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Some key points:

All proposals (grant applications) must be received by the Minnesota Department of Agriculture (MDA) no later than **4:00 pm, central standard time (CST), on Wednesday, September 20, 2017.**

Grant applications are submitted to the Agricultural Marketing and Development Division (AMDD) through our on-line system. The application is accessed through a link on the MDA Value Added website at: www.mda.state.mn.us/grants/grants/valueaddedgrant.aspx

If you cannot apply using this process, you may submit an application by email, mail, or by delivering it to MDA staff. These applications will be entered into the on-line system.

The MDA anticipates awarding up to \$1,000,000 through the Agriculture Growth, Research, and Innovation (AGRI) Value Added Grant Program in this round using a competitive review process.

Grant funds are for Equipment Purchases or Physical Improvements Projects:

- Up to 25% of the total project cost may be reimbursed by the grant award
- Maximum grant award: \$200,000
- Minimum grant award: \$1,000

For questions about the Value Added Grant Program or completing the application, please contact:

Minnesota Department of Agriculture
Attn: Julie LaClair, AMDD
625 North Robert St.
St. Paul, MN 55155

Email: julianne.laclair@state.mn.us
Phone: 651-201-6135

BACKGROUND

The funding for this grant comes from the AGRI Program which was established to advance Minnesota's agricultural and renewable energy industries (Minnesota Statute 41A.12). This program focuses on areas of greatest opportunity and potential economic impact to create agricultural jobs and profitable businesses in the categories of livestock investment, value-added business and market development, and renewable energy. The AGRI Value Added Grant Program is intended for new or established for-profit businesses to stimulate development or growth of value-added agriculture that supports Minnesota agricultural producers and processors to expand markets for Minnesota agricultural products.

PROGRAM GOALS

The goal of the Value Added Grant Program is **to increase sales of Minnesota agricultural products by diversifying markets, increasing market access, and increasing food safety** of value-added products. The Minnesota Department of Agriculture (MDA) is providing these competitive grants to encourage development of value-added agriculture. Value-added is the increase in value of an agricultural product through added processing, segregating, or manufacturing. These grants are intended to support businesses that will:

- Start, expand, or update their livestock product processing;
- Purchase equipment to start, upgrade, or modernize their value-added facilities;
- Increase the use and processing of Minnesota agricultural products (required for all grants);
- Purchase equipment or facility improvement to increase food safety (ex. implementing a food safety plan); and
- Increase farmers' processing and aggregating capacity to sell to schools, hospitals or other institutions.

Applications that market to schools or other institutions, have a meat processing component, or are addressing a food safety plan or requirement will receive priority (see evaluation profile on page 5).

ELIGIBLE APPLICANTS

- Individuals (including farmers) or for-profit businesses: individuals or companies (including LLCs and S and C corporations) whose primary function involves the production, processing, or marketing of Minnesota agricultural products; or
- Agricultural cooperatives: Member-owned business entities that provide, offer, or sell agricultural products or services for the mutual benefit of the members; or
- Local government entities involved in the operation of a farmers market, food hub, or other activity that involves the processing or marketing of Minnesota agriculture products.
- All applicants must be in good standing with the State of Minnesota (no back taxes owed, no defaults on Minnesota State-backed financing for the last 7 years, acceptable performance on past MDA grants, and in compliance with current state regulations).
- Individuals must live or work in Minnesota, businesses must be based in Minnesota, and projects must occur in Minnesota.

Economic development organizations, non-profit organizations, and academic entities are not eligible, but may apply on behalf of and act as fiscal agents for eligible individuals or businesses. These organizations must:

- Provide letters from eligible farmers or businesses they represent that clearly describe the benefit of the grant project to their businesses; and
- Clearly identify these eligible entities and focus the application on their businesses.

School districts that purchase processing equipment to increase purchasing of locally grown products are not eligible for a grant under this proposal but are eligible for our Farm to School Grant. Please contact Lisa Sawyer at lisa.sawyer@state.mn.us or 651-201-6277 for information about our Farm to School Grant.

Note: MDA employees and their spouses are not eligible for this grant.

ELIGIBLE GRANT PROJECTS AND EXPENSES

Equipment Purchases and Physical Improvements: Eligible grant projects are the purchase and installation of equipment and the costs incurred to make physical improvements to or construction of a processing facility (capital expenditures). Up to 25% of the total project cost may be reimbursed with grant funds, with a maximum grant award of \$200,000 and a minimum grant award of \$1,000. Recipients must contribute the remaining (at least 75%) of the total project cost as a cash match.

To be eligible, the equipment or facility improvement grant project needs to be used in the process of adding value to an agricultural product. Grant project purchases must address improved efficiency, expansion, modernization, or profitability of the business. These benefits must also increase or maintain market access, market diversity of applicant or supplier, or improve food safety AND sales of Minnesota agricultural products.

Note: Routine maintenance is considered a normal operating expense and will not be funded.

Eligible grant project expenditures cannot be made until after you are notified of the grant award, which is 6-8 weeks after the submission due date and should be completed in about 18 months.

PROJECT EXAMPLES INCLUDE, BUT ARE NOT LIMITED TO:

- Equipment that helps to maintain the identity and traceability of products
- Grading/packing/labeling/packaging/sorting equipment
- Equipment used to process agricultural products such as fermenter for wine production, pelletizer for feed production, commercial mixer for food production, color sorter for seed cleaning, or smoke house for meat products
- Agriculture related processing facilities including fruit, vegetable, meat, grain, cultivated timber, etc.
- Washing systems, delivery and treatment devices, and improvements
- Hand-washing sinks (mobile or stationary)
- Processing equipment or physical improvements to value-added processing facility to reduce food safety risks
- Cooler walls and refrigeration units
- Contractor costs and materials for installation of approved equipment, plumbing, drainage, venting and performing electrical work
- Refrigerated trucks to access new markets (not routine replacement)
- Construction costs for building walls, ceilings, floors of a food, feed, or other type of agricultural product processing facility
- Creamery or milk product processing and packaging equipment
- Livestock slaughter equipment and facility additions
- Season extension facilities—item cannot be used for production of an agricultural commodity unless required for food safety

Additional uses may be proposed.

INELIGIBLE GRANT EXPENSES:

- Expenditures incurred prior to notification of award, which is 6-8 weeks after the submission due date
- Equipment and facilities used for agriculture plant or livestock production. Examples include watering systems, harvesting equipment, and equipment or facilities used for livestock care and feeding
- Advertising, public relations, entertainment and amusement costs
- Construction or expansion of a restaurant or grocery store and restaurant equipment or furniture. Grocery store equipment may be eligible for a Good Food Access Grant (contact Ashley.Bress@state.mn.us)
- Supplies, consumables, ingredients, and items that are not reusable
- Beginning inventory costs, start-up costs, beginning working capital costs, and license fees
- Bad debts, related collection costs, and legal costs
- Contingency expenses for events or set aside for possible overages
- Donated or volunteer (in-kind) services. While these may be furnished to an applicant by professional and technical personnel, consultants, and other skilled and unskilled labor, the value of these services is not an eligible cost
- Donations, in-kind contributions, including property and services, made by the applicant, regardless of the recipient

- Employees' wages and benefits. Please contact staff for exceptions
- Fines, penalties and other settlement expenses resulting from failure of the applicant to comply with Federal, State, local, or Indian tribal laws and regulations
- Land purchases
- Indirect costs (expenses of doing business that are not readily identified with the project)
- Lobbying and political activities
- Fundraising; including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions
- GAP certification audit costs are not eligible under the Value Added Grant. Please contact Cassie Dahl at cassie.dahl@state.mn.us or 651-201-6134 for information about our GAP Cost Share Program

APPLICANT FUND (CASH MATCH) REQUIREMENT

Applicant must provide documentation for at least 75% of the total project cost as a cash match (no in-kind matches).

Sources of the applicant funds can include: cash, loans, other grants, or liquid capital assets dedicated to the project. Other funds from the State of Minnesota cannot be used as cash-match. The sources will need to be stated in the budget section of the application. If the applicant has applied for Federal funding (grant or loan) for this or related projects, please specify the grantor, the funding amount, and the purpose of that grant or loan funding.

APPLICATION AND SUBMISSION PROCESS

An application contains the following documents:

- Applicant and business information, eligibility and grant project information, on page 7 of this RFP
- Responses for each narrative section including explanations, answers to questions, and detailed budget written on pages 8–11
- Budget table, measures table
- Business plan if requesting \$100,000 or more grant award funds
- Letters of support, may be optional (eligible applicants, page 2) but recommended for all applicants (suggested sources listed in question 8 on page 11). Letters demonstrate support for your project and may raise your evaluation score.

Applicants may submit questions regarding the RFP and application to MDA grants staff (contact information on page 1). Responses to all questions will be posted on the Value Added Grant website at www.mda.state.mn.us/grants/grants/valueaddedgrant.aspx

Applicants may request to receive copies of previously funded applications. Personal and business sensitive information and data in the application will be blackened out. A sample application is posted on the Value Added Grant website.

- Apply on-line by clicking on the link on the MDA Value Added web page: www.mda.state.mn.us/grants/grants/valueaddedgrant.aspx
- Each upload box can only take one document. The document may be a scan of several documents in one. For example, to upload four letters of recommendation, scan all four of them at once, save to your computer, then upload the resulting document into one upload box.
- If you cannot apply using this process, you may submit an application by mail, email, or by delivery to MDA staff. Answer all questions completely within specified character limits. Faxed proposals will not be accepted. *The Department is not responsible for any email problems resulting in the MDA not receiving an application on time. It is the responsibility of the applicant to ensure that any email submittals are received by the MDA on time.* Applications will then be entered into the on-line grants system by MDA staff. Answers will be entered up to the character limits stated for each narrative.
- All completed applications must be received by 4:00 PM CST on Wednesday, September 20, 2017. All applications will receive confirmation of receipt via e-mail.

Alternate method of submission to: Julie LaClair, Minnesota Department of Agriculture (see page 1)

Value Added Grant Evaluation Profile

	Score
<p>Project Goals Meet Goals of the Value Added Grant (1-15 POINTS)</p> <ul style="list-style-type: none"> • Describes use of Minnesota agricultural products • Increases food safety • Creates or maintains jobs • Diversifies markets and increases market access • Increases sales of Minnesota agricultural products 	
<p>Business Readiness, Financial Sustainability, and Experience (1-20 POINTS)</p> <ul style="list-style-type: none"> • Applicant demonstrates sound business management and includes business justification for grant project • Applicant demonstrates financial aptitude and stability • Applicant describes the financial benefit of doing the grant project 	
<p>Measureable Objectives (1-15 POINTS)</p> <ul style="list-style-type: none"> • Objectives of project success are measureable and clearly stated • Describes how the project will achieve objectives of the grant program, create jobs, and benefit the business • States current amounts produced and estimates increases in production, number of employees, sales and markets accessed prior to and as a result of the project 	
<p>Impact on Minnesota Agriculture (1-20 POINTS)</p> <ul style="list-style-type: none"> • Application clearly and concisely describes how the project will increase sales of Minnesota agricultural products and how much • For food safety projects, the application clearly describes how the project will impact Minnesota agricultural production • Substantial increase in use of Minnesota agricultural products 	
<p>Work Plan and Timeline (1-10 POINTS)</p> <ul style="list-style-type: none"> • Work plan is thorough and realistic • All required deliverables will be started after notification of the award and completed by June 1, 2019 • A detailed description of each step of the grant project including estimated dates is provided 	
<p>Budget and Match (1-20 POINTS)</p> <ul style="list-style-type: none"> • Budget table and budget narrative are consistent • Budget narrative clearly details all project costs • Budget narrative clearly explains source and amount of applicant's funds (cash match) • Budget is cost effective and appropriate amounts are backed by quotes or other sources 	
<p>Total</p>	
<p>Additional Points (0-5 POINTS each)</p> <p>One or more of the following priority areas is addressed by this application:</p> <ul style="list-style-type: none"> • Meat processing • Sells to schools (or other institutions) • Food safety plan implementation 	

DATA COLLECTION

The data collected from this application will only be used in support of the Value Added Grant Program. You are not required to provide the MDA with the data requested in this grant application; however, failure to do so will result in the MDA's inability to process your application.

While the applications are being received and reviewed, only people with a need to access your data in support of your Value Added Grant application will have the authority to access the data you provide here unless you give the MDA informed consent to release the data, a court orders the release of the data, or a legislative auditor requests to review the data.

After all the applications have been reviewed and the grant agreements are negotiated, all the information in the approved applications will become public data except for trade secret data, if present.

REVIEW PROCESS

Applications submitted during a round will be screened by MDA staff for applicant and project eligibility (pages 2-4). Ineligible project items will be noted for reviewers. Ineligible applications will not be forwarded to reviewers.

Eligible applications will be reviewed and scored by a committee composed of MDA staff and external reviewers using the Evaluation Profile found on page 5. Reviewers may recommend partial funding of a project.

The MDA anticipates awarding \$1 million in this round of applications. All applicants will be notified in writing six to eight weeks after the proposal deadline if their application is approved or not. Unsuccessful applicants will receive reviewer comments upon request.

If your application is not funded, it will not be carried forward for consideration in the next round. You may revise and submit a new application for consideration during the next round of funding.

GRANTEE RESPONSIBILITIES AND RECORD KEEPING

GRANT AWARD AGREEMENT AND PAYMENT

Upon approval of an application and prior to beginning work on the Value Added Grant project and receiving reimbursements of up to 25% of eligible grant expenditures, the applicant is required to do the following:

- Complete an IRS W-9 form or register as a vendor in SWIFT, the State's accounting system.
- Complete a Revenue 185 form that allows the Department of Agriculture to check for state tax status.
- If the award is \$25,000 or more, submit a financial statement such as an internal balance sheet, a recent certified financial audit, or an IRS Form 990. This is required by state grant policy for nonprofit organizations.
- Sign a Grant Award Agreement indicating their intention to complete the proposed tasks. The agreement also authorizes the MDA to monitor the progress of the project.

Grant Award Agreements must be signed by the applicant's Authorized Representative and returned to MDA within 30 days of receipt. Failure to submit the signed agreement may result in loss of the grant award.

REPORTING REQUIREMENTS

To receive grant payments, grantees must provide a progress report, proof that grant project work has been done by submitting details of each purchase on receipts or invoices, and proof that the vendors have been paid. Upon completion of the grant project, submission and approval of a final progress report will be required to receive the final payment. The MDA will also perform monitoring visits of all grantees with awards of at least \$25,000 before final payment is approved. Other grantees may receive monitoring visits at the discretion of the MDA.

The MDA reserves the right to modify reporting requirements during the course of the project. Information submitted in any report is a public record. If the grant recipient considers any information in the report to be trade-secret protected, the grant recipient may request that trade-secret information be kept confidential and must specifically label that information. The MDA shall notify the grant recipient if a public records request is made for the information claimed as protected by the grant recipient.

Follow-up surveys are needed to help us determine the long-term impacts of the grant program. Grantees are required to complete three follow-up surveys after they have received their award.

AGRICULTURAL MARKETING AND DEVELOPMENT DIVISION MDA Grants Line: 651-201-6500

MINNESOTA VALUE ADDED GRANT PROGRAM 2018 REQUESTS FOR PROPOSALS

Application Title _____

Name(s) of Applicant(s) _____

Name of Business _____

Mailing Address _____

 City _____ State MN Zip _____ County _____

Phone Number _____ Cell Phone Number _____

Email _____

Does your business have a parent company? Yes No

If yes, please identify the company name and address.

Name of Business _____

Mailing Address _____

City _____ State _____ Zip _____

Individual authorized to sign the Grant Contract:

Name _____ Email _____

Eligibility

I am in good standing with the State of Minnesota (no back taxes owed, no defaults on MN State backed financing for the last 7 years, in compliance with current state regulations, and acceptable performance on past MDA grants). Yes No

I am a current Minnesota resident or business authorized to conduct business in Minnesota. Yes No

I am the principal operator or have authority to apply for this grant. Yes No

I agree that no work has started on the proposed project, nor will start until notified of the award. Yes No

Last year's gross income was: <\$50,000 \$50,000 – \$750,000 >\$750,000

How did you hear about the Value Added Grant Program? Please check all that apply:

 MDA website

 Word of mouth

 Notification from another organization (Please list organization name) _____

 Tradeshow (Please list which tradeshow) _____

 I have previously applied

 Press release

 Email notification

 Other _____

Project Start Date _____ Project End Date _____

Total Project Cost _____ Award Amount Requested _____

Project Summary

(Limit: 1,200 characters, including spaces)

The summary should stand alone to describe:

- Your project
- What you hope to accomplish
- Project's importance to your farm and business
- How the project adds value to Minnesota crops or livestock

Narratives

1. Project Description

(Limit: 500 characters, including spaces)

Describe your grant project (What do you plan to buy? What facility improvements do you plan to make?)

2. Current Description of Farm, Business, or Organization and Business Experience

Describe the business, including the following:

(Limit: one page or 3,000 characters, including spaces)

- A brief history of your business including the factors that led up to your grant application
- The services your business provides or the products produced
- Current market outlets
- Current sources of all MN ingredients
- Relevant market development experience or related products sold
- How you or your business are qualified or able to successfully complete the project

3. Business Readiness and Financial Sustainability

A. Description of Need for the Grant Project

(Limit: 2,800 characters, including spaces)

- Describe the need for this project and/or the problem it will address.
- Summarize the project equipment and improvements and explain how the project will address your needs at this time and in the future.
- Explain how the project will add value to particular Minnesota grown products (your own and/or other producers').

B. Summary of Business Plan

(Limit: 2,800 characters, including spaces)

- Explain how this project fits into your business or food safety plan- short term objectives and long term goals.
- Include estimated date when your business will begin to profit from making this investment.
- Explain how your business will benefit or be better off after completion of this project.
- Optional: submit cash flow calculations or other relevant documents to show financial sustainability.

C. Submit your business plan if you are requesting \$100,000 or more of grant award funds.

Please identify and mark confidential information and Trade Secrets contained in your business plan.

MINNESOTA VALUE ADDED GRANT PROGRAM 2018 REQUESTS FOR PROPOSALS
4. Expected Outcomes and Project Evaluation

(Limit: 2,800 characters, including spaces)

A. Address the following questions.

- How will you evaluate the success of the project? What will you measure? What changes will you document?
- How will your project increase sales, increase market access and/or diversify your markets? Name the potential markets and extent of the plans.
- How will your project protect or create jobs?
- How will this project affect sales of Minnesota agricultural products? Be as specific as possible by naming sources/suppliers or plans to procure more Minnesota grown products. (Letters from your suppliers would support your answers.)

B. Complete a measures table for your business. Example answers are below. Provide an answer in each field even if it's zero or does not apply.

Description of Measure	Actual Measure per Year before Grant Project	Estimated Measure upon Completion of Grant Project	Estimated Measure Two Years after Project Completion
Number of full-time employees	9	10	12
Number of part-time employees	7	9	12
Amount of MN grown inputs purchased from another operation per year	31,800 lbs corn; 40,500 lbs rye per year	38,000 lbs corn; 45,000 lbs rye per year	80,000 lbs corn; 131,000 lbs rye per year
Amount of inputs from your operation used to make value-added product(s)	32 tons of grapes; 5,600 bushels apples per year	33 tons of grapes; 5,800 bushels apples per year	38 tons of grapes; 6,100 bushels apples per year
Number of MN livestock processed per year	400 beef; 380 hogs per year	500 beef; 488 hogs per year	680 beef; 568 hogs per year
% of all ingredients/inputs that are MN grown	51%	52%	65%
Amount of value added product produced in a year	10,500 gallons of wine per year	15,500 gallons of wine per year	21,000 gallons of wine per year
Annual sales of value added product	\$255,000	\$320,000	\$468,000
Number of market outlets			
<i>Retail – number of types direct to consumer</i>	1	2	2
<i>Wholesale to a retailer (number of stores)</i>	0	2	5
<i>To wholesaler or distributor</i>	0	0	1
<i>Farm or business to institution (number of institutions)</i>	0	2	5
<i>Other market outlet (number of restaurants, farmers markets, etc.)</i>	1	3	6

5. Work Plan

(Limit: 3,400 characters)

- Provide a step-by-step description of the grant project – how and when you will carry out each item or activity of your grant project. The timeline should indicate estimated start and completion dates of each step.
- Describe the resources you will need to complete each activity.

6. Budget

A. Budget Narrative

(Limit: 6,800 characters, including spaces)

The budget narrative is a detailed description of each of the costs in the grant project per line item. A cost estimate (e.g. price analyses, bid, vendor quote, etc.) is required for all Personnel/Contractor and Facility Improvement costs and suggested to support equipment and other costs. It should be attached to or uploaded into your application.

The budget narrative should be thorough and easy to follow. Anyone reading the budget narrative should be able to easily identify and calculate how grant project money will be spent, the cost of each line item, and its purpose.

Breakdown of Budget Categories for the narrative:

Personnel/Contractors: List and describe separately each individual who will receive payment. Include the following: individual/contractor's name, job title and company, cost estimate and source, and a general description of services the individual/contractor cost will cover.

For example: Bob Smith – Plumbing contractor, Drain It All Inc. - \$18,500 – Cost estimate from Drain It All Inc. – Labor to install drains in the floor and piping to smoker.

Equipment: List and describe separately each line item of equipment. Include the following: the piece of equipment, cost estimate and source, and explanation of how each item is important to the purpose and goals of the project.

For example: Pasteurizer - \$1,000 – Cost estimate from Fermentation Inc. – Pasteurizes the apple cider before bottling.

Facility Improvements: List and describe separately each major facility improvement component. Include the following: the type of facility improvement, cost estimate and source, and explanation of how each facility improvement is important to the purpose and goals of the project.

For example: \$25,000 – Cost estimate from Extra Strong Construction Co. – Materials and labor for construction of the addition to the slaughter and meat processing areas.

Other: List and describe separately any items not fitting into the personnel/contractor, equipment, or facility improvement categories. Include the following: the item, cost estimate and source, and explanation of how each item is important to the purpose and goal of the project.

For example: Permit - \$500 – City website – Necessary to construct the wine production room.

B. Applicant Funds

(Limit: 1,000 characters, including spaces)

List each source of your matching funds and the amount of money from each source. The amounts need to add up to at least 75% of the total project cost.

C. Budget Table

The budget table is an overview of how grant funds and applicant funds will be spent by category. Create a budget table that includes grant funds requested, applicant funds, and a total project cost for the following categories: Personnel/Contractors, Equipment, Facility Improvements, and Other.

Budget Category	Grant Funds Requested	Applicant Funds	Total \$
Personnel/Contractors <i>(consultants, subcontractor)</i>			0.00
Equipment			0.00
Facility Improvements			0.00
Other			0.00
Total Request	Amount of Grant Award Requested 0.00 +	Required Cash Match 0.00 =	Total Project Cost 0.00

7. Previous Value Added Grants:

Have you received a previous Value Added Grant? Yes No

If yes, then:

- Briefly describe your previous grant project. *(Limit: 540 characters, including spaces)*
- Is the project completed and final payment request submitted to MDA? Yes No

If no, then please write an update on the progress of your current grant project.

(Limit: 600 characters, including spaces)

8. Letters of Support

Letters of support are optional except for economic development organizations, non-profit organizations, and academic entities that are applying on behalf of eligible individuals or businesses. However, they are highly recommended for all applicants.

Letters of support may be written by:

- current or potential sources of Minnesota grown products
- current or potential buyers expressing support for the project or the market you are entering
- financial institution or other organization that will be used for the balance of the funding
- financial or business contacts showing financial sustainability or business readiness
- contacts in your value-added profession or previous co-workers supporting your experience or skills
- local organization citing benefits of your project to local or rural economy

A review committee will evaluate and score all eligible applications using the Value Added Grant Evaluation Profile on [page 5](#).

Please use submission instructions on page 4 of the Request for Proposal (RFP).

If you have questions, call the AMDD Grants Line at 651-201-6500.