



USDA, Rural Development



Committed to the future of rural communities.

New York Rural Utilities Programs

- Direct Loan and Grant Program
- Pre-development Planning Grants (PPG)
- Emergency Community Water Assistance Grants Program (ECWAG)



RUS Instruction 1780.2

- PURPOSE - “Provide loan and grant funds for water and waste projects serving the most financially needy communities. Financial assistance should result in reasonable user costs for rural residents, rural businesses, and other rural users.”

RUS Instruction 1780.7

Eligible Facilities

- Rural Areas with any population.
- City or Town under 10,000 population.
- City or Town over 10,000 population serving an eligible area identified by one of two preceding criteria.

Preliminary Eligibility Determination

- A request for a pre-eligibility determination
- A Fact Sheet
- Hook Up Information Sheet
- Form B – Existing Debt Information

- Preliminary Engineering Report
- Form E – Estimated Project Budget
- Regulatory Agency Comments
- Latest NYS Audit and Control Report
- Form 442-7, Operating Budget
- Other Credit Documentation

A meeting with Rural Development can be scheduled at any time prior to or during this process

Credit Elsewhere

- RUS Instruction 1780.7(d) - Applicants must certify in writing and the Agency shall determine and document that the applicant is unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms.

RUS Instruction 1780.1

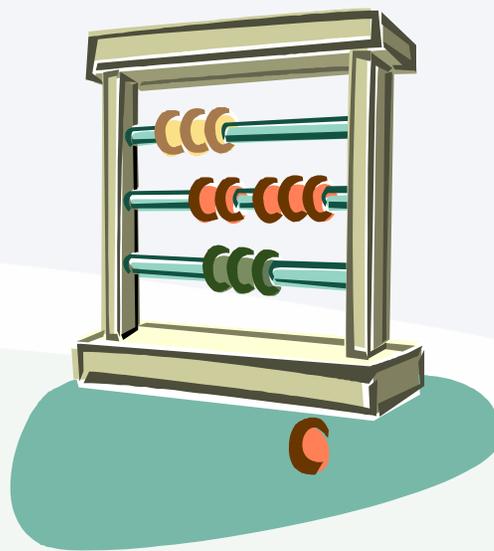
The income data used in this part to determine the Median Household Income (MHI) must be that which most accurately reflects the income of the service area.

- Census Data
 - City or Town
 - County
 - Minor Civil Division (MCD)

- Income Surveys

- Authorized by Rural Development
- Only when latest census data deemed inaccurate
- Independent Party
- Response Rates
- MHI based on median

Underwriting Program



Underwriting Program

Underwriting

- Similar Systems Determination - A minimum of three similar systems must be used.

RUS Instruction 1780.10 (b) states grant funds may not be used to reduce EDU costs to a level less than similar system cost.

Underwriting

- O&M (Less Interest & Depreciation)
- Replacement Reserve - Short Lived Assets
- Other Annual Expenses
- Debt Service and Reserve
- Other Credit

EXAMPLES OF SHORT-LIVED ASSETS

- Computers
- Testing Equipment
- Storage Tank Painting
- Pump Replacement/Repair
- Controls
 - ❖ Items that are not typical O&M expenses.

Project Funding Breakdown

- Total Project Cost
- Applicant Contribution
- Other Funding Sources
- Connection/Tap Fee

Applicant Contributions

- Based on the latest NYS Audit and Control Annual Update Document or Audit
- Capital Reserve or Enterprise Funds must be identified
- Unrestricted excess cash is required to be used towards project cost

Project Funding Breakdown

- After we have entered all the underwriting and project funding breakdown data we will determine:
 - **USDA (Maximum Loan Amount)**
 - **Total USDA Grant Needed**

Where we are :

- Pre-eligibility request Received/reviewed
- Preliminary Eligibility Determination has been made

What's next:

- An application conference will be held and an application given to the applicant
- RD Engineer will review PER and provide comments
- A Complete Application must be received
- The Environmental Review will be completed

After Completion of application

- Letter of Conditions – outlines requirements for the loan/grant.
- Construction – bidding, awarding and construction monitoring
- Final construction & project close-out documents
- Closing

Direct Loan and Grant Projects

- Village of Whitney Point - financing of the new wastewater collection system and treatment plant. The \$7,300,000 project is co-funded by USDA, Rural Development, United States Environmental Protection Agency, Clean Water State Revolving Loan Fund, and money from the Department of Environmental Conservation Bond Act.

Village of Whitney Point



Village of Whitney Point



Predevelopment planning grants

- Can be used to:
- Develop preliminary engineering reports
- Conduct environmental studies



Pre-Development Planning Grants

- ❖ Documents such as Preliminary Engineering Reports and Environmental Reports are required to be obtained up front prior to having funds committed for a project.
- ❖ Predevelopment Planning Grants can be used to help pay for these costs.

- Typically, the grant funds will pay for one half of the cost, with the other half funded by the applicant.
- The Median Household Income (MHI) of the proposed service area must be either below the poverty line or below 80% of the State's MHI (\$40,447).

- Grants are limited to projects the Agency expects to fund soon after the application is submitted.
- Eligible pre-development items funded must be agreed to and accepted by Rural Development prior to disbursement of the Grant.
- The grant funds cannot be used to pay for work already completed.

Priority Given to:

- Systems with limited resources.
- Smallest systems with the lowest incomes.
- Applicants that do not have the ability to fund the project with their own resources.

PPG's Continued

- Typical grant funding for NYS is \$7,500 Rural Development and \$7,500 applicant.
- USDA Rural Development will fund 50% of the required preliminary cost and the applicant will fund 50%.

Local PPG Projects

- Town of Fenton – used funds to develop a Preliminary Engineering Report for expansion of Hillcrest Sanitary Sewer District. The proposed project would serve additional 651 customers and address aging on site septic systems and health concerns.

Town of Barton

- Two PPG's were provided for Preliminary Engineering Reports for water and sewer projects. Densely populated areas that contained on site septic systems were thought to be impacting wells. Alternative service areas were studied to consider for future funding.

Village of Owego

- Working on a PPG to develop a Preliminary Engineering Report to address flood related repairs needed to the sewer system.

Emergency Community Water Assistance Grants (ECWAG's)

- Assist residents of rural areas that have experienced significant decline in quantity or quality of water, or when such a decline is considered imminent, to obtain or maintain adequate quantities of water that meets the standards set by the Safe Drinking Water Act.

ECWAG Timeframes

- Grants made to alleviate a significant decline in quantity or quality of water must demonstrate that the decline occurred within two years of the date the application was filed with the Agency.
- Situations involving imminent decline must demonstrate the decline is likely to occur within one year of the date the application is filed.

ECWAG Grant Purposes

- Waterline extensions from existing system
- Construction of new waterlines
- Repairs to existing systems
- Significant maintenance to an existing system
- Equipment replacement

ECWAG Grant Purposes

- Construction of new wells, reservoirs, transmission lines, treatment plants and other sources of water
- Other appropriate purposes such as legal fees, engineering fees, environmental, surveys, administrative costs

Maximum Grants

- Grants not to exceed \$500,000 may be made to alleviate a significant decline in quantity or quality of water
- Grants made for repairs, partial replacements, or significant maintenance on an established system to remedy an acute shortage or significant decline in the quality or quantity of water, cannot exceed \$150,000

ECWAG Restrictions

- Assist community with population in excess of 10,000 inhabitants
- Assist rural area that has a median household income (MHI) in excess of \$50,559
- Finance facility not modest in size, design, cost and not directly related to correcting problem
- Pay loan and grant finder's fees
- Pay annual recurring costs that are considered operational expenses
- Purchase existing systems
- Pay rental for use of equipment owned by the community
- Refinance existing debts
- Finance Facilities that are not for public use
- Make reimbursement for projects developed with other grant funds

Initial Submission for ECWAG

- Letter from municipality outlining the following:
 - Nature of emergency that caused the problem(s)
 - Description of proposed project & estimated cost of the project
 - Population and Median Household Income (MHI) of the area to be served

Initial Submission for ECWAG

- Applicants Tax ID # and DUNS #
- Documentation that clearly shows a significant decline in the quantity or quality or acute shortage of portable water and the proposed project will eliminate or alleviate the problem. Evidence that the problem occurred within 2 years or is expected to occur within one year after filing the application.
- Department of Health (Regulatory Agency) comments, if available

ECWAG Processing

- After the applicant submits the initial paperwork to the local office we will review the information and submit to our state office for determination of project eligibility. Once a determination is made that the project is eligible for consideration under the program the local office will set up meeting to discuss project and provide applicant with a complete application package.

ECWAG Local Projects

- Town of Cincinnatus – \$500,000 ECWAG to replace the Town’s primary well that had failed.
- Town of Margaretville-\$221,788 ECWAG for replacement of a well that suffered damage from flooding.

Community Facilities



Community Facilities Program

- Improve, develop, or finance “essential community facilities”,
 - Such as...
 - Health Care
 - Public Safety
 - Public Service
 - Non-traditional housing
 - Fire & Rescue

Community Facilities Program

– Direct Loans

– Grants

– Loan Guarantees

Community Facilities FY'06 Investment

- Direct Loans \$8,545,450
- Grants \$404,000
- Leveraging \$1,563,001
- Total Investment \$10,512,451

Eligible Applicants – Direct Program

- Public Bodies or Non-Profit Corporations
- Serve rural residents and businesses in cities or towns up to 20,000 population
- Other credit is not available
- Legal authority

Eligible Purposes

- Construct, enlarge, extend or otherwise improve a facility
- Purchase major equipment
- Purchase existing facilities
- Pay associated project expenses (i.e. architect/engineer, legal fees)
- Facilities must be modest in size, design, and cost

Security Requirements

- Best security position available
- Protect the government during the life of the loan
- GO Bonds
- Real Estate Mortgage
- UCC lien, Motor Vehicle Title
- First Born



Rates and Terms

- Present interest rate 4.125%
(fixed for life of the loan)
- Terms- useful life of the security- (30 years for real estate, 15 years for vehicles)
- No prepayment penalty
- No equity requirements
- Appraisal is required

Here are some samples of
projects financed through the
Community Facilities Direct
and Guaranteed Loan and
Grant Program



Cortland Sports Complex



Cortland Sports Complex



Homer Center for the Arts



Center for the Arts of Homer



Raquette Lake Volunteer Fire Department



Skaneateles Early Childhood Center



How do I get started?

- Pre-application
- File at a USDA Rural Development Office throughout New York state

