

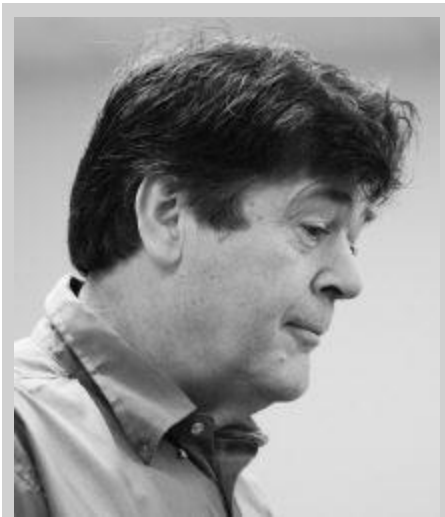
Two grants may help some farmers upgrade

BY JAMES JACENICH • STAFF WRITER

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Chris Cook, executive director of the Virginia Foundation for Agriculture, Innovation and Rural Sustainability, is a grant reviewer for the U.S. Department of Agriculture. Due to possible conflict of interest, he won't be reviewing grant requests from Virginia farmers and other businesses, but he told a group last Wednesday what the typical reviewer might be looking for in an acceptable application. (Recorder photo by James Jacenich)

MONTEREY — The old adage, "It takes money to make money," may be true when it comes to taking advantage of USDA grants and loan programs.

That was the underlying message of the Dec. 10 grants workshop held at the Virginia Commonwealth Extension office in Harrisonburg. USDA Rural Development in cooperation with Virginia Department of Agriculture and Consumer Services, Virginia Cooperative Extension, Virginia Farm Bureau Federation, and Virginia Foundation for Agriculture, Innovation and Rural Sustainability sponsored the workshop on the Value-Added Producer Grant and the Renewable Energy Systems and Energy Efficiency Improvements Program.

VAPG provides money to agricultural producers for planning activities and working capital expenses, said Laurette Tucker, rural business specialist for the USDA Rural Development office in Richmond. The money is for projects that add value to agricultural products. Value added means changing farm products from their original state into a more-finished state. Also included in this category, though, are organically grown produce, as well as locally produced agricultural food products and agricultural products that are a source of renewable energy.

Congress initiated the grant program in the 2002 farm bill. Three groups of producers are eligible for the grant — independent, producer groups,

and farmer or rancher cooperatives. That includes producer groups like the Cattlemen's Association or the Virginia Farm Bureau.



Laurette Tucker, rural business specialist with the U.S. Department of Agriculture in Richmond, spoke last week in Harrisonburg about two new grant and loan programs from the USDA and how to apply for them. (Recorder photo by James Jacenich)

"Those three entities have to be owned and controlled by independent producers," added Tucker.

The grant can be used for planning, but not for construction projects. One can use grant money to do a feasibility study prior to building a new agricultural facility, for example.

It's a one-year, 50/50 grant. USDA requires progress reports on how the money is being spent. The farmer has to put up half the money. That can be "cash or in kind." For example, a farmer might do some of the planning and count that toward his or her share of the 50/50 grant. Also, both grants are reimbursement grants, meaning you have to spend your money before you get government money.

It's also a national grant program, not a state program. You have to deal with the USDA.

One of the keys to being a successful applicant is to start the paperwork early. The notice of solicitation for applications isn't expected to come out until March or

so, but applicants will have a very small window of time to get the applications in.

The 2008 farm bill changed some definitions, said Tucker. Even so, the old forms, and the old NOSA, can be used to get a jump on the process.

Rural Energy for America Program

offers money for efficiency

"This is our big baby with all that is going on in the world with fossil fuels," said Tucker. Congress authorized the Rural Energy for America Program in its 2002 and 2008 farm bills. The program finances the purchase of renewable energy systems or energy efficiency projects, said Tucker. If you are a small business or farmer which makes energy or reduces energy consumption, you might be eligible for this program. Rural electric cooperatives can apply, too, but other non-profits are not eligible.

Energy projects include wood pellet manufacturing, biodiesel production, and boilers used for biomass. Anaerobic digester projects are also on the list of acceptable projects, as well as wind turbines large and small, and solar and geothermal projects. Energy efficiency improvements include grain dryer replacements, freezer and cooler replacements, and lighting improvement.

The NOSA is not yet published on this one, either, but, Tucker said, "We are expecting more money in this program."

Here's the rub: this grant reimburses only 25 percent of the project cost up to a maximum of \$250,000 for energy efficiency projects and \$500,000 for renewable energy projects.

There is a loan element, but that money has to be paid back with interest. Eligible

applicants can get a guaranteed loan up to 85 percent for loans under \$600,000. One business or producer could get a loan for as much as \$25 million, or as little as \$6,000.

In 2007, 144 applicants nationwide received a total of \$19 million. For fiscal year 2008, there was \$16 million available for grants and \$208 million for loan guarantees. "Funding is expected to be two to three times the funding allocated in FY 2008," said Tucker.

Another wrinkle in the energy grant is the requirement that the National Renewable Energy Lab in Colorado has to review the technical part of the application. "If they don't approve, you are on your own, even if Rural Development approves," said Tucker.

"This application cannot be put together in a couple of weeks," she said. "It takes time to get an energy audit. A larger project needs a feasibility study. Start right now if you are interested in this. Use (last year's) NOSA, use me, use templates, start now if you want to get in the next funding cycle."

After the announcement comes out, applicants have 45 days to get their applications to Rural Development.



Kathy Holm of the Verona office of the U.S. Department of Agriculture, says a one-day workshop on energy saving low cost to no cost improvements on the farm is set for 8:45 a.m. to 4:15 p.m. Thursday, Jan. 8 at James Madison University. For more information and to register, visit <http://www.cisat.jmu.edu/cees/workshop>, call Holm or Lorraine Cormier at (540) 248- 3321, or email Holm at Kathy.holm@va.usda.gov. There is a small fee for the class. (Recorder photo by James Jacenich)

Grant reviewer provides some grant writing tips

The money is there, but it takes some planning to get to it. Chris Cook, executive director of the Virginia Foundation for Agriculture, Innovation and Rural Sustainability, offers a virtual business plan site at <http://www.vafairs.com>. A person or group thinking ahead about improvements on their farm or business can "crunch some numbers" there, he said.



James Matson of Matson Consulting specializes in agribusiness solutions. He told area farmers in Harrisonburg last week how to write a good grant application. (Recorder photo by James Jacenich)

With a plan in hand, it might be time to apply for a grant.

James Matson of Matson Consulting worked at USDA, so he knows what they are looking for. He's now in the agribusiness solutions business. Applicants might turn in their applications by April, but they probably won't hear about who got the money until September, he said. "A loan application takes a lot more than 100 hours (to complete)," Matson added. "These grants are technical grants."

Reviewers are college professors and other professionals with 20-25 years of experience in agriculture and energy. "The trick on the value added and REAP program — just be eligible," said Matson. "Even if you do a horrible job, you have a 50 percent chance of winning a VAPG. The best guess is next year REAP will have a lot of money thrown into it."

Matson said to get a list of projects previously funded under the program to see what works. "REAP grants can almost be templated, just photocopy." More energy efficient poultry houses, for example, has been done before and grant money is used a lot for these projects, he explained. "Get it done ahead of time, then you can tweak it and get answers ... Get it in a couple of weeks ahead of time."

Bottom line — USDA wants to spend money. In 2007, 60 percent of eligible VAPG applicants received a grant; more than 85 percent of eligible REAP applicants received a grant. The average VAPG grant was \$104,000.

Frustrated with bureaucracy and complicated forms? Too bad. Matson said, "The application makes no sense at all, no one likes it, but that's how it is. You can follow the template."

Matson provided several Internet links for more information on the programs and useful templates. For REAP, go to <http://www.rurdev.usda.gov/rbs/farmbill/>, http://www.rurdev.usda.gov/ia/rbcs_RE-EE_Section_9006.html. For VAPG, go to

<http://www.rurdev.usda.gov/rbs/coops/vadg.htm> and
http://www.aglink.org/industrynews/Plan_templateOR2008.doc.

After a lot of hard work, a simple mistake can derail the whole application. For example, failing to sign the form can cause it to be rejected out of hand. "By law they can't deal with it," said Matson. "It's not a legal application because it's not signed."

A good application has a good opening executive summary about what the application is about. This summary will be read by everyone reviewing the application. "Summarize in one or two sentences (25 words or less)," said Matson. "Use language from the grant (NOSA)." Reviewers want to see that the application applies to the grant they are reviewing for. "Write and rewrite the summary. Put down specific results. What are you going to accomplish (with the money)? For example, I want working capital to spend \$40,000 to buy grapes to increase the production

The application is repetitious at times, but that's because different people might be reviewing different parts of the application.

The applicant will also need a DUNS number. That's a unique identifier provided for free by Dunn and Bradstreet, Inc. For more information on this number, visit http://www.dnb.com/US/duns_update/.

If it seems complicated, it is, and who has time to fill out more paperwork? Hire a professional grant writer, especially for bigger projects. Even so, "You are still going to have to spend a substantial amount of time on it," said Matson.

Even though professionals are reviewing the applications, they won't necessarily know anything about your business. In fact, to avoid any semblance of impropriety, they shouldn't know the applicant at all. The USDA chooses reviewers from out of state, so no Virginia farmers or agricultural professors will be grading local applications.

"You don't need a lot of space," said Matson. "Lay it out real simple. Reviewers are Ag. specialists, but may not be familiar with your area. They may not know about flowers or ginseng, for example."

Format matters, too. Use 12-point standard font if the NOSA calls for it. "Do not exceed limits, but you don't have to take up all the space allotted," he added.

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Another key point about applying — it's all about money. "Why should I give you my money?" is the thought on every reviewer's mind, said Matson.

"What do you expect to get out of this when it's all done?" he asked. Say it. "Buy a turbine and have it up and running ... Don't pontificate," Matson added. "You don't have

to spend time to explain to agricultural people the plight of farmers, etc. ... It doesn't have to be a huge project, but it doesn't seem time efficient for a \$2,000 project. What I tell people is to ask for around \$50,000, because less is probably not worth doing when considering the cost (of applying). For a couple thousand dollars, it's probably easier to go elsewhere."

Don't be discouraged if it seems like it will take too much time to get it done. "It's usually a couple of years before an application is turned in," said Matson. "A lot of people look at it the first year and say no. They work on it the second year and put it together. A lot of background work goes into this."

How I score

Cook said he reviews and scores VAPG applications, just not in Virginia. "I'm one of those independent reviewers," he said. "June is when I come into the picture.

"The most important thing — it's all about scoring points. I score planning activities and working capital."

"You know when you start to read the executive summary whether you've got a good application," he continued. "Get personal, tell the story, you don't need the fluff. I'll never see you. We don't want to have to read through ... if it allows 10 pages, but you can write in 4, you don't need to fill up the other six."

He said applicants should to read the NOSA. "If you don't put it in there, I can't score it. If they ask for the same information in two different places, do it twice. Explain technical jargon if you have to use it. Use acronyms sparingly. I hate acronyms. Make it easy for me to give you an eight (the highest score)."

Cook would like to be able to get through an application in two hours. "If you make my job easy, you are going to score higher than if you make my job tough."

What works? Cook can tell you more. "I have winning applications on file I am willing to share with you," he said.

USDA "works down the list until they spend all the money," said Cook. "If you are 129 on the list, you are just as good as No. 1; but it's better to be at the top of the list."

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