



2010-2011 N.C. Value-Added Cost Share – Grant Writing and Feasibility Assessment Guidelines

We appreciate your interest in N.C. MarketReady at N.C. State University. Our program brings together multi-disciplinary teams to address the needs, challenges and opportunities for North Carolina farmers in the areas of entrepreneurship and innovation in agriculture. The N.C. Value-Added Cost Share Program (NCVACS), funded by the N.C. Tobacco Trust Fund Commission, is designed to complement the USDA-Rural Development Value-Added Producer Grant (VAPG) by providing cost share funding for VAPG grant writing and agricultural enterprise feasibility assessment. Additionally, NCVACS offers USDA matching funds assistance to VAPG recipients to leverage the producer's funding requirements.

Where do I find the N.C. Value-Added Cost Share application?

- Download an application from www.ncmarketready.org.
- Email pghi_info@ncsu.edu or call 704-250-5400 to request a paper application by mail.

How do I format the N.C. Value-Added Cost Share application?

- Make your application easy to read. Applications should be typed in a standard, 12-point font; if completing the application by hand, please print legibly in black ink.
- Use standard, letter-sized paper (8.5" X 11") that will easily photocopy. Please use white paper without background patterns or designs.
- Please do not exceed the space allowed for each response; maintain at least a 1-inch margin around each page.

When is the N.C. Value-Added Cost Share application due?

- Applications for the Grant Writing and Feasibility Cost Share are now being accepted. This is an open cycle, unlike the previous two cycles which utilized deadlines that corresponded to the USDA time table for VAPGs. Due to changes in the USDA program and available funding for additional cost share applicants, eligible producers are encouraged to apply at any time. Contact Brittany Whitmire, program coordinator, to verify eligibility and funding availability prior to application submission.
- Completed application packets must include an original application with supporting documents and three (3) additional copies. Mail or hand deliver applications to NCSU Value-Added Cost Share Program, N.C. Research Campus, 600 Laureate Way, Kannapolis, NC 28081.



Eligible Recipients – Applicants need only qualify in one of the following four categories:

- 1. *Individual/Independent Producer who is a permanent resident of N.C.*** – One or more farmers, ranchers, fishermen or forestry harvesters who produce or harvest (and own) the product to which value will be added.
 - Independent producers adding value to a product may purchase additional product up to the amount of their own products. In other words, more than 50 percent of the product to which value is being added must be grown or raised by independent producers.
 - Examples of independent producers include a single farmer; a farm family; a group of producers who work together AND all members of the group are independent producers.

- 2. *Agricultural Producer Group that is based in N.C.*** – An organization a) that represents independent producers, b) whose mission includes working on behalf of independent producers, and c) where the majority of membership and board of directors is comprised of independent producers.
 - General farm organizations qualify so long as they can identify a specific set of producers that benefit directly.
 - Examples of agricultural producer groups in N.C. include the N.C. Sweet Potato Commission and N.C. Cattlemen’s Association

- 3. *Farmer/Rancher Cooperative that is based in N.C.*** – A farmer-owned and controlled business from which benefits are derived and distributed equitably on the basis of use by each of the farmer-owners.
 - If a cooperative has non-producer members, then it must apply and qualify as a majority-controlled producer-based business venture. See (4) below.
 - Examples of farmer cooperatives in N.C. include the Peanut Growers Cooperative Marketing Association and Maryland/Virginia Milk Producers.

- 4. *Majority-Controlled Producer-Based Business that is based in N.C.*** – A venture where more than 50 percent of the ownership and control is held by independent producers OR partnerships, LLCs, LLPs, corporations or cooperatives that are, themselves, 100 percent owned and controlled by independent producers.
 - For majority-controlled producer-based businesses, independent producers must own and control more than 50 percent of the venture.
 - Examples of majority-controlled producer-based businesses in N.C. include cooperatives with non-producer members and other businesses that have both producer and non-producer members, so long as producers constitute more than 50 percent of ownership and control.

Eligible Enterprises – Applicants need only qualify in one of the following five methods:

- 1. *A change in the physical state of an agricultural commodity (an unprocessed product from a farm).***
 - Examples of value-added products in this category are fish fillets, diced tomatoes, ethanol, bio-diesel and wool rugs. Common production or harvesting methods are *not* considered a change in physical state. For example, dehydrated corn, bottled milk, raw fiber, Christmas trees and cut flowers are *not* eligible in this category.

- 2. *Using a nonstandard production method that adds value per unit of production over a standard production method.***
 - Examples of value-added products in this category are certified organic carrots, eggs produced from free-range chickens and beef produced from cattle fed a “natural” diet. Simply branded products or products packaged in a non-standard way are *not* eligible under this category.

- 3. *Physical product segregation.***
 - An example of a value-added product in this category is genetically-modified (GM) corn produced on the same farm as non-GM corn, but physically separated so that no cross-pollination occurs.

- 4. *Farm-based renewable energy generation.***
 - An example of a value-added product in this category is the use of a farm- or ranch-based commodity to generate energy in an anaerobic digester. Fuels such as ethanol, bio-diesel or switchgrass pellets that are not generated on a farm or ranch owned or leased by the owners of the enterprise are *not* eligible under this category. However, these types of fuel may be considered under the first category, if a change in the post-harvest, physical state occurs.

- 5. *Aggregation and marketing of locally-produced agricultural food products within 400 miles of the farm that produced the agricultural commodity OR within the same state as the farm that produced the agricultural commodity.***
 - Examples of value-added products in this category are locally grown lettuce sold to nearby restaurants or strawberry ice cream sold at a farmers market that is within 400 miles of the dairy farm that produced the milk used to make the ice cream.

Eligible Cost Share Purposes (Applicants may apply for multiple purposes)

1. **VAPG Grant Writing – up to \$3,500 award**

For both Planning & Working Capital VAPG Applicants

On average, a VAPG proposal requires a minimum of 100 hours to complete and costs approximately \$7,000. Cost share funding may be used to offset the expense of having a Planning or Working Capital VAPG professionally prepared by an *approved grant writer*. *

- **Planning VAPG** requests to USDA may be up to \$100,000 and may be used for the following activities: business plan development, feasibility assessment, marketing analysis, legal advice and other professional guidance.
- **Working Capital VAPG** requests to USDA may be up to \$300,000 and may be used for the following activities: normal expenses associated with the operation of an eligible value-added venture, processing or marketing value-added products, inventory purchases, salaries and office supplies (limited to 10-percent of total request). Working Capital VAPG funds may not be used for the purchase of equipment other than office supplies, as noted. *USDA requires a third-party, independent feasibility assessment for all Working Capital VAPG requests. NCVACS applicants who do not have the required documents for a Working Capital VAPG should consider the Planning VAPG and/or the NCVACS for an Agricultural Enterprise Feasibility Assessment – see below.)*
- For more examples of eligible VAPG activities, visit <http://www.ncmarketready.org>.

*The NCVACS program considers *approved grant writers* to be those who have 1) completed a NCVACS- or USDA-sponsored VAPG Grant Writing Workshop and/or 2) written and submitted a successful VAPG in the last three years. The NCVACS program maintains a list of approved grant writing professionals and will partner cost share recipients with an appropriate professional. If applicants have a preferred grant writing professional that they want to use, the NCVACS program must approve that individual in advance. The name and contact information for the individual must be included in the application. *The NCVACS Program must approve all grant writing professionals in order for cost share funds to be applied to the cost share purpose.* (See Grant Writer Application at <http://www.ncmarketready.org>.)

2. ***Agricultural Enterprise Feasibility Assessment – up to \$20,000 award***
For Working Capital VAPG Applicants Only

USDA requires a third-party, independent feasibility assessment for all Working Capital VAPG requests. On average, the cost associated with these services is \$40,000, as acceptable feasibility assessments must follow the USDA guidelines set forth in [SR 58](#). Cost share funding may be used to offset the expense of having an agricultural enterprise feasibility assessment professionally prepared by an *approved feasibility consultant*.**

Note: Once initial cost share applications have been reviewed, finalists for *Agricultural Enterprise Feasibility Assessment* will be notified of their status. Finalists must complete a pre-feasibility questionnaire (available at <http://www.ncmarketready.org>) **within two weeks** of receiving finalist notification.

**The NCVACS program considers *approved feasibility consultants* to be those who have completed and referenced an agricultural enterprise feasibility assessment according to SR 58 in a Working Capital VAPG proposal in the last three years. The NCVACS program maintains a list of approved professionals who have completed feasibility assessments for VAPG proposals and will assign cost share recipients an appropriate professional. *The NCVACS program must approve all professionals in order for cost share funds to be applied to the cost share purpose.* (See Feasibility Assessment Consultant Application at <http://www.ncmarketready.org>.)

3. ***USDA Matching Funds Assistance – up to \$10,000 award***
For both Planning & Working Capital VAPG Applicants

The USDA requires matching funds for VAPG awards equal to the amount requested. For example, if an applicant proposes a total project budget of \$100,000 in a VAPG proposal, the applicant may request that USDA provide up to \$50,000 and the applicant will match the request with \$50,000 of his/her own. In order to help North Carolina producers leverage their own funds against those requested from USDA, the NCVACS program will provide matching funds assistance to NCVACS applicants, up to \$10,000, contingent upon receipt of a VAPG.

Finalist Interview

All finalists for 2010 NCVACS awards will be notified (by email or phone) of their application status. An interview will be required for all finalists.

Multiple Grant Eligibility

All applicants may apply for both VAPG Grant Writing Cost Share and the USDA Matching Funds Assistance in a single cycle. Applicants for the Working Capital VAPG may also apply for the Agricultural Enterprise Feasibility Assessment Cost Share in a single cycle. However, all cost share applications must be for the same value-added enterprise. Cost share funds must be used within a 365 day period, starting from the date of the award.

Certification of Matching Funds

The NCVACS program is designed to offset the costs of professional services for grant writing and feasibility assessment associated with the VAPG for eligible North Carolina farmers. Expenses incurred beyond the NCVACS award will be the responsibility of the eligible party submitting the application. Applicants must certify that matching funds will be available at the same time cost share funds are anticipated to be spent.

- **For VAPG Grant Writing Cost Share Applicants.** The NCVACS program will award up to \$3,500 for VAPG Grant Writing. Recipient matching funds of at least \$1,000 must be spent in advance of cost share funding. Once a recipient verifies that matching funds of at least \$1,000 have been expended, the cost share funding may be issued to the professional completing the cost share purpose. Recipients will verify their expenditures by completing the Matching Funds Report (available at <http://www.ncmarketready.org>) and submitting copies of receipts, canceled checks or paid invoices that equal at least \$1,000.
- **For Agricultural Enterprise Feasibility Assessment Cost Share Applicants.** The NCVACS program will award up to \$20,000 for Agricultural Enterprise Feasibility Assessment. Recipient matching funds of at least \$5,000 must be spent in advance of cost share funding. Once a recipient verifies that matching funds of at least \$5,000 have been expended, the cost share funding may be issued to the professional completing the cost share purpose. Recipients will verify their expenditures by completing the Matching Funds Report (available at <http://www.ncmarketready.org>) and submitting copies of receipts, canceled checks or paid invoices that equal at least \$5,000.

Requirements

The NCVACS program will base funding decisions on information supplied by the applicant. Applicants are expected to respond to requests for clarification or additional information in a timely fashion. Any application that does not contain information sufficient to permit review after the request for additional information has been made will be disqualified from further consideration. An application may be withdrawn by request of the applicant.

Public Documents Notice

All initial applications, attachments to applications and written materials received by the NCVACS program are public record, unless determined otherwise by court order or other applicable law. However, the pre-feasibility information collected from Agricultural Enterprise Feasibility Assessment Cost Share finalists will **only** be used internally for purposes required by NCVACS and N.C. State University and will not become public documents. Cost share recipients may be asked to provide feedback and information to NCVACS that may be incorporated into case studies, educational materials, etc. Every effort will be made to ensure that the collected data remains anonymous, unless a recipient otherwise grants permission to NCVACS upon request.

Reporting Policy

Successful applicants will be expected to submit the following written documentation (available at <http://www.ncmarketready.org>):

- Copy of Signed Contractual Agreement between cost share recipient and professional completing cost share purpose – Due before project commences, , within 2 weeks of award notification.
- NCVACS Matching Funds Report – Due before cost share funds will be released.
- Mid-Term Progress Report – Due 6 months after award notification.
- Final Summary Report (for Agricultural Enterprise Feasibility Assessment Cost Share Projects– Due before cost share funds will be released.
- Copy of Cost Share Purpose Final Documents (VAPG Grant Proposal or Agricultural Enterprise Feasibility Assessment) – Due before cost share funds will be released.

****Note: NCVACS guidelines are subject to revisions with the annual release of the VAPG Notice of Funds Availability.***

For more information on the VAPG, visit <http://www.rurdev.usda.gov/nc/vapg.htm> or contact Neal Sherrod at 919-873-2043 or neal.sherrod@nc.usda.gov.

For more information on the N.C. Value-Added Cost Share Program, visit <http://www.ncmarketready.org> or contact Brittany Whitmire at 919-830-9557 or brittany_whitmire@ncsu.edu.