

# Water and Wastewater Program



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**United States Department of Agriculture  
RURAL DEVELOPMENT  
COMMUNITY PROGRAMS**

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# USDA, Rural Development

- Rural Electric Loans & Loan Guarantees
- Rural Broadband Loans Grants, & Guarantees
- Distance Learning & Telemedicine
- Water & Waste Disposal Loans & Grants



• <http://www.rurdev.usda.gov/rus>

# RD Water and Waste Programs

- Water & Waste Disposal Loans/Grants
- Solid Waste Management Grants
- Technical Assistance & Training Grants
  - Ohio Rural Water Association (ORWA)
  - Rural Community Assistance Program (RCAP)



# RD, WWD- Eligibility Criteria

- Public Entities - townships, & non-profit associations
- Rural areas / service area with populations of less than 10,000
- Be unable to obtain credit elsewhere
- Have the legal capacity to borrow and repay the loan, pledge security, own and operate the proposed system
- Be financially sound and able to manage the facility effectively.



# Authorized Loan/Grant

## Purposes

- Construct, repair, improve, expand, or modify rural water supply and distribution lines, hydrants, and pumping stations.
- Acquire water supply or water rights (i.e.: reservoirs, wells)



# Authorized Loan/Grant Purposes (Continued)

- Construct, repair, improve, expand, or modify waste collection, pumping, treatment, or other disposal facilities
- Related soft costs (e.g.: engineering, legal, ROWs, land acquisition)
- Refinancing existing debts, if less than half of the loan



# RD Rates and Terms

- Interest Rates are based on Median Household Income (MHI)
- Rates are set quarterly based on the current GO Bond index, as follows:

		<u>7-1-2009</u>
- Market - \$44,220 or greater =		4.375%
- Intermediate - \$35,376 to \$44,220 =	3.5%	
- Poverty - \$0 to \$35,376 =	2.625%	

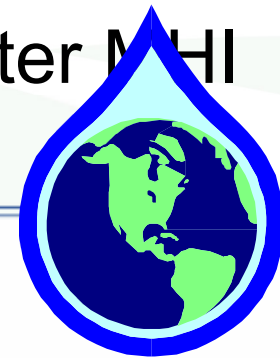
(Maximum Term - 40 years)



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# RD Grant Limitations

- Grants awarded to meet target user rates:
  - Maximum of 75% grant for \$0 to \$35,376 MHI (poverty level)
  - Maximum of 45% grant for \$35,376 to \$44,220 MHI (intermediate level)
  - No grant funds for \$44,220 or greater MHI (market rate)



# RD General Requirements

- Security will be Revenue Bonds or General Obligation Bonds
- Public Notices and Public Meeting
- Environmental Review
- Concurrence on all contracts and Agreements for Professional Services
- Legal & Bond Counsel Services
- Graduation - refinance with conventional funds



# RD Application Process

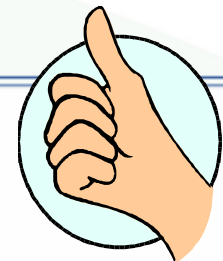
- Initial Planning Consultation
  - Meet with Rural Development or RCAP
  - Determine which funding agency has the best deal for the community



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# Advantages of RD Direct Funding

- Low interest rates
- Longest fixed rate term available
- Availability of grants - up to 45% or 75%
- Commitment prior to authorizing design
- No fees for RD services
- RD's commitment to customer service
- No pre-payment penalties



## Top 10 Reasons to Make RD your Lender of Choice

10. 40 year fixed rates.
9. Locked in rate at time of obligation. Lower rate at loan closing if available.
8. Staff Engineers on hand.
7. State Environmental Coordinator (SEC) on staff.
6. Area and State Office Specialists have over 450 combined years of experience.
5. Experienced team of support staff that will assist throughout the life of the loan.
4. We COMMIT to funding a project first, assisting our customers secure resources from other funding agencies such as OPWC, CDBG, and ARC etc.
3. Construction Analysts provide construction monitoring and on-site inspections throughout construction. We provide analysis of contractor pay estimates to ensure the value of the work in place is consistent with the contractors request.
2. We are committed to the long term success of the project. Our Specialists monitor the project by completing annual audit reviews and analysis of annual financial reports. Our Construction Analysts also complete triennial security inspections to ensure that the security is being properly maintained.
1. We are committed to the future of rural communities”.

# RD's Goal

- Construct facilities that are modest in size, design, and cost.
- Provide financial assistance that results in reasonable user costs for rural residents, rural businesses, and other rural users.



# *Available Financing Options*

## Public Bodies

- Conventional
- Private issues
- Ohio Department of Development (CDBG)
- Ohio Public Works
- Ohio Water Development Authority
- USDA, Rural Development Direct Funds
- Appalachian Regional Commission (ARC)
- Ohio EPA ( water and sewer)
- Economic Development Administration
- WSOS/RCAP



# *Available Financing Options*

## **Nonprofit Corporations**

- Conventional financing
- Private Bond Issues
- Rural Development Guarantees
- USDA, Rural Development Direct Funds
- Appalachian Regional Commission (ARC)
- Ohio EPA (water only)
- WSOS/RCAP



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# RD Application Process

- Application
- Loan Approval (Funding)
- Design / Bid
- Construction
- Closing
- Servicing



# RD Application Process

- Application
  - RD staff will assist applicants
  - Engineer must provide:
    - Preliminary Engineering Report
  - Environmental Report Writers will provide:
    - Environmental Report



# Other RD Programs

- Community Facilities
  - Can fund items WWD cannot
  - i.e. – Full Overlay Paving, Buildings
- Section 504 Housing Repair Loans/Grants
  - Can fund tap fees, lateral installation
  - Grants available to very low income elderly





# ARRA

## USDA, Rural Development Water and Wastewater Program

ARRA funds available thru 9-30-2010

Same program, now with more funds.

Don't wait to file applications.

No grant only projects

“Stimulus” does not mean all “grant”



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# ARRA

All funding used announced thru  
recovery.gov.

All funding - extensive review & oversight.

Will cause Davis Bacon to kick in.

Will require use of American steel.

Recipient Reporting Requirements

(Will not effect 2009 regular USDA, RD funding)



# USDA, Rural Development Application Processing

Median Household Income (MHI).  
Project specific application review.  
User Rates  
Grant determinations  
Similar systems  
Allowance for doubtful accounts



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Questions?



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