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**Building Vital Communities:  
Harvesting Collaboration**

*Serving Rural America: Mission, Constituency, Tools*

July 7, 2009  
Lawrence, KS

Gary L. Smith  
Business & Community Program Director  
USDA Rural Development



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**USDA Rural Development  
Business & Community Programs**

- What are your business or community needs?
- What capital projects is your business or community contemplating?



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## American Recovery and Reinvestment Act of 2009 (ARRA)

9 USDA Rural Development Areas Identified

- WEP Loan - \$2.82 Bil
- WEP Grant - \$970 Mil
- B&I Guar - \$2.99 Bil
- RBEG - \$20 Mil
- CF Direct - \$1.14 Bil
- CF Grant - \$61 Mil
- Housing Loans
- Broadband – \$2.5 Bil



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## American Recovery and Reinvestment Act of 2009 (ARRA)

- Additional funds provide an opportunity to help more projects – now and in the near future



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## American Recovery and Reinvestment Act of 2009 (ARRA)

- Proceed to Apply Now
- Clearly Identify Project (Scope & Cost)
- Complete Environmental Review
- Communicate with Agency Area Office Staff
- Time is of the Essence



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## USDA Rural Development Programs

- USDA Rural Development has numerous programs to help address community projects:
  - Essential community facilities
  - Utilities and infrastructure
  - Business development
  - Housing development
  - Technical assistance and more



*Kansas - FY 2008 Funded Projects Totaling Over \$266 Million*

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## Community Facility Program (CF)



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### Community Facility Program

- Program Purpose:
  - Enhance / improve essential community services and/or facilities
    - Public Service
    - Public Safety
    - Health Care
- Eligible Areas:
  - Rural areas with a population of less than 20,000



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## Community Facility Program

- **Interest Rate \***

- Poverty Line 4.500%
- Intermediate 4.375%
- Market 4.375%
- Based on MHI of service area.
- Is a fixed rate!!



\* As of July 1, 2009

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## Community Facility Program

- Eligible Types of Projects:

- |                            |  |
|----------------------------|--|
| • Rural Hospitals          | • Police Station                       |
| • Outpatient Clinic        | • Mobile Communications Center         |
| • Dental Clinic            | • Shelter for At-risk youth            |
| • Natural Gas Distribution | • Food Storage and Distribution Center |
| • Library                  | • Bridge                               |
| • Museum                   | • Airport improvements                 |
| • Outdoor Theater          | • Railroad facility                    |
| • Public School            | • Off Street Public Parking            |
| • Animal Shelter           |  |
| • Street Improvements      |  |




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## Community Facility Program

Eligible Categories

- Hospitals/Admin. Buildings
- Physicians Clinics
- Out-Patient Care
- Migrant Health Centers
- County Health Department Facilities



**Local Hospital**

northeast Kansas




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## Community Facility Program

### Eligible Categories

- Ambulance,  
Fire, Police,  
Rescue Equip  
& Building



Rural fire truck,  
west central Kansas



Rural fire station,  
northeast Kansas



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## Community Facility Program

- Loan Purposes
  - Structures- Building
  - Equipment
    - X-ray machines, etc.
    - Fire fighting hoses, axes, etc.
- Loan Terms
  - Real Estate - Up to 40 Years, not to exceed the useful life of the facility
  - Equipment - Not to exceed useful life (Generally not over 15 years)



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## Community Facility Program

### “Before & After”



Former Library



Former City Hall



New City Hall / Library



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**Water & Waste Disposal Program (WWD)**




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**Water & Waste Disposal Program**

Purpose:

- Develop and upgrade rural water distribution and wastewater facilities

Eligible Areas:

- Rural Communities with a population of less than 10,000




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**Water & Waste Disposal Program**

- Eligible Purposes
  - Construct, enlarge, or otherwise improve rural water, solid waste disposal, sanitary sewage, and storm wastewater disposal facilities.
  - Purchase program related machinery and equipment
  - Related professional fees




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### Water & Waste Disposal Program

- 2008 FY actual funding amounts
  - Direct Loan (Reg) - \$15,866,720
  - Grant (Reg) - \$6,078,536
  - Farm Bill Direct Loan - \$11,781,690
  - Farm Bill Grant - \$5,100,000
  - Guaranteed Loan - \$4,500,000
  - Total funding - \$43,326,946




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### Water & Waste Disposal Program

- 2008 FY actual funding benefits:
  - 25 Communities Assisted
  - Approx 15,000 homes and businesses benefited
  - FY08 KS funded projects totally over **210%** of our initial allocation of *direct loan and grant* funds




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### Water & Waste Disposal Program

Eligible Entities:

- Municipalities
- Counties
- Special purpose districts
- Indian Tribes
- Not for Profit organizations




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## Business & Industry Guaranteed Loan Program (B&I)

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## B&I Guaranteed Loan Program

- Program Purpose:
  - Create and maintain employment & improve the economic climate in rural communities.
  - Assist in creating and saving jobs
- Eligible Area:
  - Rural areas with a population up to 50,000

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## B&I Guaranteed Loan Program

- Eligible Entities:
  - Any legal entity, including
    - individuals,
    - corporations,
    - public and private organizations and
    - federally recognized Indian tribal groups.

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## B&I Guaranteed Loan Program

- Eligible Purposes – eligibility includes, but not limited to:
  - Business acquisitions
  - Construction / Expansion
  - Repair / Modernization
  - Development Costs
  - Equipment purchase
  - Start-up working capital
  - Refinancing under certain conditions



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## B&I Guaranteed Loan Program

- Use of Funds  
Recent project examples:
  - Purchased a convenience store
  - Constructed a rural country store
  - Constructed an additional grain storage facility
  - Truck plaza construction
  - Metal fabrication facility operations
  - Working capital for a propane delivery business



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## B&I Guaranteed Loan Program

- Benefits to Rural Businesses
  - Larger loan amounts
  - Lower interest rates
  - Longer repayment terms
  - Help business that might not otherwise qualify for a loan



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## B&I Guaranteed Loan Program

- Benefits to Lender
  - Reduce risk
  - Sell guarantee in secondary market
  - Make larger loans (due to debt limits)
  - Enhance credit for Bank



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### Manufacturing facility



central Kansas

### Grain handling facility



southeast Kansas



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### Farm Equipment Manufacturer



northeast Kansas



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Motel



southeast Kansas

Grocery Store



northwest Kansas



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Plastic Products Manufacturer



central Kansas



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**Rural Business**  
**Enterprise Grant**  
**(RBEG)**



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**Rural Business Enterprise Grant Program**

- **Program Purpose:**
  - Assist small and emerging private business enterprises.

Definition: Any private business which will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues. (gross revenues = gross sales or gross receipts less cost of goods sold)



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**Rural Business Enterprise Grant Program**

- **Eligible Entities:**
  - Public bodies and private non profit corporations serving rural areas.
- **Eligible Areas:**
  - Cities of 50,000 or less population.



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**Rural Business Enterprise Grant Program**

- **Eligible categories**
  - An RBEG grantee may use the funds to assist small and emerging private business by:
    - Loan to the business (set up revolving loan funds)
    - Provide technical assistance (feasibility study, etc)
    - Purchase real estate or personal property to be leased to the eligible small business.



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## Energy Based Programs

- Section 9007 - Rural Energy for America Program (REAP)
  - Renewal Energy Program
  - Energy Efficiency Program
  - Energy Audit Program

Program for Farmers/Ranchers and Rural Small Businesses




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## Energy Based Programs

- Section 9007 - Rural Energy for America Program (REAP)
  - Notice to file Apps published May 26, 2009 for the renewable energy projects, energy efficiency projects, and renewable energy feasibility studies – for ag. producers and rural small businesses.
  - Application Deadline July 31, 2009
  - Maximum 25% grant for eligible project costs (are maximum and minimum grant levels)




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## Energy Based Programs

- Section 9007 - Rural Energy for America Program (REAP)
  - Maximum Loan = 75%
  - Maximum Combo Loan and Grant Loan = 75%
    - (25% Grant)
    - (50% Loan)




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**Business Program Objectives**

- Jobs Created / Saved
- Add Income to Rural Businesses
- Economic Development for Rural Areas



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**Population Limits**

- Water & Waste Disposal Program
  - Up to 10,000 Population
- Rural Housing
  - Up to 20,000 Population
- Community Facilities Program
  - Up to 20,000 Population
- Business Programs
  - Up to 50,000 Population



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**Building A Community From the Ground Up – City of Greensburg**

- Water Storage Tank
- City Hall
- County Courthouse
- County Road & Bridge Shop
- Business Incubator
- Street Repairs
- Business Park
- Hospital



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## Building A Community From the Ground Up – City of Greensburg

- EMS Facility & Equipment
- School
- Single Family Homes
- Multi-Family Project
- Technical Assistance for Small Businesses
- Revolving Loan Fund for Businesses
- Water System Improvements



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## Aftermath of Greensburg tornado May 4, 2007



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## Effects of the tornado on Greensburg's emergency vehicles



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Street Repair



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Greensburg  
Business Incubator



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City Office  
Building in  
Greensburg



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Greensburg water storage tank



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Greensburg Road & Bridge Project



Future Home of Greensburg Hospital



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Greensburg  
John Deere  
BTI



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### Rebuilding Kiowa County Courthouse



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### USDA Rural Development Single Family Housing Program



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### USDA Rural Development Multi-Family Housing Program



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Rebuilding  
Downtown  
Greensburg

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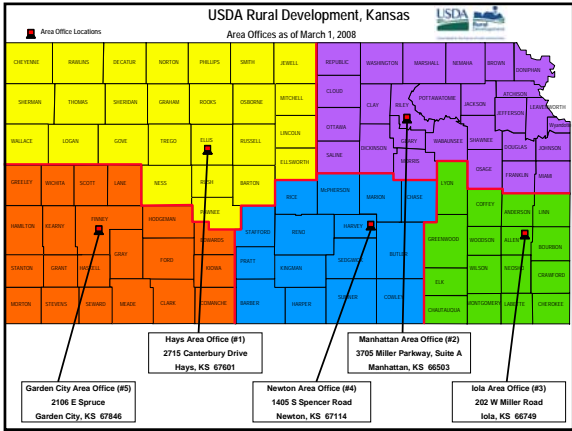
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### Kansas Area Offices

- Hays Area Office  
2715 Canterbury Drive  
Hays, KS 67601  
(785) 628-3081
- Iola Area Office  
202 W. Miller Road  
Iola, KS 66749  
(620) 365-2901
- Manhattan Area Office  
3705 Miller Parkway  
Manhattan, KS 66503  
(785) 776-7582

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## Kansas Area Offices

- Newton Area Office  
1405 S. Spencer Rd  
Newton, KS 67114  
(316) 283-3070
- Garden City Area Office  
2106 East Spruce  
Garden City, KS 67846  
(620) 275-0211
- State Office  
1303 SW First American Pl  
Topeka, KS 66604  
(785) 271-2700



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*Thank You – Gary Smith, Director, Business and Community Programs*



Committed to the future of rural communities.

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