

Community Programs Update



Community
Facilities



Water



Wastewater

DANGER
SEWER LAGOON



Five Areas of Eligibility

- Entity
- Facility/Project
- Population
- Median Household Income (MHI)
- Credit Elsewhere

Eligible Facilities



- Drinking Water
- Sanitary Sewer
- Solid Waste Disposal
- Storm Drainage

Eligible Project (Cont.)

- Must serve a rural area. (10,000 Population limit)
- Able to serve present population and reasonable growth.
- Needed for orderly community development.

Interest Rates

- Poverty: 60% of Market; max of 4.5%
- Intermediate: 80% of Market
- Market: 11 GO Bond Index

- Current Rates (effective until March 31, 2015)*
 - Poverty 2.25% (1/1/15)
 - Intermediate 3.00% (1/1/15)
 - Market 3.75% (1/1/15)

GRANTS

- Priority to smallest, most needy communities
- Three Tiers
 - Eligible up to 75% <\$38,205 project has health hazard
 - Eligible up to 45 % < \$47,757.00
 - Eligible for no grant income > \$47,757.00
- Subject also to the availability of grant funding

Credit Elsewhere

- RUS Instruction 1780.7(d) - Applicants must certify in writing and the Agency shall determine and document that the applicant is unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms.

UNDERWRITING

- Start with good data.
- Good underwriting comes from good source documents
- PER and ER

Important Application Documents

- Preliminary Engineering Report (PER)
 - Facility History and Need
 - Alternatives
 - Chosen Alternative based on Lifecycle cost
 - Complete short lived asset list
- Financial Components
 - Project Cost (update as needed)
 - Operation and Maintenance Costs (O&M)
- Historical Financial Information
 - Audits + current fiscal information

EDU'S DEFINED

- Equivalent Dwelling Units (EDU's) are the average consumption per month for the residential customers.
- It is used to convert the commercial users to an equivalent number of residential users.

Calculating EDU's

- Two type of users in the EDU calculation
 - Residential
 - Other (Meaning all that are not residential)
- Residential Average Monthly Consumption
 - All Single Family Residential Users
 - 110 users @ 459,000 total gallons
 - $459,000/110 = 4,173$ gal./month/EDU
 - 110 EDU's

Calculating EDU's

- Other Users Average Monthly Consumption
 - All Other Users
 - 7 users @ 157,000 total gallon
 - $157,000 / 4,173 \text{ gal./month/EDU} =$
 - 38 EDU's

Calculating EDU's

- | <u>Totals</u> | <u>Users</u> | <u>EDU's</u> |
|------------------------|--------------|--------------|
| – All Residential | 110 | 110 |
| – All Other | 7 | 38 |
| | _____ | _____ |
| – Total Users vs EDU's | 117 | 148 |
- Note: Most often the number of EDU's will be more than the number of users.

Similar System Cost

- RUS Instruction 1780.35(b)(3)
 - If the grant determined results in an annual EDU cost that is not comparable with similar systems, the Agency will determine a grant amount based on achieving EDU costs that are not below similar system user costs.
 - Grant funds may not be used to reduce EDU costs to a level less than similar system cost

Similar System Costs

- What is a similar system?
 - Similar EDU Consumption
 - Similar MHI
 - Similar size system
 - Similar type of water sources or wastewater treatment
 - Similar age
 - Recently improved system

Priority points

Population priorities:

- | | | |
|--|----|---|
| 1. Project primarily serves a rural area equal to or less than 1,000 population. | 25 | |
| 2. Project primarily serves a rural area between 1,001 and 2,500 population. | 15 |  |
| 3. Project primarily serves a rural area between 2,501 and 5,500 population. | 5 | |

Priority points

B) Health priorities

- | | |
|--|----|
| 1. Project alleviates emergency situation, corrects unanticipated diminution or deterioration of a water supply or to meet Safe Drinking Water Act requirements which pertain to a water system. | 25 |
| 2. Project to correct inadequacies of a wastewater disposal system or to meet health or sanitary standards which pertain to a wastewater disposal system. | 25 |
| 3. Projects which are required to meet administrative orders issued to correct local, State or Federal violations pertaining to solid waste. | 15 |



Priority points

C. Median household income (MHI) priorities.

- | | |
|---|----|
| 1. MHI less than the poverty line if the poverty line is less than 80% of state nonmetropolitan household income (SNMHI). | 30 |
| 2. Less than 80% of the SNMHI. | 20 |
| 3. Equal to or more than the poverty line and between 80% & 100% inclusive, of the SNMHI. | 15 |





Priority points

D. Other priorities:

1. Project to merge ownership, management, and operations of smaller systems for more efficient management and economic service.	15	<input type="checkbox"/>
2. Project to enlarge, extend, or otherwise modify existing facilities to serve additional rural residents.	10	<input type="checkbox"/>
3. Applicant is a public body or Indian tribe.	5	<input type="checkbox"/>
4. Amount of other funds committed to project is:		
a. 50% or more	15	
b. 20-49%	10	<input type="checkbox"/>
c. 19%	5	
5. Project will serve an Agency identified target area.	10	<input type="checkbox"/>



Priority points

6. Project will primarily recycle solid waste products thereby limiting the need for solid waste disposal.

5



7. The proposed project will serve an area that has an unreliable quality or supply of drinking water.

10



E. State Program Director's discretionary points.

Up to 15 Points may be awarded to projects to improve compatibility/coordination between RUS's and other agencies' selection systems and to assist those projects that are most cost effective and that provides for effective RUS fund utilization.



F. Total Points.





Water Programs FY 2013

15 Projects funded

\$ 22,160,000 Loan

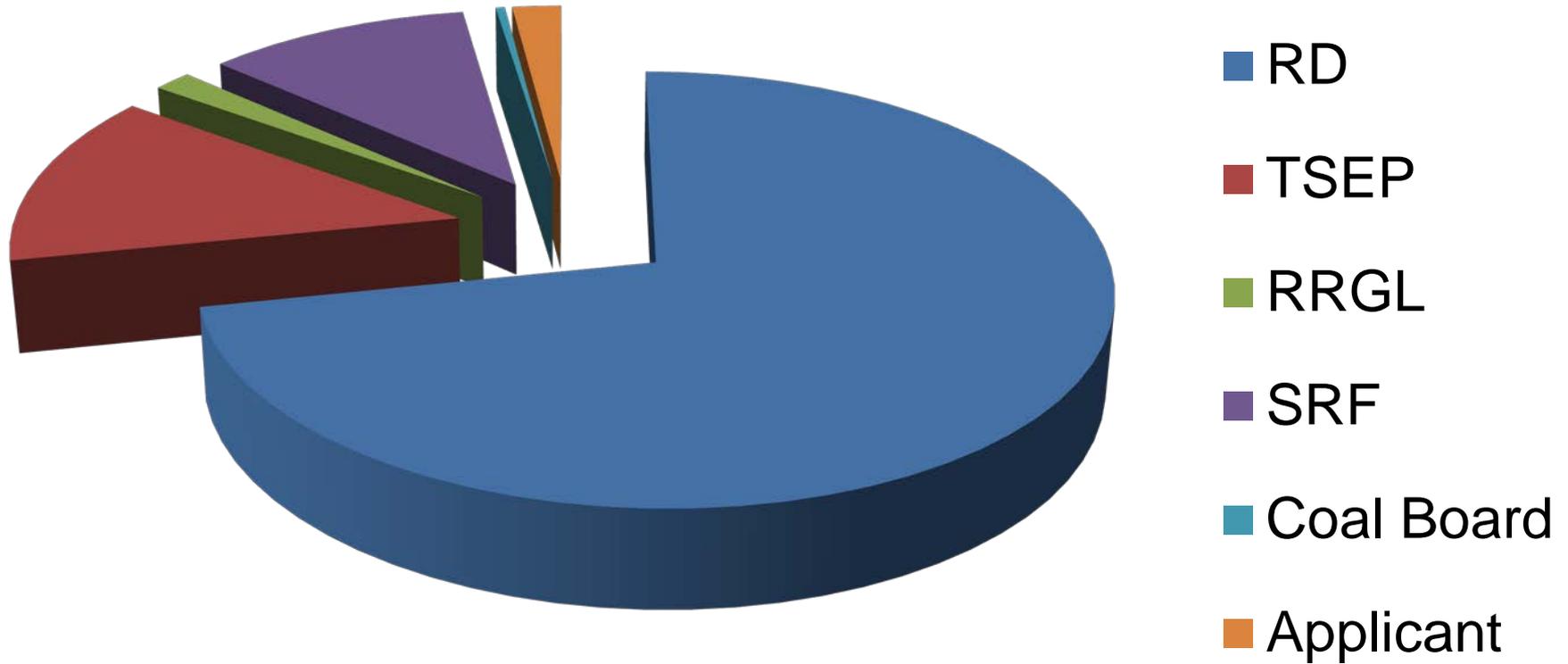
\$ 13,877,600 Grant

Total \$ 36,037,600

\$ 12,836,000 Base Allocation

\$ 23,201,600 Pooling Funds

Water Programs FY 2013 –w- Partners





Water Programs FY 2014

16 Projects funded

\$ 14,464,000 Loan

\$ 15,999,500 Grant

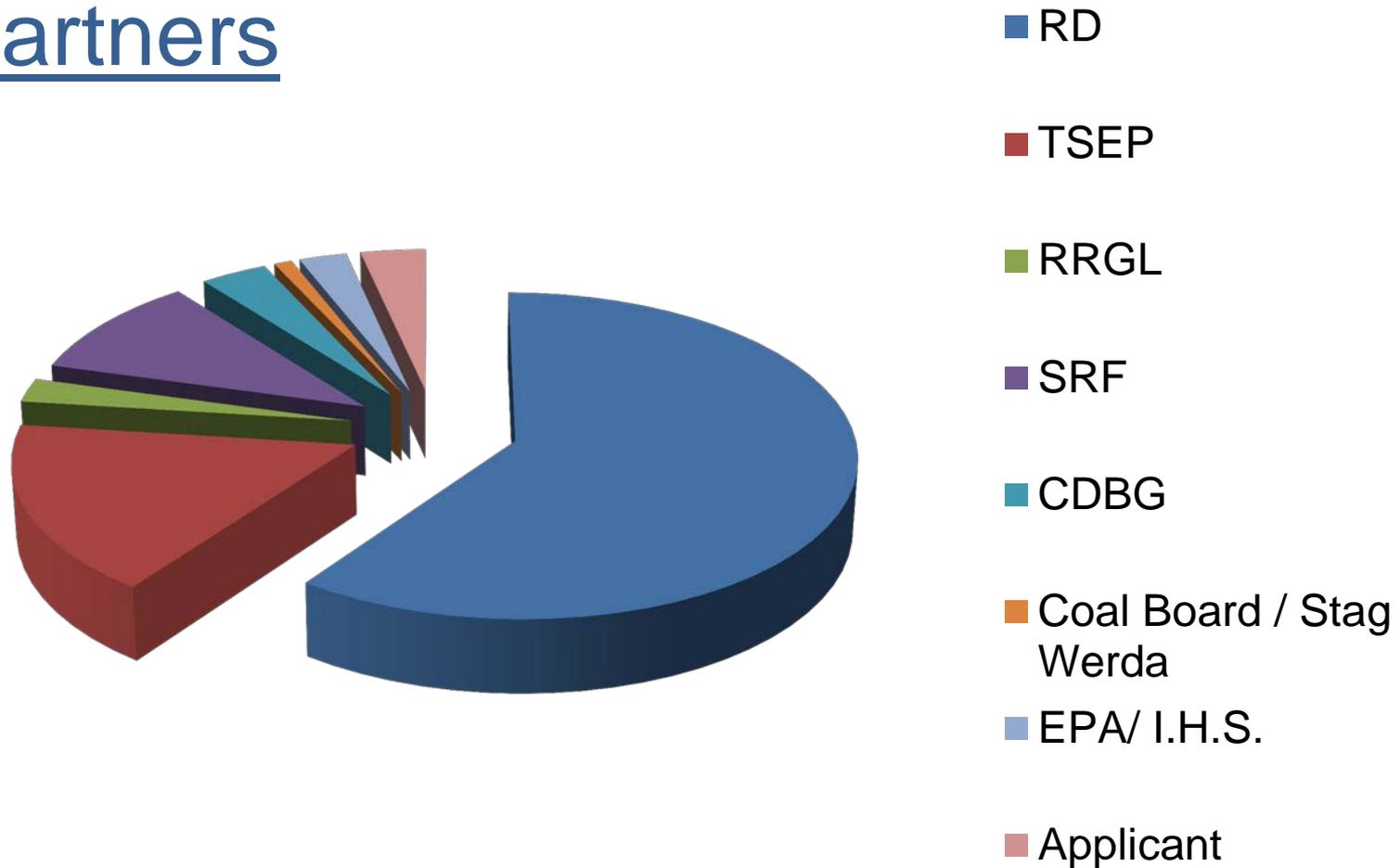
Total \$ 30,463,500

\$ 16,113,000 Base Allocation

\$ 14,350,500 Pooling Funds

3 Projects \$ 7,738,000 Declined funding

Water Programs FY 2014 –w- Partners





Water Programs FY 2015

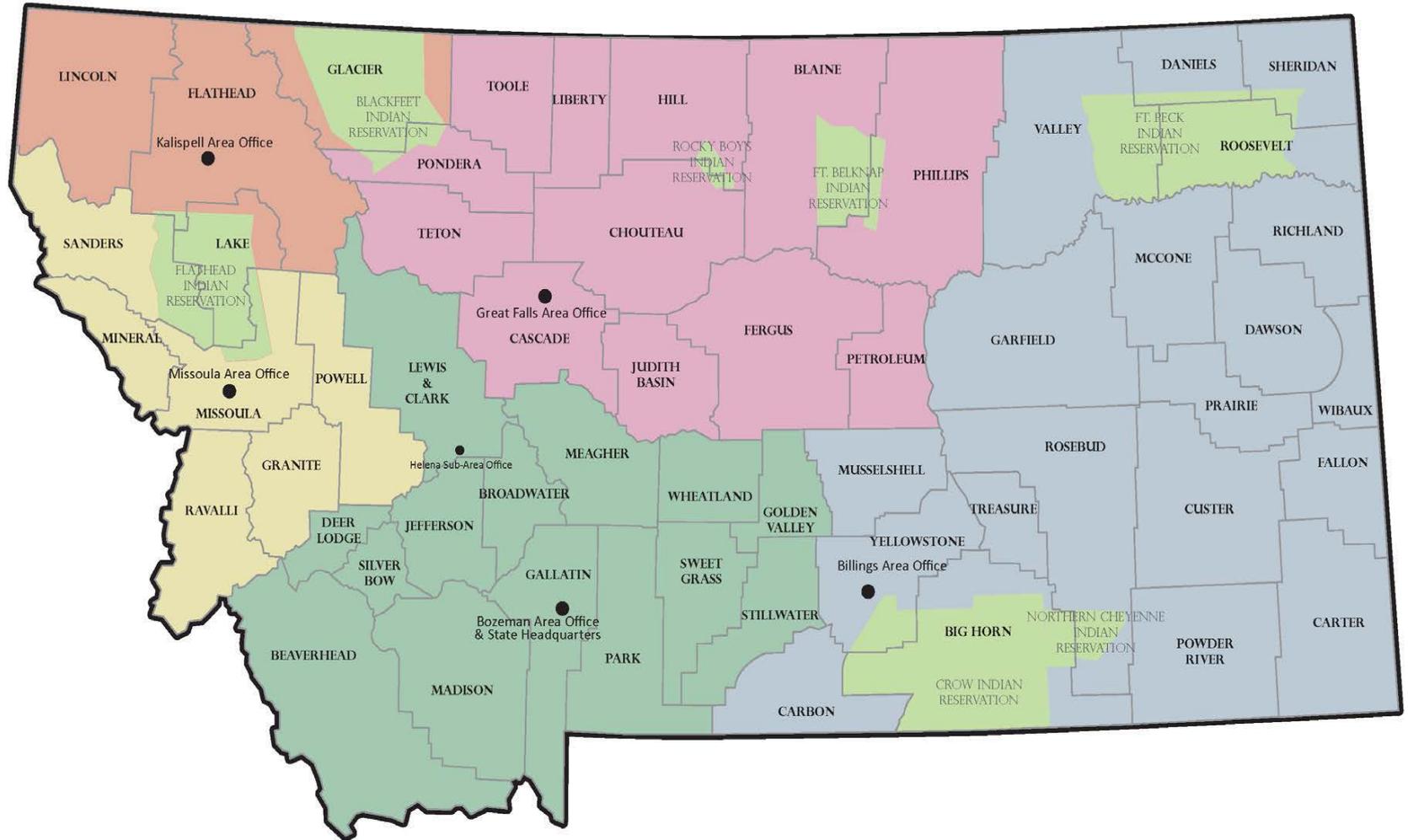
Allocation 12.6M Loan 3.4M grant
on hand \$56M = 17 Applications

(\$27M = 15 applications)

RD Funds Pooled in May 1, 2015
and August 14, 2015



USDA Rural Development – Montana Rural Housing Service





Staff contacts

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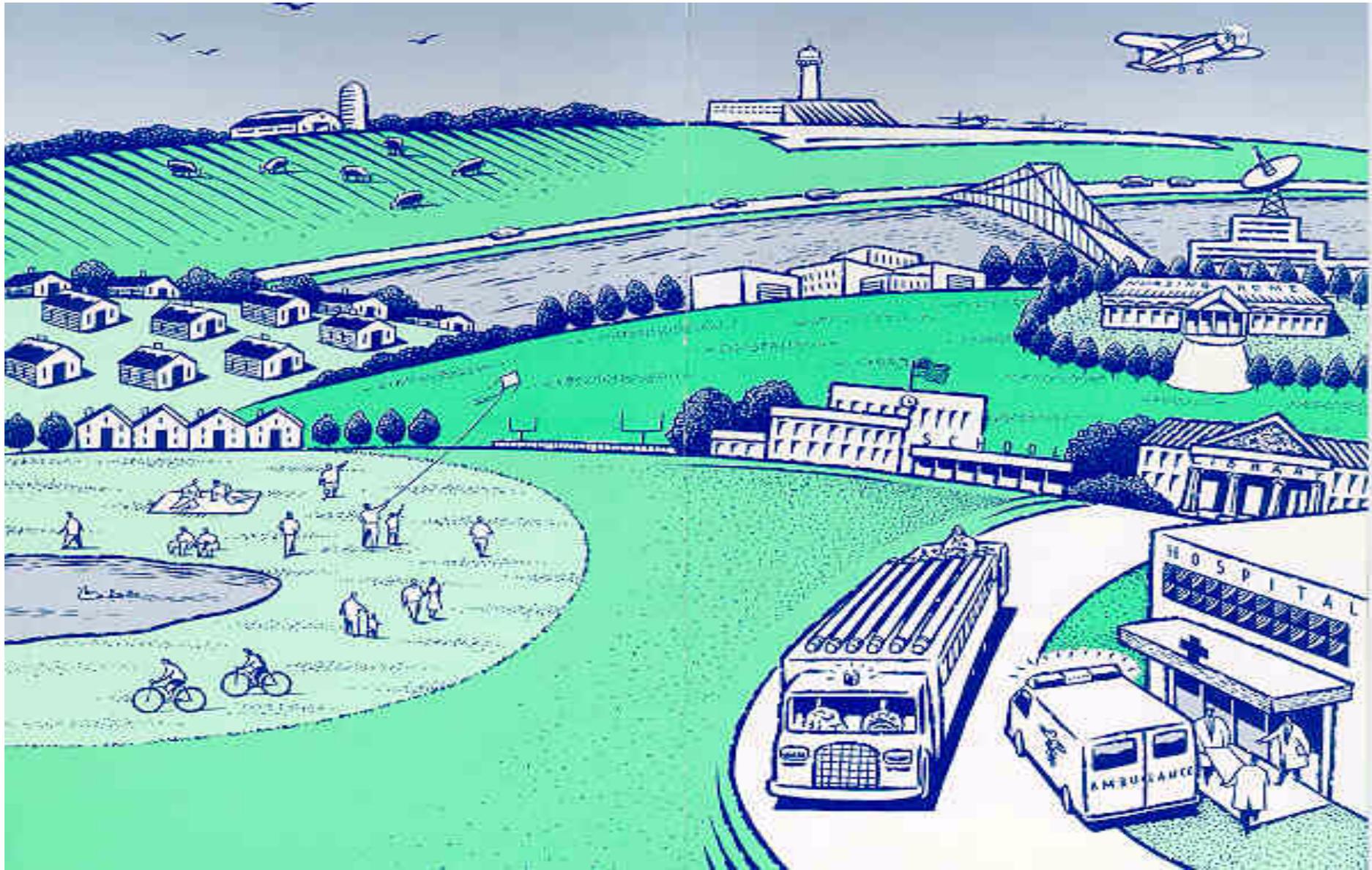
Questions?





United States Department of Agriculture

USDA Rural Development – Montana Rural Housing Service





Community Facilities

FINANCE THE DEVELOPMENT AND IMPROVEMENT OF ESSENTIAL PUBLIC FACILITIES THAT SERVE RURAL AREAS AND ARE FOR PUBLIC USE

ANY FACILITY NEEDED FOR THE ORDERLY DEVELOPMENT OF A RURAL COMMUNITY.

MEDICAL CLINICS, FIRE STATIONS, FIRE TRUCKS, ASSISTED LIVING FACILITIES, ROADS, BRIDGES, ETC.



Base Entity Eligibility

- Public Bodies - City, Town, County, District, etc.
- Non-Profit Corporations (BROAD BASED LOCAL CONTROL)
- Federally Recognized Indian Tribes
- Under 20,000 population



Base Loan Eligibility

Loan Interest Rates Through March 31, 2015: 3.75%
Population is under 20,000

Max. Loan Term Life of the security up to 40 years

Debt coverage 110% / positive cash flow

Other Credit - Not eligible if project can be funded by commercial credit or use of a Guaranteed Loan

Base Grant Eligibility

- Not able to fund from own resources
- Not able to fund from use of a loan
- Only the amount needed to make the project feasible
- Max grant amount \$50K



Maximum Grant Eligibility

Max. Grant 75% When MHI of the area served is equal to or below \$28,654 and the Population is under 5,000

Max. Grant 55% When MHI of the area served is equal to or below \$33,429 and the Population is under 12,000

Max Grant 35% When MHI of the area served is equal to or below \$38,205 and the Population is under 20,000

Max. Grant 15% When MHI of the area served is equal to or below \$42,981 and the Population is under 20,000



CF Guaranteed Loans

Loans are made by a bank or other lender and guaranteed against loss by the USDA Rural Development

Loans are made at lenders normal and customary rates and terms.

Guarantee (max =90%) allows lenders to make loans that they other-wise could not make.

Cannot guarantee loans secured by tax-exempt obligations



FY 2012

3 Guaranteed Loans = \$ 21,400,000

12 Direct Loans = \$ 46,106,800

12 Grants * = \$ 1,282,556

20 Projects Total = \$ 68,789,356

* Tribal College = \$951,936 RCDI Grants = \$200,000 Regular + Eii = \$130,620



FY 2013

0 Guaranteed Loans = \$ 0

5 Direct Loans = \$ 6,551,000

12 Grants * = \$ 1,004,368

18 Projects Total = \$ 7,555,358

* Tribal College = \$878,843 Regular + EII = \$125,525



FY 2014

0 Guaranteed Loans = \$ 0

1 Direct Loans = \$2,290,000

10 Grants * = \$ 1,224,829

11 Projects Total = \$ 4,124,107

* (Tribal College expect 7 grants for = \$1,015,812) Regular + EII = \$56,525, RDCI \$152,492



FY 2015 Est. Appropriations

Guaranteed Loans = \$ 0*

Direct Loans = \$19M

Grants = \$ 150K

Est. Tribal College = \$1.0M
\$20.15M

* National Office Pool- first in

first funded



FY 2015 Est. App / Applications on hand

Guaranteed Loans = \$ 0* (1) \$ 2.5M

Direct Loans = \$19M (7) \$60.8M

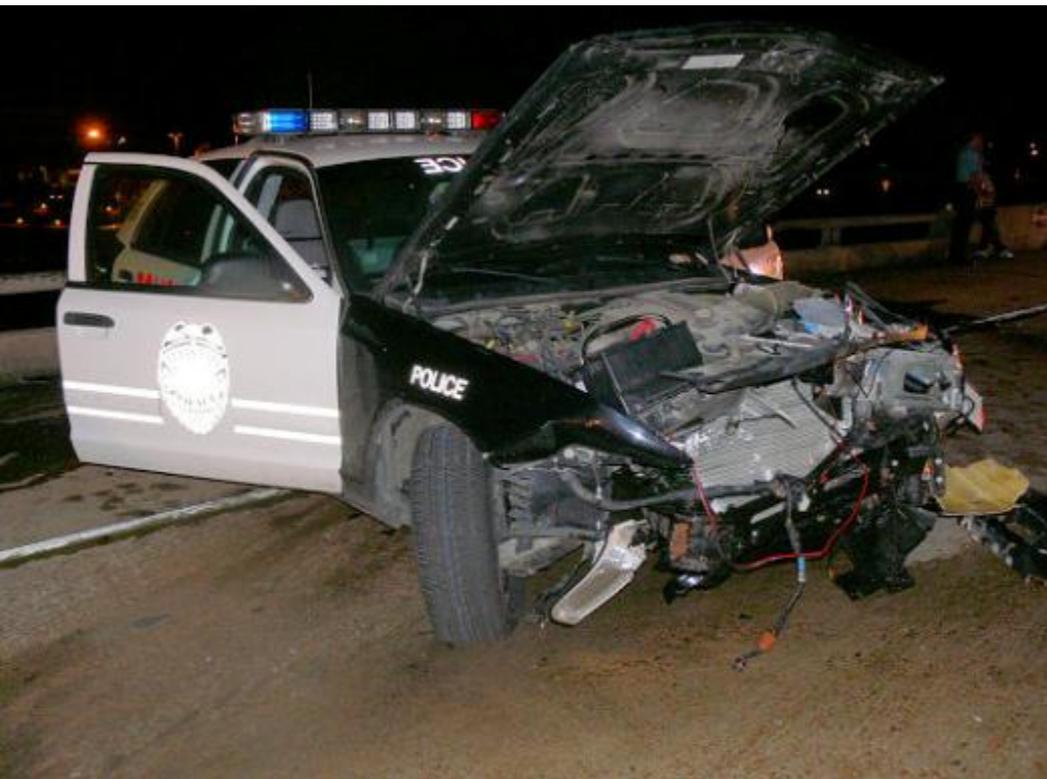
Grants = \$ 150K (5) 216K

Est. Tribal College	<u>= \$1.0M</u>	<u>(7)</u>	<u>1.0M</u>
	\$20.15M	(20)	\$ 64.5M

* National Office Pool- first in first funded



Priorities:



First Responders

Health care

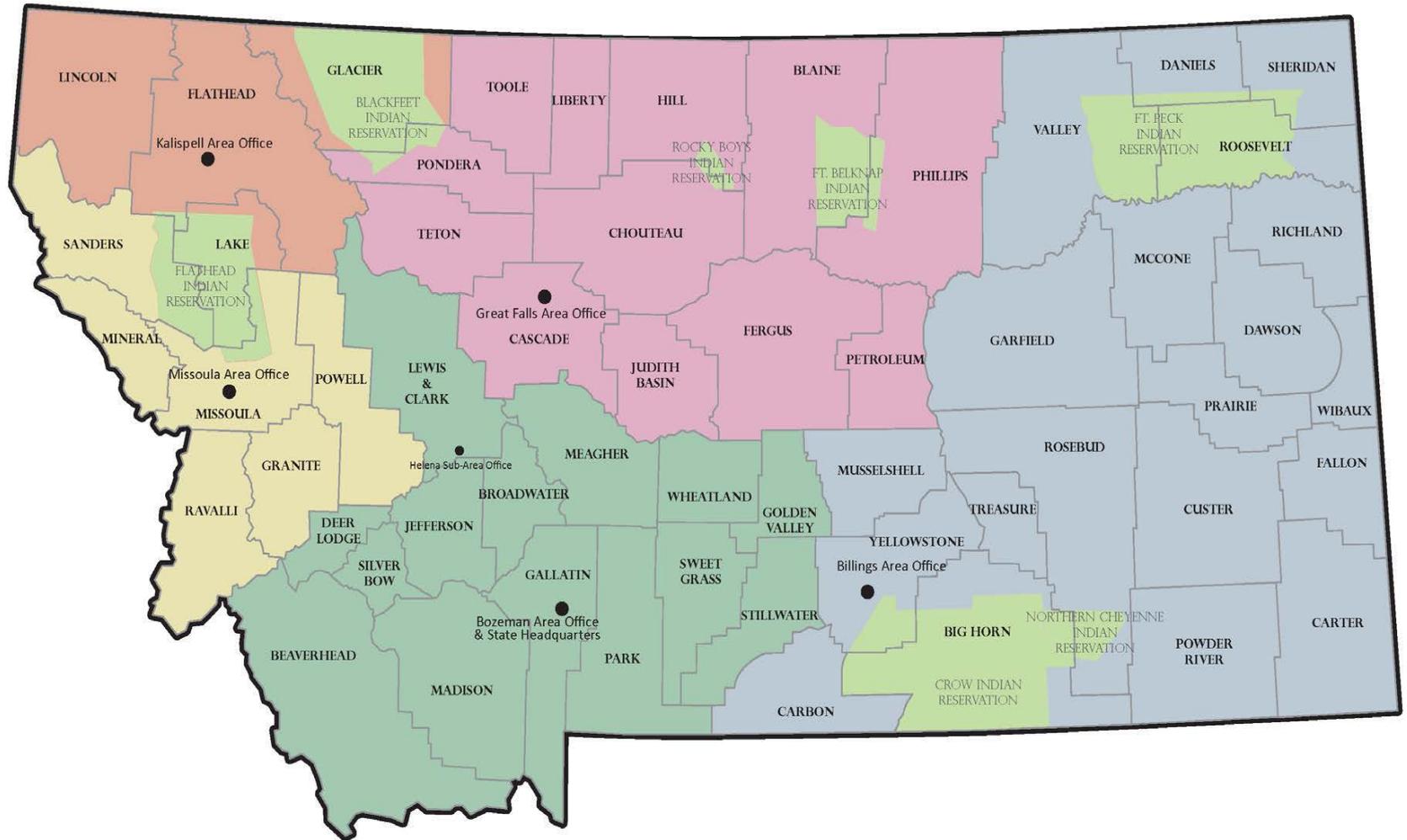
Medical Records
(HIT)

Libraries

20/20/2016



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Questions ?

