

## 2016 SUPPORTING STATEMENT

OMB Control No. 0572 – 0110

### 7 CFR 1778, Emergency and Imminent Community Water Assistance Grants

#### A. JUSTIFICATION

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

This package is being submitted under a regular clearance as an extension of a currently approved collection. The Rural Utilities Service (RUS) is requesting OMB clearance of the reporting requirements for 7 CFR Part 1778, Emergency and Imminent Community Water Assistance Grants (ECWAG). The legislative authority for this program is under Section 306A of the Consolidated Farm and Rural Development Act, (7 U.S.C. 1926(a)), as amended. RUS is authorized to make grants under Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)).

The regulation is used to administer grants made to rural communities under the ECWAG program and the program objective is to award grants to rural communities experiencing a significant decline in quantity or quality of water or expecting such a decline to be imminent. The grants assist the rural communities in obtaining or maintaining adequate quantities of water meeting the standards of the Safe Drinking Water Act (SDWA), (42 U.S.C. 300f, et seq.).

Under the ECWAG program, there are two levels of grant limits-\$500,000 and \$150,000. Grants not to exceed \$500,000 may be awarded for projects alleviating significant declines in potable water quantity or quality. The funds may be used for construction of new wells, reservoirs, transmission lines, treatment plants, and other sources of water (water source up to and including the treatment plant). Grants awards up to \$150,000 may be made for projects that will remedy acute shortages or significant declines in quality or quantity of potable water in an existing system. The funds may be used for distribution waterline extensions, repairs or partial replacement on distribution waterlines, and operation and maintenance items on a distribution system. Grants awarded under the ECWAG program shall be made for 100 percent of eligible project costs. At least 50 percent of grant funds are targeted to rural areas with populations not exceeding 3,000. The rural area's median household income must not exceed 100 percent of a State's non-metropolitan median household income.

##### 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 ECWAG program provides grants for assisting residents of rural areas and small communities to secure adequate quantities of safe drinking water. RUS anticipates receiving 100 applications annually but approving 50 grants each fiscal year based on the past three years experience. ECWAG grants may be made to public bodies and private nonprofit corporations serving rural areas. Public bodies include counties, cities, townships, incorporated towns and

villages, boroughs, authorities, districts, and other political subdivisions of a state. Public bodies also include Indian Tribes on Federal and State reservations and other Federally-recognized Indian tribal groups in rural areas. Applicants provide information as part of the application and grant process through certain documentation, certifications, or completed forms. Failure to collect the information would hinder the making of grants authorized by the Act.

Eligible applicants submit application packages and other information for projects to Rural Development field offices. The application package consists of the reporting and recordkeeping items cleared under OMB Number 0572-0121 (7 CFR Part 1780, Water and Waste Loan and Grant program). Applicants eligible for ECWAG grants must also address items (a) and (b) below. The reporting burden is described as follows:

a. Documentation that a significant decline occurred within 2 years of filing an application or an emergency is considered imminent (to occur within 12 months of filing an application). Grants are authorized to alleviate significant declines in quantity or quality of potable water available to rural residents from water supplies. Significant declines in the quality of potable water occur when water sources or delivery systems do not meet Safe Water Drinking Act (SDWA) requirements because of an emergency. Significant declines in the quantity of potable water occur when emergencies disrupt the water supply, preventing the water source or delivery system from supplying water to the rural residents.

Applicants must demonstrate the decline occurred within two years of the date the application was filed. For imminent decline, applicants must demonstrate the decline is likely to occur within 12 months of filing an application for ECWAG. Documentation evidencing a significant decline is imminent or has occurred may be obtained from State agencies recording such information, logs of well tests, water use records of the applicant, etc. Documentation could include anything indicating a sufficient quantity or quality of water was available in the past, is unavailable now, and the decline occurred within the last two years. For imminent decline, documentation could include anything indicating that a sufficient quantity or quality of water was available in the past but will not be available within the next 12 months.

b. Certification of compliance with the Safe Drinking Water Act. Grantees are required to obtain a certification from the State agency or the Environmental Protection Agency stating that the proposed improvements will be in compliance with the requirements of the SDWA. The reporting burden helps assure that projects are constructed to meet the requirements of the SDWA and provide rural residents a supply of safe drinking water.

**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 and responses, and the basis for the decision for adopting this means of collection.**

Rural Utilities Service is committed to meeting requirements of the E-Government Act, which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible.

The forms cleared under 0572-0121, Water and Waste Loan and Grant Program, which form the basic application for this program, are available electronically on the USDA Service Center eForms website (<http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>). Applicants may find the forms needed for this program, complete them online, store them in electronic format, and print them for submission with the application package. Additionally, the Water and Environmental Programs Division released RD Apply, an electronic application intake system, on September 28, 2015. The system is being expanded to have the capacity to accept ECWAG applications.

**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.**

RUS reviewed financial assistance programs it administers to determine which programs may be similar in intent and purpose. If applicants or borrowers are applying to or participating in more than one Rural Development program simultaneously, the agency makes every effort to accommodate requests within the same set of applications and processing forms. For example, if an applicant is filing under the Water and Waste Loan and Grant program simultaneously with the ECWAG program, forms cleared under OMB Control Number 0572-0121 would be completed once. The application could be separated into parts applying to the ECWAG program and the Water and Waste program. If applicants are applying for or receiving a loan or other financial assistance from another Federal agency, RUS uses the forms and documents furnished to the other agency as much as possible. However, ECWAG program requires information unique to each borrower and to each specific emergency be collected from applicants only applying for grants under 7 CFR 1778. Therefore, the information is not duplicated.

In recognition of the emergency nature of this program, in May, 2014 a simplified application process was released reducing the technical and underwriting processes. The simplified application process is available to any applicant not requiring additional funding through the Water and Waste Disposal Loans and Grants Program. Those requiring additional monies may still apply under the regular application procedures.

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

The Small Business Administration (SBA) has established a Table of Small Business Size Standards which corresponds to industries described in the Department of Labor North American Industry Classification System (NAICS). For NAICS Sector 22 Utilities, the subsector Water Supply and Irrigation Systems (221310) the SBA size standard is shown in millions of dollars. [https://www.sba.gov/sites/default/files/files/Size\\_Standards\\_Table.pdf](https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf). The size standard for the Water Supply and Irrigation Systems industry is \$27.5mil annual receipts.<sup>1</sup>

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<sup>1</sup> Receipts means “total Income” (or in the case of a sole proprietorship, “gross income”) plus “cost of goods sold” as these terms are defined and reported to the Internal Revenue Service (IRS) tax return forms (such as Form 1120 for corporations; Form 1120S and Schedule K for S corporations; Form 1120, Form 1065 or Form 1040 for LLCs. 13 CFR 121.104.

According to the SBA size standards, 100 percent of the applicants and borrowers of the water and waste programs, including ECWAG, are classified as small entities. Information collected from these small entities is in a format designed to minimize the paperwork burden. As noted in response to the questions above, the agency makes every effort to accommodate requests within the same set of applications and processing forms. If an ECWAG applicant is filing under the Water and Waste Loan and Grant program at the same time as the ECWAG application, forms cleared under OMB Control Number 0572-0121 are utilized for both applications. If applicants are applying for or receiving a loan or other financial assistance from another Federal agency, RUS will use the information provided to the other agency as much as possible. In addition, RUS accepts documents or information that ECWAG applicants received from State agencies who record information about water usage and/or logs of well tests, as documentation evidencing an imminent decline in water quality/quantity. The information to be collected from ECWAG applicants is the minimum necessary to establish eligibility in and carry out the authorized program.

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

The information collected under this program is the minimum necessary to conform to the requirements established by law and the program regulations. Information is collected when the applicant files an application for a grant for the purposes outlined in 7 CFR 1778. The information cannot be collected less frequently and meet the requirements of the program. Failure to collect information required to administer the program could result in improper determinations of eligibility or inability to determine proper use of funds.

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

**a. Requiring respondents to report information more than quarterly.**

There are no requirements for respondents to report more than quarterly.

**b. Requiring written responses in less than 30 days.**

There are no requirements for written responses in less than 30 days.

**c. Requiring more than an original and two copies.**

There are no requirements for more than an original and two copies.

**d. Requiring respondents to retain records for more than 3 years.**

There are no requirements to retain records more than 3 years.

**e. In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.**

This collection is not a survey.

**f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.**

This collection does not employ statistical sampling.

**g. Requiring a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.**

No pledge of confidentiality is required.

**h. Requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There is no requirement for submission of trade secrets.

**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.**

In accordance with 5 CFR 1320.8(d), a Notice and request for comments on this information collection activity was published in the FEDERAL REGISTER on February 8, 2016, at 81 FR 6504. No public comments were received.

The following applicants were contacted in January, 2016 to determine the burden on the public:

Jeanne Kinne, City Clerk  
City of Brooten  
P.O. Box 81  
Brooten, MN 56316  
Telephone: (320) 346-2524

The City of Brooten, Minnesota provides drinking water to 743 residents. In Fiscal Year 2014, the City had to contend with extremely cold temperatures, which can wreak havoc on utility infrastructure. The city applied for funding to complete various repairs to their water distribution

system, including repairing burst force main and frozen water tower and well connection main. With no compensation from insurance, all repairs were completed with a grant of \$55,960. Ms. Kinne stated that the City had a positive experience and is very grateful for the program. Agency staff were largely depended upon to obtain the application documents and to detail the process.

Kathleen Langan  
City Council, City of St. John  
P.O. Box 165  
St. John, North Dakota 58369  
Phone: (701) 477-5594

The City of St. John, North Dakota delivers drinking water to 341 residents. Operating two wells, the newest dating back to 1985 has stopped producing water and the other has only achieved a rate of 30 gallons per minute. Additionally, the quality of the water produced from the current wells is substandard. Unable to meet demand, the City was recently awarded \$50,430 in order to drill for a new water supply. Ms. Langan is stated “thank you for helping small communities, we are grateful.” The City of St. John was able to utilize our Streamline processing procedures, which were implemented in March, 2014 for projects that meet specific criteria. Agency personnel were relied upon for application documents and procedures.

Brett Matzke  
Executive Director, Cortina Band of Wintun Indians of California  
P.O. Box 1630  
Williams, CA 95987  
Phone: (530) 473-3510

The Cortina Band of Wintun Indians of California operates and maintains a drinking water system for 14 tribal members. The Tribe received two grants in Fiscal Year 2015 totaling \$368,520. The severe drought experienced in this region has taken a toll on the Tribe’s system. The main active well that has a capacity of seven gallons per minute is only producing one to two gallons per minute. Additionally, the quality of the water significantly reduces as the water table drops due to mineral deposits in the well and storage tank. The first award of \$144,000 involves the inspection of the well and water storage tank, and the completion of necessary remediation. The second award of \$224,520 will provide for the drilling of three test holes and a final production well. Mr. Matzke specified that Agency personnel supplied forms and that the project switched from the streamline to regular processing procedures. This created some confusion as additional items were subsequently needed.

Pam Patone, General Manager  
Municipal Services Commission  
216 Chestnut Street,  
PO Box 208  
New Castle, DE 19720

Phone: (302) 221-4513

The Municipal Services Commission received a \$500,000 Emergency and Imminent Community Water Assistance Grants (ECWAG) during fiscal year 2015. The organization provides water and electrical service to the City of New Castle, with a population of 5,285. Voluntary well testing led to the discovery of unregulated drinking water contaminants. This forced the Commission to decommission their wells and switch to an interconnection with a neighboring system, which greatly increased production costs. The work through this project is restoring their system integrity through the installation of a Granular Activated Carbon filtration system. The total project cost was \$1.079mm, including a \$579,000 Ms. Patone stated that their organization did not have a lot of experience with grant programs and that they are very thankful for the assistance and support of local staff. Agency personnel were largely utilized to obtain the required documents and to explain processes. She stated that she had a positive experience and directly thanked the State Director and Program Director.

Daniel Peterson  
Principal Engineer, County of Yuba  
915 8<sup>th</sup> Street  
Marysville, CA 95901  
Telephone: (503) 749-5642

Yuba County is responsible for the operation and maintenance of the River Highlands Water System, which serves 217 residents north of Sacramento. This system has been severely impacted by recent drought conditions, which lowered the water table by over 100 feet and causing a significant accumulation of sedimentation impacting water quality. The County has mandated severe mandatory reductions in consumption and is now forced to resort to hauling in potable water. A Fiscal Year 2015 award, Agency grant funds will ensure that quality potable water remains available for the residents' basic needs. Mr. Peterson declared that he works on about 10 grant applications per year and that, through the support of the field staff, he has "never had a better experience processing and administering a grant program". Of interest, the Agency's Streamline processing measures were used for this project, which expedited processing.

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

Payments or gifts are not provided to respondents.

**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 has been provided.

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

This collection does not contain questions of a sensitive nature.

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

The burden estimate information for this package was derived from past experience. The program level was 17 projects outlaying \$5,454,558 in FY 2013, 49 awards totaling \$13,987,653 in FY 2014, and 53 obligations totaling \$15,133,431 in FY 2015. This equates to a three-year average of 40 projects and \$11,525,214 in outlays. FYs 2014 and 2015 are considered to be typical and the Agency anticipates receiving 100 applications and making 50 grants.

See the attached spreadsheet. The collection is summarized as follows:

Regulation	Number of Respondents	Total Annual Responses	Total Annual Hours
7 CFR Part 1778	100	200	400

RUS estimates the burden to be \$10,529 to the respondents to comply with this regulation. The cost is based on 100 borrowers each completing two documents annually. The Agency estimates that for each request approximately 75 percent of this time is professional (300) and 25 percent is clerical (100). The Department of Labor, Bureau of Labor Statistics, Standard Occupational Classification wage rates were used as the basis for the cost estimates. The hourly earnings for Clerical time are \$17.51 (43-3031 Bookkeeping, Accounting, and Auditing Clerks) and Professional time earnings are \$21.20 (51-8031 Water and Wastewater Treatment Plant and System Operators). The standard rates are then multiplied by the fringe benefits published in the Employer Cost for Employee Compensation, Supplemental Tables, produced by the Bureau of Labor Statistics. For private utility workers this figure was 29.80 percent <sup>2</sup> in September, 2015. The cost of the collection is summarized as follows:

Cost to the Public:

Wage Category	Hourly Wage and Benefits <sup>1</sup>	Hours	Cost of Burden
Professional time:	\$27.52	300	\$8,256.00
Clerical time:	\$22.73	100	\$2,273.00
			\$10,529.00

<sup>2</sup> Benefit rates for private sector employees in Private trade, transportation, and utilities industry workers is provided by Bureau of Labor Statistics Historical Data issued in September 2015. See: Employer Costs for Employee Compensation, Supplemental Tables, Historical Data, December 2006 – September 2015, page 91. Retrieved from <http://www.bls.gov/ncs/ect/sp/ecsuhst.pdf>. Benefit as a percentage of total compensation for private sector employees in the utilities industry in September 2015 was 29.8%.



**13. Provide an estimate of the total annual cost burden to respondents or record-keepers resulting from the collection of information:**

(a) Total capital and start-up cost component (annualized over its expected useful life); and (b) Total operation and maintenance and purchase of services component.

There are no capital/start-up or operation/maintenance costs associated with the collection.

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

The estimated annualized cost to the Federal Government is \$12,334.00. The Federal government processes applications under the Water and Waste Loan and Grant Program under regulations 7 CFR part 1780 (0572-0120) and this regulation. Beyond items reviewed under other OMB Control Numbers, RUS estimates that each of the grants issued under the ECWAG program requires approximately 2 hours for each review and that a total of 200 hours are required annually for review. National Office staff performs 80 hours (40 percent) of the total and field specialists perform approximately 120 hours (60 percent). Wage rates are \$42.08 and \$50.04 respectively based on the hourly wage rates for loan analysts (GS 12, Step 5) and for loan specialists (GS 13, Step 5) for the locality pay area of Washington-Baltimore-Northern Virginia. The estimated rate of cost of total benefits for civilian Federal Government employees is 36.25 percent <sup>3</sup> for percentage of benefits as a portion of total hourly wage and was provided by the OMB Memoranda referenced in the footnote below. RUS estimates the cost to the Federal Government to administer the activities of this program to be \$12,334.00 per year.

The cost to the Federal Government is estimated as follows:

Wage Category	Hourly Wage and Benefits <sup>2</sup>	Hours	Cost of Burden
National Office Loan Specialist GS 13, Step 5	\$68.18	80	\$5,454.40
Field Loan Specialist GS 12, Step 5	\$57.33	120	\$6,879.60
Cost to Federal Government			\$12,334.00

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

This is an extension of a previously approved information collection.

<sup>3</sup> Cost of total benefits as a percentage of total hourly compensation for civilian Federal Government employees exceeds that of private sector employees. OMB Memoranda indicate that the total Federal civilian position full fringe benefit cost factor is 36.25% See OMB Memoranda M-08-13(March 11, 2008).

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

There are no plans for publication.

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

No such approval is requested.

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

None requested.

**B. Collection of Information Employing Statistical Methods.**

This collection does not employ statistical methods.