



United States
Department of
Agriculture

Rural Development



Water & Environmental Program

*UNC School of Government Environmental Finance Center
2021 Water and Wastewater Finance Strategies Virtual Workshop
February 25, 2021*



WATER & ENVIRONMENTAL PROGRAMS

ELIGIBLE APPLICANTS

Public Bodies:

- Counties
- Towns & Cities
- Water & Sewer Districts
- Water & Sewer Authorities
- Metropolitan Sewerage Districts
- Sanitary Districts

- Project must serve rural area - any area not in a city or town with a population in excess of 10,000



ELIGIBLE APPLICANTS

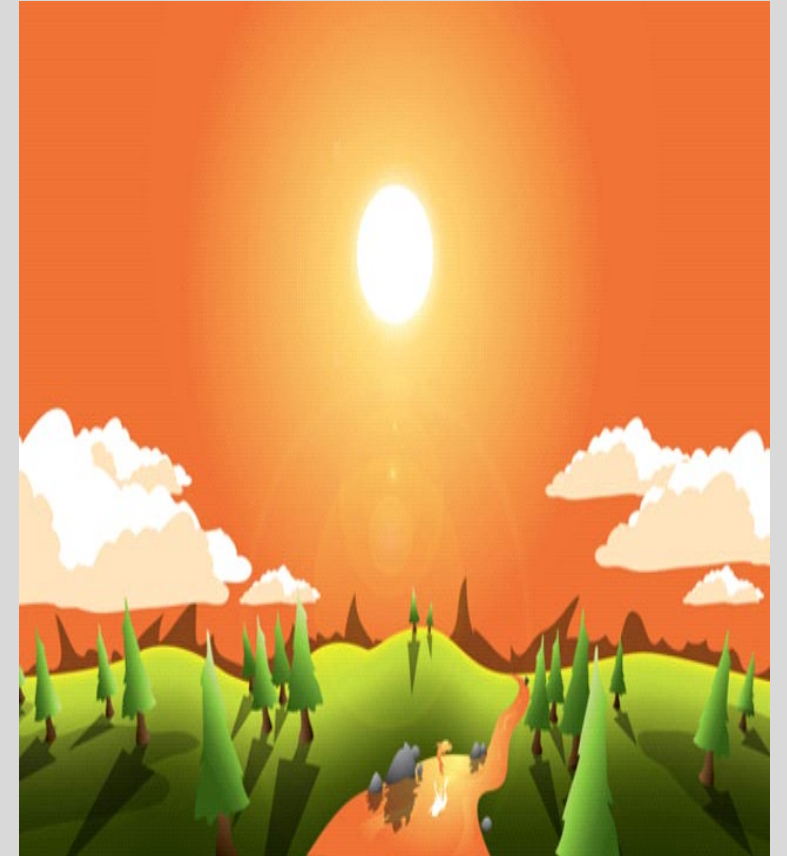
Federally Recognized Indian Tribes:

NC has 1 Federally Recognized Indian Tribe

- Eastern Band of Cherokee Indians

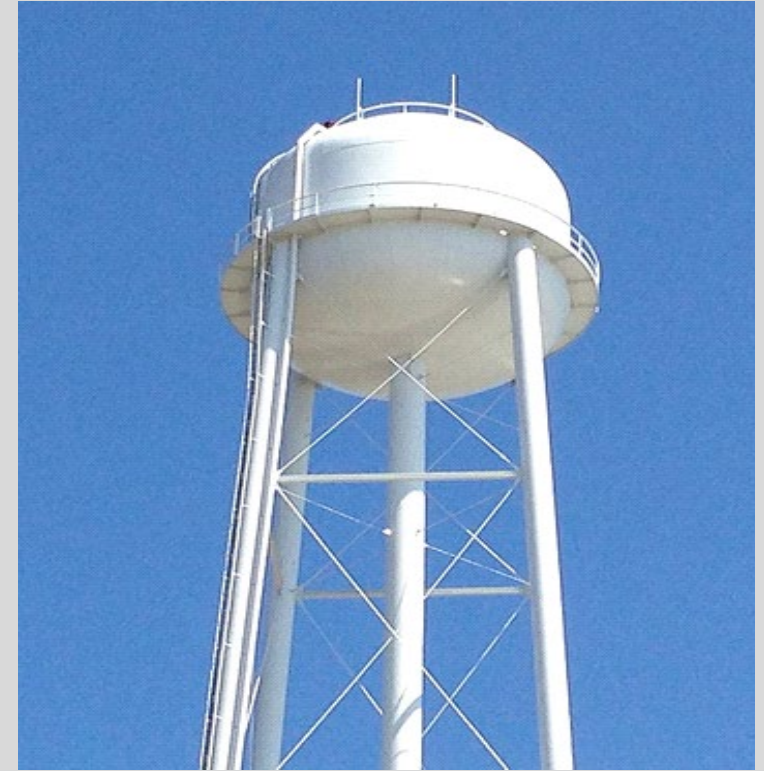
State Recognized Indian Tribes:

Not eligible to receive WEP financial assistance



ELIGIBLE APPLICANTS

- ❑ Organizations Operated on a Not-For-Profit Basis:
 - ❑ Associations
 - ❑ Cooperatives
 - ❑ Water and/or Sewer Corporations



ELIGIBLE PROJECTS

- Drinking Water Facilities
- Sanitary Sewer Facilities
- Storm Water Drainage Facilities
- Solid Waste Disposal Facilities



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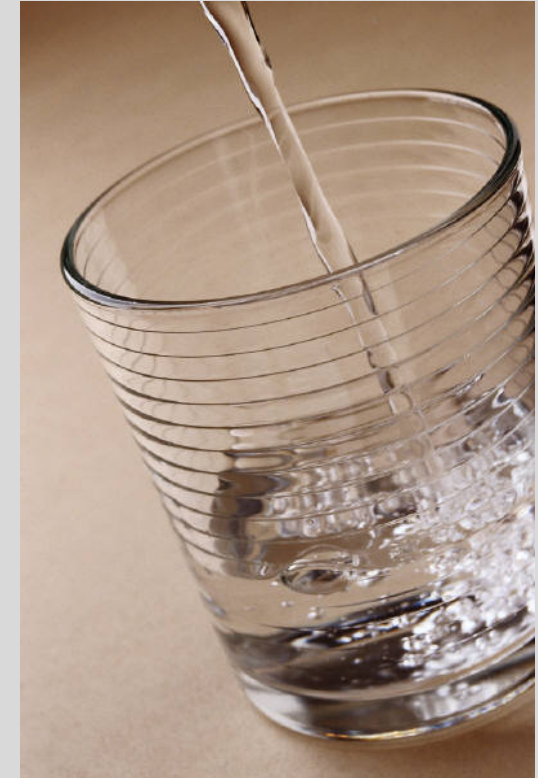
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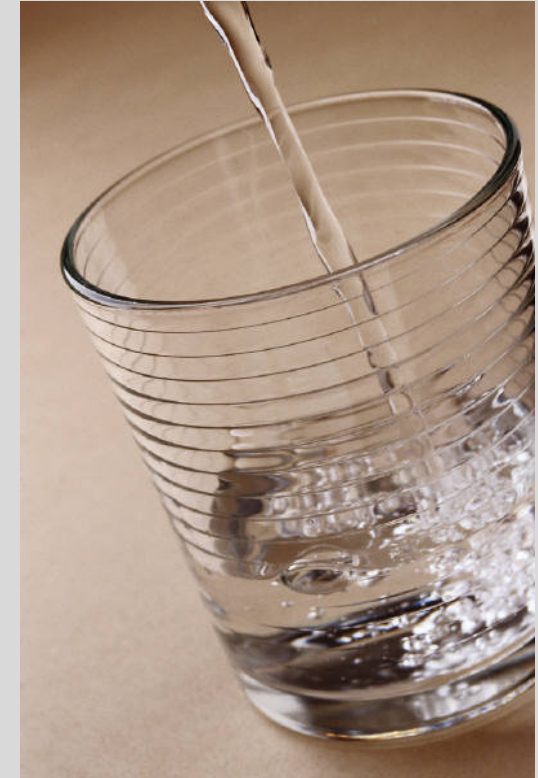
Typical Drinking Water Projects

- New Water Systems**
(Distribution and/or Treatment Facilities)
- Water Lines Extensions**
- Improvements to Existing Distribution and/or Treatment Facilities**
- Water Storage or Impoundment Facilities**
(Tanks, Dams, Reservoirs, Levees)



Typical Drinking Water Projects

- Water Supply Wells
- Meter Systems
- SCADA Systems
- Emergency Generators
- Purchase of Existing Systems
- Purchase of Additional Capacity



Typical Sewer Projects

- New Sewer Systems
(Collection and/or Treatment Facilities)**
- Sewer Line Extensions**
- Improvements to Existing Collection and/or
Treatment Facilities**
- Purchase Capacity in other Treatment Facilities**
- Emergency Generators**
- Purchase Existing Systems**



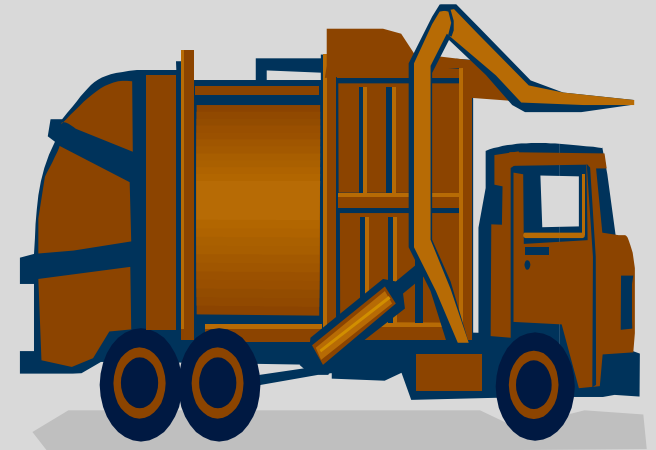
Typical Storm Water Projects

- ❑ **New or rehabilitation of retention basins or ponds, inlets, pump stations, channels and piping, curb and guttering**



Typical Solid Waste Projects

- New Landfills
- Purchase Trash Trucks
- Construct Transfer Stations
- Construct Convenience Centers



Purposes

- ❑ **Construct, enlarge, extend, or otherwise improve rural water, sanitary sewer, solid waste disposal , and storm wastewater disposal facilities**
- ❑ **To construct or relocate public buildings, roads, bridges, fences, or utilities, and to make other public improvements necessary for the successful operation or protection, of the facilities stated above**

Purposes

- ❑ Reasonable fees and costs such as: engineering, legal, environmental, fiscal advisory, and administrative services,
- ❑ Cost of acquiring interest in land such as: water rights, leases, permits, easements, rights-of-way, and other evidence of land or water control or protection necessary for development of the facility
- ❑ Cost for connecting the user to the main service line, if the service area MHI is below \$36,355

Non-Metropolitan Median Household Income (MHI)

- ❑ **Statewide MHI - \$45,444**
- ❑ **MHI below this figure may qualify for grant assistance**
- ❑ **MHI above this figure would qualify as a loan only**

Non-Metropolitan Median Household Income (MHI)

□ Maximum grant:

- 75 percent when the MHI is below the higher of poverty line or 80% of Statewide MHI (\$36,355) and the project is necessary to alleviate a health or sanitary standard
- 45 percent when the MHI exceeds 80 percent of Statewide MHI (\$36,355) but is not more than 100 percent of Statewide MHI (\$45,444)

Interest Rates (subject to change April 1, July 1, Oct. 1, & Dec. 1)

- ❑ **Poverty – 1.250%**
MHI is below the poverty line or 80% (\$36,355) of the State non-metropolitan MHI of \$45,444 and a health and sanitary issue exists

- ❑ **Intermediate – 1.750%**
MHI is between 80-100% (\$36,355-\$45,444) of State non-metropolitan MHI, without any health or sanitary issues

- ❑ **Market – 2.125%**
MHI exceeds 100% (\$45,444) of State non-metropolitan MHI

Terms

Repayment Period:

- 40 years
- Principal payment may be deferred up to 3 years
(interest only payments)

Application Processing

- Interest rates - fixed (applicant receives the lower of the interest rate at the time funds are obligated or at the time of loan closing)**
- No processing fees**
- No prepayment penalties**

Application Processing

- Applications accepted and processed on a rolling-basis (no application deadlines)
- No \$\$ limit on the amount of an application

OneRD Guaranteed Loan Program

- Borrower applies for loan to commercial lenders.
 - Regulated Lenders (FDIC) (Federal or State supervision and credit examination)
 - Non-Regulated Lenders – Rural Development (Agency) must approve

- Non-regulated lenders
 - Must be Agency approved.
 - For more information, visit: <https://www.rd.usda.gov/onerdguarantee>

- Lender makes the loan and Agency reviews the Lender's credit analysis for approval.

OneRD Guaranteed Loan Program

- Population Limit: 50,000**
- Annual Federal Register notices -- for FY 2021, 80% guarantee of loss amount**
- Loan Note Guarantee can be issued prior to construction completion with additional 0.5% fee.**
- Refinancing:**
 - **Up to 100% to other lenders debt**
 - **Refinancing unguaranteed lender debt not to exceed 50% of proposed loan**
 - **Refinancing Agency Direct and Guaranteed loans up to 100%**
 - **Refinancing must be for eligible project costs, improve cash flow and have a minimum debt service coverage ratio (DSCR) of 1.1 times.**

OneRD Guaranteed Loan Program

- Rates negotiated with Lender can either be fixed, variable, or combination.
- Term negotiated with Lender up to maximum of 40 years.
- Lender and Borrower should establish reasonable reserves.
- Lender applies to Agency for Guarantee.
- Agency issues a Conditional Commitment (CC)
- Lender monitors construction and pays for services provided.
- Lender can close loan and apply for guarantee upon certification that (CC) requirements were satisfied and construction is complete.
- Agency issues Loan Note Guarantee (LNG)
- Lender holds loan or can sell portion on secondary market.

OneRD Guaranteed Loan Program

- No Agency Engineering Review of Planning or Construction Document, just facility history/background and typical project proposal as required by Commercial Lender.**
 - **State and local permitting and approval.**
- No modest in size, design and cost requirements.**
 - **No alternatives to construction.**
 - **No life cycle cost analysis.**
- No Davis Bacon Wage Rates required by Agency, but State may require.**
- Customer use analysis not required.**
- American Iron and Steel requirements do apply.**
- National Environmental Protection Act (NEPA) does apply.**

SEARCH Grant

- SEARCH -- Special Evaluation Assistance for Rural Communities and Households Program**
- Assist financially distressed communities in paying costs associated with preparing feasibility studies, preliminary engineering reports, and environmental reports**
- Limited to \$30,000 or 100% of the predevelopment cost, whichever is less**
- Median Household Income of the proposed project service area must be under \$36,355**
- Project must be in a rural area (2,500 or less population)**
- Applicant basically is unable to pay the proposed predevelopment costs from their own resources**

Predevelopment Planning Grant (PPG)

- Assist financially distressed communities in paying costs associated with preparing feasibility studies, preliminary engineering reports, and environmental reports, etc.
- Limited to \$30,000 or 75% of the predevelopment cost, whichever is less
- Median Household Income of the proposed project service area must be under \$36,355
- Project must be in a rural area (10,000 or less population)
- Applicant basically is unable to pay the proposed predevelopment costs from their own resources

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

Purpose:

To assist the residents in rural areas and small communities obtain or maintain adequate quantities of safe water when a decline in quantity or quality occurs or is imminent

Emergency:

Occurrence of an incident such as, but not limited to: drought, earthquake, flood, tornado, hurricane, disease outbreak, spills or leakage of hazardous substances or chemicals.

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

- Median Household Income of the proposed project service area must be under \$45,444
- Project must be carried out in a rural area (10,000 or less population)
- Proposed project cannot contain costs that are eligible for funding from the Federal Emergency Management Agency (FEMA) or covered by applicant's insurance (Documentation of such must be provided)

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

Significant Decline in Quality:

Occurs when the present community source or delivery system does not meet, as a result on an emergency, the current Safe Drinking Water Act requirements. For a private source or delivery system a significant decline in quality occurs when the water is no longer potable as a result of an a emergency.

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

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Emergency and Imminent Community Water and Assistance Grant (ECWAG)

- Significant Maintenance** - any repair work resulting from an emergency event required to return a portion of a water system to working order to provide an adequate quantity or quality of water, that does not involve new construction
- Grant Limit** - \$150,000

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

Significant Maintenance (examples):

- Replace distribution lines
- Replace pumps or motors
- Replace various types of meters
- Replacement of equipment damaged as a result of the emergency event

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

- ❑ **Generally, a new water source or a different source**
- ❑ **Grant Limit - \$1,000,000**

Emergency and Imminent Community Water and Assistance Grant (ECWAG)

- ❑ **Generally a new water source or a different source (examples):**
 - **New water supply well(s)- different location**
 - **New water treatment plant – different location**
 - **Line extensions associated with a new water source (connect to a new source)**
 - **New water tank – if damage impacts source/delivery**

Community Programs Staff

- D. Garland Burnette, Program Director

Phone: (919) 873-2063 / E-mail: garland.burnette@usda.gov

- Dennis Delong, Community Program Specialist (WEP)

Phone (919) 873-2046 / E-mail: dennis.delong@usda.gov

- Julia Johnson, Community Program Specialist (WEP)

Phone: (919) 873-2037 / E-mail julia.johnson@usda.gov

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mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;
Fax: (202) 690-7442
email: program.intake@usda.gov.