

Marketing and Development Division MDA Grants Line: 651-201-6500

Minnesota Value Added Grant Program 2014 Request for Proposals

Contents

Background	2
Program Goals	2
Eligible Projects and Expenses	2
Cash Match Requirements.....	4
Eligible Applicants	4
Proposal and Review Process	4
Grantee Responsibilities and Record Keeping	5
Application Instructions	5

Forms

Value Added Grant Evaluation Profile	6
Minnesota Value Added Grant Program Proposal	7
Value Added Grant RFP Supplement	10

All proposals must be received by the Minnesota Department of Agriculture (MDA) no later than **4:00 pm on Monday, March 3, 2014**.

Proposal may be delivered by mail, in person, or by email.

If a proposal is emailed, the time and date it is received by the program administrator will be considered the received-by date.

Business Planning/Feasibility Study, Marketing Planning, and Succession Planning Projects

Up to 50% of total project cost may be covered by the grant award

Minimum grant award: \$1,000

Maximum grant award: \$30,000

Equipment purchases or physical improvements Projects

Up to 25% of the total project cost may be covered by the grant award

Minimum grant award: \$1,000

Maximum grant award: \$150,000

For questions about the grant program or completing the proposal, contact:

David Weinand | MN Department of Agriculture | Marketing and Development Division

625 Robert Street North | St Paul, MN 55155 | David.Weinand@state.mn.us

MDA Grant Line: 651-201-6500

BACKGROUND

The Agricultural Growth, Research, and Innovation Program (AGRI) was established to advance Minnesota's agricultural and renewable energy industries (MS 41A.12). This program focuses on areas of greatest opportunity and potential economic impact to create agricultural jobs and profitable businesses in the areas of livestock investment, value-added business and market development, and renewable energy. Farmers, agricultural businesses, cooperatives, and entrepreneurs with new business or market plans, diversification or expansion goals are targeted for the AGRI Value Added Grant Program.

PROGRAM GOALS

The goals of the Value Added Grant Program are to **increase sales of Minnesota agricultural products by diversifying markets, increasing market access, and increasing food safety**. The Minnesota Department of Agriculture (MDA) is providing competitive grants to stimulate development of value-added agriculture that supports Minnesota agricultural producers and processors to expand markets for Minnesota products. Grants are intended to:

- initiate or expand livestock product processing;
- create feasibility, business, marketing, and succession plans for existing and new businesses;
- purchase equipment to initiate, upgrade, or modernize value-added businesses;
- increase on-farm food safety (ex. implementing a food safety plan);
- increase farmers' processing and aggregating capacity to enter farm-to-institution and other markets

Proposals that have a meat processing or Farm to School (or other institution) component, or are addressing a Good Agricultural Practices (GAP) or similar type of food safety plan will receive priority, but all value added proposals are encouraged to apply. Small - to medium-sized operations will also receive special consideration.

Please note that farmers who undergo a GAP certification audit and school districts that purchases processing equipment to increase purchasing of locally produced food are not eligible for a reimbursement under this proposal but are eligible under the GAP Certification or the Farm to School grant. Please contact Cassie Boadway at 651-201-6134 for GAP reimbursement or Emily Murphy at 651-201-6648 for related information for school districts.

The Minnesota Department of Agriculture (MDA) anticipates awarding \$2 million through a competitive program through deadlines of Monday, October 21, 2013 and Monday, March 3, 2014. Proposals will be reviewed and funding levels determined on a periodical basis through a competitive review process.

ELIGIBLE PROJECTS AND EXPENSES

Two categories of grants will be considered:

- 1 Business Planning/Feasibility Study, Marketing and Succession Planning:** Up to 50% of the total project cost may be covered by the grant, with a maximum grant award of \$30,000 and a minimum grant award of \$1,000. Recipients must contribute the remaining 50% of the project cost as a cash match.
 - **BUSINESS PLAN and FEASIBILITY STUDY** – a detailed plan that establishes the objectives of a business, the strategies and tactics planned to achieve them, and expected cash flow planning over a period of five or more years. Business plans help businesses optimize growth and development according to priorities. They detail the past, present, and forecasted performance of the business.
 - **MARKETING PLAN** – defines market potential and opportunities and identifies risks, problems, and trade-offs in order to guide the operation and manage growth. A marketing plan also considers other aspects of your market, examines alternative strategies and defines resources required to implement goals and avoid unnecessary risks.
 - **SUCCESSION PLAN** – a written document that lays out a process for identifying and developing people with the potential to fill key business leadership positions in the business. Succession planning ensures that the business will likely continue in the event that those in key management or ownership positions leave the business.

2. **Equipment Purchases and Physical Improvements:** Up to 25% of the total project cost may be covered by the grant, with a maximum grant award of \$150,000 and a minimum grant award of \$1,000. Recipients must contribute the remaining 75% of the total project cost as a cash match. **Equipment purchases must address improved efficiency, expansion, modernization or profitability. Routine maintenance is considered normal operating expense and will not be funded.**

- **EQUIPMENT AND IMPROVEMENT** –any tangible items or facility improvements that improve food safety or increase processing capacity. They may also include upgrades that help a facility access new markets and/or maintain current market access.

PROJECT EXAMPLES INCLUDE, BUT ARE NOT LIMITED TO:

Business Plan/Feasibility Study, Marketing and Succession Planning

- Develop a food safety plan and create a document outlining standard operating procedures
- Determine whether there is a market for a new product (ie: a creamy determines market potential, opportunity, and risks in expanding production to include ice cream)
- Have a feasibility study determine how a farm could enter the Farm to School market
- *Additional uses may be proposed*

Equipment and Improvement

- Field washing systems, delivery and treatment devices and improvements
- Hand-washing sinks (mobile or stationary)
- Crop production equipment to reduce food safety risks
- Field harvest systems to reduce food safety risks
- Cooler walls and refrigeration units
- Packing-shed walls, ceilings, and light fixtures
- Equipment to ensure and preserve identity and traceability
- Refrigerated trucks
- Grading / packing / labeling / packaging / sorting equipment
- Drainage systems in coolers and packing sheds
- Construction costs
- Wastewater system improvement
- Agriculturally related processing facilities including fruit, vegetable, meat, grain, timber, etc.
- Creamery production equipment
- Optimization systems for maximizing fiber yield recovery
- Season extension facilities

Additional uses may be proposed

INELIGIBLE EXPENSES

- Cost incurred prior to award
- Advertising and public relations
- Bad debts - Including uncollectable accounts and other claims, related collection costs, and related legal costs
- Contingency provisions made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening
- 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 reimbursable either as a direct or indirect cost

- Donations, in kind contributions, including property, and services, made by the applicant, regardless of the recipient
- Entertainment, amusement, diversion, social activities, and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, alcohol, and gratuities)
- Airfare costs in excess: This includes airfare costs that exceed the customary standard commercial airfare (coach or equivalent)
- Fines, penalties and other settlement expense resulting from violations (or alleged violations) of, or failure of the applicant to comply with, Federal, State, local, or Indian tribal laws and regulations
- Fundraising including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions regardless of the purpose for which the funds will be used
- Investment management costs, including costs of investment counsel and staff and similar expenses, incurred to enhance income from investments
- Land purchases
- Lobbying – including costs of membership in organizations substantially engaged in lobbying
- Political activities

CASH MATCH REQUIREMENT

Business, Feasibility, Marketing, and Succession Planning

Recipient must cover at least 50% of the total project's cost as a cash match

Equipment purchases or physical improvements

Recipient must cover at least 75% of the total project's cost as a cash match

Sources of the cash-match may include: non-state funds (funds that were NOT obtained through the budgeting process of the MN Legislature or granted by a State agency) in the form of cash, loans, other grants or liquid capital assets dedicated to the project.

Proof of cash match is strongly encouraged. If the proposed project has been submitted to or funded by a Federal grant program, please specify the grantor, the funding amount and the purpose of that grant funding.

ELIGIBLE APPLICANTS

- To be eligible for funding the applicant must be in good standing with the State of Minnesota.
- Individuals (including farmers) or business entities: individuals or companies (including LLCs and S corporations) and local governments whose primary function involves the production, processing or marketing of Minnesota agricultural products.
- Agricultural cooperative: A member-owned business entity that provides, offers, or sells agricultural products or services for the mutual benefit of the members.

Economic development organizations, non-profit organizations and academic entities may apply on behalf of and act as fiscal agents for eligible entities but must clearly identify those entities and provide letters of support from those entities.

Note: Businesses not engaged in agricultural production, value-added agriculture, or food safety are not eligible for this grant. MDA employees and their spouses are not eligible.

PROPOSAL AND REVIEW PROCESS

Proposals will be reviewed by a committee composed of MDA staff and external reviewers.

Applicants, both successful and unsuccessful, will be notified in writing within six weeks after the proposal deadline. Unsuccessful applicants will receive reviewer comments.

Reviewers may recommend the partial funding of a project.

If your proposal is ranked, but not funded, it will not be carried forward for consideration in the next round. You may submit a revised proposal for consideration during the next round of funding.

GRANTEE RESPONSIBILITIES AND RECORD KEEPING

GRANT AWARD AGREEMENT AND PAYMENT

Prior to beginning work on the proposed project or receiving funding, successful applicants will be required to provide an IRS W-9 form and to sign a Grant Award Agreement with the MDA indicating their intention to complete the proposed tasks and authorizing MDA to monitor the progress of the project.

Grant Award Agreements must be signed and returned to MDA within 30 days of receipt. Failure to submit an executed copy of the Grant Award Agreement within 30 days of receipt may result in the loss of awarded grant funds.

Twenty-five percent of the total grant will be available upon execution of the grant agreement contract. To receive subsequent payments, grantees must provide assurance that the work has been completed (e.g, reports, receipts, invoices) and clearly outline the expenditures on any invoice(s) submitted to MDA. The final ten percent will be withheld until a final report or documentation is received and approved by MDA. Follow-up surveys may be required in order to effectively determine the long-term effects of the grant and will be addressed in the grant contract.

REPORTING REQUIREMENTS

MDA reserves the right to modify reporting requirements during the course of the project. Information submitted in any report to the Department will be 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 the information for which the claim is made. The Department shall notify the grant recipient if a public records request is made for the information claimed as protected by the grant recipient. The grant recipient may then proceed to obtain judicial protection for the information.

APPLICATION INSTRUCTIONS

- Submit a typed proposal.
- Answer all questions completely within specified page limits. Use 12 point font, single space, within 1" page margins.
- All completed proposals need to be received by mail or email by 4 pm on Monday, March 3, 2013. Faxed proposals will not be accepted.

Submit to:

Minnesota Department of Agriculture
Attn: David Weinand
625 North Robert St.
St. Paul, MN 55155

Email: David.Weinand@state.mn.us
Phone: 651-201-6646

All proposals will receive confirmation of receipt. If you have questions concerning the proposal process, please contact David Weinand at David.Weinand@state.mn.us or the MDA Grants Line at 651-201-6500.



Value Added Grant Evaluation Profile

Proposals that have a meat processing, Farm to School (or other institution) component or are part of the implementation of a food safety plan will receive priority, but all value added proposals are encouraged to apply and will be reviewed.

	Score
<p>Proposal demonstrates that project goals meet goals of the Value Added Grant (15 POINTS)</p> <ul style="list-style-type: none"> • Describes use of MN agricultural products • Increases food safety • Creates or maintains jobs • Diversifies markets and increases market access • Increases sales of MN agricultural products 	
<p>Measureable Objectives (15 POINTS)</p> <ul style="list-style-type: none"> • Objectives are measureable and clearly stated • A baseline from which objectives will be measured is established • Benchmarks are appropriate to the evaluation of the project's progress and success 	
<p>Work Plan and Timeline (20 POINTS)</p> <ul style="list-style-type: none"> • Work plan is thorough and realistic • All required deliverables will be completed by June 30, 2015 	
<p>Business Readiness, Financial Sustainability and Experience (25 POINTS)</p> <ul style="list-style-type: none"> • Proposal demonstrates sound business management • Proposal demonstrates financial aptitude and stability • Qualifications of applicant and any sub-contractors are verified 	
<p>Budget and Match (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 cash match • Budget is cost effective • Budget is appropriate 	
<p>Clarity (5 POINTS) Proposal is clear, concise and complete</p>	
<p>Total</p>	
<p>Additional Points (5 POINTS) One or more of the following priority areas is addressed by this proposal</p> <ul style="list-style-type: none"> • Meat processing • Farm to School (or other institution) • Food safety plan implementation 	

Marketing and Development Division MDA Grants Line: 651-201-6500

Minnesota Value Added Grant Program Proposal (p. 1 of 3)

Proposal Title _____

Category (check one) Planning/Study (Business Feasibility, Marketing, or Succession) Equipment/Improvements

Name(s) of Applicants _____

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 _____

Eligibility

I am in good standing with the State of Minnesota (no back taxes or current noncompliance actions).	Yes	No
I am a current Minnesota resident or entity 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.	Yes	No

Last years 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 applied last year

Other _____

Project Start Date _____

Project End Date _____

Marketing and Development Division MDA Grants Line: 651-201-6500

Minnesota Value Added Grant Program Proposal (p. 2 of 3)

Executive Summary

(1,200 characters, including spaces ~ 200 words)

Include a description of the project and goals to be accomplished. The executive summary of this proposed project must be suitable for dissemination to the public.

Budget Category	Grant Funds Requested	Cash Match	Total
Personnel/Contractual <i>(consultants, subcontractor)</i>			
Equipment/Improvements			
Other			
Total Request	Amount of Grant Request +	Required Cash Method =	Total Project Cost

Measurable Objectives	Baseline for Measurement
Examples	
Hire four fulltime employees by the end of the calendar year	→ Currently employ one fulltime employee
After equipment installation, process 20 hogs each month	→ Currently process five hogs a month
Increase pounds purchased of MN grown produce by at least 25%, and buy from at least two new growers	→ Currently purchase 1,000 pounds of produce from three MN growers

Marketing and Development Division MDA Grants Line: 651-201-6500

Minnesota Value Added Grant Program Proposal (p. 3 of 3)

Narrative Prompts

(Page Limit: four pages or less)

See RFP Supplement for additional details

1. Overview of Farm, Business or Organization
2. Description of Challenge Addressed
3. Work Plan
4. Expected Outcomes and Project Evaluation

Budget Narrative

(Page Limit: none)

See RFP Supplement for additional details

- Describe how funds will be used, and justify expenses
- Identify the amount and source(s) of required cash matching

Business Plan or Food Safety Plan

(Page Limit: two pages or less)

ONLY required for equipment and physical improvement applications. Business plan or food safety plan not required for business planning, feasibility study, marketing planning, or succession planning.

Business or Feasibility Plan must indicate what equipment and improvements are necessary to fulfill your plan.

Letter of Support

(Page Limit: none)

See RFP Supplement for additional details

Letters of support are optional except for Local Governments, Economic Development Organizations, Non-Profit Organizations and Academic Entities that are applying on behalf of eligible entities. However, they are highly recommended for all applicants.

Financial Statement

Before awarding a grant of over \$25,000, the MDA must assess a recent financial statement from the potential awardee. **Applicants requesting more than \$25,000 in a grant award** are required to provide either a current **internal balance sheet** or recent **certified financial audit**.

Submit to:

Minnesota Department of Agriculture
Attn: David Weinand
625 North Robert St.
St. Paul, MN 55155

Email: David.Weinand@state.mn.us
Phone: 651-201-6646

Value Added Grant RFP Supplement *(p. 1 of 2)*

Four Narratives:

Answer each prompt separately. Do not answer all four sections in one, continuous essay.

1. Overview of Farm, Business or Organization.

Describe the business, including:

- a brief history
- services provided or products produced
- relevant market development experience or products sold
- current market outlets
- current number of employees

2. Description of Challenge Addressed

- Describe the need for this project and/or the problem it will address.
- Explain how the project will increase market access and/or add value to a particular MN product grown or produced.
- Does your project help diversify markets?
- Does your project protect or create jobs and/or increase sales?
- How does this fit into your business plan/food safety plan?

3. Work Plan

- What will you do? What resources will you need to complete each activity?
- Who will do the work?
 - Will there be collaborative arrangements?
 - Will you hire consultants or subcontractors?
 - Who are they and what are their qualifications?
- Provide a timeline with estimated completion date.

4. Expected Outcomes and Project Evaluation

Address the following questions using a combination of a narrative and the provided chart.

- What do you anticipate will change as a result of this project and by how much?
- How will you evaluate whether the project is successful? What will you measure? What changes will you document?
- How will the proposed project lead to greater financial sustainability?

Example of baseline measure

Currently employ one fulltime employee
Currently process five hogs a month
Currently purchase 1,000 pounds of produce from three MN growers

Example of measurable objective

Hire four fulltime employees by the end of the calendar year
After equipment installation, process 20 hogs every month
Increase pounds purchased of MN grown produce by at least 25%, and buy from at least two new growers



Value Added Grant RFP Supplement (p. 2 of 2)

Budget Chart

You will most likely complete only **one** of the budget lines: **either** Personnel/Contractual **OR** Equipment/Improvement. If you are purchasing equipment and would like to use grant funds for installation costs, those costs would be categorized as Equipment/Improvements, not Personnel/Contractual.

Use the Budget Narrative to offer a breakdown of costs.

Budget Narrative

Use the budget narrative to clearly explain

- How grant funds and the required cash match will be spent
- How the expenditures are critical to successfully completing your project (you will probably address this matter in your work plan as well)
- The sources of the required cash match and amount(s)

The budget narrative should be thorough and easy to follow. Anyone reading the budget narrative should be able to easily identify and calculate how the money is being spent, the cost of each line item, and the source of every dollar of the required cash match.

Breakdown of Budget Categories:

Personnel/Contractual: List the individual and/or contractor's name, title, and the general categories of services the person/contractor cost will cover (e.g., project manager).

NOTE: For planning and study grants - You must verify that the work will be completed by a qualified third party by providing the contact information for the consultant or firm.

Equipment and Improvements: List each item of equipment separately, along with its cost and use. In the budget narrative, provide the basis of the cost estimate (e.g. price analyses, vendor quotes) for each piece of equipment. Explain how each item is important to the purpose and goals of the project. While copies of paid invoices will be required as a part of the final report, only quotes and estimates are required for the proposal.

Other: "Other" means any item not fitting into the personnel, contractual, equipment, travel, and supplies categories explained above (e.g., rentals). Identify the purpose/goals of the project to justify this expense.

Letters of Support

Letters of support are optional except for Local Governments, Economic Development Organizations, Non-Profit Organizations and Academic Entities that are applying on behalf of eligible entities. However, they are highly recommended for all applicants.

Examples:

- If you are a business purchasing MN grown agricultural products, include letters of support from your sellers
- If you are a for-profit cooperative researching the feasibility of creating a food hub, include letters of support from farmers who would use the facility
- If you are a startup business, include a letter from an organization representing an ag commodity interest group expressing support for the market you are entering

Reviewing Your Proposal

How the MDA and outside reviewers evaluate proposals is not a secret. Before submitting your proposal, score it using the Evaluation Profile.