

USDA Rural Development



Putting Rural Arizonans Back to Work



*Building water and wastewater infrastructure
for the "new" community of Bylas on the
San Carlos Apache reservation.*

2011 ACTION REPORT

THE ADMINISTRATION



**President
Barack Obama**

PUTTING RURAL AMERICA BACK TO WORK

“Strong rural communities are key to a stronger America...that’s why I’ve established the White House Rural Council to make sure we’re working across government to strengthen rural communities and promote economic growth.”

The Arizona Small Business Association and USDA Rural Development co-sponsored a White House Rural Council Roundtable in Arizona on November 3. Dozens of stakeholders met for three hours to give input on what small businesses in rural Arizona need to succeed. That information was forwarded to the President.

Dallas Tonsager, Under Secretary of Agriculture, moderated the roundtable.

Strong rural communities are key to a stronger America. President Obama has acknowledged as much in his travel to rural communities, and through the creation of the first-ever White House Rural Council, and at USDA we share his conviction.

For decades, USDA has enhanced the vital contributions of rural America to our nation’s prosperity, security and success. With current economic challenges, USDA has focused on efforts that maximize the use of program funding, streamlining processes and promoting thriving economies and job creation in rural America.

Through Rural Development programs, USDA continues to work alongside farmers, ranchers, homeowners, businesses, nonprofits, and cooperatives, Tribes and local governments to effectively enhance the country’s economic climate. These partnerships allow us to leverage private and public funding to promote local and regional business development, infrastructure and access to affordable credit in rural areas. In FY11, the cumulative results of these efforts helped save/create thousands of jobs in rural America and beyond.

But there is more work to be done. We must stretch limited government dollars and strategically direct funding that encourages private investment and creates economic opportunity, both short- and long-term. The White House Rural Roundtables stimulated much input from our stakeholders. Moving forward these insights and priorities will inform our delivery of programs and services and help generate the greatest economic benefits across the country.



**Secretary of
Agriculture
Tom Vilsack**

RURAL DEVELOPMENT



**Under Secretary
of Agriculture
Rural Development
Dallas Tonsager**

Working to build capacity for rural America

In Fiscal Year 2011, USDA Rural Development delivered programs to the American people that created jobs and new economic opportunities in rural communities. I am proud to report that our three mission areas, Housing, Utilities and Business and Cooperative Programs, have collectively helped save or create thousands of jobs in rural America.

By encouraging both public and private investment, local businesses enjoy spillover economic benefits that come with people being put to work and having money to spend.

But that's just part of the story. In addition to generating jobs today, Rural Development investments are creating ongoing economic opportunities in rural America that will pay benefits for years to come. Our programs help modernize essential water systems, build clinics and hospitals, support renewable energy systems, energy conservation, and ensure affordable housing for credit-worthy limited income rural residents. Our efforts boost the reliability of the electric grid, improve educational opportunities, ensure clean water, and provide affordable, reliable Internet service to rural homes and businesses. These are all building blocks needed to grow businesses, add housing, attract employers, and develop a skilled workforce. As in urban areas, this kind of civic infrastructure provides the capacity necessary for private sector jobs to flourish in rural areas.

Serving Rural Arizonans

The difference between “try” and “triumph” is just a little “umph”.

Arizona RD staff gave that extra umph...and the results are reflected in this year's annual report.

At a time when the need was the greatest, USDA Rural Development made record investments to rural Arizona communities and individuals. You may remember that in FY2010, our agency had a big infusion of funds from the American Recovery and Reinvestment Act (ARRA). But if you deduct those special funds from the total, our funding level for 2011 significantly outstripped that of 2010.

For rural communities the funds brought more than new homes, new infrastructure, new business enterprises, and new utility projects. The funds brought new hope...and new jobs.

Every project that you will read about in this report began with an application...and required the stewardship of a core of dedicated staff who spent countless hours guiding that application through the complex mechanisms of federal government. Their dedication and work ethic meant that thousands of loans and grants—totaling more than \$404 million this year—went into our hardest hit rural communities. Jobs were created and saved. This agency was praised as “keeping rural Arizona afloat”...a product of our staff's extra umph!



**State Director
Alan Stephens**

SPECIAL PROJECTS

CULTURAL TRANSFORMATION

In 2011 Secretary of Agriculture Tom Vilsack issued a call to action to USDA leadership:

Transform the USDA into a high-performing, business-oriented workplace where all employees and customers are treated with dignity and respect and provided the opportunity for success. One of the goals was to enable the workforce to be motivated, empowered, and prepared to meet future challenges.

In Arizona Rural Development that task has been taken on by the Arizona Cultural Transformation Team (ACT).

The ACT Team met in August for its first full meeting. The agenda included reviewing the national plan and matrix, discussing the employee viewpoint survey, and planning potential projects.

The first step taken was to initiate a monthly newsletter to keep employees apprised of what is happening at all levels of the agency—from program information to special initiatives—from new hires to departures—from budget talks to personnel issues.

The ACT Team identified strategies to be employed to enhance nine priority areas:

- Diversity Roadmap
- Labor Relationships
- Process Improvements
- Leadership Development
- Employee Development
- Talent Management
- Customer Focus & Community Outreach
- Communication
- Hiring Reforms



Already, the ACT has completed many of the action items from their plan and remains committed to improving the culture at USDA Rural Development.

HISPANIC AND WOMEN FARMERS AND RANCHERS

The U.S. Department of Agriculture is reaching out to Farmers and ranchers who believe they were improperly denied farm loan benefits between 1981 and 2000 because they are Hispanic or female. Those individuals may be eligible to apply for compensation from USDA.

The Department has set up a toll free number and web site for potential claimants:

1-888-508-4429—www.farmersclaims.gov



HOUSING



Nearly 5,000 rural Arizonans received housing assistance in 2011 from USDA Rural Development.

Totaling over \$300 million, the infusion of real money to cushion the flagging housing market in rural Arizona communities had a tremendous impact on keeping families "at home".

The biggest investment was through our Single Family Housing Guaranteed Housing Program. Through this program, families who cannot qualify for a regular mortgage through a bank or lending institution...but who have reasonable credit and the ability to repay the loan...can go to a lender who in turn comes to USDA Rural Development for a loan guarantee. Both the lending institution and Rural Development apply standard criteria in evaluating the loan & guarantee. If approved, the lender makes the loan...and Rural Development mitigates much of their risk by guaranteeing that loan—thus allowing a family that might otherwise

have been denied the opportunity to buy a home of their own!

HOUSING NUMBERS

Program	Number	Amount
Single Family Housing		
502 Low-income Direct	52	\$5,853,367
502 Very low-income Direct	47	\$4,373,444
502 Low Direct/Self Help	28	\$2,527,540
502 Very low/Direct Self Help	37	\$3,278,100
502 Guaranteed	2,285	\$268,990,873
504 Grant	143	\$1,103,539
504 Loan	47	\$298,633
306C Grant	62	\$281,525
Multi Family Housing		
515 Loan	1	\$1,000,000
515 MPR	2	\$384,801
515 MPR Grant	1	\$71,154
514 MPR	2	\$599,001
515 Rental Assistance	2,265	\$11,415,600
533 Housing Preservation Grant	1	\$146,548

TOTAL HOUSING 2011 4,973 \$300,324,125

Changes in the program this year have made the Guaranteed Housing Program budget neutral. That means that fees to borrowers now cover the cost of the program.

In Arizona, the Guaranteed Housing Program has a first year performance rate of 95.9%!



Ribbon cutting at the Chilchinbeto Apartment complex in Chinle.

BUSINESS PROGRAMS

With the tough economic climate in Arizona, how do rural entrepreneurs find the capital to fund their clever ideas? Where do small rural businesses go to find someone to help them expand? How can towns and communities find funding to provide business training?

In rural Arizona...the answers often lead to USDA Rural Development!

Arizona Business Bank, Borrego Springs Bank, Great Western Bank, Horizon Community Bank, and Stearns Bank all partnered in FY11 to help finance a variety of business enterprises through the USDA Rural Development Business and Industry Guaranteed Loan Program. Altogether nearly \$20 million was invested with rural companies who constructed, purchased, refinanced or capitalized their business through the revenue neutral B&I Guaranteed Program.

Other communities and/or businesses took advantage of our Rural Business Enterprise Grants—grants ranging from \$40,000 to \$99,540 that helped fund feasibility studies, provided technical assistance for entrepreneurial projects, business centers and a business incubator.

The Nogales Community Development Corporation received a \$183,000 Intermediary Relending Program grant. These funds will be used as a source of small funds for local businesses who need a little economic boost to get started or to expand. The funds are “loaned” at low interest to the businesses. As the money is repaid, it goes into a fund to be “re-loaned” to other emerging businesses.



Overall in FY2011a total of \$24,108,358 in Business and Cooperative Program funding was invested in rural Arizona to strengthen Grand Canyon State businesses.



Business and Cooperative Programs include:

- Business and Industry Guaranteed Loans
- Business and Industry Guaranteed Loans
- Intermediary Relending Program
- Rural Business Enterprise Grants
- Rural Business Opportunity Grants
- Rural Cooperative Development Grants
- Value-Added Producer Grants
- Renewable Energy Systems (RES) Grants
- Energy Efficiency Improvements (EEI) Grants
- RES and EEI Guaranteed Loans
- Rural Economic Development Loans
- Rural Economic Development Grants

COMMUNITY FACILITIES



Habitat for Humanity, Yuma

With a quick snip, the new 20,000 square foot Habitat for Humanity Re-Store in Yuma was officially opened.

The building, which also houses their administrative offices and their recycling programs, was funded through a combination of USDA Rural Development loans and grants, including a \$975,000 Community Facility loan, a \$100,000 Community Facility grant, and a \$60,000 Economic Impact Initiative grant.

According to Habitat for Humanity, although every ReStore outlet is a little different, most focus on home improvement goods like furniture, home accessories, building materials and appliances.

ReStore resale outlets accept donated goods which are sold to the general public at discount. The proceeds help Habitat fund the construction of Habitat homes within their communities.

ReStore outlets provide an environmentally and socially responsible way to keep good, reusable materials out of the waste stream while providing funding for Habitat's community improvement work.

Heartwarming is often the way folks describe the projects funded by USDA Rural Development in rural communities across the nation. In FY2011, Arizona received funding for clinics, a behavioral health facility, a fire station, police cars, a community center, ambulance services, and a community kitchen... essential services that help those rural communities better care for and serve their residents.



Community Facility Funding

Seeds of Hope, Inc.	\$529,160	Loan
Town of Duncan	\$86,734	L/G
Camp Verde Fire District	\$2,725,000	Loan
Community Food Bank	\$36,756	Grant
Habitat for Humanity, Yuma	\$1,135,000	L/G
Yuma Community Food Bank	\$117,187	Grant
Painted Desert Demo Project	\$161,258	Loan
Verde Valley Ambulance	\$497,000	G-L
Community Behavioral Health	\$797,807	G-L
United Community Health	\$4,450,000	G-L
Tri-Valley Improvement Assoc.	\$35,100	Grant
TOTAL	\$10,571,002	

ENERGY PROGRAMS

The Renewable Energy for America Program (REAP) was well subscribed in FY2011 in Arizona. Sixteen projects were funded—15 solar photovoltaic (pv) systems and one wind turbine. Most of the grants were under \$20,000 and all of the PV systems were under \$50,000. Altogether the total investment by USDA Rural Development was \$442,925...not a lot for 16 projects...but what a great return on investment! The grants are capped at 25% of the cost of the system, which means that recipients must come up with the remaining 75%.

For most of the recipients, the amount of electricity generated by the systems covered their entire electric needs...and for many promised to allow for future growth. From farms to vineyards, car washes to storage companies...machine shops to a book store, rural businesses were able to invest in the long term viability of their enterprise by containing one of their most expensive monthly costs—electricity.



SILVER CREEK FARM—TAYLOR, ARIZONA

The folks in the small community of Taylor, Arizona, have a reputation for creative problem solving. Back in the late 1800's local blacksmith Joseph Hancock came up with an ingenious solution for celebrating the Fourth of July in the tiny town. The tradition then was for towns to fire their cannons to celebrate Independence Day. But the Town of Taylor was without a cannon. Hancock offered up an historic anvil and the tradition of "firing the anvil" became an annual event. At dawn every Fourth of July, the Jennings Band members climb onto their flatbed truck and ride up and down the neighborhoods in Taylor, stopping on street corners while the anvil is fired and patriotic music is played for the sleepy residents.

Decades after Joseph Hancock donated his anvil, descendants of those first settlers continue to farm and ranch in the fertile valley near the Silver Creek. One family, the Salines, have a ranching operation located just outside Taylor.

As a young boy Alma Saline would be up early milking cows, fixing fences and harvesting crops. It's what the family had to do to keep their 1500-acre farm/ranch running. It's an idyllic life...but not an easy one.

When Alma's father died in 2000 he left the ranch to his family as a trust. "Much of the equipment that Dad left was old," Alma says. "we had just a minimum of cattle and only 70 acres in crop production."

In 1970 the family had drilled an irrigation well, which irrigates about 300 acres. The well requires about 155,000kW of electricity per year to operate. The cost of the electricity to run the well is the single largest expense on the farm.

Two years ago, in the old tradition of Taylor creative problem solving, the Saline's neighbors at the Elkins Ranch put in wind-turbines to generate electricity. Alma and his family were intrigued.

Today, thanks in part to a \$53,000 REAP grant from USDA RD, the Salines have installed a 155,000kW wind turbine. The unit is expected to generate all of the electricity needed to run the well...and maybe a little extra to hedge against the rising cost of electricity.

The ranch has a contract with the local utility company to "net meter"—feed power into the utility grid during production months and use power as needed in the off-wind summer months. "At the end of each year, we'll settle the differences," explained Alma.

Today it's not just flying anvils that punctuate the Taylor skies. Turbines are taking a spin there too.



WATER AND WASTE

Leonard da Vinci said "Water is the driving force of all nature and USDA Rural Development is the driving force in rural water systems." Alright, da Vinci didn't say that last part, but probably only because he didn't know about USDA Rural Development's water and waste water programs.

Arizona rural communities received over \$20,000,000 in water and waste funding in FY11. From small towns to small water districts—from tribes to counties—clean, potable water and sanitary waste systems made life safer and sweeter across rural Arizona.

WATER AND WASTE PROJECTS FUNDED IN FY2011

San Carlos Apache Tribe—Water/Waste Loan	\$2,768,000
San Carlos Apache Tribe—Colonia 306C Grant	\$3,054,660
San Carlos Apache Tribe—306C Set-Aside Grant	\$1,000,000
Antelope Peak DWID—Water/Waste Grant	\$331,188
Antelope Peak DWID—Colonia 306C Grant	\$1,690,636
Thunderbird Farms DWID—Water/Waste Grant	\$2,144,700
Thunderbird Farms DWID—Water/Waste Loan	\$2,850,000
Thunderbird Farms DWID—Colonia 306C Grant	\$276,864
Yarnell Water Improvement—Water/Waste Grant	\$51,300
St. David DWID—Water/Waste Loan	\$1,103,388
Town of Hayden—Water/Waste Grant	\$3,253,000
City of Bisbee—Colonia 306C Grant	\$700,000
Yuma County ID—Colonia 306C Grant	\$632,500
No. AZ University—Solid Waste Manage. Grant	\$157,718
Sedona Recycles—Solid Waste Manage. Grant	\$29,100
Inter Tribal Council of AZ—Waste T/A Grant	\$400,000
Total Water and Waste:	\$20,443,054

Rural Development and the Environmental Protection Agency (EPA) jointly funded a \$1.4 million wastewater collection system to connect the people of Tin Town to the Bisbee wastewater facility. Tin Town residents—a cohesive group of advocates—had been waiting a long time. The residents had been relying on failing septic systems and cess pools, a health risk for the residents and the environment they share with the rest of the area.

Tin Town was settled in the 1920s by Mexican workers who came to work in the mines near Bisbee. Some say the town got its name from the scrap metal and tin the residents used to build and roof their homes. Others say it's from the tin cans they used to catch the drips from leaking roofs. At any rate, it grew into a strong, stable neighborhood of hard working families.

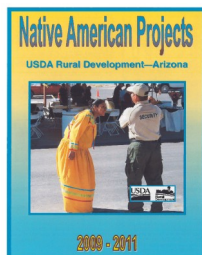
One famous resident of the area was renowned artist Ted DeGrazia who lived in the Bisbee area and painted a picture of Tin Town in 1941. Tin Town hasn't changed much over the years...which for the most part is a good thing. Many of the families have been there for generations. They watch out for each other. They help each other. They have organized regular clean up days, hauling, clearing and cleaning to keep the area neat and appealing.

Their charming town, with many homes painted in bright colors, retains a rustic character—meandering unpaved streets and hand built homes—many built by the current owners' parents or grandparents. That's the good part. But, although most of the rest of the areas of Bisbee had been connected to the modern wastewater plant, the residents of Tin Town had not and have had to continue to deal with the failing septic and cess pool problems. That is changing now thanks to the collaborative efforts of USDA RD and EPA...and a community full of advocates!



TRIBAL COMMUNITIES

Native American communities in FY 2011 received over \$75.5 million in funding from USDA Rural Development for projects such as water and wastewater, training, electric, and business development.



Our three-year report on investments in Native communities shows a total investment from 2009 to 2011 of \$214,596,719... A nearly 400% increase from FY 2009 to FY 2011. Copies of the report are available at our State Office.

FY 2011 FUNDING

AR Mike Enterprises <i>C-store & gas station</i>	\$5,000,000
Indigenous Com. Enterp. <i>Feasibility study</i>	\$92,000
San Carlos Apache Tribe <i>Water/Sewer 306C Setaside</i>	\$1,000,000
Intertribal Council of AZ <i>Training for Operator's Certificate</i>	\$400,000
Tohono O'odham College <i>Water tower and line for campus</i>	\$215,000
Dine College <i>Well/irrigation system; greenhouse</i>	\$215,000
San Carlos Apache Tribe <i>Water/sewer system for Bylas</i>	\$2,768,000
San Carlos Apache Tribe <i>306-C water grant</i>	\$3,054,660
Sacred Power Corp.	\$2,500,000
Dineh Co-ops Inc.	\$1,352,000
Navopache Electric Co-op	<u>\$49,329,660</u>

TOTAL

\$75,616,320

SAN CARLOS APACHE TRIBE

The Tribal community of Bylas on the San Carlos Apache reservation was originally settled on a flood plain. It's location has wrecked havoc for homes, businesses and community buildings besieged by flood damage over and over again.

The frustrating cycle of building, flooding, and then rebuilding has been broken with the courageous decision to relocate the community to an area outside of the flood plain. That means all infrastructure must be rebuilt.

USDA Rural Development has helped to fund the water and sewer facilities for the new community.

A \$1 million 306C Native American set-aside grant; a \$2,768,000 water/waste water grant; and a \$3,054,660 regular 306C grant have been obligated to the Tribe for the new infrastructure...for a total of \$6,822,660 in grant funds.



Arizona State and Local Offices

Area One Offices

Prescott Valley

8841 E. Florentine, #A
Prescott Valley, AZ 86314
928-759-9301, x 3

Show Low

1801 W. Deuce of Clubs
Suite 120
Show Low, AZ 85901
928-532-2270

Flagstaff

1585 S. Plaza Way
Suite 120
Flagstaff, AZ 86001
928-774-2401, x 4

St. Michaels

Professional Plaza
Hwy 264
P.O. Box 859
St. Michaels, AZ 86511
928-871-5038, x 3

Kingman

101 E. Beale St, #B
Kingman, AZ 86401
928-753-6181, x 4



State Office

230 N. 1st Ave.,
#206
Phoenix, AZ 85003
602-280-8701
602-280-8770-Fax

Program Areas

Housing—Single Family
602-280-8755
Housing—Multi Family
602-280-8765
Community Facilities
Water/Waste
602-280-8745
Business
602-280-8738

Area Two Offices

Phoenix Area

230 N. First Ave, #206
Phoenix, AZ 85003
602-285-6370

Yuma

2197 S. 4th Ave, #104
Yuma, AZ 85364
928-782-0860, x 4

Area Three Offices

Willcox Area

658 N. Bisbee Ave.
Willcox, AZ 85643
520-384-3529

Green Valley

1131 S. La Canada,
#203
Green Valley, AZ
85614
520-648-1769

AZ 100 YEARS

CELEBRATE THE ARIZONA EXPERIENCE

On February 14, 1912, Arizona became the 48th state of the Union...the final contiguous state admitted. She had been a territory for almost 49 years! President William Taft signed the statehood proclamation after having vetoed it the year before. Much has changed (population in 1900 was 122,931—today it's 6,482,505!), but the Grand Canyon State has kept it's rugged beauty, independent character and rural charm.

HAPPY BIRTHDAY, ARIZONA!

www.rurdev.usda.gov/azhome.html