



Fall Funding Roundtable – Virtual Event USDA Rural Development – New York

October 26, 2022

What is Rural Development?

- Rural Development is one of seven mission areas under the United States Department of Agriculture.
- We have more than 40 loan, grant, and technical assistance programs to support economic development in rural communities.
- Rural Development programs are delivered thru 3 agencies.
 - **Rural Business Service** these programs focus on assisting businesses along with energy programs.
 - **Rural Utilities Service** we provide assistance for water and sewer improvements
 - **Rural Housing Service** we assist w/ SFH loans for purchase & repair along w/ funding essential community facilities.
- Rural Development can build a community from the ground up!
- Today we will be talking about the Water and Environmental Programs (WEP) and Community Facilities (CF).

Where is USDA Rural Development – in New York?

- **1 State Office**
 - Syracuse
- **10 Area Offices**
 - Bath
 - Batavia
 - Canton
 - Canandaigua
 - Cortland
 - Greenwich
 - Marcy
 - Middletown
 - Schoharie
 - Watertown
- **Co-Located with FSA / NRCS**

**USDA Rural Development
State Office**
441 South Salina Street
Syracuse, NY 13202
Tel. (315) 477 6400 Ext. 4

Canton Area Office
1942 Old DeKalb Road
Canton, NY 13167
Tel. (315) 386 2401 Ext. 4
Fax (855) 889 1629

www.rd.usda.gov/NY

Watertown Area Office
P.O. Box 838 (21168 NYS Rt. 232)
Watertown, NY 13601
Tel. (315) 782 7289 Ext. 4
Fax (855) 889 1635

Canandaigua Area Office
Agricultural Service Center
3037 County Rd. #10
Canandaigua, NY 14424
Tel. (585) 394 0525 Ext. 4
Fax (855) 558 7583

Marcy Area Office
9025 River Road
Marcy, NY 13403
Tel. (315) 736 3316 Ext. 4
Fax (855) 558 7596

Batavia Area Office
29 Liberty Street, Suite 2
Batavia, NY 14020
Tel. (585) 343 9167 Ext. 4
Fax (855) 889 1627

Greenwich Area Office
2530 State Rt. 40
Greenwich, NY 12834
Tel. (518) 692 9940 Ext. 4
Fax (855) 889 1631

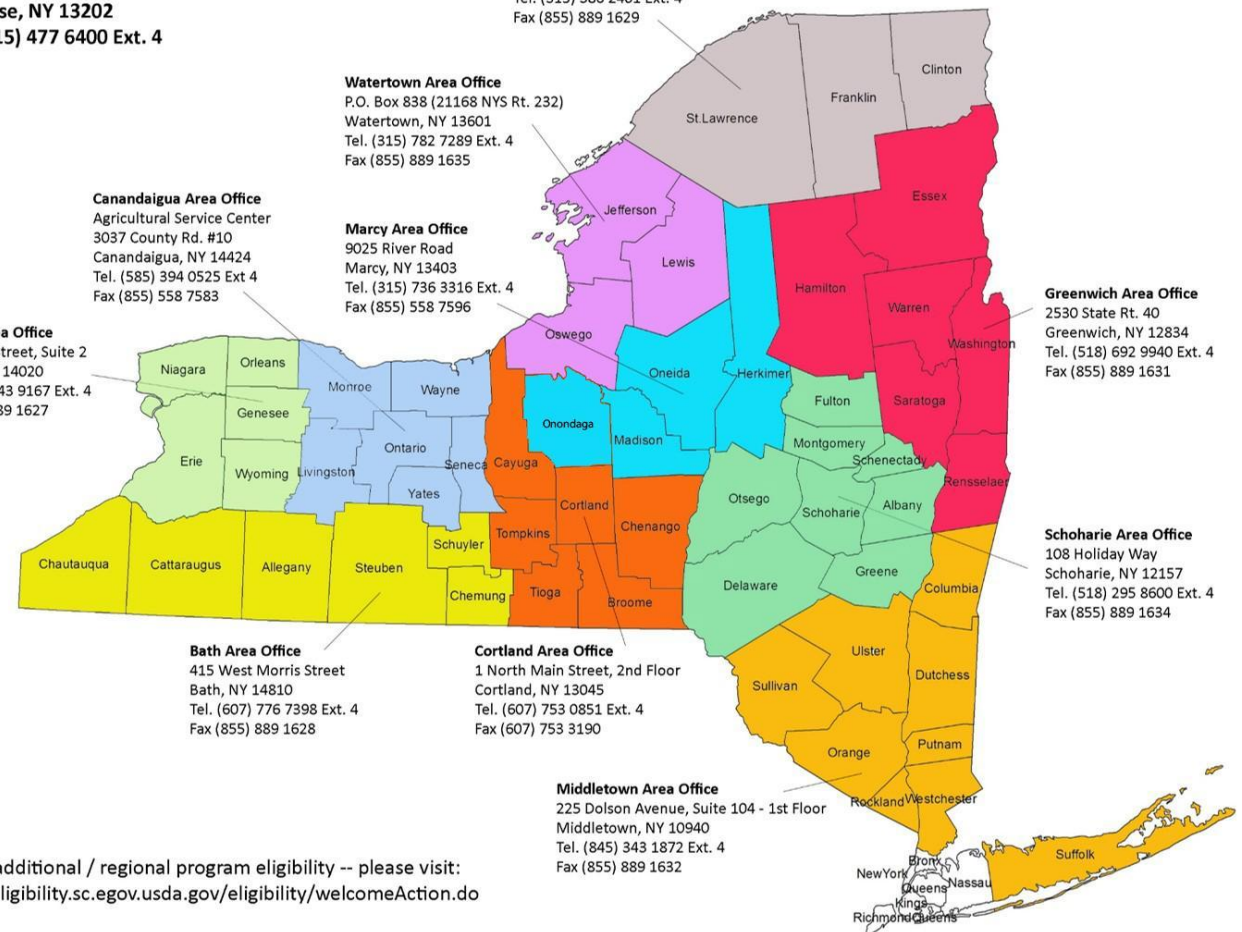
Schoharie Area Office
108 Holiday Way
Schoharie, NY 12157
Tel. (518) 295 8600 Ext. 4
Fax (855) 889 1634

Bath Area Office
415 West Morris Street
Bath, NY 14810
Tel. (607) 776 7398 Ext. 4
Fax (855) 889 1628

Cortland Area Office
1 North Main Street, 2nd Floor
Cortland, NY 13045
Tel. (607) 753 0851 Ext. 4
Fax (607) 753 3190

Middletown Area Office
225 Dolson Avenue, Suite 104 - 1st Floor
Middletown, NY 10940
Tel. (845) 343 1872 Ext. 4
Fax (855) 889 1632

To view additional / regional program eligibility -- please visit:
<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>



Water and Environmental Programs



Clean Water & Sanitation Help for Rural Communities

- Water and Environmental Programs (WEP)
- Projects include the Construction, Repair, Modification, Expansion or Improvement of:
 - Drinking water sourcing, treatment, storage tanks and distribution/pumping stations
 - Sewer collection, transmission, treatment and disposal
 - Solid waste collection, disposal and closure
 - Storm water collection, transmission and disposal.

Water & Waste Disposal Loans & Grants

- Funding may be used for:
 - Construction costs
 - Purchasing existing facilities to improve or prevent loss of service
 - Legal fees
 - Engineering fees
 - Land acquisition
 - Water and land rights
 - Permits
 - Equipment
- Application preparation is not an eligible project expense.

Water & Waste Disposal Loans & Grants

- An applicant must be:
 - A public body
 - A Not-for-profit organization
 - Native American tribe or Federal or State reservation or other Federally recognized tribes.
- Rural areas with populations of **10,000** or less.
- Projects must serve a rural area.
- Other credit – Applicant unable to finance the project from their own resources or through commercial credit at reasonable rates and terms.
- Must have legal capacity to borrow and repay loans, pledge security for the loans and maintain the facilities.
- Existing operations must be sustainable.

WEP Direct Loan Terms

- Loan repayment shall not exceed the useful life of the facility or 40 years.
- Applicant is responsible for short term financing during construction period.
- Rural Development offers easy terms designed for rural communities with limited resources.
- In New York, we use 38 years as the project is typically on a **Bond Anticipation Note** (BAN) for 2 years prior to loan closing.
- Applicant is responsible for short term financing – typically BAN financing during the construction period for the loan portion/funds.
- After the loan funds have been disbursed through the interim financing, Rural Development closes on long-term financing which allows the municipality to retire the interim financing.

WEP Interest Rates

- **Poverty Rate** 2.125%
 - To qualify – 2010 MHI must be less than \$45,506 and primary purpose of the loan is to alleviate a documented health or sanitary problem of the facility being financed.
- **Intermediate Rate** 2.750%
 - To qualify – 2010 MHI of the service area is less than \$56,882 and the project does not alleviate a documented health or sanitary problem.
- **Market Rate** 3.500%
 - To qualify – 2010 MHI is \$56,882 or above. No grant funding is available for market rate projects.
- Rates change quarterly – January, April, July & October

Loan Security

- Loans must be adequately secured.
 - General Obligation – New York requires General Obligation (GO) Bonds for Municipalities.
 - Revenue Bonds for Authorities.
 - Assignment of Income.
- Rural Development must take the best security available when financing a project -- which in New York State is General Obligation Bonds.

Water & Waste Disposal Grants

- May be provided to reduce user costs to a reasonable level.
- Keep in mind the annual appropriations give USDA funding levels that equate to approximately 70% loan and 30% grant.
- National Office policy has implemented a minimum cost per EDU of 1.5% of the MHI before any grant funding will be provided to a project.
- No more grant caps in New York State – grants provided to help reduce user costs – however, cannot give max grant amounts.
- Communities should expect to pay between 1.5% - 2% of their MHI – the higher the MHI the higher % of user cost. (\$40,000 MHI x 1.6% = \$640 annually; \$55,000 MHI x 2% = \$1100 annually) (DS, O&M, SLA)
- 2010 5-year average in American Community Survey used to determine the MHI

WEP Guaranteed Loans

- Applicant eligibility the same as direct **except** the population for this program was just increased under the Farm Bill to 50,000.
- Term is negotiated between the lender and the applicant – but cannot exceed 40 years.
- Loan made by a commercial lender. Guarantee by the U.S. Government (up to 90% for potential loss).
- Reduces risk to the commercial lender which may result in lower interest rate from lender with our 90% guarantee.
- Lender pays 1.5% Guaranteed Fee of guaranteed amount.

Emergency Community Water Assistance Grants (ECWAG)

- Helps eligible communities (population of 10,000 or less) prepare, or recover from, an emergency that threatens the availability of safe, reliable drinking water.
- Eligible applicants – same as for direct loan/grant program.
- Grants made for repairs or partial replacement cannot exceed \$150,000
- Grants made for new water source cannot exceed \$1,000,000
- Streamlined application processing for projects that do not need additional Rural Development funding to complete the project.

Emergency Community Water Assistance Grants (ECWAG) Continued

- There must be an event that can caused the emergency. These events include but are not limited to:
 - Drought
 - Flood
 - Earthquake
 - Tornado or Hurricane
 - Disease outbreak
 - Chemical spill, leak or seepage
- Federal disaster declaration is not required

Planning Grants

- Assists low-income communities with initial planning and development of applications.
- Predevelopment feasibility studies, design and engineering assistance, and technical assistance for funding applications.
- USDA Rural Development has two programs provide pre-planning grants to assist communities with preparing their PER and ER for their RD Application
 - Water & Waste Disposal Predevelopment Planning Grant (PPG)
 - Special Evaluation Assistance for Rural Communities (SEARCH)

PPG & SEARCH Program Details

- **PPG Program**

- Eligible areas include rural towns/cities/villages (10,000 or less)
- Eligible Entities include: Public Bodies, Not for profit organizations & Federally Recognized Tribes that have a 2010 MHI less than (\$45,506)
- Maximum grant amount is \$30,000 or 75% of predevelopment planning costs

- **SEARCH Program**

- Eligible areas include rural towns/cities/villages (2,500 or less)
- Eligible Entities include: Public Bodies, Not for profit organizations & Federally Recognized Tribes that have a 2010 MHI less than (\$45,506)
- Maximum grant amount is \$30,000 or 100% of predevelopment planning costs (up to \$30,000)

RD Apply

- Safe and secure
- Convenient and available 24/7
- Faster processing with less paper
- Water & Waste Disposal program applicants apply online with RD Apply.
- RD Apply offers many advantages:
 - Identity Security
 - Reduced Paper Consumption

The screenshot shows the RD Apply web application interface. The browser address bar displays the URL: <https://rdapply.sc.egov.usda.gov/Intake/spring/AppHomeFlow?execution=e1s1>. The page header includes the USDA logo and the text "United States Department of Agriculture Rural Development". The main navigation bar contains links for "Home", "Notifications", "Admin", "Electric CWP", and "Tutorials". The "RD APPLY" title is prominently displayed on the right. Below the navigation bar, there are two main buttons: "+ Add New Application" and "+ Authorized Representative Request", followed by the text "or Select an existing application from below.". A "Search Filters" section is visible, with a text input field labeled "Application Nbr". Below this, a "Search Results" section is shown. At the bottom right, there is an "Export to Excel" button. The footer contains various links including "USDA.gov", "Site Map", "Policies and Links", "Our Performance", "Report Fraud on USDA Contracts", "Visit OIG", "FOIA", "Accessibility Statement", "Privacy Policy", "Non Discrimination Statement", "Information Quality", "USA.gov", and "White House".



Community Facilities Program

- Hospitals, health clinics, medical facilities
- Educational – schools/colleges
- Municipal Office Buildings/
Highway maintenance facilities
- Fire houses, first responder vehicles and equipment
- Municipal vehicles – snowplows, street sweepers, police cars
- Transportation – roads, bridges, airports, sidewalks

Community Facilities Programs - Eligibility

- An applicant must be:
 - A public body
 - A Not-for-profit organization
 - Native American tribe on Federal or State Reservations or other Federally recognized tribes
- The facility must be located in a town/city/village with a population under 20,000
- Projects must serve a rural area -- the population served can exceed 20,000 but the physical location of the facility must be located in a rural area with a population under 20,000
- Other credit – applicant unable to finance the project from their own resources or through commercial credit at reasonable rates and terms

Community Facilities Programs – How can funds be used?

- Purchase of:
 - Real estate
 - Buildings
 - Existing facilities to improve service or prevent loss of service
- Construction, expansion or renovations to essential community facilities
- Purchase of vehicles and major equipment

Community Facilities Programs – Ineligible Purposes

- Facilities to be used for recreational purposes – unless for educational purposes such as schools
- Commercial enterprises - A project that is typically operated by private enterprise or for the purpose of producing profits
- Electric generation and transmission facilities or telephone systems
- Loan and/or grant finder's fees/ application preparation fees
- Projects that are not modest in size, type and design
- Facilities that want to lease space for an ineligible purpose

Community Facilities Programs – Rates & Terms

- Interest rate – currently 3.5%
- New construction – Typically 30 years for Public Bodies
- Rehabilitation / Expansion – typically 20 years
- Major Equipment – varies (useful life, ranges from 5 to 15 years)
- New fire trucks, rescue vehicles and police vehicles – range from 3 to 15 years or useful life
- Rate changes quarterly – January, April, July and October 1st
- *NYS Local Finance Law determines the term based upon local finance laws – these are typical terms but we will always ask your bond counsel to determine the maximum term before obligating funds.*

WEP Overview of Success – FY2022

	<u>Loans/ Grants</u>	<u>Funding</u>
WEP Direct Loans	24	\$74M (+2x)
WEP Direct Grants	14	\$20M (+2x)
Preliminary Planning (PPG)-SEARCH Grants (Tech. Only)	4	\$109,550
ECWAG-Emergency	2	\$886,284
REAP Grant (Tioga/Sullivan County & Town of Wawarsing only)	1	\$4,436,500

CF Overview of Success – FY2022

<u>Loans/ Grants</u>	<u>Funding</u>	
Community Facilities Direct Loans	17	\$15.3M
2 Direct Loans pending of \$7.7M		
Community Facilities Direct Grants	15	\$887K
Community Facilities Guaranteed Loans	2	\$22.5M

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