

Value-Added Producer Grant Program

Fiscal Year 2015



Purpose

The Value-Added Producer Grant (VAPG) Program is intended to provide grant funds to agricultural producers for planning activities and working capital expenses to assist them in receiving a greater share of the consumer's dollar for value-added agricultural products.



Eligibility

- Applicant eligibility
- Product eligibility
- Purpose eligibility
- Matching eligibility
- Other eligibility requirements

Applicant Eligibility

- Independent Producer
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer-Based Business Venture



Product Eligibility

- Change in physical state
- Produced in a manner that enhances value - must reference a business plan
- Physical segregation
- Ag commodity that is a source of renewable energy
- Locally-produced agricultural food product
- Customer base must be expanded
- Greater portion of the revenue must be available to the producer

Purpose Eligibility

- Planning Activities (e.g. feasibility study, business plan, marketing plan)

OR

- Working Capital (e.g. labor, inventory, advertising)

Matching Eligibility

- Matching funds of at least 50% of total project costs are required
- Match must be spent at a rate equal to or greater than grant funds
- Match must be provided by the applicant or a third-party in the form of cash or in-kind funds
- Match must be spent on eligible purposes and must be from eligible sources



In-Kind Match

- May include appropriately valued inventory of raw commodity
- Applicant or family member time up to 25% of total project cost and provide adequate explanation

Other Points of Interest

- Grant period eligibility
- Completeness eligibility
- Market Expansion Proposals

Grant Period Eligibility

- Applications cannot have a timeframe of more than 3 years.
- The NOSA will restrict the starting and ending dates of the project. Make sure the proposed work plan takes those restrictions into account.

Completeness Eligibility

- Applications must contain all requested information to be considered for funding

Market Expansion Proposals

- Must be Independent Producer
- W.C. only of \$50,000 or more
- Market Expansion of existing product in production for a minimum of two years
- Must submit business & marketing plan
- Feasibility study not required.



Funding For FY' 15

- \$250,000 max on working capital
- \$75,000 max on planning grant
- Notice of funding availability will be \$30 million



Application Deadline

- Technical Assistance provided up to 14 days prior to the application deadline
- Dun & Bradstreet number is required
- System for Awards Management required



Application Submission

- Paper applications submitted to RD State Office in applicant's state
- Electronic applications submitted through [Grants.gov](https://www.grants.gov)



Overview

- Very competitive program
- National Competition
- Very unforgiving program
- Grant Writers are available



Contact Information

Program Website:

<http://www.rd.usda.gov/programs-services/value-added-producer-grants>

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REAP

Rural Energy for America Program

(Section 9007 - 2008 Farm Bill)



What is the **REAP** Program?

- Created as a U.S. Department of Agriculture program.
- Program designed to assist farmers, ranchers and rural small businesses with energy projects
- This program provides grants and guaranteed loans for renewable energy systems and energy efficiency improvement projects



Who is Eligible?

- Rural Small business and agricultural producers can apply (Rural – population < 50,000)
 - Agricultural Producer – An individual or entity directly in the production of agricultural products (including farming or ranching) that gets 50% of their gross income from the operations.

OR

- Small Business – A private entity including a sole proprietorship, partnership, corporation, cooperative (including most Rural Electric Cooperatives), and certain other electric utilities.
 - Must meet SBA size standards for small Business
www.sba.gov/size/indextableofsize.html
 - Non-profits excluded



What Projects are Eligible?

- Any renewable energy and energy efficiency project as defined in the law.
- Requirements for eligible projects:
 - Must be located in a rural area.
 - Must be for a pre-commercial or commercially available and replicable technology.
 - Must be technically feasible.
 - Must have sufficient revenues to provide for operation and maintenance.
- The applicant must be the owner of the project and control the operation and maintenance of the proposed project.



Grants - Limits

- Grants request must not exceed 25% of the eligible project costs
 - **Renewable Energy:**
 - Minimum grant request \$2,500
 - Maximum grant request: \$500,000
 - If request is over \$50,000, regulation requires a project-specific feasibility study prepared by a qualified independent consultant
 - **Energy Efficiency:**
 - Minimum grant request \$1,500
 - Maximum grant request: \$250,000
 - If total project costs are over \$50,000, regulation requires an energy audit. Less than \$50,000, an Energy Assessment is required.



Guaranteed Loans - Limits

- Guaranteed loans are limited to 75% of the total eligible project cost
- Maximum guarantee is \$25 million
- Guaranteed Loan/Grant combination limited to a total of 75% of the total eligible project cost (25% Grant and 50% Guaranteed Loan).



Farm Bill Definitions

- Renewable Energy – Energy derived from:
 - biomass, wind, solar, or geothermal source,

Or

- hydrogen derived from biomass or water using one of the above energy sources.



Biomass, Bioenergy

Bioenergy: A renewable energy system that produces fuel, thermal energy, or electric power from a biomass source, other than an anaerobic digester project.



Biomass, Anaerobic Digester

A renewable energy system that uses animal waste and other organic substrates to produce thermal or electrical energy via an anaerobic digestion

– **Digesters**

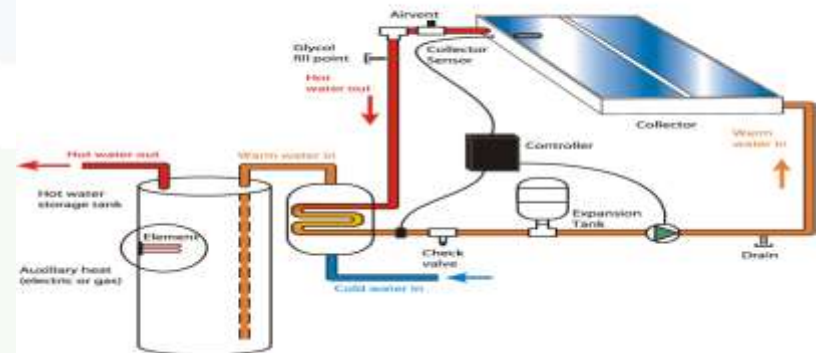
- **Small (500 head, 150kW)**
- **Large (3500 head, 750kW)**



Solar Energy



Active Indirect System



Energy Efficiency Improvement –
Improvements to a facility,
building, or process that reduces
energy consumption, or reduces
energy consumed per square foot.



Energy Efficiency Improvements Grain Bin Replacement

\$49,781.25 Grant for a
\$199,125.00 Project.

Energy savings per year
estimated 35.2% with a
return on investment of
2.62 years.



Energy Efficiency Improvements Poultry Operation

\$5,952.00 Grant on a
\$23,808.00 project.

Estimated energy
savings per year of
31.3% with a return
on investment of
5.47 years



Energy Efficiency Improvements

Dairy Ventilation System

\$50,000 Grant with a
\$50,000 REAP
Guaranteed Loan on
a \$200,000 project.

Estimated energy
savings per year
exceeds \$60,000



REAP Application Deadlines

- Deadlines to be published in the NOFA
- Funding will also be defined within the NOFA
- Projected \$2 million allocation for FY15
- Accepting applications throughout the year



Contact Information

Program Website:

<http://www.rurdev.usda.gov/Energy.html>

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