

FY13 Agribusiness

Summaries & Staff Recommendations – December 2012

The Commission received 16 proposals for FY13 Agribusiness funds by the October 15th due date, along with one proposal tabled in the FY12 cycle (#2462) and one recommended for funding in FY12 but tabled at the Commission level (#2475). The Committee has a balance from the FY13 budget and carried forward funds of \$2,723,510 available for the following 17 grant proposals.

Req #	Organization Name	Project Title	Request Amount	Staff recommendation
2622	Abingdon Feeder Cattle Association, Inc.	Beef Builder Initiative	\$900,000	\$400,000
2618	Appalachian Sustainable Development	Increasing Direct Market Opportunities for Southwest VA Agriculture Producers	\$340,153	0
2608	Buckingham Cattlemen's Association	Buckingham Agricultural Resource Network (B.A.R.N.)	\$550,311	\$550,311
2619	Town of Chilhowie	Chilhowie Farmers Market and Cultural Arts Pavilion	\$150,000	0
2610	Town of Coeburn	Altec Farms Aquaculture Research Center	\$18,000	0
2606	IDA of Dickenson County	Coalfield Regional Agriculture Center	\$52,195	\$52,195
2616	Ferrum College	Ferrum College Local Food Initiative Demonstration Project	\$89,805	\$49,402
2612	County of Franklin	Homestead Creamery-Burnt Chimney Water Extension	\$250,000	\$250,000
2609	Town of Glade Spring	Glade Spring Farmers Market and Performing Arts Center	\$150,000	0
2629	Lunenburg County	Value Added Food Processing Facility Equipment	\$103,500	table
2621	Old Dominion Resource Conservation & Development Council Inc	Heart of Virginia Buy Fresh/Buy Local Initiative	\$29,410	\$29,410

2613	Prince Edward County	Regional Food Enterprise Center for Processing, Value-Adding and Marketing of Virginia Farm Products	\$825,000	table
2611	Public Policy Virginia	Charlotte County Community Bioenergy Project	\$600,000	0
2615	Scott Farmers Cooperative, Inc.	Bulk Feed, Bulk Fertilizer and Tool and Equipment Rental Program	\$782,575	table
2617	Virginia State University	Revitalization of Virginia Tobacco Farms through High Value Edamame Production: Demonstration, Education, and Marketing (Phase II)	\$163,003	\$163,003
2614	Virginia State University	New Crops for Tobacco Farmers in Virginia. II. Chickpea and Sesame	\$185,000	\$185,000

Total (16 new requests)

\$5,188,952

\$1,679,321

Previously Tabled Applications

2462	Southwest Virginia Agricultural Association, Inc.	Expanding Markets for Apiculture in Southwest Virginia (previously tabled by Committee)	\$491,500	0
2475	(Virginia Cattlemen's Association) Southwest Livestock Cooperative Inc.*	Southwest Virginia Livestock Center (Committee funding recommendation tabled by Commission in January 2012)	\$1,000,000	\$700,000

*** proposal was submitted by VCA, Committee recommendation is to award funds to SLCI contingent on 501c3 designation**

Total (2 tabled requests)

\$1,491,500

\$700,000

Total (18 requests)

\$6,680,452

\$2,379,321

Balance available before/after recommendations

\$2,728,157

\$348,836

Abingdon Feeder Cattle Association, Inc.

Beef Builder Initiative (#2622)

\$900,000 requested

Project description provided by applicant: Many beef producers lack adequate facilities to properly process their calves in a safe efficient manner that achieve Beef Quality Assurance best practice guidelines that will allow them to market their calves through value-added programs like the Virginia Quality Assured marketing program. Moreover, average or less than average herd genetics precludes many producers from receiving premiums that can be received through the VQA program. The Beef Builder Initiative will cost share with qualifying producers on a 50:50 basis (maximum \$3,000) on cattle processing equipment, weaning facilities, holding pens, and bulls of superior (meeting VQA minimums) genetic merit. Participants will agree to market a minimum of 20% of their calves through and Abingdon Feeder Cattle Association sponsored VQA sale. Producers must own a minimum of 25 cow/calf pairs or 25 stocker cattle to qualify. Increasing feed, fuel, and fertilizer prices have reduced farm income on beef operations. Enabling beef producers to capture more value per calf is one option for increasing profits. Over the past 8 years AFCA sponsored VQA sales have netted participating producers an additional \$45 per calf when compared to VDACS graded in-barn sales. The Beef Builder initiative will assist producers in qualifying for this premium.

Staff comments and recommendation: Funds are requested to serve an estimated 300 producers in twelve Southwest VA counties. AFCA has successfully distributed more than \$1.1 million of beef cattle cost-share incentives to 426 producers for these same activities under grants awarded by TICR since 2004. While these producer incentives have been well-matched by \$1.5 million of private investments, staff has previously noted that at some point the incentives programs should be ended. There are no stated provisions in this proposal that would exclude producers who received incentives under previous grants, and staff suggests that a reduced amount be provided to only assist those producers who have not received previous TICR cost-share grants. While that number of potential unserved producers is not yet adequately known, **Staff recommends award of \$400,000 only for those producers who have not previously received TICR beef cattle cost-share incentives.**

Appalachian Sustainable Development (#2618)

Increasing Direct Market Opportunities for Southwest VA Agriculture Producers

\$340,153 requested

Project description provided by applicant: Farmers in rural Appalachia have limited opportunities for marketing their agricultural products, yet consumers across the region purchase and consume significant quantities of food each day -- much of it grown outside of Appalachia. Restaurants, institutions and individuals have the potential to be regular purchasers of locally grown foods, but often cannot make current marketing channels (farmers markets, CSA's, wholesale brokers, etc.) work with their schedules and delivery needs. Developing new ways to access these potential markets can have significant positive results for Appalachian farmers by adding to their marketing options and generating new streams of income. The southern Appalachian region of Virginia is well suited to the raising of high-quality produce, meats and other agricultural products. Rooted in Appalachia (RiA) will connect food consumers in the region with local producers in four ways: 1) expand a branded marketing campaign that draws attention to local foods and producers; 2) develop an online ordering tool that

simplifies access to local foods; 3) develop a distribution system that helps farmers deliver products and consumers receive them; and 4) seek out business partners to promote RiA to their customers and employees and to create "hubs" of local food activity. This project has strong potential to significantly increase marketing opportunities for farmers in southwest Virginia. Building upon ASD's success in developing vibrant wholesale markets for Appalachian farmers and thriving farmers markets throughout the region, Rooted in Appalachia targets a new and large consumer market within the region. RiA's marketing efforts and public events will draw attention to local foods and the development of an online ordering system and a coordinated delivery system will connect producers and consumers in a direct and effective manner. This will result in hundreds of thousands of dollars in new sales for regional farmers each year.

Staff comments and recommendation: ASD has received TICR grants totaling more than \$1.3 million to date. The proposal seeks funds to establish an enterprise that is expected to be “transferred” to a private operator within two years, including the hiring of two new staff and partial funding of existing ASD staff, purchase of a truck, website development, events, marketing/advertising etc.. The project aspires to serve 137 farms as well as restaurants and other consumers in seven counties and two cities, but appears heavily-focused on Abingdon restaurants and tourists due to the existing partnership with the Abingdon Convention & Visitors Bureau and the Abingdon farmers market. Outcomes were generated by calculating indirect new jobs in the tourism sector assuming this program causes a 2% increase in visitor spending in Bristol and Washington (53 new jobs) and \$100,000 private capital investment based on the assumption that ten restaurants affiliated with the program will invest \$10,000 each in expansions. While this is a creative concept to generate income for area farmers there is some concern about the future funding sustainability of the program, and using public funds to establish what is envisioned to become a private business within two years. While some progress has been made to date to establish a website to promote restaurants (primarily in Abingdon and Bristol) that incorporate local ingredients, TICR notes that the USDA Risk Management grant will assess the financial and operational elements of this approach over the next year, and the viability of generating sufficient revenues to sustain this effort as a private enterprise. That feasibility study is scheduled to be complete in September 2013, in advance of the FY14 Agribusiness cycle. Until such time that the study can be reviewed **Staff recommends no award.**

Buckingham Cattlemen's Association

Buckingham Agricultural Resource Network (B.A.R.N.) (#2608)

\$550,310 requested

Project description provided by applicant: The BCA loses approximately \$56,000 per year through additional market costs, fuel and labor costs, and cattle shrink due to the approximate 60 minute drive to the closest livestock market. The BCA's creditability has also been affected due to errors occurring during cattle load out. The BCA's membership and participants in agricultural and natural resource programs are too large for convenient meeting space anywhere in Buckingham County. There is no room for expansion or growth within the activities of the Cattlemen's Association without an Agricultural Center. The local farmer's market could not find a good location for their activities. Lynchburg Livestock Market has agreed to support the BCA as their sale custodial in a local working/load out facility in Buckingham County. The local producers would not have to spend money on fuel/labor and lose money on cattle shrink due to hauling. Jobs would be created due to increased agricultural activity and production. The BCA could ensure the correct cattle on each load. The regional

membership, local 4-H, Extension, NRCS and SWCD would have space for meetings and educational programs. The local Farmer's market would have a place to sell produce and a kitchen for demonstrations. The BARN project would bring more agricultural dollars back to the county and region, as well as provide room for expansion and improvement in the agricultural industry of central Virginia. It would also provide the area with an educational activity center, gathering place, and agricultural hub, bringing more dollars back to local stores, fuel stations and provide needed economic growth. The BCA, with its regional participation could improve and grow, providing for more producers, becoming more efficient in their current programs, and becoming a strong, reliable source of sought after locally grown beef in the region.

Staff comments and recommendation: Grant funds will be used to construct and equip a 16,200 square foot agricultural facility (approx. 3,000 sq ft of finished interior space with a large meeting room, restrooms and commercial kitchen, with the balance of the space being a covered outdoor demonstration/sale arena). The project will benefit 120 producers in sixteen counties (ten of which are in tobacco region) who are members of the Buckingham Cattleman's Association through increases in net producer income by reducing travel distance, and thereby reducing the producers' costs associated with transportation, labor, and cattle shrink prior to sale. BCA has been operating as a 501c6 in recent years and has a 501c3 application pending with the IRS. The privately-owned Lynchburg Livestock Market, which is the primary current destination for BCA producers, supports the project and has agreed to be the facility's sales custodial partner. The facility will also provide access to space for local agricultural groups to meet and to host local farmers markets, demonstrations, and training events; and will be rented for festivals and other events for revenue to support operating costs. A detailed construction estimate and equipment list was provided. A member list for the Association is provided and the large majority of their members are from the tobacco region including representatives from ten tobacco region counties. The application does a solid job of assessing the needs and opportunities and demonstrating how producers will directly benefit, not only in livestock handling but also in agricultural product sales. **Staff recommends \$550,310 award.**

Town of Chilhowie

Chilhowie Farmers Market and Cultural Arts Pavilion (#2619)

\$150,000 requested

Project description provided by applicant: Currently, the area farmers who gather each Thursday afternoon to sell their produce and wares are forced to situate on a gravel parking lot area adjacent to Lee Highway that offers no permanent structure, or cover from the elements should the need arise. There are also no restrooms or other public facilities available. This location also can cause traffic concerns due to customers entering and exiting the gravel lot from the main road, Lee Highway. The proposed Pavilion will alleviate the problems aforementioned in several ways. One, the pavilion will offer a permanent covered location for each farmer or craftsman to establish a sales base from, Two, the pavilion will be located on a side street adjacent to the current gravel lot with access from several currently marked parking areas/ roads, Three, the pavilion will offer restrooms and a small staging area suitable for providing emergency services and/ or electrical access for vendors. The Chilhowie Farmers Market and Cultural Arts Pavilion will provide the Town of Chilhowie with a centerpiece for the display of locally produced goods and services, and will incorporate the agricultural history of the Town in its architecture, and in its many uses throughout the year. This Pavilion will provide a staging and kick off area for the Town's Centennial Celebration in 2013, and will serve for years to come as a symbol of the

Towns history and cultural heritage through events such as the Chilhowie Apple Festival, an ongoing tradition since 1952.

Staff comments and recommendation: Preliminary engineering has just recently been contracted (October) and is not yet available to provide conceptual drawings, layout and cost estimates. TICR staff has inquired about the market's track record to date of farmer participation, sales, etc., and has requested operational plans and sales tracking methodology for the proposed market. That information has not been received as of the time of this report. Aside from the in-kind value of the property being provided by the Town, the majority of matching funds are not yet committed (including a USDA RBEG grant). The proposed use of the facility as an entertainment venue is not aligned with Agribusiness program goals, and significant matching funds should be committed to the project to cover non-agricultural uses of the "Cultural Arts Pavilion." Until such time as reliable design and costs estimates are available, and sufficient matching funds are committed to address non-agricultural uses **Staff recommends no award.**

Town of Coeburn

Altec Farms Aquaculture Research Center (#2610)

\$18,000 requested

Project description provided by applicant: The goal of the project is to provide farm fresh tilapia filets to Southwest Virginia, East Tennessee, and Eastern Kentucky in a learning environment. Altec Farms LLC purchased a previously owned basic recirculating aquaculture system and has begun to raise tilapia, with the first harvest expected in late September 2012. The Center is in need of two additional tanks and an upgrade to the biofilter system. The addition of two tanks and an upgrade to the biofilter system at the Center will increase the volume of tilapia raised, thereby reducing the cost per pound to the consumer and making the Center more profitable. In addition to being a hands-on learning center that has grabbed the attention of officials from Virginia State University and the Virginia Tech Extension Office, this project aims to provide quality farm raised tilapia to the region. Presently, much of the farmed tilapia sold in the US comes from countries with weak/non-existent health, labor and environmental laws, such as China.

Staff comments and recommendation: This effort to raise tilapia for regional markets has a reasonable likelihood of success given the known best practices for indoor aquaculture, but outcomes are exceedingly modest because the project benefits a single farm business. TICR staff suggests the project leaders should explore low-interest loans or grants from providers such as USDA, People Inc., VDACS' new AFID program and other funders. **Staff recommends no award.**

Dickenson County IDA

Coalfield Regional Agriculture Center (#2606)

\$52,195 requested

Project description provided by applicant: Need: Equipment for maintenance & upkeep of roads, grounds, & facilities at the Coalfield Regional Agriculture Center; equipment for pen cleaning & animal care while in holding for transport after sale; equipment for use by producers to improve surface mined

land to improve forage species of pasture & hay. What Created Need: Heavy use of the facility and high demand and distance to lease a no-till drill in peak season. Equipment will address the need for regular scraping on the gravel road, parking area and removal of animal waste from the holding pen; delivery of hay to holding pens to feed the livestock awaiting transport; maintenance of facility grounds; reconfiguration of pens to accommodate type of livestock; and the No-Till drill for use by producers will be used to improve surface mined land resulting in a better crop production as well as the producer not having to lose one half of a day just picking up the drill to use and they are in high demand during optimum seeding times. The Coalfield Agriculture Center is a significant focal point for all agriculture activities in the coalfield region of Dickenson, Wise and Buchanan Counties. The facility is utilized for agriculture sales and a variety of agricultural educational programs. In the past two years in excess of one thousand youth have attended agriculture awareness and safety programs at the center. In this same timeframe sixty-three agriculture educational programs attended by the public has been conducted at the center. The center hosts monthly horse and tack sales and has been a take up collection point for over 150 thousand pounds of beef.

Staff comments and recommendation: The Coalfield Ag Center has been established at a very low cost with just \$183,195 of TICR assistance to date, well-leveraged with donated materials and labor. The Center has served a growing and significant number of events in several ag sectors, as described in the summary provided by the applicant. The County is committed to construct the building that will provide secure enclosure for the requested equipment. The applicant's concept of providing the no-till drill on a rental basis is one that is based on other out-of-state soil and water districts that offer this service at affordable prices for assisting in forage planting. While it is difficult to estimate and verify the outcomes this equipment would generate in terms of farm income, there is an obvious savings to the 450+ producers in the Center's service area who would no longer have to travel greater distances to rent drills, and obvious operating efficiencies the other equipment will provide at the Center. **Staff recommends award of \$52,195.**

Ferrum College

Ferrum College Local Food Initiative Demonstration Project (#2616)

\$89,804 requested

Project description provided by applicant: The College is at 30% usage of locally grown food and wants to expand that to 50%. The problem the College is facing is shelf-life and availability of products due to seasonal growing periods. As a whole, this is a problem faced by many businesses that want to use or expand their use of local food products. In order to increase the College's usage we must find a way to expand the shelf-life of the products purchased from local farmers and farmers must find a way to decrease waste of product and increase income. The College proposes to purchase a flash freezer and freezer storage as the next phase in creating a stronger local food initiative and partnership with local farmers. The flash-freezer and frozen storage facility will demonstrate effective techniques for improving freshness and shelf-life for Ferrum College. This will provide farmers with expanded market opportunities, additional income and increases product availability to the College. But most importantly, serves our community through a small, prototype operation based on the relationships and processes for purchasing locally grown food and preserving it for longer use. Ferrum College wants to continue to move forward in expanding its usage and partnerships with local producers. The College would also like to serve as an effective model of a local food business plan on a local and regional level. In order for the

College to move to the next level of the initiative, perpetuate increased income and partnerships with local producers we must increase shelf-life and storage space for product. Once the equipment is purchased/installed, the will provide a workshop to local and regional parties interested in their own initiatives.

Staff comments and recommendation: Grant funds would be used to purchase a flash freezer and to construct a 400 square foot walk in freezer at Ferrum College to demonstrate the direct increase to net farm income that can result by increasing the shelf-life of locally harvested products. Increased purchases from local producers will be accommodated by the new freezer capacity, which would allow for 40,000 pounds of product on pallets or 25,000 pounds on shelves. This will allow the college to increase its overall local food buying from the current level of ~ 30% (\$250,000 in the most recent fiscal year) to its goal of 50% (an additional \$165,000 annually), enabling the college to buy larger quantities of perishable produce during the growing season as well as meat and poultry products. The project is expected to benefit ten existing cooperators with the college who represent Franklin, Floyd, and Carroll Counties as well as other producers that will be exposed to the project through outreach by the college and its agricultural partners. The application includes a specific example of the market opportunity based on tomatoes at Riverstone Farms that in the past have been plowed under due to lack of a market that could instead with the proposed facility be purchased by the college and processed for use later during the school year. This project is intended as a demonstration to serve as a model that can be replicated by other colleges and universities, local school systems and other large consumers. Ferrum had previously applied to TIGR's Reserve program for a much larger local foods project that was seeking USDA funds. At that time USDA funding was not approved, but the scaling back of the request simultaneous with the creation of VDACS' AFID program leads staff to suggest that a cost-shared approach to funding equipment for the College's Dining Services operation would be a preferred solution. **Staff recommends award of \$49,402 for 50% of project costs.**

County of Franklin

Homestead Creamery-Burnt Chimney Water Extension (#2612)

\$250,000 requested

Project description provided by applicant: Natural water supplies around the Homestead Creamery facility are limited in volume and are rich in iron. Because the Creamery uses substantial amounts of water in its production of dairy products, the lack of good, available water limits the amount of production by Homestead Creamery. The firm is currently experiencing a significant growth in demand for its products and predicts this demand to continue increasing in the years to come. Homestead Creamery currently needs to add twenty jobs and \$1,100,000 in facilities and equipment to meet demand. Without appropriate water availability, the company cannot increase production enough to meet demand. Excess public water capacity is currently available in the Westlake area at Smith Mountain Lake, some six miles away from Burnt Chimney, the community home to Homestead Creamery. This project will entail the construction of approximately 35,000 linear feet of 12" water line to the Burnt Chimney community to serve Homestead Creamery among other users. This extension will ensure that Homestead Creamery has an abundant supply of good water to accommodate their current operations, their imminent expansion, and any reasonable growth expected in the future. This project is extremely significant to Franklin County, the agriculture industry of the Tobacco region, and the Commonwealth of Virginia. The project will enable Homestead Creamery, one of Franklin County's leading industries, to hire twenty additional area residents at good wages and to add \$1,100,000 to the local tax base. Due

to the unknown reliability of the firm's current well, this project will also protect the current jobs and investment from being forced to relocate. The expansion of Homestead Creamery will also stimulate over \$800,000 in new agricultural product purchases over the next three years from approximately forty-five Virginia farms.

Staff comments and recommendation: TICR funds are primarily requested for a portion of the \$2.9 million cost to construct the waterline. The County indicates it will seek debt financing for the majority of construction costs, and matching funds include \$225,210 toward engineering. Supplemental information provided by the County indicates Homestead purchases product from more than 40 tobacco region farms in several counties. The Creamery's finished products are marketed via several retail outlets including Kroger stores in metro areas such as Richmond, providing evidence of the "export capability" of this company to bring outside dollars to tobacco region farms. However, the new job creation, private capital investment and additional farm purchases described above can not be accomplished without construction of the proposed water line. It can be argued that assistance to one business might better align with TICR Economic Development objectives, however the County has a pending request for industrial park grading that seeks all but approximately \$57,000 of the current Franklin County economic development allocation. The County is requesting less than eight percent of the overall project cost, and engineering data indicates Homestead will use 60% of the water in the line, making this a very reasonable and well-leveraged request with obvious outcomes in terms of new farm income (an estimated \$250,000 annually to tobacco region farms) that clearly align with Agribusiness objectives. The County has also been informed that one potential source of project funding (CDBG) is now unlikely, and requests that the Committee consider a \$125,000 increase in this request to a new total request of \$375,000 for construction costs. Given the late notice of the requested increase staff defers to the Committee on this incremental amount but would note that TICR's overall share of project cost would still be approximately twelve percent. Staff has suggested to the County that TICR funds might be better directed at engineering to keep the project on an expedited timeline. County staff has signaled their agreement with this recommendation. **Staff recommends award of \$250,000 for final engineering, permitting, bidding and other eligible pre-construction costs.**

Town of Glade Spring

Glade Spring Farmers Market and Performing Arts Center (#2609)

\$150,000 requested

Project description provided by applicant: Currently, the Glade Spring Farmers market is located in the parking lot of the main Town Square. This negates quite a bit of the Town's parking area, and provides no refuge from the elements for the Farmers or patrons in the event of inclement weather. The proposed structure will be the anchor of a DHCD CDBG revitalization grant that will affect the downtown businesses, and will offer a much needed public gathering space for local farmers, craftsman, artists, and musicians. The proposed re-purposing of the old Vance Hardware structure will allow permanent spaces within a partially enclosed environment for Farmers, as well as an open air structure to be used by Farmers with larger amounts of goods. This structure will incorporate electrical access, as well as public restrooms to be utilized by patrons and vendors during operating hours and special events. This structure will also serve as the main gathering place for events that will be coordinated with 'Round the Mountain, and The Crooked Road organizations. With this project, and a proposed regional collaboration effort being offered by the Mount Rogers PDC, the Town of Glade Spring will be the last of the area towns between Bristol and Marion to have a dedicated space to a Farmers Market and

gathering spot for Town events. This regional effort will serve to "stagger" operational hours so that Farmers will have access to multiple venues throughout the week to stage their goods and services. This approach will dramatically increase the opportunities for Farmers in the area.

Staff comments and recommendation: Preliminary engineering is not yet available to provide conceptual drawings, layout and cost estimates. TICR staff inquired about the market's track record to date of farmer participation (averages twelve local vendors each week), sales, etc., and has requested operational plans and sales tracking methodology for the proposed market. The outcomes would primarily be generated by extending the market season via the creative use of an existing building dedicated to housing indoor vendor stalls. Aside from the in-kind value of the property being provided by the Town, the majority of matching funds are not yet committed (including a USDA RBEG grant and CDBG for the market exterior, which is still in the planning grant phase). The proposed use of the facility as an entertainment venue is not aligned with Agribusiness program goals, and significant matching funds via a CDBG construction grant should be committed to the project to cover non-agricultural uses of the "Cultural Arts Pavilion." Until such time as reliable design and costs estimates are available, and sufficient matching funds are committed to address non-agricultural uses **Staff recommends no award.**

Lunenburg County

Value Added Food Processing Facility Equipment (#2629)

\$103,500 requested

Project description as provided by applicant (edited for brevity): Homegrown Virginia, LLC, (HGV) is a business conceived and implemented as a result of the desire to provide locally produced food year-round, as opposed to its limited availability during growing season. Commercial processing of fruits and vegetables into value-added products expands market opportunities for the producers, potentially providing additional income. Homegrown Virginia has undertaken extensive business development activities toward establishing a comprehensive co-packing service for agricultural producers whereby raw product is delivered, minimally processed, packaged, labeled, and returned to the farmer as a retail product. At present, Homegrown Virginia is prepared to assume all regulatory responsibilities, sustain FDA Good Manufacturing Practices (FDA Regulations, Title 21, Part 110)), maintain FDA inspection through the Virginia Department of Agriculture and Consumer Services. Therefore, the farmer is relieved of most regulatory and detail-oriented responsibilities, many of which can be onerous and confusing as well as time-consuming. HGV insures safe processing and the production of a tasteful, quality product, using the specific contracting grower's product exclusively. HGV has successfully demonstrated compliance with all FDA regulations relative to the commercial production of these recipes, recently receiving a satisfactory process inspection by the Food Safety and Security Program administered by VDACS. Funding is sought to enable HGV to relocate to a facility dedicated solely to the provision of co-packing services to area agricultural producers who wish to create value-added products that require further processing. HGV proposes to utilize and "revitalize" a vacant grocery facility that needs minimal improvements and includes functional freezers/coolers and adequate storage/retail area. HGV requests funding for the purchase and installation of necessary equipment to independently operate a co-packing service that will initially serve agricultural producers within a six-county area. In addition to the co-packing services available through HGV, producers within the area will also have access to the technical expertise of HGV employees who are qualified to guide potential entrepreneurs through the regulatory process. It is the intent of both HGV and its non-profit partner

Virginia Food Works to foster increased opportunities for local agricultural producers to create value-added products and gain access to various retail markets locally. Efforts to-date, including a brief “incubation” period of production at the Prince Edward County Cannery, the completion of a feasibility study, and extensive business development activities (design and launch of company website, establishment of business office, development of FDA approved product labels, process approval of recipes, etc.) have positioned HGV to uniquely contribute to the locally-grown food movement that will undoubtedly have an economic impact on farm-level income, the sustainability of local farm-based economies, and the availability of opportunities for agricultural producers to create and market value-added products. HGV would ideally like to operate in a more centralized location within the southern portion of Virginia where it would be easily accessible by agricultural producers from a six-county target area. The facility that is currently available for lease by HGW is located in Victoria, Virginia, providing centralized access to agricultural producers from five surrounding localities. HGV plans to focus outreach and education to producers within Lunenburg County and five contiguous localities: Brunswick, Mecklenburg, Nottoway, Prince Edward, and Charlotte. Eighteen agricultural producers will have the opportunity and resources readily available to utilize a portion of their crops which is currently wasted. Depending upon the crop, producers have the potential to reap some financial benefit from the 25-40% of crop yield that would otherwise be lost. Depending upon the value-added product, market access, and demand, producers may realize significant revenues from the retail sale of their value-added products. Revenue increases for the agricultural producer are somewhat dependent upon the efficient cost of production. HGV currently employs one full-time individual who serves as overall manager and production supervisor. Hourly employees are utilized as necessary when processing. With increased promotion of the services/ outreach educational efforts, and unlimited access to a dedicated facility, HGV anticipates an increase in contractual services which will necessitate the hiring of an additional full-time employee within six months of relocation. As production activities increase, additional FTE are projected.

Staff comments and recommendation: The project requests funds for equipment and fixed assets to establish a food processing facility in a vacant grocery store in the Town of Victoria to increase market opportunity for local produce growers. However, three sites are currently under consideration, one of which has fixed assets that would reduce the amount of grant funds needed. The Charlottesville-based Homegrown Virginia LLC will provide operational support for the facility, including compliance with all necessary regulatory responsibilities. The County has requested a business plan from HGV that is currently underway with assistance from the Longwood Business Development Center. The project presents that there is an opportunity to process crops into value added products such as jelly, jam, spreads, and sauces; however, specifics detailing how producers will directly benefit from this is not provided. The target area for this initiative is similar to and compliments the Buy Local initiative proposed by the Old Dominion RC&D (described in the following proposal summary). The Lunenburg sites are being pursued due to limitations for commercial production that currently exist at the Prince Edward Cannery where HGV has been processing and packing foods for private farm producers over the last year. The Prince Edward proposal that is also being considered in this round is thereby related in some manner to this request, and pending resolution of the HGV business plan and site selection, along with clarification of efforts to improve the Prince Edward Cannery versus constructing a new commercial food facility in the region (see staff comments on the Prince Edward proposal) **Staff recommends this request be tabled.**

Old Dominion Resource Conservation & Development Council Inc
Heart of Virginia Buy Fresh/Buy Local Initiative (#2621)
\$29,410 requested

Project description provided by applicant: Our RC&D region is a rural, primarily agriculture area where the croplands are being underutilized after the tobacco settlement. RC&D determined a need existed where small agricultural operations were looking for supplemental incomes but lack of resources and financial restraints to market their product was identified as a problem. Reports are showing that impoverished areas such as ours lack proper nutrition which impacts our quality of life and puts our citizens at a higher risk for cancer. Southside and Central Virginia do not have an organized BFBL Chapter or organization to promote local food systems nor have a regional networking group. Organization of the BFBL Chapter will enable small farmers to do what they do best, "grow and sell the product", the BFBL Chapter will take place of the marketing and educational problem that exists. Everyone who makes or grows a food product in our region will be offered free advertisement through our marketing materials. Growers will be educated about certifications, licenses, etc. Workshops will be held to assist those who need assistance with growing products and how to "get connected". A local food and plant auction will enable growers to sell their products to restaurants, etc. Enable regional networking, partnerships. News through the BFBL initiative is encouraging growers to sell at the local produce auction, retired tobacco and dairy farmers to grow crops on underutilized agricultural land, retired professionals to grow products on a small scale, families to eat healthier, producers to expand, producers to diversify their products, and farmers to sell their produce locally. The local economy and quality of life will improve through awareness communication. If every household in VA spent just \$10 in local Virginia-grown food, \$1.65 billion would be kept in our State to support farmers, fund our schools and contribute to healthier families.

Staff comments and recommendation: Funding is requested from this first-time nonprofit applicant for a regional Agribusiness marketing initiative that will increase marketing for producers in ten Southside tobacco region counties - Halifax, Mecklenburg, Brunswick, Lunenburg, Charlotte, Prince Edward, Cumberland, Buckingham, Amelia, and Nottoway. Substantial efforts among representatives of the participating localities, supported by several state organizations (Farm Bureau, VDACS, Cooperative Extension etc.), have been underway over the past year, including producer and consumer surveys, organizational steps, public meetings, etc. The BFBL initiative is also well-coordinated with Southside Community College's Agribusiness program and with a successful private produce auction that is occurring twice weekly in Charlotte County and has sold a reported 450,000 pounds of produce in 2012 with revenues of \$150,000. Old Dominion RC&D will manage the initiative and track results annually based on the direct benefit to producers. Additional benefits accruing to the region include promotion of agritourism destinations to a wide range of visitors and highlighting successful agribusiness operations allowing them to be promoted for increased and new market penetration. The majority of TCR funds will be used for printing of 40,000 food guides, 20,000 each for the spring and fall of 2013-14. The projected is estimated to benefit ninety six (96) producers in the first year. **Staff recommends \$29,410 award.**

Prince Edward County

Regional Food Enterprise Center for Processing, Value-Adding and Marketing of Virginia Farm Products (#2613)

\$825,000 requested

Project description provided by applicant: Regulatory Agency inspections and users of the Cannery have identified shortcomings in the facility which must be remedied including air quality, safety concerns, capacity limitations, and segregated aquaculture and fruit/vegetable processing spaces. To accommodate growing demand and meet food safety requirements, a building addition, improved physical infrastructure, and specialized equipment to produce safe value-added foods for entry into commercial markets are needed. Because a processing facility is not available elsewhere, this economic development opportunity is recognized by multiple commercial producers and agency partners. Prince Edward offers a central location with suitable transportation corridors to provide infrastructure required for sustainable agriculture. Grant will allow design and construction of 3600SF addition, renovate existing facility, layout and equip a commercial kitchen, aquaculture and edamame processing facilities, and establish satellite technical/education assistance center. Construction of addition includes insulation, positive air pressure, floor drains, and accessible loading dock. Renovations include airtight replacement windows/doors, drop ceiling with recessed lighting, positive air pressure in processing spaces, and exhaust hoods above steam kettles. Equipment purchased will outfit a commercial kitchen and segregated processing facilities in the addition. State and Federal Food Safety Standards can be met. Producers can locally receive expert technical assistance from University partners. A Food Enterprise Center offering a commercial kitchen, canning and hot-fill facility, processing for aquaculture products, Edamame, vegetables and fruits, freezing capabilities, storage and distribution, and technical assistance presents the potential for increased opportunities for market access and greater profit margins to producers. The processing facility will serve the entire Southwest and Southside areas by providing the means for aquaculture and agriculture producers to convert their products into higher-valued food products. The facility would promote increased employment and the possibility of new agriculture-based production opportunities for all farmers/businesses in the tobacco region. It will be a model for Virginia.

Staff comments and recommendation: A previous Agribusiness grant of \$350,000 in FY10 provided equipment and minor facility renovations to the Prince Edward Cannery. The current proposal provides additional required infrastructure (facility expansion and equipment) needed to freeze and process fresh vegetables, create value-added products from agricultural products, and provide a space for fish and shellfish processing. Frozen and value-added products are two new opportunities in addition to the sale of seasonal crops. The proposal identifies members of the Virginia Aquaculture Network with residents/business in the tobacco region that will benefit from the fish processing facility; and a feasibility study funded by VAFAIRS identifies several fruit and tomato/vegetable producers who embrace the vision for the co-packaging operation and see the opportunities for net income to be increased through the sale of currently unvalued excess crops not able to be sold at standard markets. The Cannery is also a primary site for aggregating and processing edamame grown with support by a TICR grant to VSU. The business model for having an operator of the commercial enterprises of the facility is sensible and facilitates ensuring that regulatory and food safety requirements are met. There is substantial evidence that producers from this and surrounding counties will benefit from having access to a commercially operating processing and packaging facility, and that several regional efforts such as aquaculture and others mentioned above are coalescing around this vision of a multi-use regional facility. However, there are significant concerns that limitations to the existing site infrastructure (specifically water, sewer, power and separation of commercial use from home canning use) may not be

sufficient to meet capacity needs for proposed users of the facilities and to obtain all necessary state and federal approvals to commercially produce food products for sale to the public. An assessment of these needs and including capacities to accommodate the priority users and the costs for meeting these requirements should be addressed prior to funding considerations. An initial question is whether a new septic field and groundwater well can be sited to provide adequate water and sewer service for commercial production, before any decision to expand and improve the facility is made. Operational decisions to separate federally-regulated commercial users from less-regulated home canning users also presents issues of liability that also must be adequately addressed. Staff has received recent communication that alternatives sites for a newly-constructed facility may be gathering momentum, and should be allowed to proceed to due diligence in assessing the costs and merits of developing a new regional site versus improving the Cannery. **Staff therefore recommends the request be tabled.**

Public Policy Virginia

Charlotte County Community Bioenergy Project (#2611)

\$600,000 requested

Project description provided by applicant: Local governments in Southside can address high unemployment, frozen or shrinking budgets, and volatile energy prices by substituting fuel oil with locally-produced biomass. Historical fuel oil and propane prices have risen to levels where biomass fuels are price competitive, even after capital costs of infrastructure conversion. Initiation of a robust biomass energy economy however requires an established market for the feedstock. Establishing a market for the feedstock will encourage landowners to begin production of biomass crops and entrepreneurs to invest in feedstock supply infrastructure. Charlotte Courthouse, VA was one of several locations identified in TICR#2069 as a prime candidate for a small-scale, biomass combined heating/cooling facility. Producing biomass pellets in conjunction with meeting the thermal energy demand in Charlotte Courthouse will increase the efficiency of the system, provide a fuel source for other boilers, create employment and will verify the viability of a grass-fueled bioenergy business model that can be replicated at other locations in Virginia. Establishment of a bioenergy facility in Charlotte Courthouse will create a concrete market, along with Piedmont Geriatric Hospital, for energy crops in central Southside. Supplying boiler-ready biomass fuel for these facilities will create employment through the harvesting, transporting, processing and delivery of grass pellets. Additionally, energy dollars spent on locally produced biomass will stay within the community and local government tax base. More broadly, successful implementation of a biomass energy system in Charlotte Courthouse will serve as a template for similar projects throughout the former tobacco growing region of the Commonwealth.

Staff comments and recommendation: A previous Agribusiness grant of \$50,000 in FY10 to PPV funded a feasibility study that identified the Charlotte site's potential for establishing a biomass-to-energy project. Funds are now requested by ConServ (www.conservarealestate.org), a Charlottesville-based nonprofit which assumed the programs of PPV in 2012, for the next steps towards construction of a biomass boiler to serve a complex of local government buildings in Charlotte Court House. The targeted property is central to a conglomeration of public sector buildings including the middle and high schools owned by the school board, and the county administration offices and court buildings. FDC Enterprises, the contracted operator for the switchgrass processing facility in Nottoway County, is identified as contributing \$555,000 equipment match for the project (presumably equipment located in Nottoway County). The applicant purports the project would immediately create a new commodity market for biomass, an assumption that would have to be based on competitive prices being

offered for feedstock that are equivalent to or greater than other market prices for alternative crops and uses of biomass. In this case, the number of producers benefiting and the estimated increase to new farm income is not stated, making outcome assessment difficult to quantify. The applicant states the project would serve as a demonstration for other similar properties that can easily be connected with transmission lines and with like energy capacity needs. However, an award would establish a precedent for TCR investments in biomass energy projects at any number of public complexes across the region's 41 localities. **Staff recommends no award.**

Scott Farmers Cooperative, Inc.

Bulk Feed, Bulk Fertilizer and Tool and Equipment Rental Program (#2615)

\$782,575 requested

Project description as provided by applicant: Demographics in rural America are changing rapidly. Farm size and median age of producers are increasing. Economics of scale and the substitution of mechanized and economical convenience for manual labor are strong drivers for bulk feed and bulk fertilizer. Even small scale producers are requesting bulk products. The inability to satisfy that demand weakens both the CO-OP and producers economically. A farm product store in a mostly rural agricultural area cannot continue in business without bulk feed and bulk fertilizer services. The proposed projects address and satisfy strong customer demand for commodities available in bulk quantity and pricing, handled mechanically at reduced cost to the CO-OP with savings passed through to the user. The proposed rental business provides an economical solution to the user where outright purchase is not justified and brings more traffic and an increased customer base to the CO-OP.

Staff comments and recommendation: SFC (a 501c80) received a \$250,000 Agribusiness grant in 2010 to establish the bulk livestock feed component at its new retail site, but rezoning was subsequently denied and the Coop now proposes to establish these operations at its former retail site in Gate City. The sub-budgets for the three requested components are as follows: *bulk feed* - \$398,217 less the \$250,000 previously granted = \$148,217; *bulk fertilizer* - \$604,883 includes 2 FTE @\$22,500 each for one year; *tool/equipment rental* - \$116,429 for equipment and one FTE @\$22,500. Although the proposal was submitted for \$782,575, SCF now seeks a revised amount of \$869,529 in addition to the previous grant. A \$70,765 advance was issued on that previous grant which staff has asked to provide a full accounting for (a portion was used to pay a construction vendor and it appears some may have been used for general operating expenses). The Coop is now applying for long-term financing that would be used to repay the unobligated portion of the advance and fund multi-year operations of the requested activities. This financing also represents the required match in the new funding request. At staff's request the Coop has provided a list of competing vendors including a private companies in Gate City and Castlewood and Farmer's Co-ops in Abingdon and Bristol. Until such time as the advance on the previous grant is fully accounted for and long-term financing can be secured **Staff recommends this request be tabled.**

Virginia State University

Revitalization of Virginia Tobacco Farms through High Value Edamame Production: Demonstration, Education, and Marketing (Phase II) (#2617)

\$163,003 requested

Project description provided by applicant: The 1st phase of the project succeeded in introducing edamame as a high value crop suited to Southside VA small farms. A system for the supply of seed and agronomic information has been established by VSU, specialized equipment has been acquired at considerable cost, and the time is right to involve more growers. However, the setting up of infrastructure for farm-to-market edamame production is not complete. There is still need to establish a system for centralized postharvest processing, and to put in place a grower-led management team that will set terms-of-use, coordinate equipment sharing, and promote branded Southside VA edamame. In the 2nd phase of the project, more growers will be recruited from Prince Edward and surrounding counties and trained on use and maintenance of equipment. All growers will receive seed and technical support from VSU scientists and extension agents. For purposes of centralized postharvest handling, we are working with Prince Edward County to locate edamame sorting, washing, drying, and weighing equipment within the premises of the County cannery at Farmville. Over the proposed 3-year project period, we will work with growers to establish a Southside edamame cooperative to coordinate crop production and marketing, and to manage project resources. Over the last three years, the project worked with 5-10 Southside Virginia growers. Farmland ranging from 0.5--1.0 acre per household planted with edamame yielded 2500-4500lbs per acre. Produce was sold at various outlets in south-central Virginia at prices ranging from \$2.00 (in the pod) to \$8 (shelled) per pound. Estimates show income flows upwards of \$60,000 (including remittances to support field operations) into the Southside economy. Recruitment of more growers, streamlining of pre- and postharvest operations, and branding of Southside VA edamame promises significant returns to the Southside economy over the use-life of project equipment.

Staff comments and recommendation: This project provides access to equipment and builds on results from phase 1 (an Agribusiness grant of \$226,281 in 2010) and recruits more farmers to produce edamame. Phase 1 resulted in 10 plantings of 0.5 or 1.0 acres with aggregate yields by conservative estimate at 2,500 pounds per acre, and 4,500 pounds per acre for highly successful plantings. Conservative estimates show that the return to growers is between \$3,000-6,000 from ½ acre of edamame. Given that expected net income, staff suggests membership fees be charged for edamame cooperative members in exchange for use of equipment and facilities at cannery and to sustain operating costs for aggregate processing. An estimated 25 farms will benefit from Phase 2 including 5+ farms continuing and twenty new farmers participating. Reducing the project scope to two years would only reduce the request by \$37,318 (and/or by \$15,775 for each thresher that's reduced from the request), but would also reduce the number of producers served, and could jeopardize an upcoming request to a federal grant program by a multi-state university consortium that would significantly leverage this grant if awarded (the federal request seeks \$600,000 for VSU to greatly expand this production). **Staff recommends award of \$163,003.**

Virginia State University

New Crops for Tobacco Farmers in Virginia. II. Chickpea and Sesame (#2614)

\$185,000 requested

Project description provided by applicant: Loss of tobacco as a cash crop has negatively impacted income of Virginia farmers, thus, necessitating development of alternative crops to benefit tobacco

farmers in raising their farm income and enhance the overall agricultural economy of Virginia. Previous research by New Crops Program of Virginia State University has identified several crops with potential for commercial production in Virginia. Preliminary on-farm research indicated great potential for chickpea and sesame. This provides a great opportunity for Virginia farmers given that a ready market has been identified for about 50,000 acres of chickpea and about 10,000 acres of sesame.

Extensive research and outreach is proposed to establish chickpea and sesame in Virginia. On-farm research and demonstrations will be conducted at 9 locations in Virginia (Appomattox, Bedford, Campbell, Dinwiddie, Franklin, Grayson, Henry, Sussex, and Washington Counties). Objective of chickpea effort is to use previously-identified genetic lines to develop winter-hardy varieties for production as a winter crop and to develop blight-tolerant/resistant varieties for production as a summer crop. Objective of sesame effort is essentially to familiarize Virginia farmers with this crop. Adapted varieties and a general production system have been identified. SABRA, an international company located in Colonial Heights in Virginia, needs about 50,000 acres of chickpea production and about 10,000 acres production of sesame in Virginia to produce hummus. The company officials are very much interested in expanding from current one shift to two shifts daily. This would increase the demand for chickpea and sesame production in Virginia. This project has the potential to add considerably to Virginia's agricultural economy. It is estimated that if an individual farmer produces about 100 acres of chickpea or sesame, this project could initially help 600 Virginia farmers.

Staff comments and recommendation: A previous TICR Agribusiness grant of \$238,750 in 2010 assisted this project, albeit with greater focus on canola as a bio-fuel feedstock. The current request is more squarely focused on chickpeas and sesame as the principal ingredients in hummus produced in Chesterfield County by Sabra Dipping, which announced a \$28 million expansion in June 2012 and provided a letter that is highly supportive of this grant request. Sabra produces hummus for nationwide distribution, and reportedly obtains much of its chickpea and sesame materials from Canada and Mexico as well as a very limited number of Virginia growers. VSU research is intended to identify the preferred chickpea varieties (several hundred have been tested to date by VSU) that can be grown in Virginia microclimates as either a summer and/or winter crop. The proposed test sites stretch from the coastal plain to SWVA mountain counties. VSU also requests that \$53,000 from the Phase 1 grant mentioned above (#1982) be repurposed for use on Phase 2 activities. Given this ready market for these crops by a growing Virginia-based global industry leader **Staff recommends award of \$185,000 and repurposing of \$53,000 from Phase 1 grant #1982 for use in Phase 2.**

[Previously Tabled Applications](#)

Southwest Virginia Agricultural Association, Inc.

Expanding Markets for Apiculture in Southwest Virginia (#2462)

\$491,500 requested

Project description provided by applicant: As farmers transition from a tobacco based agriculture economy to a more diversified agricultural economy, there are several opportunities and needs. Among the diversification opportunities is bee keeping and the related bee keeping industries. Additionally it is well documented that many of the new crops being grown are dependent on pollination, the majority of which honey bees are the ideal or only pollinator. Existing and new beekeepers alike find themselves obtaining bees and replacement queens from the Deep South most commonly. There are currently no bee or queen suppliers located in the Southwest Virginia service area. There is growing interest and economic opportunity in developing local suppliers of bees and queens. Locally produced bees and queens would be acclimated to the region and would have greater chance of survival from one season to the next. Southwest Virginia producers of pumpkins, melons, and other honey bee pollination

dependent fruits and vegetables report that the supply of bees needed for pollination services is not available locally. Currently a large segment of this service is coming from North Carolina beekeepers. There continues to be a greater demand than supply of local honey. With an increased emphasis in local and regional foods the expectation is that demand for local honey will only increase leading to sustainable and profitable markets for those beekeepers with the resources to capitalize.

Staff comments and recommendation: Funds are specifically requested on behalf of the Highlands Beekeeping Association for a cost-share incentive program that would serve all 14 SWVA counties and assist 250 established beekeepers (50:50 up to a \$1,000 grant), 200 new beekeepers (75:25 up to \$500 each) and 50 beekeepers starting bee-related businesses such a pollination, queenbee-rearing, bee package sales and apiaries (50:50 up to \$2,500 each). Funds are also requested for grant administration (\$16,500). Private matching funds of \$408,000 would be required cost-share invested by beekeepers. Fees would be “allocated on a percentage basis to each county” although that basis is not described. This would potentially serve keepers who were also granted cost-share incentives under a 2010 TICR Agribusiness grant. The proposal estimates \$975,000 of new annual income from the project, but does not describe the methodology for arriving at this estimate. Like other cost-share projects, this proposal scores well for private sector leveraging and reaching a substantial number of producers. However, it primarily serves beekeepers, some of whom may sell honey and pollinate crops commercially, but aside from anecdotal comments it fails to adequately quantify the benefits to agricultural crop producers. Since this project was submitted a year ago a state bee-keeping grant program has been established through a General Assembly appropriation to VDACS and funded at a level of \$175,000 statewide, with a cap of \$2,400 per beekeeper. Staff recommended no award in FY12 and the Committee tabled the proposal. Given the availability of state grant funds **Staff continues to recommend no award.**

**~~Virginia Cattlemen's Association~~/Southwest Livestock Cooperative Inc.
Southwest Virginia Livestock Center (#2475)
\$1,000,000 requested**

Project description provided by applicant: In order to facilitate continued growth for the Southwest region's vast agricultural industry, producers are striving to coordinate agriculture programs and to develop new markets for local livestock and commodities. To support this vision, the Virginia Cattlemen's Association, Inc., will construct a 33,000 square foot livestock facility as part of the multi-purpose agriculture complex. Funds requested will be utilized with other investment to complete the interior build-out, which will host livestock sales and offer an enclosed location for hands-on training of in-the-field applications for all agricultural commodities. As an agriculture complex, most events held in the completed arena will be agriculture related such as the livestock sales and shows, horse shows and related events, agri-tourism and agriculture education events. There will also be an ability to broaden the use of the facility for other commercial activities such as farm equipment sales, auto and truck sales, equipment shows, and other similar events that would benefit from a large covered arena.

Staff comments and recommendation: The Committee recommended an award of \$700,000 to the Southwest Livestock Cooperative for this project in FY 12, contingent on the organization obtaining an IRS 501c3 tax exempt nonprofit designation. That paperwork was filed nearly a year ago and an IRS determination has not yet been received. The Committee recommendation was tabled at the January 2012 Commission meeting following complaints from existing private sector cattle auctions in Southwest VA that the proposed facility would represent unfair publicly-subsidized competition. The Committee's current available balance of \$2.7 million includes the funds recommended here, rendering an effective available balance for other current proposals of approximately \$2 million. As the Committee has already acted on this proposal the Staff has no further recommendation until such time as the full Commission acts on the Committee recommendation.