



*"Improving the quality of life in rural communities"*

**Testimony to the  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate**

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Thank you, Chairman Stabenow, Ranking Member Roberts and members of the committee, for this opportunity to address the importance of USDA Rural Development (RD) programs to rural America. As a former small town mayor, I have experienced firsthand the vital role that these programs play in improving the quality of life in the rural communities that form the backbone of our heartland.

My name is Flo Raitano, and I am the former mayor of Dillon, Colorado, population 904. I am a member of the Board of Directors of the Rural Community Assistance Corporation (RCAC), based in California and serving the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. RCAC is part of the national RCAP network, whose regional service providers help small, low-income, rural communities address water, wastewater, and other community development needs in all 50 states, Puerto Rico, and the Virgin Islands. I am the former Executive Director of the Colorado Rural Development Council and currently serve as the Chairman of the Board of Directors for the Colorado Association for Manufacturing and Technology, Colorado's Manufacturing Extension Partnership (MEP) Center.

RD programs are a key component of economic development in rural America. Without the basic infrastructure they provide—clean drinking water; sanitary sewers; high-speed, reliable broadband internet; public safety facilities and equipment; housing and access to local healthcare for workers; and more—industries will relocate or close factories and small businesses will decline and eventually disappear. The entrepreneurs and small business owners who are the engines of our economy won't open new shops or restaurants on Main Street and won't be able to set up websites to market their products to the world.

For example, in my hometown of Dillon, we needed to develop affordable housing for our tourism industry workers and their families. At the time, RD was known as Farmer's Home Administration. We were clueless about how to access those programs. Thankfully, Dillon was approached by a private developer who knew how to work within that framework and secured funds for a multi-family affordable housing project. 24 years later those homes are still serving a genuine need in our community. Without those funds, it would have been difficult to attract and retain the workers necessary to power one of the region's largest economic engines.

While Dillon may have had success in both being discovered by a private developer and in eventually obtaining funding for our project, many rural communities are not so fortunate. Without the help of technical assistance providers like the RCAP network, many small, low-income towns and counties have difficulty accessing RD programs. The application process and eligibility requirements for each program are slightly different, and each poses unique challenges. Local leaders are most often volunteers who lack professional staff and the resources to find out what funding sources are available or the requirements for funding eligibility. Their first look at the Letter of Conditions on an RD loan can seem overwhelming and discourage worthy applications. With a little help from an experienced hand, however, even communities with no staff and limited planning resources can develop the local leadership capacity to manage needed infrastructure projects.

For example, Silver Plume, Colorado, small town with a population of 203, just 20 miles from Dillon, once had its water system knocked out by a rock slide. The town had little local capacity to handle the crisis; its staff consisted of just one part-time town clerk. RCAC, the western RCAP, intervened and was able to pull together resources from the State of Colorado and RD to respond to the critical situation within a week. After replacing the old, damaged water

system, the community now has a modern system that can deliver clean, safe drinking water to its residents.

For the past 38 years, the RCAP network, including RCAC, has partnered with RD to bridge the gap between RD and the communities they serve. RCAP assists not only with funding applications and every phase of the project development process, but also provides training and technical assistance after construction is complete, helping communities understand how to properly manage and operate their system in a fiscally sustainable manner. We work to ensure that RD borrowers are able to meet the terms of their Letters of Condition and that they are able to repay their loans on time.

With the help of technical assistance providers like RCAP, the Water and Environmental Programs at Rural Utilities Service (RUS) have enjoyed tremendous success: over 18,000 active loans; more than 19 million rural residents served; and a delinquency rate of just 0.18%.<sup>1</sup> In fact, the Technical Assistance and Training Grant Program has been so successful that many state RD offices and local community officials have asked the RCAP network to assist with other, non-water-related RD-funded projects. While we try to work with as many communities as we can by relying on non-federal resources, Congress can help by authorizing changes to existing programs, like Rural Housing Service's Essential Community Facilities Program, to allow for set-asides to fund technical assistance. This will make Rural Development more efficient and effective, while allowing technical assistance providers to stretch taxpayer resources by leveraging small federal investments to attract additional capital that will go directly to rural communities.

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<sup>1</sup> United States. Dept. of Agriculture. Rural Development. *Water and Environmental Programs Annual Activity Report, Fiscal Year 2011*. Washington, DC: USDA, 2012.

As the success of the water and wastewater programs has shown, technical assistance benefits both rural communities and the agency by improving access to the programs and ensuring a positive return on federal investments. By expanding technical assistance to other programs at RD, you can make taxpayer dollars go further while still providing necessary services to rural communities. In addition, a broader technical assistance program would help ensure a more coordinated approach to economic development in rural communities. Experienced planners who are familiar with the application processes for federal and state programs could help communities better coordinate the timing of their development projects. This would help prevent communities from tearing up Main Street one year to replace sewer pipes, then tearing it up again the following year to install fiber optic cables, simply because that's when the funding was available. A comprehensive federal approach to technical assistance would allow local leaders to better plan and coordinate their construction activities and eliminate such inefficiencies.

Another way Congress can improve existing RD programs is to encourage applicants to look for opportunities to regionalize. In the water/sewer context, many clusters of small towns can better and more affordably be served by having one large treatment plant with pipes running to each town than by having a separate treatment facility in each town. For example, in New Mexico, the Lower Rio Grande Mutual Domestic Water Company is now providing service to five small colonias near the Mexico border. Two of the communities, including Desert Sands, had high arsenic, and one had a limited supply of water. In 2008, EPA notified Desert Sands that it was out of compliance with the maximum contamination level for arsenic. The community put together a plan to address the compliance issue, but the annual cost of \$120,000 was prohibitively expensive for the mostly low-income town of only 580 households.

RCAC assisted Desert Sands and four nearby water systems to form the Lower Rio Grande Mutual Domestic Water Company, which allowed the communities to look at regional solutions to address their issues and challenges. The regionalization of the system allows the costs of improvement to be shared by residents of all five colonias, giving them greater efficiencies of scale, and making clean water more affordable. As a result of funding from RD and the state of New Mexico, the five communities addressed their pressing concerns and to this day remain interconnected and working as one to ensure that all residents have safe drinking water.

In order to maximize limited resources, communities need to realistically examine whether operating their own facilities is cost effective. Of course, regionalization may not be feasible in all cases, especially in western states, where towns may be miles and miles apart. Regionalization is not just the interconnection of systems, it is also shared management or shared maintenance staff, and these strategies can work in large geographic areas. By giving priority to projects in which the applicants can demonstrate that they have weighed the costs and benefits of regionalization, RD can encourage regional projects where appropriate without disqualifying communities that are geographically isolated.

Finally, though there are many proposals floating around to standardize the definition of “rural” in all of RD’s programs, and it is tempting to think that a single definition of rural would be beneficial, it makes sense to target some resources differently. Though the definition of “rural” may change, certain programs should remain targeted to smaller communities. If the definition is expanded to, say, 50,000 and under, my hometown of Dillon, with only 904 residents would never rise to the competitive level if we were forced to compete for funds for our water and sewer infrastructure with much larger towns that have departments full of full-time

staff and grant writers. At the same time, the housing advocates RCAC partners with are very concerned about the number of rural communities that may no longer be eligible for the rural housing programs because they are located in metropolitan counties. There is no easy solution to the definition problem, but the fact that one of the richest agricultural areas in the country, the San Joaquin Valley of California, is classified entirely as “metropolitan” testifies to the complexity of the problem.

Solving the challenges facing rural communities requires a multi-pronged approach that includes adequate funding, along with steps to ensure that grant funding is available to all communities that truly need it, and a comprehensive approach to technical assistance to maximize the efficiency and effectiveness of RD’s programs. It also includes an emphasis on regional economic development and cost-effective investments in infrastructure that provide maximum return on scarce federal, state, and local resources. Non-Farm Bill programs, like rural housing loans and rental assistance, must be integrated into the solution as well, but the Farm Bill reauthorization is an opportunity to replicate the success of the water/wastewater technical assistance program and modify existing programs to encourage a regional approach to rural development.

Thank you for considering my testimony on the importance of Rural Development as you prepare for your Farm Bill deliberations. I welcome any questions you may have at this time.