



Rural Development Nevada 2002 Annual Report



Participating in the success of rural Nevada

Message from the Secretary of Agriculture



Ann M. Veneman
Secretary of Agriculture

This past year the Bush Administration continued a strong commitment to expanding jobs and bringing renewed economic opportunities to rural America through strong leadership and strengthened programs.

One of the President's top priorities is to create new jobs and help spark economic growth. The tax relief package that the President signed into law in 2001 continues to help families throughout America and USDA's Rural Development programs are also creating new opportunities. In 2002, for example, economic grants and loans provided by USDA helped create or protect more than 150,000 rural jobs. As well, rural development programs provided more than \$12 billion in economic infrastructure grants and loans, helping improve education, healthcare, telecommunications, water treatment facilities, fire protection efforts, and other community centers.

However, USDA's commitment to improving rural America didn't stop there. Employees worked with local communities to provide homeownership financing for more than 42,000 families. These efforts are helping move closer to reaching the President's goal of increasing minority homeownership by fifty percent in five years.

The Farm Security and Rural Investment Act of 2002 signed by the President last May provides new resources and programs aimed at making continued progress in rural America. This includes new grant programs to assist in the development of renewable energy sources; funding to expand the availability of information technologies; and financing for community water and wastewater improvements.

As we embark upon a new year, we have a strong agenda and many opportunities to strengthen America's rural communities. The Administration will continue to build upon the principles outlined in our policy publication, *"Food and Agricultural Policy: Taking Stock for the New Century"*. Our team at USDA will continue working with all interested parties and build new coalitions to help families, create jobs and invest in America's rural sectors.

Message from the Under Secretary



Thomas C. Dorr
**Under Secretary for
Rural Development**

A strong and vibrant economy in rural America serves as the cornerstone of President Bush's economic agenda. USDA Rural Development is working hard to expand economic opportunities and improve the quality of life for all of the 59 million Americans living in rural communities. Through the efficient and effective delivery of Rural Development initiatives, new jobs have been created, home ownership has increased and families and businesses have been strengthened. New investments and entrepreneurial spirit will continue to grow, bringing increased opportunity to rural areas.

I know and understand that rural Americans are resilient and share a pioneering spirit that will once again forge new frontiers in the future. In this same spirit, USDA Rural Development's challenge is to look beyond today and to envision a better way to work with America's rural communities to improve existing partnerships, and forge new ones.

In looking back over the last year, we have begun to build an economic foundation, shaped like what President Bush advocates. I am proud of the aggressive efforts by USDA Rural Development employees to quickly turn many of the 2002 Farm Bill provisions into new economic hope for America's farmers, ranchers and rural families. These efforts ensured the delivery of \$703 million to finance 377 communities water and wastewater infrastructure projects. Additionally, \$37 million helped support the development of 231 agricultural value-added ventures that will bring new opportunities for increased revenues to our American farmers and ranchers. In total, over \$12 billion was invested through USDA Rural Development programs in rural America in Fiscal Year 2002.

From fire hydrants to fiber optic cable -- from sewers to symphonies -- USDA Rural Development financial and technical assistance is making a positive difference. In Fiscal Year 2002 alone -- 42,000 rural residents became first time homeowners, nearly 7,000 homeowners received loan and grant funding to make needed repairs and improvements, and 1,400 loans and grants were provided to assist communities finance essential community facilities. Electricity, telephone, water and wastewater infrastructure funding totaled over \$6.8 billion. Distance learning and telemedicine funding helped communities in 37 states gain access to modern technologies. Over 1,100 rural areas have clean drinking water and sanitary waste systems.

I am proud of what we have been able to accomplish. However, to meet ongoing and future challenges, USDA Rural Development will focus in 2003 on four critical areas of economic opportunity: Housing; Broadband; Bio-Mass; and Equity Capital

Housing -- Rural Development has created a Five Star commitment to improving single-family housing lending to rural minority families as part of the President's minority homeownership initiative.

Broadband -- Rural Development will implement approximately \$1 billion in Broadband programs, including a one-time "Community Connect" grant program to help small communities obtain access and training related to broadband services.

Bio-Mass -- Rural Development will assist in the development of alternative energy combustibles to replace petroleum-based products through value-added grants and business and industry loan guarantees.

Equity Capital -- The Farm Bill provides \$44 million in operational assistance grants and \$280 million in debenture guarantees for the Rural Business Investment Program (RBIP). The RBIP will increase the amount of capital available for investment in rural businesses and will provide technical assistance to these businesses.

Again, we have accomplished much in fiscal year 2002. I commit USDA Rural Development to administer all our programs and policies fairly, equitably, and honorably. It is the right thing to do, it is what I believe, and I will tolerate nothing less. Through our collective hard work we will continue to increase the economic opportunities in rural communities and improve the quality of life for all rural Americans.

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Message from the State Director



Larry J. Smith
State Director

USDA Rural Development, Nevada is pleased to provide you with a copy of our Annual Report for Fiscal Year 2002 (October 1, 2001 – September 30, 2002).

Yes, another fiscal year has come and gone. While Nevada continues to lead the nation in population growth, we nevertheless felt the effects of a lingering downturn in the mining industry, and a dramatic drop in tourism as a result of the terrorist attacks on September 11, 2001. These economic circumstances presented significant challenges to the economies of rural communities and businesses – RD customers. Thus, for those of us at Rural Development it has proven to be both a challenging as well as a rewarding year in the delivery of our rural programs. So it is with great pride of accomplishment that we publish this Annual Report.

For me, it is extremely gratifying to be a part of a federal agency that really cares about its customers and has earned a reputation of backing up its words with tangible accomplishments. In my travels around our state, I am frequently delighted by the stories told by our customers of how RD programs and staff have made a positive difference in their lives and their communities. RD could not accomplish all that has been achieved without the unwavering support of our partners and our Congressional Delegation. For this I thank them and look forward to working with them to achieve even greater successes in the future.

In closing, I wish to thank the small, but dedicated Rural Development staff for their cooperation, dedication, and tireless work for the benefit of our rural residents, communities, and businesses. To accomplish all of this requires a team effort, and so I wish to thank each and every team member for his or her commitment to achieving our mission.

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Cover Photos:

Top Left: Silver Eagle Youth Dancers - Duckwater Shoshone Tribal Appreciation Ceremony, Bald Mountain, Nevada

Top Right: Multi-Family Housing - Red Ribbon Campaign Celebration - Riverwood Apartments, Laughlin, Nevada

Center Left: Community Facilities Grant Check Presentation, Lovelock, Nevada - (left to right) U.S. Senator John Ensign (R-Nev.), Larry Smith, State Director, USDA Rural Development, and Daniel Fox, Superintendent, Pershing County Schools

Center Right: Check Presentation Ceremony - Intermediary Relending Program (IRP) and Native American IRP - (left to right) U.S. Senator John Ensign (R-Nev.), Shirley McCrosky, Chair, Rural Nevada Development Corporation (RNDC) Board of Directors, Larry Smith, State Director, Robin Bartlett, Business Associate, RNDC, Ferrel Hansen, Executive Director, RNDC, Ely, Nevada

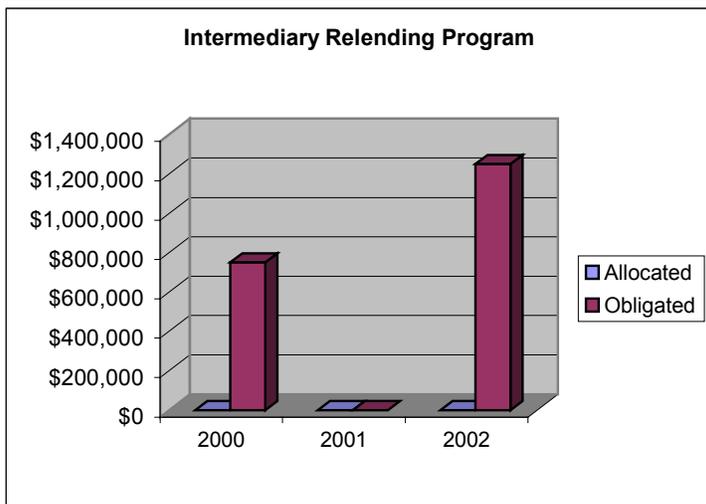
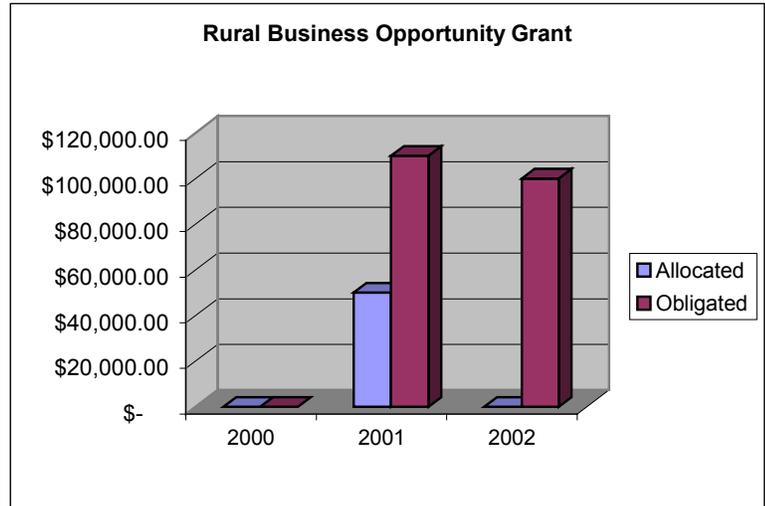
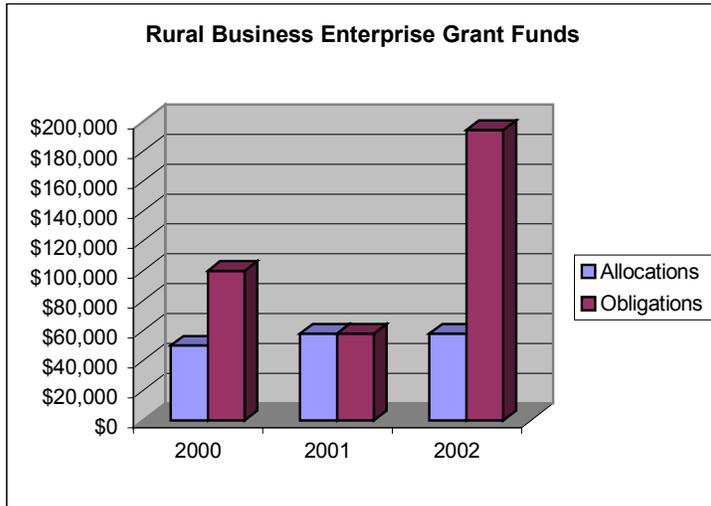
Bottom Left: National Homeownership Month - Mutual Self-Help Housing Move-in Celebration, Gardnerville, Nevada

Bottom Right: Washoe Tribal Health Clinic Groundbreaking Ceremony, Dresslerville, Nevada

Rural Business-Cooperative Service - Annual Report FY 2002

The Rural Business-Cooperative Service (RBS) formed a number of new business development partnerships during the Fiscal Year. The Rural Business Enterprise Grant (RBEG) and the Rural Business Opportunity Grant (RBOG) are specific grant programs awarded to eligible entities (public bodies, private non-profit corporations and federally recognized Indian tribes) for the purpose of business development. The purposes for using these grants are many but a majority are used for technical assistance, relending, or feasibility studies/planning. For a complete list of eligible grant purposes see the information at our web site at <http://www.rurdev.usda.gov/nv/business/bdp.htm>. The Intermediary Lending Program (IRP) is used by eligible entities to relending Agency funding to small businesses located in rural areas of Nevada.

The following charts give a visual picture of the Agency's funding of business development projects over the past three years:



RBEG Allocation

\$ 58,000

Recipient

City of Caliente

\$ 70,000

Nevada MicroEnterprise, Inc.

\$124,000

RBOG Allocation

\$ - 0 -

Recipient

City of West Wendover

\$100,000

IRP Allocation

\$ - 0 -

Recipient

Rural Nevada Development Corp.

\$750,000

Rural Nevada Development Corp.

\$500,000

(Native American earmarked funding)

Cooperative Development

Another area of business development within the RBS is the promotion of the understanding and use of the cooperative form of business as a viable organizational option for marketing and distributing agricultural products. One recent program established to assist cooperatives (those independent producers including cooperatives are eligible, but agricultural producer groups such as commodity groups and majority-controlled, producer-based groups are also included) is the Value-Added Agricultural Product Market Development Grants, better known as VADG. The purpose of the grant is to develop feasibility studies or business plans (including marketing plans or other planning activities) needed to establish a viable value-added marketing opportunity for an agricultural product; or acquiring working capital to operate a value-added business venture or an alliance that will allow the producers to better compete in domestic and international markets. The philosophy behind this program is to help producers (farmers) to secure a larger portion of the food dollar by selling a product rather than just a raw commodity. National funding for this grant program is expected in summer of 2003. Tips on completing an application can be found at

<http://www.rurdev.usda.gov/rbs/coops/424hints.htm>

Herb Shedd, Business Programs Director, (775) 887-1222, ext. 19, Herb.Shedd@nv.usda.gov

Dan Johnson, Business-Cooperative Specialist, (775) 738-8468, ext. 28, Dan.Johnson@nv.usda.gov

Rural Housing Programs - Annual Report FY 2002

During FY 2002, the Rural Housing Service of Nevada Rural Development loaned, leveraged or granted \$11,028,397 in rural Nevada. Over \$6.6 million of that assistance was in the form of single family housing loans, enabling 47 families to obtain, repair or improve their homes. Over \$4 million in Rental Assistance was provided to assist 196 very-low income households in keeping their rents affordable.

Nevada's Self-Help Housing program continues to assist families in building their own homes. Nine self-help loans were approved by Rural Development field offices for individual families. Grants were closed to Citizens for Affordable Housing, Inc. and to Nevada Rural Housing Authority in FY 2002 to enable them to assist these and other families to work together in building their homes. By working together toward this common goal, these family-builders are not only building homes, but building a neighborhood as well.

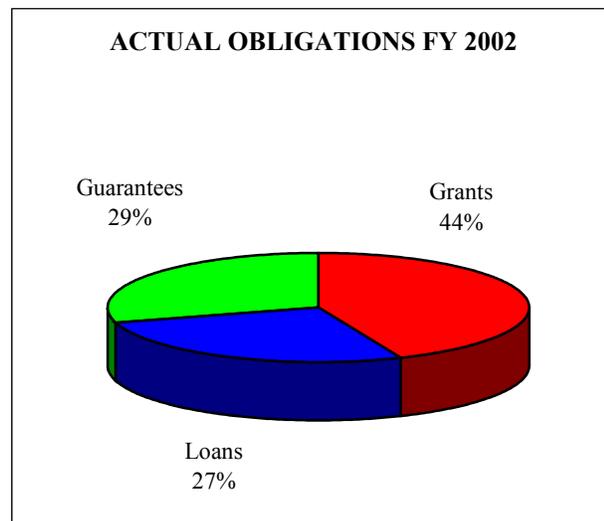
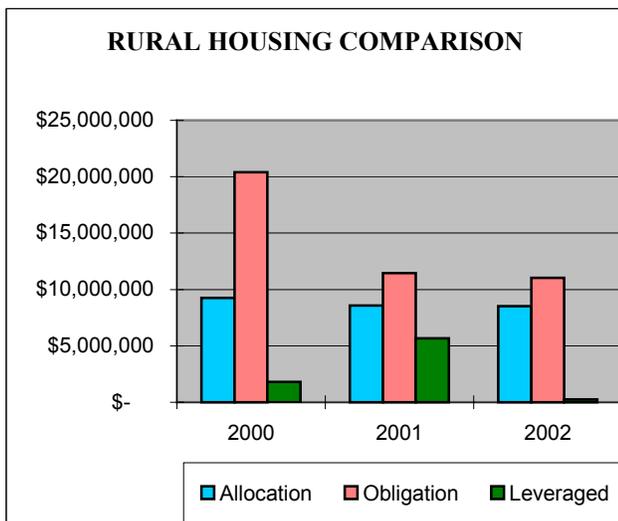
Staff changes have brought new excitement to our programs in 2002. Angilla Denton is now in our Carson City office as the new Multi-Family Housing Coordinator, with responsibility for managing all our multi-family programs. Mona Sargent has taken on the role of Guaranteed Loan Specialist, and has embarked on an aggressive outreach campaign to strengthen and build the program. Two exciting recent changes in the Guaranteed Single Family Housing program are the reduction of the guarantee fee from 2% to only ½% where direct or Guaranteed loans are being refinanced, and the reduction of the guarantee fee on new loans to 1½% of the loan. These changes should make the program attractive to Realtors and lenders as an affordable alternative for their clients. Nina Hooks has returned to Nevada as a housing specialist in our Las Vegas field office, after a brief foray into Arizona. Housing staff in Elko, Winnemucca, Fallon, Las Vegas and Carson City are poised for an even greater year in FY 2003.

William Brewer, Rural Housing Program Director, (775) 887-1222, ext. 13, William.Brewer@nv.usda.gov

Rural Housing Comparison

Actual Obligations FY 2002

	2000	2001	2002	Grants	Loans	Guarantees
Allocation	\$ 9,268,541	\$ 8,578,358	\$ 8,510,358	\$ 4,817,890	\$ 2,967,721	\$ 3,242,786
Obligation	\$20,402,874	\$11,466,227	\$11,028,397			
Leveraged	\$ 1,794,988	\$ 5,681,848	\$ 263,442			



Community Facilities Program - Annual Report FY 2002

Community Facilities Loan Allocation (Direct) \$737,850 Population Served

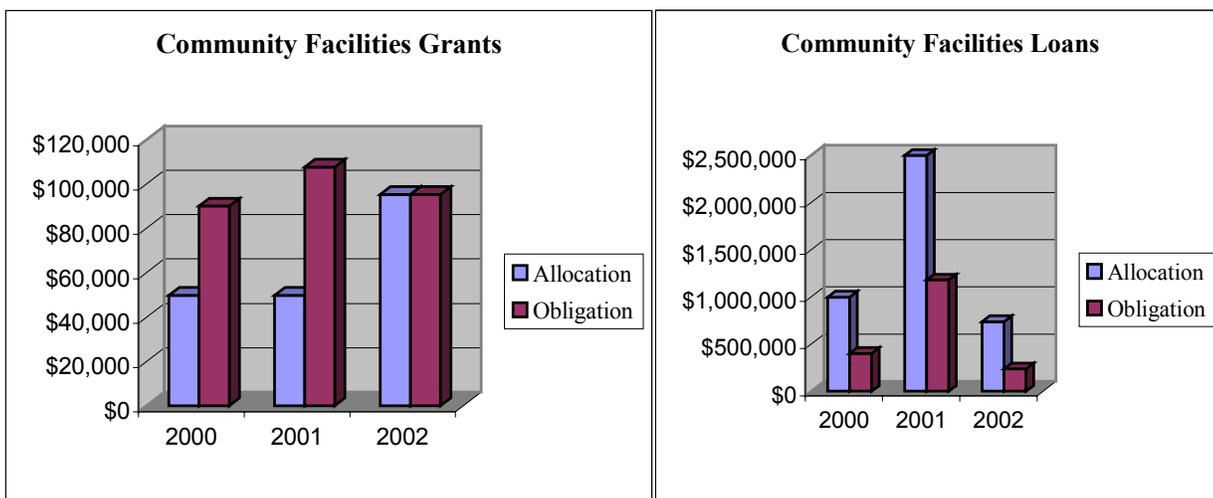
Community Facilities Direct Loans		
Lincoln County - Meadows Valley ambulance	\$ 37,481	4,165
Carlin Senior Center	\$200,000	2,161
Community Facilities Guaranteed Loans	<u>\$ 0</u>	
Total	\$237,841	

Community Facilities Grant Allocation \$ 95,362

Community Facilities Grants		
Humboldt County - Juvenile Probation	\$ 25,000	7,174
Lincoln County - Pioche Fire	\$ 15,000	4,165
Mesquite - ambulance	\$ 10,000	9,389
Central Lyon - Stagecoach Fire	\$ 15,000	11,845
Lincoln County - Pioche Fire (additional)	\$ 10,000	4,165
Pershing County - 6 th Judicial District - (Lovelock Alternative Education Facility)	<u>\$ 20,362</u>	2,003
Total	\$ 95,362	

Mike Holm, Rural Utilities Program Director, (775) 887-1222, ext. 26, Mike.Holm@nv.usda.gov

	Community Facilities Grants			Community Facilities Direct Loans		
	2000	2001	2002	2000	2001	2002
Allocation	\$50,000	\$50,000	\$95,362	\$1,000,000	\$2,500,000	\$737,850
Obligation	\$90,084	\$107,587	\$95,362	\$400,000	\$1,180,000	\$237,841
% of Allocation Used	180%	215%	100%	40%	47%	32%



Water and Environmental Programs - Annual Report FY 2002

WEP Grant Allocation	\$2,438,705	Population Served
Water Grants		
Caliente - City water system upgrade	\$ 850,000	1,123
Lander County - Austin - line looping	\$ 209,872	468
Mineral County - Walker Lake - storage/office	\$ 50,001	500
Silver Springs Mutual Water Co. - office building	\$ 16,782	4,708
Sub Total	<u>\$1,126,655</u>	
Waste Disposal Grants		
McGill-Ruth GID Contract 2	\$1,100,000	1,256
West Wendover - compost building & equipment	\$ 142,050	2,174
Yomba Shoshone Tribe - upgrade water system	\$ 70,000	115
Total	\$2,438,705	
WEP Loan Allocation	\$2,138,196	
Water Loans		
Carlin - extension of water line	\$ 350,000	2,161
Caliente - City water system upgrade	\$ 303,102	1,123
Silver Springs Mutual Water Co. - office building	\$ 170,000	4,708
Old River Water Co. - new primary well	\$ 50,000	233
Lyon County - Dayton Utilities - Moundhouse Water	\$ 108,648	1,850
Lander County - Austin	\$ 41,446	468
Sub Total	<u>\$1,023,196</u>	
Sewer Loans - McGill-Ruth GID Contract 2	\$ 700,000	1,256
Total	\$1,723,196	

Mike Holm, Rural Utilities Program Director, (775) 887-1222, ext. 26, Mike.Holm@nv.usda.gov

WEP Grants Fiscal Years 2000-2002

WEP Loans Fiscal Years 2000-2002

	2000	2001	2002	2000	2001	2002
Allocation	\$1,680,000	\$2,000,000	\$2,438,705	\$3,300,000	\$3,700,000	\$2,138,196
Obligation	\$1,975,000	\$3,100,000	\$2,438,705	\$2,231,963	\$4,313,526	\$1,723,196
% of Allocation Used	117%	155%	100%	68%	117%	81%

