



# Funding for Food Waste Reduction Projects

From USDA Rural Development



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**Rural Development**

## **Abstract**

*In this guide USDA Rural Development highlights its various loan and grant programs by mission area that could incorporate funding, investment, and outreach initiatives for food loss and waste reduction, reuse and composting techniques. Each program description lists the eligibility criteria. The guide includes real world industry examples that demonstrate how each program could participate in projects, within their program objectives, that will accomplish food waste reduction, reuse, and composting techniques.*

*This publication incorporates some non-USDA Rural Development projects as examples for opportunities and ideas that could be designed to be suitable under our programs*

RD Program (Regulation)	Program Goal	Eligible Applicants	Eligible Areas	Authorized Purposes		Rates & Terms	Where and When to Apply
				What can funds be used for?	Rates subject to change		
<b>WATER AND ENVIRONMENTAL PROGRAMS</b>							
<b>Solid Waste Management Grants</b> (7 CFR 1775)	Evaluate current landfill conditions to determine threats to water resources.	Public bodies, non-profit corporations, Indian tribes and academic institutions	Rural areas and towns with fewer than 10,000 people, tribal lands in rural areas and colonias	<p>Technical assistance and/or training: 1) to operate and maintain active landfills; 2) to reduce the solid waste stream; 3) for landfills which are closed or will be closed in the near future.</p> <p><b>Example: Include priority points for those SWM grant applications that will have a component of project to assist communities in incorporating food loss and waste components.</b></p>	Grant	Applications accepted at State and Area Offices from October 1 through December 31 of each calendar year. Also can apply online thru <a href="http://www.grants.gov">www.grants.gov</a> .	
<b>Water and Waste Disposal Loan and Grant Program</b> (7 CFR 1780)	Provide funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.	Most State and local governmental entities, private non-profits, and federally-recognized Tribes	Rural areas and towns with fewer than 10,000 people, tribal lands in rural areas and colonias	<p>Funds may be used to finance the acquisition, construction or improvement of:</p> <ol style="list-style-type: none"> <li>1) Drinking water sourcing, treatment, storage and distribution</li> <li>2) Sewer collection, transmission, treatment and disposal</li> <li>3) Solid waste collection, disposal and closure and</li> <li>4) Storm water collection, transmission and disposal</li> </ol> <p><b>Example: Provide funding for wastewater systems and solid waste systems to utilize food waste to convert to energy to reduce energy costs, which would lower the utility rates for rural communities.</b></p>	Loan and/or Grant	Apply online thru RD Apply or through the State and Area USDA offices. Applications accepted year round.	

RD Program (Regulation)	Program Goal	Eligible Applicants	Eligible Areas	Authorized Purposes	Rates & Terms	Where and When to Apply
		Who can apply?	What is rural?	What can funds be used for?	Rates subject to change	
<b>ELECTRIC PROGRAMS</b>						
<b>Electric Program Loans</b> (7 CFR 1710)	Upgrade, expand, maintain, and replace rural electric distribution, sub-transmission and headquarters (service & warehouse) facilities to serve customers in rural areas.	Corporations, States, Territories, Subdivisions, Agencies, Municipalities, People's Utility Districts, Distribution Cooperatives, non-profit and limited-dividend, or Mutual Associations	Any area other than a city, town, or unincorporated area that has a population of greater than 20,000	Funds may be used for electric distribution, sub-transmission, bulk transmission, and generation facilities, energy efficiency investments and renewable energy systems.  <b>Example: Provide funding to a utility, cooperatives, and non-profits for food waste to energy projects.</b>	Hardship or Federal Financing Bank (FFB) Guaranteed Loans	Applications are accepted year round
<b>Energy Efficiency and Conservation Loans</b> (7 CFR 1710 Subpart H)	Develop new and diverse energy service products within service territories.	Utility systems that have direct or indirect responsibility for providing retail electric service, wholesale electric supply to distribution entities, or transmission service to distribution or generation entities in rural areas.	In general, a rural area for EECLP purposes is a town, or unincorporated area that has a population not greater than 20,000 inhabitants, and any area within a service area of a borrower for which a borrower has an outstanding loan. Eligible communities can be combined into service territories that exceed 20,000.	Funds may be used to: 1) Improve energy efficiency and/or reduce peak demand on the customer side of the meter, 2) Modify the electric load such that there is a reduction in overall system demand; 3) Stimulate a more efficient use of existing electric facilities; 4) Attract new business and create jobs in rural communities by investing in energy efficiency, and/or 5) Encourage the use of renewable energy fuels for demand-side management or to reduce the use of fossil fuel use within a service territory.  <b>Example: Provide funding to utility systems that will convert food waste to energy to decrease electricity consumption.</b>  <b>Also, Provide funding (a re-lending program funding through the consumers' electric bills) to a Utility's consumers, (individuals, farmers and businesses) for projects that can use food waste to increase energy efficiency or produce renewable energy.</b>	Maximum term is 15 years unless the funding relates to ground-source loop investments or technology on an aggregate basis with a useful life greater than 15 years.	Applications are accepted year round
<b>High Energy Cost Grants</b> (7 CFR 1709)	To improve and provide energy generation, transmission and distribution facilities serving communities with average home energy costs exceeding 275% of the national average.	Non-profit and for-profit businesses; State and local governments; Indian tribes, other tribal entities and Alaska Native Corporations; and individuals (grant must not be for the sole benefit of the individual)	Communities where the average home energy costs exceed 275% of the national average based on residential energy information from the Energy Information Administration (EIA) of the Dept. of Energy.	Funds may be used for energy distribution, transmission and energy generation facilities (including energy efficiency & renewable energy) serving eligible communities.  <b>Example: Provide funding to non-profit and for profit businesses that will convert food waste to renewable energy that will lower the cost of electricity.</b>	Grants	Applications for competitive grant awards are accepted only during the application period announced in a published Notice of Funding Availability

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RD Program (Regulation)	Program Goal	Eligible Applicants <i>Who can apply?</i>	Eligible Areas <i>What is rural?</i>	Authorized Purposes <i>What can funds be used for?</i>	Rates & Terms <i>Rates subject to change</i>	Where and When to Apply
<b>BUSINESS PROGRAMS</b>						
<b>Business and Industry Loan Guarantee Program</b> (7 CFR 4297)	This program bolsters the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able to.	Lenders with legal authority, sufficient experience, and financial strength to operate a successful lending program.	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.	Funds may be used for real estate, buildings, equipment, supplies, working capital, and some debt refinancing.  <b>Example: Provide funding for a for-profit application where food waste or compost is used to advance manufacturing of energy renewables.</b>	Maximum term on real estate is 30 years. Maximum term on machinery and equipment is useful life or 15 years, whichever is less. Maximum term on working capital not to exceed 7 years.  Interest rates are negotiated between the lender and borrower, subject to Agency review.	Applications are accepted from lenders through our local offices year round.
<b>Rural Energy for America Program</b> (7 CFR 4280 Subpart B)	Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements.	Agricultural producers with at least 50% of gross income coming from agricultural operations, and Small businesses in eligible rural areas.	Businesses must be in an area other than a city or town with a population of greater than 50,000 inhabitants and the urbanized area of that city or town.  Agricultural producers may be in rural or non-rural areas.	Funds may be used for renewable energy systems, such as:  Biomass (for example: biodiesel and ethanol, anaerobic digesters, and solid fuels); Geothermal for electric generation or direct use; Hydropower below 30 megawatts; Hydrogen; Small and large wind generation; Small and large solar generation; Ocean (tidal, current, thermal) generation.  Funds may also be used for the purchase, installation and construction of energy efficiency improvements, such as:  High efficiency heating, ventilation and air conditioning systems (HVAC); Insulation; Lighting; Cooling or refrigeration units; Doors and windows; Electric, solar or gravity pumps for sprinkler pivots; Switching from a diesel to electric irrigation motor; Replacement of energy-inefficient equipment.  <b>Example: Funding a project that will convert food waste to renewable energy on a farm or small business.</b>	Loan: \$5,000 minimum loan amount; \$25 million maximum loan amount; Up to 85% loan guarantee  Grants:  Renewable Energy System Grants: \$2,500 minimum, \$500,000 maximum  Energy Efficiency Grants: \$1,500 minimum, \$250,000 maximum	Applications for competitive grant awards are accepted only during the application period announced in a published Notice of Funding Availability.  Loan Guarantees are competed continuously throughout the year.

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<b>COMMUNITY FACILITY PROGRAMS</b>						
<b>Community Facilities Direct Loans, Guaranteed Loans, and Grants</b> (7 CFR 1942, 7 CFR 3575, 7 CFR 3570)	Finance and support the development of essential community facilities in rural areas.	Public bodies, non-profit corporations, Indian tribes.	Communities with 20,000 people or less.	Funds can be used to finance community recycling centers or waste collection vehicles. <b>Example: Non-profit or community to incorporate food waste or compost utilization in their funding proposal/application.</b>	Direct and Guaranteed Loans up to 40 years. Current rates are 2.750%.	Applications are accepted on a rolling basis. There are no application deadlines.



## USDA Rural Development-Financed Projects

### ***Solid Waste Management Grant Program***

In FY2016, the Water and Environmental Programs included an Administrator Points criterion for work plans that establish composting programs. The plans must emphasize reducing food loss and waste to divert food waste from landfills, improve overall food security, and secure natural resources. Composting programs should include the collection of materials from food, yard and/or paper waste. They should recover 45 to 50 percent of the entire solid waste stream. Out of the 49 applications submitted for approval and funding under the SWM Program, 15 were for projects with a food loss and waste component. To find out more about this program, please visit:

<http://www.rd.usda.gov/programs-services/solid-waste-management-grants>

### ***Iowa Waste Reduction Center, University of Iowa***

Across Iowa, food waste is the most prevalent landfilled material. From 1998-2011, Iowa landfills experienced 62 percent increase in food waste disposal. The Iowa Waste Reduction Center is taking a comprehensive approach to address this issue. Initially awarded a Solid Waste Alternatives Program grant from Iowa Department of Natural Resources to develop the Iowa Food Waste Reduction Project, the IWRC is currently funded through the United States Department of Agriculture's Rural Utilities Service Solid Waste Management Grant Program.

<http://iwrc.uni.edu/>

### ***Rural Energy for America Program (REAP)***

Currently, two participants in REAP are using food processing waste to produce ethanol: Carbon Green Bioenergy, LLC (MI) and Central Indiana Ethanol, LLC. Three additional participants are producing

ethanol from waste beverage streams: Pacific Ethanol Holding CO, LLC in California, Parallel Products of Kentucky, Inc., and USL Parallel Products of California.

Many kinds of biodiesel producers are using waste vegetable oils and greases in their feedstock. Examples include White Mountain Biodiesel in New Hampshire and Red Birch Energy in Virginia.

### ***Advanced Producer Payment Program***

Anaerobic digesters convert waste into biogas, which can be converted to electricity. Examples participating in the Advanced Producer Payment Program include Farm Power Lynden in Washington, Brook View Dairy, LLC in Michigan, Scenic View Dairy, LLC in Michigan, Farm Power Misty Meadow, LLC in Michigan, and FCPC Renewable Generation, LLC in Wisconsin. Digesters using waste food are operated by Rutland AD1, LLC, Pine Island Partnership, and Hadley AD1, LLC, all three in Massachusetts.

## **Examples of projects that might be eligible for USDA Rural Development Programs assistance**

### ***Food Waste Collection Program***

#### ***Susanville Indian Rancheria, California***

Susanville Rancheria is creating a food waste collection program to collect food waste from their casino. The food waste will be used to create a vermiculture program, and the compost will be marketed and sold to support the program.

<http://www.sir-nsn.gov/>

### ***Anaerobic Digester***

#### ***East Bay Municipal Utility District (EBMUD)***

EBMUD is pioneering an innovative method to decrease food waste and mitigate climate change by reducing the amount of food waste reaching landfills while simultaneously producing renewable energy. In Oakland, California, EBMUD's main wastewater treatment plant was the first sewage treatment facility in the nation to convert post-consumer food scraps to energy via anaerobic digestion.

<http://www3.epa.gov/region9/waste/features/foodtoenergy/>

***U.S. Department of Energy***

The Energy Department is helping to fund the development of integrated biorefineries, industrial centers dedicated to converting plant material into biofuels and other products.

Enerkem in Mississippi and INEOS Bio in Florida, use municipal solid waste as a feedstock, they use a process called gasification to produce ethanol and electricity. In 2012, INEOS Bio completed construction of the Indian River County Bioenergy Center, which will produce 8 million gallons of ethanol

-- enough to fill about 232 of the largest railroad tank cars -- and 6 megawatts of electricity a year from 300 dry tons of biomass a day, including yard waste and food scraps.

In Mississippi, Enerkem is planning a biorefinery on a regional landfill. They plan to convert 300 tons of solid waste a day into ethanol, amounting to 10 million gallons (290 tank cars) of ethanol per year.

The Energy Department's partnership with these companies is helping to remove barriers to commercialization of fuel and power production from municipal solid waste, including yard and food wastes.