



USDA Rural Development

Grassroots ED 201 – REAP and VAPG Overview – William Fritz

June 2, 2022

**In 2021
USDA Rural
Development
Invested
\$292 million
in Rural
Kansas**



47 rural Kansas business received a total of \$4.2 million in financing



1,916 families or individuals received a total of \$209 million in financing to buy or repair a home in rural Kansas



41 rural Kansas community projects received a total of \$27.8 million in financing



26 rural Kansas communities received a total of \$50.9 million in financing to improve water and sewer infrastructure

USDA Rural Development (RD) Programs

RD has more than 40 programs to support Rural America

- **Business and Cooperative Programs (BP)**
- Single-Family Housing
- Multi-Family Housing
- Community Facilities
- Water and Environmental
- Telecommunications and Electrification

For more information: rd.usda.gov



USDA Rural Development (RD) Programs

Business Programs:

- **Rural Energy for America Program (REAP) Grants**
- **Value Added Producer Grants (VAPG)**
- Other programs:
 - Grants: AIPC, MPPEP, RBDG, RCDG, RISE, SDGG
 - Loan Guarantees: B&I, FSC, REAP
 - Relending/RLF: IRP, MPILP, RBIP, REDLG, RMAP
 - Energy: Biofuel programs, HBIIP, REPP

<https://www.rd.usda.gov/programs-services/business-programs>

USDA Rural Development (RD) Programs

Four USDA Rural Development (RD) Offices in Kansas:

Topeka, KS (State Office)

Hays, KS (Area Office)

Iola, KS (Area Office)

Newton, KS (Area Office)



USDA RD Business Programs Staff in Kansas

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USDA Rural Development (RD) Business Programs

Rural Area

- Business must be located in an eligible rural area
- Ineligible areas are cities or towns that have a population of greater than **50,000** inhabitants and any urbanized area contiguous and adjacent to such city or town
- Rural area determination tool:
<http://eligibility.sc.egov.usda.gov/eligibility/>
- Rural area determination tool alternate link:
<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=RBSmenu>

Rural Energy for America Program (REAP)

The program provides grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements.

Rural Energy for America Program (REAP)

Program Overview



- Provides grant funding to:
 - Rural small businesses
 - Agricultural producers
- Eligible projects include:
 - Energy Efficiency Improvements
 - Renewable Energy Systems



Rural Energy for America Program (REAP)

REAP Grants















- Reimbursement after project is complete
- Up to **25% of Eligible Project Cost**
- Minimum and maximum amounts based on project type:

 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

Rural Energy for America Program (REAP)

Applications Deadlines

- Grants under \$20,000:
 - First round: October 31, 2022
 - Second round: March 31, 2023
- Grants over \$20,000:
 - All applications: March 31, 2023

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

Rural Energy for America Program (REAP)

Krehbiels Specialty Meats, Inc.

- McPherson, KS
- Replaced existing lighting with energy efficient LED lighting in the retail store and processing plant
- Energy savings with approximately 2.53-year simple payback
- Total project cost \$24,285, received a \$6,071 REAP grant



Rural Energy for America Program (REAP)

Peabody Market

- Peabody, KS
- Replaced inefficient coolers and refrigerators
- Significant Energy savings
- Total project cost was \$36,200, received a \$9,050 REAP grant



Rural Energy for America Program (REAP)

Sollo Vineyard

- Whitewater, KS
- Purchase and install a 53-kilowatt solar array
- The solar energy created will replace 80% of the business' energy use per year
- Total project cost was \$103,696, received a \$20,000 REAP grant.



Value Added Producer Grants (VAPG)

The Value-Added Producer Grant (VAPG) program helps agricultural producers enter into value-added activities related to the processing and marketing of new products. The goals of this program are to generate new products, create and expand marketing opportunities and increase producer income.

Value Added Producer Grants (VAPG)

VAPG Program Overview

- Provides grant funding to Agricultural producers specifically for Value-Added Activities
- Application period is once per fiscal year.
- FY 2022 has \$19.75 million available
- National competition
- Match required (\$1 match for each \$1 grant)
- Two categories:
 - Planning Grant up to \$75,000
 - Working Capital Grant up to \$250,000



Value Added Producer Grants (VAPG)

Project Eligibility

Value Added Products include:

1. Undergoing a physical change (e.g., grapes to wine, wool to clothes)
2. Produced in a manner that enhances value (e.g., organic, free range)
3. Physical segregation (e.g., separate non-GMO corn field/processing line)
4. Farm/Ranch based renewable energy (e.g., manure into electricity)
5. Locally marketed agricultural product (e.g., Vidalia onions, w/in 400 miles)

At least half of the product must be produced and owned by the applicant from production through processing.

Value Added Producer Grants (VAPG)

Program Eligibility

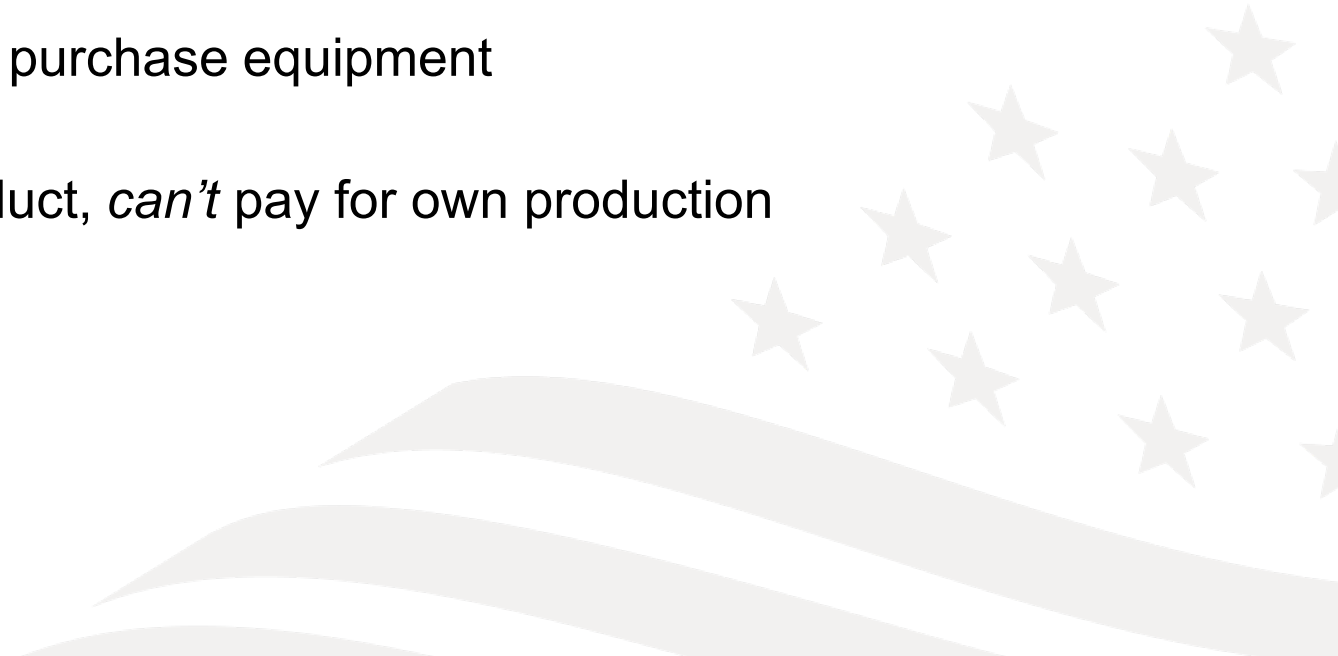
- Planning Grant eligible projects include:
 - Conducting a feasibility study
 - Developing a business plan
- Working Capital eligible projects include:
 - Marketing and advertising expenses
 - Value-added processing costs
 - Distribution
 - Some inventory and salary expenses



Value Added Producer Grants (VAPG)

Ineligible costs

- Can **NOT** be used for:
 - Purchasing land
 - Construction
 - Purchasing equipment
 - *Can* purchase supplies, *can't* purchase equipment
 - Agricultural production
 - *Can* purchase additional product, *can't* pay for own production



Value Added Producer Grant (VAPG)

Bauman's CVF

- Garnett, KS
- Process non-GMO corn, soybeans and oats into GMO-free livestock feeds
- Funds used for packaging material and purchase of 3rd party corn and soybeans



Value Added Producer Grant (VAPG)

Diamond C Food Service, LLC

- Atchison, KS
- Processing and sale of beef and pork from their family farm.
- Funds used for supplies used to process their beef including saw blades, rail trolleys, vacuum bags, seasonings, etc.
- Funds will also be used for utilities, 3rd party labor, computer.
- Match is the value of the beef and hogs needed for their project.



Value Added Producer Grant (VAPG)

Boot Hill Distillery

- Dodge City, KS
- Expand distribution to retail stores, brew pubs and restaurants in Kansas, Missouri, Colorado, Oklahoma and Nebraska
- Funds for processing including labor, barrels, labels, bottles, additional ingredients, etc.
- Funds for advertising, marketing and traveling, as well as distribution

