



Rural Development



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

USDA Rural Development

# History



1877  
USDA  
established



1935  
REA

Electric Loans

Resettlement  
Administration

Farms Loans

Matanuska colony

1937  
Farm Security  
Administration

Water Loans

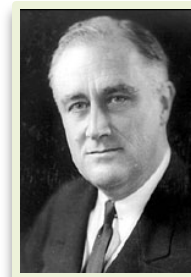
1946  
Farmers Home  
Administration

Housing Loans

Community Facilities

1949  
Rural Telecom  
Program  
(forerunner to RUS)

Telephone Loans



The New Deal



# History

## FmHA

Farmers Home Administration



2009  
American  
Recovery and  
Reinvestment  
Act (ARRA)  
passed

1994  
Rural Development  
Act Amendments

1972  
Rural Development  
Act

Business Loans



Farm Loans



Utility Loans  
Housing Loans  
Community  
Facilities  
Business Loans



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# 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





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***“To increase economic opportunity  
and improve the quality of life for all  
rural Americans.”***

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**MISSION**





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# Primary Rural Services



Rural  
Housing Service



Rural  
Utilities Service



Community  
Facilities

Rural Business  
Service





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# 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](#)

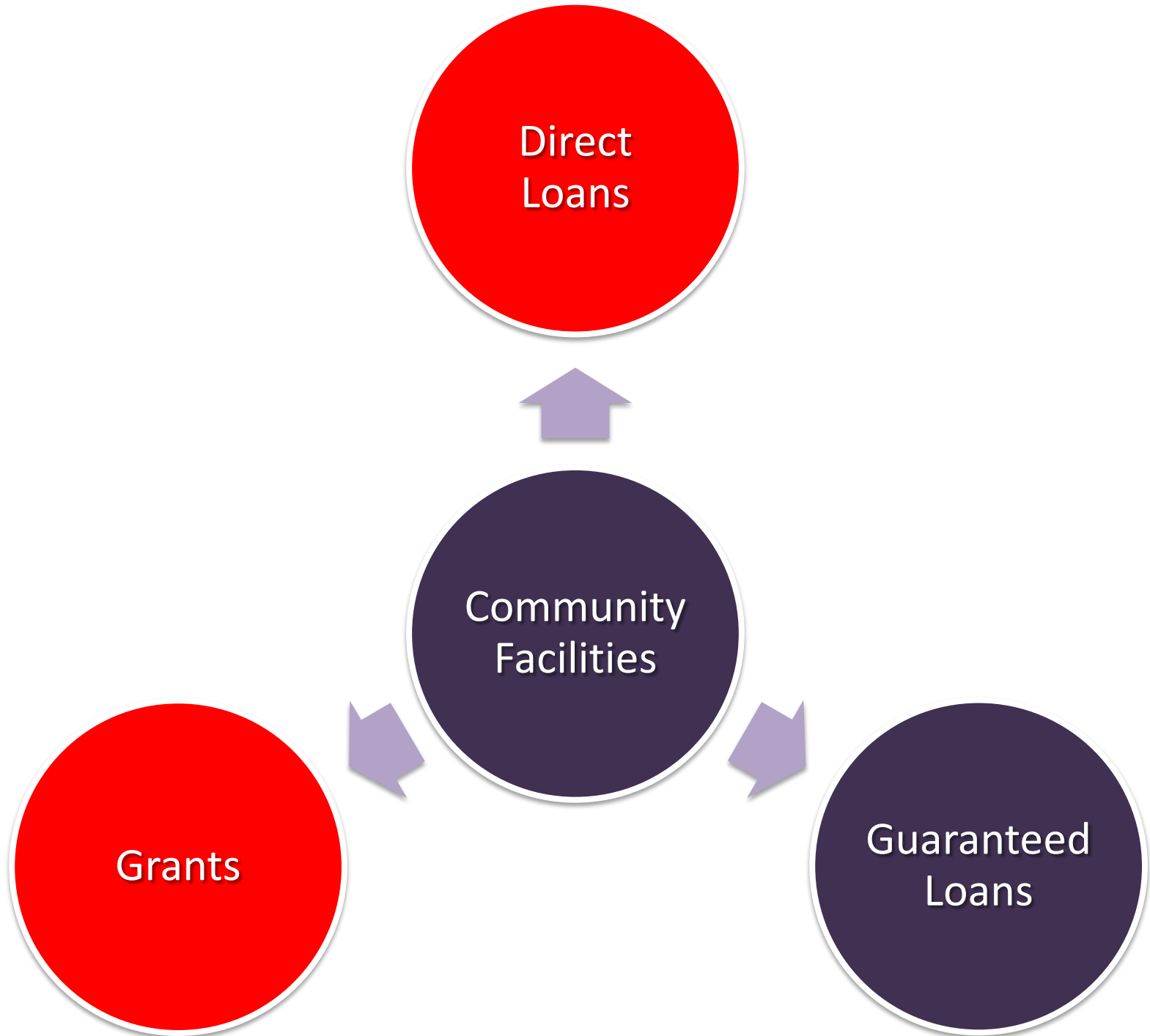


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# COMMUNITY FACILITIES



Direct  
Loans

Community  
Facilities

Grants

Guaranteed  
Loans

# 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



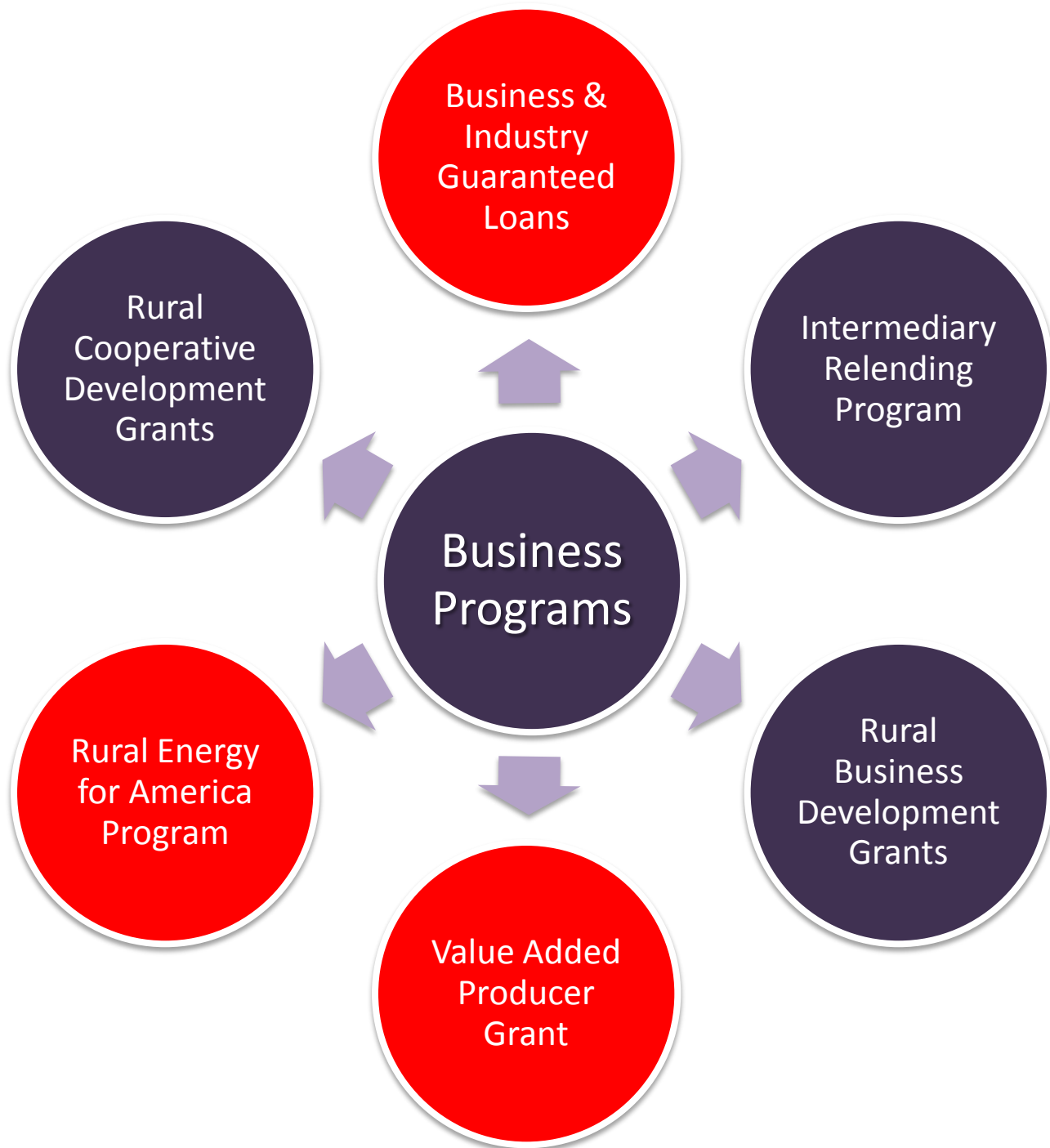


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# **BUSINESS PROGRAMS**

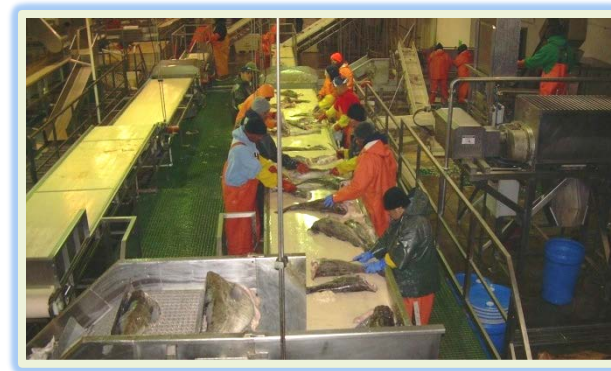


# Business Programs

## 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  $\leq 50,000$**



# Improve Profits for Your Rural Small Business, Farm or Ranch with REAP

Energy Efficiency		Renewable Energy	
	Lighting		Solar
	Heating		Wind
	Cooling		Small Hydroelectric
	Ventilation		Anaerobic Digesters
	Fans		Biomass
	Automated Controls		Geothermal
	Insulation		Wave/Ocean Power

The technology must be commercially available. Research and development projects do not qualify.



# REAP Grant Assistance

Up to 25%  
of Eligible Project Costs



## Renewable Energy Systems



## Energy Efficiency Improvements

Minimum Grant  
Request

**\$2,500**

Total eligible project  
costs  $\geq$  \$10,000

Minimum Grant  
Request

**\$1,500**

Total eligible project  
costs  $\geq$  \$6,000

Maximum Grant  
Request

**\$500,000**

Total eligible project  
costs  $\geq$  \$2 million

Maximum Grant  
Request

**\$250,000**

Total eligible project  
costs  $\geq$  \$1 million

# REAP Guaranteed Loan Assistance

Up to 75%  
of Eligible Project Costs

Minimum Loan Amount	<b>\$5,000</b> Total eligible project costs $\geq$ \$6,667
Maximum Loan Amount	<b>\$25 million</b> Total eligible project costs $\geq$ \$33.4 million
Details	<ul style="list-style-type: none"><li>• USDA guarantees a commercial loan; applicant must have a willing lender.</li><li>• Terms are negotiated between the lender and borrower.</li><li>• Fees, appraisals, equity &amp; collateral requirements apply.</li></ul>

## Pristine Products

### Solar PV for Oyster Farm – April 2015



#### 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

## Solar Powered Oyster Farm



[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





# B&I Guaranteed Loan Program



# 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





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# Who to Contact

## **Alaska State Office:**

USDA Service Center  
800 West Evergreen  
Palmer, AK 99645  
(907) 761-7705

**Website: [www.rd.usda.gov/ak](http://www.rd.usda.gov/ak)**

Jim Nordlund – State Director

[jim.nordlund@ak.usda.gov](mailto:jim.nordlund@ak.usda.gov)

(907) 761-7705

Deborah I. Davis – Director, Multi-Family Housing Programs

[deborah.davis@ak.usda.gov](mailto:deborah.davis@ak.usda.gov)

(907) 761-7740

Greg Stuckey–Director, Single Family Housing & Community Programs

[Greg.stuckey@ak.usda.gov](mailto:Greg.stuckey@ak.usda.gov)

(907) 761-7778

Renee Johnson - Director, Business Programs

[renee.johnson@ak.usda.gov](mailto:renee.johnson@ak.usda.gov)

(907) 761-7712

## **Area Offices:**

West Area (Anchorage)

Jolene John, Area Manager

[Jolene.john@ak.usda.gov](mailto:Jolene.john@ak.usda.gov)

(907) 271-2424 X102

Interior Area (Fairbanks)

Jane Gibson, Area Manager

[Jane.gibson@ak.usda.gov](mailto:Jane.gibson@ak.usda.gov)

(907) 479-4362 X4

Gulf Area (Kenai)

Amy Milburn, Area Manager

[Amy.milburn@ak.usda.gov](mailto:Amy.milburn@ak.usda.gov)

(907) 283-6640 x4

Southeast Area (Sitka)

Keith Perkins, Area Manager

[Keith.perkins@ak.usda.gov](mailto:Keith.perkins@ak.usda.gov)

(907) 747-3506





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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/>  
<http://www.usda.gov>

Rural Development  
FSA & Know Your Farmer - Know Your Food



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# QUESTIONS?

