

Rural Decentralized Water Systems Grant Program | Fiscal Year 2023 Application Guide

Instructions and notice to applicants:

- This guide is intended to help you, but you don't have to use it in order to submit an application.
- Using the application guide will not favorably impact your application.
- Regardless of whether or not you use the guide, you must complete and submit all required federal forms and registrations, and include documentation that supports applicant and project eligibility claims, priority points, and verifications of reserved and matching funds.
- You also must provide complete responses to all questions in the application.
- Incomplete applications **will not** be considered for funding.
- Certifications, statements, and other standard terms used in this guide (examples include "you," "I," "we," "it," "applicant," "entity," and "grantee," among others) refer to the **legal entity** applying for the Rural Decentralized Water Systems Grant program. By checking, signing, or otherwise acknowledging these elements, you confirm they are true and correct.
- The application window for this program is open May 10, 2023, through June 10, 2023. To be considered for the Rural Decentralized Water Systems Grant program funding, you must submit your complete, signed application and all required documents no later than **11:59 p.m. eastern time on June 10, 2023**.

A note about website links: For ease of reference, this guide provides links to relevant, useful information hosted outside the USDA domain. Please be aware that, when you access information through a link provided in this document, you are subject to the copyright and licensing restrictions of those sites. All links in this document were active as of April 2023.

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NOTE: The information requested in this application guide is being collected and will be used by USDA Rural Development's Rural Utilities Service (RUS) to determine eligibility for grants and to meet reporting requirements. According to the Paperwork Reduction Act (available at this link: <https://pra.digital.gov/>), you are not required to respond to a request for collection of information unless the request displays a valid Office of Management and Budget (OMB) control number. The valid OMB control number associated with this information collection is 0572-0139.

Section 1: Rural Decentralized Water System Grant

1.1 Introduction

The Rural Decentralized Water Systems (DWS) Grant program is designed to help individuals with low to moderate incomes through, financing the costs associated with household water wells and decentralized wastewater systems that they own or will own. USDA Rural Development Rural Utilities Service (RUS) will make grants to qualified, private non-profit organizations to establish lending programs for homeowners to borrow up to \$15,000 for construction, refurbishing, and servicing household water wells and decentralized wastewater systems for an existing home. Sub-grant awards may also be made from the grant proceeds. For eligibility information, see the Fiscal Year 2023 Notice of Funding Opportunity (NOFO).

In this guide, you will find information to help you with the:

- Application process and deadlines
- Components of a completed application
- Scoring criteria and application review process

1.2 Authorization

The Consolidated Farm and Rural Development Act (CONACT) Section 306E authorizes the DWS Grant program (see 7 U.S.C. 1926(a) (available at this link: <https://go.usa.gov/xJbe7>).

The regulation implementing the DWS Grant program is found in the Code of Federal Regulations (CFR). Should any differences result in the interpretation of these guidelines and 7 CFR Part 1776 – Rural Decentralized Water Systems, the regulation will take precedence over information contained in this guide. This guide is to be used in conjunction with 7 CFR Part 1776 (available at this link: <https://go.usa.gov/xJbep>).

1.3 Fiscal Year 2023 Funding Availability

The funding amount available for Fiscal Year 2023 will be determined when the budget is approved by Congress.

1.4 Contact

USDA Rural Development's Rural Utilities Service, Water and Environmental Programs (WEP) staff administers the DWS Grant program. The grant manager is Community Programs Specialist Dolores "Lola" Maratita. If you have questions, contact the WEP staff early in your application process.

Email: Water-RD@usda.gov

Phone: (615) 714-8883

1.5 Online Resources

Additional information about the DWS Grant program is available at <https://tinyurl.com/yxn6mps6>.

Additional application guidance is available in the Fiscal Year 2023 Notice of Funding Opportunity (NOFO) available at this link: <https://www.grants.gov/>. The DWS application package can be found by searching for the funding opportunity number RDRUS-23-DWS.

Section 2: Loans and Subgrants Eligibility

2.1 Individual Eligibility Differs from Organizational Eligibility

Individuals can receive loans and subgrants from DWS grant awardees, but cannot, themselves, receive a DWS grant. To be eligible to apply for DWS loans and subgrants, an individual must meet definitions in 7 CFR part 1776.3, available at this link: <https://go.usa.gov/xJbzS>.

Eligible individual criteria include being a member of a household with a combined income of not more than 60 percent of the median nonmetropolitan household income for the state or territory in which the person resides, using five-year income data from the American Community Service (ACS), or other U.S. Census Bureau data.

Section 3: Requirements for a Complete Application

3.1 Preparing the Application

All applicants must be eligible entities, and must submit a complete application by the deadline stated in Section 4.3. For additional information, see 7 CFR 1776.5 – “Eligibility to receive a DWS grant” – available at this link: <https://go.usa.gov/xJbS6>.

Additionally, applicants must have no delinquent federal debt and no outstanding judgments to repay a federal debt.

Grant funds can be used for the purposes listed in 7 CFR 1776.1 (“Purpose” – available at this link: <https://go.usa.gov/xJbhW>) and 7 CFR 1776.12 (“Use of DWS Grant proceeds” – available at: <https://go.usa.gov/xJbh5>), as prescribed in 7 CFR 1776.13 (Administrative expenses, available at this link: <https://go.usa.gov/xJbh6>) and 7 CFR 1776 Subpart C (DWS Loans – available at <https://go.usa.gov/xJbhM>).

In order to prepare the budget and successfully complete other parts of your application, you must consult the cost principles and general administrative requirements for grants pertaining to your organization type (See 2 CFR Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – available at this link: <https://go.usa.gov/xJjq4>).

You must also demonstrate compliance – or intent to comply – with a number of public policy requirements using certification or other means stated within this Application Guide, within the NOFO, or at [grants.gov](https://www.grants.gov).

3.2 Application Components

Required Forms

1. Applicants must complete and submit the following forms to apply for a DWS. Note: Forms are available at www.sam.gov or www.grants.gov. All forms are required regardless of the method of submittal.:
 - Standard Form 424, “Application for Federal Assistance”
 - Standard Form 424A, “Budget Information—Non-Construction Programs”
 - Standard Form LLL, “Disclosure of Lobbying Activity
 - Form RD 400-1, Equal Opportunity Agreement

Project Proposal

The project proposal must outline the project in sufficient detail to provide the reader with a complete understanding of how the proposed project will work. Explain what your

project will accomplish by lending funds to individual well and wastewater treatment owners. It must demonstrate the feasibility of the proposed revolving loan program in meeting DWS program objectives. Proposals must be no more than 20 pages, single-sided, using a font size of 12 points. The proposal must cover the following elements:

1. **Project Summary** – Present a brief project overview. Explain the purpose of your project, how it relates to the purposes of the DWS grant program, how you will carry out the project, what the project will produce, and who will direct it.
2. **Needs Assessment** – Describe why the project is necessary. Clearly identify economic, social, financial, or other problems your project will solve. Demonstrate the water well or wastewater systems owners need for financial and technical assistance.

Quantify the number of prospective borrowers or provide statistical or narrative evidence that a sufficient number of borrowers exists to justify the grant award. Describe the service area, including the names of communities to be served, population, and median household income (MHI). Address the specific needs of the proposed service area.

3. **Project Goals and Objectives** – Clearly state your project goals. Your objectives must clearly describe these goals and be concrete and specific enough to be quantitative or observable. They must also be feasible and relate to the purpose of the DWS loan and subgrant program.
4. **Project Narrative** – The narrative must cover in more detail the items briefly described in the Project Summary. Demonstrate your experience and expertise in promoting the safe and productive use of individually-owned household water well systems and wastewater treatment systems. In describing what the project will achieve, tell the reader if it also will have broader influence. The narrative must:
 - a. Document your ability to manage and service a revolving loan fund. You must describe the systems in place for a loan's full life cycle, from origination through servicing. If a servicing contractor will handle the loan portfolio, that arrangement and the services provided must be described.
 - b. Show evidence of the availability of funds from sources other than the DWS grant, itself. Describe the contributions the project will receive from your organization, local, state, and other federal agencies, nongovernmental organizations, private industry, and individuals. The

documentation must describe how these contributions will be used to pay your operational costs and provide financial assistance for projects.

- c. List the fees and any other charges your borrowers will be assessed.

Work Plan

The work plan must describe the tasks and activities that will be accomplished with available resources during the grant period. It must show the work you plan to do to achieve the anticipated outcomes, goals, and objectives set out for the DWS grant program. Describe any unusual or unique features of the project, such as innovations, reductions in cost or time, or extraordinary community involvement. The plan must:

- a. Describe the work to be performed by each person.
- b. Provide a schedule or timetable of work to be done.
- c. Show evidence of previous experience with the techniques to be used, or illustrate their successful use by others.
- d. Outline the revolving loan program. Include specific loan and subgrant purposes, the application process, priorities, borrower eligibility criteria, limitations, fees, interest rates, terms, collateral requirements, and servicing policies. You can do this by providing a copy of your program operation policies, but you must include all of the information listed here.
- e. Outline the criteria for awarding subgrants, including specific subgrant purposes and the subgrant application process.
- f. Provide a marketing plan.
- g. Explain how you will transfer funds to individual borrowers.
- h. Describe ongoing or follow-up activities that will occur after project completion (such as monitoring and reporting borrowers' accomplishments). Include policies for addressing delinquencies.
- i. Using your project objectives, describe how project results will be evaluated to measure the success of the DWS.
- j. List all personnel responsible for administering the DWS program. Include a statement of each person's qualifications and experience.
- k. Address the process for complying with environmental requirements for multitier actions listed in 7 CFR 1970, Environmental Policies and Procedures available at

this link: <https://go.usa.gov/xJjYM>.

Budget and Budget Justification

The written justification for projected costs must explain how you determined budget figures for each category. It also must indicate which costs are to be covered by grant funds, and which costs will be met by your organization or non-DWS sources. The justification must account for all expenditures in your narrative. It must reflect appropriate cost-sharing contributions.

The budget justification also must explain the budget and accounting system proposed or already in place. The administrative costs for operating the budget must be expressed as a percentage of the overall budget. The budget justification must provide specific budget figures, rounding-off figures to the nearest dollar. Applicants must consult 2 CFR Part 200, Subpart E “Cost Principles,” (available at this link: <https://go.usa.gov/xMvaQ>) for information about appropriate costs for each budget category.

Required Information Not Found on Standard Application Forms

In addition to completing all standard application forms, you must submit the following supplementary materials:

1. **Evidence of Legal Existence.** Demonstrate that your organization is legally recognized under state and federal law as a private, nonprofit organization. The documentation also must show you have the authority to enter into a grant agreement with USDA Rural Development’s Rural Utilities Service, and to perform the activities proposed under the grant application. Among other things, satisfactory documentation includes certificates from the Secretary of State, copies of state statutes or laws establishing your organization, and copies of your organization’s articles of incorporation and bylaws. **NOTE:** Letters from the IRS awarding tax-exempt status are **not** considered adequate evidence.
2. **A list of your board of directors and officers.** Submit a current certified list of directors and officers with their respective terms.
3. **IRS tax exempt status.** Submit evidence of tax-exempt status from the IRS.
4. **Audit.** In accordance with 2 CFR Part 200, Subpart F, *Audit Requirements*, (available at this link: <https://go.usa.gov/xJDqN>) submit your organization’s most recent, independently-conducted audit. A link for website access to an audit is not acceptable.
5. **Financial statements.** Submit the following financial statements:
 - Pro forma balance sheets

- Income and cash flow statements for the last three years.
 - Projected cash flow and earnings statements for at least three years, supported by a list of assumptions showing the basis for the projections. The projected earnings statement and balance sheets must include one set of projections specific to the revolving loan fund, and a separate set of projections that detail the proposed applicant organization's total operations.
 - If the applicant organization was formed fewer than three years ago, financial statements must be submitted for the periods from inception to the present, including the pro-forma balance sheet at start-up and for at least three additional years.
6. **Other Organizational Documents.** If contracting with an affiliated organization, provide the contract or legal documents that illustrate the affiliation between the contractor and your organization. For additional information, contact the WEP staff at 615-714-8883.

Additional Information Not Found on Standard Application Forms

You can present additional information to support and describe your plan for achieving the grant objectives. This information, which can include such things as letters of support, resolutions, and policies, can be regarded as essential for understanding and evaluating your proposed project. Such supplements can be presented in appendices to your proposal.

Section 4: Application Submission Process

4.1 Electronic Filing

Applications must be filed electronically using Grants.gov (available at this link: <https://www.grants.gov>). The DWS application package can be found by searching for the funding opportunity number RDRUS-23-DWS.

NOTE: USDA Rural Development will not accept applications by email or fax. If you have questions, see Section 1.4 for contact information.

4.2 Actions Required Prior to Submitting Your Application

You are required to get a Unique Entity ID (UEI) and maintain active registration in the U.S. Government's System for Award Management (SAM) database, available at this link: <https://sam.gov/content/home>. Your registration must be renewed and revalidated every 12 months for as long as you have an active loan, guaranteed loan, or grant with USDA Rural Development's Rural Utilities Service.

To ensure your information is current, accurate, and complete, and to prevent SAM account expiration, reviews and updates must be performed within 365 days of the initial account activation date. The registration process can take up to 10 business days to complete. Additional information about the SAM is found in 2 CFR Part 25, Universal Identifier and System for Award Management, available at this link:

<https://go.usa.gov/xJbS4>. You can also check the “Help” section at SAM.gov.

4.3 Application Window

The FY 2023 application window opens on May 10, 2023. To be considered for FY 2023 funding, your application must be time-stamped electronically on www.grants.gov no later than 11:59 p.m. Eastern Standard Time on the filing deadline June 10, 2023

NOTE: If a receipt date falls on a weekend or a federal holiday, the deadline will be extended to the next business day.

Section 5: The Application Review Process

5.1 Acknowledging Receipt of your Application

USDA Rural Development will acknowledge receipt of your application by email. All applications are reviewed for completeness. If your application is determined to be incomplete, you will be notified in writing within 30 days of receipt, and no further action will be taken. If your application is determined to be ineligible, we will notify you with an explanation.

5.2 Evaluating your Application

A team comprised of at least two USDA Rural Development Rural Utilities Service employees will independently evaluate all applications and proposals. The team will score applications using criteria outlined in Section 5.3, and will base its recommendations on factors such as eligibility, clarity, detailed information, application completeness, and conformity to application requirements.

5.3 Scoring Criteria

In accordance with the information in this application guide, your application and supporting information will be used to determine your priority for available DWS funds. Points are given only for well-documented factors in your application package and, in the opinion of the reviewers, meet the objective outlined under each factor in 7 CFR Part 1776.9, Scoring applications (available at this link: <https://go.usa.gov/xJDcG>) outlined below.

- 1. Degree of expertise and experience promoting the safe and productive use**

of individually-owned household water well systems, wastewater treatment systems, and groundwater (up to 30 points possible)

2. **Degree of expertise and successful experiencing making and servicing loans to individuals** (up to 20 points possible)

3. **Percentage of applicant contribution. Points are based on written evidence of the availability of funds from sources other than the proceeds of a DWS grant to pay part of the cost of a loan recipient's project. In-kind contributions will not be considered. Funds from other sources as a percentage of the DWS grant and points corresponding to those percentages are as follows:** (up to 20 points possible)
 - a. 0 – 9 percent ineligible
 - b. 10 – 25 percent 5 points
 - c. 26 – 30 percent 10 points
 - d. 31 – 50 percent 15 points
 - e. 51 or more percent 20 points

4. **Extent to which your work plan demonstrates a well-thought-out, comprehensive approach to accomplishing the objectives of the DWS program, clearly defines who will be served by your project, and appears likely to be sustainable** (up to 20 points possible)

5. **Extent to which your goals and objectives are clearly defined, are tied to the need as defined in your needs assessment, and are measurable** (up to 10 points possible)

6. **Lowest ratio of projected administrative expenses to loans advanced** (up to 10 points possible)

7. **Administrator's discretionary points. In order to be considered for administrative points, your work plan must include a separate section titled "Administrative Points," and must address one or all of the following factors **** Administrator's discretion, which can include such factors as:
 - a. **Addressing Climate Change and Environmental Justice.** Reducing climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities.
 - b. **Advancing Racial Justice, Place-Based Equity, and Opportunity.** Ensuring all rural residents have equitable access to RD programs and benefits

from RD funded projects.

- c. Creating More and Better Market Opportunities. Assisting rural communities to recover economically through more and better market opportunities and through improved infrastructure.

Administrative points are awarded solely on the above three factors:

Up to 10 points.

More information about USDA Rural Development's priority points is available at this link: <https://www.rd.usda.gov/priority-points>.

5.4 Application Selection

USDA Rural Development Rural Utilities Service will rank all qualifying applications by final score. Applications are selected based on the highest ranking and funding availability. USDA reserves the right to not award DWS grant funding if applications are incomplete or earn low scores. All applicants will be notified of their selection status by email.

5.5 Possible Application Actions

USDA Rural Development will decide among the following:

- Eligible, and selected for funding
- Eligible, but offered fewer funds than requested
- Eligible, but not selected for funding
- Ineligible

5.6 Appeals Process

In accordance with 7 CFR Part 1900, Subpart B, *Adverse Decisions and Administrative Appeals*, (available at this link: <https://go.usa.gov/xJDaW>), applicants generally have the right to appeal adverse decisions. However, some adverse decisions – such as a denial due to lack of available DWS grant funds – cannot be appealed.

Applicants can request review by the National Appeals Division (NAD). The appeal must be received within the proper timeframe in accordance with 7 CFR Part 1900, in writing, and filed with the appropriate NAD regional office. A list of regional offices is available at this link: <https://www.usda.gov/oha/nad/contact>. You can call NAD toll-free at (877) 487-3262.

Appendix: Rules and Regulations

- 7 CFR Part 1776: *Rural Decentralized Water Systems* – available at this link: <https://go.usa.gov/xJDC8>
- CFR Part 1900, *Subpart B: Adverse Decisions and Administrative Appeals* – available at this link: <https://go.usa.gov/xJDaW>
- 7 CFR Part 1970: *Environmental Policies and Procedures* – available at this link: <https://go.usa.gov/xJjYM>
- 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* – available at this link: <https://go.usa.gov/xJjq4>
- 2 CFR Part 400: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* – available at this link: <https://go.usa.gov/xJDry>
- 2 CFR Part 417, *Nonprocurement Debarment and Suspension* – available at this link: <https://go.usa.gov/xJjgs>
- 2 CFR Part 421, *Requirements for a Drug-free Workplace (Financial Assistance)* – available at this link: <https://go.usa.gov/xJj4T>
- Code of Federal Regulations – available at this link: <https://www.ecfr.gov/>

Civil Rights Information

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family or parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary. Those with disabilities who need alternative means of communication (for example, Braille, large print, audiotape, and American Sign Language, among others) can contact the responsible agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Program information also can be made available in languages other than English. To file a program discrimination complaint, complete the USDA Program Discrimination

Complaint Form, AD-3027, available at this link: <https://go.usa.gov/xzzfW>, and at any USDA office. Or write a letter addressed to USDA and provide all of the information requested in the form. Call (866) 632-9992 to request a copy of the complaint form. Submit your completed form or letter to USDA by: (1) postal mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 (2) fax: (202) 690-7442, or (3) email: program.intake@usda.gov.

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