

Region Nine Development Commission  
Grant Opportunity Forum – 11/10/2010



Committed to the future  
of rural communities.

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**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.
- There are 12 USDA Rural Development field offices located throughout Minnesota and our State Office is located in St. Paul.

**Fiscal Year 2010 - Minnesota Funding amounted to ~\$675,000,000**

- ~\$329 million in Housing Programs
- ~\$31 million Community Facilities Programs
- ~\$36 million in Business and Cooperative Programs (projects pending)
- ~\$194 million in Telecommunications Programs
- ~\$ 85 million in Water and Waste Water Program

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**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 - SE Minnesota: 507-332-7418 Ext. #4  
[charles.phillips@mn.usda.gov](mailto:charles.phillips@mn.usda.gov)
- Scott Knutson, Area Director - SW Minnesota: 507-532-3234 Ext. #4  
[scott.knutson@mn.usda.gov](mailto:scott.knutson@mn.usda.gov)
- Rod Jackson, Area Director - EC Minnesota: 763-689-3354 Ext. #4  
[rodney.jackson@mn.usda.gov](mailto:rodney.jackson@mn.usda.gov)
- Rural Development Office Locator Site:  
<http://www.rurdev.usda.gov/mn/offices.htm>

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## 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

**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

**Applicant**

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

**Population**

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

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## Rural Business Enterprise Grants

**Funding and Contact**

- Normal - MN Allocation ~\$700,000
- FY 2010 Minnesota funded projects in the Region 9 service area – Waseca EDA - \$99,000 Revolving Loan Fund (RLF), Brown County EDA - \$99,900 RLF.
- Projects under < \$100,000 score better and are more competitive.
- Multi-State projects are being favorably considered.

**RBEG Examples**

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

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## Rural Business Opportunity Grant

**Objective & Population**

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

**Purposes**

- Technical assistance.
- Leadership training .
- Establishment of business support centers.
- Economic development plans.

**Applicant**

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

**Funding and Contact**

- Notice of Funds Availability (NOFA)
- Compete nationally for funding – \$2,480,000 available in FY-10
- \$50,000 Max. Grant (larger amount if project is multi-state)
- Historically 1-2 projects per year funded in MN.
- No projects were awarded in MN in FY-09 and FY-10

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### 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

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### 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.




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### Water and Waste Disposal Loans & Grants

**Objective**

- Provide water, waste water and storm water financing in rural areas

**Purpose and Uses**

- 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.
- Service areas with MHI below \$46,993 will be considered for grant assistance.

**Term & Interest Rates**

- 40 Year Term
- 2.25 - 3.75% Rate (11/2010)

**Population**

- Rural areas and Towns of less than 10,000 population

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## 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-10 - 26 loans and grants made for ~\$22,000,000.
- Additional funding available through ARRA - 26 projects funded for ~\$85,000,000.
- New applications - Apply as early in the process as possible!
- FY 11 - Applications and funding ?

- Note - Many small community projects are jointly funded with State grant programs (Public Facilities Authority).

### Examples

- Lewiston wastewater treatment facilities
- St. Clair water tower




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## 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
- Accessibility improvements.
- Water and sewer connect fees to municipal systems or wells and septic systems

### Population

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

### Funding

- FY- 2010 MN Funding
- 103 loans - ~ \$610,000
- 116 grants - ~ \$643,000
- Accept and process applications year round. Funding is typically available year round.
- This program is not a natural disaster recovery type program - but are able to work with the SBA and State Quick Start programs to leverage funding.

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## 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).



Local and regional housing authorities are key partners in this program. (MN Valley Action Council and others are great to work with in leveraging funding and other resources.

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## Community Facility Information

### Applicants

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

### Objective

- Provide financing for essential community facilities for rural communities.

### Population

- Rural area with population of 20,000 or less

### Financing Type

- Direct Loans, Grants & Loan Guarantees (90%)

### Uses & Project Types

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

### Terms/Conditions

- Up to 100% of market value
- Up to 40 years or useful life of the security
- 3.75% Interest Rate (11/2010)
- Service areas with MHI below \$42,293 to be considered for grant assistance (15-75%).

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## Community Facilities

### Community Facility Funding

- FY-10 - 49 loans and grants made for ~\$5,500,000
- Daycare Facilities - National grant set aside.
- ARRA funding allowed for an additional 34 projects to be funded in MN for ~\$31,000,000
- FY-11 funding unknown at this time - Federal Government Continuing Resolution until 12/3/10.

National Eagle Center - Wabasha



Caledonia Rescue Vehicle



City of Blue Earth Daycare Facility




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## 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 in FY-10.
- FY-10 Value-Added Producer Grant awards requests should be announced in the near future.

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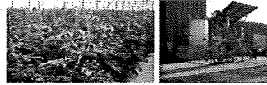
## Value-Added Producer Grant Program

### 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




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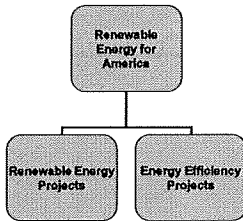
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## Renewable Energy for America Loan Guarantees & Grants



### 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.

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## 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
- Utility Connection fees.

### Maximum Grant Assistance

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

### Maximum Loan Guarantee

- 25 Million up to 75% of the total project cost.

### Funding

- ~\$90,000,000 of funding available nationally in FY-10 through a NOSA process. MN received over 400 applications . Not all of the FY-10 awards have been made.
- Grant requests of \$20,000 and less competed favorably in FY-10.
- MN has accessed over 20% of the National allocation since the program started in 2002.
- FY-11 funding is unknown at this time.

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