Building Partnerships For Success

CIFA 2018

Albuquerque

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Building SRF – RD Partnerships Across the US

- **Overview of Rural Development**
- **Need for Partnerships**
- **Case Studies RD- SRF Coordination**
  - **Idaho**
  - **Montana**
  - **Nationally**
  - **Wisconsin**
  - **New Mexico**
- **Best Practices**

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Financial Assistance for Small & Rural Communities

Rural Development includes:

- Housing
- Rural Businesses
- Hospitals, Fire Stations, etc.
- Electric, Broadband
- **Water and wastewater**

- RD financial assistance:
  - $215 Billion portfolio across programs (nation's 14th largest bank)
  - Local delivery
    - 47 State Offices and Area Offices
    - Most employees live and work in rural America

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Water & Environmental Programs (WEP)

- Building capacity: technical assistance and training grants
- Grants (tribes, household water wells)
- Access to affordable infrastructure for small systems:
  - Low-interest rate loans (2-4%); 40 year repayment terms.
- Application development
- Local delivery of program:
  - Our employees live and work in the communities they serve

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Infrastructure Needs in Small Communities

- 86% of the nation's public water systems are small (serve <3300 pop.)
- 79% of the nation's public wastewater systems are small (serve <10,000 pop.)
- Small populations:
  - Fewer to share infrastructure cost.
  - Higher per-user cost / rates.
  - Higher poverty.
  - Outmigration.

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Funding Challenges

- EPA and USDA are the largest federal funders of small systems. Combined annual budget typically ~$4 billion.

VS.

- “Buried No Longer”: $1 trillion for buried drinking water infrastructure (including growth) over 25 years.
- Drinking water national needs survey (EPA): $472.6 billion over 20 years; $132 billion for small systems (<10,000).
- Clean Watershed needs survey (EPA): $271 billion for wastewater infrastructure.

Partnerships are a critical part of the solution…

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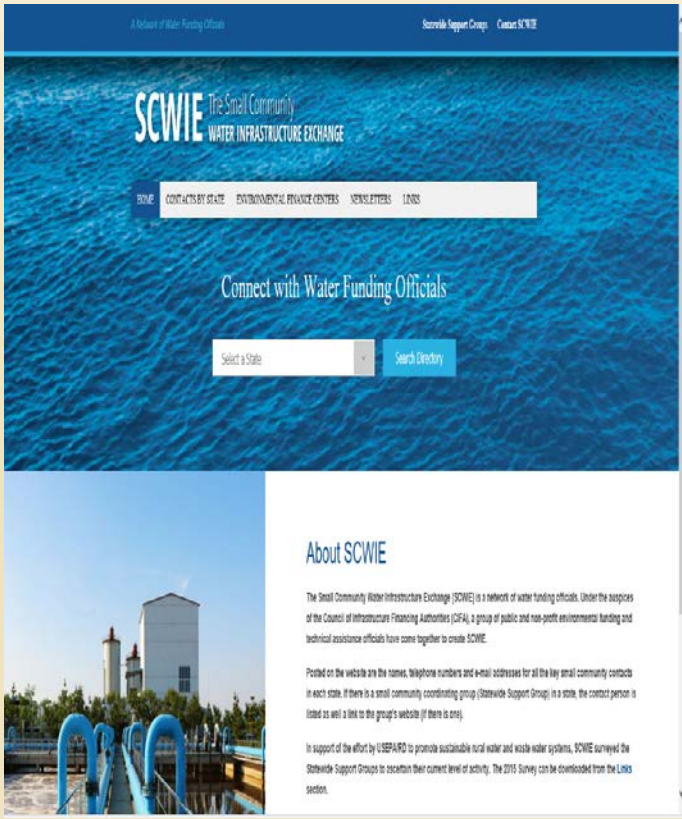
SCWIE Surveys 2015 and 2019

Statewide Support Groups

- **Most states have a Statewide Support Group.**
- **There are currently 44 active Statewide Support Groups.**
- **State Support Group major activities:**
  - **Provide specific project coordination.**
  - **Facilitate coordination, encourage cooperation and provide information.**
- **Follow up survey in 2019.**



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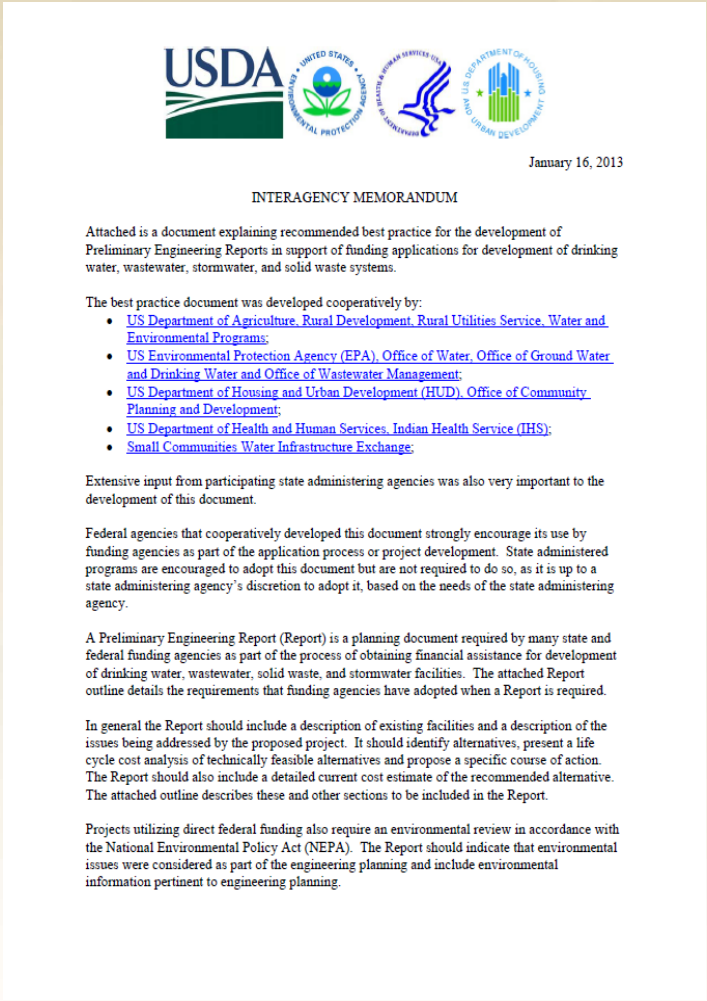
Interagency Preliminary Engineering Report (PER) Template

- **2011 MOU** EPA, USDA, HUD, IHS.
- All agencies adopted PER template in 2013.
- Unified approach for baseline engineering requirements to scope a project.
- Streamline requirements and lessen the burden of duplicative requirement amongst various funding sources.



January 16, 2013

INTERAGENCY MEMORANDUM

Attached is a document explaining recommended best practice for the development of Preliminary Engineering Reports in support of funding applications for development of drinking water, wastewater, stormwater, and solid waste systems.

The best practice document was developed cooperatively by:

- US Department of Agriculture, Rural Development, Rural Utilities Service, Water and Environmental Programs;
- US Environmental Protection Agency (EPA), Office of Water, Office of Ground Water and Drinking Water and Office of Wastewater Management;
- US Department of Housing and Urban Development (HUD), Office of Community Planning and Development;
- US Department of Health and Human Services, Indian Health Service (IHS);
- Small Communities Water Infrastructure Exchange;

Extensive input from participating state administering agencies was also very important to the development of this document.

Federal agencies that cooperatively developed this document strongly encourage its use by funding agencies as part of the application process or project development. State administered programs are encouraged to adopt this document but are not required to do so, as it is up to a state administering agency's discretion to adopt it, based on the needs of the state administering agency.

A Preliminary Engineering Report (Report) is a planning document required by many state and federal funding agencies as part of the process of obtaining financial assistance for development of drinking water, wastewater, solid waste, and stormwater facilities. The attached Report outline details the requirements that funding agencies have adopted when a Report is required.

In general the Report should include a description of existing facilities and a description of the issues being addressed by the proposed project. It should identify alternatives, present a life cycle cost analysis of technically feasible alternatives and propose a specific course of action. The Report should also include a detailed current cost estimate of the recommended alternative. The attached outline describes these and other sections to be included in the Report.

Projects utilizing direct federal funding also require an environmental review in accordance with the National Environmental Policy Act (NEPA). The Report should indicate that environmental issues were considered as part of the engineering planning and include environmental information pertinent to engineering planning.

Interagency Preliminary Engineering Report (PER) Template

- **USDA Rural Development** uses the Multi-Agency PER template.
- **27 States' SRFs** use the Multi-Agency PER template :
  - 13 directly:

    DE, ID, IN, MD, MS, MT, NE, NV, ND, OK, OR, PR, WA
  - 9 modified:

    CA, KS, MI, NJ, NY, NC, OH, SD, WV
  - 5 on jointly funded projects:

    AL, AK, FL, KY, UT

USDA - SRF Coordination: *case studies*

- Idaho
  - Quarterly Funding Meetings
  - Training & Environmental Coordination
- Wisconsin
  - Monthly Organizational Meetings
  - American Iron & Steel
- Montana
  - Co-Funding
  - Regionalization
- New Mexico
  - Establishing Communication

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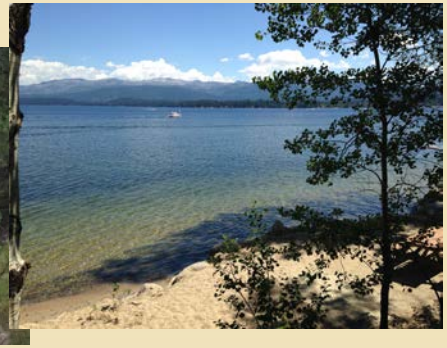
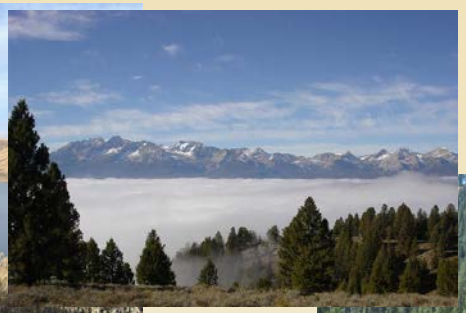
IDAHO







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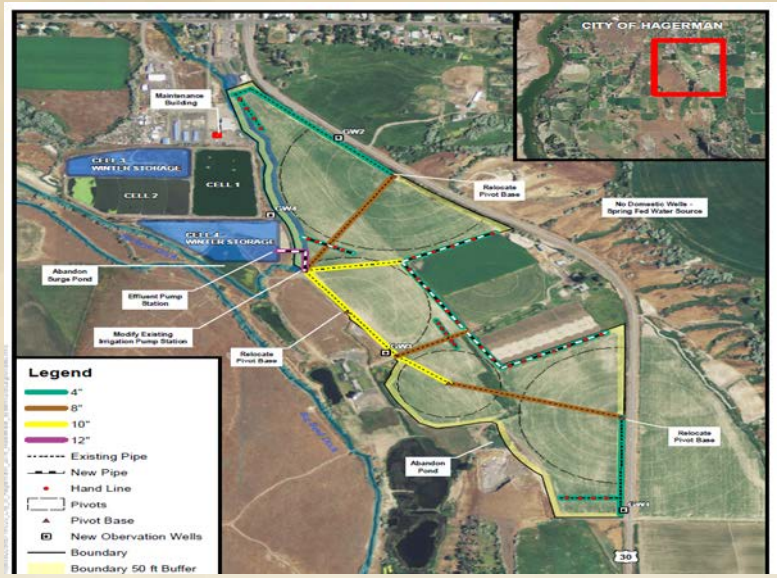
Environmental Coordination

- Quarterly Meetings with SRF, HUD-CDBG, Corps of Engineers
  - Lead Agency is consultants' main contact
  - Other Agencies adopt or at least use the information
  - Helps keep the team in front of any developing issues
- Scoping meetings held early in the process
- Joint training sessions for applicants and consultants
- Continually work with other Agencies to streamline

  (new regulations = new opportunities)
- Include project team on all correspondence

IDAHO

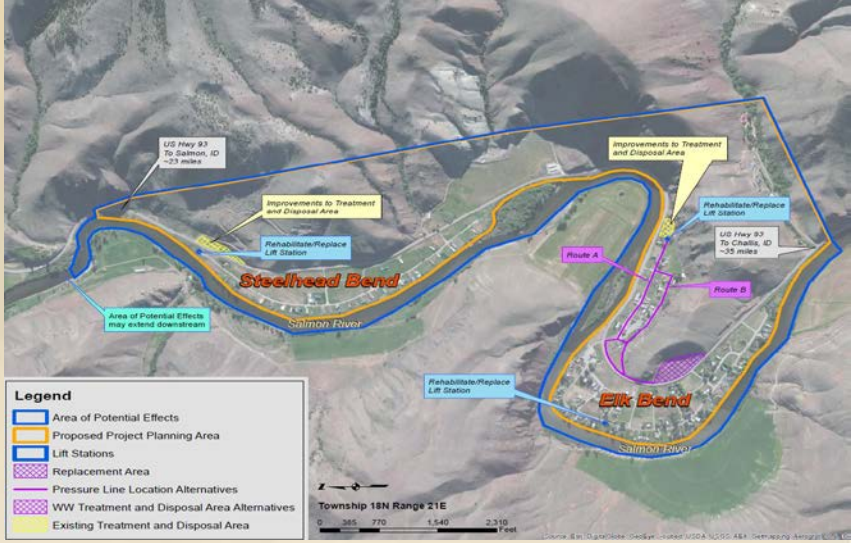
City of Hagerman



- New winter storage lagoon
- All agencies involved from start
- Held Scoping Meeting up front
- City went with all funding Agencie
- Environmental Determinations:
  - SRF - Cat Ex with supporting doc
  - RD - Cat Ex with Environmental Report
  - HUD-CDBG - Categorical Exclusion
  - Corps - EA/FONSI
- Supporting documents were the same
- Cost savings due to shared resources and documentation

IDAHO

Elk Bend Sewer District



- Recirculating filter and LSAS
- Only 2 agencies involved at start:
  - SRF conducted initial resource agency consultations.
  - RD used agency consultations to comply with our regulations.
  - Corps of Engineers came in late (cost overrun), used the same environmental documentation, saving time.
- Environmental Determinations:
  - SRF – EA/FONSI (Planning only)
  - RD - Cat Ex with Environmental Report
  - HUD-CDBG -EA
  - Corps – EA/FONSI
- Same documentation used by all Agencies
- Cost savings - shared resources and documentation

IDAHO

City of Bliss

- New total containment lagoons
- SRF, HUD-CDBG, RD and Corps of Engineers funding
- Adjacent land owner filed lawsuit (NIMBY)
- All 4 Agencies came to the same determination
- Judge ruled in favor of the Agencies
- Strength in numbers!

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State level environmental coordination

- **Benefits**
  - Stronger Environmental Documents - shared team knowledge
  - Reduces Cost to Applicants – streamlined multiple agency review process
  - Reduces Staff time to review projects - shared resources
  - United project implementation - determinations are stronger if challenged
- **BMP's**
  - Scoping meeting up front with all potential funding agencies
  - Quarterly coordination meetings
  - Publish joint notices when possible
  - Hold joint training sessions with other funding agencies
  - Copy SRF engineers & environmental staff, Owner, Consulting Engineer and funders on all correspondence
  - Attend annual SRF Engineer & Environmental meetings
  - Continually work to streamline with other Agencies

WISCONSIN

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Monthly Work Organizational Meetings

- Coordination for community water, wastewater, storm water and solid waste capital projects with State and Federal Funding Agencies.
- Facilitate operational and managerial technical assistance to those communities with water and waste water infrastructure issues.
- Improve government's responsiveness to communities' needs.

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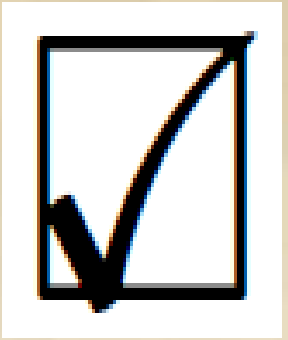
Monthly Work Organizational Meetings Results



- Prioritized funding to communities with the greatest need.
- Reduced compliance review times for NEPA and AIS.
- Improved O&M reviews - provide operational adjustments where most needed.
- Enhanced understanding for communities with questions about funding, operations, construction or design.

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National EPA – USDA Rural Development American Iron and Steel Coordination

- National Level Coordination of Waivers
  (Details and Time lines)
- Product Reviews
  (Domestic Sources and Delivery Schedules)
- Q&As: share info from EPA's longer experience with AIS
- Training in Monitoring, Site Visits & Compliance Reporting
- Monthly Meetings to Coordinate EPA and RD

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AIS RD – SRF Coordination

- Monthly meetings to coordinate activities such as funding priorities and compliance monitoring.
- Use of State SRF inspection or monitoring reports and SRF Manufacturers Certification to fulfill RD AIS monitoring requirements.
- Inform owners or applicants that funding agency reviews will be coordinated so that the anxiety of owners is reduced.

MONTANA

MONTANA

RD-SRF Co-Funding Projects

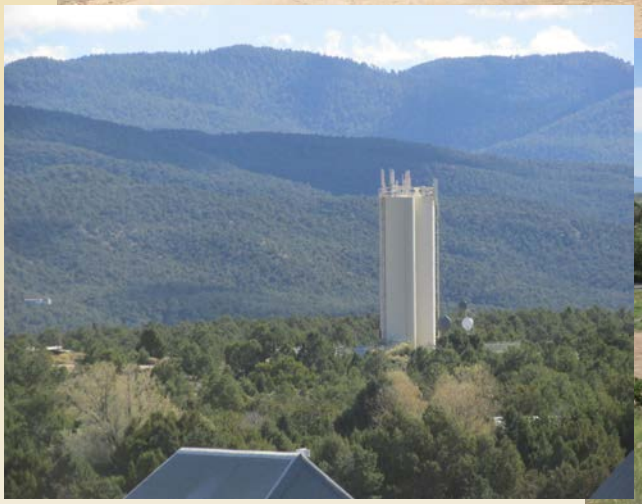
- Large Projects – Shared Resources
- Timeline Issues – One Application, PER & Environmental
- User Rates vs. Future Debt Capacity: "The Sweet Spot"

MONTANA

Consolidation & Regionalization
Manhattan – Amsterdam/Churchill

- 2007 SRF funded Manhattan WWTP for nutrient removal. Included added capacity for nearby proposed subdivisions.
- 2010 RD received an application from Amsterdam-Churchill to reconstruct wastewater lagoons. The community lacked capacity.
- 2016 completed construction of force main to Manhattan.

NEW MEXICO



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Villanueva, New Mexico (pop. ~300)

- New well
- New 85,000 gal. tank
- Water distribution lines
  - ~110 connections
  - Fire Hydrants

- USDA RUS Loan
- USDA RUS Grant

- 2 NMFA SRF Grants
  - PER
  - Engineering Services and construction costs

How Do You Get Started?

- Begin dialog.
- Meet with State SRF partners.

Next Steps:

- Establish process / system of co-funding projects with SRF by communicating with other states.
- “Partner With not Compete With”

Partnerships are a critical part of the solution…

Benefits to SRF – RD Partnering

- Saves money and time for communities and consultants
- More via more efficient and effective government services
- Bridges the gap between public and private sectors
- Allows for shared resources (leadership, staff, funds, technology, expertise etc.)
- Provides a vehicle for system change and organizational development
- Achieves greater visibility and influence
- Improves access and engagement

Best Practices

- Communicate
- Streamline & consolidate similar requirements
- Streamline the application process
- Work with the private sector
- Use standard contracts
- Shared site visits on co-funded projects

Factors For Success

- Build on existing partnerships
- Have clear work plans
- Identify leadership roles
- Commit resources
- Be open to change
- Communicate!

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It just makes sense…

Contact USDA Rural Development

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Questions?

Background slides

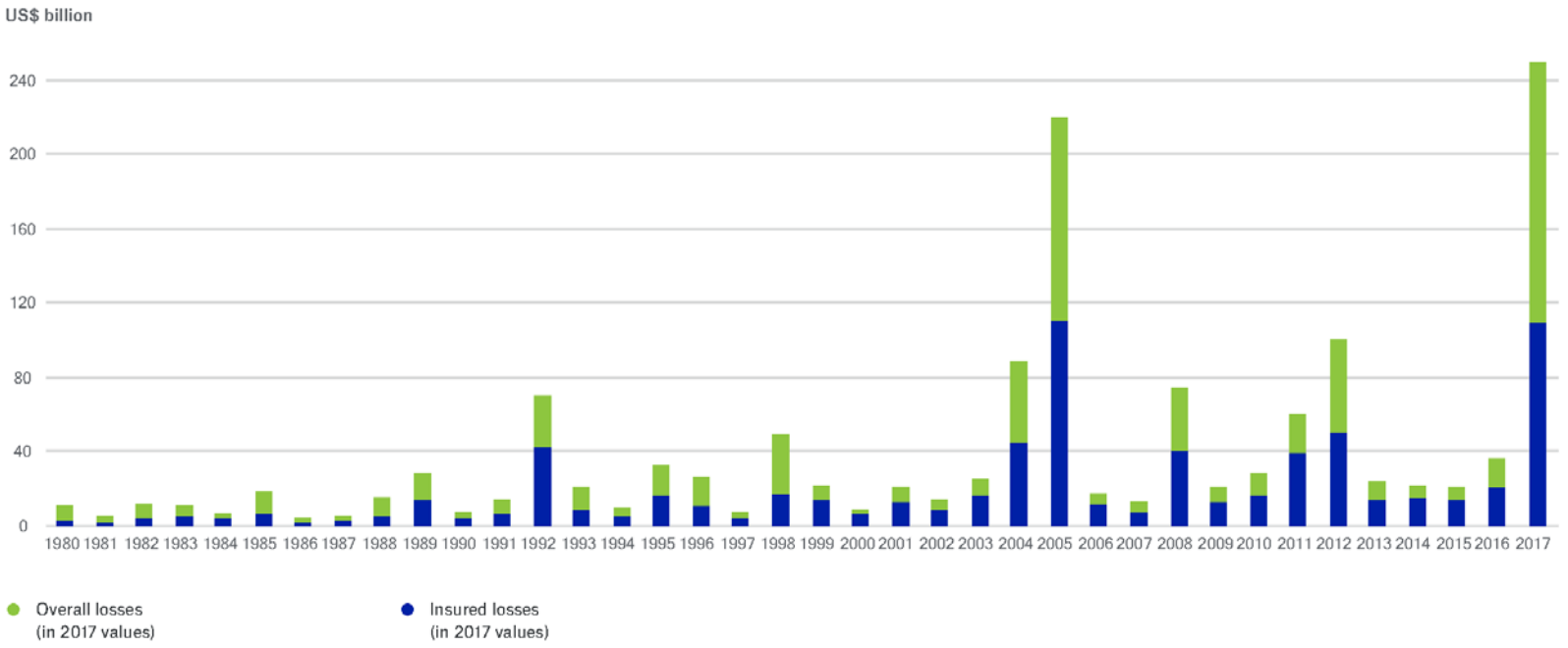
Hurricanes and storms are increasing…

NatCatSERVICE

Munich RE

Overall and insured losses in US$

Relevant meteorological events
in North America 1980 – 2017



Inflation adjusted via country-specific consumer price index and consideration of exchange rate fluctuations between local currency and US$.

…leading to an increase in insured losses

Recommended **Flood** Mitigation

Elevate wellhead

Elevate electrical panel

Critical infrastructure at least 3’ above 100 year flood.

Power loss mitigation

Technical Assistance - *Circuit Rider Program*

- Provides technical assistance on an as-needed basis to rural water systems
  - Day-to-day operational issues
  - Financial, managerial issues
  - Energy audits
- Rural water system officials may request assistance from RUS or RUS can request assistance on behalf of the system
- Contract with the National Rural Water Association
- A current list of circuit riders is available online

Technical Assistance- *Technical Assistance and Training (TAT) Grants*

- Identify and evaluate solutions to water and waste problems in rural areas (10k or less);
- Assist applicants in preparing applications for water and waste disposal loans and grants; and
- Assist associations in improving the operation and maintenance of existing water and waste facilities in rural areas.

Eligible Applicants include: private non-profits (e.g. USET, NRWA, RCAP, etc.)

Technical Assistance- *Workshop In a Box: Sustainable Management of Rural and Small Systems*

- Sustainable Rural and Small Utility Management Initiative
  - Part of an MOA signed between RD and EPA
  - Helps rural and small water and wastewater systems provide sustainable services to communities
  - RD and EPA continue to work with partners such as NRWA and Rural Community Assistance Corporation to host and facilitate workshops around the country
  - In FY 2016, over 100 workshops in each state, including HI and PR

Funding Assistance for Water, Wastewater, Storm Water and Solid Waste Infrastructure

Water and Waste Disposal Loan and Grants

- Provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses
- Eligible applicants include: most state and local governmental entities, private non-profits, federally and state recognized tribes, Colonias serving rural areas 10k or less

Funding Assistance for Water, Wastewater, Storm Water and Solid Waste Infrastructure

Water and Waste Disposal Grants to Alleviate Health Risks on Tribal Lands and Colonias

- Provides low-income communities access to safe, reliable drinking water and waste disposal facilities and services
- There is a $2M cap per project, but supplemental funding is available through WWD Loan and Grant Program
- Eligible applicants: state and local governmental entities serving rural areas 10,000 or less, non-profits, utility districts serving Colonias, federally recognized tribes

Emergency Assistance

Emergency Community Water Assistance Grants

- Helps eligible communities prepare, or recover from, an **emergency** that threatens the availability of safe, reliable drinking water
- Events included but not limited to*: Drought or flood, earthquake, tornado or hurricane, disease outbreak, chemical spill leak or seepage
- Funds can be used for water transmission line grants up to $150,000 and water source grants up to $500,000
- Eligible applicants: most state and local governmental entities, private non-profits, federally and state recognized tribes, serving rural areas 10,000 or less

Assistance for Developing Application Documents

Special Evaluation Assistance for Rural Communities (SEARCH)

- Help for very small (2,500 or less), financially distressed rural communities
- MHI below the poverty line or less than 80% of statewide non-metro MHI
- Predevelopment feasibility studies, design and engineering assistance, and technical assistance for funding applications
- Eligible applicants: most state and local gov't entities, non-profits, and federally recognized tribes

Assistance for Developing Application Documents

Water and Waste Disposal Predevelopment Planning Grants (PPG)

- Assists low-income communities with initial planning and development of applications for RD WWD direct loan/grant loan guarantee programs
- Eligible applicants: most state and local governmental entities, nonprofits, and federally recognized tribes
- Eligible areas include rural towns (10,000 or less), federally recognized tribal lands, and *Colonias*
- MHI below the poverty line or less than 80% of statewide non-metro MHI
- Max. grant amount is $30,000 or 75% of predevelopment planning costs
- Applicant or 3rd party must cover 25% of project cost