



2012

ANNUAL REPORT



RCAC

RURAL COMMUNITY ASSISTANCE CORPORATION



“SUCCESS IS NOT FINAL, FAILURE IS NOT FATAL: IT IS THE COURAGE TO CONTINUE THAT COUNTS.”

—WINSTON CHURCHILL



RCAC BOARD OF DIRECTORS

President

Elizabeth Moore

Vice President

Robert Rendon

Secretary

Anita Gahimer Crow

Treasurer

Nalani Fujimori-Kaina

Members

Joe Herring

Vickie Oldman-John

David É. Provost

Florine P. Raitano, DVM

John Sheehan

Jon Townsend

William H. Wiese, MD

RCAC'S MISSION

RCAC provides technical assistance, training and financing so rural communities achieve their goals and visions. 



QUALITY, RESPECT, INTEGRITY, COOPERATION, COMMITMENT

CEO LETTER

It is a pleasure to present the RCAC 2012 Annual Report. We had a very productive and successful year.

- RCAC's environmental staff worked with more than 500 rural communities and tribal governments to improve water and wastewater services and delivered nearly 300 training sessions.
- The housing staff helped 50 organizations develop self-help housing in the West despite a poor housing market; provided much-needed housing counseling support to a network of nearly 70 agencies in nine states; and supported six organizations to develop rental housing.
- The Loan Fund closed 36 loans totaling more than \$32 million, including our largest loan ever to the Crescent City Harbor District to repair damage caused by the 2011 tsunami.

These accomplishments reflect the entire staff's deep commitment to making a difference in rural America and why RCAC is a great place to work. We also embarked on several new initiatives—small business lending; rental housing development;

energy auditing; and video operations and maintenance manual production. In all of these efforts, staff ensured that RCAC maintained its high quality standards.

We also sustained existing and built new relationships with other technical assistance providers to bring the best resources available to the communities we serve. For example, we co-sponsored a rural symposium with NeighborWorks and Rural LISC, and jointly funded an affordable housing construction loan with the Northern California Community Loan Fund.

Our efforts are inspired by our respect for the spirit and values of rural society. Our partners are infused with those values; and their commitment to improving the lives of rural Americans challenges us to maintain the highest degree of integrity in our relationships.

All of RCAC's staff, those in the field and those behind the scenes, embody commitment, cooperation, integrity, respect and quality; core values that have been rooted in this organization

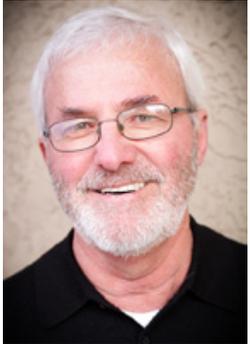
from the beginning. Staff members are committed to furthering RCAC's mission; we care about people and are passionate about making a difference in the communities where we work.

As we enter our 35th year, we will continue to adhere to our values as we focus on new opportunities to strengthen and enrich rural communities in the West.

The stories on the following pages of this annual report reflect RCAC's core values and how they impact the work we do every day. ●



Stanley Keasling
Chief Executive Officer





HOUSING REHABILITATION



“Home means a lot, it is the center of life,
and we take pride in keeping our elders’
homes comfortable and safe.”

— FLOYD TORTALITA, EXECUTIVE DIRECTOR

Housing rehabilitation in Acoma Pueblo preserves affordable housing stock



Below the towering Acoma Pueblo mesa in New Mexico, many adobe and rock homes had no electricity, heat or indoor bathrooms, and needed renovations.

Funds from the U.S. Department of Housing and Urban Development (HUD) are available for this type of rehabilitation, but technicalities have kept tribes like Acoma from accessing them. “Tribal land-use structure has stumped a lot of nonprofits,” said Eric Schneider, tribal land specialist at the New Mexico Mortgage Finance Authority, a quasi-public organization that funds affordable housing throughout the state.

“Usually a 50-year leasehold is required in Indian country to show ownership and qualify for the funds,” said Schneider. The tribe did not meet the funding requirements and thus needed an alternative legal arrangement to access funds and finish the rehabilitation. Liz Bernal, RCAC rural development specialist, navigated the HUD requirements and structured the arrangement to allow the tribe to use land assignments, which convey all real estate rights except ownership.

Recently, the Pueblo of Acoma Housing Authority finished two homes, installing wheel chair ramps, roll-in showers, sinks, new doors, windows, insulation and wider walkways.



“Home means a lot, it is the center of life, and we take pride in keeping our elders’ homes comfortable and safe,” said Floyd Tortalita, Pueblo of Acoma Housing Authority’s executive director.

Simultaneously, RCAC’s training and technical assistance enhanced the housing authority’s cost estimating, monitoring and a host of other technical procedures. With its new capacity, and the successful completion of two homes, the housing authority won an \$800,000 Indian Community Development Block Grant to rehabilitate more homes on the reservation. “We have 50 people on the waiting list,” Tortalita said.

Bernal emphasized that “the partnership between Acoma Pueblo, the New Mexico Mortgage Finance Authority and RCAC really made this happen.”

This year, the Pueblo of Acoma Housing Authority also is helping another tribe rehabilitate homes, an unusual agreement in the region. “Pueblo of Laguna is our sister tribe. We’re regionalizing our services to help our neighbor,” said Tortalita. ●



LEADERSHIP TRAINING



“Just like I want the best for my kids,
I want to see Chaparral a cleaner and
better place to live.”

— DAVID CARLOS, VOLUNTEER

Leadership training catalyzes Chaparral recycling project



A Chaparral community group completed RCAC's four-month intensive leadership training and is now implementing the southern New Mexico colonia's first recycling program.

"Just like I want the best for my kids, I want to see Chaparral a cleaner and better place to live," said David Carlos. Carlos participated in the class and volunteers with United for a Clean Chaparral, which is the name the group selected during leadership training.



[Click here to watch the United for a Clean Chaparral video](#)

The unincorporated town of 20,000 people straddles New Mexico's Dona Ana and Otero counties, just north of El Paso, Texas. Chaparral has no centralized trash pickup; unregulated growth invites illegal dumping and there is little law enforcement to deter it. The trash, tires, and even dead animals discarded on Chaparral's public and private land galvanized volunteer efforts.

Evangelina Moreno, another United for a Clean Chaparral member, said previous clean up attempts were short lived and episodic. RCAC's leadership training added structure to the group's efforts and encouraged perseverance. The 11 United for a Clean Chaparral members participated in team building exercises, discussed marketing, conflict resolution, group communication and outreach.

"With RCAC's leadership training and continued support, and Olga's expertise, we're a much stronger group ready to implement this project," said Moreno, referring to RCAC's rural development specialist Olga Morales, the lead trainer.

Morales is quick to credit the group for its success, "These leaders were nominated by their community. They're dedicated." Morales helped to select leadership training participants, facilitated the workshops, and continues to connect the group to outside resources.

Now Carlos, Moreno and others look forward to their first cleanup day. Removing trash from Chaparral's dusty roads, parks, vacant lots and homes is one way of showing pride — and the beginning of a larger pattern of community involvement.

Irma Castaneda, a United for a Clean Chaparral member who works as a community organizer, says, "The recycling program promotes a sense of ownership in our community, which is the beginning of change that comes from us."

Western New Mexico University helped RCAC develop the program's curriculum. More than 450 people in 19 rural communities have completed RCAC's Leadership Training Program since 2006. ●



ECONOMIC DEVELOPMENT



“Not everyone understands how important waterfront activity is to giving this community its identity, sense of purpose, and sense of place. The harbor is really what distinguishes Crescent City.”

— RICHARD YOUNG, HARBORMASTER

Crescent City Harbor reconstruction supports local economic development



[Click here to watch the Rebuilding of Crescent City video](#)

Flanked by stacks of maritime paperwork, Harbor-master Richard Young looks out his second-floor window at fishermen preparing their boats for the morning departure. Heavy construction machinery groans on the outer docks. He reflects, “Not everyone understands how important waterfront activity is to giving this community its identity, sense of purpose, and sense of place. The harbor is really what distinguishes Crescent City.”

Crescent City Harbor, still under construction to repair damage from a 2006 storm, again suffered major damage from the 2011 tsunami after the Japanese earthquake. RCAC’s loan fund provided a \$3.7 million gap loan and \$8.1 million revolving line of credit, which allowed the project to start at the beginning of the construction season last year, and kept the project flowing between reimbursements from federal and state disaster funding.

Repairing the harbor, a major commercial fishing port for Del Norte County and Northern California, is urgent in a county with 13.5 percent unemployment and a median household income of \$20,133. Two hundred jobs depend directly on harbor facilities, and another 100 jobs indirectly. RCAC financing was vital to restoring the local fishing and tourism industries.

“RCAC’s financing enabled us to get started and pay our contractor on time. The tight seasonal window for construction made this loan critical for the project,” said Young.

The new docks are designed to survive a 50-year tsunami and will be mounted on stronger pilings.

The harbor is an attraction itself. It promotes tourism, the region’s second most important industry. Gina Zottola, executive director of the Crescent City-Del Norte County Chamber of Commerce, links the new infrastructure to her city’s future. “When people get off Highway 101 to watch fishermen bring in their catch, they visit our shops, galleries, and restaurants, and spend dollars that circulate about four times in our community. It helps a business owner sponsor a little league team; it goes round and round.” ●



ENVIRONMENTAL INFRASTRUCTURE



“I’m a former tribal operator, and I wish I’d had this tool.”

— RICKEY WRIGHT, INDIAN HEALTH SERVICE

Innovative video and manual keeps water flowing in rural communities

Imagine learning how to drive just by examining pictures of carburetors and pistons. Operating a water system is even more complex than driving, yet many new operators receive little more than manufacturer's diagrams and a quick tour of the machinery before they begin to operate their utilities.



Small water system operators make sure equipment is working, provide lubrication and adjustments, monitor systems that add chemicals and filter contaminants, ensure finished water meets drinking water standards, and interface with resource providers like RCAC to keep safe drinking water flowing to their communities.

RCAC's operations and maintenance (O&M) manuals provide rural water system operators with in-depth instruction on how to operate their water systems. The finished product is a neatly organized binder with an accompanying video that explains, in an easy to understand approach, key elements of day-to-day operations and maintenance. The O&M manual is easier to understand than the technical manuals, and the video demonstrates the physical tasks of running the water plant. "I'm a former tribal operator, and I wish I'd had this tool," said Rickey Wright, now at the Indian Health Service, about the videos.

"It takes a large skill set to run a small system," said Lee Schegg, RCAC engineer and lead writer for the O&M manuals. Each plant's idiosyncrasies demand customized operations manuals and training. Schegg explains, "Two plants, like those at the Campo Indian Reservation southeast of San Diego, and Big Sandy Rancheria outside of Fresno, have theoretically identical processes, but factors like raw

water quality, well location, volume, even temperature, make it so that one operator couldn't walk into the other plant and operate it immediately."

That is why each video is shot on-location, with tribal operators, local service providers and manufacturer's reps describing the system on camera. Engineers like Schegg write the manual only after touring the facility, taking photographs and notes, and interviewing operators and the contractors who built the system. Each video and written manual is unique and specific to one system.

The videos provide a multi-media training tool to help combat high turnover rates—Big Sandy Rancheria had six operators in three years—which typically mean hard-earned lessons often leave with the operator. This can be dangerous to water consumers and can be a drain on tribal budgets. Dave Wallis, a tribal circuit rider for RCAC, points out that "operators are often learning on the job, and a burnt up well pump could cost \$15,000 to repair." RCAC operations and maintenance manuals and videos, he said, "preempt the most common lessons learned in the school of hard knocks." ●



TRAINING



“You meet other people from the field, swap stories, and walk away learning new things.”

— JESSICA BENA

Drinking water workshops improve water system performance across California



Unidirectional water main flushing, a complex technique for cleaning water pipes, is difficult to explain in a PowerPoint presentation. Instead, at a California Drinking Water Workshop in Healdsburg, groups of water system operators huddle around diagrams and role-play opening and closing valves, using imaginary pressure to flush out chlorine buildup and brown water.

Jessica Bena, a North Marin Water District lab technician who usually spends her days collecting and analyzing water samples, said “It is one thing to read slides, and quite another to think through a situation and hear other people’s perspectives. I definitely retain more.”



The California Department of Public Health Safe Drinking Water State Revolving Fund funded RCAC to conduct more than 110 training workshops last year. A team of experienced trainers designs all of the Drinking Water Workshops to be interactive—a technique that helps participants retain the information. Neil Worthen, an RCAC trainer, said that regardless of the topic, “We try to avoid death by PowerPoint.” Participants get the contact hours they need to maintain certification, and the opportunity to network. “You meet other people from the field, swap stories, and walk away learning new things,” Bena added.

The workshops enhance technical, managerial and financial management capacity, prepare operators for higher certification levels, and teach system board members about topics including asset management, budget preparations and ethics.

With workshops from Redding to San Diego, the series’ geographic coverage is as comprehensive as its topics.

Many of the trainings are also offered online. Online trainings let rural operators earn contact hours remotely. To keep online participants engaged, RCAC trainers use pictures and graphics, audience polls, and ask text-entry questions.

All trainings—in-person or online, whether focused on arsenic and nitrates or big-picture financials—are tailored to the participants. Engaging so many water system operators, managers and board members, and making them part of the training enhances the learning experience for everyone and helps deliver safe drinking water to rural California. As Worthen points out, “there is far more experience sitting in the room than standing at the front.” ●

FY 2012 and 2011 FINANCIAL INFORMATION

The following is a summary of information contained in RCAC's annual financial statements.

Complete financial statements with the associated independent auditor's report are available at www.rcac.org.

Condensed Balance Sheets As of September 30

Assets

	2012	2011
Cash and investments	\$ 25,987,990	\$ 26,033,007
Cash - held in trust	8,314	488,329
Loans receivable, net	47,053,492	45,860,994
Other receivables	2,909,088	3,824,345
Fixed assets	2,790,113	2,949,117
Other assets	2,271,265	1,811,721

Total assets

\$81,020,262 **\$ 80,967,513**

Liabilities and net assets

Accounts payable & accrued liabilities	\$ 3,117,681	\$ 2,062,624
Trust funds payable	8,314	488,329
Grants payable	1,095,418	2,417,946
Notes and bonds payable	52,862,696	53,001,572

Total liabilities

57,084,109 57,970,471

Total net assets

23,936,153 22,997,042

Total liabilities and net assets

\$81,020,262 **\$ 80,967,513**

Condensed Statements of Activity For the 12 months ending September 30

Revenue

Grants and contracts	\$ 9,946,710	\$ 14,657,360
Loan fees and interest	3,109,460	2,591,099
Investment income	273,118	67,928
Other	779,610	313,188

Total revenue

\$14,108,898 **\$ 17,629,575**

Expenses

Loan fund	\$ 2,941,286	\$ 2,410,755
Housing and community	3,406,222	3,490,163
Environmental services	3,700,170	4,859,453
Other programs	804,805	467,903
Rental operations	114,908	144,129
Management and general	2,202,396	2,457,049

Total expenses

13,169,787 **13,829,452**

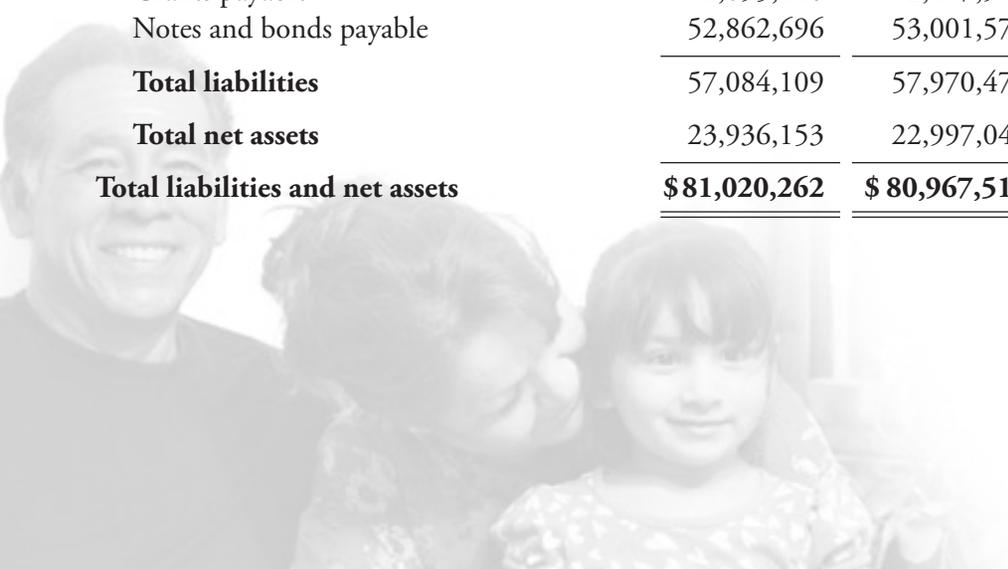
Increase (decrease) in net assets

\$ 939,111 **\$ 3,800,123**

Consisting of:

Change in unrestricted net assets	\$ 1,793,677	\$ 203,760
Change in temporarily restricted net assets	(854,566)	3,596,363

\$ 939,111 **\$ 3,800,123**



RCAC thanks the following funders and investors for supporting its work.

2012 FUNDERS

PRIVATE

Accessible Space Inc.
Affordable Housing Management
Association of Northern California,
Nevada and Hawaii
Ally Bank
American Express
American International Group
American Savings Bank
Architects Hawaii Ltd.
Bank of America Charitable Foundation
Bank of the West
Big Sandy Rancheria
California Bank & Trust
Calvert Foundation
Campo Band of Mission Indians
Canterbury LLC
Care66
Catholic Health Initiatives
Central Pacific Bank
Charles Schwab Bank
Cold Springs Rancheria
Color Country Community Housing Inc.
Comerica Bank
Communities at Work Fund LP
Community Action Partnership of
Northwest Montana
Community and Shelter Assistance
Corporation of Oregon
Community Economics Inc.
Community Water Center
Dignity Health
Dominican Sisters of Hope
EAH Housing
Eastern Municipal Water District
Eastern Research Group Inc.
Enterprise Community Partners

Episcopal Church
Federal Home Loan Bank of San Francisco
Federal Home Loan Bank of Seattle
Ford Foundation
Goldbelt, Inc.
HD Supply
Highland Property Development LLC
Honsador Lumber LLC
Housing Assistance Council
Housing California
Hunt Companies
John D. and Catherine T. MacArthur
Foundation
JP Morgan Chase Bank N.A.
La Pine Special Sewer District and
La Pine Water District
Local Initiatives Support Corporation
Mercy Investment Services Inc.
Merrick Bank Corporation
MGM Grand
Michaels Development Company
Monarch Community Fund LLC
Morgan Stanley Bank
Na Kupa'a O Kuhio
Native Home Capital
Neighborworks® America
Newsed CDC Inc.
Opportunity Financial Network
Pacific Rim Bank
Paso Del Norte Foundation
Plaza Hotel and Casino
Rabobank
Redwood Valley Rancheria
Religious Communities Investment
Fund Inc.
Rural Community Assistance
Partnership Inc.

Rural Water
Sachs Foundation
Sacramento Housing Alliance
Sandy Acres
Sisters of the Holy Cross Inc.
Southern Indian Health Council
St. Joseph Health System
Starbucks
Stratus Consulting
Tahoe Water Suppliers Association
The California Endowment
The Congregation of the Sisters of Charity
of the Incarnate Word
The FB Heron Foundation
The Sisters of St. Francis of Philadelphia
Tri-City Regional Sanitary District
Trinity Health Corporation
US Bank
Wells Fargo Bank
West Yost Associates
WNC & Associates Inc.

U.S. GOVERNMENT

Federal Reserve Bank of San Francisco
U.S. Dept. of Agriculture Rural
Development
U.S. Dept. of Environmental Protection
Agency
U.S. Dept. of Health & Human Services
U.S. Dept. of Housing & Urban
Development
U.S. Dept. of Labor
U.S. Dept. of the Treasury, Capital
Magnet Fund
U.S. Dept. of the Treasury, CDFI Fund
U.S. Dept. of the Treasury, SBLF

STATE, LOCAL AND TRIBAL

California Dept. of Community Services
& Development
California Dept. of Public Health
California Housing Finance Authority
California Rural Water Association
City of Enterprise (Oregon)
City of Granger (Washington)
City of La Pine (Oregon)
City of Mabton (Washington)
County of Humboldt (California)
Daggett County (Utah)
General Services Administration
Hawaii Agricultural Research Center
Hawaiian Legacy Hardwoods LLC
Idaho Dept. of Environmental Quality
Minnesota Housing Partnership
New Mexico Mortgage Finance Authority
Office of Hawaiian Affairs
San Pasqual Band of Mission Indians
State of Hawaii Dept. of Health
Torres-Martinez Tribe
Town of Granger (Wyoming)
Utah Housing Corporation
Washington Dept. of Health

ABOUT THIS REPORT

Photography

Jeremy Raff: Front cover, page 1, 2, 3, 6, 7 (top photo), 8 (top photo), 9 – 13, 15, 16 (right and left photos)
Elizabeth Bernal: Page 5
Dustin Love: Inside front cover and back cover
Angela Hengel: Inside back cover
U.S. Senate Democratic Steering and Outreach Committee/Courtesy, Office of Sen. Tom Udall: Page 4 (bottom photo)
Bryant Anderson, The Triplicate: Page 8 (bottom photo)
Callie McIntosh: Page 16 (center photo)

Writer

Jeremy Raff

Producers

Sharon Wills
Angela Terry
Dustin Love
Kay Mulligan

Graphic Design

Toni Anne Smith, Smithsonian Graphic Design

www.rcac.org





“WITH THE NEW DAY COMES NEW STRENGTH AND NEW THOUGHTS.”

—ELEANOR ROOSEVELT



RCAC

www.rcac.org

3120 Freeboard Drive, Suite 201
West Sacramento, California 95691
(916) 447-2854 Office
(916) 447-2878 Fax

Subscribe to RCAC's free publications at
www.rcac.org

Find us on Facebook at
<http://www.facebook.com/RCAC.org>

Printed on paper containing a minimum
25 percent postconsumer fibers