

# Welcome to USDA Rural Development's Water and Waste Program



# Direct Loan Interest Rates:

Poverty Rate.....2.25%

MHI of area served is \$37,983 or below and project is necessary to alleviate a health and/or sanitation problem.

Intermediate Rate.....3.00%

MHI of area served is \$47,479 or below.

Market Rate.....3.75%

# Water and Wastewater Loan and Grant Program

## Direct Loan Terms:

- Maximum of 40 Years
- Limited by State RCWs
- Limited to the useful life

# Determining the amount of Grant funding

Up to 75% of eligible project costs when the MHI is \$37,983 or below and project is necessary to alleviate health or sanitation problems.

Up to 45% of eligible project costs when the MHI is between \$37,983 and \$47,479.

Communities over the \$47,479 are eligible for loan only.

# Determining the amount of Loan and Grant funding:

- Similar System Cost
- Evaluation of debt service capacity
- Availability of State grant allocation
- If your rates are very low compared to similar systems then you are likely to have a loan only. Grants are reserved for poorer communities with the fewest resources.

# Funding Priority Factors:

- Small and Under-served
- Health or Sanitary Problems
- Income Level in Service Area
- Readiness to proceed
- Availability of other funding. If you can obtain commercial credit then RD cannot provide direct assistance. Rates have to be reasonable and affordable by the community.

# Types of projects:

- Telemetry
- Water rights, replace lines, new lines, meters.
- Sewer plants, lines, meters, storm water.
- Collections systems.

# Funding

- FY 2011: We anticipate \$17million loan and \$6million grant for the entire State of WA.
- Grant funds are very limited. The funding offer will include mostly loan, possibly some grant.
- The earlier the better for applications to be submitted.
- Due to large, multi-million projects, leveraging of other funds will be necessary for most projects.

# APPLICATIONS:

- May be submitted at any time.
- Costs incurred prior to the date of funding approval can be included.
- Application must include Engineering and Environmental Reports. We can take applications without this information but cannot process the applications until they are received. We provide assistance in preparing applications.
- Guaranteed loans are less competitive.

# Brief Overview of Application

- Once RD receives an application we review it for completeness.
- Then we schedule a visit to review the project and site.
- We then begin the Section 106 process.
- Preliminary Engineering Report and Environmental are reviewed.
- We underwrite the Tribal income, expense, O&M, project costs, EDU/ERU, etc. to see if the Tribe can afford the project.

# Project funding

- After we have reviewed all documents RD will provide a letter of conditions which outlines RD's financial offer and conditions.
- If the Tribe accepts, then we proceed to approve and obligate funds.
- After obligation, the Tribe will need interim financing. RD reimburses at the end of the project. The Tribe only pays for actual cost. Excess funds will be de-obligated.
- RD will complete a final inspection and a warranty inspection on the project.
- After the project is complete, RD does inspections and civil rights reviews every 3 years.

# Lummi Water Project



# Makah Sail River Heights



# Suak-Suiattle water and sewer



# Chehalis Tribe water project



# Quinault Queets Wtr Trmt Plant



# Quinaieilt Village at Taholah



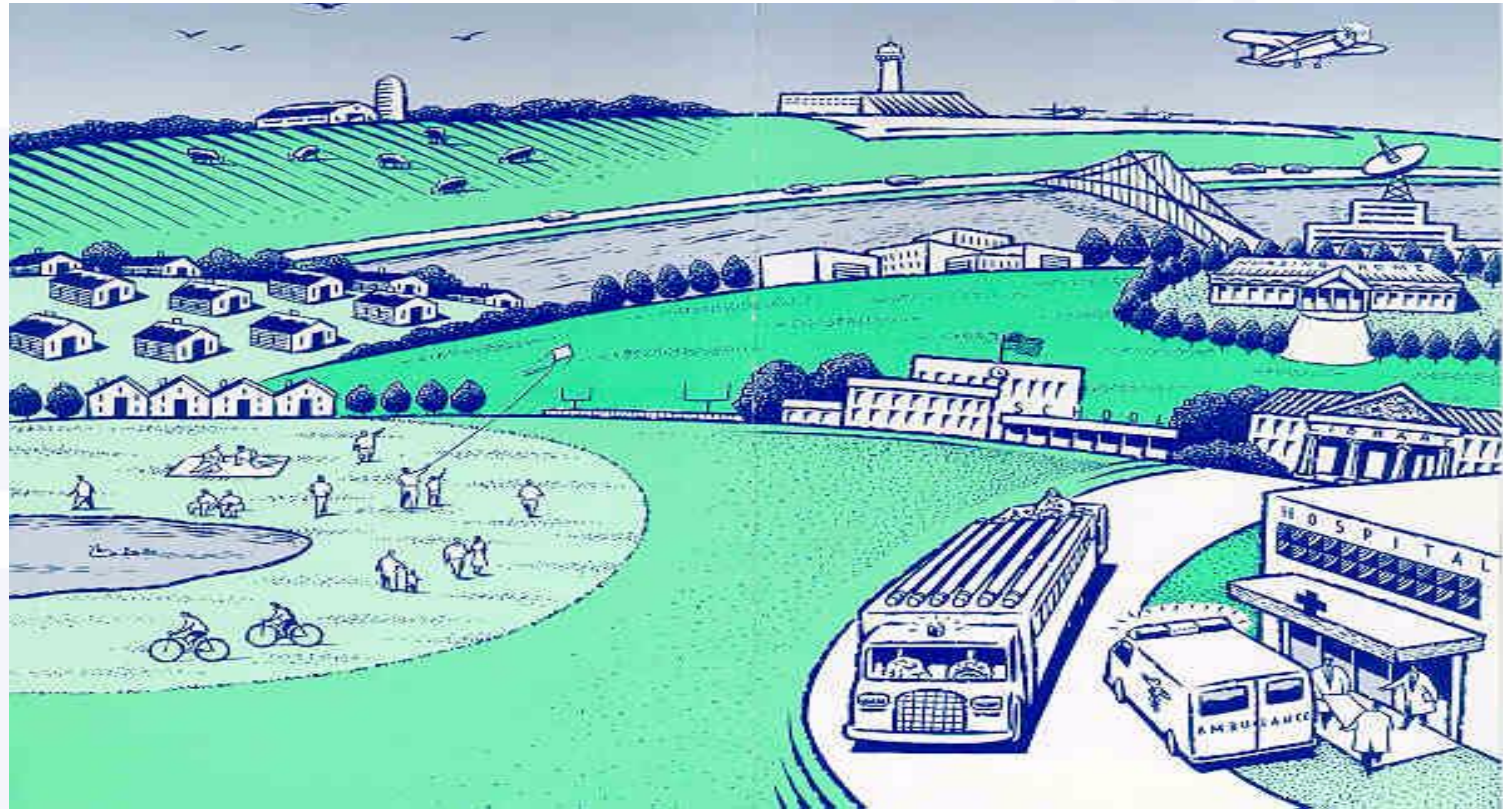
# Skokomish Tribe water system



# Squaxin water project



# Essential Community Facilities



# Objective:

- Finance Essential Public Facilities that serve rural areas
- Finance facilities needed for the orderly development of a rural community
- Medical clinics, Fire stations, Assisted Living Facilities, Bridges, etc.

# CF Loan Funding Allocation-2011

- Last year: Guaranteed Loans \$2,686,000. However, funding availability for guaranteed loans is virtually unlimited.
- Last year: Direct Loans \$1,938,000 allocation for the rural communities in the State of WA.
- Guaranteed loans is the most available funding source. Other than that, major leveraging of other funds is needed.

# Community Facilities Grants

- Up to \$15,000 per project. Not 100% grant.
- Funds are used to assist financially needy applicants and projects serving the most rural communities.
- Percentage of grant depends on MHI and population of area served.

# Conclusion

[www.rurdev.usda.gov/wa](http://www.rurdev.usda.gov/wa)

USDA Rural Development is committed to the future of rural communities.

Comments or Questions?

Contacts are located in RD handouts