

addition, the Department requires inspection reports, conducts a final inspection of completed work and requires an audit of all project costs.

Pennsylvania's Port Rejuvenation Program  
by  
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Pennsylvania is unique in being geographically located with connections to the United States inland waterways system at Pittsburgh/Western Pennsylvania, the Great Lakes at Erie, and shipping lanes to the Atlantic, as well as the United States Coastal Waterways through the Port of Philadelphia.

Facilities are administered by local port authorities at Erie and Pittsburgh. The Philadelphia Port Corporation is governed by a partnership made up of the Commonwealth of Pennsylvania, the City of Philadelphia and the Philadelphia Chamber of Commerce.

Recognizing these ports with access to low-cost water transportation as valuable assets which contribute to the economy of the state, the Commonwealth has appropriated \$23 million during the past four years to the three ports to be used in a wide range of activities (O&M, administrative costs, and capital projects). The budget for FY 86-87 calls for a \$6.5 million appropriation to assist the ports.

Pennsylvania in 1980 granted a \$26 million low-cost long term loan to Conrail for the rehabilitation of Pier 124 on the Delaware River. Pier 124, in 1985, handled 5-1/4 million tons of coal and coke for export, more than doubling the tonnage handled in 1979.

In 1981, voters of the Commonwealth approved a referendum authorizing legislation to incur a \$300 million bond indebtedness, the funds to be used as a long term, low interest loan program. Such funds were to be apportioned as follows:

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| \$220 million - | rehabilitation, construction for water treatment plants |
| \$ 40 million - | flood control projects                                  |
| \$ 40 million - | restoration of port facilities                          |

The Water Facilities Restoration Act which was the outcome of the legislation, contained the following provisions:

It established a 15 person Advisory Board, made up of representatives from local government, labor, civic groups, and one representative of the river transportation industry. The rules and regulations developed by the Advisory Board give the governing body wide latitude in reviewing and approving applications for loans. The 11 person Water Facilities Loan Board, the governing body, is made up of 7 members of the Governor's Cabinet, and a majority and minority member of both the House and Senate. The Board administers a long term, low

interest Port Facilities Loan Program, as distinguished from a grant program.

Since the Pennsylvania Department of Environmental Resources (DER) supervises \$260 million of the \$300 million, it was agreed that the Secretary of DER would act as Chairman of the Board, provide the legal assistance, perform the financial review (an independent financial analyst was hired to perform the activity), and control the accounting functions. The Pennsylvania Department of Transportation (PADOT) supplies the technical assistance for all port facilities applications, reviews feasibility studies, and performs site and project inspections. Qualifications for obtaining a Port Facility Loan are that the applicant must be:

1. Engaged in intrastate interstate, or international commercial navigation. No recreational or marina applications will be acceptable;
2. Located on or adjacent to specific rivers and lake front areas in the state; and
3. Engaged in business for 3 years prior to the loan.

Loan applications are received and processed on a first come - first served basis. The loans have maximum life of 20 years, and no port can acquire more than 65% of the total loan program. Present interest on a port loan is 9.3095% for private operators and 8.5845% for public entities.

The Board is extremely flexible in its review of applications. Recognizing that the applicants do not have the so-called "deep pockets", the Board gives each applicant special attention, but it has adopted a policy which clearly states: "the Commonwealth will not be involved in the operation of terminals, piers, ports or commercial waterways navigation; this is a private sector operation and shall remain the same."

No applicant is given the full amount of the loan. They must submit an actual cost voucher for eligible costs including engineering costs, legal fees, permits etc., and must submit quarterly forecasts for which payments are made. This system is followed until the final inspection and approval is made.

In order to apply for a loan, the applicant must:

1. Submit a feasibility study with all pertinent information discussed in the application packet.
2. Submit plans, drawings or specifications for the project, approved by a Professional Engineer who will also attest to the validity of the quarterly forecast and actual construction of the project.
3. Produce financial statements compiled by a CPA for the previous three years or the copies of the most recent income statements submitted to the IRS.

To date the Commonwealth has loaned \$2.2 million to five applicants in western Pennsylvania. Fifty-seven new jobs, have been created and it is expected that the number will increase to 70 jobs in a year.

In eastern Pennsylvania, two loans amounting to \$15 million have been granted creating 880 new jobs. This is expected to increase to 1,100 jobs in the next year. To date, 939 new jobs have been created as a result of Pennsylvania's port facilities rejuvenation program.