



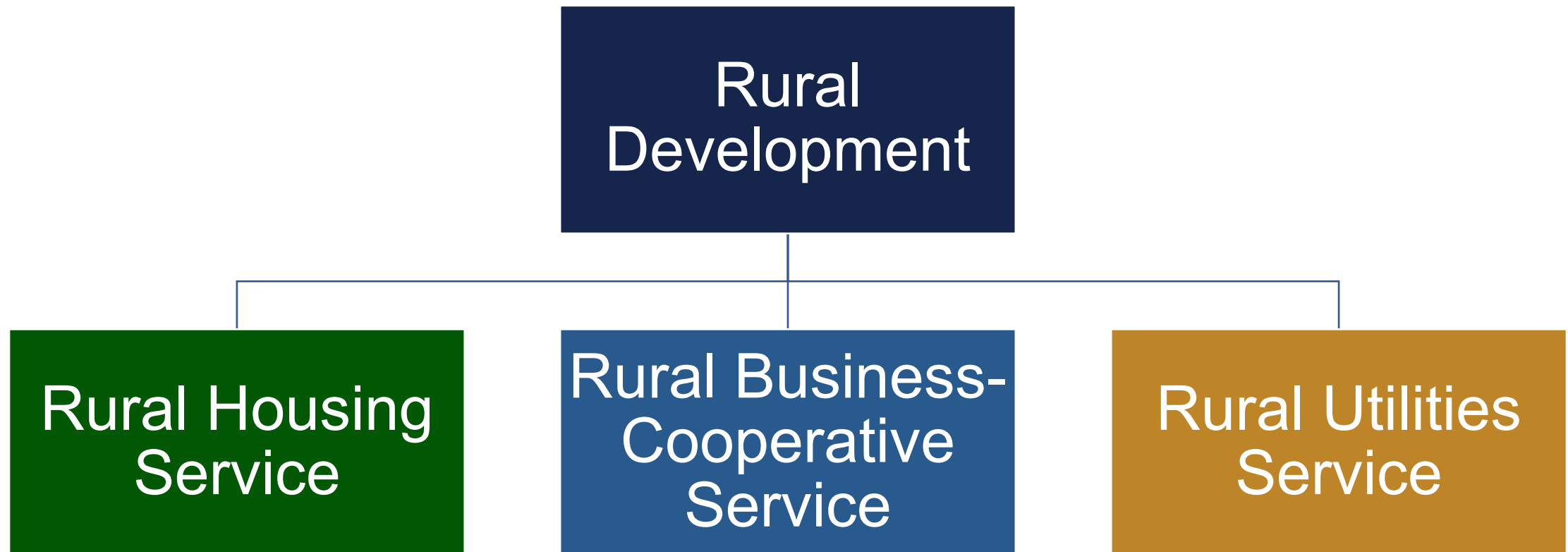
Value Added Producer Grant and Rural Energy for America Program Information Session

Presented by California USDA Rural Development Office



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Rural Development Structure



Rural Development Programs



Rural Development Offices - California

The State Office is located in Davis.



There are 17 additional offices throughout the state.

USDA Rural Development's Priorities

- Ensuring all rural residents have **equitable access** to RD programs and benefits from RD funded projects.
- Reducing climate pollution and increasing resilience to the impacts of **climate change** through economic support to rural communities.
- Assisting rural communities recover economically through **more and better market opportunities** and through improved infrastructure.

USDA Rural Development Value-Added Producer Grants (VAPG)

Value-Added Producer Grant Program - Purpose

Provides funds for economic planning activities or eligible working capital expenses to enable viable Agricultural Producers to develop businesses that produce and market Value-Added Agricultural Products and to create marketing opportunities for such businesses.

What does this program do?

Helps agricultural producers start value-added activities: processing and marketing new products.



What VAPG is **NOT**:

- A job training program
- Intended to teach people how to farm
- A technical assistance program
- For Research & Development
- A loan program
- Intended as a continuous stream of capital

Who is Eligible?

Agricultural Producers

- Independent producers
- Agricultural producer groups
- Farmer or rancher cooperatives
- Majority-controlled producer-based business ventures



	Independent Producer	Agricultural Producer Group	Farmer or Rancher Cooperative	Majority Controlled Producer-Based
Individual	Sole proprietor ag producer			
Entity	Solely owned & controlled by independent producers (partnership, LLC, LLP, corporation)	Non-profit. Member-based. Mission is member advocacy. Majority of members & BOD are Independent Producers	Owned & controlled by Independent Producers. Operated on a cooperative basis.	Majority of ownership & control by Independent Producers (entity=partnership, LLC, LLP, corporation).
Other	Steering Com or Harvester per above			

Definition of Agricultural Producers

All applicant types must meet the definition of Agricultural Producers:

“An individual or entity that produces an Agricultural Commodity through participation in the day-to-day labor, management, and field operations...”

All Four Applicant Types **Must...**

Currently produce and own more than 50% 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.

Funding Priorities

Reserved Funds ensure that a minimum of 10% of total funds are available for awards to applicants from these categories:

- Beginning & Socially Disadvantaged Farmers and Ranchers
- Mid-Tier Value Chains
- Persistent Poverty Counties (Tulare, Fresno & Imperial)

How May the Funds Be Used?

Two Types of Grants

Planning Grant -

To pay a qualified (third-party) consultant for development of feasibility study, marketing and business plan related to the processing and/or marketing of a value-added product.

Working Capital Grant –

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

A man with a beard and glasses, wearing a green polo shirt and blue jeans, stands in the foreground holding a tablet. Behind him is a large white cylindrical silo and a building with a sign that reads "Agri Trails Coop". The scene is set outdoors under a clear blue sky.

Working Capital Expenses

Common Examples of Eligible uses of Working Capital Funds

- Pay costs of processing the raw commodity into the value-added product.
- Product packaging & labeling
- Ingredients
- Promotional materials
- Marketing and Advertising

Ineligible Expenses

- Applications with ineligible expenses of more than 10% of total project costs will be ineligible to compete for funds.
- Applications selected for award that contain ineligible expenses of 10% or less of total project costs must remove those ineligible expenses from the final project budget.

Examples of Ineligible Uses of Funds (Most Common)

- Expenses related to agricultural production
- Planning, building, or repairing facilities
- Use of grant funds to pay self or associated parties for subject raw commodity.
- Ineligible equipment expenses (2 CFR 200.33)

Value Added Producer Grants Projects - California



- Funding Type: **Value Added Producer Grant**
- Recipient/Name: Mooney Farms
- Location: Gridley, CA
- Year Funded: FY 2021
- Type: Working Capital
- Grant Amount: \$250,000
- Description: The grant fund is awarded for processing, packaging and marketing expenses of new value-added products.

Funding Cycle Basics

- **National Competition - FY 2023 Available Funding: \$31M**
Grant Period Up to 36 Months
- **Application Deadlines:**
Paper: TBD
Grants.gov: TBD
- **Maximum Award Amounts:**
\$75,000 Planning or \$250,000 Working Capital
- **Matching Requirement**
1-to-1 match (50% of total project costs) cash or eligible in-kind contributions to be used only for eligible project purposes.

Matching Funds **Must Be** in the Form of...

- Applicant cash, loan, or line of credit; and/or
- Applicant or family member in-kind labor contributions (applicant provided services limited to 25% of total project costs); and/or
- Applicant-produced raw commodity may be used as in-kind match as long as it is appropriately valued.
- Third-party cash or
- Third-party in-kind contribution, including non-federal grant sources.

Matching Funds **Must** Be...

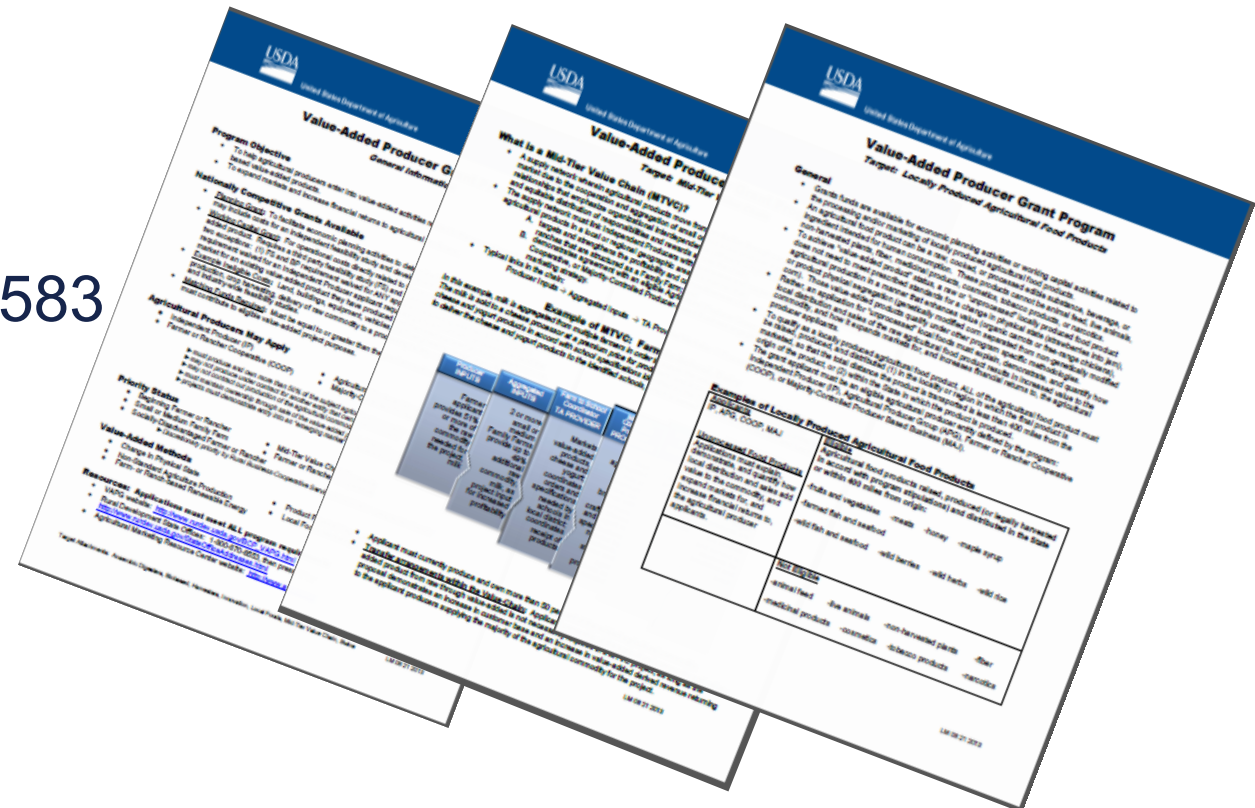
- Equal to at least the grant amount (at least 50% of total project costs);
- Spent only on eligible expenses;
- Spent in advance of grant funding (for every dollar of grant funds disbursed, not less than an equal amount of matching funds will have been expended prior to submitting the request for reimbursement);
- From eligible sources without a real or apparent conflict of interest

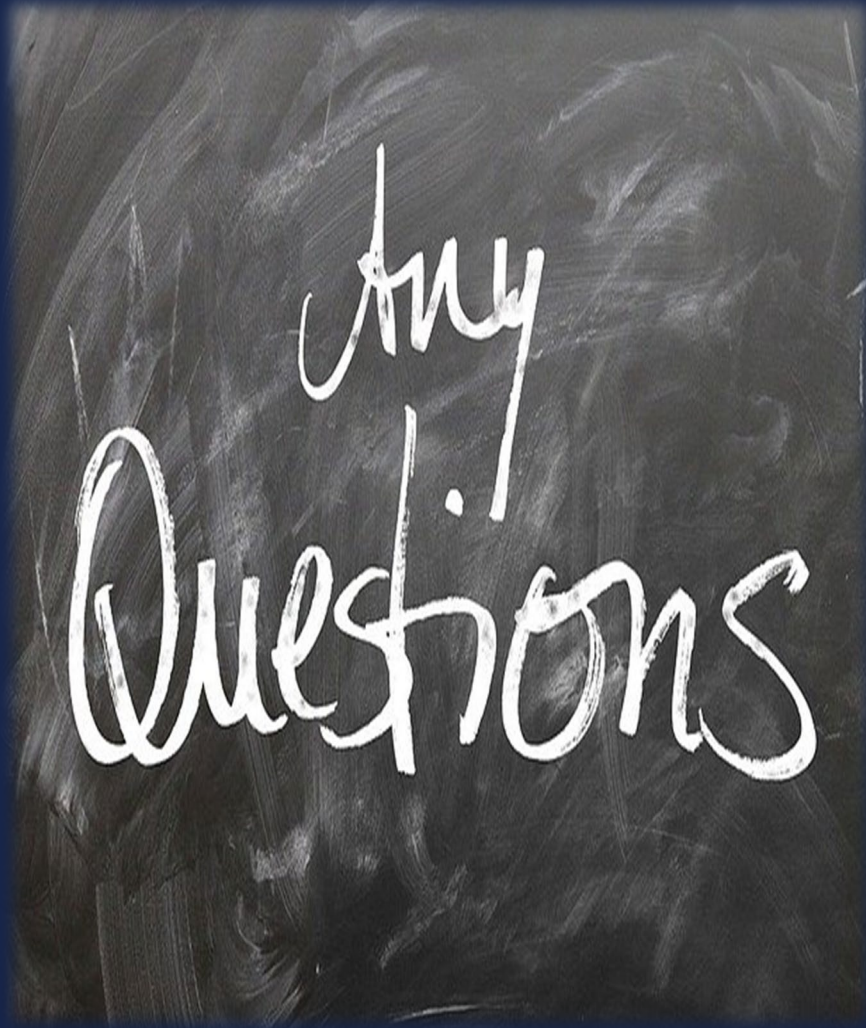
How to Get Started

Program Fact Sheets Available on the VAPG [Website](#)

Contact: **Sandra Pedrotti**, Business and Cooperative Specialist,
Sandra.Pedrotti@usda.gov or 707.832.5583

Additional Program Contact: **Jose Arroyo**
(Spanish-speaking)
Phone: 209.287.3630
jose.arroyo@usda.gov





Rural Energy For America Program (REAP)

Rural Energy For America Program - Purpose

Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements. Agricultural producers may also apply for new energy efficient equipment and new system loans for agricultural production and processing.

Available Funding

- **Grants** can cover up to 40% of total eligible project costs (from 25% pre-IRA)
- **Loan Guarantees** on loans can cover up to 75% of total eligible project costs
- **Combined** grant and loan guarantee funding can cover up to 75% of total eligible project costs



REAP

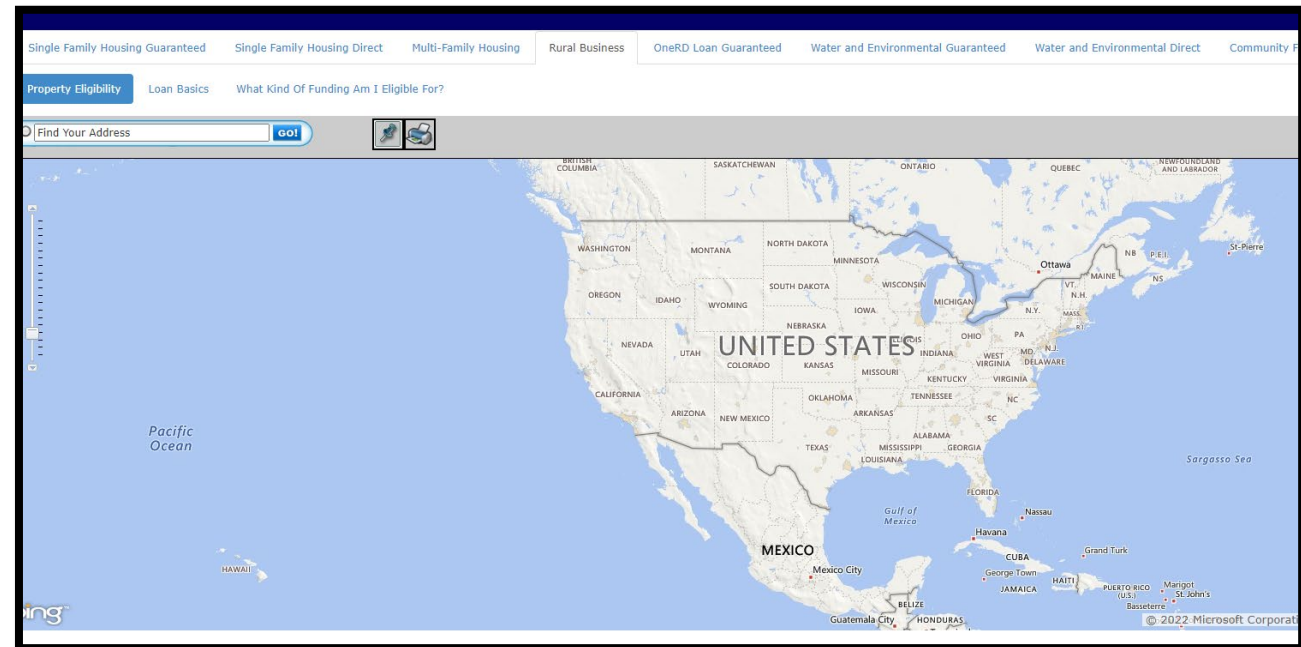
- Install energy efficient lighting
- Upgrade refrigeration systems
- Improve insulation, duct work, windows, and other building upgrades
- Lower heating and cooling costs with heating, ventilation, and air conditioning upgrades
- Install solar panels or wind turbines
- Purchase anaerobic digesters

RBCS REAP | Eligibility

REAP accepts applications from agricultural producers and rural small businesses as defined by the Small Business Administration in municipalities of 50,000 or fewer residents.

How to determine geographic eligibility

1. Visit eligibility.sc.egov.usda.gov/
2. Click “Rural Business”
3. Click the first category of programs.
4. Search the map for your address



Applicant Eligibility

Agricultural Producer



Individual or entity that receives 50% or more of their gross income from agricultural products – 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**
- **Website: www.rd.usda.gov/reap (use rural area link)**

Applicant Eligibility

Ag Producer

- Can be rural or urban (As long as the project is located at the same site as the ag production).
- A non-profit can be considered as an agricultural producer-as long as they meet 50% rule.

Small Business

- Must be located in rural areas.
- Private for-profit entities.
- A cooperative.
- An electric utility
- A Tribal corporation or other Tribal business entities chartered under Section 17 or similar structure.

Small Business

- USDA utilizes SBA standard definition
- Aside from entities listed, other nonprofits are not eligible as small businesses.

Renewable Energy Eligible Projects



Solar



Wind



Small Hydroelectric



Anaerobic Digesters



Biomass



Geothermal



Wave/Ocean Power

REAP Projects - California

- Funding Type: REAP Grant
- Borrower: **Vahali Vineyards LLC**
- Project: Solar
- Location: Calabasas, CA
- Year Funded: FY 2022
- Construction Completed: 2022
- Type: Construction and solar purchase
- Grant Amount: \$20,000
- Total Project Costs: \$110,200
- Description: Fund used to purchase and install of 25kw RM Fixed solar panel to offset energy costs for irrigation pump of grape production.



Energy Efficiency Eligible Projects



Lighting



Heating



Cooling



Ventilation



Fans



Automated Controls



Insulation



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REAP Projects – Fresno County

- **Borrower:** C5 Ranch
- **Location:** Fowler, CA
- **Year Funded:** FY 2022
- **Funding Type:** Energy Efficiency Grant:
 - \$37,930 to upgrade the irrigation pump and associated controls
- **Funding Type:** Renewable Energy Systems Grant:
 - \$48,750 for 60kW Solar Variable Pump to power well system



Eligible Use of Funds



Eligible Project Costs

- **Equipment:**
 - Purchase & installation
 - New or refurbished
- **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
- **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**

REAP Guaranteed Loan Assistance

Up to 75%
of Eligible Project Costs

Minimum Loan Amount	\$5,000 Total eligible project costs $\geq$ \$6,667
Maximum Loan Amount	\$25 million Total eligible project costs $\geq$ \$33.4 million
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.

REAP Grant Assistance

Up to 40%**
of Eligible Project Costs

 Renewable Energy Systems		 Energy Efficiency Improvements	
Minimum Grant Request	\$2,500 Total eligible project costs $\geq$ \$6,250	Minimum Grant Request	\$1,500 Total eligible project costs $\geq$ \$3,750
Maximum Grant Request	\$1,000,000 Total eligible project costs $\geq$ \$2.5 million	Maximum Grant Request	\$500,000 Total eligible project costs $\geq$ \$1.25 million

MAX = \$1.5MM (1 EE & 1 RES in any 1 year)

Important Highlights

- No residential benefit allowed. Shared metering device = Additional restrictions, Energy Assessment, possible installation of second meter
- Unless you're an Ag Producer area must be in an eligible area
- REAP prohibits receiving more than 40% grant from a federal source
- If selected: 2 years to complete your project
- Need to be registered with SAM.gov
- Over \$200K TPCs requires additional documents
- Only costs incurred AFTER a complete application received are eligible



How to Apply

Contact the California USDA Rural Development Energy

Coordinator: **John Strauch**

john.strauch@usda.gov

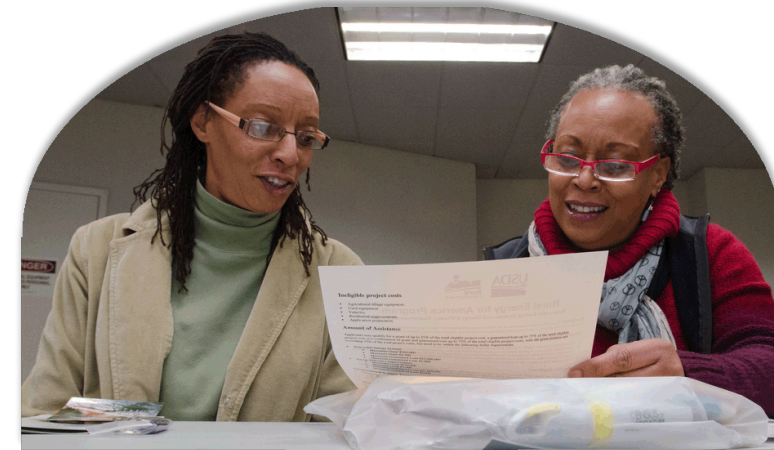
Phone: 530.233.4137 ext. 113

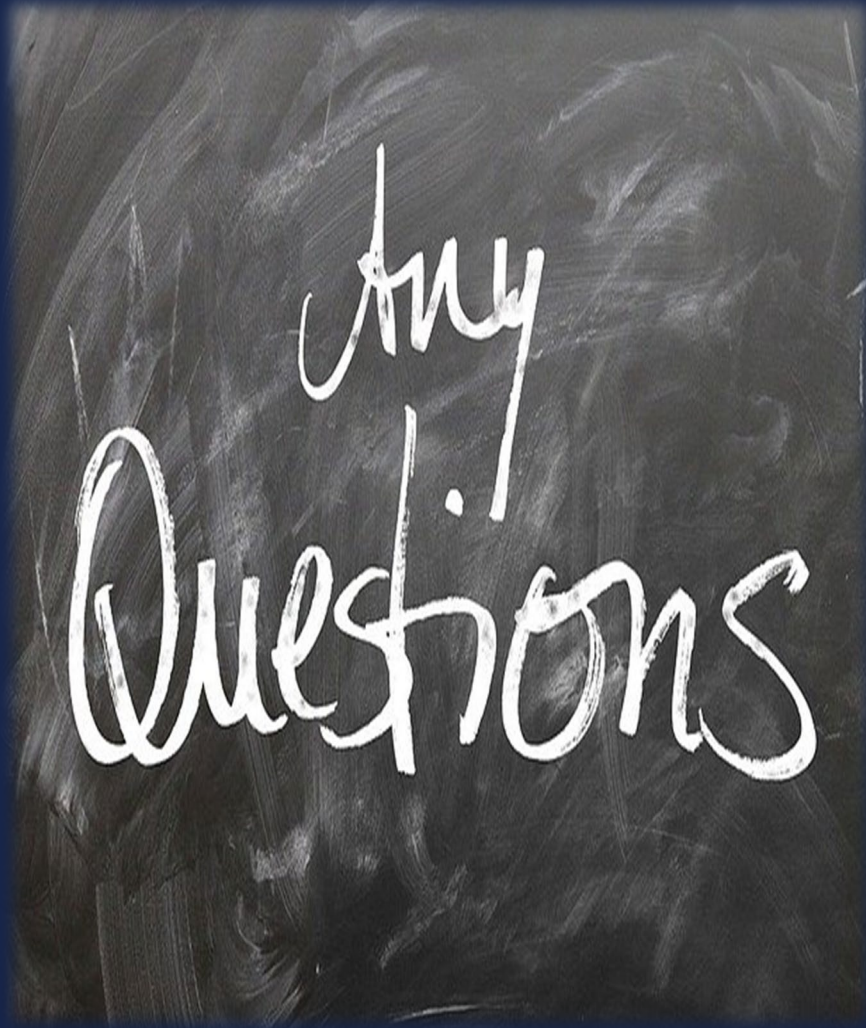
•Key Program Contact: **Jose Arroyo** (*Spanish-speaking*) Phone: 209.287.3630

jose.arroyo@usda.gov

•Application packages can be found under to 'To Apply' tab on the program website.

•Applications can be posted, emailed or grants.gov







rd.usda.gov/ca



CA.Info@usda.gov



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Receive emails through GovDelivery: [USDA
Rural Development \(govdelivery.com\)](https://usda.govdelivery.com)



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