



United States Department of Agriculture

USDA Rural Development Overview of Business Programs

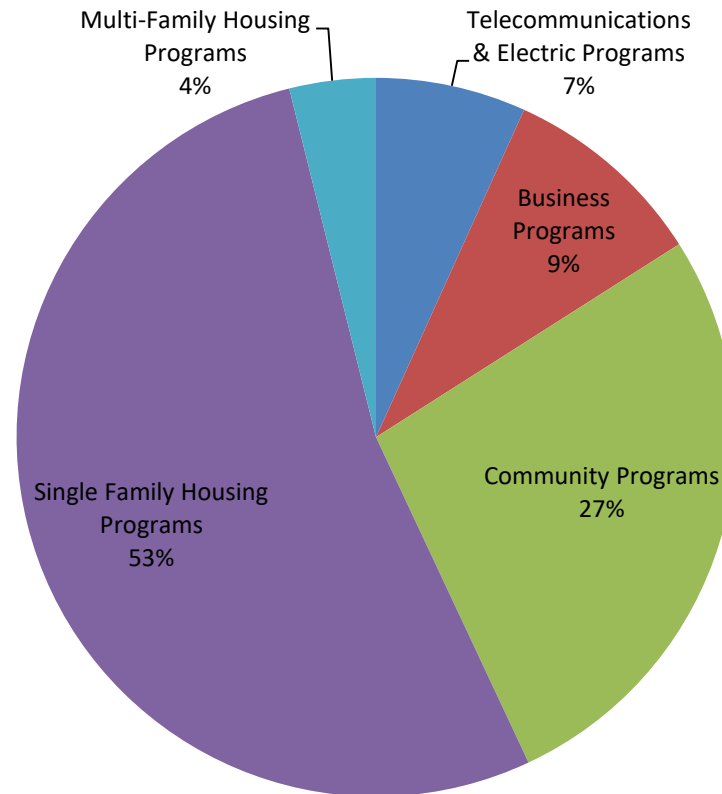
Nancy Pletcher
Business Programs Specialist
Topeka, State Office

USDA Rural Development

- USDA RD Mission
 - Committed to helping improve the economy and quality of life in rural America
- Accomplish the mission by:
 - Providing support for essential public facilities and services such as: as water and sewer systems, housing, health clinics, emergency service facilities, electric and telephone service and small business development

USDA Rural Development

- USDA RD invested \$291 million in rural Kansas in 2014



Overview

- Business Programs
 - Value Added Producer Grants
 - Business & Industry (B&I) Guaranteed Loans
 - Rural Energy for America Program
 - Rural Economic Development Grant & Loan Program

Value Added Producer Grants

- Value-Added Producer Grants assist agricultural producers increase the value of an agricultural commodity in the processing or marketing stage
 - Working Capital up to \$200,000
 - Planning grants up to \$75,000
 - Requires a \$1 producer match for each grant \$1
 - VAPG funds cannot be used to build facilities, produce the raw commodity or purchase equipment

Value Added Producer Grants

- Eligible Applicants
 - Independent producers
 - farmer and rancher cooperatives
 - agricultural producer groups
 - majority controlled producer-based business ventures
- Eligible Projects
 - Change in Physical State
 - Produced in a manner that enhances the value of the commodity
 - Physical Segregation
 - Farm or Ranch Based Renewable Energy
 - Aggregation and Marketing of Local Foods

Value Added Producer Grants



In 2014, Wiebe Dairy received VAPG funding to further expand their Internationally awarded cheese into additional national markets.

Wine Barn



Wine Barn

- FY 2013
 - Increase Wine Production
 - Update Website
 - Expand Local Market
- FY 2014
 - Increase Wine Production
 - Expand market with a focus on the tourist visiting the KC area

Value Added Producer Grants

- Other Eligibility Requirements
 - Projects greater than \$50,000 are required to submit a business plan and feasibility study with application
 - Applicant currently produces and owns at least 51% of the raw agriculture commodity needed for the project
 - Applicant maintains ownership of agriculture commodity from the raw state of production to the sale of the value-added product

Value Added Producer Grants

- In 2014, a total of 28 wineries and/or vineyards in 20 states received \$3.3 million in grants through the Value-Added Producer Grant Program



Three Sisters Vineyards and Winery of Dahlonega, Ga., is using funds from the USDA's Value-Added Producer Grant program to launch a whole-cluster sparkling wine.

Value Added Producer Grants

- Livermore Valley Winegrowers Association hired Morrison & Company to perform a feasibility study and business plan for a major marketing program. LVWA sought to obtain marketing dollars to promote its members' wines through an agricultural grant from the Value Added Producer Grant (VAPG) program
- Sonoma County Vintners, a marketing organization of 165 Sonoma County wineries, was awarded a Value-Added Producer Grant of almost \$300,000 to promote Sonoma County wines and winegrapes to new consumers across the country

Business & Industry Guaranteed Loans

- **The B&I Program provides financial backing for rural businesses.**
 - Commercial loan guarantees up to 80%
 - Borrower's work with a local lending entity
 - Lending entity seeks a guarantee from USDA Rural Development
 - Loan amounts up to \$10 million
 - Loan terms Real Estate 30 years; Machinery & Equipment 15 years; Term Working Capital 7 years

Business & Industry Guaranteed Loans

- **Eligibility**

- New or existing business. Business does not have to be headquartered in rural community, just conducting business there.
- Rural area with populations up to 50,000
- New construction, equipment, expansion, working capital, and debt restructuring

- **Fees**

- One-time guaranteed fee of 3%. Annual renewal fee of 0.50% on outstanding balance.

Rural Energy for America Program

- REAP program helps eligible applicants install renewable energy systems
- Types of Eligible Projects
 - Energy Efficiency,
 - Lighting, Insulation
 - Purchasing or replacing equipment with more efficient units
 - Renewable Energy
 - Solar, Wind, Geothermal, Biomass

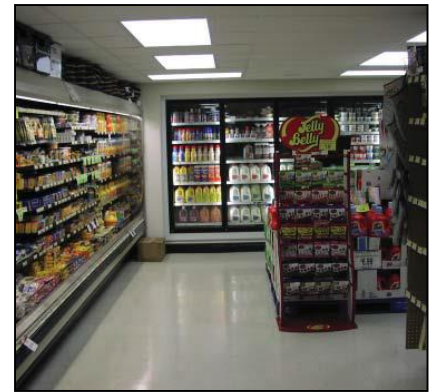
Rural Energy for America



In 2012, ARC Technology in Whitewater, Kan., received a REAP grant to install a 12.2 kilowatt solar array.

Rural Energy for America Program

- Loan guarantees up to 85% of a commercial loan
- REAP Grants may cover 25% of project costs
- Renewable Energy Systems Grants
 - \$2,500 minimum grant request
 - \$500,000 maximum grant request
- Energy Efficiency Grants
 - \$1,500 minimum grant request
 - \$250,000 maximum grant request



REAP funding to upgrade refrigeration units to more energy efficient units

Rural Economic Development Loan & Grant (REDLG) Program

- REDLG Program Overview
 - Electric and telephone rural utility cooperatives are eligible to apply for REDLG
 - The loan/grant funds are then passed through to the ultimate recipients, which can be any legal entity, including individuals, public bodies, and federally recognized Indian Tribes
 - Project eligible in rural area with population of 50,000

Rural Economic Development Loan & Grant (REDLG) Program



In 2014, Schwinn Produce Farm & The Barn received REDLG financing to expand their u-pick operation.

USDA Rural Development Business Programs Staff in Kansas

Randy Snider
Business Programs Director
Iola Area Office
(620) 365-2901, Ext. 1430
randy.snider@ks.usda.gov

Doug Bruggeman
Business Programs Specialist
Hays Area Office
(785) 628-3081, Ext. 1435
doug.bruggeman@ks.usda.gov

Katie Casper
Business Programs Specialist
Iola Area Office
(620) 365-2901, Ext. 1427
katie.casper@ks.usda.gov

David Kramer
Business Programs Specialist
Topeka State Office
(785) 271-2700, Ext. 2736
david.kramer@ks.usda.gov

Nancy Pletcher
Business Programs Specialist
Topeka State Office
(785) 271-2700, Ext. 2733
nancy.pletcher@ks.usda.gov