

U.S. Department of Agriculture



UTAH
Rural Development



Annual Report - FY 2003

A partner in strengthening rural Utah.



Annual Report From Secretary Of Agriculture

The Bush Administration has made great strides in supporting investments in America’s rural communities. USDA has invested nearly \$2.5 billion for rural business development in the form of loans, grants and technical assistance.

Rural infrastructure, such as education, healthcare, telecommunications, water treatment and community facilities, has been supported by more than \$13 billion in grants and loans. More than \$10.2 billion has been invested in rural housing, much of which supports the President’s ambitious goal to increase minority homeownership by 5.5 million by 2010.

As we look to the future, we remain dedicated to ensuring that investments in rural Utah continue to bring new economic opportunities and an improved quality of life to rural families and communities.

**ANN M. VENEMAN,
Secretary of Agriculture**



Annual Report From Acting Under Secretary For Rural Development

Citizens and community leaders throughout rural America share a common desire to bring economic opportunity and an improved quality of life to their community.

As rural America’s venture capital bank, USDA Rural Development seeks to support local efforts by providing financing to create housing, business development, technology and community infrastructure and essential community facilities. Over the last year, the Bush Administration through USDA Rural Development has provided over \$13 billion in capital financing to assist rural citizens and communities invest in their future.

USDA Rural Development capital investments nationwide in FY 2003 include; assisting over 43,000 families realize their dream of homeownership; assisting over 100 rural agri-businesses with financing of energy efficiency and renewable energy systems that support energy independence for America and that support President Bush’s national energy plan; assisting with the financing of over 12,000 business ventures to create or save nearly 90,000 jobs; and assisting with the financing of community infrastructure and facilities that will benefit an estimated 7 million rural citizens. In total, over 350,000 jobs are expected to be created or saved as a result of the financing provided by USDA Rural Development.

USDA Rural Development has a dedicated team of professionals with over 40 financial and technical assistance programs available to assist rural communities improve their economic opportunities and reach an improved quality of life. I encourage you to contact our staff in Utah to learn more about ways that USDA Rural Development can be of assistance to you and your community.

**GILBERT GONZALEZ
Acting Under Secretary for Rural Development**

Table of Contents	
Secretary of Agriculture	2
Acting Under Secretary	2
Utah State Director	3
RD Funding By Fiscal Year	4
Program Highlights	
Rural Business-Coop	4
Rural Housing Service	6
Community Programs/RUS	9
Community Programs/CF	11
Local Office Contacts/Locations	12
Cover photo by Amy Ivie: AFTEC Palisade Pals Home in Manti, Utah.	

A Message from the State Director ~

As a member of the George W. Bush Administration, I know that USDA is deeply committed to addressing housing and other infrastructure needs in rural America. People in rural communities ask about the large gap between services available to them, as opposed to services for those living in Utah's cities. Our rural people often leave their homes location seeking the improved education and job opportunities available in urban areas.

People in rural Utah need capital to upgrade education, housing, community facilities and utilities. They also need capital for business opportunities that are essential to bring the best of Utah's urban life into their rural area.

U.S. Department of Agriculture (USDA) Rural Development is proud to partner with the people and communities in rural Utah. We are committed to helping our State by encouraging venture capital financing. Rural Development offers a full range of loan and grant services to partner with other lenders for rural communities and moderate and low-income rural residents. These services, combined with a knowledgeable staff, help our customers in Utah take advantage of financing in a wide variety of areas.

As you review our Annual Report I am confident you will see and understand how we partnered last year with people and communities to bring housing, community facilities and improved utilities to rural Utah. In addition, we provided technical assistance and financial backing for businesses that in turn generated over 1,600 quality jobs.

As federal employees, we at Utah Rural Development are committed to excellence in our work. Our job is to help those in rural Utah solve project and financing needs by creating a positive impact through our effort and our success. I am proud of what we accomplished in Fiscal Year 2003.

My entire staff and I thank our partners for the opportunity of working with them to contribute to an improved quality of life for those living in rural Utah.



JOHN R. COX
State Director

Rural Development provided over \$113 million in financial assistance to Utah rural residents in FY 2003.

Rural Housing:

- ◆ \$80,601,059 in loans, grants and guarantees were provided to meet growing needs for 839 Families.
- ◆ \$ 11,617,231 went to Multi-Family Housing loans/grants and rental assistance.

Community Programs:

- ◆ \$12,693,410 for Water, Wastewater and Environmental Projects.
- ◆ \$3,456,415 funded for Community Facility Projects in rural communities.

Business & Industry:

- ◆ \$4,954,935 in assistance to rural businesses in Utah.

Utah Rural Development Funding For The Last 5 Fiscal Years

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Rural Business and Industry Services					
Guaranteed & Direct B&I Loans	\$12,502,121	\$3,200,000	\$6,192,400	\$12,142,112	\$1,503,500
Rural Business Enterprise Grants	\$139,500	\$108,700	\$264,150	\$295,186	\$501,935
IRP	\$500,000	N/A	N/A	N/A	\$2,500,000
VADG	N/A	N/A	\$500,000		\$400,000
RBOG	N/A	\$89,900	\$190,120	\$46,545	\$49,500
Sub Total	\$13,141,621	\$3,398,600	\$7,146,670	\$12,483,843	\$4,954,935
Rural Housing Service					
Guaranteed & Rural Housing	\$50,115,104	\$34,324,619	\$37,129,432	\$38,046,744	\$60,314,735
Housing Loans & Grants	\$9,489,653	\$6,417,488	\$11,800,007	\$15,136,162	\$20,286,324
MFH Loans/Grants	\$495,000	\$910,298	\$1,730,170	\$2,059,280	\$1,787,900
MFH Leveraged/Other Lenders	\$1,248,058	\$7,238,723	\$735,000	\$1,658,840	\$6,804,000
MFH Rental Assistance	\$5,035,857	\$2,327,412	\$6,368,486	\$3,295,832	\$3,025,331
Sub Total	\$66,383,672	\$51,218,540	\$57,763,095	\$60,196,858	\$92,218,290
Community Facilities					
Direct Loans	\$33,400	\$1,458,000	\$4,372,260	\$570,000	\$2,473,000
Grants	\$91,350	\$104,000	\$559,750	\$411,462	\$983,415
Guaranteed Loans	0	0	\$21,336,000	0	0
Sub Total	\$124,750	\$1,562,000	\$26,268,010	\$981,462	\$3,456,415
Rural Utilities Service					
Water and Waste Disposal Grants	\$3,308,100	\$3,885,679	\$5,254,100	\$6,773,020	\$4,673,140
Water and Waste Disposal Loans	\$2,178,500	\$2,697,900	\$2,909,600	\$5,081,700	\$8,020,270
Sub Total	\$5,486,600	\$6,583,579	\$8,163,700	\$11,854,720	\$12,693,410
TOTAL INVESTMENT	\$85,136,643	\$62,762,719	\$99,341,475	\$85,516,883	\$113,323,050

Rural Business-Cooperative Service

USDA Rural Development's Rural Business-Cooperative Service (RBCS) provided \$4,954,935 in grant funds and guaranteed loans to rural Utah businesses for both startup and expansion in Fiscal Year 2003. These funds assisted 427 businesses and created or saved more than 960 jobs for the people living in rural Utah. Many of these people live in areas where unemployment rates are much higher than the state or national average.

“The role of government is not to create wealth, the role of our government is to create an environment in which the entrepreneur can flourish, in which minds can expand, in which technologies can reach new frontiers.” ... President George W. Bush, Technology Agenda

RBCS promotes economic development in rural Utah by providing economic and business development assistance to aid small and emerging businesses, lenders, cooperatives, intermediaries, public entities, non-profit organizations and Native American Tribes through a variety of federal loan guarantee and grant programs. Priority is given to projects that support a diversified rural Utah economy and to businesses that create or save good quality jobs in rural Utah.

RBCS promotes specific community or business development projects that will improve local economies.

RBCS manages an extremely wide variety of grant and guaranteed loan programs to help fund projects that create or preserve quality jobs and/or promote a clean rural environment. Federal financial resources are often leveraged with those of other public and private commercial source lenders to meet business and credit needs in underserved areas. Some of our programs are:

Intermediary Relending Program (IRP) funded projects are projected to assist 85 rural businesses, and create/save 185 jobs, resulting in a very acceptable cost:job ratio of only \$13,514.

Rural Business Enterprise Grants (RBEG) funded projects are projected to assist 221 rural businesses and create/save 508 jobs, resulting in a phenomenal cost:job ratio of 988.

Rural Business Opportunity Grants (RBOG) funded projects are projected to assist 115 rural businesses and create/save 200 jobs, resulting in a phenomenal cost:job ratio of 248.

Guaranteed Business and Industry (GB&I) funded projects are projected to assist 6 rural businesses and create/save 37 jobs, resulting in a phenomenal cost:job ratio of 1,617.



A Rural Development Technical Assistance Grant in FY 2003 assisted Utah State University with funding to develop an anaerobic digester for animal manure. The Digester will efficiently generate electricity from biogases.

Rural Business Guaranteed loans have been used since 1975 to provide loan guarantees to assist local lenders provide the credit needed for expansion and preservation of jobs. The guarantees allow the lender to make larger loans available, provide better rates and terms, and bring additional capital into the community through sale of the guaranteed portion of the loan.



Truck Simulator at SWATC. The education SWATC students receive in the training simulator will be their ticket to increased financial earnings and the pride of being prepared to enter an important profession.

In September of 2003, Rural Development approved a grant of \$99,935 to Southwest Applied Technical College (SWATC) in Cedar City, Utah. The grant was used to purchase a truck driving simulator for the SWATC Truck Driving Program. (Photo at left)

**“One of the challenges for the 21st Century is providing the workers of today access to new skills and new opportunities through education and training.”
... President George W. Bush**

Expanding rural Utah’s educational opportunities enhances the core of building sustainable communities.

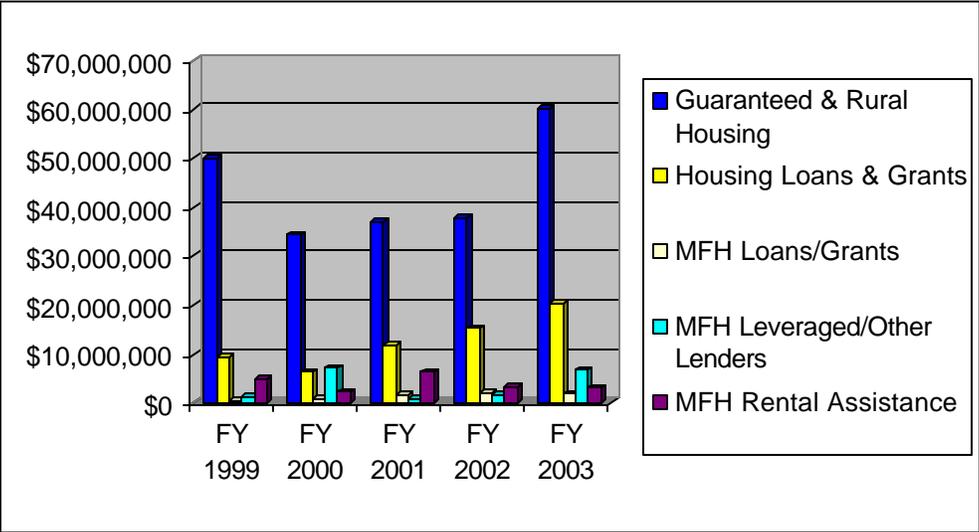
Rural Housing Service

Rural Housing Service (RHS) addresses Utah's need for affordable rural housing. RHS includes the Single Family Housing (SFH) Program to buy, build and repair homes, and the Multi-Family Housing (MFH) Program to assist with rental housing and apartment complexes.

Through this year's investment of \$80,601,059 by Utah Rural Development's Rural Housing Service, a total of 839 households in rural Utah were successful in buying, building or repairing their homes.

Another 1,615 individuals or families were afforded decent, safe and sanitary housing through rental assistance by our Multi-Family Housing Program.

RHS Loan and Grant Assistance in Utah /5 Years



Single Family Housing (SFH): USDA Rural Development housing programs increase access to affordable, well-built homes in rural communities. Homeownership promotes economic

strength for families, stabilizes neighborhoods, and consequently enhances the quality of life in rural Utah. By providing direct and guaranteed loans to very-low, low and moderate income individuals and families, Rural Development not only helps rural people acquire homes, it helps build better lives and better communities.



Homeownership is a dream come true for this disabled, single mother. She just completed her home in the Self-Help Housing Project in Payson, Utah.

The **Self-Help Housing Program** is a housing initiative which assists with housing needs in rural areas of Utah. Groups of families, working together under the guidance of a construction supervisor, learn building skills. They then work on their own, as well as each other's, homes. No one moves into their house until all homes in the group are completed. By doing much of the construction work themselves, the homeowners reduce the total cost of purchasing a home.

Rural Housing Service

Technical Assistance grants and site loans are provided to nonprofit and local government organizations, who organize and supervise groups of 5 to 12 participants in each phase of the Self-Help construction.



Rural Development Employees on a community help day with Self-Help home builders in Kamas, Utah in October 2003.



This home in Elsinore, Utah was taken back into Rural Development's Real Estate Owned (REO) property after the buyers vacated. RD spent \$40,386 on repairs inside and out. These improvements made the house an asset to the community, and a great purchase for a single mother of two children.

Through our Home Repair/Rehabilitation Loan and Grant Program very low-income rural homeowners can pay for costs to make essential repairs, improve or modernize their home, remove health and safety hazards, or make their home handicap accessible. The grant program is available to very-low income rural home owners who are 62 years of age or older, and unable to show repayment ability for a repair loan. Grants available are limited to a lifetime cumulative total of \$7,500.

The loan program is available to any very-low income homeowners living in rural areas. The maximum loan amount is \$20,000. Payments are very affordable with loan interest rates fixed at 1%.

Utah Rural Development is excited about the success of our Guaranteed Rural Housing Program this year. Utah Rural Development used \$60,314,735 in our Guaranteed Housing Program which was a 640% increase over our initial allocation.

What is a "Guaranteed Housing Loan?" Our Guaranteed Loan Program provides benefits to both



"Repairing Our Home Has Been An Experience We Will Remember The Rest Of Our Lives."

A family in Mayfield, Utah used one of our home repair loans to install a new furnace and put on a new roof. They are now in the process of re-wiring and siding their home.

Rural Housing Service

families and commercial lending institutions. Guaranteed Rural Housing Loans are made by other lenders, such as banks or credit unions, and these loans are guaranteed by Rural Development.

The Guaranteed Program is available to families or individuals who can qualify for a loan from a bank, but may not get approval because they cannot afford the down payment or closing costs. Guaranteed Housing loans are available to applicants whose incomes are below 115 percent of the median area income.

Multi-Family Housing (MFH): Presently the MFH Loan Program in Utah has a portfolio of 93 properties with 2,107 units. A total of 1,615 of these units are subsidized with Rental Assistance.

A total of \$11,617,231 in Rural Development funding went to aid Multi-Family Housing projects and rental assistance programs in rural Utah in FY 2003.

Affordable housing is the core of family stability, and along with employment, education and healthcare, decent, safe and affordable housing must be secured.



The Mountain Shadows MFH complex in Nephi, Utah.

Utah Rural Development finances loans for the development, construction and rehabilitation of affordable rental housing in rural areas for very-low, and low income households, farm workers, the elderly and persons with disabilities. The program's most important characteristics are the

term of the loan, 50-year amortization (or the remaining economic life of the property, whichever is less), a project subsidy with a basic interest rate of 1% (interest credit) for limited and nonprofit borrowers and a tenant subsidy, Rental Assistance (RA), if available. The RA program augments the benefits of the project subsidy by subsidizing the difference between 30% of the household's adjusted income and the basic rent including utilities.

Individuals, trusts, associations, partnerships, limited partnerships, limited liability companies, State or local public agencies, consumer cooperatives and profit or nonprofit corporations are eligible to apply for this program.



Progress of construction on the Spring Lake Farm Labor Housing Project funded this Fiscal Year.

Community Programs

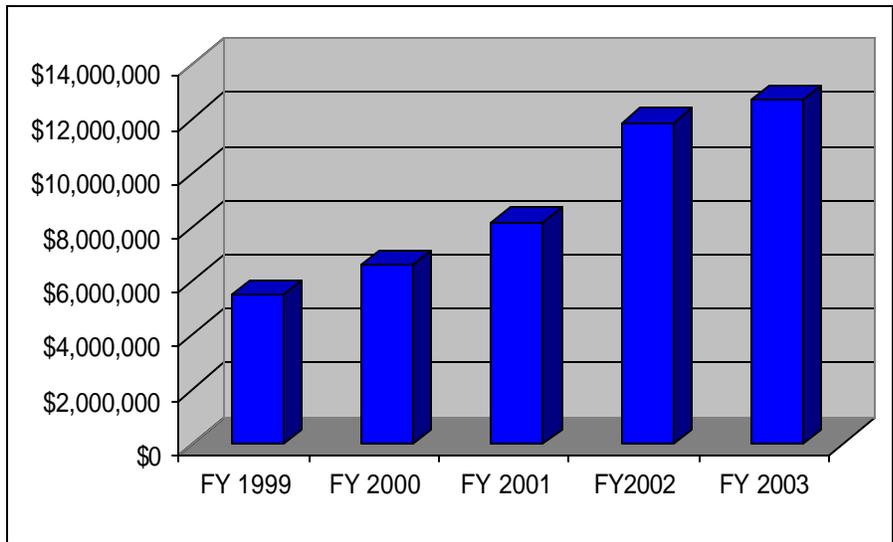
Community Programs (CP) include Rural Utilities Service (RUS) and Community Facilities (CF)

This year's investment of \$12,693,410 provided safe drinking water, waste water and environmental projects to 13,390 homes in rural Utah. During the last 3 years we have helped bring these same improvements to more than 41,000 homes.

Rural Utilities Service (RUS) serves a leading role in improving the quality of life and promoting economic development in rural areas of Utah by offering a full range of infrastructure programs. Basic infrastructure needs must be met in communities to serve as a foundation for other essential services, as well as to help develop economic stability.

These RUS programs provide households and businesses with water and sewer service. These loans and grants include delivering safe, clean drinking water. The programs also reduce or eliminate pollution of water resources by improving the planning and management of environmentally sound sewer and solid waste disposal sites in rural Utah.

RUS Loan and Grant Assistance in Utah /5 Years



Electricity and Telecommunications projects can receive funding through our loans and grants. This includes projects that bring the information "superhighway" to rural Utah, guarantee more affordable, reliable, electric power, enable Distance Learning and Telemedicine programs and much more.



USDA Rural Development is one of the last major federal sources of grant and loan dollars to help rural communities tackle the challenges of clean drinking water and safe sanitary disposal of wastewater.

Ute Mountain Ute Tribe - White Mesa Recycling Garbage Trailer Project to clean-up "open dump" operations on the reservation. (Photo at left)

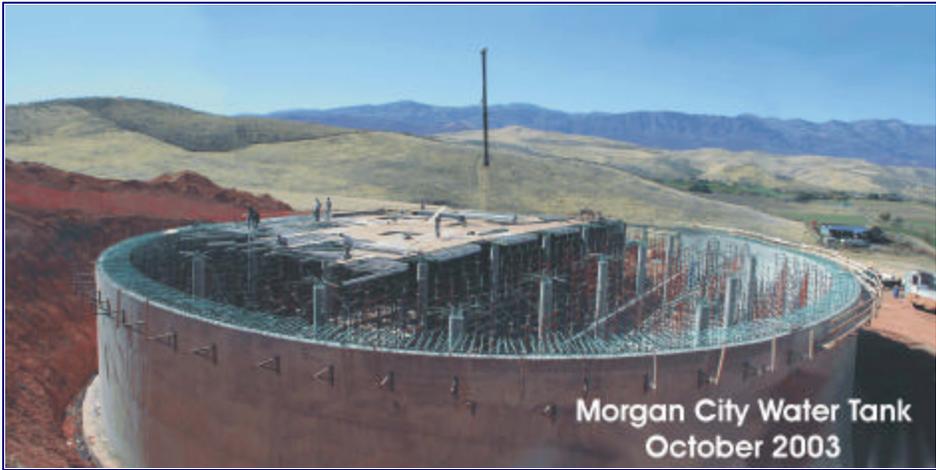
Community Programs



Bonnie Carrig awarded the Ute Tribe of the Uintah and Ouray Indian Reservation an 2003 EARTH DAY Award for multiple improvements they are making in their solid waste program.



New water treatment plant in Washington City completed this year.



**Morgan City Water Tank
October 2003**



In Fiscal Year 2002, Morgan City received a grant of \$500,000 and a loan of \$1,214,300 from Rural Development to upgrade their household water system. We congratulate Morgan City on their progress as shown by the photo of their 2,000,000 gallon water storage tank.

Community Programs

The Community Facilities Program continues to be a strong element in our financial assistance programs for rural Utah. High priority projects improve health care, public safety and public services. These loans are essential to improve quality of life issues in rural areas and towns.

This year's investment of \$3,456,415 created or improved 17 essential community facilities in rural Utah. Many small communities lack the capacity to provide such facilities without assistance. Our job at Rural Development is to help insure that these facilities are available to all who live in rural Utah to help these people build strong, vibrant communities.

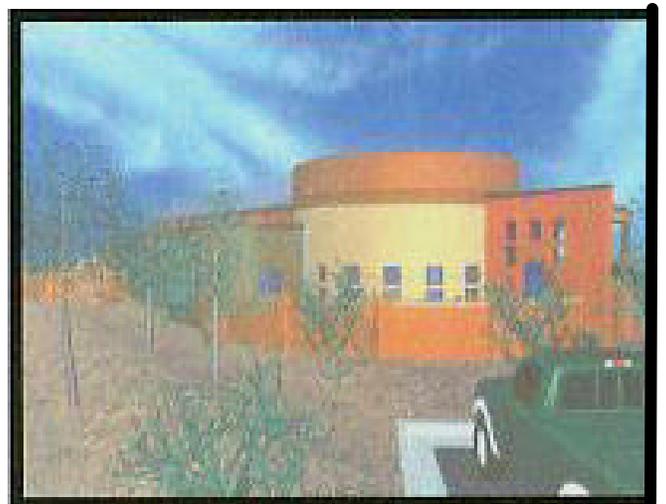


Rural Development employees receive a thank you note from the children of Duchesne Elementary school for the playground equipment.

One very exciting project completed through our Community Facilities Program is the **Gentle Ironhawk Domestic Violence Shelter**. An architect rendition of the completed building is shown at bottom right. Funded by Rural Development this year, the shelter in San Juan County, Utah will address critical public safety needs for domestic violence facilities.

The shelter will provide services to both men and women and help these victims reclaim their right to a life free of domestic violence.

President Bush stated, "The social blight of domestic violence has continued to burden America into the 21st Century. Our homes should be places of safety and comfort. Tragically, domestic violence can and does turn many homes into places of torment."



USDA Rural Development, Utah Local Office Contacts	Phone/Fax
Cedar City (serves Iron, Beaver and Garfield counties) 2390 West Highway 56, Suite 12, Cedar City, UT 84720-4133	(435) 586-7274 Ext. 27 (435) 586-0649
Manti (serves Sanpete, Millard and Juab counties) City Building, 50 South Main Street, Suite 6, Manti, UT 84642-1349	(435) 835-4111 Ext. 12 (435) 835-4113
Monticello (serves San Juan and Grand (E) counties) Young Building, 32 South 100 East, P.O. Box 639, Monticello, UT 84535-0010	(435) 587-2473 Ext. 10 (435) 587-2104
Provo (serves Utah, Salt Lake, Wasatch, Summit, Carbon, Emery, Grand (W), & Tooele Counties), BOR Bldg, 302 East 1860 South, Provo, UT 84606-7317	(801) 377-5580 Ext. 6 (801) 356-1237
Richfield (serves Sevier, Wayne and Piute counties) USDA Service Center, 340 North 600 East, Richfield, UT 84701	(435) 896-8250 Ext. 120 (435) 896-4819
St. George (serves Washington and Kane counties and Mohave and Coconino, AZ) Federal Building, 196 East Tabernacle, Room 34, St. George, UT 84770-3474	(435) 628-0461 Ext. 10 (435) 673-0312
Tremonton (serves Box Elder, Cache, Rich, Weber, Davis and Morgan counties) USDA Service Center, 91 South 100 East, Tremonton, UT 84337-1605	(435) 257-5404 Ext. 25 (435) 257-1930
Vernal (serves Uintah, Daggett and Duchesne counties) USDA Service Center, 80 North 500 West, Suite 2, Vernal, UT 84078-2028	(435) 789-2100 Ext. 19 (435) 789-4160

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State Office	
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Area Office III – Provo, Debbie Cook, Area Director BOR Building, 302 East 1860 South, Provo, UT 84606-7317	(801) 377-5580 Ext. 12 (801) 356-1237

Websites:

Rural Development Utah – www.rurdev.usda.gov/ut

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United States Department of Agriculture – www.usda.gov

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