

2010 SUPPORTING STATEMENT

7 CFR Part 1942, Subpart C, “Fire and Rescue Loans and other Small Community Facilities Projects”

OMB No. 0575-0120

A. Justification

1. Explain the circumstances that make the collection of information necessary.

The Rural Housing Service (RHS) is authorized by Section 306 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926) to make loans to public agencies, nonprofit corporations, and Indian tribes for the development of essential community facilities primarily serving rural residents. The primary regulation for administering this Community Facilities program is 7 CFR 1942-A (0575-0015). The procedures set out in 7 CFR 1942-A have been developed for determining eligibility, analyzing financial feasibility, taking security, monitoring the use of loan funds, monitoring the financial condition of borrowers, and otherwise assisting borrowers and applicants and protecting the Government’s interest. This includes requirements for applicants to provide certain information and documents.

The Community Facilities program has been in existence for over 30 years. It has been used to finance about 100 different types of facilities varying in size and complexity from fire trucks to hospitals. A significant portion of the loans made have been used for public safety to finance fire stations, fire trucks, ambulances, and rescue facilities and other small Community Facilities projects. These facilities are normally small, averaging less than \$300,000 per loan over the past 3 years. The repayment record of loans for fire and rescue facilities and other small CF projects has been excellent.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the Agency has made of the information received from the current collection.

The information will be collected by Rural Development field offices from applicants/borrowers and consultants. This information will be used to determine applicant/borrower eligibility, project feasibility, and ensure borrowers operate on a sound basis and use loan funds for authorized purposes.

REPORTING REQUIREMENTS – FORMS APPROVED WITH THIS DOCKET

Form RD-1942-52, Cash Flow Projection - Under 1942-C, if annual income of the applicant does not exceed \$100,000, the applicant may use a simple cash flow projection on Form RD 1942-52, “Cash Flow Projection.” The estimated number of respondents is 305 and the average response time is estimated to be 3.5 hours.

Form RD 1942-53, Cash Flow Report - Under 1942-C, if annual income does not exceed \$100,000, certain borrowers may use Form RD 1942-53, “Cash Flow Report.” The report is required quarterly from certain borrowers and only annually from others (annually when the loan is more than 3 years old). The estimated total number of respondents is shown on the attached chart. The estimated number of quarterly respondents is 621 and 1,200 respondents submit annually. The average response time for each is estimated to be 2 hours.

Form RD 1942-54, Applicant’s Feasibility Report - To assist with determination of eligibility and feasibility, information is needed on the proposed facility, why it is needed, who it will serve, what it will cost, how it will be paid for, and what experience the applicant has. Form RD 1942-54, “Applicant’s Feasibility Report,” is provided to assist applicants to summarize basic project information when a preliminary architectural report is not required. The estimated number of respondents is 245 and the average response time is estimated to be 3 hours.

REPORTING REQUIREMENTS – NON-FORMS

Intergovernmental Review Exemption - Executive Order 12372 required consultation with State officials on projects proposed for Federal financing. States may choose the Federal programs they wish to review. This eliminates the burden on the applicants and the State for unneeded reviews on future loans. The average public response time is estimated to be 1 hour for each of the 130 responses.

Organizational Documents - Copies of items, such as charters, bylaws, and Articles of Incorporation, are needed so Rural Development can determine if the applicant has the legal authority to own and operate the proposed facility, incur and repay the proposed debt, and pledge security. The average public response time is estimated to be 1 hour for each of the 315 responses.

Preliminary Architectural/Engineering Report - Preliminary architectural reports help Rural Development determine the nature, scope, and cost of the proposed project before approving a loan. Such reports are required from all applicants, but under 7 CFR 1942-C they will generally be required only for construction projects costing over \$100,000. The average public response time is estimated to be 4 hours for each of the 145 responses.

Final Plans and Specifications - Plans and specifications provide a basis for obtaining construction bids and contracts and help Rural Development determine that loan funds will be used in a proper and efficient manner. The average public response time is estimated to be 4 hours for each of the 145 responses.

Construction Reports on Overruns or Savings - Reports from applicants, when construction problems develop or cost savings are found, help Rural Development ensure projects are completed and will meet the intended purpose with minimum use of Rural Development funds. The average public response time is estimated to be 6 hours for each of the 100 responses.

Project Inspector Resume – Rural Development reviews the resume of proposed project inspectors to determine if the inspector has adequate qualifications. The average public response time is estimated to be 2 hours for each of the 145 responses.

Inspection Reports - Rural Development requires applicants to arrange for construction inspection to protect the applicant's interest. Obtaining copies of the inspection reports helps Rural Development ensure the inspection is accomplished and provides additional documentation that the facility is properly constructed. The average public response time is estimated to be 1 hour for each of the 145 responses.

Construction Contracts - Borrowers are encouraged to accomplish construction through contracts with recognized contractors. Rural Development reviews all proposed contracts. This is necessary to ensure loan funds will be used for the intended purposes. The average public response time is estimated to be 4 hours for each of the 145 responses.

REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB NUMBERS

Form SF 424, Application for Federal Assistance (For Construction) –

Rural Development requires that an application form be completed with each application package. This form gives basic information regarding the applicant, including the type of loan/grant assistance they are seeking. We have approval to collect this information under OMB Control number 4040-0004. The average public response time is estimated to be 3 hours for each of the 410 responses.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

Information needed is specific to each applicant. Most applicants for fire and rescue loans are small organizations not equipped for high technology information gathering. The Agency has many requirements that involve certifications from the borrower as well as other parties involved in the project. The Agency could not comply with legislative mandates without these certifications. All three forms approved in this docket are available on the Internet and are fillable and printable to comply with the E-Government Act of 2002; however, at this time, the Agency is not collecting any of this information electronically. Based on the eGov initiative all efforts will be made to comply with the migration of federal forms into web-based fillable format consistent with the Agency's timeline. The Agency is currently working on having this information collected electronically and will make it available to those who are interested in the near future.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The Agency has reviewed all loan programs it administers to determine which programs may be similar in intent and purpose. The Agency has other loans that are similar. If there were simultaneous participation in more than one Agency loan program, the Agency would make every effort to accommodate the requests within the same set of applications and processing forms. This effort is presently facilitated by assignment of management of these programs to the same program area of responsibility. If an applicant is applying for or receiving a loan from another Federal agency, forms and documents furnished by the other agency would be utilized to the extent possible.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

Information to be collected is in a format designed to minimize the paperwork burden on small organizations and other entities. The information collected is the minimum needed by the Agency to approve loans and monitor borrower performance.

6. Describe the consequences to Federal programs or policy activities if the collection is not conducted, or conducted less frequently, as well as any technical or legal obstacles to reducing the burden.

The information collected under this program is considered to be the minimum necessary to conform to the requirements of the program regulations established by law. Information is collected only when needed, and we believe no reduction of collection is possible. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, and/or unsound loans.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- a. Requiring respondents to report information more than quarterly. There are no information collection requirements that require specific reporting on more than a quarterly basis.
- b. Requiring written responses in less than 30 days. There are no specific information collection requirements that require less than 30 days response. However, in many cases, especially where a borrower's income or financial situation has declined, it benefits a borrower to provide the Agency with information as soon as possible. The Agency cannot provide the borrower with program benefits until documentation is received to support the borrower's request.
- c. Requiring more than an original and two copies. There are no specific information collection requirements that require more than an original and two copies.
- d. Requiring respondents to retain records for more than 3 years. There are no such requirements.
- e. Not utilizing statistical sampling. There are no such requirements.
- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. There are no such requirements.
- g. Requiring a pledge of confidentiality. There are no such requirements.
- h. Requiring submission of proprietary trade secrets. There are no such requirements.

8. If applicable, identify the date and page number of publication in the Federal Register of the Agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the Agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

A Notice was published in the Federal Register on June 22, 2010, vol. 75, no. 119, page number 35437. No comments were received and a copy of the Notice is attached for your information.

Contacts with applicant/borrower officials are made on a regular basis during application conferences, construction monitoring visits, servicing visits, program evaluation reviews, assistance visits, and general program reviews. Telephone interviews were conducted with the following:

- (1) Faison Fire and Rescue, Faison, North Carolina, Lee Kennedy, Assistant Chief, purchase of a new fire tanker.
- (2) City of Havelock, Havelock, North Carolina, Dave Harvell, Assistant City Manager, purchase of new fire ladder truck.

Interviews were held with borrower representatives concerning reporting requirements, collections, satisfaction with the program, and other issues. The borrowers were extremely complimentary of the services and did not have problems with the Agency's requirements.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No such decisions or payments were made.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or Agency policy.

No assurance of confidentiality is provided. The information collected under the provisions of this program is not considered to be of a confidential nature. Organizations, such as nonprofit entities and public bodies from which the information is collected, ordinarily are required to make their activities available for public scrutiny.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

The information collected does not contain any questions of a sensitive nature, such as sexual behavior, religious beliefs, or other matters commonly considered private.

12. Provide estimates of the hour burden of the collection of information.

See spreadsheet.

The cost of the regulations as a burden to the public was computed on the basis of \$51 an hour for executing the cash flow projection, applicant's feasibility report, cash flow report (quarterly and annually), intergovernmental review exemption, construction reports on overruns or savings, project inspector reports, organizational documents, and inspection reports that reflects the average wage class for individuals involved in this activity. A cost basis of \$51 per hour was used for obtaining constructions contracts. A cost basis of \$65 per hour was used for putting together the preliminary architecture/engineering report and the final plans and specifications.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

- a. Total capital and start-up cost component (annualized over its expected useful life). There are no start-up costs involved.
- b. Total operation and maintenance and purchase of services component. There are no costs involved.

14. Provide estimates of annualized cost to the Federal Government.

Rural Development estimates the cost to be \$95,473. This includes staff time, printing, operation expenses, and overhead. Staff time will vary with appropriation levels because the amount of available resources affects how many applicants will apply, will need evaluation for funding, and how many projects will need monitoring and servicing. This estimated cost is based on the loan being approved and serviced in the field offices as follows:

	No. of Grade and People Salary		Time	Cost
State Office Loan Specialist & Loan Technicians	48	12/4 =	.03	\$95,473

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

There is an increase of 2,387 hours from the previously approved burden. The change in the number of hours is due in part to the Presidential Initiative to provide financing for first responder equipment, this initiative has resulted in an increase in our program, which has increased the number of man hours for the regulation to be effectively administered.

16. For collection of information whose results will be published, outline plans for tabulation and publication.

Rural Development has no plans to publish the information collected under the provisions of this program.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

It is not cost effective for the Agency to display the expiration date on the forms due to the large number of field offices and the significant differences in the volume of forms used by these offices.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

There are no exceptions requested.

19. How is this information collection related to the Service Center Initiative (SCI)? Will the information collection be part of the one stop-shopping concept?

This information is not related to, and will have no impact on, the Service Center Initiative. The information collection under this regulation is case specific.