

Grants for Establishing Revolving Funds for Financing Water and Wastewater Projects (Revolving Fund Program) 2023 Application Guide

Instructions and notice to applicants:

- This guide is intended to help you, but you do not 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 ensure you 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 Revolving Fund Program grant. 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 Revolving Fund Program grant 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. Endorsement of non-USDA programs or activities is neither intended nor implied. 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.

Table of Contents

Instructions and notice to applicants:	1
Section 1: Revolving Funds for Financing Water and Wastewater Projects (Revolving Fund Program)	3
1.1 Introduction	3
1.2 Authorization	3
1.3 Fiscal Year 2023 Funding Availability	4
1.4 Contact	4
1.5 Online Resources	4
2.1 Preparing Your Application	4
2.2 Application Components	5
2.2.1 Required Forms	5
2.2.2 Project Proposal	5
2.2.3 Work Plan	6
2.2.4 Budget and Budget Justification	7
2.2.5 Required Information Not Found on Standard Application Forms.....	7
Section 3: Application Submission Process	8
3.1 Electronic Filing	8
3.2 Actions Required Prior to Submitting Your Application	9
3.3 Application Window	9
Section 4: The Application Review Process	9
4.1 Acknowledging Receipt of your Application	9
4.2 Evaluating your Application	9
4.3 Scoring Criteria	10
4.4 Application Selection	11
4.5 Possible Application Actions	11
4.6 Appeals Process	11
Appendix: Rules and Regulations.....	12
Civil Rights Information	12

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 0572-0138.

Section 1: Revolving Funds for Financing Water and Wastewater Projects (Revolving Fund Program)

1.1 Introduction

The Revolving Fund Program (RFP) is designed to help communities expand and improve water or wastewater systems using short-term loans provided to subgrant recipients. Qualified private, nonprofit organizations use RFP grant funds to establish a revolving loan fund. These organizations then provide loans to eligible entities for predevelopment costs or short-term, small capital projects not part of the regular operation and maintenance of existing water and wastewater systems. For eligibility information, see the Fiscal Year 2023 Notice of Funding Opportunity (NOFO).

The amount of financing to an eligible entity cannot not exceed \$200,000 – or 75 percent of the total cost of a project, whichever is less – and must be repaid within 10 years. The total outstanding balance for all loans under this program to any one entity cannot exceed \$200,000. The interest rate is determined by the grant recipient and must be approved by USDA Rural Development Rural Utilities Service.

In this guide, you will find the following information:

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

1.2 Authorization

The RFP is authorized by Section 306(a)(2)(B) of the Consolidated Farm and Rural Development Act (see 7 U.S.C. 1926 (a), available at this link: <https://go.usa.gov/xJDZU>).

The regulation that governs the RFP is 7 CFR Part 1783, *Revolving Funds for Financing Water and Wastewater Projects (Revolving Fund Program)*, available at this link: <https://go.usa.gov/xJDZs>.

The statute and regulation listed above take precedence over the interpretation of any information in this guide. This guide is to be used in conjunction with 7 CFR Part 1783.

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. Historically, funding for this program has been \$1 million annually.

1.4 Contact

USDA Rural Development's Rural Utilities Service, Water and Environmental Programs (WEP) staff administers the RFP. If you have questions, contact the WEP staff early in your application process.

Email: Water-RD@usda.gov

Phone: (202) 253-0504

1.5 Online Resources

Additional information about the RFP is available at this link: <https://go.usa.gov/xJDZu>.

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

Section 2: Requirements for a Complete Application

2.1 Preparing Your Application

All applicants must be eligible entities, and must submit a complete application by the deadline stated in Section 2.3. See 7 CFR 1783.5 (available at this link: <https://go.usa.gov/xJDB8>) for eligibility criteria. 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 1783.1 (available at this link: <https://go.usa.gov/xJDBE>) and 7 CFR 1783.12 (available at: <https://go.usa.gov/xJDBd>), and comply with 1783.13 (available at this link: <https://go.usa.gov/xJDBe>) and 1783, Subpart C (available at this link: <https://go.usa.gov/xJDBu>).

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.

2.2 Application Components

2.2.1 Required Forms

1. The following required forms are available at <https://sam.gov/content/home> or <https://www.grants.gov>:
 - a. Standard Form 424, *Application for Federal Assistance* – available at this link: <https://go.usa.gov/xJj3P>)
 - b. Standard Form 424A, *Budget Information for Non-Construction Programs* – available at this link: <https://go.usa.gov/xJj3P>)
 - c. Standard Form LLL, *Disclosure of Lobbying Activities* - available at this link: <https://go.usa.gov/xJj3K>
 - d. Form RD 400-1, *Equal Opportunity Agreement* - available at this link: <https://go.usa.gov/xJj3Z>
 - e. Other forms and information as listed in 7 CFR 1783 - information available at this link: <https://go.usa.gov/xJDKC>

2.2.2 Project Proposal

Your project proposal must outline the project with enough detail to provide a reader with a full understanding of your proposed funding program. The proposal must explain what you will accomplish by lending funds to eligible entities. It must demonstrate the feasibility of the proposed loan program in meeting RFP objectives.

Your 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 RFP, how you will carry out the project, what it will produce, and who will direct it.

2. **Needs Assessment** – Describe why the project is necessary. Demonstrate that eligible entities need loan funds. Describe the service area in relation to specific water and wastewater needs that will be met by the project. Provide statistical or other supporting documentation to justify the needs.
3. **Project Goals and Objectives** – Clearly state your project goals. The objectives must clearly describe your goals and be concrete and specific enough to be to be quantitative or observable.

Quantify the number of prospective borrowers, or provide statistical or narrative evidence that a sufficient number of borrowers will exist to justify the grant award. Goals should relate specifically to the purpose of the loan program.

4. **Project Narrative** – This must be more detailed than your project summary. Demonstrate your substantial experience and expertise in carrying out a revolving loan fund for rural water and wastewater systems. In describing what your project will achieve, indicate whether its influence will be broad. Your narrative must:
 - a. Document your ability to manage and service a revolving loan fund in accordance with 7 CFR Part 1783 (available at this link: <https://go.usa.gov/xJDKC>).
 - b. Show evidence of the availability of funds from sources other than the RFP 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 interest rate and any other fees or charges your borrowers will be assessed. Describe how those fees and charges are determined.

2.2.3 Work Plan

Your work plan or scope of work 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 intended outcomes, goals, and objectives set out for the RFP. Your 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.

- d. Outline the revolving loan program. Include specific loan purposes, the loan application process, priorities, borrower eligibility criteria, limitations, fees, interest rates, terms, collateral requirements, and servicing policies.
- e. Provide a copy of your program operation policies, but you must include all of the information listed here.
- f. Provide a marketing plan.
- g. Explain how you will transfer funds to revolving fund 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 RFP.
- j. List all personnel responsible for administering the RFP. Include a statement of each person's qualifications and experience.
- k. Address the process for complying with environmental requirements for multi-tier actions listed in 7 CFR 1970, *Environmental Policies and Procedures* (available at this link: <https://go.usa.gov/xJjYM>).

2.2.4 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-RFP sources. The justification must account for all expenditures in your narrative, and it must reflect appropriate cost-sharing contributions. The budget justification must explain your proposed (or already in use) budget and accounting system. 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 to the nearest dollar. You can consult 2 CFR Part 200, Subpart E, *Cost Principles*, (available at this link: <https://go.usa.gov/xJjq4>) for information about appropriate cost principles for each budget category.

2.2.5 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.** Provide satisfactory documentation that your organization is legally recognized under state and federal law as a private, nonprofit organization.

The documentation also must show you have the legal 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 certified list of current directors and officers. Include their respective terms of service.
3. **IRS tax-exempt status.** Submit evidence of this 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 information and sustainability. Submit the following:
 - a. Balance sheets, income statements, and cash flow statements covering the last three years. **NOTE:** If your organization was formed less than three years ago, submit financial statements from the date it was formed up to the present, including pro-forma statements at the time the organization was established.
 - b. Projected income and cash flow statements for at least three years, supported by a list of assumptions showing the basis **ONLY** for the revolving loan fund projections. Also include a separate set of financial projections illustrating the organization's total operations.
6. **Additional supporting information.** You may submit information to support and describe your plan for achieving RFP objectives. This information is regarded as essential for understanding and evaluating your projects, and can include such things as letters of support, resolutions, your revolving fund policies, and so on. This supplemental information can be presented in appendices to your proposal.

Section 3: Application Submission Process

3.1 Electronic Filing

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

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

3.2 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 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 System for Award Management 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.

3.3 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 of June 10, 2023.

Late or incomplete applications are not eligible for funding.

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

Section 4: The Application Review Process

4.1 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.

4.2 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 4.3, and will base its recommendations on factors such as eligibility, clarity, detailed information, application completeness, and conformity to application requirements.

4.3 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 RFP 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 1783.9 (available at this link: <https://go.usa.gov/xJDkb>).

The scoring criteria and points system will be used as follows:

1. Degree of expertise and experience in making and servicing commercial loans, with a record of success. **Up to 30 points.**
2. Extent to which your work plan demonstrates a well-thought-out, comprehensive approach to accomplishing the objectives of 7 CFR Part 1783, clearly defines who will be served by the project or program, clearly articulates the problems or issues that will be addressed, identifies the service area to be covered by RFP loans, and appears likely to be sustainable. **Up to 40 points.**
3. Percentage of applicant contribution. Points are based on written evidence of the availability of funds from sources other than the proceeds of an RFP 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 RFP grant and points corresponding to those percentages are as follows:

a. Less than 20 percent	ineligible
b. At least 20, but less than 50 percent	10 points
c. 50 percent or more	20 points
4. Extent to which your goals and objectives are clearly defined, are tied to the work plan, and are measurable. **Up to 15 points.**
5. Lowest ratio of projected administrative expenses to loans advanced. **Up to 10 points.**
6. Evidence that evaluation methods for considering loan applications and making RFP loans are specific to the program, clearly defined, measurable, and consistent with RFP outcomes. **Up to 20 points.**
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:
 - 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.
- a) Administrative points are awarded solely on the above three factors. **Up to 10 total points.**
 - b) More information about USDA Rural Development's priority points is available at this link: <https://www.rd.usda.gov/priority-points>.

4.4 Application Selection

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

4.5 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

4.6 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 RFP grant funds – cannot be appealed.

Applicants can request review of a decision 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 1783, *Revolving Funds for Financing Water and Wastewater Projects (Revolving Fund Program)* – available at this link: <https://go.usa.gov/xJDC8>
- 7 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.

USDA is an equal opportunity provider, employer, and lender.

Issued April 2023