

Let's talk \$\$\$\$ - USDA funding helping many communities

Since beginning a new position with KRWA in June 2009 as a specialist focusing on helping communities and water districts access and obtain USDA Rural Development funding, I have learned a great deal about USDA and other funding programs. USDA Rural Development has five programs that received ARRA funding. They are: 1) Water and Wastewater (loan and grant); 2) Community Facility (direct loan and grant); 3) Business & Industry Loans (guaranteed loans); 4) Rural Business Enterprise Grants; and, 5) Rural Housing (loans). For more information about any of the above programs please visit the USDA Web site at www.usda.gov. With all areas of funding, USDA Rural Development will take all applications from any eligible city or water district any time for any project. This means you can apply for a water project with ARRA funding and a street project with Community Facilities at the same time.

The most recent USDA Rural Development funding program is the "ARRA" funding. Congress approved and then appropriated funds for Public Law 111-5 (the ARRA legislation) on February 17, 2009. That law provided USDA Rural Development with a much greater capacity to make

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water and wastewater loans and grants. The authority results in a program funding level of approximately \$3.7 billion nationally. Solid waste and storm drainage are also areas that are available to receive funding.

"In 2009, the normal amount of funding available in Kansas through USDA Rural Development would be \$10.8 million in loan and \$3.67 million in grants. With the extra ARRA money there is approximately three times more

funding available than usual," commented USDA Rural Development Program Director Gary Smith.

The rules?

The requirement for the ARRA loans and grants are the same as for the prior water and waste disposal loan and grant program. But, with the ARRA or "stimulus" funds, contractors must comply with the prevailing wage law spelled out in Davis-Bacon and there is a requirement to "buy American." The construction of projects will benefit contractors trying to find work for their employees in these trying economic times.

Without ARRA funds, not nearly as many projects would have been funded in Kansas and nationally. With the regular 2009 Rural Development allocation of funds, seven regular projects received funding and with ARRA money, an additional 11 projects were funded with the first being awarded in May 2009. Normally, Rural Development funds 15 or 16 projects annually. In 2007, the Kansas USDA Rural Development funded 18 projects; in 2008, the agency funded 23 projects. The larger the project the fewer the number of projects funded.

Some communities have waited years to be funded; but with the extra ARRA funding being available; projects are moving along more quickly now. If a project is "shovel ready" at this time, there shouldn't be a long wait, other than



Jeremy Henbest, Toby Bright, mayor and Martha Sauer, clerk at Rozel, discuss paperwork for the water system improvement loan-grant from USDA.

to file paperwork. "Presently there is a large supply of money available for projects that are ready to be funded, but the supply won't last forever," says Gary Smith. He noted that the ARRA funding is only available through September 30, 2010.

Several cities and rural water districts have been granted ARRA funding from Rural Development. Since joining KRWA in June, I have traveled across Kansas and visited each of the following communities and want to share with you some of the projects.

City of Rozel

On September 14, USDA Rural Development Community and Business Program Director Gary Smith, Topeka, and Rural Development Specialist David Barber, Hays, attended the city of Rozel's council meeting where the city of Rozel signed a letter of conditions with USDA Rural Development for \$350,000. You might ask – "So what's the big deal over that?" Well, the city of Rozel has a population of only 180 people with 110 active water meters. The funding will construct: 1) a new 24' by 40' treatment plant; 2) replacement of Water Well 1; and, 3) connect all wells together and treat the water prior to distribution. The city of Rozel currently has three wells. Due to low water pressure, odor complaints, and discolored water – the plugging of the meters, service lines and house fixtures is a result of extremely high levels of iron and manganese in all three wells. Mayor Toby Bright noted in order to correct the poor quality issues the best solution was to replace Well 1 which is more than 40 years old. The total cost of this project is \$1,054,600. Funding includes a loan of \$384,000 and grant of \$380,500 through USDA Rural Development, and a \$372,000 Community Development Block Grant. Engineer, Alan Luttrell, EBH & Associates and Grant Administrator, Faye Trent, Great Plains Development, Inc. assisted with the project. The city of Rozel has a mixture of population from seniors to toddlers. When asked about opposition to the improvements and rate increases, City Clerk Martha Sauer and Councilman Jeremy Henbest both agreed the residents of the city were in favor of the major improvements and rate increases to just have better quality water. The present water rate is \$24.50 for 5000 gallons. That rate will increase to \$39 for 5,000 gallons over a three-year period. The \$39 rate is a stipulation of USDA Rural Development to meet loan obligations.



Connie Ralph, Manager of PWWSD 12 and Joe Kirby, Plant Operator, review plans for new one-million gallons storage tank. The district has been approved for \$4,300,000 from USDA Rural Development.

This expansion will give us up to three days water storage to meet current contacts and allow for extra demand.

Public Wholesale District No. 12

Connie Ralph, manager of Public Wholesale Water Supply District 12 has this to say about their new project: "The improvements are needed in order to produce more water. With adding the bigger storage tank, the plant will operate more hours. This will also ensure compliance with the latest Safe Drinking Water Act," she adds. The district's project consists of the following: 1) a new 1-million gallon storage tank; 2) replacement of eight miles of 4-inch PVC distribution line with 8-inch PVC line between the city of Waverly and the district's connection to Rural Water District 4 in Anderson County. Operator Joe Kirby adds, "This expansion will give us up to three days water storage to meet current contacts and allow for extra demand. This will also allow us to operate the water plant 16 hours per day; instead of 8 hrs at the present time and to produce better quality water." Public Wholesale 12 can produce 1.2 million gallons daily. The new upgrades will allow plenty of room for expansion. The total cost of this project is \$4.8 million. Funding will be provided by Wholesale #12 contributing \$500,000; there will be a USDA Rural Development ARRA loan of \$2,215,000 and a USDA grant of \$2,085,000. Public Wholesale 12 signed a letter of conditions with USDA Rural development on May 14. Rates for this project are \$3.45 per 1,000 gallons with a rate increase to \$3.75 that began September 1. Professional Engineering Consultants (PEC) is the project engineer.

City of Hoisington

For the city of Hoisington, “maintenance” is the key word to their ARRA project according to Public Works Supervisor Paul Zecha. The city needed to make significant repairs to ensure that residents would have a safe and reliable water system. The project will include rehabilitation of the well house, treatment plant, the 60-foot standpipe and replace all water meters with remote meters. The total cost of this project is \$1,265,267. Funding is available with the USDA Rural Development ARRA program of a direct loan of \$879,000 and a Community Development Block Grant of \$400,000.00. City Clerk Donita Crutcher reports that the present water rate is \$29.71 for 5,000 gallons; the city has encountered two rate increases in 2009 to meet the USDA Rural Development requirement.

RWD 4, Pottawatomie County

Maintenance expenses are running high because of high levels of iron and manganese for this northeast Kansas rural water district. The ARRA funding from USDA Rural Development will finance the following: 1) a new 50,000-gallon clearwell; 2) new 40’ by 60’ treatment plant; 3) installation of a pressure sand filter system for each of the two wells; 4) replacement of six miles of 4-inch and 2-inch cast iron pipe with PVC pipe; and, 5) replace 20 customers meters. The total project cost is \$1,132,000. The funding is a USDA Rural Development ARRA loan of \$645,000 and a \$487,000 grant. With the iron and manganese removal system in place, the 490 rural customers and three wholesale customers – the cities of Westmoreland and Delia and Jeffrey Energy Center, will benefit. Louis Funk of Bartlett & West Engineers, Topeka, is the project consultant.

City of Atwood

The city of Atwood will begin its third and final phase of their water system improvements according to City Clerk Janet Stice. The Phase 3A water project will cost \$3,353,000. Funding will be provided by USDA Rural Development ARRA loan of \$867,000 and \$2,199,000 in grants and the city will contribute \$287,000. This northwest Kansas town will purchase water rights to develop two new wells northwest of the city and install 17 miles of new water line to connect to the wells. The city of Atwood has a population of 1300 with 704 active meters. The city has faced elevated levels of arsenic, iron and manganese in existing wells. Mayor Betty Mickey comments: “This entire project is a very historical event for the current and future generations of the city of Atwood. It is very rewarding to be a part of this 10 year project.” Miller & Associates Consulting Engineers, P.A., Kearney, NE, is the consultant for the project.

City of St. George

“Outdated, undersized and no visual instruments are just some of the problems of the wastewater system for the city of St. George,” according to Operator Wesley Howe. With future population growth, the city of St. George will be using recently approved USDA Rural Development funding to construct the following: 1) a new mechanical Aero-Mod wastewater treatment plant; 2) upgrade the existing lift station; and, 3) install a sewer line to connect the treatment plant to the collection line. The total project cost is \$1,550,000. Funding is provided by a USDA Rural Development ARRA loan of \$1,350,00 and a \$200,000 grant. City Clerk Carol Soupene comments, “The present sewer rate is a base rate of \$24.95 with an increase being placed into effect as needed, until a \$40 rate is reached. This base rate will factor in loan repayment, any existing debt service, operation and maintenance.” Stuart Porter with Schwab-Eaton, PA, is the project consultant.

What about rates?

I recently discussed water and wastewater rates with Gary Smith, Director of the USDA Rural Development Program in Kansas. Gary commented, “The average monthly user rate targeted for a project is based on the monthly average gallon that the typical user uses. One of the challenges in working with rates is that some will be above and some below. The community needs to be willing to help generate the average monthly revenue to be able to pay for the improvements,” he concludes.

Beginning October 1, all approved ARRA funding projects must begin reporting activity for their projects with www.federalreporting.gov on a quarterly basis. This reporting will reflect the prime recipients and the amount of dollars spent and the amount of jobs created for the project.

Gary Smith comments: “This is an opportunity not to let pass by. Time is of the essence; if you truly need a project, now is the time to pursue that project. If you wait till 2010, the monies many be gone – so don’t wait. He adds, “If you don’t apply, you get nothing; if you do apply, you are in the hunt for the dollars. Right now, communities are being very successful in securing funding.”

The Kansas Rural Water Association is here to help communities discuss their options, evaluate their projects, help complete the applications and help anyone with the required online federal reporting. Give us a call at 785-336-3760 or email to me at rita@krwa.net.

Rita has extensive municipal experience with the city of Troy, KS for 11 years. She was a certified EMT and served as the Ambulance Director for two years and supervised the volunteer staff. Rita also worked on or completed most water and wastewater utility reporting requirements. Her focus at KRWA is to provide assistance with applications for funding for community facilities.

