

**SUPPORTING STATEMENT  
2021  
OMB Control No. 0572-0121**

**7 CFR 1780, Water and Waste Disposal Loan and Grant Program**

**A. Justification**

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

The Rural Utilities Service (“RUS”), an agency of the Rural Development (“RD”), United States Department of Agriculture, is requesting OMB clearance of the reporting requirements relating to 7 CFR Part 1780, the regulation utilized to administer the Water and Waste Loans and Grants program. In addition, RUS is seeking clearance for applicants applying under 7 CFR 1777, Section 306C Water and Waste Disposal Loans and Grant," and 7 CFR 1778, "Emergency Community Water Assistance Grants", which follow 7 CFR 1780 for application requirements.

Section 306 of the Consolidated Farm and Rural Development Act (“CONACT”), 7 U.S.C. 1926, authorizes RUS to make loans and grants to public entities, federally-recognized American Indian tribes, and not-for-profit corporations. The loans and grants fund the development of drinking water, wastewater, solid waste disposal, and storm wastewater disposal facilities in rural areas with populations of up to 10,000 residents. A rural area is defined in the CONACT as any city, town, or unincorporated area consisting of no more than 10,000 residents. In addition to the development costs, 7 CFR 1780.9, Eligible loan and grant purposes, defines the associated costs that are eligible for reimbursement, such as reasonable engineering and legal expenses. The agency uses information submitted by applicant entities to determine eligibility and evaluate project feasibility.

**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.**

RD state and field offices collect the information from applicants, borrowers, and consultants. They use the information to determine applicant eligibility and project feasibility. They also use the information to ensure that borrowers operate on a sound basis and use the loan and grant funds for authorized purposes as defined in statute and regulation.

The regulation is divided into four subparts, A, B, C and D. Subpart A contains general policies and requirements of the loan and grant program. Subpart B outlines the loan and grant application processing requirements. Subpart C establishes the requirements for planning, designing, bidding, contracting, constructing, and inspections. Subpart D defines the information needed by legal counsel to prepare Notes or Bonds and Bond Transcript Documents.

The recordkeeping and reporting burdens are as follows:

## **REQUIREMENTS OF THIS COLLECTION—FORMS**

Form AD-1047, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions” *(This form is approved under OMB 0505-0027 but the burden hours are accounted for in this collection package).*

USDA regulations published at 7 CFR Part 3017 implement the government-wide debarment and suspension system for USDA's non-procurement transactions. Applicants are required to provide certification under these regulations. Form AD-1047 may also be used to obtain the required certification.

Form AD 1048, “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Transaction.” *(This form is approved under OMB 0505-0027 but the burden hours are accounted for in this collection package).*

Form AD-1048 will be signed by applicant's suppliers, auditors, contractors, etc., and retained by applicant in their files.

Form AD-1049, “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative 1 – for Grantees other than Individuals” *(This form is approved under OMB 0505-0027 but the burden hours are accounted for in this collection package).*

USDA regulations published at 7 CFR Part 3017 implement the Drug-Free workplace Act of 1988, which requires that recipients agree that they will maintain a drug-free workplace. Applicants are required to comply with the requirements for drug-free workplace and provide certification under these regulations. Form AD-1049 may also be used to obtain the required certification.

## **REQUIREMENTS OF THIS COLLECTION—NON-FORMS (IN ORDER OF APPEARANCE IN REGULATION)**

### **Application/Eligibility Items**

#### **Documentation of Income Survey**

Income data used must accurately reflect the service area. If an adequate representation cannot be obtained through the American Community Survey the applicant may receive authorization from RUS to obtain an Income Survey, which is completed by an experienced and independent third-party. Dependent on the number of users, metrics are established to determine how many responses are needed for the survey to be accepted.

#### **Relationship or Association with Employees**

Applicants must identify and report any known relationship or association with a RUS or RD employee such as close personal association, immediate family, close relatives, or business associates.

#### **Statement on availability to obtain credit elsewhere**

Applicants must certify in writing that they are unable to finance the proposed project from their own resources or through commercial sources at reasonable rates and terms.

The CONACT, as amended, requires the credit elsewhere analysis and statement. Form RUS Bulletin 1780-22, Eligibility Certification, may be used by borrowers.

#### Notification of Service Statement

If it is not economically feasible to serve all users in an applicant's service area, then the applicant is required to notify those users who will not be served.

#### Security- Public Bodies- General Obligation and Revenue Bonds

Loans to public bodies are securitized through the issuance of General Obligation and/or Revenue Bonds due to the inability of the public body to encumber a facility. The issuance procedures are further outlined in later sections of the instruction.

#### Security- Not-for-Profit- Liens on Property and Financing Statement

A lien on real and chattel property with an assignment of income will be taken on essential not-for-profit organizations. A lien is a method of encumbering the property of a borrower and is necessary to protect the interest of the Government.

#### Evidence of Public Notice

Applicants must publish a notice of intent to file an application with RUS in a general circulation newspaper. Applicants also must conduct a public information meeting to allow public input into the proposed project when an election by the membership or public referendum is not required. They must provide RUS a copy of the published notice and minutes of the public meeting, which serve as documentation of the meeting.

#### Intergovernmental Comments

Applicants must submit a copy of written comments from their State or regional clearinghouse stating whether the proposed project will be consistent with and whether or not the project conflicts with plans, goals, or objectives of the State or region in which the proposed project will be located.

#### Preliminary Engineering Report

Applicants must submit a preliminary engineering report ("PER") prepared by a qualified engineer. The PER indicates areas to be served, scope and need of the project, cost estimate, annual operating expenses, etc. RUS Bulletin 1780-2, Preliminary Engineering Report, lists the topics and provides the organizational structure for the report. The information in the PER is necessary for RUS to determine project feasibility.

#### Supporting Documentation

Applicants are required to submit supporting documentation needed for RUS staff to complete their review, which is not collected through forms or other methods. This may vary due a number of factors, such as the state, applicant entity type, and financed facility. Generally, applicants must provide documentation of legal organization and authority to borrow funds, construct, operate, manage the facility, etc. The documentation may include articles of incorporation, certificate of incorporation and good standing, bylaws, rules, and organizational minutes. Applicants also must provide financial information such as financial statements, audits, or existing debt instruments. This information is necessary for RUS to determine an organization's legal existence, authority to perform certain functions, and financial capacity to borrow funds.

### Environmental Report

All projects financed are subject to the National Environmental Protection Act, among other laws. To document compliance, applicants must submit an environmental report (“ER”) prepared by a qualified party. The ER reviews the statutes in relation to the proposed scope of work and provides a list of mitigation factors, if needed. RD Instruction 1970, Environmental, and its sub-parts, outline the steps to complete the ER. The report is reviewed and approved by RUS Environmental Coordinators.

### Form RD 1940-Q, “Certifications for Contracts, Grants, and Loans (Regarding Lobbying)”

All applicants must certify in writing that they have not committed any lobbying with a Member of Congress related to any federally awarded contracts, grants, and/or loans. The form is executed by the applicant’s authorized representative. If any lobbying has occurred, additional disclosures may be required.

### Certification on Tying Arrangements

All applicants must complete a certification prohibiting tying arrangements. This is of particular relevance to applicants that provide electric service as they cannot require users of a water or waste facility financed under this part to accept electric service as a condition of receiving assistance.

### Agreements for Professional Services

Applicants must contract for the professional services rendered from an engineer, attorney, bond counsel, accountant, auditor, appraiser, or financial advisor. Contracts or other forms of agreement for services necessary for project planning and development are subject to RUS concurrence. Some forms are available, dependent upon the services, such as RUS Bulletin 1780-7, Legal Services Agreement, and RUS Bulletin 1780-8, Minimum Suggested Contents of Management Agreements. Applicants must submit contracts or forms of agreement for review and concurrence to ensure the needed services are available at a reasonable cost.

### Contracts for Other Services

Contracts or other forms of agreement for services such as management, operation, and maintenance must be presented to RUS for review and concurrence. Although these functions are performed by a third party under contract, management, or written lease, applicants are responsible for operating, maintaining, and managing the facilities.

### Positive Programs to Encourage Connections

Applicants must provide a positive program to encourage connection by all users as soon as service is available. They must provide evidence to RUS that a positive program has been provided.

### User Agreement

All new users on a proposed system must enter into an enforceable user agreement with an applicant or borrower unless local laws or ordinances mandate connections to the system. This requirement is necessary to assure that the proposed number of users will

be connecting to the system and paying for the service. RUS must approve the form of agreement. RUS Bulletin 1780-9, User Agreement, may be used.

### Interim Financing

For all loans exceeding \$500,000, interim financing may be obtained from commercial sources for the construction period. When applicants can borrow funds at reasonable rates, interim financing may be used so that multiple advances of RUS funds will be unnecessary. RUS provides guidance concerning informing the interim lender of the agency's commitment. Applications, including construction bids, will be processed to the stage where the loan would be closed, immediately before construction begins. Before the loan is closed, applicants must provide statements from the contractor, engineer, architect, and attorney that they have been paid to date under their contracts. This process protects the Government from mechanic's liens and ensures that funds are used for authorized purposes.

### Insurance

As outlined in RUS Instruction 1780.39(g), applicants are required to obtain and maintain certain insurance coverages. This may vary to some degree by applicant. For instance, only those with facilities in a floodplain are required to have flood insurance. The types of insurances needed are referenced below:

- Fidelity or Employee Dishonesty Bond,
- Property Insurance
- General Liability Insurance
- Flood Insurance
- Workman's Compensation Insurance

These forms of insurance are normal in any organization. RUS requires them to be available at the time of loan closing or start of construction, whichever occurs first. RUS will accept the insurance requirements proposed by applicants if RUS determines that the proposed coverage is adequate to protect the Government's financial interest.

### ***Approval/Actions Following Obligation***

#### Letter of Conditions

The Letter of Conditions is a narrative document that outlines all of the terms and conditions of the proposed award, which vary by project. The document is initially prepared by RUS/RD staff, however, each section is reviewed and concurred with the applicant's authorized representative. RUS Bulletin 1780-19, Water and Waste Letter of Conditions, provides the initial template.

#### Evidence of Other Funds

When applicants expect to use funds from other sources to complete projects being financed partially with RUS funds, they will present evidence of the other sources' funding commitment. This evidence ensures that necessary funds are available to complete the project.

#### Appraisal Report

Applicants are responsible for determining that prices paid to acquire all property rights necessary for a project are fair and reasonable. RUS/RD may require an independent appraisal in some instances to determine the present market value of the property.

#### User Connections

When RUS funds the costs of connecting a user to the system, applicants will obtain adequate rights to construct and maintain the connection line or other facilities located on the user's property. The right may be obtained through formal easements or user agreements. This requirement assures that the facilities financed with RUS funds provide the intended service.

#### Water Rights

When applicable, applicants must furnish these documents for RUS/RD to review: (1) a statement from their attorneys about the nature of the water rights owned or to be acquired, and (2) a copy of any contracts or stock certificates.

#### Lease Agreements

Applicants must provide written agreements or contracts with property owners when applicants do not own the right to use or control real property, but the right is essential to the successful operation of the facility during the life of the RUS loan. This written agreement is needed to protect the interest of the Government during the life of the loan and to assure that the facility can provide the intended service.

#### RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)"

The loan resolution is the agreement for financial assistance between RUS/RD and public bodies. It sets forth the specific terms and covenants to be complied with as long as the loan is outstanding.

#### RUS Bulletin 1780-28, "Loan Resolution Security Agreement"

The loan resolution security agreement is the legally binding document for financial assistance between RUS/RD and non-public organizations. It sets forth the specific terms and covenants to be complied with as long as the loan is outstanding.

#### RUS Bulletin 1780-12, "Grant Agreement"

The Grant Agreement sets forth the terms and conditions under which the applicant receives a grant. Applicants and the agency must execute the document before grant funds are disbursed.

#### Audits Based on Federal Assistance, and Borrowers Exempt on Audits

An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures. All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end.

All borrowers who are exempt from audits must provide RUS/RD with annual financial statements. This consists of a verification of the organization's balance sheet and statement of income and expense by an appropriate official of the organization. Forms RD 442-2, "Statement of Budget, Income and Equity," and 442-3 may be used. The financials must be submitted within 60 days of the organization's fiscal year-end.

#### Management Reports

All borrowers must submit management reports that evaluate prior decisions and serve as a basis for planning future operations and financial strategies. There are two types of Management Reports: (1) annual, and (2) quarterly. Annual reports are due from each borrower; however, quarterly reports are due from first year borrowers and those who are experiencing financial difficulties. The quarterly reports may be waived by RUS/RD staff if the account is current for a full year of operation. This requirement is necessary to help assure that the facility will be properly managed and to protect the Government's financial interest.

#### ***Actions during Construction***

##### Construction Contract Forms

Contracts for construction to be paid for with RUS funds must be submitted to RUS/RD for review and concurrence. The contracts must be adequate to protect the interests of both the borrower and the Federal government. Several RUS Bulletins provide guidance on the required contents and how to complete the forms, including RUS Bulletin 1780-14, Supplemental General Conditions, and RUS Bulletin 1780-15, Construction Contract Documents.

##### Borrower Attorney's Certification of Construction Contract

The borrower's attorney gives legal certification regarding the adequacy of contract documents. The attorney reviews executed contract documents, including performance and payment bonds, and certifies that they are adequate and properly authorized. This certification assures that the proper legal matters required of the borrower have been satisfied before the loan closing proceeds.

##### Owner's Solicitation and Review of Offers

Proposed procurement actions must be reviewed by the owner's officials to avoid the purchase of unnecessary or duplicate items. This includes an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine which approach would be the most economical. There are multiple procurement methods that may be considered. RUS Bulletin 1780-34, Guidance for Using the Competitive Sealed Bid Process, provides guidance on the self-titled procurement method. Additional guidance is available for the other methods that may be considered.

##### Contracts Awarded Prior to Application

When applicants award construction contracts before their application is submitted to RUS/RD, they must also provide documentation to ensure that the contract is awarded in accordance with procurement regulations. The documentation is necessary to ensure the applicant has not circumvented the regulations and is in compliance.

### Pre-Construction Conference

Prior to beginning construction, the owner will schedule a preconstruction conference where the consulting engineer will review the planned development with the Agency, owner, resident inspector, attorney, contractor, and other interested parties. The conference will cover applicable items included in Form RD 1924-16, "Record of Pre-construction Conference," and the discussions and agreements will be documented.

### Monitoring Reports

Owners are responsible for maintaining a contract administration system to monitor the contractors' performance and compliance with the contracts. They must provide reports to RUS/RD, explaining significant events that affect the progress of project construction.

### Resident Inspector Resume

The resident inspector for a construction project must submit a resume demonstrating that the inspector is qualified to perform the duties. The resume is reviewed by RUS/RD staff.

### Daily Inspection Report

The construction inspector for a construction project must maintain a daily log of progress, problems, and any other items that may affect construction. The reports provide information to serve as a basis for decisions for payment, change orders, or other actions. The agency may require these reports to be submitted on a weekly basis during the duration of the construction, or they will be made available for inspection during agency visits. RUS Bulletin 1780-18, Daily Inspection Report, may be used.

### Bond Transcript Documents

This item refers to the ancillary documents issued alongside the permanent security instrument. The documents are prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. The items included may vary by project, but a general list is set forth in this sub-part.

### Multiple Advances of Agency Funds (Bond Anticipation Note)

When interim financing cannot be obtained from a commercial source and a permanent instrument is not legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower.

## **FORMS APPROVED UNDER OTHER DOCKETS:**

(IN ORDER OF APPEARANCE IN REGULATION)

Form RD 1942-19, "Agreement for Engineering Services" (Cleared under 0575-0015). Applicants, their engineers, and RUS/RD may use the form to set forth the necessary services to be provided by a project engineer.

Form SF- 424, "Application for Federal Assistance" (Cleared under 4040-0004).



Applicants use this form as a required cover sheet for applications submitted for TAT and SWM grants. The application is an official form required for all Federal grants and requests basic information about the applicant and the proposed project. This form is submitted as part of the pre-application and if the project is selected, as part of the formal application.

Form SF-424A, “Budget Information--Non-Construction Programs” (Cleared under 4040-0006).

Applicants project costs and expenses for the grant project. The form also provides information on matching funds. This form is submitted as part of the pre-application and if the project is selected, as part of the formal application.

Form SF-424B, “Assurances--Non-construction Programs” (Cleared under 4040-0007).

Applicants read and sign this form to indicate the organization’s intent to comply with the laws, regulations, and policies to which a grant is subject. This form is submitted as part of the pre-application and if the project is selected, as part of the formal application.

Form AD 3030, “Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants” and AD 3031, “Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants.” (Cleared under 0505-0025).

Required under Sections 738 and 739 of the Agriculture, Rural Development, and Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. 112-55. Applicants must review the form, fill in basic organizational information, answer three questions, and sign and date the form. Form AD 3030 is executed by all prospective applicants. Form AD 3031 is completed by non-profit organizations selected to be grant recipients.

Form RD 442-7, “Operating Budget” (Cleared under 0575-0015).

Applicants use the form to project income and expense items and a complete cash flow through the first full year of operations after they use the loan proceeds. These projections are necessary in determining the source and reliability of the projected income and the adequacy of resources to repay the loan in a timely manner, operate and maintain the facility, and maintain adequate reserves.

Form RD 400-1, “Equal Opportunity Agreement” (Cleared under 0575-0018).

Borrowers read and sign this form to agree that the applicants, contractors, or subcontractors will comply with the Equal Opportunity Clause for construction work performed under contract or by the applicants. When the financial assistance exceeds \$10,000, the construction work is subject to the Equal Opportunity Clause under Executive Order 11246 of September 24, 1965, unless exempted. Contractors or applicants cannot discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Form RD 400-4, “Assurance Agreement” (Cleared under 0575-0018).

Borrowers receiving loan and grant assistance read and sign this form to assure that they will comply with Title VI of the Civil Rights Act of 1964 and regulations of RUS/RD.

Form RD 1942-8, “Resolution of Members or Stockholders” (Cleared under 0575-0015).

Nonprofit applicants prepare this form to indicate that the governing body has the authority to enter into a loan of a particular amount with RUS/RD.

Form RD 442-3, "Balance Sheet" (Cleared under 0575-0015).

All applicants and borrowers use this form to present their assets, liabilities, and net worth. Borrowers whose gross annual income is less than \$100,000 may use it at year-end. This form is necessary for all applicants, who prepare it once to present a comparative balance sheet for the most current and prior years.

Form RD 1942-46, "Letter of Intent to Meet Conditions" (Cleared under 0575-0015).

Applicants complete this form to indicate the intent to meet the conditions of the loan established previously by RUS/RD. This information is necessary to determine whether the Agency should continue further processing of the loan application.

Form RD 400-8, "Compliance Review" (Cleared under 0575-0018).

In accordance with RD Instruction 1901-E and applicable statutes, a Compliance Review must be completed for each award. Subsequent reviews are to be completed as outlined. The purpose of the review is to ensure that there are no inequities in the service being provided. This also applies to the organization's composition in addition to the system users. The Form RD 400-8 outlines the applicable questions and topics.

Form RD 442-22, "Opinion of Counsel Relative to Rights of Way" (Cleared under 0575-0015).

Applicants and their attorneys may use this form in obtaining continuous and adequate rights-of-way and interest in land needed for the construction, operation, and maintenance of a facility.

Form RD 1927-9, "Preliminary Title Opinion" (Cleared under 0575-0147).

Applicants' attorneys use this form to reflect title to real property owned or to be purchased.

Form RD 1927-10, "Final Title Opinion" (Cleared under 0575-0147).

Applicants' attorneys use this form to verify that the lien position on real property required by the Agency has been obtained.

Form RD 440-22, "Promissory Note" (Cleared under 0575-0015).

This form is executed as the evidence of indebtedness.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing" (Cleared under 0575-0015).

Applicants use this form to request an amount of funds required in construction projects for a 30-day period. RUS/RD concurs with the reasonableness of the amount.

Form RD 442-2, "Statement of Budget, Income, and Equity" (Cleared under 0575-0015).

This form serves a dual purpose as a budget and an income and expense statement. RUS/RD generally requires new borrowers to submit it each quarter for the first 3 years so the agency can monitor financial progress in the early years of operation. The report is then discontinued for those borrowers that are progressing satisfactorily. As a budget report, borrowers must submit their budget estimates before the beginning of each fiscal

year. In these cases only, column three is to be completed. Borrowers, at their option, may also use this form as a year-end income and expense statement when audited financial statements are not prepared. This form was previously listed as RD 442-14.

Form RD 442-30, "Water Purchase Contract" (Cleared under 0575-0015).

Applicants use this form to enter into a contractual arrangement to ensure an adequate supply of water when the applicant is purchasing water from a supplier. Applicants use this form when they do not have an adequate water supply or any water treatment facilities.

Form RD 1924-9 – "Certificate of Contractor's Release" (Cleared under 0575-0042).

This form is prepared by a contractor to certify that payments have been made in full for all material and labor used in the performance of a construction contract and to release an applicant/borrower from any claims which might arise by virtue of the contract.

Form 1924-10, "Release by Claimants" (Cleared under 0575-0042).

This form is prepared by a contractor to show that the contractor has paid all materials and labor used in a construction contract. All subcontractors and suppliers who have provided material and/or labor for the development work sign the form. Their signatures indicate their release to the applicant/borrower from any claims.

Form RD 1924-18, "Partial Payment Estimate" (Cleared under 0575-0042).

Applicants, engineers, and contractors may use this form to request partial payment on construction work completed under the terms of a contract.

Form 1924-12, "Inspection Report" (Cleared under 0575-0042).

This form is prepared by the agency to record the results of an inspection of development work or an existing dwelling or other type building. An applicant/borrower signs the form indicating acceptance of the completed development work or existing facility.

Form RD 1924-7, "Contract Change Order" (Cleared under 0575-0042).

Applicants, engineers, and contractors may use this form to request and approve changes to a project under the construction contract.

## **RECORDKEEPING REQUIREMENTS:**

### **Borrower and Contractors Shall Maintain Accounting Records for 3 Years**

These records are required so the Agency or the Comptroller General (or their representatives) may review them to determine that the borrower has complied with all financial requirements.

### **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.**

RUS/RD is committed to complying with the requirements of the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for

citizen access to Government information and services, and for other purposes. RUS/RD introduced RD Apply, an electronic application system, in September, 2015. The system digitizes all feasible components of the application. RD Apply incorporates fields for basic, service area, project, and financial items. Also, it allows for the applicant to submit attachments and to electronically authorize numerous forms, including OMB documents. RD Apply is a secure, internet based program accessible through any network ready device. RUS/RD is aggressively promoting and encouraging the use of RD Apply. For CY 2020, RUS's goal is to receive at least 50 percent of its applications electronically. This percentage, which is currently being exceeded, will continue to increase until approximately 90 percent of applications received are electronic.

The application process requires multiple types of forms—with the prefixes AD, RD, RUS Bulletins, and SF—as well as supporting documents and certifications. Recognizing that some RUS applicants are unable to utilize the fully electronic platform, forms are also available electronically in fillable, printable format. Applicants may submit completed forms electronically as an email attachment, or provide paper copies as appropriate. The forms are available through the RD/RUS website or the USDA Service Center eforms locator link at <http://www.rurdev.usda.gov/rd/formlocator.html>. Government-wide (AD and SF) forms may also be retrieved through the Office of the Chief Information Officer at <http://www.ocio.usda.gov/policy-directives-records-forms/forms-management/approved-computer-generated-forms>

In addition to forms, applications require documents that are not forms: Preliminary Engineering Reports, Environmental Reports, financial statements, audits, and certifications from the applicant and other parties involved in the project. These documents may be submitted electronically, if possible. The documents cannot always be submitted electronically with the required forms because of the electronic size of some of the drawings, charts, graphs and maps, and due to differing computer capabilities. RUS and RD State offices recommend parties interested in applying for this program notify the agency prior to completing an application package. A RUS/RD representative will meet with interested parties to explain the application process, provide guidance on how to complete required forms, and direct applicants on where to submit the documents.

#### **4. Describe efforts to identify duplication.**

RUS has reviewed all 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 RUS program simultaneously, the agency makes every effort to accommodate the requests within the same set of applications and processing forms. If applicants are applying for or receiving a loan or other financial assistance from another Federal agency, RUS would use the forms and documents furnished the other agency as much as possible. Efforts are exemplified through undertakings such as the RUS Bulletin 1780-2, Preliminary Engineering Report for Water and Waste Disposal Program, which adopts an inter-agency template developed in coordination with the U.S. Environmental Protection Agency, U.S. Department of Health and Human Services, and U.S. Department of Housing and Urban Development.

**5. If the collection of information impacts small businesses or other small entities, describe the methods used to minimize burden.**

The term “small entity” has the same meaning as the terms “small business”, “small organization”, and “small governmental jurisdiction” in accordance with 5 U.S.C. 601(6). The Small Business Administration (SBA) has established a Table of Small Business Size Standards, which matches to industries described in the North American Industry Classification System (“NAICS”). According to the small business size standards, 100 percent (896 respondents) of the applicants and borrowers of the programs covered herein are classified as small entities. Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. All of the forms are available electronically and RUS/RD does not prohibit transmission of the information electronically. The information to be collected is unique to each loan or grant and is the minimum RUS/RD needs to approve loans and grants, monitor borrower performance, and carry out the authorized programs.

**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 these programs is the minimum necessary to conform to the requirements of all statutes and program regulations. Information is collected when an application for a loan or grant is submitted or at other times when necessary. The required information cannot be collected less frequently and meet the requirements of the program. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, or unauthorized assistance.

**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. A copy of the Daily Inspection Report must be made available to the Agency at an interval not to exceed weekly for the duration of the construction process.
- b. Requiring written responses in less than 30 days. Not applicable.
- c. Requiring more than an original and two copies. There may be some rare instances where more than the designated number of forms is necessary. For instance, payment requisition forms are signed by the contractor, engineer, applicant, and RUS/RD. This would require an original and three copies.
- d. Requiring respondents to retain records for more than 3 years. In the instance that an applicant is in arbitration, mediation, or litigation, the applicant may be required to retain the appropriate documents beyond 3 years. Guidance is further outlined in RD Instruction 1951-E, Servicing of Community and Insured Business Program Loans and Grants, and RD Instruction 2033-A, Records Management in RD Field Offices.
- e. Not utilizing statistical sampling. Not applicable.

- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. Not applicable.
- g. Requiring a pledge of confidentiality. On a rare occasion, an applicant such as a federally recognized tribe, may request some level of privacy. This is generally limited in scope, commonly relating to financials, and in no way impedes the ability of the Agency to properly examine and process the application.
- h. Requiring submission of proprietary trade secrets. Not applicable.

Beyond the items above, the collection of information is consistent with the guidelines in 5 CFR 1320.6 and other applicable statutes and regulations.

**8. Describe efforts to consult with persons outside the Agency to obtain their views on availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

As required by 5 CFR 1320.8(d), a Notice to request comments was published in the Federal Register on February 9, 2021 at 86 FR 8754. No public comments were received.

The agency field offices maintain close contact with borrowers through RD Area and State Offices. Suggestions and comments are continuously solicited and considered by RUS. In light of this review, RUS contacted the following individuals on January 27, 2021 to obtain their views on the availability of data, clarity of instruction, and the frequency of collection and other concerns or comments:

1. Iredell Water Corporation (“Iredell”), NC, Danny Sloan, Assistant Manager, (704) 876-0672, extension 106. Iredell received two loans totaling \$5,000,000 in FY 2018 to complete water system expansion improvements. Mr. Sloan stated that Iredell became aware of the program from a consulting engineer firm, USDA staff as well as the National Rural Water Association. All application documents were obtained by the consulting engineer and the USDA website. He also stated that the USDA staff was easy to work with and that the program requirements were easy to understand and interpret.
2. Town of Plymouth (“Plymouth”), NH, Kim Haines, Office Manager at Town of Plymouth., (603) 536-1733. Plymouth was awarded a \$30,000 grant during FY 2020 for project planning and development. This Rural Development investment will be used for preliminary engineering and environmental reports to evaluate the stormwater system in Plymouth, N.H. The town has performed inspections of its collection system and found a need for additional capacity and repair in various sections. Ms. Haines stated that the reporting requirements were not burdensome and that the processing instructions were easy to understand.
1. Village of Hyannis, (“Hyannis”) NE, Terry Keys, (308) 660-1117. Hyannis received a loan of \$1,457,000 and grant of \$1,152,300 to fund a municipal water improvement project. Mr. Keys stated that his experience working with USDA staff has been excellent. He stated that the USDA staff provided him with proper resources in a timely manner. He

also stated that the processing information was easy to interpret and the regulations were understandable. Mr. Keys believes that the reporting requirements seemed reasonable.

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

There is no payment or gift 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 is provided. Information submitted to the agency by applicants and/or borrowers is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

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

The information collected does not contain questions of a sensitive nature.

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

Based on the number of awards made and the agency's experience with the grant program, RUS estimates that the hour burden on 896 respondents associated with this information collection to be 163,203 which includes 1,120 total recordkeeping hours. There was a total of 61,782 annual responses. The cost is based on 896 organizations filing applications of which 880 received funding. Of these, 780 awards will go to public bodies, including state, local, and tribal governments. The remaining 100 awards will go to non-profit corporations. As previously referenced, the numbers contained herein include grant applications and awards issued under 7 CFR 1777, Section 306C, and 7 CFR 1778, Emergency Community Water Assistance Grant program ("ECWAG"). The figures are referenced using the latest data collected for each respective Paperwork Burden Package. RUS Form 36 spreadsheet included in the information collection package provides the burden for the individual forms that are accounted for in this burden package.

Regulation	Number of Respondents	Total Annual Responses	Total Man-Hours	Total Hourly Wage	Total Costs
7 CFR 1780	817	56,334	148,813	\$43.70	\$6,503,128.10
7 CFR 1777	30	2069	5,464	\$43.70	\$238,776.80
7 CFR 1778	49	33,798	8,925	\$43.70	\$390,022.50

RUS estimates a cost of \$7,131,927.40 for 896 respondents to comply with the regulation. In calculating the respondent cost, RUS estimates that 50 percent of respondent time is professional

time and 50 percent of respondent time is clerical/administrative. The primary professional respondent would be a Utility Manager/Director. RUS based this hourly wage estimate of \$48.45 on the Bureau of Labor Statistics (“BLS”) 2019 National Industry-Specific Occupational Employment and Wage Estimates (“OES”) at [http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm) Occupational Code 11-1021, using General and Operations Managers. The standard rates are then multiplied by the fringe benefits published in the Employer Cost for Employee Compensation, Supplemental Tables, produced by the BLS. Page 91 lists the amount of total benefits as 29.7 percent<sup>1</sup> for September, 2016, which equates \$14.39. Thereby, the total cost of professional services is \$62.84. The primary clerical respondent is a Town Clerk or administrative assistant. The hourly wage of \$18.93 for the clerical/administrative personnel is selected from OES Occupational Code 43-4031, using the Local Government designation. The cost of benefits \$5.62 is added for total hourly cost of \$24.55. The column in the above table titled “Total Hourly Wage” was calculated by weighing the wages for the professional and clerical/administrative positions proportionate to their involvement.

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

There are no capital and start-up costs or purchase of services components involved with this collection.

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

Actions by the agency are necessary to administer the Water and Waste Loans and Grants programs. This includes interactions and reviews completed at three different levels: (1) field office; (2) state office; and, (3) National Office. Primarily, the field office, which may be an area or sub-area office, is responsible for processing and servicing the portfolio. The Area Specialist and any Area Technicians sit in the field office. This includes application intake, eligibility determinations, underwriting (funding recommendations), obligation, closings, construction monitoring, and routine servicing actions. The state office is responsible for general oversight of the field offices, policy implementation, funding deployment, specialized actions, and coordination with the National Office. Program Support Staff, including the State Engineer, Architect, Environmental Coordinator, etc., sit in the state office. Thereby, technical documents, such as Preliminary Engineering, Environmental, Plans and Specifications, and other technical documents are processed at that level. The National Office is responsible for program oversight, policy creation/interpretation, maintaining reserves, and other advanced actions necessary, such as specialized servicing.

Field staff perform approximately 60 percent of the processing (204 hours). State office staff, including Program Support Staff, complete an estimated 30 percent of processing (108 hours). Finally, National Office staff contribute roughly 10 percent of processing (36 hours). Field and

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<sup>1</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 May 2019. See: Employer Costs for Employee Compensation, Supplemental Tables, Historical Data, December 2006 – March 2017, 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 2016 was 29.7%.



state office wage rates are \$47.35, based on the hourly wage rates for loan analysts (GS 12, Step 5) in the locality pay area of Washington-Baltimore-Northern Virginia. Using the preceding locality pay area, the National Office wage rates are \$56.31, based on the hourly wage rate for loan analysts (GS 13, Step 5). The estimated rate of cost of total benefits for civilian Federal Government employees is 36.25 percent <sup>2</sup> for percentage of benefits as a portion of total hourly wage and was provided by the OMB Memoranda referenced in the footnote below. Thereby, the total rate for field and state office staff is \$64.51, and it is \$76.72 for National Office staff. The wage rate used below \$65.73 was calculated using a weighted average of the state, field, and national office time involved in the processing.

RUS estimates the cost to the Federal Government to administer the activities of this program to be \$19,182,643.20 per year. The following sections are as they appear in the RUS Form 36 Spreadsheet:

Application review phase—160 hours X 896 applications X 65.73	= \$ 9,423,053.80
Approval/following obligation- 40 hours X 880 applications X 65.73	= \$ 2,313,696.00
Actions during construction- 160 hours X 708 applications X 65.73	= \$ 7,445,894.40
Total estimated cost to the Federal Government:	= \$ 19,182,643.20

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

This is a revision of a currently approved collection. The total number of respondents increased by 31 from 865 in the previous collection to 896 for this collection. The total burden hours for this collection is 163,203, an increase of 6,864 from the previous information collection package estimate (which was 156,339 burden hours). The increase in burden for this collection due to adjustments to the number of responses and frequency of forms that were used by respondents during this cycle. Details of the adjustments are outlined in the attached Excel spreadsheet titled 0572-0121 Spreadsheet Q15 Breakdown. Description and analysis applied to each of the items in the spreadsheet.

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

There are no plans for publication of information collected.

**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.**

There is no such approval requested.

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<sup>2</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).

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

There are no exceptions requested to the certification statement involved with this collection request.

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

This collection does not employ statistical methods.