

USDA, Rural Development

- **Housing Programs**
 - **Single family housing loans**
 - **Mutual Self-help grants**
 - **Home repair grants**
 - **Multi-family housing loans**
- **Community Programs**
 - **Water & Waste loans and grants**
 - **Community Facility loans and grants**
- **Business Programs**
 - **Business & Industry Loan Guarantee**
 - **Rural Business Enterprise Grants**
 - **Rural Business Opportunity Grants**
 - **Value Added Producer Grant**
 - **Section 9006 Energy**
 - **Section 9008 Energy Research**





Rural Energy Programs

from

USDA Rural Development



Committed to the future of rural communities.

Ben Higgins, State Director
Chuck Clendenin, Business & Cooperative Program Director
USDA Rural Development, California

Main programs

- **§9006 Grant & Loan Guarantee**
- **Value-Added Producer Grant (VAPG)**
- **§9008 research grant**



**2002 Farm Bill Initiative: The Renewable
Energy and Energy Efficiency Program**

USDA Farm Bill Section 9006

RURAL DEVELOPMENT



UNITED STATES DEPARTMENT OF AGRICULTURE

§9006 Grant & Loan Guarantee

*aka Renewable Energy Systems and Energy
Efficiency Improvement Grant and
Guaranteed Loan Program*



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Section 9006: Renewable Energy Systems and Energy Efficiency Improvements Program



- ❑ Authorized in 2002 Farm Bill
(Title IX, Section 9006)
- ❑ Establishes a grant, loan, and loan guarantee program to assist eligible applicants (**agricultural producers and rural small businesses**) to:
 - (1) purchase renewable energy systems;
 - (2) make energy efficiency improvements.

§9006-eligible applicants

- **Agricultural Producers** (50% or more of income from agriculture operation)
- **Small Rural Businesses** (SBA size standards)
(<http://sba.gov/size/index.html>)

Section 9006: Definitions

Renewable Energy System:

A system that produces or produces and delivers usable energy from a renewable energy resources.



Renewable Energy:

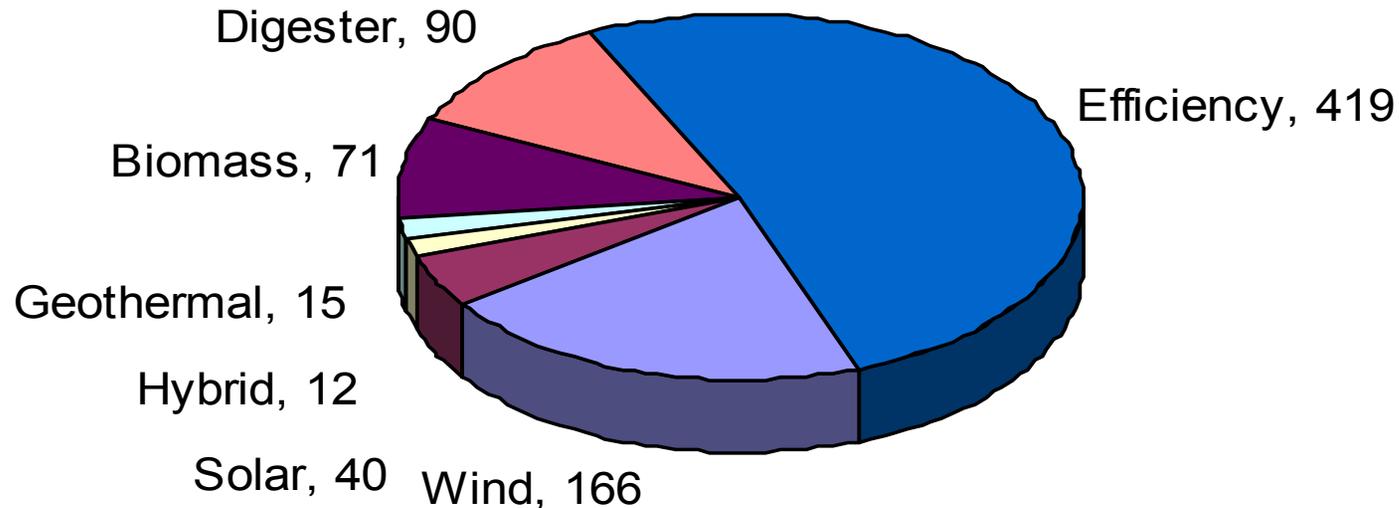
Energy derived from wind, solar, biomass, or geothermal source or hydrogen derived from biomass or water using wind, solar, or geothermal energy sources.

Energy Efficiency Improvements:

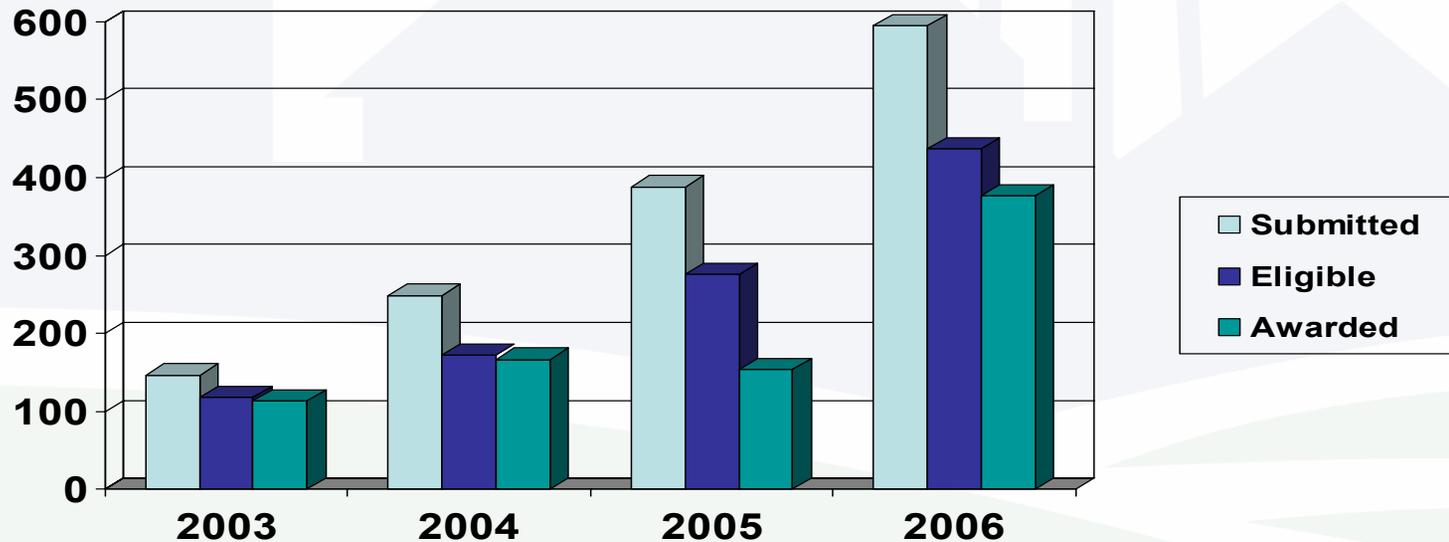
Improvements to a facility or process that reduce energy consumption.



Section 9006: Historical Funding – Grant Award Numbers by Technology



Section 9006: Historical Funding – Volume of Applications



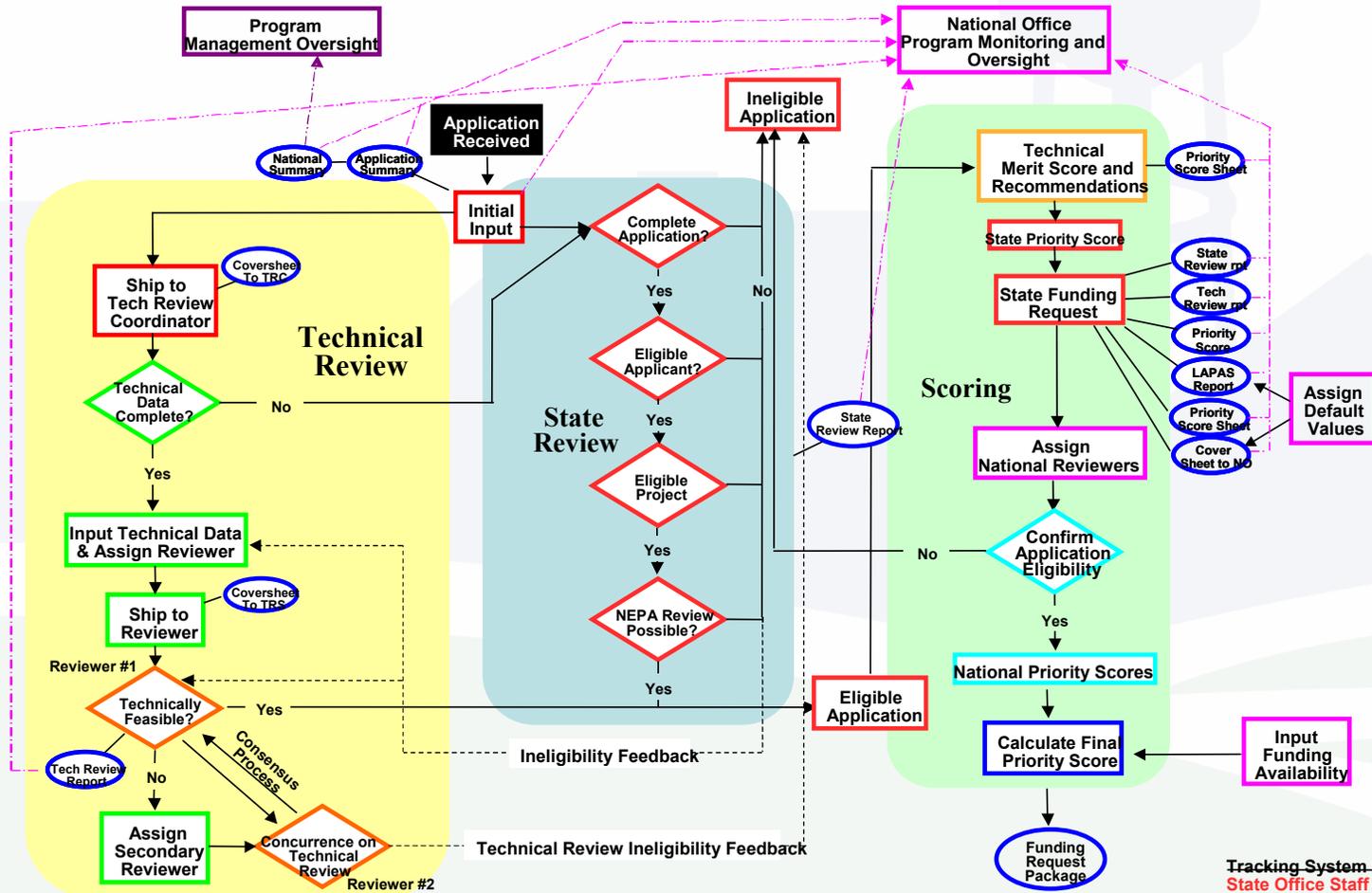
§9006-eligible technologies

- **Biomass & Bioenergy** – *biofuels (inc. biodiesel & ethanol) or electricity from renewable organic source materials*
- **Anaerobic Digester** – *animal waste*
- **Geothermal** – *electric or direct use*
- **Solar** – *panels for production of electricity*
- **Wind** - *turbines*
- **Energy Efficiency**

§9006-eligible projects

- Project must be located in rural area (population of 50,000 or less)
- **Commercially-available technology** (not R & D)
- Projects must be financially and technically feasible – as demonstrated in detailed technical reports and feasibility studies

Section 9006: Application Process



Tracking System User Levels
 State Office Staff (SOS)
 Technical Review Coord (TRC)
 Technical Review Staff (TRS)
 National Office Staff (NOS)
 National Office Coordinator (NOC)
 National Office Reviewer (NOR)
 ○ Tracking System Action



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Process Diagram
 Section I: Application Processing

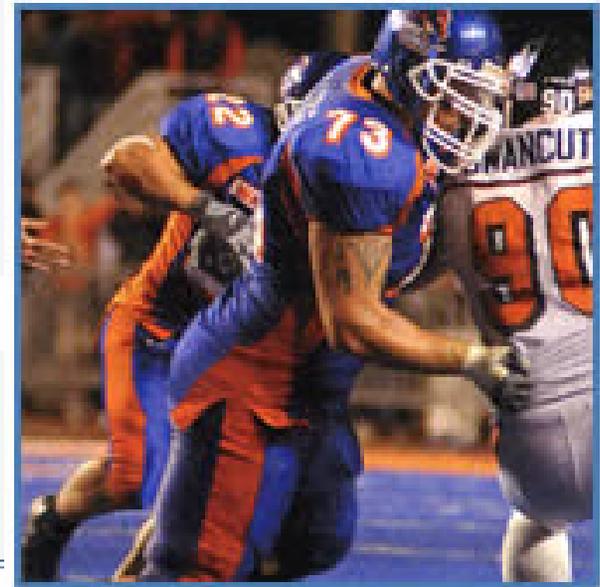
Section 9006:

What Makes a Good Application

□ Put together a good “team”.

“Team Members” might include:

- ◆ System designer
- ◆ Project engineer
- ◆ General contractor
- ◆ System supplier
- ◆ System operator



Section 9006: FY 2008 Application Dates

- ◆ Rural Development presently reviewing budget to allocate funds
- ◆ NOFA expected to be published “soon” possibly February

⇒ Two funding cycles expected for **Grant** program:

<u>Round</u>	<u>Applications Due</u>
1	March 2008
2	May 2008

⇒ For **Loan Guarantee** program, applications may be submitted and considered at any time.



§9006 funds available

FY 08 Probable Funding

- *\$900+ Million – Guaranteed Loans*
- *Possibly \$50 Million – Grants*

Likely to be similar in FY2007

§9006 Grants

National competition-driven

- Maximum grant Renewable Energy: \$500,000
- Maximum grant Energy Efficiency : \$250,000
- Finances up to 25% of Project Costs
- Preference given for \leq \$50,000 grants
- Applicant must demonstrate financial need
- *Once-a-year*, competitive process taking about 6 months from application to outcome

§9006 Guaranteed Loan Program

Lender-driven

- Maximum loan amount: \$10 million
- Provides lender a 70-85% guarantee on its loan
- Finances up to 50% of Project Costs
- Funding cycle: as projects are ready!

§9006

Combination Guaranteed Loan and Grant

- Combination cannot exceed 50% of project cost
- Funding available as projects are ready, PROVIDED the project involves BOTH a guarantee and grant (avoiding the national grants competition!)

Value-Added Producer Grant (VAPG) Program



Value-Added Producer Grant

- Matching grants for farmers/rancher and ag producer-related entities
- Up to \$100,000 for Planning or \$150,000 for Working Capital

Value-Added Producer Grant

FY 08 Funding

- *Approximately \$20.0 Million – Grants*

Likely to be similar in FY2007

Value-Added Producer Grant

- Types of value-added activities that VAPG can fund:
 - * **Commodity Processing (inc. biofuels)**
 - * Commodity Segregation
 - * **Renewable Energy**
 - * Differentiated marketing

Value-Added Producer Grant

- Types of Renewable Energy projects:
 - Wind
 - Solar
 - Geothermal
 - Biomass
 - **Biofuels**
 - Anaerobic digesters

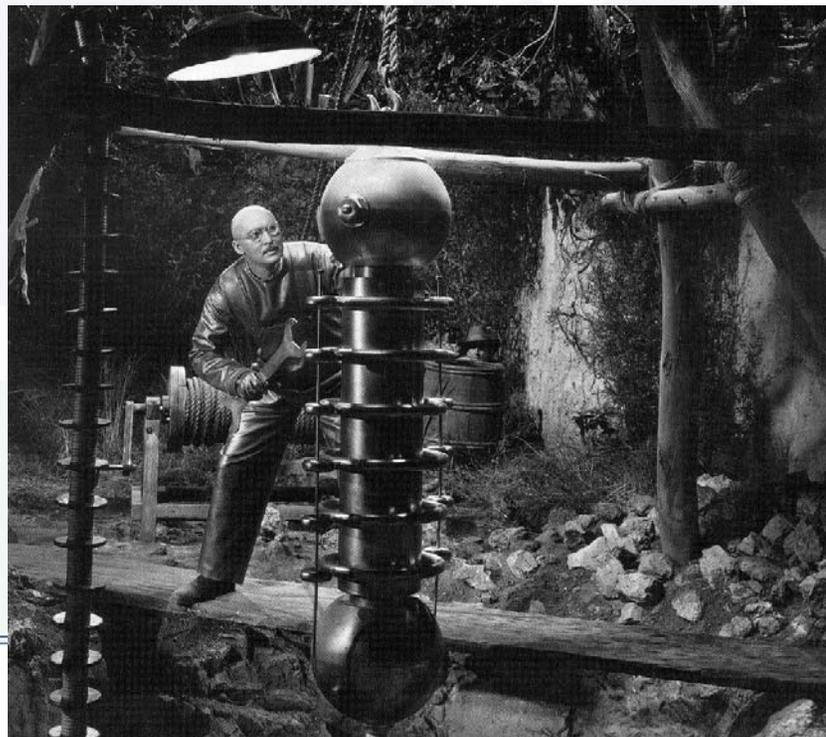
Value-Added Producer Grant

- National funding competition
- Detailed application process – **due annually about March 31 in Washington DC**
- California USDA Rural Development has VAPG application information available

another Farm Bill program

Section 9008

Biomass Research
& Development
Initiative



Section 9008

- Purpose: Support of research, development and demonstration on **biobased products, biofuels, and biopower**.
- Eligible Recipients: Institutions of Higher Learning; National Laboratory; Federal Research Agency; State Research Agency; Private Sector Entities and Nonprofit Organizations or a consortium of two or more of entities described above.
- Cost Sharing: Minimum of 20% Non-Federal

Section 9008

FY2007 focus was on four technical areas:

- 1) Feedstock production for conversion to biomass fuels and products.
- 2) Overcoming recalcitrance of cellulosic biomass.
- 3) Product diversification to increase the feasibility of fuel production.
- 4) Analysis that provides guidance for the application of biomass



COMMUNITY FACILITY PROGRAMS (CF)

IMPROVING QUALITY OF LIFE IN
RURAL AMERICA



ELIGIBLE APPLICANT

- Public Body
 - Counties, Cities, Towns, or Other Political Subdivision
 - Special-Purpose Districts Such as Hospitals, Schools, Fire Districts
 - **Indian Tribes**
- Nonprofit Organizations Controlled by Local Public Body(ies) or Membership of Local Community

ELIGIBILITY REQUIREMENTS

- Cities and Towns With Population of 20,000 or Less (Rural Area)
- Unable to Obtain Credit From Other Sources (except for CF Guarantees)
- Possess Financial, Technical, and Managerial Abilities
- Legal Authority and Responsibilities
- Economic Feasibility

LOAN AND GRANT PURPOSES

- To Construct New Facility
- To Enlarge Or Expand Existing Facility
- To Purchase Major Equipment
- To Acquire Land, Right of Way
- To Pay Reasonable Fees and Costs

ELIGIBLE FACILITIES

- Health Care
- Public Safety
- Public Services
- Telecommunications

HEALTH CARE

- Hospitals, Clinics
- Assisted Living Facilities
- Rehabilitation Centers
- Nursing Homes

PUBLIC SAFETY

- Communication Centers
- Police & Fire Stations
- Fire Trucks
- Rescue Vehicles
- Jails

PUBLIC SERVICES

- Adult & Child Care Centers
- City Halls, Libraries, Museums, Schools
- Court Houses
- Airports and Parking Facilities
- College Class Rooms & Dormitories
- Side Walks and Street Improvements
- Fair Grounds and Animal Shelters

TYPES CF FUNDING

- Guarantee Loans
 - Loans Are Made & Serviced by Lenders
 - Normally Guarantee Will Not Exceed 90%
- USDA Rural Development Direct Loans and Grants



RURAL BUSINESS – ENTERPRISE GRANTS

Rural Business Enterprise Grants

- Program is for Rural Areas of Less Than 50,000 Population
- Assistance Must Be Targeted Toward Development and Expansion of Small and Emerging Businesses

ELIGIBLE APPLICANTS

- Public Bodies
- **Federally Recognized Indian Tribes**
- Non-Profit Corporations
- No Grants Can Be Given Directly To Private Businesses

PURPOSES

- Technical Assistance
- Construction/Infrastructure
- Land Acquisition And Development In Connection with Business Development
- Equipment Purchase
- Revolving Loan fund
- Working Capital Loan

USDA Rural Development contacts

§9006 & 9008

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Value-Added & RBEG

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California USDA Rural Development Business & Coop Program's web site:

<http://www.rurdev.usda.gov/ca/bi/index.htm>

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