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
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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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
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:

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