

Business-Cooperative Programs

Business & Industry Loan Guar.	\$11,570,000
Business Enterprise Grants	\$286,000
Business Opportunity Grants	\$135,000
Intermediary Relending	\$400,000
Value Added Producer Grants	\$49,835
Section 9006 Energy Grants	\$217,639



Wind Power to Help in Hydrogen Production

Liquid hydrogen is used in various chemical and industrial applications, including steel making, glass making, oil refining, computer chip manufacturing, and vitamin manufacturing. Additionally, efforts are underway to move to a hydrogen-based energy system, such as fuel-cell powered cars, rather than a petroleum-based system. Typically, liquid hydrogen is produced from reformed natural gas, a non-renewable resource with a high degree of price volatility. Synthetic Energy, Inc., was created to develop a capacity for hydrogen production

utilizing renewable resources, specifically wind energy. With the assistance of a Section 9006 Energy Grant in the amount of \$199,863, Synthetic Energy, Inc., will be developing a prototype liquid hydrogen production facility. The Grant will help the Company develop a wind-turbine electrical generating system that, in conjunction with electricity from traditional sources, will be used to separate hydrogen from water. The Company has a market niche in that it captures a renewable source of energy (wind) combined with a small amount of water to generate high-purity hydrogen, resulting in a high quality, lower-cost hydrogen production facility.

B&I Loan Guarantee Brings Modernization to Lumber Mill



Through AmericanWest Bank the Business Cooperative Program arranged to guarantee a loan of \$3,700,000 for major improvements. This modernization will bring new equipment which will enable current employees who re-train as operators to increase their wage from an average of \$8/hour to \$14/hour. The modernized sawmill will focus on the processing of large diameter sawlogs, with an increased proportion of minor species and the production of an increased percentage of high-value niche market products. Other project funds will be used to renovate and expand an existing building to house the new equipment and improve the mill flow. Konkolville Lumber Company has sought out and developed niche products with the goal of higher margins and more consistent profitability.

The face of Orofino, in Clearwater County, has experienced a transformation. John Vaage of AmericanWest Bank puts it this way when speaking of the changes happening there: "The best part of this story is job creation and retention. For example, Brookside (senior housing facility) 39 employees, Lodge at River's Edge (Best Western Motel) 29, Dining on the Edge (restaurant) 24, and Konkolville Lumber (mill) 85. You can't overestimate the importance of 177 jobs in a town of 3,240.

Another great aspect is the physical transformation of Orofino. A junkyard on the banks of the Clearwater River became a destination motel and restaurant that will pump economic life into the community. A vacant lot became a 56-unit senior housing facility that enables its 62 residents to continue to live close to family and friends. These are the kind of projects that break trail for economic development. More growth will follow in their wake."

Through USDA's Rural Development Business & Industry Loan Guarantee Program, over \$7.1 million in loan guarantees have been made to AmericanWest Bank for the restaurant, lumber mill, senior housing facility, and motel. Other USDA RD programs have contributed over \$100,000 in grant funds, including a \$25,183 grant in June of 2005 to the Clearwater Economic Development Association (CEDA) in Lewiston, which added much needed dollars to their micro-loan revolving fund.

The Fountain at Dining on the Edge



Community Programs

Water & Waste Funds \$21,168,114 includes direct loans for \$16.7 million, grants for \$4.2 million and a guaranteed loan for \$25,000

Pre-Development Planning Grants \$15,000

Native American Set Aside Grants \$700,000

Community Facilities (CF) \$7,181,000 includes direct loans, guaranteed loans grants

TOTAL \$29,064,114

Cover Photo courtesy, Don Erne, Salmon River Rural Fire District



City of Hayden Downtown Revitalization



Officials of the City of Hayden were scheduled for a State sponsored re-paving project and discovered they could capitalize on the streets being torn up to complete more improvements. The City was approved for a CF Direct loan and were able to widen the main street, put in festival and pedestrian lighting, install median islands and trees and bury existing overhead utilities.

The City had been in need of this revitalization project for some time. The main street is now wide enough to allow for turning lanes; there are curbs and gutters, and the condition of the walkways allows for safe pedestrian traffic.

This was a case of form and function coming together to make a community an even better place to live. The changes addressed a variety of needs, from safety and efficiency to beautification and economics.

Earth Day 2005

Idaho Rural Development celebrated Earth Day in the city of St. Anthony. Some of St. Anthony's existing sewer collection system was constructed of red clay tile about 1917. The existing wastewater collection and treatment system was found to be deteriorating and inadequate to meet current State requirements for wastewater systems. Rural Development was able to offer the assistance to correct the deficiencies.

Mike Field, State Director said "On this 35th anniversary of the first Earth Day, USDA Rural Development is proud to participate with the City of St. Anthony to help ensure a healthy and clean environment for future generations in rural Idaho."

The project is providing improved service to approximately 1,484 users and will serve the community for the next 30 years.



Desert Sage Medical Clinic

Members of the National Association of Community Health Centers (NACHC), as well as State and Local Officials were on hand for a ribbon cutting ceremony and open house for the newly constructed Desert Sage Medical Clinic. The new 7600 sq. ft. facility was made possible through CF Direct and Guaranteed Loans.

Officials agreed that the new facility is a great success story for Glenns Ferry Health Centers and applauded all those involved for their hard work and dedication in seeing the project through. This beautiful modern facility will enable Desert Sage to continue to provide quality affordable health care to the citizens of Mountain Home."

Housing Programs

Single-Family Housing \$49,186,979 including Direct & Guaranteed loans and grants and self-help programs

Mutual Self-help Housing Grant \$622,000

Housing repairs \$539,633 includes over \$260,000 in grant funds

Rural Rental Programs \$20,116,383

Multi-Family Housing Preservation Grant \$52,285

TOTAL \$70,517,280



Partnership Provides New Beginning

Because of successful partnerships such as the American Dream Down Payment Initiative, the 502 Direct Program, and a generous relative, Haily Murphy, a single mother was able to find a home for her small family. After months of searching, she finally found the perfect home for herself and her son. At the time of closing Haily said, "I never thought that it would be

possible for me to buy a house on my own." She is excited to begin her future in her beautiful home. USDA Rural Development is happy to be a part of this new beginning for Haily and her family.

Carnoustie II



First Section 538 in Idaho

A Guaranteed Rural Rental Housing Loan added 32 affordable housing units to this facility in Shelley, Idaho. It was the first Section 538 Guaranteed Loan in Idaho and provided \$770,000 for this much needed multi-family housing complex. Tom Mannschreck, president of Tomas Development, Carnoustie's developer, said,

"Shelley appears to be experiencing significant growth, and we are just happy to be a part of it."

Pursuing a Dream



"I have so much to be grateful for . . . I cannot thank you enough for what you have given to me and my daughter."

Dear Julie Neff and USDA,
I sit here next to the fireplace in my beautiful new home, with my heart filled with so much gratitude. Your help, expertise and assistance in making this dream come true is more than I ever felt possible.
A year ago, December 2004, I took a giant leap to shoot for a dream to own my own home. I wanted to provide a home and security for my daughter and me.
After filling out paper work from your office, I was full of anticipation, bewilderment and excitement. Not knowing what to expect, but hoping and praying that I could get a loan that would help get us a home.
My well loved old trailer house was doing its best to stay intact, but it lacked the feeling of security that would keep my daughter and me safe and warm. The constant worry of something breaking down needed to come to an end. It was evident that I needed to improve our situation.
Meeting with you, Julie, doing each step and providing the required information was only the beginning. You guided me through everything I needed to do. I would leave your office, with my heart beating fast, in hope of a successful outcome. And so it was, Wow! I could not have believed that I could have done this on my own.
The meeting I remember the most was, when you said, "O.K. It is time to get your plans drawn up and get a builder lined up to build your home." I responded in total shock, "You mean I am approved for this loan?" You informed me that everything was looking great and to keep on working on the goal. And so I did, and here I sit in my beautiful new home.
I want to encourage people who might be struggling financially and want to better their situation to look for other avenues to help them. My home is filled with all the their goals and have the security of a home. The first step is to try and I am so grateful that I did.
This Christmas 2005 will be one I will never forget. My home is filled with all the Christmas decorations I could find. A home for Christmas, what more could I ask?
I have so much to be grateful for, but especially you, Julie, and USDA. I cannot thank you enough for what you have given to me and my daughter.
I wish the same Blessings to you and your families that you give to others.
With heartfelt gratitude, have a Very Merry Christmas and a Wonderful New Year.

Sincerely, Angeline + Axel Stebbel

USDA RURAL DEVELOPMENT

Committed to the future of rural communities.

On May 11, 2005, USDA Rural Development celebrated 70 years of service to America. Much has changed since 1935 when the crisis was the Depression, our mission was agricultural stabilization, and the cutting edge was rural electrification. Today, rural America is dynamic and diversified; the cutting edge is broadband and renewable energy. Our Rural Development mission is increasing economic opportunity and improving the quality of life in rural America. But from 1935 through today, one thing has remained constant: the commitment of the men and women of USDA Rural Development to the future of rural communities.

The future holds challenges, but it also holds great promise. As you plan for the future, USDA Rural Development is here to support you and your community. We are locally based; as your neighbors, our employees are rooted in your communities and share your values and concerns, just as we have since 1935. We are proud of Rural Development's record of achievement throughout the past 70 years and we look forward to working with you to bring increased opportunities to Idaho as we work together to build an even stronger rural America.

One of the biggest challenges facing our nation is the need for renewable energy. In our ongoing effort to promote development of new energy sources, USDA Rural Development in 2005 funded 154 renewable energy grants and two renewable energy loans totaling \$32.3 million. Additionally, through the Value Added Producer Grant program, Rural Development provided \$2.8 million for 30 more energy related projects.

From wood fired generating plants to wind turbines, biofuel production and anaerobic digesters, USDA Rural Development is financing new sources of renewable energy while offering farmers and ranchers a potential new source of income.

I'm proud of the job our employees do every day. They're highly skilled, dedicated, and truly "Committed to the Future of Rural Communities."

A note from Idaho State Director, Michael A. Field...

Fellow Idahoans:

We are pleased to report on the activities of Idaho USDA Rural Development for Fiscal Year 2005.

In this annual report, you'll find information about how USDA Rural Development programs have helped rural communities in our state. We hope it will give you a better idea of how we are fulfilling our mission of providing assistance, by partnering with local residents, to create new economic and social opportunities in their communities.

Helping to create quality jobs, housing, safe drinking water, and reliable and modern infrastructure for rural communities remains a top priority. Rural Development employees in Idaho are working in partnership with federal, state, tribal and local government officials as well as the private sector to make certain our financial resources are invested wisely.

We want to thank our private, nonprofit, and government partners who have participated with us in these projects. With their assistance, we have been able to help rural residents statewide.

We recognize that the best solutions to rural problems are developed by those on the ground. We stand ready to assist Idaho's rural communities by being an active participant in their growth.

Sincerely



Michael A. Field
State Director



Mike Johanns
Secretary of
Agriculture



Thomas Dorr
Under Secretary
USDA Rural Development



Area and State Office Locations

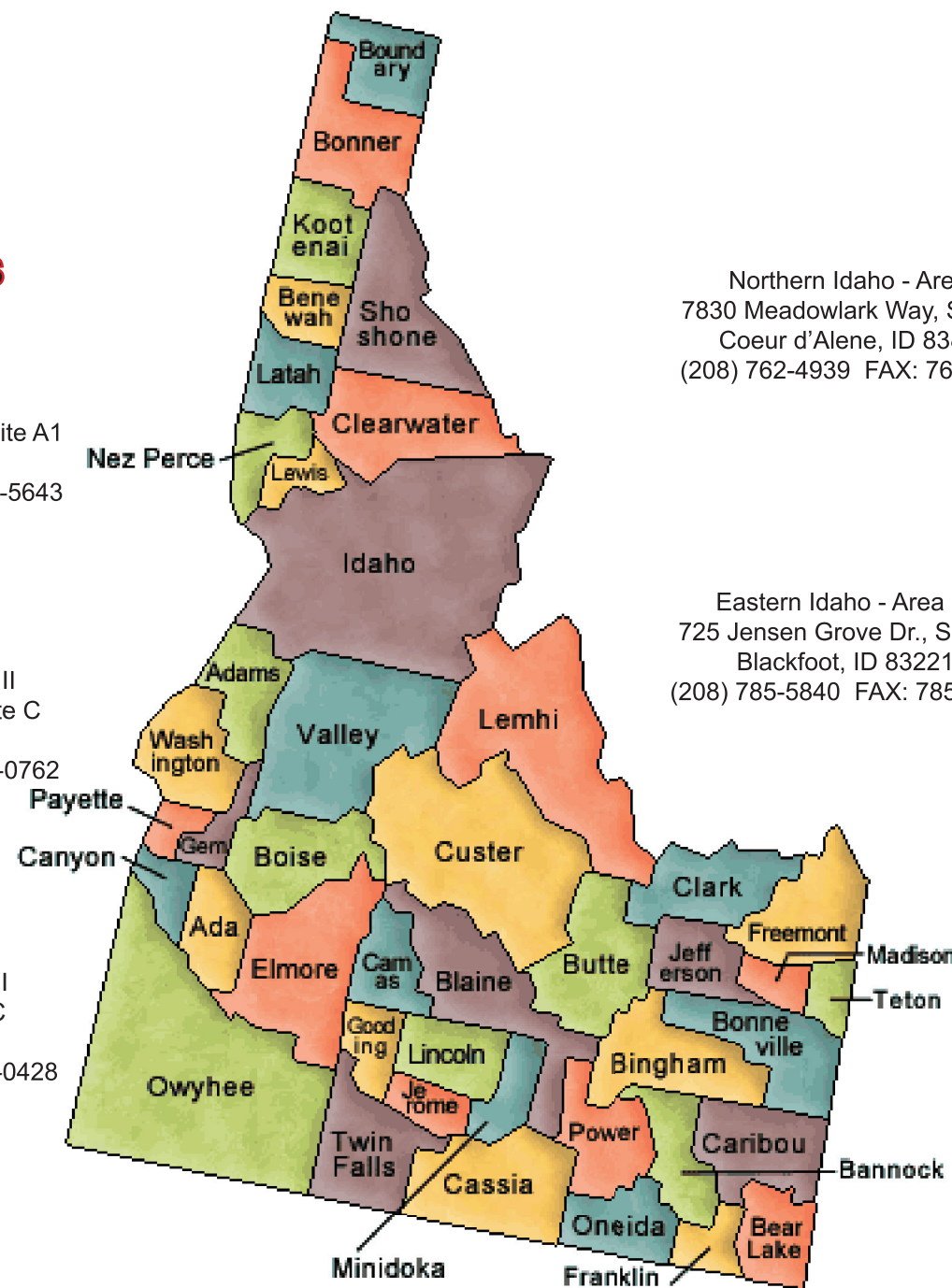
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Investment in Rural Idaho - FY 2005

Housing - \$70,515,280
Community Programs - \$29,064,114
Business Cooperative - \$12,658,474
Community Connect/DLT - \$487,661
Electric Program - \$60,570

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2005 Annual Report

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