




Tug Hill Funding Roundtable  
USDA Rural Development – New York  
Water & Environmental Programs  
May 1, 2024









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

# Water & Waste Disposal Loans & Grants

## **Eligible Applicants:**

- 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.

# WEP Direct Loan Terms

## Terms:

- Loan repayment shall not exceed the useful life of the facility or 40 years. Subject to NYS Local Finance Laws.
- In New York, we use 38 years as the terms of the long-term loan as the community will be out on a **Bond Anticipation Note (BAN)** during construction which is typically a 2-year period prior to loan closing.

# WEP Interest Rates – as of 4/1/24

- **Poverty Rate**            Current - 2.125%
- To qualify – 2021 MHI must be less than \$58,620 and primary purpose of the loan is to alleviate a documented health or sanitary problem of the facility being financed.
- **Intermediate Rate**    Current - 2.750%
  - To qualify – 2021 MHI of the service area is less than \$73,275 and the project does not alleviate a documented health or sanitary problem.
- **Market Rate**            Current - 3.50%
  - To qualify – 2021 MHI is \$73,275 or above. No grant funding is available for market rate projects.
- **RD switched to 2021 5-year average and 2020 Population as of 10/1/23**



# Loan Security

- Loans must be adequately secured.
  - General Obligation – New York requires General Obligation (GO) Bonds for Public Bodies.
  - Revenue Bonds for Authorities.
  - Assignment of Income.

# Water & Waste Disposal Grants

- May be provided to reduce user costs to a reasonable level.
- 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 from our National Office reserve funds.
- Communities should expect to pay between 1.5% - 2.5% of their MHI – the higher the MHI the higher % of user cost. ( $\$40,000 \text{ MHI} \times 1.6\% = \$640$  annually;  $\$55,000 \text{ MHI} \times 2\% = \$1100$  annually) (DS, O&M, SLA). If user cost exceeds 2.5% additional documentation will be required as National Office has determined projects are not sustainable with EDU cost above 2.5%.



# 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 80% for potential loss).
- 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.



# 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: Public Bodies, Not for profit organizations & Federally Recognized Tribes that have a 2021 MHI less than \$58,620
- Maximum grant amount is \$60,000 or 75% of predevelopment planning costs

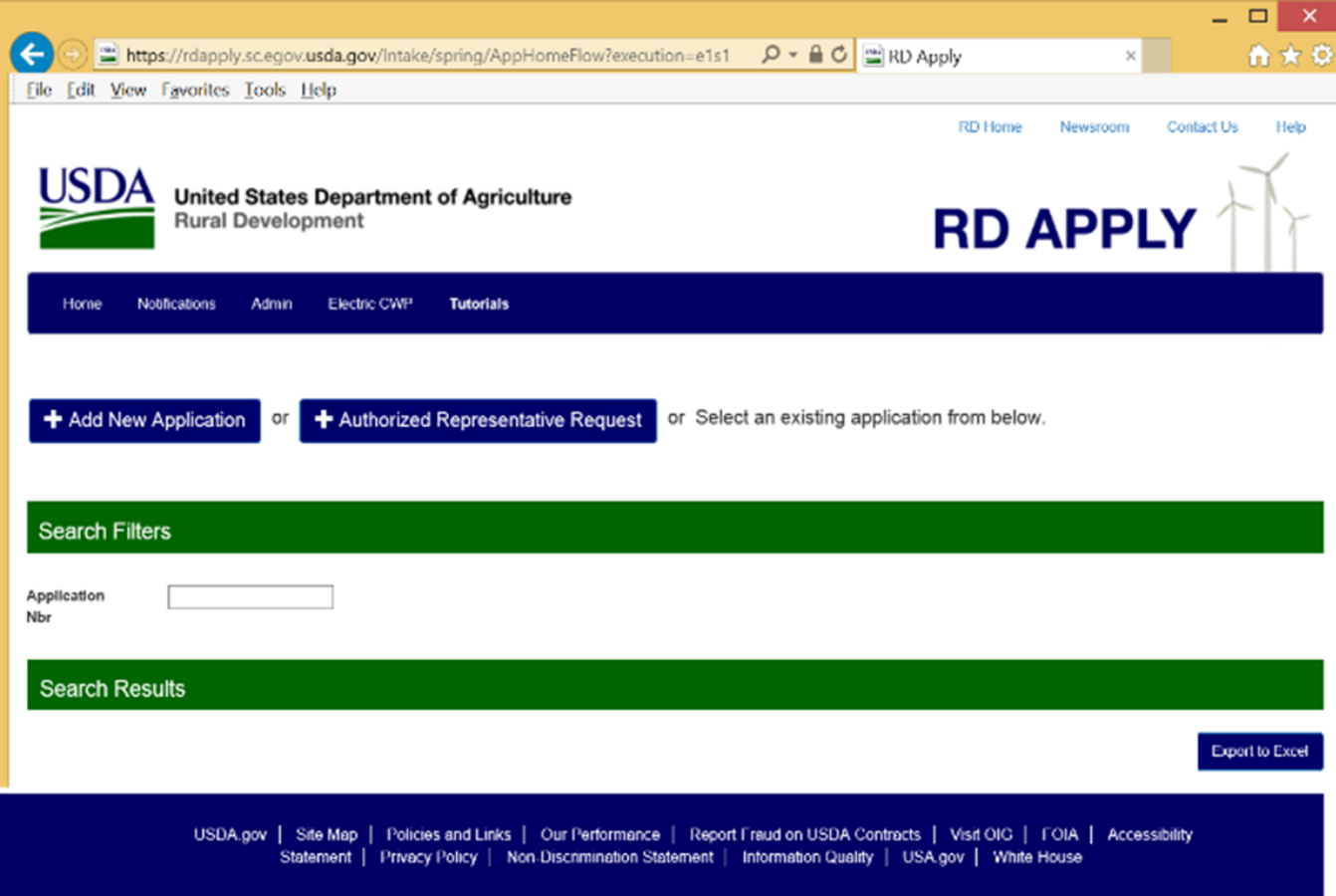
- **SEARCH Program**

- Eligible areas include rural towns/cities/villages (2,500 or less)
- Eligible Entities: Public Bodies, Not for profit organizations & Federally Recognized Tribes that have a 2021 MHI less than \$58,620
- 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 website interface. The browser address bar displays the URL: <https://rdapply.sc.egov.usda.gov/Intake/spring/AppHomeFlow?execution=e1s1>. The page features the USDA logo and the text "United States Department of Agriculture Rural Development" on the left, and "RD APPLY" with a wind turbine icon on the right. A navigation menu includes "RD Home", "Newsroom", "Contact Us", and "Help". Below the logo, there are links for "Home", "Notifications", "Admin", "Electric CWP", and "Tutorials". The main content area has two primary buttons: "+ Add New Application" and "+ Authorized Representative Request", followed by the text "or Select an existing application from below.". A "Search Filters" section contains a text input field labeled "Application Nbr". Below this is a "Search Results" section, which is currently empty. An "Export to Excel" button is located in the bottom right corner of the search results area. The footer contains a list of links: "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".

A smiling firefighter in full gear, including a white t-shirt, yellow pants, and a helmet, stands in front of a fire truck. The firefighter is wearing glasses and has a watch on his left wrist. The background is a blurred fire truck with red and white stripes.

# 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 – Rates & Terms

- Interest rate – currently 3.5% (changes quarterly)
- 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 1<sup>st</sup>
- *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.*

# CF Disaster Repair Grants, CY 2022

## Eligibility

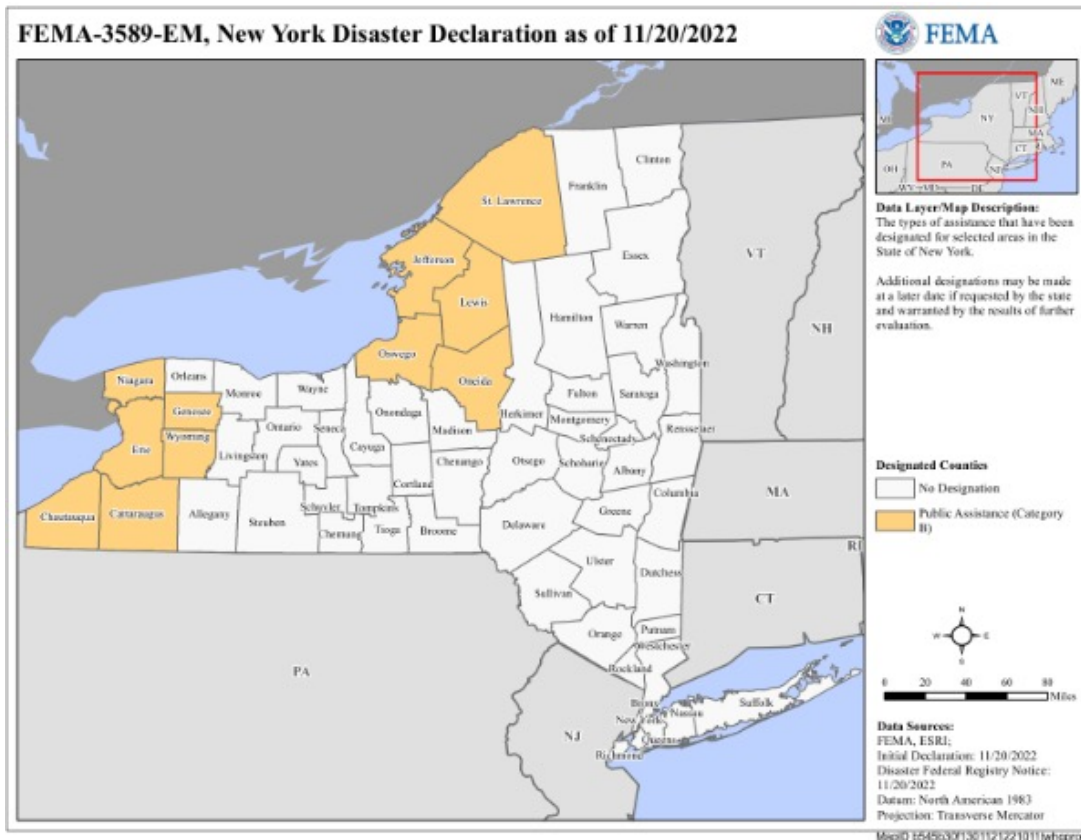
- Eligible Rural Area –
  - An area with a CY 2022 Presidentially Declared Disaster – [FEMA](#)
  - Located in a community with less than 20,000 population
  - MHI of the population to be served is below the higher of the poverty line or 90 percent of statewide non-metro MHI (\$65,948)
  - Must primarily serve rural areas
- Eligible Applicant Entity – Same as Regular CF
  - Public bodies
  - Community-based non-profits
  - Federally recognized tribes
- Test for Other Credit – Same as Regular CF, applies

# CF Disaster Repair Grants, CY 2022

## Award Amounts

- The Disaster Repair Grant may fund up to 75 percent of the cost of repair to a damaged facility.
  - The graduated scale based on income and population does not apply to this funding.
  - The service area MHI must be below the higher of the poverty line or 90 percent of SNMHI.
- No minimum or maximum award amount.
  - States do not need to limit awards to no more than half of the state's allocation.

# CY 2022 Disaster Water Grants Program



- **Eligible Areas:** Rural areas with a population of up to 35,000 and serving water systems that experienced damage/impact related to an event recognized through a Presidential Declaration in calendar year 2022. For NY, the eligible declared disasters were the severe winter storms and snowstorms of November and December 2022.
- **Eligible Counties in NY:** Oneida, Genesee, Erie, Wyoming, Jefferson, Chautauqua, Niagara, Cattaraugus, Oswego, Lewis, St. Lawrence, Suffolk
- **How may the funds be used?:** Development and other necessary, reasonable expenses related to eligible entities' system(s) damaged by the event. Costs may include in-kind repair of the system in addition to the development of capacity and **resiliency** to reduce or eliminate long-term risk from hazards and their effects (related to the declared disaster). Adequate documentation must be provided to demonstrate impacts to the water system.



# Build America, Buy America Act (BABAA)

- Part of the Infrastructure Investment & Jobs Act (IIJA)
- All “federally assisted” infrastructure must comply with BABAA
- BABAA required for any projects financed by USDA after **2/3/23**
- RD waivers for de minimis and small projects (<\$250,000 total Federal financing).
- Customer Guide available for applicants and their consultants

# WEP Overview of Success – FY2023

	<u>Loans/ Grants</u>	<u>Funding</u>
WEP Direct Loans	<b>20</b>	<b>\$83.6M (244% alloc)</b>
WEP Direct Grants	<b>13</b>	<b>\$37.3M (391% alloc)</b>
Preliminary Planning (PPG)-SEARCH Grants (Technical Assistance)	<b>3</b>	<b>\$81,000</b>
ECWAG-Emergency	<b>0</b>	<b>\$0</b>
REAP Grant – special set aside funds (Tioga/Sullivan County & Town of Wawarsing only)	<b>1</b>	<b>\$4,436,500</b>

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