



United States
Department of
Agriculture

Rural Development



USDA Rural Development

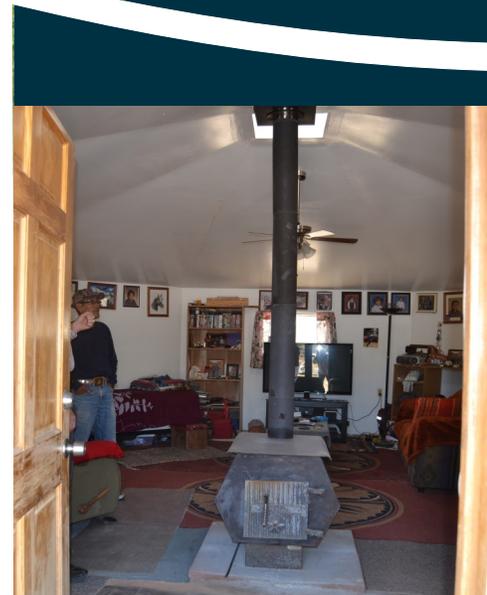
ARIZONA 2015 PROGRESS REPORT



Editor's note:

I coined a new word for this publication:
ACCO-LADEN

It describes the numerous awards Acting State Director Ernie Wetherbee was given this year since taking over the helm. Ernie was named Acting State Director when long-time State Director Alan Stephens retired last May. While serving in this duty, Ernie was awarded both the Undersecretary's Award for Outstanding Service and the 2015 Civil Rights Director's "Going the Extra Mile" Award for excellence in customer service and civil rights achievement. Congratulations!





A Rural Economy Built to Last

This has been a year of historic accomplishment for the United States Department of Agriculture (USDA), particularly in the area of rural economic and community development. In 2015, USDA's Rural Development (RD) employees across the nation have continued to work closely with partners to drive investment in rural small businesses and entrepreneurs; help rural families achieve the dream of homeownership; grow the biobased economy; support renewable energy and efficiency; make critical upgrades to electric, water and telecommunications infrastructure; and expand opportunity in rural communities.

The Fiscal Year 2015 Rural Development Progress Report outlines our work on behalf of hundreds of thousands of projects for individuals, families, farmers and ranchers, rural entrepreneurs and small business owners, municipalities, developers, and utility providers in 2015. Since passage of the American Recovery and Reinvestment Act in 2009, which infused billions of dollars into infrastructure and other essential community development projects in small towns across the country, and continuing today through innovative programs authorized by the 2014 Farm Bill and executed in collaboration with partners across the public and private sectors, RD has targeted much-needed investment to rural businesses, projects and communities. I am pleased to say that in fiscal year 2015, USDA Rural Development invested \$29.75 billion in nearly 171,000 projects across the nation. Taken with investments made since fiscal year 2009, USDA Rural Development has now invested more than \$224 billion in more than 1.2 million projects in rural communities across the country over the course of the Administration, including 1.1 million direct loans, guaranteed loans and grants to support housing, 11,931 loans and grants to support community facilities, 10,623 loans and grants to support rural water and wastewater services, 2,491 projects to support broadband and rural electric services, and nearly 24,000 projects to support rural businesses and entrepreneurship.

The stories in this year's report illustrate how USDA programs make meaningful, lasting investments in rural communities. For instance, Manning, Iowa — population 1,500 — was named Iowa's small business community of the year by the Small Business Administration in 2015, thanks, in part, to RD investments in entrepreneurs and businesses in the community. In Pennsylvania, Rural Development Business and Industry investments helped a business move its manufacturing back to the United States from China, supporting jobs in the local community. And RD investments in broadband have opened up a world of educational, cultural and commercial opportunities to rural Americans who had been on the wrong side of the digital divide.

These are just a few examples of what investments in rural America can mean in real terms for families and businesses across the country. USDA is proud to lead the Administration's effort to drive investment in rural people and places. This work truly makes a difference in the lives of the proud men and women who live, work and raise families in rural America.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Vilsack". The signature is fluid and cursive, with a long horizontal stroke at the end.

Thomas J. Vilsack
Secretary of Agriculture



Strengthening Rural America, Town by Town

USDA Rural Development transformed lives in small-town rural America in 2015, as we have done throughout our 80-year history.

We are the primary Federal agency responsible for creating opportunities and improving the quality of life in rural areas. Today, there are 46 million people living in rural America who provide the food, fiber, fuel and durable goods the rest of the nation, and the world, depend upon. Consequently, the economic well-being of all Americans is indelibly tied to rural growth. USDA Rural Development investments nurture that growth to fuel the national economy. We are proud to serve the needs of rural people and places to ensure that rural America continues to thrive and to drive the economy. Our investments in rural communities run deep – we manage a portfolio of loans and loan guarantees of more than \$212.9 billion.

In Fiscal Year (FY) 2015, Rural Development invested more than \$29.7 billion in loans, loan guarantees, and grants for a diverse range of worthwhile projects in rural communities. These investments represent the hard work of our employees who strive each day to support the hopes and plans of rural Americans.

For example, we helped grow approximately 12,500 rural businesses through about \$1.5 billion in targeted investments. I had the great pleasure of meeting and spending time with Ijeoma Uwakwe of Wilson, North Carolina, who today owns her own drug store and pharmacy thanks to a Business and Industry loan guarantee from USDA Rural Development and lending partner Southern Bank. Uwakwe, originally from Nigeria, exemplifies the American spirit. She pursued two advanced degrees while raising four children, no small feat. With USDA's help, today, as the owner of a small healthcare business, she is providing high-quality care to her neighbors in the small rural community of Wilson, where healthcare options, and economic resources, are scarce. Her story is just one of many such stories of personal achievements featured in this report, all made possible through USDA Rural Development direct action and competitive financing.

On other fronts, we awarded \$900 million in direct single-family housing loans and made more than \$18.6 billion in loan guarantees to provide homes to more than 141,000 families in rural America.

We also celebrated a major housing milestone in partnership with many of you — 50 years of USDA's Mutual Self-Help Housing Program and 50,000 homes built through it. We were honored to raise walls together with families that are putting in hard work to build their own homes and achieve the dream of homeownership. Through our multi-family loans and grants of \$278 million we helped almost 250,000 households with the construction and rehab of over 10,000 rental housing units.

Through our Community Facilities program, we provided a record level of support — \$1.8 billion — to build more than 970 essential healthcare centers, schools, libraries, public safety facilities and more across rural America. In the tiny agricultural town of Big Sandy, Montana, I visited Big Sandy Activities, a center that helps people who are developmentally disabled build skills that allow them to live and work in the community. This nonprofit started in 1975 and used to be run out of a garage by only two people; Community Facilities funding helped transform it into a specially designed facility that provides a safe and professional learning environment and offers jobs to local residents.

Delivery of high-speed telecommunications and broadband service is another area where USDA Rural Development has shined. Since the start of the Obama Administration and continuing through FY 2015, we have supported new or improved telecommunications and broadband service for 2.8 million rural residents, bringing the world to their doorsteps and opening the door to global e-commerce for rural businesses.

We are particularly proud that loans under the American Reinvestment and Recovery Act Broadband Improvement Program have been extremely successful, and offer the potential for exponential rural growth in the future. We have successfully invested nearly \$3 billion in 254 projects in 45 States and territories to deliver high speed Internet to rural areas otherwise unable to acquire service at competitive rates and terms from the private sector. As companies build out these services, 260,000 rural households, 17,500 businesses and 1,900 schools, libraries and health care facilities have new service.

Other 2015 achievements include improving rural electric infrastructure for 5.5 million customers, protecting the health of about 2.3 million rural people through water and wastewater system improvements, and providing more than \$343 million in guaranteed loans and grants for projects to develop renewable energy sources such as advanced biofuels and to make rural farms, ranches, dairies, and rural businesses more energy efficient. Since 2009, USDA Rural Development has supported President Obama's strategy to provide energy that's affordable, clean, and drives innovation through \$2.1 billion in strategic investments for more than 14,000 energy projects nationwide.

I am proud of the difference that Rural Development makes in the lives of real people. In the time that I've been with USDA, I've witnessed this on a very personal level. I watched the townspeople of Floresville, Texas, turn out in force to launch their improved water treatment system. I visited the Peoples Rural Telephone Cooperative in Jackson County, Kentucky, which built a state-of-the-art broadband network that offers locals the same online economic, educational and social opportunities as those enjoyed by urban residents. Each of these investments in rural communities is an investment in our country's future.

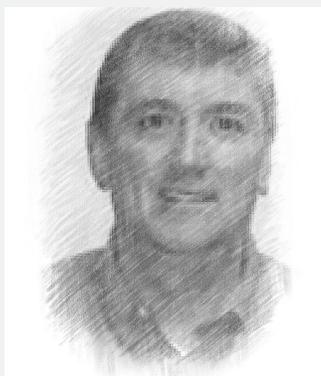
USDA Rural Development is a lending agency that cares deeply about the rural people and communities we serve. We are proud to share these stories and successes with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa Mensah', followed by a horizontal line.

Lisa Mensah
Rural Development Under Secretary

A Message from Acting State Director Ernie Wetherbee



It's easy to get stuck on the things that need fixing or the things that are not going well. As the Acting State Director for much of the last year, I've had plenty of input on what needs doing. But the simple reality is we are a big agency with lots of moving parts. We have complex programs, both a fiduciary and humanitarian responsibility to use tax payers money wisely and to serve our constituents who, by the very mandate of our agency, often fall among the most vulnerable populations in this big state.

So with a nod to the issues we grapple with daily, I want to focus on what is working right...and what we have to be happy and proud about:

- In 2015 our Arizona housing staff put nearly 3,000 families into homes in rural Arizona. Through our Direct and Guaranteed housing programs these families received \$294,290,988 in home mortgage loans to put their families into homes of their own. These are loans that the borrowers pay back to the government...building equity, credit, and financial security.
- Seventeen rural businesses received Renewable Energy for America Program grants from USDA in 2015. These grants, which represent 25% of the cost of installing an alternative electric system, helped small businesses and ranchers cut the biggest cost of doing business, keeping them in business and reducing the country's carbon footprint at the same time.
- Through 52 loans and grants, small water systems across the state were able to upgrade or development systems to bring clean, sanitary water and wastewater to communities in rural Arizona

Altogether Rural Development in Arizona invested \$390,340,855 into projects across the Grand Canyon State. Nearly 3,000 applications were processed by our staff during the year. That works out to over 50 applications per staffer in a year—and not all of our staff processes applications.!

The bottom line is that we deliver.

Sincerely,

Ernie Wetherbee

Acting State Director

Rural Business and Cooperative Programs

In Fiscal Year 2015, USDA Rural Development invested \$37,607,483 in Arizona's rural businesses, supporting 37 projects. Business and Cooperative Programs serve Arizona's communities by creating new businesses, growing production, maintaining jobs, conducting feasibility studies, improving rural energy development, creating professional business plans, and increasing revenue for rural business ventures.

Business & Industry Loan Guarantees

The B&I Guaranteed Loan program bolsters the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able to. Under the program, USDA Rural Development provides guarantees on loans made by approved lenders that participate in the program.

Rural Business Development Grants

The RBDG program is a competitive grant program that provides targeted technical assistance, training and other services to help develop or expand small and emerging private businesses in rural areas. The businesses must have fewer than 50 employees and less than \$1 million in gross revenues. Grants are awarded to qualified organizations to carry out enterprise- or opportunity-related projects to boost business development.

Intermediary Relending Program

The IRP program provides 1-percent, low-interest loans to local intermediaries that re-lend to businesses and for community development projects in rural communities.

Rural Microentrepreneur Assistance Program

The RMAP program awards loans and grants to Microenterprise Development Organizations to establish revolving funds for micro-loans to "micro-enterprises," or very small rural businesses, and to provide technical assistance and training. The program supports start-up or expansion of very small rural business ventures.

Rural Cooperative Development Grants

The RCDG program is a competitive grant program to start or run centers for cooperative development. These centers improve economic conditions in rural areas by helping individuals and businesses start, expand or improve rural cooperatives and other mutually-owned businesses.



USDA Rural Development provided a guarantee for a \$10,000,000 loan from Arizona Bank & Trust to be used for working capital and equipment for the OdySea Aquarium on the Salt River Pima-Maricopa Indian Community. The \$64 million project will create 218 jobs.

In FY 2015 USDA Rural Development funded four Rural Microentrepreneur Assistance Program projects in Arizona:

PPEP Microbusiness & Housing Development received \$29,049 in grant funds

Nogales Community Development Corporation received \$85,889 in grant funding.

Both entities will use their grants for technical assistance.

Rural Business and Cooperative Programs

Socially-Disadvantaged Groups Grants

The SDGG program provides technical assistance to socially-disadvantaged groups through cooperatives and cooperative development centers.

Value Added Producer Grants

The VAPG program is a competitive grant program to help independent agricultural producers enter into activities that add value to their products through new processing and/or marketing opportunities.

Rural Energy for America Program Loan Guarantees and Grants

The REAP program provides loans and grants to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements.

Rural Energy for America Program Audit and Development Grants

Grantees that receive assistance through this competitive REAP grant program help rural small businesses and agricultural producers by conducting and promoting energy audits, and providing renewable energy development assistance.

Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program

This program provides loan guarantees to develop, construct or retrofit commercial-scale biorefineries so that they can implement new and emerging technologies to support the development of advanced biofuels, renewable chemicals and biobased product manufacturing.

Repowering Assistance Program

This program provides funding for up to 50 percent of the total eligible project costs for biorefineries to install renewable biomass systems for heating and power at their facilities or to produce new energy from renewable biomass.

Advanced Biofuel Payment Program

This program supports increased production of advanced biofuels through payments to advanced biofuel producers for finished advanced biofuel products.



The San Xavier Cooperative Association received a \$188,000 Small Socially Disadvantaged Producer Grant and a \$52,000 Value-Added Producer Grant to outreach to Tribal member on how to grow, cook and use traditional crops to help mitigate the high rate of diabetes among their members. The Co-op sells their traditional products at their store and at a ramada near the San Xavier del Bac Mission. The Mission attracts 200,000 visitors a year.

Small Grants Make Big Difference for San Xavier Cooperative

The O’odham people have been gatherers and growers for centuries, planting bean, squash, corn, cotton, melon, tobacco and sugar cane in the washes and gullies that transect their traditional land...and hunting the plentiful game. They cleverly mastered desert living along the Gila, Salt and Santa Cruz Rivers in southern Arizona by devising sophisticated canal systems for their agricultural endeavors.

A people arbitrarily divided by international and reservation borders, the splitting up of the O’odham lands resulted in the artificial division of O’odham society as well. O’odham bands were broken up into four tribes: the Tohono O’odham Nation, the Gila River Indian Community, the Ak-Chin Indian Community and the Salt River (Pima Maricopa) Indian Community...each now politically and geographically distinct and separate.



Women hand-separate the wheat from the chaff. The co-op store sells a variety of traditional foods and products.

Today’s Tohono O’odham reside in a community which is also divided. One of the four Tohono O’odham sections in southern Arizona is San Xavier.

After decades of disputes about water rights, the people of San Xavier formed a farm co-operative in 1971, designed to put fractional interests in water allotments together to ranch, farm and generate income for the allottees.

The San Xavier Cooperative Association has committed to healthy farming practices and to growing traditional crops to support the cultural and environmental values of the people, while supporting economic development within the community along the way.

Julie Pierson has been with the co-op since its inception. A walking encyclopedia of Tohono O’odham history, Julie explained that the co-op grows alfalfa and cash crops in order to support the traditional crops.

Now, thanks to two USDA Rural Development grants, the co-op is expanding both the marketing of their produce and their actual market. The co-op received an \$188,129 Small Socially Disadvantaged Producer Grant and a \$52,206 Value-Added Producer Grant.

“These grants will help supplement income for our co-op farmers,” Julie explained, “and now we will also be able to go into the schools and teach our children about the native crops...and how to grow and cook them.”



The San Xavier Co-op sells their products at their store and at a ramada outside the popular San Xavier del Bac Mission.

REAP Success Story

With partnerships between USDA Rural Development and Cochise Community College and the work of Arizona's Community Economic Development Coordinator, Arizona received nine Rural Energy for America Program grants in 2015.

Reap helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy. These investments have also helped many rural businesses cut their energy costs significantly. The REAP program projects in Arizona



ranged from a \$7,889 grant to Sunzona Family Farms in Willcox to a \$242,000 solar photo voltaic system for Agri-Packing Distributors in Nogales.

REAP was created by Congress in the 2002 Farm Bill. Since 2009 the program nationwide has generated or saved an estimated 8.4 million megawatt hours—enough to reduce greenhouse gas emissions by almost five million metric tons of

carbon dioxide—roughly the equivalent of taking a million cars off the road.

The other Arizona REAP recipients in 2015 were:

- Coronado Farms, a \$116,800 grant for Energy Efficiency
- Del Campo Suprme, a \$200,522 grant for a solar photo voltaic system
- Du Brook Dairy, a \$122,207 grant for a solar photo voltaic system
- Eastern AZ AG Center, \$49,843 solar photo voltaic system
- Malena Produce, a \$200,973 solar photo voltaic system
- Ronald Tolman, CPA, a \$2,367 solar photo voltaic system
- Tricar Sales, a \$184,379 grant for Energy Efficiency

The applicant pays for 75% of the costs of the project and REAP grant covers the additional 25%. According to Acting State Director Ernie Wetherbee, the 25% assist through USDA is often the boost needed by small businesses to remain profitable and stay in business.



USDA Rural Development improved rural housing in Arizona with \$315,656,303 million in loans and grants to build, repair, rehabilitate, and purchase homes that ultimately improve the quality of life in rural Arizona. Rural Development provides funding for single-family homes, apartments for lower-income families or the elderly, and housing for farm laborers. In Fiscal Year 2015, the agency obligated 135 direct loans and 1,883 guaranteed loans to finance homes for rural Arizona families.

Single-Family Housing Direct Home Loans

This program helps very-low- and low-income individuals and families buy, build and improve homes in rural areas. Payment assistance, a type of subsidy, may be provided for very-low-income applicants — based on their adjusted household income — to help them afford the monthly mortgage loan payments.

Single-Family Housing Loan Guarantees

This program helps moderate-income individuals and families buy, build and improve homes in rural areas. USDA Rural Development provides guarantees on loans made by approved lenders that participate in the program.

Single-Family Housing Repair Loans and Grants

This program helps very-low-income rural individuals and families repair, improve or modernize their homes. Grants are provided to elderly very-low-income homeowners to remove health and safety hazards from their homes.

Mutual Self-Help Housing Technical Assistance Grants

This program provides grants on a competitive basis to qualified organizations to help them carry out local self-help housing construction projects. Grant recipients supervise groups of very-low- and low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other's homes, with technical assistance from the organization overseeing the project.



James Nez received a \$7,500 504 grant from USDA Rural Development to insulate and put a new roof on his hogan on the Navajo Nation.

The Nez Family was not able to stay in the hogan during the cold winter months before the insulation was installed.

Now with a sturdy new roof and insulated ceiling the family can stay in their traditional home year round.

Multi-Family Housing Programs

Multi-Family Housing Direct Loans

This program provides competitive financing to construct or renovate affordable multi-family rental housing for low-income, elderly, or disabled individuals and families in eligible rural areas.

Multi-Family Housing Loan Guarantees

The program provides financing to construct or renovate affordable multi-family rental housing for low- to moderate-income individuals and families in eligible rural areas.

Under the program, USDA Rural Development provides guarantees on loans made by approved lenders that participate in the program.

Housing Preservation Grants

Housing Preservation Grants (HPG) are provided to sponsoring organizations to repair or rehabilitate housing occupied by very-low and low-income people in rural areas.

Farm Labor Housing Loans and Grants

This program provides financing to develop affordable multi-family rental housing for year-round and migrant or seasonal domestic farm laborers and their families.

Rental Assistance

Rental Assistance payments may be made to owners of USDA Rural Development-financed rural rental housing or farm labor housing apartment complexes on behalf of low-income tenants who are unable to pay market-rate rent to help them meet their monthly rent payments.



Officials gather to turn the first spade of dirt for the new Highland Square senior apartment complex in Cottonwood, AZ.

USDA Rural Development provided a \$1 million Direct Loan.

All 60 of the units in this complex are eligible for USDA Rental Assistance program so that the seniors who live in the complex will have affordable rents.

Community Programs

During Fiscal Year 2015, USDA Rural Development invested \$26,534,400 million in rural Arizona through community facilities loans and grants. The eight projects, including funding for schools and health care. Community Facilities programs help build, expand, rehabilitate, purchase, and support the development of police and emergency fire stations and equipment, museums, child care centers, hospitals, clinics, schools, and more.

Community Facilities Loans and Grants

This program provides direct loans, loan guarantees and grants to qualified organizations to develop, build and equip essential community facilities in rural areas. Examples of essential facilities include public safety, fire and rescue and telecommunications buildings, schools, libraries, hospitals and health care clinics.

Rural Community Development Initiative Grants

Rural Community Development Initiative Grants (RCDI) are provided to help non-profit housing and community development organizations support housing, community facilities and community and economic development projects in rural areas.



The Regional Center for Border Health received a \$8,805,000 Community Facility Loan from Rural Development to build a walk-in clinic and a college of health in the small border community of Somerton.

The Center, under the direction of President and CEO Amanda Aguirre, offers a youth summer program, well women programs, asthma camp, behavioral health services, and support groups for asthma sufferers, breast cancer victims, and victims of bullying. They also operate a mobile medical clinic with exam rooms and professional staff.



Willcox Historic Theater Preservation received a \$286,000 loan to refurbish the interior and exterior of the historic theater.

Success Story — Wickenburg Hospital

Health Care “Out Wickenburg Way”

Wickenburg is steeped in western ambience and lore. Known as the Dude ranch Capital of the World, it prides itself in maintaining the old western town feel and character. The town motto is “Out Wickenburg Way” and it says a lot about the folksy, small town charm of the place.

For nearly 60 years the health needs of folks in this small old mining town have been met by the Wickenburg Community Hospital (WCH). However for the last 14 of those years the hospital has not been able to offer surgical services. Town folks needing surgery had to travel the sixty miles to Phoenix, a burden on the families and often a delay that added risk for the patient. Folks decided it was time to modernize.

With two recent Community Facility Direct Loans from USDA Rural Development, WCH is building a 10,700 sf surgical center addition to the existing hospital and a 10,685 sf separate rural health clinic.

The new surgical center will include two operating rooms. WCH will also be adding a diagnostic center to expand diagnostic capabilities. The new Clinic will accommodate additional staff and specialists.

“The capacity we will add with this project will make Wickenburg a safer and healthier community,” said WCH CEO Jim Tavary. He added that the people in town pitching in to help raise money to supplement the USDA funding. “This is a terrific example of what good can come from a partnership of a caring community and a helpful government agency.”

Thanks to over \$16 million in funding from USDA Rural Development, nearly 30 new jobs, a new state-of-the-art surgical center, and a new health clinic will be added to the long list of community amenities Out Wickenburg Way!



Artist's rendering of the new rural surgical center and health clinic in Wickenburg, Arizona

USDA Rural Development invested \$10,086,435 million during Fiscal Year 2015 through 52 infrastructure projects to provide reliable and clean drinking water, waste treatment systems, electric power, and telecommunications services in Arizona.

Electric Infrastructure Loans

This program provides insured loans and loan guarantees to qualified utility providers to finance construction of electric generation, transmission and distribution facilities and system improvements in rural areas. Funds may be used for demand-side management, energy conservation programs, and on-grid and off-grid renewable energy systems.

Energy Efficiency and Conservation Loans

This program provides loans to USDA electric loan borrowers for energy audits and energy efficiency upgrades that enable the electric utilities to implement energy efficiency service improvements on behalf of their customers. Funds may be used for weatherization, HVAC improvements, high efficiency lighting and conversions to more efficient or renewable energy sources, such as consumer-scale solar power and ground-source heat pumps.

Broadband Direct Loans and Loan Guarantees

This program provides funds to qualified providers to construct, improve or acquire facilities and equipment needed to implement broadband service in eligible rural areas.

Community Connect Grants

Community Connect grants help deploy broadband service in rural communities where it is not yet economically viable for private sector providers to deliver broadband. Projects funded through the program include community centers that offer free public access to broadband for 2 years.

Distance Learning and Telemedicine Grants

DLT grants help rural communities use the unique capabilities of telecommunications to connect to each other and overcome the effects of remoteness and low population density. For example, this program finances telecommunications equipment and systems that can link teachers and medical service providers in one area to students and patients in another remote location.

Water and Waste Disposal Program

This program provides affordable direct loans, loan guarantees and grants to build, repair or improve public water systems and waste collection systems in rural areas.

Solid Waste Management Grants

This program provides technical assistance and training grants to people who operate or maintain landfills to help reduce or eliminate pollution of water resources in rural areas.

Circuit Rider Program

This program provides grants for technical assistance and training to rural water systems experiencing difficulties with day-to-day operations, finances or management.

Telecommunications Infrastructure Loans

This program provides financing to construct, maintain, improve and expand telephone and broadband services in rural areas.

StrikeForce and CED

The USDA's Strike Force Initiative for Rural Growth and Opportunity addresses specific challenges associated with rural poverty. Strike Force teams have facilitated collaboration with community partners and public entities to bring targeted assistance to these areas. Strike Force is an effort of USDA to coordinate its activities among all agencies to better serve the persistent poverty in communities and socially disadvantaged farmers to create self-sustaining, long-term economic development in areas of poverty, unemployment and general distress and to demonstrate how the communities can achieve self-sufficiency through innovative and comprehensive plans. The Strike Force initiative includes all USDA agencies in partnership with other federal agencies, state government agencies, non-profit organizations, educational institutions, and community and private groups.

Although all counties in Arizona are designated StrikeForce Counties, two areas have been designated as focus regions for our Community Economic Development efforts. One is the Former Bennet Freeze (FBFA) on the Navajo Nation and the other is the Copper Corridor. Additional outreach and emphasis on these two areas have shown added economic activity and funding.



In the Copper Corridor, USDA CED outreach coordinator Jeff Hays conducted an area-wide Strength, Weaknesses, Opportunities and Threats (SWOT) survey with Copper Corridor leadership. The group has developed goals and an action plan and are tapping into various federal programs to help grow the economic vitality of the area while protecting the rural quality of life.

On the FBFA, Hays made eight presentations at Navajo Chapter Houses to promote USDA Rural Development programs. As a result four applications for the new Rural Business Development Grants were received from the FBFA, two of which were funded.

Leupp Family Farm (LFF) within the FBFA received two grants from Rural Development in FY 15 and a Promise Zone application was submitted that included the FBFA in its scope of work. LFF is expanding from its previous Farm to School Grant to a \$174,946 Socially Disadvantaged Grant to provide technical assistance to local growers to increase their productivity. LFF also received a \$26,268 Value Added Producer Grant to expand to traditional foods to local markets.



Painted Desert Demonstration Project will be providing training to local families and communities to sustain and improve water quality in the numerous small water systems in the FBFA. A \$8.128 million dollar B&I guaranteed loan was committed to develop a new hotel further sustaining the tourist based economy of Page, AZ, and expanding new employment opportunities for the FBFA and neighboring communities.

Success Story—RBDG Grants

The Rural Business Development Grant (RBDG) was introduced in 2015—a fusion of the old Rural Business Enterprise Grants (RBEG) and the Rural Business Opportunity Grants (RBOG).

This competitive grant program is designed to support targeted technical assistance to help small and emerging private businesses develop or expand.

In 2015 Arizona funded nine Rural Business Development Grants for a total of \$890,900. Among those projects that received funding were:

- International Sonoran Desert Alliance—received a \$50,000 RBDG to create a revolving loan fund for local business in Ajo, AZ. The ISDA has developed artisan studio space and apartments in the old Curley School and is developing the central plaza area in downtown Ajo.
- The White Mountain Regional Medical Center used their \$42,950 RBDG 6025 grant to develop a plan for a childcare center.
- San Carlos Apache Tribe used their \$500,000 RBDG grant to support their revolving loan program for Tribal members and for additional technical assistance to small businesses
- The \$28,000 RBDG grant given to the Copper Corridor EDC was targeted for the development and expansion of tourism and broadband in the Copper Corridor area.
- The Town of Eager received a \$50,000 grant to develop a master plan for a industrial park.
- The Nogales Community Development Corporation is developing a Business Innovation Center with their \$60,000 RBDG.
- Ray Federal Credit Union set up a revolving Loan Fund with their \$47,600 RBDG grant. The credit union serves the copper corridor area.
- The Yavapai Apache Nation received a \$57,000 RBDG Native American grant. They will use the funding to do an assessment of the feasibility of developing a vineyard.
- A \$55,400 RBDG grant went to Growing Alternative Resource Development and Enterprise Network to restore landscaping at their location.



Rural Housing and Community Facilities Programs

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Single-Family Housing Direct Loans (including Self-Help Loans)	Safe, well-built, affordable homes for rural Americans.	Families and individuals.	Buy, build, improve, repair or rehabilitate a rural home as the applicant's permanent residence.	Rural areas with populations of up to 35,000.	Direct loan.	Up to 100% of market value or cost. Loan term of 33/38 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
Single-Family Housing Loan Guarantees	To assist moderate-income applicants/ household in buying their homes by guaranteeing loans made by private lenders.	Families and individuals.	Purchase new or existing homes and refinance existing Rural Development guaranteed or direct loans.	Rural areas with populations of up to 35,000.	Loan guarantee.	30-year, fixed. The interest rate is negotiated between lender and borrower. Loans up to 100% of market value plus the amount of the up-front guarantee fee being financed.
Single-Family Repair Loans and Grants	To help very low-income applicants remove health and safety hazards or repair their homes.	Families and individuals who currently own their home.	Repair/replace roof, winterizing, purchase or repair heating system, structural repair, water/sewage connect fees, etc.	Rural areas with populations of up to 35,000.	Direct loan and grant.	Loans up to \$20,000 up to 20 years at 1%. Grants available to very low-income applicants 62 years or older unable to pay 1% loan.
Self-Help Technical Assistance Housing Grants	Assist lower-income families in building their own homes.	Non-profits and public bodies.	Technical assistance to help small groups of families to build each other's homes.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.
Rural Rental Housing Direct Loans	Safe, well-built, affordable rental housing for very-low-income individuals and families.	Individuals, trusts, associations, limited partnerships, for-profit and non-profit entities, Tribes, public bodies.	New construction or substantial rehabilitation of rental housing.	Rural areas with populations of up to 35,000.	Direct loan.	Up to 100% of total development cost (non-profits); 97% (for-profits); 95% (for-profits with Low-Income Housing Tax Credits). 30-year term with up to 50-year amortization.
Rural Rental Housing Loan Guarantees	Provides loan guarantees on loans to build or preserve affordable housing for very-low to moderate-income tenants.	For profit and non-profit lenders.	Build or rehabilitate affordable rental housing.	Rural areas with populations of up to 35,000.	Loan guarantee.	At least 25-year term with fixed interest rate. Loan guarantees up to 90% of the principal.
Housing Preservation Grants	Repair and rehabilitate housing owned or occupied by very low- and low-income rural families.	Public bodies and non-profit organizations.	Operation of a program which finances repair and rehabilitation activities for single-family and small rental properties.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.
Farm Labor Housing Loans and Grants	Safe, well-built affordable rental housing for farm-workers.	Individuals, public and private non-profit organizations.	New construction or substantial rehabilitation of rental housing.	Not applicable.	Direct loan and grant.	Up to 102% of total development cost. Up to 33 years to repay at 1% interest.
Community Facilities Loans and Grants	Improve, develop, or finance essential community facilities for rural communities.	Public bodies, non-profits, and Federally recognized Indian Tribes.	Construct, enlarge or otherwise improve essential community facilities, such as public safety, fire and rescue, telecommunications, schools, libraries, hospitals, other health care facilities, etc. This may include furnishings, fixtures and other required equipment.	City, town or unincorporated area of not more than 20,000 in population. Facilities must primarily serve rural residents.	Direct loan, loan guarantee, or grant.	Up to 100% of market value. Term is for useful life of the facility or equipment, the State statute, or 40 years. Maximum grant 75% of project cost. Grant eligibility based on income, population, and need.
Rural Community Development Initiative	To facilitate housing, community facility and community and economic development projects.	Private non-profit or public organizations, philanthropic foundations, low-income communities.	Technical assistance grants of \$50,000 to \$300,000 to develop the capacity and ability of the awardees to carry out needed projects.	City, town, or unincorporated area of not more than 50,000 in population.	Grant.	Matching funds required for grant.

For Direct Loans and Grants, apply to Rural Development. For Loan Guarantees, apply to participating intermediaries such as approved banks, mortgage companies, etc.

Rural Business and Cooperative Programs

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Business and Industry Loan Guarantees	Create jobs/stimulate rural economies by providing financial backing for rural businesses.	Lenders/Businesses.	Real estate, buildings, equipment, supplies, working capital, and some debt refinancing.	All areas except cities over 50,000 and their contiguous urbanized areas.	Loan guarantee.	Lender and borrower negotiate terms. Up to 30 years for real estate, 15 years for machinery and equipment, and 7 years for working capital.
Rural Business Development Grants	Assist the startup or expansion of small and emerging private businesses and/or non-profits in rural communities. Note: This program combines the former Rural Business Enterprise Grant and Rural Business Opportunity Grant programs and was created through the 2014 Farm Bill.	Public bodies, government entities, non-profit entities, and Federally recognized Indian Tribes.	Acquire or develop land, buildings, plants and equipment; build or improve access roads, parking areas, utility extensions, and water and waste disposal facilities; provide technical assistance; establish revolving loan funds; and to support rural distance learning programs that provide educational or job training.	All areas rural in character except cities over 50,000 and their contiguous urbanized areas.	Grant.	Grants are awarded on a competitive basis.
Intermediary Relending Program Loans	Establish revolving funds for business facilities and community development projects.	Public bodies, non-profit corporations, Native American Tribes, and cooperatives.	Community development projects, establishment or expansion of businesses, creation or saving of rural jobs.	Rural areas and incorporated places with populations of less than 50,000.	Direct loan.	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Intermediary pays 1% for 30 years.
Rural Microentrepreneur Assistance Program	Establish revolving funds to target assistance to small rural enterprises.	Microenterprise Development Organizations (MDOs).	Loans, technical, and capacity-building assistance to businesses with 10 or fewer employees and sole proprietorships.	All areas except cities over 50,000 and their contiguous urbanized areas.	Loans, grants.	Rural microenterprises apply directly to the intermediary.
Rural Economic Development Loans and Grants	Finance economic development and job creation in rural areas.	Rural Utilities Service-financed electric and telephone utilities.	Business startups or expansion projects that create rural jobs.	Rural areas with priority to places with populations of 2,500 or less.	Direct loan or grant to establish revolving loan fund.	Intermediary makes loans to for-profit or non-profit businesses and public bodies. Loans are 0% for 10 years.
Rural Cooperative Development Grants	Establish/operate centers for cooperative development.	Non-profits and institutions of higher education.	Establish centers to provide technical assistance, training, applied research, and collection and interpretation of data, for the purpose of cooperative development.	All areas except cities over 50,000 and their contiguous urbanized areas.	Grant.	Minimum 25% fund match (5% for 1994 Institutions). Grants awarded competitively.

Rural Business and Cooperative Programs (continued)

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Socially Disadvantaged Groups Grants (formerly the Small, Socially Disadvantaged Producer Grant Program)	Provides funds to eligible cooperatives or an association of cooperatives to provide technical assistance to small, socially disadvantaged producers in rural areas.	Cooperatives and associations of cooperatives whose membership and board of directors is comprised of at least 75% socially disadvantaged agricultural producers.	Technical assistance.	All areas, except cities over 50,000 and their contiguous urbanized areas.	Grant.	Grants are awarded on a competitive basis. There is no matching requirement.
Value-Added Producer Grants	Help independent agricultural producers enter into activities that add value to their crops.	Independent producers, farmer and rancher cooperatives, producer groups, majority-controlled producer-based business ventures.	Feasibility studies, business plans; working capital.	All areas.	Grant.	Grants are awarded on a competitive basis. Funds cannot be used to build facilities or purchase equipment. Funds must be matched on a dollar-for-dollar basis.
Rural Energy for America Program (REAP) Loan Guarantees and Grants	Provide assistance for energy efficiency improvements or purchase of a renewable energy system for operations.	Rural small businesses and agricultural producers.	Energy efficiency improvements, renewable energy systems, land acquisition and working capital.	Cities, towns, unincorporated areas with population less than 50,000. (Population limits do not apply to agricultural producers)	Loan guarantee and/or grant.	Grants up to 25% of project costs not to exceed \$250,000 for energy efficiency projects and \$500,000 for renewable energy. Loan guarantees up to 75% of project cost not to exceed \$25 million.
REAP Audit/Development Grants	Provide grant to entity to pass through to a small business or agricultural producer for 75% of the cost of an energy audit or renewable energy development assistance.	State, Tribal, or local government institutions of higher education; rural electric cooperatives; or public power entities.	\$100,000 grant to entities, smaller ones to small business and agricultural producers for 75% of energy audit or renewable energy development assistance.	Cities, towns, unincorporated areas with population less than 50,000.	Grant.	\$100,000 to entities and up to 75% of the cost of energy audit for renewable energy development assistance.
Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program Loan Guarantees (formerly the Biorefinery Assistance Program)	Provide loan guarantees for the development and construction of commercial-scale biorefineries or to retrofit facilities using eligible technology for the development of advanced biofuels.	Individuals, Indian Tribes, State or local governments, corporations, farm cooperatives, associations of agricultural producers, national laboratories, higher learning institutions, rural electric co-ops, public power entities, consortiums of any of the entities.	Loan guarantees to develop and construct commercial-scale biorefineries or retrofit facilities to use eligible technology for the development of advanced biofuels.	No restrictions.	Loan.	90% (maximum) guarantee on loans up to \$125 million; 80% (maximum) guarantee on loans less than \$150 million; 70% (maximum) guarantee on loans of \$150 million but less than \$200 million; 60% (maximum) guarantee on loans of \$200 million up to \$250 million.
Repowering Assistance Program	Provide payments to biorefineries to replace fossil fuels with biomass.	Biorefineries.	Grant to biorefineries, including ethanol and biodiesel plants that use electricity generated from natural gas and coal and require this for the fermentation process.	No restrictions.	Grant.	As funds are available. Complete applications submitted to National Office for review.
Advanced Biofuel Payment Program	Provide payments to producers of advanced biofuels.	Eligible producers of advanced biofuels.	Grant to producers of advanced biofuels (non-commercial-based).	No restrictions.	Grant.	As funds are available. Complete applications submitted to National Office for review. Grant awards determined by National Office.

For Direct Loans and Grants, apply to Rural Development. For Loan Guarantees, apply to participating intermediaries such as eligible banks etc. For Revolving Funds (RMAP, IRP, and REDLG), intermediaries apply to Rural Development, others to the intermediaries.

Rural Utilities Programs

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Water and Waste Disposal Loans and Grants	Provide infrastructure for rural areas.	Public entities, Indian Tribes and non-profit corporations.	Build, repair and improve public water systems and waste collection and treatment systems.	Rural areas, and towns with up to 10,000 population.	Direct loan and grant.	Repayment period is a maximum of 40 years. Grant funds may be available.
Water and Waste Disposal Loan Guarantees	Provide infrastructure for rural areas.	Public entities, Indian Tribes and non-profit corporations.	Construct, repair and improve water supply and distribution systems and waste collection and treatment systems.	Rural areas, and towns with up to 10,000 population.	Loan guarantee.	Eligible lenders obtain up to a 90% guarantee on loans they make and service.
Solid Waste Management Grants	Provide technical assistance and/or training to those who operate and maintain active landfills.	Public bodies, private non-profit organizations, Indian Tribes, academic institutions.	Technical assistance and training to improve landfill conditions and protect against threats to nearby water resources.	Rural areas, and towns with up to 10,000 population.	Grant.	Applications accepted year-round. Complete applications submitted to National Office for review.
Technical Assistance/ Training/Circuit Rider	Provide technical assistance and training.	Public, private, and non-profit organizations.	Provide technical assistance and training to assist with management of water and waste projects.	Rural areas and towns with up to 10,000 population.	Grant.	As funds are available. Complete applications submitted to National Office for review.
Rural Broadband Direct Loans and Loan Guarantee	Deployment of broadband service to eligible rural communities. Note: The 2014 Farm Bill revises program provisions. New rules are expected to be published in FY 2015.	Entities seeking to provide broadband services in rural areas.	Finance the construction, improvement and acquisition of facilities and equipment to provide broadband service in eligible rural communities.	Refer to the new rules, when available, for population limits.	Refer to the new rules, when available, for loan details.	Refer to the new rules, when available, for loan terms and conditions.
Electric and Telecommunications Loans	Assist rural communities in obtaining affordable, high-quality electric and telecommunications services.	Non-profit and cooperative associations, public bodies, and other utilities.	Generation, transmission facilities and distribution of electric power, including alternative, renewable, conservation and energy efficiency programs. Enhance 911 emergency service, digital switching equipment, and fiber optic cable, along with traditional main system telecommunications service.	Electric: areas served by an existing rural electric borrower, or rural areas other than a city or town of more than 20,000. Telecommunications: areas cities with population under 5,000.	Direct loan or loan guarantee.	Interest rates are established in accordance with 7CFR 1714. Contact RUS at www.rd.usda.gov or 1 (800) 670-6553.
Distance Learning and Telemedicine	Development and deployment of advanced telecommunication services throughout rural America to improve education and health care.	Incorporated entities, including municipalities, for-profit, and non-profit corporations that operate rural schools, libraries, health care clinics and other educational or health care facilities.	To provide end-user equipment and programming that delivers distance learning and telemedicine services into eligible areas.	Rural areas outside incorporated or unincorporated cities with populations up to 20,000.	Grant.	Awards range from \$50,000 to \$500,000. A minimum of 15% in matching funds is required.
Community Connect Grants	Provide public access to broadband in otherwise unserved communities.	Public bodies, Tribes, cooperatives, non-profits, limited dividend or mutual associations; corporations and other legally organized entities	To build broadband infrastructure and establish a community center that offers free public access to broadband for two years.	A single community outside incorporated or unincorporated cities with population over 20,000 which does not have broadband.	Grant.	Minimum: \$50,000; Maximum: \$1 million. Amounts are published in Notices of Funding Availability and may vary.

Electric and Telecom Programs: Contact the Rural Utilities Service Administrator; Water Programs: Contact the Rural Development State Office.

Rural Development Program Purposes

	Land & Bldgs.	Mach. & Equip.	Working Capital	Infrastructure	Tech. Asst./Train.
Rural Housing and Community Facilities Programs					
Single Family Housing Direct Loans (including Self-Help Loans)	♦				
Single Family Housing Loan Guarantees	♦				
Single Family Housing Repair Loans/Grants	♦				
Self-Help Housing Technical Assistance Grants					♦
Rural Rental Housing Direct Loans	♦			♦	
Rural Rental Housing Loan Guarantees	♦			♦	
Housing Preservation Grants	♦	♦	♦	♦	♦
Farm Labor Housing Loans/Grants	♦			♦	
Community Facilities Direct Loans, Loan Guarantees, Grants*	♦	♦	♦	♦	
Rural Community Development Initiative					♦
Rural Business and Cooperative Programs					
Business and Industry Loan Guarantees	♦	♦	♦	♦	
Rural Business Development Grants	♦	♦	♦	♦	♦
Intermediary Relending Program Loans	♦	♦	♦		
Rural Microentrepreneur Assistance Program	♦	♦	♦	♦	♦
Rural Economic Development Loans and Grants	♦	♦	♦	♦	♦
Rural Cooperative Development Grants				♦	♦
Socially Disadvantaged Groups Grants					♦
Value-Added Producer Grant			♦	♦	♦
Rural Energy for America Program Loan Guarantees/Grants	♦	♦		♦	♦
Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program Loan Guarantees					
Repowering Assistance Program					
Advanced Biofuel Payment Program					
Rural Utilities Programs					
Water and Waste Disposal Direct Loans, Loan Guar., Grants	♦	♦		♦	
Solid Waste Management Grants					♦
Technical Asst./Training/Circuit Rider					♦
Rural Broadband Direct Loans and Loan Guarantees	♦			♦	
Electric and Telecommunications Direct Loans/Loan Guarantees	♦	♦		♦	
Distance Learning and Telemedicine Loans/Grants		♦		♦	
Community Connect Grants	♦	♦	♦	♦	

2015 Annual Report

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A special thank you to Alan Stephens who retired from USDA Rural Development in May of 2015. His tireless work on behalf of rural Arizona will be felt for years to come.

Ernie Wetherbee
Acting State Director

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) mail: U.S. Department of Agriculture,
Office of the Assistant Secretary for Civil Rights,
1400 Independence Avenue, SW, Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: program.intake@usda.gov (link sends e-mail).

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Rural Development

USDA Rural Development is committed to the future of rural communities.