

Virginia Tobacco Region Revitalization Commission
FY2020 AGRIBUSINESS PROGRAM - GUIDELINES & CALL FOR PROPOSALS

Application Due Date Thursday, October 17, 2019



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I. PURPOSE:

The purpose of this Call for Proposals is to solicit applications and proposals through a competitive process to establish grant and loan agreements with government entities, institutions of higher education, and qualified nonprofit organizations for projects directly benefiting agriculture producers and agricultural related businesses in the tobacco region. Refer to Section VIII: *Counties & Cities Eligible for Tobacco Commission Funding* for the eligible project area. This funding will be made available for projects that diversify and enhance the tobacco region's agricultural economy in support of the Agribusiness Program's primary outcome measure for increasing net farm income.

II. BACKGROUND:

The Tobacco Region Revitalization Commission was established by the Virginia legislature in 1999, as a political subdivision of the Commonwealth, for determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund for the purpose of revitalizing the tobacco-dependent communities of southern and southwest Virginia. The structure of the Commission includes an Agribusiness Committee, which is responsible for evaluating grant and loan proposals to support agriculture and forestry enterprises from across the tobacco region. The Commission's Strategic Plan includes as a key funding priority, the support of Agribusiness enterprises and programs that diversify the region's agricultural outputs and increase agribusiness productivity. The Strategic Plan includes Logic Models for the Agribusiness Program that indicate specific Investment Strategies that applicants must select when completing a proposal, as well as the related Project Outputs and Targeted Outcomes.

Approximately **\$2.3 million in funding is available in the Commission's FY20 Agribusiness program** budget for distribution to projects that support Agribusiness outcomes. Per the Code of Virginia, all requests for grant funds require at least dollar-for-dollar (1:1) Matching funds, with no more than 25% of Match from "in-kind" sources. Loan requests do not have a minimum Match requirement. Projects should be completed within the standard three-year Project Period.

The FY20 Agribusiness application deadline is **Thursday, October 17, 2019**. Funding decisions are expected to be made at the Tobacco Commission meeting in January 2020.

III. PROGRAM OBJECTIVES AND FUNDING PRIORITIES:

Through this call for proposals the Commission intends to award funding for Agribusiness projects to accomplish the following program objectives and funding priorities. All proposals submitted for consideration must increase net farm income. The Commission is interested in supporting projects that:

- A. Benefit agriculture producers from multiple tobacco region localities.
- B. Have a clearly identified market opportunity including a competitive analysis.
- C. Encourage private capital investment in farm operations and supporting facilities.
- D. Will result in measurable increases to net farm income.

The Commission has identified the following areas as funding priorities. It is possible for a single proposal to satisfy multiple priority areas. Projects that do not address one of the identified priorities may still be eligible for funding, as long as they meet all other program requirements.

A. HIGH-VALUE, LOW-ACREAGE CROP DEMONSTRATION AND DEVELOPMENT

The Commission is interested in supporting projects that assist producers in the tobacco region - where there is an identified market opportunity - in the development and demonstration of high-value, low-acreage crops that support crop diversification and higher economic values of productive agricultural lands. High value crops are defined as those that have a higher net return per acre than conventional commodity crops.

Applicable Investment Strategies:

- ❖ **Applied research & education**
- ❖ **Crop demonstrations**
- ❖ **Livestock demonstrations**

A simple project design for this category could focus on demonstrating the viability of planting, cultivating and growing a niche vegetable crop for an identified high-volume market such as an institutional buyer, supermarkets, or restaurants. A more complex project could focus on demonstration and evaluation of new and adapted crop varieties for increasing productivity.

All proposals submitted for high-value, low acreage crops must include in the project scope:

1. Demonstration plots in the tobacco region
2. Development of recommended production management practices and protocols
3. Address producer acceptance and knowledge transfer for risk reduction and food safety
4. Identification of, and a plan for development of market opportunities

Projects seeking funds for basic research activities are not a priority, as the Commission's preference is to support advanced research activities that are ready for demonstration.

Where construction of a processing facility or physical infrastructure may be necessary for development of the high-value crop, it is suggested that applicants review the respective sections below on Value-Added Processing and Cost-Share Programs.

B. VALUE-ADDED PROCESSING, AGGREGATION, AND MARKETING FACILITIES

Value-added agriculture is focused on increasing the value of an agriculture commodity by changing or transforming the product from its original state to a more valuable state. This category for funding is intended to support producers and processing facilities for increasing sales of agricultural commodities and agricultural food products from the tobacco region. Value-added processing, aggregation and marketing facilities supported by the Commission are expected to add value by changing the characteristics of the agriculture commodity to a more preferred product to meet market demand for an expanded customer base resulting in greater returns to the producers.

Applicable Investment Strategies:

- ❖ **Commercial agriculture product processing facilities**
- ❖ **Community food processing facilities**
- ❖ **Local farmers markets**
- ❖ **Multi-purpose agriculture centers**

Priority for funding consideration will be given to regional facilities serving or benefiting multiple producers, in more than one county. Projects considered for funding must address an identified need in a new or existing market that brings economic value to the region.

All proposals must include details for how the project will:

1. Build capacity for processing, aggregation, and/or marketing
2. Increase sales of agricultural products from the tobacco region, and by how much
3. Address an identified market opportunity
4. Track and evaluate progress toward accomplishing agribusiness outcomes

Producer Collaboration & Cooperatives:

Value-added projects that support producers working in partnership whether through a producer-based business, agricultural association, or a member owned cooperative that is for the benefit of multiple producers are encouraged. Collaboration and cooperation among multiple producers can provide benefits to profitability for small farm operations through the coordination of production, aggregation, processing and packaging, distribution, and/or marketing services. Depending on whether the value-added facility will be privately owned, or in public or non-profit ownership, the following options are available for funding consideration.

Private Ownership:

- **Grants** - Grant requests from \$10,000 up to \$250,000 to support capital costs for equipment or construction of value-added processing facilities, operated by a for-profit business whose primary function involves the production, processing, or marketing of agricultural products, will be allowed at up to 25% of the total capital costs. Grant funding will be limited to those facilities and businesses that commit to purchasing and/or processing the majority of its inputs such as field crops, produce or livestock from multiple tobacco region producers (projects that do not meet this criteria may still be considered for a loan). Acceptance of the funding by the private beneficiary will require signing a performance agreement for increasing purchases from tobacco region producers and for increasing sales of agricultural products. Projects must be sponsored by an eligible applicant, which is responsible for enforcement of the performance agreement. Private beneficiaries must provide at least 75% of the total project cost as a cash match.
- **Loans** - Funding requests of \$250,000 and higher to support capital costs including facilities, equipment and machinery for start-up or expansion of a privately owned value-added processing facility benefiting tobacco region producers will be considered for low-interest loans. Operating costs and inventory will be lower priorities for potential loans. Projects considered for funding under the TRRC Revolving Loan Fund do not require match. Requests must be sponsored by an eligible applicant. If the borrower is not a city, county or town or an eligible political subdivisions (i.e. if the loan will be made to an individual or private business),

then a locality will be required to provide acceptable security for the loan. See the link on page 9 regarding the TRRC Loan Program Guidelines.

Public or Non-Profit Ownership:

- Grants - Value-added facilities that are owned by a government entity or a non-profit organization will be eligible for grants of up to 50% of capital costs and/or limited start-up operating expenses for new or expanded processing, aggregation and marketing capabilities.
- Loans - Low-interest loans will be available for projects requesting \$250,000 or more and where there is an identifiable revenue stream sufficient to repay the loan. Projects considered under the TRRC Loan Program do not require match. Loans can be used to support capital costs for facilities, equipment and machinery for start-up or expansion of a value-added processing, aggregation or marketing facility benefiting tobacco region producers. Operating costs and inventory will be lower priorities for potential loans. If the borrower is not a city, county or town or an eligible political subdivision (i.e. if the loan is with a non-profit organization), then a locality will be required to provide a moral obligation pledge for the loan.

C. COST-SHARE PROGRAMS

Proposals for cost-share program funding shall be focused on offering incentives for expanding and diversifying agricultural production, or advancing innovative agricultural techniques; and shall not be used for supplanting of existing agricultural production costs and activities.

Applicable Investment Strategy:

❖ Cost-share programs

Priority will be given to programs that focus on assisting producers in a multi-county area with transitioning into alternative agriculture enterprises or for the implementation of best practices that result in new and increased crop or livestock production. All proposals are expected to include the following:

1. Education component with requirements for participation
2. Proposed cost-share program guidelines with eligible costs and evaluation criteria
3. Analysis of the return on investment to producers for implementing the practice(s)
4. Demonstration of need and/or evidence of producer interest
5. A defined plan for monitoring and measuring outcomes.

Cost-share programs supported by the Commission in recent years have primarily targeted on-farm capital improvements for facilities, structures, or equipment to support new/increased production or storage capabilities. Other cost-share projects have supported energy audits and other innovative operational improvements. Agribusiness grant awards for cost-share will be limited to no more than 33% of eligible costs.

Examples for the types of new cost-share programs that will be considered for funding are included below. Other cost-share programs that fit within this category, but that are not specifically listed, will also be considered for funding.

- ***On-Farm and Mobile Cold Storage*** – A cost-share program for on-farm and mobile cold storage facilities and equipment, including root vegetable storage, to benefit producers interested in expanding markets for their products beyond only at harvest time. The suggested program design would complement the USDA Farm Storage Facility Loan Program’s microloans of up to \$50,000 that are available to address needs of smaller farms, specialty crop producers and niche-type farm operations, providing an incentive and the financing for cooling equipment and cold storage buildings. The program would be promoted in partnership with the county offices of the USDA Farm Service Agency.
- ***Certification Programs to Expand Capacity*** – Cost-share funding that is focused on certification programs that enhance market access and increase sales by addressing food quality, food safety, and other outcomes for the crop distribution supply chain. For example, a program may be designed to assist the produce industry with the costs for energy audits or other support of small farmers, packers and processors in developing “Good Agricultural Practices”, “Good Handling Practices”, and “Good Manufacturing Practices”.
- ***Water Management to Maximize Production*** – Fruit, vegetable and other high-value crops require assured water supply in order to realize the full benefits of crop development for local and regional markets. A cost-share program designed for implementation of a water control management plan for a specified field or crop could support incentives for acquisition and installation of equipment including drip irrigation, rope irrigation, pumps, and water storage systems.
- ***Field Infrastructure for Specialty Crop*** – Where start-up capital costs are relatively high, creating a barrier for establishing new production acreage, and where market opportunities are clearly identified, a cost-share program can be offered to assist with the field/farm infrastructure for specific crop development. A previously funded project fitting this example was for expansion of vineyards to support Virginia’s wine industry, whereby cost-share funds support the capital costs (hard assets only) for the vineyard installation including grape vines, trellising system, irrigation system, and deer fencing. A similar program could be offered for hops to meet demands from the craft brewing industry in Virginia; or for other specialty or niche crop development.

D. MARKETING AND MARKET DEVELOPMENT

Applicable Investment Strategy:

- ❖ **Wholesale & retail cooperative marketing**

Small matching grants of up to \$20,000 will be available under this category to support access or expansion, and development of new or existing markets to increase agricultural product sales revenue and marketability. All projects must benefit multiple producers. Projects eligible for funding consideration in this category include, but are not limited to:

- ***Targeted marketing of value-added product or specialty crop*** - Marketing and promotion of specific agriculture products with a direct effort to sell, advertise, promote and market to an identified target market.

- **Develop institutional or commercial buyer interests** – Focus on events or other means of connecting institutional or commercial buyers with producers. This may include marketing materials highlighting production practices, farm families, quality of agriculture products, and growing locations; and targeted outreach materials intended to secure institutional market purchasing commitments.
- **On-line sales and connections with buyers** – Provide on-line system for up to date market and price information, and means of connecting buyers with sellers.
- **Regional market expansion** – Implementation of marketing strategies to develop regional markets to increase demand for local farm products. This could include support for expanded reach of a Buy Fresh, Buy Local chapter; or targeted surveys and marketing campaign to develop buyer groups for local produce auctions.
- **Creation of broker or expediter services** – Development of broker or expediter services, where a middle person can be the connector between quality agriculture products from several farms, with market opportunities such as restaurant or commercial buyers.

IV. PRE-PROPOSAL TECHNICAL ASSISTANCE:

An optional, non-binding Pre-Application form is available on the Commission’s website for prospective applicants to obtain feedback from Commission staff prior to submitting a full application. For technical assistance or to discuss a Pre-Application contact:

- Sarah Capps, *Grants Program Administrator – Southern Office (Rocky Mount)*
(540) 483-0179, ext. 2168, scapps@revitalizeva.org
- Sara Williams, *Grants Program Administrator – Southwest Office (Abingdon)*
(276) 619-4325, swilliams@revitalizeva.org
- Tim Pfohl, *Grants Director (Richmond)*
(804) 786-2403, tpfohl@revitalizeva.org

V. PREPARATION AND SUBMISSION INSTRUCTIONS

Eligible applicants for the Agribusiness programs are government entities, institutions of higher education, and IRS-designated nonprofit organizations. Proposals must be submitted through the Commission’s on-line application portal using the FY20 Agribusiness program application.

https://vtc.smartsimple.com/s_Login.jsp

CFP Response:

In order to be considered for selection, applicants must submit a completed Agribusiness application with required attachments through the on-line application portal by the October 17th, 2019 application deadline. All applicable required attachments should be submitted, including the line-item detail budget for the project detailing use(s) of TRRC funding and required matching funds. Additional narrative and supporting documents may be uploaded as attachments to the application under “Additional Project Description.”

Application & Proposal Preparation:

Within the on-line application applicants must certify that they have read the Agribusiness Program Guidelines which is this Call for Proposals document, and that they have read the “Funding Policies for Grant Awards” which is posted on the Agribusiness Grant Program web page, <https://www.revitalizeva.org/grant-loan-program/grant-programs/agribusiness-grant-program/>. Applicants must also certify that the information included in the application is true and correct and that supporting documentation for any claims and assertions made can be made available for review. These certifications must be made by an authorized representative of the applicant organization.

All information requested in the Call for Proposals and in the on-line application should be included. Failure to submit all information may result in a request for prompt submission of missing information and/or in the proposal being given a lowered score during evaluation. Proposals which are substantially incomplete or lack key information may be declined for funding consideration by the agency.

VI. EVALUATION AND AWARD CRITERIA

Applications and proposals will be evaluated by Commission staff and presented to the Agribusiness Committee, which will make recommendations to the Commission for final action at its meeting to be scheduled in January 2020. Staff recommendations to the Commission will be based upon requirements in this Call for Proposals, the Commission’s Strategic Plan, Funding Policies and the following evaluation criteria. Approval of proposals for funding is at the sole discretion of the Commission.

Evaluation Criteria:

Technical Merit (up to 35 points)

- Thoroughness and clarity of request
- Financial feasibility and project readiness
- Technical feasibility and innovation

Agribusiness Development Potential (up to 40 points)

- Needs assessment and market opportunities
- Number of farmers/farmers serviced, assisted, trained or “converted”
- Creating additional farm net income/wealth and/or private capital investment
- Export opportunity

Regional Benefits and Replicability (up to 25 points)

- Regional cooperation
- Tobacco region focus & benefits

TOTAL up to 100 points

Award of Grants or Loans to Multiple Applicants:

It is anticipated that the Commission will approve multiple awards – including grants and loans - as a result of this solicitation. Upon the Commission’s action, grant agreements will be issued for the specific uses of funds, amounts and with any conditions as approved by the Commission. Projects that are recommended for consideration of a loan will be referred to the Tobacco Region Revolving Loan Fund (TRRLF) administered on the Commission’s behalf by the Virginia Resources Authority (VRA). VRA assesses the credit worthiness of loan applicants and projects, determines if a loan is to be offered under certain terms and conditions, executes loan closing, and services TRRLF loans. For information on TRRLF including applicable interest rates visit <https://www.revitalizeva.org/grant-loan-program/loan-programs/>

The Commission may cancel this Call for Proposals or reject proposals at any time prior to an award.

VII. GRANT AGREEMENT TERMS AND CONDITIONS:

The Tobacco Region Revitalization Commission will make use of a standard Grant Agreement for entering into contractual agreements for selected proposals. The grant agreement incorporates by reference all the requirements of this Call for Proposals including the applicant’s proposal as negotiated and approved. All grantees are required to follow the agency’s “Funding Policies for Grant Awards” as a condition of the award. The standard Grant Agreement and the Funding Policies document are available on the Commission’s Agribusiness Grant Program web page, <https://www.revitalizeva.org/grant-loan-program/grant-programs/agribusiness-grant-program/>.

Payment of Grant Funds:

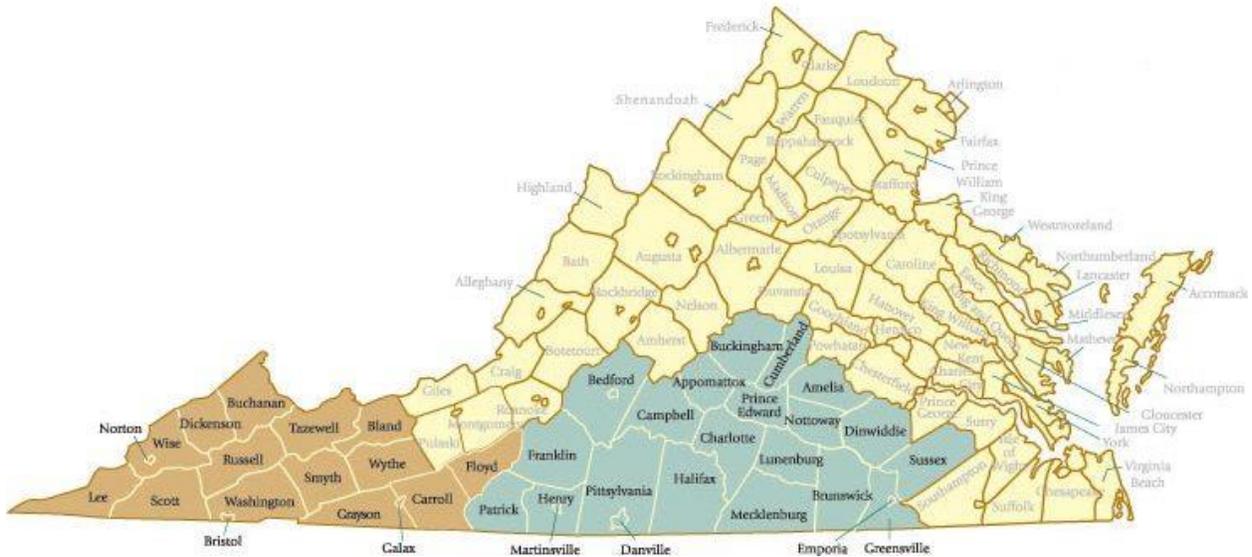
Payment of grant funds are subject to the terms of the Grant Agreement, and will be disbursed on a reimbursement basis upon submission of a signed Payment Request Form with adequate supporting expense documentation. Expenses incurred prior to the award date are not eligible for reimbursement. The standard reimbursement period is quarterly, unless otherwise agreed to by Commission staff. The grantee is required to provide appropriate documentation of the expenditures and use of required matching funds for the project. The grantee may request an advance if the grantee lacks sufficient working capital to fund the project. Approval of advances are on a limited basis for specific upcoming project expenses, and are at the sole discretion of the Commission.

Reporting:

Per the grant agreement, Grantees will be responsible for providing Annual Reports on the financial, narrative and quantitative progress made toward completion of the project’s milestones and deliverables. A Final Report including a narrative on the success of the project and a description of the long-term expectations and achievements for the project is required at the close of the project and must be submitted prior to processing of the final payment request. Additionally, the Commission may reasonably request the submission of additional or interim reporting information to ensure the provisions of the agreement are properly carried out, administered and enforced.

VIII. COUNTIES AND CITIES ELIGIBLE FOR TOBACCO COMMISSION FUNDING

The service area for the Virginia Tobacco Region Revitalization Commission includes 40-tobacco-dependent localities in Southern and Southwest Virginia. Eligible applicants serving these localities may apply to the Commission’s grant and loan programs for projects that will enhance the economic growth and development of the region.



Counties:
 Amelia
 Appomattox
 Bedford
 Bland
 Brunswick
 Buchanan
 Buckingham
 Campbell
 Carroll
 Charlotte

Cumberland
 Dickenson
 Dinwiddie
 Floyd
 Franklin
 Grayson
 Greenville
 Halifax
 Henry
 Lee
 Lunenburg

Mecklenburg
 Nottoway
 Patrick
 Pittsylvania
 Prince Edward
 Russell
 Scott
 Smyth
 Sussex
 Tazewell
 Washington

Wise
 Wythe
Cities:
 Bristol
 Danville
 Emporia
 Galax
 Martinsville
 Norton