

Region Nine Grant Forum. 10/8/09

REGION NINE DEVELOPMENT COMMISSION
Your regional partner for progress

ABOUT | PROGRAMS | THE REGION | CALENDAR | FORMS/APPLICATIONS

SIBLEY
NICOLLET
LE SUEUR
BROWN
WATONWAN
BLUE EARTH
WASECA
MARTIN
FARIBAUT



Committed to the future of rural communities.



What is USDA Rural Development

- USDA Rural Development provides funding to rural communities for housing, clean water (water & waste water), hospitals, clinics, community centers, day-care facilities, first responder needs, business development, economic development, job creation and other essential community infrastructure.
- Our goal is to improve the quality of life in rural communities and carry out our mission of a strong rural America.
- USDA Rural Development has invested over \$4.2 billion throughout Minnesota since 2001.
- There are 12 USDA Rural Development field offices located throughout Minnesota and our State Office is located in St. Paul.

Fiscal Year 2008 - Minnesota Funding amounted to ~\$596,000,000

- \$172 million in Telecommunications/Electric Programs
- \$303 million in Housing Programs
- \$70 million Community Programs
- \$51 million in Business and Cooperative Programs



Rural Development Contact Information

- Rural Development State Web Site: <http://www.rurdev.usda.gov/mn/index.htm>
- Rural Development National Web Site: <http://www.rurdev.usda.gov>
- Colleen Landkamer, State Director St. Paul: 651-602-7800
- Chuck Phillips, Area Director: 507-332-7418 Ext. #110 charles.phillips@mn.usda.gov
- Jennifer Sass, Area Specialist - Community Programs: 507-332-7418 Ext. #113 jennifer.sass@mn.usda.gov (Waseca, Blue Earth, Le Sueur, & Faribault Counties)
- Megan Gementz, Area Specialist – Community Programs: 507-532-3234 Ext. #127 megan.gementz@mn.usda.gov (Brown, Watonwan, & Martin Counties)
- Brett Repulske Area Specialist – Community Programs: 763-689-3354 Ext.#122 brett.repulske@mn.usda.gov (Nicollet and Sibley Counties)



Rural Business Enterprise Grants

Objective

- Finance the development of small and emerging private business enterprises.
- 50 or less employees
- < \$1,000,000 in annual revenue

Funding and Contact

- Normal - MN Allocation ~\$600,000
- Additional funding is available through the American Recovery and Reinvestment Act of 2009 (ARRA)
- FY 2009 we funded ~\$1,900,000 in projects with access to ARRA & other targeted funding.

Applicant

- Public bodies
- Private non-profit corporations
- Native American Communities

Population

- Communities and areas less than 50,000 in population.



Rural Business Enterprise Grants

Purposes

- Buy and develop land
- Establish a revolving loan fund
- Construct buildings, equipment, streets and roads, & parking areas
- Utility and service extensions
- Rural distance learning networks

RBEG Examples

- City of Delevan – Roof for their Community & Business Center
- Cities of Ellendale, Austin, Albert Lea, Morristown, St. Charles, Medford & Garden City Township have used these funds to establish a Revolving Loan Fund
- Spring Valley EDA – Industrial Park Improvements



Rural Business Opportunity Grant

Objective & Population

- Finance technical assistance for business development
- Funding for economic development planning in rural areas
- Communities and areas less than 50,000 in population

Funding and Contact

- Notice of Funds Availability (NOFA) – Compete nationally for funding –
- \$50,000 Max. Grant (larger amount if project is multi-state).
- Historically 1-2 projects per year funded in MN.

Applicant

- Public bodies
- Non-profit corporations
- Native American Communities
- Eligible rural cooperatives

Examples & Purposes

- Community Learning Center (City of Rushford)
- Technical assistance
- Leadership training
- Establishment of business support centers
- Economic development plans



Rural Economic Development Loans and Grants

Objective

- Finance economic development and job creation in rural areas

Applicant

- Electric and telephone utilities eligible for financing from the Rural Utilities Service
- Utility company needs to match 20% on grants

Program Purpose

- Promote rural economic development and/or job creation projects including feasibility studies, startup costs and business incubators

Process

- The intermediary electric or telephone utility) makes loans or grant to profit or nonprofit businesses and public bodies projects.
- Loans are 0 percent for 10 years



Rural Economic Development Loans and Grants

Funding and Contact

- National pool of funds –projects are selected quarterly for funding.
- \$740,000 Max. Loan
- \$300,000 Max. Grant

Examples

- Steele Waseca Coop. provided assistance to Ellingson Drainage for a business expansion.
- Freeborn Mower Coop. provided assistance to the Albert Lea Hospital
- Freeborn Mower Coop. provided assistance to the Albert Lea business incubator.



Water and Waste Disposal Loans & Grants

Objective & Purpose

- Provide water, waste water and storm water financing in rural areas
- Build, Repair and Improve public water systems, and waste collection and treatment systems.
- Other related soft costs (engineering, land, legal, etc.)

Applicant

- Public Entities
- Native American Communities
- Non-profit Corporations
- Water or Sewer Districts.

Loan/Grant

- Direct loan & grant
- 1.5% MHI Affordability Goal (\$36,000 MHI x 1.5% = \$540 year or a \$45 per month water or wastewater bill.

Term & Rates

- 40 Year Term
- 2.5 - 4.25% Interest Rate (10/2009)

Population

- Rural areas and Towns less than 10,000 population



Water and Waste Disposal Loans & Grants

Funding

- Target projects on the State project priority list (PPL)
- MN State allocation of ~\$25,000,000 (roughly 75% loan and 25% grant)
- FY-09 - 44 loans and grants made for ~\$71,000,000.00
- Additional funding will be available to Rural Development through ARRA – Bricelyn and Peterson awarded ARRA Funds
- Additional ARRA funding will also be available for through PFA for wastewater projects.

Examples

- Lewiston WW Treatment Facilities
- St. Clair Water Tower



Single Family Housing Repair Loans & Grants

Objective

- To help very-low income homeowners remove health and safety hazards or to repair their homes
- 50% or below of County MHI
- Example -Le Sueur County 2 person household - \$27,650

Common Uses

- Repair or replace roofs
- Window and siding
- Accessibly improvements for Sr's.
- Water and sewer connect fees or wells and septic systems

Population

- Rural area with populations of 20,000 or less (Faribault and Owatonna are still eligible)

Funding & Contact

- FY- 2009 MN Funding
- 116 loans - ~ \$706,000
- 122 grants - ~ \$617,000
- FY-10 funding level should be available soon.
- Accept and process applications year round
- Contact area office phone number, dial extension #4 and ask for the Single Family Housing Specialist



Single Family Repair Loans & Grants

Terms/Conditions

- Loan terms – Up to 20 years
- Interest Rate - 1%.
- Loan Limit - \$20,000
- Grant Limit - \$7,500 (Grants are considered for individuals 62 years or older for repairs that remove a health and Safety Issue. Unable to show repayment of the 1% loan).



Community Facilities

National Eagle Center - Wabasha



Objective

- Provide financing for essential community facilities for rural communities.

Uses & Project Types

- Build and rehabilitate facilities
- Purchase equipment for fire and rescue
- Fire and rescue vehicles and equipment
- Health Care Facilities
- Daycare Facilities
- Early warning systems
- Police stations, Health Clinics, Schools, Libraries, Hospitals, etc

Caledonia Rescue Vehicle



City of Blue Earth Daycare Facility



Community Facility Information

Applicants

- Public bodies, non-profit organizations, and Native American Communities.

Population

- Rural area with population of 20,000 or less

Financing Type

- Direct Loans and Grants
- Loan Guarantees (90%) – the bank make the loan and Rural Development guarantees the bank's loan.

Terms/Conditions

- Up to 100% of market value
- Up to 40 years or useful life of the security
- 4.25 – 4.5% Interest Rate (10/2009)
- Maximum grant 15% - 75% of project cost (MHI of service area)

Community Facility Funding

- FY-09 - 49 loans and grants made for ~\$5,500,00.00
- Additional funding through the ARRA.
- With normal appropriations and ARRA funding close to \$4 billion nationally will be available in FY-10.
- Daycare Facilities - National grant set aside.
- Street Projects will be favorably considered.



Value-Added Producer Grant Program

Objective

Grants are made to enable producers to develop businesses that produce and market value-added agricultural products.

Eligible Applicants

- Independent Producer
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer-Based Business Venture

Eligible Purposes

- Planning Activities (e.g. feasibility studies, business & marketing plans)
- Working Capital (e.g. labor, inventory, advertising)

Product Eligibility

- Change in physical state (e.g. lamb chops, diced tomatoes)
- Differentiated production or marketing (e.g. organic) - must reference a business plan
- Product segregation (e.g. identity-preserved corn)
- Farm-based renewable energy

Funding

- Notice of Solicitation of Applications (NOSA) ~\$18,000,000 available nationally
- The NOSA has been issued for FY-09 and applications need to be received by 11/30/09.
- NOSA web site - <http://edocket.access.gpo.gov/2009/pdf/E9-21030.pdf>



Value-Added Producer Grant Program

Matching Eligibility

- Matching funds of at least 50% of total project costs are required
- Match must be spent at a rate equal to or greater than grant funds
- Match must be provided by the applicant or a third-party in the form of cash or in-kind funds
- Match must be spent on eligible purposes and must be from eligible sources
- The same restrictions will apply to the match as to the grant funds.

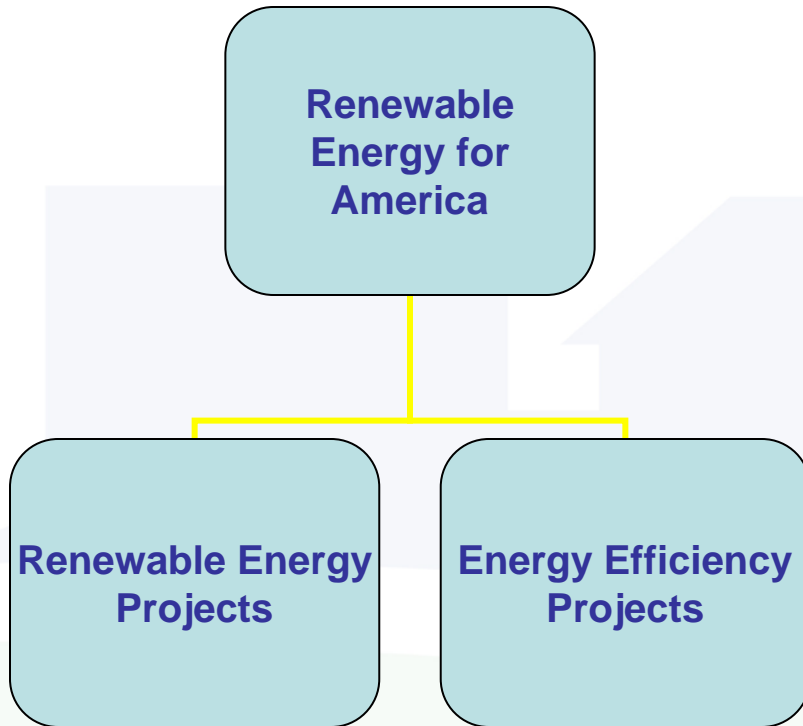
Value-Added Producer Grant Project Examples

- Pepin Heights Orchard – Producing premium cider products.
- Cannon River Winery – Making wine from locally grown grapes.
- Bushel Boy – Producing branded produce.
- Converting soybean oil into bio-diesel



Renewable Energy for America Loan Guarantees & Grants

Eligibility



- Projects will be to purchase and install renewable energy systems OR to make energy efficiency improvements to farms or businesses in rural areas. (Homes are not eligible)
- Technology must be commercially available & replicable.
- Applicant must be an Agricultural Producer or a Rural Small Business & must have control of the proposed project's operation.
- Applicant's must demonstrate financial need.
- Costs must be incurred 'Post' application.

Renewable Energy for America Loan Guarantees & Grants

Eligible Purposes

- Construction or improvements
- Purchase and installation of equipment
- Energy Audits, Permit Fees, Professional Service Fees, Business Plans
- Feasibility Studies

Maximum Grant Assistance

- Grants cannot exceed 25 percent of eligible project costs.
- Renewable Energy \$500,000 (FY-09)
- Energy Efficiency \$250,000 (FY-09)

Maximum Loan Guarantee

- 75% of Project costs up to \$25 Million

Funding

- (NOFA) Not issued for FY-10
- MN has accessed over 20% of the National allocation since the program started in 2002.
- MN received ~300 applications in FY-09
166 projects awarded for ~ \$6,000,000 (44 combination requests and 122 grant only)
- Minnesota Web Site for this program:
<http://www.rurdev.usda.gov/mn/RBS/Section%209006%20Renewable%20Energy%20Program.htm>
- Guaranteed loans and grant combination compete more favorably.
- Grant only requests under \$20,000 competed more favorably in FY-2009.



Renewable Energy Systems & Energy Efficiency Improvements Loans & Grants



Other Rural Development Loan Programs

Single Family Housing

- FY-09 Guaranteed financing – 3781 guarantees for ~ \$440,000,000
- FY-09 Direct financing – 209 loans for ~ \$27,000,000
- Additional funding for both these programs available through ARRA in FY-10

Renewable Energy

- Initiatives available to create and improve sources of renewable energy.
- Soymor – Glenville, MN obtain financing through a Rural Development Section 9003 Bio-refinery Program Loan Guarantee to upgrade their bio-diesel facility to use various oils and fats to produce bio-diesel. This was one of two projects funded nationally under this program



Links and Questions

- Rural Development Notice of Funds Availability (NOFA) and Notice of Solicitation of Applications (NOSA) - <http://www.rurdev.usda.gov/rd/nofas/index.html>
- 2008 Farm Bill Update <http://www.usda.gov/wps/portal/farmbill2008?navid=FARMBILL2008>
- American Recovery and Reinvestment Act of 2009 - <http://www.recovery.gov/>
- Questions!

