



United States Department of Agriculture
Rural Development
Pennsylvania

PA AN No. 1270 (1780)
January 26, 2012

SUBJECT: Priority Point Rating Policy for Pennsylvania
Water and Environmental Programs

TO: Area Directors and Loan Specialists
Rural Development, Pennsylvania

PURPOSE/INTENDED OUTCOME:

This Pennsylvania Administrative Notice (AN) is intended to clarify the process of awarding priority point ratings to applications under RUS Instruction 1780, Section 1780.17., in consideration of the municipal structure of Pennsylvania.

COMPARISON WITH PREVIOUS AN:

This AN replaces PA AN 1258 (1780) dated January 3, 2011.

IMPLEMENTATION RESPONSIBILITIES:

When eligibility reviews are completed for Water and Environmental Programs applicants, RUS Bulletin 1780-1 and Application Processing Guide, Parts I and II will be completed by the RD Area Office and submitted along with supporting documentation provided by the applicant and a cover memo with recommendation. The full Guide is available on the RD SharePoint, WEP document library.

As stated in RUS Instruction 1780.17, "Points will be awarded as follows:

(a) Population priorities:

- (1) The proposed project will primarily serve a rural area having a population not in excess of 1,000 -- 25 points;
- (2) The proposed project primarily serves a rural area having a population between 1,001 and 2,500 -- 15 points;

EXPIRATION DATE:
January 31, 2013

FILING INSTRUCTIONS:
Preceding RUS Instruction 1780

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(3) The proposed project primarily serves a rural area having a population between 2,501 and 5,500 – 5 points”

The language in this section of the regulation requires interpretation as to what is a “rural area having a population...” and what “primarily serve” means in the context of the municipal structure of the Commonwealth of Pennsylvania. Pennsylvania has no unincorporated areas, since all areas are incorporated in townships, boroughs, towns or cities.

For the purpose of assigning points under the criterion of 1780.17(a), a “rural area having a population...” will be considered to be the municipal subdivision (township, borough, town or city) served by the proposed project. Therefore, the population of that township, borough, town or city, as shown in the 2000 Census, will be used to determine the number of points awarded under this criterion. These points will NOT be awarded based on the population actually served or an estimate thereof.

If more than one municipal subdivision is served by the project, then the population of the township, borough, town or city in which the majority (over 50%) of users resides will be used to determine the points awarded. This would be the rural area “primarily served” by the project. An example of this determination is attached for your reference as Attachment 1.

The second criterion is: “(b) Health priorities. The proposed project is:

- (1) Needed to alleviate an emergency situation, correct unanticipated diminution or deterioration of a water supply, or to meet Safe Drinking Water Act requirements which pertain to a water system -- 25 points;
- (2) Required to correct inadequacies of a wastewater disposal system, or to meet health standards which pertain to a wastewater disposal system – 25 points;
- (3) Required to meet administrative orders issued to correct local, State, or Federal solid waste violations -- 15 points.”

This section is self-explanatory and requires some documentation, such as a Notice of Violation, DEP Consent Order or other enforcement action, or documentation from the Project Engineer describing health or sanitary problems or standards needing to be addressed.

The third 1780.17 criterion is: “(c) Median household income priorities. The median household income of the population to be served by the proposed project is:

- (1) Less than the poverty line if the poverty line is less than 80% of the statewide nonmetropolitan median household income -- 30 points;
- (2) Less than 80 percent of the statewide nonmetropolitan median household income -- 20 points;
- (3) Equal to or more than the poverty line and between 80% and 100%, inclusive, of the State's nonmetropolitan median household income – 15 points.

Since this criterion specifically identifies “the median household income of the population to be served by the proposed project...” it is different than the “rural area having a population...” in the first criterion. Therefore, RD must try to accurately estimate the MHI of the households that will actually be served by the proposed project. The MHI of the service area and the non-metropolitan MHI of the State will be determined from income data from the most recent decennial census of the United States. The income data used to determine the MHI for the proposed project must be that which most accurately reflects the income of the service area. As of the date of this issuance, RD is using 2000 Census Data for each municipal subdivision (township, borough, town or city). If there is reason to believe the census data is not an accurate representation of the MHI within the area to be served, the applicant may request an income survey. The reason for the survey must be clearly documented and the Agency must concur in conducting the survey. Income surveys should not be conducted for the express purpose of determining if a community qualifies for a lower interest rate or higher grant eligibility. Refer to the Income Survey guidance located on the National Office SharePoint WEP Document Library.

The other priorities are self-explanatory and require some documentation if points are being awarded for those items. One criterion that requires some clarification is number 5, “Projects that will serve Agency identified target areas -- 10 points.” The Agency target areas are defined each fiscal year in Water and Environmental Programs Fund Allocations, Staff Instruction 1780-5.

The preceding point awards should be applied to all eligibility determinations for WEP applicants. If you encounter a unique situation or one that does not appear to fit within the regulation and this additional guidance, please contact the Community Programs Division in the State Office for assistance.

/s/Thomas P. Williams

Thomas P. Williams
State Director

Attachment

Example: Population Calculation for Multiple Municipalities

(a) Population priorities.

- (1) The proposed project will primarily serve a rural area having a population not in excess of 1,000 -- 25 points;
- (2) The proposed project primarily serves a rural area having a population between 1,001 and 2,500 -- 15 points;
- (3) The proposed project primarily serves a rural area having a population between 2,501 and 5,500 -- 5 points”

The proposed project serves three municipalities, as follows:

<u>Municipality</u>	<u>Users</u>	<u>Population</u>
Jefferson Township	235	2,241
Washington Township	48	8,954
Franklin Township	112	1,298

Since the majority of users reside in Jefferson Township, we can say that the project will “primarily serve” that “rural area” with a population of 2,241, and, therefore, the application would receive 15 points because the population is between 1,001 and 2,500.