

RESOLUTION No. **3** of 2025

A RESOLUTION OF THE HARBORCREEK TOWNSHIP SEWER AUTHORITY, of  
HARBORCREEK TOWNSHIP, ERIE COUNTY, PENNSYLVANIA, ESTABLISHING  
ACCEPTABLE FORMS AND AMOUNTS OF FINANCIAL SECURITY FOR WORK  
PERFORMED WITHIN THE SANITARY SEWER SYSTEM.

WHEREAS, Harborcreek Township has enacted a Sewer Use Ordinance governing,  
among other things, requirements for the issuance of permits to connect to the Township public  
sanitary sewer system; and

WHEREAS, said Ordinance authorizes the Harborcreek Township Sewer Authority  
("Authority") to establish regulations governing connections to the public sanitary sewer system;  
and

WHEREAS, the Authority has determined that requiring financial security from persons  
working within or upon the public sanitary sewer system is necessary in order to protect the  
interests of the Authority in the said sanitary sewer system; and

WHEREAS, the Authority desires to outline the amounts and acceptable forms of  
financial security required.

NOW, THEREFORE, BE IT RESOLVED by the Harborcreek Township Sewer Authority  
that before a permit will be issued for work to be performed upon any portion of the public  
sanitary sewer, or private sanitary sewer connected thereto, the person seeking said permit shall  
provide financial security to the Authority according to the following terms:

**Acceptable Financial Security**

The financial security for proper performance of work subject to a permit to connect or  
repair a connection to the sanitary sewer system must be in one of the following forms:

- Cash, cashier's check or certified check; or
- Irrevocable letter of credit issued by a Federal or Commonwealth chartered lending institution; or
- Restrictive or escrow account(s) in a Federal or Commonwealth chartered lending institution.
- License and Permit Bond

**Purpose and Required Substance of Financial Security**

Financial security tendered pursuant to issuance of any permit to effect, alter, modify or terminate a connection to the sanitary sewer system shall be tendered and held as security for the proper performance of the work and payment of sums subject to the requested permit in full compliance with the Township Sewer Use Ordinance, the issued permit and the Authority's rules and regulations, and to guarantee repairs to streets and/or sewer facilities required as a consequence of such work.

- A. Financial security paid by cashier's or certified check shall be payable to Harborcreek Township Sewer Authority.
- B. An irrevocable letter of credit shall name Harborcreek Township Sewer Authority as beneficiary and identify the applicant or the applicant's contractor as the obligor. A letter of credit shall further provide that:
  - (i) The letter of credit is given as financial security for the obligor's proper performance of all work in connection with effecting, altering, modifying or terminating a described connection to the sanitary sewer system;

- (ii) Such letter of credit shall be effective for a period of not less than one (1) year from the date of its issuance;
  - (iii) Upon written certification that work has not been performed in accordance with the issued permit and/or applicable regulations and standards, Harborcreek Township Sewer Authority, at its sole election and free from any claim by the obligor or the issuer, may demand and collect up to the full amount of the letter of credit;
  - (iv) Should work required under the issued permit and applicable regulations not be completed and certified as completed within one year after the date of issuance, the letter of credit shall automatically be extended for an additional period of one year;
  - (v) Should the issuer elect not to renew the letter of credit, it shall give the beneficiaries at least thirty (30) days' prior written notice of its election not to renew, in which event Harborcreek Township Sewer Authority may, upon written demand and free from any claim by the obligor or the issuer, draw up to the full amount of the security.
- C. A restrictive or escrow account must expressly name Harborcreek Township Sewer Authority as owner (subject to proper performance and release of the security) or specifically assign to Harborcreek Township Sewer Authority the right to recover up to the full amount of the account as required to defray or reimburse expenses, attorneys' fees and other damages sustained as a consequence of the work and/or secure payment of sums due pursuant to the permit.
- D. A license and permit bond shall list Harborcreek Township Sewer Authority as

obligee and shall provide that:

- (i) The bond is given as financial security for the obligor's proper performance of all work in connection with effecting, altering, modifying or terminating a described connection to the sanitary sewer system as set forth in the permit application;
- (ii) Such bond shall be effective for a period of not less than one (1) year from the date of its issuance;
- (iii) Should work required under the issued permit and applicable regulations not be completed and certified as completed within one year after the date of issuance, the bond shall be extended for an additional period of one year;
- (iv) Should the issuer elect not to renew the bond or to otherwise terminate the same, it shall give the beneficiary at least thirty (30) days' prior written notice of its election to terminate or not renew, in which event Harborcreek Township Sewer Authority may, upon written demand require a replacement bond or other financial security as provided for herein.

#### **Required Amount of Financial Security**

Financial security in the amount of Ten Thousand Dollars (\$10,000.00) shall be tendered prior to issuance of a permit. Where the applicant or contractor requests or has requested permits for multiple active sites, the total amount of financial security may be increased by the Authority. All sums received as financial security shall be held and administered in accordance with the

following Section.

#### Administration of Financial Security

All financial security tendered to ensure the proper performance of work and payment of all sums due under a permit shall be held solely for that purpose. Cash or payment by cashier's or certified check shall be retained in an account restricted to use as deposit of financial security. In the event the Township or the Authority determines that an applicant or a contractor has violated the Ordinance, the issued permit or the Authority rules and regulations such that the security must be used to repair damage or effect payment of sums due, it or they shall, prior to exercising rights against the security, give to the obligor written notice of intention to do so.

Financial security shall not be released unless all work has been made available for inspection as required by the Sewer Use Ordinance and the Authority rules and regulations, and work as completed has been certified as being in compliance with all applicable regulations.

All security shall be released upon certification that all work or payments required have been performed or paid, and written notice of such certification shall be given to the obligor, to the issuer of a letter of credit or to the custodian or escrow agent for a secured or restricted account.

Upon completion of required work and payment of sums due in connection with a permit, all sums remaining in the financial security shall be refunded to the obligor.

RESOLVED BY THE HARBORCREEK TOWNSHIP SEWER AUTHORITY, this

14th day of July, 2025.

ATTEST:

Secretary

Chairman

Harborcreek Township Sewer Authority