

Water and Wastewater Program



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Ohio Water and Wastewater Obligations

	Direct Loans			Guarantee Loans			Grants			
	Initial		Total	Initial		Total	Initial		Total	Yearly
Fiscal Year	Amount	#	Amount	Amount	#	Amount	Amount	#	Amount	Totals
1996	18,648,000	27	23,316,000	1,841,000	5	6,583,000	11,009,000	22	13,750,000	43,649,000
1997	25,608,000	30	34,091,144	1,841,000	0		15,377,000	25	16,081,000	50,172,144
1998	23,897,000	25	26,818,000	1,919,000	1	4,500,000	15,255,000	27	16,305,000	47,623,000
1999	24,743,000	17	26,543,000	1,841,000	1	2,500,000	16,319,000	18	18,719,000	47,762,000
2000	26,602,000	22	27,414,000	1,841,000	1	130,500	15,787,000	21	17,999,000	45,543,500
2001	29,658,000	21	39,994,000	1,841,000	2	1,850,000	15,987,000	19	18,612,000	60,456,000
2002	30,963,000	28	42,836,000	1,841,000	1	200,000	16,999,000	30	26,467,700	69,503,000
2003	31,942,000	21	32,080,000	1,841,000	0		16,999,000	21	18,339,660	50,419,660
2004	31,254,000	27	31,254,000	1,644,000	2	41,183,000	13,303,000	25	13,303,000	85,740,000
2005	29,174,000	20	37,352,000	1,629,000	0		9,677,000	14	15,584,790	52,936,790
2006	31,051,000	22	32,351,000	1,629,000	0		10,497,000	16	10,997,000	43,248,000
2007	31,051,000	10	33,224,000	1,629,000	1	24,700,000	10,497,000	11	11,658,000	69,582,000
2008	27,853,000	15	27,853,000	1,629,000	1	5,400,000	10,851,146	12	10,851,146	44,104,146
2009 Reg	29,917,000	6	9,195,000	1,733,000	0		10,079,000	6	6,715,000	
2009 ARRA	60,130,000	10	22,281,000				22,420,000	10	22,420,000	
2009 Disaster		1	503,000					1	410,000	
2009 Total	90,047,000	11	31,979,000				22,420,000	17	29,545,000	61,524,000
2010 Reg	27,654,000	10	24,082,000	1,734,000	0		13,929,037	11	21,233,037	
2010 ARRA	30,178,000	4	17,175,000				16,012,000	2	16,012,000	
2010 Total	67,050,000		41,257,000				29,941,037		37,245,037	78,502,037
2011	32,394,000	14	25,705,000	1,734,000	1	11,000,000	11,359,000	9	11,015,000	47,720,000
2012	26,297,000	12	25,875,000	1,983,000	0	0	11,314,000	8	9,680,616	35,555,616
2013	33,043,000	7	16,512,000	1,983,000	0	0	10,466,000	5	9,360,300	25,872,300
2014	43,438,000	7	15,956,000	1,788,000	0	0	12,018,000	7	10,240,464	26,196,464
2015	43,438,000	10	27,900,000	1,788,000	0	0	11,843,000	10	11,843,000	39,743,000

RD Rates and Terms

- Interest Rates are based on Median Household Income (MHI) from 2006 - 2010 American Community Survey data.
- Rates are set quarterly based on the current Bond index, as follows:

7-1-2015

– Market - \$55,216 or greater =	3.625%	No grant available
– Intermediate - \$44,173 to \$55,215 =	2.875%	Grant available
– Poverty - \$0 to \$44,172 =	2.125%	More grant available

(Maximum Term - 40 years)

\$2,000,000 at 0% for 20 years = \$100,000 per year.

\$2,000,000 at 3.0% for 40 years = \$86,525 per year.

\$2,000,000 X 30% grant = \$600,000

\$1,400,000 at 3.0% for 40 years = \$60,567 per year.

\$2,000,000 at 1% for 30 years = \$42,623 per year.

\$2,000,000 X 50% grant = \$1,000,000

\$1,000,000 at 2.25% for 40 years = \$38,178 per year.



American Community Survey

- Samples 3 million residential addresses per year (250,000 per month)
- Produces characteristics of population and housing similar to 2000 Census long form.
- Will be used to determine the Median Household Income of service areas.
- USDA started using ACS data on March 27, 2013.
- USDA will be using 2006 – 2010 five year data until the 2011 – 2016 data set is available. (Please note; some other funders are updating every year and are already using 2012 data.)

Advantages of RD Direct Funding

- Low interest rates
- Longest fixed rate term available
- Availability of grants
- Funding commitment prior to design
- No fees for RD services
- No pre-payment penalties
- Commitment to customer service

USDA Rural Development Funding Advantage Details

- 40 year fixed rates.
- Locked in rate at time of obligation. Lower rate at loan closing if available.
- Engineers on staff.
- State Environmental Coordinator (SEC) on staff.
- We COMMIT to funding a project first, assisting our customers secure resources from other funding agencies such as OPWC, CDBG, and ARC etc.
- Construction Analysts provide construction monitoring and on-site inspections throughout construction. We review contractor pay estimates to ensure the value of the work in place is consistent with the contractors request.
- We are committed to the long term success of the project. Our Specialists monitor the project by completing annual audit reviews and analysis of annual financial reports. Our Construction Analysts also complete triennial security inspections to ensure that the security is being properly maintained.



RD's Goal

- Construct facilities that are modest in size, design, and cost.
- Provide financial assistance that results in reasonable user costs for rural residents, rural businesses, and other rural users.
- Wisely invest taxpayer funds in sustainable infrastructure projects.

RD, WWD- Eligibility Criteria

- Public Entities – counties, towns, districts
- Non-profits
- Rural areas / service area with populations of less than 10,000
- Have the legal capacity to borrow and repay the loan, pledge security, own and operate the proposed system
- Be financially sound and able to manage the facility effectively.

Authorized Purposes (Water)

- Construct, repair, improve, expand, or modify rural water treatment and distribution lines, hydrants, and pumping stations.
- Acquire water supply or water rights (i.e.: reservoirs, wells, other systems)

Authorized Purposes (Wastewater)

- Construct, repair, improve, expand, or modify waste collection, pumping, treatment, or other disposal facilities
- Related soft costs (e.g.: engineering, legal, ROWs, land acquisition)
- Refinancing existing debts, if less than half of the loan

Available Financing Options

Public Bodies

- Conventional
- Private issues
- Ohio Department of Development (CDBG)
- Ohio Public Works
- Ohio Water Development Authority
- USDA, Rural Development Direct Funds
- Appalachian Regional Commission (ARC)
- Ohio EPA (water and sewer)
- Economic Development Administration
- WSOS/RCAP



Available Financing Options

Nonprofit Corporations

- Conventional financing
- Private Bond Issues
- Rural Development Guarantees
- USDA, Rural Development Direct Funds
- Appalachian Regional Commission (ARC)
- Ohio EPA (water only)
- WSOS/RCAP

USDA, Rural Development Application Processing

Median Household Income (MHI).

Project specific application review.

User Rates

Grant determinations

Similar systems

Allowance for doubtful accounts

RD Application Process

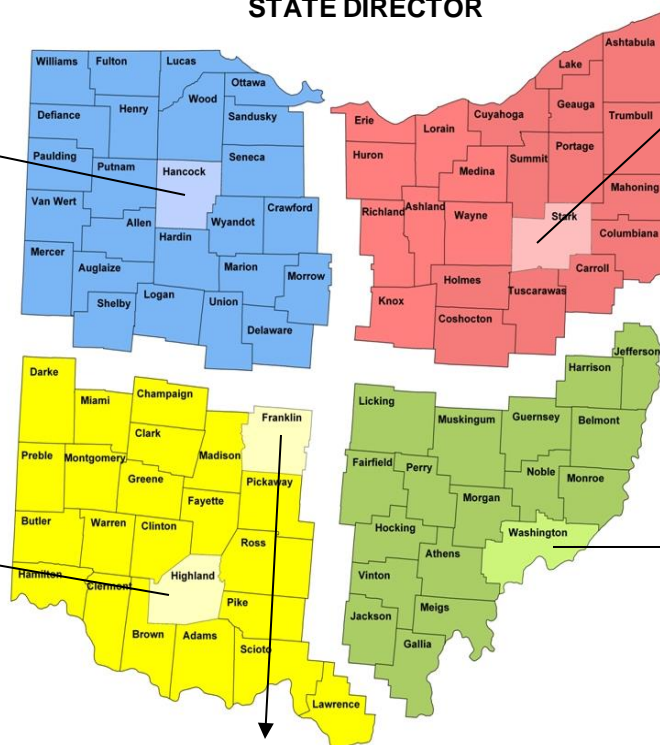
- Application
 - RD staff will assist applicants
 - Engineer must provide:
 - Preliminary Engineering Report
 - Environmental Report Writers will provide:
 - Environmental Report

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USDA, Rural Development Guarantee Loans

- Can only guarantee taxable issues
- Guarantee normally will not exceed 90 percent
- Rate is negotiated between borrower & lender
- Rate may be fixed or variable
- Maximum term is 40 years or useful life

Other RD Programs

- **ECWAG** (Emergency and Imminent Community Water Assistance Grants)
 - Drought, earthquake, flood, tornado, chemical spill
 - \$150,000 (repairs) or \$500,000 (significant decline)
 - lower income and lower population increase grant chances
- **Planning Grants**
 - SEARCH not to exceed \$30,000 or 100%, under 2,500
 - PPG not to exceed \$30,000 or 75%, under 10,000
- **Community Facilities**
 - Can fund items WWD cannot
 - i.e. – Full Overlay Paving, Buildings
- **Section 504 Housing Repair Loans/Grants**
 - Can fund tap fees, lateral installation
 - Grants available to very low income elderly



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Water & Wastewater Disposal Loans/Grants

Purpose

USDA Rural Development makes direct loans and grants to build or improve essential public use facilities such as water and sewer facilities, storm sewers and solid waste facilities. Loans can be used for construction and non-construction costs including land, equipment, engineer services, legal services, capitalized interest, and initial operating funds.

Eligibility

Non-profit corporations and public bodies such as municipalities, counties and special purpose districts and authorities. Projects may only benefit rural areas or incorporated communities of up to 10,000 population.

Funding may be obtained through Rural Development only when the applicant is unable to secure funding from other sources at reasonable rates and terms.

The applicant must have legal capacity to borrow and repay loans, to pledge security for loans and to operate and maintain the facilities. The applicant must be financially sound and able to manage the facility effectively as well as have a financially sound facility based upon taxes, assessments, revenues, fees or other satisfactory sources of income to pay costs of operating, debt service and reserve.

Maximum Loan, Rates, and Terms

There is no maximum dollar amount. The amount loaned is usually determined by the amount needed to meet the applicant's needs and its ability to handle the repayment schedule. Interest rates vary depending upon the median household income of the service area. Maximum term of 40 years, State Statute, or the useful life, whichever is less.

Repayment

Must have assured sources for repayment such as revenue from taxes, assessments, income taxes, user charges, etc.

Grants

Grant funding is used to supplement loans to reduce debt service where necessary to achieve reasonable user rates. Areas with median household incomes above \$55,216 are not grant eligible. Rural Development's maximum grant consideration is 75% of eligible project costs where the median household income of service area is below \$44,173 or 45% of eligible project costs where the median household income is between \$44,173 and 55,216.

Environmental and Other Requirements

The applicant must submit an Environmental Report, in accordance with the format prescribed by Rural Development, for the proposed project. Must employ the services of an engineer and an attorney to provide necessary technical and legal services associated with the project.

Priority

Funding is on a first come, first serve basis with priority to low income communities, to communities with populations of less than 5500 and for projects necessary to meet established health or sanitary standards.

In addition, applications are evaluated on the basis of:

- Improved operating efficiency.
- Extension of service to additional rural residents.
- Amount of funds provided from private, local or state sources.
- Financial soundness.
- Quantity of Rural Development funding required.

Applications

Information and applications may be obtained from one of the four USDA Rural Development Area Offices:

- Findlay (419) 422-0242
 - Hillsboro (937) 393-1921
 - Marietta (740) 373-7113
 - Massillon (330) 830-7700
- or contact the State Office in Columbus at:
Phone: (614) 255-2500 FAX: (614) 255-2562



Internet Address

Rural Development Home Page

www.rurdev.usda.gov



Questions?