TESTIMONY OF
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EAST RIO HONDO WATER SUPPLY CORPORATION, RIO HONDO, TEXAS
ON BEHALF OF
THE TEXAS RURAL WATER ASSOCIATION
AND
THE NATIONAL RURAL WATER ASSOCIATION
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON AGRICULTURE
"The State of Infrastructure in Rural America"
July 19, 2017

Good morning Chairman Conaway, Ranking Member Peterson and Members of the Committee. It is an honor to testify before you on the drinking water and wastewater infrastructure needs and concerns for rural America. I am proud to represent the many rural water and wastewater utility systems across America in sincerely thanking this Committee for your long support of the Department of Agriculture's (USDA) Rural Development water programs that have lifted up the quality of life for so many of the residents in my home state of Texas and throughout this great nation.

I am Brian Macmanus and I serve as the General Manager of the East Rio Hondo Water Supply Corporation (**ERHWSC**). I am a licensed engineer and water and wastewater treatment operator in the State of Texas. ERHWSC was incorporated in 1972 and began construction of our first pipelines in 1979 when ERHWSC closed our first Farmers Home Administration loan of $1,100,800 in order to serve 975 customers. Since our inception, we have expanded our water service and started wastewater service using additional funding assistance from the United States Department of Agriculture (USDA) (see Attachment "B"). ERHWSC now directly serves approximately 24,000 residents in Cameron and Willacy Counties, and wholesales potable water to an additional 1,816 people through the U.S. Immigration Customs Enforcement, Port Isabel Detention Center, the Town of Indian Lake, and to a portion of Military Highway Water Supply Corporation, all within a 407 square mile service area.

I come before this Committee representing the Texas Rural Water Association which is a state affiliate of the National Rural Water Association. The National Rural Water Association (NRWA) is a water utility organization with over 31,000 community members. Our member communities have the very important public responsibility of complying with all applicable regulations and for supplying the public with safe drinking water and sanitation every second of every day. Most all water supplies in the United States are small; 94% of the country's 51,651 drinking water supplies serve communities with fewer than 10,000 persons, and 80% of the country's 16,255 wastewater supplies serve fewer than 10,000 persons. In my home state of Texas, the national trend continues as there are presently 4,310 community water systems that have a population under 10,000 people, representing 93% of the water systems in the state.

I am here today to testify on the water and wastewater infrastructure needs of rural America. I believe it is important in my testimony today that I identify to the average American who lives in

an urban or suburban setting why it is important to invest our United States federal budget dollars in the water and wastewater infrastructure of rural America. I know that the Members of this Committee are very familiar with the fact that our country's food, fuel, and fiber come primarily from rural America. The people in communities producing the food, fuel, and fiber depend on safe and clean water to maintain their health and their community's economy, no differently that most Americans. Let's take it a step further though on why the average American citizen should care about investing in safe drinking water in rural America.

The United States currently enjoys the safest most affordable food supply of any industrialized country in the modern world. This is due, in a large part, to the efforts of past and present members of this Committee and we wish to thank you for this tremendous achievement. A huge part of this achievement was past investment in the rural water infrastructure to produce safe drinking water and properly treated wastewater in rural America. Imagine consuming fruits and vegetables that were processed at packaging facilities in rural America, typically not far from where they are harvested, that were washed in water from an unsafe potable water supply. The potential resulting food borne outbreak could endanger the health and lives of many people in the more populated centers of our country. Fortunately, each of us can follow the USDA My Plate nutrition guidelines and make half of our plate fruit and vegetables, and do so in confidence because our fruits and vegetables were washed with clean potable water in rural American packaging facilities and again at our homes to prevent the spread of parasitic organisms such as E-coli. This clean potable water used to wash them did not show up on its own. In rural America, it was likely provided via USDA water and wastewater loans and grants.

There is a saying in the water and wastewater industry, that a certain product rolls down hill. This stands true for any community in America, including rural communities, that discharge treated wastewater into our rivers and streams. Their wastewater is likely the drinking water source for the next community downstream, which could easily be an urban center. Sufficient wastewater treatment is critical to maintain the safety of the drinking water source. I hope I have your attention on the critical need to sustain the infrastructure for our water and wastewater systems in rural America.

One other point which I will cover in more detail later in this testimony is that suburban America is now growing into what today is rural America. We have all seen the subdivisions occurring in areas that were previously farms, ranches, and forests. Growing rural America on the outskirts of population centers is a key component of the American economy growing again, and having water and wastewater infrastructure available to handle new growth is critical for the financial viability of these potential developments.

When thinking about national water infrastructure proposals, I ask you to reflect on my previous statement of facts that ***most*** water utilities are small. These small systems have more difficulty affording public water service due to lack of population density and lack of economies of scale. My utility, ERHWSC, is a prime example of this lack of economy of scale with approximately 7,850 connections being served by 466 miles of pipe which equates to 16.8 connections per mile of pipe. This concentration is considered high for some rural systems, yet large urban centers can have hundreds of equivalent connections per mile of pipe, depending upon their density.

The small community paradox in federal water policy is that while we supply water to a minority of the country’s population, we have much more difficulty providing safe, affordable drinking water and sanitation due to limited resources and technical expertise. Also, while we have fewer resources, we are regulated in the exact same manner as a large community; we

outnumber large communities by a magnitude of 10-fold, and federal compliance and water service is often a much higher cost per household. As a prime example of this, ERHWSC has constructed an ultra-violet (UV) light disinfection treatment process at our surface water treatment plant, to maintain compliance with USEPA log removal requirements for the parasite cryptosporidium, which was detected in our raw water source. This project cost ERHWSC approximately $1.5 million in capital construction, or $191 for each and every member (connection) in our system. Much larger urban utilities would be able to more affordably spread this cost over a much larger customer base. USDA funding made this project affordable for the rate payers in ERHWSC.

A great man named Billie Joe Simpson was the founder of ERHWSC and my predecessor until his passing in 2013. He told me shortly before his death that he could not believe what ERHWSC had grown into and what an impact it had created upon the local rural economy. ERHWSC was truly a rural community of farmers, ranchers, rural residents, and colonia residents when Billie Joe and his wife Martha Ann applied to USDA for our first project. The enormous cost to start a water system over such vast rural areas was not a possibility without the grants, low interest loans, and long loan terms of 40 years that USDA funding made possible. This story of small beginnings and huge results repeats itself, although with different demographics, over and over again throughout our great country. The continued development of growing rural America is a strong stimulus to our nation's economy. The USDA rural water and wastewater loan and grant program is what continues to make growth and compliance projects like ERHWSC's UV light disinfection system truly affordable to rural America.

The dollar value of the current infrastructure needs for water and wastewater in rural America can be tied directly to the USDA rural water application backlog of $**2.5 billion with 995 pending applications**. I can tell you from first hand discussions with other water and wastewater utility managers in Texas, this number is artificially low because many utilities fall into noncompliance with regulatory requirements while waiting, sometimes for years, for closure on the funding process. As you can see in Attachment "B", ERHWSC currently has an application pending for $4,454,238.00 for a new 1,000,000-gallon elevated water storage tank. The backlog of pending applications truly represents my utility and rural and small community water infrastructure projects throughout the country that can’t access alternative affordable sources of funding.

In 2017, there are rural communities in the country that still do not have access to safe drinking water or sanitation due to the lack of population density or lack of funding – many in rural Texas. Just this past week, my colleague Finley Barnett, the General Manager of S.U.N. Water Supply Corporation in Merkel, Texas, told me how dependent he was on affordable USDA funding for the expansion of his system to serve 300 rural residents whose wells had recently gone dry. Each day, there are numerous rural families driving their pick-up trucks to central filling stations to fill up large plastic storage containers to “haul” the water back to their remote and isolated homes, farms, and ranches. Included with my written testimony are just a few of many recent news profiles of communities that lack basic drinking water access (Attachment "A"). My water utility and our rural water association's mission has been to expand water service to these communities and rural areas – often for the first time. The delivery of drinking water and sanitation to rural America has been one of the great public health accomplishments of the second half of the twenty-first century.

Over the last 73 years, through the combined financial assistance of the U.S. Department of Agriculture’s rural water grant and loan initiative (exceeding $50 billion), the country has made great advancements in the standard of living in rural America. Millions of rural Americans now

have access to safe potable drinking water that their parents did not have. I personally hauled bottled drinking water to my home in five-gallon bottles due to salty groundwater until 2009 when ERHWSC laid a new pipeline to me and my neighbors on our rural road. My next-farm-over neighbors, Richard and Cheryl Johnson, were ecstatic to have safe potable water from ERHWSC as they had both been previously hospitalized with gastrointestinal disease due to fecal contamination of their well from their septic tank. Thousands of rural communities now have public sanitary wastewater systems that have allowed for elimination of millions of questionable septic tanks, cess-pools, straight pipes, or worse. This rural water infrastructure development has been the engine of economic development in rural communities, and it has provided for dramatic improvements to the environment and public health.

As an example of the key role that USDA rural water grant and loan initiative plays in the development of rural systems and the economy of communities they serve, please reference the loan and grant portfolio which ERHWSC has generated since its beginnings (see Attachment "B"). As noted above, without the total grant funds and affordable loans provided to ERHWSC via USDA funding, rural Cameron and Willacy Counties would never have seen the development of a potable water system. The farmers, ranchers, rural and colonia residents in ERHWSC's service area were utilizing high iron and brackish, non-potable wells, shallow wells contaminated by fecal coliform (like Richard and Cheryl Johnson), or raw or partially treated Rio Grande River water contaminated with wastewater discharges from upstream in Mexico. These south Texans, with at times completely inadequate water infrastructure, would never have been able to afford a potable water system without the collective community efforts made possible via USDA funding. USDA funds for water and wastewater infrastructure are critical to the affordability of continuing this life-critical service.

Rural America faces a significant dichotomy today. Some rural areas and particularly the Great Plains are depopulating because of changing factors in predominantly agriculture economies where farms are larger and farmers are fewer. A decreasing customer base makes financing projects mandated by continually growing regulations a difficult if not unaffordable task. In Texas, many towns and counties in far West Texas struggle to overcome depopulation. Other rural communities are challenged with areas of rapid growth where populations from nearby urban and suburban growth centers are moving to locales of what used to be farms, forests, and ranches. It seems at times that everyone wants a little piece of the calmness of the country in rural America after the wear and tear of work in suburban/urban America. Rural system infrastructure that is prepared and capable of growing affordably with new arrivals from neighboring population centers is critical for this stimulus in our national economy to occur. In Texas this too is occurring in the area called the Texas Triangle between Houston, Dallas-Fort Worth, and San Antonio. My good friend Chris Boyd, General Manager of Mustang Special Utility District, struggles to keep up with capital infrastructure in Collin County, Texas, 50 miles north of Fort Worth, in an area that is quickly changing from farms to subdivisions. Maintaining affordable water and wastewater rates via USDA capital project funding is critical for both spectrums of our rural American economy.

Just how much water and wastewater infrastructure demand is there today? Every four years, EPA works with states and community water systems to estimate the drinking water state revolving fund-eligible needs of community drinking water systems by state. In 2011, EPA published their fifth national assessment of public water system infrastructure needs and it showed a total twenty-year capital improvement need of $384.2 billion. This estimate represents infrastructure projects necessary from January 1, 2011, through December 31, 2030, or an average of **$19.21 billion per year**, for water systems to continue to provide safe drinking water to the public. EPA's Clean Watersheds Needs Survey (CWNS) is an assessment of

capital investment needed nationwide for publicly-owned wastewater collection and treatment facilities to meet the water quality goals of the Clean Water Act. These capital investment needs are reported periodically to Congress. EPA's 2012 CWNS Report was the sixteenth survey since the enactment of the CWA in 1972 which requires the Report. The total capital wastewater and collection needs for the nation are $245.8 billion over the next 5 years, or an average of **$49.16 billion per year** as of January 1, 2012. This includes capital needs for publicly-owned wastewater pipes and treatment facilities ($197.8 billion), and combined sewer overflow (CSO) corrections ($48.0 billion).

President Trump has made improving the country's infrastructure, including water and wastewater, a priority. NRWA is extremely grateful for this prioritization and excited about the potential for rural America. However, despite my testimony to the critical nature of this funding in rural America, my main point here today is to tell you that rural and small town America is being overlooked in the proposed process to develop the funds for new water and wastewater infrastructure initiatives. The funding as currently proposed to partially occur through the USEPA's State Revolving Loan process will by-pass rural America and be absorbed by large metropolitan water developments.

Most of the funding for rural American's water and wastewater development has come from the U.S. Department of Agriculture's (USDA) rural water grant and loan initiative because it targets communities who are most in need based on economics and water quality. Most of the EPA water infrastructure funding is dedicated to larger communities because EPA does not require a similar needs-based criteria.

- Approximately 77 percent of Clean Water State Revolving Fund (CWSRF) funding for fiscal year 2015 were awarded to communities with a population over 10,000 (EPA Clean Water State Revolving Fund Annual Review).

  Approximately 72 percent of Drinking Water State Revolving Fund (DWSRF) funding for fiscal year 2016 were awarded to communities with a population over 10,000 (EPA Drinking Water State Revolving Fund National Information Management System Reports).

My water system's experience in applying for DWSRF funding is that ERHWSC's applications have historically been ranked insufficiently to receive funding. The normal annual funding is usually consumed by the top projects ranked at the very top of a list of hundreds of applicants in Texas alone, and large municipal projects take very large percentages of the funding. Although ERHWSC has received DWSRF funding on one project recently, it was only due to ranking in the top 10 in the state, due to potential emergency water outages brought on by drought conditions. All other ERHWSC applications for DWSRF funding have not scored high enough on the state ranking to receive funding. ERHWSC's preferred funding avenue for water and wastewater infrastructure projects is the USDA-Rural Development Direct Loan and Grant Program.

If forced to choose, NRWA would prefer the USDA water and wastewater loan and grant program over DWSRF, although both can provide significant benefit. The USDA water and wastewater loan and grant program has been the historical solution for small and rural water infrastructure needs and is largely responsible for the success of delivering water and sanitation to almost every corner of rural America. Since fiscal year 1940 USDA's Water Program has made **96,724 loans and grants** totaling **$54.6 billion.** This is perhaps the most discriminating

assessment of need because it only measures rural and small community projects that meet USDA strict criterion for need-based high cost per household and local economic conditions.

To make sure any water infrastructure initiative helps rural and small town America, NRWA urges Congress to consider the following global policy principles - and observations - based on their merit:

1. A minimum portion of the infrastructure initiative funds should be specifically set-aside for small and rural communities, regardless of how the funding is established. This ensures that small and rural communities are not left out of the solution.

2. Allow infrastructure funds some ability to provide grants – not just loans. Commonly, low income communities do not have the ability to pay back a loan, even with very low interest rates, and require some portion of grant or principal forgiveness funding to make a project affordable to the ratepayers.

3. A small percentage of water funding programs should be set-aside for experienced non-profit entities to provide specific technical assistance in completing the applications for water and wastewater infrastructure funding. Small communities often lack the technical and administrative resources to achieve compliance and complete the necessary applications to access the federal funding programs. Providing these small communities and the funding agency with shared technical resources can expedite loan closing and construction of facilities. This assistance can save thousands of dollars for the community and help the systems maintain long-term compliance with EPA rules by expediting the loan process.

4. Federal water funding programs should be used to ameliorate compliance with federal unfunded mandates or standards. Currently, the Safe Drinking Water Act and Clean Water Act are creating a tremendous financial burden on small and rural communities. Federal compliance costs for the federal drinking water rules, many for naturally occurring elements in groundwater, can be exorbitant. The U.S. Environmental Protection Agency's (EPA) most recent noncompliance reporting data, via the Government Performance and Results Act, shows that for drinking water regulations 9,949 communities are in noncompliance; most all of these communities are simply struggling to achieve federal compliance and avoid fines.

- EPA lists 444 communities in violation of the arsenic standard; all have a population of fewer than 25,000 persons; 98% have a population of fewer than 10,000 persons; and 85% have populations under 1,000 persons.
- EPA lists 1,374 communities in violation for the most recent disinfection byproducts rule; 1,310 have a population of fewer than 25,000 persons; and 94% have a population of fewer than 10,000 persons.
- EPA lists 76 communities in violation for naturally occurring fluoride in their drinking water; all but 2 of these communities have a population of fewer than 10,000 persons; and 80% of these communities have a population of fewer than 500 persons.

5. Local communities have an obligation to pay for their water infrastructure and the federal government should only subsidize water infrastructure when the local community can't afford it and there is a compelling federal interest such as public health. The USDA water infrastructure program contains this needs-based criterion. USDA calls this the "credit elsewhere" criterion and it is unique to USDA's funding.

As you are aware, Texas is one of the four border states that serve colonias. ERHWSC is one of many rural water and wastewater systems that has benefitted from USDA infrastructure funds to remedy the deplorable conditions that exist in these low-income communities. Colonias are often in unincorporated areas, which unfortunately are similar to some Tribal areas, and lack some of the most basic necessities such as potable water and functional sewer systems, without municipal jurisdiction for development or zoning. ERHWSC and many rural water supply corporations along the border are prime examples of how a regional rural water utility can provide the capacity with USDA capital low interest loans and grants to relieve the squalid conditions that exist in these communities. NRWA encourages the availability of affordable colonia specific funding sources as part of the infrastructure package.

NRWA provides the following conceptual changes specifically to USDA water and wastewater loan and grant funding to the Committee for consideration:

1. Provide the Secretary with the authority to use a small percentage of the funding made available for the Rural Development programs to contract with private non-profits with demonstrated experience to conduct non-inherent government activities and functions necessary to deliver and service the Rural Utilities Service Water and Waste Water Disposal loan and grant programs. The application process to access USDA water and wastewater infrastructure funding can easily overwhelm the small and rural communities who often lack the capacity to administer and deliver the items required in the lengthy application process. The current application form (see Attachment "C") requires an applicant or the applicants engineer or attorney to complete **90** separate checklist items before beginning construction on a project. The back and forth corrections between the applicant and USDA in completing this checklist can often take months and sometimes years. This impediment is compounded by the recent reduction of over 1,000 Rural Development program staff and office locations that can assist applications with the process. NRWA has identified over 40 loan processing and servicing functions and activities that can be performed by non-governmental third party entities. The inherent government activities would still be performed by federal employees. Assistance could include but not limited to preparing the application with all required documentation (audits, environmental report, preliminary engineering report, etc.). Direct assistance could also be performed for preconstruction requirements, closing review, Buy America compliance, construction inspection, rate studies, budget preparation, warranty inspection, addressing letter of conditions, drafting emergency response plans and other activities as needed. Assistance to the applicants in all of the applicant checklist requirements would greatly expedite the process of capital delivery for construction purposes. My personal experience at ERHWSC regarding the loan processing timeframe from application to closing is that it can take years. The assistance of experienced private non-profits to manage and expedite this process would be a welcome occurrence in rural America.

2. Allow the Secretary the flexibility or waiver authority to exceed the current population ceiling of 10,000 for the Rural Development Water and Wastewater Direct Loan and Grant Programs will also help many rural communities. With the changing demographics in Rural America, we believe that providing the Secretary flexibility to assist these communities that are still experiencing economic hardship would be beneficial. The Committee could limit this authority to areas that are rural in character; provide a demonstrated need for financial assistance; demonstrate the ability to complete construction within a reasonable time frame; and demonstrate they cannot afford commercial credit at the prevailing rates and terms.

3. Allow the Secretary the flexibility or waiver authority to increase the Water and Waste Water Guaranteed Loan Program to a much higher population ceiling, for example 50,000,

would be a benefit to higher populated communities that don't need the subsidized loan or grant funding. This program currently has a positive subsidy of only .48 percent. This program has been vastly under-utilized, for example, in FY 2016, only four guaranteed loans were obligated that totaled $7,118,000. This change would stimulate private capital at minimal cost to the federal government.

4. Allow the interest on these federally guaranteed water, wastewater, and essential community facilities loans to be tax exempt. This modification would generate increased affordable financing options for rural communities including increasing the lending authority and activity of rural banks, allowing for longer loan terms, reduced interest rates as well as improving the marketability of the loans on the secondary market. The utilization of these guaranteed programs would increase while simultaneously reducing the current backlog.

Thank you Chairman Conaway, Ranking Member Peterson, and Members of the Committee for allowing me to testify. I would be happy to answers any questions that you may have at this time.

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WORK EXPERIENCE

General Manager - East Rio Hondo Water Supply Corporation (ERHWSC), Jul 2013 – Present. Formally responsible for all aspects of potable water and wastewater utility serving 7850 direct water connections and 3 wholesale accounts with 1816 additional retail connections and 260 wastewater connections with a total managed asset value of $50,776,000. Responsibilities encompass all operations, subdivision growth, capital projects, engineering, financial, legal, administrative, and political interactions, as well as interaction with the Board of Directors.

Director of Water and Wastewater – ERHWSC, Jan 2000 - Jul 2013. Managed operations, design, development, and construction activities, as well as various legal and administrative responsibilities for ERHWSC. Projects managed encompassed design review, financing arrangements, and construction engineering. Projects included water tower & tank construction & repair, distribution trunk lines (16" & 12"), 2.0 MGD regional reverse osmosis plant design construction and operation, Systemwide SCADA system, 8.0 MGD surface water treatment plant design construction and operation, water rights acquisition, and numerous minor plant and distribution repairs and upgrades. Planned regional wastewater collection and treatment system starting with colonia grant funding. Capital improvement projects managed totaled nearly $20 million. Oversaw merger process of Arroyo Water Supply Corporation into ERHWSC. Administered subdivision & development process. Managed most administrative matters of the Corporation.

Assistant Engineer – Harlingen Waterworks System, Harlingen, TX, Oct 96 – Dec 99. Design and manage projects for a municipal water and wastewater utility serving population of 56,000. Areas of work include water treatment and distribution, wastewater collection and treatment, and recycled water using tertiary wastewater treatment and reverse osmosis.

Environmental Coordinator - U.S. Army Captain, U.S. Army Cold Regions Test Activity, Fort Greely, AK, Aug 95 – Sep 96. Directed environmental compliance for a 105-person military organization, which tested material, equipment, and weapons for arctic conditions. Responsibilities included hazardous waste and material management, spill site remediation, NEPA documentation, management of $40,000 annual budget, and unit safety.

Environmental Engineer - U.S. Army First Lieutenant promoted to Captain. U.S. Army Environmental Hygiene Activity South, Fort McPherson, GA, Oct 92 - Jul 95. Provided consultations to military installations in an 11-state area of the southeastern United States. Assessed regulatory compliance and management of drinking water, wastewater, and hazardous waste systems.

Graduate Research Assistant - Agriculture Engineering Department, University of Missouri - Columbia, Columbia, MO, Jan 91 - Aug 92. Managed and conducted $11,750 rockbed wetland water hydraulic study.

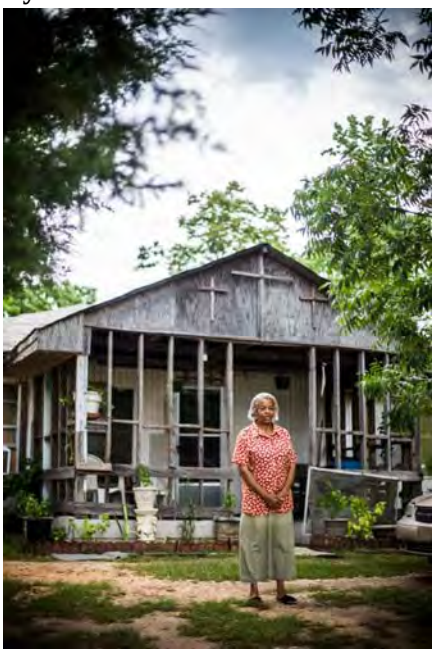
EDUCATION

M.S., Agriculture Engineering, August, 1992
University of Missouri - Columbia
B.S., Agriculture Engineering, December, 1990
Texas A&M University

The New York Times

A Toilet, but No Proper Plumbing: A Reality in 500,000 U.S. Homes

By SABRINA TAVERNISESEPT. 26, 2016



Dorothy Rudolph in front of her home in Tyler, Ala., which does not have a septic tank.CreditBryan Meltz for The New York Times

TYLER, Ala. — The hard clay soil in this rural Southern county has twice cursed Dorothy Rudolph. It is good for growing cotton and cucumbers, the crops she worked as a child and hated. And it is bad for burying things — in particular, septic tanks.

So Ms. Rudolph, 64, did what many people around here do. She ran a plastic pipe from her toilet under her yard and into the woods behind her house. Paying to put in a septic tank would cost around $6,000 — a little more than half of her family's annual income.

"It was a whole lot of money," she said. "It still is."

Here in Lowndes County, part of a strip of mostly poor, majority-black counties that cuts through the rural center of Alabama, less than half of the population is on a municipal sewer line. While that is not a hardship for more affluent communities — about one in five American homes are not on city sewer lines — the legacy of rural poverty has left its imprint here: Many people have failing septic tanks and are too poor to fix them. Others, like Ms. Rudolph, have nothing at all.

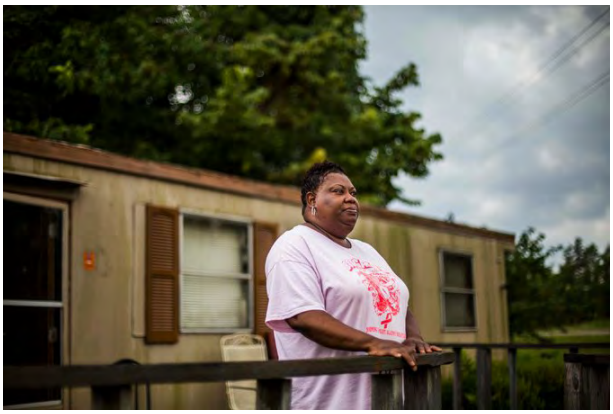
That is not so uncommon. Nearly half a million households in the United States lack the basic dignity of hot and cold running water, a bathtub or shower, or a working flush toilet, according to the Census Bureau. The absence has implications for public health in the very population that is the most vulnerable.

Crumbling infrastructure has been a theme of this country's reinvigorated public conversation about race — for instance, a botched fix for old pipes in Flint, Mich., that contaminated the city's drinking water with lead. But in poor, rural places like Lowndes County, there has never been much infrastructure to begin with.

"We didn't have anything — no running water, no inside bathrooms," said John Jackson, a former mayor of White Hall, a town of about 800 in Lowndes that is more than 90 percent black and did not have running water until the early 1980s. "Those were things we were struggling for."

There is no formal count of residents without proper plumbing in Lowndes, but Kevin White, an environmental engineering professor at the University of South Alabama, said that a survey that he did in a neighboring county years ago found that about 35 percent of homes had septic systems that were failing, with raw sewage on the ground. Another 15 percent had nothing.

Photo



Cheryl Ball in her trailer home in Tyler, Ala. Ms. Ball can’t afford a septic tank, so she runs a plastic pipe that empties waste behind her property. CreditBryan Meltz for The New York Times

“The bottom line is, I can’t afford a septic system,” said Cheryl Ball, a former cook who had a heart attack several years ago and receives disability payments. She lives in a grassy field on which only three of seven homes have septic tanks. Most banks now require proof that a home has proper sewage disposal before lending, but Ms. Ball paid cash for her mobile home — $4,000.

This area, known as the Black Belt (so called more for its soil, than its demographics), is haunted by its history of white violence toward African-Americans and a deep, biting poverty. Lowndes is one of the poorest counties in the country, and its rural population, whose trailers and small houses dot the lush green landscape, often cannot afford the thousands of dollars it costs to put in a tank. Municipalities, with low tax bases, cannot afford extensive sewer lines.

Ms. Rudolph, a retired seamstress, and her husband, a carpenter, live in a tiny, white clapboard house that he built after he, his parents and his siblings fled their home on land owned by a white man who forbade the family to vote. She remembers, as a young girl in the 1950s, not having electricity. They obtained running water in the early 1990s, she said, and used an outhouse until the mid-1990s.

So their white toilet with a fuzzy green cover was a marker of progress. A plastic pipe carries its contents outside and empties into a wooded area not far from the house. There is no visible pooling of sewage, but there are other problems.

“The smell gets so bad,” said Ms. Rudolph, sitting on her porch guarding her chicken coop against a marauding fox. When it rains, she wages war with her toilet. One recent downpour brought its contents gurgling up to the rim.

“I was sitting there looking at it and got me a plunger,” she said. “It took me some plunging to get it clear. I was scared it was going to come back and go on the floor. Horrible.”

She added, “There’s nothing we can do.”

The problem is prickly for the state. Parrish Pugh, an official with the Alabama Department of Public Health, agrees that money plays a part.

“That’s where the rubber hits the road,” he said.

But Alabama law forbids the use of “insanitary sewage collection,” and the responsibility for that rests squarely with the homeowner,” Mr. Pugh said. Resisting is not only illegal, but could have health consequences: Raw sewage can taint drinking water and cause health problems.

“‘My parents had a pipe that ran into the woods, and that’s good enough for me,’” Mr. Pugh said, explaining a common argument. “But we didn’t know as much about disease back then. People are more educated nowadays. They are more concerned.”

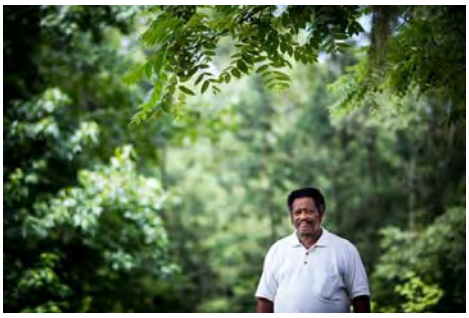
The state health department begs, cajoles, and eventually cites people who have problems and do not fix them. In the early 2000s, the authorities even tried arresting people. That prompted a public outcry and the practice soon stopped, but one person spent a weekend in jail and others were left with criminal records.

The department cited about 700 people in the 12 months that ended in March, often because someone complained.

The clay soil makes the problem worse.

“Rural wastewater is usually managed with a septic tank and a drain field, which slowly infiltrates the wastewater into the ground,” Professor White said. “Well, it won’t go into the ground here. Period.”

Photo



John Jackson, former mayor of White Hall, Ala., said that until the early 1980s, “we didn’t have anything — no running water, no inside bathrooms.” CreditBryan Meltz for The New York Times

He added: “There are some options that may be available, but it’s going to cost thousands of dollars, and most people here can’t afford it. The answer, quite frankly, is not out there yet.”

Experts and advocates have tried to find one. Grants from the state and federal governments to study the problem have come and gone, as have academics wielding surveys. There was even talk of self-composting toilets.

“It’s like we’re going in circles,” said Perman Hardy, a cook in Tyler who even did a urinalysis for a study of health effects. For years, her sewage backed up every time it rained. In December, she spent all the money she had saved for Christmas presents on a new septic tank.

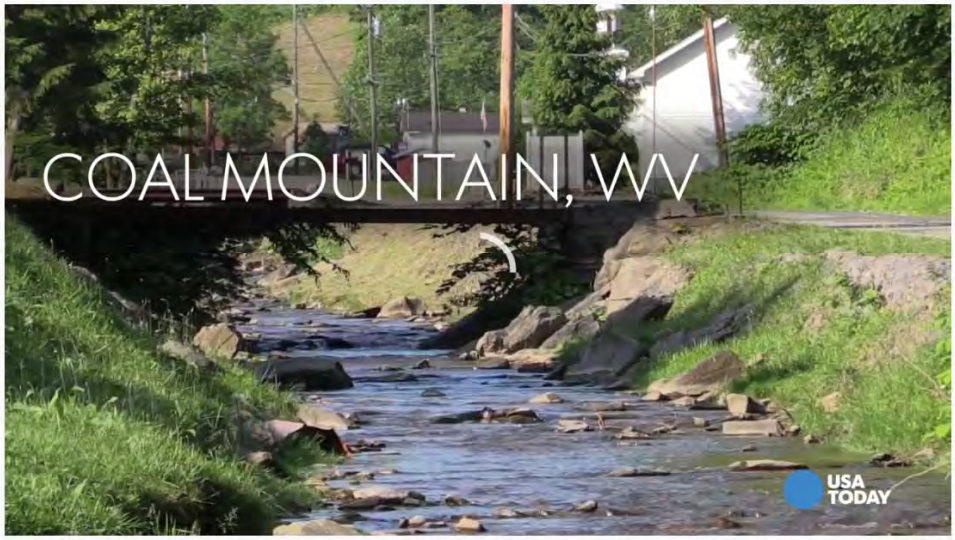
Some change is happening. The town of White Hall recently received funding to connect about 50 homes to sewer lines, the first in its history. Town officials are thrilled: City sewer lines are critical to attract businesses that would bring jobs. But the pace is glacial.

Eli Seaborn, 73, a White Hall councilman, said progress would be slow, like the pace of civil rights gains, where legal discrimination is gone but lingers in other forms. Similar patience is required for sewage, he added.

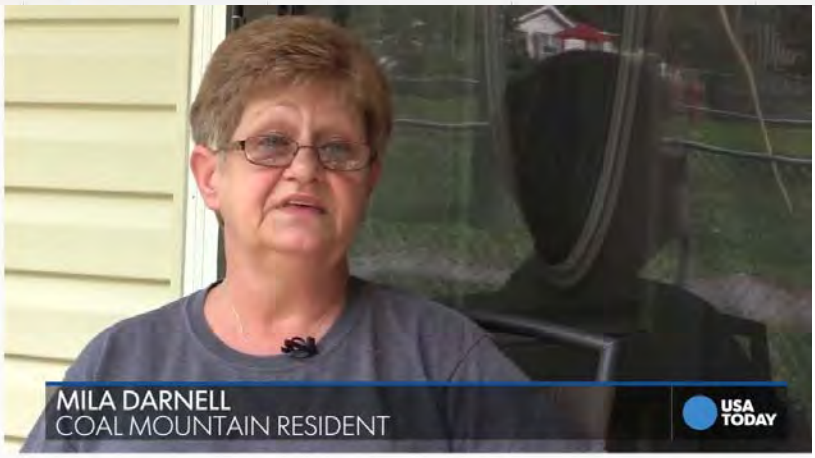
“Time is going to be the only thing that solves this problem,” he said. “It took more than 50 years for it to happen. But hopefully, it won’t take more than 50 years to fix it.”

USA TODAY NEWS SPORTS LIFE MONEY TECH TRAVEL OPINION 35° CROSSWORDS WASHINGTON VIDEO STOCKS MORE

What happens when a water utility becomes an orphan



In tiny Coal Mountain, in West Virginia, residents are left to fend for themselves with a water system they can't afford to test for lead. Government agencies have all but given up on forcing tests even though residents continue drinking the water. Jasper Colt



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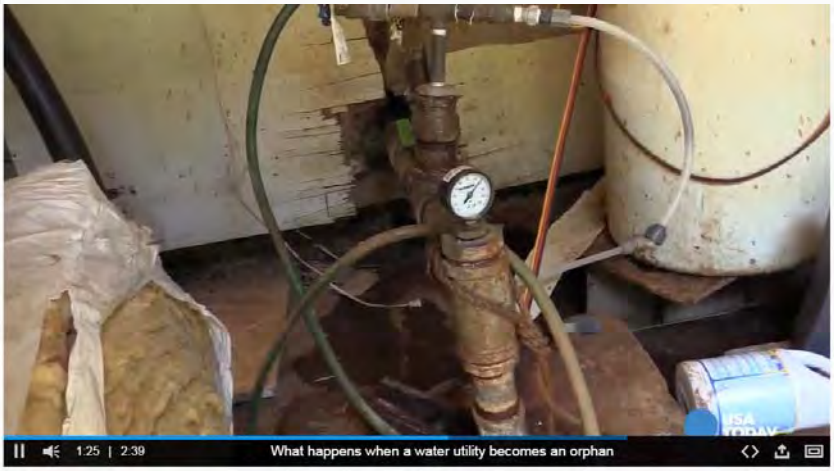

In tiny Coal Mountain, in West Virginia, residents are left to fend for themselves with a water system they can't afford to test for lead. Government agencies have all but given up on forcing tests even though residents continue drinking the water. Jasper Colt

The Atlantic
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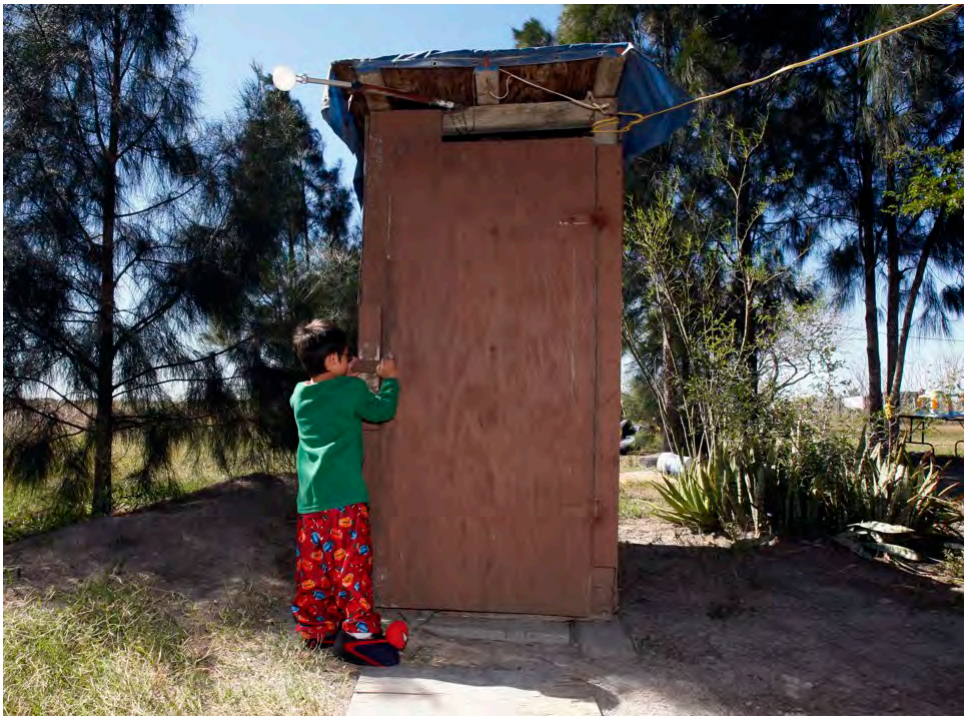
The American Neighborhoods Without Water, Sewers, or Building Codes

Low-income residents bought cheap land outside of border cities decades ago. But the promised infrastructure never came.



A boy in Los Fresnos colonia in Texas (Jessica Rindaldi / Reuters)

ALANA SEMUELS

MAR 3, 2016

MONTANA VISTA, Tex.—No one objected when developers bought up dusty vacant land here in the 1950s and 1960s and turned it into unincorporated subdivisions—areas outside city limits where no one had authority to enforce building standards.

Neither the state nor the county stepped in when the developers turned around and sold that land—making empty promises to later add running water and sewer systems—to low-income immigrants who wanted, more than anything, to own a home of their own. And no one batted an eyelash when low-income landowners in these unincorporated border subdivisions, called colonias, started building homes from scratch without building plans or codes, or when they started adding additions to those homes as their families grew, molding structures together with nails and extension cords and duct tape.

That's because, in Texas, all of these actions were perfectly legal. Texas prides itself on its low taxes and lack of regulation, but it's possible that decades of turning a blind eye to

unregulated building is starting to catch up with the state. Today, around 500,000 people live in 2,294 colonias, and many still lack access to basic services, such as running water or sewer systems. Lots of residents live in dilapidated homes with shoddy plumbing and electrical wiring that they've cobbled together themselves to save money on contractors. And now, they want the state to pay to extend basic services in their homes. Water, for instance, should be a human right in America, they say.

"You have families that live in third world conditions in the state of Texas with a modern city just miles away," said Veronica Escobar, the County Judge of El Paso, who functions as a county chief executive. "But the state of Texas has essentially put counties in charge of health, safety and welfare, at the same time they give us very limited authority."

Alejandra Fierra lives with her husband in the Hueco Tanks colonia, where they bought land in 1987. They still don't have access to running water or a sewer system. When her children were growing up, she would pour water from a well into a tub and wash them, one, two, three, in the same water. She does the same for her dishes. She gets a delivery of a 2,500 gallon water tank for bathing and washing, and buys bottled water from Walmart for drinking and cooking.

In Montana Vista, a colonia some 22 miles east of El Paso, the septic tanks of the 2,400 families who live there frequently overflow, creating rivers of sewage in their backyards. In the summer, the smell can be horrific. Tina Silva, a resident and activist, lives here in a spacious one-story adobe house surrounded by a stone wall. She raises chickens and a giant pig in her backyard, where a rusted out car sits, half painted, in the sun. She loves her home and her neighborhood, but she doesn't understand why it has taken so long to put in a sewer system. "We're human beings. We pay taxes. Somebody needs to listen to us," she says. Various politicians have promised her they'd help get the money to install services, but it's never actually happened, Silva told me.

Tina Silva feeds the chickens in her backyard at Montana Vista (Alana Semuels / The Atlantic)

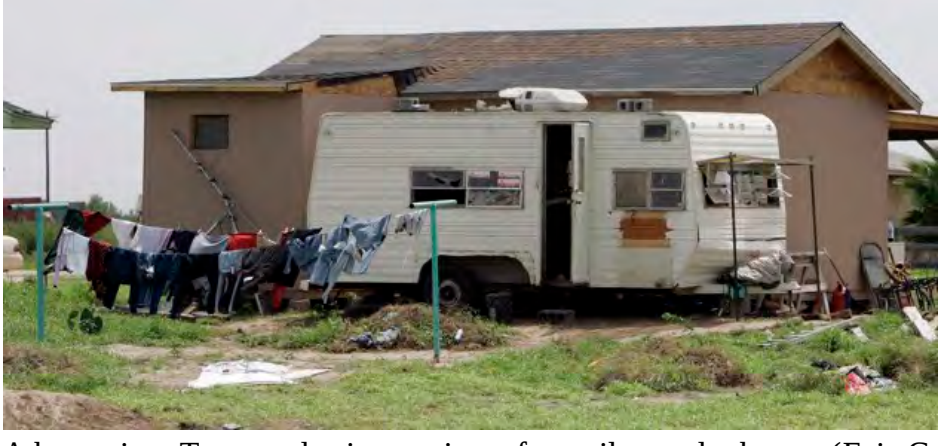
Part of the problem is that no one wants to take responsibility for paying to install these services. The developers who sold the land promising water and sewers are long gone. And for many the thinking—at least according to Escobar—is that if the homeowners wanted to buy land without access to running water, that's their problem.

It may seem obvious that the homeowners who bought cheap land without access to water and sewers should be responsible for installing access to services. But that isn't realistic either. More than 40 percent of colonia residents live below the poverty line, according to a 2015 report from the Federal Reserve Bank of Dallas. The median household income in colonias is less than $30,000 per year. And the conditions in the colonias are troubling. There are water and mosquito-borne illnesses, high rates of asthma, lice, and rashes. One doctor Tribune that rates of tuberculosis in the colonias are two times the state average and that there is a lingering presence of leprosy.

In 2012, the Texas Department of State Health Services issued a nuisance determination in Montana Vista documenting the health problems the septic tanks were causing, which meant the El Paso Water Utility could receive a grant for more than half of the project costs. In December, the Texas Water Development Board agreed to provide a $2.8 million grant to El Paso Water Utilities so that the utility could start designing the sewer system. But it will cost an estimated $33 million to build the system, and that money has not yet been secured. "It's getting there, unfortunately, it's taking a lot of time," said Munzer Alsarraj, the infrastructure program manager for El Paso County.

The state is stepping in to upgrade some of the colonias, too. Between 2006 and 2014, 286 more colonias, were linked to drinking water, drainage, wastewater disposal, paved roads, and legal plats, according to the Federal Reserve report. In 2006, 443 colonias had access to no basic infrastructure, by 2014, that number had dropped to 337. But it's slow going.

It's not easy to install infrastructure in areas that are far from the main water and sewer lines and in places that have grown with no central plan. It was not until 1989 that the Texas legislature even asked state agencies to come up with rules that would ensure new residential developments had access to water and sewer services. Now, cities can regulate development in Texas, but in unincorporated areas, counties have little regulatory power. Zoning regulations that would limit the size of buildings or of lots in cities don't exist for the colonias. In some instances, the county can't install infrastructure to homes because they're not up to code. Because people building on unincorporated land don't have to follow many rules, there are odd constructions in the colonias, including units that combine two RVs, homes with rooms tacked onto the side standing on cinder blocks, homes with extension cords that run outside, wooden planks as sidewalks. This makeshift construction can lead to roof collapses and electrical fires, said Irene Valenzuela, the interim director of community services for El Paso County.



A home in a Texas colonia consists of a trailer and a house (Eric Gay / AP)

The county is giving grants out to people interested in bringing their homes up to code, but people are often hesitant, she said. “I think the majority of them are afraid,” she said. “They say, ‘This is a takeover. What are you going to ask for next? If you assist me, are you going to take my property away when I pass away?’” Alsarraj, with the county, added.

Then there’s the cost. The county is trying to install sewer lines in the Square Dance colonia. That colonia is located just a few blocks from established subdivisions that are part of the county’s water and sewer system. But the price of adding those services to the colonia’s 264 homes is $8.5 million. Installing water and sewers in another colonia, called Hillcrest, would cost about $120,000 per home, Alsarraj said. But the homes are worth just $20,000 to $30,000 each.

It’s ironic, too, that the county is trying to extend water and sewers to far-off subdivisions as it also tries to execute a vision that cuts down on sprawl. “For 30, 40 years, we’ve continued to sprawl out to the edges of the earth and it was costing us more than we were making as a community,” Beto O’Rourke, a U.S. Congressman who led the charge to cut down on new subdivisions, told me.

But El Paso has had little success regulating far flung subdivisions, even when they are incorporated.

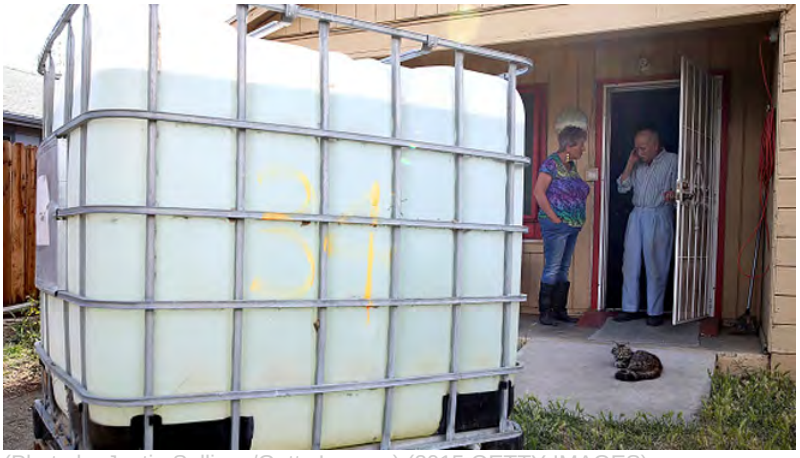
Perhaps most worrying to Escobar and others is that new colonias are still being built across the state. This time around, they have basic water and sewer hookups, but don’t have paved roads or streetlights, according to the Federal Reserve. Plots cost as little as $25,000, and developers offer 20-year financing at a 12 percent interest rate and just $500 down, according to *Bloomberg News*.

It’s proof to Escobar that developers will always be willing to sell substandard plots of land to people desperate to own a home. But she had hoped Texas would step in and regulate. Two sessions ago, the county tried to get permission for zoning authority over 60 square miles near a border crossing south of El Paso. But the state legislature refused to grant it , in part because real-estate agents objected to the bill, said Escobar, the judge. Legislators also didn’t believe that government should trump property rights, she said. But perhaps that’s because they don’t have to deal directly with the after-effects.

“We are having to fix the problems caused by unregulated government,” Escobar said. “There are innumerable examples and costs associated with fixing problems that could have been prevented. There’s just a fundamental belief in Texas—if you own property, you can do what you want with it.”

Like Flint, water in California's Central Valley unsafe, causing health problems

By Rebekah Sager Fox News Latino
Published March 08, 2016

- 
(Photo by Justin Sullivan/Getty Images) (2015 GETTY IMAGES)

While the water crisis in Flint, Michigan, made headlines around the country when the city's leaders exposed residents to a tainted water supply for almost two years, families living in the Central Valley of California have been struggling without clean drinking water for decades.

The population of the Central Valley, a basin surrounded by mountains that once offered hope to migrants like the fictional Joads in the “The Grapes of Wrath,” today is about 80 percent Latino, and 92 percent of the migrant farm workers in the Valley are Latino.

There are vast dairy farms reeking of manure, highways lined with fast-food restaurants, liquor stores, prisons and numerous dialysis centers.

Much of fruits and vegetables consumed in the U.S. are grown here, and the soil has been decimated by agricultural activity – overuse of fertilizers and pesticides, manure from livestock. One result is a toxic soup of nitrates in the area's drinking water.

Residents in towns along the San Joaquin Valley rely predominantly on pumps and ground water – which is not effectively regulated for contamination.

When pumped up into people’s homes, the nitrates are so dangerous that people are known to get rashes when they shower. The presence of nitrates in the water supply also has been linked to “blue baby syndrome,” which is caused by the decreased ability of blood to carry oxygen – one of the most common causes is nitrate in drinking water.

People turn to buying five gallon jugs to shower with and using 300-gallon tanks of non-potable water for basic needs.

“Generations of people who live here know not to drink the water,” Susana De Anda, a clean-water advocate and the co-executive director and co-founder of the Community Water Center NGO, told

“People pay more for this ‘toxic water’ – sometimes as much as $100 a month for water just to shower with. On top of that they’re paying for drinking water,” De Anda said.

According to the Environmental Justice Coalition for Clean Water, rural Central Valley communities pay the highest drinking water rates in the state, with some families shelling out as much as 2 to 6 percent of their income for water that they can’t drink.

According to a Pacific Institute report, nitrate exposure's health impacts in the Central Valley fall disproportionately on poor Latino communities.

Due to the state's severe drought, new wells have to be dug more deeply, demand is high and the cost is between $1 million and $2 million dollars.

"The drought actually causes the pollutants in the soil to be more concentrated and levels of contaminants such as nitrates to rise. Also, when deeper wells are dug, and that would be by maybe wealthier farmers, they actually end up syphoning water away from poor communities," Genoveva Islas – program director at Cultiva la Salud ("Cultivate Health"), a non-profit health advocacy organization in the Central Valley – told Fox News Latino. "And it creates a real inequity."
Most people in the area live a large distance from the closest big grocery store. Liquor and convenience stores become the default place to buy food and produce, and, all too often, sugary drinks are less expensive than drinking water.

"We're in a food desert. People would buy water in bulk, but big stores are often very far outside of communities, and so families make a tough trade-off. Soda might be more affordable," De Anda said.
In addition to other factors, the consumption of soda vs. water is one of the leading reasons for the severe health problems in the Valley. The region has big problems with obesity and the highest rate of Type 2 diabetes in the state.

An analysis of state's death records by the Fresno Bee and the Center for California Health Care Journalism at the University of Southern California paints a vivid picture of the disproportionate toll diabetes has taken in the Valley.

At least 19 people die from diabetes-related complications in the eight San Joaquin Valley counties every day, the highest rate in the state.

"I've lived here all my life, and not until I was an adult was really aware of dialysis clinics. Now, I have an aunt and a close family friend who are both on dialysis. I'm seeing a number of these [places] pop up. More than ever before," Islas says.

The Central Valley may be the fruit and veggie center of the country, but for poor people healthy food is still significantly more costly than food sold in bulk, such as beans, rice, tortillas, white bread, ground beef and large bottles of soda. Many of the stores in the Valley offer free soda with groceries, and a small bottle of water runs about $1.69 versus a large soda at .99 cents.

In the last three years, the state has paid to retrofit water filters on drinking fountains in some pockets of schools and daycare centers, and provided filtered bottle stations, where people can fill-up containers. But Islas says it's not universal.

"There's still a lot of marketing of sugary drinks to kids, which in addition to diabetes and obesity, dental health problems. In Flint, the Governor has set aside money for the kids impacted by the lead, but in the Central Valley, we have the same issues of long term health problems for impoverished kids. We use education as a pathway out, but if you're thirsty or you have health concerns, it's pretty hard to learn," Islas says.

The drought in California may be shining a light on the region and its water supply, but the issues in the Valley have been left largely unaddressed.

"All these are interim solutions, but we also need to create water awareness. The water may look clean, but that doesn't make it safe. It shouldn't matter who you are or where you live, clean drinking water is a basic human right," De Anda says.

ATTACHMENT "B"

EAST RIO HONDO WATER SUPPLY CORPORATION USDA AND DWSRF DEBT

CLOSED LOANS WITH USDA		ORIGINAL DATE	ORIGINAL PRINCIPAL AMOUNT	UNPAID PRINCIPAL BALANCE	INTEREST RATE	MONTHLY PAYMENT	MATURITY DATE	GRANT AMOUNT	***NOTES:***
U.S.D.A RURAL DEVELOPMENT	91-14	2/8/1978	$ 163,000.00	$ -	5.00%	$ 801.00	2/8/2018		AWSC MERGER PAID IN FULL
U.S.D.A RURAL DEVELOPMENT	91-01, 91-02	9/17/1979	$ 1,100,800.00	$ -	5.00%	$ 5,405.00	3/12/2020	$ 2,866,000.00	ORIGINAL SYSTEM NOTE
U.S.D.A RURAL DEVELOPMENT	91-03	5/7/1981	$ 556,500.00	$ -	5.00%	$ 2,683.00	5/7/2021	$ 1,669,500.00	ORIGINAL PLANT & DISTRIBUTION
U.S.D.A RURAL DEVELOPMENT	91-06	3/14/1996	$ 909,500.00	$ 590,038.59	5.00%	$ 4,393.00	3/14/2036	$ 580,500.00	PLANT EXPANSION
U.S.D.A RURAL DEVELOPMENT	91-11	9/26/2003	$ 677,000.00	$ 568,195.04	4.25%	$ 2,969.00	1/26/2043	$ -	MASWT PLANT
U.S.D.A RURAL DEVELOPMENT	91-12	9/26/2003	$ 7,890,200.00	$ 6,561,632.81	4.25%	$ 34,560.00	9/23/2043	$ 1,946,200.00	MASWT PLANT
U.S.D.A RURAL DEVELOPMENT	91-15	5/2/2001	$ 593,800.00	$ 478,165.06	4.50%	$ 2,696.00	5/2/2041	$ -	ARROYO WSC
U.S.D.A RURAL DEVELOPMENT			$ -	$ -	0.00%	$ -	N/A	$ 2,392,000.00	WASTEWATER, PH I
U.S.D.A RURAL DEVELOPMENT	91-18	11/9/2010	$ 650,000.00	$ 593,417.73	3.759%	$ 2,620.00	11/9/2050	$ 104,000.00	NELSON RD. GROUND STORAGE TANK
U.S.D.A RURAL DEVELOPMENT	91-17	10/22/2014	$ 3,065,200.00	$ 2,994,878.07	4.00%	$ 12,813.00	10/22/2054	$ -	FM510 TRANSMISSION LINE
U.S.D.A RURAL DEVELOPMENT	91-22		$ 677,000.00	$ 677,000.00	2.125%	$ 2,133.00	4/10/2058	$ 379,400.00	UV DISINFECTION PROJECT
U.S.D.A RURAL DEVELOPMENT	91-26		$ 243,600.00	$ 243,600.00	1.750%	$ 719.00	4/10/2058	$ -	UV DISINFECTION PROJECT
			$ 16,526,600.00	$ 12,706,927.30				$ 9,937,600.00	

LOANS PENDING CLOSING WITH USDA									
U.S.D.A RURAL DEVELOPMENT			$ 1,109,000.00		2.75%	$ 3,812.00		$ 2,872,838.00	COLONIA WW PHASE II
U.S.D.A RURAL DEVELOPMENT			$ 889,000.00		2.50%	$ 2,932.00		$ 484,700.00	BEAN ROAD TRANSMISSION PIPELINE

LOAN APPLICATIONS									
U.S.D.A RURAL DEVELOPMENT			$ 4,454,238.00	***LOAN & GRANT DETERMINATION PENDING				UNKNOWN	1.0 MG ELEVATED WATER TOWER

USEPA - DRINKING WATER STATE REVOLVING FUND									
TEXAS WATER DEVELOPMENT BOARD	L1000198	8/14/2014	$ 1,379,000.00	$ 1,264,300.00	NOT FIXED	$ 8,364.83	9/1/2034	$ 591,000.00	HWWS PUMP STATION

Attachment "C"

USDA, RURAL UTILITIES SERVICE
WATER AND WASTE
PROCESSING CHECKLIST FOR NONPROFIT CORPORATION

Applicant:	**Applicant Contact Person:**	**Telephone:**
Engineering Firm:	**Project Engineer:**	**Telephone:**
TYPE OF REQUEST: **Water Sewer** **Water & Sewer** **Other:** _____	**Applicant Address:** _____ _____ _____	**Engineer Address:** _____ _____ _____

If subsequent loan, the following should be brought forward:
a) Articles of Incorporation;
b) Bylaws **with State Office approval memo**

STEP 1 – Pre-Application

Initial application and supporting material - Applicant will submit Items 1-9 to the Area Office (AO).
Forms may be obtained at: http://www.usda.gov/rus/water/wwforms.htm and
Texas forms at: http://www.rurdev.usda.gov/tx/utilities.htm

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
1	3	Notice of Intent to File Application – 1780.19(a)	Publication	Applicant		
2	3	Application for Federal Assistance (include Tax ID & DUNS No.) 1780.33(a)	SF 424.2, SF 424C & 424D	Applicant		
3	3	Project Description to include service area map - 1780.11(a)		Applicant		
4	5	Organizational Documents - 1780.7(3) & 1780.33(d) **If current borrower, provide amendments since last approval memo, if applicable.**	Articles & Bylaws RB-TX 1780-20 & RB-TX 1780-20A & Amendments	Applicant		
5	3	Council of Governments or State Inter-Governmental Review and Recommendations - 1780.33(b)	Letter	Applicant		
6	1	Current Audit or Financial Report 1780.33(e)		Applicant		
7	3	Supporting Documentation on Existing Debt other than RD debt– 1780.33(e)	Letters Bank Statements	Applicant		
8	3	Verification of inability to obtain Credit at reasonable rates & terms – minimum 2 lenders – 1780.33(d) & N/O unnumbered letter dated 6/30/04	SI 1780-6 Attachment 2 and lender contacts	Applicant & AO		
9	3	Certification for commercial credit and outstanding judgments – 1780.7(d), (g) and .33(d)	RB 1780-22	Applicant		

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
10		**Has the Applicant applied with another Agency/Lender for this proposed project? If so, whom**		**Applicant/ Engineer**		
11	3	Initial Processing Conference 1780.39(a)	Initial Processing Conference Guide Form	AO/Appl/ Engineer		
12	3	Project Selection Criteria 1780.17	RB 1780-1	AO/SO		
12a **or** **12b**	Attach to RB 1780-1 Attach to RB 1780-1	Evidence Regarding Median Household Income of the Service Area - 1780.1(b) & .17(c) Documentation for Income Survey - 1780.1(b) (if applicable)	Copy of Census or other data used Approval Memo If applicable	AO AO		
12c	Attach to RB 1780-1	Population in Service Area - 1780.17.(a)	Copy of Census or other data used	AO		
13	3	Review most recent Debarment Suspension List to insure Applicant's and their representative's names do not appear. RD 1940-M, 1940.606 (b) https://www.epls.gov/	Printout	AO		
14	3	CAIVRS https://entp.hud.gov/caivrs/public/home.html	Printout	AO		
15	3	Identify known Relationships/ Associations with Agency Employee - 1780.1(f)	Memo	Applicant/ AO		
16	3	Initial User Analysis	Worksheet Guide Form	AO		
17		Input data in CPAP	CPAP	AO		
18	4	Initial Application Eligibility Determination & Recommendation to State Office	Memo	AO		
19	4	**Submit File of Items 1-18 to State Office for Pre-Application Review**				
20	4	Evidence of Initial Application Review (State Office Comments)- 1780.32(b)	Memo	SO		
21	4	Notification to Applicant of Initial Application Review Determination	Letter	AO		
22	4	Application Conference Discuss target dates of Steps 2 & 3 1780.39(a)	RCR	AO		
23		Update status in CPAP	CPAP	AO		

The Area Office should submit the above items for State Office (SO) review filed in an 8-position folder.
All running case records (RCR) should be filed on top in position 3 in date order.

AO = Area Office or Sub-Area Office
SO = State Office
SI = RUS Staff Instructions
RB = RUS Bulletin

Step 2 – Preliminary Engineering Report & Environmental Report

APPLICANT AND ENGINEER WILL ASSEMBLE THE FOLLOWING MATERIALS AND SUBMIT AN ORIGINAL AND ONE COPY TO THE AREA OFFICE. FOR QUESTIONS OR CONCERNS ABOUT PREPARING THE PRELIMINARY ENGINEERING REPORT OR ENVIRONMENTAL REPORT, PLEASE CONTACT THE STATE OFFICE.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
24	3	Site Visit — SI 1780-2(2.4)(a)	RCR	AO		
25	6	Agreement for Engineering Services - 1780.39(b)	EJCDC, RB 1780-26. RB-TX 1780-26	Applicant/ Engineer		
26	6	AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion" -1780.33(h)	AD-1048	Engineer		
27	6	Certifications for Contracts, Grants, and Loans (Regarding Lobbying) – RD 1940-Q & 1780.33(h)	RD 1940-Q, Exhibit A-1 or SF-LLL, if applicable	Engineer		
28	6	Forward to SO recommending approval of Agreement 1780.39(b)(1)	Memo	AO/SO		
29	PER File	Preliminary Engineering Report – 1780.33(c) – 2 copies	TX Guide in Preparing PER, TX RUS Instruction 1780-C	Engineer		
30	6	Forward to one copy to SO recommending approval of PER	Memo	AO		
31	6	Preliminary Engineering Report Approval by State Engineer	Memo	SO		
32	ENV File	Environmental Report - 1780.33.(f) 2 copies	RB 1794A-602	Applicant/ Engineer		
33	ENV FILE	Forward one copy to SO recommending approval ER	Memo	AO		
34	ENV File & 3	Environmental Report Approval by State Environmental Coordinator (SEC)	Memo	SEC		
35	ENV File	Environmental – Public Notice and Publisher's Affidavit (if applicable)	RB 1794A-602 Exhibit B.1 to B.4	Applicant/ Engineer		
36	ENV File	Environmental – FONSI Letters/Documents (if applicable)	SI 1794-1 Exhibit D	SEC		
37	ENV File & 3	Environmental – FONSI Newspaper clips and Publisher's Affidavit (if applicable)	SI 1794-1 Exhibit E& F	Applicant/ Engineer		
38		Update Environmental Approval dates in CPAP	CPAP	AO		

STEP 3 – Application

APPLICATION AND SUPPORTING MATERIAL SUBMITTAL – THE APPLICANT WILL SUBMIT ONE COPY OF ALL ITEMS LISTED IN STEP 3. THE AO AND SO WILL DETERMINE THE TYPE AND AMOUNT OF ASSISTANCE IT IS WILLING TO CONSIDER AND THE CONDITIONS THE APPLICANT MUST MEET TO RECEIVE ASSISTANCE. ALL SUBMITTALS WILL BE CONSIDERED FOR A GUARANTEED AND DIRECT LOAN OR COMBINATION, AND THEN GRANT ASSISTANCE WILL BE CONSIDERED.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
39	3	**Notice of Public Information Meeting and Minutes** – 1780.19(b)	Publication and Minutes	Applicant		
40	3	Certification Regarding Debarment or Suspension - 1780.33(h)	AD-1047	Applicant		
41	3	Certification Regarding a Drug-Free Workplace - 1780.33(h)	AD-1049	Applicant		
42	3	Certifications for Contracts, Grants, and Loans (Regarding Lobbying) – RD 1940-Q & 1780.33(h)	RD 1940-Q, Exhibit A-1 and SF-LLL, if applicable	Applicant		
43	5	Current list of Board of Directors, Term and Expiration Date	Memo	Applicant		
44	1	Audit Reports for previously 3 years	Audits	Applicant		
45	3	Proposed Operating Budget - 1780.33(h) & 1780.41(2)	RD 442-7	Applicant		
46	RCR	Inequities within Service Area (pending disputes) - 1780.11	RCR	AO		
47	3	Certification of Users by Rural Development Manager	RB-TX 1780-40	AO		
48	3	Update Lender contacts from Item 8 (info cannot be 6 months old) SI 1780-6 and Commentary	Lender Letters	AO		
49	3	Documentation relative to Health or Sanitary problems - 1780.10(c)(1) and 1780.13(b)(1)	Letter- applicable for 75% grant or Poverty rate	Applicant		
50	5	Water Purchase Contract or Sewage Treatment Contract w/ approval memo– **if applicable (**if new contract, must submit **DRAFT** prior to funding) 1780.62 or 1780.63	Guide for Water Purchase RD 442-30	Applicant/ Attorney		
51	4	Submit Water Purchase Contract to SO for review prior to loan submittal **If applicable.**	Memo	AO		
52	3	Evidence of Availability of Other Funds – 1780.44(f) **Leveraged Funds**	Memo	Applicant AO		
53						

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
54	3	Evidence of Overall Review of Applicant's Financial Status – SI 1780-2(2.4)(c)	RCR	AO		
55	5	Verify with Texas Comptroller of Public Account the certification of account status - 1780.33(e) http://ecpa.cpa.state.tx.us/	Computer printout	AO		
56	3 Attach to Project Summary	Cost Estimate of Proposed Project (info cannot be 6 months old prior to requesting funds)	Cost Estimate in PER	Engineer		
57	3	Update Project Summary and Underwriting - 1780.41	Print Automated Forms In CPAP	AO		
58	4	Transmittal Letter to SO with recommendations/comments/history	Memo	AO		
59		**Submit File to State Office for funding**		AO		

STEP 4 – State Office Review

STATE OFFICE WILL PREPARE THE LETTER OF CONDITIONS FOR AREA OFFICE. THE AREA OFFICE WILL PREPARE THE NECESSARY FORMS STATED IN THE LETTER OF CONDITIONS AND DELIVER TO THE APPLICANT FOR CONSIDERATION.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Date Completed
60	3	Prepare Letter of Conditions - 1780.41(a)(5)	RB 1780-19	SO	
61	3	Prepare Proposed Budget	RD TX 1942-7	SO	
62	3	Prepare briefing of proposed project for Project Announcement – SI 1780-2(2.7)(e)	Memo	SO	
63	4	National Office Approval (If applicable)	Memo	NO	
64	4	Evidence of Full Application Review (State Office Comments authorizing the issuance of the LOC and 1940-1) - 1780.32(b)	Memo	SO	
65					

STEP 5 – Deliver Letter of Conditions

THE AREA OFFICE WILL SCHEDULE AN APPOINTMENT TO DELIVER THE LETTER OF CONDITIONS ALONG WITH THE ATTACHMENTS. THE LOAN SPECIALIST MUST READ OVER THE CONTENTS OF THE LETTER AND ANSWER ANY QUESTIONS THE APPLICANT MAY HAVE.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
66	3	Letter of Conditions (LOC) Signed by the AD or authorized RD representative – 1780.41(a)(5)	LOC	AO		
67	3	Letter of Intent to Meet Conditions – **Discuss timeframe to meet conditions**- 1780.41(a)(6)	RD 1942-46 Automated	Applicant		
68	2	Request for Obligation of Funds – 2 originals must be signed 1780.41(a) **Under item 44, Comments & Requirements – List Security requirements and add "Approval of financial assistance is subject to terms of the Letter of Conditions dated _____.**	RD 1940-1 Automated	Applicant & Agency		
69	3	Applicant Certification, Federal Collection Policies for Consumer or Commercial Debt - 1780.33(h)	RD 1910-11	Applicant		
70	3	Equal Opportunity Agreement – RD Inst. 1901-E	RD 400-1	Applicant		
71	3	Assurance Agreement – RD Inst. 1901-E	RD 400-4	Applicant		
72	5	Loan Resolution Security Agreement – 1780.39(f)	RB 1780-28	Applicant		
73	5	Water and Waste System Grant Agreement **(if applicable)**	RB 1780-12	Applicant		
74	3	Credit Alert Interactive Voice Response System (CAIVRS) https://entp.hud.gov/caivrs/public/home.htm Update CPAP	website	AO		
75						
76						
77	4	Submit 2 original signed Obligation forms to SO for approval, along with copy of budget, letter of intent, and 1st & last page of LOC (dated & signed)	RD 1940-1	AO		
78	2	Evidence Applicant Notified of Approval - 1780.41(b)	Letter	SO		

STEP 6 – Pre-Loan Closing

NOTE: IT IS VERY IMPORTANT THAT THE APPLICANT, ENGINEER, ATTORNEY, AND AREA OFFICE COORDINATE THEIR EFFORTS AT THIS TIME. EVERYONE WILL BE OBTAINING AND FINALIZING A VARIETY OF INFORMATION TO GET THIS PROJECT TO THE BIDDING STAGE. NOTE: BIDDING WILL NOT BE AUTHORIZED UNTIL CLOSING INSTRUCTIONS HAVE BEEN OBTAINED FROM THE OFFICE OF GENERAL COUNSEL (OGC).

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
79	5	Legal Services Agreement - 1780.39(b)	RB-TX 1780-7	Applicant/ Attorney		
80	5	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - 1780.33(h)	AD-1048	Attorney		
81	5	Certifications Regarding Lobbying - 1780.33(h)	RD 1940-Q, Exhibit A-1	Attorney		
82	5	Check Debarment/Suspension (Attorney)- https://www.epls.gov/	Printout from Website	AO		
83	5	Legal Services Agreement - 1780.39(b)(2) – Concurrence from SO	Approval letter	SO		
84	3	Agreement Between Applicant and Individual Users - 1780.9(g)(2) **(if applicable)**	Agreement	Applicant		
85	5	Copy of Membership Certificate		Applicant		
86	3	Management Plan, Facility Maintenance Plan, proposal for the maintenance of accounts & records and auditor's agreement – See LOC 1780.39(b)(4) & SI 1780-4(1)(ii)		Applicant		
87	3	Management Agreement/Agency Concurrence - 1780.39(b)(4)	RCR or Letter	LO		
88	5	Resolutions of any environmental mitigation measures – See Letter of Conditions & Environmental Report 4.0 Summary of Mitigations	Resolution	Applicant		
89	5	Water Purchase Contract or Wastewater Treatment Contract – **Concurrence** 1780.62 or 1780.63 **(if applicable)**	RD 442-30 or other format	Applicant & AO/SO		
90	5	Water User Agreement/Sewer User Agreement – 1780.39(c)	RB TX 1780-9	Applicant		
91						

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
92	Easement Folder	Right-of-Way Easements - 1780.44(g)(1)	RD TX 442-8 or RD TX 442-9	Applicant/ Attorney		
93	Easement Folder	Right-of-Way Map (Approved by President, Attorney, & Engineer)	Map	Engineer		
94	5	Right-of-Way Certificate by Corporation	RD 442-21	Applicant		
95	5	Opinion of Counsel Relative to Right-of-Way – 1780.44(g)(1)	RD 442-22	Attorney		
96	5	Right-of-Way Certificate by Engineer	Letter	Engineer		
97	Easement Folder	State and County Road permits (if located in several counties, obtain permits from each county)		Engineer		
98	Easement Folder	Railroad Permits (if applicable) (Must be assigned to USA)		Engineer		
99	5	Certificate of Convenience and necessity (CCN) (amended CCN is required if lines are extended outside the current service area)	CCN	Engineer		
100	5	Water and/or Wastewater Treatment Permits from Regulatory Agency (for surface water/sewer treatment projects if applicable)		Engineer		
101	5	Water Rights (if applicable) - 1780.44(g)(3)		Attorney		
102	5	Option to Purchase Real Property (if applicable (prefer proposed Warranty Deed) - 1780.44(g)	RD 440-34 or similar format	Attorney		
103	5	Warranty Deed, Leases and/or Site Easements (if applicable) (no reverter provisions –original or copy) – 1780.44(g)	Conveyance Instrument	Attorney		
104	5	Preliminary Title Opinion or Commitment for Title Insurance (must cover land costs plus site improvements) 1. Real Estate owned by applicant 2. Real Estate to be acquired 3. Lease (if applicable) 4. Ingress-Egress Easement (if applicable) 5. Sanitary Control Easement (if applicable) – 1780.44(g)	RD 1927-9	Attorney		
105	5	Certificate from Secretary of State of Lien Search (requested by UCC-11)		Attorney		

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
106	6	Approval of Final Plans, Specs, Unexecuted contract document by SO - 1780.61	Memo	Engineer SO		
107	6	Approval of Final Plans & Specs by State Regulatory Agency (TCEQ) - 1780.61	Memo	Engineer		
108	6	Resume of Resident Inspector - 1780.76(c)	Resume	Applicant Engineer		
109	6	Approval of Resident Inspector from SO – 1780.76(c)		SO		
110	2	Request for Pledge of Collateral (if applicable) 1780.45(e)(2)&(3)		LO		
111	2	Evidence that Collateral is Pledged (if applicable) 1780.45(e)		LO		
112	2	Electronic Funds Transfer/Automated Clearing House (EFT/ACH) and setup in ADPS - 1780.45(b)(2)	SF-3881	Applicant/ Financial Institution		
113	3	Proposed updated operating budget	RD 442-7 or similar form	Applicant		
114	3	Rate Study Analysis based on the proposed loan - Letter of Conditions Contact a Technical Assistance Provider		Applicant		
115	3	Certification of Vulnerability Assessment (VA) - Letter of Conditions - Contact a Technical Assistance Provider		Applicant		
116	3	Certification of Emergency Response Plan (ERP) – Letter of Condition Contact a Technical Assistance Provider		Applicant		
117		Update CPAP for VA & ERP plans. Certification must be every 3 years from date of certification.	CPAP	AO		
118	5	Transmittal Letter to S/O recommending Closing Instruction (Follow applicable format in submitting docket)	Memo	AO		
119	5	Request Office of General Counsel to issue Closing Instructions	Memo	SO		
120	5	Closing Instructions issued with special requirements to LO and authorization to advertise & receive bids	Memo	SO		
121	4	Provide copies of Closing Instructions to Applicant, Attorney, and Engineer	Memo	AO		

STEP 7 - BIDDING

APPLICANT, ENGINEER, AND ATTORNEY SHOULD COMPLETE THE FOLLOWING ITEMS. REFER TO TEXAS RUS INSTRUCTION 1780, SUBPART C FOR ADDITIONAL GUIDANCE.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
122	6	Once all requirements can be met Authorize Engineer to Advertise to Bid the Project	Memo	AO		
123	3	Interim Financing — Evidence of Commitment from Lender and Notice of Agency's Commitment (if applicable) - 1780.39(d)	RB 1780-10	Applicant/ AO		
124	5	Initial Compliance Review – pre-loan review – RD 1901-E & 1780.44(c)	RD 400-8	AO		
125	3	Check Debarment/Suspension (Applicant)- RD 1940-M, §1940.606(b) https://www.epls.gov/	Printout	AO		
126	3	CAIVRS (applicant) https://entp.hud.gov/caivrs/public/home.html	Printout	AO		
127	2	Authorization Agreement for PreAuthorized Payment (PAD) – on all loans outstanding – update CPAP	RD 3550-28	Applicant/ Financial Institution		
128	3	Verification of Applicant Contribution or leveraged fund (if applicable) 1780.44(b)	Memo	Applicant		
129	6	Pre-Bid Opening Teleconference AO should notify State Office of teleconference - TX RUS 1780, Subpart C	Guide Form	AO/ Engineer		
130	6	Bid Opening – Rural Development representative must attend – 1780.72(b)(2)		Engineer		
131	Construct File	Submit Bib Tabulations to SO and recommendation of award – TX RUS 1780, Subpart C & 1780.61(b)		Engineer		
132	Construct File	Executed Contract Documents - AO include assembly checklist TX RUS 1780, Subpart C * Contract equal or exceeds $25,000 – Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion	AD-1048 w/ each Contract	Engineer Contractor		

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
133	Construct File	Check Debarment/Suspension (Applicant, Engineer., Contractor)- https://www.epls.gov/ RD 1940-M, §1940.606(b)	Printout from Website	AO		
134	6	Legal Certification Regarding Adequacy of Contract Documents - 1780.61(b)	RB 1780-14 Page 7	Applicant/ Attorney		
135	6	Contract Review and Approval by SO	Memo	SO		
136	Construct File	Construct Test Wells (if applicable) prior to bidding of distribution lines TX RUS 1780 Subpart C		Engineer		
137	Construct File	Approval of Water Source by State Regulatory Agency (if applicable) TX RUS 1780 Subpart C	Memo	Engineer		
138	Construct File	Revised Project Cost Estimate based on award contracts		Engineer		
140	2	De-obligate excess funds prior to closing or provide RCR of justification. 1780.44(e)	RCR or RD 1940-10	AO		
141	7	Evidence of Insurance—Property Insurance, General Liability, Flood, and Worker's Compensation - 1780.39(g)	List of Policies or Other Documents	Applicant		
142	7	Fidelity or Employee Dishonesty Bond - 1780.39(g)(3)	Copy of Bond	Applicant		
143						

STEP 8- LOAN CLOSING

IF THE AWARDS OF THE CONTRACTS ARE WITHIN THE FUNDS AVAILABLE, THE AREA OFFICE MAY PROCEED WITH CLOSING. IN THE EVENT ADDITIONAL FUNDS ARE NEEDED, REFER TO THE "GUIDE FOR COST OVERRUNS."

A. AREA OFFICE WILL REVIEW THE CHECKLIST, LETTER OF CONDITIONS, AND OGC'S CLOSING INSTRUCTIONS. IF IT IS DETERMINED THAT ALL CONDITIONS CAN BE MET, THEY SHOULD MAKE ARRANGEMENTS FOR THE CLOSING AND FOR A PRE-CONSTRUCTION CONFERENCE.

B. CLOSING AND PRE-CONSTRUCTION CONFERENCES WILL BE HELD AND ALL APPLICABLE REQUIREMENTS, INCLUDING THE FOLLOWING WILL BE COMPLETED.

C. AREA OFFICE WILL MONITOR USE OF FUNDS WITH A TRACKING SHEET BASED ON THE CONTRACT DOCUMENTS AND REVISED COST ESTIMATE.

Item No.	Folder File Position	Document	Document or Form Number	Execute By	Date Completed
144	5	Closing Instructions from SO and OGC. Appropriate parties must sign at closing	Closing Instructions	AO/ Attorney	
145	2	Promissory Note	RD 440-22	Applicant	
146	5	Deed of Trust – USI	RD TX 1927-1	Applicant	
147	5	Certification of the Loan Resolution Secretary of the Board must sign at closing	RB 1780-28 Certification	Applicant	
148	5	Other Security Instruments as prepared by OGC	OGC Closing Instructions	Applicant	
149	Construct File	Pre-Construction Conference (once closing is complete) 1780.76(a)	RD 1924-16 or similar format	Engineer	
150	Construct File	Notice to Proceed with Construction	RB 1780-13 Attachment 8	Engineer	
151	Construct File	Estimate of Funds Needed for 30 Day Period - 1780.45(b)(1)(ii)	RD 440-11	Borrower Engineer	
152		Check Debarment/Suspension (Applicant)- https://www.epls.gov/ RD 1940-M, §1940.606(b) **Prior to loan closing**	Printout from Website	AO	
153	2	Fax Loan Closing Information to Deputy Chief Financial Officer (Finance) along with Promissory Note	Guide Form Loan Closing Information	AO	
154		Update CPAP		AO	
155	Construct File	Request Loan Funds – verify that EFT/ACH is setup for loan and grant		AO	
156					

STEP 9 - POST LOAN CLOSING

THE LOAN DOCKET FOR FINAL OPINION SHOULD BE COMPLETED AS SOON AS THE LEGAL DOCUMENTS ARE FILED WITH THE SECRETARY OF STATE. FINAL PAYMENT TO ATTORNEY SHOULD NOT BE MADE UNTIL FINAL OPINION IS RECEIVED FROM THE OFFICE OF GENERAL COUNSEL.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
157	5	Final Title Opinion - 1780.44(g)(2)	RD 1927-10	Attorney		
158	2	Promissory Note - 1780.45(a)(1) Submit copy of original with advance of funds listed to date	RD 440-22	AO		
159	5	Request for Final Opinion to SO Submit all related material as stated in the Closing Instructions.	Memo	AO		
160	4	Review and submit docket to OGC	Memo	SO		
161	5	Post Review of Loan Closing - 1780.45 (g)	Memo	OGC		
162	4	Notify Applicant of OGC post closing opinion	Memo	AO		
163		Update CPAP	CPAP	AO		

STEP 10 – CONSTRUCTION FILE

CONSTRUCTION BEGINS. AREA OFFICE SHOULD SET UP CONSTRUCTION FOLDER.

Item No.	Folder File Position	Document	Document or Form Number	Prepared By	Request Date	Date Rec'vd
164	Construct File	Statement of Deposits and Withdrawals (Monitor & Track Funds) 1780.45(e)(1)&(4)	RD 402-2 or similar form	AO		
165	Construct File	Estimate of Funds Needed for 30 Day Period - 1780.45(b)(1)(ii)	RD 440-11	Borrower/ Engineer		
166	Construct File	Partial Payment Estimate - Approval of Invoices - 1780.45(e)(1) and 1780.76(e)	RD 1924-18	Borrower/ Engineer/ AO		
167	Construct File	Contract Change Order – SO Approval - 1780.75(h) and 1780.76(h)	EJCDC Form or RD 1924-7	Borrower/ Engineer/ AO/SO		
168	Daily Reports File	Evidence of Daily Diary and Inspection Reports - 1780.76(d)	RB 1780-18	Resident Inspector		
169	Construct File	Project Monitoring/Inspections – SI 1780-2 (3)(3.1)	RD 1924-12	AO		
170	6	Prefinal or Substantial Inspection - 1780.76(f) - **SO should be contacted to attend prefinal.**	RD 1924-12	Borrower/ Engineer/ AO/SO		
171		Update CPAP once prefinal is complete		AO		
172	6	Final Inspections - 1780.76(g) **Provide Copy of Final Inspection to State Office**	RD 1924-12	Borrower/ Engineer/ AO		
173		Update CPAP to 402 status once final is complete		AO		
174	6	Update CPAP Warranty Inspections for each Contract (11th month warranty) SI 1780-2,3.2(a)(i)(A)	RD 1924-12 CPAP Servicing	AO		
175	Construct File	Remaining Funds – Notify Borrower giving them appeal rights in accordance w/ 1780.45(f) & 1780-2, 2.14(e) once project is completed. SO must approve any remaining funds		AO		
176	Construct File	Submittal for remaining funds (if applicable) 1780.45(f) & SI 1780-2, 2.14(e) **SO must approve any remaining funds**	Memo	AO		
177	6	District Director's Report (between 9th & 11th month of first year of operation) SI 1780-2(3)(3.2)(a)(i) Update CPAP Servicing	RD 442-4	AO		

STEP 11 – SERVICING

UPDATE CPAP TO SHOW ALL SERVICING ACTIONS ONCE THE PROJECT IS IN A 402 STATUS. THESE ARE JUST A FEW THAT SHOULD BE UPDATED. REFER TO CPAP SERVICING FOR A LIST OF ALL INFORMATION REQUIRED OF THE BORROWER. THESE REPORTS ARE REQUIRED IN ACCORDANCE WITH THE LETTER OF CONDITIONS AND RUS INSTRUCTIONS AS WELL AS THE STATE INTERNAL REVIEW (SIR) GUIDE. REPORTS SHOULD BE PULLED MONTHLY TO SCHEDULE VISITS, IF NEEDED.

DUE DATE	TYPE OF SERVICING	REFERENCE		
Quarterly	Quarterly Management Reports	1780.47(f)(1) SI 1780-4(2)(ii)]		
Annual	Audit/Annual Report	SI 1780-4(2)		
Annual	Budget	SI 1780-4(2)(i)		
Annual	Insurance	1780.39(g)(4)		
Annual	Reserve Account	1780.39(e)		
3 years	Compliance Review – every 3 years for 2 consecutive times, then every 6 years.	1901E§1901.204(e)		
3 years	Security Inspections	SI 1780-2(3)(3.2)		
3 years	Vulnerability Assessment – update certification even if no changes have occurred	Letter of Conditions TX Unnumbered Letter		
3 years	Emergency Response Plan – update certification even if no changes have occurred	Letter of Conditions TX Unnumbered Letter		
	Graduation Review	1951-F, § 1951.263		
	UPDATE CPAP SERVICING			

Committee on Agriculture
U.S. House of Representatives
Information Required From Nongovernmental Witnesses

House rules require nongovernmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. **Name:** Brian Edward Macmanus, P.E.

2. **Organization you represent:**
   Texas Rural Water Association - National Rural Water Association Affiliate

3. **Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:**
   See attached resume.

4. **Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:**
   See attached resume.

5. **If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:**
   Vice-President, TRWA

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

BRIAN E. MACMANUS, P.E.

HOME ADDRESS 21004 Hatchett Road
Harlingen, Texas 78552
Home Phone (956)-423-1486

EMAIL: bemacmanus@erhwsc.com
Mobile Phone: (956)-245-4903
Work Phone (956)-247-7815

WORK EXPERIENCE

General Manager - East Rio Hondo Water Supply Corporation (ERHWSC), Jul 2013 – Present. Formally responsible for all aspects of potable water and wastewater utility serving 7850 direct water connections and 3 wholesale accounts with 1816 additional retail connections and 260 wastewater connections with a total managed asset value of $50,776,000. Responsibilities encompass all operations, subdivision growth, capital projects, engineering, financial, legal, administrative, and political interactions, as well as interaction with the Board of Directors.

Director of Water and Wastewater – ERHWSC, Jan 2000 - Jul 2013. Managed operations, design, development, and construction activities, as well as various legal and administrative responsibilities for ERHWSC. Projects managed encompassed design review, financing arrangements, and construction engineering. Projects included water tower & tank construction & repair, distribution trunk lines (16" & 12"), 2.0 MGD regional reverse osmosis plant design construction and operation, Systemwide SCADA system, 8.0 MGD surface water treatment plant design construction and operation, water rights acquisition, and numerous minor plant and distribution repairs and upgrades. Planned regional wastewater collection and treatment system starting with colonia grant funding. Capital improvement projects managed totaled nearly $20 million. Oversaw merger process of Arroyo Water Supply Corporation into ERHWSC. Administered subdivision & development process. Managed most administrative matters of the Corporation.

Assistant Engineer – Harlingen Waterworks System, Harlingen, TX, Oct 96 – Dec 99. Design and manage projects for a municipal water and wastewater utility serving population of 56,000. Areas of work include water treatment and distribution, wastewater collection and treatment, and recycled water using tertiary wastewater treatment and reverse osmosis.

Environmental Coordinator - U.S. Army Captain, U.S. Army Cold Regions Test Activity, Fort Greely, AK, Aug 95 – Sep 96. Directed environmental compliance for a 105-person military organization, which tested material, equipment, and weapons for arctic conditions. Responsibilities included hazardous waste and material management, spill site remediation, NEPA documentation, management of $40,000 annual budget, and unit safety.

Environmental Engineer - U.S. Army First Lieutenant promoted to Captain. U.S. Army Environmental Hygiene Activity South, Fort McPherson, GA, Oct 92 - Jul 95. Provided consultations to military installations in an 11-state area of the southeastern United States. Assessed regulatory compliance and management of drinking water, wastewater, and hazardous waste systems.

Graduate Research Assistant - Agriculture Engineering Department, University of Missouri - Columbia, Columbia, MO, Jan 91 - Aug 92. Managed and conducted $11,750 rockbed wetland water hydraulic study.

EDUCATION

M.S., Agriculture Engineering, August, 1992
University of Missouri - Columbia
B.S., Agriculture Engineering, December, 1990
Texas A&M University

BRIAN E. MACMANUS, P.E.

PROFESSIONAL ACTIVITIES AND CERTIFICATIONS

- Professional Engineer License #85508
- Texas Commission on Environmental Quality Licenses
  Class A - Water Operator,
  Class C – Wastewater Operator
- Director, Rio Grande Regional Water Authority(2008-present),
  Secretary/Treasurer (2013, 2014, 2015);
  Vice-President (2016-present);
- Director, Texas Rural Water Association (2008-present),
  Treasurer (2013-2014)
  Secretary (2014-2016)
  Vice-President (March 2016-present)
  Chairman – Legislative, Legal & Political Action Committee (2013-present);
- Director South Texas Water Utility Managers' Association (2006-present),
  Secretary/Treasurer (2009-present);
  President (2017-present);
- North Cameron Regional Water Supply Corporation Director
  Secretary/Treasurer (2006-present);
- PEN Joint Tenants, Management Committee Member
  Member (2006-present), Chairman (2010-present);
- Texas Water Utilities Association, Citrus Section
  Vice President, 2001-2002

COMMUNITY SERVICE ACTIVITIES & AWARDS

- Harlingen Beef Club
  President, 2011-2016
- Har-Tex 4-H Club, Club Manager (2012-present)
- Queen of Peace Catholic Church Choir Cantor (2015-present)
- Boy Scouts of America, Troop 142, Assistant Scoutmaster (2009-2016)
- St. Anthony Catholic Church Choir Cantor (1999-2014)
- St. Anthony Catholic Altar Server Program Co-Coordinator (2011-2013)
- Soccer Coach Arroyo Youth Soccer Club (2005-2007)
- Doherty Award - presented to Texas A&M University's outstanding graduating member of the Corps of Cadets receiving a commission in the U.S. Armed Services (1990)

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since January 1, 2015.

Name: Brian Edward Macmanus, P.E.

Organization you represent (if any): East Rio Hondo Water Supply Corporation

1. **Please list any federal grants or contracts (including subgrants and subcontracts) you have received since January 1, 2015, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

Source: N/A **Amount:**

Source: **Amount:**

2. **If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since January 1, 2015, as well as the source and the amount of each grant or contract:**

Source: See Attachment #1 **Amount:**

Source: **Amount:**

3. **Please list any payment or contract originating with a foreign government (including subcontracts) you have received since January 1. 2015, as well as the country of origin and amount of each payment or contract.**

Country of Origin: N/A **Amount:**

Country of Origin: **Amount:**

4. **Please list any payment or contract originating with a foreign government (including subcontracts) the organization has received since January 1. 2015, as well as the country of origin and amount of each payment or contract.**

Country of Origin: N/A **Amount:**

Country of Origin: **Amount:**

Please check here if this form is NOT applicable to you: _____

Signature: Brian E. Macmanus

* Rule XI, clause 2(g)(5) of the U.S. House of Representatives provides:

(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B) shall include--(i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Brian Edward Macmanus, P.E.'s Required Witness Disclosure Form

Attachment #1

Grants Received by ERHWSC	Year 2015	Year 2016	Year 2017	Total
Cameron County CDBG-Colonia San Vicente 1st Time Sewer Connections	$ 5,218.50	$ 260,648.67	$ -	$ 265,867.17
Cameron County CDBG-1/3rd Share of Well #2 at North Cameron Regional WSC	$ -	$ 104,500.00	$ -	$ 104,500.00
TWDB DWSRF-Harlingen Waterworks Emergency Interconnect Pump Station	$ -	$ 591,000.00	$ -	$ 591,000.00
USDA-RD-Surface Water Ultra-violet Disinfection	$ -	$ -	$ 379,400.00	$ 379,400.00
	$ 5,218.50	**$ 956,148.67**	**$ 379,400.00**	**$ 1,340,767.17**