



United States
Department of
Agriculture

Rural Development



NEWEA Annual Conference
USDA RURAL DEVELOPMENT
Water Loan & Grant Programs

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Area Director

Introduction and Welcome!

- **About Rural Development**

- Housing, Business, and Community Programs
- Jurisdiction, Office Locations and Staff Organization
 - **CT:** Norwich & Windsor
 - **MA:** Amherst, Hadley, Holden, & Wareham
 - **RI:** Warwick
- Combined Impact of RD Per Year in Southern New England



- **USDA RD RUS Program: Water and Environmental Programs (WEP)**

- Provides loans, grants & loan guarantee for rural water/wastewater facilities
- Funds Technical Assistance provider for support and training

Eligibility, Who's In and Who's Out

Who is eligible to apply for Rural Development assistance?

1. Most State and Local governmental entities (Districts, Public Bodies, etc.)
2. Private Non-Profits
3. Federally-recognized Tribes

What areas or locations are eligible for WEP?

1. Rural areas and towns with fewer than 10,000 people (Check eligible addresses on the website or with RD Specialists)
2. Tribal reservation, if Tribe is Federally recognized



Eligible APPLICANT...? Check!

Eligible AREA...? Check!

Now, what can WEP funds be used for?

To Acquire, Construct or Improve:

- Drinking water sourcing & treatment
- Drinking water storage & distribution
- Sewer collection, transmission, treatment & disposal
- Solid waste collection, disposal & closure
- Storm water collection, transmission & disposal

In some cases for...

- Legal & Engineering Fees
- Permits & Equipment
- Start-up Operations & Maintenance
- Purchases of existing facilities to improve service
- Interest during construction (RI/CT ONLY!)

Allocations for Direct Loans and Grants

FOR LOANS FY19:

- MA = \$11,403,000
- CT = \$11,676,000
- RI = \$ 6,942,000
- ME = \$16,557,000
- NH = \$12,459,000
- VT = \$11,354,000

FOR GRANTS FY19:

- MA = \$3,444,000
- CT = \$3,527,000
- RI = \$2,087,000
- ME = \$5,013,000
- NH = \$3,765,000
- VT = \$3,429,000

Estimated Interest Rates for Q1 2020!

Market	Intermediate	Poverty
2.750%	3.625%	4.500%

What about Loan Term and Rate?

- Up to a 40 Year term
 - Based on the Useful Life of the facilities financed
- Fixed Interest Rate, Depends on...
 - Need for project
 - Median Household Income (MHI)

What about Grants?

- Always subject to availability!
- Depends on...
 - System Rates are above similar systems
 - Projects are necessary to alleviate a health and sanitary issue and the service area has an MHI below the State's non-metro MHI (Poverty rates may also be utilized)

**Note: Projects will never be eligible for 100% grant funding!*

USDA Water Projects

FY2019 Obligations-\$25,565,000 Loan funds \$14,103,000 Grant funds

Examples of projects:

- **Warren Water District \$3,333,000 loan, \$2,267,000 grant**
- **Town of Gosnold \$1,648,000 loan/ \$1,312,000 Grant**
- **Hillcrest Water District \$364,750 Loan**

Loan or Grant Consideration...

Red Flags to Watch for!

- Did the borrower experience a loss in the last 3 years on their audit?
- Are the revenues broken out by system?
- Do they have legal authority to construct, operate, and maintain the proposed facilities and/or services?
- Will the project be used for a public purpose?

Contact us to set up a teleconference or site visit with you and the applicant!



RD Apply

What is RD apply?

- RD Apply is the new system that allows an applicant to apply for our programs online!
 - Technical Assistance Providers and Engineers can set up e-Authentication and help applicants fill out the online application.

Application Timeline

- Typical turn around time with pre-applications is 2 – 3 weeks, with whether or not to proceed to full application or not.
- From a full application, 1 – 2 months. Depending on National Office review.
- Off season applications are best! (October – February)



ePER- Electronic Preliminary Engineering Reports

- ePER is our latest online innovation to enhance the application process for RUS water and waste disposal loans and grants.
- Built-in features, such as life cycle cost analysis and service area mapping tools, enable streamlined project development.
- Consulting engineers can use ePER to interactively create technical documents online while working with rural communities on water and waste disposal projects.
- ePER is consistent with the Interagency Preliminary Engineering Report template developed in collaboration between the USDA Rural Utilities Service, the Environmental Protection Agency, the Department of Housing and Urban Development, and the Indian Health Service.
- To learn more: www.rd.usda.gov/files/WEP-ePER.pdf

Application Processing...

What to Expect!

1. Eligibility Determination

- Entity is eligible
- Project is eligible
- Area is eligible (Population)



2. Obtain a Complete Application

- SF 424 (Application)
- PER utilizing ePER
- Certification of other credit
- Supporting Documentation
 - Historical Financials
 - Proposed Budget for first full year of operation
 - Current Balance Sheet
 - Org Docs (if applicable)
- Environmental Review
- Other Forms:

• 1910-11

• 400-1

• 400-4

• AD 1047

• AD 1049

• Lobbying Certificate

• Tying Arrangement

3. 45 Days to Review Complete Application

- When Funds Available
- Amount of Financing
- Eligible

4. Underwriting Completed

5. Letter of Conditions

6. Funds Obligated

Once you have received your Letter of Conditions (LOC), here's a quick view of what happens next:

- Submit plans and specs to Rural Development PSS for approval
- Once approved, we will give you the green light to advertise for public bid – bid opening to be attended by RD representative
- Should there be enough money to award the contract to the lowest qualified bidder, we will review bid tabs and advise you to proceed with awarding the contract.
- 6 copies of the executed contract will be delivered to your Loan Specialist, upon review, a pre construction conference will be scheduled and attended by an RD representative
- Interim financing should be in place at this time throughout the construction period
- Monthly Project Budget Reports will be reviewed and executed to keep track of the financing at each monthly requisition meeting.

The order in which funding will be utilized is as follows:

- Applicant contribution
- Other funding (ie contributions, State grant funds etc.)
- RD Loan
- Lastly, RD grant

When RD loan funds are close to depletion, we will start the process to close the loan and pay off interim financing (this process takes approx. 45 days from the date we receive the complete loan closing package)

***RD Grant funds cannot be disbursed until the loan has been closed

Servicing

Loan closes and project is complete... we're done right???

NO! The work continues for up to 40 years (or the life of the loan)

Servicing includes *but is not limited to:*

- Compliance Reviews (Every 3 to 6 Years)
- Site & Security Inspections (Every 3 Years)
- Certification of Vulnerability Assessments and Emergency Response Plans (VA/ERP)
(Annual Basis)
- Annual Audits and Proposed Budgets reviews/analysis. (Annual Basis)



Special Evaluation Assistance for Rural Communities and Households

- **What does this program do?**
- This program helps very small, financially distressed rural communities with predevelopment feasibility studies, design and technical assistance on proposed water and waste disposal projects.
- **Who may apply?**
- Most state and local governmental entities
- Nonprofits
- Federally recognized tribes
- **Are there additional requirements?**
- The predevelopment planning costs must be related to a proposed project that meets the following requirements:

Special Evaluation Assistance for Rural Communities and Households

What is an eligible area?

- Areas to be served must be rural and financially distressed:
- Rural areas with a population of 2,500 or less
- Have a median household income below the poverty line or less than 80 percent of the statewide non-metropolitan median household income based on latest Census data
- **How may the funds be used?**
- To pay predevelopment planning costs, including:
- Feasibility studies to support applications for funding water or waste disposal projects
- Preliminary design and engineering analysis
- Technical assistance for the development of an application for financial assistance

Water & Waste Disposal Predevelopment Planning Grants (PPG)

PPGs assists low-income communities with initial planning and development of applications for USDA Rural Development Water and Waste Disposal direct loan/grant and loan guarantee programs.

- **Who may apply?**
- Most state and local governmental entities
- Nonprofit organizations
- Federally recognized tribes
- Rural areas and towns with populations of 10,000 or less

NOTE: The area must have a median household income below the poverty line or less than 80 percent of the statewide non-metropolitan median household income.

Maximum of \$30,000 or 75 percent of the predevelopment planning costs.

Water & Waste Disposal Predevelopment Planning Grants

How may the funds be used?

- Grants may be used to pay part of the costs of developing a complete application for USDA Rural Development Water & Waste Disposal direct loan/grant and loan guarantee programs.
- **What are the terms for the grants?**
- Grants may not be used to pay for work already completed.
- The amount of the grant will be subtracted from the total grant eligibility if a USDA grant is awarded for part of the project.
- Grants do not have to be paid back if the application for the USDA direct loan or loan/grant combination is not successful.
- Grants are based on demonstrated need and subject to the availability of funds.
- Partnerships with other federal, state and local entities are encouraged, and grants are awarded only when the applicant cannot afford to borrow the needed funds

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Questions!

