

United States Department of Agriculture

USDA RURAL DEVELOPMENT - CALIFORNIA FY 2002 ANNUAL REPORT



Helping rural communities in California improve the quality of life by providing financial and technical resources in areas of need.



We're Number One !

USDA RURAL DEVELOPMENT - CALIFORNIA FY2002 ANNUAL REPORT



**United States
Department of Agriculture
Rural Development
California**

430 G Street
Agency 4169
Davis, CA 95616-4169

530-792-5800
530-792-5837 fax
530-792-5848 TDD
RD.info@ca.usda.gov

Visit us on the internet at
www.rurdev.usda.gov/ca

Rural Development State Director
Paul Venosdel (530) 792-5800

Assistant to the State Director
Paul Lehman (530) 792-5801

Administrative Programs Director
Rita Medina (530) 792-5833

Business - Cooperative Program Director
Charles Clendenin (530) 792-5825

Utilities and Community Facilities
Program Director
Janice Waddell (530) 792-5810

Single-Family Housing Program Director
Robert Anderson (530) 792-5816

Multi-Family Housing Program Director
Jeff Deiss (530) 792-5830

Community Development
Program Director
Christina Sundstrom (559) 734-8732 x4

Region 1 Rural Development Manager
Roger Trindade (530) 246-5244 x4

Region 2 Rural Development Manager
Paul Rice (707) 526-6797 x4

Region 3 Rural Development Manager
Richard Brassfield (559) 276-7494 x4

Region 4 Rural Development Manager
Gurcharan Dhillon (559) 734-8732 x4

The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternate means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-5964 (voice and TDD.)
To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice and TDD.) USDA is an equal opportunity employer.



LETTER FROM THE STATE DIRECTOR



USDA Secretary Ann M. Veneman and Rural Development State Director Paul Venosdel in Washington, D.C. last July discussing rural California economic issues.



Rural Development
California State Office
Office of the State Director
www.rurdev.usda.gov/ca

430 G Street
Davis, CA 95616
530-792-5800
530-792-5837 fax

January 29, 2003

DEAR COLLEAGUES, FRIENDS
AND BUSINESS PARTNERS:

We have just experienced a tremendous year at USDA-Rural Development (RD) in California. A sincere thank you to the Secretary for outstanding leadership and for the honor to serve this Administration.

My first year as State Director started with appointment as chair of the Central San Joaquin Valley Federal Interagency Economic Development Task Force as declared by Executive Order from President George W. Bush. I'm proud to report the President's Task Force held two successful conferences in Fresno and Visalia, created a 1,200-entry information network database and launched a Task Force web page to improve access to federal resources. In addition, I was asked to chair the Food and Agriculture Council and join as a team member of the Federal Regional Council.

Throughout 2002, one central message rang loud and clear – the strength of USDA-RD in California is the hard work and professionalism of our employees. In the last 12 months I had the privilege and pleasure to visit 77 California communities and personally talk to staff, partners and applicants across the State. At each stop, I found our employees to be respected community leaders, working hard to improve local housing, business, infrastructure and community life for families.

The Office of Inspector General presented our team a clean audit with a "no measurable problems" review. And because of our dedicated employee team, USDA-RD increased total FY2002 program funding by more than \$25 million (a 25% increase). Our accomplishments included:

- **Business** - First in Nation in Business Loan / Grant Volume
- **Single Family Housing** - First in Nation in Loan / Grant Volume
- **Multi-Family Housing** - First in Nation in Loan / Grant Volume

Our team also gave back to the community. As part of President Bush's call to all Americans to volunteer their time, 200 USDA-RD California employees, families and friends rolled up their sleeves this year. From Yreka to El Centro, our team pitched in to:

- help build homes at Self Help Housing projects
- plant grass, flowers and trees along community streets
- plant a vegetable garden for residents at a home for the developmentally disabled
- counseled troubled families at a domestic violence center
- helped raise funds for community groups at a Halloween haunted house

To our community and business partners who made this great success possible. . . thank you. Take a share of the extreme pride and sense of accomplishment our team feels.

Facts, figures and faces in this Annual Report demonstrate our Success Stories in 2002. Let's continue making a difference in rural California in 2003 and beyond!

Sincerely,

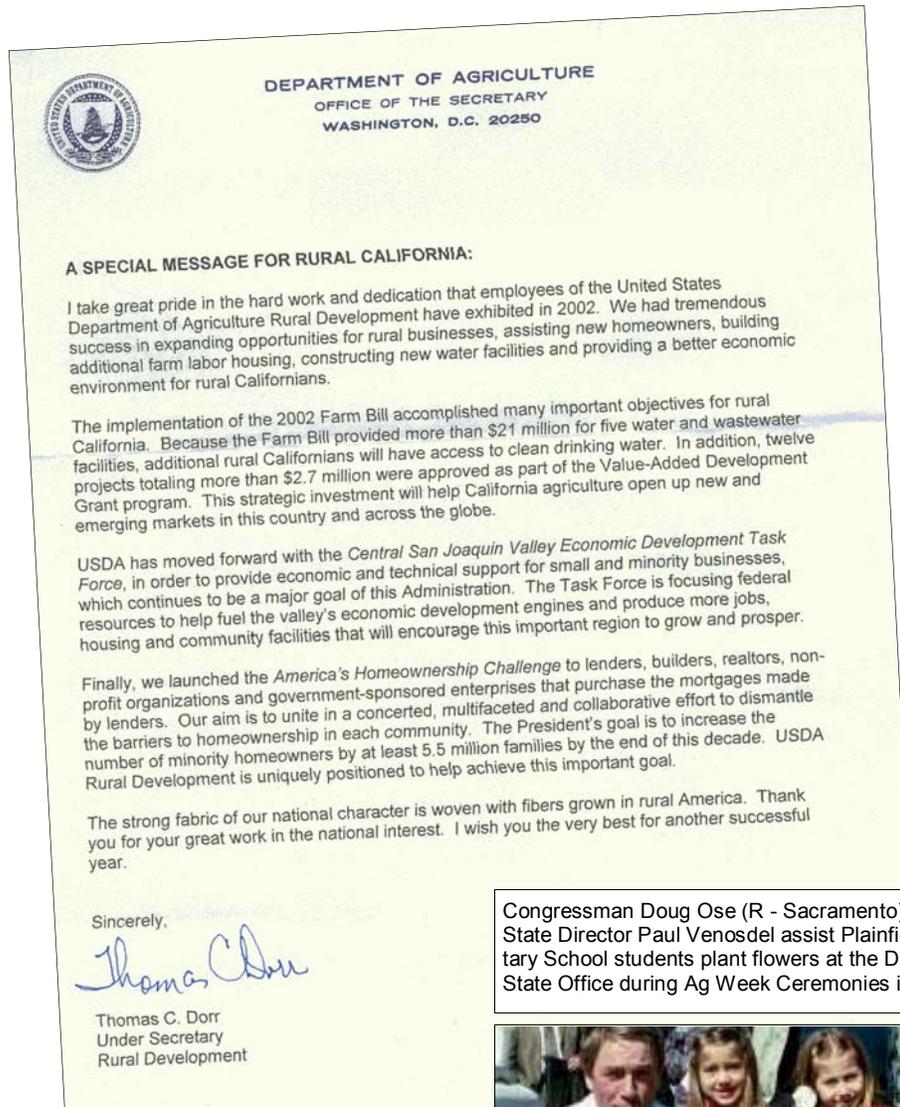
PAUL VENOSDEL
CALIFORNIA STATE DIRECTOR

AN EQUAL OPPORTUNITY EMPLOYER

CONGRESSIONAL / WASHINGTON, D.C. SUPPORT

“USDA Rural Development provides much needed assistance to Rural America in programs ranging from water quality enhancement to marketing. In the new Farm Bill we funded and expanded some of these programs. An example of these successful programs is the Value Added Development Grant which encourages farmers and ranchers to expand their marketing opportunities by developing new products and new marketing ideas.”

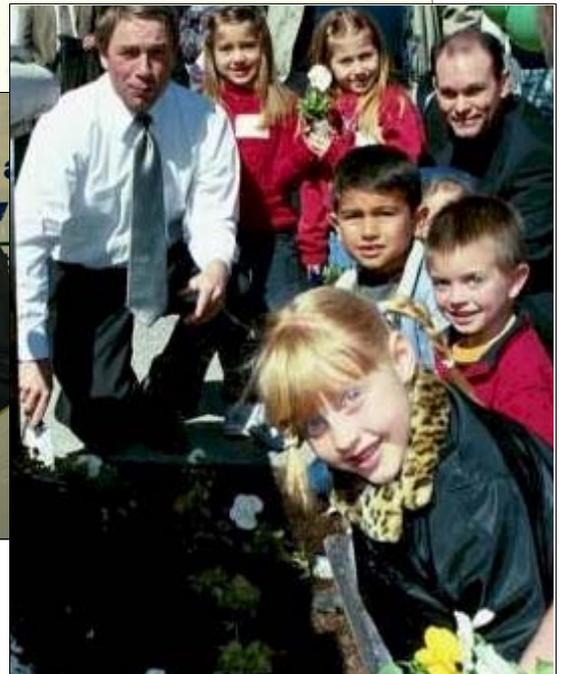
The Honorable Richard Pombo
(R - Tracy)
Member of Congress
Chairman -
House Resources Comm.
Member -
House Agriculture Comm.



Congressman Doug Ose (R - Sacramento) and RD State Director Paul Venosdel assist Plainfield Elementary School students plant flowers at the Davis USDA State Office during Ag Week Ceremonies in February.



Congresswoman Mary Bono (R - Palm Springs) joins RD State Director Paul Venosdel in August to present a \$6.25 million wastewater system improvement check to Juan De Lara, Mayor of Coachella.



2002 - MARKETING DEVELOPMENTS IN RURAL CALIFORNIA

NEW INFORMATIONAL LITERATURE

Rural leaders and the business community can't utilize USDA Rural Development programs if they don't know about them. To market and promote the various direct and guaranteed loans and grants, the Rural Development state office created new color brochures for Rural Business Service programs and Community Facility programs. Also a 12-page *Catalog of Loans, Grants and Technical Assistance* was produced to inform the public and interested partners.

LAUNCHING PROGRAM NEWSLETTERS

Major growth in the funding of Farmworker Housing by Rural Development - California prompted additional media to share this message. The **California Rural Housing News** was launched with a "Spotlight on Farm Labor Housing" issue in October. Community Development advances, especially in the targeted Central San Joaquin Valley led to the creation of **California Rural Community Development News**. The winter first issue shared "How To" success stories from the numerous California Empowerment Zones (EZs), Enterprise Communities (ECs) and Champion Communities.

LENDER MARKETING TEAM MEETS

Periodic collaboration and consultation between staff members of the various program marketing and administrative departments has strengthened Rural Development - California as a team. A Progress and Planning meeting was held by the Lender Marketing Team in October resulting in various plans and recommendations.

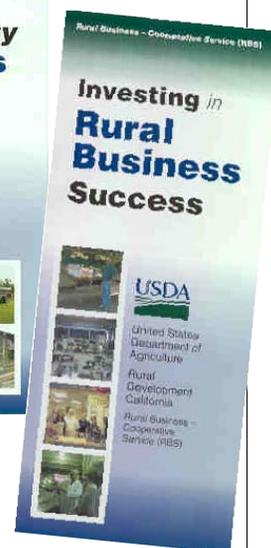
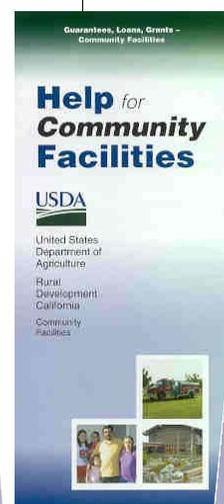
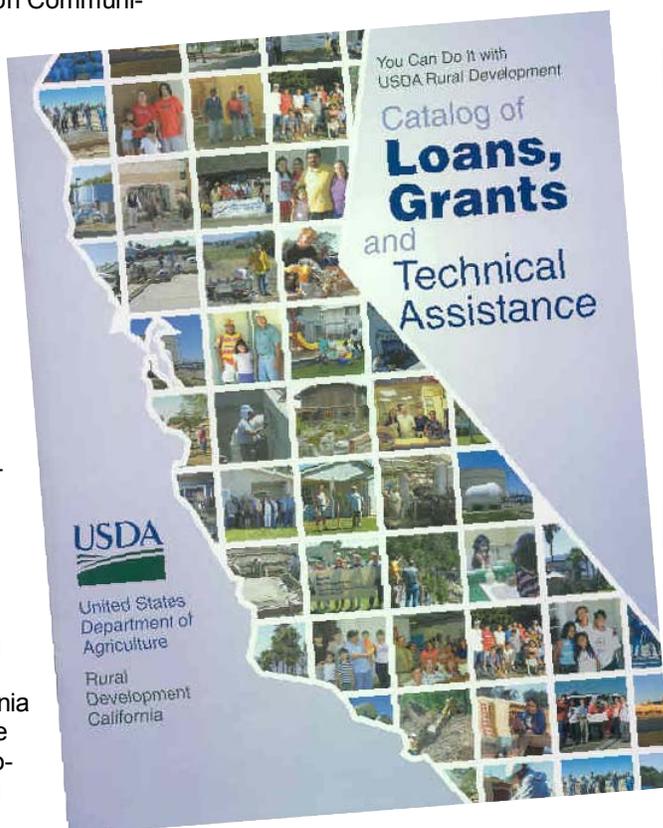
"OUTLOOK 2003" CONFERENCE

Representatives from each Rural Development program discipline, each geographic region in the State of California and the two USDA employee associations were brought together in December. During

this one-day meeting, Rural Development - California goals and targets for FY2003 were discussed. The State Director also shared his vision for greater cooperation, higher program dollar efficiency and teamwork at all levels.

AG WEEK EVENT DRAWS MEDIA TO STATE OFFICE

To draw attention to the importance of agriculture in rural California communities and to proudly demonstrate our partnership with the other USDA mission areas, Rural Development's state office staff in Davis coordinated an Ag Week Celebration in February. Congressman Doug Ose attended as did other leaders from rural California. The event drew print and electronic media from the surrounding areas and earned excellent news coverage and exposure to the urban and rural publics. This event is one example of a series of Rural Development - California events this year that drew favorable attention in print and electronic media.



President George W. Bush has set the goal of 5.5 million more homeowners in the U.S. by 2010 as part of his Home Ownership Initiative



“Owning a home lies at the heart of the American dream. A home is a foundation for families and a source of stability for communities.

Yet today, while nearly three-quarters of all white Americans own their homes, less than half of all African Americans and Hispanic Americans are home owners.

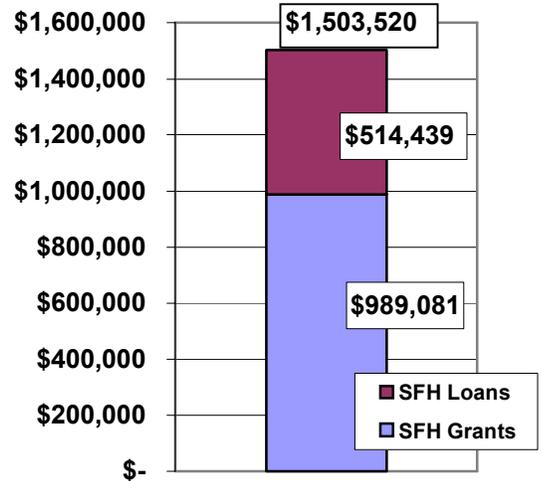
We must begin to close this home ownership gap by dismantling the barriers that prevent minorities from owning a piece of the American dream.”

President George W. Bush Radio address to the Nation in June 2002.

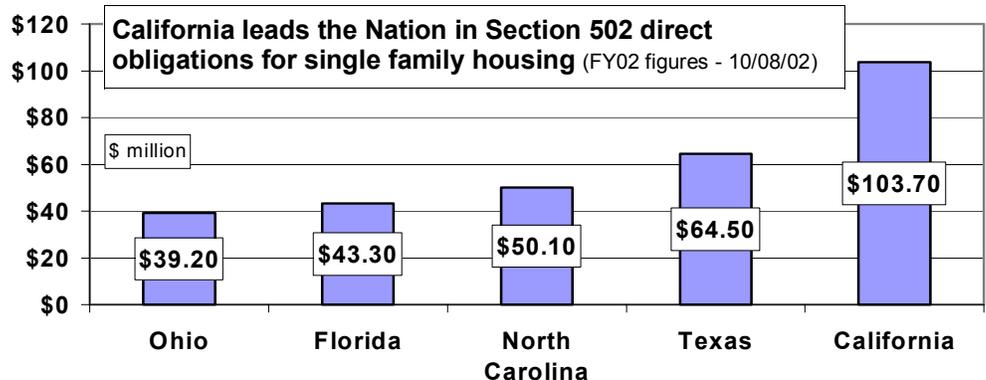
SINGLE FAMILY HOUSING - 2002 SETTING RECORDS IN CALIFORNIA

Rural Housing Service delivers a variety of assistance to support rural single family housing needs.

- Single Family Housing Direct Loan - SFH 502
- Single Family Housing Participation Loan - SFH 502 Participation
- Single Family Housing Guaranteed Loan - SFH Guarantee
- Single Family Housing Repair Loan - SFH 504 Loan
- Single Family Housing Repair Grant - SFH 504 Grant
- Self-Help Technical Assistance Grants



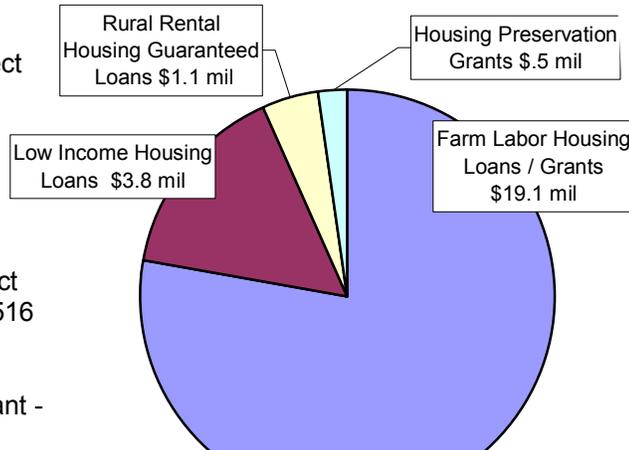
Riverview Estates. Guadalupe, CA. Rozzana and Enrique Lirio (center and right) are key members of the team building their house. With USDA Self Help funding, they are getting training and professional assistance. Also assisting the young couple build their first house is Enrique's father Enrique, Sr. (left).



MULTI FAMILY HOUSING - 2002 HELPING GOLDEN STATE FAMILIES

Rural Housing Service also delivers a variety of assistance to support rural multi family housing needs.

- Multi Family Housing Direct Loan - MFH 515 Loan
- Multi Family Housing Guaranteed Loan - MFH Guarantee
- Farm Labor Housing Direct Loan & Grant - FLH 514/516 Loan & Grant
- Housing Preservation Grant - HPG



Total \$24,636,000 - Multi Family Housing Funding in FY2002 by USDA Rural Development California

Mahal Plaza Child Care Center. Yuba City, CA. Capacity at Mahal was doubled by converting the community room into additional classrooms, adding playground equipment and retrofitting the restrooms.

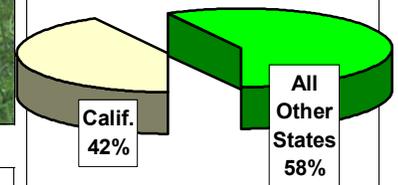


Multi Family Housing "2002 State of the Year"
Awarded to California by USDA Rural Development National Office for the highest volume of loan and grant funds.

*"Last June, California was named as USDA Rural Development's Multi Family Housing State of the Year! We then lived up to this honor by being **NUMBER ONE** in the nation in Farm Labor Housing activity."*

Jeff Deiss,
MFH Program Director
USDA - RD California

Rural Development Funding for Farm Labor Housing in U.S. FY2002



Mecca Multi Family Housing Project. Mecca, CA. Modern in design and exterior colors, this new housing was affordable to build, maintains well and gives residents a sense of pride in their community.

CALIFORNIA ADMINISTRATIVE DEVELOPMENT

Office of Inspector General - Audit Success

After undergoing a complete and thorough audit by the Office of the Inspector General, USDA RD - California was designated "clean" with "no measurable problems." This status is highly desirable among federal agencies and signals that the approximately \$275 million that USDA - RD in California administers and distributes has been handled in a competent and effective manner.

Succession Plan - Preparing for Boomer's Retirement

Evaluation of USDA Rural Development staff longevity revealed the startling fact that up to 26% of current staff in California will be eligible to retire in the next five years. To prepare managers and supervisors at all levels, the *Rural Development Succession Plan* was prepared and distributed statewide. This comprehensive document

identifies potential challenges and provides guidance to meet ongoing staff needs including recruitment strategies.

Staff Training Conferences - Supervisor Training / Retirement Planning

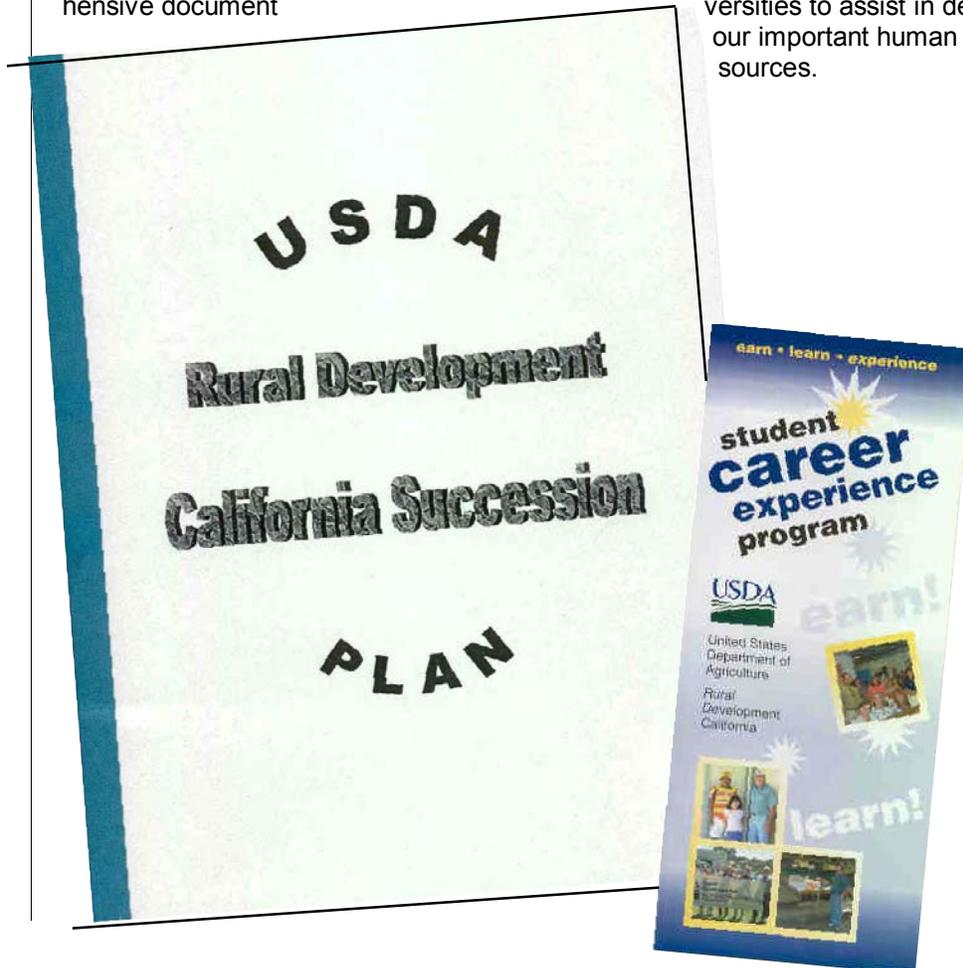
State office conducted staff training sessions on the priority areas of Supervisor Training in August and Retirement Planning in September. These well-attended sessions increased management staff competence in employee supervision and assisted staff nearing retirement to understand the personal and financial issues they soon must face.

New Recruitment Brochure - Student Career Experience Program

"Learn and Earn" is the theme of this new colorful student recruitment brochure. This attention-getting tool was distributed to colleges, community colleges and universities to assist in developing our important human resources.

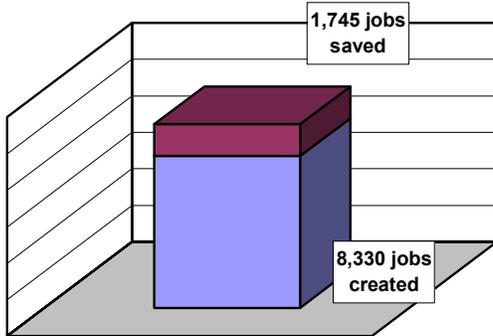
"Working in a local Rural Development office I'm seeing business development projects through from start to finish. It's satisfying. We just helped a sheet metal plant expand, adding good paying jobs to the local economy. It's hands-on education."

Armando Tapia
CSU Chico Student
USDA-RD, Oroville
Field Office



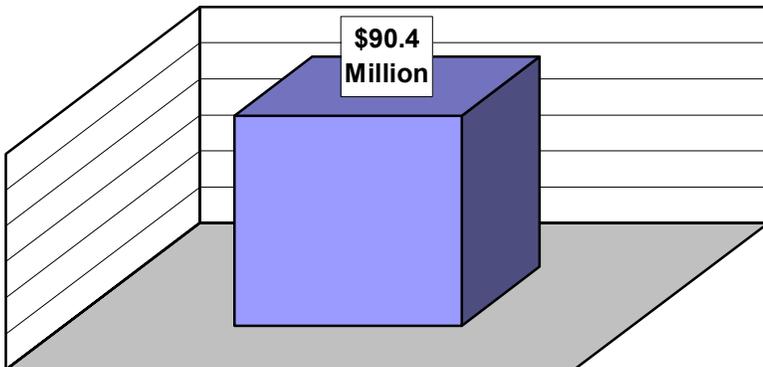
RURAL BUSINESS - COOPERATIVE SERVICE IN CALIFORNIA

USDA Rural Development's Rural Business-Cooperative Service delivers a variety of assistance to rural businesses and communities. All of them work in financial partnership with local economic organizations -- banks and lenders, economic development groups, local revolving loan funds, universities, cities, counties, tribes, and cooperatives.



Employment Results in FY2002 from Rural Business Loans / Grants

- Business and Industry Guaranteed Loan - B&I Guarantee
- Intermediary Relending Program - IRP
- Rural Business Opportunity Grant-RBOG
- Rural Business Enterprise Grant - RBEG
- Value-Added Agricultural Product Development Grants - VADG



Rural Business Loans / Grants in FY2002 totalled \$90,443,317

“Our team worked even harder this year to help stimulate the rural business economy. Throughout the rural areas of the State, we arranged business loans, guarantees and grants and won USDA’s ultimate recognition with the 2002 Rural Business Economic Development Award.”

Chuck Clendenin
Rural Business Service Program Director
USDA - RD California



Metal Works, Inc. Oroville, CA
Through USDA’s Business and Industry Loan programs, this metal fabrication company was able to maintain 50 family wage jobs and add 10 new jobs in the economically depressed community of Oroville. The company produces high stress metal trusses for construction of malls, bridges and school buildings.

RURAL UTILITIES SERVICE - WATER AND WASTEWATER TREATMENT

Tiny town gets second chance

Chinese American settlement changes hands, gets a grant.

By Bill Lindelof
BEE STAFF WRITER

Things are looking up for the town that appears like it could fall down.

Locke, the last freestanding rural Chinese American town, was presented Saturday with a big check to install a new sewer system.

The U.S. Department of Agriculture has approved an \$825,000 grant, and SHRA will provide \$200,000 in matching funds.

“These projects will provide critical infrastructure funding that will help residents and businesses in rural communities, as well as create jobs and more investment in these areas.”

Ann M. Veneman
USDA Secretary
August 2002

Washington Water District, Nevada County, CA
With a combination of USDA Rural Utilities Service loan and grant funds, Washington's water system is modernizing from a PVC water line to an eight-inch ductile iron water line with steel pipe support system to avoid breakage and likely bacterial contamination.

tem and possibly save the town from deteriorating further.

Officials and townspeople said the day marked a new beginning for the National Historic Landmark on the Sacramento River.

“Long live Locke,” Ping Lee, 85, the former unofficial mayor of Locke, said during ceremonies held on the town's main street.

Speeches, firecrackers, lion dances and music marked another milestone: the sale of the town property by Hong Kong-based Locke Property Development Co. to the Sacramento Housing and Redevelopment Agency.

And soon the land could be purchased by the people who live in Locke's homes, officials said.

Only 12 Chinese Americans still live in Locke, out of a total population of about 85. The town, with its mix of races, retains a charming stopping place along Highway 160 for tourists looking for a bite to eat or a stroll along the shaded sidewalks.

Unpainted wooden-sided buildings, barber shops and morning halls.

In 1977, Locke Property Development bought the town with plans to subdivide and develop farmland.

On Saturday, a Don Lion Dancer and Bell Corps County Supervisor Collin introduced several dignitaries, including former grocer Lee and longtime resident Connie King.

King, who had been working day and night making 2,000 almond cookies for the ceremony, said she cried Saturday morning thinking about the decades the town elders spent trying to save the town.

“This is a special, emotional day for me today,” she said.

King, 79, remembered how in 1949 she and her late husband ventured from buying a small house in the Delta because they were Chinese.

“I always wanted to preserve this town of Locke in memory of the railroad, but the swamp land

ment Co. to the Sacramento Housing and Redevelopment Agency. And soon the land could be purchased by the people who live in Locke's homes, officials said.

Only 12 Chinese Americans still live in Locke, out of a total population of about 85. The town, with its mix of races, retains a charming stopping place along Highway 160 for tourists looking for a bite to eat or a stroll along the shaded sidewalks.

Unpainted wooden-sided buildings, barber shops and morning halls.

In 1977, Locke Property Development bought the town with plans to subdivide and develop farmland.

On Saturday, a Don Lion Dancer and Bell Corps County Supervisor Collin introduced several dignitaries, including former grocer Lee and longtime resident Connie King.

King, who had been working day and night making 2,000 almond cookies for the ceremony, said she cried Saturday morning thinking about the decades the town elders spent trying to save the town.

“This is a special, emotional day for me today,” she said.

King, 79, remembered how in 1949 she and her late husband ventured from buying a small house in the Delta because they were Chinese.

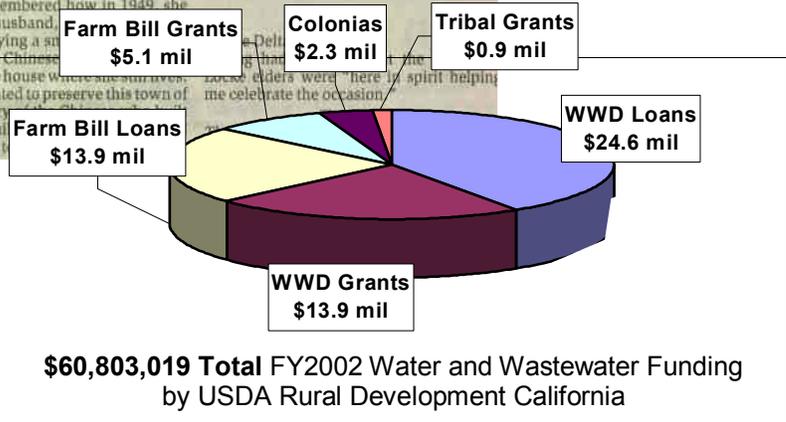
“I always wanted to preserve this town of Locke in memory of the railroad, but the swamp land

Rural Utilities Service delivers a variety of assistance to rural communities. Most involve direct assistance by USDA, while others work through local partnerships.

- Water & Waste Disposal Loan & Grant - WWD Loan & Grant
- Colonias Grant - Colonias Grant
- Water & Waste Disposal Guaranteed Loan - WWD Guarantee
- Solid Waste Management Grant - SWMG
- Technical Assistance & Training Grant - TAT



Chester King, the first child born in Locke, joins in the ceremonies Saturday to celebrate the sale of the town property.

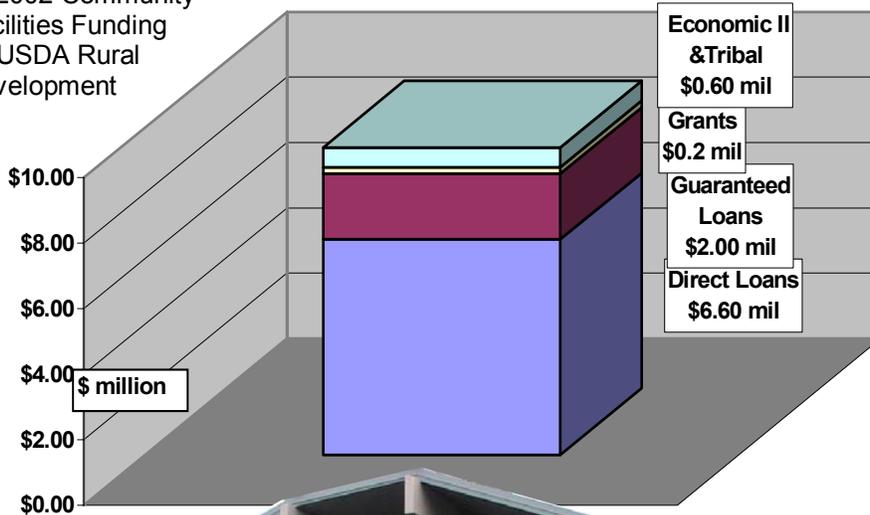


COMMUNITY FACILITIES IN CALIFORNIA

USDA Rural Development delivers a variety of assistance to rural communities. Some involve direct assistance by USDA, while others work through local partnerships.

- Community Facilities Guaranteed Loan - CF Guarantee
- Community Facilities Direct Loan - CF Direct
- Community Facilities Grant - CF Grant

\$9,515,175
 FY2002 Community Facilities Funding by USDA Rural Development



“FY2002 was a good year for Community Facilities in rural California. But we are looking forward to cranking up the volume a notch and reaching \$30 million in projects in FY2003 !”

Janice Waddell
 Rural Utilities /
 Community Facilities
 Program Director
 USDA - RD California



United Indian Health Services, Inc. Arcata, CA
 By combining three of their outdated facilities into this modern, culturally aware health care village, United Indian Health Services was able to improve services to clients in Humboldt and Del Norte counties. USDA Community Facilities Direct Loan and Guaranteed Loan funds helped make this possible.

EMPLOYEE DEVELOPMENTS - TEAM USDA IN CALIFORNIA

NEW TEAM MEMBERS WELCOMED

This past year we welcomed many valuable new people to our team:

Stephanie Burgeis, Intern
 Sarah Chavez, Reception
 Maria Desamito, RD Tech
 John Diodati, Intern
 Kimberly Gerrriots, StudentTemp
 Sarah Jasmer, RD Tech
 Mike Kelley, Guar. MFH
 Paul Lehman, Assist State Dir
 Eva Lopez, RD Tech
 Linda Lutes, RD Tech
 Jack Mahan, MFH Coord
 Edgar Morales, Guar SFH
 Cindy Mose, HR Assist
 Heidi Patterson, RD Tech
 Jessica Peinado, Intern
 Floyd Pike, RD Tech Temp
 Lee Takikawa, B & I
 Armando Tapia, Intern
 Mario Tinoco, Student Temp
 Inna Yavniy, Student Temp

RETIRED OR TRANSFERRED TEAM MEMBERS

During this past year we witnessed the changing of the guard with the retirement or transfer of key staff members:

Johnny Amaral
 Bessie Barnette
 Emelie Busby
 Sonia Chavez
 Amelia Hutcherson
 Paula Mara
 Jerry Moore
 Floyd Pike
 Ana Ramos
 Tina Rounds
 Dale Stretz
 Ray Waldren

VOLUNTEER DAY - WE GIVE A HELPING HAND TO OTHERS

Responding to President George W. Bush's call for volunteers, in California over 200 Rural Development employees, family members and friends pitched in to be of service to others in their communities on Saturday, October 26. Staff nailed, painted and planted in USDA-funded Self Help housing sites in Esparto, Delhi, Mecca, Guadalupe, Armona, Corning and Brawley. Elsewhere, staff also helped plant a vegetable garden for a developmentally disabled home, visited seniors and helped families at a domestic violence center.

OFFICE RELOCATION / RENEWAL

During FY2002 the Bakersfield USDA Service Center was relocated to larger, more efficient space. Rural Development coordinated the lease, improvements and relocation for all Service Center office partners including Farm Service Agency and Natural Resources Conservation Service. In the north end of the state, the Ukiah Service Center partners increased efficiency with the redesign of their office layout and acquisition of new office furniture and storage equipment, again coordinated by Rural Development.

USDA Secretary Ann M. Veneman sent her congratulations to Rural Development staff in Bakersfield for successfully coordinating a combined move by RD, FSA and NRCS into the new Service Center office.



United States Department of Agriculture
 Office of the Secretary
 Washington, D.C. 20250

TO: USDA Team Members at the Bakersfield, California Service Center

DATE: January 24, 2003

I want to offer my personal congratulations to all employees in Bakersfield during today's Open House ceremony celebrating your move into the new USDA Service Center.

Employees in your office have a long history of excellence in working with constituents within Kern County. Your USDA Service Center team is a fine example of the value of collaborative efforts by the various mission areas of USDA. The exemplary reputation your staff has earned defines what it means to be a contributing member of TEAM USDA.

I know you will continue to provide strong leadership and outstanding service in the critical areas of rural economic development, supporting the local agricultural community and protecting the area's vital natural resources. Strengthening each of these benefits all of the residents of Kern County.

Once again, congratulations and best wishes for continued excellence.

Sincerely,



Ann M. Veneman
 Secretary





USDA COMMUNITY DEVELOPMENT PROGRAMS IN CALIFORNIA

Empowerment Zones: Coachella - Desert Communities Empowerment Zone Eastern Riverside County.

Enterprise Communities: El Centro - Imperial County Enterprise Community areas around Calipatria, Brawley, Calexico; **Watsonville - City of Watsonville Enterprise Community;** Huron-Tule Enterprise Community West Fresno County, Tule River Tribe's Porterville Industrial Park.

Champion Communities: El Centro - Imperial County Champion Community areas around Calipatria, Brawley, Calexico, Winterhaven; **South Valley Economic Partners Champion Community** Kern County communities of Arvin, Lamont, Weedpatch; **City**

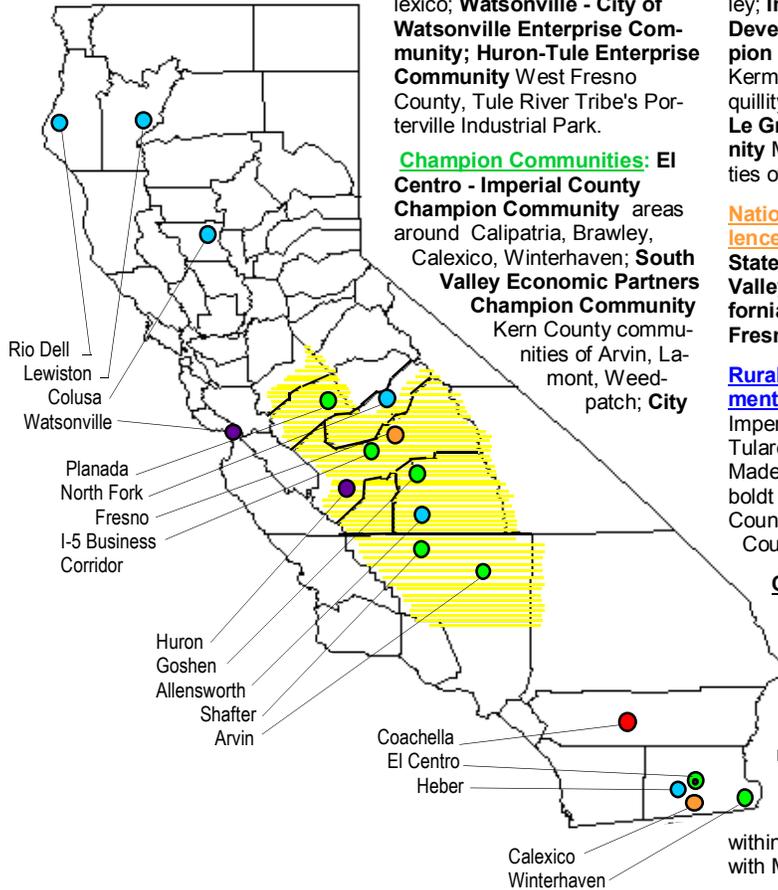
of Shafter Champion Community; Tulare County Champion Community Cutler-Orosi, Goshen, Tipton, Woodville, Pixley; **Interstate Five Business Development Corridor Champion Community** Firebaugh, Kerman, Biola, Mendota, Tranquillity, San Joaquin; **Planada-Le Grand Champion Community** Merced County communities of Planada and Le Grand.

National Centers of Excellence: Calexico - San Diego State University - Imperial Valley Campus; Fresno - California State University, Fresno.

Rural Community Advancement Program Areas: Heber-Imperial County; Allensworth - Tulare County; North Fork - Madera County; Rio Dell - Humboldt County; Colusa - Colusa County; Lewiston - Trinity County.

Central San Joaquin Valley Interagency Task Force: counties of Fresno, Kern, Kings, Madera, Merced, Stanislaus, Tulare (yellow highlight area on map).

Colonias Communities: Targeted communities within 50 miles of the border with Mexico.



“Rural America is an integral part of this nation’s economic fabric and President Bush is committed to programs that create jobs and spur investment and economic growth.”

Ann M. Veneman
 USDA Secretary
 August 2002



Watsonville’s Net Cafe is a new hot spot for youth to learn, work and socialize. Office of Community Development, City of Watsonville and the local Economic Development Council partnered on this innovative and very successful investment in youth.