



Construction & Advance Procedures

USDA RUS ReConnect Program



Rural Development



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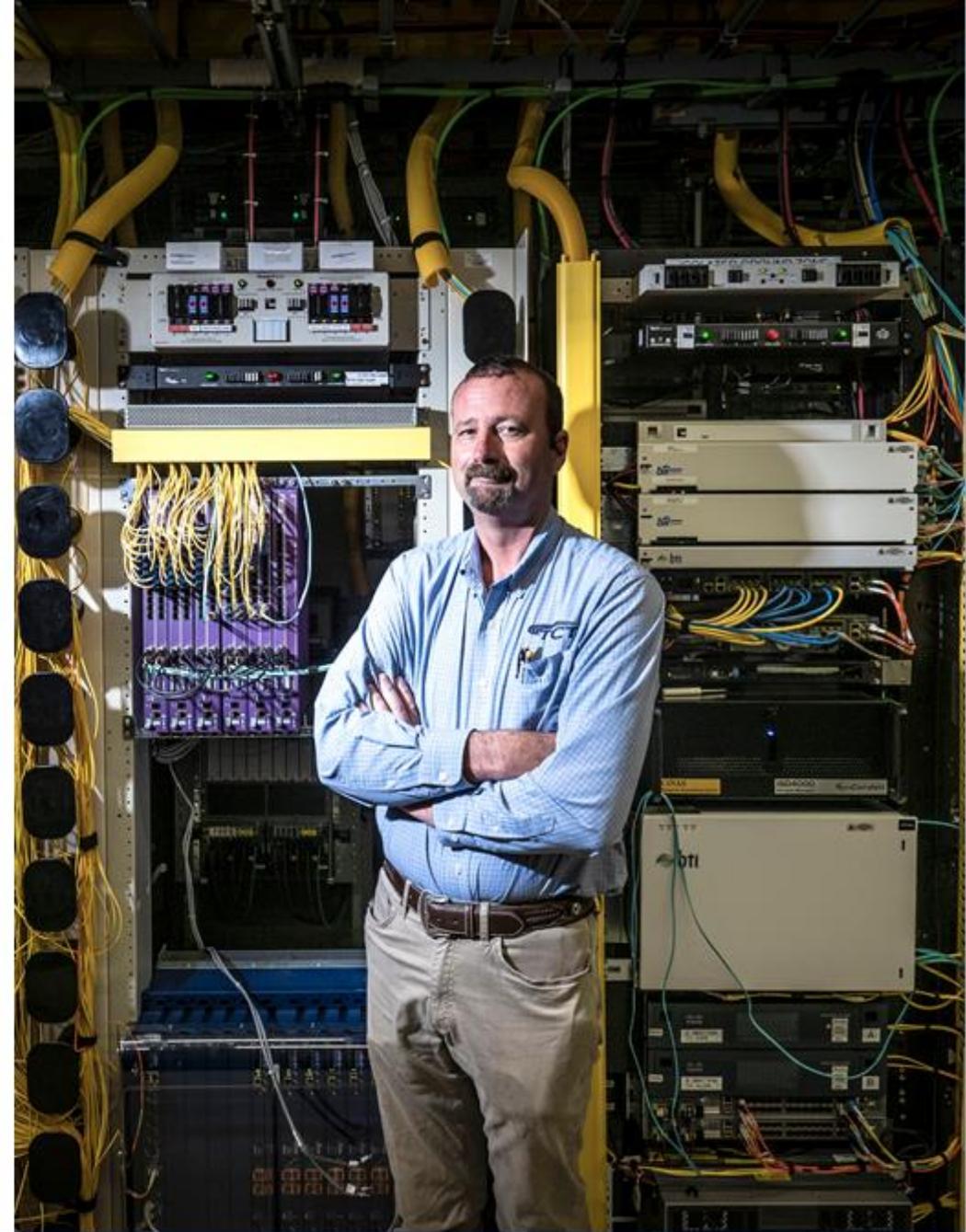
General Field
Representative

Agenda

- Introduction: ReConnect Construction Procedures Guide
- General Guidelines and Requirements
- Professional Services Contracts
- Introduction to Equipment Contracts
- Construction Contracts
 - Outside Plant Construction
 - Building Construction
 - Tower Construction
 - Subcontracts and Contract Amendments
 - Small Scale Construction Method
- Advance and Disbursement of ReConnect Award Funds
- Post Award Reporting Requirements
- Tips for Success
- Available Resources

Introduction

- High-level overview of the ReConnect Program Construction Procedures Guide
 - **Construction Procedures**
 - General Requirements
 - Standard RUS Contract Documents
 - **Funding Procedures**
 - **Post-Award Reporting**



Introduction: ReConnect Construction Procedures Guide

- Included in Award Documents provided to ReConnect awardees
- Covers:
 - Construction and contracting procedures
 - Advance and distribution of award funds
- Recent changes to guide – Outside Plant Negotiations
- Available to download on the ReConnect website under Forms and Resources:
 - https://www.rd.usda.gov/files/ReConnect_Program_Construction_Procedures_Final.pdf



Rural Development

General Guidelines and Requirements

Introduction to the Construction Schedule, Buy American Requirements, and General Requirements



General Guidelines and Requirements

- **RUS Approval**

- All work must conform to the application as approved by RUS, unless changes are requested and approved in advance by RUS

- **Environmental Requirements (7 CFR 1794):**

- Construction must not commence until all environmental conditions included in the award documents have been met
- Awardee is responsible for contacting RUS if they have not yet received a full list of environmental requirements with award documents

- **Buy American Requirements**

- All award funded materials and equipment must comply with “Buy American” provisions in 7 CFR 1787

General Guidelines and Requirements (Cont.)

- **Insurance Requirements**

- A performance bond is required for construction exceeding \$250,000, as indicated in 7 CFR Part 1788, Subpart C. or certain significant installation, as outlined in the Agency's memorandum found at:
 - http://www.usda.gov/rus/telecom/publications/pdf_files/Contractors-Bond-Requirement7-28-09.pdf
- Awardees are responsible for ensuring that their contractors and engineers comply with all the insurance and bond requirements of 7 CFR Part 1788, Subpart C
- Surety companies providing contractors' bonds must be listed as acceptable sureties in the U.S. Department of Treasury Circular No. 570
 - <https://fiscal.treasury.gov/surety-bonds/list-certified-companies.html>

General Guidelines and Requirements (Cont.)

- **Title Clearance**

- Required for all building construction over \$250,000
- Evidence of title clearance must be approved by RUS before approval of contract

- **Software License**

- As part of the equipment purchase, the original equipment manufacturer may require the awardee enter into a software license agreement for the use of the equipment



General Guidelines and Requirements (Cont.)

- **Contract Forms**
 - RUS Contract Forms or Non-RUS Contract Forms may be used
- **Tower Construction**
 - RUS Form 773 or Non-RUS contract can be used
 - Funds can be encumbered and advanced
- **Small Scale Construction Limits**
 - \$1 million limit for Outside Plant (OSP) construction projects
 - \$100 thousand limit for building construction/equipment procurement projects

General Guidelines and Requirements (Cont.)

- **Contract Amendments**
- Prior RUS approval is required to amend a contract if any one of the following conditions apply:
 - Changes in the terms and conditions of the contract
 - Changes to the scope of the contract
 - Amendment (by itself or including preceding amendments) increases the contract amount by 20% or more
 - Increase in contract price necessitates a performance bond

General Guidelines and Requirements (Cont.)

- **Non-RUS Contracts**

- RUS approval of contract form required prior to contract execution
- Must include a provision that the contract will not be binding on the parties until RUS approval has been granted
- RUS will not approve a non-RUS contract if:
 - The contract is for work not covered in the approved application, or is not for an Eligible Purpose;
 - The contract terms and conditions are vague, inadequate, or unreasonable; or
 - The contract presents unacceptable loan security risk to RUS

General Guidelines and Requirements (Cont.)

- **Affiliated Transactions**

- Defined as any transaction, contract, or dealing with an affiliate of the awardee or with awardee's or affiliate's directors, trustees, officers, managers, members (LLC), or other corporate officials
- RUS approval is required before awardees enter into affiliated transactions
- Award funds will be limited to lower of cost or market rate (subject to RUS verification)

- **Closeout Documents**

- RUS Contract Closeouts
- Non-RUS Contract Closeouts



General Guidelines and Requirements (Cont.)

- **Records**

- Records supporting all assets financed by RUS must be retained until audited and approved by RUS
 - Support documents required for all expenditures, advances, and disbursements
 - Include, but not limited to, contracts, 3rd party invoices, timesheets, payroll records, material records, overhead allocation records, summary schedules, etc.
- Records related to plant-in-service must be retained until:
 - The facilities are permanently removed from service
 - All removal and restoration activities are completed
 - All costs are retired from the accounting records

General Guidelines and Requirements (Cont.)

- **Construction Schedule**

- There is no interim construction process
- Awardees can start construction after they have been notified of the award **and** all necessary environmental approvals
 - Awardees are at risk until award is closed and funds are released
 - Aside from eligible pre-application expenses and work required to finalize environmental reviews, funds will not be approved for purposes or tasks initiated prior to environmental approval
- 5-year construction period starts when funds are released
 - This release date can be different for each awardee

General Guidelines and Requirements (Cont.)

- **Standard RUS Contract Documents**

- Professional Services Contract Forms 217 and 245
- Equipment Contract Form 395
- Construction Contract Forms 257, 515, and 773
- Subcontract Form 282
- Amendment Form 238
- Closeout Forms 284, 506, and 756



Rural Development

Professional Services Contracts

Introduction to the Professional Services - Engineering, Architectural and Other Professional Services



Professional Services Contracts

- Awardee must obtain professional services from persons or firms not affiliated with, or that do not represent a contractor, vendor or manufacturer presently providing labor, materials, or equipment to the awardee
- Engineer / Architect must be registered in the state(s) where construction and/or installation of facilities is performed
- Prior RUS approval required for in-house engineering services performed by awardee's staff
- **Upon RUS approval of the underlying Affiliate Services Agreement(s), professional services provided by affiliated companies must be provided under contracts as described in the following slides and will be subject to the same requirements as outside consultants**

Professional Services Contracts (Cont.)

- **Professional Services**
 - Engineering Services
 - Outside consultant
 - In-house engineering
 - Architectural Services
 - Other Professional Services



Professional Services Contracts (Cont.)

- **Engineering Services: Outside Consultants**
 - RUS Form 217 (RUS Post-Loan Engineering Services Contract)
 - RUS Form 245 (Engineering Service Contract Special Services – Telephone)
 - Non-RUS contract



Professional Services Contracts (Cont.)

- **Engineering Services: In-house Engineering**

- Awardee must request RUS approval to provide in-house services – The information that needs to be submitted to support the request is in the guide
- Once approval is granted, the awardee must submit a detailed proposal with the types of services to be provided and a detailed cost breakdown of the services
- In-house engineering proposals can be based on the entire project or can be separated by service area or types of services

Professional Services Contracts (Cont.)

- **Architectural Services**
- Awardees may use:
 - RUS Form 220 (Architectural Services Contract)
 - RUS Form 217 (Post-Loan Engineering Services Contract)
- **OR**
- Non-RUS contract
- Architect must be licensed in the State(s) where the facilities will be located

Professional Services Contracts (Cont.)

- **Other Professional Services**
 - Awardees may use:
 - RUS Form 245 (Engineering Services Contract-Special Services)
- OR**
- Non-RUS contract



Professional Services Contracts (Cont.)

- **Contract Approval**

- Three executed copies of the appropriate RUS Form Contract or the Non-RUS contract must be submitted for RUS approval
 - For In-house Engineering Proposals, only 2 copies of the proposal must be submitted
- Upon RUS approval, a copy of the contract will be sent to the awardee and the Engineer/Architect

- **Contract Closeout**

- RUS form contract requires two copies of signed and certified:
 - RUS Form 284 (Final Statement of Architect's Fees)
 - RUS Form 506 (Final Statement of Engineering Fees)
- Similar certifications are required for Non-RUS professional services contracts and In-house Engineering proposals

Introduction to Equipment Contracts



Equipment Contracts

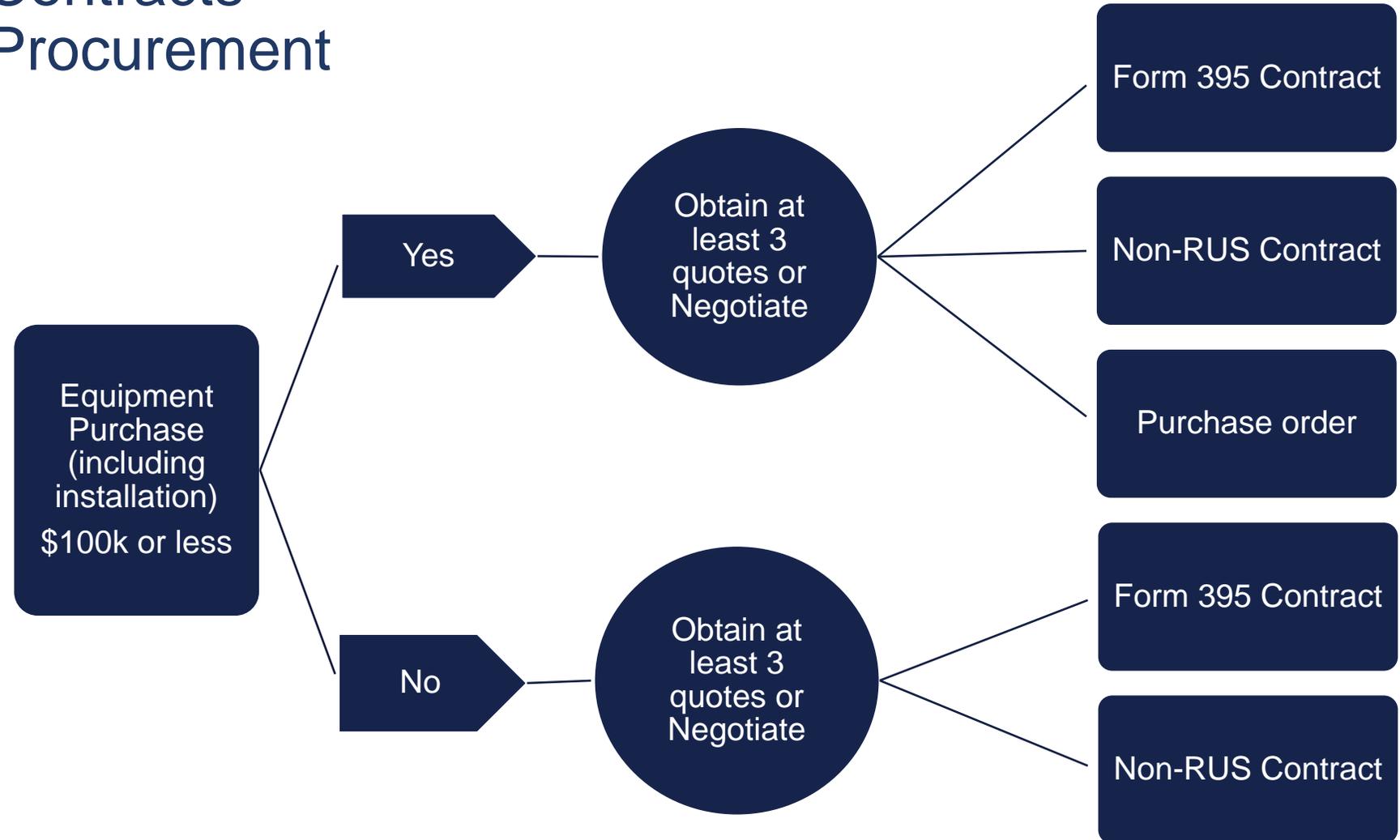
- Equipment purchases, including installation, under \$100,000
 - Can be purchased using a purchase order and reimbursed through the work order procedures
 - All supporting documentation for amounts shown on the Form 771a must be retained on file for RUS' review
- Equipment purchases, including installation, over \$100,000
 - RUS Form 395 Equipment Contract
 - Non-RUS contract
- Equipment purchased under a contract that does not include installation may be installed by the awardee's own staff using the Work Orders method described under small scale construction

Equipment Contracts (Cont.)

- **Procurement Method**

- The engineer prepares performance specifications and installation requirements, along with the respective contract, and releases them to prospective suppliers
- RUS recommends that quotes be obtained from at least three different suppliers, however, awardees can elect to negotiate with a single vendor or obtain quotes from multiple suppliers
- Grant awardees must comply with Federal procurement guidelines in 2 CFR 200
- Once a supplier has been selected, the awardee and supplier enter into the contract

Equipment Contracts – Equipment Procurement



Equipment Contracts (Cont.)

- **Contract Approval**

- Three executed copies of each equipment contract (including performance and installation requirements) must be submitted to RUS for approval
- Upon RUS approval, one copy of the contract will be sent to the awardee and one copy to the selected contractor
- RUS will notify awardee, in writing, if approval is withheld

- **Contract Closeout**

- Contract closeout can occur after equipment has been installed, tested, and meets the performance and installation requirements
 - RUS form 756 – final contract closeout certification for RUS form contract
- **OR**
- Similar certification for Non-RUS contracts
- Documents required to closeout RUS Equipment Contract Form 395 are listed in the ReConnect Construction Procedures Guide



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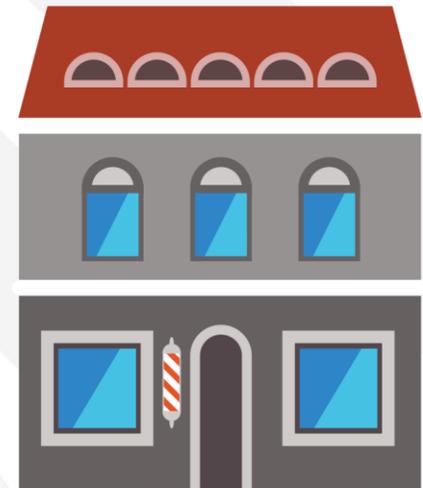
Construction Contracts

Introduction to Outside Plant, Building, and Tower Construction Contracts



Construction Contracts

- Construction of outside plant facilities, buildings, and towers may be performed by:
 - Outside contractor
 - In-house staff (Work Order)
 - Described in upcoming slides*



Construction Contracts (Cont.)

- **Outside Contractor**
- Awardee may execute:
 - RUS Form 773 (Miscellaneous Construction Work and Maintenance Services Contract)
 - RUS Form 257 (Contract to Construct Buildings)
 - RUS Form 515 (Telecommunications System Construction Contract)
 - Non-RUS Contract

Construction Contracts (Cont.)

- **RUS Form 773 (Miscellaneous Construction Work and Maintenance Services Contract)**
 - \$1 million limit on the contract amount for OSP construction purposes
 - No limit on the amount of construction that can be done on an annual basis using the Form 773 contract
 - Awardee must attach all drawings, sketches, lists of materials, list of units, descriptions of work, references to appropriate standards, specifications, etc., as well as required certifications so as to make them a part of this contract
 - Contractor's bond required if Form 773 contract exceeds \$250,000
 - Awardee uses non-award funds to finance the construction in progress and seeks reimbursement after work under the contract has been completed.
 - No subcontracts are allowed to Form 773 contracts.
- Reimbursement procedures described in upcoming slides

Construction Contracts (Cont.)

RUS Form 515, 257, and Non-RUS contracts

- The engineer prepares the construction Plans & Specifications (P&S), including any diagrams, sketches, and tabulations necessary to specify the work to be performed, along with the appropriate contract form and released them to prospective contractors
- All procurement transactions must be conducted in a manner to provide open and free competition to the maximum extent practicable pursuant to 2 CFR 200.319 and 2 CFR 200.323
- Contractor selected must meet all federal, state, local licensing requirements and insurance requirements (7 CFR Part 1788, Subpart C)

Construction Contracts

Outside Plant Construction



Construction Contracts – Outside Plant Construction

- **Outside Plant (OSP) Construction – General**

- For OSP projects (including all labor and materials) estimated to exceed \$1 million:
 - Awardees must use RUS Form 515 (Telecom System Construction) or a Non-RUS contract
- For OSP projects (including all labor and materials) estimated at \$1 million or less:
 - Awardees may use RUS Form 515, a Non-RUS contract, or the Small-Scale Construction methods
- When the awardee furnishes materials under RUS Form 787, Supplement A to Construction Contract (RUS Form 515) or a Non-RUS form written to accommodate it, the awardee should follow the steps in the Construction Procedures Guide

Construction Contracts – Outside Plant Construction (Cont.)

- **Outside Plant (OSP) Construction – Plans & Specifications (P&S)**
- Requirements for the P&S are provided in the Construction Procedures Guide
 - For OSP projects (including all labor and materials) estimated to exceed \$1 million:
 - P&S must be submitted for RUS' written approval
 - RUS will notify awardee in writing if approval is withheld
 - Awardees can solicit bids or negotiate upon receipt of written approval per the instructions in the Construction Procedures Guide
 - For OSP projects (including all labor and materials) estimated at \$1 million or less:
 - RUS approval of the P&S is not required

Construction Contracts – Outside Plant Construction (Cont.)

- **Outside Plant (OSP) Construction – Procurement Methods**

- General

- Contact RUS if fewer than three bidders are qualified
- Contact RUS if fewer than three valid bids are received
- Awardee may award contract if all conditions in the Guide are met
- Prior RUS approval required to execute contract if conditions in the Guide are not satisfied

For OSP projects (including all labor and materials) estimated to exceed **\$1 million**:

- 100% Loan awardees may solicit bids or negotiate upon receipt of written P&S approval
 - RUS notification required for negotiated contracts

Construction Contracts – Outside Plant Construction (Cont.)

- **Outside Plant (OSP) Construction – Procurement Methods**
- Combination (50/50 Loan/Grant) Awardees using loan funds or funds substituted for loan funds may solicit bids or negotiate upon receipt of written P&S approval
 - RUS notification required for negotiated contracts (loan funds only)
 - Prior RUS approval required to negotiate grant-funded contracts
 - Grant funds will not fund or supplement negotiated contracts unless awardee received RUS' written approval to negotiate
- 100% Grant Awardees may solicit bids upon receipt of written P&S approval
 - Prior RUS approval required to negotiate grant-funded contracts
 - Awardees using matching funds only may solicit bids or negotiate contracts however, grant funds will not fund or supplement such negotiated contracts unless awardee received prior RUS approval

Construction Contracts – Outside Plant Construction (Cont.)

- **Outside Plant (OSP) Construction – Procurement Methods**

- For OSP projects (including all labor and materials) estimated at **\$1 million or less**, awardees may use:
 - Small-Scale Construction procedures (addressed in upcoming slides)

OR

- Follow bidding or negotiation procedures in the Guide (required if using RUS OSP Contract Form 515)

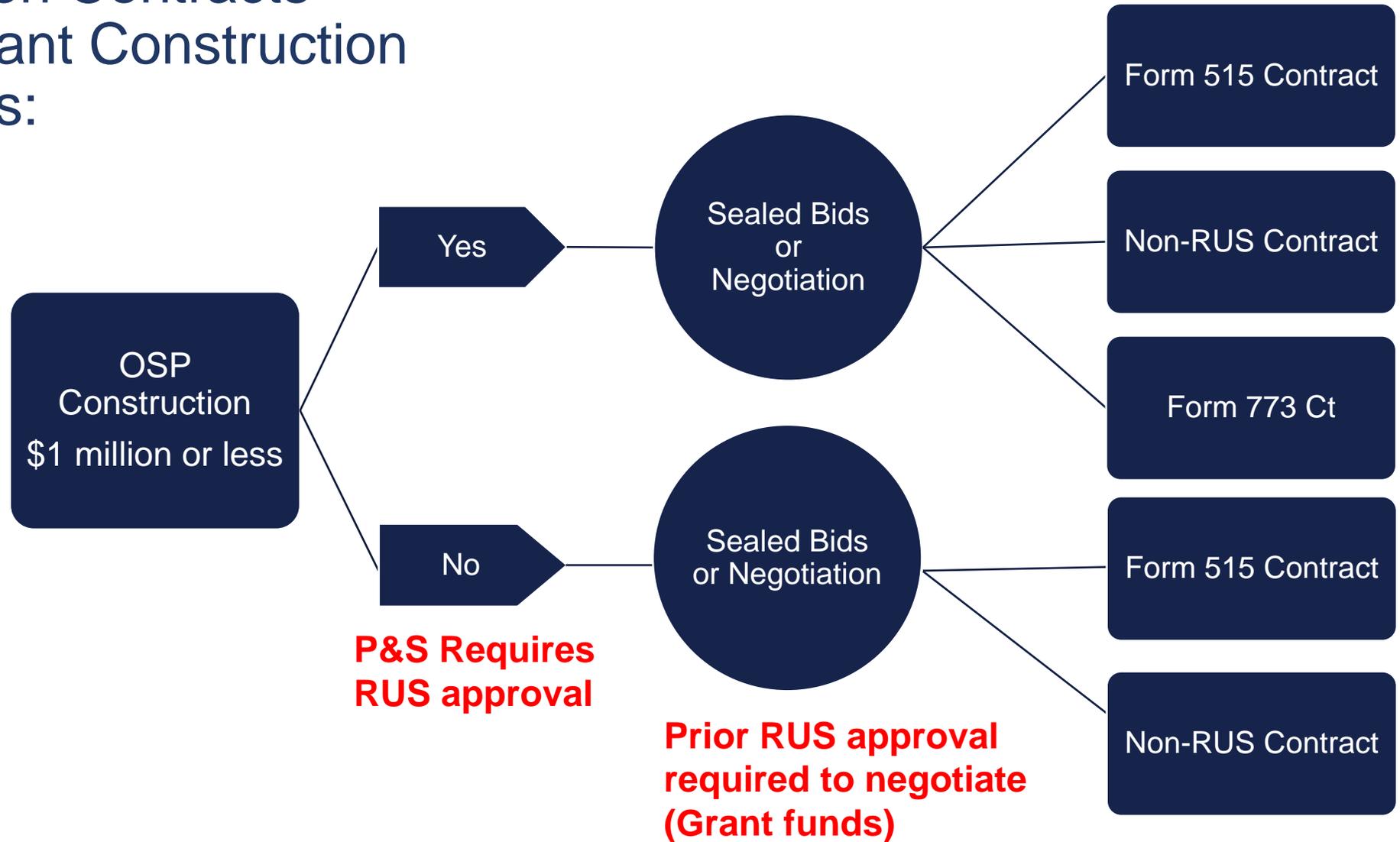


Construction Contracts – Outside Plant Construction (Cont.)

- **Outside Plant (OSP) Construction – Contracts**

- For OSP projects (including all labor and materials) estimated to exceed \$1 million:
 - Awardees must use RUS Form 515 (Telecom System Construction) or a Non-RUS contract
- For OSP projects (including all labor and materials) estimated at \$1 million or less:
 - Awardee may use RUS Form 515, a Non-RUS contract, or the Small-Scale Construction methods

Construction Contracts – Outside Plant Construction Procedures:



Construction Contracts – Outside Plant Construction (Cont.)

- **Outside Plant (OSP) Construction – Contract Closeout**
- Once all acceptance tests and inspections are completed and all deficiencies corrected:
 - The awardee must obtain from the architect or engineer, RUS Form 756, Contract Closeout Certification, or a similar certification for a Non-RUS Contract, and submits it to RUS within 30 days
 - Documents required to closeout RUS OSP contract Form 515 are listed in the ReConnect Construction Procedures Guide
 - RUS will notify awardees, in writing, upon approval of the final fees - permitting final payment to be made



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Construction Contracts

Building Construction



Construction Contracts – Building Construction

- **General**

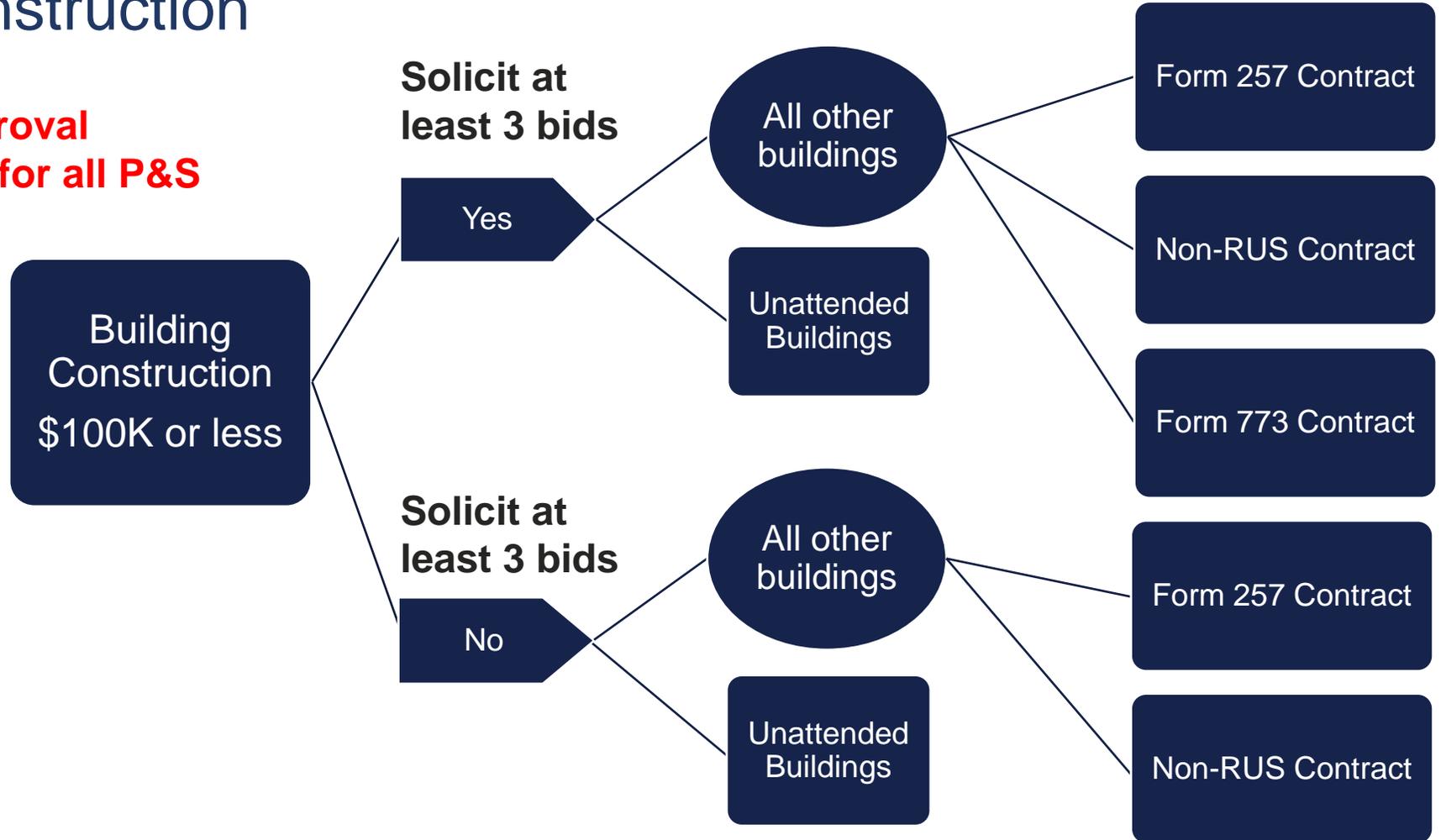
- All construction pertaining to the building structure must be performed under a single contract
- For buildings estimated to cost more than \$100,000, RUS Form 257 (Building Construction) or a Non-RUS contract may be used
 - For unattended buildings estimated to cost over \$100,000, a Non-RUS contract must be used
- For all building improvements and unattended buildings estimated to cost \$100,000 or less, the RUS Form 773 (Small-scale Construction) method must be used
- Must comply with all applicable regulations and laws per the Construction Procedures Guide

Construction Contracts – Building Construction (Cont.)

- **Plans and Specifications (P&S)**
 - Requirements for the P&S are provided in the Construction Procedures Guide
 - All building P&S must be submitted to RUS for approval
 - Awardee can solicit bids upon receipt of RUS' written P&S approval
- **Contract Approval**
 - Awardee must solicit bids for all building construction contracts
 - Contract award is subject to conditions detailed in the Construction Procedures Guide
 - Three executed copies of RUS Form 257 or Non-RUS contract must be submitted for RUS approval

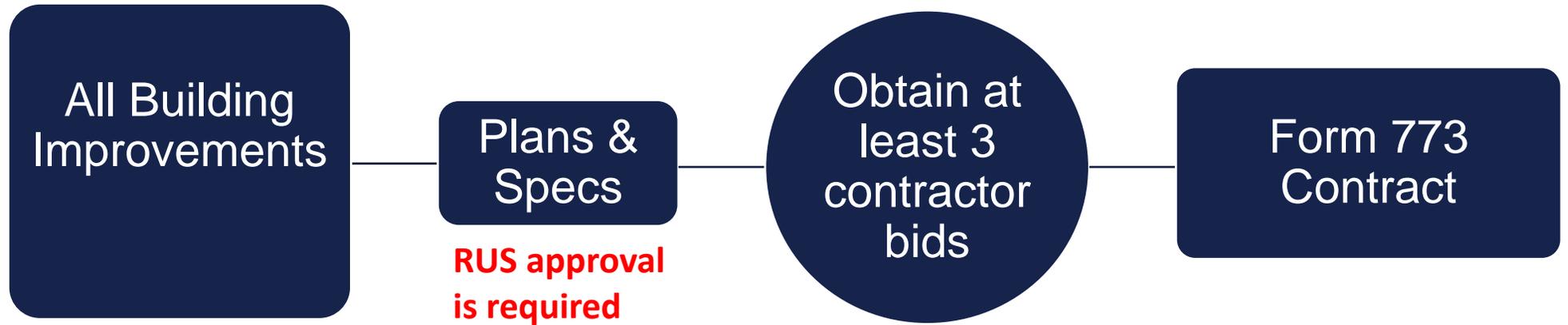
Construction Contracts – Building Construction

**RUS approval
required for all P&S**



Construction Contracts

– Building Improvements



Construction Contracts – Building Construction (Cont.)

- **Contract Closeout**
- Upon completion of construction per the P&S:
 - The awardee must obtain from the architect or engineer, RUS Form 756, Contract Closeout Certification, or a similar certification for a Non-RUS Contract, and submits it to RUS within 30 days
 - Documents required to closeout RUS Building Contract Form 257 are listed in the ReConnect Construction Procedures Guide
 - RUS will notify awardees, in writing, of approval of the final fees - permitting final payment to be made

Construction Contracts

Tower Construction



Construction Contracts – Tower Construction

- **General**
- RUS Form 773, *Miscellaneous Construction Work and Maintenance Services Contract*, or a Non-RUS contract should be used to finance the construction of all new towers and any improvements on existing towers
- **Plans and Specifications (P&S)**
 - Requirements for the P&S are provided in the Construction Procedures Guide
 - RUS approval of P&S is not required
 - Awardee should obtain at least 3 contractor proposals
 - Neither the selection of the contractor nor proposal require RUS approval

Construction Contracts – Tower Construction (Cont.)

- **Contract Approval**

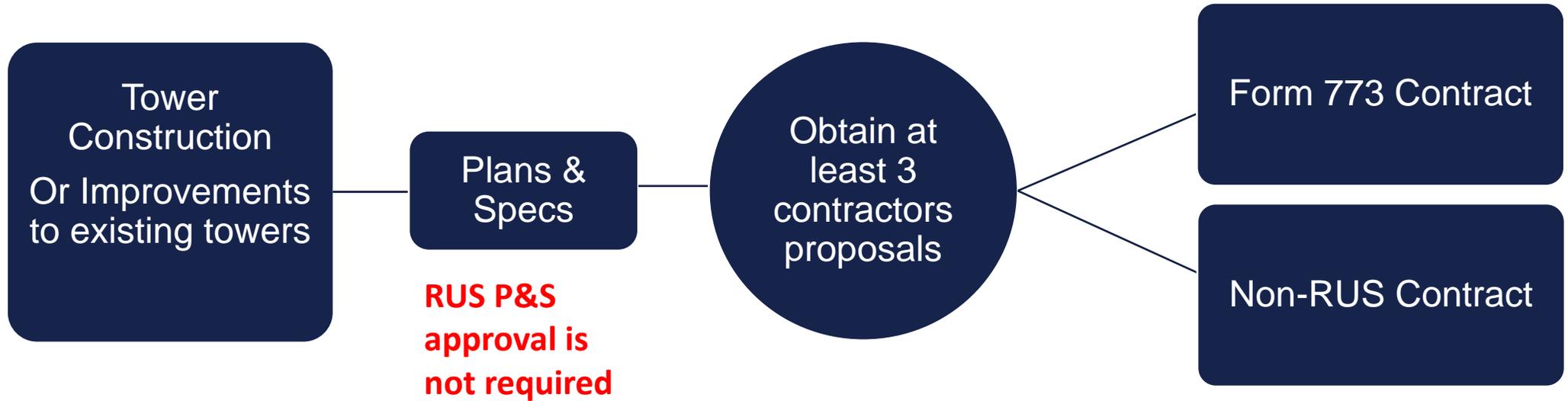
- 3 executed copies of Forms 773 or Non-RUS contract forms used for Tower Construction must be sent to RUS for approval
- Contractor's bond required if contract amount exceeds \$250,000

- **Contract Closeout**

- Upon completion of construction:

- The awardee must obtain from the engineer, RUS Form 756, Contract Closeout Certification, or a similar certification for a Non-RUS Contract, and submits it to RUS within 30 days
- RUS will notify in writing of approval of the final fees permitting final payment to be made

Construction Contracts – Tower Construction





Rural Development

Construction Contracts

Subcontracts and Contract Amendments



Construction Contracts – Subcontracts

- Non-RUS subcontracts can be used with Non-RUS contract forms
- RUS Subcontract Form 282 should be used with Contract Forms 257 (Buildings), 395 (Equipment), and 515 (OSP)
 - Minor modifications to Subcontract Form 282 is permissible providing they do not change the terms and conditions of the primary contract and are made per the Construction Procedures
 - RUS approval is not required per the ReConnect Construction Procedures Guide



Construction Contracts – Contract Amendments

- RUS Amendment Form 238 for RUS Forms 395 (Equipment) and 257 (Buildings)
- RUS Amendment Form 526 for RUS Form 515 (OSP)
- Non-RUS Amendment Forms can be used for Non-RUS Contract Forms
- Prior RUS Approval is only required if:
 - There are changes to the terms or conditions of the contract or the scope of the project.
 - The amendment(s) increase the contract price by 20% or more
 - The amendment causes an unbonded contract to require a performance bond
- 3 copies of executed amendments should be submitted to RUS anytime prior to contract closeout



Rural Development

Construction Contracts

Small Scale Construction Methods –
General, RUS Form 773, and In-
House Work Orders



Construction Contracts – Small Scale Construction Method

- Generally, the awardee finances small-scale Construction with non-award funds and is reimbursed after the work has been completed. May also be used in combination with other RUS contract forms or Non-RUS contracts
 - RUS Form 773 method: 3rd party
 - Selected contractor meets all federal and state licensing requirements
 - Work Order method: In-house staff
 - Daily timesheets, cost detail sheets, and material reports must be kept
 - Cost accounting per 2 CFR 200 as applicable

Construction Contracts – RUS Form 773, *Miscellaneous Construction Work*

- Used without modification for small-scale construction
- Neither contract or selected contractor requires RUS approval
- Contractor's bond required if contract amount exceeds \$250,000
- Upon construction completion and final inspection, awardee obtains final invoice and executed RUS Form 743, Certificate of Contractor and Indemnity Agreement
- Certified RUS Form 771a and detailed work order description(s) must be submitted to RUS for review

Construction Contracts – Work Order Method

- Work order means any work performed by the awardee's employees, pursuant to its work order procedure, with the awardee furnishing all the materials, equipment, tools, and transportation
- Work order construction must be performed to all local, state, and Federal requirements
- Awardee must keep daily timesheets and material reports, referenced by work project numbers, to record labor and materials used
 - Cost accounting system must be in place to meet the requirements of 2 CFR 200 as applicable, to show the source and summary records to support requested and expended funds
- General Field Representative (GFR) reviews
 - The GFR does a physical inspection of all or some of the work orders projects before initialing the work order form
 - The GFR will periodically audit the inspection of small scale construction projects to ensure integrity of the closeout procedure

Construction Contracts – Small-scale Construction Reimbursement

- Certified Form 771a, Summary of Work Orders, is reviewed and initialed by the GFR
- Awardee submits a Form 481, FRS, along with the initialed 771a to RUS to request reimbursement





Rural Development

Advance and Disbursement of ReConnect Award Funds

Introduction to the Award Budget, Pledged Deposit Account, Financial Requirement Statement (FRS), and General Advancing Requirements



Advance and Disbursement of Funds

- **Definitions**

- **Advance:** Transferring funds from RUS to the awardee's pledged deposit account
- **Disbursement:** Payment by the awardee out of the pledged deposit account for approved award purposes (e.g. payment to contractor)
- **Pledged Deposit Account (PDA):** Bank account established and maintained by the awardee to hold all ReConnect project funds including grant, match, equity or required general funds contributions
- **Financial Requirement Statement (FRS):** RUS Form 481 used by awardee to request funds and record/control PDA transactions

Advance and Disbursement of Funds (Cont.)

- Required Forms:
 - <https://www.rd.usda.gov/resources/forms>
- Using “Telecommunications Forms” Link
 - Financial Requirement Statement (FRS) Form 481
 - PDF version Form 481
 - Fillable Excel file
 - Summary of Work Orders RUS Form 771a
 - PDF version Form 771a
 - Instructions for RUS Form 771a



Advance and Disbursement of Funds (Cont.)

- Award documents contain provisions regarding advances and disbursement of award funds by awardees
- All matching and/or funds required for project completion as stated in the Award Documents must be deposited into a Pledged Deposit Account at award closing
 - For purposes of advances, all matching funds will be treated as award funds and recorded appropriately on the Financial Requirement Statement
 - If more funds are required than are available in a budget category, the awardee may request RUS' approval of a budget adjustment to use funds from another budget category per instructions in the Construction Procedures Guide
- Any post-award budget adjustments and/or system design changes must be approved by RUS

Advance and Disbursement of Funds (Cont.)

- **Pledged Deposit Account (PDA)**

- The PDA must only be established in a bank or depository whose deposits are insured by the FDIC or other federal agency acceptable to RUS
- Funds in the PDA must be used solely for the purpose approved in the application and must be withdrawn/disbursed for the approved purposes for which they were requested on the Financial Requirement Statement
- RUS may require that other funds, including match, equity or general fund contributions for project completion, proceeds from the sale of property, interest received on award funds and similar types of receipts be deposited into the PDA
- Funds must be disbursed from the PDA only up to the amount approved for advance as indicated on the financial requirement statement

Advance and Disbursement of Funds (Cont.)

- **Funds Advancement for Approved Purposes Contracts**

- OSP Construction – up to 95% approved for advance, 5% withheld until closeout approval
- Equipment and general construction – Up to 90% approved for advance, 10% withheld until closeout approval
- Professional Services:
 - 3rd party Contracts - Up to 90% approved for advance , 10% withheld until closeout approval
 - In-house Engineering – 100%, as supported by timesheets and cost detail sheets

Advance and Disbursement of Funds (Cont.)

- **Funds Advancement for Approved Purposes**

- Pre-Award Expenses:
 - 100% as supported by itemized invoices or receipts
- Vehicles, Operating, Work & Office Equipment:
 - 100% as supported by itemized invoices
- Rights-of-Way Acquisition, Make-Ready and Permits:
 - 100% as supported by itemized invoices



Advance and Disbursement of Funds (Cont.)

- **Funds Advancement for Approved Purposes**

- Small-scale construction projects

- Bulletin 1770-1 describes RUS Work Order Procedures

- <https://www.rd.usda.gov/publications/regulations-guidelines/bulletins/utilities>

- RUS Form 771a

- Basis for advancing funds for work orders and Form 773 contracts

- Form must be certified by the borrower and licensed engineer (consultant) or borrower's staff engineer approved by RUS

- Form must be initialed by the GFR

- Only completed work (purchase and installation of equipment/software, construction of facilities, or professional services) can be shown on the Form 771a

Advance and Disbursement of Funds (Cont.)

- **Funds Advancement for Approved Purposes**
- Small-scale construction projects
 - RUS Form 771
 - Be part of the approved System Design
 - Be supported by a detailed project description including the method (773 contract, work order, etc.) used to complete the project
 - Identify all labor (including associated engineering services performed under RUS Form 245) and material costs in the respective columns

Advance and Disbursement of Funds – RUS Form 771a

RUS 771a Summary Number 1 Work Order Report

Work orders included on this RUS 771a are as follows:

- DC-01:** This work order was for the purchase and installation of fiber termination panels, fiber tip cables, fiber splitter blocks, fiber guide, cable racking, grounding hardware and other miscellaneous installation materials in the ABC Central Office. The materials were purchased by ABC Telephone Company and the installation work was performed by QRS Network Solutions under a RUS 773 contract. The total amount of the QRS Network Solutions contract is \$12,480. The material purchased under this work order cost \$83,259.00 for a total Net Advances Required of \$95,739.00. The completion date for this project was November 30, 2018.

Each work order description should include:

- 1) A brief description of work performed
- 2) Location where work was performed (include adequate details for ER approval verification)
- 3) Method of construction (773 contract and/or in-house labor)
- 4) Date the work was completed
- 5) Explanation(s) of costs listed in Column (g) of the Form 771a

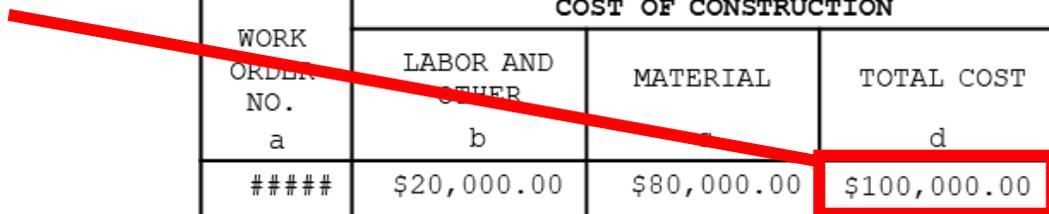
U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE SUMMARY OF WORK ORDERS (Inspection By Licensed Engineer Or Borrower's Staff Engineer)				SYSTEM DESIGNATION DC 1700-A61			
INSTRUCTIONS-Prepare 4 copies. Original & 1 copy to be forwarded to the RUS Field Engineer after the construction has been inspected and certified. For detailed instructions, see RUS Bulletin 382-2, Appendix B.				SUMMARY NUMBER 1			
APPROVAL IS REQUESTED FOR THE ENCUMBRANCE OF LOAN FUNDS AS SHOWN IN COLUMN "h" FOR COMPLETE CONSTRUCTION OF SYSTEM IMPROVEMENTS AND EXTENSIONS FOR PURCHASES OF STATION APPARATUS AND EXEMPT MATERIALS.							
WORK ORDER NO.	COST OF CONSTRUCTION			LESS ADVANCES NOT REQUIRED			NET ADVANCES REQUIRED
	LABOR AND OTHER	MATERIAL	TOTAL COST	REUSABLE MATERIALS SALVAGED	STATION APPARATUS & EXEMPT MAT'L	OTHER (Explain)	
a	b	c	d	e	f	g	h
DC-01	\$12,480.00	\$83,259.00	\$95,739.00				\$95,739.00
TOTAL	\$12,480.00	\$83,259.00	\$95,739.00	\$0.00	\$0.00	\$0.00	\$95,739.00
CERTIFICATION							
<p>I certify that, (1) the total costs and net requirements for the construction included above are the actual costs and net requirements for loan funds reflected in the permanent records of this organization, (2) construction, if any, which did not conform to the ACD or SLP approved by RUS has received RUS approval, (3) construction of extensions, if any, to serve subscribers in areas not included in existing loans, has been approved by RUS, (4) all the required acceptance tests have been made on the construction and the results were satisfactory (5) any corrections required on the portions of construction that were field-inspected have been made on all the construction included in the summary, and (6) the requirements of the "Buy American" provision have been complied with where any foreign made materials or equipment were used in the construction. I further certify regulatory body and other approvals required for this construction have been obtained and that there have been no previous requests for approval of the net advance required for the construction covered hereby.</p> <p style="text-align: right;"> <i>John Doe</i> President/General Manager AUTHORIZED SIGNATURE AND TITLE ABC Telephone Coop. </p> <p>01-25-2019 DATE NAME OF BORROWER</p>							
INSPECTION - CERTIFICATION							
<p>I hereby certify that sufficient inspection has been made of the construction reported by this summary to give me reasonable assurance that the construction complies with applicable specifications and standards and meets appropriate code requirements as to strength and safety. This certification is in accordance with acceptable engineering practice.</p> <p> XYZ Engineering Company NAME OF INSPECTION FIRM Jane Smith INSPECTION PERFORMED BY <i>Jane Smith</i> SIGNATURE OF LICENSED ENGINEER 01-14-2019 DATE 1234567891 LICENSE NUMBER SIGNATURE OF BORROWER'S STAFF ENGINEER </p>							
ACCOUNTING VERIFICATION (RUS USE ONLY)							

Advance and Disbursement of Funds – RUS Form 771a (Cont.)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0059. The time required to complete this information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE SUMMARY OF WORK ORDERS (Inspection By Licensed Engineer Or Borrower's Staff Engineer)				SYSTEM DESIGNATION			
INSTRUCTIONS-Prepare 4 copies. Original & 1 copy to be forwarded to the RUS Field Engineer after the construction has been inspected and certified. For detailed instructions, see RUS Bulletin 382-2, Appendix B.				SUMMARY NUMBER			
APPROVAL IS REQUESTED FOR THE ENCUMBRANCE OF LOAN FUNDS AS SHOWN IN COLUMN 'h' FOR COMPLETE CONSTRUCTION OF SYSTEM IMPROVEMENTS AND EXTENSIONS FOR PURCHASES OF STATION APPARATUS AND EXEMPT MATERIALS.							
WORK ORDER NO. a	COST OF CONSTRUCTION			LESS ADVANCES NOT REQUIRED			NET ADVANCES REQUIRED h
	LABOR AND OTHER b	MATERIAL c	TOTAL COST d	REUSABLE MATERIALS SALVAGED e	STATION APPARATUS & EXEMPT MAT'L f	OTHER (Explain) g	
#####	\$20,000.00	\$80,000.00	\$100,000.00				
###	\$20,000.00	\$79,999.00	\$99,999.00				

Maximum value for OSP construction = \$1,000,000



Advance and Disbursement of Funds – RUS Form 771a (Cont.)

- **Reimbursement of Work order construction and Form 773 contracts**
 - Form 771a – Summary of Work Orders
 - GFR reviews the supporting documentation (project descriptions, time sheets, invoices, etc.) for each work order listed on the Form 771a
 - GFR signs or initials the Form 771a
 - Awardee submits the signed Form 771a and a separate summary page that gives a detailed description of each work order, along with the RUS Form 481 (FRS)

Advance and Disbursement of Funds – RUS Form 771a (Cont.)

- **Common GFR Review Questions**

- Was the Form 771a completed properly?
- Did awardee submit a detailed project description for each project listed on the Form 771a?
- Are all the line-item costs shown on the Form 771a for completed work?
- Has the awardee obtained proper documentation needed to adequately support listed labor and material costs? (Form 773 contracts, time sheets, invoices for materials, etc.)

Advance and Disbursement of Funds – Approved Work Orders

- **Common GFR Review Questions**

- Are listed small-scale construction projects part of the approved System Design?
- Do any of the projects require environmental approval? If so, has the awardee received RUS' approval?
- If the borrower's staff engineer is signing the Form 771a, has this person been approved by RUS?
- Did awardee ensure performance bonds were secured for projects exceeding \$250,000 that were completed using Form 773 contracts?

Advance and Disbursement of Funds – Financial Requirement Statement

- **Financial Requirement Statement (FRS) – RUS Form 481**
 - To request funds, awardees must submit the RUS Form 481, Financial Requirement Statement, along with a cover letter describing the advances (loan, grant or match etc.) desired
 - The FRS is used by RUS and the awardee to record and control transactions in the Pledged Deposit Account
 - The FRS must be signed by an authorized awardee official
 - Certification on Copy 4 (Page 4) of the FRS must also be signed by an authorized official

Advance and Disbursement of Funds – Financial Requirement Statement (Cont.)

- **Approved Purposes on the FRS**

- Only approved purposes (contracts and other items) should be shown on the FRS
- Aside from Tower contracts, funds for Form 773 contracts must be requested under “**Approved Work Orders**” and not listed individually on the FRS
- Total funds requested for each approved purpose on the FRS should be within the “**Total Approved for Advance**” amount (Column 2) unless an amendment/closeout has been approved by RUS



RUS Form 481 – Financial Requirement Statement (FRS)

USDA-RUS FINANCIAL REQUIREMENT STATEMENT (RUS; RTB; FFB) DST - Submit an original & 2 copies to RUS. See Bull. 327-1		FORM APPROVED OMB NO. 0572-0023				
RUS USE ONLY		BORR. DESIG. DC 1700-A61	STATEMENT NO. 13	DATE PREPARED Mar. 20, 2020		
DATE RECEIVED		BORROWER NAME AND ADDRESS ABC Telephone Coop. 123 Main Street Suite 600-B Washington DC 20250				
APPROVED PURPOSES (Use Supplemental Sheets as necessary)	AMOUNT ENCUMBERED		TOTAL ADVANCES TO DATE (3)	ADVANCES NOW REQUESTED (4)	RUS USE ONLY ADVANCES CURRENTLY APPROVED (5)	TOTAL DISBURSEMENTS & CREDITS AS OF FEB-20 (6)
	RUS USE ONLY WITHHELD ON CONTRACT (1)	TOTAL APPROVED FOR ADVANCE (2)				
1. Construction						
a. OSP Ct. A-3 (F)		2,088,746	2,088,745		1	2,088,745
b. SE Ct. A-4 (F)		723,519	723,519			723,519
c.						
d.						
e.						
f.						
g.						
2. Engineering a. Pre-App. Exp.		4,261	4,261			4,261
b. Engineering Ct. A-1E (F)		601,591	377,306	224,285	224,285	377,306
c. Engineering Ct. A-2E (Final)		8,188	8,188			8,188
3. Operating Equip.						
a.						
4. General-a.						
b.						
c. RTB Stock						
5. Operating Funds						
6. Debt Retirement						
7. Acquisitions-a.						
b.						
8a. Closed Budget-Unaudited						
8b. Closed Budget-Audited						
9 Subtotals-All Funds		3,426,305	3,202,019	224,285	224,286	3,202,019
10. Sale of Property						
11. Other-a Req'd Non-Award Funds		(1,146,707)	(1,015,117)	(131,590)	(131,590)	(1,015,117)
b.						
c.						
12. Net Totals - Loan Funds		2,279,598	2,186,902	92,695	92,696	2,186,902
13. LOAN AWARD	TOTAL AWARD			17. Cash Bal. Per Gen. Ledger		148,443
14. GRANT AWARD	2,279,598		2,186,902	18. Adv. Not Deposited		
15.				19. Other Adjustments (Specify)		(148,443)
16. TOTAL	2,279,598		2,186,902	20. Total Item 12, Col 6+17, 18&19		2,186,902
				21. Funds Not Released		

USDA-RUS FINANCIAL REQUIREMENT STATEMENT SUPPLEMENTAL SHEET		FORM APPROVED OMB NO. 0572-0023				
RUS USE ONLY		BORR. DESIG. DC 1700-A61	STATEMENT NO. 13	DATE PREPARED Mar. 20, 2020		
DATE RECEIVED		BORROWER NAME AND ADDRESS ABC Telephone Coop. 123 Main Street Washington DC 20250				
APPROVED PURPOSES (Use Supplemental Sheets as necessary)	AMOUNT ENCUMBERED		TOTAL ADVANCES TO DATE (3)	ADVANCES NOW REQUESTED (4)	RUS USE ONLY ADVANCES CURRENTLY APPROVED (5)	TOTAL DISBURSEMENTS & CREDITS AS OF FEB-20 (6)
	RUS USE ONLY WITHHELD ON CONTRACT (1)	TOTAL APPROVED FOR ADVANCE (2)				
3						
a. Req'd Non-Award Funds		(3,113)	(3,112)		(1)	(3,112)
b. Req'd 25% OSP Ct. A-1E (F)		(150,398)	(94,327)	(56,071)	(56,071)	(94,327)
c. Add'l Non-Award OSP Ct. A-1E (F)		(90,419)		(90,420)	(90,419)	
d. Req'd 25% OSP Ct. A-3 (F)		(522,187)	(522,187)			(522,187)
e. Add'l Non-Award OSP Ct. A-3 (F)		(195,362)	(210,263)	14,901	14,901	(210,263)
f. Req'd 25% SE Ct. A-4 (F)		(179,430)	(179,430)			(179,430)
g. Add'l Non-Award SE Ct. A-4 (F)		(5,798)	(5,798)			(5,798)

- Column 6 should NOT exceed Column 3
- Item 17: Construction Fund Account (PDA)
- LI 12, col 3 = LI 12,col 6 + LI 17+LI 18+LI 19 = LI 16 “previously advanced”

RUS Form 481 – Financial Requirement Statement (FRS)

Example – FRS showing line-items with Improper Amounts

Approved Purposes	Withheld Amount (RUS Use) (1)	Total Approved for Advance (2)	Total Advances to Date (3)	Advances Now Requested (4)	Advances Currently Approved (RUS Use) (5)	Total Disbursements & Credits As of Feb '20 (6)
OSP Ct. A-1X	5,000	95,000	30,000	70,000		30,000
OSP Ct. A-1X (OFM)		10,000	0	10,000		10,000
SE Ct. A-2	1,000	9,000	2,000	7,000		10,000
ENG Ct. A-3E	3,000	27,000	27,000			33,750
COE Ct. A-4 (F)		45,000	45,000			45,000

Advance and Disbursement of Funds – Funding Sequence

- **Funding Sequence**

- Combination (50/50 Loan/Grant) Awards

- Eligible pre-award expenses will be funded using grant funds after which all loan funds must be fully drawn down before a request for additional grant funds is submitted to RUS

- Substituted loan funds must be fully drawn down prior to loan and grant funds

- 100% Grant Awards

- Eligible pre-award expenses will be funded using grant funds after which all match funds must be fully drawn down before a request for additional grant funds is submitted to RUS

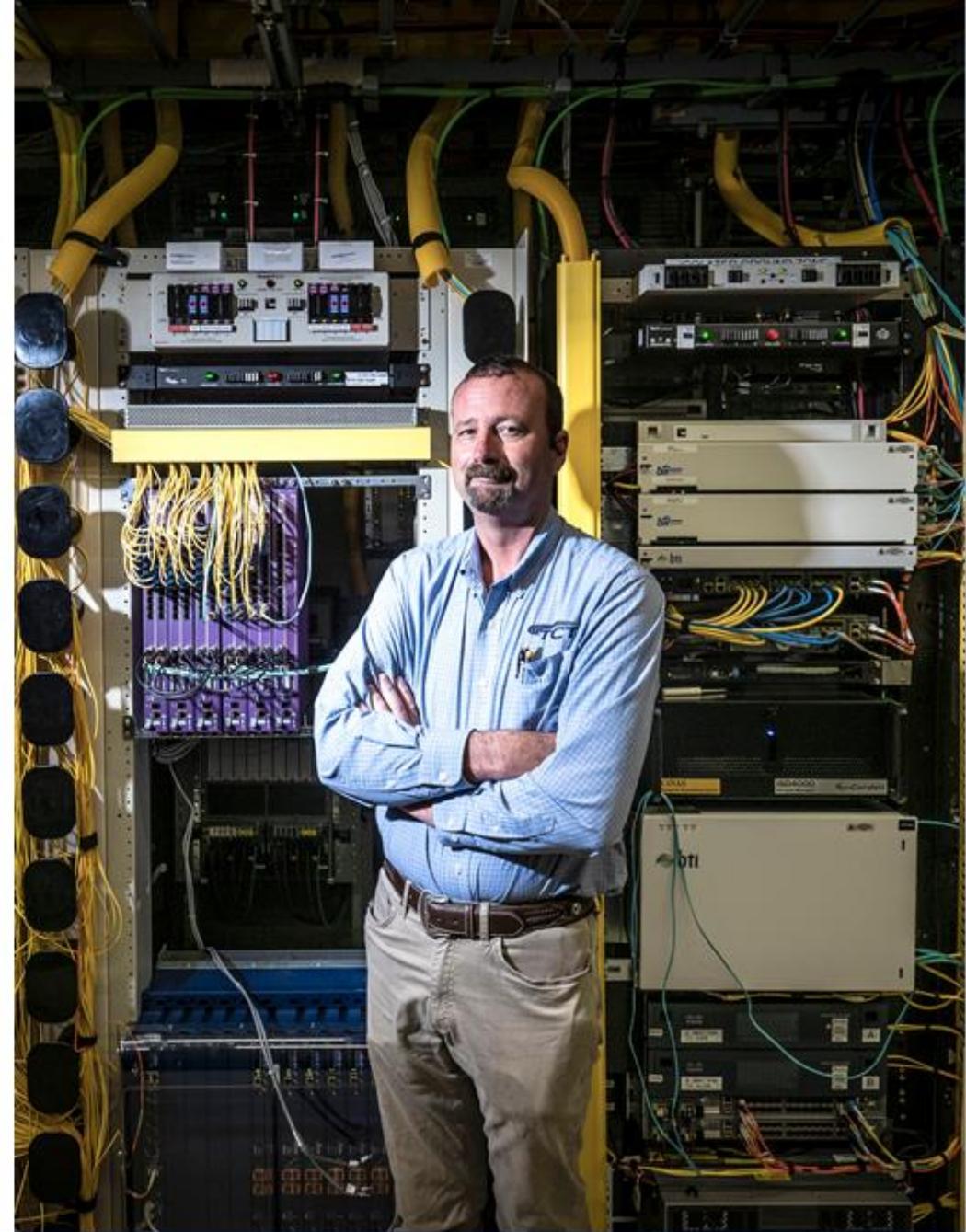
Post-Award Reporting Requirements

Broadband Service Requirements
and Post-Award Reporting



Post-Award Reporting

- USDA will require awardees to submit annually updated service area maps showing the areas where construction has been completed and premises served until the entire PFSA receives the build-out speed proposed by the applicant
- At the end of the project, awardees must submit a service area map indicating that all construction has been completed as proposed in the application
- Funded projects must provide access to broadband services in each approved service area delivering at least 25 Mbps downstream and 3 Mbps upstream data speeds



Tips for Timely Servicing Responses

- Requests are addressed on a first-come, first-serve basis
- Ensure all executed documents and certifications are signed by authorized officials
- Submit all documentation requiring RUS approval via traceable mail
- Establish a working relationship with your RUS General Field Representatives (GFR)
- Submit complete documentation
- Minor oversights can cause major delays
- Be realistic with review & approval timeframes



Tips for Success

- Understand ReConnect Program rules and requirements that may be unique to your ReConnect project
- Become familiar with award documents and the ReConnect Construction Procedures Guide
- Plan construction/buildout activities keeping in mind seasonal construction windows and timelines
- Maintain compliance with all financial and reporting requirements in award documents.
- Maintain accurate and verifiable records sufficient to meet Federal procurement requirements in 2 CFR 200



Available Resources

- **ReConnect website:**
 - <https://reconnect.usda.gov>
- **RUS Contract Forms:**
 - <https://www.rd.usda.gov/resources/forms>
- **General Field Representativess (GFRs)**
 - <https://www.rd.usda.gov/contact-us/telecom-gfr/all>
- **RUS Portfolio Management & Risk Assessment Division**
 - (202) 720-1025



Available Resources – RUS Forms

Using “Telecommunications Forms” link

The screenshot shows the USDA Rural Development website. The header includes the USDA logo and navigation links: HOME, ABOUT RD, PROGRAMS & SERVICES, NEWSROOM, RESOURCES, CONTACT US. A search bar is located in the top right. The main content area features a large image of a street scene with a 'Forms' overlay. Below the image is a breadcrumb trail: HOME > RESOURCES > FORMS. The left sidebar contains a 'Resources' menu with 'Forms' highlighted. The main content area has the following sections:

- E-Forms**: eForms allows you to search for and complete forms requesting services from Farm Service Agency (FSA), Natural Conservation Service (NRCS), and Rural Development (RD).
- Departmental Forms**: Departmental forms are approved computer-generated forms from Rural Development's Office of the Chief Information Officer.
- Formularios en Español**: Forms that are translated to Spanish.
- RUS Forms**: A search table with columns for 'Search Title' and 'Description', and a 'Search' button.

Search Title	Description
▶ Electric Forms	
▶ Telecommunications Forms	
▶ RUS Wide Forms (E & T)	





Rural Development