



Presenter: Mike Pan

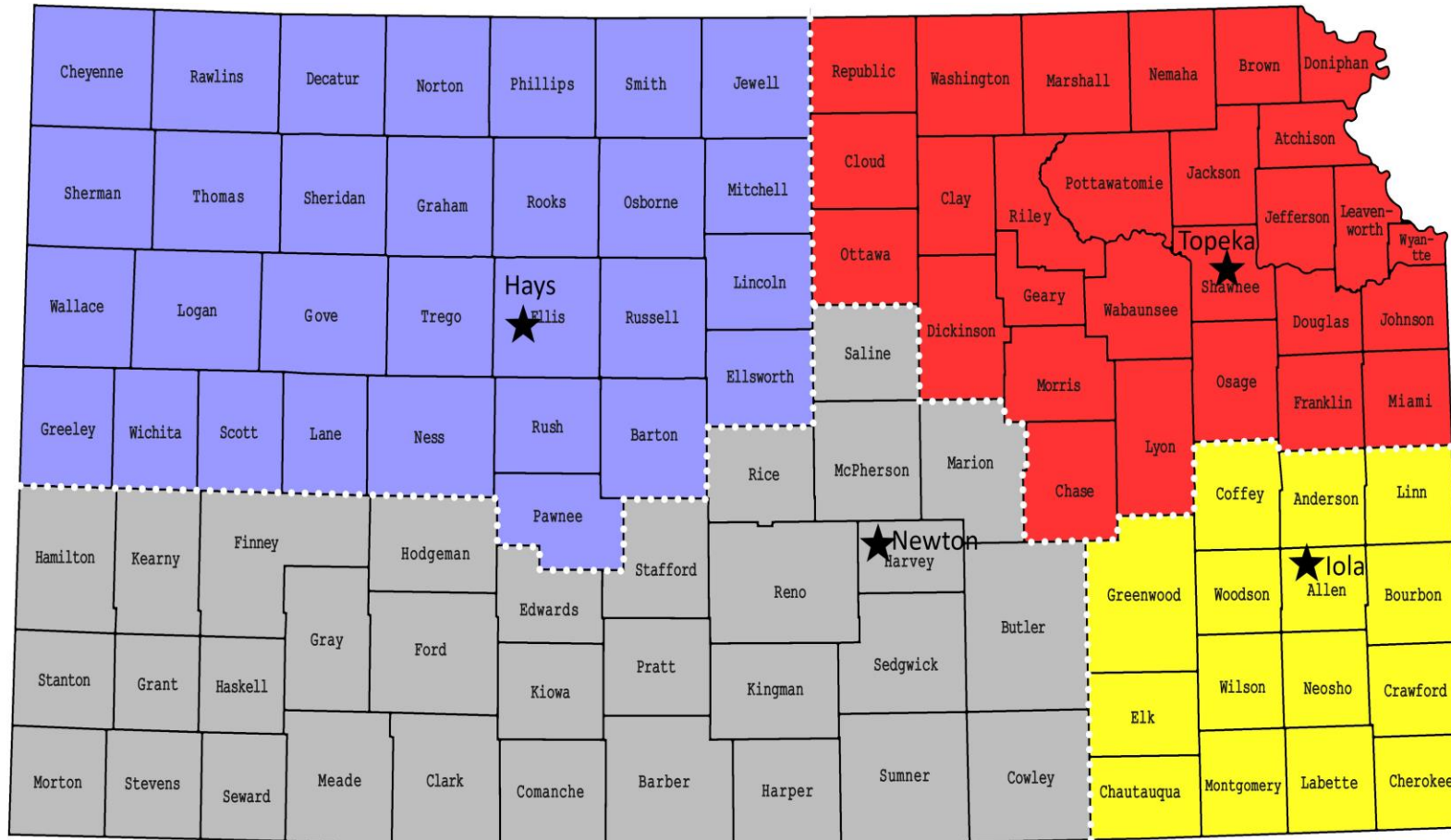
# Water Infrastructure Funding Opportunities Through USDA

• McPherson Conference

# USDA Rural Development

- USDA Rural Development Mission
  - Committed to helping improve the economy and quality of life in rural America
- The mission is accomplished by:
  - Providing support for essential public facilities and services such as water and sewer systems, housing, hospitals, health clinics, educational facilities (schools), farmers markets, emergency service facilities and electric and telephone service

# RD Centralized Structure



Topeka Office – (785) 271-2738  
 Mike Pan, Program Director  
 Austin Masters -Specialist  
 Sarah Hopkins - Specialist  
 Beverly Howard - Technician

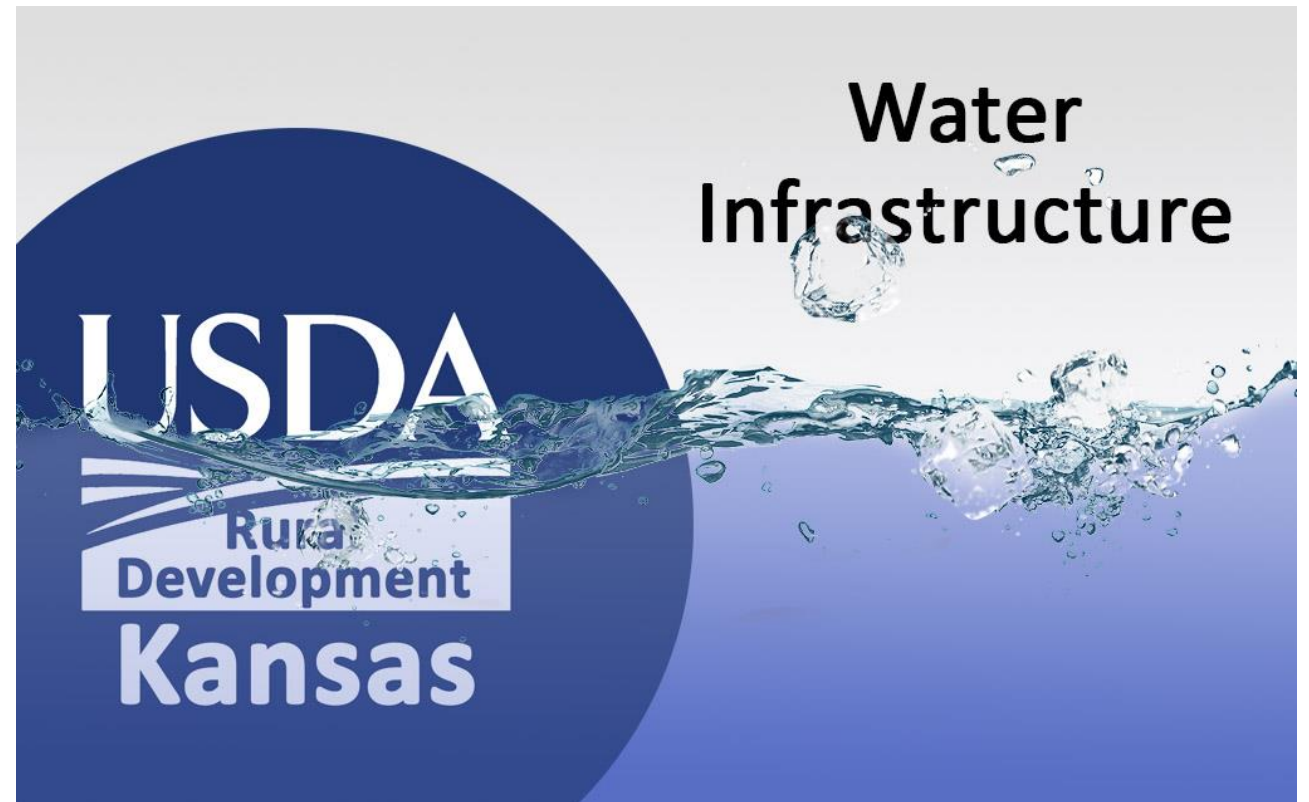
Hays Office – (785) 628-3081, Ext. 4  
 Holly Schmidt-Specialist

Newton Office – (316) 283-0370, Ext. 4  
 Scott Bannister -Specialist  
 Sandra Ring - Specialist

Iola Office – (620) 365-2901, Ext. 4  
 Vacant

# Water & Environmental Program Overview

- Water Projects
  - Distribution
  - Treatment
- Wastewater Projects
  - Collection
  - Treatment
- Storm Water Projects
- Solid Waste Projects



# Water & Environmental Program Overview

- Types of Assistance
  - Direct loans
  - Grants
  - Guaranteed Loans
- Technical Assistance



# Water & Environmental Program Overview

- Eligible Entities
  - Public Bodies
  - Special Purpose Districts
  - Federally Recognized Native American Tribes
  - Non Profit Organizations
- Program Information
  - Population of 10,000 or less
  - Up to 40-year term or life of the facility
  - Applications taken year around



# Interest Rates

- Based on Medium Household Income (MHI)
  - New 2020 Census data will be used starting October 1, 2023
- Rates affective April 1, 2024 – June 30, 2024\*

Market	3.500%
Intermediate	2.750%
Poverty	2.125%
<i>*Note. Rates may adjust quarterly.</i>	



# Water & Environmental Program Overview

- Building a Backlog – Supply of Applications
- Partnering
  - Kansas Department of Health & Environment
  - KS Department of Commerce - Community Development Block Grants
  - Other Sources
- Kansas Inter-Agency Committee (KIAC) Meetings
  - Need PER's sooner in the process
  - The sooner that RD is involved in the process the better



# 2023 Water & Environmental Funding Allocation

- Current Estimated Loan - \$15,321,000
- Current Guaranteed Loan - \$ 593,000
- Current Estimated Grant - \$4,284,000
  - Limited
  
- Mid year pooling – May 3, 2024
  
- Yearend pooling – August 4, 2024



# Pre-Development Planning Grants

- Special Evaluation Assistance for Rural Communities and Households (SEARCH) Grants
  - Communities of 2,500 or fewer
  - No matching funds available
  - 100 percent
- Pre-Development Grants
  - Little bigger communities
  - Communities have matching funds available
  - 75 percent

# Emergency Community Water Assistance Grants (ECWAG)

- Funding Level –\$30 Million available in 2023 Nationwide
  - \$15,000,000 Special Appropriation
  - \$15,000,000 – Regular
    - \$150,000 Limit – Repairs
    - \$1,000,000 Limit – Source and Treatment
- Simplified Process
  - Only need the ECWAG funds for the project
  - Faster processing
- Regular Process
  - If used in combination with other regular funding

# RD Apply

- Required for new project applications
- Improve processing
- Technical Assistance is available
  - Midwest Assistance Program (MAP)
  - North Central Regional Planning Commission



# Hiring an Engineer

- Request for Proposals
  - Interview the engineer
  - Rank the engineer
- Selection of the Engineer



# Engineer's Agreements

- Need to be approved before funds are obligated
- Draft can be submitted early for review
- Agreement shows the timeframe for submitting information
  - Study and Planning – Preliminary Engineering Report
  - Plans and Specs – Preliminary and Final



# Preliminary Engineering Reports

- Timing – Sooner is better
- Submitted with Environmental Report - Timely
- Kansas Inter-Agency Committee (KIAC) – Early Meetings
- Items to Include:
  - Describe the entire system – conditions, age and future needs
  - Build America Buy America Act (BABAA) requirements
  - Accessibility issues/requirements – small amount

# Preliminary Engineering Report Alternatives

- More than two alternatives identified and discussed
- Community to assist with the identifying alternatives
  - Work with the engineer to help develop alternatives – talk with neighboring communities
- Selection of the alternative
  - Think of the short, as well as the long-term solution
  - The cheapest capital cost is not always the best long-term solution





# Regionalization

- Regionalization and Partnership
  - Agency Initiative
  - Needs to be part of the Preliminary Engineering Report (PER)
    - Or at least in the discussion at the beginning
  - Has long-term benefits
  - May require short term sacrifice
  - All partners in regionalization will benefit
    - potentially short and long term
    - positive long term savings for residents
  - Does not mean loss of “control” of your system



# Short-Lived Assets

- Assets with a useful life of less than 15 years
- Systems with less Short-Lived Assets – Typically cheaper in the long run on operation and maintenance
- Will allow for Community to save for replacement of those assets
- Will reduce the amount of loan the Community can afford
  - Which will allow for a reserve to be built up

# Operation & Maintenance Costs

- Need to include the existing O & M of the entire system in the PER
- Add any new O & M costs the project will add to the system
  - Consider renewable energy systems.
- Needs to be realistic
- Plan for the first full Year of operation – Could be several years out
- Reminder – O & M will continue to rise every year
  - Note – rates should rise every year also
  - Capital Costs – debt remains constant – unless you graduate

# Funding Determination

- Project funding based off of PER estimates
  - It is a tough job to estimate costs in the future
  - Engineer's do their best
- Potential for excess or insufficient funds
  - Bids under estimates – need more project or de-obligate funds
  - Bids over estimates – need more funds
- How does this effect user rates?
  - Depends on your loan/grant mix



# Authorizing to Bid

- Need to have final plans and specs approved by RD and KDHE
- Need to have Loan Closing Instructions completed by RD State Office
- RD Specialists will provide Applicants approval to advertise for bids
- Date and time of bid opening to be coordinated with RD Specialist on the project



# Excess Funds

- Loan Funds
  - Excess will be de-obligated or held and de-obligated at the time of closing
- Grant Funds
  - Excess will need to be de-obligated before construction begins
  - Amount de-obligated will depend on the following:
    - Type of project
    - Size of project
    - If additional project added – Agency approval needed early in the process (pre-construction conference time frame)

# Pre-Construction Meetings

- Required before construction can start
- Need to coordinate with RD Specialists' schedule (RD Engineer should be attending, if possible, plan accordingly)
- Attendees
  - Project Engineer and Project Resident Observer
  - Rural Development staff
  - Contractor and important subs
  - Others (KDHE Rep., KDOT Rep., Utility Companies Rep.)

# Monthly Construction Progress Meetings

- Coordinate monthly progress meetings
  - With everyone's schedule
  - Review pay estimates
  - Review change orders
- Weekly inspection reports
  - Submit every Monday
  - Email to both RD Specialists' and the RD Engineer





# Planning for Your Project, Items to Consider

- Be involved with the project
- Plan for the project and the future
- What else does the Community need
- Should you work with your neighbor(s)



# Community Facilities Funding

- Community Facilities Loan
  - More than \$24 million in funding for Kansas projects
  - Funds have to be requested from National Office
- Community Facilities Grant – Limited
- Community Facilities Guaranteed Loans



# Community Facilities Program Overview

- Community Facilities Loan
  - Allocation has been utilized
  - All future request will take National Office approval
- Community Facilities Grant – Limited
  - Full appropriation anticipated soon
- Community Facilities Guaranteed Loans



# Community Facilities – Eligible Projects

- Fire Station, Fire and Rescue Equipment
- Ambulance
- Police Equipment
- Storm Siren, Storm Shelter
- Library, Community Center, Museum
- School Cafeteria Improvements
- Hospital, Nursing Home, Assisted Living
- Food Pantry, Farmers Market
- Streets, Roads, and Bridges
- And various other projects essential to the Community



Think of USDA Rural Development not only as a funding source, but as a partner in creating opportunities for rural communities



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