

Johnstown Regional Sewage Compliance Program

(Redevelopment Authority of the City of Johnstown)

Program Synopsis: Johnstown Regional Sewage (JRS) proposes to offer technical and financial assistance to property owners in remediating private underground sewer laterals on a voluntary basis and advancing the money for construction with a loan to be paid in the customer's monthly sewer bill.

Description of Program

Purpose: To assist property owners in obtaining cost-effective mandated remediation of underground privately owned sewer laterals in order to remove infiltration and inflow to the Johnstown Regional sanitary sewer collection system. The JRS finds there is a need to remove uncertainty and fear on the part of homeowners, particularly elderly and retired homeowners, some of which do not have the financial resources to make a capital improvement to their property. Bidding among multiple contractors will assure that the lowest reasonable price is obtained. The program is designed to see that work being done for private property owners is done promptly and correctly. The final goal being to obtain compliance throughout the JRS system with the 625 gpd per EDU design flow parameter.

Eligible Applicants: Property owners whose properties are served by the Johnstown Regional Sewage system and the Dornick Point Sewage Treatment Plant. Owner occupants shall be given priority.

The assistance would consist of the following:

- 1) Inspection of the property by a qualified individual to determine the minimum construction necessary to meet the standard that all underground sanitary sewer pipe be watertight, as demonstrated by being capable of holding 5 psi of air pressure for 15 minutes. The property owner may be provided options, if eliminating an unused service could result in substantially lower costs of remediation.
- 2) JRS development and bidding of specifications for individual rehabilitation projects. The JRS can prepare and bid several repairs in the same neighborhood so as to obtain better prices from contractors who would then have limited mobilization and remobilization costs.
- 3) Review with property owners of bid prices and work to be performed.
- 4) Preparation of a construction contract between the property owner and contractor and a Loan Mortgage and Note between the property owner(s) and the JRS in the amount of the construction contract.
- 5) Contract payments shall be made in the form of joint checks payable to the owner and contractor with one-third payable upon execution of contract and the remaining two-thirds upon completion and successful testing.
- 6) Inspection of progress and completion of work on each site, submission of progress report, and pay request to property owner(s) for their approval.

- 7) Preparation and delivery to property owner of a joint check made out in the name of the property owner and the contractor.
- 8) The JRS would then amortize the construction cost over an approximately 20-year period at an interest rate of \$6.00 per month per one thousand dollars (P&I). The monthly loan payment shall be included on the owner's current sewer bill.
- 9) The amounts of any other municipal grants received by the property owner would be deducted from the loan amount. With any such contribution being applied first.
- 10) Loan recipients would be required to provide ACH payment from their bank account.
- 11) Proof of casualty insurance on the property is required with the JRS listed as a loss payee.

I. Eligibility

- 1) The Applicant must have ownership of the property. The loan will be secured by a Mortgage on the property which must be signed by all property owners.
- 2) The Applicant must demonstrate credit worthiness by showing on time payment of JRS sewer bills for at least 12 months.
- 3) Applicant must sign up and maintain automatic payment of sewer bills, including the loan payment, from a valid bank account.
- 4) Applicant must provide proof of homeowner's insurance and list the JRS as a loss payee on the policy.

II. Program Documents

- 1) Application Form
- 2) Pre-Construction Inspection Report: To be filled out by a qualified construction specialist, following inspection of Applicant's home and search of sewage provider's information on tap and location of lateral. The Inspection Report should contain a recommendation for construction tasks necessary to have the property meet testing standard together with estimated costs. The Report may contain alternatives. Upon completion of the Report, JRS will meet and discuss the Report with the property owner.
 - a. The JRS *agent* shall discuss potential post correction drainage problems. Applicant shall sign an Acknowledgement that there may be a need for post construction groundwater removal, due to groundwater no longer draining through the sanitary sewer lines.
- 3) Applicant Meeting Checklist: An Authority official will go over the Inspection Report with the property owner and discuss any options. The Authority official will sign the checklist indicating that each of the required items were explained to the property owner.

- 4) Applicant Authorization to Bid: The Applicant will sign a sheet containing specifications for construction and authorizing the Authority to bid. The Authorization shall contain a statement that the Applicant/Property Owner authorizes the contract to proceed if the bids come in within 5% of estimated cost.
- 5) Mortgage and Note: Property Owner(s) shall execute a Mortgage and Note in favor of JRS for the full amount of the loan.
- 6) Construction Contract and Bid Specifications: To be prepared by construction specialist based upon forms developed by the Authority's engineer.
- 7) Construction Inspection Report and Payment Request:
- 8) Acknowledgement of Receipt of Joint Check:
- 9) Release: If, after initial inspection and preparation of contract, the property owner decides to have the work performed by himself or herself without a loan from the JRS, the contract documents and inspection will be made available to the property owner only after a Release is signed, absolving the JRS and its agents from any liability in connection with the work.

III. Financial Projections and Assumptions

- 1) Cost projections call for charging \$6.00 per month per thousand dollars borrowed. On a \$1,500 project this would place an additional charge of \$9.00 per month on a customer's bill. Over the 20-year loan term, the Authority would collect back $(240 * \$9.00 = \$2,160)$. The total amount would be limited to the cost of the construction contract. The loan payment is calculated at 3.895%. The Authority's administrative expense would be absorbed in the \$6.00 per thousand.
- 2) Loans will be required to be immediately repaid in full in the event of any transfer of ownership of the property.
- 3) The Authority will be absorbing the cost of preparation and administration of the contracts as well as the billing and the risks associated with repayment.
- 4) JRS currently lists 25,840 structures within its system. Of those, 11,751 (46%) have received full pressure certifications as of the end of August 2017. This leaves 14,089 properties yet to be tested. The program will only provide financing for the minimum amount of work necessary to maintain pre-existing levels of sewage service on the property. We assume a maximum interest of 75% of the remaining structures or 10,567 prospective repairs. At an average cost of \$1,500.00 the total construction cost would be \$15,850,000. We currently have until the end of 2022 (5+ years) to eliminate all SSO's. The cost for this program would be between \$3.5 million and \$5.5 million for each of the years 2017 through the end of 2022.

**Sewer Lateral Compliance Program
Johnstown Redevelopment Authority
Preliminary Application**

1. Applicant Name: _____
Co-Applicant Name: _____
Service Address: _____ Johnstown, PA, Zip: _____
Phone Contact: (home) _____ (alternate #) _____
Mailing address (if different from service address)

2. Are you the owner of the above property? Yes _____ No _____
Do you occupy this property as your primary residence? Yes _____ No _____
Is this a single or duplex structure? Single _____ Duplex _____

3. **The following documentation must be submitted with your application:**

- **Property Deed (recorded full copy)**
- **Receipts for payment of current year taxes**
- **Proof of Homeowners Insurance**

The applicant certifies that the above information is true and correct to the best of his/her knowledge. Verification of any of the information contained in this application may be obtained from any source named herein.

X _____ **Date:** _____

X _____ **Date:** _____

If you have any questions or require assistance in completing this application, please contact the Johnstown Redevelopment Authority at 814-535-6564. Our office mailing address is as follows:

Johnstown Redevelopment Authority
401 Washington Street
Johnstown, PA 15901
814-535-6564