



United States
Department of
Agriculture

Rural Development



USDA Programs for Grocery Stores

June 26, 2018

USDA Rural Development's Mission

We are committed to helping improve the economy and quality of life in rural America

- More than 40 programs to assist rural Kansans
 - Business Programs
 - Community Programs
 - Housing Programs
 - Utilities Programs
- Business Programs Financing for Grocery Stores
 - Business & Industry Guaranteed Loans
 - Rural Economic Development Grant and Loan Program
 - Rural Energy for America Program

Business & Industry Guaranteed Loans

Eligibility

- New or existing business
- Rural area with populations up to 50,000
- New construction, equipment, expansion, working capital, and debt restructuring

Fees

- One-time guaranteed fee of 3%
- Annual renewal fee of 0.50% on outstanding balance

Business & Industry Guaranteed Loans

The Business & Industry Guaranteed Loan Program provides financial backing for rural businesses

- Commercial loan guarantees up to 80%
- Borrower's work with a local lending entity
- Lending entity seeks a guarantee from USDA Rural Development
- Loan amounts up to \$10 million
- Loan terms Real Estate 30 years; Machinery and Equipment 15 years; Term Working Capital 7 years

Business & Industry Guaranteed Loan

Onaga Country Market

- \$500,000 Business & Industry Guaranteed Loan to purchase equipment needed to construct and operate a new grocery store
- Fire destroyed previous building
- Multiple funding partners including:
Network Kansas, City of Onaga,
Pottawatomie County



Rural Economic Development Loan & Grant (REDLG) Program

REDLG Program Overview

- Electric and telephone rural utility cooperatives are eligible to apply for REDLG
- The loan/grant funds are then passed through to the ultimate recipients, which can be any legal entity, including individuals, public bodies, and federally recognized Indian Tribes
- Project eligible in rural area with population of 50,000

Rural Energy for America Program (REAP)

REAP Program Overview

- Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements
- Types of Eligible Projects
 - Energy Efficiency
 - Lighting, Insulation, Windows
 - Purchasing or replacing equipment with more efficient units
 - Renewable Energy
 - Solar, Wind, Geothermal, Biomass

Rural Energy for America Program

REAP Program Overview

- Loan guarantees up to 85% of a commercial loan
- REAP Grants may cover 25% of project costs
- Renewable Energy Systems Grants
 - \$2,500 minimum grant request
 - \$500,000 maximum grant request
- Energy Efficiency Grants
 - \$1,500 minimum grant request
 - \$250,000 maximum grant request

Rural Energy for America Program

Krehbiels Specialty Meats, Inc.

- McPherson, KS
- This project will replace existing lighting with energy efficient LED lighting in the retail store and processing plant
- Energy savings approximately \$9,500 per year, 2.53 year simple payback
- Total project cost \$24,285, received a \$6,071 REAP grant



Rural Energy for America Program

Peabody Market

- Replaced inefficient coolers and refrigerators at the Peabody Market
- Energy savings of 82%
- Total project cost was \$36,200, received a \$9,050 REAP grant



Rural Energy for America Program

CBG, LLC/Venture Foods in Sublette

- Replaced existing produce, dairy, and meat/deli cases with more energy efficient models
- Energy savings of 84%
- Total project cost \$79,678, received a \$19,919 REAP grant



Rural Energy for America Program

Mildred Grocery

- Replaced inefficient lighting, insulation and cooler in a small grocery store
- Population of Mildred is 28
- Energy savings of \$1,939, 8.28 year simple pay back
- Total project cost \$16,060 received a \$4,015 REAP grant



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