

FY09 Agribusiness

Summaries and Staff Recommendations

The Commission received 16 project proposals for FY09 Agribusiness grant funding by the announced deadline of November 3, 2008, requesting a total of \$5,091,515. The Agribusiness Committee has an available balance of \$3,198,665 of which \$1 million is set-aside for assisting proposal #1606.

ID	Organization Name	Project Title	Request Amount	Staff Recommendation
1753	Abingdon Feeder Cattle Association	Southwest Region Value-Added Beef Initiative Expansion Project	\$330,000	\$0
1751	Appalachian Sustainable Development	Infrastructure and Market Expansion for Organic Farming in Southwest Virginia	\$282,000	\$0
1755	Bedford, County of	Agribusiness Curriculum Implementation (Phase II)	\$500,935	\$401,375
1747	Blue Ridge Crossroads Economic Development Authority	Agriculture Cooling	\$336,710	\$274,000
1752	Fairview In Abingdon Foundation, Inc.	Fairview in Abingdon Foundation Historic Organic Farming Incubator Program Phase I	\$40,000	\$0
1756	Halifax County Agricultural Development Office	No Bees: No Crops	\$39,450	\$39,450
1743	Horton's Greenhouse and Produce	Cooler Installation	\$40,000	\$0
1745	Industrial Development Authority of Dickenson County	Coalfields Regional Agricultural Marketing Center	\$100,000	\$100,000
1744	Marion Downtown Revitalization Association	Marion Regional Farmers Market	\$255,000	\$0
1606	Olde Dominion Agricultural Foundation	Olde Dominion Agriculture Complex - Phase II	\$2,000,000	\$1,800,000
1749	Virginia Polytechnic Institute and State University Office of Sponsored Programs	Hybrid poplar for bio-energy and biomaterials feedstock production in Southside and Southwest Virginia	\$78,470	\$78,470
1750	Virginia Polytechnic Institute and State University Office of Sponsored Programs	Sheep Flock Improvement Program to Boost Producer's Net Pre-tax Income by 42%	\$315,000	\$250,000
1746	Virginia State Dairymen's Association	Southern Virginia Dairy Revitalization Project	\$330,000	\$200,000
1568	Virginia State University	Biodiesel and Legume Feed/Food Crops to Alleviate Loss of Tobacco as a Cash Crop	\$234,000	\$0
1754	VNA Horticulture Research Foundation	Beautiful Gardens: Development of In-Vitro Based Ornamental Plant Propagation and Liner Production Prototype in Southside Virginia	\$89,950	\$0
1748	Wytheville Feeder Cattle Association	Wythe, Bland, Carroll Value-Added Beef Initiative Expansion Project	\$120,000	\$60,000
	Total requested/recommended		\$5,091,515	\$3,203,295
	Balance available		\$3,198,665	

Abingdon Feeder Cattle Association

Southwest Region Value-Added Beef Initiative Expansion (#1753)

\$330,000

Funds are requested for 18 month period (through December 2010) by the 501(c)5 nonprofit to continue the Value Added Beef Initiative in the 10 Southwest counties of Grayson, Lee, Russell, Scott, Smyth, Washington, Tazewell, Buchanan, Dickenson, and Wise. The program will provide financial incentives (through a dollar-for dollar cost share of up to \$3,000, awarded by a Disbursement Oversight Committee) to encourage and assist farmers in improving the genetic base of their beef herds and on-farm cattle handling facilities. Participating producers must complete the Virginia Quality Assured program to qualify for an incentive (VQA premium per animal at recent sales has ranged from \$33.41 to \$58.32). Up to six percent of the award amount is requested to reimburse project administrators for actual administrative costs.

Total project cost is \$775,714. Other sources of funds: \$396,000 in required private matching funds from participating beef producers.

Staff comments & recommendation: This is the fourth annual round of beef cattle incentive funding for these ten counties. Previous awards totaled \$1.15 million and have been successfully administered (the FY07 award has a balance of more than \$90,000). To date those earlier grants have assisted 376 producers and leveraged private investment of \$1.36 for each dollar awarded. Recent sales show a consistent pattern of significant premiums obtained for VQA cattle. The number of eligible producers grew twenty percent to more than 940 producers, meaning that the program could consume upwards of an additional \$2 million over several years just to serve the currently-eligible producers. The program appears to have accomplished the objective of demonstrating that quality herds and handling facilities translate to higher sales revenues. **Staff recommends no award.**

Appalachian Sustainable Development

Infrastructure and Market Expansion for Organic Farming in Southwest Virginia (#1751)

\$282,000

Funds are requested by the nonprofit applicant for land acquisition and construction of greenhouses adjacent to ASD's new packing house in Duffield (Scott County), plus a variety of equipment (refrigerated tractor-trailer, computers, ice machines etc.) to be acquired to enhance inventory management and distribution. Greenhouses would provide an off-season location for plant and seed production, in addition to serving as a training site. Funds also requested for a local foods promotion campaign (events, advertising and management) to expand growers' access to a current base of more than a dozen area restaurants, grocers and health food stores. ASD currently has 70+ organic growers participating in its production system that supplies more than 600 supermarkets and other buyers, and assists an additional 150 growers with marketing, education and training. ASD serves six Southwest VA counties and hopes to expand participation in three additional counties in 2009.

Total project cost is \$571,260. Other funding: \$39,260-USDA/Risk Management Agency – secured (assistance to disadvantaged minority and youth farmers); \$50,000-Ford Foundation – secured (expand Appalachian Harvest markets and distribution systems, new farmers); \$150,000-W. K. Kellogg - secured (farmer education and training, outreach to limited resource growers &

consumers, market development); \$50,000-Dietel Partners (farmer training in sustainable agriculture research and education, developing new crops and season extension).

Staff comments and recommendation: ASD has received nine TICR grants since 2001, totaling more than \$1.3 million for facilities, equipment and operations (all grants have been fully used, with no remaining balances). Producer participation has grown steadily in recent years, and sales to metropolitan markets in the Mid-Atlantic and North Carolina now exceed \$550,000 in annual revenue. The proposed enterprises would clearly expand and enhance ASD's operations but would add only modestly to sales revenues and job creation (e.g. approximately \$70,000 in new annual sales from the four requested greenhouses). Other options appear reasonable for certain elements, such as leasing of land, vehicles and equipment. **Staff recommends no award.**

County of Bedford Agricultural Economic Development Advisory Board, in partnership with Patrick Henry Community College and Southwest Virginia Community College

Agribusiness Curriculum Implementation (Phase II) (#1755)

\$500,935

Funds are requested through June 2011 to begin implementation of two-year associate degree instructional programs in agribusiness/animal/crop sciences and technologies in three community college service areas (Patrick Henry, Southwest VA and Central VA). Currently, Virginia residents seeking such a degree have only one in-state option, a program at Virginia Tech that requires two years to be spent on campus and is limited to 60 incoming freshmen annually. Funds are requested for a program coordinator (who would also teach and serve in a development role), faculty at the colleges, equipment and supplies. Existing farms and agribusinesses would serve as learning labs to enhance classroom instruction that would be shared by distance formats. The proposal estimates enrollment of 29 at the three locations in Fall 2009, expanding to an additional 39 students in 2010. Two- to four additional colleges would be anticipated to participate in 2010-2011 as well, further expanding potential enrollment and tuition revenues to a projected 185 students by 2012. The target population is 11,000 students annually enrolled in middle and high school agriculture classes within the tobacco region (there is also significant potential for dual enrollment of high school students for college credits). Sustainable revenues (from tuition, fees, grants, corporate and foundation support etc.) are projected by the fourth year, although additional TICR grant request(s) to expand the program is anticipated. Committees are proposed for Oversight (academic representatives of the participating school) and Industry Advisory (representing agribusinesses in the regions).

Total project cost is \$875,364. Other funding: \$59,594-PHCC in-kind donation of faculty salary, benefits, operating costs and office space (approved, not to exceed tuition collected); \$59,594-SwVCC in-kind donation of faculty salary, benefits, operating costs and office space (approved, not to exceed tuition collected); \$26,091-CVCC in-kind donation of faculty salary, benefits, operating costs and office space (approved, not to exceed tuition collected); \$150,000 (3 simultaneous grants of \$50,000 each)-USDA SPECA Challenge Grants pending for three related projects (apply 12/15/08, funds available by 7/1/09 for 18-24 months); \$20,000-County of Bedford for planning institute, recruiting and faculty travel (Board approved 10/27/08); \$19,150-in-kind-AgrowKnowledge for planning institute, recruiting and faculty travel (approved).

Staff comments and recommendation: An FY08 grant of \$75,000 enabled planning of the program, with insistence by TICR that all community colleges in the footprint be invited to participate in the workgroup that continues to develop the proposal. The proposed program would build on some existing community college agribusiness programs (horticulture, livestock, forestry,

equine etc.), some of which have been initiated with TCR assistance, and would allow students to remain in their home community and work on family farms while attending classes and gaining exposure to state-of-the-art agricultural practices. Project planners are cautious to position this as complementing rather than competing with the current on-campus program at VT, based on data that demonstrates untapped demand from interested students that can not be accommodated with a two-year residential program (graduating students could also take advantage of an existing articulation agreement to continue to Bachelor degree programs at VA Tech). The project has drawn considerable interest and commitment of resources from the National Resource Center for Agriscience Technology & Education. This solution, if proven feasible and sustainable, could transform agricultural education in the tobacco region and state, and strengthen the agribusiness sector for generations to come by providing well-educated, innovative entrepreneurs and workforce. The applicants have advised that two interactive classrooms costing \$99,560 can be postponed until a future round. **Staff recommends an award of \$401,375, contingent upon the proposed Oversight Committee being empowered to make final determinations on all budgetary and program implementation matters.**

Blue Ridge Crossroads Economic Development Authority

Agriculture Cooling (#1747)

\$336,710

Funds are requested by the regional economic development authority for Carroll, Grayson and Galax to purchase additional equipment for the wholesale fruit/vegetable operations based at the Southwest VA Farmers Market in Hillsville. The Market serves 140 growers in 12 tobacco region counties (the Market's overall service area assists 280 growers in a 15-county region of Southwest VA). Funds would be used to purchase a forced air cooler (to complement the hydro-cooler currently being built with an FY08 Agribusiness grant), plus several pieces of equipment (refrigerated truck, ice machines, pallet jacks, tow motor etc.), and a variety of supplies such as packing crates/bins. The forced air cooler and equipment is estimated to enable an additional \$1.7 million of annual sales of fruits/vegetable such as berries, tomatoes, cucumbers, peppers, squash, beans and cabbage. Established buyer relationships include Food City stores and the U.S. military. Annual market operations are funded by Carroll County and a dollar-per-case cooling fee charged by the market.

Total project cost is \$562,350. Other funding: \$35,000 -Virginia Department of Agriculture and Consumer Services for supplies and materials (\$10,000 has been awarded/\$25,000 application pending for Specialty Crop Competitive Grant); \$190,640-Carroll County to be utilized as follows: \$118,140 annual personnel; \$45,000 annual contractual services; \$24,500 annual increased utilities; and \$3,000 for equipment (committed).

Staff comments and recommendation: The FY08 grant of \$225,000 is being used for current construction of a hydro-cooler. A rented hydro-cooler resulted in additional revenue in 2008 of \$1.25 million from sales of broccoli, cauliflower, corn and greens. Hydro-cooling revenues are projected to grow to \$1.8 million in 2009, from a base of zero in 2006. An FY05 Southwest Economic Development grant is assisting with overall market site improvements such as parking. The requested equipment has a projected useful life of six years, so annual sales revenues should be aggregated for that period to determine ultimate outcomes. While producer participation is heavily concentrated in four tobacco region counties (Carroll, Grayson, Patrick & Wythe), additional producers have committed to provide produce in 2009, and participation is expected to grow as the market's capacity and buyer networks expand. Some non-fixed supplies/materials that are requested, including storage crates/bins, may be eligible for other sources such as USDA grants/loans. The

proposal provides the most measurable and significant regional impacts on new farm income that the Agribusiness program has seen in recent years (aside from a \$1 per box cooling fee that is charged to offset operational expenses, the applicant states that all sales proceeds are returned to growers). **Staff recommends award of \$274,000 for cooler and capitalized equipment.**

Fairview In Abingdon Foundation, Inc.

Fairview In Abingdon Foundation Historic Organic Farming Incubator Program Phase I (#1752)

\$40,000

Funds are requested by this nonprofit first-time applicant to initiate Phase I of a 24-acre small business incubator, modeled on existing business incubators but focused specifically on providing garden plots for organic farming in Abingdon. TICR funds are requested for farm equipment (tractor, tiller etc.) and to repair an existing water well and equipment for irrigation. Education/training would be provided by Virginia Highlands Community College's Small Business Development Center and Appalachian Sustainable Development's existing organic farming assistance program. Incubator participants would be required to enroll as "student farmers" in a structured internship to gain experience in crop production and business/financial management. Future phases include renovation of a historic log home and outbuildings as an education center. The programs are projected to reach 52 new and existing farm operators and students in Washington County annually. One local news story generated seven interested participants, most of whom are under the age of 35.

Total project cost is \$63,000. Other funding: \$10,000-Town of Abingdon for general project expenses (to be requested for 2009-10 fiscal year); \$10,000-Fairview In Abingdon Foundation, Inc. for general project expenses (available immediately upon award of TRIC funds).

Staff comments and recommendation: Matching resources include training assistance provided by local partners (People Incorporated's entrepreneurial programs should be added to the project partnership) but appears to be almost entirely in-kind and currently available in the region. The project is well-conceived to build on existing resources and address several barriers to organic farming, and could provide a replicable model for a modest investment. However, as presented here it appears to be primarily a local project that lacks the broader regional impacts that are a priority for highly-competitive TCR funding programs. A funding commitment now could also imply interest in funding future phases of the site development (renovation of buildings as classrooms etc.). **Staff recommends no award.**

Halifax County Agricultural Development Office

No Bees: No Crops (#1756)

\$39,450

Funds are requested through September 2010 to initiate a bee-keeper incentive program to re-establish crop-pollinating honeybees that have been in decline due to “colony collapse disorder” that has been observed in Virginia and several states in recent years (causes for CCD are currently being studied but remain largely unknown). Cost-share incentives and training supplies and materials are requested in order to conduct recruitment and training workshops, provide replacement bees for 50 established bee-keepers (it’s reported that one-third of existing bee colonies are lost each year), to provide start-up hive kits and bees for 50 new bee-keepers, and to provide cost-shared pollination by rented bee hives for agricultural producers in a five-county area. Honeybees are the primarily relied upon for pollinating crops that include melons, berries and several other fruits and vegetables that are grown in the project area.

Total project cost is \$99,740. Other funding includes: \$4,500 bee-keeper cost-share match; \$39,000 established bee-keeper in-kind supplies and materials; \$4,250 established bee-keeper in-kind training; \$5,040 Halifax County in-kind staff at 10 hours/week.

Staff comments and recommendation: Project has the strong support and participation of the beekeeper association that has sixty members in six Southside tobacco region counties (the association’s membership doubled this past year from 30 to 60). The Halifax Ag Office has successfully managed earlier beef cattle incentive grants totaling \$1.9 million, ongoing operation of an agriculture marketing center (\$200,000 FY01 grant), and has two small grants open from the past two years (totaling \$65,000 for switchgrass and meat goat projects). While the project would not address the source of colony collapse or create significant net new farm income, it provides an interim measure to stabilize crop incomes in the region, while university-based research seeks a long-term answer. **Staff recommends an award of \$39,450.**

Horton’s Greenhouse and Produce

Cooler Installation (#1743)

\$40,000

Request for funds to construct a cooler building for a private, family-owned for-profit business is ineligible for a direct grant from the Commission.

Total project cost is \$55,000. Other funding: \$10,000- private investment for materials and construction (available); \$5,000-in-kind labor resource (available).

Staff comments and recommendation: No quantified outcomes, and applicant is a for-profit business. Applicant is also exploring a partnership with a non-profit that might be willing to serve as the grantee (those details have not yet been provided). **Staff recommends no award.**

Industrial Development Authority of Dickenson County
Coalfields Regional Agricultural Marketing Center (#1745)
\$100,000

Funds are requested to continue construction at a 14-acre site owned by the applicant to prepare it for operation as a regional agricultural marketing center and farmers market. An existing 4,000 square foot enclosed metal building on property located between the Towns of Pound (Wise County) and Clintwood (Dickenson County) was acquired and initial site preparation is underway using a VCEDA grant of \$103,500. TICR funds would continue site improvements including interior and exterior holding pens, a 2,400 square foot shed roof, bleachers, lighting, insulation, heating/ventilation, a concrete floor for the main structure, office equipment and a tractor. A partnership agreement to develop and operate the facility has been executed between the Dickenson and Wise County Boards of Supervisors and the two County Industrial Development Authorities. An eight-member operating board comprised of representatives of agricultural sectors and local governments will be named. A business plan for the facility cites eight annual sales for cattle, sheep, horses and goats, in addition to monthly agricultural training, association meetings and events, generating operating fees of \$8,000 annually that will be retained to fund operating costs (the center's operations will be contracted to an experienced private market operator). The facility is projected to increase market value of production in the two counties by \$500,000 annually, partially by avoiding the costs of transporting livestock to the closest market in Abingdon (55-75 miles away).

Total project cost is \$415,537. Other funding: \$28,500- TICR FY06 Southwest Economic Development grant (pens and scales); \$103,500-Virginia Coalfield Economic Development Authority for building, site development, property, A&E, and legal expenses; \$49,334-Wise County for gravel, fencing, welding construction, lighting and signage (received); \$53,750-Dickenson County for utilities, fencing, site development, purchase, water (received – currently \$25,000 is remaining); \$10,453-in-kind-Cattle Association for fencing and site work (in progress); \$15,000 in-kind-Equitable Resources (pipe for perimeter pens and guardrail- received); \$30,000-in-kind-JWT Well Service for gate construction, site development, gravel hauling and spreading (received-currently \$5,000 is remaining); \$25,000-in-kind-McFall's Excavation for site development (received).

Staff comments and recommendation: The methodology for arriving at the net new production revenues is a simple percentage growth projection, which is impacted by small but emerging production and market opportunities relative to beef cattle and hair sheep. A business plan has been completed that estimates nine livestock/equine sales annually and net annual operating revenues of \$8,000 (derived from marketing and event fees). The project has progressed to this point (a partially-completed building and site) with significant financial commitments from the local governments and VCEDA, and could become operational with a TICR commitment. The center would benefit several agribusiness sectors including livestock and crops, and generate measurable revenues for producers. **Staff recommends an award of \$100,000, contingent on the applicant providing annual reports of net new revenues generated by the facilities.**

Marion Downtown Revitalization Association
Marion Regional Farmers Market (#1744)
\$225,000

The unfunded portion of an FY08 grant proposal is requested to complete construction of a downtown farmers market. A partial FY08 grant of \$45,000 allowed the Town and MDRA to construct a 22-stall facility that opened during the 2008 season. The current request would allow

construction of 26 additional stalls, safety and aesthetic amenities (lighting, landscaping, signage, benches, pedestrian crosswalks), an events stage for live music performances and a loading facility for the nearby Lincoln Theatre. The proposal states the existing 22-stall facility is nearly full every week, with farmers reporting average sales of \$400 per week.

Total project cost is \$305,000. Other funding: \$45,000- FY08 Agribusiness award; \$25,000 - Town of Marion for in-kind contractual services and supplies/materials (approved contingent upon approval of the grant); \$25,000-Marion Downtown Revitalization Association for in-kind administrative services (approved contingent upon approval of this grant).

Staff comments and recommendation: The applicant has demonstrated significant initial success with a relatively small FY08 grant of \$45,000. Applicant has subsequently provided specific priority funding elements for the coming year including an additional canopy structure to accommodate 15 stalls, gates and signage, aesthetic improvements to the existing market structure, a sound system and design services. However, several requested project expenses such as the events stage, streetscape improvements (e.g. brick pavers, crosswalks) and theater loading facility are not agribusiness activities (e.g. streetscaping is a candidate for VDOT's Transportation Enhancements grant program). Match is entirely in-kind operational, and additional demand for stalls and projected net new incomes are not quantified. Project should be phased to grow incrementally in areas immediately adjacent to the existing market, based on demonstrated demand and targeted agribusiness outcomes. **Staff recommends no award.**

Olde Dominion Agricultural Foundation

Olde Dominion Agriculture Complex – Phase II (#1606 – referred from Special Projects)

\$2,000,000 (request is now increased to \$2,500,000)

Funds are requested by the nonprofit applicant for the construction of a 100,000 square foot multi-use agriculture complex on a 15-acre tract on U.S. Route 29, two miles north of Chatham, with facilities for a farmers market, livestock center, educational and meeting spaces, offices for agricultural agencies, as well as an enclosed earth-floor arena for events such as shows and competitions (the project was originally submitted in June 2008 to Special Projects, and was referred to Agribusiness along with a \$1 million fund transfer for the project). The complex is planned to assist several agribusiness crop and livestock sectors including cattle, bioenergy, dairy, aquaculture, viticulture and equine. The site is owned by the Pittsylvania Farm Bureau, which used an FY08 Agribusiness grant of \$84,000 for site preparation, and will be turned over to the applicant when construction commences (the applicant's 501(c)(3) application has been submitted to the IRS and a determination is pending). The applicant proposes to increase the ODAF board to include representation from Bedford, Campbell, Franklin, Halifax and Henry County Farm Bureaus. Funds were initially requested to order steel components to be used in construction of the complex, as a means to offset the anticipated 10% increase in material cost, but TICR request is now focused on construction of the complex's arena and education/conference space. According to a business plan and economic impact study, the applicant anticipates that the facility will attract the following activity: the 40,600 square foot arena will host 33 events annually, attracting 5,400 visitors per year and growing at a 5-10% rate annually; the 11,200 square foot meeting hall and education space will host 36 events attracting 2,520 visitors annually; the 30-vendor farmers market will be open three days per week for 20 weeks, attracting 20 vendors per day and 2,000 visitors annually. An IMPLAN economic impact analysis for the six-county region surrounding the site indicates these events will generate nearly \$260,000 of annual spending by non-local visitors and \$428,814 of annual direct impact from operations, visitor spending etc.. Agricultural impacts in terms of net new farm

revenues gained as a direct result of producer participation in the facility's training programs, farmers market, livestock sales and other events/programs is more speculative and complex to calculate, but has been provided on an illustrative basis for a farmer within each agribusiness sector.

Total project cost is \$7,782,539 (including \$5,200,000 for construction). Other funding (listed below, including recent updates to the original application):

Funding Source	Status	Amount	Purpose
Commonwealth of Virginia Earmark	To be requested	\$1,000,000	Building construction
Us Government Earmark	To be requested	\$1,000,000	Building construction
Complex naming rights	Pursuing	\$1,500,000	construction
John Deere Foundation	Pursuing	\$1,000,000	construction
Pittsylvania County Farm Bureau	Pledged	\$500,000	construction
Virginia Farm Bureau	Pledged	\$400,000	construction
Danville Regional Foundation	In Process	\$750,000	Construction
JT-Minnie Maude Charitable Trust	Requested	\$400,000	Farmer's Market
USDA Rural Development	To be requested	\$100,000	Equipment Site preparation and stump removal
Pittsylvania County constituents	In-Kind	\$12,300	General Fund
Pittsylvania County constituents	Received	\$200	Tree removal
Pittsylvania County constituents	In-Kind	\$6,000	General Fund
Pittsylvania County constituents	In-Kind	\$3,482	Contributor brochures, mailing
Franklin, Bedford, Henry County Farm Bureaus	Received	\$6,000	Site preparation
Larry Newby	In-Kind	\$600	General Fund
Southeastern Farrier's Association	Committed	\$500	Impact Study
Virginia Tech	In-Kind	\$2,875	Economic Impact Study
Pittsylvania County Economic Development	In-Kind	\$2,300	Courtyard naming rights
James River Equipment	Committed	\$25,000	Business Plan review
Longwood SBDG	In-Kind	\$420	Auctioneering
Auctioneering	In-Kind	\$696	Legal Council
Robert Vaughn Attorney	In-Kind	\$1,750	Miscellaneous
Volunteer Hours	In-Kind	\$20,080	
Total		\$4,732,203	

Staff comments and recommendation: The project was referred by Special Projects Committee (along with a \$1 million transfer of funds) in July to the Agribusiness Committee, which in FY08 funded the site preparation, and has outcomes measures that are more directly aligned with this project's objectives. The applicant has completed a business plan and economic impact study of the facility as cited above. Majority of other construction has not yet been committed, and state/federal funding appears increasingly problematic in the foreseeable future. Applicant has asked (in correspondence received 11-26-08) that the proposal be increased to a request of \$2.5 million to additionally include construction of a portion of the show arena. A majority of the economic benefits can be expected from the arena element of the complex. Visitor spending (described above) shows modest economic impacts from the facility, however, the greater impacts would arguably be generated by net new farm revenues and income that might accrue as a direct result of the facility's training and marketing programs. Those figures have not been aggregated, but each percent increase

in farm receipts within the six-county service area would generate an additional \$1.6 million in annual cash receipts (based on 2002 Census figures that indicate \$158 million of crop and livestock receipts in these counties). **Staff recommends an award of \$1,800,000.**

Virginia Polytechnic Institute and State University
Hybrid poplar for bio-energy and biomaterials feedstock production in Southside and Southwest Virginia (#1749)
\$78,470

Funds are requested for the first year of a three-year study to test the suitability of fast-growing poplar hybrid varieties at three sites (Wise County, Pittsylvania County and Virginia State University). The varieties would be assessed for growth and wood quality in response to local climate, soil and pathogen conditions. Results would be disseminated to farmers, landowners and the bio-energy industry through a symposium at IALR in Danville, field workshops at the test sites and educational materials. Funds are specifically requested for portions of salary and travel expenses for project coordinators based at VA Tech and VSU, test site preparation and operating expenses, costs to conduct field workshops and symposium, and contracted propagation services to Greenwood Resources, a private timber management company based in Oregon (www.greenwoodresources.com).

Total project cost is \$211,315. Other funding: \$112,845-in-kind-VA Tech (5-10% of time for four research faculty, plus waived indirect charges); \$20,000-in-kind-IALR (10% of two research faculty/technician time and supplies); \$15,500 - Windy Acres Nursery in-kind site, equipment and technical assistance; VSU in-kind site usage.

Staff comments and recommendation: While it remains unclear to what extent and cost private landowners will have access to successful clones that are controlled by Greenwood, the project should generate reliable evidence of varieties that can successfully be grown for pulp/paper and bio-energy feedstocks in Southwest VA on reclaimed mine land, in Piedmont VA and in the coastal plains soils/climate. Match is entirely in-kind but includes substantial commitments of intellectual property and facilities by private partners that are poised for substantial future investments in cultivation. Pro forma analysis of return on investments for landowners is not yet known, but should be better understood at the conclusion of these demonstrations. **Staff recommends award of \$78,470, contingent on TICR funds shall only be used for project costs directly incurred in the tobacco region and VSU site.**

Virginia Polytechnic Institute and State University
Sheep Flock Improvement Program to Boost Producer's Net Pre-tax Income by 42% (#1750)
\$315,000

Funds are requested to construct a 7,200 square foot enclosed livestock arena, a 2,880 square foot covered-shed ram testing facility, make repairs to existing lambing facilities and acquire purebred Dorper sheep at the Southwest Virginia Agricultural Research and Extension Center in Smyth County. The improved testing and educational facilities are projected to increase the number of producers, increase lamb birth rates and carcass rates, while decreasing mortality rates, resulting in increases of 67% in lamb production and 42% in net income. A \$53 advantage per ewe, multiplied by 5,000 ewes = \$268,000 annual net new income in Southwest VA within three years. In addition,

15 new producers annually are projected to add 2,000 lambs and \$352,000 in sales annually within three years, plus capital investments to establish flocks and operating expenditures for feed, supplies, medical care etc. Objectives will be accomplished through breeding research and educational programs conducted on-site.

Total project cost is \$424,364. Other funding: \$21,797-in-kind-VA Tech (salary and benefits for project employee - budgeted); \$87,567-in-kind - VA Tech waived indirect costs.

Staff comments and recommendation: The proposed facilities would allow services and training programs similar to a ram testing facility in Shenandoah Valley. The arena and classroom space would benefit several agribusiness sectors by offering facilities that are currently not available at the site or within reasonable proximity. Match is entirely in-kind, but some opportunities for additional fundraising from partner organizations in the region appear possible. Outcomes appear to be reasonable projected increases in sheep production, given that the market opportunity for hair sheep alone is evidenced by \$1 million in sales surpassed with Food City (which has expressed interest in selling up to 4,000 additional lambs annually). **Staff recommends award of \$250,000 to construct enclosed classroom/arena building with attached open-sided shed for ram-testing facility.**

Virginia State Dairymen's Association Southern Virginia Dairy Revitalization (#1746) \$330,000

Funds are requested by the nonprofit statewide association (501c5) to facilitate capital improvements to approximately 60 of the 118 dairy farm operations in four counties in Southwest and Southside (Smyth, Washington and Wythe in Southwest and Franklin in Southside). Funds are requested for a 50:50 cost share with dairy farmers, for capital improvements to existing dairy farm infrastructure. Funds will be distributed by disbursement oversight committees in Southside and Southwest according to proposed guidelines, with a proposed cap of \$5,000 per producer for the purchase and installation of fans, sprinklers, footbaths, head chutes, head locks, fencing supplies, and water and irrigation systems. For a herd of 100 cows, comfort improvements are projected to increase milk production by five percent (approx. \$14,000 of additional annual income), and cattle handling facility improvements are projected to save \$13,720 in annual operating costs. Funds of not more than 10% of the grant are requested for actual administrative costs, in addition to \$10,000 for educational seminar materials.

Total project cost is \$630,000. Other funding: \$300,000-dairy producers in participating counties for 50:50 cost-share to match TTCRC dollars invested.

Staff comments and recommendation: The proposal is resubmitted this year, following on a similar proposal to fund these incentives in ten counties that was passed by in FY08 (in response to the Committee's concerns from FY08, the project has been refocused this year on counties with higher numbers of farms that combine both dairy and tobacco operations). The applicant makes the case for a full return on investment within the first year at each dairy. Cap per producer and grant administration cost percentage could be lowered in order to provide incentives to more dairy operations. **Staff recommends a one-time award of \$200,000 to demonstrate return on producer investments, with a reduced cap of \$4,000 per producer, funds to be split 60:40 between Southwest and Southside regions, and reimbursement not to exceed 5% of grant award for actual project administration costs.**

Virginia State University
Biodiesel and Legume Feed/Food Crops to Alleviate Loss of Tobacco as a Cash Crop (#1568)
\$234,000

Funds are requested through June 30, 2011 to conduct agronomic field research at VSU's Randolph Farm (near Petersburg) on several oilseed crops for biodiesel purposes (mustards, pennycress etc.) and legumes (beans and peas) for export markets and replenishing nitrogen in soils. TICR funds would be used for employing two farm workers for three growing seasons, supplies, contracted lab services and specialized equipment.

Total project cost is \$252,000. Other funding: \$18,000 of unspecified federal grant funds for portion of PI and lab technician time.

Staff comments and recommendation: Project would look beyond soybeans and canola to other bio-diesel non-native feedstocks such as mustards that have shorter growing seasons, and to legumes that would negate the need for applying nitrogen (and could offer an additional potential short season revenue-producing crop). This is the first approach to TICR on researching crops such as those included here, though complete results would not be known for three years, and the potential economic impact for production and farm incomes is not known at this point. Seven percent match appears to be entirely in-kind, and project would benefit from greater participation at additional sites in tobacco region and by additional partners. **Staff recommends no award.**

VNA Horticulture Research Foundation
Beautiful Gardens: Development of In-Vitro Based Ornamental Plant Propagation and Liner Production Prototype in Southside Virginia (#1754)
\$89,950

Funds are requested to continue development of the VNA's "Beautiful Gardens" line of certified ornamental landscape plants. Funds are requested to continue the Virginia Plant Introduction Program (PIP) for a fifth year of operations. Commission funds will be used to: initiate liner production demonstrations at two farms; train 100 additional farmers and plant breeders in liner production; new plant tissue/germplasm acquisitions; contracting for tissue culture services, plant propagation and evaluation research, and to develop an economic model of operating costs and income for liner production; developing educational/promotional materials and publications; and operational costs including maintenance of test sites, 30% of a project coordinator's salary and benefits, and travel to committee meetings, tests sites and conferences. Prior funding from TICR includes a \$271,000 FY05 Agribusiness for project start-up and \$145,000 FY06 Special Projects for project continuation (the latter grant remains open).

Total project cost is \$162,220. Other funding: \$10,000-Virginia Department of Agriculture & Consumer Services for 2008/09 marketing promotion to growers and retailers in Virginia (underway Fall 2008 and Spring 2009); \$25,000-U.S. Department of Agriculture for marketing assistance for high value specialty crops (pending); \$20,000-in-kind marketing assistance-U.S. Department of Agriculture for marketing assistance for high value specialty crops; \$292,088-IALR/ISRR, VMGA, Halifax County, VA Tech, CVSC, and NBG for in-kind labor, land, maintenance, services, materials, and supplies (received); \$52,291-Virginia Nursery & Landscape Association to extend testing and marketing outside of the tobacco region (on-going); \$13,000-cooperating tobacco greenhouse

growers for cost-share of operational, equipment and supply expenses (pending approval of this grant).

Staff comments and recommendation: Project has been conducted primarily by Virginia Tech staff using two TICR grants and funds from VNLA and VDACS since the Commission's original grant approval four years ago. Substantial progress toward measurable commercialization is being made, including implementation of branding and product sales at garden centers in 2008/09, initiation of liner production by private growers and completion of a business plan. However, the process of segregating TICR funds from use at test sites outside the tobacco region has been challenging and time-consuming for all parties, and the applicant has signaled its interest in an additional four years and \$100,000 of future TICR commitments beyond this request. As this project moves into phases that are more focused on private producers and sellers, continued operating support for expenses that have been funded in previous years is contrary to the TICR Strategic Plan, and requested equipment to go in private greenhouses for liner production is not adequately matched by the private owners. **Staff recommends no award.**

Wytheville Feeder Cattle Association

Wythe, Bland, Carroll Value-Added Beef Initiative Expansion Project (#1748) **\$120,000**

Funds are requested by the nonprofit applicant for a second annual round of beef cattle incentives serving Wythe, Carroll and Bland Counties, which currently total 42,500 beef cattle on more than 1,300 farms. The project was begun with an FY08 Agribusiness grant of \$150,000, modeled on the current beef cattle incentive program in other Southwest Counties (these counties were not been included previously) and is administered by the same fiscal agent (Smyth County), with the objective of improving the production, management and marketing of beef producers. Funds will be used in accordance with guidelines used in the previous grants, to provide incentives capped at \$3,000 per producer in order to expand existing beef herds (specifically, for genetics and handling facilities), as well as for actual administrative costs not to exceed 5% of the grant award.

Total project cost is \$240,000. Other funding: \$120,000- participating beef producers to match TICRC funds on a 1:1 basis (available).

Staff comments and recommendation: FY08 grant has balance available, but enough producer applications have been approved to use the majority of those funds by March 2009. Current grant has seen nearly \$1.50 of private funds invested for each dollar of TICR incentive. Funds were allocated in FY08 grant at \$50,000 per county. In order to be more consistent with the total of beef cattle incentive funds awarded to other tobacco regional counties **Staff recommends a final award of \$60,000, to be allocated between localities as determined by the Disbursement Oversight Committee.** ■