



United States Department of Agriculture
Rural Development
Pennsylvania State Office
www.rurdev.usda.gov/pa

PA AN No. 1237 (1780)
February 9, 2009

SUBJECT: Water and Environmental Programs Eligibility Reviews

TO: Area Directors, Loan Specialists, Area Technicians
Rural Development, Pennsylvania

PURPOSE/INTENDED OUTCOME:

This PA AN is intended to provide guidance on performing eligibility reviews for Water and Environmental Programs applicants.

COMPARISON WITH PREVIOUS AN:

This AN replaces and updates PA AN 1223, dated January 31, 2008. This PA AN will clarify what items are needed to complete an eligibility review and the submission process, as well as to provide some guide documents to use in processing these requests.

IMPLEMENTATION RESPONSIBILITIES:

In order to request a review for eligibility, we recommend that the potential applicant provide the Area Office with a letter requesting that review. In that letter, or attached to it, should be a narrative that addresses the issues that must be examined to determine eligibility including:

- The availability of credit elsewhere
- Applicant type (public body or non-profit organization)
- The service area of the proposed project, the reason the project is needed
- A preliminary cost estimate
- A description of the proposed project
- A listing of other funds expected to be used toward the project

Based on that narrative, the Loan Specialist should be able to determine eligibility and the preliminary priority points. Additional information can be requested from the

EXPIRATION DATE: January 31, 2010

FILING INSTRUCTIONS
Preceding RUS Instruction 1780

One Credit Union Place, Suite 330, Harrisburg, PA 17110-2996
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applicant as needed. We have attached a draft RUS Guide 1780.31(c) which can be used to document the eligibility review and RUS Bulletin 1780-1, which is used to establish the priority point rating. PA AN 1236 provides additional guidance as to how priority points are to be awarded to each applicant. When completed, these items and a copy of the information provided by the applicant should be submitted to the State Office for concurrence.

The State Office will review the eligibility and priority point determinations, check the availability of funding and the waiting list; and will authorize submission of an initial application, if adequate funding is available. If not, the State Office will advise the Area Office of how to respond to the potential applicant.

We hope that this guidance and the attached worksheets clarify the eligibility review process. In an era of strong demand, it is imperative that we balance the size of our processing pipeline with funding levels. This will help to assure that, when applications are ready for funding, funds will be available within a reasonable time frame.

If you have any questions, please contact the State Office Community Programs Division.

/s/ Trudy S. Moore

TRUDY S. MOORE
Acting State Director

Attachments - RUS Guide 1780.31(c), RUS Bulletin 1780-1

Part I

PRELIMINARY ELIGIBILITY DETERMINATION

Applicant: _____ As of: _____ (date)

Project: _____ State: _____

ELIGIBLE APPLICANTS

Applicant types must be either:

_____ 1a. Public body, such as a municipality, county, district, authority, or other political subdivision of a state, territory or commonwealth, or,

_____ 1b. Non-profit organization operated on a not-for-profit basis, such as an association, cooperative, or private corporation. The organization must be an association controlled by a local public body or bodies, or have a broadly based ownership by or membership of people of the local community, or, (OGC reviewed _____)

_____ 1c. Indian tribes on Federal and State reservations and other Federally recognized Indian tribes.

An eligible applicant must:

_____ 2. Have or will obtain the legal authority necessary for owning, constructing, operating, and maintaining the proposed facility or service and for obtaining, giving security for, and repaying the proposed loan; and

_____ 3. Be unable to obtain credit elsewhere and certify in writing (RUS Bulletin 1780.33(d); and

_____ 4. Demonstrate loan repayment ability based on taxes, assessments, income, fees, or other satisfactory sources of revenues in an amount sufficient to provide for facility operation and maintenance, reasonable reserves, and debt repayment.

ELIGIBLE FACILITIES:

An eligible facility must (check all that apply):

_____ 5. Rural Area with any population.

_____ 6. City or Town under 10,000 population.

_____ 7. City or Town over 10,000 population serving a rural area defined by one of the two preceding criteria. (loan and grant funds may be used to finance only that portion of the facility that serves rural areas.)

ELIGIBLE PROJECTS:

Eligible Projects must:

_____ 8. Serve a rural area, which is not likely to decline in population below that for which the project was designed;

_____ 9. Be designed and constructed so that adequate capacity will or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area to the extent practicable; and

_____ 10. Be a public improvement needed for orderly community development and consistent with a current comprehensive community water, waste disposal, or other current development plan for the rural area.

INTEREST RATE REQUIREMENTS: RUS Instruction 1780.13(b) - (d)

11 a. Poverty rate: Median Household Income (MHI) of the service area is below either the poverty line, or 80 percent of the Statewide nonmetropolitan median household income and the primary purpose of the loan is to upgrade existing facilities or construct new facilities required to address applicable system security, health or sanitary issues.

_____ Poverty (MHI below line D and security/health/sanitary requirement met)

11 b. Intermediate rate: Applies to loans that do not meet the requirements for the poverty rate and for which the median household income of the service area is not more than 100 percent of the nonmetropolitan median household income of the State.

_____ Intermediate (MHI between line A and line B)

11 c. Market rate: MHI of the service area is more than 100 percent of the nonmetropolitan median household income of the State.

_____ Market (MHI above line A)

Interest Rate:

- | | |
|---------------------------------------|----------|
| A. State Nonmetropolitan MHI | \$ _____ |
| B. 80% of Line A. | \$ _____ |
| C. Poverty Line, RUS Bulletin 1780-29 | \$ _____ |
| D. Higher of Line B or C. | \$ _____ |

12. Proposed Project MHI \$ _____

13. Based on _____ Census or _____ Income Survey (date approved)

14. Evidence of security/health/sanitary requirement met? yes no

COMPLIANCE REQUIREMENTS:

15. Debarred: yes no (Attach EPLS Search Results)

16. CAIVRS: yes no (Attach CAIVRS sheet)

17. Does the applicant meet basic eligibility criteria: yes no

PREPARED BY:

Date

Processing Official

**WATER & WASTE
PROJECT SELECTION CRITERIA**

Name of Applicant _____

PRIORITIES

POINTS

Population priorities:

- | | |
|--|----|
| 1. Project primarily serves a rural area equal to or less than 1,000 population. | 25 |
| 2. Project primarily serves a rural area between 1,001 and 2,500 population. | 15 |
| 3. Project primarily serves a rural area between 2,501 and 5,500 population. | 5 |

B. Health priorities

- | | |
|--|----|
| 1. Project alleviates emergency situation, corrects unanticipated diminution or deterioration of a water supply or to meet Safe Drinking Water Act requirements which pertain to a water system. | 25 |
| 2. Project to correct inadequacies of a wastewater disposal system or to meet health or sanitary standards which pertain to a wastewater disposal system. | 25 |
| 3. Projects which are required to meet administrative orders issued to correct local, State or Federal violations pertaining to solid waste. | 15 |

C. Median household income (MHI) priorities.

- | | |
|---|----|
| 1. MHI less than the poverty line if the poverty line is less than 80% of state nonmetropolitan household income (SNMHI). | 30 |
| 2. Less than 80% of the SNMHI. | 20 |
| 3. Equal to or more than the poverty line and between 80% & 100% inclusive, of the SNMHI. | 15 |

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D. Other priorities:

1. Project to merge ownership, management, and operations of smaller systems for more efficient management and economic service. 15
2. Project to enlarge, extend, or otherwise modify existing facilities to serve additional rural residents. 10
3. Applicant is a public body or Indian tribe. 5
4. Amount of other funds committed to project is:
 - a. 50% or more 15
 - b. 20-49% 10
 - c. 5-19% 5
5. Project will serve an Agency identified target area. 10
6. Project will primarily recycle solid waste products thereby limiting the need for solid waste disposal. 5
7. The proposed project will serve an area that has an unreliable quality or supply of drinking water. 10

E. State Program Director's discretionary points.
Up to 15 Points may be awarded to projects to improve compatibility/coordination between RUS's and other agencies' selection systems and to assist those projects that are most cost effective and that provides for effective RUS fund utilization.

F. Total Points.

G. Administrator's discretionary points.

State Program Directors should recommend and provide written justification for assignment of Administrator's point under this paragraph.

STATE PROGRAM DIRECTOR

Date