

## **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 monthly.

### **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 plus mortgage and satisfaction filing fees.
- 5) Contract payments shall be made in the form of joint checks payable to the property owner and contractor.
- 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) The JRS would then amortize the construction cost over an approximately 20-year period at an interest rate of 3.895%. Repayment of the loan shall be \$6.00 per month per one thousand dollars (P&I). The monthly loan payment will be generated on a separate bill.
- 8) 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.
- 9) Loan recipients would be required to provide ACH payment from their bank account for both the regular monthly bill and the loan payment.
- 10) Proof of casualty insurance on the property is required.

#### **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.

#### **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 standards. Upon completion of the report, the construction specialist will meet and discuss the report with the property owner.
  - a. The construction specialist shall discuss potential post correction drainage problems. Applicant shall be informed that there may be a need for post construction groundwater removal due to groundwater no longer draining through the sanitary sewer lines.
- 3) Mortgage and Note: Property Owner(s) shall execute a Mortgage and Note in favor of JRS for the full amount of the loan plus filing costs.
- 4) Construction Contract and Bid Specifications: To be prepared by construction specialist based upon forms developed by the Authority's engineer.
- 5) 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 \$4,000 project this would place an additional charge of \$24.00 per month on a customer's bill. Over the 20-year loan term, the Authority would collect back (240\*\$24.00= \$5,760). The total amount would be limited to the cost of the construction contract and filing fees. 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) 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 currently have until December 31, 2022 (4+ years) to eliminate all SSO's.