

March 23, 2020

Jean L. Barrette, Ph.D.
CDBG Program Administrator
808 W. Nye Lane
Carson City, NV 89703

Re: USDA Rural Development Review Comments of CDBG Applications

Dear Ms. Barrette:

USDA Rural Development has reviewed the following projects and has provided comments and scoring criteria for applicable programs. Reviews were conducted by Cheryl Couch, Community Programs Director.

I wanted to provide some background on USDA RD's Community Facilities (CF) loan and grant program as I will be referencing use of these funds in my comments and it's a bit more complicated than our Water and Environmental programs. I hope this additional information is helpful as the advisory board evaluates the applications.

The grant funds are limited, we generally fund projects on a first-come, first-served basis, and we do have goals that we strive to meet. A few of these goals are targeting communities whose median household income would qualify the community for 75% grant funding or have been identified as a "distressed community"; meet the first responder initiative; fund a local or regional food project, etc.

The Nevada CF grant program as of February 19, 2020 has received our full allocation of grant funding - \$190,300 in regular grant funds available to public bodies, non-profit organizations and federally recognized Tribes, and \$64,000 in Economic Impact Initiative (EII) grant funds. Currently, the only entities eligible for EII grant funds are tribal communities, based on the eligibility criteria of 19.5% under/unemployment.

We have received a partial allocation of loan funds totaling \$5,983,295, with access to additional funds if necessary. The term of the loan is based on the useful life of the facility to be financed (equipment or vehicles may be for 3-15 years; construction or rehabilitation of a building may be up to 30-40 years) and the interest rate for the quarter beginning 4/1/2020 is 2.375% for all applicants and loan types.

Security for equipment/vehicles is generally a promissory note, vehicle title, UCC-1 financing statement and assignment of revenue. Security for the construction or purchase or rehabilitation of a building by a public body is generally some form of bond. Security for the construction of purchase or rehabilitation of a building by a non-profit organization is generally a promissory note and Deed of Trust, a UCC-1 financing statement, assignment of income, etc.

With our limited grant funding and regulations restricting the maximum amount of grant to either 50% of our initial allocation of funding, or the percent of grant the project is eligible for (between 15% - 75%), the likelihood of the agency being able to fund a project with a total cost of \$200,000 at 75% is not possible. Our grants generally range from \$7,000 - \$35,000 and are used primarily to fund equipment or vehicle type projects. Due to ongoing servicing requirements and the very limited grant funding we receive, we do not put grant funding into a building/construction type project. RD's CF grants require matching funds, and they can come from a variety of sources – the applicant, other Federal grants, state grants, foundations, or USDA RD loan funds.

USDA RD appreciates the opportunity to participate in the review process and hopes these comments are of value to the advisory board.

Sincerely,

A handwritten signature in blue ink that reads "Cheryl Couch".

Cheryl Couch
Community Programs Director

City of Ely – Murry Street Sewer and Water Improvements

Based on the 5-year ACS data USDA RD is required to use, the City of Ely is eligible for loan and grant funding from USDA Rural Development's Water and Environmental Programs. Based on the project description and location, the City would be eligible for loan funding at the intermediate interest rate of 1.875% for a 40-year term and would be eligible for a maximum of 45% grant funding. Eligibility for grant funding does not guarantee that they will receive a grant, RD is required to evaluate several factors, it could be 0 – to 45%. The loan would be secured by revenues and a revenue bond.

This project would score 80 points out of a maximum available of 115 for this type of project, per RUS Bulletin 1780-1 "Water & Waste Project Selection Criteria".

Esmeralda County – Emergency Generator Project

Based on the 5-year ACS data that USDA RD is required to use, the community and the project are eligible for USDA Rural Development Community Facility loan and grant funding. Esmeralda County has been identified as a "distressed community" by the agency, so would receive priority for funding.

However, even though the community/county is 75% grant eligible, the maximum grant we could provide would range from \$50,000 to possibly 50% of project cost if we could obtain a waiver from the Rural Housing Service Administrator. CF grant funds can be matched by a variety of sources – the applicant, other Federal grants, state grants, foundations, or USDA RD loan funds. A loan would have an anticipated rate of 2.375% effective 4/1/2020 with a 10 year term. The County would have to have a revenue stream available to pledge for debt service, security would be a Promissory Note, UCC-1 filing and assignment of income.

This project would score 70 points out of a maximum available of 80 per RD Instruction 3570 (CF Grants), and per RD Instruction 1942-A, Guide 26 (CF Loans) would score 65 points out of 105 available for this type of project.

McGill Sewer Pond Lining - Planning

Based on the 5-year ACS data that USDA RD is required to use, the community and the project are eligible for USDA Rural Development WEP loan and grant funding. USDA RD has two planning grants available for WEP projects, the maximum amount that could be awarded through either grant is \$30,000.

The planning grants are not scored, applicant meets the eligibility criteria of median household income below 80% of the state non-metro MHI and the population must be 2,500 or fewer inhabitants.

McGill Slag Ditch

Based on the 5-year ACS data that USDA RD is required to use, the community and the project are eligible for USDA Rural Development WEP loan and grant funding. USDA RD has two planning grants available for WEP projects, the maximum amount that could be awarded through either grant is \$30,000. This project would appear to qualify for WEP funding – eligible projects are wastewater, drinking water, solid waste and storm water projects.

The planning grants are not scored, applicant meets the eligibility criteria of median household income below 80% of the state non-metro MHI and the population must be 2,500 or fewer inhabitants.

Pioche Airport Road

Based on the 5-year ACS data that USDA RD is required to use, the community and the project are eligible for USDA Rural Development WEP loan and grant funding. USDA RD has two planning grants available for WEP projects, the maximum amount that could be awarded through either grant is \$30,000. This project would appear to qualify for WEP funding – eligible projects are wastewater, drinking water, solid waste and storm water projects.

The planning grants are not scored, applicant meets the eligibility criteria of median household income below 80% of the state non-metro MHI and the population must be 2,500 or fewer inhabitants.

Pahrump Fairgrounds -Environmental Assessment

Based on population and MHI, Pahrump is not eligible for either Community Facilities or Water and Environmental Programs funding. The population threshold for Community Facilities is 20,000, for WEP it is 10,000.

Pahrump Fairgrounds – Water and Well System

Based on population and MHI, Pahrump is not eligible for either Community Facilities or Water and Environmental Programs funding. The population threshold for Community Facilities is 20,000, for WEP it is 10,000.

Walker River Economic Corridor Development

I was unable to consult with Business Programs Staff, but it appears this project may be eligible for Rural Business Development Grant (RBDG) funding. This funding may be used for projects that benefit rural areas or towns outside the urbanized periphery of any city with a population of 50,000 or more. Per the fact sheet, there is no maximum grant amount; however, smaller requests are given higher priority. Opportunity grants are limited to up to 10 percent of the total RBDG funding. Following is a link to the program fact sheet.

https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RBS_RBDG.pdf