

# *Investing in the Future of Rural Communities*

USDA RURAL DEVELOPMENT  
KANSAS



2012 ANNUAL REPORT



Committed to the future of rural communities.

# INVESTING IN RURAL COMMUNITIES



I am proud of the role that our rural communities played this year to keep the American economy moving forward. President Obama and I are committed to ensuring that they remain great places for families to live for generations to come.

We must continue to make critical investments in broadband, bio-products, and strengthening capital markets for rural America, and targeting those investments to the parts of rural America that face the greatest economic need. If the past four years have taught us anything, we have learned that the key to a strong economy and the long-term fiscal health of America is smart, efficient, and effective investment in rural America.

**Tom Vilsack**  
**Secretary of Agriculture**



Since 2009, President Obama's plan for rural America has brought about historic investment in rural communities that have made them stronger and more vibrant. Prosperity in rural America depends on ensuring that residents have a wide range of economic opportunities and can participate fully in the global economy.

Thanks to the countless rural Americans who use our more than 40 loan, grant, and technical assistance programs, we are helping to create sustainable jobs, and we are laying a strong foundation for rural America in the future.

**Dallas Tonsager**  
**USDA Rural Development, Under Secretary**



USDA Rural Development in Kansas is proud to deliver this fiscal year 2012 Annual Report. It reflects the significant financial support our rural communities, businesses and citizens receive from the Federal Government. But it also reflects the care and hard work our RD employees provide to enhance the quality of life across rural Kansas. Despite significant staffing reductions, we exceeded our loan making and loan servicing goals by making new investments in rural areas and protecting existing investments to ensure sustainability.

Finally, this report highlights examples of our investment and the impact of those investments. These success stories reinforce that Rural Development's partnerships are strong and that our project collaborations are necessary to the future of our rural communities and rural way of life.

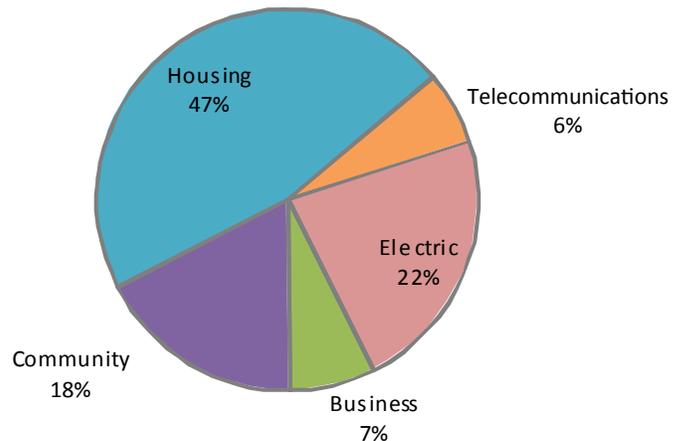
**Patty Clark**  
**USDA Rural Development, State Director**





## USDA RURAL DEVELOPMENT FUNDING ACTIVITY - KANSAS

In 2012, USDA Rural  
Development Invested  
\$475,993,345  
in Rural Kansas



### Rural Development's Seven Strategies for Economic Development

Building 21st Century rural communities requires adoption of strategies that look not only within a community for defining its strengths and opportunities, but to regions where one community can compliment and draw upon the resources of another.

- **Strategic Partners:** The ole adage that there is strength in numbers especially holds true when you build strong and strategic alliances. USDA Rural Development partnered with 47 entities to bring needed funding to rural Kansas communities.
- **Capital Markets:** Stimulating local economies requires the infusion of new investment opportunities. The Business & Industry Program provided \$16 million in financing to eight Kansas small businesses.
- **Regional Food Systems:** Building markets for local and regionally grown agricultural products makes great economic sense. USDA's Rural Business Enterprise Grant, helped an existing food cooperative expand and prepare a strategic plan to increase a regional food system's capacity to deliver fresh food.
- **Regional Collaboration:** Smaller, more remote rural communities do not have to be stand-alone economic engines in an oasis, each looking only from within for sustainability. USDA Rural Development in Kansas works with numerous partners throughout the state. This year, more than \$1.2 million was invested in regional projects that will spur economic activity in 30 Kansas counties.
- **Community Building:** Creating great places to live, raise families, provide recreational opportunities, and enhance infrastructure to boost job growth is very important to our efforts at USDA. Through the Community Facility and Water and Environmental Program, 47 Kansas communities received \$84 million in financing to improve their infrastructure.
- **Alternative Energy:** Development and use of alternative energies is good for our country and good for our environment. Rural Kansas small businesses and farmers received USDA financing to complete 36 renewable energy and energy efficiency projects.
- **Broadband and Continuous Business Creation:** Expanding access to high-speed broadband is one of our greatest challenges and our highest priority. In Kansas, USDA Rural Development invested more than \$29 million to expand broadband networks.

**Strategic Partners** *Capital Markets*  
*Regional Food Systems*  
*Regional Collaboration* *Community Building*  
*Alternative Energy* **Broadband**

# BUSINESS & COOPERATIVE PROGRAMS



Helping community leaders identify ways to improve economic opportunities in rural America is a leading emphasis at USDA Rural Development.

Through a variety of job-creation programs the agency partners with private and community-based organizations to create and preserve quality jobs in rural communities and move America forward.

USDA Rural Development's Business and Industry (B&I) guaranteed loan program helps back the business of rural America by providing protection and incentives to lenders. In turn, businesses benefiting from a loan guarantee have a better chance of receiving the financing and terms they need so they can thrive.

USDA Rural Development has a long-standing initiative that assists rural electric and telephone cooperatives and community-development organizations in their efforts to improve the rural economy.

The agency also assists small businesses and producers through its Rural Energy for America Program (REAP) that provides financial assistance when energy-efficiency improvements are made to reduce energy costs or when renewable energy systems such as wind turbines, geothermal and solar are installed.



State Director Patty Clark and Kansas RD employees toured the Western Plains Energy facility with Plant Manager, Curt Sheldon. Western Plains Energy received financial assistance through USDA's Repowering Assistance Program to build an anaerobic digester that will power its Oakley ethanol plant.



McCarty Farms in Rexford, Kan., utilized USDA's Value Added Producer Grant Program and Rural Economic Development Loan and Grant Program. The company built a milk processing plant outside of Rexford, population of 233, and is partnering with the Dannon Company to produce yogurt.

BUSINESS & COOPERATIVE PROGRAMS	2012
Advanced Biofuel Payment	\$8,189,227
Business and Industry Loan Guarantee (B&I)	\$16,648,607
Intermediary Relending Program (IRP)	\$253,000
Renewable Energy and Energy Efficiency Program (REAP)	\$794,017
Repowering Assistance (9004)	\$5,000,000
Rural Business Enterprise Grants (RBEG)	\$293,250
Rural Business Opportunity Grant (RBOG)	\$142,445
Rural Economic Development Loans and Grants (REDLG)	\$2,875,300
Value Added Producer Grants (VAPG)	\$706,059
<b>Total</b>	<b>\$34,901,905</b>

# COMMUNITY PROGRAMS



USDA Rural Development improves the quality of life in rural America through a variety of loan, grant and guarantee programs that assist water and wastewater systems, assisted living facilities, health care facilities, fire and rescue programs and community building such as libraries, city halls and recreation centers.

Helping to ensure that all rural Americans have access to quality health care continues to be an important area of emphasis for USDA Rural Development. Whether the project is a new medical clinic, hospital, fire station, fire truck, emergency equipment, community building, assisted living facility, library, child care center, or rural water, telephone, electric or broadband projects, USDA Rural Development is ready to assist.

Community-improvement efforts are important to the sustainability of rural America, and USDA Rural Development is ready to help communities across Kansas develop these critical resources.

COMMUNITY PROGRAMS	2012
Community Facilities Loans, Grants and Guarantees	\$26,072,200
Economic Impact Initiative	\$74,900
Rural Community Development Initiative	\$415,000
Water and Environmental Loans, Grants and Guarantees	\$57,502,170
<b>Total</b>	<b>\$84,064,270</b>



Elk County Rural Water District #2 utilized USDA Rural Development financing to install approximately 54 miles of water lines to 76 users during the first phase of its water system project. The system will provide Elk County residents, who previously had to haul water to their homes, with safe and reliable water.



Kiowa District Hospital in Kiowa, Kan., received a \$3.0 million USDA Rural Development loan to build a new critical access hospital.

# HOUSING PROGRAMS



While the past few years have been a financial challenge for many Americans, the goal of achieving the American Dream of homeownership remains strong.

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural communities and areas purchase new or existing homes. Loans, and some grants, are also available to help families make needed repairs to their homes.

Eligible homes must be located in a rural area and/or community of generally less than 20,000. In most cases, a family of four with an adjusted annual income of up to \$74,750 may qualify for the agency's guaranteed home loan program. If that same family of four's adjusted annual income is less than \$46,800 they may also qualify for a direct loan from the agency. These income limits increase in communities located near metro areas.

USDA Rural Development also provides financing for 327 apartment complexes in rural Kansas. These complexes provide rural residents with access to more than 6,000 apartments. Rent in the apartments is based on income, and rental assistance may be available depending on the income of the tenant.



Junction City's Mutual Self-Help Program built six homes this spring. Over the past decade, USDA Rural Development and the Junction City Mutual Self-Help Program have helped to build and finance 83 new homes for individuals and families.



USDA Rural Housing Administrator Tammye Treviño helped celebrate National Homeownership Month in Kansas by recognizing Wichita-based Mennonite Housing for being a faith-based partner of USDA's Mutual Self-Help Program since 1999. Mennonite Housing has assisted more than 130 families construct homes in south central Kansas.

HOUSING PROGRAMS	2012
Direct Single Family Housing Loans	\$9,822,693
Guaranteed Single Family Housing Loans	\$201,223,005
Single Family Housing Rehabilitation Loans and Grants	\$569,244
Housing Preservation Grant	\$100,000
Rental Assistance	\$9,472,320
Multi-Family Voucher Assistance Program	\$87,708
<b>Total</b>	<b>\$221,274,970</b>



## CITY OF HIAWATHA CELEBRATES EARTH DAY

In celebration of Earth Day, USDA Rural Development recognized the City of Hiawatha for investing in its future by partnering with the Agency to improve the city's infrastructure. USDA Rural Development provided a \$998,000 loan to the city to repair its wastewater infrastructure.

The City of Hiawatha had an aging wastewater infrastructure system that caused increases in maintenance costs, sewer main breaks, and excessive water flow. With USDA funding assistance, approximately 20,000 linear feet of sewer lines will be replaced with cure-in-place pipe liner. The city will also install computer software at the wastewater treatment plant that will automate functions at the plant during heavy rain events.

Crosby Gernon, Mayor of the City of Hiawatha stated, "The financing from the state and federal government allows the city to comply with guidelines from the Kansas Department of Health & Environment without undue economic hardship on our residents." "While some often criticize governmental efforts, the citizens of Hiawatha should understand that the collaboration among federal, state, and local agencies made this project a success."

## RURAL KANSAS BUSINESS UTILIZES RENEWABLE ENERGY



ARC Technology, a south-central Kansas engineering company, is located in a 6,000 square-foot facility that was a vacant school building. The company was interested in installing a renewable energy system to help mitigate the energy costs of the facility.

While attending an energy tradeshow, the company met Nick King, owner of King's Solar, Wind and Plumbing in Hillsboro, Kan. King informed the company about federal incentives for renewable energy projects, including USDA Rural Development's Renewable Energy for America Program (REAP).

The company decided to purchase a 12.2 kilowatt solar array. USDA Rural Development provided the company with a \$9,945 REAP grant to help offset the cost of the solar array. It would have taken the business 30 years to see a return on investment without any financial assistance. Through federal tax incentives and the REAP grant, the company will see a return on investment in two years.

The 51 solar panels and microinverters on ARC Technology's roof were all made in the USA. Employees have access to real-time monitoring of the solar energy being captured. Renewable energy generated by the solar panels will replace over 50 percent of the business' electricity. The business will save approximately \$1,300 per year.





## NEW HOUSING CENTER IN MULVANE PROVIDES SAFE, AFFORDABLE HOUSING FOR SENIORS

USDA Rural Housing Administrator Tammye Treviño participated in a ribbon cutting ceremony for Homestead Senior Residences Mulvane, which is managed by Homestead Affordable Housing a non-profit organization. The 40-unit senior apartment complex in Mulvane, Kan., is the first USDA financed multi-family housing complex in the nation that met the Agency's "Super Green" energy standards.

USDA Rural Development provided a \$1 million Rural Rental Housing Loan, and 40 units of rental assistance subsidy to make living in the new complex more affordable for tenants. Additional project funding came from partners including: Kansas Housing Resources Corporation, Housing Assistance Council, Federal Home Loan Bank Topeka, the City of Mulvane, and Emprise Bank.

Property amenities at the facility include a large community center that houses a library, computer lab, exercise room and full-sized kitchen. Villa Maria Inc., a not-for-profit licensed skilled nursing facility, will offer tenants regular health screenings, blood pressure checks and diabetic foot care.

## USDA PARTNERS WITH AN ELECTRIC COOPERATIVE TO FINANCE A RURAL FIRE STATION



Midwest Energy, an electric cooperative in western Kansas, received financing through USDA's Rural Economic Development Loan and Grant (REDLG) program to assist the City of Quinter with building a new fire station. The cooperative will establish a revolving loan fund through the repayment of this initial loan to the City of Quinter.

The new Quinter fire station is a 5,400 square foot pre-engineered metal building for fire equipment storage that includes bathrooms, changing rooms, and space for a future training room. In the new facility, there is room for two fire trucks, and the city is looking forward to adding to its fire protection capabilities. The fire department currently has 13 volunteers, and with the new equipment and facility the city is hoping to attract more volunteers to serve on the fire department.

"The new fire station will allow us to add to our fleet of fire equipment, and will ultimately help better serve the residents of Quinter and Gove County," said Quinter City Administrator Ericka Gillespie. "Our fire department serves the agricultural community, as well as the cities in our county, and this new fire station will help us have adequate equipment to help protect our farmer's crops and the people in the community."





## RETIREMENT COMMUNITY INVESTS IN FACILITIES TO BETTER SERVE PATIENTS



Asbury Park Inc., a not-for-profit continuing care retirement community in Newton, Kan., received a \$16 million boost from USDA Rural Development to help finance a large construction and renovation project on its 34-acre campus. The funding will ensure Asbury Park can continue to provide a high level of quality care to its residents.

The project includes replacement of Asbury Park's existing assisted living facility with a new 36,466 square-foot building, two new "Green Homes" that are group homes for individuals requiring 24-hour skilled nursing services, and a post-acute care unit in the company's Health Care Center.

Asbury Park is a leader in elderly healthcare and provides services to more than 200 individuals, including 24-hour skilled nursing care, assisted living services, rental cottages and patio homes for independent living, and home health.

USDA Rural Development provided an \$11 million Community Facilities Direct Loan, a \$4.45 million Community Facilities Guaranteed Loan, and a \$702,500 Rural Economic Development Loan. Emprise Bank in Wichita and Butler Rural Electric Cooperative Association partnered with USDA Rural Development to make funding available for the project.

## AGRICULTURE SECRETARY VISITS KANSAS

On April 10, 2012, U.S. Secretary of Agriculture, Tom Vilsack was in Kansas to visit Kansas State University and celebrate USDA's 150th Anniversary.

K-State's McCain Auditorium was packed for Secretary Vilsack's Landon Lecture. His comments focused on, Why America Needs Agriculture. The three areas that his speech emphasized were: food security, agriculture's impact on the economy, and the importance of rural America's work ethic and values.

After the Landon Lecture, Secretary Vilsack visited the future site of the National Agro-Defense Facility, the Biosecurity Research Institute at Pat Roberts Hall, and Bill Snyder Family Stadium. Before departing Manhattan, Kan., Secretary Vilsack also attended a USDA 150th Anniversary Event that included the dedication of a new Agricultural Research Service wind erosion facility and a USDA Resource Fair.

Proposed by President Lincoln as "the People's Department" USDA was founded in 1862 and continues to touch every American's life every day. In a state with as rich of an agricultural history and current prominence as Kansas, this is even more true today.





## USDA SUPPORTS REGIONAL ECONOMIC DEVELOPMENT PROJECTS

During 2012, USDA Rural Development provided financial assistance to two regional economic development efforts in the state: Project 17 and the Kansas Entrepreneurial Communities Initiative (KECI). The two projects encompass 25 counties that will work together to help spur economic development that will create or save approximately 360 jobs.

**Southeast Kansas Project 17** Project 17 is creating a shared regional vision and an asset-based development approach to spur job and wealth creation through the development of the Southeast Kansas Opportunity Innovation Network. The network will assist with mapping regional assets, profiling the innovation capabilities of businesses, and connecting businesses with innovation resources.

The Southeast Kansas Project 17 Initiative is receiving technical assistance from Kansas State University's Advanced Manufacturing Institute (AMI), which will be researching niche opportunities for emerging manufacturing opportunities in Southeast Kansas. The initiative received a \$95,000 Rural Business Enterprise Grant (RBEG) to work



The Project 17 executive committee held a work day in September at Allen Community College in Iola.

with a coalition of regional, state and national partners to develop a strategy that leverages advanced manufacturing technologies, the region's assets, idle facilities, technical workforce and educational institutions to coordinate a network-based approach to identify new opportunities for the region's manufacturing sector.

In addition to the RBEG grant, Project 17 was named a national Rural Jobs and Accelerator Challenge winner and received a \$215,000 grant from the USDA Rural Development and \$500,000 grant from the U.S. Economic Development Administration.

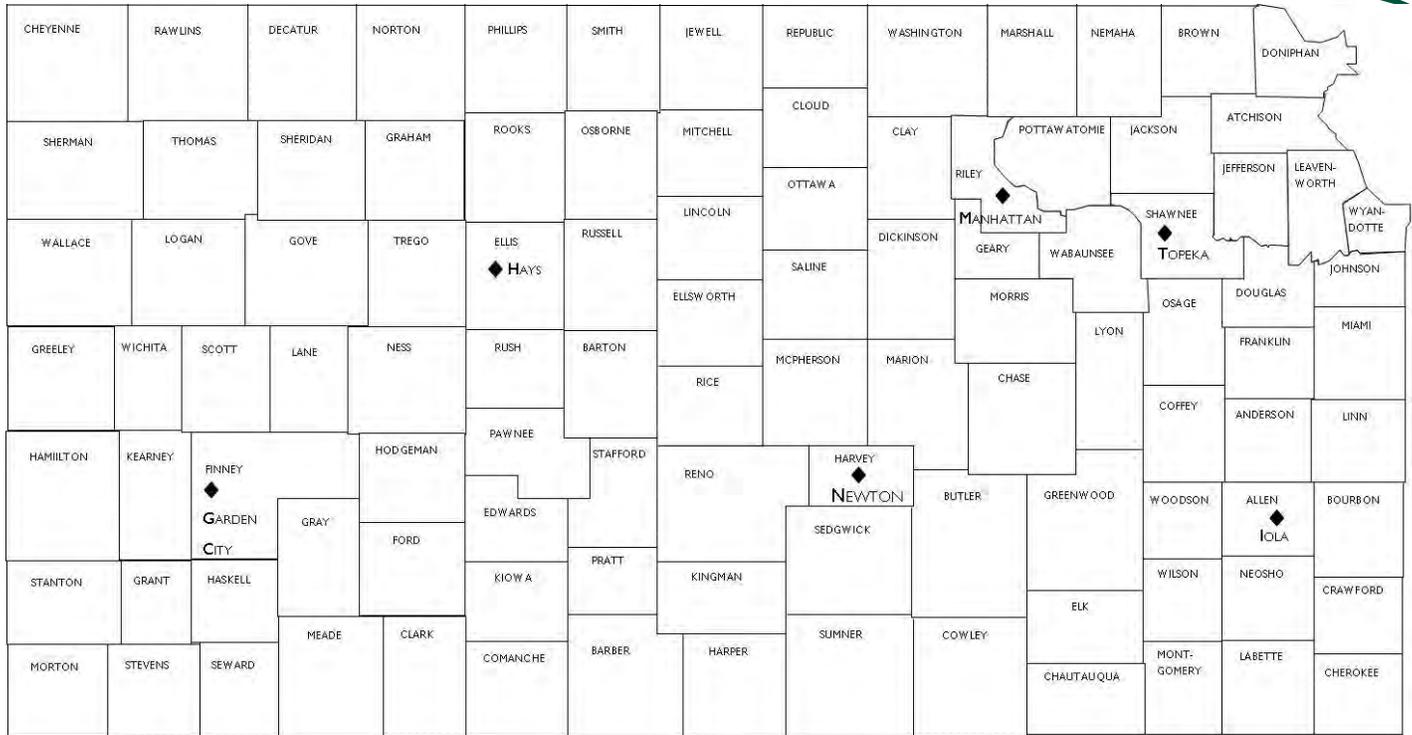
Counties served by Project 17 include: Allen, Anderson, Bourbon, Chautauqua, Cherokee, Coffey, Crawford, Elk, Franklin, Greenwood, Labette, Linn, Miami, Montgomery, Neosho, Wilson, and Woodson.

## Kansas Entrepreneurial Communities Initiative (KECI)

KECI is supported by Fort Hays State University through the Kansas Small Business Development Center. The initiative is a collaborative partnership of non-profit organizations that are focused on accelerating quality economic development in regions throughout the state. USDA provided a \$151,000 Rural Business Enterprise Grant to KECI for assisting existing entrepreneurs expand by developing additional markets for selling their products and supporting aging entrepreneurs with transitioning their businesses to the next generation of entrepreneurs.

Counties served by KECI include: Allen, Anderson, Cheyenne (Bird City), Chautauqua, Dickinson, Elk, Greenwood, Labette, Linn, Marion (Hillsboro), Montgomery, Rawlins, Scott, Stafford, Thomas, and Wichita.

# CONTACT A USDA RURAL DEVELOPMENT OFFICE IN KANSAS



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## Iola Area Office

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For more information, visit our Website at:  
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