



REPORT TO THE
NORTH CAROLINA GENERAL ASSEMBLY

Billy Ray Hall
N.C. Rural Economic Development Center
February 17, 2004

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2003-2004

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WATER AND SEWER GRANTS PROGRAM

Program Overview

The North Carolina General Assembly established the Supplemental and Capacity Building Grants programs during the 1993-94 session. The programs have been capitalized by appropriation from the General Assembly each successive fiscal year and have a strong record of assisting local governments and qualified non-profit organizations with economic development, public health, and environmental protection projects in rural areas of the state. Water and sewer program funds from the 1998 Clean Water and Natural Gas Critical Needs Bond Act of 1998 (Bond Act) are also administered by the Rural Center. Between FY00 and FY05, the Rural Center will administer \$241 million in program funds to address critical water and wastewater needs.

The grants are administered in the following three categories:

- ❑ The **Unsewered Communities Grants Program** assists local governments in providing central and publicly owned wastewater service in communities without sewer systems. The community must have a population less than 5,000, a median household income less than \$37,794 (90 percent of national median household income) and agree by resolution to establish a combined customer water and sewer rate at least equal to 1.5 percent of the applicant's median household income to qualify for the program. The grant cap is \$3 million.
- ❑ The **Supplemental Grants Program** provides direct support for the construction of water and sewer infrastructure projects. Priority is given to projects that create or retain needed jobs or that eliminate verifiable threats to public health or achieve significant environmental protection. Funding for this program is intended to be supplemental to other state or federal funds or funds from the grantee's capital improvement budget. The grant cap is \$400,000.
- ❑ The **Capacity Building Grants Program** assists units of local government in financing a portion of the cost associated with the planning and writing of grant/loan applications, the development of rate studies or capital improvement plans or other technical/planning efforts that support the growth and development of rural areas. The emphasis of this program is on building the capacity of the unit of local government to understand its capital facility needs and to compete successfully for grant/loan funds with other local governments that may have better financial resources and staffing. The grant cap is \$40,000.

Program Impact

Clean Water Bond Funding FY03

Jobs: 12,098 created and retained
Services: 123,750 customers benefiting from water extensions or improvements
Leveraged: More than \$33 million in other public funds
Other: 9 communities with notices of violations lifted; 1 judicial order of consent lifted, 2 special orders of consent lifted; 12 new sanitary sewer systems to alleviate straight piping; 2 communities eliminating pit privies; 8 communities providing water service to areas with contaminated wells; 7 communities eliminating inflow and infiltration; 2 communities expanding sewer systems to accommodate new industry.

Clean Water Bond Funding FY04 (June-December 2003)

Jobs: 1,373 created and 4,388 retained
Services: 84,942 customers benefiting from water extensions or improvements
Leveraged: More than \$24 million in other public funds
Other: 5 communities with notices of violations lifted; 1 special order of consent lifted; 4 new sanitary sewer systems to alleviate straight piping; 2 communities eliminating pit privies; 5 communities providing water service to areas with contaminated wells; 9 communities eliminating inflow and infiltration; 18 communities will create or retain jobs due to line extensions or upgrades.

Appropriated Funds FY03

Projects: 3 supplemental grants
Funds: \$1.09 million
Jobs: 772

Appropriated Funds FY04

Projects: 2 supplemental grants
Funds: \$89,815
Jobs: 130

NORTH CAROLINA MICROENTERPRISE LOAN PROGRAM

Program Overview

- Serving all 85 counties of North Carolina, The N.C. Microenterprise Loan Program partnered with 48 local organizations to deliver small business loans and technical assistance during July 2002-December 2003. The program operates two lending models: 1) The *peer lending program* allows entrepreneurs to participate by self-selecting into loan groups of four to ten people. Each group participates in an intensive six-week certification process. Once certified, the group can make credit decisions for its members; 2) The *individual lending program* allows entrepreneurs to submit loan applications directly to the Rural Center or to submit applications through one of 44 microenterprise intake professionals across the state.

Program Impact

Performance, July 2002-December 2003

- 141 loans
- totaling \$608,733
- average loan size of \$4,317

Of the loans made:

- 55 percent went to women
- 43 percent went to minorities
- 25 percent went to households with low or very low incomes

Performance, cumulative since inception

- 1,060 loans
- totaling more than \$5.6 million
- average loan size of \$5,312

Of the loans made:

- 54 percent have been women
- 49 percent have been minorities
- 48 percent have been from households with low or very low incomes

AGRICULTURAL ADVANCEMENT CONSORTIUM

Program Overview

- The NC. General Assembly authorized the establishment of the Agricultural Advancement Consortium during its 2000 session. The consortium brings together a core group of agricultural, business and economic development leaders to promote the benefits of a strong farm sector and to consider new ways to increase farm profitability. A key function of the consortium has been to fund projects and studies that lead to new agribusiness opportunities. (Current projects are listed below.) The consortium also conducts original research and is currently working on a major report that benchmarks the status of agriculture in the state.

Program Impact

Projects July 2002-December 2003

- *Hurricane Isabel disaster relief project* to focus on short, medium and long-term policy needs for responding to agricultural disasters.
- *Financial counseling* to assist hurricane-impacted farmers.
- *Research and demonstration projects* to increase access to new or existing markets and decrease on-farm production costs.
 - Improving Farm Profits Using Plasticulture and Pot-in-Pot Techniques
 - Market Research and Development for Small Family Farmers
 - North Carolina Fraser Fir Brand Identify Promotion
 - Farmstead Dairy Development Program
 - New River Basin Agricultural Marketing Initiative
 - Efficacy and Impact of Advocacy Services for Farmers in North Carolina
- Development of a *"new generation" of agricultural cooperatives* to give farmers the opportunity to earn more revenue from primary crop production and to take control of decision-making in producing and marketing value-added goods.
- Advocacy for Golden LEAF pledge to invest in a *biodiesel production* facility in the state and staffing for committee reviewing Biodiesel LLC business plan.
- Administration of the *Burley Marketing Center* to provide an in-state auction market serving North Carolina burley tobacco farmers and to provide an alternative to selling tobacco under contract.
- Development of a *Benchmark Report on Agriculture* to detailing the status of agriculture in the state, to include an analysis of major trends and issues; an analysis of the susceptibility of individual counties to changes in the agricultural economy, a report on the status of small family farms and a set of policy recommendations to address major issues.

COMMUNITY ECONOMIC DEVELOPMENT GRANTS PROGRAM

Program Overview

- The Rural Center has administered the Community Economic Development Grants Program since 1988. The program is designed to help new and emerging community development corporations (CDCs) build their capacity by providing grants for operations and staff support. CDCs are community-based organizations that are formed in response to a need for change and act as a catalyst for the revitalization of their communities and local economy. They work by creating neighborhood partnerships to address their communities' needs and by undertaking projects that create opportunities for home ownership, small business development and human resource improvements.

Program Impact

During July 2002-December 2003, the following organizations developed single-family housing and commercial properties, developed family and child care programs, provided housing counseling, undertook small business initiatives, and implemented programs related to minority infant mortality, youth after-school, teen pregnancy prevention and faith-based partnerships.

- Hispanic CDC in New Hanover, Brunswick, Pender, Duplin and Bladen counties
- Northeast CDC serving Onslow County
- Triad Economic Development Corporation serving Guilford County
- Bayboro Development Center serving Pamlico County
- Blue Springs-Hoke County serving Hoke County
- Bertie, Martin, Washington CDC serving Bertie, Martin and Washington counties
- Columbus County DREAM Center serving Columbus County
- Community Empowerment serving Rutherford County
- Community Housing Development Corporation serving Iredell County
- Countywide CDC serving Brunswick County
- Cumberland Regional Improvement serving Cumberland County
- Eagle/Market Streets Development Corporation serving Buncombe County
- FACED Center serving Catawba County
- Gate City CDC serving Guilford County
- Goler-Depot Street Renaissance serving Forsyth County
- Greater Kinston CDC serving Lenoir County
- Haliwa-Saponi Indian Tribe serving Halifax and Warren counties
- New Life CDC serving Washington County
- Olive Hill CED serving Burke County
- One Dozen Who Care serving Cherokee County
- Pantego Area Development serving Beaufort County
- Quality of Life Association serving Hertford County
- Restoration CDC serving Wake and Franklin counties
- Rural Initiative Project, Inc. serving Davie, Forsyth, Stokes, Surry and Yadkin counties
- Sampson County serving Sampson County

- Southside Alliance for Neighborhood Empowerment serving Beaufort
- South Lee Street serving Pitt County
- Tyrrell County CDC serving Hyde, Chowan, Tyrrell, and Washington counties
- UHURU CDC serving Northampton County
- United Family Support Services serving Chowan, Gates, Pasquotank and Perquimans counties
- Warren Family Institute serving Warren County
- West End Revitalization serving Alamance and Orange counties
- West Greenville CDC serving Pitt County

RESEARCH AND DEMONSTRATION PROGRAM

Program Overview

- The Research and Demonstration Grants Program supports innovative research and demonstration projects that address economic development issues in rural North Carolina. Non-profit organizations, local governments and education institutions are eligible to apply for grant awards. In July 2002-December 2003, the Rural Center awarded grants for 18 projects at sites across the state (See I below.)
- The Research and Demonstration Technical Assistance and Administration Program manages the research and demonstration grants program. Staff also undertake large-scale, center-initiated research projects with significant potential for improving rural economies, for building infrastructure, and for supporting rural communities and families. (See II below.)

Program Impact

I. Research and Demonstration Grant Awards, July 2002-December 2003

- Strategy Evaluation – Encouraging Small Business Activity among African American Males
- Exploring Expansion Possibilities for OICs Throughout North Carolina
- Establishing a Farmstead Cheese Development Program in North Carolina
- Rethinking Advanced Rural Leadership for the 21st Century
- Faith With Works Technical Assistance Project
- PALS – A Home Distance Learning Study
- Community Revitalization – Town of Seaboard
- Benchmark Report on Small Farms in North Carolina
- Community Alliances for Food Enterprises II
- Appalachian Small Farmers Project
- The Understanding the Environment for Entrepreneurship in North Carolina
- Hispanic Economic Impact Study
- Inventory and Analysis of Entrepreneurship Education and Training Opportunities in North Carolina
- Arts-Based Economic Strategy for Revitalization of Historic Siler City
- *new!*: Northeast Women Invest
- Project *New Start*: Community Action Agency Demonstration for Dislocated Workers

- Project *New Start*: Faith-Based Demonstration for Dislocated Workers Prison Location: Economic Development Impacts and Community Decision Making

II. Special R&D Initiatives

- **Manufacturing Layoffs Initiative.** In response to the dramatic increase in layoffs and closures in traditional manufacturing, the Rural Center led a collaborative effort to develop short- and long-term solutions to this crisis.
- **Entrepreneurship Development.** To stimulate development of small and medium-sized businesses in the state's 85 rural counties, the center established the Institute for Rural Entrepreneurship.
- **Water Resource Management.** The center launched an initiative to update the state's GIS water and sewer database and to begin development of a statewide water resources management plan.
- organizations in developing responses to the impact of market changes and the Tobacco Settlement on the state's tobacco dependent communities.
- **Rural Readiness Initiative.** The center continued the efforts of the initiative to substantially increase the availability of reliable, timely data, research and analysis of rural trends and issues.
- **Project New Start.** The center initiated a demonstration project to test community-based employment and training services for 400 dislocated workers in high impact counties.
- **Community Capacity-building.** The center provided rural communities with resources to become competitive in the 21st century through leadership development, economic initiatives, and community problem-solving.
- **Help for Rural Families.** The center completed a study of the Individual Development Account strategy to help rural families save for home ownership, small business start-ups and educational expenses.
- **Access to Information Technology.** The center housed and staffed the Rural Internet Access Authority, charged by the General Assembly to ensure affordable, high speed Internet access statewide.