

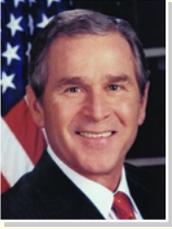


United States Department of Agriculture
Rural Development – Alaska State Office



800 W. Evergreen, Suite 201
Palmer, Alaska 99645-6539

Phone: 907-761-7705 General Fax: 907-761-7783



President George W. Bush



Ann M. Veneman
Secretary of Agriculture

Team Alaska

A MESSAGE FROM THE STATE DIRECTOR

Thanks for taking the time to learn about USDA Rural Development's story in Alaska for 2002. It's a good story, filled with successes. Because of Rural Development and our public, private and non-profit partners, more Alaskans all across the state now have quality homes. Working with our federal, state and non-profit partners, we're installing safe, reliable water and sewer systems. We are also helping to build facilities such as health clinics, community buildings and child care centers, and providing assistance for emergency equipment such as ambulances and fire suppression systems. In short, working with federal and state agency partners such as the Denali Commission, the Alaska Housing Finance Corporation, the Alaska Department of Environmental Conservation and the Rasmuson Foundation, along with the private sector, we're making a difference in the lives of individual Alaskans every day.

In 2002, USDA Rural Development programs directly infused over \$150 million in projects and services into rural Alaska communities. Through our efforts, and those of our partners, the infrastructure of rural communities will serve local needs for generations to come.

Whether it is through a multi-family housing project in Dillingham, a revitalized student center building at Sheldon Jackson College in Sitka, a clinic in the Talkeetna area or a new library in Haines, chances are you have benefited directly in some way from a facility constructed with USDA Rural Development funds. Our staff, and those of our partner agencies, are dedicated to making these projects a success. I also want to thank Alaska's Congressional Delegation. Working together for over 20 years, Senators Stevens and Murkowski and Congressman Don Young have truly made a permanent and positive mark on our state and on the people who call Alaska home. Much of the funding we allocate to important projects within our state comes directly as a result of their individual efforts.



Sincerely,

Bill Allen
State Director



USDA Rural Development Under Secretary Thomas Dorr (Front row, center) and Alaska State Director Bill Allen (to Mr. Dorr's right) along with several other Rural Development state directors.

Team Alaska

A MESSAGE FROM THE STATE DIRECTOR

Thanks for taking the time to learn about USDA Rural Development's story in Alaska for 2002. It's a good story, filled with successes. Because of Rural Development and our public, private and non-profit partners, more Alaskans all across the state now have quality homes. Working with our federal, state and non-profit partners, we're installing safe, reliable water and sewer systems. We are also helping to build facilities such as health clinics, community buildings and child care centers, and providing assistance for emergency equipment such as ambulances and fire suppression systems. In short, working with federal and state agency partners such as the Denali Commission, the Alaska Housing Finance Corporation, the Alaska Department of Environmental Conservation and the Rasmuson Foundation, along with the private sector, we're making a difference in the lives of individual Alaskans every day.

In 2002, USDA Rural Development programs directly infused over \$150 million in projects and services into rural Alaska communities. Through our efforts, and those of our partners, the infrastructure of rural communities will serve local needs for generations to come.

Whether it is through a multi-family housing project in Dillingham, a revitalized student center building at Sheldon Jackson College in Sitka, a clinic in the Talkeetna area or a new library in Haines, chances are you have benefited directly in some way from a facility constructed with USDA Rural Development funds. Our staff, and those of our partner agencies, are dedicated to making these projects a success. I also want to thank Alaska's Congressional Delegation. Working together for over 20 years, Senators Stevens and Murkowski and Congressman Don Young have truly made a permanent and positive mark on our state and on the people who call Alaska home. Much of the funding we allocate to important projects within our state comes directly as a result of their individual efforts.

Sincerely,

Bill Allen
State Director



USDA Rural Development Under Secretary Thomas Dorr (Front row, center) and Alaska State Director Bill Allen (to Mr. Dorr's right) along with several other Rural Development state directors.

Thomas C. Dorr, Under Secretary for Rural Development
U.S. Department of Agriculture

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 the 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.

Biomass – 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.

Thomas C. Dorr
Under Secretary for Rural Development
U.S. Department of Agriculture



Rural Development Team Alaska

Rural Development operates federal loan programs designed to strengthen rural Alaska businesses, finance new housing, improve rural housing, develop community facilities and stimulate rural employment. Direct and/or guaranteed loans are available for housing, water and waste, rural businesses, community facilities, electric power and telecommunications.

Rural Development is an agency of the U.S. Department of Agriculture and includes the Rural Utilities Service, the Rural Housing Service and the Rural Business-Cooperative Service. We work with many lenders, state and federal agencies and private sector groups in Alaska to help provide a starting point to address business, community or housing needs.

Our mission is to help rural Alaskans create, build and sustain ventures within communities by building partnerships and investing financial aid and technical resources in areas of greatest need. Quite simply, our mission is to see that no one gets left behind; that all federal, state, non-profit and private sector programs are accessible to residents of rural Alaska.

RURAL HOUSING SERVICE

Rural Development makes loans and grants to provide rural residents with decent, safe and sanitary housing. Our programs help finance new or improved housing for moderate, low or very-low income families each year. These programs provide financing—with no down payments, at favorable rates and terms—either through a direct loan or from a private financial institution, which is guaranteed by the Rural Housing Service of Rural Development.

DIRECT HOUSING LOANS For very-low, low or moderate income borrowers who cannot obtain 100% financing from other sources and have the ability to pay house payments, insurance, taxes, maintenance, and necessary living expenses.

GUARANTEED HOME LOANS For borrowers with the ability to make mortgage payments but may not have the necessary down payment. Applications are made through an approved lender for 30 year mortgages at fixed market interest rates.

MULTI-FAMILY HOUSING LOANS Finances modest apartments for rent by very-low, low and moderate income tenants in rural areas.

HOME IMPROVEMENT AND REPAIR LOANS AND GRANTS Enables very-low income rural homeowners to remove health and safety hazards from their homes. People 62 years old and older who cannot afford to repay a loan may be eligible for a small grant.

SELF-HELP HOUSING LOANS Assists groups of six to eight low-income families to build their own homes. Loans help provide materials and skilled labor. The families must agree to work together until all homes are finished.

HOUSING PRESERVATION GRANTS Made to non-profit organizations or local governments for repairs and rehabilitation to homes of eligible owners.

USDA Housing Director Deborah Davis addresses the Palmer Kiwanis Club.



RURAL UTILITIES & COMMUNITY FACILITIES

Rural Development seeks to improve the quality of life in rural America through a variety of loan and grant programs for utilities and community facility development.

COMMUNITY FACILITIES LOANS Used to improve community facilities providing essential services in rural areas and towns with population of 20,000 or less. The funds are available to cities, Alaska Native tribes, and non-profit corporations for health care, fire and rescue, community centers, assisted living projects, day care and other purposes.

GUARANTEED COMMUNITY FACILITIES LOANS Available to finance the same types of facilities as the direct loan program.

COMMUNITY FACILITIES GRANTS Available for essential facilities in low-income areas.

WATER AND WASTE DISPOSAL LOANS Used to construct, extend or improve water and waste disposal (including solid waste disposal and storm drainage) systems in rural areas and towns of 10,000 people or less. The funds are available to cities, Alaska Native tribes, and non-profit corporations unable to obtain affordable credit elsewhere.

WATER AND WASTE DISPOSAL GRANTS Used to reduce water and waste disposal costs for rural users. Grants may not exceed 75% of eligible project costs and are usually made in conjunction with a loan.

TECHNICAL ASSISTANCE AND TRAINING GRANTS Provide funding to non-profit organizations for a wide range of issues relating to water and waste disposal operations.



USDA Rural Development Loan Specialist Debbie Breitenfeld and Truman Kennedy Johnson, project foreman, during an inspection of the USDA-funded Nome water/sewer project.

SOLID WASTE MANAGEMENT GRANTS

Available to provide technical assistance and training to non-profit organizations and public bodies to reduce or eliminate pollution of water resources, improve planning and management of solid waste facilities and reduce the solid waste stream. This assistance is available in rural areas with a population of 10,000 or less.

GUARANTEED WATER AND WASTE DISPOSAL LOANS Made by eligible lenders to public bodies and non-profit corporations to improve water, waste disposal, storm sewer or solid waste disposal systems in rural areas with a population of 10,000 or less.

RURAL BUSINESS-COOPERATIVE SERVICE

Our goal is to provide a dynamic business environment in rural America. Working with the private sector and community-based organizations, we provide financial assistance to rural businesses and cooperatives; conduct research into rural economic issues; and provide cooperative education material to the public.

The RBS helps fund projects that create or preserve quality jobs and/or promote a clean rural environment. Individuals, corporations, partnerships, cooperatives, public bodies, and non-profit corporations may be eligible.



A Sitka tour boat operator gets a boost thanks to a USDA loan guarantee.

BUSINESS AND INDUSTRY GUARANTEED LOANS

Designed to improve the economic and environmental climate in rural communities, including pollution abatement and control. This objective is achieved through bolstering the existing private credit structure with guarantees of quality loans.

INTERMEDIARY RELENDING PROGRAM

Used to finance business facilities and community development projects not within the outer boundary of a city having a population of 25,000 or more.

RURAL COOPERATIVE DEVELOPMENT GRANTS

Made available to non-profit corporations and institutions of higher learning to assist with start-up, expansion, and operation.

RURAL BUSINESS ENTERPRISE GRANTS

Help finance and facilitate the development of small and emerging rural private business enterprises.

RURAL ECONOMIC DEVELOPMENT LOANS AND GRANTS

Zero interest loans and grants available for rural electric and telephone borrowers to promote rural economic development.

COOPERATIVE DEVELOPMENT

TECHNICAL ASSISTANCE Available to help residents form new cooperative businesses and improve the operation of existing cooperatives.

For more information on any of these programs contact the field office nearest you or contact the State Office in Palmer at 907-761-7705. Rural Development is an equal opportunity lender.



Ionia Long House construction, funded with a USDA grant plus support from the Denali Commission, the State of Alaska and the Rasmuson Foundation and others nears completion.

Rural Housing Service

USDA's Rural Housing Service partners with other federal agencies, state agencies and private lenders to improve the quality of life for residents of rural Alaska. RHS offers a variety of grant and loan programs designed to meet the housing needs of Alaskans. In addition to single family housing loans, the Rural Housing Service also offers multi-family loans, rental assistance, and assistance to low-income Alaskans for home improvement.

“The USDA Guaranteed Rural Housing program continues to be very successful,” said Deborah Davis, Director, Rural Housing Service. “In FY 2002, this program was used to provide almost \$18 million in financing to 141 rural households to assist them in obtaining homes.”

Under the Direct/Leveraged Rural Housing program, the Rural Housing Service has entered into a partnership with private lenders where RHS provides a second mortgage loan for part of the funds required to purchase new or existing homes. RHS will subsidize the second mortgage interest rate based on the relation of the borrower's family size and adjusted income to the median income for a particular area. Interest rates may range from 1% to 6.0%. This partnership allows RHS to stretch its limited resources and assist more rural residents to acquire safe, sanitary and decent housing.

PALMER

Self-Help Housing, Sweat Equity Pays Off

It took a year and lots of work, but seven Mat-Su Valley families achieved the dream of home ownership in mid-August when they signed closing documents at the Rural Development State Headquarters in Palmer. The USDA Self-Help program enables Alaskans who meet eligibility requirements to build their own homes. Under the program, the families worked together to complete 65 percent or more of the construction of their homes. No family was allowed to move in until all seven homes were completed.

Homeowner Robert Debach said “There is no way we could have built our house without this USDA program.”

The families worked under the guidance of the Alaska Community Development Corporation. The labor provided by the families became their down payment, commonly called “sweat equity”, definitely a “Program for Progress”.

Single Family Direct and Guaranteed Rural Housing Program Lenders and Partners, FY2002

Alaska Housing Finance Corporation

Wells Fargo Home Mortgage, Inc.

First Bank

Alaska USA Federal Credit Union

Alaska Pacific Bank

First National Bank Alaska

Residential Mortgage

Kodiak Island Housing Authority

Chase Manhattan Mortgage Corp.

Homestate Mortgage

Nome Eskimo Community

Cook Inlet Housing Authority

Ketchikan Indian Corp.

Northwest Inupiat Housing Authority

Baranof Island Housing Authority

504 Repair Grant/Loan Gives Employees and Clients Satisfaction

Long time Alaskan Carolyn Plum has faced a number of hardships in the years since she moved to Salcha from the Lower 48, but last winter the 63 year old land owner faced her biggest challenge yet. During the coldest part of the year, temperatures reached -60°, and Ms. Plum's water and septic system failed.

Carolyn turned to Fairbanks Rural Development Manager Jim Pohlman, who helped her obtain a \$7,500 Rural Housing Repair and Rehabilitation (504) Grant from USDA. Ms. Plum now has a working well and an efficient, new septic system.



Fairbanks Rural Development Manager Jim Pohlman and Salcha resident Carolyn Plum pose next to Carolyn's water well, which was repaired this summer with USDA funding assistance.



Rebecca Hammer and her daughter Claire Granger stand in front of their newly rehabilitated home with Fairbanks Rural Development Manager Jim Pohlman.

502 Direct Loan: Success for Borrowers and Employees

Charnchai and Urai Nammoon immigrated to Alaska from Thailand in the spring of 2001.

After a year, they had worked and saved a little over \$5,000 and wanted to buy a home of their own. Because they had always paid their bills with cash they had no credit record and the bank turned them down. That's when their real estate agent introduced them to Michelle Hoffman and Amy Milburn at the Kenai office of Rural Development.

Amy, the Rural Development Technician, quickly went to work on their application, obtaining references from their landlord and daycare provider. The Nammoons were determined to be eligible for a 502 housing loan. With help from their real estate agent they found a Rural Development home with an existing loan that they could assume. They closed their loan on June 27, 2002.

The closing was not only a milestone for the Nammoon family, it was also a milestone for Michelle and Amy, because it marked the first 502 loan they closed since receiving authority to approve direct loans in Kenai earlier in the year.

Below, Starting at left, RD Manager Michelle Hoffman, Nun Labnongsang, Charnchai Nammoon, Urai Nammoon, Chiam Pearson, and RD Technician Amy Milburn at the new home celebration.



The home the Nammoons purchased in Kenai.

502 Program Success Story

Using the 502 leveraged loan program, tribal members of Nome Eskimo Community used their tribe's NAHASDA (Native American Housing & Self-Determination Act) funds to obtain 55% of the financing for the purchase of a new home and the remaining balance was funded through a 45% low interest loan from USDA Rural Housing Service. The program has resulted in six homes being purchased by tribal members totaling over \$500,000.

Robert Wongittilin, aged 64, grew up in Savoonga, a small Siberian Yupik Eskimo village on St. Lawrence Island. Robert and his family moved to Nome in the 1970s. His mother and father lived in rental housing their entire lives. When Robert's father passed away a few years ago, Robert began the search for a home of his own. His dream came true in the spring of this year with the purchase of his own home. Robert broke the cycle of renting and purchased his own home at an age when many people think about paying off their mortgage. Without the assistance of the Nome Eskimo Community and USDA, the dream of home ownership would have been well out of the reach of Mr. Wongittilin. A real success story.



Robert Wongittilin of Nome proudly stands in front of his new home.

Rural Utilities & Community Facilities

In 2002, Rural Development invested close to \$54 million to improve utility and community services in rural Alaska including water and sewer systems, clinics, emergency rescue and fire equipment, and community centers. Last year citizens from many municipal and tribal governments, non-profit organizations and Alaska Native organizations benefited from this program.

One very noticeable project for residents of rural Alaska is project “Code Red.” Over \$2.3 million in grant funding was earmarked by Senator Ted Stevens for the manufacture and distribution of easy-to-use fire fighting equipment. The fire fighting apparatus is being provided by Alaska Rural Partners, Inc., in cooperation with Alaska Village Initiatives. Additional logistical support comes from the Alaska State Fire Marshal’s Office and the Municipality of Anchorage Fire Department.

Project “Code Blue” provides ambulances, rescue gear, and related equipment to communities across Alaska. Another great example of government working together with the private sector in the spirit of cooperation... Programs for Progress.

CODE RED

49 selected villages began receiving pairs of small, enclosed trailers which contain tanks and advanced fire fighting equipment. The trailers can be pulled by ATVs, pick up trucks or snowmobiles.

“The project includes state-certified training for individuals in each village, but the beauty of the system is that it’s so easy to use,” said USDA Rural Development State Director Bill Allen.

The equipment is sorely needed in rural Alaska. “Alaska leads the nation in fire loss of life and property per capita. The majority of all fire fatalities in Alaska over the last 10 years have occurred in rural Alaska,” said Tom Harris, President and CEO of Alaska Village Initiatives.



A member of the Anchorage Fire Department demonstrates new fire fighting equipment being distributed to villages as part of project “Code Red”. Grant funding for the project was provided by USDA through the efforts of Senator Ted Stevens and his staff. The equipment is adapted from the military and can discharge up to 1,200 gallons of compressed-air fire fighting foam using only 60 gallons of water. The equipment is contained inside small Alaska-built trailers that can be towed by ATVs, pick-up trucks or snowmobiles.

CODE BLUE

"Code Blue" provides ambulances, rescue gear, and related equipment to communities across the state. Among the communities receiving new ambulances this year with the assistance of USDA grant funds are Nenana and Fort Yukon. "I am grateful to USDA Rural Development and to the Interior Region Emergency Services Council for making it possible for Fort Yukon to get this equipment," said Adelai Alexander, who serves as Director of the Yukon Flats Health Care Center.

USDA Rural Development has reserved over \$2.75 million to fund "Code Blue" through the efforts of Senator Ted Stevens. Additional funding is being provided by the Denali Commission, the State of Alaska, the Rasmuson Foundation and local communities and health organizations.



(L to R) Assistant to the State Director Frank Muncy; Rural Development Technician Renee Johnson; USDA Rural Housing Community Programs Deputy Administrator James Alsop; and Community and Business Programs Assistant Director Merlaine Kruse stand in front of a new ambulance funded through Project "Code Blue".



State Director Bill Allen and Merlaine Kruse, Assistant Director, Community & Business Programs, at the groundbreaking for the Sunshine Health Center near Talkeetna.

HEALTH CLINICS

Providing Quality Care for Alaskans

Grants from USDA Rural Development, combined with support from private and local sources, provided funding for four major health clinic projects in FY 2002.

The Galena Clinic, a \$3.5 million facility funded in part with a \$1 million USDA Community Facilities grant is 100 percent complete. Work is well along on the \$8 million Unalakleet Clinic, to be operated by the Norton Sound Health Corporation. USDA provided \$3 million in grant funds and a \$1 million loan for that project.

A \$2.56 million grant put the Sunshine Community Health Center well on the way to financing its new \$4.6 million clinic on the Talkeetna Spur Road in the Susitna Valley. "With USDA, we have formed a critical partnership that will enable us to build a state-of-the-art clinic available to meet the needs of the growing population in the upper Susitna Valley," said SCHC Executive Director Susan Mason-Bouterse.

Additionally, a \$1,732,500 Rural Development grant is providing the bulk of funding for the soon to be constructed Angoon clinic in Southeast Alaska.



In 2002, grants from USDA Rural Development, combined with support from private and local sources, provided funding for clinics in Galena, Unalakleet, the Susitna Valley, and Angoon.

WATER QUALITY

In Nome, Happiness is a Working Sewer

Assisted by USDA funding, and using local labor, Nome Joint Utilities is completing phase six of a \$28.6 million water and sewer utilidor replacement project. The old system was shifting and collapsing due to deterioration of structural materials, creating a health hazard. In 2002, Nome Joint Utilities, using local construction crews, completed the replacement of approximately 7,000 linear feet of failing utilidor. All of the work has been completed under budget. Local contributions and funding from various agencies contributed over \$4 million toward project completion. Because of the efforts of Rural Development and the City of Nome, families in over 600 homes can now rely on safe and dependable water and sewer services.



Nome Joint Utilities Manager John Handeland (right) at the site of phase six of the sewer/water line replacement project.



Tom Sparks, Left, Nome Rural Development Manager, Debbie Breitenfeld, Loan Specialist, and State Engineer John LaVarnway at the Nome sewer/water replacement project.

WATER QUALITY

Bumpus Well Meets the Needs of Fast-Growing Wasilla

Seeing its population grow from about 4,000 in 1990 to almost 5,500 in 2000, Wasilla city officials turned to USDA Rural Development to bolster the public water system. The existing main system was no longer capable of maintaining adequate water pressure in the event of a large fire, and some residential and commercial buildings weren't being served.

Thanks to a \$3,309,000 direct loan from Rural Development, plus matching funds from the Alaska Department of Environmental Conservation, a new well has been drilled and a two million gallon insulated steel reservoir is being constructed. The project also includes construction of a new treatment building, well house, and pipe network. Upon completion, Wasilla will be able to count on a safe, reliable source of treated drinking water and consistent water pressure in the event of an emergency for decades to come. Another Program for Progress supported by Rural Development.



Loan Specialist Debbie Breitenfeld and Rural Development State Engineer John LaVarnway at the Bumpus well project in Wasilla.

UTILITIES SERVICE

Lighting the Lives of Alaskans

A total of 220 new customers will be served in Kodiak thanks to the efforts of the Kodiak Electric Association, backed by a \$6,742,946 low interest loan from the USDA Rural Utilities Service. "This loan will enable the utility to construct five miles of new distribution line and make other needed system improvements," said Allan Yost, RUS's general field representative in Alaska. The loan carries a 5% interest rate and is for a 24 year period.

Two other electric loans were approved by RUS during 2002: \$2,216,000 for additional generating capacity, requested by Nushagak Electric and Telephone Cooperative, Inc., and \$1,834,000 for generation and fuel storage improvements, requested by Naknek Electric Assn., Inc.



LaVarnway and Breitenfeld join Kotzebue Capital Projects Manager Ronald Brown in front of one of Kotzebue's wind generators.

TELECOMMUNICATIONS

Distance Learning & Telecommunications Grants

The Alaska Native Tribal Health Consortium and the Health TV Channel each received grants of \$500,000 from the Rural Utilities Service in 2002.

The Alaska Native Tribal Health Consortium will use its grant to provide direct telemedicine services to 165 rural and remote communities in Alaska. In addition to live telemedicine consultations, some communities will be able to use equipment to provide training and continuing education through video teleconferencing. The project is expected to benefit up to 164,000 Alaskans.

The Health TV Channel will use its grant to provide distance health training to communities throughout rural Alaska. The channel will acquire instructional and production equipment, and partner with the Community Health Aide Program to send programming to villages by satellite.

"President Bush, Secretary Veneman, and of course our entire Alaska Congressional delegation strongly support extending health and education opportunities to rural Alaskans. This program will ensure that Alaskans, some of them hundreds of miles from the nearest road and hours away by air from a hospital, will receive the best medical services that can be provided," said Rural Development State Director Bill Allen.

Internet Grants for Rural Alaska

In FY 2002, the RUS Telecommunications Program awarded two direct grants intended to assist in the establishment and expansion of rural Internet service.

UNICOM: \$397,000

ASTAC (Arctic Slope Telephone Association and Cooperative): \$361,000

FARM BILL FUNDS PROMOTE A SAFER ALASKA

Many Alaskans think the recently passed Farm Bill applies only to agriculture. But in the case of Alaska, this far-ranging rewrite of America's agricultural policy means much more. As a direct result of the Farm Bill, the communities of Kotzebue and Kotlik will receive funds to improve public health and safety.

Kotzebue was selected to receive \$1,709,400 for construction of a second water tank. The community of 3,200 is currently served by a single tank, which contains just a two-day supply of drinking water. The new second tank will also improve fire safety in the community. Construction will provide 10 to 15 local jobs. Matching funds will be provided by the State of Alaska and the community.

Kotlik, on the Yukon Delta, will receive \$67,000 to extend an above-ground utilidor to provide water and sewer service to 7 new homes. The Farm Bill funds will be combined with a grant from the Indian Health Service and an Indian Community Development Block Grant to pay for the project. In addition to providing safe water and sewer service for the affected homes, the construction project will provide 15-20 local jobs. Kotlik has a population of about 600.



COMMUNITY OUTREACH ACTIVITY

All USDA Rural Development employees in Alaska participate in community outreach activities. During 2002, members of "Team Alaska" participated in meetings across the state, conducting home ownership workshops, meeting with bank officials, and speaking to Native Corporation representatives and service groups.

In addition to serving on the Wasilla Chamber of Commerce Board of Directors, State Director Bill Allen chairs the Sustainable Utilities Steering Committee, and serves on the Alaska Airlines Advisory Board. Other members of "Team Alaska" perform vital community service through their churches or civic organizations. Members of the team are always available to address community groups, state agency functions or private organizations.



Gillian Smythe, Director, Special Projects, speaking at a conference on sustainable energy in Fairbanks



Washington State Rural Development Director Jackie Gleason (Left), Director of Rural Affairs Michelle Anderson (Center) and State Director Bill Allen during a meeting of the Denali Commission in Anchorage.



Cross Road Medical Center Administrator Chris Deck of Glennallen discusses health care issues with Fairbanks Rural Development Manager Jim Pohlman.



National Association of Home Builders Single Family Finance Director William S. Renner (L) speaks with Assistant to the State Director Frank Muncy (Right) during the NAHB fall meeting in Anchorage.

Mat-Su Borough Manager John Duffy discusses the Borough's port development plans with Rural Development State Director Bill Allen.



Rural Business & Cooperative Service

The Rural Business-Cooperative Service helps fund projects that create or preserve quality jobs and/or promote a clean rural environment. Financial resources are often leveraged with those of other public and private credit source lenders to meet business and credit needs in under-served areas. Recipients of these programs may include individuals, corporations, partnerships, cooperatives, public bodies, and non-profit corporations.



The King Eider Hotel in Barrow was built with funding guaranteed by the Rural Business-Cooperative Service.

VALUE-ADDED GRANTS

Helping Alaskans to Help Themselves

The first three value-added grants ever awarded in Alaska were announced in October. Nationwide, 231 grants totaling over \$37 million were announced.

Alaska received two grants designed to enhance the value of fish products. The United Salmon Association of Kodiak received a grant to conduct a feasibility study and create a business marketing plan for the purpose of "branding" salmon harvested in the Kodiak area. The Kake Tribal Corporation received a grant to study the viability and sustainability of producing organic compost from fish waste.

The Alaska Farm Bureau's Mat-Su Chapter in Palmer received a grant to identify a potential Alaska market for frozen processed vegetables. Additional funding will be available for the value-added program in future years.

DEVELOPMENT LOANS

Alaska Jumps to Second in the Nation

What do a construction company in Tok, a convenience store in Nome and a laundry in the Mat-Su Valley have in common? Those projects and 26 more like them were made possible through Business and Industry Loans, guaranteed through the Rural Business-Cooperative Service, an agency of Rural Development. **"We guaranteed over \$49,240,100,"** said Assistant to the State Director Frank Muncy. **"That's second in dollar volume only to the State of California."**

Also, the Agency awarded a \$30,000 Rural Business Opportunity Grant to the Workforce Development Center in Sitka for business planning and development, and awarded four Rural Business Enterprise Grants totaling \$689,441. Of that figure, \$400,000 was allocated to Alaska's public television stations for the production of television programs featuring rural Alaska. Skagway Development Corporation, in Southeast Alaska, received a \$118,600 grant to establish a revolving loan program to assist new businesses and expand existing businesses.

Additionally, the Tanana Chiefs Conference, based in Fairbanks, received a \$750,000 business re-lending loan. The funds will be used to assist business development in 42 interior Alaska Native villages.



Geotechnical engineer Adam Sevi (L) discusses a drilling project with Mat-Su Borough manager John Duffy (C) and Rural Development State Director Bill Allen at the Mat-Su port at Point McKenzie.

**SOUTHEAST
SUCCESS**

**Years of Effort Pay Off –
Haines Library
Construction Underway**

Another Programs for Progress project is coming to fruition. After years of effort and almost a decade of fundraising, the new Haines Public Library is under construction. Funded primarily through a \$1,130,250 grant and a \$225,000 loan from Rural Development, the \$2.3 million project includes an 8,000 square foot main library building, paved parking lot, landscaping, furniture, shelving and equipment.

“Rural Development funding has enabled our economically depressed community to achieve a goal and dream that were years in planning,” said Library Director Ann L. Myron.

The grant was secured through the efforts of Senator Ted Stevens, who also allocated funding through Rural Development for renovation of the student center at Sheldon Jackson College in Sitka.



Construction continues on the new library in Haines.

**SITKA STUDENT
CENTER**

**Sheldon Jackson Student
Center Renovation**

Sheldon Jackson College has played an important role in Sitka's economic and cultural life for over 100 years.

Rural Development Community Facilities grants and loans totaling \$1,084,000 are making it possible to renovate the interior of Sheldon Jackson College's Rasmuson Student Center.

Built half a century ago, the Student Center building was showing its age. The newly renovated facility will contain the student government office, bookstore, conference area, snack bar, and student commons area.

Funding was provided by Rural Development, with matching funds from State and private contributors, the Rasmuson Foundation, and local and corporate donors.



The Rasmuson Student Center at Sheldon Jackson College in Sitka is undergoing a complete renovation. Pictured in front of the building are (L to R) Dr. Stuart Denslow, Land and Facilities Management; Fred Knowles, project manager; USDA Sitka Rural Development Manager Keith Perkins; and Rural Development State Engineer John LaVarnway.

**IONIA
LONG HOUSE**

**Gathering Place
for a Community**

Just off the highway near Kasilof on the Kenai Peninsula, residents of the community of Ionia are well on the way to completing a new community meeting facility, the “Long House”. Ionia is a community with about 50 year-round residents. At Ionia, members believe that mental health and well-being are related to nutrition and simple living.

A community needs a gathering place where a large group can meet to share meals and fellowship. The people of Ionia turned to USDA Rural Development to help them achieve their dream. Thanks in part to a \$140,500 Community Facilities grant, Ionia residents are completing a building where they can hold meetings and classes.

In addition to Rural Development, construction funding for the Ionia Long House was provided by the Alaska Mental Health Trust Authority, the Murdock Charitable Trust, the Denali Commission, the Rasmuson Foundation, in-kind contributions by the community, and local residents.



Staff & Regional Offices



B. B. Allen, *State Director*

Frank A. Muncy, *Assistant to the State Director*

Nancy Hayes, *Secretary*

Deborah I. Davis, *Director, Rural Housing Service*

Dean R. Stewart, *Director, Community & Business Programs*

Roxann Benbow, *Director, Administrative Programs*

Gillian R. Smythe, *Director, Special Projects*

Michelle Anderson, *Director, Rural Affairs*

Merlaine V. Kruse, *Assistant Director, Community & Business Programs*

Wayne Maloney, *Public Affairs Specialist*

Barbara Winters, *Manager, Information Technology; Assistant Director, Administration Programs*

Cheryle Luzack, *Manager, Human Resources*

John P. LaVarnway, *Engineer/Environmental Coordinator/ Civil Rights Coordinator*

John E. Ellis, *Contract Specialist*

Karen LaMouria, *Loan Specialist, Single Family Housing*

Sherryl Gleason, *Loan Specialist, Single Family Housing*

Kathy Karcheski, *Loan Specialist, Single Family Housing*

Cynthia Ross, *Loan Specialist, Guaranteed Housing*

Bonnie J. Feakes, *Loan Specialist, Multi-Family Housing*

Melissa Hayes, *Loan Specialist, Community & Business Programs*

Debbie Breitenfeld, *Loan Specialist, Community & Business Programs*

Catherine Milazzo, *RD Technician Single Family Housing*

Robyn Martin, *Loan Technician, Single Family Housing*

Cynthia Jackson, *Loan Technician, Guaranteed Housing*

Misty Simpson, *Loan Technician, Multi-Family Housing*

Sherry Sparrs, *Loan Technician, Community & Business Programs*

Paula LaCasse, *Loan Technician, Community & Business Programs*

Renee Johnson, *Loan Specialist, Community & Business Programs*

Sharon Griggs, *Administrative Support Assistant*

Judy Reeves, *Administrative Support Assistant*

Michelle Anderson, *Denali Commission Liaison*

510 L Street, Ste. 410, Anchorage, Alaska 99501

Phone: 907 271-1542 Fax: 907 271-1415



DILLINGHAM

William (Spud) Williams, *Rural Development Manager*

P.O. Box 1370

Dillingham, Alaska 99586

Phone 907-842-3921

Fax 907-842-3922

Dillingham Census Area

Bristol Bay Borough

Lake and Peninsula Borough

Aleutians East Borough

Aleutians West Census Area

FAIRBANKS

James Pohlman, *Rural Development Manager*

Kim Wood, *Rural Development Technician*

590 University Avenue

Fairbanks, Alaska 99709

Phone 907-479-4362

Fax 907-457-4069

North Slope Borough

Southeast Fairbanks Census Area

Yukon-Koyukuk Census Area

Denali Borough

Valdez-Cordova Census Area

KENAI

Michelle Hoffman, *Rural Development Manager*

Amy Milburn, *Rural Development Technician*

110 Trading Bay Road, Suite 160

Kenai, Alaska 99611

Phone 907-283-6640

Fax 907-283-9667

Kenai Peninsula Borough

Kodiak Island Borough

NOME

Thomas Sparks, *Rural Development Manager*

Brian Bourdon, *Rural Development Technician*

PO Box 1569

Nome, Alaska 99762

Phone 907-443-6022

Fax 907-443-6024

Nome Census Area

Northwest Arctic Borough

BETHEL

Mary Kenick, *Rural Development Manager*

P.O. Box 1869

Bethel, Alaska 99835

Phone 907-543-3858

Fax 907-543-3855

Bethel Census Area

Wade Hampton Census Area

SITKA

Keith Perkins, *Rural Development Manager*

Rhonda Reaney, *Rural Development Technician*

201 Katlian Street, Suite 109A

Sitka, Alaska 99835

Phone 907-747-3506

Fax 907-747-3597

Sitka City/Borough

Haines Borough

Yakutat City/Borough

Juneau City/Borough

Ketchikan Gateway Borough

Prine of Wales-Outer Ketchikan Census Area

Skagway-Hoonah-Angoon Census Area

Wrangell-Petersburg Census Area

Financials

RURAL BUSINESS & COOPERATIVE SERVICE

Guaranteed Loans	\$ 49,240,100
Rural Business Enterprise Grants	\$ 689,441
Rural Business Opportunity Grants	\$ 30,037
Intermediary Relending Program	\$ 750,000

RURAL HOUSING SERVICE

Direct and Guaranteed Loans	\$ 21,166,816
Improvement Loans and Grants	\$ 264,603
Multi-Family Housing (Including Rental Assistance)	\$ 4,259,525
Housing Preservation Grant	\$ 50,000

COMMUNITY FACILITIES

Loans and Grants	\$ 25,868,562
------------------	---------------

RURAL UTILITIES SERVICE

Water and Waste Loans and Grants	\$ 28,099,130
Electric Coops	\$ 10,792,946
Telecommunications	\$ 1,758,000

OTHER AGENCIES RECEIVING RURAL DEVELOPMENT FUNDING:

Denali Commision	\$ 10,000,000
------------------	---------------

TOTAL	\$152,969,160
--------------	----------------------

