



TO: Potential Food and Agriculture Development Center Applicants

FROM: Ron de Yong, Director

DATE: June 1, 2009

RE: Food and Agriculture Center Application guidelines

Attached you will find the application guidelines for the Food and Agriculture Development Center program enabled by passage of HB 583. This legislation provides \$240,000 per fiscal year to fund four Centers, and becomes law July 1, 2009, and expires June 30, 2011. The purpose of the program is to support development of infrastructure needed to increase the capacity of Montana's farmers, ranchers and other agricultural entrepreneurs to serve markets for food, farm-based renewable energy and other value-added agricultural markets, both within the state and outside the state.

The four Centers are intended to operate as a cooperative statewide **network** that by working together can offer a wider array of value-added agriculture-related educational and technical assistance than any Center could provide alone. The Centers may also have or develop relationships with entities outside the formal network that may be able to contribute additional client services that otherwise would not be available to program clients. These should be described in the application.

The Montana Department of Agriculture will award funds to those applicants with the strongest proposals and track records and that in combination offer the best complement of network services for the state's entrepreneurs (no one center is expected to be "all things to all people"). As funding is limited, the Department will work with the successful applicants to help them form an effective statewide service-delivery network shortly after the awards are made.

Matching funds are encouraged but are not required. Also, if your organization is currently receiving WIRED funds, include those dollars in your application with a description of how you will continue to use these funds.

All questions regarding the application process should be addressed to Perri Walborn, 406-444-5423 or pwalborn@mt.gov. All application materials are due to the Montana Department of Agriculture by **5:00 p.m. on Tuesday, June 30th**. Applications may be submitted electronically (see above), in person to 303 N. Roberts or by mail to Perri Walborn, PO Box 200201, Helena, MT 59620-0201.

MONTANA FOOD AND AGRICULTURE CENTER FUNDING APPLICATION GUIDELINES

Funding Opportunity for Montana Food and Agriculture Development Centers

The Montana Department of Agriculture will administer a program that provides funding to a statewide network of Food and Agriculture Development Centers. Each applicant must be a Certified Regional Development Corporation (CRDC) or a nonprofit organization that serves at least a four-county region and was established before January 1, 2009.

Applications must be returned to the Montana Dept of Agriculture by the close of business on Tuesday, June 30, 2009. Applications may be sent electronically to pwalborn@mt.gov.

Funding will be available within a period between July 1, 2009 through June 30, 2011. Applicants must specify in their proposed budget their Year 1 beginning date.

Program Purpose

The purpose of the Montana Food and Agriculture Development Center network, administered by the Montana Department of Agriculture, is to support development of the infrastructure needed to increase the capacity of Montana's farmers, ranchers and other agricultural entrepreneurs to serve the markets for food, farm-based renewable energy and other value-added agricultural markets, both within the state and outside the state.

Eligible Grant Activities

The objective of the Montana Department of Agriculture funds is to increase technical assistance to Montana's food and agricultural entrepreneurs.

Services must directly benefit businesses and entrepreneurs. Funds may be used for Food and Agriculture Development Center staff salaries and benefits, costs associated with staff training, costs associated with providing customized training, coaching and technical assistance (including fees paid to consultants that provide training and technical assistance), the costs of obtaining informational resources (such as subscriptions to market information databases and key industry trade publications) to be used by technical assistance recipients and staff, office supplies, travel, communications costs, organizational indirect costs directly related to Food and Agriculture Development Center.

Montana Food and Agriculture Development Centers will

- Develop Montana's capacity to produce food and value-added agricultural products, including farm-derived renewable energy;
- Provide technical assistance and other services to entrepreneurs pursuing opportunities in community-based food, value-added agriculture, and farm-derived renewable energy.

Educational and technical assistance includes but is not limited to business assistance, product development, marketing, nutritional analysis and labeling, assistance with food safety regulation compliance, training to educate business professionals and entrepreneurs on industry dynamics and technology of specific bio-product industries, and evaluation of existing and developing technologies.

These activities are not all-inclusive, and Food and Agriculture Development Centers may provide training, coaching, and technical assistance in other areas, as long as the activities are within the scope of developing Montana's capacity for food production, food and other value-added processing, and farm-derived energy production.

Farm-derived renewable energy means renewable energy developed by farmers and ranchers, as well as by entrepreneurs, using the products of Montana farms and ranches.

Where the staff of a Food and Agriculture Development Center lacks a particular professional expertise, training and technical assistance should be coordinated with one or more other Centers or, if necessary, subcontracted to other qualified entities. This will also provide an opportunity to create cooperative relationships and business alliances as needed to effectively meet client needs and to enhance the array of services that the network of Centers will provide.

As a condition of funding the Department will work with individual Food and Agriculture Development Centers to develop and implement operational systems, rules, and policies; best practices; performance measurement systems; and compliance reporting measures established by the Montana Department of Agriculture. Where similar services are provided by multiple centers the systems, rules, policies, etc., will be consistent.

Contract Term

The contract term is for a period as agreed upon by the Department and the applicant but must end on June 30, 2011, and cannot exceed a total of two years.

Funding Thresholds

The Department will determine, at its sole discretion and based on the proposed scope of work, the amount of funding that will be granted for a Food and Agriculture Development Center. The amount of funding awarded by the Department will be based on the demonstrated budget needs of each Center and potential sources of funds. An application must conclusively demonstrate the need for the amount requested. Requests for funding of indirect costs will be limited to 10% of the total budget. For a definition of indirect costs see Attachment A.

Grant funds will be allocated with an initial payment of 25% of the total grant award upon acceptance of the contract by both parties. Subsequent quarterly allocations will be made as reimbursement of eligible costs that were incurred the previous quarter by the recipient. Requests for deviation from this payment schedule will be considered and must be discussed at the time contracts are negotiated and finalized.

Matching Funds

No matching funds are required but will be looked upon favorably.

Staffing Requirements

Hosting Certified Regional Development Corporations or nonprofits will be required to staff the Food and Agriculture Development Center in a manner that provides for accomplishing grant activities as outlined in the application.

Basis of Evaluation

The applicant's **Operational Plan and Proposed Budget** will be evaluated partly in the context of insuring that the program as a whole can provide a network with a complementary set of services needed in the state. Applicants must also submit a **Financial Statement, Cover Letter, and Current Annual Budget**.

Basis for Evaluation of Proposals

Operational Plan

1. Statement of Qualifications:

- a. Years and type of experience.
- b. Montana Dept. of Agriculture BPIC, Ag Innovation Center, or similar program management history.
- c. Previous accomplishments.
- d. Previous types of clients and services.
- e. Staff qualifications and non-staff service capacity.
- f. Any proposed new service capacity and qualifications.
- g. Experience and capacity for developing cooperative partnerships inside and outside of your region.
- h. Experience in effective outreach and recruitment of potential clients.

Overview of Activities

- i. In the context of the opportunities and needs of your region, list Objectives for Region.
- j. Planned Services/Activities to meet Objectives. Include a timeline and description of how the applicant will deliver the services and carry out the activities.
- k. Ongoing and Pending Projects.
- l. If applicable, method and means for acquiring proposed additional needed capacity to achieve Objectives.
- m. Description of how you will document your success in achieving the objectives you have outlined.
- n. Outreach plan for recruitment of clients and projects.

2. Proposed Budget

- a. See Attachment A.
- b. Matching funds are encouraged if available and applicable within the project period.

FOOD AND AGRICULTURE DEVELOPMENT CENTER FUNDS APPLICATION FORMAT

Applications for Montana Food and Agriculture Center funds must include the following four components:

- (1) Operational Plan;
- (2) Proposed Budget;
- (3) Audited or Reviewed Financial Statements and Current Annual Organization budget; and
- (4) Cover Letter signed by an authorized official on official letterhead of the applicant.

Applications must be returned to the Montana Dept of Agriculture by close of business on Tuesday, June 30, 2009. Applications may be sent electronically to pwalborn@mt.gov.

Operational Plan

The Operational Plan shall consist of the following sections:

A. Executive Summary (one page)

This is a brief summary not to exceed one page which identifies the needs of the agricultural and entrepreneurial community that will be addressed by Center activities/services, and a summary of proposed activities and services. Also, describe the organizational structure of your entity, the decision-making structure and process, and how and by whom the Center project will be managed.

B. Region to be Served

List the counties, communities, and/or Indian Reservations served by your Food and Agriculture Center project.

C. Statement of Qualifications

1. Narrative describing years and type of experience plus major achievements of the organization.
2. Narrative describing experience and history of operating a Bio-Product Innovation Center, Ag Innovation Center or other similar program.
3. Individual statements of qualifications of key and/or proposed new members of the organization, including any certifications held by staff. Key and/or proposed new staff members should include the organization executive director and individuals who will be involved with carrying out the activities of the Food and Agriculture Development Center. Please include the names and addresses of board members, if applicable.
4. Narrative describing any non-personnel capacity for meeting the objectives.
5. Narrative describing the experience of the organization in effective outreach and recruitment of potential clients.
6. Narrative describing experience developing cooperative partnerships or business alliances relevant to meeting the Food and Agriculture Center program purpose.

D. Overview of Activities to Be Conducted (not to exceed six pages)

1. List the opportunities and needs of your region.

2. In the context of the needs and opportunities, state the objectives and intended outcomes for your Center project. Objectives should be realistic, achievable and measurable. Outcomes should describe specific changes or results of Center activities, i.e., what will be different if your Center program is successful?
3. Using the guidance provided in Attachment B, list and describe the services your Center will provide and the activities you will undertake to achieve your stated objectives and outcomes.
4. Describe the Center's current and any proposed new capacity to provide each service and/or activity. (**NOTE:** No single Center is expected to have the capacity to provide all needed services. Rather, the network of centers is intended, as a whole, to provide a strong complement of services).
5. Provide a timeline of the most important tasks/milestones for implementing your work plan.
6. Describe briefly how you will document the following Indicators of Success:
 - a. No. of clients by type: start-up, expansion, repeat, co-op, grower, entrepreneur
 - b. No. of "coaching incidents" (a coaching incident occurs when a center staffer provides information to a client that results in that client making a decision)
 - c. No. of business plans written by clients
 - d. No. of products: developed; tested; altered; brought to market
 - e. No. and distribution of Montana and other outlets for client products
 - f. No. of business alliances or cooperative partnerships created for clients
 - g. No. of new businesses and expansions
 - h. No. of new and retained self-employed
 - i. No. of new and retained jobs
 - j. No. of trainings offered and participation rates
 - k. Any other that the Center determines appropriate
7. If applicable, list and briefly describe any ongoing and pending projects you have relevant to the Food and Agriculture Center program purpose.
8. Describe a plan for ongoing outreach to recruit clients and projects.
9. If applicable, describe how the Center will utilize or develop needed business or other cooperative partnerships to help meet client needs. Please identify any current or proposed cooperative partners and submit a letter of confirmation from each.

Proposed Budget

The proposed budget for the Food and Agriculture Development Center must be presented in the format of the table below **and** include a budget narrative expressing the rationale and justification for specific line items. Identify the date your requested Food and Agriculture Center budget will begin, keeping in mind that funding for this program expires on June 30, 2011. If you currently receive WIRED funding please indicate how you will use any of those funds within your proposed Food and Ag Center budget. Please identify any other matching funds that you can apply to your proposed budget.

Proposed Budget for (organization): _____

Budget Year Beginning Date: _____

	Year 1 Request	Year 2 Request	Year 1 WIRED	Year 1 Match	Year 2 Match
Personnel					
<i>Include all project staff personnel</i>					
Staff benefits					
Subtotal Personnel					
Non-personnel					
Training/workshop expenses:					
Client training					
Staff training					
Outside expertise/services					
Communication and Outreach					
Travel					
Supplies					
Informational resources					
Equipment repair, maintenance					
Indirect costs (max. 10%)					
Other					
Subtotal Non-personnel					
TOTAL					

Budget Narrative

The detailed budget narrative shall explain the basis of each budget line-item. See Attachment A for a sample budget and budget narrative.

Audited / Reviewed Financial Statements

Each CRDC/nonprofit will provide financial statements, including the accountant's report, for the two most recent years of operation. The financial statements presented must be audited or reviewed by a certified public accountant.

INSTRUCTIONS AND DEADLINE FOR SUBMITTING APPLICATION

The Agricultural Development Division of the Montana Department of Agriculture is the primary point of contact for initiating a funding application and working through the process leading to a funding award. **All questions regarding the application process should be directed to Perri Walborn, 406-444-5423 or pwalborn@mt.gov.** The application should be submitted with a cover letter on official letterhead of the applicant and signed by an authorized official. **Applications must be received at the Department by close of business Tuesday, June 30, 2009.**

Please submit applications to: Montana Department of Agriculture, ATTN: Perri Walborn, Bureau Chief, PO Box 200201, Helena, MT 59620-0201. Applications may be sent electronically to pwalborn@mt.gov.

STATE LAW

Recipients of Food and Agriculture Center funds shall perform the services required in accordance with all federal, state, and local laws and statutes and all applicable rules, regulations, and standards, including statutes and rules regulating employment relationships and independent contractors.

ATTACHMENT "A"
SAMPLE BUDGET

Proposed Budget for (organization): Alhambra RC&D

Budget Year Beginning Date: Aug 1, 2009

	Year 1 Request	Year 2 Request	Year 1 WIRED	Year 1 Match	Year 2 Match
Personnel					
Project Coordinator (85%)	29,376				
Executive Director (10%)	4,800				
Staff benefits	9,569				
Subtotal Personnel	43,745				
Non-personnel					
Training/workshop expenses:					
Client training	250				
Staff training	200				
Outside expertise/services	288				
Communication and Outreach	1,950				
Travel	744				
Supplies	480				
Informational resources	25				
Equipment repair, maintenance	300				
Indirect costs (max. 10%)	424				
Other					
Subtotal Non-personnel	4,661				
TOTAL	48,406				

BUDGET NARRATIVE

Personnel:

List all staff positions attributed to the Center's budget including base monthly salary and the % of time anticipated to be spent during the year on Center activities. For example:

Name	Title	Base Salary	% of Time Spent on Center activities	Total
Fred Jones	Coordinator	\$34,560	85%	\$29,376
Betty Smith	Exec. Director	\$48,000	10%	\$ 4,800
Total Salary & Wages				\$34,176

Staff Benefits:

Narrative to include % of salary payable in benefits.

For example:

Staff benefits are calculated at 28% of the salary paid. $\$34,176 \times .28 = \$9,569$

Training/Workshop Expenses:

Narrative describe client workshops the Center will put on. For example:

Two yearly half-day business development workshops, room rental, snack/beverage costs. Meeting room $\$20 \times 2 = \40 ; snacks/beverages $\times 15$ people $\times \$7/\text{person} \times 2$ workshops = $\$210$.

Total Client Training - \$250

For staff training narrative to include name of staff person attending proposed training, title of proposed training, if known, and cost of training.

For example:

Fred Jones anticipates attending BioEnergy Summit; registration fee \$200

Total Staff Training: \$200

Outside Expertise/Services:

List anticipated need for consulting or other services that are not available from in-house staff. For example:

Fees for food science consulting: rate of $\$36/\text{hour}$, cost-shared 50/50 with clients, for a total of 16 hrs $\times \$18 = \288 .

Total Outside Expertise/Services: \$288

Communication and Outreach:

Narrative to include details of communication and client outreach expense.

For example:

50% of organization's monthly phone and internet expense - $\$62.50 \times 12$ mos = $\$750$

Newspaper advertising of Center services in four area weeklies once per month - $\$25 \times 4$ papers $\times 12$ months = $\$1200$

Total Communications: \$1950

Travel:

List proposed trips by trip purpose (e.g., training workshop for project coordinator to enhance capacity to serve Center clients), anticipated location of the training workshop, and anticipated expenses associated with the training.

List anticipated annual mileage for all education and outreach. For example:

Fred Jones may attend a BioEnergy Summit in Billings to learn to better serve farm-based energy clients. Hotel \$125, travel \$220 (400 X .55/mile) and meals \$69: total \$414

Staff is anticipating traveling 600 miles during the contract period to conduct training workshops, meet with clients, at a rate of \$.55/mile: total \$330.00

Total Travel: \$744

Supplies:

If percentage of organization's supplies is expensed to this category, provide a detailed formula of the percentage utilized.

For example:

50% of cost of Supplies anticipated at \$80/mo X.50 X 12=\$ 480

Total Supplies: \$480

Informational Resources:

Narrative to include listing of each resource planned to be purchased and individual cost of the resource.

For example:

BioMass Magazine annual subscription - \$25

Total Informational Resources: \$25

Equipment repair, maintenance:

Narrative to include detail of equipment purchased and/or rented.

For example:

Monthly copier, printer and fax machine maintenance to organization - \$25.00 x 12 mos

Total Equipment: \$300

Indirect Costs (not to exceed 10% of total)

Narrative to include detailed listing of each indirect expense not allocated to a specific line item. Justify allocation of each item. Indirect costs are the costs necessary for operations but not directly associated with developing a product or providing a service.

For example:

10% of organization rent and janitorial expense (\$5100.00 per month x .1) x 12 mos = \$5,100 OR Organization total office space is 4,000 sq. ft., of which 400 sq. ft.(or 10%) is utilized by the BPIC.

Total Indirect Costs: \$5,100

Other: Narrative to budget rationale and justification of additional expenses not previously identified.

ATTACHMENT “B” Proposed Center Services

Please check the services below that your project will provide, and then describe your organization’s capacity to provide each service effectively. Include services that will be provided through any cooperative partnerships you have developed or by subcontractors, and describe them.

- | | |
|---|--|
| <input type="checkbox"/> Business development assistance* | <input type="checkbox"/> Product & process development** |
| <input type="checkbox"/> Market research and selection | <input type="checkbox"/> Pilot plant services*** |
| <input type="checkbox"/> Financial/feasibility analysis | <input type="checkbox"/> Processing services |
| <input type="checkbox"/> Regulatory compliance & agencies | <input type="checkbox"/> Safe storage & handling |
| <input type="checkbox"/> Product packaging and labeling | <input type="checkbox"/> Laboratory Services**** |
| <input type="checkbox"/> Pricing and cost analysis | <input type="checkbox"/> Food Science ***** |
| <input type="checkbox"/> Product introduction and sales | <input type="checkbox"/> Other |
| <input type="checkbox"/> Promotional material development | |

***Business Development:** This includes business and financial coaching, business planning, networking, market research, assistance with capitalization, corporate governance, troubleshooting, expert panel, engineering extension services.

****Product & Process Development:** Concept analysis and development. Examples include assistance with recipe development, ingredient sourcing, equipment and expertise needed to produce test batches, scale-up, packaging, quality and safety control and assurance specifications, guidance in obtaining label approval and other regulatory compliance. For food products, usually includes involvement of a food scientist and process technologist.

*****Pilot Plant Services (industry-specific business incubation, e.g., food-related pilot plant services would typically include a shared-use commercial kitchen):** To bridge the transition from bench-top product development to commercial production so entrepreneurs can enter the market with a thoroughly tested product and process. These services might cover a wide variety of product areas (identify which ones) and include:

- Production of food products for use in test markets, demonstrations and trade shows
- Testing to determine the impact of an ingredient on a finished product
- Evaluation of product scale-up issues
- Food safety training

******Laboratory Services:** For analysis and evaluation of products. May include chemical, microbial, pH, and nutrition analysis.

*******Food Science:** Expertise and equipment needed for product development and commercialization, process development and certification.