

# It is All About **Water**

Port Jervis Grants and Loans

June 15, 2022

Port Jervis Common Council Special Meeting

# Subjects Include:

- Important Port Jervis Attributes/Historical Precedents
- Loan and Grants Overview
- Primary Funders
- Wastewater Projects – Progression, Status, Issues
- CDBG Program Income
- Water Quality Improvement Project (WQIP)
- White Water Kayak Park (WWKP)

# Some Port Jervis Stats/Info - 1

- Incorporated as a city in **1907**
- Located on **Delaware and Neversink Rivers**
- Totals 2.7 square miles (2.53 land/**0.17 water**)
- Per U.S. Dept. of Agriculture/Rural Development – “**wholly waterfront**”
- Included in the **Delaware River Water Basin**

# Some Port Jervis Stats/Info - 2

- Unlike Middletown and Newburgh, **Port Jervis is not an entitlement community.** It is considered a Small City and as such does not receive funds automatically from HUD or NYS and must instead compete for grants, particularly Community Development Block Grants.
- Typically, the **Port Jervis Community Development Agency (PJCD A)**, a **separate public benefit corporation** established by the NYS Legislature in 1981 which is contracted by and is the authorized subrecipient of the City, performs many City grant activities (research, application, admin...).
- To date, the PJCD A has brought and managed some **\$20M** in grants and revenues to the City.

# The Delaware River Water Basin



**330 miles long** from the headwaters in Hancock, NY to the Atlantic Ocean

**Port Jervis** is at the upper end of the **“Middle Delaware”**

**13 million people** depend upon the Delaware River for drinking, agriculture and industrial water

The **Delaware River Basin Commission (DRBC)** was established in 1961 by President Kennedy

**Includes the federal government and four states** – NY, NJ, PA and DE which are **equal partners** in a river basin **planning, development and regulatory agency**

The DRBC Compact is **federal law and law in each basin state**

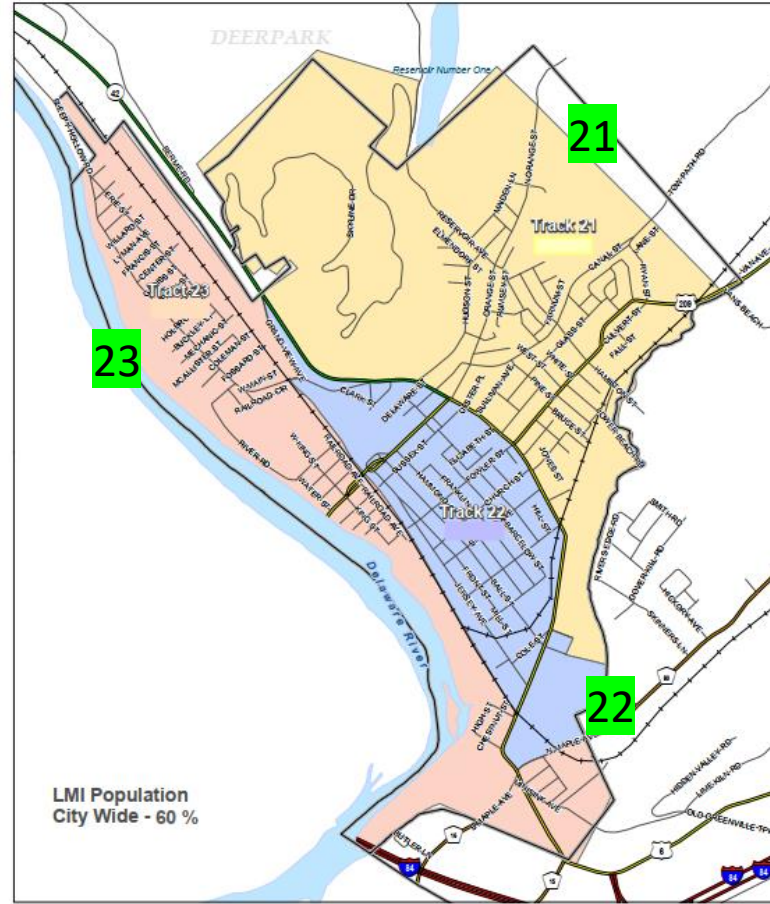
Source: <https://www.state.nj.us/drbc>

**Note: \* The William Penn Foundation is headquartered in Philadelphia**

# Map – Legislative – Port Jervis Wards



# Map – U.S. Census Tracts – 21, 22, 23



# Map – U.S. Census Quick Facts

- Population: **8,754**
- Poverty Level: **23.4%**
- Port Jervis Median Household Income - **\$32,500**
- Orange County Median Household Income - **\$80,816**
- **Port Jervis Low-to-Moderate Income (LMI) – 60%**
- Note: an **LMI of 51%** or more allows for an Area Wide Benefit for Community Development Block Grants - CDBG



# Loans

- Apply and submit required documents
- Go through underwriting/review
- Agree on terms
- Close
- Implement
- Pay back

# Grants – General Characteristics

- Grant programs have **objectives** including providing a public service or benefit, stimulating the economy, building affordable housing, etc.
- Grants typically **do not require repayment**.
- Awards are **never guaranteed**.
- Grants offered one year, **may not be repeated** the next.
- Depending upon the funder and their monetary sources, timeframes, compliance requirements, and **reporting processes vary**.
- Funders expect municipalities to have **“skin in the game,”** appropriately charge fees and taxes to maintain infrastructure, and to pay for necessary administration.
- **Contracts** specify activities and project initiation and termination.
- Most grants are **reimbursement** grants. The City pays bills and is then reimbursed for eligible expenses.

# Grant Application Considerations

- Is the City *eligible*?
- Is the project a **priority**?
- **How much** is the grant and if there is a *match, is it cash or in-kind*?
- Can the City **afford it**?
- What are the **overall costs and benefits**?
- Have **pre-conditions** such as planning, or policy adoption been completed?
- What is the **scoring matrix**? Is it published?
- **Who** is the funder? **What** is their funding source?
- Does the City have a **track record** with this funder?
- If so, how would the **funder rate** the City's previous performance?

# Grants – Good Practices

From preparing to apply, to close out, most grants take years.

In the meantime:

- *Keep lines of communication open with funder.*
- Perform required tasks **completely and on time.**
- **Learn and adhere to your funder's preferences**
- **Build trust** by doing what you said you would do.
- **Internal coordination and communication are key.**
- **No one on the City's team should stand up in the canoe and everyone should paddle in the same direction.**

# Grants – Three Phases

- **Pre-Award:** Funding Opportunity Announced, Application, Review
- **Award Phase:** Award Decisions, Notifications
- **Post Award:** Implementation, Reporting, Closeout

# Some Port Jervis Wastewater Info - 1

- **1931 U.S. Supreme Court Decree** resulted in New York City Department of Environmental Conservation owning and operating the city's wastewater recovery facility
- ***The City is responsible for transferal and to minimize inflow and infiltration of liquids***
- 2013 – **Jersey Ave.** sewer line break, which resulted in;
- **2014 – NYS DEC Order on Consent** to repair wastewater lines. Failure to do so could result in **penalties “not to exceed \$37,500 per day for each violation.”** An update progress report is submitted every Jan./Feb.

# Some Port Jervis Wastewater Info - 2

Review of the sanitary sewer system resulted in a 2017 estimate of

**\$100 million**

to repair the City's over 100-year-old wastewater lines  
using traditional excavation methods

# NYS Water/Sewer Funding Formula

**Annually, each municipal dwelling should contribute a minimum of \$1,500 for Water And \$1,500 for Sewer or \$3,000 Total each**

**The City maintains some 2,738 water and sewer services**

**Water -  $\$1,500 \times 2,738 = \$4,107,000$**

**Sewer -  $\$1,500 \times 2,738 = \$4,107,000$**



# Funding Agency – NYS HCR

- ***NYS Homes and Community Renewal*** – Community Development Block Grant (NYS HCR CDBG) funds originate from U.S. Department of HUD and are distributed to the states for disbursement. Federal and State compliance are required.
- NYS HCR ***strongly discourages piecemeal***, “hand-to-mouth” funding of the city’s need to address its over 100-year-old wastewater system. It wants to see a fully developed plan implemented.
- NYS HCR CDBG **regularly coordinates with** the NYS Environmental Facilities Corporation (**NYS EFC**).

# Funding Agency – NYS EFC – CWSRF/Hardship

- The NYS Environmental Facilities Corporation (**NYS EFC**) is a **public benefit corporation** whose mission is to promote environmental quality by providing low-cost financing and technical assistance to municipalities, businesses and State agencies for environmental and public health projects in New York State.
- The **Clean Water Clean Water State Revolving Fund (CWSRF)** is their largest program. This program, *administered jointly with the **Department of Environmental Conservation***, provides reduced interest rate financing to municipalities for infrastructure projects that control water pollution. EFC, in conjunction with the **New York State Department of Health**, also administers the Drinking Water State Revolving Fund (**DWSRF**), which provides reduced interest rate financing and grants to community and private water systems for safe drinking water projects.

# Funding Agency – NYS EFC - WIIA

- Another item to keep in mind is that approximately **two-thirds of the City's water lines** are due for replacement. Unlike the CIPP trenchless process, these lines will need to be excavated and replaced.
- NYS EFC also runs the [New York State Water Infrastructure Improvement \(WIIA\)](#) program which provides competitive grants to help municipalities fund water quality infrastructure projects. WIIA grants are available for wastewater and drinking water projects that protect or improve water quality and/or protect public health.
- This will be a future discussion.

# Cured-in-Place-Pipe (CIPP)

- James M. Farr, City Engineer, introduced the **Cured-in-Place-Pipe (CIPP)** method to the city. Performed manhole-to-manhole, this relining method does not require excavation.
- The 2017 \$100M estimate using traditional excavation would have been approximately **\$250 per foot.**
- Using NYS CDBG grant funds for equipment and materials, DPW labor has relined lines at a cost of approximately **\$25 per foot.**
- Once complete, the sewer collection conveyance system will have at least a **100-year useful life.**

# Wastewater Rehab Plan - Initial

- **Continue with Trenchless 2** – with DPW labor and T1 equipment (tied to CDBG) - contract terminates May 12, 2023
- **Close on NYS EFC Hardship Loan** – Use proceeds to: acquire 2<sup>nd</sup> set of City-owned lining equipment and hire a 2<sup>nd</sup> lining crew, rehab manholes, replace city water meters. Run two concurrent crews.
- **Complete all relining in the 5-year construction period** allowed by NYS EFC
- **Continue to apply for grants** which, when awarded, will decrease the final EFC loan amount. **NYS EFC encourages grant applications.**

# Wastewater Projects

Project	Funding Source	Amount
Sewer System Evaluation Survey (SSES) 2010-2013 (Phase 1)	EFC/City	\$ TBD
Sanitary Sewer Eval. (I&I) 2016 (Phase 2)	EFC/City	\$ 100,000
Jersey Ave. – Traditional Excavation	CDBG grant	\$ 590,867
Trenchless – Phase 1 - CIPP	CDBG grant	\$ 750,000 *
Lining Continuation - CIPP	City Sewer Fund	\$ 250,000 **
<b>Trenchless – Phase 2 – CIPP - Current</b>	<b>CDBG grant</b>	<b>\$1,000,000*</b>
<b>Total</b>		<b>\$2,690,867</b>
<b>* Does Not Include DPW In-Kind</b>		
<b>** Estimate</b>		

# Wastewater Projects - Proposed

Project	Funding Source	Amount
Water Meters – 2022 App Approved	NYS EFC	\$ 2,400,000
Trenchless - Phase 3 (02) – 2022 App TBD	CDBG	\$ 1,250,000
NYS EFC Hardship Loan – Engineering Report Awaiting Accounting Info	NYS EFC	\$20,000,000

# Trenchless 2 - 1

Contract termination: May 12, 2023

NYS HCR, which is monitored by HUD, is not liberal with extension requests. This is a two-year project.

Constraint – construction season is limited

- Behind on lining schedule:
  - Additional labor was and is needed
  - Transportation limitations – crews and lining material
  - Recent equipment breakdown – camera
  - Fuel costs increasing
  - Overtime Costs – once begun, can't stop a lining shot



# Trenchless 2 - 2

## Items Needed:

- Clear view to available City funding
- By end of June 2022, the initial reimbursement request requires an adopted Project Administration Plan (PAP)
- The PAP requires a defined procurement policy, now before the PJCC for ratification consideration.
- Administration Plan to be completed with all attachments and presented to PJCC 6/27/22 for adoption
- Guidance from PJCC regarding schedule inputs

# Trenchless 3 (02) – 2022 CDBG Application -1

Consideration for second submittal for a Trenchless 3 CDBG application - \$1,250,000 – Award is not Guaranteed – Due by July 29, 2022, by 4:00 p.m.

- Current T2 grant funds are contracted to expire on May 12, 2023.
- Substantial progress on T2 must be documented by T3 app.
- This would be a two-year project.
- Though not recommended, if awarded, funds may be declined.
- Declined applications are listed on future grant applications.
- If awarded, grant funds would replace loan funds.
- **Application submittal must be approved by PJCC resolution.**

# Trenchless 3 (02) – 2022 CDBG App - 2

## New This Year –

- Instead of following the notification of award, to the point of Request for Release of Funds, the **Environmental Review Record (ERR) must be included in the application.** ERR notifications take a minimum of 30-days to process. **Identification of the ERR Certifying Officer is required by resolution.**
- **Costs associated with ERR development**, primarily the City Engineer's time, are the City's responsibility. If the grant is awarded, these costs **may be submitted for reimbursement.**
- **After award, if substantial progress is not made on a timely basis, grant funds may be rescinded.**

# Water Meters -

- Citywide water meter installation was required by the **Delaware River Basin Commission** and was strongly supported by **NYS DEC and NYS DOH**
- Metering is used as a **measure to indicate leakage** and **encourage conservation**. Usage billing would most likely result in additional conservation.
- The city's meters **have reached the end of their useful life**
- Current replacement is estimated at **\$2,400,000 (75% grant/25% match)**
- **2022 Consolidated Funding Application (CFA) to NYS EFC was approved by PJCC resolution on 6/13/22**

# EFC Hardship Loan - 1

Finance what is not covered by grants:

- **Up to \$20M**
- Zero **(0%)** interest
- Five **(5)** year rolling construction period
- **30-year** (perhaps up to 40-year) repayment period

# EFC Hardship Loan – 2

## Proposed Items:

- 2<sup>nd</sup> set of lining equipment, refrigerated truck, trailer...
- 2<sup>nd</sup> DPW labor crew
- Manholes
- Water Meters
- Engineering
- Legal
- Administrative
- Eligible matching costs

# EFC Hardship Loan – 3

## Required for Closing:

- Updated Budget
- Accounting information for completion of Engineering Report
- Engineering Report to be sent to NYS EFC for Engineering Review and Comment (the final item due)
- Once the application packet is considered complete, it then moves to review by multiple EFC committees
- As this process continues to be delayed, the closing is being delayed. As the closing is being delayed, therefore the ordering of additional equipment needed for the relining process is being delayed. Due to supply chain issues, lead times range up to 12-months.

# EFC Hardship Loan – 4

Finances - Additional Options/Considerations:

- Keep the EFC loan commitment from expiring
- Break the \$20M into smaller increments and multiple phases
- Extend the project beyond 5-years
- Repayments commence upon closure
- Note: Project scoring and keeping the project on the NYS Intended Use Plan (IUP) is key to moving the project through phases



# EFC Hardship Loan – 5

Breaking the program into phases may result in additional fees for each closing because they will be treated as separate projects.

If it is decided to break the project into phases, the City will submit a revised Project description on the EFC PLUS website by end-of-day Friday, June 17, 2022. These changes would be included on NYS' updated Intended Use Plan. The City's current project score of 54-points will remain constant.

# CDBG Program Income Funds - 1

In 2019, HUD monitored NYS HCR. As a result, NYS HCR then required the disbursement of program income and revolving loan funds from NYS CDBG projects. **Program income in accounts had to be either allocated to eligible programs or returned to NYS.**

Similarly, **revolving loans could be sold, and the proceeds could be allocated to eligible programs, or NYS would take over the loans.**

These funds were under PJCDA management and had provided administrative income to the agency.

Once allocated, funds could not be transferred to another project.

# CDBG Program Income Funds - 2

Revolving loan bank accounts were allocated to Trenchless 1, the NYS Affordable Housing Corporation (AHC) project to repair 10-homes in Port Jervis. As AHC costs were less than expected, \$23,604 were returned to NYS.

To keep loans within the City, they were defederalized when sold to the Progress Development Corporation, an eligible local development corporation.

<b>Allocated Project</b>	<b>Amount (Round Numbers)</b>
AHC – Used	\$165,000
AHC – Unused and Returned to NYS	\$ 23,604
Trenchless 1 - Used	\$208, 269
WQIP – Allocated from Loan Portfolio Sale	\$158,066
<b>Total</b>	<b>\$554,939</b>

# NYS DEC – WQIP - 1

## **New York State Department of Environmental Conservation Water Quality Improvement Plan (NYS DEC WQIP) Land Acquisition Program**

- Grant \$1,882,500 – Match Total \$705,000 (\$15,000 of which is City In-kind contribution for City legal costs) -
- 2019 sale of CDBG revolving loans of **\$158,066.04** managed by the PJCDA on behalf of the City, were **100% allocated to WQIP land acquisition to support the White Water Kayak Park (WWKP)** development. If allocated to economic development, only 20% of the total amount could be allocated directly to the WWKP.
- If not utilized for the stated purpose, the funds must be returned to NYS.

## NYS DEC – WQIP - 2

**The \$158,066.04** from the sale of loans currently maintained in a City account, is slated to be **utilized in the first acquisition project** which includes Bohelmer Pond, **within the coming 12-months.**

It is calculated to join other matching funds and **supply the necessary minimum required 25% match** for this purchase.

*If returned to NYS, these matched funds will need to be replaced in the purchase process.*

# City Economic Development – WWKP - 1

The City's **White Water Kayak Park (WWKP)** was designed to be located the southernmost tip of Riverside Park in the Delaware River channel just below Laurel Grove Florist on High St.

Per a June 2020 preliminary economic impact assessment performed by Orange County Planning, David Church, AICP, Planning Director, stated that, ***“Our preliminary findings show that a whitewater park in the area, with similar characteristics to other whitewater parks in America, has the potential to bring in between \$10.9 and \$33.6 million in annual revenue to the area, and potentially may – directly or indirectly – support up to approximately 400 jobs.”***

# City Economic Development – WWKP - 2

Funding to complete the work required for the U.S. Army Corp of Engineers for the permit, dried up after the required bat survey was performed in 2018.

Monies in a 2017 City bond of between \$50k-\$100k designated to the WWKP, were realized in 2021. Final confirmation of these funds are yet undetermined.

Outreach to the previous consultants resulted in the suggestion to reinitiate conversations with the controlling agencies.

Previously, a mitigation plan, estimated cost TBD, was outstanding.

# City Economic Development – WWKP - 3

Other surveys may need to be repeated.

Other timeframes would need to be determined.

Currently, the U.S. Army Corps of Engineers are said to be running some six-months behind.