USDA Rural Development
Alaska Food Festival & Conference
February 26, 2016

USDA Rural Development
1877 USDA established

1935 REA
- Electric Loans
- Resettlement Administration
- Farms Loans
- Matanuska colony

1937 Farm Security Administration
- Water Loans

1946 Farmers Home Administration
- Housing Loans
- Community Facilities

1949 Rural Telecom Program (forerunner to RUS)
- Telephone Loans

The New Deal
History

FmHA
Farmers Home Administration

1972 Rural Development Act
Business Loans

1994 Rural Development Act Amendments

2009 American Recovery and Reinvestment Act (ARRA) passed

FSA
Farm Service Agency

Farm Loans

Rural Development

Utility Loans
Housing Loans
Community Facilities
Business Loans
HOW WE ARE ORGANIZED
How we are Organized

• **State Office in Palmer**

• **5 Area Offices**
  – Southeast office in Sitka
  – Gulf office in Kenai
  – Interior office in Fairbanks
  – West office in Anchorage
  – Central office in Palmer
“To increase economic opportunity and improve the quality of life for all rural Americans.”
Primary Rural Services

Rural Housing Service

Rural Utilities Service

Community Facilities

Rural Business Service
Delivery

- Over 40 programs through 500 offices nationwide
- Current portfolio over $200 billion in loans and guarantees
- Can build a community from the ground up
USDA Programs in the Local Food Supply Chain

**Land Conservation**
- Conservation Reserve Program
- Agricultural Conservation Easement Program
- Conservation Stewardship Program
- Environmental Quality Incentives Program

**Production**
- Farm Loans
- Farm Storage Loans
- Organic Cost Share
- Environmental Quality Incentives Program (hoop houses/high tunnels)

**Aggregation/Distribution**
- Business and Industry Guaranteed Loans
- Community Facilities Loans and Grants
- Rural Business Development Grants
- Local Food Promotion Program
- Specialty Crop Block Grants

**Processing**
- Business and Industry Guaranteed Loans
- Community Facilities Loans and Grants
- Rural Business Development Grants
- Value-Added Producer Grants
- Local Food Promotion Program

**Markets/Consumers**
- Farm to School Grants
- Senior Farmers’ Market Nutrition Program
- WIC Farmers’ Market Nutrition Program
- Community Food Projects Competitive Grants
- Farmers Market Promotion Program
- Specialty Crop Block Grants

Research, Education, and Technical Assistance Programs – all along the supply chain
- Rural Cooperative Development Grants
- Small Business Innovation Research
- Risk Management Education Program
- Federal State Marketing Improvement Program
- Conservation Technical Assistance
- Beginning Farmer and Rancher Development Program
- Sustainable Agriculture Research and Education Program
- Agriculture and Food Research Initiative

www.usda.gov/knowyourfarmer

Courtesy of Jim Barham, USDA RD
COMMUNITY FACILITIES
Community Facilities

How Can We Use These Grants and Loans for Local Foods Projects?

• Farmer’s Markets
• Storage Facilities for crops
• Commercial Kitchen for processing local foods
• Equipment needed to grow food
• Wild Game and Fish Processing Facilities
Community Facilities

• Community Facilities Grants
  – Population less than 20,000
  – For communities of certain median income
  – For public bodies, nonprofits, tribes
  – Outside of Anchorage, Fairbanks, Juneau
  – Conventional financing not available
  – Up 75% of project cost, 25% match
  – Can be combined with a Community Facilities loan
Community Facilities

- Community Facilities Direct Loans
  - For public bodies, nonprofits, tribes
  - Outside of Anchorage, Fairbanks, Juneau
  - Up to 40 years, 3.125% rate, no down, no fees
USDA Rural Development

BUSINESS PROGRAMS
Business Programs

Value Added Producer Grant

Provides funds for economic planning activities or eligible working capital expenses:

• To help agricultural producers enter into value-added activities related to the processing and marketing of agricultural products

• To expand markets for, and increase financial returns to agricultural producers

• To strengthen the rural economy
Value Added Producer Grant

2 Categories of VAPG Grants

1) **Planning Grant**

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.

2) **Working Capital Grant**

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

National Competition- Next Funding Cycle to be announced April 2016 (Est)

Maximum Award Amounts
$75,000 Planning
$250,000 Working Capital

Matching Requirement
1-to-1 match (50 percent of total project costs) cash or eligible in-kind contributions to be used only for eligible project purposes.

Grant Period
Up to 36 months, depending on project complexity.
Value Added Producer Grant

Four Eligible Applicant Types

• Independent Producers
• Agricultural Producer Groups
• Farmer or Rancher Cooperatives
• Majority-Controlled Producer-Based Businesses
Value Added Producer Grant

All Four 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.
Value Added Producer Grant

1. Change in physical state
2. Produced in a manner that enhances the value of the agricultural commodity
3. Product segregation
4. Farm- or ranch-based renewable energy
5. Locally-produced agricultural food product
1. Change in Physical State

An irreversible processing activity that alters the raw agricultural commodity and enhances its value and is something other than a post-harvest process that primarily acts to preserve the commodity for later sale.

Examples include, but are not limited to:

- milk into cheese
- wheat into flour
- wool into clothing or rugs
- corn into E-85 ethanol
- livestock into packaged meat
2. Produced in a manner that enhances the value of the agricultural commodity

- The value-added product results from the use of a recognizably coherent set of agricultural production practices in the growing of the raw agricultural commodity, such that a **differentiated** market identity is created for the resulting product.
- Nonstandard production method that adds value per unit of production over a standard production method, and demonstrates this by a quantifiable comparison with products produced in the standard manner.

Examples include, but are not limited to:
- organic carrots;
- eggs produced from free-range chickens.
3. Product Segregation

Value-added product results from physically separating (i.e. distance or structure) the agricultural commodity from other varieties of the same commodity on the same farm during production and harvesting, with continued separation during the processing and marketing of the value-added product.

Example: GMO corn separated from non-GMO corn on the farm during production and harvesting, with continued separation through marketing.
4. Farm- or Ranch-Based Renewable Energy

An agricultural commodity that is used to generate renewable energy on a farm or ranch owned or leased by the independent producer applicant that produces the agricultural commodity.

Examples include, but are not limited to:
• dairy manure into methane and electricity generated on the farm
• corn into biodiesel generated on the farm.

Generation of energy from wind, solar, geothermal or hydro sources are not eligible.
5. Locally-Produced Agricultural Food Product

Any agricultural food product that is marketed and distributed within 400 miles of the product’s origin or within the State in which the product is produced.

Examples include, but are not limited to-

• specific local grapes with characteristics attributable to the growing area sold to a winery that will produce a local wine;
• local sweet corn advertised and sold at a premium as a fresher locally-produced alternative to non-local produce.
Rural Energy for America Program (REAP)

Rural Energy for America Program
Grants and Loan Guarantees
Rural Energy For America Program (REAP)

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

Rural Small Business

- For-profit small business as defined by the Small Business Administration (SBA)
- Rural area or non-metro community of ≤ 50,000
The technology must be commercially available. Research and development projects do not qualify.
## 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>Minimum Grant Request</strong></td>
</tr>
<tr>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total eligible project costs ≥ $10,000</td>
<td>Total eligible project costs ≥ $6,000</td>
</tr>
<tr>
<td><strong>Maximum Grant Request</strong></td>
<td><strong>Maximum Grant Request</strong></td>
</tr>
<tr>
<td>$500,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Total eligible project costs ≥ $2 million</td>
<td>Total eligible project costs ≥ $1 million</td>
</tr>
</tbody>
</table>
# REAP Guaranteed Loan Assistance

**Up to 75% of Eligible Project Costs**

<table>
<thead>
<tr>
<th>Minimum Loan Amount</th>
<th>$5,000</th>
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</thead>
<tbody>
<tr>
<td>Total eligible project costs &gt; $6,667</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Maximum Loan Amount</th>
<th>$25 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total eligible project costs &gt; $33.4 million</td>
<td></td>
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</tbody>
</table>

**Details**
- USDA guarantees a commercial loan; applicant must have a willing lender.
- Terms are negotiated between the lender and borrower.
- Fees, appraisals, equity & collateral requirements apply.
### Solar Powered Oyster Farm

**2 KW Solar Array**
- Breaker box
- Charge controller
- Battery bank
- Efficient electric motor
- Paddle wheel

- $14,951 **Total Cost**
- $3,735 **REAP Grant**

- Did not use his generator all year, saving 960 gallons of Diesel
- At $4.00 a gallon delivered = $3,840 savings a summer.
- Increased production from 4 months to 6 months

[Video Link](#)
Other REAP Projects in Alaska

- Fairbanks Commercial Building – Smart metering, LED lights, and doors
- Rural Interior AK Lodge – Solar PV array
- Interior AK Pellet production facility – Wood pellet fuel equipment
- Rural Interior AK Grocery Store – LED lighting
- Copper Valley Gas Station – Solar PV array
- Copper Valley Lodge – Biomass boiler
- Kenai Peninsula Fishing Lodge – Solar PV array
- Southeast Alaska Brewery – Biomass boiler / burn spent grain for steam
Business Programs

- Business & Industry Guaranteed Loans
  - Businesses apply to commercial lender
  - Located in community with population 50,000 or less
  - Acquisition, start-up, expansion, no agriculture production but processing is eligible purpose
  - Up 90% guarantee, $25m limit
  - Terms established between lender and borrower
Who to Contact

Alaska State Office:
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Palmer, AK  99645
(907) 761-7705
Website: www.rd.usda.gov/ak

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Southeast Area (Sitka)
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United States Department of Agriculture

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

Helpful Links:

http://www.rd.usda.gov/ Rural Development
http://www.usda.gov FSA & Know Your Farmer - Know Your Food
QUESTIONS?