USDA Rural Development Funding for Agricultural Producers

Rural Energy for America Program (REAP)
Value-Added Producer Grant (VAPG)
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USDA, Rural Development
Bangor, ME
What does Rural Development Do?
Topics

- Discuss two programs that may be available to Agricultural Producers
- Determine applicant eligibility
- What types of projects can be funded
- Funding and upcoming deadlines
- Program specifics
- How to apply
- Q&A session
Renewable Energy Systems & Energy Efficiency Improvements Program
...... helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements.
Eligible Applicants

Agricultural Producer

• Individual or entity that receives 51 percent or more of their gross income from agricultural production – crops, livestock, aquaculture, forestry operations, nurseries, dairies
Eligible Applicants

Rural Small Business

• For-profit small business - as defined by the Small Business Administration (SBA)
• Rural area or non-metro community of ≤ 50,000
Maine Ineligible Areas for Small Businesses
All of Maine Eligible for Agricultural Producers
### Project Types

<table>
<thead>
<tr>
<th><strong>Energy Efficiency</strong></th>
<th><strong>Renewable Energy</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Lighting" /></td>
<td><img src="image" alt="Solar" /></td>
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<tr>
<td><img src="image" alt="Heating" /></td>
<td><img src="image" alt="Wind" /></td>
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<tr>
<td><img src="image" alt="Cooling" /></td>
<td><img src="image" alt="Small Hydroelectric" /></td>
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<tr>
<td><img src="image" alt="Ventilation" /></td>
<td><img src="image" alt="Anaerobic Digesters" /></td>
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<tr>
<td><img src="image" alt="Fans" /></td>
<td><img src="image" alt="Biomass" /></td>
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<tr>
<td><img src="image" alt="Automated Controls" /></td>
<td><img src="image" alt="Geothermal" /></td>
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<tr>
<td><img src="image" alt="Insulation" /></td>
<td><img src="image" alt="Wave/Ocean Power" /></td>
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</table>
# REAP Grant Assistance

Up to 25% of Eligible Project Costs

<table>
<thead>
<tr>
<th>Renewable Energy Systems</th>
<th>Energy Efficiency Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum Grant Request</strong></td>
<td><strong>$2,500</strong></td>
</tr>
<tr>
<td>Total eligible project costs &gt; $10,000</td>
<td>Total eligible project costs &gt; $6,000</td>
</tr>
<tr>
<td><strong>Maximum Grant Request</strong></td>
<td><strong>$500,000</strong></td>
</tr>
<tr>
<td>Total eligible project costs &gt; $2 million</td>
<td>Total eligible project costs &gt; $1 million</td>
</tr>
</tbody>
</table>

Loan Guarantees Available
# Maine REAP Allocations and Deadlines

| Grants of $20,000 and less | October 31<sup>st</sup> – *Unk. ($77,500 FY17)*  
|                           | March 31<sup>st</sup> – *Unk. ($79,500 FY17)*  
| Regular (unrestricted)    | March 31<sup>st</sup> – *Unk. ($435,000 FY17)*  
| Continuous Application Cycle | Guaranteed Loans – *Unk. (~$406 million FY17)*  

*Note: FY17 refers to Fiscal Year 2017.*
Maine REAP Awards FY 2017

- Received 24 applications requesting ~ $2.08 million in grant funds.
- Renewable energy systems comprised 22 of the applications received and energy efficiency improvements the other 2.
- Funded 15 applications for a total of ~ $592,000.
- Funded 14 applications under $20,000 and 1 over $20,000.
- Smallest grant was for $3,567 (Reverse Osmosis for Maple Syrup).
- Largest was $435,000 (biomass power generation.)
- There were projects in 10 counties that received funding.
- The funded application scores ranged from 58.76 to 90.00 out of 100 possible points. The average funded score was 71.92.
Applications submitted compete for funding based on score.

Equipment/technology providers can often help with completing the application, studies, assessments, etc.

Technical assistance is available to determine if the program fits.

Multiple opportunities to compete depending on size of request.

Applications must be received before starting the project.

Non-profits not eligible.

Possible extra points for veterans, underserved groups, under-represented technologies.

Ask questions if you don't understand something!
Resources

- http://www.efficiencymaine.com/
- http://www.gpcog.org/
- http://energy.gov/savings/business-energy-investment-tax-credit-itc
How to Apply for REAP

Contact USDA Rural Development personnel for application materials and resources:

Cheryl Pelletier  
Loan Specialist/State Energy Coordinator  
(207) 760-4607  
cheryl.pelletier@me.usda.gov

Brian Wilson, P.E.  
Business and Cooperative Programs Director  
(207) 990-9168  
brian.wilson@me.usda.gov

Applications can be submitted any time and will compete in the next available funding round.
Value-Added Producer Grant
...... to develop businesses that produce and market Value-Added Agricultural Products and to create marketing opportunities for such businesses.
Eligible Applicants

Applicants must be Agricultural Producers:

An individual or entity that produces an Agricultural Commodity through participation in the day-to-day labor, management, and field operations; or that has the legal right to harvest an Agricultural Commodity that is the subject of the VAPG project.
Eligible Applicants

Four Eligible Applicant Types:

- Independent Producers
- Agricultural Producer Groups
- Farmer or Rancher Cooperatives
- Majority-Controlled Producer-Based Businesses
Eligible Applicants

Independent Producers:

An individual agricultural producer or an entity that is solely owned and controlled by agricultural producers, that are directly engaged in the production of the subject agricultural commodity.

This is the most common type of applicant.
Eligible Applicants

All Applicant types must:

- Currently produce and own more than 50 percent of the raw commodity that will be used for the Value-Added product.

- Own the product from its raw commodity state through the production of the Value-Added product during the Project.

- Citizenship requirements.
Project Eligibility

- Meet one of the five value-added product methodologies.

- Show that there will be an increase in the customer base.

- Demonstrate that increased revenue from the process will be returned to the producer.
Five Value-Added Methodologies

- Change in physical state
- Produced in a manner that enhances the value of the agricultural commodity
- Physical segregation
- Farm or ranch based renewable energy
- Locally-produced agricultural food product
Two Types of Grants

Planning Grant - maximum of $75,000

To pay a qualified (third-party) consultant for development of feasibility, marketing, business plan related to the processing and/or marketing of a value-added product.

Working Capital Grant - maximum of $250,000

To pay eligible project expenses related to the processing and/or marketing of a value-added product.
Examples of Grant Uses

Planning Grant

➤ Consultant fees

➤ Costs associated with developing the plans:
  • Supplies
  • Data collection
  • Limited product testing
Examples of Grant Uses

Working Capital Grant

- Processing costs (butchering, co-packer fees, freezing)
- Labor costs for processing, marketing, deliveries
- Labels, packaging, jars, containers, shipping
- Software, accounting, insurances
- Advertising, marketing, websites, photography
VAPG Funding and Deadlines

- Program announced on September 5, 2017.

- Final dollars have not been determined, estimated at ~ $18 million nationwide.

- Application due date January 31, 2018 (hard copy) or January 24, 2018 (grants.gov)

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning/Working Capital</td>
<td>42/205</td>
<td>43/217</td>
<td>51/275</td>
</tr>
<tr>
<td>Total Awards</td>
<td>~$25 million</td>
<td>~$34 million</td>
<td>~$45 million</td>
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<tr>
<td>Average Grant</td>
<td>~$101,000</td>
<td>~$131,000</td>
<td>~$140,000</td>
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<tr>
<td>Independent Producers</td>
<td>209</td>
<td>220</td>
<td>287</td>
</tr>
<tr>
<td>Ag. Prod. Group</td>
<td>10</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Cooperative</td>
<td>22</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>MCPBB</td>
<td>6</td>
<td>10</td>
<td>11</td>
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</table>
# VAPG Statistics per Fiscal Year - Maine

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications Received/Funded</td>
<td>6/5</td>
<td>6/4</td>
<td>12/10</td>
</tr>
<tr>
<td>Planning/Working Capital</td>
<td>1/5</td>
<td>0/4</td>
<td>1/9</td>
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<tr>
<td>Total Awards</td>
<td>$471,571</td>
<td>$247,702</td>
<td>$1,613,118</td>
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<tr>
<td>Average Grant</td>
<td>~$94,000</td>
<td>~$62,000</td>
<td>~$161,000</td>
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<tr>
<td>Independent Producers</td>
<td>5</td>
<td>4</td>
<td>10</td>
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<tr>
<td>Ag. Prod. Group</td>
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<td>0</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MCPBB</td>
<td>0</td>
<td>0</td>
<td>0</td>
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VAPG Program Specifics

- Application process is time intensive! Start early. Ask questions.
- There are consultants who help with the application preparation and administration.
- USDA RD can help with forming the project, questions, etc.
- Must be in active production or between seasons of the raw commodity - no startups.
- Grant requires a 1:1 match (options/limitations).
- Grants can be up to three years in length to complete.
- Buildings, kitchens, vehicles, payment to applicant or family are some things that are not eligible.
How to Apply for VAPG

Contact USDA Rural Development personnel for application materials and resources:

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(207) 990-9168
brian.wilson@me.usda.gov

FY 2017 application is available online:

https://www.rd.usda.gov/programs-services/value-added-producer-grants

or

Grants.gov

USDA is an equal opportunity provider, employer, and lender.
QUESTIONS?