

# The USDA Water and Waste Disposal OneRD Program

A Comprehensive Overview





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The United States Department of Agriculture (USDA) Water and Waste Disposal (WWD) One RD Program is designed to improve water distribution and waste collection infrastructure in rural America. This program, streamlined under the OneRD Guarantee Loan Initiative, offers vital support to rural communities, helping them access clean, reliable water, and efficient waste disposal systems.

Meeting the needs of rural water and sewer customers, the USDA Water and Waste Disposal Guaranteed Loan Program provides industry-specific financing to a variety of utility provider types.

The purpose of this whitepaper is to explore the USDA Water and Waste Disposal program's parameters, highlights, application process, and examples of successful funding projects.

## What Types of Projects Qualify?

A wide variety of projects outlined below are eligible. The WWD program offers a variety of funding options, including long-term, low-interest loans, and when available, grants to keep user costs reasonable. This flexibility allows communities and utility providers to choose the most suitable financial solution for their needs.

Funds can be used for various purposes, including:

- 💧 Water systems (community water supply systems, water treatment plants, water storage facilities, water distribution networks)
- 💧 Sanitary sewage collection, transmission, treatment, and disposal
- 💧 Stormwater collection, transmission, and disposal
- 💧 Stormwater management (drainage systems, flood control structures, green infrastructure projects)
- 💧 Capacity contracts
- 💧 Refinance, and more, serving residential homes, businesses, and Indian tribes

## Eligibility

The WWD program caters to a broad range of applicants, including most state and local governmental entities, private nonprofits, and federally recognized tribes. The program prioritizes communities with limited access to commercial credit and those facing significant public health or environmental challenges.

## What Constitutes A Rural Area?

USDA eligible rural areas are those with less than 50,000 in population and not contiguous with another populated area, based on the most recent census. This targeted approach ensures that the program reaches communities most in need of infrastructure development.



>50,000  
in population size

**WWD**  
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communities with  
limited access to  
commercial credit

# GENERAL TERMS

Loan ranges of \$1MM to \$50MM

Maximum loan term of 40 years

Fixed or variable rates

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## QUALIFIED APPLICANTS

- Public bodies
  - Cities, Towns, or Counties
  - Special Utility Districts
  - Municipal Utility Districts
- Federally recognized tribes
- Non-profit organizations
  - Water Supply Corporations

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## USE OF PROCEEDS

- Construction or improvement of facilities for drinking water, sanitary sewers, solid waste disposal, and storm water disposal
- Equipment purchases for system enhancements to improve efficiency
- Certain lender, legal, and engineering fees, initial operating expenses for new entities, capitalized interest, and the purchase of existing facilities to prevent loss of service
- Pre-development expenses
- Refinancing options to increase debt capacity
- Capacity Purchase Contracts

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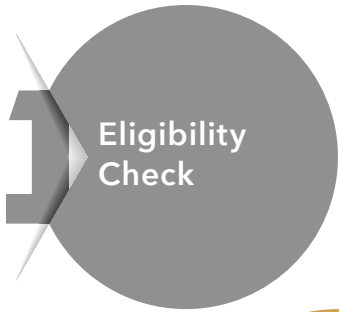
## OTHER BENEFITS

- 100% financing for qualified projects
- Extended loan terms
- Construction financing available
- Federal guarantee could provide 1926(b) protection
- No required agency engineering reviews



# Application Process Through XRC

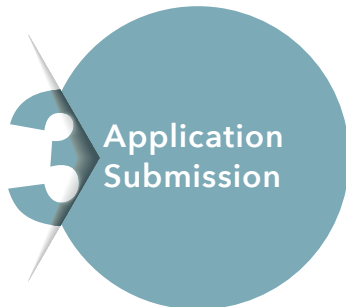
The Water and Waste Disposal OneRD Program operates through a structured process designed to support rural communities effectively. Here's an overview of the process.



Applicants must first ensure they meet the program's eligibility criteria, including location requirements and financial need. XRC will provide a preliminary eligibility determination after internal project review.



Applicants must provide comprehensive documentation, including legal authority to construct and operate facilities, proof of financial sustainability, and detailed project plans. XRC will collect this information which will be used in loan underwriting and internal approval by XRC and the USDA.



Applications submitted to the USDA by XRC are accepted year-round and can be filed electronically.



USDA Rural Development staff review applications, assessing the project's feasibility, financial viability, and alignment with program goals.



Once funding is approved, the community can proceed with project implementation. This typically involves acquiring necessary permits and rights, conducting engineering and environmental studies (if used for pre-development), constructing or improving facilities, and ongoing monitoring and reporting to ensure compliance with program requirements.

## Funding Types

The program primarily offers two types of funding. The first is a long-term, low-interest loan with up to 40-year payback periods, based on the useful life of the financed facilities. The second option is a grant. When available, grants may be combined with loans to keep user costs reasonable for financially distressed communities.

## Advantages of a Guaranteed Lender Over a USDA Direct Loan Benefits and Considerations:

Guaranteed lenders play an important role in facilitating access to the Water and Waste Disposal OneRD Program. They often employ former USDA employed lending experts who have a strong knowledge and understanding of the process and who have spent part of their careers working for USDA.

Working with a licensed guaranteed lender offers several advantages for borrowers seeking financial assistance. Licensed guaranteed lenders manage the entire loan process in-house, from application to funding, which often results in a more streamlined and efficient experience. This approach typically leads to faster approval times and quicker access to funds, which can be crucial for businesses or individuals facing time-sensitive financial needs.

Having strong USDA experience allows them to navigate the complex regulatory landscape more effectively, providing valuable insights to borrowers throughout the application and approval process. Their deep understanding of USDA requirements and procedures can help streamline the loan process, potentially reducing delays and improving the chances of approval.

Licensed guaranteed lenders often provide more personalized service. The ability to communicate directly with decision-makers can also lead to more tailored loan terms and conditions that better suit the borrower's specific needs.

Furthermore, licensed guaranteed lenders with a focus on rural development often offer a range of complementary financial products that can be paired with USDA loans when appropriate for the project being financed. This ability to provide comprehensive financial solutions allows them to tailor funding packages that address the unique needs of rural utility providers and communities. By combining USDA guarantees with other financial instruments, these lenders can often create more flexible and advantageous terms for borrowers, maximizing the impact of available funding sources and supporting the long-term success of rural development initiatives.

# The Impact of the Water and Waste Disposal OneRD Program

The Water and Waste Disposal OneRD Program has had a significant positive impact on rural communities across the United States. By providing access to clean water and efficient waste disposal systems, the program contributes to:



**IMPROVED PUBLIC HEALTH** Access to clean water and proper sanitation significantly reduces the risk of waterborne diseases and improves overall community health.



**ENVIRONMENTAL PROTECTION** Modern waste management systems help preserve local ecosystems, protect groundwater, and reduce pollution in rural areas.



**ECONOMIC DEVELOPMENT** Reliable, affordable, water and waste infrastructure are crucial for attracting businesses and supporting economic growth in rural communities.



**QUALITY OF LIFE** Improved water and waste services enhance the overall quality of life for rural residents, making communities more attractive places to live and work.

## WWD Projects in Action

PROJECT	LOAN AMOUNT	LOAN TYPE	FUNDS USE	STATE
Woodruff-Roebuck Water District	\$1.1MM	New Construction	Pump Station	South Carolina
Inman-Campobello Water District	\$1MM	Equipment Purchase	Meter Modernization	South Carolina
Green Valley Special Utility District	\$1.9MM	Acquisition	Capacity Expansion	Texas
Virginia Hill Water Supply Corporation	\$2.1MM	New Construction	Water Tower	Texas
Johnson Cty. Special Utility District	\$3.4MM	New Construction	Storage Tank & Piping	Texas
Jonah Water District	\$4MM	New Construction	Storage Tank	Texas



## Challenges and Considerations

The USDA OneRD program offers significant benefits for those seeking funding. However, the application process is detailed, requiring substantial documentation and expertise.

Projects funded through this program typically involve long-term loans, which can provide stable financing for rural communities. This long-term commitment fosters careful financial planning and management, ultimately contributing to the sustainability of the projects. Furthermore, funded initiatives must comply with various federal, state, and local regulations, which adds an important layer of oversight to ensure project integrity and community benefit.

These considerations underscore the advantages of working with a commercial lender, as they often possess specialized knowledge and experience in USDA programs. Licensed guaranteed lenders can offer valuable support throughout the application process by guiding borrowers through documentation and regulatory requirements, helping to streamline procedures and enhance the likelihood of project approval. Overall, the OneRD program presents valuable opportunities for rural communities, as its benefits play a crucial role in advancing essential infrastructure and fostering economic development initiatives.

## Future Outlook

The Water and Waste Disposal OneRD Program continues to evolve to meet the changing needs of rural America. Future trends and developments may include:

### **Increased Focus on Sustainability**

Growing emphasis on environmentally sustainable solutions in water and waste management.

### **Technology Integration**

Incorporation of smart technologies and data-driven solutions to improve system efficiency and management.

### **Automation**

Greater attention to developing infrastructure that can withstand the impacts of climate change.

### **Public-Private Partnership**

The USDA Water and Waste Development OneRD Program plays a vital role in improving the quality of life and economic prospects of rural America. By providing essential funding for water and waste infrastructure, the program addresses critical needs in communities that might otherwise struggle to access such resources.

For rural communities considering water and waste infrastructure projects, the Water and Waste Disposal OneRD Program, offers a valuable opportunity to build resilient, sustainable, and thriving communities for generations to come.



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