



Rural Energy for America Program (REAP) and Value-Added Producer Grant (VAPG) Overview

United States Dept. of Agriculture (USDA)

- Agricultural Marketing Service (AMS)
- Agricultural Research Service (ARS)
- Animal and Plant Health Inspection Service (APHIS)
- Center for Nutrition Policy and Promotion (CNPP)
- Economic Research Service (ERS)
- Farm Service Agency (FSA)
- Food and Nutrition Service (FNS)
- Food Safety and Inspection Service (FSIS)
- Foreign Agricultural Service (FAS)
- Forest Service (FS)
- Grain Inspection, Packers and Stockyards Administration (GIPSA)
- National Agricultural Library (NAL)
- National Agricultural Statistics Service (NASS)
- National Institute of Food and Agriculture (NIFA)
- Natural Resources Conservation Service (NRCS)
- Risk Management Agency (RMA)
- **Rural Development (RD)**



Mission

The mission of Rural Development is to increase economic opportunities and improve the quality of life for rural Americans.



Rural Development

Over 40 Grant, Direct and Guaranteed Loan and Technical Assistance Programs
Providing Access to Capital and Credit for Rural Communities

Rural Development

Rural Housing Service

- Single Family Housing Programs
- Multi-Family Housing Programs

Community Facilities / Rural Utilities Service

- Community Facilities Programs
- Water & Environmental Programs (WEP)
- Electric Programs
- Telecommunications Programs

Rural Business- Cooperative Service

- Business Programs
- Cooperative Programs
- Community Economic Development

Rural Business Cooperative Programs

- ❖ Advanced Biofuel Payment Program
- ❖ Biorefinery Assistance Program Loan Guarantee (9003)
- ❖ Business & Industry (B&I) Guaranteed Loan
- ❖ Intermediary Relending Program (IRP) Loan
- ❖ Rural Business Development Grant (RBDG)
- ❖ Rural Cooperative Development Grant (RCDG)
- ❖ Rural Energy for America Loan & Grant Program (REAP)
- ❖ REAP Audit / Development Grant (REDA)
- ❖ Rural Economic Development Loan and Grant (REDLG)
- ❖ Rural Microentrepreneur Assistance Program (RMAP)
- ❖ Socially Disadvantaged Group Grant (SDGG)
- ❖ Value-Added Producer Grant (SDGG)

Rural Energy for America Program (REAP) Renewable
Energy Systems & Energy Efficiency Improvement
Guaranteed Loans & Grants

Rural Energy for America Program

The purpose of REAP is to provide financial assistance to **agricultural producers** and **rural small businesses** for the purpose of purchasing and installing a renewable energy systems and/or energy efficiency improvements.



Eligible Applicants

Agricultural Producer



- Individual or entity that receives 50 percent or more of their income from production of agricultural products (crops, livestock, aquaculture, forestry operation, nurseries, dairies)
- May be rural or urban.

Rural Small Business



- For-profit small business as defined by the Small Business Administration (SBA)

https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf

- Must be located in rural area. (≤50,000 population)

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Non-Profits are NOT eligible for the REAP program.















REAP: Eligible Projects

Energy Efficiency Improvements

- Improvements to or replacement of an existing building and/or equipment that reduces energy consumption on an annual basis.

Renewable Energy Systems

- Produces usable energy from a renewable energy source; and
- May include distribution components necessary to move energy produced by to initial point of sale.
- Must be Commercially Available
- Research & Development is Not Eligible

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



Eligible Project Costs

- **Equipment:**
 - Purchase & installation (new or refurbished)
 - Energy Storage (as part of an RES)
- **Post-application construction & facility improvements**
- **Retrofitting**
- **Professional service fees**
- **Permits & license fees**
- **Working capital, land acquisition (Guarantee loan ONLY with restrictions)**





Ineligible Project Costs

- **Residential energy projects**
- **Equipment:**
 - Farm tillage equipment
 - Used equipment
 - Vehicles
- **Residential RES or EEI projects**
- **Pre-application construction & facility improvements**
- **Application preparation or grant writer fees**
- **Line of credit**
- **Lease payments**
- **Payment to the applicant/business owner, beneficiary, or relative**
- **EII related to new construction**

REAP Grant Funding Limitations

Covers 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 (up to 25% of the total project costs)	\$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

Minimum Loan Amount	\$5,000 Total eligible project costs \geq \$6,667
Maximum Loan Amount (up to 75% of the total project cost)	\$25 million Total eligible project costs \geq \$33.3 million
Details	<ul style="list-style-type: none">• USDA guarantees a commercial loan; applicant must have a willing lender.• Terms are negotiated between the lender and borrower.• Fees, appraisals, equity and collateral requirements apply.

REAP Loan & Grant Combination

<u>% of Funding</u>		<u>Source of Funds</u>	<u>Sample Project</u>
	25% of total project cost	Other Funds <ul style="list-style-type: none"> • Equity contribution • Unguaranteed loan 	\$250,000
75%	25% of total project cost	REAP Grant	\$250,000
	50% of total project cost	REAP Guaranteed Loan	<u>\$500,000</u>
100%		Total Project Costs	\$1,000,000

Rural Energy for America Program

Allocation of Funds

1. Grant program is competitive based on score
2. Applicants file to state where project is located
3. Each state receives an allocation of grant funds
 - Restricted (\leq \$20,000)
 - Unrestricted
4. SBA Small Business Size Standards

https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf

REAP Application Deadlines

<ul style="list-style-type: none">• REAP Grant \leq \$20,000 (Restricted set aside)	<ul style="list-style-type: none">• October 31st• March 31st
<ul style="list-style-type: none">• REAP Grant $>$ \$20,000 Grant (Unrestricted)• REAP Loan & Grant Combinations	<ul style="list-style-type: none">• March 31st
<ul style="list-style-type: none">• REAP Guaranteed Loans	<ul style="list-style-type: none">• Year-round continuous <i>Loans must score a minimum of 50 points to compete.</i>

If either October 31st or March 31st fall on a weekend or a federally observed holiday, the next Federal business day will be considered the last day for receipt of a complete application.

REAP Scoring Criteria

- Quantity of Energy (BTU) per grant/loan dollar requested (Max. 10 pts)
- Quantity of Energy Replaced, Produced, or Saved (Max. 15 pts)
 - For a project to qualify as an energy replacement it must provide documentation on prior energy use.
 - For new construction the project may classify as energy replacement only if the applicant can document previous energy use from a facility of approximately the same size (+/- 10%).
 - Energy savings is determined by the projections in an energy assessment or audit.
- Environmental Benefits (Max. 5 pts)
 - Maximum 5 points if applicant has documented in the application that the proposed project will have a positive effect on any of the three impact areas: resource conservation (e.g., water, soil, forest), public health (e.g., potable water, air quality), and environment (e.g., compliance with EPA's renewable fuel standard(s), greenhouse gases, emissions, particulate matter).
- Commitment of Funds (Max. 20 pts)
 - Maximum of 20 points if the applicant has written commitments from sources confirming commitment of funds for the project.
- Size of Request (Max. 10 pts)
- Previous REAP Grantee/Borrower (Max. 15 pts)
- Simple Payback (Max. 15 pts)
- State Director/Administrator Points (Max. 10 pts)

Maximum 100 Points Total

REAP – 3 Tier Application

<u>SIMPLE APPLICATION</u> <u>≤ \$80,000 Total Project</u> <u>Cost</u>	<u>SIMPLE APPLICATION</u> <u><\$200,000 >\$80,000 Total</u> <u>Project Cost</u>	<u>FULL APPLICATION</u> <u>>\$200,000 Total Project Cost</u>
<ol style="list-style-type: none">1. Form RD 4280-A2. Form SF 4243. Form SF 424C4. Form SF 424D5. Form AD 30306. Environmental documentation7. Financial Information for size determination8. Matching Funds documentation	<ol style="list-style-type: none">1. Form RD 4280-B2. Form SF 4243. Form SF 424C4. Form SF 424D5. Form AD 30306. Financial Information for size determination7. Financial Information for size determination8. Matching Funds documentation	<ol style="list-style-type: none">1. Form RD 4280-C2. Form SF 4243. Form SF 424C4. Form SF 424D5. Form AD 30306. Energy Audit7. Feasibility Study8. Financial Statements9. Financial Information for size determination10. Matching Funds documentation

REAP –Professional Analysis Requirements

Total Project Cost	Energy Efficiency	Renewable Energy
\$0 - \$50,000	SIMPLE APPLICATION Exhibit A Technical Report (+) Energy Assessment	SIMPLE APPLICATION Exhibit A Technical Report No Feasibility Study
>\$50,000 - \$200,000	SIMPLE APPLICATION Exhibit A Technical Report (+) Energy Audit	
>200,000 - \$400,000	FULL APPLICATION Exhibit B Technical Report (+) Engineering Drawings (+) Must use PE Services (+) Energy Audit	FULL APPLICATION Exhibit B Technical Report (+) Engineering Drawings (+) Feasibility Study
>400,000 - \$1,200,000		FULL APPLICATION Exhibit B Technical Report (+) Engineering Drawings (+) Must use PE Services (+) Feasibility Study
>\$1,200,000		FULL APPLICATION Exhibit B Technical Report (+) Engineering Drawings (+) Must use PE Services (+) 2nd PE Review Opinion (+) Feasibility Study

Resources


1. REAP Regulation (Instruction)
RD Instruction 4280-B, Rural Energy for America Program
<http://www.rd.usda.gov/files/4280b.pdf>
2. REAP Notice of Solicitation of Applications (NOSA) for the Rural Energy for America Program for Fiscal Year 2020
<https://www.govinfo.gov/content/pkg/FR-2019-08-30/pdf/2019-18825.pdf>
3. Agency's REAP Website
<http://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency>
4. SBA Small Business Size Standards
https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf

O Guest Ranch Maui Renewable Energy

Kula, Maui

35.12 kW Photovoltaic System




Grant	Surfing Goat Dairy
	<div>\$ 70,060 REAP Grant (25%)</div> <div><u>210,180</u> Client Funds (75%)</div> <div>\$280,240 Total Cost</div>
	<div><div>• Saved Energy Cost</div><div>• Provided 104% of their energy needs</div><div>• Clean/ Renewable Energy Source</div></div>

Kalamawaha Solar, LLC Renewable Energy

Haiku, Maui

130 kW Photovoltaic System



Grant	Pauwelu Cannery
	<p>\$115,536 REAP Grant (25%) <u>\$ 32,811</u> Client Funds (50%) \$462,145 Total Cost</p>
	<ul style="list-style-type: none">• Saved Energy Cost• Provided 59.36% of their energy needs• Clean/ Renewable Energy Source


The Patisserie, Inc.

Pearl City, Oahu



Renewable Energy


108 kW Photovoltaic System

Grant	Bakery
	<p>\$128,306 REAP Grant (25%) 256,612 Guarantee (50%) <u>128,306</u> Client Funds (25%) \$513,224 Total Cost</p>
	<ul style="list-style-type: none">• Saved Energy Cost• Provided 37% of their energy needs• Clean/ Renewable Energy Source

Kealakekua Ranch, Ltd. Kealakekua, Hawaii

Energy Efficiency Improvements Energy Efficient Refrigeration, LED Lighting, etc.




Grant	Choicemart Supermarket
	<p>\$200,000 - REAP Grant (25%) <u>\$600,000</u> - Client Funds (75%) \$800,000 - Total Cost</p>
	<ul style="list-style-type: none">Projected to saved 66% Energy Cost

Kawamata Farms, Inc. Renewable Energy

Kamuela, Hawaii

60 kW Photovoltaic System



Grant	Vegetable Farm
	<p>\$ 54,649 - REAP Grant (25%) <u>\$163,948</u> - Client Funds (75%) \$218,597 - Total Cost</p>
	<ul style="list-style-type: none">• Provide 114% of energy need.• Clean/ Renewable Energy Source


Punachicks Farms

Keaau, Hawaii



Renewable Energy

8.07 kW Photovoltaic System

Grant	Chicken Farm
	<p>\$10,936 REAP Grant (25%) <u>\$32,811</u> Client Funds (75%) \$43,747 Total Cost</p>
	<ul style="list-style-type: none">• Saved Energy Cost• Increased Production• Clean/ Renewable Energy Source


Jack's Diving Locker

Kailua-Kona, Hawaii



Energy Efficiency Improvements

Energy Efficient Lighting

Grant	Snorkel & Scuba Dive Shop
	<p>\$ 5,448 - REAP Grant (25%) <u>\$16,345</u> - Client Funds (75%) \$21,793 - Total Cost</p>
	<ul style="list-style-type: none">• Saved Energy Cost• Clean/ Renewable Energy Source

Grant Tips

1. Read and follow the “Directions” (RD Instruction 4280-B, Notice of Solicitation of Application (NOSA) or Notice of Funding Availability (NOFA))
2. Do not skimp on providing information.
3. Use resources (<https://www.rd.usda.gov/programs-services/all-programs/energy-programs>)
4. Know the scoring criteria and work with Energy Coordinator to maximize points.
5. Consult with USDA early, don’t wait till the deadline. Start early. Start now.
6. Remember – REAP only covers 25% of eligible project cost and is issued as a reimbursement. How are you funding your project?

Value-Added Producer Grant (VAPG)



Value-Added Producer Grant

Authorization

Section 231 of the Agriculture Risk Protection Act of 2000 (P. L. 106-224),
as amended by section 10102 of the Agricultural Act of 2018(P. L. 115-334)
(7 U.S.C. 1621)

Program Regulation

Final Rule 7 CFR 4284 subpart J

Value-Added Producer Grant

Objective

Assist viable agricultural producers in starting or expanding value added activities related to processing and/or marketing value added agricultural products.

Goals

Generating new products, creating and expanding marketing opportunities, and increasing producer income.

Value-Added Producer Grant

- **National Competition**
- **FY2021 Available Funding:** \$19 million and any additional FY 2021 funding that becomes available.
- **FY2021 Application Deadline: 3/22/2021**
- **Maximum Award Amounts**
 - Planning Grants - \$75,000**
 - Working Capital Grants - \$250,000**
- **Matching Requirement**
- 1-to-1 match (50% of total project costs) cash or in-kind
- (in-kind subject to certain restrictions)
- **Grant Period**
- Up to 36 months, depending on project complexity.

Value-Added Producer Grant

Eligible Applicants

- **Independent Producers**
- **Farmer or Rancher Cooperatives**
- **Agricultural Producer Groups, and**
- **Majority Controlled Producer Based Business Ventures**

Value-Added Producer Grant

Value-Added Methodologies

- **Change in physical state**
- **Produced in a manner that results in the enhancement of the value of the agricultural commodity**
- **Product (Physical) Segregation**
- **Source of farm or ranch-based renewable energy**
- **Locally-produced agricultural food product**

Value-Added Producer Grant

VAPG – Grant Types

PLANNING Maximum Grant \$75,000

– To help the farmer/rancher “plan” for the marketing of and determine viability for the value-added product.

WORKING CAPITAL – Maximum Grant \$250,000

-For operational costs directly related to the processing and/or marketing of the value-added product (may require feasibility study and/or business plan)

Value-Added Producer Grant

PLANNING GRANTS

What CAN grant and matching funds be used for?

To pay for a qualified consultant to conduct and develop a feasibility study, business plan, and/or marketing plan associated with the processing and/or marketing of a value-added agricultural product.

Value-Added Producer Grant

WORKING CAPITAL GRANTS

What CAN grant and matching funds be used for?

- Setting up financial accounting systems for the project
- Salaries for employees (who are not family members or owners of the farm) to process and/or market the value-added product to consumers
- Marketing campaigns, website/logo design
- Labels, jars, packaging materials, boxes
- Distribution costs to deliver value-added product to market
- Farmers market table fees, participation in Trade Shows

In-kind contributions may include appropriate valued inventory of raw commodity to be used in the project.

Value-Added Producer Grant

Ineligible Expenses **(Most Common Questions)**

- Building or facility
- Fixed equipment, including processing equipment
- Vehicles
- Costs of preparing VAPG application
- Agricultural Production expenses
- Research and Development
- No cost incurred prior to grant approval
- No conflicts of interest

Value-Added Producer Grant

All Applicants Must:

- Produce and own more than 50 percent of the raw commodity that is used for the value-added product during the grant period.
- Currently produce (at the time of application) 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

VAPG – Other Applicant Eligibility Criteria

- Emerging Market (Except Independent Producers)
- Citizenship
- Legal Authority and Responsibility
- No Multiple VAPG Grants

Value-Added Producer Grant

VAPG – Ineligible Use of Funds

- No equipment
- No buildings
- No vehicles
- No grant preparation
- No architectural or engineering design work for a specific facility
- No agricultural production
- No assistance to entities not majority US owned
- No industry-level FS and BP templates
- No conflicts of interest
- No costs incurred prior to grant approval

Kawamata Farms, LLC

Kamuela, Hawaii



\$250,000 Working Capital Grant to finance marketing, and post harvest handling and distribution cost to expand locally grown tomatoes in Hawaii.

Hawaii Ulu Producers Cooperative

Kona, Hawaii



\$104,173 Working Capital Grant to an accounting system, marketing, and processing and distributions costs to expand the market of steamed frozen packaged bread fruit.

Emily Taaroa dba Punachicks Farms

Puna, Hawaii



\$20,000 WORKING CAPITAL grant to purchase packaging materials, delivery expenses, farmers' market expenses, processing labor for organic chickens.

The Nursery, Inc.

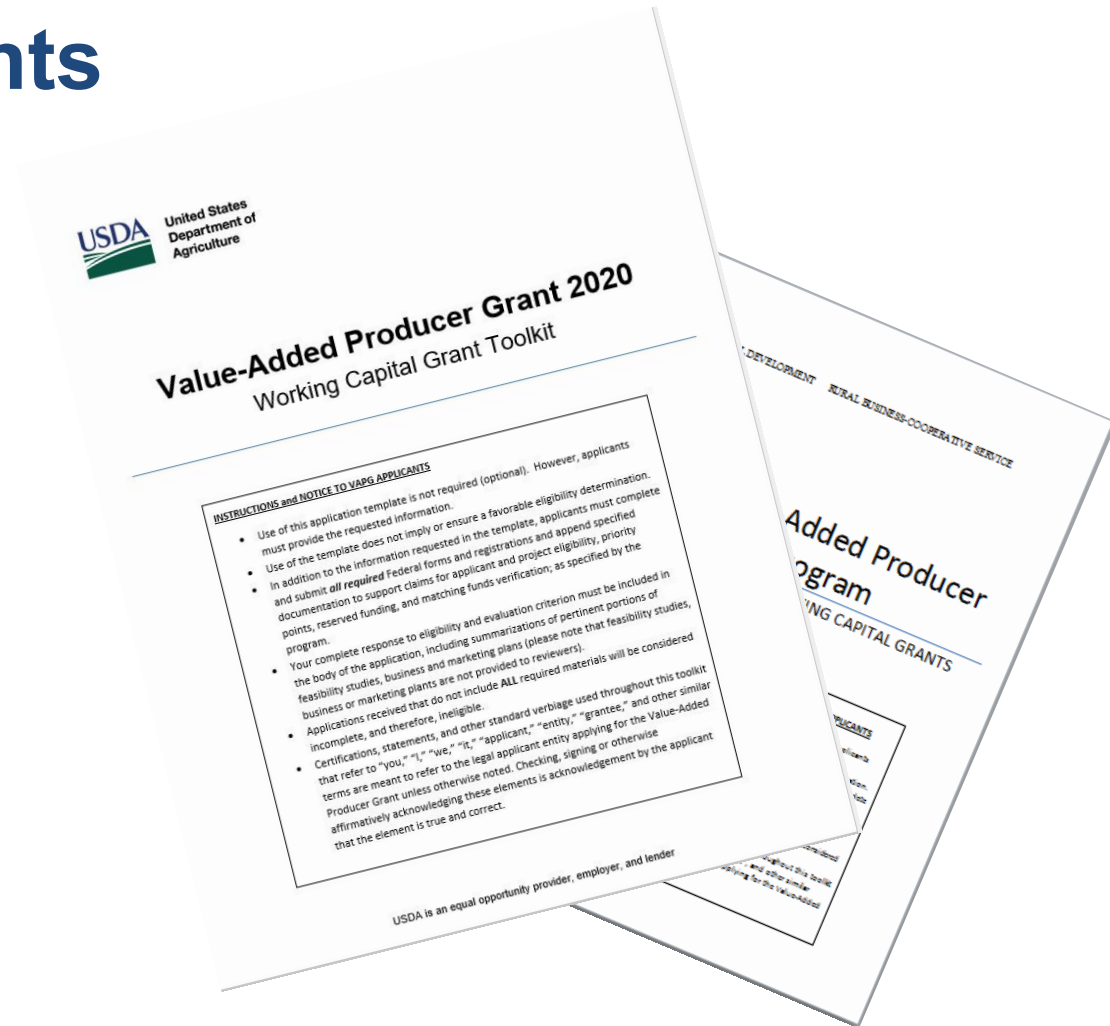
Kona, Hawaii



\$64,741 WORKING CAPITAL grant to expand market of value- added vanilla products.

Tools for applicants

Comprehensive Toolkits For PLANNING and WORKING CAPITAL Grants



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

Business Programs Contacts

Statewide

Denise Salmeron
Business Programs Director
154 Waianuenue Ave., Room 311
Hilo, HI 96720
(808) 933-8323
denise.salmeron@usda.gov

Oahu, Kauai, & American Samoa

Shirley M.U. Heatherly
Business Programs Specialist
300 Ala Moana Blvd., #1-340
Honolulu, HI 96850
(808) 600-2943; Fax (855) 878-2464
shirley.heatherly@usda.gov

Western Pacific

Anthony Barcinas
Business & Community Programs Specialist
154 Waianuenue Ave., Room 311
Hilo, HI 96720
(671) 300-8567
anthony.barcinas@usda.gov

Hawaii Island & Maui County

Jeffrey Wardwell
Business Programs Specialist
154 Waianuenue Ave., Room 311
Hilo, HI 96720
(808) 933-8316; Fax (855) 878-2460
jeffrey.wardwell@usda.gov



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