United States
Department of
Agriculture

Rural
Development

February 18, 2015

Household Water Well System Program

2015 Grant Application Guide

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Program Development and Regulatory Analysis
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Ave., SW.
Stop 1522, Room 5168 South Building
Washington, DC 20250-1522

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****This application guide has been updated with new guidelines and procedures, marked in red. Please read each section thoroughly.**

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Introduction

The Department of Agriculture (USDA) Rural Utilities Service (RUS) supports the sound development of rural communities and the growth of our economy without endangering the environment. RUS provides financial and technical assistance to help communities bring safe drinking water and sanitary, environmentally sound waste disposal facilities to rural Americans in greatest need.

The goal of RUS is not only to make funds available to those communities most in need of potable water but also to ensure that facilities used to deliver drinking water are safe and affordable. There is a role for private wells in reaching this goal.

A central water system may not be the only or best solution to drinking water problems. Distance or physical barriers make public central water systems expensive in remote areas. A significant number of geographically isolated households without water service might require individual wells rather than connections to new or existing community systems. The RUS Household Water Well System (HWWS) Grant Program has been established to assist those households that require individual wells.

The HWWS Program targets financial resources to help households finance the costs of constructing or rehabilitating their private wells. RUS will award non-profit organizations grants to set up loan programs that lend funds to individuals to finance the costs of household water wells.

RUS will accept applications for the HWWS Program from eligible non-profit organizations through April 13, 2015. Applications may be submitted in paper format to the address listed in this guide or electronically through www.grants.gov .

About This Guide

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

- Assess your eligibility for RUS grant assistance.
- Understand how and when to apply.
- Create a successful application.
- Obtain resources about the rules and regulations governing the grant application process.

Section 1: The Household Water Well System Grant Program

1.1 Program Description

The Household Water Well System (HWWS) Grant Program has been established to help individuals with low to moderate incomes finance the costs of household water wells that they own or will own in rural areas. RUS will make grants to qualified private non-profit organizations to establish lending programs for household water wells.

A non-profit organization will use HWWS grant funds to establish a lending program that will provide water well loans to individuals. The organization must contribute an amount equal to at least 10 percent of the grant request to capitalize the loan fund. The individuals may use the loans to construct or upgrade a household water well system for an existing home. A loan may not exceed $11,000 and will have a term up to 20 years at a one percent annual interest rate.

1.2 Authorization

The 2002 Farm Bill (Section 6012 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171) established the HWWS Grant Program. The authorizing statute may be found in the United States Code (7 U.S.C. 1926e). The HWWS Grant Program regulations are contained in Title 7, Part 1776, of the Code of Federal Regulations (CFR).

The regulation, "Household Water Well System Grant Program," will be cited using the title, part, and, when applicable, the section number. Thus 7 CFR Part 1776 refers to the title 7, part 1776.

Please read the regulation in conjunction with these guidelines. If any differences result in the interpretation of these guidelines and 7 CFR Part 1776, the regulation will take precedence over information contained in this guide.

1.3 Available Funding

The HWWS Program has $993,000 available for grant funding in Fiscal Year 2015.

1.4 Award Information

Funding Instrument Type:	Grant
Anticipated Total Priority Area Funding:	To be published in the Federal Register
Anticipated Number of Awards:	10
Length of Project Periods:	12-month project
Assistance Instrument:	Grant Agreement with successful applicants before any grant funds are disbursed.

1.5 Purpose

The purpose of the HWWS Grant Program is to provide funds to non-profit organizations to assist them in establishing loan programs from which individuals may borrow money for household water well systems. Applicants must show that the project will provide technical and financial assistance to eligible individuals to remedy household well problems. Priority will be given to the non-profit organizations that:

1. Demonstrate experience in promoting safe, productive uses of household water wells and ground water

2. Demonstrate significant management experience in making and servicing loans to individuals.

3. Contribute more than 50 percent of the grant amount in cash or other liquid assets in order to capitalize the revolving loan fund.

Due to the limited amount of funds available under the HWWS Program, one or two applications may be funded from fiscal year funds. Previously funded grant recipients must apply for a different target area to be considered for funding under this announcement.

1.6 HWWS Program Resources

The RUS Water and Environmental Programs (WEP) staff will administer the HWWS Program. We encourage you to contact the WEP staff early in the application process with any questions or ideas concerning your proposal. The staff will provide advice on draft proposals before the application deadline or answer your questions about the application process and program requirements.

Telephone: 202-720-9589
Fax: 202-690-0649
E-mail: water@usda.gov

Visit our Web site at http://www.rurdev.usda.gov/UWEP_HomePage.html.

1.7 Catalog of Federal Domestic Assistance

The HWWS Program is listed in the Catalog of Federal Domestic Assistance under number 10.862. The catalog is available online through the free CFDA website at www.cfda.gov. The print edition may be purchased by calling the Superintendent of Documents at 202-512-1800 or toll free at 866-512-1800. It also may be ordered online at http://bookstore.gpo.gov.

Section 2: Eligibility for a HWWS Grant—Non-profit Organizations

2.1 Eligible Organization

An organization is eligible to receive a HWWS grant if it:

a. Is a private, non-profit organization that has tax-exempt status from the United States Internal Revenue Service (IRS). Faith-based organizations are eligible and encouraged to apply for this program.

b. Is legally established and located within one of the following:

- a state within the United States
- the District of Columbia
- the Commonwealth of Puerto Rico
- a United States territory

c. Has the legal capacity and authority to carry out the grant purpose.

d. Has sufficient expertise and experience in lending activities.

e. Has sufficient expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.

f. Has no delinquent debt to the Federal Government or no outstanding judgments to repay a Federal debt.

g. Demonstrates that it possesses the financial, technical, and managerial capability to comply with Federal and State laws and requirements.

2.2 Basic Eligibility Requirements for a Project

a. Project Eligibility. To be eligible for a grant, the project must:

- Be a revolving loan fund created to provide loans to eligible individuals to construct, refurbish, and service individually-owned household water well systems (see 7 CFR 1776.11 and 1776.12). Loans may not be provided for home sewer or septic system projects.

- Be established and maintained by a private, non-profit organization.

- Be located in a rural area. Rural area is defined as locations other than cities or towns of more than 50,000 people and the adjacent urbanized area of such towns and cities.

b. Required Matching Contributions. Cost-sharing contributions are required. Grant applicants must provide written evidence of a cost-sharing contribution of at least 10 percent from sources other than the proceeds of a HWWS grant. In-kind contributions will not be considered for the cost-sharing requirement. Please see 7 CFR 1776.9 for the requirement.

Section 3: Eligibility for Loans—Individuals

An individual is ineligible to receive a HWWS grant. An individual may receive only a loan. To be eligible for a loan, an individual must:

a. Be a member of a household of which the combined household income of all members does not exceed 100 percent of the median non-metropolitan household income for the State or territory in which the individual resides. Household income is the total income from all sources received by each adult household member for the most recent 12-month period for which the information is available. It does not include income earned or received by dependent children under 18 years old or other benefits that are excluded by Federal law. The non-metropolitan household income must be based on the most recent decennial census of the United States.

   A list of income exclusions may be found in 7 CFR 3550.54(b). Also, the Department of Housing and Urban Development published a list of federally Mandated Exclusions from Income in the Federal Register on April 20, 2001. (See 66 FR 20318.)

b. Own and occupy the home being improved with the proceeds of the HWWS loan or be purchasing the home to occupy under a legally enforceable land purchase contract which is not in default by either the seller or the purchaser.

c. Own the home in a rural area.

d. Not use the loan for a water well system associated with the construction of a new dwelling.

e. Not use the loan to substitute a well for water service available from collective water systems. (For example, a loan may not be used to restore an old well abandoned when a dwelling was connected to a water district's water line.)

f. Not be suspended or debarred from participation in Federal programs.

Section 4: Funding Restrictions

4.1 Eligible Grant Purposes

The following activities are authorized under the HWWS Program:

a. Grant funds must be used to establish and maintain a revolving loan fund to provide loans to eligible individuals for household water well systems.

b. Individuals may use the loans to construct, refurbish, rehabilitate, or replace household water well systems up to the point of entry of a home. Point of entry for the well system is the junction where water enters into a home water delivery system after being pumped from a well.

c. Grant funds may be used to pay administrative expenses associated with providing HWWS loans.

4.2 Ineligible Grant Purposes

The following activities are unauthorized under the HWWS Program:

a. Administrative expenses incurred in any calendar year that exceed 10 percent of the HWWS loans made during the same period do not qualify for reimbursement.

b. Administrative expenses incurred before RUS executes a grant agreement with the recipient do not qualify for reimbursement.

c. Grant funds may not be used to repay delinquent debt owed to the Federal Government.

d. Grant funds may not be used to provide loans for household sewer or septic systems.

e. HWWS loans may not be used to pay the costs of water well systems for the construction of a new house.

f. Household Water Well loans may not be used to pay the costs of a home plumbing system.

Section 5: Content and Form of Application Submission

This section provides an overview of policies affecting application preparation and submission, application forms, application receipt information and deadlines.

5.1 Two Ways of Filing Applications

You may file an application in either paper or electronic format. Send or deliver paper applications by the U.S. Postal Service (USPS) or courier delivery services to the RUS receipt point. File an application electronically through Grants.gov, the official Federal Government Web site at http://www.grants.gov. *RUS will not accept applications by fax or e-mail.*

5.2 Getting Application Information

The Household Water Well System Grant Application Guide (Application Guide), copies of necessary forms and samples, and the HWWS Grant regulation are available electronically or by paper from these sources:

a. Internet for electronic copies: http://www.grants.gov

b. or http://www.rurdev.usda.gov/UWP-individualwellsystems.htm ;

c. Water and Environmental Programs for paper copies:
RUS, Water Programs Division
STOP 1570, Room 2234-S,
Attention: Joyce M. Taylor
1400 Independence Ave S.W.
Washington, DC 20250-1570
Telephone: (202) 720-9589; Fax (202) 690-0649

5.3 Rules and Guidelines

To be considered for support, you must be an eligible non-profit organization and submit a complete application by the deadline date. The Household Water Well System Grant Program regulation (7 CFR 1776) and this guide contain detailed information on each item required. You are strongly encouraged to read and apply both the regulation and the application guide.

You should prepare your application in conformance with the provisions of 7 CFR 1776, subpart B, and applicable USDA regulations including 7 CFR 3015 and 7 CFR 3019. You also must demonstrate compliance (or intent to comply), through certification or other means, with a number of public policy requirements.

Consult the cost principles and general administrative requirements for grants pertaining to your organizational type in order to prepare the budget and complete other parts of the application. The cost principles and general administrative requirements may be found in the Office of Management and Budget (OMB) circulars. The Office of Management and Budget (OMB) circulars are located at http://www.whitehouse.gov/omb/circulars/index.html.

5.4 Checklist of Items in Completed Application Packages

5.4.1 DUNS Number Requirement

The first step in the application process is to insure your organization has a Dun and Bradstreet Data Universal Numbering System (DUNS) number. The application process—paper or electronic—requires a DUNS number. You must provide it on the SF-424, Application for Federal Assistance, which is part of the application package. To verify that your organization has a DUNS number or to receive one from D&B at no cost, call the dedicated toll-free request line at 1-866-705-5711 or visit http://fedgov.dnb.com/webform on the Internet to request one.

If your organization does not have a DUNS number already, you will need the following pieces of information when requesting one:

- Legal Name—used when filing a return or making a payment to the Internal Revenue Service (IRS)
- Headquarters name and address of the organization
- Doing business as (dba) or other name by which the organization is commonly recognized.
- Physical address
- Mailing address (if separate from headquarters and/or physical address)
- Telephone number
- Contact name and title
- Number of employees at the physical location

5.4.2 SAM Registration Requirement

The second step and prior to submitting an application, the applicant must register in the System for Award Management (SAM) (formerly Central Contractor Registry, (CCR)). Applicants may register for the SAM at https:// www.sam.gov/portal/public/SAM/ . The SAM registration must remain active with current information at all times while RUS is considering an application or while a Federal Grant Award or loan is active. To maintain the registration in the SAM database the applicant must review and update the information in the SAM database annually from date of initial registration or from the date of the last update. The applicant must ensure that the information in the database is current, accurate, and complete.

Setting up a SAM listing is a one-time procedure with annual updates. Registrations in SAM are active for one year. If your organization is registered already, it must update or

renew the registration at least once per year to maintain an active status. If you are planning to submit a grant application for the first time, your organization must register using its legal business name and name used with the IRS. SAM allows you to establish roles and user names for representatives that will use Grants.gov to submit electronic grant applications. . New registrations can take **3-5** business days to process in SAM.

Updating or renewing an active registration has a shorter turnaround, approximately 24 hours. If your organization fails to update or renew its SAM registration and you are submitting your application electronically, the Grants.gov registration will lapse prohibiting the application from being accepted. The DUNS number, Taxpayer Identification Number (TIN), and name and address of the applicant organization must match SAM data files. The SAM registers your organization, housing your organizational information and allowing Grants.gov to use the information to verify your identity. However, registration does not guarantee that a grant will be awarded.

5.4.3 Application Items

The electronic and paper application process requires forms with the prefixes RD and SF as well as supporting documents and certifications. Completed applications must include the items found in the following table.

Application Items	
1.	SF-424, “Application for Federal Assistance”
2.	SF-424A, “Budget Information—Non-Construction Programs”
3.	SF-424B, “Assurances—Non-Construction Programs”
4.	SF- LLL, “Disclosure of Lobbying Activity”
5.	Form RD 400-1, “Equal Opportunity Agreement”
6.	Form RD 400-4, “Assurance Agreement (Under Title VI, Civil Rights Act of 1964)
7.	Project Proposal: Project Summary, Needs Assessment, Project Goals and Objectives, Project Narrative
8.	Work Plan
9.	Budget and Budget Justification
10.	Evidence of Legal Authority and Existence
11.	List of Directors and Officers
12.	Documentation of private non-profit status and IRS Tax Exempt Status
13.	Financial information and sustainability (narrative)
14.	Assurances and Certifications of Compliance with Other Federal Statutes

The forms in items 1 through 6 must be completed and signed where appropriate by an official of your organization who has authority to obligate the organization legally. RD

forms are used by programs under the Rural Development mission area. Standard forms (SF) are used Government-wide. If you are not using www.grants.gov to apply for the program, the forms may be accessed electronically through:

http://www.rurdev.usda.gov/UWP-individualwellsystems.htm

or the Rural Development website at

http://www.rurdev.usda.gov/FormsAndPublications.html.

See section 6, "Application Review Information," for instructions and guidelines on preparing Items 7 through 13.

5.4.4 Compliance with Federal Statutes and Regulations

RUS Programs make grants in accordance with specific Federal rules and regulations found in the most recent version of the Code of Federal Regulations located at http://www.gpoaccess.gov/cfr/index.html.

The applicant must provide evidence of compliance with other Federal statutes and regulations, including, but not limited to, the following:

a. **Program Regulations**

- 7 CFR part 1776—Household Water Well System Grant Program

b. **Administrative Provisions:**

- 7 CFR part 3015—Uniform Federal Assistance Regulations
- 7 CFR part 3019—Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Non-profit Organizations
- 7 CFR part 3017—Government wide Debarment and Suspension (Non-procurement).

  You must disclose debarment and suspension information required in accordance with 7 CFR, Part 3017, subpart 3017.335, if it applies. The section heading is "What information must I provide before entering into a covered transaction with the Department of Agriculture?"

- 7 CFR part 3018—New Restrictions on Lobbying
- 7 CFR part 3021—Government wide Requirements for Drug-Free Workplace (Financial Assistance)

You must identify all of your organization's known workplaces by including the actual address of buildings (or parts of buildings) or other sites where work under the award takes place. Workplace identification is required under the drug-free workplace requirements in accordance with 7 CFR, Part 3021, subpart 3021.230. The section heading is "How and when must I identify workplaces?"

- OMB Circular No. A-110, "Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"

c. **Federal Cost Principles:**

- OMB Circular No. A-122, "Cost Principles for Nonprofit Organizations" other than institutions of higher education

d. **Audits:**

- OMB Circular A-133: "Audits of States, Local Governments, and Non-Profit Organizations"

- CFR, Title 7, Part 3052, "Audits of States, Local Governments, and Non-profit Organizations"

e. **Civil Rights Requirements:**

- 7 CFR part 15, subpart A—Nondiscrimination in Federally Assisted Programs of the Department of Agriculture—Effectuation of Title VI of the Civil Rights Act of 1964.Title VI of the Civil Rights Act of 1964

- Title IX of the Education Amendments of 1972

- Section 504 of the Rehabilitation Act of 1973, as amended

- Age Discrimination Act of 1975

- Fair Housing Act, Title VIII of the Civil Rights Act of 1968

- Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency."

  You must take reasonable steps to ensure that Limited English Proficiency (LEP) persons receive the language assistance necessary to have meaningful access to the HWWS Program, services, and information your organization provides. Persons who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English can be limited English proficient or "LEP." These individuals may be entitled to

language assistance, free of charge. See important policy guidance on providing meaningful access to LEP individuals, as provided by Title VI of the Civil Rights Act of 1964. For information on LEP and agency-specific guidance, see www.LEP.gov.

f. **Equal Credit Opportunity:**

- Federal Equal Credit Opportunity Act
- Truth in Lending Act

g. **Appeals**

- 7 CFR part 1900, subpart B—Adverse Decisions and Administrative Appeals

5.5 Number of Copies of Application Required

5.5.1 Paper Applications and Electronic Applications

Submit one signed original and two additional copies. The original and each of the two copies must include all required forms, certifications, assurances, and appendices, be signed by an authorized representative, and have original signatures. Do not include organizational brochures or promotional materials.

The additional paper copies are unnecessary if the application is submitted electronically through www.grants.gov.

5.6 Submitting Paper Applications

For paper applications mail or ensure delivery of an original paper application (no stamped, photocopied, or initialed signatures) and two copies by the deadline date to:

RUS, Water Programs Division
STOP 1570, Room 2234-S,
Attention: Joyce M. Taylor
1400 Independence Ave S.W.
Washington, DC 20250-1570

Telephone: (202) 720-9589

5.7 Submitting Electronic Applications

You must file an electronic application at http://www.grants.gov. Applications will not be accepted via facsimile machine transmission or electronic mail. Submit your application before the deadline, must be received by close of business or postmarked by midnight, April 13, 2015. Applications received after April 13, 2015 will not be considered in that year's review and will be returned to the applicant.

If you have not used Grants.gov before, you will need to register with the SAM and the Credential Provider. See section 5.4.1 & 2 for information. You must be registered with Grants.gov before you can submit a grant application.

You will need a DUNS number to access or register at any of the services. In addition to the DUNS number required of all grant applicants, your organization must be registered with System for Award Management (SAM) (formerly Central Contractor Registry, (CCR)). The SAM stores your organizational information, allowing Grants.gov to verify your identity and to pre-fill organizational information on your grant applications. See section 5.4.1 for information.

The Credential Provider gives you or your representative a username and password, as part of the Federal Government's e-Authentication to ensure a secure transaction. You will need the username and password when you register with Grants.gov or use Grants.gov to submit your application. You must register with the Credential Provider through Grants.gov at https://apply07.grants.gov/apply/login.faces?userType=applicant&cleanSession=1

RUS recommends that you obtain your organization's DUNS number and SAM listing well in advance of the application deadline.

Grants.gov contains full instructions on all required passwords, credentialing, and software. Follow the instructions at Grants.gov for registering and submitting an electronic application. RUS may request original signatures on electronically submitted documents later. If a system problem or technical difficulty occurs with an electronic application, please use the customer support resources available at the Grants.gov website. To use Grants.gov:

(1) Follow the instructions on the Web site to find grant information.

(2) Download a copy of an application package.

(3) Complete the package off-line.

(4) Upload and submit the application via the Grants.gov Web site.

5.8 Deadline for Grant Applications

The deadline for the HWWS program is April 13, 2015.

All applications must be postmarked or time-stamped electronically by the filing deadline to be considered for the grant period.

An application will be considered on time if it is received by the deadline date or mailed on or before the deadline date. If the application is filed electronically, an electronic date and time stamp on or before the receipt date will be considered on time. If a deadline

date falls on a weekend, it will be extended to the following Monday. If the date falls on a Federal holiday, it will be extended to the next business day.

Paper applications must show proof of mailing or shipping consisting of one of the following:

- A legibly dated U.S. Postal Service (USPS) postmark;
- A legible mail receipt with the date of mailing stamped by the USPS; or
- A dated shipping label, invoice, or receipt from a commercial carrier.

Note: Due to screening procedures at USDA, packages arriving via the USPS are irradiated, which can damage the contents. RUS encourages you to consider the impact of this procedure in selecting your application delivery method. Also, if there is a disruption in mail delivery service, we strongly encourage you to submit applications via express mail or commercial delivery to our office.

Section 6: Application Review Information

6.1 Criteria

This section contains instructions and guidelines on preparing the project proposal, work plan, and budget sections of the application. Also, guidelines are provided on the additional information required for RUS to determine eligibility and financial feasibility.

6.2 Project Proposal

The project proposal should outline the project in sufficient detail to provide a reader with a complete understanding of the loan program. The proposal should explain what you will accomplish by lending funds to individual well owners. Demonstrate the feasibility of the proposed loan program in meeting the objectives of this grant program. The proposal should cover the following elements:

6.2.1 Project Summary

Present a brief project overview. Explain the purpose of the project, how it relates to RUS's purposes, how the project will be executed, what the project will produce, and who will direct it.

6.2.2 Needs Assessment

To show why the project is necessary, clearly identify the economic, social, financial, or other problems that require solutions. Demonstrate the well 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 will exist to justify the grant award. Describe the service area. Provide information on the household income of the area and other demographical information. Address community needs.

6.2.3 Project Goals and Objectives

Clearly state the project goals. The objectives should clearly describe the goals and be concrete and specific enough to be quantitative or observable. They should also be feasible and relate to the purpose of the grant and loan program.

6.2.4 Project Narrative

The narrative should 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. In describing what the project will achieve, tell if it also will have broader influence. The narrative should address the following points:

a. Document your ability to manage and service a revolving fund. The narrative may describe the systems that are in place for the full life cycle of a loan from loan origination through servicing. If a servicing contractor will service the loan portfolio, the arrangement and services provided must be discussed.

b. Show evidence of the availability of funds from sources other than the HWWS grant. Describe the contributions the project will receive from your organization, state agencies, local government, other federal agencies, non-government organizations, private industry, and individuals. The documentation should describe how the contributions will be used to pay your operational costs and provide financial assistance for projects.

c. Demonstrate that your organization has secured commitments of significant financial support from other funding sources.

d. List the fees and charges that borrowers will be assessed.

6.3 Work Plan

The 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 anticipated outcomes, goals, and objectives set out for the HWWS Program. Describe any unusual or unique features of the project such as innovations, reductions in cost or time, or extraordinary community involvement. The plan should:

a. Describe the work to be performed by each person.

b. Give a schedule or timetable of work to be done.

c. Show evidence of previous experience with the techniques to be used or their successful use by others.

d. Outline the loan program to include the following: specific loan purposes, a loan application process, priorities, borrower eligibility criteria, limitations, fees, interest rates, terms, and collateral requirements.

e. Provide a marketing plan.

f. Explain the mechanics of how you will transfer loan funds to the individual borrowers.

g. Describe follow-up or continuing activities that should occur after project completion such as monitoring and reporting borrowers' accomplishments.

h. Describe how the project results will be evaluated, in line with the project objectives.

i. List all personnel responsible for administering this program along with a statement of their qualifications and experience.

6.4 Budget and Budget Justification

Your budget will be reviewed for compliance with governing cost principles found in OMB Circular A-122, "Cost Principles for Non-Profit Organizations," and requirements in the HWWS regulation. Use the Form SF-424A, Budget Information – Non-Construction Programs, to show your budget cost elements. Also provide a narrative budget justification that describes how the categorical costs are derived for all capital and administrative expenditures, the matching contribution, and other sources of funds necessary to complete the project. Discuss the necessity, reasonableness, and allocability of the proposed costs.

The Form SF-424A summarizes resources as Federal and non-Federal funds and costs. "Federal" refers only to the HWWS grant. "Non-Federal" refers to resources from your organization, state agencies, local government, other federal agencies, non-government organizations, private industry, and individuals. These are the matching contributions. Both

Federal and non-Federal resources shall be detailed and justified in the budget and narrative justification.

The total costs requested in your budget will include allowable direct costs and allowable administrative costs (indirect costs). Costs charged to the grant must be allowable and consistently applied regardless of the source of funds.

Here are tips for completing the Form SF-424A.

6.4.1 Section A — Budget Summary

Enter on Line 1 under Column (a), "HWWS Program." In column (b) enter "10.862." Leave columns (c) and (d) blank. In columns (e), (f), and (g) enter the appropriate amounts of funds needed to support the project during the grant period. Lines 2 through 4 do not contain any information. On Line 5, show the totals for all columns used.

6.4.2 Section B — Budget Categories

In the column headings (1) through (4) enter titles of the program, functions, or activities of your project if necessary. Fill in the total requirements for funds (both Federal and non-Federal) by object class for each program, function, or activity.

Line 6a. Personnel. Enter the salary costs of all personnel dedicating effort to the project. The salary of secretarial or clerical staff should normally be treated as administrative costs. However, if the individuals involved can be specifically identified with the project or activity with a high degree of accuracy, then the costs may be a direct cost. In the budget justification, please be specific about the costs.

Line 6b. Fringe Benefits. These costs are allowable as a direct cost in proportion to the salary charged to the grant to the extent the payments are made under formal organizational policies.

Line 6c. Travel. Travel costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or a combination of the two. The costs must be consistent with established travel policies of the organization. The budget narrative should clearly state how the travel is related directly to the proposed project.

Line 6d. Equipment. Equipment is defined as an item of property that costs $5,000 or more (unless your organization has established lower levels), and it has an expected service life greater than one year. General purpose equipment should not be listed as a direct cost. Examples of this equipment include desktop computers, laptops, office equipment and furnishings, telephone networks, reproduction and printing equipment, and motor vehicles.

Line 6e. Supplies. Include only materials and supplies that will actually be used for the performance of the project.

Line 6f. Contractual. Enter the amount for services that will benefit the project. You must demonstrate that all procurement transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition. Recipients must justify any anticipated procurement action that is expected to be awarded without competition and exceed the simplified acquisition threshold fixed at 41 USC 403(11) (currently set at $100,000).

Line 6g. Construction. No construction costs are allowed.

Line 6h. Other. Include direct costs for other items that relate specifically to the performance of the project, but cannot, does not appear in other categories. Examples include advertisement, marketing, or publication costs for the program.

Line 6i. Total Direct Charges. Enter the sum of lines 6a-h.

Line 6j. Indirect Charges. Administrative costs are typically treated as "indirect" or "overhead costs." Indirect costs are costs that cannot be specifically identified with a single award, project, or service. These are costs that support all of an organization's programs, having been incurred for common or joint objectives. Indirect costs can be classified under four categories: (1) depreciation, (2) operation and maintenance (3) interest, and (4) general administration and general expenses.

Examples of this category include central offices, such as the director's office, the office of finance, business services, budget and planning, personnel, safety and risk management, general counsel, management information systems, and library costs. Other examples are payment of necessary and reasonable office expenses such as office rental, supplies, utilities, telephone services, and equipment. If you will use a servicing contractor, the fees may be reimbursed as an administrative expense as provided in 7 CFR 1776.13. These fees must be discussed in the budget narrative.

Note: The HWWS Program has a 10 percent cap to the administrative expenses that can be claimed for reimbursement under a grant. HWWS grant applicants or recipients cannot use a percentage of the grant or total project costs to calculate the reimbursable administrative expenses. You can use only a percentage of loans made during a calendar year. You must calculate 10 percent of loans made during a calendar year and limit their administrative expenses to the calculated amount. The HWWS grant period typically starts October 1. Most grant recipients perform start-up activities during the first quarter of the grant when no loans may be made as they market the program. Without loans, the administrative expenses will not be reimbursed with HWWS grant funds.

If you have an indirect cost rate approved by the Department of Agriculture or another cognizant Federal agency, enclose a copy of the current rate agreement. If you are in the process of initially developing or renegotiating a rate, you must submit your indirect cost proposal to the cognizant agency immediately after you are advised that an award will be made. In no event, shall the indirect cost proposal be submitted later than three months after

the effective date of the award. Consult OMB Circular A-122 for information about indirect costs.

Line 7. Program Income. Enter the estimated amount of income, if any, expected to be generated from this project.

6.4.3 Section C—Non-Federal Resources

Enter amounts of matching funds and other non-Federal resources that will be used on the grant according to the sources in columns (b) through (d).

6.4.4 Section D—Forecasted Cash Needs

Enter the amount of cash needed by quarter during the first year:

On Line 13, from RUS.

On Line 14, from all other sources.

6.4.5 Section E—Budget Estimates of Federal Funds Needed for Balance of the Project.

This section should not be filled in since the HWWS Program is expected to be completed in 12 months.

6.5 Required Information Not Found on Standard Application Forms

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

6.5.1 Evidence of Legal Existence

Provide satisfactory documentation that your organization is legally recognized under state and Federal law as a private non-profit organization. The documentation also must show that you have the authority to enter into a grant agreement with the Rural Utilities Service and to perform the activities proposed under the grant application. Satisfactory documentation includes, but is not limited to, 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. Letters from the Internal Revenue Service awarding tax-exempt status are not considered adequate evidence.

6.5.2 List of Directors and Officers

Submit a certified list of directors and officers with their respective terms.

6.5.3 IRS Tax Exempt Status

Submit evidence of tax exempt status from the Internal Revenue Service.

6.5.4 Financial Information and Sustainability

Submit the following financial statements:

- Pro forma balance sheets, income statements, and cash flow statements for the last three years and projections for three years.
- The most recent audit of your organization.

If your organization has been formed less than three years, the financial statements should be submitted for the periods from inception to the present.

6.6 Optional Information Not Found on Standard Application Forms

You may present additional information to support and describe your plan for achieving the grant objectives. The information may be regarded as essential for understanding and evaluating the project such as letters of support, resolutions, policies, etc. The supplements may be presented in appendices to the proposal.

Section 7: Evaluation Criteria

7.1 Scoring

Grant applications that are complete and eligible will be scored competitively based on scoring criteria in the chart on page 21.

7.2 Possible RUS Actions on the Application

RUS may determine that your application is:

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

	Scoring Criteria	Points
1	Degree of expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.	Up to 30 points
2	Degree of expertise and successful experience in making and servicing loans to individuals.	Up to 20 points
3	Percentage of applicant contributions. Points allowed under this paragraph will be based on written evidence of the availability of funds from sources other than the proceeds of a HWWS 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 HWWS grant and points corresponding to such percentages are as follows:	
	(a) 0 to 9 percent	ineligible
	(b) 10 to 25 percent	5 points
	(c) 26 to 30 percent	10 points
	(d) 31 to 50 percent	15 points
	(e) 51 percent or more	20 points
4	Extent to which the work plan demonstrates a well thought out, comprehensive approach to accomplishing the objectives of this part, clearly defines who will be served by the project, and appears likely to be sustainable.	Up to 20 points
5	Extent to which the goals and objectives are clearly defined, tied to the need as defined in the Needs Assessment, and are measurable.	Up to 15 points
6	Lowest ratio of projected administrative expenses to loans advanced.	Up to 10 points
7	**Administrator's discretion, taking into consideration such factors as:** **Creative outreach ideas for marketing HWWS loans to rural residents; factors include:** **1. Directs loans to rural areas where according to the American Community Survey data by census tracts show that at least 20 percent of the population is living in poverty. This emphasis will support Rural Devel- opment's goal of providing 20 percent of its funding by 2016 to these areas of need.** **2. Directs loans to areas that lack running water, flush toilets, and modern sewage disposal systems, and areas that have open sewers and high rates of disease caused by poor sanitation, in particular, colonias or Substantially Underserved Trust Areas.** **3. Directs loans to areas stricken by drought.**	Up to 10 points

7.3 Review Standards

a. Incomplete applications as of the deadline for submission will not be considered. If an application is determined to be incomplete, the applicant will be notified in writing and the application will be returned with no further action.

b. Ineligible applications will be returned to the applicant with an explanation.

c. Complete, eligible applications will be evaluated competitively by a review team, composed of at least two RUS employees selected from the Water and Environmental Programs. They will make overall recommendations based on the program elements found in 7 CFR 1776 and the review criteria presented in this guide. They will award points as described in the scoring criteria in 7 CFR 1776.9 and this notice. Each application will receive a score based on the averages of the reviewers' scores and discretionary points awarded by the Administrator of the Rural Utilities Service.

d. Applications will be ranked and grants awarded in order until all grant funds are expended.

e. Regardless of the score an application receives, if RUS determines that the project is technically infeasible, RUS will notify the applicant, in writing, and the application will be returned with no further action.

Section 8: Award Administration Information

8.1 Award Notices

RUS will notify a successful applicant by an award letter accompanied by a grant agreement. The grant agreement will contain the terms and conditions for the grant. The applicant must execute and return the grant agreement, accompanied by any additional items required by the award letter or grant agreement.

8.2 Administrative and National Policy Requirements

This notice, the 7 CFR 1776, and Household Water Well System Grant Program Application Guide implement appropriate administrative and national policy requirements. Grant recipients are subject to the requirements in 7 CFR 1776.

8.3 Faith-based Organizations

Direct Federal grants, sub-award funds, or contracts under the HWWS Program shall not be used to fund inherently religious activities, such as worship, religious instruction, or proselytization. Therefore, organizations that receive direct USDA assistance should take steps to separate, in time or location, their inherently religious activities from the services funded under the HWWS Program. USDA regulations pertaining to the Equal Treatment for

Faith-based Organizations, which includes the prohibition against Federal funding of inherently religious activities, can be found either at the USDA web site at http://www.usda.gov/wps/portal/usda/usdahome?navid=FBNP_POLICY

8.4 Appeals Process

In accordance with 7 CFR part 1900, subpart B, you generally have the right to appeal adverse decisions. Some adverse decisions cannot be appealed. For example, if you are denied RUS funding due to a lack of funds available for the grant program, this decision cannot be appealed.

However, you may make a request to the National Appeals Division (NAD) for a determination of the appealability of a specific adverse decision. The appeal must be in writing and filed at the appropriate Regional Office, which can be found at http://www.nad.usda.gov/ by calling (703) 305-1166.

8.5 Reporting

8.5.1 Performance Reporting

All recipients of HWWS Grant Program financial assistance must provide quarterly performance activity reports to RUS until the project is complete and the funds are expended. A final performance report is also required. The final report may serve as the last annual report. The final report must include an evaluation of the success of the project.

8.5.2 Financial Reporting

All recipients of Household Water Well System Grant Program financial assistance must provide an annual audit, beginning with the first year a portion of the financial assistance is expended. The grantee will provide an audit report or financial statements as follows:

a. Grantees expending $500,000 or more Federal funds per fiscal year will submit an audit conducted in accordance with OMB Circular A-133. The audit will be submitted within 9 months after the grantee's fiscal year. Additional audits may be required if the project period covers more than one fiscal year.

b. Grantees expending less than $500,000 will provide annual financial statements covering the grant period, consisting of the organization's statement of income and expense and balance sheet signed by an appropriate official of the organization. Financial statements will be submitted within 90 days after the grantee's fiscal year.

Section 9: Agency Contacts

For information on the HWWS Grant Program, the following resources are available:

a. Web site: http://www.usda.gov/rus/water.

b. Telephone: 202-720-9589.

c. Fax: 202-690-0649.

d. Main point of contact:

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Revised 02/18/2015)
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s/d: grand processing/FY2015/HWWSGuidelines for 2015