

Rural Development-Alaska

USDA



Rural
Development

Committed to the future of rural communities.

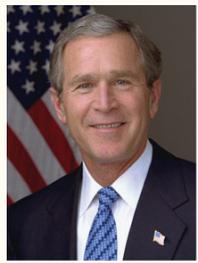
Fiscal Year 2005

programs for progress



*Homer Public Library under construction. Story on page 14.
Photo by Anne Marie Holen, Special Projects Coordinator, City of Homer*

“The role of government is to create an environment in which people are willing to risk capital, to take risk; an environment in which people are willing to work to realize their dreams.”



President George W. Bush

A message from Agriculture Secretary Mike Johanns

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

That commitment was demonstrated in dramatic form by the response of Rural Development to the unprecedented series of hurricanes that slammed into the Gulf Coast in the late summer and autumn of 2005. Hurricane Katrina -- the most destructive storm ever to hit the United States in terms of property damage, though fortunately not in loss of life -- was followed in rapid succession by Rita and Wilma. The damage was immense; the loss of life, heavy. Outside of New Orleans and Biloxi, most of the devastated areas were rural.

Rural Development personnel -- including many who had lost their own homes--worked around the clock to staff recovery centers and provide shelter. They worked with our Federal, State, local and nonprofit partners to repair water, telecommunications, and electrical systems. By mid November, more than 9,700 evacuees had been housed in Rural Development-funded units in 42 states. And in the months and years ahead, Rural Development will play an important role in rebuilding housing, community facilities, and infrastructure throughout the disaster area.

This is merely one example, although a dramatic one, of the vital work Rural Development is doing each and every day across rural America. Since the beginning of the Bush Administration, Rural Development has invested more than \$63 billion and created or saved more than 1.1 million jobs in rural communities. We have assisted almost a quarter of a million rural families to achieve the dream of homeownership and invested almost \$5 billion in our business programs alone.

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

Secretary Mike Johanns



Agriculture Under Secretary for Rural Development Thomas Dorr

The face of rural America continues to change, and USDA Rural Development is changing with it. No longer the “lender of last resort,” we are rural America’s investment bank, a venture capital entity that creates jobs, promotes business development, and provides community facilities and affordable housing. Our goal is to build viable and sustainable rural communities.

In each of the last five years, the Bush Administration has invested about \$13 billion in rural America. Rural Development has provided housing, water and sewer funds, hundreds of millions of dollars in business loan guarantees, telecommunications and electricity loans and grants. Public safety buildings, rescue equipment, libraries, town halls and access to broadband have all been made possible through the efforts of Rural Development.

One of the biggest challenges facing our nation is the need for renewable energy. In our ongoing effort to promote development of new energy sources, USDA Rural Development in 2005 funded 154 renewable energy grants and two renewable energy loans totaling \$32.3 million. Additionally, through the Value Added Producer Grant program, Rural Development provided \$2.8 million for 30 more energy related projects. From wood fired generating plants to wind turbines, biofuel production and anaerobic digesters, USDA Rural Development is financing new sources of renewable energy while offering farmers and ranchers a potential new source of income.

At Rural Development we are working to ensure that all Americans have access to the technological revolution sweeping the nation. Imagine that in 2005, Rural Development made a loan to an isolated area in Michigan that will provide 309 residential customers, 18 businesses and 290 gas well subscribers with telecommunications services for the first time and imagine that the isolated town of Hughes, Alaska will become an Internet “hot spot” thanks to new service funded through a Rural Development grant.

What makes all this happen are the USDA Rural Development employees. The incredible job our employees did to provide aid to the victims of Hurricanes Katrina, Rita and Wilma was amazing. Working with our Federal, State and local partners, Rural Development found housing for thousands of evacuees, staffed over 80 recovery centers, handled thousands of calls and met face to face with thousands of victims. I’m proud of the job our employees do every day. They’re highly skilled, dedicated, and truly “Committed to the Future of Rural Communities.”

Under Secretary Thomas Dorr



Rural Development Team Alaska

A Message from the State Director

I am proud to report that Fiscal Year 2005 was another banner year for USDA Rural Development in Alaska. Once again, our agency has been a highly visible presence in virtually every area of the State through our housing, community facilities, water and sanitation, business, telecommunications and electric programs. We invested close to \$225 million in loan and grant funds in Alaska last year, a new record.

In dollar volume, our direct and leveraged single family housing loans increased over 20 percent to close to \$9 million in 2005. Our housing loans are very important because they help individual low income families to attain the American dream of home ownership. The total funds awarded under our community facilities loan and grant programs also increased in 2005, while activity in our business and our water and environmental programs continued at a high level.

Team Alaska is dedicated to serving the residents of rural Alaska and helping to improve their quality of life. Over the past five years, we ranked first in the nation in terms of project funding per staff member. USDA Rural Development is pleased to play a role in the state's economic growth and the commitment to Alaska as a good place to live, work and play.

Strong partnerships with federal and state agencies, non-profits, foundations and private lenders, as well as with local governments and tribes are vital to our continued success. Key partners include the State of Alaska, including the Alaska Housing Finance Corporation and the Alaska Mental Health Trust Authority, the Denali Commission, the U.S. Department of Housing and Urban Development, the U.S. Economic Development Administration, the Rasmuson Foundation, and others. The result is collaboration at an unprecedented level and multi-entity commitments to help fund major projects. In 2005, such projects included the Homer library, Code Blue, the Fairbanks Community Behavioral Health Center and the Cold Climate Housing Research Center.

Alaska's Congressional delegation – Senator Ted Stevens, Senator Lisa Murkowski and Congressman Don Young – have worked tirelessly to make funds available to meet the special needs of rural Alaska. Since the beginning of the Bush Administration, USDA Rural Development has invested over \$850 million in loan and grant funds in Alaska. Secretary of Agriculture Mike Johanns and Under Secretary for Rural Development Tom Dorr, have been very supportive of our efforts. Together, we are making a real difference in the lives of rural Alaskans at the personal, community and corporate levels.

Sincerely,

Bill Allen
State Director



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USDA Rural Development Regional Offices



Rural Development operates federal loan and grant programs designed to strengthen rural Alaska businesses, finance new housing, improve existing 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 provides Rural Utilities Programs, Rural Housing Programs, and Rural Business-Cooperative Programs. We work with many lenders, state and federal agencies, non-profit foundations, and private sector groups in Alaska to help provide a starting point to address business, community and 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, regardless of the size of the community.

Rural Development Programs

Rural Housing Programs

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



Self-Help Housing—Alaskans, working together, are building their own homes at Settlers Bay under the direction of the Alaska Community Development Corporation with Rural Development funding support.



Volunteers from the faith-based group “Worldchangers” work each year to renovate homes on the Kenai Peninsula. Loan and grant funds provided by Rural Development help provide the materials.

Direct Housing Loans

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

Guaranteed Home Loans

For low and moderate borrowers who have 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.

Home Improvement and Repair Loans and Grants

Enables very-low income homeowners to remove health and safety hazards from their homes. People aged 62 and older who cannot afford to repay a loan may be eligible for a grant.

Housing Preservation Grants

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

Self-Help Housing Loans

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

Community Facilities & Rural Utilities Programs

Rural Development seeks to improve the quality of life in rural America through a variety of loan and grant programs for community facilities. Community Facilities loans and grants may be made in rural areas and towns with a population of 20,000 or less. Utilities loans and grants may be made in rural areas or towns of 10,000 people or less.

Community Facilities Direct Loans

Used to improve community facilities providing essential services in rural areas and towns. The funds are available to local governments, Alaska Native tribes, and non-profit corporations for health care, fire and rescue, community centers, assisted living projects, day care and other public purposes.

Guaranteed Community Facilities Loans

Available to finance the same types of facilities as the direct loan program, as well as community recreational facilities.

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 and storm drainage) systems in rural areas and towns. The funds are available to local governments, Alaska Native tribes, and non-profit corporations that are unable to obtain affordable credit elsewhere.

Water and Waste Disposal Grants

Used for the same purposes as loans, 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.

Rural Business-Cooperative Programs

Technical Assistance and Training Grants

Provides funding to non-profit organizations for a wide range of issues relating to water and waste disposal operations.

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.

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.



Nome water system upgrades provided with Rural Development funding support. Photo by John Handeland, City of Nome.



Fort Yukon's new ambulance, provided through "Project Code Blue".

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.

We help 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.

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

Designed to alleviate poverty and increase economic activity and employment in rural communities, especially disadvantaged and remote communities, through financing targeted primarily toward smaller and emerging businesses, in partnership with other public and private resources, and in accordance with state and regional strategy based on identified community needs. This purpose is achieved through loans made to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for business facilities and community developments in a rural area. Intermediaries (borrowers) may be private non-profit corporations, public agencies, Native American groups or cooperatives.

Rural Cooperative Development Grants

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

Rural Business Enterprise Grants

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

Rural Economic Development Loans & 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.

Renewable Energy and Energy Efficiency Program (9006)

Up to 25% grant funding for renewable energy production or energy efficiency projects. Loan guarantees are available to fund up to 50% of eligible project costs up to \$10 million.

Value Added Producer Grants

Available to individual producers and groups of producers (including aquaculture) who add value to their products through further processing. The program is designed to encourage independent producers to process their raw materials into marketable goods, thereby increasing income.



Fairbanks Loan Specialist Kim Wood stands in front of a jet ski at a Fairbanks business financed with a Rural Development B&I loan guarantee.

Rural Housing Programs

In fiscal year 2005, USDA Rural Development continued to make the dream of homeownership affordable for rural Alaskans. The total volume of housing loans, guarantees, grants and rental assistance payments was over \$42 million.

“Working with lenders, we guaranteed over \$29 million in single family home loans,” said Housing Director Deborah Davis. “We also made almost \$9 million in direct single family loans.” All told, USDA Rural Development assisted 260 Alaska families, most of them first time home buyers, as they achieved the dream of homeownership. “Additionally,” said Davis, “new minority homeowners who took advantage of our programs accounted for 22% of our total volume.”

Rural Development also continues to expand the Mutual Self-Help housing program. Working with non-profit organizations that receive funds from USDA, Alaskans with limited financial resources construct their own homes. They are required to work cooperatively with other families and do at least 65 percent of the construction work themselves. Usually, construction takes a year or more. Upon completion, families move into their homes and their labor becomes their “sweat equity.” “We not only are supporting another Self-Help project in the Matanuska-Susitna Valley,” said Davis, “we are expanding the program to the Kenai Peninsula.” Davis said that in recent years homeowners realize about \$40,000 each in “sweat equity” upon completion of their homes.

Rural Development also provides loans and grants to limited income homeowners who need to make necessary repairs to their residences. “Over \$300,000 in loans and grants went to improve residences and provide necessary improvements including ramps, water wells, septic systems and roofs,” said Davis.

A New Home For Lilly

After two and a half years of hard work by Loan Specialist Kim Wood in USDA Rural Development’s Fairbanks office, Lilly Henry finally has a new home.

Lilly Henry is a 54 year-old disabled Alaska Native who lives in Nenana. Originally, she approached USDA Rural Development in June 2003 for a loan to do repairs on her home. She was making the best of it, but her home was a small, one-room converted coal bunker, with one corner partitioned off for a bathroom. The house was very cold. It sat directly on the ground, without a foundation, had only single pane windows and little if any insulation. The roof had been leaking for some time and was covered by



Lilly Henry (left) with Fairbanks loan specialist Kim Wood.

a blue tarp. These are all very serious problems in an area where winter temperatures get as low as 65 degrees below zero.

It soon became clear that Ms. Henry’s old home could not be brought up to an acceptable standard, even with a maximum home improvement and repair loan of \$20,000. So, Kim began working on ways that Lilly might be able to have a new home constructed on the lot that she owned.

Lilly’s income is limited, as was her ability to assume a loan. Kim determined that Lilly could probably handle up to a \$60,000 loan. Any additional funds needed would have to come in the form of either a grant or a forgivable loan. Kim began actively working with both the Nenana Native

Council and the Interior Regional Housing Authority to see if they had any housing programs that could assist Lilly.

Initially, neither was able to help. However, after about a year, the Nenana Native Council set aside \$20,000 through the Interior Regional Housing Authority to assist with the funding of Lilly’s home. The Council then decided that it would also do the actual construction, as well as carrying the construction cost. Kim and Fairbanks Area Director Jim Pohlman, had many discussions with the Council regarding the size of home that was required, the required inspections, and other relevant USDA Rural Development regulations.

In the meantime, Lilly’s coal bunker home was bought and moved by the corporation which runs the annual Nenana Ice Classic. The structure was the original home of the Ice Classic and the corporation wanted to preserve it. Construction had begun on her new home, but Ms. Henry was now essentially homeless and was forced to move to Fairbanks, 55 miles to the northeast. Rents are high in Fairbanks and Kim worked with the Interior Regional Housing Authority to see if they could help Lilly, who was also caring for her young grandson.

Kim Wood said: “I will be forever thankful to the Interior Regional Housing Authority. If it had not been for them providing subsidized rent for Ms. Henry to rent an apartment, I don’t know where this would have ended up. At one point, Lilly was so discouraged that she called me up and told me to just forget the whole thing. Fortunately I was able to get Lilly some assistance through the regional housing authority, so she had a place to live for the winter, and she settled in and waited for her home to be complete. After that hurdle had been overcome, she called me almost

daily to see if I had any news, or to report what she had seen or heard about the ongoing construction.”

Lilly's new home was eventually completed, all the required inspections were done, and the USDA Rural Development home loan closed on October 28, 2005. Ms. Henry is very happy with her new home. Without a \$54,000 Rural Development subsidized home loan, a forgivable \$20,000 loan from the Nenana Native Council, rental assistance in Fairbanks from the Interior Regional Housing Authority, and an enormous amount of dedication and very hard work by Kim Wood, Lilly would not now be living in a safe, secure, energy efficient home.



Lilly Henry's old house had no foundation, making it cold. She is very happy with her new, safe, secure, energy efficient home.



“504” Grant And Loan Program Helps Kenny Lake Residents Put In Generator And Water Systems

Kenny Lake area resident Cliff “Slim” Boner wasn't old enough to enter the service during World War II, “so I figured out a way to get in anyway.” Boner has always been able to take care of himself and get what he needs. Nine years ago, with eyesight failing, and on a fixed income, Boner bought a homestead, a piece of land off the power grid on a dirt road. “I had 33 cents in my pocket. It was a handshake deal.” He paid off the previous owner seven months before he needed to. Boner built a dwelling, a cabin with a kitchen and bedroom. “I built it myself. Used a chain saw to cut the lumber.” Boner never asked for much, but when his gas powered generator showed signs of wearing out he turned to Rural Development. He contacted Fairbanks Loan Specialist Kim Wood who helped him fill out the paperwork, and after his grant application was approved, Boner was the owner of a new, efficient, diesel generator. “It saves me \$10 a day, about \$300 a month. I figure that generator should run eight or nine years before it needs work,” said Boner. Using Rural Development funding he was also able to put a new roof on his cabin and install skirting around the foundation that will keep him warm when the temperature drops, and it can get as cold as -60.

A couple of Boner's neighbors, Dallas and Lavonna Hughes had electricity, but no running water. “We had to drive to Glennallen to do our laundry. That's a 70 mile trip and laundry cost \$3 a load to wash,” said Mrs. Hughes. What water they did have was stored in a 500 gallon tank, installed in their first floor bedroom. “We got our water from the local fire station, and that is a 30 mile round trip,” said Lavonna. They wanted a well but it was expensive,

and there was no well driller in the area. They approached Fairbanks Area Director Jim Pohlman. Not only did Pohlman and Wood help them fill out the application for a home improvement grant and loan, they helped arrange for financing so several other area residents could get wells too. “That was crucial,” said Pohlman. “It's about a day's drive to and from Fairbanks, where the nearest well drillers live, and a driller was not going to come all this way to dig one well, so we arranged for three area families to get wells. The driller came to the area, did the work, and these people don't have to haul water any more.”

Most of the applicants were over retirement age, so having running water in their homes greatly improved their quality of life. For the Hughes family, the new 260 foot well has changed things for the better. The room that once housed their 500 gallon water tank is now a real bedroom, and Mrs. Hughes has a washer and dryer. “We're really tickled that we have a well. We never could have had it without this program,” said Mr. Hughes.

Dallas and Lavonna Hughes stand in the kitchen of their home. The home now has running water thanks to a well drilled with Rural Development funding support.



Cliff “Slim” Boner (left) with Fairbanks Rural Development Area Director Jim Pohlman on the porch of Boner's home. Improvements, including installation of a new electrical generator, were made through Rural Development's Home Improvement loan and grant program.

Kenai Peninsula Housing Initiatives

A \$240,000 Community Facilities loan from USDA Rural Development helped provide urgently needed special needs housing in Soldotna in 2005. The loan provided long term mortgage financing to Kenai Peninsula Housing Initiatives, Inc. which had purchased and remodeled a four bedroom single family house. Kenai Peninsula Housing Initiatives, Inc., subsequently leased the home to the Oxford House to house men recovering from substance abuse.

The remodeled two-story house now has a total of six bedrooms, three upstairs and another three downstairs. The dining room and kitchen are upstairs and there are bathrooms on both floors. The second floor of the structure is now accessible and equipped for handicapped persons. All told, the facility has a capacity to house up to 10 people. The tenants pay rent and can stay as long as they comply with established rules.

Established in 1997, the mission of Kenai Peninsula Housing Initiatives, Inc. is to promote, encourage and support development of affordable and appropriate housing for very low, low and moderate income persons with disabilities in the Kenai Peninsula Borough.



Oxford House tenant Iliodor Merculieff and Manager Richard Maxim in the dining room.



Oxford House tenant Iliodor Merculieff in the living room of the home.

The organization has ambitious plans to undertake similar types of housing projects on the Kenai Peninsula over the next five years.

“I was really pleased to see this project succeed,” said Michelle Hoffman, Area Director of USDA Rural Development’s Kenai office. “There are very few facilities of this type on the Kenai Peninsula. I hope it will be the prototype for similar projects.”

Kobuk Housing Improvements

Nome Rural Development Area Director Leo Rasmussen and Loan Specialist Randy Morton were able to help promote much needed home improvements for two disabled senior citizens in the remote village of Kobuk in 2005.

Kobuk is an Inupiat village of about 130 people, located on the Kobuk River, above the Arctic Circle, about 128 air miles northeast of Kotzebue. Like other Northwest Arctic Borough communities, it is accessible only by air, water and snow machine. The local economy is primarily based on subsistence hunting and fishing activities.

Amelia Gray, an 89-year old Inupiat elder, is a former Inupiaq teacher and a renowned storyteller. However, these days, she has limited mobility. Her house was built in the early 1980’s and is basically sound, but it had no ramp to allow her to get in and out. Also, Amelia’s oil heater was almost 25 years old and in danger of failing, a major problem in an area where winter temperatures are routinely below zero. Another problem for Amelia was that there were no windows in her bedroom.

May Bernhardt, an 80-year old Inupiat senior, is a former health aide and was NANA Development Corporation’s 2005 Shareholder of the Year. Like Gray, she has limited

mobility. Her house was also built in the early 1980’s and lacked a ramp for handicapped access. There was a bathtub in Ms. Bernhardt’s house. However, because of her physical limitations, Ms. Bernhardt was unable to use it without assistance. In addition, her bedroom had no windows.

The maximum amount of USDA Rural Development grant funds available to help upgrade housing owned by individual senior citizens is \$7,500. In remote communities like Kobuk, high transportation costs effectively reduce the size of these grants and limit the amount of work that can be done. Recognizing this, Rasmussen and Morton looked for partners who could contribute additional funds. They found an excellent partner in the Kobuk Traditional Council, the local tribal government. The Council agreed to provide lumber for the ramps for both units, a contribution amounting to \$3,800 for each house. The Council also hired local labor to do the construction work.

Today, Ms. Gray has a ramp that she can use to enter and leave her house. She also has a new oil heater to keep her warm in the winter and she has a new window in her bedroom. She is pleased with the improvements that have made her home a much safer and more pleasant place to live.

Ms. Bernhardt also has a new ramp, and her bedroom now has a window. Her bath has been replaced with a shower stall with a chair, so she can bathe without assistance.

Amelia Gray’s home in the village of Kobuk, above the Arctic Circle. Home improvements included a new ramp (foreground).



Morton said, “I was so pleased we were able to help improve the quality of life for Amelia Gray and May Bernhardt. The new ramps for their houses have removed a major safety hazard. I am also very thankful for the assistance provided by Billie Jo Lie and Agnes Bernhardt from the Kobuk Traditional Council. We could not have done this much work without them.”

Family Left Homeless By Hurricane Rita Settles In Juneau *Rural Development Staffs in Alaska and Texas Coordinate Move*

Three members of a Texas family, victims of Hurricane Rita, moved into new accommodations in Juneau in November thanks to the efforts of USDA Rural Development staff in Alaska and Texas.

“Rita pretty much took everything we had,” said Linda Savant, after she arrived in Juneau with her husband John and their two year old son Damen. Mrs. Savant wanted to move to Juneau because her brother lives there. “It was a long flight from Texas with a two year old.”

The Savants lived near Beaumont, Texas, and were temporarily moved into a Texas motel following the hurricane. That’s when they were put in contact with Rural Development Loan Technician Lilly MacWilliams in the Angleton, Texas office. “Rita left them homeless. Mrs. Savant wanted to go to Juneau because she has family there and I called Loan Specialist Tambi Calvert in Rural Development’s Sitka office,” said MacWilliams. “Tambi found a two bedroom apartment in Juneau’s Channel Terrace Apartments.” The apartment complex is financed through Rural Development’s Multi-Family Housing Program.

Because they had been accepted for housing placement, transportation for the family was arranged through the Federal Emergency Management Agency (FEMA).

Rural Development Loan Technician Lilly MacWilliams (right) of Angleton, Texas worked with RD’s Sitka office to find a new home for a family left homeless by Hurricane Rita.



Photo credit Brian Wallace, The Juneau Empire



Hurricane victims John, Linda, and Damen Savant found an apartment in a Rural Development-financed project in Juneau.

Upon arrival in Juneau, they contacted resident apartment manager Sheryl Tichenor. “As I understand it, this is the first hurricane family to relocate to Southeast Alaska,” said Tichenor. “This is a first for me.”

“President Bush asked us to do everything we could to get hurricane victims into housing, and we immediately identified vacant units. We’re pleased to have assisted the Savant family,” said State Director Bill Allen. Allen noted that a second Alaska RD financed housing unit was also occupied by hurricane evacuees.

Alaska is one of 42 states that had provided accommodations to hurricane victims as of December 1st, 2005. Across the nation, more than 10,000 evacuees have been housed in over 3,800 Rural Development-funded housing units. Following the hurricanes, Rural Development personnel staffed or opened over 80 disaster recovery centers in the hurricane zone and are working with other federal, state and local agencies to help rebuild the area.

Rural Housing Program Lenders, Contributors, and Partners:

US Department of Housing and Urban Development
Alaska Housing Finance Corporation
Wells Fargo Home Mortgage, Inc.
Alaska USA Mortgage Co.
Alaska USA Federal Credit Union
Pacific Alaska Mortgage
Alaska Pacific Bank
Norwest Mortgage
First National Bank Alaska
Residential Mortgage, LLC
Aleutian Housing Authority
Northern Schools Federal Credit Union
Kodiak Island Housing Authority
Chase Manhattan Mortgage Corp.
Central Pacific Mortgage
Countrywide Funding Corp.
Homestate Mortgage
Nome Eskimo Community
Seattle Mortgage Co.
Cook Inlet Housing Authority
AHFC’s HOME Opportunity program
Vista Mortgage
Ketchikan Indian Corp.
Northwest Inupiat Housing Authority
Northern Pacific Mortgage
Denali State Bank
First Bank
GMAC Mortgage Corp.
Guild Mortgage
Mt. McKinley Mutual Savings Bank
Denali Alaskan Federal Credit Union
Tlingit and Haida Regional Housing Authority

Rural Utilities Programs

In fiscal year 2005, USDA Rural Development provided almost \$145 million in Alaska grants and loan guarantees through its Rural Utilities programs, a sharp increase over the previous year. The amount included a loan guarantee of almost \$82.5 million to the Fairbanks-based Golden Valley Electric Association to expand the North Pole power plant. Additionally, Rural Development provided over \$15.5 million for telecommunications, distance learning, telemedicine and broadband loans and grants to Alaska communities, and with the continuing support of Senator Ted Stevens and the Alaska Congressional Delegation allocated another \$24 million to provide water and sanitation upgrades to rural Alaska villages. Also, over \$5 million in grants was allocated for water and environmental projects which included funds to complete construction of a water and sewer line to a new hospital to serve the fast growing Matanuska-Susitna Valley. That project was a priority for Senator Lisa Murkowski.

USDA Rural Development also stepped forward to assist the state with a special \$350,000 emergency grant to provide fuel for electrical generation to rural Alaska villages faced with cash flow difficulties as a result of higher than expected energy prices. Those funds were in addition to \$15 million in high cost energy grants funded through the Denali Commission with Rural Development support, and \$1.5 million in solid waste management funding which was used by the Commission to provide equipment to contain and control trash disposal in rural areas, reducing the risk of contamination of local water supplies. The agency also provided funds to train operators of waste management sites, and provided \$400,000 to fund the state's Remote Maintenance Worker program.

High Energy Cost Grants Promote More Efficient Power Plant And Bulk Fuel Storage Operations On Nelson Island

Through its Electric Programs, USDA Rural Development awards grant funds to enable rural communities with extremely high energy costs to improve energy generation. Alaska received slightly over half the total national allocation for this program in FY 2005, with a \$15 million grant being awarded to the Denali Commission to be allocated among competing eligible utilities. AVEC (Alaska Village Electric Cooperative, Inc.) was the major grantee, being awarded slightly under \$10.5 million for four projects.

AVEC is a member-owned electric cooperative. It was established in 1968 and today serves 52 small, isolated villages scattered over a huge area of Alaska. Almost all of AVEC's power is diesel-generated. Because of its dependence on diesel generation and because most of its villages are only seasonally accessible by water, AVEC must also maintain large amounts of fuel storage in each village. All of these factors contribute to very high power costs.



Water and sewer lines are being extended to the new Mat-Su Regional Medical Center with grant funds provided by USDA Rural Development.

Photo courtesy of Mat-Su Regional Medical Center.



Photos: Alaska Native Tribal Health Consortium.

Through the efforts of USDA Rural Development and Senator Ted Stevens, another 33 Alaska communities received funding to improve water quality and sanitary services in 2005.

USDA Rural Development funds are being used to bring greater efficiencies to the AVEC system through the linking of village power systems, the upgrading of power plants, the installation of alternative energy systems and the construction of new, consolidated bulk fuel tank farms.

RD SUCCESS

On Nelson Island, in the Yukon-Kuskokwim delta, the communities of Toksook Bay and Nightmute are being interconnected via a 17-mile intertie so that Nightmute can be supplied with power from the new AVEC plant at Toksook Bay. It will also allow Nightmute to share power generated by three newly constructed wind turbines at Toksook Bay. USDA Rural Development contributed \$670,000 to this \$16.3 million project. Together with an intertie to the village of Tununak constructed with other funding sources, AVEC will be able to retire diesel power plants in both Nightmute and Tununak, which it estimates will save about \$200,000 per year. The use of wind turbines is estimated to result in a savings of approximately 56,000 gallons of fuel oil per year which, at current fuel prices, will result in a further savings of over \$100,000 per year.

An additional \$3,300,000, including \$2,211,552 in USDA Rural Development funds, is being used to construct a new back-up power plant at Nightmute and build a new fuel tank farm. The new back-up power plant will allow AVEC to provide power to Nightmute in the event of an outage in Toksook Bay or if there is a problem with the 17-mile intertie connecting the two villages.

Meera Kohler, President and CEO of AVEC, said: "Access to reliable, affordable and safe electric power and the replacement of aged and unsafe fuel storage facilities are necessity for life issues in rural Alaska. We at AVEC very much appreciate the support and confidence of USDA Rural Development in helping deliver these important projects."

Code Red

USDA Rural Development in 2005 joined with the Denali Commission to provide funding for a State study to improve training opportunities for the residents of rural communities that have "Code Red" firefighting equipment on hand. Code Red equipment, partially funded through Rural Development, is easy to tow behind snow machines and four-wheelers, and produces fire-smothering foam.



USDA Rural Development provided funds through the Denali Commission to enable Valley Community for Recycling Solutions to buy a new baler to crush and compact recyclable material. Shown at a ribbon cutting for the new baler are (right to left) State Director Bill Allen, Board member Larry Fagnani, Cindy Roberts of the Denali Commission, and Mat-Su Borough Manager John Duffy.



Wind generators at Toksook Bay.



"Code Red" firefighting equipment and training.



With the support of USDA Rural Development, new, efficient wind generation systems are being constructed in Western Alaska.

Photos courtesy of Alaska Village Electric Cooperative.

Community Facilities Programs

Working with funding partners, USDA Rural Development continued to provide for the needs of many Alaska communities. In fiscal year 2005, Rural Development provided almost \$8.1 million in funding support for needed facilities and equipment.

“The Homer Library is a prime example of a project that brought together various agencies, including Rural Development, the Economic Development Administration and the Rasmuson Foundation. Most importantly, the community provided financial and moral support to this effort,” said Director of Community Programs Merlaine Kruse. Rural Development also provided funding support for the Fairbanks Community Behavioral Health Center and the Cold Climate Housing Research Center in Fairbanks in fiscal year 2005.

Kruse said that Rural Development continues to work with the State of Alaska and other funding partners to provide state of the art rescue equipment to rural communities through the “Code Blue” program. “This is a multi-year effort designed to ensure that when the residents of rural Alaska need emergency health assistance, it’s there,” said Kruse. So far Rural Development has helped provide ambulances and rescue gear to 170 communities under the “Code Blue” program.

Code Blue

In 2005, for the fifth year in a row, USDA Rural Development awarded Community Facilities grant funds for “Code Blue,” an initiative started by the State of Alaska in 1999 to fund essential equipment for emergency medical services in rural Alaska.

USDA Rural Development contributed a total of \$1,262,900 in 2005 to six regional Emergency Medical Service councils to acquire ambulances, patient transport vehicles, all-terrain vehicles, sleds and associated equipment. Other agencies contributing to the “Code Blue” program in 2005 included the Denali Commission, the State of Alaska and several

regional health corporations. “This has been a very successful program,” said Merlaine Kruse, Director of Community Programs. “USDA Rural Development is literally saving lives by helping in the purchase of ambulances and other needed rescue gear.”

Patient transport vehicles, like the Port Heiden vehicle pictured with four year old Kylee Alexandra Sifsof, are specialty units, custom built for the needs of small, isolated Alaska communities. The outfit is a 4WD 3/4 ton pickup truck and a specially designed fiberglass camper type shell that fits on the back. The “ambulance unit” includes a lock in, adjustable patient gurney, oxygen tanks and hardware, storage space for supplies and equipment, seating for patient care providers, and more.

Ronni Sullivan, Executive Director of the Southern Region EMS Council said: “Code Blue” is probably the most positive program that has happened to EMS in Alaska. It has done a tremendous amount of good for rural Alaska communities, for a ready first responder system, and for emergency medical services across the state. The USDA Rural Development staff has been wonderful to work with!”



Interior and exterior views of Port Heiden patient transport vehicle, with four year old Kylee Alexandra Sifsof:

Photos courtesy of Southern Region EMS Council.



Preservation Of “Old Minto” Culture Helped By Rural Development Assistance

Eighteen years ago, Alaska Native leader Robert Charlie began a project intended to help preserve his Native culture and to teach others about it. Charlie, a lifelong Alaskan and Athabascan elder, was concerned that his cultural heritage was being lost. “It was happening right in my own village.”

Charlie saw the abandoned Native village of old Minto, on the river system near Fairbanks, as a perfect spot to reverse that trend. Armed with a State permit and a federal grant, he put together a group that built 10 small cabins, a kitchen and a dining hall on the 30 acre village site, which had been abandoned in 1969. The site is perfect for week-long Native culture classes. “We also have a Navajo-style hogan that we are planning to complete,” said Charlie.

The only problem was transportation. Because old Minto is not connected to the road system, it was necessary to get visitors to the village site by boat. “And we needed boats,” said Charlie. Charlie approached Fairbanks Rural Development Area Director Jim Pohlman, who arranged for his non-profit group to apply for a Community Facilities grant. Through

Robert Charlie (left) and Fairbanks Rural Development Area Director Jim Pohlman with one of two boats purchased with Rural Development funding to provide transportation service to Old Minto.



the Community Facilities program, Charlie’s group obtained a \$38,250 grant, which was matched with a \$12,700 grant from the Rasmuson Foundation, and funding from the First Alaskans Institute. “Thanks to the grants, we now have two boats. One is a 24-footer for passengers, and the other is a 20-footer for freight,” said Charlie. Before obtaining the boats, Charlie’s group was able to organize no more than five or six camps each summer. “Now that we have these boats, we’ll be able to do at least ten.” Not only will the camps enable Natives from all walks of life to learn about their culture, they will also train teachers who are going to take jobs in rural schools. “That way they will understand our culture and Native ways, said Charlie.

The increase in the number of classes also will make the project more sustainable. “We want to develop a sustainable income to help our organization and the village council. People who come to old Minto pay a fee. We give the elders who teach the Native ways a stipend, and it’s rewarding for the elder as well, because he gets to teach the young about Athabascan ways. He gets lots of thanks,” said Charlie. The goal is to have groups of up to 20 guests a week.

“If this didn’t happen, people wouldn’t know about our culture, and it could die out. These boats will increase our ability to provide outreach and provide cultural promotion,” said Charlie.



Shown in front of the partially completed Fairbanks Behavioral Health Center are Fairbanks Mayor Steve Thompson, Center Executive Director Suzanne Price, and Rural Development State Director Bill Allen.

A New Behavioral Health Center for Interior Alaska

The residents of Interior Alaska are now being served by a modern behavioral health center through the efforts of USDA Rural Development and funding partners.

Prior to completion of the Fairbanks Behavioral Health Center building, shown below, staff was housed in rented space in an area that offered limited privacy, no meeting rooms and no storage space. The new building is energy efficient, well ventilated, and contains unfinished space for future expansion. The facility is on a seven acre site and is the culmination of a 20 year dream.



Photo by Duane Nelson, Nelson's Photography.

In addition to a \$2.5 million Community Facilities loan from Rural Development, the center received a \$1 million grant from the Denali Commission and a \$1 million grant from the Rasmuson Foundation. It also received a \$200,000 grant from the Murdock Foundation and a \$1 million bank-tax exempt loan from Wells Fargo Bank. The Center provided \$1.6 million in funds as well.

“The completion of this facility represents years of effort on behalf of many individuals,” said Fairbanks Rural Development Area Director Jim Pohlman. “Rural Development is proud to have played a part in the construction of a building that will serve Interior residents for generations to come.”

Community Facilities

Homer Library

A new library has been a community goal in Homer for more than twenty years. This goal is now close to being a reality, thanks to an impressive local effort and major agency and foundation funding assistance. USDA Rural Development has committed a \$880,792 Community Facilities Economic Impact Initiative grant and two Community Facilities direct loans totaling \$2,100,000 to the \$8.8 million project. Other major funders include the Rasmuson Foundation, the U.S. Economic Development Administration, the State of Alaska and local sources.

State Director Bill Allen said, "USDA Rural Development is proud to play an important part in financing the new Homer library. Thomas Jefferson once said, 'No nation can remain both ignorant and free.' I truly believe that. Libraries are an essential element in the educational, economic and cultural vitality of the community."

The concept for the new library was developed through a comprehensive planning effort that included a space needs study and broad community involvement. The new facility will be almost 16,000 square feet in area and will meet the needs of Homer area residents for the next twenty years. It will house separate children's and teen areas, a public meeting room, a reading lounge, numerous desks and tables, private study rooms, 18 computers for public use, work space for staff, and room for a collection of more than 45,000 items. Groundbreaking took place in May 2005, and the grand opening is planned for September 2006.

The new Homer Library nears completion, March, 2006.



Photo courtesy of Dick Ginkowski.

Michelle Hoffman, Area Director for USDA Rural Development's Kenai office, said, "The Homer library is a very special project for me because of the strong commitment of the city government and local citizens. Together, they have worked very hard to raise an impressive amount of local money and to contribute voter-approved loan funds in support of this project. The end result will be a library that is a source of pride for Homer area residents for many years."



Library under construction in October 2005.



Shown at the groundbreaking ceremony for the new Homer Library with a ceremonial check representing USDA Rural Development's funding support are (right to left) State Director Bill Allen, Kenai Area Director Michelle Hoffman, Homer Library Director Helen Hill, Mayor James C. Hornaday and Bernhard Richert, Alaska Representative, U.S. Economic Development Administration. Also providing funding support were the Rasmuson Foundation, the State and the City of Homer.

Cold Climate Housing Research Center

Groundbreaking for the long-awaited \$5.2 million Cold Climate Housing Research Center's facility on the University of Alaska Fairbanks campus took place in July 2005. A key component in the financing of this project is a \$2 million Community Facilities Economic Impact Initiative grant from USDA Rural Development. The State of Alaska is also a major funding partner. During remarks at the groundbreaking ceremony, State Director Bill Allen acknowledged the support of the Alaska Legislature, and especially State Senator Gary Wilken, for making the center a reality.

Officially called the Cold Climate Building and Infrastructure Research and Test Facility, the 15,000 square foot structure will house two large test bays, office and classroom space, and space for power generation. When completed, it will host product testing and research methods on construction materials and products. In addition, the Golden Valley Electric Association will use the building as a demonstration of electrical efficiency, cogeneration and on-site, small-scale power generation. The end goal of the project is to reduce the cost, to increase the quality of construction, and to extend the economic life of structures in the Alaska environment.

State Director Allen said: "This is a project that is near and dear to my heart. Because of Alaska's more extreme climate and conditions such as permafrost, many Lower 48 construction methods just don't work here. The Cold Climate Housing Research Center plays a vital role in helping our construction industry to adapt national building techniques to meet Alaska's unique conditions."

Some of the research projects already undertaken by the Cold Climate Housing Research Center include the design

of energy-efficient and affordable housing for very cold climates, the development of wall systems that will not rot or develop mold, and the design and evaluation of ventilation systems to make sure that indoor air is safe. Also, the Center is currently receiving royalties for an emergency egress window that will work in the most extreme winter conditions and can be retrofitted into existing buildings.

Jack Hebert, President and Chief Executive Officer, said: "The efforts of the Cold Climate Housing Research Center will improve the living environment for all Alaskans. We are grateful to USDA Rural Development, the State of Alaska, and our industry partners for their strong and unwavering support of the Alaska State Homebuilding Association's vision in creating the circumpolar world's leading building research center in Alaska."



Left to right, State Senator Gary Wilken, Rural Development State Director Bill Allen and CCHRC President and CEO Jack Hebert at the groundbreaking ceremony for the new Cold Climate Housing Research Center in Fairbanks.



Skagway Traditional Council Dedicates New Building

The Skagway Traditional Council now has a new home, thanks to funding support from USDA Rural Development. The new 3,600 square foot Native Community Center houses council offices and is also a community activity center, offering cultural and business classes such as language, art and accounting. In addition, it serves as a gathering place for community meetings and potlaches.

"Skagway needed this facility," said Sitka Rural Development Area Director Keith Perkins. "Local members of the Native community are seeing a resurgence in interest in their culture, and this facility will provide a gathering place to make that happen."

The project was made possible through a \$528,000 Community Facilities grant from USDA Rural Development. The Traditional Council funded an additional \$278,000. The building, which was dedicated on April 16, 2005, was given the name Héen Agunataani Hit, meaning "Whitecaps on the Water House." The dedication was marked by feasting, songs and dancing, gift distributions and witnessing from local leaders and clans.



The new community center for Skagway built with Rural Development grant funding.

Skagway was the port of entry for the Klondike gold rush and had a population of 3,117 in 1900. Today, it is a community of only 870 year-round residents, but has over 850,000 visitors each year, most of them from cruise ships plying Southeast Alaska's Inside Passage.

Rural Business-Cooperative Programs

USDA Rural Development continued strong support for rural Alaska businesses during fiscal year 2005.

“We approved almost \$28 million in loan guarantees in fiscal year 2005,” said Director of Business Programs Dean Stewart. “We saw substantial interest from our lending partners and the program continues to attract interest from a wide variety of businesses.” Stewart said that in fiscal 2005, the business guarantee program created or saved 814 jobs in rural Alaska.

Interest in other business programs was also substantial. A \$750,000 Intermediary Relending Program loan was awarded in Western Alaska, and will be used to spark business development in that region. Additionally, Rural Development awarded about \$350,000 in Rural Business Enterprise and Opportunity grants in fiscal year 2005.



Creating Alaskan Jobs: Rural Development funds provided to the Denali Commission resulted in the fabrication of new trash disposal equipment for use by rural communities. The disposal systems were fabricated in Alaska and shipped to the communities by barge and plane.

Quartz Creek Lodge

USDA Rural Development’s Business and Industry Guaranteed Loan program was used to make a small but important contribution to Alaska’s tourism and recreation industry. Wells Fargo Bank sought and obtained a guarantee of a \$200,000 loan made to the owners of the Quartz Creek Lodge, Inc., a remote lodge located on Kodiak Island. The primary purpose of the loan was to consolidate ownership of the lodge by purchasing the share of the business held by a former partner.

The Quartz Creek Lodge was constructed in 1999 and has been operated by the present owners, David and Pam Pingree, since that time. The lodge is located on a 5 acre site on Uganik Bay, within the Kodiak National Wildlife Refuge, and is accessible only by air.

Pam Pingree said, “This is a small, family-run operation and we want to keep it that way. We believe in paying a great deal of personal attention to our guests to make sure that they have the very best experience possible.”

Dean Stewart, Director of Business Programs for USDA Rural Development, said, “The Quartz Creek Lodge is a well-run family operation. To be successful, this type of business requires that a great deal of attention is paid to ensuring that guests have a memorable and positive experience. David and Pam Pingree have certainly done this, and I wish them continued success.”

A view of the Quartz Creek Lodge from the water.



David and Beth Pingree kayaking near their lodge on Kodiak Island.

Photos by Quartz Creek Lodge.

Kenai Peninsula Economic Development District

USDA Rural Development’s Rural Business Enterprise Grant (RBEG) program was used by the Kenai Peninsula Economic Development District, Inc. in FY 2004 and FY 2005 to establish and maintain a micro-loan program. The program is designed for the home-based entrepreneur who is unable to obtain conventional credit. Loans are made for \$5,000 up to \$20,000.

The Kenai Peninsula Economic Development District received two RBEG grants, totaling \$69,731. Between June 23, 2004 and December 2, 2005, the entire grant amount was used to make nine loans, including one made with money that had been repaid.



Successful Entrepreneur

Barron Butler, owner of Alaskan Organic Plant Food, located at Mile 17 of the Kenai Spur Road, is one of the program’s success stories. He obtained a \$7,000 loan to market his product, organic fertilizer made from clam waste.

The raw product is obtained from a nearby fish processor at Nikiski. It is emulsified, then formed into 5-ounce patties and dried, shredded and ground, before being manually blended and packaged into 2-pound bags ready for market. Barron is very enthusiastic about his product. He said: “This product is made of all-Alaskan ingredients which are 100% naturally organic. There has been a lot of interest in the product and I am now shipping it all over Alaska and the continental United States.”

Dee Gaddis, Programs Manager for the Kenai Peninsula Economic Development District, said, “I really like this program. It lets us help people that banks cannot. The Kenai Peninsula has many entrepreneurs like Barron Butler who can make good use of the program.”

Nugget Construction

In FY 2005, USDA Rural Development guaranteed a \$1,700,000 loan made by the Denali State Bank to Nugget Construction, Inc. through its Business and Industry Guaranteed Loan program. The company used the loan to purchase additional equipment for use on its projects in Sand Point and King Cove, to recoup funds for existing equipment repairs, and to consolidate the balance of a prior equipment loan with the same bank. Nugget Construction, Inc. is a wholly Alaska Native-owned construction company, headquartered in Tok, with over 30 years of experience working in rural Alaska.

The two projects for which Nugget Construction sought a loan in FY 2005 are both in the Aleutians region. The \$9 million airport project at Sand Point involved an 800-foot extension of the runway.

The King Cove to Cold Bay road project involves the construction of 17 miles of road running from King Cove to a hovercraft terminal near Cold Bay. Nugget Construction, Inc. is working on this project with SKW/Eskimos, Inc. Nugget Construction's part of the work began in July 2004 and will continue through the fall of 2006.



The Sand Point Runway extension project.

Cliff Terwilliger, Vice President of Nugget Construction, Inc. said, "We were able to use our loan to acquire a range of heavy duty construction equipment, such as loaders, excavators, side dumps, rock trucks and graders for our work in Sand Point and King Cove. Overall, 2005 was a good year for Nugget Construction. We had over 100 people on our payroll because of those projects."

Dean Stewart, Director of Business Programs for USDA Rural Development, said: "This is our second loan guarantee involving Nugget Construction, Inc. They are a good company that performs well in the very difficult business of construction work in remote areas of the state."



Photos by Nugget Construction.

17 miles of road will connect King Cove to a hovercraft terminal near Cold Bay.

Small Business Development Center

The Rural Outreach Program of the University of Alaska Anchorage's Small Business Development Center has received assistance through USDA Rural Development's Rural Business Enterprise Grant (RBEG) program since 1998. In FY 2005, the Small Business Development

Center received an RBEG grant in the amount of \$80,000. Particularly in communities off the road system, rural Alaska is a difficult and expensive place in which to establish a new business, or even to maintain an existing one. Transportation costs are high, markets are small, entrepreneurial skills are often lacking, and competition from Anchorage or Fairbanks businesses and mail order houses is very strong. Dean Stewart, Director of Business Programs, said: "The presence of the Small Business Development Center's Rural Outreach program helps to fill a huge void and is a good use of RBEG funds. The consistency and the continuity of this program are important to the success of rural entrepreneurs who do not have ready access to technical expertise."

During FY 2005, the Rural Outreach Program provided assistance to a total of 347 small business owners or prospective owners in rural Alaska. It also provided over 1,640 hours of combined business workshop training and counseling sessions. One recipient of assistance in 2005 was Francine Lee, owner of the Tok General Store. She has been in business for the past two and a half years, but needed a loan to buy the building that her business in Tok occupies. Matt Tullar, Director of the Rural Outreach Program, helped her prepare a business plan that led to her getting a loan and giving her more options for expanding her business in the future.

USDA Rural Development is happy to be a part of the important rural outreach work being undertaken by the Small Business Development Center. We also want to take this opportunity to recognize the many contributions of the late Jan Fredericks, Director of the Small Business Development Center and a true friend of rural Alaska, who died in November 2005. Matt Tullar said: "My rural efforts are a direct result of Jan's leadership. She will be missed but her efforts will continue to assist entrepreneurs throughout Alaska, and I'm happy to make sure of it."

Community Outreach

From contributing to the Combined Federal Campaign to volunteering for the Alaska State Fair and Iditarod Sled Dog Race to working with local church and community groups, members of USDA Rural Development “Team Alaska” made a substantial contribution again in 2005.

At the State Office, Melissa Stewart, Community Facilities Loan Specialist, organized two blood drives which netted 30 pints of blood for the Blood Bank of Alaska. Stewart said the drives were “an overwhelming success” and in addition to USDA personnel, “walk ins” from the community donated.

Home Loan Specialist Cynthia Jackson spearheaded a successful June Homeownership Month open house at the State Office which attracted a number of potential borrowers. The housing staff also staged a kick-off for the newest Matanuska-Susitna Valley Self-Help Housing project. That event drew attention from the local media. Field office staff not only staged housing events through the year, they participated in community events including canned food drives, hospice fundraisers, and Big Brothers Big Sisters “Bowl for Kids.” Thousands of dollars were raised for various state charities and community groups through the efforts of Rural Development “Team Alaska”.



USDA Rural Development and its sister agencies support the Kenai Peninsula Food Bank. (Right to left) Area Director Michelle Hoffman, Loan Specialist Amy Milburn and Amy's Daughter Darby with donated food collected for the Food Bank.

Housing Loan Technician Misty Hull donates blood at the Palmer State Office.



Community Facilities Loan Specialist Melissa Stewart (seated) donates blood. She organized two blood drives at the State Office in Palmer during 2005.



Budget Office

USDA Rural Development-Alaska created a budget and management office in Fiscal year 2005. Under the direction of Budget Analyst Jean Kornmuller, the office is designed to improve efficiency and maximize program delivery. Through the new office, Rural Development is instituting performance measures to ensure that funds are spent more effectively. Additionally, the budget office provides increased accountability. As part of “Team Alaska,” the budget office ensures that that Alaskans receive the maximum benefit from the funds allocated to Rural Development and that those funds are delivered in the most cost effective way possible.

Jean Kornmuller—Rural Development Budget Analyst.



Alaska USDA Service Center Has Record Breaking Recycling Days

During the last few years, USDA State Office employees Sherry Kimmons (Rural Development) and Dennis Moore (Natural Resources Conservation Service) have teamed up to recycle Alaska USDA Service Center materials. The recyclable materials are taken to Valley Community for Recycling Solutions (VCRS) about every week, or as needed. VCRS is located near the Palmer State Office and serves the rapidly growing Matanuska-Susitna Borough. Rural Development and NRCS administrative staff have facilitated recycling by purchasing portable recycling containers for office paper, mixed paper, outdated technical guides, administrative manuals, supply catalogs, phone books, plastic bottles, aluminum cans, packaging peanuts, printer cartridges, and shredded paper. Recycling has increased substantially in 2006.

USDA Rural Development is a supporter of recycling. In 2005, with funds passed through the Denali Commission, Rural Development funded the purchase of a new baler by VCRS which crushes recycled materials for easier shipment. Because the materials are more compact, they are worth more per pound, increasing their value to the recycling center and making the center more financially self-sufficient.



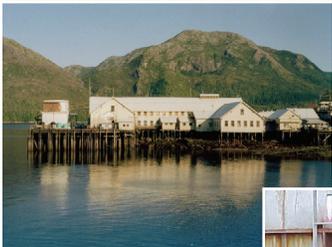
Dennis Moore and Sherry Kimmons with recyclable material collected from the Palmer State Office.

EZ/EC

Empowerment Zones/ Enterprise Community Program

Metlakatla is Alaska's only USDA "Enterprise Community." This designation makes the community, which is located in Southeast Alaska, eligible for funding for projects identified in its strategic plan.

During FY 2005, \$33,115 in EZ/EC funds was used to improve the efficiency of herring and salmon roe operations at the Annette Island Packing Company, the tribally-owned fish processing plant. The capacity of an old brine making tank was inadequate to handle the herring and salmon roe passing through the plant. Using EZ/EC funds, three tanks were relocated. One now serves as a brine making tank and has three times the capacity of the tank it replaced. The other two are used to hold refrigerated seawater. This is available to both the fishermen and the plant to keep the fish cool before they are processed. The end result is a better product and better prices for the plant and the community's fishermen.



The Annette Island Packing Company is a tribally owned fish processing plant.

Photos by Annette Island Packing Company.



Annette Island Packing Company's Nathan Fawcett stands in front of a newly relocated brine tank. Funds for the project were provided by USDA Rural Development.

Enterprise Community Funds help Metlakatla Homeowners

With the help of Tambi Calvert, from USDA Rural Development's Sitka office, a growing number of Metlakatla residents have been able to take advantage of home repair loan and grant funds to make much needed health and safety improvements to their homes. The funds are "set aside" for use by Metlakatla because of its Enterprise Community designation by USDA Rural Development.

The Eleanor McGlothlin Story

When Eleanor McGlothlin's home caught fire on November 30, 2001, she and her 43 year-old daughter, Donna, lost nearly all their possessions. They were not hurt and the structure remained standing, but inside the home was almost a total loss. Like many Metlakatla residents, Eleanor had no hazard insurance, and she had no money of her own to make her house livable again. So, she was forced to move in with her son. Although she was grateful to have a place to live, the fire had taken away her independence. Eleanor is elderly and lives on Social Security, so she could not qualify for a conventional bank loan. She had almost given up hope that she

would ever be able to move back into her home. Then, it was suggested she call Rural Development for help. Because Metlakatla is an Enterprise Community, additional USDA Rural Development housing funds are set aside each year specifically to help meet the needs of limited income community residents. Tambi Calvert worked with Eleanor to see what could be done. Eleanor was eventually able to get a Rural Development loan to rebuild her home and to provide needed amenities, including handicapped access for her bathroom. Eleanor's age and income also enabled her to qualify for a grant that was used to put on a new roof.

Eleanor finally moved back into her home in October 2005. Because of her loan with Rural Development, she has house payments that she can afford. Also very important, Tambi was able to help Eleanor find affordable homeowners insurance, so her home is now protected against any future losses.



Eleanor McGlothlin in her newly rebuilt home.



The home during reconstruction with funds provided through Rural Development.

Financials 2005

Rural Housing Programs:

Guaranteed 502 Loans	\$ 29,230,000
Direct 502 Loans	\$ 8,954,000
504 Home Improvement Loans	\$ 71,000
504 Home Improvement Grants	\$ 252,000
Mutual Self-Help Housing Grants	\$ 493,000
Housing App. Packaging Grants	\$ 3,000
Housing Preservation Grants	\$ 50,000
Rental Assistance	\$ 3,197,000

Total \$ **42,250,000**

Community Facilities Programs:

Community Facilities Direct Loans	\$ 4,202,000
Community Facilities Grants	\$ 103,000
CF Economic Impact Grants	\$ 4,144,000

Total \$ **8,449,000**

Business & Co-Op Programs:

Guaranteed Business Loans	\$ 27,951,000
Intermediary Relending Prgm Loans	\$ 750,000
Rural Business Enterprise Grants	\$ 314,000
Rural Bus. Opportunity Grants	\$ 34,000
Empowerment Zone/ Enterprise Community Grants	\$ 33,000

Total \$ **29,082,000**

Rural Utilities Programs:

Water & Environmental Prgms Grants	\$ 5,140,000
Rural Alaska Village Grants (AK)	\$ 24,271,000
Remote Maintenance Worker Grant (AK)	\$ 400,000
Solid Waste Management / Technical Assistance & Training Grants	\$ 182,000
Solid Waste Management Grants (Denali Comm.)	\$ 1,500,000
High Cost Energy Grants (Denali Comm.)	\$ 15,000,000
Electric Loans	\$ 82,448,000
Emergency Fuel Grant (AK)	\$ 350,000
Telecommunications Loans	\$ 12,961,000
Telecom. Broadband Grants	\$ 279,000
Telecom. Distance Learning & Telemedicine Grants	\$ 2,429,000

Total \$ **144,960,000**

Loan & Grant Activity by Area Office

	State Office Mat-Su	Bethel	Dillingham	Fairbanks	Kenai	Nome	Sitka
Community and Business Programs	\$ 1,480,000	\$ 123,000	\$ 8,637,000	\$ 4,656,000	\$ 3,994,000	\$ 539,000	\$ 14,311,000
Housing Programs	\$ 16,083,000	\$ 332,000	\$ 515,000	\$ 8,447,000	\$ 14,343,000	\$ 741,000	\$ 5,581,000
Water & Environmental Programs	\$ 5,424,000	\$ 1,964,000	\$ 3,046,000	\$ 3,511,000	\$ 5,966,000	\$ 8,953,000	\$ 2,628,000
Electric Programs	\$ 600,000	\$ 11,249,000	\$ 263,000	\$ 84,043,000	\$ 77,000	\$ 107,000	\$ 1,459,000
Telecommunications Programs	\$ 259,000	\$ 500,000	\$ 9,920,000	\$ 4,221,000	\$ 0	\$ 770,000	\$ 0
Total	\$ 23,846,000	\$ 14,168,000	\$ 22,381,000	\$ 104,878,000	\$ 24,380,000	\$ 11,109,000	\$ 23,979,000

Staff & Regional Offices

Rural Development – Alaska State Office Personnel

B. B. (Bill) Allen, *State Director*
Frank A. Muncy, *Assistant to the State Director*
Karen Dearlove, *Special Assistant to State Director*
Gene Kane, *Director, Special Projects*
Wayne Maloney, *Director of Public Affairs/FOIA*
Jean Kornmuller, *Budget Analyst*



Rural Development
"Team Alaska" at
the Palmer State
Fairgrounds,
Summer 2005.



(Left to right) Deputy Agriculture Secretary Chuck Conner, Nome Public Utilities Manager John Handeland, Mark Rey, Agriculture Under Secretary for Natural Resources and Environment; and Alaska Rural Development State Director Bill Allen. Handeland is holding a fur lined "honey bucket." Through the efforts of USDA Rural Development, the State of Alaska, Senator Ted Stevens and the Alaska Congressional Delegation, the honey bucket is being replaced with safe, sanitary sewage handling systems across the state. Photo taken during the Alaska Farm Bill Forum, Palmer, 2005.

Housing Programs

Deborah Davis, *Director, Housing Programs*
Karen LaMouria, *Assistant Director, Housing Programs, Guaranteed Loan Specialist*
Robert Beans, *Loan Specialist, Multi-Family*
Catherine Milazzo, *Loan Specialist, leveraged/direct*
Cynthia Jackson, *Guaranteed Loan Specialist, servicing*
Nancy Hayes, *Guaranteed Loan Technician*
Misty Hull, *Loan Technician, Multi-Family*
Colleen Peterson, *Loan Technician, leveraged/direct*
Marge Gagnon, *Loan Technician, leveraged/direct*

Business & Industry Programs

Dean R. Stewart, *Director, Business Programs*
Renee Johnson, *Business Programs Specialist*
Sherry Kimmons, *Business Programs Technician*

Community Facilities/Water and Environmental Programs

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Melissa (Missy) Stewart, *Community Facilities Specialist*
Debby Retherford, *Rural Utilities Specialist / Native Outreach Coordinator*
Mariela Figueroa, *Community Facilities Technician*
Tasha Deardorff, *Rural Utilities Technician*
Tim Krug, *Construction Analyst*

Administration/Human Resources

Debbie Andrys, *Acting Administrative Officer/Senior Area Director*
Denise Plaizier, *Human Resources Officer*
Kathy Russell, *Contract Specialist*
Sharon Griggs, *Procurement Technician*
Michelle Henn, *Human Resource Assistant, Administrative Support Assistant*

Information Technology Services

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Committed to the future of rural communities.

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