

WASHINGTON AN 941 (1940-L)



United States
Department of
Agriculture

Rural
Development

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March 19, 2004

SUBJECT: Rural Business-Cooperative Service (RBS) - Washington
Program Funding for Fiscal Year 2004

TO: Program Directors and Area Directors
USDA, Rural Development, Washington

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide information regarding the availability of Rural Business-Cooperative Service (RBS) funds for Fiscal Year 2004.

COMPARISON WITH PREVIOUS AN:

No ANs regarding this subject have been recently issued.

IMPLEMENTATION RESPONSIBILITIES:

A Special Procedure Notice dated March 17, 2004 transmitted a revised version of RD Instruction 1940-L, Exhibit A, Attachment 1 regarding the allocation of RBS funds to the States for Fiscal Year 2004 and providing guidance for access to funds held in the National Office Reserve.

Program Directors and Area Directors are to inform their respective staffs of the contents of this AN and to ensure that appropriate action is taken to deliver the RBS program effectively and in accordance with the State Strategic Plan.

PROGRAM FUNDING

BUSINESS AND INDUSTRY GUARANTEED LOANS

The initial allocation to Washington is \$12,724,891.00. Once the State's initial allocation is exhausted, funds will be requested from the National Office Unrestricted Reserve. Funds from the National Office Unrestricted Reserve will be allocated on a bi-monthly competitive basis to States for projects that best meet the Agency priorities according to funds available at the time of the request. **Only requests for funding that have a priority score of 25 points or higher, not including Administrator points, will be considered for funding cycles, except for the last month of the fiscal year.** Funding requests on hand at the National Office on the 1st and 15th of each month will be processed and, if selected for funding, the State will be notified. *Keep these dates in mind as guarantee requests are processed and submitted to the State Office for loan committee review.*

EXPIRATION DATE:
September 30, 2004

FILING INSTRUCTIONS:
Preceding RD Instruction 1940-L

USDA, Rural Development is an Equal Opportunity Lender, Provider, and Employer
Complaints of discrimination should be sent to:
USDA, Director, Office of Civil Rights, Washington D.C. 20250-9410

BUSINESS AND INDUSTRY GUARANTEED LOANS (continued)

Amount available from the National Office Unrestricted Reserve are as follows:

First Quarter	40 Percent	\$49,031,670.96
Second Quarter	30 Percent	\$36,773,753.22
Third Quarter	20 Percent	\$24,515,835.48
Fourth Quarter	10 Percent	\$12,257,917.74

Funds not obligated by the close of business June 29, 2004 will be pooled and revert to the National Office Reserve. Pooled funds will be made available to the States as described above.

The National Office has established an earmark reserve in the amount of \$11,250,102.88 for Empowerment Zone/Enterprise Community (EZ/EC) and Rural Economic Area Partnership (REAP) projects. Funding requests from this earmark may be made at anytime and will be approved on a first-come, first-served basis. Funds not obligated by June 29, 2004 will be pooled and revert to the regular B&I Reserve.

The National Office has established a Native American earmark reserve in the amount of \$6,900,385.39 for projects where at least 75 percent of the benefits of the project will be received by members of a Federally Recognized Native American Tribe. Earmarked funds will be kept in a National Office Reserve fund and allocated on a national competitive basis. Funding requests on hand at the National Office on the 1st and 15th of each month will be processed and, if selected for funding, the State will be notified. *Keep these dates in mind as guarantee requests are processed and submitted to the State Office for loan committee review.* Funds not obligated by September 30, 2004 will carry over to Fiscal Year 2005.

Funding is available under the North American Development Bank (NADBank) Initiative for projects located in Community Adjustment and Investment Program (CAIP) eligible communities. Program guidelines and a list of eligible areas are available at www.nadbank.caip.org. Loans made under the NADBank Initiative/CAIP are to be processed as regular B&I Guaranteed Loans in accordance with RD Instruction 4279-A, RD Instruction 4279-B, the Memorandum of Understanding (MOU) between USDA and Treasury, Guidelines for the Community Adjustment and Investment Initiative (CAIP), and U. S. Community Adjustment and Investment Program Policies and Procedures, except that for Fiscal Year 2004, in cases where the NADBank does not pay the loan subsidy, NADBank may pay the guarantee fee on behalf of the lender or borrower for loans which will create jobs within CAIP-eligible areas, as defined in the Guidelines and as revised periodically by the US CAIP Finance Committee, subject to the requirements that the cost-per-job not exceed the \$70,000 ceiling (computed on the guaranteed portion), and that debt refinancing is restricted to less than half of the total loan amount.

However, for payment of the guarantee fee, jobs, which are saved, will not count toward calculation of the \$70,000 ceiling. This approach varies from that which has been the case for Fiscal Year 2003 and before, when NADBank generally paid the loan subsidy for loans which created and/or saved jobs but rarely paid guarantee fees. Discuss requests for funding and concurrence in loan approval for NADBank loans with the RBS Program staff to coordinate the request for funds from the National Office.

BUSINESS AND INDUSTRY DIRECT LOANS

There are no funds appropriate this fiscal year for this program.

RURAL BUSINESS ENTERPRISE GRANTS

The initial allocation to Washington is \$563,000.00. The Rural Business Enterprise Grant (RBEG) Program in Washington will be administered pursuant to Washington AN 939 (1942-G) dated February 12, 2004. It is anticipated that the highest priority RBEG projects will be obligated by June 18, 2004 from the State's initial allocation.

Once the State's initial allocation is exhausted, funds will be requested from the National Office Unrestricted Reserve. Each State is allowed to have two (2) projects competing for funds from the National Office Unrestricted Reserve. The last day to request funds from the National Office Unrestricted Reserve is July 9, 2004.

The National Office has established an earmark reserve in the amount of \$6,958,700.00 for Empowerment Zone/Enterprise Community (EZ/EC) and Rural Economic Area Partnership (REAP) projects. Requests for funds under this earmark reserve must be submitted to the National Office by April 30, 2004. Funds not obligated by June 29, 2004 will revert to the National Office Unrestricted Reserve.

The National Office has established a Native American earmark reserve in the amount of \$2,733,775.00. Requests for funds under this earmark reserve must be submitted to the National Office by April 30, 2004. Funds not obligated by September 30, 2004 will carry over to Fiscal Year 2005.

There are two earmark reserves held in the National Office, a \$497,050 earmark and a \$248,525 Native American earmark, for the purpose of providing technical assistance for public transportation. A Notice of Funding Availability (NOFA) was published in the **Federal Register** on March 9, 2004 announcing these restrictions and inviting applications. Pursuant to the NOFA, preapplications are due to the State Office by close of business May 14, 2004. All eligible preapplications, along with tentative scoring sheets and the State Director's recommendation, will be referred to the National Office no later than June 15, 2004, for final scoring and selection for an award.

As a point of clarification, applications may be accepted throughout the year and processed in accordance with RD Instruction 1942-G, §1942.311 and RD Instruction 1942-A, §1942.2.

RURAL BUSINESS OPPORTUNITY GRANTS

All Rural Business Opportunity Grant (RBOG) funds are retained in the National Office Reserve. Funds will be allocated to States that best meet the Agency's priorities. The amount available for Fiscal Year 2004 is \$3,052,310.38. Each State is allowed to have two (2) projects competing for funds from the National Office Reserve. The last day to request funds from the National Office Reserve is July 9, 2004.

In order to distribute limited non-earmarked funds among more communities and applicants, no more than \$50,000.000 in RBOG funds may be allocated to a single State applicant or project. For multi-State projects, no more than \$150,000.00 in RBOG funds may be allocated to a single applicant. A Notice of Funding Availability (NOFA) was published in the **Federal Register** on March 9, 2004 announcing these restrictions and inviting applications. Pursuant to the NOFA, all applications are due to the State Office by close of business June 4, 2004. Applications will be tentatively scored by the Area Office, returned to the State Office, and submitted to the National Office for final review and selection as outlined above.

The National Office has established an earmark reserve in the amount of \$994,100.00 for Empowerment Zone/Enterprise Community (EZ/EC) and Rural Economic Area Partnership (REAP) projects. Requests for funds under this earmark reserve must be submitted to the National Office by April 30, 2004. Funds not obligated by June 29, 2004 will revert to the National Office Reserve.

RURAL BUSINESS OPPORTUNITY GRANTS (continued)

The National Office has established a Native American earmark reserve in the amount of \$2,733,775.00. Requests for funds under this earmark reserve must be submitted to the National Office by April 30, 2004. Funds not obligated by September 30, 2004 will carry over to Fiscal Year 2005.

INTERMEDIARY RELENDING PROGRAM

All Intermediary Relending Program (IRP) funds are retained in the National Office. The amount available for Fiscal Year 2004 is \$22,257,547.97. Non-earmarked funds are available as follows:

<u>Applications in State Office by:</u>	<u>Quarter</u>	<u>Last Day for Receipt in National Office</u>
January 31, 2004	First	February 27, 2004
January 31, 2004	Second	February 27, 2004
March 31, 2004	Third	April 30, 2004
June 30, 2004	Fourth	July 30, 2004
September 30, 2004	First (FY 05)	October 31, 2004

Applications must be received by the Agency in accordance with the above schedule in order to be considered for funding during the referenced periods. Upon receipt of an application, the Area Director will notify the State Office by memorandum that an application has been received. The notice will include the name of the applicant, case number, address, amount requested, and date of application. Additionally, the application will be entered into RDAPTS/GLS.

Due to the large demand for the program, the following loan initiatives are being implemented for applications approved in Fiscal Year 2004:

Initial IRP Loan Application: The loan is limited to a maximum of \$750,000.00 unless (1) the service area is not covered by another intermediary, (2) the State has not received any IRP funding in the last two fiscal years, and (3) the proposed service area is an under-served area as defined in the National/State Strategic Plan. In cases where all three of the preceding criteria are met and it is an initial loan application, a maximum loan of \$1,000,000.00 will be considered.

Subsequent IRP Loan Application: All subsequent loan applications will be limited to a maximum of \$750,000.00. For any pending subsequent loan applications on file that exceed this amount, contact the applicant and advise them of the loan limitations for Fiscal Year 2004. The applicant must advise USDA, Rural Development in writing that they wish their application to continue to be considered under the above stated loan limitations.

The National Office has established an earmark reserve in the amount of \$5,621,823.43 for Empowerment Zone/Enterprise Community (EZ/EC) and Rural Economic Area Partnership (REAP) projects. Requests for funds under this earmark must be submitted to the National Office in accordance with the above schedule. Funds under this earmark reserve will be available through June 29, 2004 at which time they will revert to the National Office reserve.

The National Office has established a Native American earmark reserve in the amount of \$3,960,776.51. Requests for funds under this earmark must be submitted to the National Office in accordance with the above schedule. Funds under this earmark reserve will be available through June 29, 2004 at which time they will revert to the National Office reserve.

RURAL ECONOMIC DEVELOPMENT LOAN (REDL) PROGRAM

All funds are retained in the National Office. The amount available for Fiscal Year 2004 is \$14,914,169.80. The maximum loan for any one project in Fiscal Year 2004 will be \$450,000.00. A **Federal Register** document announcing this limitation will be published at a later date.

Applications will be processed in the Area Office and submitted to the State Office. After review by the State Office, the applications will be forwarded to the National Office and selections made in the National Office based on national competition.

Funds are available as follows:

<u>Applications in State Office by:</u>	<u>Quarter</u>	<u>Last Day for Receipt in National Office</u>
January 31, 2004	First	February 27, 2004
January 31, 2004	Second	February 27, 2004
March 31, 2004	Third	April 30, 2004
June 30, 2004	Fourth	July 30, 2004
September 30, 2004	First (FY 05)	October 31, 2004

Each application will continue to be considered each quarter until it has been selected for funding or has been considered for four (4) consecutive quarterly cycles.

RURAL ECONOMIC DEVELOPMENT GRANT (REDG) PROGRAM

All funds are retained in the National Office. The amount available for Fiscal Year 2004 is approximately \$4,000,000.00. The maximum loan for any one project in Fiscal Year 2004 will be \$200,000.00. A **Federal Register** document announcing this limitation will be published at a later date. Due to the limited funding in the REDG Program, approximately \$1,000,000.00 will be available each quarter.

Applications will be processed in the Area Office and submitted to the State Office. After review by the State Office, the applications will be forwarded to the National Office and selections made in the National Office based on national competition.

Funds are available as follows:

<u>Applications in State Office by:</u>	<u>Quarter</u>	<u>Last Day for Receipt in National Office</u>
January 31, 2004	First	February 27, 2004
January 31, 2004	Second	February 27, 2004
March 31, 2004	Third	April 30, 2004
June 30, 2004	Fourth	July 30, 2004
September 30, 2004	First (FY 05)	October 31, 2004

Each application will continue to be considered each quarter until it has been selected for funding or has been considered for four (4) consecutive quarterly cycles.

RENEWABLE ENERGY PROGRAM

All funds will be retained in the National Office. The amount available for Fiscal Year 2004 is \$22,864,000. The National Office plans to publish a Notice of Funds Availability (NOFA) in the **Federal Register** on or about April 8, 2004. We expect the Fiscal Year 2004 program to be implemented similarly to the Fiscal Year 2003 program. Further information on the delivery of this program will be provided at a later date.

VALUE-ADDED AGRICULTURAL MARKET DEVELOPMENT GRANT (VAPG) PROGRAM

The VAPG program assists producers of agricultural commodities to move into the adding of value to those commodities allowing them to receive a greater percentage of the consumer's food dollar. Grants may be used for planning purposes such as feasibility studies and business plans or to establish working capital accounts to pay salaries and other eligible expenses to help a new venture to start operating. While this program uses extensive resources from the State Offices, no funds are allocated to the States. Funds available for FY 2004 are \$14,911,500. Further information on the delivery of this program will be provided at a later date.

RURAL COOPERATIVE DEVELOPMENT GRANTS (RCDG) PROGRAM

RCDG funds are used to establish and operate centers for cooperative development for the primary purpose of improving the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives. Centers engage in a range of technical assistance and educational activities, including working directly with producers and rural residents to assist them in establishing new adequately capitalized cooperatives. Cooperatives return profits to their members enhancing their capital position. No funds are allocated to the State Offices, but the State Offices are responsible for monitoring those centers that received grant funds. Funds available for FY 2004 are \$4,970,500. Further information on the delivery of this program will be provided at a later date.

OUTREACH

State Director discretionary points will be considered for projects supporting cooperative development and technical assistance, for projects that create jobs, for projects that reflect utilization of leveraging opportunities, for projects directly affecting women, small farmer, and minority business development, for projects in the Enterprise Communities and Champion Communities, for projects in areas eligible for assistance under the Community Adjustment and Investment Program (CAIP), for projects in Native American communities, and for projects located in designated underserved areas of Washington State. The following counties have been designated as underserved for RBS programs:

Adams	Clark	Columbia	Ferry	Franklin
Garfield	Grant	Island	Jefferson	Kittitas
Klickitat	Pend Oreille	San Juan	Skamania	Wahkiakum
Yakima				

Executive Order 13134, Developing and Promoting Biobased Products and Bioenergy, signed by the President on August 12, 1999, contains criteria for agencies to follow in the creation and adoption of technologies needed to make biobased products and bioenergy cost-competitive in large national and international markets. One of the fundamental goals articulated in the Executive Order is to promote national economic growth, with specific attention to rural economic interests through the conversion of renewable farm and forestry resources to affordable electricity, fuel, chemicals, pharmaceuticals, and other materials. Area Directors are encouraged to work with these applicants and consider these applications, where allowed under current program regulations, as priority applications.

Certain individual projects were identified in the House, Senate, and Conference appropriation reports and are considered Congressionally Suggested and Requested Projects. Area Directors are encouraged to work with these entities. If eligible, these projects should be considered along with all other projects on hand to compete for available funding. Consider utilizing any applicable discretionary points available when prioritizing the projects. Any project funded must be for an eligible purpose under the applicable program regulations. Projects identified in Washington are as follows:

- Snohomish Basin BioGas Partnership
- Western Washington Regional Agricultural Marketing Program
- Skykomish River Basin for the lower Skykomish HCP/NW Chinook Recovery Program
- Skagit County Rural Business Expansion
- Fiber Optics Development Program
- Town of Ione Water System Upgrades

If you have any questions, please contact Chris Cassidy, RBS Program Director at (509) 454-5743, ext. 5 or Clinton A. Kaasa, State RBS Specialist at (360) 704-7762.

/s/
JACKIE J. GLEASON
State Director

Attachment 1 - Key Funding Dates for RBS Programs

KEY FUNDING DATES FOR RBS PROGRAMS

Program	Type of Funding	Last Day Requests will be received in the N/O for Funding Cycle	Pooling
B&I Guarantee Loan Program	National Office Reserve	1 st and 15 th of each month	June 29, 2004
<i>Washington is now accessing the N/O reserve</i>	EZ/EC and REAP	N/A	June 29, 2004
	Native American	1 st and 15 th of each month	N/A
RBEG Program	National Office Reserve	July 9, 2004	June 29, 2004
<i>Application deadline is April 2, 2004 for State allocation - Obligated by June 18, 2004</i>	EZ/EC and REAP	April 30, 2004	June 29, 2004
	Native American	April 30, 2004	N/A
	Rural Transportation	June 15, 2004	June 29, 2004
RBOG Program	National Office Reserve	July 9, 2004	N/A
<i>Application deadline is June 4, 2004</i>	EZ/EC and REAP	April 30, 2004	June 29, 2004
	Native American	April 30, 2004	N/A
Intermediary Relending Program			
Applications in S/O by:			
January 31, 2004	1 st quarter	February 27, 2004	
January 31, 2004	2 nd quarter	February 27, 2004	
March 31, 2004	3 rd quarter	April 30, 2004	
June 30, 2004	4 th quarter	July 30, 2004	
September 30, 2004	1 st quarter (FY 2005)	October 31, 2004	
	EZ/EC and REAP	April 30, 2004	June 29, 2004
	Native American	April 30, 2004	N/A
REDLG	1 st quarter	February 27, 2004	
	2 nd quarter	February 27, 2004	
	3 rd quarter	April 30, 2004	
	4 th quarter	July 30, 2004	
	1 st quarter (FY 2005)	October 31, 2004	