



**United States
Department of
Agriculture**

Rural Development
Hawaii State Office – Western Pacific Region

**INTERAGENCY GROUP ON INSULAR AREAS
ANNUAL SENIOR PLENARY SESSION
USDA RURAL DEVELOPMENT BRIEFING PAPER
FEBRUARY 25, 2014**

The Hawaii State Office of USDA Rural Development has oversight over 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.

With over 40 loan and grant programs, Rural Development has been successful in improving the quality of life and increasing economic opportunities in communities across the Western Pacific, American Samoa and the U.S. Virgin Islands. In the fiscal year 2013, Rural Development provided over \$50 million in financial assistance to first-time homeowners, local and state governments, rural businesses, financial institutions, public utilities, farmers and ranchers, and non-profit organizations. Rural Development programs supported low income households, local and regional food systems, bio-based products, renewable energy, broadband and telecommunications, public health and safety, and education.

FISCAL YEAR 2013 HIGHLIGHT ACTIVITIES IN THE INSULAR AREAS

GUAM

RURAL HOUSING PROGRAMS

Since 2010 USDA Rural Development has assisted 318 first-time homeowners with over \$60 million in Direct and Guaranteed housing loans.

- ❖ In fiscal year 2012, 50 families were assisted with \$9.9 million in Direct and Guaranteed loans.
- ❖ In fiscal year 2013, 56 families were assisted with \$10.2 million in Direct and Guaranteed loans.
- ❖ For the first 4 months of fiscal year 2014, 21 families were assisted with \$3.6 million in Direct and Guaranteed loans.
- ❖ In fiscal year 2013, a \$50,000 **Housing Preservation Grant** award was made to the **Catholic Social Services** (CSS). Proceeds of the grant will be leveraged with \$27,500 contributed by CSS to assist in the repair and rehabilitation of the Liheng apartment complex located in Mangilao, Guam. The Liheng apartment complex is a two-story, eight-two bedroom, one bath units. A portion of the units have been designed to accommodate wheelchair accessible apartments for the elderly and serviced by CSS social workers.

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- ❖ Rural Development participated in the **5th Guam Affordable Housing Symposium** in a Speaker's role and in assisting in the coordination and networking of federal and local stakeholders.

COMMUNITY PROGRAMS

Since 2010, over \$67.7 million in Community Facilities Direct and Guaranteed loans and grants were made for essential community facilities.

- ❖ In fiscal year 2013, a \$2.7 million **Community Facilities Direct loan** application was received from 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. The loan is expected to be approved and funds obligated in early 2014.
- ❖ A \$5.0 million **Community Facilities Direct loan** application has been submitted by 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.
- ❖ A \$50,000 **Community Facilities Grant** was awarded to the **Guam Judiciary** for the purchase of five vehicles.

RURAL BUSINESS PROGRAMS

- ❖ In FY 2013, Rural Development approved a **Business & Industry Guaranteed Loan** for \$1,120,000 to **J2C Corporation**. Loan proceeds were used to acquire a commercial real estate facility to consolidate all J2C's operations into one location. This project has enabled the borrower to continue offering high efficiency air conditioning and refrigeration systems in Guam. Project has saved four existing jobs and will create six new jobs.
- ❖ In FY 2013, Rural Development approved a **Business & Industry Guaranteed Loan** for \$2,000,000 to **RJY Corporation**. Loan proceeds will be used for real estate improvements, equipment and working capital. The project will include a new Grocery Store and Laundromat. This will be borrower's second location on Guam and will create 18 new jobs.
- ❖ The **Guam Museum Foundation** was awarded a \$50,000 **Rural Business Enterprise Grant**. The grant proceeds will be used to formulate business and technical training and marketing research for product development in connection with Guam Museum currently under construction and scheduled to open in late 2014.
- ❖ A \$300,000 **Value Added Producers Grant** was awarded to **Grow Guam, Inc.**, a hydroponically grown lettuce and tomato farm. The funds will be used to develop a marketing plan targeted to build public awareness of the environmental, health, and economic benefits of purchasing and consuming locally grown produce. In addition, a portion of the grant funding will be used to promote its island-wide "Buy Local" initiative to support small businesses and farms.
- ❖ The **American Printing Corporation** was awarded a \$24,170 **Rural Energy For America Program** grant that was leveraged with \$72,511 in corporation contributions. The funds will be used to install a \$96,681 20kw, grid-tiered photovoltaic solar system for their business operations. The photovoltaic system will have a useful life of 25 years and is expected to generate sufficient energy savings to result in a payback of the initial investment in less than five years.
- ❖ A \$17,250 **Rural Energy For America Program** Grant was made to **Green Energy Solutions, Inc.** Rural Development funds will be used to purchase and install a 10 Kwh photovoltaic solar system for their office. Green Energy Solutions, Inc. specializes in packaging affordable solar photovoltaic and wind turbine power generation systems for homes and small businesses.
- ❖ In fiscal year 2013, **Automated Energy Systems, Inc.** was awarded a \$4,282 **Rural Energy For America Program** grant. The funds will be used to purchase and install a 1.6 Kwh photovoltaic solar system with an iPV dual tracking system which mechanically adjusts the positioning of the solar panels in the direction of the sun to maximize system efficiency and output. This business provides energy efficient lighting, solar hot water systems, and roof insulation services.

AMERICAN SAMOA

RURAL HOUSING PROGRAMS

- ❖ In fiscal year 2013, through the **Home Improvement and Repair Loan and Grant** program, 52 families received \$345,000 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 \$72,000 **Community Facilities Grant** to fund the purchase of two Dual-First Responder ambulances that will provide much needed service to remote islands of Ofu and Sili-Olosega which are only connected by bridges. These vehicles, specifically designed to enable access on narrow unpaved roads, are the first of its kind in the Territory of American Samoa.
- ❖ To provide emergency services not serviced by the LBJ Hospital, the **American Samoa Government, Department of Health** was awarded a \$68,585 **Community Facilities Grant** to fund the purchase of an ambulance. This provided the remote island of Ta'u with access to emergency services.

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 project, on schedule to be completed by July 2015, is currently installing new fiber optic cables that will eventually connect upgraded electronics to the network. The network will carry voice, video, and data connecting 5 islands through submarine cable. This project has retained or created 21 jobs and will eventually add an addition 50 new permanent jobs once completed.

COMMONWEALTH OF THE MARIANA ISLANDS

RURAL BUSINESS PROGRAMS

- ❖ In fiscal year 2013, the **Marianas Business Plaza Solar, LLC** received a **Rural Energy For America Program** grant award of \$500,000. The funds will be used to install a 650 KwH photovoltaic solar system for an eight-story commercial office building.
- ❖ A \$2,632 **Rural Energy For America Program** grant was awarded to **Servino & Associates, Inc.**, established in 1997. The funds will be used to purchase and install a 5k KwH grid-tied photovoltaic solar system which will be used by the company to reduce energy cost at their Saipan facility.
- ❖ As part of Rural Development's **Community Economic Development initiative**, Guam and Hawaii Rural Development staff organized key stakeholders in convening the 1st Annual CNMI Economic Development Conference. The collaboration involved the CNMI Congressional office, the CNMI Governor's office, CNMI Chamber of Commerce, the Federal Reserve Bank, and other federal agencies including Farm Service Agency, Natural Resource Conservation Services, HUD, Veteran's Affairs, and the Department of Commerce. The purpose of the conference was to explore economic opportunities and identify the priorities of the CNMI communities.

U.S. VIRGIN ISLANDS

RURAL BUSINESS AND COOPERATIVE PROGRAMS

- Since 2009, USDA has assisted the Rural Community of the Virgin Islands with 6 guaranteed loans, totaling in the amount of \$31,200,000.

Business Coop & Cooperative Service	2009	2010	2011	2012	2013
B&I Guarantee	\$12,450,000	\$10,000,000	\$4,750,000	\$1,000,000	\$3,000,000
# of Loans a year	2 loans	1 loan	1 loan	1 loan	1 loan
\$ Total of loans	\$12,450,000	\$10,000,000	\$4,750,000	\$1,000,000	\$3,000,000

ENERGY ASSISTANCE

- Made 7 grants in FY 2012 totaling \$98,570 for Renewable Energy and Energy Efficiency Projects and 7 additional grants in FY 2013 totaling \$208,739 to local small businesses on Saint Thomas and Saint Croix, including solar PV systems, energy efficient roofing, LED lighting, and HVAC improvements.

BUSINESS AND INDUSTRY GUARANTEED LOANS

- In 2009-A Business & Industry Loan Guarantee was approved for a 10,000,000 loan to Borinken Towing and Salvage, LLC to provide financing for the purchase and delivery of a new Tug Boat and new Barge. Funds will also be used for refinancing, provide reserve funds, and purchase of add-on equipment for the new Tug. Project to create 6 new jobs.
- In 2009-A Business and Industry Loan Guarantee was approved to for a \$2,450,000 loan to Love City Car Ferries, Inc. to finance the refurbishing of an existing ferry, refinance existing debt and provide additional working capital. Project to save 3 and create 9 jobs
- In 2010-A Business and Industry Loan Guarantee was approved to Windots Development, LLC and Trancom, Inc. for \$10,000,000 to buyout 50% of Tramcom Inc. and refinance a high-interest rate loan. Project to save 15 jobs and create 10 jobs.
- In 2011-A Business and Industry Loan Guarantee was approved for \$4,750,000 to Red Cape Marine, LLC to purchase a tug boat, install a new bow winch on the tug, provide reserve funds for 6 months, and closing costs. Project to create 4 jobs and save 8.
- In 2012-A Business and Industry Loan Guarantee for a \$1,000,000 loan to Subbase Drydock, Inc. was approved for the construction of a floating drydock. Borrower operates a full-service repair facility in St. Thomas. The new drydock is needed to meet demand for services. Project to create 10 high paying jobs.
- In 2013 – A Business and Industry Loan Guarantee for a \$3,000,000 loan to Vivot Equipment Corporation and Eleven Construction, LLC was approved to 1) refinance high-interest equipment leases and a short term bank loan; 2) fund parts, maintenance and repair reserves; 3) provide working capital; and 4) cover closing costs and fees. Vivot Equipment rents commercial heavy equipment throughout the Virgin Islands. The project will create 5 and save 41 jobs, which are critical to the economic health of the territory. St. Croix, with a population of approximately 50,000 and an unemployment rate of over 16%, is suffering economically from the closure of the Hovensa (Hess Oil) refinery, resulting in the loss of over 2,000 local jobs. This loan has not yet closed.

RURAL HOUSING PROGRAMS

- Since 2009, USDA assisted **155** first-time homeowners with over **\$10.9**million in Direct and Guaranteed housing loans.

	2009		2010		2011		2012		2013	
Rural Housing Services	#	\$	#	\$	#	\$	#	\$	#	\$
502 Direct	21	\$ 2,247,427	9	\$ 885,205	20	\$1,623,973	6	\$1,040,538	21	\$2,006,403
502 Guaranteed	10	\$ 814,500	63	\$ 1,508,521	1	\$ 159,585	0		4	\$ 702,652
504 Loan/Grant	12	\$ 75,214,000	8	\$ 66,160	0	\$ -	7	\$ 52,047	5	\$ 37,485
TOTAL	43	\$ 78,275,927	80	\$ 2,459,886	21	\$1,783,558	13	\$1,092,585	30	\$2,746,540

Rural Utilities Service

- Broadband: (RUS) funded a Broadband loan in November 2012 to Orbitel for \$62 million to build a fiber-to-the-premises (“FTTP”) last-mile broadband system on the islands of St. Croix, St. John, and St. Thomas, collectively, the Virgin Islands of the United States (“US Virgin Islands”).
- Orbitel will offer broadband data, voice, and digital video service to the US Virgin Islands. In addition, Orbitel will also be offering HD/DVR service, residential alarm monitoring, and business webhosting service.
- July 2013 - RD approved a \$90,000 Solid Waste Management Grant for Coral Bay Community Council, Inc. to analyze the management of solid waste in Coral Bay and investigate the affect using dumpsters has on Coral Bay’s water resources.
- July 2013 - \$182,100 Technical Assistance Training Grant was approved by RD to Coral Bay Community Council, Inc. to conduct potable water and wastewater capacity analysis for identifying solutions to potable water delivery and wastewater management.
- 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.

Multi-Family Housing

- In 2013 - There are 15 RD multi-family housing projects on St. Croix with a total of 363 rental units. In FY 2013, \$4,734,972 was provided in rental assistance for these units in St. Croix. There are 2 RD multi-family housing projects on St. Thomas with a total of 65 units. In FY 2013, \$847,860 was provided in rental assistance for these projects in St. Thomas.

FISCAL YEAR 2013 HIGHLIGHTS IN THE FREELY ASSOCIATED STATES

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 2013, an additional 12 families with very low and low household incomes received \$720,000 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 \$4.0 million in construction funding resulting in 82 very low and low household income families enjoying first-time homeownership.

COMMUNITY PROGRAMS

- ❖ As part of the American Recovery and Reinvestment Act, the **College of the Marshall Islands** was approved for a ***Community Facilities grant***. In fiscal year 2013, \$171,700 of this grant was disbursed to the college for the purchase of library furnishings.

FEDERATED STATES OF MICRONESIA

HOUSING PROGRAMS

- ❖ In fiscal year 2013, over \$300,000 in loans and grants funding for rehabilitation and renovation of 43 home 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 low income families.

COMMUNITY FACILITIES

- ❖ An ***Economic Impact Initiative grant*** of \$33,495 was awarded to the **Pohnpei State Department of Public Safety** for the purchase of three police vehicles for the Madolenihmw Substation of the Pohnpei State Police. These vehicles will dramatically increase patrol response times to crime, disaster and other emergency situations in the largest municipality on Pohnpei's largest island.
- ❖ The **Pohnpei State Agriculture Division** was awarded a \$12,442 ***Economic Impact Initiative grant*** for the acquisition of a vehicle to be used to transport the Division's mobile wood-chipping machine. This will enable the transport of the machinery to local farmers to process trees and brush into wood chips to be used in piggeries. This by-product promotes an environmentally friendly practice that will reduce run-off of waste into local streams and rivers.
- ❖ Our Pohnpei Area Office has worked diligently in assisting applicants with completing various requirements that ultimately would enable Rural Development to disburse "unliquidated obligation" funds. In fiscal year 2013, the Pohnpei Area Office was successful in disbursing over \$200,000 in ***Community Facilities grants*** to various communities in Yap, Kosrae, and Chuuk. The **Yap State Government** received \$29,300 for Archives Building renovations, \$7,400 to the **Yap State Public Services Corporation** for the acquisition of a bucket truck and the **Micronesian Legal Services Corporation** received \$6,800 for the purchase of computer equipment for Yap. The **Kosrae Broadcast Authority** received \$29,250 for radio station upgrades. The **Chuuk Seventh Day Adventist School** received \$86,630 grant for classroom renovations and construction and a **Chuuk dental clinic** received \$46,150 for the acquisition of dental equipment.

THE REPUBLIC OF PALAU

HOUSING PROGRAMS

- ❖ In fiscal year 2013, over \$300,000 in loan and grants were disbursed to 17 very low and low household income families for home purchases or renovations. Of this total, 13 loan and grant funds were used to remove safety and health hazards for the very low household income families.

COMMUNITY PROGRAMS

- ❖ In fiscal year 2013, \$32,000 funded by a ***Community Facilities grant*** was disburse to the **Hatonobei State Government** for the purchase of a security patrol boat.