

Section 6025: Strategic Economic and Community Development (SECD)

March 31, 2016
External Customers



United States Department of Agriculture

Speakers Today

USDA Rural Development

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New Tools for Financing Rural Growth:

Presentation Road Map

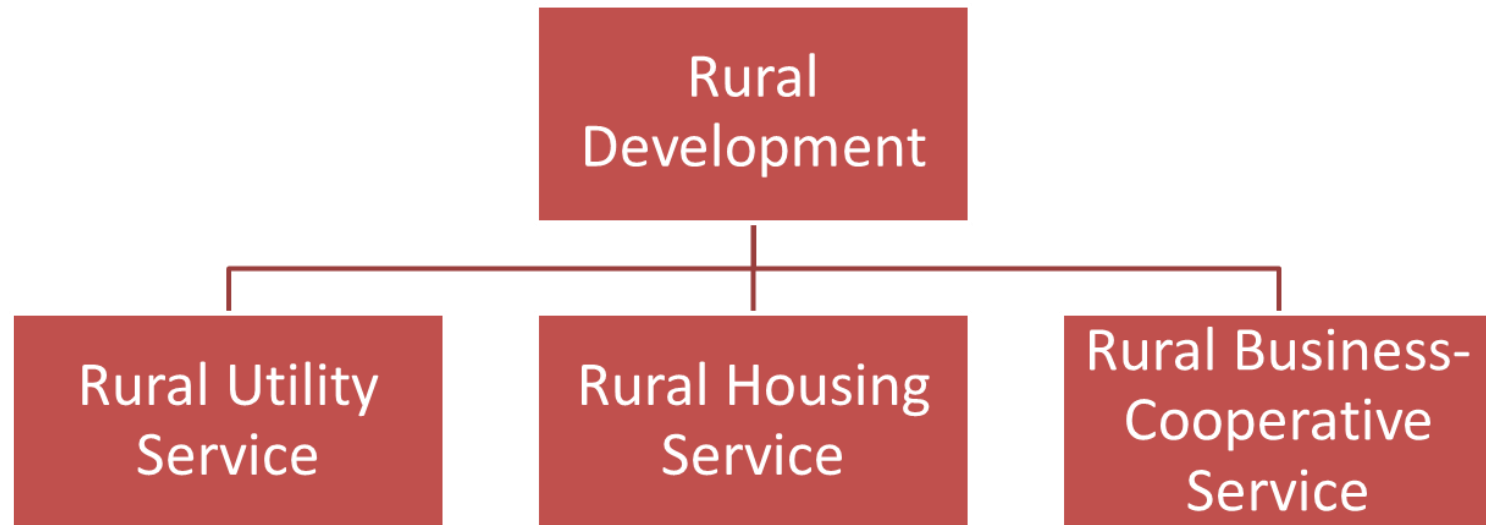
1. USDA's strategic priorities
2. Regional approaches in rural communities
3. Strategic Economic and Community Development (SECD) provision
4. Q & A

USDA's Strategic Priorities

1. White House regional and place-based initiatives
2. Commitment to poverty reduction, local food, and bioeconomy
3. Bringing capital to rural America

How Rural Development is Organized

RD will administer \$38 billion in loans, loan guarantees and grants through our programs in the current fiscal year.



USDA RD has 47 state offices and over 400 area offices and 5,000 staff across the nation.

Changing the Approach: USDA's Community Economic Development Team



Community Economic Development USDA Rural Development *As of January 2016*

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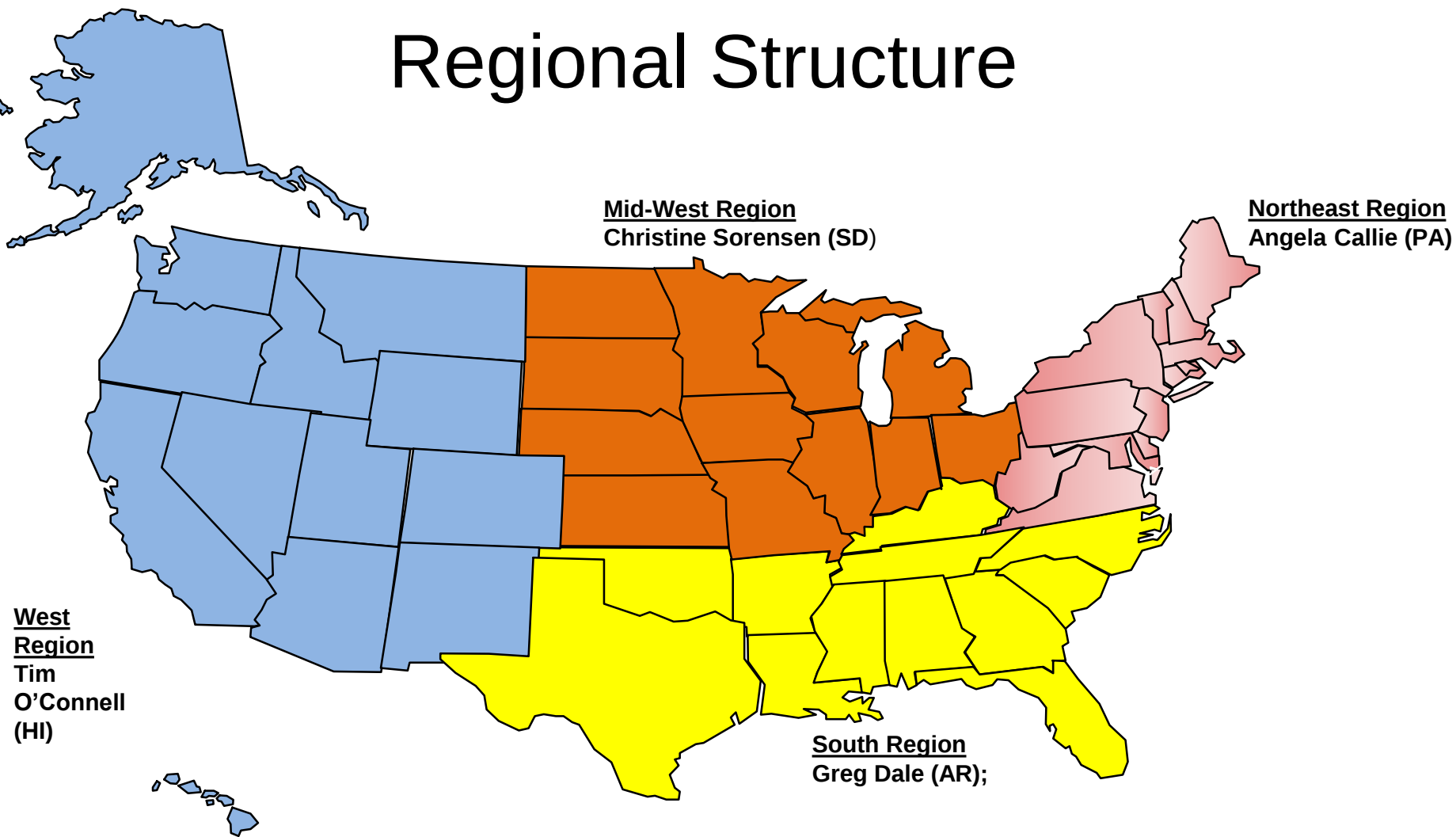
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Regional Structure



Section 6025 Strategic Economic & Community Development (SECD)

What is SECD?

- New requirement under 2014 Farm Bill
- Sets aside up to 10% of USDA program funds under:
 - Community Facilities
 - Water and Environmental Programs
 - Rural Business Development Grants
 - Business & Industry Guaranteed Loans...

**...to prioritize projects that support the
implementation of a multi-jurisdictional plan.**

For FY16, SECD set-aside funds total over \$300 million.

Why SECD?

Designed to support communities engaged in:

- Regional collaboration with federal, state and local partners
- Long-term growth strategies
- Aligning and leveraging resources
- Capitalizing on a region's strengths

What makes SECD unique?

- Rural only
- Specifically support implementation of regional plans
- Works across Rural Development agencies
- Funds projects developed as part of a community's vision

How was SECD Implemented?

SECD Timeline

- **2013 & 2014:** NADO, NACo and other stakeholder groups promote regional and strategic planning support
- **February 2014:** 2014 Farm Bill Passed with SECD provision
- **May 20, 2015:** SECD regulation published in the Federal Register (7 CFR 1980)
- **June 19, 2015:** SECD regulation effective date
- **June 2015 – July 30, 2015:** Pilot program of SECD run
- **July 20, 2016:** SECD regulation comment period closes
- **Summer/Fall 2015:** SECD pilot awards made
- **November 2015:** USDA determines SECD set-aside percentages for FY2016
- **November 2015 – present:** USDA engages in stakeholder outreach
- **December 2015:** Congress passes FY2016 budget
- **December 2015 – present:** Ongoing SECD application reviews
- **March 17, 2016:** SECD Federal Register Notice published
- **June 30, 2016:** SECD set-asides expire
- **Upcoming: Spring/Summer 2016:** SECD awards announced on a rolling basis

SECD Pilot in FY15 – 25 Awards

Examples

City of Cash, AR (Sustainable Communities plan)

CF funds for a community center roof.

West Stewartstown, NH (CEDs plan)

WEP funds to address public health & safety concerns from contamination in failing supply lines.

North Adams, MA (Community Plan)

RBDG funds to construct a cheese affinage at the Old Greylock Mill in North Adams. Project is expected to create 20 jobs.

Royalton, VT – (CEDs plan)

CF funds for Emergency Equipment and System Upgrades to complement remodel and consolidation of Town Hall offices.

Springerville, AZ- (Community Plan)

RBDG funds to a regional medical center for a feasibility study to expand internal daycare services to surrounding communities to support working families.

FY16 SECD Set-Aside Funds

For FY16, SECD funds total over \$300 million.

Program	Program Level (PL)	Competition		Set Aside Percentage	6025 Set-Aside	Remaining PL
		National	State Allocation			
WEP Guaranteed Loan	\$50,000,000	x		10%	\$5,000,000	\$45,000,000
WEP Direct Loan	\$1,200,000,000	x		10%	\$120,000,000	\$1,080,000,000
WEP Grant	\$344,943,000	x		5%	\$17,248,000	\$327,695,000
B&I	\$919,765,166	x		5%	\$45,988,258	\$873,776,908
CF Guaranteed Loan	\$148,305,084	x		10%	\$14,830,508	\$133,474,576
CF Direct Loan	\$2,200,000,000		x	5%	\$110,000,000	\$2,090,000,000
CF Grant	\$25,000,000		x	10%	\$2,500,000	\$22,500,000
RBDG	\$16,508,429		x	5%	\$868,863	\$15,639,566
Total					\$316,435,629	

How does SECD work?

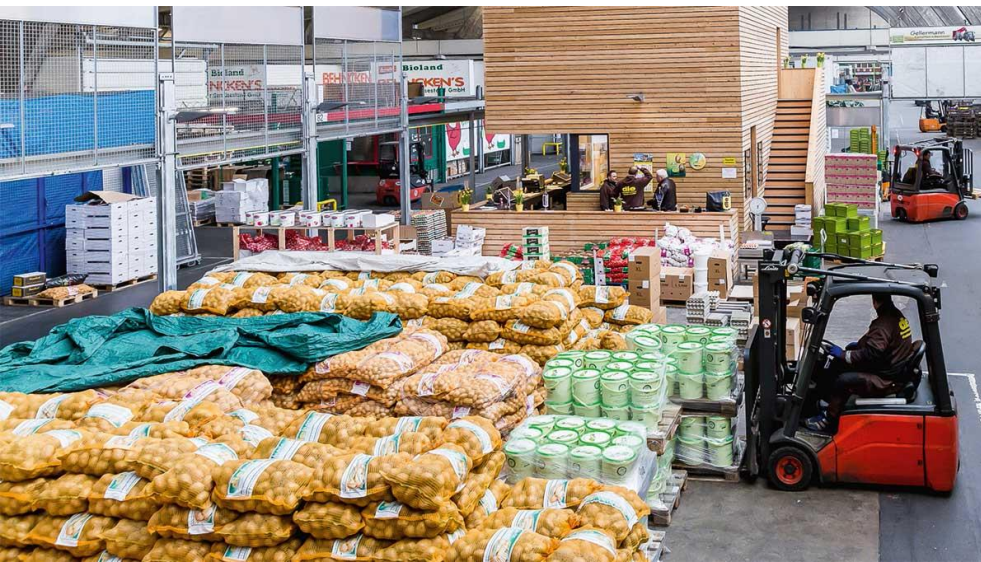
Reminder: What is SECD?

- Sets aside up to 10% of USDA program funds under:
 - **Community Facilities**
 - **Water and Environmental Programs**
 - **Rural Business Development Grants**
 - **Business & Industry Guaranteed Loans...**

...to prioritize projects that support the implementation of a multi-jurisdictional plan.

Community Facilities (CF)

- **Purpose:** Loans and Grants to improve, develop, or finance essential community facilities such as public safety, fire and rescue, telecommunications, schools, libraries, hospitals, other health care facilities, etc.
- **Applicant:** Public Bodies, non-profits, and Federally recognized Indian Tribes
- **Population:** City, town, or unincorporated area of not more than 20,000 in population. Facilities must serve rural residents.



Example: The Shepherd's Corner, Inc. in Bridgeport, WV received a CF grant to help purchase a building that would serve as a distribution center for food, clothing and household goods.

Water and Waste Disposal (WEP)

- **Purpose:** Loans and grants to build, repair, and improve public water systems and waste collection and treatment systems.
- **Applicant:** Public entities, Indian Tribes, and nonprofit corporations
- **Population:** Rural areas and towns with up to 10,000 population.



Example: Two communities in rural Maine used WEP funding to regionalize two aging wastewater treatment facilities into one state-of-the-art facility.

Rural Business Development Grants (RBDG)

- **Purpose:** Grant to assist the startup or expansion of small and emerging private businesses and/or nonprofits in rural communities.
- **Applicant:** Public bodies, government entities, nonprofit entities, and Federally recognized Indian Tribes
- **Population:** All areas rural in character except cities over 50,000 and their contiguous urbanized areas.



Example: An Economic Development Council in Missouri received an RBDG to complete a feasibility and marketing study for the gigabit broadband internet service in the five-county service area of Co-Mo Connect. Project is expected to create 19 jobs.

Business & Industry Loans (B&I)

- **Purpose:** Guaranteed Loan to create jobs/stimulate rural economies by providing financial backing for rural businesses.
- **Applicant:** Lenders/Businesses
- **Population:** All areas except cities over 50,000 and their contiguous urbanized areas.



Example: Hendersonville Community Cooperative in North Carolina received a guaranteed B&I loan to finance a new building that would serve as a local food cooperative grocery store.

Scoring of Regional Plans

- Regional Plan Objectives Supported by the Project – 10 pts
- Collaboration – 2 pts
- Resources – 2 pts
- Other Federal Agencies Investment – 2 pts
- Philanthropic Investment - 2 pts
- Performance Measures – 2 pts

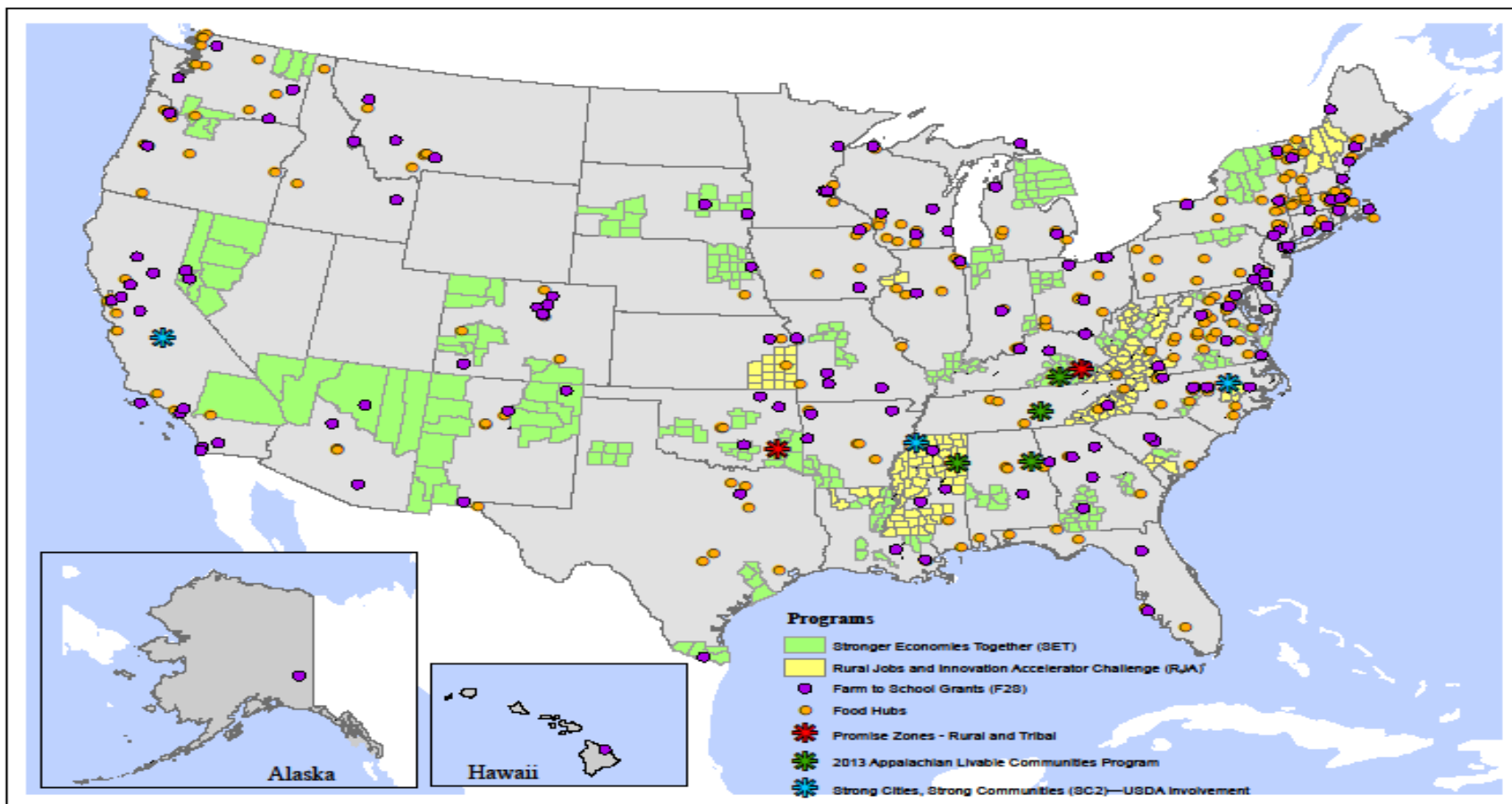
Potential SECD Applicants: Communities with Regional Plans

- Councils of Governments-Public and Non-Profit
- Regional Authorities
- State Agencies
- Coalitions of Counties, Towns, etc.
- Special Initiative Coalitions:
 - Stronger Economics Together (SET)
 - Promise Zones
 - Investing in Manufacturing Communities Partnership (IMCP)
 - Sustainable Communities
 - Comprehensive Economic Development Strategy (CEDS)



USDA Placed Based Initiatives utilizing strategic planning

Select USDA Place-Based Initiatives and Programs



FY16 Stakeholder Outreach

- NADO members & Economic Development Districts
- NACo members
- Sustainable Communities Grantees
- Main street network
- Smartgrowth America
- HUD Rural Gateway
- Housing and Water Authorities
- University extension
- Promise Zones
- SET regions
- Local Foods, Local Places designees
- FEMA planning and DOD planning agencies
- Emergency and health safety stakeholders
- IMCP
- Cooperatives
- Upcoming: IECD members



Tools for Applicants: SECD Applicant Checklist

Farm Bill Section 6025

Strategic Economic and Community Development Applicant Checklist

☐ Project Name:

☐ Project Application for One of the Following Programs:

- | | |
|--|---|
| ☐ Community Facility Loans | ☐ Water and Waste Disposal Programs |
| ☐ Community Facilities Grant Program | ☐ Guaranteed Loans |
| ☐ Community Programs Guaranteed Loans | ☐ Water and Waste Loans and Grants |
| ☐ Fire and Rescue and Other Small Community Facilities Projects | ☐ Business and Industry Guaranteed Loans |
| | ☐ Rural Business Development Grants |

Note: The project must comply with all of the eligibility requirements of the underlying program to be considered for Section 6025 SECD.

☐ The project is carried out **solely in a rural area**.

☐ Farm Bill Section 6025 SECD Form 1980-88 with the following details:

- ☐ Table of contents with page numbers for supporting documentation
- ☐ Attachment A(s) – Plan objectives**
(Note: a separate Attachment A is required for **each** objective)
- ☐ (If applicable) Attachment B – Previous applications

☐ Key Elements of the Multi-Jurisdictional Plan

- ☐ Plan service area covers more than jurisdiction. *Jurisdiction means a unit of government or other entity with similar powers. Examples include, but are not limited to: city, county, district, special purpose district, township, town, borough, parish, village, State, and Indian tribe.*
- ☐ A summary of the economic conditions of the region;
- ☐ An in-depth analysis of the economic and community strengths, weaknesses, opportunities, and threats for the region, to include consideration of such aspects as the environmental and social conditions;
- ☐ Strategies and implementation Plan to build upon the region's strengths and opportunities and to resolve the weaknesses and threats facing the region;
- ☐ Performance measures that evaluate the successful implementation of the Plan's objectives; and
- ☐ Support of key community stakeholders.

☐ Demonstration of support to a qualified multi-jurisdictional plan:

- ☐ Official letter from the appropriate entity/entities who approved the Plan
(Note: This is only mandatory if applicant is a government entity.)
- ☐ Documentation showing that the Plan was developed through the collaboration of multiple stakeholders in the service area of the plan**
- ☐ Documentation showing that the Plan demonstrates an understanding of the applicable region's assets that could support the Plan**
- ☐ (If applicable) Documentation showing that the Plan includes practical monetary or non-monetary contributions from Federal agencies other than the U.S. Department of Agriculture
(Note: Applicant should demonstrate the connection between the Project and the Plan)
- ☐ (If applicable) Documentation showing that the Plan includes practical monetary or non-monetary contributions from one or more philanthropic organizations
(Note: Applicant should demonstrate the connection between the Project and the Plan)
- ☐ Documentation showing clear objectives, the ability to establish measurable performance measures and to track progress towards meeting the Plan's objectives**

Note: URLs alone do NOT suffice as supporting documentation, but should be included if available. Supporting documentation must be attached to the Section 6025 SECD package.

****** Documentation must include page numbers or pages containing plan excerpts as exhibits referring to a section in the Plan that addresses the five items above.

Tools for Applicants: Regionally-based SECD experts

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Thank you!

Any Questions?