

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on February 5, 2007 in Room 241-N of the Capitol.

All members were present except:

Tom Hawk- excused
Oletha Faust-Goudeau-excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Jason Long, Revisor's Office
Renaë Hansen, Committee Assistant

Conferees appearing before the committee:

Mary Galligan, Legislative Research
Phil Wages, KEPCO

Others attending:

Eleven individuals including the attached list.

Briefing on:

Energy Efficiency Conference, Manhattan, Kansas, Mary Galligan, (Attachments 1-7), gave a short presentation on the renewable energy conference held on January 29-31 in Manhattan, Kansas that she attended.

Following is a synopsis of the list of Attachments:

1. List of the thresholds in Federal Government 4280-B
2. Map of rural counties with a list of 8 counties not considered rural, with portions of the county still qualifying as rural.
3. Program information guide from the USDA Rural Development Kansas
4. Financial resource booklet distributed by USDA Rural Development
5. List of energy auditors in Kansas.
6. Farm bill section 9006 of the most recent federal farm bill, is the section in which these programs are established, with USDA offices contact information.
7. Power point presentation with details of some of the renewable energy programs available for the rural areas.

Questions were asked and comments made by Representatives: Peggy Mast, Tom Moxley, and Carl Holmes.

Phil Wages spoke on KEPC's involvement in the Rural Economic Development Loan and Grant Program.(REDLG)

Representative Holmes spoke on the items that were discussed in the February 2, 2007 KETA meeting held at the KCC building.

The next meeting is scheduled for February 6, 2007.

Meeting Adjourned.

HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: February 5, 2007

NAME	REPRESENTING
PHIL WAGGS	KEPCO
Mark Schrober	Westar Energy
Patti Kruggel	Palsinelli Law
Lindsay Douglas	Hein Law Firm
Dave Hitchcock	KEC
Whitney Damron	KS Gas Service

THRESHOLDS IN 4280-B

The thresholds in the final rule can be identified in 6 categories:

- | | |
|---------------------------|---------------------------|
| 1. Financial assistance | 4. Scoring |
| 2. Application process | 5. Construction contracts |
| 3. Technical requirements | 6. Servicing |

All the threshold values in 4280-B have been reflected in these tables.

Amount of financial assistance	<i>Renewable Energy</i> (RE)	<i>Energy Efficiency</i> (EE)
Minimum grant <i>(up to 25 % of total eligible project costs)</i>	\$ 2500	\$ 1500
Maximum grant <i>(up to 25 % of total eligible project costs)</i>	\$ 500,000	\$ 250,000
Minimum guaranteed loan <i>(up to 50 % of total eligible project costs)</i>	\$ 5000	\$ 5000
Maximum guaranteed loan <i>(up to 50 % of total eligible project costs)</i>	\$10 million	\$10 million
Minimum combination grant & loan <i>(up to 50 % of total eligible project costs)</i>	\$ 5000	\$ 5000
Minimum grant portion of the combined funding request	\$ 1500	\$ 1500
Maximum grant assistance in any one fiscal year per borrower	\$ 750,000	
Maximum total amount of loans guaranteed to any one borrower	\$10 million	
Guaranteed loan - Equity evidence by borrowers	= or < \$600,000 – not less than 15% of eligible project costs > \$600,000 – not less than 25% of eligible project costs	
Maximum percentage of guarantee	=or< \$600,000	85%
	>\$600,000 & =or< \$5 million	80%
	>\$5 million & =or< \$10 million	70%

Application process	<i>Total eligible project costs</i>
Simplified grant application criteria and procedures	\$200,000 or less
Applicant certification of financial need	\$200,000 or less
Guaranteed loans – Reduced application and documentation	= or < \$600,000
Guaranteed loans – Full application and documentation	> \$600,000
Form required - Exhibit A-1, 1940-Q	Grants greater than \$100,000
Guaranteed loan - Appraisal	= or < \$600,000 complete self-contained appraisal > \$600,000 complete summary appraisal

Technical requirements	Renewable Energy (RE) Total Eligible Project Costs	Energy Efficiency (EE) Total Eligible Project Costs
Energy audit or energy assessment required?	No	Yes
Energy assessment or energy audit required – conducted by energy assessor or an energy auditor	NA	= or < \$50,000
Energy audit required – conducted by or reviewed by energy auditor	NA	> \$50,000
Technical report – Appendix A <i>Commercial technology</i>	= or < \$200,000	= or < \$200,000
Full technical report – Appendix B <i>Pre-Commercial or Commercial technology</i>	> \$200,000	> \$200,000
Licensed PE requirement – require a design review, installation monitoring, testing prior to commercial operation, and project completion certification by PE	> \$400,000	> \$200,000
Technical report reviewed with an opinion and recommendation by a qualified independent consultant	> \$1,200,000	> \$1,200,000
Renewable Energy - Business level feasibility study	> \$200,000	

Scoring	Renewable Energy (RE)	Energy Efficiency (EE)	Points Awarded
Opt to obtain an energy audit	NA	= or < \$50,000 total eligible project costs	5
Small agricultural producer	< \$600,000 gross income	< \$600,000 gross income	5
	< \$200,000 gross income	< \$200,000 gross income	10
Very Small Business	< \$1,000,000 gross annual receipts, < 15 employees	< \$1,000,000 gross annual receipts, < 15 employees	10
Simplified application	< \$200,000 total eligible project costs	< \$200,000 total eligible project costs	5

Construction contracts	Contract value
Equal Employment Opportunity	> \$10,000
Contracting requirements threshold	> \$100,000
Simple Contract Method	= or < \$200,000 (including equipment purchases)
Design/build Method	= or < \$200,000 > \$200,000 with Agency prior concurrence
Contract method	> 200,000

Servicing	
Annual Audited financial statement MAY be required	Guaranteed loans > \$3 million



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Eligibility

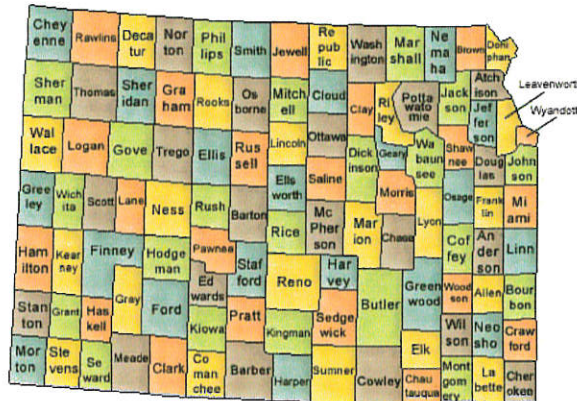
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Rural Business Services

PREVIOUS

USDA Property Eligibility County Map for Kansas

Only those counties with ineligible areas are listed below. All other counties are completely eligible. Please select a county from the map or from the Quick list to view ineligible area.



Quick list of Counties containing ineligible areas

- [Butler](#)
- [Doniphan](#)
- [Douglas](#)
- [Johnson](#)
- [Sedgwick](#)
- [Shawnee](#)
- [Sumner](#)
- [Wyandotte](#)

PREVIOUS

ENERGY AND HOUSE UTILITIES
DATE: 2/5/2007
ATTACHMENT 2-1



Kansas

Committed to the future of rural communities.



Program Information Guide

ENERGY AND HOUSE UTILITIES

DATE: 2/5/2007

ATTACHMENT 3-1

Greetings From State Director Banks:

USDA Rural Development is pleased to present this Program Information Guide, covering the Agency's community and economic development programs. We hope you find this information helpful.

During Fiscal Year 2006, USDA Rural Development in Kansas administered over \$257 million in financial assistance to our State. This impressive funding represents the sixth consecutive year of + \$100 million Agency programming for Kansas and the fourth record setting year in a row. In addition to the outstanding delivery of financial support to the Sunflower State, USDA Rural Development staff logged thousands of hours providing technical assistance to help applicants and stakeholders to more effectively access these critically needed programs. These valuable taxpayer-supported programs were administered for hundreds of projects that positively affect the daily lives and pocketbooks of rural Kansans, and which also provide significant benefits for the entire State.

Rural communities require strong coalitions and strategic partnerships to prosper. Rural residents need affordable homes and essential community facilities. Rural workers need good jobs and rural businesses need economic stimulus to compete and expand. Rural Kansans need dependable water and utility services, along with improved infrastructure support to enjoy an improved quality of life.

USDA Rural Development has proudly served rural America for 70 years, fulfilling our important mission of "to improve the quality of life for and enhance economic opportunities of rural Americans". USDA Rural Development greatly appreciates the continued support of the Kansas Congressional Delegation, allowing the Agency to touch the lives of thousands of Kansans each and every day.

USDA Rural Development looks forward to the future and the many opportunities that are available to rural Kansas. I promise that our Agency will continue to aggressively commit our resources to serve Kansas and its rural citizens. To learn more about the Agency's programs, I invite you to visit our USDA Rural Development website at <http://www.rurdev.usda.gov/ks/>



CHUCK BANKS
STATE DIRECTOR



George W. Bush
President of the United States

"We'll press on to turn our recovery into lasting growth and opportunity that reaches every corner of America. By the courage and by the enterprise of the American people, this great nation will prosper."

Thomas C. Dorr
Under Secretary for
Rural Development

"Through the efficient and effective delivery of Rural Development initiatives, new jobs have been created, homeownership has increased and families and businesses have been strengthened"

Russell Davis
USDA Rural
Development Housing
Administrator

"There's a lot going on in Kansas," This is an innovative state. We really need these type of partnerships. Steps being taken in Kansas will be used for a template to share with the rest of the country."



USDA Rural Development Fiscal Year 2006 / Kansas

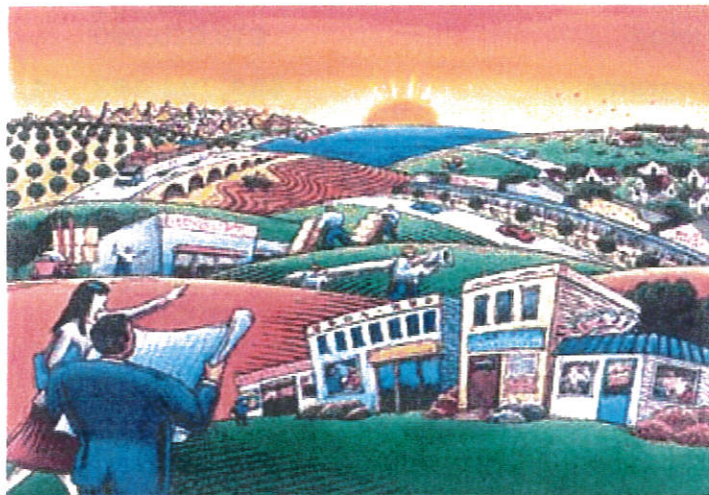
Rural Housing Programs

Single Family Guaranteed Loans	\$56,419,164	800
Single Family Direct Loans	\$21,226,770	282
Single Family Repair Loans and Grants	\$883,239	158
Site Loan	\$2,500,000	1
Self-Help Housing Grants	\$685,000	3
Total Single Family Housing	\$81,714,173	1,244 Loans/Grants
Multi-Family Rental Housing Loans	\$1,105,977	4
Rental Assistance (3,908 units in 372 projects):		
Usage	\$9,759,063	
Obligations:		
Renewal	\$6,545,754	489
Preservation & Revitalization	\$535,394	2
Housing Preservation Grants	\$134,102	4
Total Multi-Family Housing	\$18,080,290	499
Total Rural Housing Programs	\$99,794,463	1,743 Loans/Grants

Business and Community Programs

Water and Waste Disposal Direct Loans	\$14,968,400	17 Projects
Water and Waste Disposal Grants	\$5,897,552	
Water and Waste Disposal Guaranteed Loan	\$450,000	1 Project
Emergency Community Water Assistance Grants	\$952,600	2 Projects
Distance Learning & Telemedicine Grant	\$1,289,041	3 Projects
Public Television Digital Transition Grant	\$110,525	1 Project
Electric and Telephone Loans	\$120,541,920	7 Projects
Total Rural Utility	\$144,210,038	31 Projects
Business & Industry Guaranteed Loans	\$4,445,000	3 Projects
Rural Business Enterprise Grants	\$445,000	9 Projects
Rural Business Opportunity Grant	\$36,000	1 Project
Rural Economic Development Loans & Grants	\$3,614,000	8 Projects
Value-Added Producer Grants	\$273,366	5 Projects
Renewable Energy/Energy Efficiency Grants	\$186,830	8 Projects
Renewable Energy/Energy Efficiency Guaranteed Loans	\$74,830	
Total Rural Business & Cooperative	\$9,075,026	34 Projects
Community Facilities Loans	\$4,441,900	
Community Facilities Grants	\$228,950	
Total Community Facilities	\$4,670,850	11 Projects
Total Business and Community Programs	\$157,955,914	76 Projects
Total Kansas Rural Development	\$257,750,377	

Business & Community Programs



Business & Industry Guaranteed Loan Program

Purpose – The Business & Industry Guaranteed Loan Program guarantees loans made by eligible lenders to businesses to benefit rural areas. Program eligibility includes, but is not limited to: business acquisitions, construction, conversion, expansion, repair, modernization, development costs, purchase of equipment, startup working capital, and refinancing for viable projects under certain conditions.

Eligible Area – Rural areas with population up to 50,000.

Eligible Entities – Any legal entity, including individuals, public and private organizations and federally recognized Indian tribal groups. There is no size restriction on the business.

Type of Assistance – Loan guarantees.

Term – Maximum of:
 30 years for real estate loans
 15 years for machinery and equipment loans
 7 years for working capital loans

Interest Rate – Negotiate between Lender and Borrower.

Type of Projects – Agricultural processing, manufacturing (light and heavy), retail and wholesale businesses, health care facilities, motels, value-added agriculture, etc.

What can the Program do for your Community?

- Creates and saves jobs (over 100 jobs created or saved from Fiscal Year 2006 projects)
- Expands economic base through new businesses and business expansions
- Creates expanded future community economic opportunity
- Expands local commercial bank lending base

Loan Examples:



B&I Guaranteed Loan for an agricultural equipment manufacturer located in northeast Kansas



B&I Guaranteed Loan of \$2 million for a new cotton gin serving southwest Kansas producers

Community Facilities Program

Purpose – Construction and rehabilitation of buildings, acquisition of land, purchase of equipment, payment of legal fees, payment of architect fees, etc.

Eligible Area – Rural areas with population up to 20,000.

Eligible Entities – Nonprofit entities, federally recognized Indian Tribes, public bodies (cities, counties, etc.), and faith-base / community organizations

Essential Community Facilities – Public improvements necessary and beneficial to the orderly development of a community facility operated on a nonprofit basis.

Type of Assistance – Direct loans, grants, and guaranteed loans. Program can be used in conjunction with other funding sources.

Term – Maximum of 40 years.

Type of Projects – See Next Page.

What can the Program do for your Community?

- Provides funding to build or repair essential community facilities
- Provides and/or improves health care, public service and safety facilities
- Purchase needed machinery, equipment, and furnishings of facility
- Construct or rehab cultural and educational facilities

Project Examples:

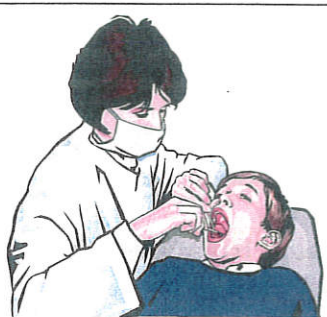


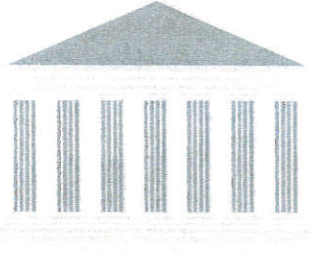



USDA Rural Development funding assisted unincorporated Franklin, Kansas with this community center after a tornado destroyed the previous facility.



Community Facility Direct Loan & Grant Program funds were used to remodel and equip a building to operate as a full service child care/child development center and as a training center; providing parent training, employment related training, and life skills training.

Examples of Essential Community Facilities

<p>Community Health Care Dental Clinic Nursing Home Assisted Living Facility Physicians Clinic Hospital (General & Surgical) Medical Rehabilitation Center Outpatient Clinic</p>	
<p>Cultural & Educational Library Museum Public School School Maintenance & Equipment Service Center Vocational School Colleges Educational Camp for the Handicapped</p>	
<p>Fire, Rescue & Public Safety Fire Trucks Detention facilities and Jails Fire/Rescue Building Police Station Rescue & Ambulance Service Building Equipment Building Communication Center Storm Sirens</p>	
<p>Public Buildings & Improvements Community Health Department, Office Building Community Center, County Courthouse Food Storage, Distribution &/or Preparation Center Public Maintenance Building Child Day Care Center City Hall</p>	
<p>Transportation Bridge Airport Sidewalks Street Improvements Infrastructure for Industrial Park Town Bus Service/Equipment Special Transportation Equipment</p>	

Rural Business Enterprise Grant Program

Purpose – Acquisition and development of land, construction of buildings, plants, equipment, access streets and roads, parking areas, utility and service extension, refinancing, and fees for professional services.

Eligible Area – Rural areas with population up to 50,000.

Eligible Entities – Nonprofit corporations, federally recognized Indian Tribes, and public bodies (cities, counties, etc.) receive the grant to assist a business. Grant funds do not go directly to the business. Small and emerging businesses to be assisted must have less than 50 new employees and less than \$1 million in gross annual revenues.

Priorities – To support the development of small and emerging private business enterprises in rural areas.

Type of Assistance / Application Deadline – Contact USDA Rural Development for specific funding assistance and application deadline information.

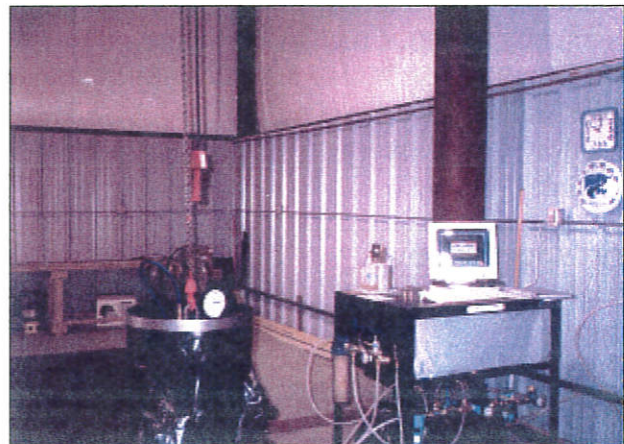
What can the Program do for your Community?

- Creates a revolving loan fund (providing partial funding as a loan to a small and emerging business for the purchase of equipment, working capital, or real estate)
- Provides technical assistance for private business enterprises and related training
- Construct a building for a business incubator for small and emerging businesses
- Production of television programs targeted for rural residents, and for rural distance learning networks

Project Examples:



Program funds helped establish this car maintenance business in northwest Kansas



Industrial park in central Kansas includes a plastic molding business and a polypropylene pellet manufacturing facility

Rural Business Opportunity Grant Program

Purpose – Provide technical assistance for business development and conduct economic development planning in rural areas. Promote sustainable economic development in rural communities.

Eligible Area – Rural areas with population up to 50,000.

Eligible Entities – Nonprofit corporations, public bodies, Indian tribes on Federal or State reservations and other Federally recognized tribal groups, and cooperatives with members that are primarily rural residents.

Type of Assistance – Grants.

What can the Program do for your Community?

- Identify and analyze business opportunities that will use local rural materials or human resources
- Identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers
- Establish business support centers and otherwise assist in the creation of new rural businesses
- Establish centers for training, technology, and trade that will provide training to rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets
- Conduct local community or multi-community economic development planning.
- Establish leadership development training of existing or prospective rural entrepreneurs and managers

Example:



USDA Rural Development staff discuss the Rural Business Opportunity Grant Program with a local individual during one of the Agency's numerous outreach meetings.

Rural Economic Development Loan & Grant Program

Purpose – Loans to eligible utilities to make a pass-thru loan to a rural business. Grants to establish revolving loan funds to initially make loans to eligible rural projects.

Eligible Area – Rural areas with population up to 2,500.

Eligible Entities – Electric and Telephone Rural Utility Service Borrowers (also includes some previous Rural Utility Service electric utility borrowers).

Eligible Ultimate Loan Recipients – Any legal entity, including individuals, public bodies, and federally recognized Indian Tribes.

Term – Maximum of 10 years.

Type of Projects – Agricultural processing, fire trucks, health care facilities, grocery stores, hotels, manufacturing, retail enterprises, implement dealers, recreation facilities, etc.

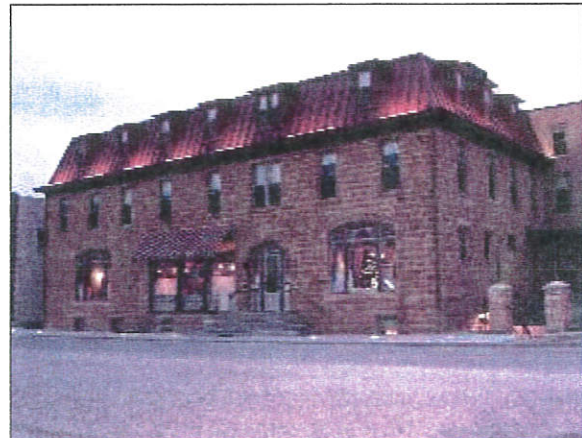
What can the Program do for your Community?

- Helps create jobs (81 jobs saved or created from Fiscal Year 2006 projects)
- Provides businesses and communities with 0% interest loans
- Provides funding for community type facilities and equipment
- Facilitates new business and business expansions (construction, and machinery & equipment)
- Provides funding for public safety facilities and equipment (fire, rescue, etc.)

Project Examples:



RED-Loan Program funds assisted a Seneca-based electrical business to purchase a new building and additional equipment to expand the company's current operations. This Agency financed expansion will add 5 new jobs and help retain the existing 4 jobs for this company



Agency funding assisted in the restoration and renovation of a historic landmark hotel in central Kansas. This RED-Loan helped create 11 new jobs for this rural community.

Water & Waste Disposal Program

Purpose – Develop and/or upgrade rural water distribution and wastewater facilities. Construct or relocate public buildings and utilities, pay costs associated with land acquisition, purchase and install necessary equipment, pay for engineering and legal fees associated with the project, etc.

Eligible Area – Rural areas with population up to 10,000.

Eligible Entities – Nonprofit entities, federally recognized Indian Tribes, public bodies (cities, counties, etc.), and special-purpose districts.

Priorities – Restore deteriorated water supplies, improve, enlarge, or modify a water facility or an inadequate wastewater facility.

Type of Assistance – Direct loans, grants, and guaranteed loans. Program can be used in conjunction with other funding sources.

Term – Life of facility, not to exceed 40 years.

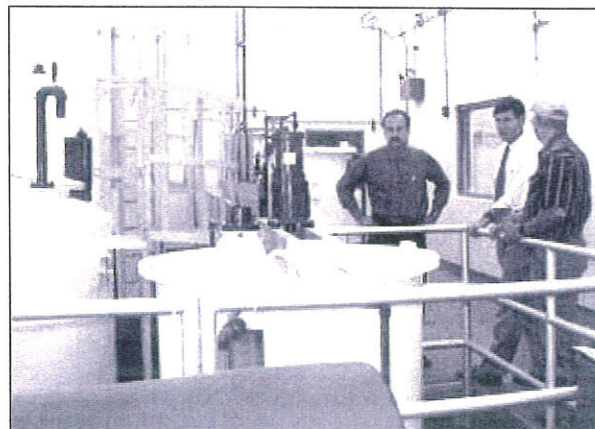
What can the Program do for your Community?

- Provides funding to construct, enlarge, or otherwise improve rural water, solid waste disposal, sanitary sewage, and storm wastewater disposal facilities
- Grant funds are used, in conjunction with loan funds, to reduce water and waste disposal costs to a reasonable level for users of the system
- Provides for payment of utility connection charges as provided in service contracts between utility systems

Project Examples:



This local rural water district utilized a Water & Waste Disposal loan and grant to construct a water treatment plant and install 9 miles of transmission line. The District currently serves a population of over 2,700 rural Kansans.



Public Wholesale Water Supply District #18, Jackson County constructed a two million gallon membrane filtration treatment plant to provide a safe and reliable water source for the City of Holton and rural residents living in a five-county region.

Renewable Energy & Energy Efficiency Program

Purpose – The Program is designed to help agricultural producers and rural small businesses purchase renewable energy systems or make energy efficiency improvements. Funds may be used for construction improvements, equipment purchases, professional fees, feasibility studies, energy audits, and permits for the project.

Eligible Projects – Renewable energy projects include those for which energy is derived from wind, solar, biomass, geothermal, or certain hydrogen derived from biomass or water using one of the previously stated energy sources. Energy Efficiency projects are improvements to a facility or process that reduces energy consumption. All eligible projects must utilize a pre-commercial or commercially available, replicable and feasible technology.

Eligible Area – Rural areas with population up to 50,000.

Eligible Entities – Farmers, ranchers, and rural small businesses with a demonstrated financial need are eligible to apply for funding. Farmers and ranchers must obtain at least 50% of their gross income from their agriculture operations. Rural businesses must meet the Small Business Administration definition of a small business. The project site and business headquarters must be in a rural area. Nonprofit organizations and public entities are excluded.

Type of Assistance / Application Deadline – Contact USDA Rural Development for specific funding assistance and application deadline information.

What can the Program do for your Community?

- Creates new economic opportunity and jobs
- Opportunity to reduce energy costs of local businesses

Project Examples:



A northeast Kansas grocery store, utilized this program to replace inefficient refrigeration units, dairy and meat cases



New energy efficient refrigeration units following installation.

Value-Added Producer Grants Program

Purpose – The Program is designed to help agricultural producers increase their revenues through value-added activities that expand the customer base for their products. Funds may be used for planning activities (feasibility studies, business and marketing plans, and legal evaluations) or working capital for projects which add value to an eligible product.

Eligible Area – Anywhere in Kansas, there is no restriction on the location of the project.

Eligible Entities – Independent agricultural producers, agricultural producer groups, farmer or rancher cooperatives, or business ventures that are majority owned and controlled by agricultural producers.

Eligible Value-Added Products – Agricultural products that: have undergone a change in physical state or form, are produced in a manner that enhances their value, and are physically segregated in a manner that enhances their value, or used to produce renewable energy.

Type of Assistance / Application Deadline – Grants for up to 50% of eligible project costs. Contact USDA Rural Development for application deadline information.

Type of Projects – Processing grains or oilseeds; utilizing grain to produce ethanol; processing livestock or poultry; marketing organically produced or hormone free products; an identity preserved marketing system from farm to end user; and many other possibilities.

What can the Program do for your Community?

- Creates new economic opportunity and jobs
- Expands economic base through a new business or business expansion

Project Examples:



USDA Rural Development Value-Added Producer Grant Program assisted Rainbow Organic Farms with a \$144,500 grant to produce orange juice as well as other products



Grant funding was provided to finance working capital for a farmer-owned certified organic grain processing and milling operation in western Kansas

Intermediary Relending Program

Purpose – To finance community development projects, establish new businesses, expand existing businesses, and create or save jobs by lending funds to intermediaries, which, in turn, provide loans to ultimate recipients.

Eligible Area – Rural areas with population up to 25,000.

Eligible Entities – Public bodies (cities, counties, etc.), private nonprofit organizations, Indian groups or certain cooperatives. Entities (Intermediaries) must have appropriate legal authority and sufficient capitalization and experience to successfully operate a loan program. There must be assurance of repayment of the USDA Rural Development loan, and the Agency must be the only credit available at reasonable rates and terms to the project.

Eligible Ultimate Loan Recipients – Legal entities, such as: individuals and public or private organizations

Type of Assistance – Loans at 1% interest rates to intermediaries for a maximum of thirty (30) years

What can the Program do for your Community?

- Help create and/or save jobs
- Provide businesses and communities with a source of funds to establish a revolving loan fund
- Provide ultimate recipient businesses with a source of loan funds
- Enables growth of new businesses and allows expansion of existing businesses



Engel's Sales and Service expanded a lawn/garden sales and service center utilizing the Intermediary Relending Program. Engel's provides parts and service for all types of lawn mowers, garden tillers, snow blowers and some automotive repairs.

Business & Community Programs

PROGRAM	WHO MAY BORROW	RURAL AREA	LOAN Guar / Direct	GRANT	INTEREST RATE	TERMS	EQUITY REQ.	ELIGIBILITY PURPOSES	INELIGIBLE [not limited to]
BUSINESS & INDUSTRY (B&I) (Guar. 4279-A,B)	- Any legal entity - Individual - Pub. Organ. - Priv. Corp.	<50,000 Pop.	Yes / No (2% fee)	No	Fixed/Variable Negotiated w/lender	RE - 30 yr M&E - 15 yr WC - 7 yr	- Existing Business - Min. 10% - New Business Min 20-25%	- Business Construction, Acquisition, and/or Modernization - Working Capital [Note: Does not require test for credit elsewhere]	- Golf Courses - Ag Production - Line of Credit
RURAL BUSINESS ENTERPRISE GRANT (RBEG) (1942-G)	- Public Body - Not for Profit - Federally Recognized Indian Tribes	<50,000 Pop.	No / No	Yes	N/A	N/A	N/A	To help finance and develop small & emerging private businesses. - Revolving Loan Program to make loans for Land acquisition, building improvement - Technical Assistance, etc. - Industrial Park development for small business [Notes: (Small Business definition: < 50 new employees & < \$1.0 mil in projected gross sales per yr) (Business does not directly receive grant)]	- Ag Production - Area Wide Planning - Transfer of jobs or businesses - Cable TV systems
INTERMEDIARY RELENDING PROGRAM (IRP) (4274-D)	- Private Not for Profit - Public Bodies Cooperatives	<25,000 Pop.	No / Yes	No	1%	30 yrs	N/A	Relending Program for: - Establish new business &/or expand an existing business including capital improvements, M&E, &/or WC.	- Golf Courses - To Government Employees - Payment to Owners - Ag Production - Line of Credit
RURAL ECONOMIC DEVELOPMENT LOANS AND GRANTS (REDLG) (1703-B)	- RUS Borrowers Elec. / Phone not delinquent	<2,500 Pop. or majority of jobs created will be held by rural residents	No / Yes	Yes	0%	Normally not exceed 10 yrs	N/A	Rural Job Creation and Economic Development : <u>Loan:</u> - Business Construction, start up and expansion costs, and M & E <u>Grant:</u> - Establish revolving loan fund with initial project to city, nonprofit, health, or education	- Electric / Phone purposes - Residential purposes - Cost prior to app. - Purchase existing business - Transfer jobs from one area to another

PROGRAM	WHO MAY BORROW	RURAL AREA	LOAN Guar / Direct	GRANT	INTEREST RATE	TERMS	EQUITY REQ.	ELIGIBILITY PURPOSES	INELIGIBLE [not limited to]
WATER & WASTE (WWD) (Dir. 1780-A-D) (Guar. 1779)	- Public Bodies - Not for Profit - Federally Recognized Indian Tribes	<10,000 Pop.	Yes / Yes (1% fee)	Yes Max % possible: 0% >39,859 MHI 45% ≤39,859 MHI 75% <31,887 MHI	Market Rate: >39,859 MHI * Intermediate: ≤39,859 MHI * Poverty Rate: <31,887 MHI * Guar: Negotiated w/ Lender	40 yrs Guar: 40 yrs	N/A	- Construct, repair, improve rural water supply and waste disposal systems - Acquire land and water rights - Pay fees: legal, eng., etc. - Solid Waste Disposal Proj. and Storm Drainage - Refinancing, when secondary part of project	- Grant finder's fee - Combined storm and sanitary sewer facility - Facilities not modest in design & cost
COMMUNITY FACILITIES (CF) (Dir. 1942-A) (Guar. 3575-A) (Grant 3570-B)	- Public Bodies - Not for Profit - Federally Recognized Indian Tribes	<u>Loan:</u> <20,000 Pop. <u>Grant:</u> <20,000 Pop.	Yes / Yes (1% fee)	Yes Max % possible: - 0% >35,873 MHI & pop. <20,000 - 15% ≤35,873 MHI & pop. <20,000 - 35% ≤31,887 MHI & pop. <20,000 - 55% ≤27,901 MHI & pop. <12,000 - 75% ≤23,915 MHI & pop. <5,000	- Direct: same as for Water & Waste - Guar: Negotiated w/ Lender	40 yrs Max - 40 yrs	N/A	- Hospitals, Nursing Homes, Medical Clinics, Ambulances - Fire and Police Stations - Courthouses, Libraries, and other Community Buildings - Day Care Facilities	- Recreation—except under guaranteed loan program - Community Ant. TV - B&I buildings - Facilities not modest in design & costs <u>Grant Ineligibles:</u> - Debt refinancing, - Interest, - O & M costs
DISTANCE LEARNING AND TELEMEDICINE (1703-D)	- For Profit - Not for Profit	<u>Loan:</u> <20,000 Pop. <u>Grant:</u> <10,000 Pop.	No / Yes (Note: \$ 50,000 min \$9,600,000 max. & can't exceed 100% of project cost)	Yes (Note: \$50K min \$500K max & cannot exceed 70% of project cost)	Fixed at Treasury Rate to be established by N/O	10 yrs	N/A	- Equipment: including computer hardware or software, audio /visual equipment , computer network components, telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, inside wiring, interactive video equipment, - Acquire instructional programming - Provide technical assistance and instruction	- Salaries, wages, or admin. Fees - Duplicate facilities already providing a service - Purchase equipment that will be owned by the local exchange carrier. <u>Grant Ineligibles:</u> - Purchase of land, buildings or building construction

*Fixed Rates. These rates are set each quarter based on municipal bond rates. Poverty interest rate is currently set at 4.5%.

Business & Community Programs

PROGRAM	WHO MAY BORROW	RURAL AREA	LOAN Guar / Direct	GRANT	INTEREST RATE	TERMS	EQUITY REQ.	ELIGIBILITY PURPOSES	INELIGIBLE [not limited to]
VALUE-ADDED PRODUCER GRANT PROGRAM (VAPG) (4284-A,J)	- Independent Producer - Farmer or Rancher Co-op - Ag Producer Group - Majority Controlled Producer Based Business Venture	No	No / No	Yes Max. 50%	N/A	N/A	N/A	- Planning Activities, such as feasibility studies, developing business and marketing plans, and legal evaluations. - Working Capital – to pay normal expenses for processing and marketing value-added agricultural products, including purchase inventory, salaries, and office supplies, conduct marketing campaign.	- Costs of preparing the application pkg. - Costs incurred prior to grant approval - Bldg improvements or repairs - Purchase or rent equipment or land - Fund research and development - Pay for production related expenses
RENEWABLE ENERGY/ ENERGY EFFICIENCY PROGRAM (RE/EE) (4280-B)	- Agricultural Producer - Small business	<50,000 Pop.	Yes / No 1% fee Guar Max 50% of total eligible project costs (NOTE) Min/Max -RE-\$2,500 to \$500,000 -EE-\$1,500 To \$250,000	Yes Grant Max 25% of total eligible project costs	Guar. Fixed/Variable Negotiated w/lender	Guar. RE - 30 yr M&E - 20 yr WC - 7 yr	Guar. If < or = \$600,000 – 15% cash equity If > \$600,000 - 25% cash equity	- Post application purchase and installation of equipment - Post application construction or project improvement - Energy audits or assessments - Permit and Professional service fees - Feasibility studies and business plans - Retrofitting - Working Capital and land acquisition for guaranteed loans only	- Agricultural tillage equipment and vehicles - Residential uses - Application preparation costs
RURAL BUSINESS OPPORTUNITY GRANTS (RBOG) (4284-G)	- Public Body - Not for Profit - Federally Recognized Indian Tribes	<50,000 Pop.	No / No	Yes	N/A	N/A	N/A	- Provide technical assistance for business development and economic development planning	- Real Estate acquisition or building construction - Duplicate current Services - Pay costs of preparing the application package

PROGRAM	WHO MAY BORROW	RURAL AREA	LOAN Guar / Direct	GRANT	INTEREST RATE	TERMS	EQUITY REQ.	ELIGIBILITY PURPOSES	INELIGIBLE [not limited to]
RURAL COOPERATIVE DEVELOPMENT GRANT (RCDG) (4284-F)	- Not for Profit - Institutions of Higher Learning	<50,000 Pop.	No / No	Yes Max. 75%	N/A	N/A	N/A	- Applied research, feasibility, environmental and other studies; collection, interpretation, and dissemination of principles, facts, technical knowledge, or other information; providing training and instruction; providing loans and grants; providing technical assistance, research services, and advisory services; all which may be useful to, and for individuals, cooperatives, small businesses and other similar entities in rural areas served by the center for the purpose of cooperative development	- Pay more than 75% of eligible project costs - Duplicate current services or Replace / substitute support previously provided - Cost of preparing the grant application - Cost prior to grant approval - Pay for bldg. construction, purchase or real estate or vehicles, improving or renovating office space, or the repair or maintenance of privately owned property or - Assistance to private business enterprise which does not have at least 51% ownership either citizens of the U.S. legally admitted for permanent residence.
SOLID WASTE MANAGEMENT GRANTS (SWM) (1775)	- Public Bodies - Private Not for Profit - Federally Recognized Indian Tribes - Academic Institutions	Grant: <10,000 Pop.	No / No	Yes	N/A	N/A	N/A	- Technical Assistance and/or training to reduce solid waste stream - Training to enhance operator skills in active landfills - Evaluate current landfill conditions for threats to water resources - Technical assistance and/or training for operators of closed or will be closed landfills - Fees for eligible purposes.	- Fund political activity - Duplicate current services - Recruit applications for Agency's loan/grant Programs - Pay for construction or O&M costs - Pay for costs prior to the effective date of grant

*Fixed Rates. These rates are set each quarter based on municipal bond rates. Poverty interest rate is currently set at 4.5%.

Housing Programs



Single Family Housing Guaranteed Loan Program

Purpose – Financing for construction of a single family residence, or purchase of an existing single family residence.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Borrowers – Individuals and families.

Type of Assistance – Guaranteed loans up to 102% of appraised value.

Eligible Income – Applicants cannot exceed the moderate income level (115% of the median income) for county.

Term – 30 years for guaranteed loans. Fixed rate determined by approved lender. No down payment required. No Private Mortgage Insurance (PMI) is required. No maximum loan amount.

What can the Program do for You?

- Provides financing for income eligible individuals and families who otherwise would not be able to purchase a home, bridging the affordability gap for homeownership
- Utilizes locally approved lenders
- Reduces borrower's monthly mortgage payments because of lower costs associated with the loan

Examples:



Lisa Taggart and her children, Phillip and Amanda, are pictured outside their home in Wamego, Kansas. Kristi Lloyd, USDA Rural Development Specialist from the Manhattan Office (right), is pictured with the Taggart family.



Jeremy and Lisa Mutart are the proud owners of a newly built home, financed under USDA Rural Development's Guaranteed Rural Housing Program. Jeremy, a Staff Sergeant, is stationed at Fort Riley. Through a partnership with the U.S. Army and USDA officials, more military families are now able to purchase affordable homes.

Single Family Housing Direct Loan Program

Purpose – New construction of a single family residence, or purchase of an existing single family residence.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Borrowers – Individuals and families.

Type of Assistance – Direct loans.

Eligible Income – Applicants must be very low or low income (80% of the median income) for the county.

Term – Up to 33 years. No down payment required.

What can the Program do for You?

- Provides 100% financing income eligible individuals and families who otherwise would not be able to purchase a home, bridging the affordability gap for new home construction
- Provides subsidized loans for eligible borrowers to lower their monthly house payments
- Utilizes USDA Rural Development partners with assistance programs that helps make homeownership more affordable

Examples:



Austin Taylor and Jennifer Reichle stand in front of their new home in Holton. Their home was financed under USDA Rural Development's Direct Loan Program



The Tim Zorn family, previously living in an unheated school bus (also shown), was able to purchase a home in south central Kansas through the Agency's Direct Loan Program

Single Family Home Repair Grant & Loan Program

Purpose – Funding to remove health and safety hazards for owner-occupied single family residences. Program funds may also be used for general repairs and improvements.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Individuals/Families – Individuals and families that own their home. Grant applicants must be 62 years of age and not qualify for a loan.

Type of Assistance – Grants and direct loans.

Eligible Income – Grant and direct loan applicants must be very low income (50% of the median income) for the county.

Term – Recapture provision for grants (3 years); 20 years for loans.

What can the Program do for You?

- Funding for eligible applicants who cannot otherwise afford essential home repairs
- Improves the quality of housing in the rural community

Examples:



Program funds were used for new siding, guttering, new windows, carpeting and vinyl throughout the home, new heating and air conditioning, and new roof for this home in central Kansas



The Agency's Repair Loan Program was utilized to make improvements to this mid-central Kansas home. Program funds were used for new roof, new guttering, electrical repair and drywall

Mutual Self-Help Housing Program

Purpose – Technical assistance grant funds awarded to Agency-approved recipient to help income eligible individuals and/or families work together to build their home (normally 6 to 8 approved loan applicants form a group).

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Grant Recipients – Private nonprofit corporation, public nonprofit corporation, State political subdivision.

Type of Assistance – Grant funding awarded to Agency-approved recipient for program administration. Program is administered in conjunction with USDA Rural Development's Direct Loan Program which provides financing to the individual homeowners.

Term – 2 years (technical assistance grant).

What can the Program do for You?

- Provides homeownership opportunities to families through 'sweat equity'
- Encourages new home construction for a community
- Promotes community pride (builds neighborhoods, builds communities)
- Reimbursement for salaries, rents, and office expenses for grant recipient

Examples:



Families break ground for another round of the Agency's Mutual Self-Help houses to be built in Junction City, Kansas



U.S. Senator Pat Roberts joined families in celebrating the construction and dedication of Mutual Self-Help homes in Valley Center, Kansas

Multi-Family Housing Guaranteed Loan Program

Purpose – Increase the supply of affordable rural rental housing through the use of loan guarantees that encourage partnerships between USDA Rural Development, private lenders and public agencies. USDA Rural Development will issue guarantees on eligible loans made by Agency approved lenders.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Borrowers – Qualified lenders and eligible housing providers, such as corporations, limited liability corporations, or partnerships.

Type of Assistance – Guaranteed loans.

Term – Minimum of 25 years, maximum of 40 years.

What can the Program do for You?

- Increases supply of affordable multi-family housing through Agency partnerships
- Provides housing opportunities for low to moderate income tenants
- Builds valuable partnerships between federal, state and local housing agencies

Examples:



Attractive apartments such as these can be financed under USDA Rural Development's Multi-Family Guaranteed Housing Program. Amenities may include carpeting, thermal windows and fully appointed kitchens with dishwashers, refrigerators, and built in stoves. A centrally-located activity center is also available to residents.

Multi-Family Housing Direct Loan Program

Purpose – Financing to provide living units for persons with low and moderate incomes. Loans are primarily used to build, purchase or repair apartment style housing. The housing must be modest in size, design and cost, but adequate to meet the tenants' needs. Monthly rent must be within limits that eligible occupants can afford to pay.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Borrowers – Individuals, associations, partnerships, limited-partnerships, consumer cooperatives, profit corporations and nonprofit corporations, State and local agencies, and trusts.

Type of Assistance – Direct loans.

Term – 50 years.

What can the Program do for You?

- Provides and supports needed low income housing in your community
- Provides housing for elderly or developmentally disabled
- Rehabilitate a historic structure, providing needed affordable housing

Examples:



With funding from USDA Rural Development, this facility in Hays has removed the financial barriers and serves the needs of 32 tenants, individuals who sometimes are denied housing due to the stigma associated with their illnesses.



The former Bartell Hotel, a historic Junction City landmark, will be converted into 32 senior units for very low, low or moderate income households.

Housing Preservation Grant Program

Purpose – Funding to nonprofit and other governmental organizations to remove health and safety hazards for owner-occupied residences or rental housing for very low income individuals. These grants are used along with other funding sources to accomplish the repairs.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Grant Recipient – A nonprofit organization such a local government, or community development group.

Type of Assistance – Grants.

Eligible Income – Eligible individuals must be very low income (50% of the median income) for the county.

Term – The objectives of the grant shall be accomplished within a two (2) year period.

What can the Program do for You?

- Assists eligible applicants who cannot otherwise afford essential home repairs
- Improves the quality of housing in the rural community
- Creates beneficial funding partnerships for the local community

Example:



Lower income homeowners needing upgrades to their homes to remove health and safety concerns or to improve handicapped accessibility may qualify for funding. Funds are allocated to nonprofit entities or other governmental units who, in turn, take applications from the homeowner.

Farm Labor Housing Program

Purpose – Funding to construct new housing or to convert existing structures to provide affordable and adequate housing for domestic farm laborers. Grants may be available for economically depressed areas where there is an extreme need for such facilities, and a reasonable doubt exists that the housing cannot be provided without grant assistance.

Eligible Area – Funds may be used in either rural or urban areas to provide housing to nearby farm laborers. This Program is the only USDA Rural Development housing program that allows funding in areas with populations over 20,000, if the need exists.

Eligible Borrowers – Farm workers, family farm organizations, state and local public agencies and private broad-based organizations or nonprofit organizations of farm workers.

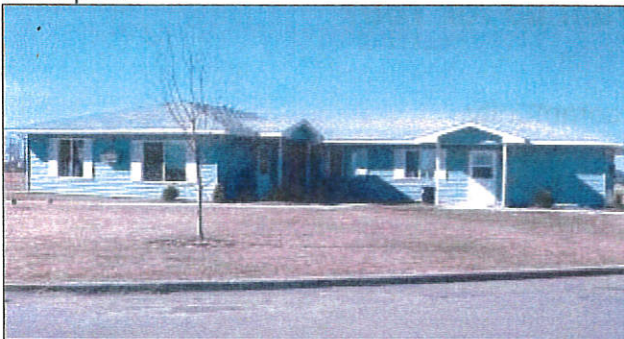
Type of Assistance – Grants and direct loans.

Terms – Grants may cover up to 90% of the development costs; loans are for 33 years at 1% interest.

What can the Program do for You?

- Provides adequate, affordable rental housing for farm laborers or those engaged in on-farm processing
- Allows for the construction of day care facilities and community buildings for families of farm laborers

Examples:



USDA Rural Development funds are available to construct or modify structures similar to these to provide safe and decent housing for domestic farm laborers. USDA Rural Development is interested in identifying local applicants who can benefit from this program.

Rural Housing Site Loan Program

Purpose – Funding to assist public or private nonprofit organizations in providing sites for rural housing. The land will be subdivided into adequate building sites and sold on a non-profit basis to applicants eligible for low and moderate-income homeownership. Funds can be used for purchase and development of adequate sites, including the construction of essential access roads, streets, utility lines and payment of necessary engineering fees, legal fees and closing costs.

Eligible Area – Nonmetropolitan areas of 20,000 population or less.

Eligible Borrower – The Agency's Section 523 loans are limited to private or public non-profit organizations that will provide sites solely for self-help housing. The Agency's Section 524 loans are made to private or public non-profit organizations. Section 524 sites may be sold to very low to moderate-income families utilizing the Agency's single family loan programs, or any other mortgage financing program which serves the same eligible families.

Type of Assistance – Direct loan.

Eligible Income – Applicants for homeownership must be:

- Very low or low income (below 80% of the median income) for the county (Section 523 loans).
- Very low to moderate income (the upper limit for moderate income is \$5,500 above the low income limit) for the county (Section 524 loans).

Term – Loans are for two years. Section 523 loans bear 3% interest rate. Section 524 loans bear the market interest rate.

What can the Program do for You?

- Provides building sites for eligible homebuyers
- Supports improved quality of housing in a rural community

Examples:



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Rural Housing Programs

Eligible Applicant	USDA Program	Purpose	Program Type	Non-Metro Areas	Authorized Purposes	Typical Funding	Interest Rates & Terms
Families and individuals	Single Family Housing Guaranteed Loans	To provide 100% financing through an approved commercial Lender to buy/build adequate housing for moderate and low income applicants	USDA Guaranteed Loan made by bank or mortgage broker	Rural areas with population of <20,000	Loans may be made to purchase new or existing homes as the applicant's permanent residence	\$40,000 to \$140,000	Negotiated rate that is fixed for 30 year term.
	Single Family Housing Direct Loan	To provide 100% financing to lower income applicants to buy/build adequate housing.	USDA Direct Loan	Rural areas with population of <20,000	To buy, build, repair or rehabilitate rural homes as the applicant's permanent residence	\$35,000 - \$120,000	Fixed rate; 33 year term, some exceptions may apply
	Single Family Housing Direct Repair Loans and Grants	To help very-low income applicants remove health and safety hazards or repair their homes. Grants or loan/grant combination for those 62 or older who cannot afford all or part of a loan	USDA Direct Loan or Grant	Rural areas with population of <20,000	Loan and grant purposes include: repair/replace roofs, heating/AC, repair/replace heating system, structural repair, water/sewage lines, siding, windows and doors	\$1,000 - \$20,000 loan \$1,000 - \$7,500 grant	1% loan up to 20 years; Monthly pmt. on a \$5,000 loan for 20 yrs. is only \$23
	Mutual Self-Help Housing Direct Loans	Individual homes built by a group of applicants with construction guidance of a non-profit organization	USDA Direct Loan	Rural areas with population of <20,000	Loans applications are processed on an individual basis for each participating family	\$75,000 - \$95,000	Fixed rate; 33 year term
Non-profits and public bodies	Mutual Self-Help Housing Grants	To provide funds to non-profit entities to assist self-help applicants in building their own homes	USDA Grant	Rural areas with population of <20,000	Technical assistance to qualify and supervise small groups of families to build each other's homes	\$10,000 - \$250,000	Grant
Public bodies, individuals, limit profit and non-profit organizations	Rental Housing for Families and Elderly	To establish safe, well-built, affordable rental housing for very low, low and moderate-income rural households	USDA Direct Loan or Guaranteed Loan made by bank or mortgage broker	Rural areas with population of <20,000	New construction or substantial rehabilitation of rental housing	Direct up to \$1,000,000 Guaranteed: \$1,000,000-\$5,000,000	Direct fixed rate, 30 year term; Guaranteed : negotiated fixed rate, 30 year term
Public bodies and non-profit organizations	Housing Preservation Grants	To provide funds for a non-profit to redistribute to individuals for the rehabilitation of housing owned or occupied. For very low and low income applicants	USDA Grant to a nonprofit	Rural areas with population of <20,000	Operate a program which finances repair and rehabilitation activities for single family and small rental properties	\$25,000 - 50,000	Grant
Individuals, public and private non-profit orgs.; family farm partnership or corp.; assoc of farmers & public agencies	Farm Labor Housing	To establish safe, well-built, affordable rental housing for domestic farm workers	USDA Direct loan and grant	Entire State of Kansas (urban and metro)	New construction or substantial rehabilitation of rental housing	\$100,000 - \$400,000	1% fixed rate, 33 year term

(03/09/06)

Special Initiatives



Community Development Initiatives

Purpose – A process through which people and communities acquire the attitudes, skills and abilities for active participation in creating meaningful futures and dealing with community issues.

- Promote active and representative participation toward enabling all community members to meaningfully influence the decisions that affect their lives.
- Engage community members in learning about and understanding local and regional issues, and the economic, social, environmental, political, psychological, and other impacts associated with alternative courses of action.
- Incorporate the diverse interests and cultures of the geographical area in the community development process; and disengage from support of any effort that is likely to adversely affect the disadvantaged members of a community.
- Work actively to enhance the leadership capacity of local residents, leaders, and groups within the community.
- Be open to using the full range of action strategies to work toward the long term sustainability and well being of the community.

Type of Assistance – USDA Rural Development has been addressing the challenges that face rural Kansas in creating improved economic opportunities and enhancing rural Kansans quality of life.

To provide this assistance, USDA Rural Development, with the cooperation of several partners established the Community Development Academy: Empowering Community Leadership initiative in 2006. Four “Grassroots Community Development” sessions have been held since 2003. The initiatives have provided training to nearly 300 participants.

Additionally, town hall meetings, business and community program forums, and housing information meetings are regularly held across the State. These meetings provide the public sector information on how to enhance community development, economic development, and quality of life for rural Kansans, along with providing the Agency with valuable dialog from communities, businesses, and individuals.

Examples:



The Community Development Academy and the “Grassroots Community Development” training seminars provide valuable resource information to facilitate in building Kansas communities for the future.

Agency / Congressional Town Meetings and Agency / Community Listening Tours provides business, housing, and community leaders with USDA Rural Development opportunities to enhance economic and community development.

Faith-Based and Community Initiative

Purpose – Under President Bush's Faith-Based and Community Initiative, USDA Rural Development is one of the USDA agencies ensuring that faith-based and community organizations have equal access to USDA programs and benefits. USDA Rural Development is working to reach out and educate these organizations about the Agency's funding opportunities. The Agency is committed to helping groups and individuals learn about and access USDA Rural Development programs that can enhance their capacity to serve their community.

Type of Assistance –

Housing Preservation Grant program provides grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing.

Rural Rental Housing Direct and Guaranteed Loan Programs provides affordable multi-family rental housing for very low-, low-, and moderate-income families, the elderly and people with disabilities.

Farm Labor Housing Program provides decent, safe and sanitary low-rent housing to domestic farm laborers through loans and grants to States, local governments, non-profit organizations and others.

Rental Assistance utilized in existing and newly constructed Rural Rental Housing or Farm Labor Housing financed complexes. The rental housing must be established on a non- or limited-profit basis.

Technical and Supervisory Assistance Grants help low-income families obtain adequate housing or continue occupancy in their existing housing. These grants support counseling and housing delivery programs.

Mutual Self-Help Housing is a method of building homes that empowers low-income individuals and families to build their own homes. USDA Rural Development provides self-help housing grants to qualified non-profit and public organizations to support these innovative efforts.

Examples:



Menonite Housing Rehabilitation Services, Inc. of Wichita is a Technical Assistance Grantee through the Agency's Mutual Self-Help Housing Program. Rebeca Fernandez and her sister Claudia Calderon built homes located next to each other in Valley Center. State Director Chuck Banks (right) along with Andrew Bias of Menonite Housing Rehabilitation Services, Inc. of Wichita with the sisters at their open house celebration.



Under Secretary for Rural Development, Thomas Dorr, says the story of Let's Help's Heartland SHARE program needs to be told nationwide. Under Secretary Dorr toured Let's Help with Colette Murphy, the organization's President and Chief Executive Officer.

Faith-Based and Community Initiative (continued)

Type of Assistance –

Community Facilities Program provides grants, loans and loan guarantees to public entities, non-profit organizations and tribal governments to develop essential community facilities -- like schools, libraries, medical clinics, community centers, and fire and rescue stations -- in rural towns of up to 20,000 in population.

Rural Business Enterprise Grant Program supports the development of small and emerging private business enterprises in rural areas to non-profit corporations, federally recognized Indian Tribes and public bodies.

Rural Community Development Initiative Grant Program provides a program of technical assistance to recipients to develop or increase their capacity to undertake projects in the areas of housing, community facilities, and community and economic development in rural areas.

The Distance Learning and Telemedicine Program meets the educational and health care needs of rural America by financing advanced telecommunications technologies to provide enhanced learning and health care opportunities for rural residents. DLT grants are available to eligible organizations.

Examples:



Dr. Robert Cox, Hays Medical Center (right) accepts the ceremonial check for the \$195,000 Telemedicine Program grant to Hays Medical Center.



The Hurricane Katrina displaced Faciane family from New Orleans was able to locate in Apple Valley Apartments in Holton, with the cooperation of the MACO Management and the support of Topeka Bible Church (providing furnishings, bedding, dishes, appliances, clothing.)

**USDA Rural Development
Kansas Area Jurisdictions**



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2615 Farm Bureau Road
Manhattan, KS 66502
785-776-7582
Fax 785-539-2733

AREA 2
202 W. Miller Road
Iola, KS 66749
620-365-2901
Fax 620-365-5785

AREA 3
2715 Carterbury Drive
Hays, KS 67601
785-628-3081
Fax 785-625-6065

“USDA Rural Development’s mission is to deliver programs that support increasing economic opportunities and enhance the quality of life. The Agency provides equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure – all to serve rural Kansas.”

Chuck Banks, State Director

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**USDA Rural Development
State Headquarters**

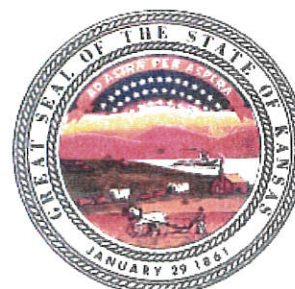
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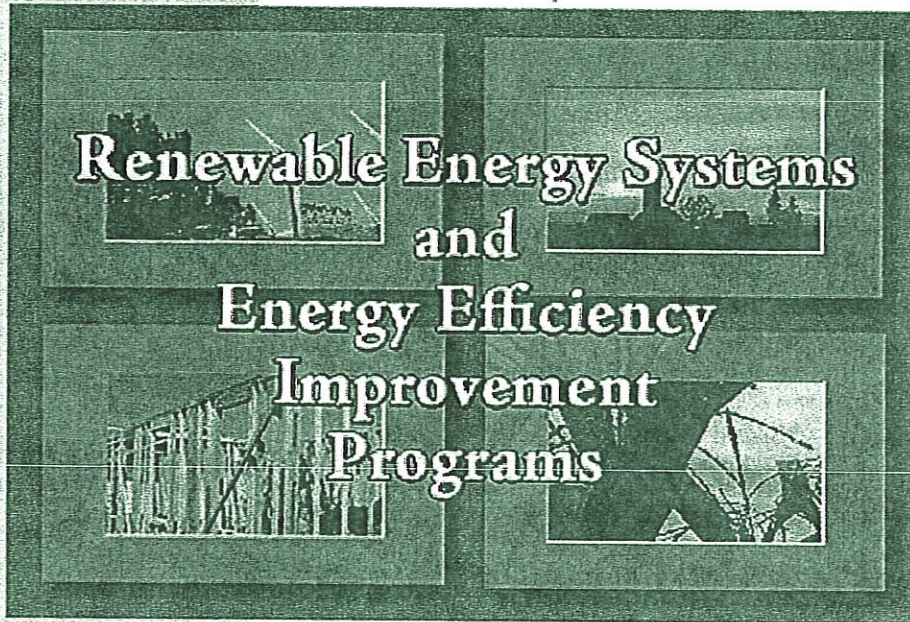
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USDA RURAL DEVELOPMENT



Financial Resource Booklet



Committed to the future of rural communities.

ENERGY AND HOUSE UTILITIES
DATE: © 2/5/2007
ATTACHMENT 4-1

1 GENERAL INCENTIVES

Federal Tax credits

There are many bills that include tax credits for different Renewable Energy & Energy Efficiency projects. The federal government offers many different credits for business to individuals to utilize when completing your project. There are different formulas depending on the tax credit that is utilized. These are administered by the Internal Revenue Service and are taken at the time you submit your tax return.

Website: www.irs.gov

Production incentives

SB 388, 2006 offers a \$.30 for every gallon of biodiesel sold by a qualified producer. These are available through July 1, 2016. There are also incentives producing electricity from wind, solar ect. These are extended to businesses, not for profits, government entities and private individuals. The rates vary depending on the technology and some have a cap on the amount that can be deducted.

Website: www.dsireusa.org

Catalog of federal domestic assistance

This online catalog has all federal programs that offer both loans and grants. These programs are available for both private individuals and businesses. This sight is a grouping of all programs that the federal government provides financing to in the form of loans, grant or a combination of both. There are also programs that include government entities, businesses, individuals and not for profit. Different departments offer different programs.

Website: www.cfda.gov

USDA Rural Development Business & Community Programs

Renewable Energy Systems and Energy Efficiency Improvements Program

This program currently funds grants and loan guarantees to agricultural producers and rural small business for assistance with purchasing renewable energy systems and making energy efficiency improvements. These combination loans & grants can provide grants up to 25% of eligible costs, and a loan up to 50% of eligible costs.

Website: <http://www.rurdev.usda.gov/rbs/farbill>

Biomass Research and Development Act of 2000 (Sec. 9008)

Section 9008 reauthorized the Biomass Research and Development Act of 2000 and provided \$75 million in funding from the Commodity Credit Corporation for 2002 through 2007. In the last 3 years, the program has awarded \$40.8 million for 39 research, development, and demonstration projects on biobased products, bioenergy, biofuels, biopower, and related processes.

Website: <http://www.brdisolutions.com/default.aspx>

USDA RD Business and Industrial Loan Guarantee Program

This program guarantees loans by eligible local lenders to businesses to benefit rural areas. The program's primary purpose is to create and maintain employment and improve the economy of rural communities. This is achieved by expanding the existing private credit structure capability to make and service quality loans to provide lasting community benefits. USDA Rural Development can guarantee losses up to 80% of the original loan amount. Inability to obtain other credit is not a requirement for the Business and Industry Loan Guarantee Program.

Website: <http://www.rurdev.usda.gov/ks/cbp-biz.htm>

USDA RD Community Facilities Loan & Grant

These funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. Eligible entities are not-for-profit organizations, municipalities and Indian tribes located in rural areas and towns of up to 20,000 population. Direct and Guaranteed loan funds are available at 100 percent of the projects cost. Guaranteed loans are made and serviced by eligible financial institutions and USDA Rural Development provides a guarantee on the loan, not to exceed 90 percent. Grants are available under certain circumstances for projects with a financial need.

Website: <http://www.rurdev.usda.gov/ks/cbp-cf.htm>

STATE INCENTIVES

State Tax credits

The state of Kansas offers two different tax credits through the Department of Revenue, regarding Renewable Energy and Energy Efficiency.

- 1) Cellulosic Alcohol Plant - this is for the creation or expansion of a Ethanol Plant.
- 2) Alternative Fuel - For vehicles that are fueled by alternative fuels.

Website: www.ksrevenue.org/taxincentives.htm
Address: Docking State Office Building
Room 150
915 SW Harrison Street
Topeka, Kansas 66612
Phone: 785-368-8222

Production incentives

KSA Chapter 79 Section 34 subsection 164 offers a \$.065 per gallon of ethanol sold by a qualified producer. This has a cap of 15 million gallons. There are also incentives producing electricity from wind, solar ect. These are extended to businesses, not for profits, government entities and private individuals. The rates vary depending on the technology and some have a cap on the amount that can be deducted. For Biodiesel it is \$.30 for each gallon of biodiesel fuel sold by the producer.

Website: www.dsireusa.org

Property Taxes

Kansas Statute KSA 79-201(11), this statute exempts renewable energy equipment from property taxes. Renewable energy includes wind, solar, thermal electric, photovoltaic, biomass, hydropower, geothermal, and landfill gas resources or technologies that are actually and regularly used predominantly to produce and generate electricity.

Laws

Kansas Statute KSA 58-3801, a solar easement may be obtained for the purpose of ensuring access to direct sunlight. An easement must be expressed in writing and recorded with the register of deeds for that county.

Kansas Corporation Commission

The Kansas Corporation Commission Energy Programs offers grants each year as part of the State Energy Program (SEP), a program of the Department of Energy. The Commission's Energy Programs goals are to accelerate the deployment of energy efficiency, renewable energy technologies, and education, and to facilitate the commercialization of emerging and underutilized energy efficiency and renewable energy technologies. Grants are available to fund state agencies, counties, municipalities, universities, schools, non-profit organizations, small businesses, consultants, and others. All renewable energy technologies are eligible. Normally, individual projects -- such as residential or for-profit businesses -- cannot be funded because of limited resources unless the project would involve an innovative use of renewable resources or demonstrate energy conservation and/or efficiency.

Due to significant budget cuts of the federally funded State Energy Program, the Kansas Energy Office is unable, at this time, to announce grant applications for Fiscal Year 2007. Any grants from this office will likely be administered on the basis of Requests for Proposals

Website: www.kcc.state.ks.us
Address: 1500 SW Arrowhead Road
Topeka, KS
66604-4027
Phone: 785-271-3100

s Department of Commerce

Agriculture Value Added Center (AVAC) - provides loans for value added agriculture projects. For ethanol and biodiesel projects, this program can provide matching funds for the creation of a feasibility study. If the project commercializes, the money will be paid back to the Department of Commerce. If the result of the study is negative, the match does not need to be repaid. Projects must fill out an application and meet the approval of our internal advisory committee.

Community Development Block Grants - The local unit of government may apply for infrastructure funding on behalf of a private for-profit biofuel entity. Funds may be used for water, sewer, road, or a rail spur. The maximum amount of funding is \$35,000 per created job up to a ceiling of \$750,000. At least 51% of the jobs must meet HUD's low-and-moderate income (LMI) test for the county in which the project is located. This program requires that half the funds be paid back over a 10-year period at a 2% rate.

Website: www.kansascommerce.com
Address: Agriculture Marketing Division
Kansas Department of Commerce
1000 sw Jackson Suite 100
Topeka, KS 66612-1354
Phone: 785-296.3034

Machinery & Equipment Property Tax Exemption

Exempts certain commercial and industrial, railroad, and telecommunications machinery and equipment acquired by qualified purchase or lease from property taxes.

Kansas Housing Resources Corporation

Homeowner Rehabilitation Program (HR)

The Homeowner Rehabilitation Program, funded through the federal HOME Investment Partnerships Program, assists communities with repairing and rehabilitating owner-occupied homes. Local Kansas communities (cities and counties), referred to as State recipients, outside the federal HOME entitlement communities of Kansas City, Johnson County, Lawrence, Topeka, and Wichita, may apply for program funds up to \$300,000 for administering a homeowner rehabilitation program in their community.

Grant funds will pass through the State recipient on a reimbursement basis, and assistance is to be provided to the homeowner in the form of a loan. The entire residential property must be rehabilitated to pass Housing Quality Standards (HQS) and KHRC's HQS Variances, and must be repaired in accordance with a building code. All HOME Program requirements at 24 CFR Part 92 apply, including federal procurement (competitive bidding) practices. New lead-based paint hazard evaluation and reduction regulations at 24 CFR Part 35 also apply. Recipients are granted an allowance for program administration up to 5% of the funding used for rehabilitation.

Emergency Repair Program (ERP)

The Emergency Repair Program (ERP) assists homeowners with emergency repairs of existing owner-occupied properties to enable residents to maintain a safe environment in their home. Examples of emergency repairs are an inoperable or faulty furnace, leaking roof, unsafe electrical wiring and plumbing, hazardous structural conditions, etc.

Kansas Energy Efficiency Program (KEEP)

The Kansas Energy Efficiency Program (KEEP) provides low interest loans to qualified Kansas homeowners to make improvements to their homes to increase energy efficiency. The program is for persons who have income at or below 100 percent of the median income for their area. KHRC funds half of the loaned amount, up to a maximum of \$7,500.

Kansas Accessibility Modification Program (KAMP)

The Kansas Accessibility Modification Program (KAMP) is a program designed for two basic purposes: 1) to provide accessibility modifications to residences allowing individuals to better fulfill their abilities to use their homes, and 2) to gather information for future planning about the need in our state for such modifications.

Weatherization Assistance Program (WAP)

The Weatherization Assistance Program, funded through the U.S. Department of Energy and the Low-Income Energy Assistance Program, provides housing improvements that increase energy efficiency in income-eligible, single- or multi-family dwellings, including manufactured homes.

Website: www.kshousingcorp.org

Value-Added Producer Grants (VAPG)

Grants may be used for planning activities and for working capital for marketing value-added agricultural products and for farm-based renewable energy. Eligible applicants are independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.

Website: www.rurdev.usda.gov/rbs/coops/vadg.htm

Energy Bonds

These are tax credit bonds used to help finance new renewable energy systems. CREBs must be issued without interest or discount. Instead, a CREB holder is entitled to claim a fixed quarterly amount as a nonrefundable tax credit against the holder's income tax liability. Such credit amounts represent taxable income (taxable as interest) to the holder. The amount of the credit is the face amount of the CREB multiplied by the CREB's credit rate set by Treasury. Such bonds may be issued by governmental bodies and municipal or cooperative electric companies upon designation by the Treasury Department. This program is administered by the Internal Revenue Service.

Website: <http://www.irs.gov/pub/irs-drop/n-05-98.pdf>
<http://www.nreca.org/Documents/PublicPolicy/CleanRenewableEnergyBonds.pdf>

USDA Natural Resources Conservation Service

Environmental Quality Incentives Program (EQIP)

This Program is to provide a voluntary conservation program for farmers and ranchers that promotes agricultural production and environmental quality as compatible national goals. EQIP offers financial and technical help to assist eligible participants install or implement structural and management practices on eligible agricultural land.

EQIP offers contracts with a minimum term that ends one year after the implementation of the last scheduled practices and a maximum term of ten years. These contracts provide incentive payments and cost-shares to implement conservation practices. Persons who are engaged in livestock or agricultural production on eligible land may participate in the EQIP program. EQIP activities are carried out according to an environmental quality incentives program plan of operations developed in conjunction with the producer that identifies the appropriate conservation practice or practices to address the resource concerns. The practices are subject to NRCS technical standards adapted for local conditions. The local conservation district approves the plan

Website: <http://www.nrcs.usda.gov/PROGRAMS/EQIP/>

Conservation Security Program

NRCS is encouraging farmers and ranchers to review how they use energy in their operations and look for ways to reduce costs, improve energy efficiency, and reduce impacts on the environment. An energy audit is the first step in energy management. Operators need to know how much energy is being used and where it is being used before changes in efficiency can be measured. Once energy consumption and costs have been measured, users can perform a variety of analyses to determine which actions are most efficient, and take steps to make changes where necessary. Farmers and ranchers interested in receiving an enhancement payment for an energy audit must hire a professionally qualified energy auditor or utility of their choice to conduct the audit. A one time CSP enhancement payment is offered to farmers who obtain a professional farm energy audit.

Website: <http://www.ks.nrcs.usda.gov/programs/>

USDA Farm Services Agency

The FSA administers and manages farm commodity, credit, conservation, disaster and, loan programs as laid out by Congress through a network of federal, state and county offices. These programs are designed to improve the economic stability of the agricultural industry and to help farmers adjust production to meet demand. Economically, the desired result of these programs is a steady price range for agricultural commodities for both farmers and consumers.

Website: www.fsa.usda.gov

Department of Energy

The Department of Energy offers financing solutions and incentives by providing useful resources about energy efficiency and renewable energy projects for the home, business, industry, utilities, and government. From homeowners to industry, you'll find a number of resources at your fingertips shifting toward energy efficiency and renewable energy sources. Loans and incentives; grants or seed money; and information on state-specific programs that fund sustainable energy initiatives and enterprises are available.

Website: <http://www1.eere.energy.gov/financing/>

Environmental Protection Agency

The EPA offers many programs that will help protect the environment. There are Grants and Loans available for a wide variety of projects and testing. They are vested with the authority to help protect the environment from contaminants. A substantial share of their annual budget goes into Grants or Loans to aid local programs to clean the environment.

Website: <http://www.epa.gov/epahome/programs.htm>

USDA Rural Development Housing Programs

USDA RD Rural Energy Plus

Under this pilot program low and moderate income applicants who are purchasing newer energy efficient homes under section 502 Direct and Guaranteed homeownership loans, may exceed the qualifying ratios by two percentage points. This could result in a larger loan due to the lower energy cost that are associated with owning a energy efficient home. These homes must meet the 2000 International Energy Conservation Code a subsequent comparable code.

USDA RD Direct Loan Program (Section 502)

Under the Direct Loan program, individuals or families receive direct financial assistance directly from USDA Rural Development in the form of a home loan at an affordable interest rate.

Most of the loans made under the Direct Loan Program are to families with income below 80% of the median income level in the communities where they live. Since the agency is able to make loans to those who will not qualify for a conventional loan, the Direct Loan program enables many more people to buy homes than might otherwise be possible. Direct loans may be made for the purchase of an existing home or for new home construction and can include the purchase of newer energy efficient items.

USDA RD Loan Guarantee Program (Section 502)

Under the Guaranteed Loan program, USDA Rural Development guarantees loans made by private sector lenders. The individual works with the private lender and makes his or her payments to that lender.

Under the terms of the program, an individual or family may borrow up to 100% of the appraised value of the home, which eliminates the need for a down payment. Since a common barrier to owning a home for many low-income people is the lack of funds to make a down payment, the availability of the loan guarantees from the agency makes the reality of owning a home available to a much larger percentage of Americans. Guaranteed loans can include the purchase of newer energy efficient items.

USDA RD Mutual Self-Help Housing Program (Section 523)

The Mutual Self-Help Housing Program makes homes affordable by enabling future homeowners to work on homes themselves. With this investment in the home, or "sweat equity", each homeowner pays less for his or her home. Each qualified applicant is required to complete 65% of the work to build his or her own home.

Technical Assistance Grants are provided to nonprofit and local government organizations, which supervise groups of 5 to 12 enrollees in the Self-Help Program. Members of each group help work on each other's homes, moving in only when all the homes are completed. Loans to the homeowner can include the purchase of newer energy efficient items.

Home Repair Loan and Grant Program (Section 504)

For very low income families who own homes in need of repair, the Home Repair Loan and Grant Program offers loans and grants for renovation. The Home Repair Program also provides funds to make a home accessible to someone with disabilities. Newer energy efficient items are encouraged.

Money may be provided, for example, to repair a leaking roof; to replace a wood stove with central heating; to construct a front-door ramp for someone using a wheelchair; or to replace an outhouse and pump with running water, a bathroom, and a waste disposal system.

Homeowners 62 years and older are eligible for home improvement grants. Other low income families and individuals receive loans at a 1% interest rate directly from USDA Rural Development.

Website: www.rurdev.usda.gov/rhs

PLATE

Blue Skyways Collaborative

The Blue Skyways Collaborative was created to encourage voluntary air emissions reduction in North America's heartland. Conceived on a cocktail napkin at a business meeting in Bandera, Texas, in 2004, the collaborative has since grown into a full-fledged program with the help of CenSARA and the US Environmental Protection Agency (EPA). Participants of the collaborative celebrated a kick-off meeting in February of 2006 and the organization has been attracting new members ever since.

Through partnership with non-profit and environmental groups, private industries and international, federal, state and local governments Blue Skyways strives to improve air quality.

Participants of the collaborative pledge to make that goal possible through active and meaningful participation in planning or implementation of projects that use innovations in diesel engines, alternative fuels and renewable energy technologies. Working together allows members to leverage funding, share technology and professional expertise.

Today Blue Skyways incorporates ten states, Minnesota, Iowa, Nebraska, Missouri, Kansas, Arkansas, Oklahoma, Louisiana, Texas and New Mexico, and the area along the borders with Canada and Mexico. The collaborative envisions a future where organizations will work together to reduce air emissions and prove that the heartland of America is the *Central Corridor of Innovation*.

Federal Home Loan Bank Affordable Housing Program (AHP)

The AHP is a competitive program that provides grants twice a year through financial institutions for investment in low- or moderate-income housing initiatives. Member banks partner with developers and community organizations to finance the purchase, construction, or rehabilitation of owner-occupied or rental housing. Grants can also be used to lower the interest rate on loans or cover down payment and closing costs. The program is flexible so that AHP funds can be used in combination with other programs and funding sources, ensuring a project's feasibility. To make certain that AHP-funded projects reflect local housing needs, each FHLBank is advised by a 15-member Affordable Housing Advisory Council for guidance on regional housing and community development issues.

Website: www.fhlbanks.com

Federal Home Loan Bank Community Investment Program (CIP)

The CIP is a lending program that provides below-market-rate loans that enable banks to extend long-term financing for housing and economic development that benefits low-and moderate-income families and neighborhoods. This program is designed to be a catalyst for economic development because it supports projects that create and preserve jobs and help build infrastructure to support growth. Lenders have used CIP to fund owner-occupied and rental housing, construct roads, bridges, retail stores, sewage treatment plants and provide small business loans. The program is especially appreciated in rural areas where resources are limited.

Website: www.fhlbanks.com

USEFUL WEBSITE LINKS

www.dsireusa.org – this sight has a list of different tax incentives and programs by state and federal agencies.

www.naesco.com – Has a list of energy service companies that can help provide assistance when taking on your project.

www.energystar.gov – they provide tips to individuals and business on how to improve your energy efficiency with in your building. Also they have forms necessary to receive tax credits and for a list of qualifying products.

http://www.attra.org/energy_calculators.html - provides energy calculators to see how much energy can be saved by making improvements.

* This book is for general use and not complete list of programs. If you know of a program that is related to renewable energy or energy efficiency that could be beneficial to rural Kansas, please contact us at the below address to inform us about the program.



Committed to the future of rural communities.

**United States Department of Agriculture Rural Development
1303 SW First American Place
Suite 100
Topeka, KS 66604
Phone: 785-271-2700
Fax: 785-271-2771**

Energy Auditors

HOUSE
ENERGY AND
UTILITIES

DATE: 2/5/2007

ATTACHMENT 5

Contact	Association/Organization	Mailing Address	City	Phone	Fax	Email Address	Area Coverage	Audit Type
William J. Naeger	Brack & Associates Consulting Engineers	2947 Wanamaker Drive, Ste. D	Topeka, KS 66614	(785) 271-6644			Kansas-Statewide	Energy Audits
Charles Schneider	C.J. Schneider Engineering Co. P.C.	5634 S. 85th Circle	Omaha, NE 68127	(402) 331-7230			Kansas-Statewide	Energy Audits
	Hammon and Associates	P.O. Box 67151	Topeka, KS 66667	(785) 272-2870			Kansas-Statewide	Energy Audits
Michael A. Teetor	Nebraska Public Power District	P.O. Box 608	York, NE 68467	(402) 362-7323	(402) 362-7371		Public Power Service Area	Energy Audits
Micheal Chapek	Chapek Research & Engineering, Inc.	423 S.W. 6th Street	Newton, KS 67114	(316) 283-3548	(316) 283-2219	info@chapekengineering.com	Kansas-Statewide	Energy Audits
Brian Dreiling	Midwest Energy, Inc.	1330 Canterbury	Hays, KS 67601	(800) 222-3121			Service Area	Energy Audits
Scott Shreve	EMG, Inc.	420 NE Lyman Road	Topeka, KS 66608	(785) 234-9364	(785) 232-3471	scott@emgnow.com	Kansas-Statewide	Energy Audits
Gene Pflughoft	Grant County Economic Development	113 B. S. Main	Ulysses, KS 67880	(620) 356-2171		gced@pld.com	Southwest Kansas	Energy Assessments
Bruce Chyka	Performance Plus Homes	5165 W. 198th Street	Stilwell, KS 66085	(913) 851-0732	(913) 851-0453	bruce@performanceplushomes.net	East of Salina	Energy Assessments
Steve Spurgeon	Chevron Energy Solutions	12980 Foster Drive, Suite 400	Overland Park, KS 66213	(913) 563-3500	(913) 563-3560	sspurgeon@chevron.com	Kansas-Statewide	Energy Audits
Gary Hogsett	Burns & McDonnell	9400 Ward Parkway	Kansas City, MO 64114	(816) 333-9400		ghogsett@burnsmcd.com	Kansas-Statewide	Energy Audits
Steven Hughes	Hughes Consulting Engineering, P.A.	P.O. Box 573	Lawrence, KS 66044	(888) 842-2968	(785) 842-2492	hce@sunflower.com	Kansas-Statewide	Energy Audits
Mike Stears	Solution Dynamics, LLC	19039 W. 248th	Paola, KS 66071	(913) 440-4912	(913) 440-4913	mstears@sol-syn.com	Kansas-Statewide	Energy Audits
James Lawrence	Winfield Plumbing and Heating, Inc.	1910 Wheat Road	Winfield, KS 67156	(620) 221-2210	(620) 221-2286	jim@wph.kscoxmail.com	Winfield Area	Energy Audits
Terry Ryel	Alfalfa Electric Cooperative	P.O. Box 39	Cherokee, OK 73728	(580) 596-3333			Barber and Harper Counties	Energy Assessments
Kevin C. Power	KPE-Consulting Engineers, Inc.	1501 JF Kennedy Drive	Bellevue, NE 68005	(402) 291-1444	(402) 291-1058	kpe@kpe-inc.com	Kansas-Statewide	Energy Audits
Santanu K Nath	S&S Engineering, Inc.	14505 Newton Street	Overland Park, KS 66223	(913) 481-4093	(913) 685-1220	sknath@sbcglobal.net	Kansas-Statewide	Energy Audits

ENERGY AND HOUSE
DATE:
ATTACHMENT 5



Farm Bill Section 9006 Renewable Energy Systems and Energy Efficiency Improvements Program FY 2007

Overview

1. Created to help agricultural producers and rural small businesses to purchase renewable energy systems or make energy efficiency improvements.
2. July 18, 2005 RD Instruction 4280-B was issued to govern the Renewable Energy Systems and Energy Efficiency Improvements Program (Grant and Guaranteed Loan Program).
3. Fiscal Year 2006 greater than \$17.5 million in competitive grants were selected for 375 projects in 36 states and over \$4.6 million in combination loan guarantees and grants.
4. Complete applications must be submitted to the USDA Rural Development State Office.

Applicant Eligibility (Grant and Guaranteed Loan Program)

1. Applicant must be an agricultural producer or rural small business.
2. Applicant headquarters may be in a rural or non-rural location.
3. Individuals must be U.S. citizens or legal permanent residents of the U.S.
4. Entities must be at least 51 percent owned by individuals who are either U.S. citizens or legal permanent residents of the U.S.
5. Applicant may not have Federal Court judgments, delinquent Federal Income Taxes, delinquent Federal debt or be debarred from receiving Federal assistance.
6. Applicant must demonstrate financial need for grant applications.
7. Applicant or owner who has received one or more grants and/or loans under this program must make satisfactory progress, as determined by the Agency, toward completion of any previously funded projects before it will be considered for subsequent funding.

Amounts and Matching Funds (Grant and Guaranteed Loan Program)

1. Min/Max grant for Renewable Energy Systems is \$2,500 - \$500,000
2. Min/Max grant for the Energy Efficiency Improvement projects is \$1,500 - \$250,000
3. Maximum grant per applicant per fiscal year is \$750,000
4. Grant requests cannot exceed 25 percent of the total eligible project costs.
5. Applicant must provide at least 75 percent of the total eligible project costs as matching funds.
 - Applicant in-kind and other Federal grants may not be used to meet this requirement.
 - Third-party in-kind is limited to 10 percent of the total eligible project costs
6. Maximum Guaranteed Loan will not exceed 50 percent of total eligible project costs.
7. Min/Max Guaranteed Loan is \$5,000 (less grant amount) - \$10 million.
8. Maximum combined grant and guaranteed loan may not to exceed 50 percent of total eligible project costs.

Project Eligibility (Grant and Guaranteed Loan Program)

1. Projects must be for the purchase of renewable energy systems or to make energy efficiency improvements.
 - a. Renewable Energy System – System that produces or produces and delivers usable energy from a renewable energy source.

- b. Energy Efficiency Improvement – Improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot. (HVAC systems, insulation, refrigeration, lighting, irrigation systems, pumping systems, air systems, motor systems, etc.)
2. Projects must be for a pre-commercial or commercially available and replicable technology.
3. Projects must have technical merit.
4. Project must be located in a rural area - Any area other than a city or town with population over 50,000. Cannot be in an urbanized area adjacent to such a city or town.
5. Applicant must be the owner of the project and control the revenues and expenses of the project, including operation and maintenance.
6. Site must be controlled by the agricultural producer or small business for the financing term of any associated loans or loan guarantees.
7. Satisfactory sources of revenue in an amount sufficient to provide for the operation, management, maintenance, and debt service of the project must be available for the life of the project.

Eligible Project Costs (Grant and Guaranteed Loan Program)

1. Post-application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment, and vehicles.
2. Post-application construction or improvements, except residential.
3. Energy audits or assessments.
4. Permit and license fees.
5. Professional service fees, except for application preparation.
6. Feasibility studies and technical reports.
7. Business plans.
8. Retrofitting.
9. Construction of a new energy efficient facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility. Only the items identified in the energy audit are allowed).
10. Working Capital (**Guaranteed Loan only**).
11. Land Acquisition (**Guaranteed Loan only**).

Ineligible Project Costs Include: Any costs not identified above as eligible costs.

Technical Report Requirements

1. There are different requirements based on type of technology and size of project.

Bioenergy	Anaerobic Digester
Geothermal, Electric Generation	Geothermal, Direct Use
Hydrogen *	Solar, small (10kW or smaller)
Solar, Large (larger than 10kW)	Wind, small (100kW or smaller)
Wind, large (larger than 100kW)	Energy efficiency improvements

*** Hydrogen must be derived from biomass or water using wind, solar, or geothermal energy sources.**

2. Technology guides are available on the web site: <http://www.rurdev.usda.gov/rbs/farmbill>
3. Projects with total eligible project costs greater than \$1,200,000, the Technical Report must be reviewed and include an opinion and recommendation by an independent qualified consultant.

Renewable Energy Systems

1. Projects with total eligible project costs in excess of \$400,000 require the services of a professional engineer.
2. Projects with total eligible project costs in excess of \$200,000 require a business-level feasibility study by an independent, qualified consultant.

Energy Efficiency Improvement Projects

1. Projects with total eligible project costs greater than \$50,000 an energy audit must be conducted by or reviewed and certified by an energy manager or professional engineer.
2. Projects with total eligible project costs in excess of \$200,000 require the services of a professional engineer.

Interest Rates (Guaranteed Loan Program)

1. Will be negotiated between the Lender and the Applicant

Terms of Loan (Guaranteed Loan Program)

1. Real estate must not exceed 30 years.
2. Machinery and equipment must not exceed 20 years or useful life.
3. Combined loans of real estate and machinery must not exceed 30 years.
4. Working Capital must not exceed 7 years

Guaranteed/Annual Renewal Fees

1. Guaranteed fee of 1 percent at time loan note guarantee is issued (may be passed to the borrower).
2. Annual Renewal fees will be 1/8 of 1 percent based on unpaid principal balance (may NOT be passed to the borrower). Subject to change.

How do Applicants Apply

- FY 2007 applications are to be delivered to the USDA Rural Development State Office:
 - Grants may be accepted in multiple rounds.
 - Guaranteed Loans will be accepted on an ongoing basis throughout the year, and
 - Combination Guaranteed Loan and Grant Packages will be accepted monthly.
- Plan your project, consult experts, and start making decisions.
- Complete Technical Report – Required for all projects, follow the format in the guidelines which include 10 aspects of the project that must be addressed.
- If an energy efficiency project, get an energy audit or assessment completed.
- Early, provide environmental information to the USDA Rural Development Area Office.
- Follow the RD Instruction 4280-B for the application requirements and other details.
- Regulations, application forms, technical guides, and other supporting material are available at USDA
- Contact your USDA Rural Development Office for details and assistance in putting your grant application together.
- Applicants must self-score their project – RD will verify and documentation is critical
- **Must submit an original and one complete copy of each application to the Kansas Rural Development State Office at:**

USDA Rural Development
Business and Community Programs
1303 SW First American Place, Suite 100
Topeka, KS 66604-4040

Committed to the future of rural communities

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

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

USDA Farm Bill Section 9006 web site: <http://www.rurdev.usda.gov/rbs/farmbill/>
Kansas USDA Rural Development web site: <http://www.rurdev.usda.gov/ks>

For Further Information Contact:

USDA Rural Development
Business and Community Programs
1303 SW First American Place, Suite 100
Topeka, KS 66604-4040

F. Martin Fee
Business and Community Programs Specialist
Phone: (785) 271-2730
Fax: (785) 271-2771
Email: martin.fee@ks.usda.gov

USDA Rural Development
2715 Canterbury Drive
Hays, Kansas 67601


Brandon Prough
Area Specialist
Phone: (785) 628-3081
Fax: (785) 625-6065
Email: brandon.prough@ks.usda.gov

USDA Rural Development
202 W. Miller Road
Iola, Kansas 66749

Randy Snider
Area Specialist
Phone: (620) 365-2901
Fax: (620) 365-5785
Email: randy.snider@ks.usda.gov


USDA Rural Development
3705 Miller Parkway
Manhattan, Kansas 66502

Douglas Clary
Area Specialist
Phone: (785) 776-7582
Fax: (785) 539-2733
Email: doug.clary@ks.usda.gov




USDA
Rural
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Committed to the future of rural communities.



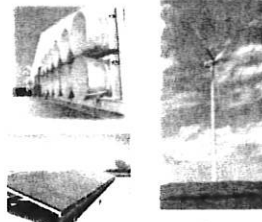

**Basics of Renewable Energy
Systems and Energy Efficiency
Improvements Program**

*F. Martin Fee
Business and Community Programs Specialist
Manhattan, Kansas
January 31, 2007*



**Renewable Energy and Energy
Efficiency Program**

A program to help
*agricultural producers
and rural small
businesses* purchase
renewable energy systems
and make energy
efficiency improvements.

ENERGY AND HOUSE UTILITIES

DATE: 2/5/2007

ATTACHMENT 7-1

Who is eligible to apply for funding?

- *Agricultural producers* directly engaged in ag production (> 50% of their gross income)
- *Rural small businesses* that meet the SBA Size Standards
- Demonstrated financial need
- Project must be located in a *rural area*
- Non-profit organizations and public entities are excluded.



Actual Definitions available in 7 CFR Part 4280

Formula for 50% of Ag Income

Line 11 of Schedule F (Form 1040)

-----divided by-----

Sum of Line 22 of Form 1040, Line 35 of Schedule F (Form 1040), and Lines 28 and 30 of Schedule C (Form 1040)



Formula for 50% of Ag Income

Gross Farm Income

Total Income + Total Farm & Business Expenses



What projects are eligible?

- Any *renewable energy system* and *energy efficiency improvements* project as defined in law.
- Requirements of eligible projects
 - Must be for a *pre-commercial* or commercially available and replicable technology (*No R&D*)
 - Must have technically feasible and replicable
 - Project must be located in a *rural area*
- Must have sufficient revenues to provide for operation and maintenance and applicant must be the owner of the project and control the revenues and expenses of the project, including operation and maintenance



Pre-Commercial: at least one commercial unit in operation for at least 1 full year in U.S.

Eligible uses

- Post-application purchase and installation of equipment; (*except agricultural tillage equipment & vehicles*)
- Post-application construction or project improvements; (*except residential*)
- Energy audits or assessments;
- Permit fees;
- Professional service fees; (*except application preparation*)
- Feasibility Studies;



Only costs identified in the Energy Audit for energy efficiency improvements are allowed (EE)

Eligible uses

- Business plans;
- Retrofitting;
- Construction of a new facility (EE) - *same* purpose *same* size, *based upon* energy audit which provides *more energy savings* than improving the existing facility;
- *Working capital* (GL only)
- *Land acquisition* (GL only)



Ineligible project costs include any costs not identified above as eligible costs

What size of grant is available?

- Not exceed 25% of total eligible project costs
- Minimum grant request
 - Renewable energy system - \$2,500
 - Energy efficiency improvements - \$1,500
- Maximum grant request
 - Renewable energy system - \$500,000
 - > \$200,000 requires business-level Feasibility Study prepared by an independent qualified consultant.
 - Energy efficiency improvements - \$250,000
 - > \$50,000 requires energy audit prepared by a C.E.M. or P.E.



Maximum grants per applicant per fiscal year is \$750,000

What size of Guaranteed Loan (GL) is available?

- Not exceed 50% of total eligible project costs
- Maximum combination GL and grant cannot exceed 50% of total eligible project costs
- Minimum GL request is \$5,000 (less grant amount)
- Maximum GL request is \$10 million



Can combine with up to \$25M of Business and Industry GL for larger projects

Anticipated For 2007

- Maximum grant of \$150,000 in combination with guaranteed loan
- Guaranteed loan fee of 1 percent
- Guaranteed loan annual renewal fee of 1/8 percent
- Grant only applications will be accepted in two rounds being early March and June
- Guaranteed loans and combination GL and grants will be accepted until mid July



What Guaranteed Loan (GL) rates and terms are available?

- Interest rate negotiated between lender and applicant
- Real estate must not exceed 30 years
- Machinery and equipment must not exceed 20 years or useful life
- Combined loans of real estate and equipment must not exceed 30 years
- Working capital must not exceed 7 years



Energy Projects

- Hayes Sight and Sound, Inc.
 - HVAC and lighting
 - \$26,000 grant
 - \$26,000 EE GL
 - \$52,000 B&I GL
- White's KingCo, Inc.
 - Refrigeration and lighting
 - \$48,838 grant
 - \$48,830 EE GL
- Epic Homes of Kansas, Inc.
 - HVAC
 - \$5,000 grant
- Luray Grocery
 - Refrigeration
 - \$9,673 grant
- Community General Store
 - Refrigeration
 - \$6,935 grant
- T and T Foods, Inc.
 - Refrigeration
 - \$11,000 grant
- Mackinson Foods, Inc.
 - Refrigeration, HVAC, insulation
 - Lighting, efficient doors
 - \$29,075 grant



Energy Projects

- Lipp Properties
 - (2) 4 kW wind turbines
 - \$20,537 grant
- M&M Market
 - Refrigeration and energy efficient entry door
 - \$10,283 grant
- Cates Carquest
 - HVAC
 - \$4,744 grant
- Satanta Grocery
 - Refrigeration, lighting and insulation
 - \$23,488 grant
- 27th and Hall Laundry
 - (2) hot water heaters
 - \$3,257 grant
- Cougar Custom Boats
 - Water source heat pumps
 - \$49,683 grant



Websites

- **Current solicitation, forms, and program information**

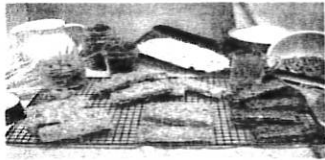
- <http://www.rurdev.usda.gov/rbs/farbill>
- <http://www.rurdev.usda.gov/ks>

- **Other supportive programs**

- <http://www.rurdev.usda.gov/rbs/busp/bprogs.htm>



Value-Added Producer Grants (VAPG) Primer



F. Martin Fee
Business and Community Programs Specialist
Manhattan, Kansas
January 31, 2007



The Value-Added Producer Grant (VAPG) program was designed to: help eligible independent producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority-owned producer-based business ventures develop strategies to create marketing opportunities and to help develop business plans for viable marketing opportunities in emerging markets.



Value Added Producer Grants

- 19.475 million in competitive funds for 2006, which \$1.5 million was set-aside for applicants requesting \$25,000 or less
- **Maximum Grant Amounts**
 - Planning - \$100,000
 - Working Capital - \$300,000
- Applicants must provide matching non-Federal funds at least equal to the grant



Applicant Eligibility

- **Independent producers** (currently own and produce more than 50% of raw commodity)
- **Farmer and Ranch Cooperative** (100% owned and controlled by agricultural producers)
- **Agricultural Producer Group** (majority of membership and board of directors are comprised of IPs)
- **Majority-Controlled Producer Based Business Venture** (more than 50% of the ownership and control is held by IPs, or partnerships, LLCs, LLPs corporations or cooperative that are themselves 100% owned and controlled by IPs)



Product Eligibility

- **Change in physical state** (e.g. lamb cuts, diced tomatoes, wine, and animal feed)
- **Differentiated production or marketing** (e.g. organic lettuce and free-range chickens)
- **Product segregation** (e.g. identity-preserved commodities such as corn)
- **Farm or ranch based renewable energy** (e.g. on-farm wind energy and electricity produced by an anaerobic digester)



What is on-farm or on-ranch renewable energy?

- What is the raw commodity/element that will be used?
- What is the process used to add value?
- What is the Value-Added product (i.e. Renewable Energy) that will be marketed or used?
- Will the renewable energy be generated on a farm or ranch owned/leased by the owners of the venture?
- Do the owners produce an agricultural commodity on the farm or ranch?



Activity Eligibility

- *Planning Activities* (e.g. conduct feasibility study, develop business plan, marketing plan, and obtain legal advice and assistance)
- *Working Capital* (e.g. design or purchase accounting system, pay for salaries, utilities, office space rental, purchase inventory, office equipment, office supplies, and conduction marketing campaign)



Matching Eligibility

- *Matching funds*
 - of at least 50% of total project costs are required
 - must be spent at a rate equal to or greater than grant funds
 - must be provided by the applicant or a 3rd party in the form of cash or in-kind funds
 - must be spent on eligible purposes and must be from eligible sources



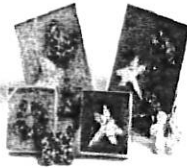
Harvest Lark Company

Grant funds are being used for working capital to support marketing activities and improve packaging of healthy snacks and cereal meal replacement bars made from Turkey Red Wheat for sale in specialty heritage products market.



Bird City Bird Seed Company

Grant funds are being used for working capital to fund a marketing campaign and hire an additional production employee. This is to stimulate additional demand for Bird City Bird Seed Company's products from retailers and consumers and to fund the additional workforce necessary for this product demand.



Walters' Pumpkin Patch

Grant funds are being utilized as working capital in the processing of three raw commodities (pumpkins, gourds, and wildflowers) into value-added products and then marketing these products in new and emerging markets.



VAPG Projects

- 2006
 - Horse Creek Ranch \$ 10,250 PL Grant
- 2005
 - Harvest Lark Company \$ 72,500 WC Grant
 - Bird City Bird Seed Company, LLC \$ 62,850 WC Grant
 - Walters' Pumpkin Patch, LLC \$ 27,666 WC Grant
 - NEK-SEN Energy, LLC \$ 100,000 PL Grant
 - Frontier Equity, Inc. \$ 41,500 PL Grant
- 2003
 - Beef Marketing Group Co-op, Inc. \$ 37,500 PL Grant
 - Ethanol Grain Processors, Inc. \$ 17,500 PL Grant
 - Farmer Direct Foods, Inc. \$ 349,033 WC Grant
 - Heartland Mill, Inc. \$ 150,000 PL Grant
 - National Corn Growers Association \$ 175,000 PL Grant
 - Rainbow Organic Farms Company \$ 144,500 WC Grant
 - 21st Century Bean Processing, LLC \$ 18,250 PL Grant



VAPG Projects (Cont.)

- 2002
 - Western Plains Energy, LLC \$ 290,610 WC Grant
 - Jewell County Sunflower Processing Co-op, Inc. \$ 41,000 PL Grant
 - 21st Century Grain Processing Co-op \$ 500,000 WC Grant
 - East Kansas Agri-Energy, LLC \$ 450,000 WC Grant
 - Co-Ag Services, Inc. \$ 500,000 WC Grant
 - American White Wheat Producers Association \$ 218,710 PL Grant
- 2001
 - American White Wheat Producers Association \$ 499,997 PL/WC Grant
 - Valley Vegetable \$ 500,000 WC Grant
 - Cooperative Services \$ 11,000 PL Grant



Websites

- *Current solicitation, 2006 Application Guide, FAQ, forms, and application*
 - <http://www.rurdev.usda.gov/rhs/coops/vadg.htm>
- *Other supportive programs*
 - <http://www.rurdev.usda.gov/rhs/busp/hprogs.htm>