



United States Department of Agriculture

Rural Development

RBDG Program

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Purpose

- RBDG funds are used to fund various business opportunity and business enterprise projects that serve Rural Areas.



Eligible Applicants

- Public Body/Government Entity
- Indian Tribe
- A Nonprofit Entity
- These entities must serve rural areas

Please attach copies of your organizational documents showing your legal existence and legal authority to perform the activities under the grant. This would include evidence of Legal Authority and Good-standing (By- Laws, Articles of Incorporation or Organization, Copy of IRS Non-Profit Determination, Letter or Certificate of Good Standing from your Secretary of State or equivalent agency, Tribal Charter.) Municipals only need to document their existence. (Example: Page from the ND Blue Book)

Include an opinion from your attorney opining that you are an eligible applicant in good standing with authority to carry out the purposes of the proposed grant.

Cycle

- Applicant/Grant Recipient is awarded funds
- Grant Recipient Completes Project
(Purchases equipment/ rehabilitates building)
- Grant Recipient leases equipment/building to small and emerging business (Ultimate Recipient)
- Grant Recipient uses lease payments to pay for updates/replacement
- Disposal by depreciation or sale including reimbursement to the government



Project Definition

The result of the use of grant funds under the subpart through Technical Assistance or Planning related to the Economic Development of a Rural Area; or the result of the use of program funds(i.e. a facility whether constructed by the applicant or a third party made with grant funds, Technical Assistance , startup operating costs, or working capital) A revolving loan fund established in whole or in part with grant funds will also be considered a Project.

Technical Assistance (TA)

- A function performed for the benefit of a private business enterprise or a community and which is a problem solving activity, such as market research, product and/or service improvement, feasibility study, etc. to assist in the Economic Development of a Rural Area.

Planning Definition

- A process to coordinate Economic Activities, develop guides for action, or otherwise assist local community leaders in the economic development of Rural Areas.

Rural and Rural Area

- Any area of a State not in a city or town that has a population of more than 50,000 inhabitants, according to the latest decennial census of the United States...
- In other words... in locations of 50,000 or under



Small and Emerging Business

- Any private and/or nonprofit **business** which will employ 50 or fewer new employees and has less than \$1 million in gross revenue; for retail operations, total sales minus cost of goods sold minus returns or for a service organization, gross revenue minus cost of providing service or for a manufacturing operation it will be total sales minus cost of raw materials minus the cost of production. For an Indian Tribal business to be considered small and emerging, its management and Board of Directors must operate independently of the Tribal Council. In order to be considered independent, the majority of the Board of Directors must come from areas other than the Tribal Council members or their families and they cannot be removed without cause.

Other Compliance Requirements

- Departmental Regulations
- Equal Opportunity and nondiscrimination
- Civil Rights Compliance (including ADA accessibility)
- Environmental Requirements
- Intergovernmental Review Process
- Uniform administrative requirements



Business Opportunity Projects

- Identify and analyze business opportunities that will use local rural materials or human resources
- Identify, train and provide TA to existing or prospective rural entrepreneurs and managers
- Establish business support centers and otherwise assist in the creation of new rural businesses

Opportunity Projects

- Conduct local community or multi-county economic development planning
- Conduct leadership development training of existing or prospective adult rural entrepreneurs and managers
- 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



Opportunity Projects

- Pay reasonable fees and charges for professional services necessary to conduct the technical assistance training or planning functions.

Enterprise Projects

- Acquisition and development of land, easements and rights-of-way
- Construction, conversion, enlargement, repairs or modernization of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities and pollution control and abatement facilities

Enterprise Projects

- Provision of loans for startup operating cost and working capital
- Reasonable fees and charges for professional services necessary for the planning and development of the project. Professional services are services similar to architectural, engineering or legal.

Enterprise Projects

- Establishment of a revolving loan fund to provide financial assistance to third parties through a loan
- Establishment, expansion and operation of Rural distance learning networks or development of Rural learning programs that provide educational instruction or job training instruction related to potential employment or job advancements for adult students



Enterprise Projects

- Provision of Technical Assistance for Small and Emerging Businesses including but not limited to feasibility studies and business plans

Result of Project

- **Opportunity:** The project must have a reasonable prospect that the Project will result in the Economic Development of a Rural Area.
- **Enterprise:** The project must have a reasonable prospect that it will result in the development or financing of Small and Emerging Businesses.



Ineligible Use of Funds

- Duplicate current services or substitute previously provided
- Pay costs of preparing the application
- Pay costs for any expenses incurred prior to receipt of a full application
- Fund political activities
- Pay for assistance to any private business enterprise which does not create and/or support jobs in the United States

Ineligible Uses

- Pay any judgement or debt owed to the United States
- Fund Agriculture Production (some exceptions that are not considered Agriculture Production)
- Finance comprehensive area-wide type planning
- To make loans when the rates, terms and charges for those loans are not reasonable or would be for purposes not eligible.

Ineligible Uses

- For programs operated by cable television systems
- To fund a part of a Project that is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project
- To pay for TA that duplicates assistance provided to implement an action plan funded by the Forest Service...

Ineligible Uses

- *****Pass through grants*****
 - The purchase, refurbishing or remodeling of real estate for use as a business incubator *without charging a fair market rental*
 - The purchase of equipment for use by an ultimate recipient *without charging a fair market rental*
 - The making of a RLF loan *without taking appropriate security* to reasonably assure repayment of the loan



Ineligible Uses

- For a project that would result in the transfer of existing employment or business activity more than 25 miles from its existing location

Set Aside Funds

- *At least 75% of the funds* will directly benefit the specially named group.
- The applicant does not necessarily need to be a part of or located in the specially named group or area- but can be providing services to that group or area.
- REAP Zone set-aside requires a benchmark from the REAP Zone



Application

- Use of the Application Template recommended
- Application Forms
- Frequently Asked Questions
- Utilize our website
- Check deadlines
- Ask questions
- Denise.Sundeen@nd.usda.gov

Scope of Work

- Critically Important!
- 12 month period maximum
- Only eligible uses of funds
- Ties activities to timeline, responsible party and budget
- Not much room for changes to the SOW after the award.

Scoring

- Applications are scored based on pre-set criteria
- Scoring information is found in the regulation

Awards

- Notification will take time.
- Possible August/September notification
- We may ask for additional paperwork prior to notification.
- General rule is to start your Scope of Work October 1

Administration

- Separate training Available
- Reimbursement at pro-rata.
 - Example: If the RBDG amount is 75% of the project cost, then the reimbursement amount per request will be 75% of the **documented** expenditure.
 - Expenses at Government Rate I.e. per diem, hotel rooms

Building and Equipment

- Construction projects require the use of an architect
- Anytime funds are used for building construction or equipment purchase Rural Development requires that the project be bid unless the purchase qualifies under a “small purchase”

Equipment

- Equipment must be purchased new so there is a warranty on the product.
- The lease is to be at “market rate” which is considered to be anything equivalent to or above straight-line depreciation as identified in the IRS rules and regulations.

Revolving Loan Funds

- Similar to the Intermediary Relending Program
- The Lending Policy and all loan forms are approved by Rural Development prior to the first loan.
- Rural Development will have a “Control Agreement” on the RLF bank account

Revolving Loan Funds

- Caution: Loans cannot be made to board members, family members etc. The board member must resign from the board prior to loan consideration and approval.



Reporting

- RBDG grants are required to report every quarter.
- 2 pieces of the reporting process.
 - SF 425 Financial Report
 - Project Performance Report (Signature Page)
 - Include Alternate PPR form

After Project

- Rural Development will place a “Notice of Federal Interest” on all property purchased with grant funds. (Grantee files and covers cost)
- Contact Rural Development if there is a disposal question.
- Rural Development will conduct a Civil Rights Compliance Review every three years until the value of the equipment reaches a per unit value of \$5,000 or less.



After Project

- Equipment and buildings that are purchased under the RBDG to be used by a small and emerging business must be leased to that business.
- Lease rates of equipment and buildings should equal the annual IRS depreciation at a minimum.
- Lease should include insurance responsibilities etc.
- Submit copy of lease to Rural Development prior to signing for approval and a copy of the final signed lease.
- A list of purchased equipment with serial numbers is needed.
- For real property with a useful life of 15 years or more, the Agency will require a performance report every 3 years.
- Equipment and Building projects will receive a letter checking the number of jobs created/saved once a year for three years after the project is closed.

Audits

- Grantees must provide an annual audit in accordance with 2 CFR 200. The audit requirements only apply to the years in which grant funds are received and years in which work is accomplished and will be paid for with grant funds.
- If the amount of the grant funds do not meet the \$750,000 threshold then a compilation and management report will be required.

Audits

- Projects that do not meet the audit requirements will submit a management report (Financial Statements) for the year(s) that the grant is being disbursed.
- RLF funds will submit annually during the life of the fund.

Disposal

- RBDG funds become similar to an “equity” investment in your project.
- If you wish to dispose of the property acquired with RBDG funds, Rural Development will receive a portion of the return equal in percentage to the original investment.



Contact:

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