

UTAH

Rural Development
FY 2002



**Dedicated To Creating Opportunities For
Improving The Quality Of Life In Rural Utah**

Annual Report From Secretary Of Agriculture



One of President Bush's top priorities is to create new jobs and help spark economic growth. In 2002, for example, economic grants and loans provided by USDA helped create or protect more than 150,000 rural jobs. As well, rural development programs provided more than \$12 billion in economic infrastructure grants and loans, helping improve education, healthcare, telecommunications, water facilities, and other community centers.

However, USDA's commitment to improving rural America didn't stop there. Employees worked with local communities to provide homeownership financing for more than 42,000 families. These efforts are helping move closer to reaching the President's goal of increasing minority homeownership by fifty percent in five years.

As we embark upon a new year, we have a strong agenda and many opportunities to strengthen America's rural communities. The Administration will continue to build upon the principles outlined in our policy publication, *"Food and Agricultural Policy: Taking Stock for the New Century"*. Our team at USDA will continue working with all interested parties and build new coalitions to help families, create jobs and invest in America's rural sectors.

ANN M. VENEMAN,
Secretary of Agriculture

Cover Photos: (Left) Section 504 grant helps with repairs on Ephraim home (see story on p. 5); (top to bottom on right) Two sisters in Manti, receive 504 grants to repair roofs; Uintah & Ouray Ute Convenience Store in Myton Utah; and Hanna Water and Sewer Project

Annual Report From Under Secretary For Rural Development



In looking back over the last year, we have begun to build an economic foundation, shaped like what President Bush advocates. I am proud of the aggressive efforts by USDA Rural Development employees to quickly turn many of the 2002 Farm Bill provisions into new economic hope for America's farmers, ranchers and rural families. These efforts ensured the delivery of \$703 million to finance 377 communities water and wastewater infrastructure projects. Additionally, \$37 million helped support the development of 231 agricultural value-added ventures that will bring new opportunities for increased revenues to our American farmers and ranchers. In total, over \$12 billion was invested through USDA Rural Development rural America in Fiscal Year 2002.

From fire hydrants to fiber optic cable -- from sewers to symphonies -- USDA Rural Development financial and technical assistance is making a positive difference. In Fiscal Year 2002 alone: 42,000 rural residents became first time homeowners, nearly 7,000 homeowners received loan and grant funding to make needed repairs and improvements, and 1,400 loans and grants were provided to assist communities finance essential community facilities. Electricity, telephone, water and wastewater infrastructure funding totaled over \$6.8 billion. Distance learning and telemedicine funding helped communities in 37 states gain access to modern technologies. Over 1,100 rural areas have clean drinking water and sanitary waste systems.

I commit USDA Rural Development to administer all our programs and policies fairly, equitably, and honorably. It is the right thing to do, it is what I believe, and I will tolerate nothing less.

THOMAS C. DORR
Deputy Under Secretary for Rural Development

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State Director's Message For Fiscal Year 2002

We are working to assist local residents throughout rural Utah with financing for a wide variety of projects that will help them develop a sustainable, improved quality of life, with long-lasting benefits for themselves and their families.

The federal loan programs offered by Rural Development serve all rural Utah residents on an equal opportunity basis and are designed to strengthen rural businesses, finance new and improved rural housing, develop community facilities and rural utilities, and maintain and create rural employment. Rural Development makes direct loans, guarantees loans made by private lenders and provides a limited number of grants. Rural Development works with many other agencies and groups to help provide a starting point to address rural needs.

I would like to take this opportunity to thank our many partners across the state who have worked closely with us to expand the effective use of our funding and programs. I would also like to personally thank the Rural Development employees in Utah for their hard work and dedication to our borrowers.

President Bush stated in his Management Agenda that, "Government likes to begin things – to declare grand new programs and causes. But good beginnings are not the only measure of success. What matters in the end is completion. Performance. Results. Not just making promises, but making good on promises. A mere desire to address a problem is not a sufficient justification for spending the public's money. Performance-based budgeting would mean that money would be allocated not just on the basis of perceived needs, but also on the basis of what is actually being accomplished." We are working to ensure that the resources entrusted to us at Utah Rural Development fulfill President Bush's dedication to "results demonstrated by accomplishments" by wise use of our funds for the enrichment of the people in rural Utah.

A handwritten signature in black ink that reads 'John R. Cox'.

JOHN R. COX
State Director

Rural Development provided \$85,986,833 in financial assistance to rural residents in Utah FY 2002.

Rural Housing:

- ◆ \$53,182,906 in loans, grants and guarantees were provided to meet growing needs for 609 Families.
- ◆ \$5,355,112 went to Multi-Family Housing loans/grants and rental assistance.

Community Programs:

- ◆ \$11,854,720 for Water, Wastewater and Environmental Projects.
- ◆ \$981,462 funded for Community Facility Projects in rural communities.

Business & Industry:

- ◆ \$12,953,843 in assistance to rural businesses in Utah .

Utah Rural Development Funding by Fiscal Year

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Rural Business and Industry Services					
Guaranteed & Direct B&I Loans	\$20,496,216	\$12,502,121	\$3,200,000	\$6,192,400	\$12,142,112
Rural Business Enterprise Grants	\$89,000	\$139,500	\$108,700	\$264,150	\$295,186
IRP	N/A	\$500,000	N/A	N/A	N/A
VADG	N/A	N/A	N/A	\$500,000	\$420,000
RBOG	N/A	N/A	\$89,900	\$190,120	\$96,545
Sub Total	\$20,585,216	\$13,141,621	\$3,398,600	\$7,146,670	\$12,953,843
Rural Housing Service					
Guaranteed & Direct Rural Housing	\$28,239,931	\$50,115,104	\$34,324,619	\$37,129,432	\$38,046,744
Housing Loans & Grants	\$6,533,574	\$9,489,653	\$6,417,488	\$11,800,007	\$15,136,162
MFH Loans/Grants	N/A	\$495,000	\$910,298	\$1,730,170	\$2,059,280
MFH Leveraged/Other Lenders	N/A	\$1,248,058	\$7,238,723	\$735,000	\$1,658,840
MFH Rental Assistance	N/A	\$5,035,857	\$2,327,412	\$6,368,486	\$3,295,832
Sub Total	\$34,773,505	\$66,383,672	\$51,218,540	\$57,763,095	\$60,196,858
Community Facilities					
Direct Loans	\$1,000,000	\$33,400	\$1,458,000	\$4,372,260	\$570,000
Grants	\$150,000	\$91,350	\$104,000	\$559,750	\$411,462
Guaranteed Loans	0	0	0	\$21,336,000	0
Sub Total	\$1,150,000	\$124,750	\$1,562,000	\$26,268,010	\$981,462
Rural Utilities Service					
Water and Waste Disposal Grants	\$1,731,500	\$3,308,100	\$3,885,679	\$5,254,100	\$6,773,020
Water and Waste Disposal Loans	\$4,231,500	\$2,178,500	\$2,697,900	\$2,909,600	\$5,081,700
Sub Total	\$5,963,000	\$5,486,600	\$6,583,579	\$8,163,700	\$11,854,720
TOTAL INVESTMENT	\$62,471,721	\$85,136,643	\$62,762,719	\$99,341,475	\$85,986,883

Rural Housing Service (RHS)

Rural Development's Single Family Housing Program promotes communities by providing direct and guaranteed loans for purchase, construction or rehabilitation of homes in rural Utah.

During FY 2002, part of the success of providing affordable housing to rural households is attributed to partnerships established between state non-profit

“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.” ... President George W. Bush, June 15, 2002

organizations, local lenders, Department of Community and Economic

Development, and Fannie Mae. Each partner shares the same

interest for affordable housing and the results have been magnificent as shown by the figures in the chart above.



In FY 2002, 87 homes were funded and 53 homes completed in Self Help Housing.



“Removing safety hazards has made me feel more secure in the home I love (photo on cover).”

Some of our most interesting success stories this year have been in the 504 Home Repair Program. In October 2001 a beautiful historic home in Ephraim, Utah was badly in need of repairs. The home, built in 1895, was purchased in 1936 by the applicant and her husband. They wanted to buy the home from his parents because, “The house has a ‘good recipe.’ My husband and his brothers and sisters were born here, and they all grew up to be wonderful people.”

Insulation was blown, rain gutters with downspouts were installed, the electrical system was rewired, and the kitchen and bathroom sinks were replaced. After the electrician finished his work the borrower told him she was grateful because she had been afraid that the house would go up in fire. The electrician replied that he was not worried about the house burning up. He was worried about her burning up because the house had been at such unsafe electrical standards that it was “volatile.”

Multi Family Housing Program (MFH) Loans – Rural Development finances leveraged MFH loans to eligible affordable housing developers/sponsors at a rate and term of 1% for 50 years for the construction of very low- and low-income rental units in rural Utah. During FY 2002 the MFH program funded two portfolio rehabilitations, one new construction complex and a Housing Preservation Grant in the amount of \$2,059,028. This consists of improving and/or adding 73 units to our portfolio.



One of 12 Farm Labor Housing units in Beaver.

MFH Rental Assistance Program – This program provides project-based assistance for very low-and low-income households including the elderly and persons with disabilities in RD financed properties. Eligible tenants occupying these units pay no more than 30% of their adjusted gross income for rent. This program provided \$3,295,832 in assistance in FY 2002.

Rural Business-Cooperative Service (RBS)

Businesses in rural Utah were major beneficiaries of USDA Rural Development spending last fiscal year. In FY 2002 RBS assisted over 40 businesses and created or saved 550 jobs in rural areas of Utah. Many in areas of the state where unemployment rates are higher than the national average. The primary goal of the Rural Business-Cooperative Service (RBS) is to promote and

RBS assisted over 40 businesses and created or saved 550 jobs in rural areas of Utah in FY 2002.

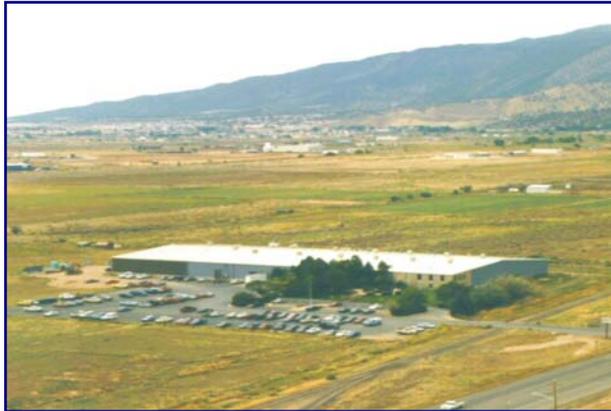
enhance a dynamic business environment in rural Utah. We work in partnership with the private sector and community organizations to provide financial assistance and business planning to business projects.

RBS provides financial assistance through a variety of Federal loan, loan guarantee and grant programs.

Business & Industry (B&I) Guaranteed Loan Program - Rural lenders utilize the effective Guaranteed Business and Industry loan program to guarantee loans to good quality businesses that support a diversified economic base and provide or save good quality jobs in rural areas. The Guaranteed B&I loan program allows lenders to make more larger-sized loans to sound rural businesses with longer loan terms and lower interest rates than would otherwise be available. Guaranteed Business and Industry loan requests



A Navajo sewing cooperative in Montezuma Creek received RBS grant funds to assist in a feasibility study to re-open the closed plant.



Metalcraft factory and offices located in Cedar City. RBS B&I guaranteed loan recipient.

are submitted to RBS by a commercial lender for a Federal guarantee on the lender's loan. RBS can guarantee up to 80% of a loan made by a bank or other approved lender.

It is exciting to see businesses grow through Guaranteed B&I Loans. In September 2002, Metalcraft Technologies in Cedar City received a loan through the State Bank of Southern Utah for \$9,600,000, and a guarantee on the loan from RD. Metalcraft, an aerospace manufacturer and toolmaker, started with 40 employees in 1989 and they currently employ 164 workers.

Essential Community Facilities and Rural Utilities in Utah

USDA has a program of direct and guaranteed loans to finance a variety of community projects. Not-for-profit corporations, special purpose districts and units of government located in open country and towns of up to 20,000 people are eligible for Rural Development assistance. Direct long-term, low-interest loans are available to applicants most in need. Established organizations can benefit from a USDA guarantee of a bank loan while enabling the entity to continue to do their banking locally. A limited amount of grant funds are available for small projects in low-income areas when loan financing alone is not feasible.

Community Facility Program (CF)

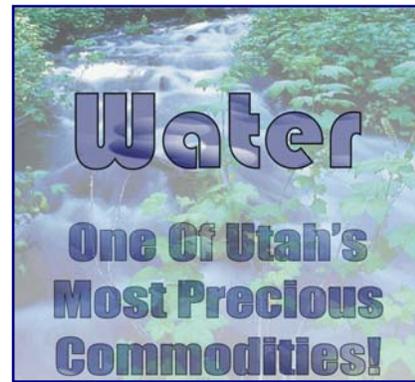
This year Utah Rural Development funded 12 CF projects totaling \$981,462 in loans, grants and guarantees. Some of this year's projects include an adolescent behavioral care center, playground and hospital equipment, food pantry, school bus, maintenance building, city picnic restrooms, and a fire station and fire trucks.

Rural Utilities Service (RUS) Water and Wastewater Program

People in rural Utah deserve the same quality of infrastructure, housing and business opportunities as their urban neighbors. At Utah Rural Development high priority is placed on

assisting communities maintain an adequate supply of healthy drinking water for residents and businesses, and effective waste disposal to reduce potential for environmental hazards.

This year one solid waste, 12 water and 7 sewer projects were funded by Utah RD. These projects provided central water service for the first time, or improved services, to 8,292 households, and 759 farms and businesses. The new sewer systems provided central sewer service to 765



A new water tank for the White Mesa Utes was funded by an RD Set-aside Grant.

households and businesses that previously had inadequate individual systems. The solid waste disposal project provides garbage collection services for the first time to 742 homes and businesses located on the Uintah and Ouray Ute Reservation in northeastern Utah.

Last year residents of the Ute Mountain Ute Tribe in White Mesa experienced severe water shortages. Additional water to supplement their two low-producing wells was hauled to the reservation in a manually filled water truck. USDA Rural Development's loans and grants made financing possible and they began construction of a central water system. Another example of Rural Development assistance for water systems is in the community of Hanna, located in a remote area of northwest Duchesne County. They will soon have a new community water system and 313 families will have clean, safe and dependable water for the first time. The system will also provide adequate water pressure needed for fire protection. (See cover photo of groundbreaking for the Hanna

Water and Sewer Project.)

A recent State survey indicates that \$5 billion is needed statewide to cover growth trends and major renovations of existing systems during the next 20 years. USDA Rural Development works in conjunction with the Utah Division of Community Development, Utah Board of Water Resources, the Utah Drinking Water Board and Environmental Protection Agency (EPA) to finance both new and existing systems in rural communities.

Local initiative, leadership and community support are the critical factors in making a project a reality. USDA Rural Development in Utah has a knowledgeable staff available to assist with applications and provide technical assistance, to consider different project options, and to look at feasibility and to discuss financing opportunities with people and communities in rural Utah.



Manila Water Project.

**USDA Rural Development
Utah Local Office Contacts**

	Phone/Fax
Cedar City (serves Iron, Beaver and Garfield counties) 2390 West Highway 56, Suite 12, Cedar City, UT 84720-4133	(435) 586-7274 Ext. 27 (435) 586-0649
Manti (serves Sanpete, Millard and Juab counties) City Building, 50 South Main Street, Suite 6, Manti, UT 84642-1349	(435) 835-4111 Ext. 12 (435) 835-4113
Monticello (serves San Juan and eastern Grand counties) Young Building, 32 South 100 East, P.O. Box 639, Monticello, UT 84535-0010	(435) 587-2473 Ext. 10 (435) 587-2104
Price (serves Carbon, Emery and western Grand counties) USDA Service Center, 350 North 400 East, Price, UT 84501-2571	(435) 637-4354 Ext. 12 (435) 637-3146
Provo (serves Utah, Salt Lake, Wasatch, Summit and Tooele counties) BOR Building, 302 East 1860 South, Provo, UT 84606-7317	(801) 377-5580 Ext. 12 (801) 356-1237
Richfield (serves Sevier, Wayne and Piute counties) USDA Service Center, 340 North 600 East, Richfield, UT 84701	(435) 896-8250 Ext. 120 (435) 896-4819
St. George (serves Washington and Kane counties) Federal Building, 196 East Tabernacle, Room 34, St. George, UT 84770-3474	(435) 628-0461 Ext. 10 (435) 673-0312
Tremonton (serves Box Elder, Cache, Rich, Weber, Davis and Morgan counties) USDA Service Center, 91 South 100 East, Tremonton, UT 84337-1605	(435) 257-5404 Ext. 25 (435) 257-1930
Vernal (serves Uintah, Daggett and Duchesne counties) USDA Service Center, 80 North 500 West, Suite 2, Vernal, UT 84078-2028	(435) 789-2100 Ext. 19 (435) 789-4160

**USDA Rural Development
Utah Contacts**

	Phone/Fax
State Office Wallace F. Bennett Federal Building 125 South State Street, Room 4311 Salt Lake City, UT 84138 John R. Cox, State Director Janice M. Taylor, Administrative Officer David E. Brown, Rural Housing Program Director Bonnie S. Carrig, Rural Utilities Program Director Richard M. Carrig, Rural Business Program Director John A. Morgan, Rural Development Manager (Area I and Area II)	(801) 524-4320 (801) 524-4406 TDD (801) 524-3309 (435) 896-8250 Ext. 122 (435) 896-4819
Area Office I - Ogden 2871 South Commerce Way, Ogden, UT 84401-3277	(801) 629-0575 (801) 629-0574
Area Office II - Richfield USDA Service Center, 340 North 600 East, Richfield, UT 84701	(435) 896-8250 (435) 896-4819

Websites:

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

USDA Rural Development – www.rurdev.usda.gov

United States Department of Agriculture – www.usda.gov

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