards; and
 - b. The median household income (MHI) of the service area is below the poverty line for a family of four¹ or below 80 percent of the Statewide Nonmetropolitan MHI (SNMHI).
2. The *Market Rate* is set quarterly based on the average of the “Bond Buyer” 1-Bond Index over a four week period prior to the beginning of the quarter. It applies to loans for projects where the MHI of the service area exceeds the SNMHI.
3. The *Intermediate Rate* is the poverty rate plus half of the difference between the poverty rate and the market rate, but not to exceed 7 percent. It applies to loans that do not meet the criteria for either the poverty rate or the market rate.

The law authorizing the R.U.S. program allows a maximum repayment period of 40 years; however, the repayment period cannot exceed the useful life of the facilities financed or any statutory limitation on the applicants borrowing authority.

To initiate a request for R.U.S. financial assistance, an application form must be completed and filed with the USDA Rural Development office serving the applicant’s area. The information provided in this application would be the basis by which R.U.S. makes its decision on whether the project is eligible for funding.

Municipal Bond Issue

There are several types of bonds; some are taxable and some are tax-exempt. The general classification of municipal bonds usually refers to tax-exempt bonds. There are three types of municipal bonds generally used to finance public works projects:

1. *General Obligation Bonds* are tax-free bonds that are secured by the pledge of the full faith, credit, and taxing power of the issuing municipality. This means that this type of bond is backed by all of the taxes on real estate and personal property within the jurisdiction of the issuing municipality. It involves minimum risk to the investor and, therefore, can be issued at a lower rate of interest than other types of bonds.

2. *Dedicated Tax Bonds* are payable only from the proceeds from a special tax and they are not guaranteed by the full faith, credit, and taxing power of the issuing agency. An example of a special dedicated tax is the special assessment against property, which is adjacent to, and the principal beneficiary of the improvement. The gasoline tax used to finance highway construction is another example.
3. *Revenue Bonds* are payable from revenues derived from the use of the improvement such as tolls, sewer bills, or rent paid by users of the improvement and do not otherwise represent an obligation of the issuing municipality. Revenue Bonds are not ordinarily subject to statutory or constitutional debt limitations. They are often issued by commissions, authorities, and other public agencies created for the specific purpose of financing, constructing, and operating essential public projects.

Typically, municipal bonds are sold to an investment-banking firm, which then resells the bonds to individual investors. The advantage of municipal bonds to the investor is their tax-free status. A bond discount (a percentage of the total bond issue) serves as the investment banker's commission. Before bonds are sold, they must be rated on the basis of the risk to the investor by a rating agency such as Standard and Poor's or Moody's. The higher the rating, the lower the risk to the investor and, consequently, the lower the interest rate that must be paid on the bond. The legal instrument that sets forth the rules that must be observed by the issuing agency is the Trust Indenture. The Trust Indenture is prepared by the Bond Counsel and must be printed along with the bonds. Due to specific requirements as to the denominations of the bonds and the methods and materials used to print the bonds and Trust Indenture, the printing costs can be substantial. A Trustee is required to administer the bond issue and ensure the terms of the Trust Indenture are observed. For these services, the Township will incur an annual Trustee fee.

Interest rates on bond issues vary depending upon market trends, the rating of the issuing agency, and other factors. The longer the repayment period is extended the lower the annual debt service and the higher the total amount of interest that must be paid.

A municipal bond issue offers the advantage of long-term fixed rate financing and the opportunity for local investment. The financing arrangement and approval period is shorter than what it is with the PENNVEST program and the Township would retain more flexibility for future borrowing. The disadvantage of a municipal bond issue is that the interest rates are often higher than the PENNVEST interest rates. Since there are no grants involved, the cost of the bond issue is 100 percent locally funded. The additional costs incurred to prepare the Trust Indenture, pay the Trustee Fees, fund the cover percentage, and to establish a Debt Service Reserve Fund must also be considered. The financial services costs associated with the issuance of a municipal bond issue are also much higher than the costs for PENNVEST funding.

Bank Loan

Because of favorable interest rates, bank loans can be a viable source for funding small to medium sized public works projects. As a general rule, they are not available for projects \$10 million or greater, and the attractiveness of the terms of the loan may vary depending upon the bank and the amount of money to be borrowed. The interest rate available from banks varies depending upon market conditions; however, the rate available to municipalities will generally be at a discount due to the tax advantages received by the bank.

¹ As defined in Section 673 (2) of the Community Services Block Grant Act (42 U.S.C. 9902 (2)).

Terms and conditions of bank loans vary in a manner similar to personal loans and home mortgages.

The principle advantage of a bank loan is that it can usually be obtained at a favorable interest rate without the cumbersome requirements of a bond issue. The financial service costs associated with obtaining the loan are also much less than for a similar bond issue. Since these financial service costs are generally included in the total project costs, the impact of these charges on the overall project costs can be minimized. Another advantage of the bank loan is that it does not have restrictive coverage requirements, trustee fees, and Trust Indenture preparation charges, as does a bond issue.

6.6 FUNDING ALTERNATIVES FOR INDIVIDUAL ON-LOT SEWAGE DISPOSAL SYSTEMS

It is the recommendation of this Plan that existing areas of the Township currently served by OLDS continue to rely on those systems for sewage disposal until such time that public sewer facilities become available.

The Pennsylvania Infrastructure Investment Authority (PENNVEST) has teamed with the Pennsylvania Housing Finance Agency (PHFA) and the DEP to develop a special funding program to provide low cost financing for the improvement, repair or replacement of individual on-lot sewage disposal systems. This program is available to all citizens of the Commonwealth who meet the eligibility requirements. General requirements are presented below, but applicants will need to determine their eligibility on a case-by-case basis.

- Family Income - must not exceed 150 percent of the statewide median household income, adjusted annually for inflation.
- Credit Worthiness – financial ability to repay the loan.
- Loan Amount – maximum of \$25,000.
- Project Type – rehabilitation, improvement, repair or replacement of an existing system located on a single family, owner occupied property which is the primary residence of the owner.
- Project Location – all areas eligible unless a community wastewater collection and treatment system is either in place or will be constructed in the next five years.
- Project Costs – construction fees and costs, permit fees, loan origination fees and legal fees.
- Documentation – all applicable permits, verification from your local municipality that a community wastewater disposal system neither exists nor is planned in the next five years, income and other credit information.
- Timing – construction may not begin until after approval of the loan.

6.7 PHASED IMPLEMENTATION

As previously stated, the construction of public sewers to serve the Refton and Creekview Study Areas is necessary to protect the public health, improve water quality, and implement planned and suitable growth within the identified areas. In order to construct the public sewers as identified in the recommended structural alternatives, assuming funding is secured, a likely program for the construction of the public sewers to serve the Refton and Creekview Study Areas, as recommended by this Plan, would be as follows:

1. Negotiate an inter-municipal agreement with SBA for the collection and conveyance of wastewater flows from Township residents located in the Creekview Study Area.
2. Identify and pursue additional funding opportunities as necessary for the remaining financing of the Refton and Creekview Projects.
3. Design, permit, and construct Strasburg Township public sewers and treatment facility to serve the Refton Study Area identified as Alternative 1A.

6.8 ADMINISTRATIVE ORGANIZATION AND LEGAL AUTHORITY FOR IMPLEMENTATION

The implementation of the structural alternatives identified in this Plan will require an administrative organization that has the legal authority to incur indebtedness on behalf of the project, can guide the project to completion, and provide the necessary operation and maintenance to the project. If the Township deems it beneficial, an authority could be formed to administer, finance, and operate the municipal sewage facilities.

The responsibility for administration of non-structural alternatives including on-lot management and adoption of the mandatory connection ordinance lies with Strasburg Township.