

USDA Rural Development

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Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Programs we offer

- Rural Utilities Service (RUS) Water and Environmental Programs

Rural Utilities Service (RUS)

Water and Environmental Programs

Water and Waste Disposal Loans and Grants

- Improve infrastructure
- Support public health and safety or
- Promote economic development.

Rural Utilities Service (RUS)

Water and Environmental Programs

PURPOSE

- Provide financing for water, sanitary sewerage, solid waste disposal and storm wastewater facilities for rural residents.

ELIGIBILITY

- Public bodies such as municipalities (cities, towns, and villages)
- Counties
- Special purpose districts (water district and sewer districts)
- Nonprofit corporations
- Federally recognized Indian tribes
- Must be a feasible project

POPULATION LIMIT

- City or town with a population of 10,000 or less.
- Priority to communities of less than 5,500.

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WHAT CAN WE DO?

- Construct, enlarge, extend or improve water or waste disposal facilities
- Pay fees necessary for the project development such as legal and engineering
- Pay for costs of land acquisition, rights of way, permits
- Purchase necessary equipment
- Pay for environmental reports

Rural Utilities Service (RUS) Water and Environmental Programs

LOAN TERMS

- Missouri Statutes limit the term of public body revenue bonds to 35 years.
- Not for Profit corporations may borrow on terms up to 40 years.

INTEREST RATES

- The agency has a three interest rate level: Poverty, Intermediate, and Market.
- The type of rate applicable to your project is dependent on the Median Household Income (MHI) of the service area.
- Poverty rate is appropriate if the MHI is below the poverty line of \$26,200 or is below 80% of the SNMHI AND is in violation of a health or sanitary standard.

Interest Rates FY 2020

	10/1/19 to 12/31/19	1/1/20 to 3/31/20	4/1/20 to 6/30/20	7/1/20 to 9/30/20
Poverty	1.750% (38.46) *	1.625% (37.69) *	1.375% (36.19) *	1.125% (34.73) *
Intermediate	2.375% (42.40) *	2.250% (41.59) *	1.875% (39.23) *	1.500% (36.94) *
Market	3.000% (46.54) *	2.750% (44.86) *	2.375% (42.40) *	1.875% (39.23) *

* Amortization Factor is indicated in () for 35 years

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SECURITY

- Water and wastewater disposal loans to public bodies are normally secured by revenue bonds.
- General Obligation bonds can be taken, if the test for credit requirement can be met.
- Loans to nonprofit corporations are secured by a promissory note and real estate deed of trust.

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WILL I GET A GRANT?????????????

- Grants are considered only after a determination is made on the maximum amount of loan the community can afford and still have reasonable user rates.
- Reasonable user rates are considered to be approximately 2% of the MHI per user per month.
- We must remember that grant funding is considered *gap* financing, after all other available funds have been considered. Such as applicant contribution, RD Loan and perhaps any other partner agency such as Community Development Block Grant (CDBG) or MO Department of Natural Resources (MoDNR).

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HOW DO I START?

- Contact your Project Engineer or put out a Request for Qualifications (RFQ) and ask for a Request for Proposal (RFP) to hire a professional engineer.
- Invite them to your community and prepare a plan – not just an immediate plan; a 2-year, 5-year, 10-year plan.
- Take steps to get to know your system and if it works.
- Learn it if it is making your money or costing you money.
- Involve the entire Board of Directors or City Council – they own it! It is not the job of the operator to *fix* it – SURPRISE!!
- Raise rates to keep things in line, so you don't pass the burden on to someone else.

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Contact Information

Assistance under USDA Rural Development programs is available to applicants in areas designated as “rural.” Under law, the definition of “rural area” is different for each program.

[Contact your local USDA Rural Development office](#) for more information.

Or visit www.rd.usda.gov/mo

Or call (573) 876-0976

Or email RDMissouri@usda.gov

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