

McKean County Act 13 Grant Application Guidelines

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**McKean County Planning Commission
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REVENUE DISTRIBUTION

Act 13 of 2012, the Unconventional Gas Well Impact Fee, authorized the Commonwealth to impose drilling impact fees on unconventional gas well producers in Pennsylvania. The revenues are collected by the PUC and distributed annually to state agencies, counties and municipalities based on formula allocations. There are two established funds from the impact fee distributions, with portions directly allocated to counties and/ or municipalities: the Unconventional Gas Well Fund – distributed only to counties and municipalities with wells; and the Marcellus Legacy Fund – distributed to all counties with or without wells. McKean county will receive direct allocations from both funding groups.

It is important to be cognizant of the fact that these funds are limited by the County's allocation from the state. Each year the allocation will change according to the distribution formula set by the legislatures in Act 13. To learn more about the formula used to determine allocation amount please go to http://www.puc.state.pa.us/NaturalGas/pdf/MarcellusShale/Act13_Implementation_Presentation.pdf.

FUNDS AVAILABLE FOR McKean's ACT 13 BLOCK GRANT 2013

<u>Fund</u>	<u>Amount</u>
Impact Fee Revenue	
McKean County & all Municipalities	TBD

MARCELLUS LEGACY FUNDS

The Marcellus Legacy Fund distributes revenues to several programs, two of which allocate funding to every County in Pennsylvania. Funds are distributed to counties proportionately based on the county population as a percentage of the population of the Commonwealth. Counties will receive the annual allocations for Marcellus Legacy Funds by June 30 of each year for these two programs:

1. At Risk Bridge Improvement Restricted Account – To fund the cost of the replacement or repair of locally owned at-risk or otherwise deteriorated bridges. (issued by Penn Dot)
2. Local Environmental Initiative Fund – For the funding of Planning, acquisition, development, rehabilitation and repair of:
 - Greenways
 - Recreational Trails
 - Open Space
 - Natural Areas
 - Community Conservation and Beautification Projects

 - Community and Heritage Parks
 - Water Resource Management

IMPACT FEES

Only Counties that have had one or more unconventional gas wells spud within their boundaries are eligible for the Impact Fees. Since McKean County does have existing unconventional gas wells, the County - and all McKean local municipalities— will receive funding directly from this source. The funds are distributed based on the number of wells in the County with some funding going directly to the County and some to all local municipalities. Each municipality may use their Impact Fees for the following 13 eligible activities:

- Construction, reconstruction, maintenance & repair of roadways, bridges and public infrastructure.
- Water, storm and sewer system repair, maintenance, construction.
- Emergency Preparedness and Public Safety.
- Environmental Programs, including, trails, parks, recreation and open space, flood plain management , conservation districts and agricultural preservation.
- Preservation and reclamation of surface and subsurface waters and water supplies.
- Tax reductions
- Projects that increase the availability of affordable housing to residents
- GIS systems, records management and IT
- Delivery of social services
- Judicial services
- For deposit in the county or municipality's reserve if the funds are used solely for a purpose set forth in this section.
- Career /technical centers for training of oil workers in the gas industry
- Local or regional planning under the PAMPC code

MCKEAN'S USE PLAN

The McKean County Board of Commissioners have jointly determined that the best interest of the communities and residents of McKean County would be served by opening the County's allocation for competitive proposals. Through the competitive application process the County trusts that funds will be allocated towards meeting the most pressing needs of the County while providing for future growth consistent with recognized local and regional plans. The McKean County Commissioners have jointly established the current allocation policy in order to meet the collaboratively identified goals :

GOALS OF McKean COUNTY'S ACT 13 PROGRAM

The County has set the following goals for the County's Act 13 allocation process.

- The allocation process will be transparent and priorities will be established through input of all stake holders. Ranking of priorities will be available to all pending applicants
- These funds will be prioritized to help mitigate any negative impacts on the local communities resulting directly from the oil and gas industry
- The funds will go to meet the most pressing needs of local municipalities as identified in the McKean County Comprehensive Plan.
- To the greatest extent possible, funds will be allocated to fill funding gaps and be used to leverage other Federal, State and Local funding.
- The program seeks to fund projects that will aid in the economic development of the area.

RANKING CRITERIA

The County has set the following ranking criteria. Please refer to the application at the back of this packet

<u>Section</u>	<u>Pts.</u>
Consistent with local or regional plans	0-5
Support from partners	0-5
Statement of Need	Total 25pts
<ul style="list-style-type: none"> • Is need a direct result of shale gas industry • Is this a real need or a want • Is this problem causing an economic strain on community • Is this problem causing an environmental strain on the community • Is this problem causing a social strain on the community 	0-5 0-5 0-5 0-5 0-5
Proposed Solution or Actions	Total 25 pts.
<ul style="list-style-type: none"> • Is the proposed solution or action well thought out/ have other options been thoroughly researched and considered? • Will this solution or action be sustainable– have long term effect benefit? • Is the applicant's organization capable of proper financial/project mgmt.? • Points allocated to community designated priorities 	0-5 0-5 0-5 0-10

Impact Fees	Environmental Initiative	At-Risk Bridges	Pts.
Road / Bridge Water/Sewer	Park Rehab Trail Development	Bridges	10-8
Planning	Storm Water Riparian Restoration		8-5
Career Training Affordable Housing	Water/Sewer Flood Control		5-3
Other Eligible Project	Other Eligible Project		3-0

RANKING CRITERIA CONTINTUED

The County has set the following ranking criteria . Please refer to the application at the back of this packet.

Section	Pts.
County Goals	Total 25pts
<ul style="list-style-type: none">• Mitigates any negative impact of shale gas industry• Will have positive impact for Economic Growth• Meets most pressing needs of local municipalities• Fills Gap Funding• Leverages other State and Local Resources	0-5 0-5 0-5 0-5 0-5
Timeliness	0-10
<ul style="list-style-type: none">• Will project be able to be completed in the 24 month grant contract time• Are there any foreseeable impediments	
Budget Narrative	0-10
<ul style="list-style-type: none">• Does applicant have a well thought out financial plan for completion• Does funding incorporate cash and in-kind match	

ELIGIBILITY

ELIGIBLE APPLICANTS

Applications will be considered when submitted by any of the following entities

- **Local governments**—This includes all Boroughs, Townships and Cities of McKean County
- **Nonprofit organizations**—Organizations that are legally constituted as 501 (c)(3)
- **Area-wide agencies** - (i.e. housing, recreation, or community development agencies)
- **Public Authorities**

ELIGIBLE PROJECTS

Project proposals must fall into at least one of the following categories:

- Acquisition
- Planning
- Design/ Engineering
- Construction/ Reconstruction

Examples of project proposals are as follows, but not limited to:

- Design/ Engineering of a new park or park improvements
- Acquisition of land easements for trails
- Design / Engineering of infrastructure projects
- Construction projects for beautification of a downtown main street

INELIGIBLE PROJECTS/ ACTIVITIES

- Fundraising Activities
- Public Relations
- Outreach not directly related to project implementation
- Communications
- Lobbying
- Litigations
- Fees for securing other financing
- Interest on borrowed funds
- Operating expenses

PROJECT REQUIREMENTS

All projects and activities submitted for funding must assure the following criteria are met if applicable.

GENERAL REQUIREMENTS

- Concurrence from all municipal governments, boards, or authorities whose approval is required for project implementation
- Project must be accessible to disabled persons in accordance with the Americans with Disabilities Act (ADA) of 1990
- Proof of ownership/control of the project site for planning, design/ engineering and construction projects, at the time of application submission. Ownership is defined as 'fee-simple' and control is defined as 'long-term lease or easement' (20-year minimum term).
- All projects/activities should include a cost estimate, which should be prepared by a qualified professional and accompanied (where appropriate) by copies of signed bids/quotes, contractor estimated, or other documentation that verify project costs.
- All proposals should include a schedule for project implementation

AQUISITION PROJECT REQUIREMENTS

- Option-to-Purchase or Sales Agreement documentation provided with application
- A copy of completed appraisal conducted by a state-certified general real estate appraiser, within one (1) year from the date of the application submission

CONSTRUCTION PROJECT REQUIREMENTS

- All applicable federal, state and local permits for construction projects may be obtained before any construction may commence
- All construction work associated with the proposed project may be subject to the Pennsylvania Prevailing Wage Act, as determined by the Pennsylvania Department of Labor and Industry
- Final design and engineering drawings for construction projects must be completed and permits must be secured before construction can begin.
- Environmental Review, if required, must be completed before construction can begin

MATCH REQUIREMENTS

Although there is not a required amount for cash match, it is paramount to remain cognizant of the County's goal to utilize Act 13 funding in order to provide gap funding and leverage other funding sources. Eligible match includes both cash match and non-cash match, which includes those services that are directly tied to the project's development and implementation, can be properly documented and expended during the project's grant term. An applicant's match is extremely important and the source of matching funds must be completely identified in the grant application. Care should be exercised when estimating non-cash match because complete documentation will be required when submitting subsequent requests for reimbursement. If selected for funding, the County reserves the right to negotiate the values submitted for the non-cash match prior to construction.

FORMS OF PROJECT RELATED MATCH

- **Cash Match/Direct Costs:** Actual cash contributed to the project by your organization or another form of grant funding; e.g.-equipment purchased by your organization for project activities
- **In-Kind Services:** Services and labor provided by paid staff to perform all or part of the approved project scope of work.
- **Donated Services and Materials:** Services or materials that will be provided at no-cost to the applicant to perform or complete part of the approved project scope of work and requires specialized or expert skills and knowledge.

The allowable value of the services or material must be the organizations or individual's customary billing rate multiplied by the number of hours of service (or material quantities) provided. Examples include a registered landscape architect donating time to develop a site plan, an attorney donating time to conduct a real estate title search or a local quarry donating stone for a construction project.

- **Volunteer Services:** Unpaid services or labor that will be provided by individuals not employed by the applicant to perform part of the approved project Scope of Work. The allowable value of volunteer services shall be a normal hourly rate for the type of work performed multiplied by the number of hours of work provided. For example, a surgeon volunteering time to help clear invasive plant species would not be given credit for volunteer time at a surgeon's hourly compensation rate but rather at a laborer's rate. Applicants may calculate volunteer time at the Independent Sector Website www.independentsector.org/volunteering. In the right hand side of the screen, click on "Value of Volunteer Time." Scroll down to the tables listed by state to locate Pennsylvania and use the value listed.

FORMS OF PAYMENTS

Grant payments will be paid directly to the vendor upon submittal of invoice. Full documentation of expenses will be required for payment.

REIMBURSIBLE EXPENSES:

- Direct Labor Costs
- Materials and Supplies
- Purchase or use of equipment
- Use of a consultant or contractor
- Other project related expenses

INELIGIBLE EXPENSES:

- Project-related costs incurred prior to full execution or expiration of the grant agreement
- Costs not directly related to performing the approved project scope of work
- Administrative grant costs
- General operating costs (e.g. rent, utilities)
- Permitting fees
- Costs associated with hospitality such as food and beverages