



UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

**INTERAGENCY GROUP ON INSULAR AREAS
FY 2015 SENIOR PLENARY SESSION
RURAL DEVELOPMENT BRIEFING REPORT
FEBRUARY 24, 2015**

The Hawaii State Office of USDA Rural Development has oversees the largest region of all Rural Development State Offices. Including the State of Hawaii, the region includes the Insular areas of Guam, American Samoa, and Commonwealth of Northern Mariana Islands, and the Freely Associated States of the Federated States of Micronesia, The Republic of the Marshall Islands, and The Republic of Palau. In addition, the Florida Rural Development State Office has oversight of the U.S. Virgin Islands.

For fiscal year 2014, Rural Development provided over \$53.9 million in financial assistance to communities in the Insular Areas and the Freely Associated States. Through the utilization of its grant and loan programs, Rural Development assisted first-time homeowners, local and state governments, rural businesses, financial institutions, public utilities, farmers and ranchers, and non-profit organizations. In fiscal year 2014, Rural Development placed significant emphasis in four priority areas; 1) Community Economic Development, 2) Local and Regional Food Systems, 3) Bio-economy and Renewable and Alternative Energy, and 4) High Poverty Areas. These priority areas have been carried forward to fiscal year 2015.

FISCAL YEAR 2014 HIGHLIGHT ACTIVITIES IN THE INSULAR AREAS

GUAM



COMMUNITY ECONOMIC DEVELOPMENT

- ❖ In fiscal year 2014, a Community Economic Development Roundtable meeting was held in Guam. Stakeholders representing business, government, nonprofit, and community sectors of Guam were invited to share their perspectives on what they felt were key priorities were necessary for economic development in their communities. Rural Development uses this this approach to assess the priority needs for the communities it

serves. Recognizing that each community faces unique challenges in promoting economic and community development, this process enables Rural Development to gain the insight directly from community stakeholders “on the ground.” This information assists Rural Development in developing a strategic plan and a menu of programs that are tailored to a specific community and avoids a “One Size Fits All” approach. This process is not a “one event” activity, but assessments and reprioritizing continues to evolve as priority needs of the community changes.

RURAL HOUSING PROGRAMS

Since 2010 USDA Rural Development has assisted 406 first-time homeowners with over \$77 million in Direct and Guarantee housing loans.

- ❖ For the first 4 months of fiscal year 2015, 18 families were assisted with \$3.6 million in Rural Housing 502 Direct and Guaranteed loans.
- ❖ In fiscal year 2014, 91 families were assisted with over \$16.9 million in Rural Housing 502 Direct and Guaranteed loans.

COMMUNITY PROGRAMS

Since 2010, over \$94.7 million in Community Facilities Direct and Guaranteed loans and grants were made for essential community facilities.

- ❖ A \$21.7 million **Community Facilities Direct loan** was awarded to the **University of Guam Endowment Foundation**. Loan proceeds will be used for the construction of a new Student Services Center and an Engineering Annex building. This project is anticipated to create 418 direct, indirect, and induced jobs for Guam communities.
- ❖ A \$5.0 million **Community Facilities Direct loan** was approved for the **Guam Community College**. Loan proceeds will be utilized to expand the community college's Crime Laboratory and to renovate and expand a building built in 1964.

RURAL BUSINESS PROGRAMS

- ❖ A **Business & Industry (B&I) Guaranteed Loan** of \$500,000 was closed with Quick Service Foods, Inc. Loan proceeds were utilized to finance building improvements and equipment purchase for a Wendy's franchise restaurant in Dededo, Guam. This award has assisted the business in creating 15 new jobs in the service industry.
- ❖ A **Rural Business Enterprise Grant (RBEG)** was awarded to Guma' Mami, Inc. in the amount of \$50,000. The grant funds will be utilized to conduct retail sales training to adults and to individuals with cognitive disabilities and/or serious mental illnesses.
- ❖ A **Rural Business Enterprise Grant (RBEG)** was awarded to the Guam Hotel & Restaurant Association in the amount of \$50,000. These grant funds will be utilized to conduct various educational training and workforce development seminars aimed to provide individuals with the skills needed to increase work performance and service standards. The Guam Hotel & Restaurant Association has over 300 members who collectively employ over 20,000 workers.
- ❖ Two **Rural Energy for America Program (REAP)** Grant awards were provided to businesses on Guam. Johndel International, Inc. was awarded a REAP grant for

\$17,320 for the purchase of a 30Kwh photovoltaic solar system that will lower the energy consumption and electricity expense. Jose Servino, a sole proprietor, was awarded a \$26,000 REAP grant to assist in the cost to install a 30Kwh photovoltaic solar system.

AMERICAN SAMOA



RURAL HOUSING PROGRAMS

- ❖ In fiscal year 2014, through the **Home Improvement and Repair Loan and Grant** program, 19 families received \$204,376 in assistance. These elderly families with very low household incomes were able to improve their quality of living through the funding assistance used to remove health and safety hazards or to make improvements and renovations to accommodate household members with disabilities.

COMMUNITY PROGRAMS

- ❖ The **LBJ Hospital** received a \$54,600 **Community Facilities Grant** to fund the purchase of arthroscopy equipment. Arthroscopic surgery is a much needed service that has been curtailed for the past few years due to lack of specialized equipment to support these important procedures. As the only inpatient Medical Center in American Samoa, its ability to provide a wide range of medical services has been improved.

RURAL UTILITIES SERVICES

- ❖ As part of the American Recovery and Reinvestment Act, the **American Samoa Telecommunication Authority (ASTCA)** received an \$81 million grant and a \$10 million direct loan under the **Broadband Initiative Program**. As of the end of fiscal year 2013, Rural Development has disbursed \$66 million to ASTCA for design, equipment and construction contracts. The network would carry voice, video, and data connecting 5 islands through submarine cable.

The project, originally scheduled to be completed by July 2015, involving the installation of new fiber optic cables that would eventually connect upgraded electronics to the network, has experienced a serious delay in 2014 and will not be completed on time. Rural Development is working with ASTCA to determine whether this project can be completed by the September 2015 deadline.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS



COMMUNITY PROGRAMS

- ❖ A **Community Facility grant** of \$50,000 was awarded to the Commonwealth Health Center located on the island of Saipan. The grant will be used for the purchase of hospital beds and furniture for patient rooms.

RURAL BUSINESS PROGRAMS

- ❖ A **Rural Energy for America Program (REAP)** grant of \$45,000 was awarded to P&A Corporation. The grant funds will be used to offset the cost of purchasing a 50Kwh photovoltaic solar system which is expected to lower the business's energy consumption and electricity expense. P&A Corporation was incorporated in 2007 and is engaged in sales of various wood products. In addition, the company owns and operates a number small businesses including a laundromat, a hardware store, and apartment and commercial rental properties.

U.S. VIRGIN ISLANDS – St. Croix, St. Thomas, and St. John Counties



RURAL HOUSING PROGRAMS

- ❖ Approximately \$2.2 million funded through the Rural Housing 502 Direct Loan Program assisted 20 first-time homeowners to purchase or construct a home. 18 of these loans were made in the county of St. Croix, 1 in St. Thomas and 1 on St. John.
- ❖ \$22,141 in grant assistance through the Rural Housing 504 Home Improvement and Repair Loan/Grant Program assisted 4 elderly very-low-income homeowners to remove health and safety hazards.

MULTI-FAMILY HOUSING PROGRAMS

- ❖ \$5,582,832 obligated in Rental Assistance to subsidize 17 RD multi-family housing section 515 projects – 15 on St. Croix with a total of 363 rentals and 2 on St. Thomas with a total of 65 units received.

COMMUNITY PROGRAMS

- ❖ The Virgin Islands Montessori School, Inc - St. Thomas district - submitted a \$2,650,000 **Community Facilities Loan Pre-Application** to acquire an existing building, acquire land and construct on that building and to refinance existing debt. This application is still in process, with plans for funding in FY 2015

RURAL UTILITIES SERVICES

- ❖ December 2013 - Rural Utilities Service Program announced funding of a \$13,000,000 loan to the Virgin Islands Water and Power Authority for smart grid technology.

RURAL BUSINESS PROGRAMS

- ❖ June 2014 - \$50,000 Rural Business Enterprise Grant to the University of the Virgin Islands – Small Business Development Center - for video conferencing upgrade.

ENERGY ASSISTANCE

- ❖ 3 grants totaling \$125,000 for Renewable Energy and Energy Efficiency Projects to local small businesses in the St. Croix county, which included Solar Photovoltaic Panel Systems and Energy Efficiency Improvements.

FREELY ASSOCIATED STATES

FEDERATED STATES OF MICRONESIA



RURAL HOUSING PROGRAMS

- ❖ In fiscal year 2014, \$464,186 in loans and grants funding for rehabilitation and renovation of 34 homes to remedy safety and health hazards, and/or to accommodate accessibility to occupants with disabilities. These funds assisted the very low and low household income families and more that 50% of the applicants were elderly and very low income families.

COMMUNITY FACILITIES

- ❖ An ***Economic Impact Initiative grant*** of \$35,000 was awarded to the **Yap State Division of Public Safety** for the purchase of one Emergency Fire/Rescue Vehicle for the Yap State Police. These vehicles will significantly improve public safety response times to fire, disaster, and other emergency situations in rural municipalities on Yap's main/largest island.
- ❖ The **Kolonia Town Government** was awarded a \$15,000 ***Economic Impact Initiative grant*** for the second phase of its Solar Streetlight Program, which included the acquisition of lighting units that will provide an alternative energy network for town public lighting at night. This will greatly enhance public safety and assist in the deterrence of crime. This environmentally friendly green system will substantially reduce the Town's enormous monthly electric utility bills on an island where current electricity rates are \$0.47 per KWH.
- ❖ **Robert's Finanpes Farm** received a Value Added Producer Grant of \$9,340 used to procure packaging and labeling materials. These funds cover marketing expenses related to sales and distribution for Kosrae Salted Chili Pepper Spice.
- ❖ Our FSM Area Office continues to work diligently in assisting applicants with completing various requirements that ultimately would enable Rural Development to disburse "unliquidated obligation" funds. In fiscal year 2014 the Pohnpei Area Office was successful in disbursing another \$170,000 in ***Community Facilities grants*** to various communities in Yap, Kosrae, and Chuuk. Our Lady of Mercy Catholic High School received \$66,053 for the construction of much-needed restrooms on campus as well as the renovation of a two-story classroom building; Pohnpei Consumer Organization received \$28,228 for procurement of a special needs-equipped van for public transport of physically disabled island residents; Pohnpei Department of Public Safety received \$27,405 for procurement of four police vehicles; Kosrae Women's Association received \$25,320.17 for construction of that island's first Children's Day Care Center; Pohnpei Division of Agriculture received \$12,442 to procure a service vehicle for towing it's portable dry litter wood chipper to supply dry piggeries for local farmers; and Micronesia Legal Services Corporation's Yap Branch received \$12,133.98 for procurement of needed office furnishings, fixtures, and equipment.

THE REPUBLIC OF THE MARSHALL ISLANDS



HOUSING PROGRAMS

- ❖ Since 2005, **The Marshall Islands Development Bank and the Republic of the Marshall Islands** have been managing the only active self-help project in the Western Pacific. Funded through Rural Development's ***Mutual Self-Help Housing Program***, in fiscal year 2014, an additional 9 families with very low and low household incomes received \$540,000 in 502 Direct housing loans for technical assistance and home construction. Since the project's inception, the Marshall Islands Development Bank has received \$1.2 million in Technical Assistance grants and \$4.5 million in construction funding resulting in 91 very low and low household income families enjoying first-time homeownership.
- ❖ Since 2010, USDA Rural Development has provided 71 families with \$622,429 in Rural Housing 504 loans and grants for improvements to ensure these homes are safe, livable, and sanitary.

RURAL UTILITIES SERVICE

- ❖ A \$1.0 million **High Energy Cost Grant** was awarded to the **Marshall's Energy Company (MEC)**. The funding will be used to provide MEC with working capital to ensure timely payments to its suppliers of automotive diesel oil, and in turn assures that MEC will maintain a stable supply of fuel for power generation and reliable and quality electric service to its customers. MEC provides electricity to an estimated 27,000 residents of Majuro Atoll and to outer atolls of Kwajalein, Wotje, Jaluit, and Rongrong.

THE REPUBLIC OF PALAU



COMMUNITY ECONOMIC DEVELOPMENT

- ❖ In fiscal year 2014, a Community Economic Development Roundtable meeting was held in Palau. Stakeholders representing business, government, nonprofit, and community sectors of Palau were invited to share their perspectives of what they felt were key priorities in economic development in their communities. Rural Development uses this approach to assess the priority needs of each of the communities it serves. Recognizing that each community faces unique challenges in promoting economic and community development, this process enables Rural Development to gain the insight directly from community "on the ground." This information assists Rural Development in developing a strategic plan and a menu of programs that are tailored to a specific community and avoids a "One Size Fits All" approach. This process is not a "one event" activity, but continues to evolve as priority needs of the community changes.

RURAL HOUSING PROGRAMS

- ❖ Since fiscal year 2013, Rural Development has approved \$399,130 in Rural Housing 502 Direct loans that have assisted 6 families achieve first-time homeownership.
- ❖ Since fiscal year 2010, over \$461,000 in Rural Housing 504 loan and grants have been awarded to 69 families with low and very low household incomes. This assistance has enabled these families to make improvements to create a safe, livable, and sanitary home environment.