

FY14 Agribusiness Summaries & Staff Recommendations – December 2013

The Commission received 12 proposals for FY14 Agribusiness funds by the October 4th due date, including three proposals tabled in the FY13 cycle. The Committee has a balance from the FY14 budget and carried forward funds of \$2,889,281 available for the following grant proposals. The Committee should note that the available balance must also accommodate a \$700,000 Committee funding recommendations made in FY12 and tabled by the Commission for project #2475 - Southwest VA Livestock Center.

Req #	Organization Name	Project Title	Request Amount	Staff recommendation
2795	Abingdon Feeder Cattle Association, Inc.	Beef Builder Initiative - Phase II	\$600,000	\$400,000
2796	Appalachian Sustainable Development	Connecting Farmers & Consumers in SWVA to Boost Farmers' Incomes & Local Foods Purchases	\$92,108	0
2797	Blue Ridge Center For Chinese Medicine Inc	Appalachian Medicinal Herb Growers Consortium	\$472,036 \$250,000	0
2798	Campbell County	Central VA Produce, Livestock, and Feed Storage Systems program	\$487,000	\$487,000
2799	Charlotte County	Regional Processing for Aquacultured Products	\$438,500	\$438,500
2609	Town of Glade Spring	Glade Spring Farmers Market and Performing Arts Center	\$150,000	\$150,000
2800	Grayson LandCare	Grayson County Fiber Mill	\$10,255	0
2801	Lincoln Memorial University	Large Animal Clinical Skills of the LMU College of Veterinary Medicine Large Animal Teaching & Research Center in Lee County VA	\$607,421	\$337,210
2629	Lunenburg County	Value Added Food Processing Facility Equipment	\$103,500	Withdrawn
2613	Prince Edward County	Regional Food Enterprise Center for Processing, Value-Added and Marketing of VA Farm Products	\$825,000 \$478,000	0
2802	Virginia Polytechnic Institute and State University	Agricultural Energy Efficiency Initiative	\$373,500	\$373,500
2803	Virginia State University	Enhancing Income of Meat Goat Producers in the Tobacco Region by Development of an Omega-Chevon Industry	\$272,100 \$247,573	0

Total (12 requests/6 recommendations)	\$3,837,857	\$2,186,210
Balance available before/after recommendations*	\$2,889,281	\$3,071

* balance after recommendations reflects previous Committee recommendation for #2475 in FY12

Abingdon Feeder Cattle Association, Inc.
Beef Builder Initiative - Phase II (#2795)
\$600,000 requested

Executive summary provided by applicant: The objective of the "Beef Builder" Initiative is to improve the management and marketability of livestock for producers in tobacco dependent communities. Infrastructural improvements will enhance farm profitability and therefore benefit the region's overall economy. Participating counties include: Bland, Buchanan, Dickenson, Lee, Grayson, Russell, Scott, Smyth, Tazewell, Washington, Wise, and Wythe. By improving herd genetics, being able to administer preventative and curative health programs, and by being able to taking advantage of value added marketing programs, livestock producers can increase both production and farm profits. 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 or other similar value-added marketing opportunity. 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 9 years AFCA sponsored VQA sales have netted participating producers an additional \$55 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: This second phase of the "Beef-Builder Initiative" would serve 200 beef producers in 12 Southwest counties. The same program was funded at \$400,000 in FY13. Producers would be eligible for up to \$3,000 each based on a dollar-for-dollar cost-share formula. Matching funds are estimated to exceed the \$600,000 required to match the requested TICR funds. AFCA, a 501C5 nonprofit, has successfully administered regional beef and commodity cost-share programs with \$2.9 million of Commission funds since 2002. As with previous cost-share projects, a regional Disbursement Oversight Committee would review requests for funds and local Extension staff would verify competed activities. Administrative costs of not more than 2.1% of the grant are also requested for program materials, travel to verify completion of activities, postage, DOC meeting expenses, etc. Additional income for a producer selling 50 calves is estimated at \$2,750, based on an additional demonstrated sale price of \$55/calf in VQA sales. Private investment by producers is conservatively estimated at \$600,000. The proposal aligns with Agribusiness program objectives by stimulating measurable private capital investment and helping producers across most of Southwest generate additional income from VQA calf sales. Staff suggests that priority should be placed on those producers who have not received a previous TICR cost-share incentive, as it has been observed that multiple producers have received two or more incentive payments over the past decade. **Staff recommends award of \$400,000, with first year incentives limited to participants who have not previously received TICR beef cost-share funds.**

Appalachian Sustainable Development
Connecting Farmers and Consumers in Southwest Virginia to Boost Farmers' Incomes and Local Foods Purchases (#2796)
\$92,108 requested

Executive summary provided by applicant: Appalachian Sustainable Development (ASD) is requesting support from the Virginia Tobacco Commission to strengthen marketing opportunities for farmers in far southwest Virginia through the expansion of our Rooted in Appalachia (RiA) program and the development of an inclusive Local Food Guide for the region. RiA connects chefs and local businesses to local farmers through an online ordering and delivery system and actively promotes participating businesses through a website (www.rootedinappalachia.com) and a promotional campaign. The Local Food Guide connects consumers and farmers directly through a print guide and a searchable on-line database. Farmers in rural Appalachia have limited opportunities for marketing their agricultural products, often lack the time and/or skills to effectively market their products to interested customers/businesses and have difficulty making cost-effective deliveries to buyers who are scattered throughout this sparsely populated area. Conversely, local restaurants and businesses have a strong interest in offering locally grown foods, but struggle to connect with a reliable, accessible supply. Chefs often lack the time to coordinate orders with multiple farmers, and need to have the reliability of a steady, high quality supply of produce and other farm products, a difficult task for individual farmers. Rooted in Appalachia (RiA) addresses both of these opportunities by: 1) coordinating and aggregating the products of multiple farmers to meet the demand of area buyers, and 2) creating a simple platform and incentives for local buyers to purchase local foods. Customers can order from many farmers on a one-stop online ordering system, and the order is delivered directly to the buyer each week. Farmers have access to dozens of buyers, yet need only make one drop-off to the RiA pick-up site each week. An effective Local Food Guide connects thousands of potential consumers directly to farmers throughout southwest Virginia. This project will 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 (RiA) 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 expansion of our online ordering system and 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, a 501C3 nonprofit, has received more than \$1.3 million of TICR grant funds since 2000. RIA is up and running, primarily promoting restaurants in the Bristol/Abingdon area in partnership with the two Convention & Visitor Bureaus for those localities (see www.rootedinappalachia.com). The first local food delivery was made in in June 2013. This current proposal seeks one year of operational funding for: salary and benefits for the existing RIA program manager (\$43,250); promotional materials including billboards and newspaper ads (\$35,500); a contracted delivery manager (\$7,488); and \$5,600 of travel costs. Matching funds constitute 28% of project costs, although the majority are not committed from a VA Tourism marketing grant application. A proposal to support the RIA program was submitted in the FY13 Agribusiness cycle and passed by to allow completion of a feasibility study funded by a federal grant. That study cites several challenges to the long-term viability of this type of program, including delivery costs, long-term commitment from farm producers and restaurant buyers, labor-intensive billing systems etc. TICR staff has inquired about long-term funding plans, how many tobacco region farms are currently participating, and how the stated outcomes were calculated (40 participating farms, 11 new jobs, \$79,000 of private capital investment and \$177,000 of net new farm income). No response has been received as of the date of publication of this report. Ultimately, this appears to be as much a tourism program as an Agribusiness program, which isn't necessarily a negative, but the long-term funding (including dependency on future grants) and viability is the most significant concern.
Staff recommends no award.

Blue Ridge Center For Chinese Medicine Inc
Appalachian Medicinal Herb Growers Consortium (#2797)
\$472,036 requested – reduced to \$250,000

Executive summary provided by applicant: New jobs can be created by growing/drying/processing/packaging/shipping Chinese Medicinal Herbs (herbs). Economically disadvantaged farmers can earn a Living Wage by growing high-ROI herbs that are in high Demand and short Supply nationally. Blue Ridge Center for Chinese Medicine (BRCCM) has operated its herb garden for over 5 years in Floyd and will serve as a pilot program for the entire Tobacco Region. Implementation cost is low and risk is negligible: Proof of Concept has been completed and a national herb-buying Consortium established. 50 farmers will be out of poverty in 3-5 years and 10 support jobs will be created. Of 864 farmers (2007 census) in Floyd County, 745 (86%) cannot earn a Living Wage farming. Herb crops have a significantly higher economic benefit to farmers than conventional crops. Floyd is at the same latitude as herb farms in China and provides proven, excellent herb farming conditions per BRCCM evidence. Supply and efficacy of herbs from China continue to decrease as its pollution increases and farming villages are destroyed. Demand for quality herbs is strong in the U.S.; over 25,000 Chinese Medicine Practitioners are licensed. BRCCM recognized the problem/opportunity/alternative/need, will mentor Floyd farmers, and pilot the project for the Region. BRCCM has created a sustainable Agribusiness project that meets every TIC guideline, directly involves/benefits farmers, and can reach the whole county/region, by expanding BRCCM's herb garden for wide-ranging educational/training purposes, and involving as many farmers who want to participate in BRCCM's herb-growing Consortium. BRCCM experts will train the farmers, assist from planting to harvest to processing/packaging/shipping and providing a direct outlet to a national Sales Consortium. BRCCM will test growing conditions in neighboring counties. BRCCM's herb farming method requires 4-foot-by-100-foot plots, making the project easily available to all farmers wanting to participate/benefit, in whatever quantity of herb plots they desire. Medicinal herbs can become the largest export product in the Floyd/Region. The project has been designed to recruit/train Farmers to participate at virtually no risk and with an ROI that creates/expands/retains jobs in the proven expanding herb-growing industry. The Floyd/Region can become known nationally/internationally as a superior grower/exporter of herbs, thereby reversing the world-wide trend of exported jobs and imported goods in the U.S. Farmers can earn a Living Wage and citizens can learn product processing skills for newly created jobs. BRCCM/Floyd is poised to lead this future-focused opportunity while piloting/studying these initiatives for involving/benefiting the entire Tobacco Region.

Staff comments and recommendation: The applicant organization is a 501C3 that opened in Floyd County in 2006 to provide an herbal medicine clinic, yoga and martial arts classes, workshops and events space (see www.brccm.org). It is applying for TCR funds for the first time. It has reduced the request to \$250,000 for a two-year period, including: project personnel (\$82,000); improvements to the Center's property in Floyd (\$124,420); contractual services (\$24,589) and other smaller project expenses such as continuing charges, supplies/materials, transfer payments and equipment. Matching funds are listed as \$220,000 in hand from an anonymous donor and in-kind contributions of land, equipment, buildings, seeds etc. The proposal seeks funds to establish 55 test plots (400-square feet each) in five tobacco localities (Bland, Carroll, Grayson, Patrick and Wythe), although no evidence of producer interest is presented. The vision is to create a consortium of herb growers (including providing training for them) and to establish a central processing facility at the Center to dry and package the herbs. Outcomes are listed as 50 participating farms, 55 new jobs (including 10 in processing of herbs), and nearly \$1.8 million of new gross income in five years. The proposal states that projected gross revenue per plot is \$22,691 by the fifth year of production. The Center's own herb plot, which has been in production for five years, shows a nearly 80% cost of goods, meaning that net revenue will be 22% of the projected gross, or approximately \$5,000 per plot. While this is not an insignificant return for a 400 square foot plot, the Center's own financials show net revenue of less than \$2,000 in the past year from its own one-acre plot, and the 55 plots proposed herein total

approximately one-half acre. Ultimately, the proposal seeks one-third of the requested funds to hire staff and cover operational costs such as telephone, electrical and travel for a two year period with no discussion of future funding sources, and another one-half of the requested funds for improvements to the Center's property in Floyd for items including buildout of basement space, construction of a greenhouse, fencing, re-gravelling the driveway and parking, purchasing an emergency generator and constructing new gardens. While the Center appears to be a successful enterprise for the core activities it was founded upon, the proposal seeks substantial improvements that directly benefit the Center, with little evidence of long term viability and verifiable benefits to interested farm participants. **Staff recommends no award.**

Campbell County

Central Virginia Produce, Livestock, and Feed Storage Systems program (#2798) **\$487,000 requested**

Executive summary provided by applicant: The overall objective of the Central Virginia Produce, Livestock & Feed Storage System Program is to provide assistance to producers to enhance and enable their ability for greater produce production, feed storage, and livestock management. This will be accomplished by offering 33% cost share in seven (7) components. The components are: Hay Barns/Sheds; Grain Bins and Grain Dryers; Feed Bins; Commodity Storage Bin; Bunker Silos; Produce Production Structures; and Livestock shade structures. Tobacco funds are being requested to provide up to a .33% reimbursement not to exceed \$3,300 per producer matching funds for 10 Agriculture producers from each county. Agriculture producers in this area of the Tobacco Region lack resources to efficiently store livestock feed such as hay, grain & silage. In addition if producers have storage capacity, the ability to purchase large quantities of feed is more cost effective making farms more profitable. Previous Tobacco agriculture grants addressed the issue of rotational grazing and created an issue of having pasture land that no longer has wooded areas for livestock shade. This grant addresses this with shade structures. There is also a lack of produce production facilities, greenhouses, to efficiently supply the current demand for locally raised, safe produce. Providing reimbursement grants for Hay barns, grain bins, commodity storage bins and bunker silos assists in providing capacity to store livestock feed. Proper feed storage facilities aids in reducing the waste that occurs from outside feed storage. Proper storage also helps preserve the nutritional value of the feed. Studies have shown livestock need shade in order to sustain health. Providing cost share for livestock shade structures removes this barrier. There is an increasing demand in the market place for local grown safe produce. Providing cost share for produce production facilities will encourage and enable producers to enter that market. This project will serve 140 agriculture producers in 14 different counties to obtain better feed storage, grain storage, produce production facilities, and livestock maintenance. A survey of producers in the participating counties resulted in a potential 150 projects/applications. The breakdown is as follows: 87 requests for hay sheds, 34 requests for grain bins, and 29 commodity sheds. Previous grants with similar projects found that the majority of the project funding was spent in the local Tobacco Communities thereby enhancing the economic impact to contractors and other suppliers. A total of \$1.8 million is projected to be spent with this grant.

Staff comments and recommendation: This request builds on funding of \$700,000 approved in FY12. The current proposal would serve 140 producers, ten in each of 14 Southern VA counties over a two year project period. Surveys have shown 150 interested participants, so the demand for this additional funding is verified. Seven eligible components include hay barns, grain/feed/commodity bins and dryers, silos and livestock shade structures. TICR grants would be capped at \$3,300 per producer for any eligible components. Producers would show \$2 invested privately to match each TICR dollar, resulting in matching private capital of nearly \$1.4 million. The proposal states anticipated new producer income of \$350,000. Administrative costs of \$25,000 are requested for application materials, advertising, postage, travel to verify

completed activities, and other minor operational costs for the County. Campbell County has successfully administered regional beef and commodity cost-share programs with \$2.1 million of Commission funds since 2007. As with previous cost-share projects, a regional Disbursement Oversight Committee would review requests for funds and local Extension staff would verify completed activities. The proposal aligns well with Agribusiness outcomes of net new producer income and private capital investment from a large number of producers in several agricultural sectors across much of Southern VA. Staff suggests Year One participation should be limited to those producers who have not previously obtained TCR cost-share funds under the grants administered for the region by Campbell County. **Staff recommends award of \$487,000.**

Charlotte County

Regional Processing for Aquacultured Products (#2799)

\$438,500 requested

Executive summary provided by applicant: The primary objective of this project is to establish a processing and further processing facility (value added) for fish and shrimp produced in Southwest and Southside Virginia. This facility will provide a work environment that will meet both state and federal food safety standards. This will allow our Virginia aquaculture producers to market their processed products across state lines. The processing facility will serve the entire Southside and Southwest areas of Virginia by providing the means for aquaculture producers to convert their products into higher-valued food products. Aquaculture is the fastest growing sector of the agricultural economy in the United States and the United States imports over 80% of the seafood it consumes. Imported products arrive with little oversight for food safety, ecological impacts and social issues. This large seafood trade deficit is in stark contrast to the other food proteins we grow in the United States, chiefly poultry, beef and pork. Producers throughout Virginia are in need of a facility where they can bring their aquaculture products to be processed in a USDA-approved facility for local, regional, state and export sales. The facility is centrally located to the existing producers and will reduce their travel time to a USDA-approved processing facility. It will also offer quick freezing processing that offers two significant advantages over standard freezing methods: freezing products in seconds instead of over 10 to 60 minute time period preserves the texture of the product making it similar to a fresh product in terms of overall quality, and IQF freezes each piece of fillet or shrimp tail individually so they do not stick together, typical freezing methods result in a solid lump. The benefits are increased opportunities for regional producers, local job creation, the economic impact to the localities, and opportunities for other value-added products to expand to this location creating a mixed use manufacturing complex. Another advantage is partnering with Virginia Tech's research & development department enabling training opportunities for "potential" young producers. The educational component will assist marketing ventures for local producers in hopes of contributing to Virginia's export market.

Staff comments and recommendation: This proposal requests \$348,000 for equipment to be placed in the processing center (a detailed equipment list is provided), as well as \$80,500 in contractual services to Virginia Tech and Virginia State university personnel to provide start-up operational assistance and to cover travel to the facility and to national/international seafood shows. An accompanying request submitted by Charlotte County to the Commission's Southside Economic Development program received a positive Committee recommendation on Dec 4th to fund the cost to construct a 10,000 square foot building in Heartland Park to house the aquaculture processing center in 40% of the building (that \$500,000 request would also build 6,000 square feet of unfinished space for expansion of this and/or other food-related businesses). The County is proposing to lease the space at \$1/sq ft for three years to private operators, with a five year renewable lease option at \$8/sq ft and options to purchase the building and equipment at a future date. Fifteen of the 20 producers currently involved in the Virginia Aquaculture Network (VAN), a for-profit member-owned business that would use the center, are located in tobacco localities. The private

partners are in the process of incorporating as Heartland Food Center (HFC) which includes five leaders of the VAN aquaculture organization. Charlotte is also applying for a \$100,000 equipment grant to the VDACS AFID program and \$50,000 to USDA for additional equipment. VAN will also dedicate a portion of a \$150,000 USDA operating grant it has already received to the costs of operating the center. VAN is the beneficiary of two previous TICR grants totaling \$285,000 to establish its operations, expand its producer base, and market products, which it has done successfully at farmers markets and to institutional buyers across Virginia. A barrier to further expansion is the lack of flash-freezing capacity requested here, and easy access to a USDA-approved processing center that allows sales to customers outside Virginia (currently VAN trucks its product to Hampton for processing). Virginia Tech's food sciences expertise will assist HFC and its clients (VAN, Blue Ridge Aquaculture, Virginia Cobia Farms, Growing VA, etc.) in identifying and producing value-added products such as salads and spreads, based on a recently-completed two-year study of market opportunities. The ownership of equipment to be purchased with TICR funds will be titled to the Charlotte County IDA. The proposal lists outcomes of 20 new jobs in the commercial kitchen and processing, \$700,000 of private capital investment from the private operators of the facility, and \$150,000 of new producer income. The operators have provided a pro forma that has been vetted by VA Tech and initially shows modest net income that grows significantly over the first three years of operation, along with estimated tax payments of \$100,000 to local/state/federal governments from sales generated at the facility. All issues regarding the ownership of building/equipment and operational funding appear to be adequately addressed by the locality and its private partners who have substantial experience and investment in aquaculture production. Furthermore, the project is strongly-supported by other state and federal agencies, offers benefits to producers across a wide swath of the tobacco region, and provides a growth opportunity to attract future agricultural food aggregation and processing in the unfinished space. **Staff recommends award of \$438,500.**

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 Towns 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: This request was tabled in the FY13 Agribusiness cycle. A Preliminary Architectural report has since been provided, showing conceptual drawings, layout and cost estimates. TICR staff also received information about the market's track record to date of farmer

participation (a total of 28 vendors in 2013, with an average of twelve vendors each week), sales, etc., and has requested operational plans and sales tracking methodology for the proposed market, which the Mt Rogers PDC has committed to work with the Town to track in future sales years. The outcomes are admittedly modest and would primarily be derived from increasing the number of vendor stalls to 17 (the current outdoor market has room for fourteen) and by extending the market season via the creative use of an existing building dedicated to housing indoor vendor stalls. The in-kind value of the property is being provided by the Town, and a USDA RBEG grant that would comprise a portion of the matching funds is not yet committed but the Town has stated its commitment to fill that gap if the USDA funds are not awarded. The proposed ancillary use of the facility as an entertainment venue is not aligned with Agribusiness program goals, but the Town has a solid track record of producer participation at the current outdoor site, and matching funds via an approved CDBG construction grant have been committed to the project to cover exterior façade work and non-agricultural uses of the “Cultural Arts Pavilion.” **Staff recommends award of \$150,000.**

Grayson LandCare

Grayson County Fiber Mill (#2800)

\$10,255 requested

Executive summary provided by applicant: The proposed project will evaluate the feasibility of establishing a small wool mill in Grayson County. This would be a facility that would process raw fiber from sheep, goats, and alpacas into batts, roving, and yarn. These items would be both produced as a service for local fiber producing farmers and also sold directly to wholesale and retail markets. Furthermore, we will develop finished knitted and/or woven goods that use traditional Appalachian designs and techniques. Ultimately, it would be our goal to have a vertically integrated local enterprise using local fiber, locally processed, and sold regionally and nationally. Grayson County has a history of sheep farming and textile production. Currently, however, fiber producing farmers have no reasonable market for their raw fiber. Sheep farmers either throw away their yearly clip or sell to the local wool pool, which pays between 30 and 80 cents per pound for wool. It hardly pays for the gas to transport raw wool to the pool. Alpaca and goat farmers also have a limited market for their fiber. Some local alpaca farmers have several hundred pounds of raw fiber in storage. Local fiber is a resource that is not being used. The mill will provide fiber farmers with products (batts, roving, and yarn) that can be resold to the public. Local alpaca farmers are already doing this on a small scale, but they must send their fiber out of Southwest Virginia thereby incurring a 10% increase in processing costs. The mill will also purchase fiber suitable to be processed into proprietary yarns and other goods for sale in wholesale and retail markets. This will provide additional income to fiber producers who currently do not have a place to sell their fiber. We are also discussing a retail outlet in Southwest Virginia. Southwest Virginia has a history of sheep farming and textile production. There are older farmers who retain their bands of sheep because they have always had sheep, but younger farmers are also raising fiber animals including alpacas and specialty breeds of sheep. There used to be mills in the area that bought raw fiber, but commercial textile production largely ceased decades ago. This project will explore the viability of restoring a connection between local fiber production and local production of textiles. An important facet of the project will be the use of traditional design in product development.

Staff comments and recommendation: Funds are requested by the nonprofit applicant to purchase equipment (a wool “carder” for \$2,250) to produce test samples of wool, to pay a part-time project administrator @ \$15/hour for a year (\$5,400 total), for travel costs to visit mills and attend trade shows (\$2,410), and to process 40 pounds of Grayson County raw wool at an out-of-state mill (\$1,320). Matching funds are primarily in-kind labor by local artisans designing and fabricating value-added items to be test-marketed at fairs and retail sites (\$9,320) and cash match to acquire equipment (\$1,125). Project deliverables

include a survey of existing producer/suppliers in the region, a business plan for operation of a mill, product development/marketing, cost/benefit analysis for producers and mill operators, etc. Grayson Landcare, a nonprofit, has previously received one TIGR Agribusiness grant, a \$50,000 award to study a meat harvesting facility (that grant remains incomplete as it approaches its fourth anniversary of approval). GLC appears to be sponsoring this project at the behest of one or two lead individuals who are requesting that a portion of the grant be used to pay for their time to conduct the research and their travel costs to visit similar operations and market the processed fiber. The concept is based on preliminary market research that is largely anecdotal and not yet thoroughly conducted (survey research is requested herein). Outcomes are modest (two jobs created to operate the proposed mill), with anticipated new income of \$45,000/year based on 5,000 pounds of wool processed annually. While the commission has funded feasibility studies in the past, those have typically been for regional public projects and not for a small operation that has not yet indicated if it will be operated as a for-profit or non-profit, and substantial regional resources exist in the form of small businesses development centers and lenders such as People Inc. and the Mt. Rogers Intermediary relending program to assist in the requested activities such as business plan and product development/marketing. Staff finds that the request, though certainly modest in its amount, does not fully comply with General Funding Policies re: paying project leaders to conduct grant-funded activities, and would ultimately lead to only modest agribusiness benefits for the region. **Staff recommends no award.**

Lincoln Memorial University (#2801)

Large Animal Clinical Skills of the Lincoln Memorial University College of Veterinary Medicine Large Animal Teaching and Research Center in Lee County Virginia

\$607,421 requested

Executive summary provided by applicant: The LMU-CVM will establish the Large Animal Teaching and Research Center in Lee County, which will boost animal related agricultural capacity in Southwest and Southside areas by educating DVM students in large animal skills, providing diagnostic veterinary animal services to the area, hosting educational and service outreach for animal stakeholders, conducting research in veterinary medicine, and exerting a positive economic impact. This regional center of excellence will offer another avenue for residents of Southwest and Southside Virginia to gain admission to veterinary college, who, upon graduation, will likely return to their rural home and boost animal business capacity. Veterinarians play an integral role in animal related agribusiness by providing expertise in food animal production and health on the federal, state, industry, and local farmer levels. In short, food animal veterinarians provide the necessary framework for animal agriculture to function and flourish. However, Southwest and Southside Virginia is currently underserved by veterinarians, and nearly half TIC counties rural veterinarians are within years of retirement. Furthermore, USDA and Virginia General Assembly named 7 counties in TIC region as critical Food Animal Veterinarian Shortage areas. Data project increased veterinary need in food animal medicine, food security, government, public health, and research. LMU will build the LATRC in Lee County Virginia to serve as a crucible for identifying, recruiting, and educating students in large animal veterinary medicine, food security, and public health. The LATRC will seek to recruit students from Virginia, including TIC counties, who, upon graduation, will be prepared to support animal agriculture in TIC counties, and fill federally veterinary underserved TIC counties. Furthermore, the LATRC will serve as a regional center of excellence in large animal teaching and research and provide animal disease diagnostic services, training facilities, outreach services, and expert consultation to the animal stakeholders of Southwest Virginia. The LMU-CVM LATRC will produce DVM and veterinary technology graduates that are highly skilled in large animal medicine, health, surgery, reproduction, and production animal business. Graduates from rural areas are likely to return to their homes, to invest professionally and economically in animal related agriculture, thereby filling the existing veterinary void, mitigating the future

large animal veterinarian retirement projections for TIC counties, and finally providing the necessary framework for current and future animal agribusiness. Lastly, the LATRC will bolster animal related industry by offering regional animal stakeholders a means for disease diagnosis, educational programs, accessible experts, and a training platform.

Staff comments and recommendation: LMU was awarded TCR Southwest Economic Development funds of \$537,000 in September for construction of its \$5.7 million main administrative building at the LATRC, and now seeks 90% of the cost of the 3,192 square foot clinical skills facility that will be created within an existing structure on the LATRC site. The LATRC project is an overall \$16.5 million multi-building construction project comprising seven buildings and 54,300 sq ft of facilities that will be located on the 1,000 acre Lee County farm owned by LMU Board Chairman Pete DeBusk and leased to LMU for 99 years. The current request includes only the minimum required matching funds of \$67,000 (shown as “in hand”) to renovate/expand/equip the clinical skills facility. The LATRC would employ a staff of 46, and while LMU students would take didactic and small animal classes at the main LMU campus in Harrogate TN, the proposals states that all DVM students would take classes at LATRC. LMU has received a Letter of Reasonable Assurance from the American Veterinary Medical Association’s Council on Education, which is the step toward accreditation that allows LMU to begin recruiting DVM students for enrollment in Fall 2014. LMU proposes to hold 20 open spots for Virginia applicants in each class admitted, with priority on accepting students from the tobacco region. Staff has put LMU leadership in contact with several prospective funding agencies that could potentially serve as sources of dollar-for-dollar match that has been the precedent in funding other major educational projects recently, including King School of Medicine and Liberty University School of Medical and Health Sciences. Benefits to tobacco region livestock producers are largely indirect and challenging to quantify, but can be primarily ascribed to the availability of state-of-the-art diagnostic and training facilities to serve producers in nearby localities, as well as the LMU Vet School supplying a larger stream of credentialed veterinarians to serve producers in the tobacco localities (based on the assumption that students who live in tobacco localities will be more inclined to return to those localities to practice). **Staff recommends award of \$337,210 as a dollar-for-dollar match toward the total project cost of \$674,421 to establish the Clinical Skills facility at the LATRC in Lee County.**

Lunenburg County

Value Added Food Processing Facility Equipment (#2629)

\$103,500 requested – ~~withdrawn by the applicant~~

Prince Edward County

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

~~\$825,000~~ requested – reduced to \$478,000

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: This proposal was submitted and tabled in the FY13 Agribusiness cycle. A previous Agribusiness grant of \$350,000 in FY10 provided equipment and minor facility renovations to the Prince Edward Cannery (a balance of \$97,578 remains, with no disbursements since August 2012). The current proposal requests 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 planned as a site for aggregating and processing edamame grown with support by a TICR grant to VSU. 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) cannot be cost-effectively addressed 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. Furthermore, the aquaculture partners have redirected their efforts to the Charlotte County site discussed in #2799 above. Prince Edward successfully obtained a VDACS AFID planning grant this year to address a number of site and operational issues, and results of that study are not yet available (TICR staff requested a copy of the scope of work and have not received a response). A full assessment of these needs, including capacities to accommodate the priority users and the costs for meeting these requirements, should be addressed prior to funding consideration. The activities and outcomes anticipated in this proposal and site development/operational issues have changed significantly since this request was submitted in October 2012. The AFID plan and additional project development including new site/operational plans, partners, matching funds etc could form the basis for a revised and resubmitted grant proposal in the future. **Staff recommends no award, and that grant #1974 be closed as of January 15th after a final accounting of project activities.**

Virginia Polytechnic Institute and State University
Agricultural Energy Efficiency Initiative (#2802)
\$373,500 requested

Executive summary provided by applicant: At least 60 agricultural operations will improved farm energy efficiency and/or have an opportunity to explore renewable farm energy through the 2014-2015 Agricultural Energy Efficiency initiative. Furthermore, over 300 agricultural entrepreneurs will increase their understanding of energy efficient operations, technologies, funding options, and resources through a series of educational programs. An estimated \$3 million in combined energy cost savings will be generated within the next 5 years resulting in ongoing decreased expenditures and increased net profits. Energy audits or renewable energy feasibility studies will guide agricultural entrepreneurs in selecting energy efficient improvements and/or appropriate renewable energy technologies. Virginia farmers have tracked production expenses and realized the level of use and cost of fuel, oil, and electricity are continually increasing and are questioning how to design and implement efficient energy use plans. According to the 2012 National Agriculture Statistical Service (NASS) report, farm energy prices (including fuel, oil and electricity) increased approximately 19% from 2007 to 2011. It is estimated that across the 34 counties of Southside and Southwest Virginia, farmers spent more than \$66 million in farm energy related expenses during 2011 (NASS, 2007 & 2012). Virginia Cooperative Extension (VCE) proposes to 1) provide access to and funding for energy audits and renewable energy feasibility studies for Southwest and Southside agricultural operations, 2) support farms through a cost-share program for retrofit and/or renewable systems, and 3) deliver educational programs on energy efficiency practices and technologies. The goal of this Agricultural Energy Efficiency program is to first find these energy-cost saving opportunities. Second, the program facilitates the implementation of appropriate on-farm solutions to reduce operating expenses. Together the outcome will increase the competitive advantage of each participating farm and the region's production systems. Dollars will be saved and increased profits will be realized for all participating operations that adopt energy best management practices and/or new technologies. The 2014-2015 initiative is estimated to identify over \$3 million in combined energy cost savings generated within the next 5 years resulting in ongoing decreased expenditures and increased net profits. Participant will identify and explore funding resources available from federal, state, and local agencies and will be prepared to leverage new investments into their energy projects.

Staff comments and recommendation: This request builds upon processes and outcomes from a previous Agribusiness grant made in FY10 for similar energy efficiency assessments. That grant (#1978 for \$146,752) anticipated assisting 30 farms and closed in early 2013 having identified more than \$1 million of energy savings for the 58 farms in 19 counties that completed energy audits. It also resulted in a substantial increase in applications for federal REAP energy improvement grant applications from Virginia farms, including nine of the farms audited in the previous grant that, by virtue of having a completed energy audit, were awarded the federal grant funds. Funds are requested for a two-year project period to assist an additional 60 farms across the tobacco region, each of which would be eligible for up to \$5,000 of 25% - 50% cost-share assistance for energy audits and renewable energy feasibility studies. The applicants also requests funds to conduct 22 workshops, field days and webinars on the topic that would educate 300 producers from across the tobacco region, and to establish a website to provide farm energy educational content (total of \$65,000 requested). No personnel costs are requested (VT will provide \$41,509 of personnel time in-kind and \$93,377 of waived indirect charges). Private investment includes \$3,000 cost-share by each farm for energy audits and implementing energy improvements (total of \$180,000). The projected savings of \$10,000 per year per farm leads to an estimated energy savings of \$3 million over a five year period. The project would primarily benefit tobacco producers (as evidenced in the previous grant's participants) but would also assist producers of livestock, grain, aquaculture, forestry, greenhouses, dairy etc. As with the previous grant, which resulted in thoroughly documented costs and outcomes, the Commission can expect that full academic institution rigor will be brought to the administration of this grant and the

analysis of outcomes, with benefits accruing directly to a wide array of farm operations across the region.
Staff recommends award of \$373,500.

Virginia State University

Enhancing Income of Meat Goat Producers in the Tobacco Region by Development of an Omega-Chevon Industry (#2803)

\$272,100 requested – reduced to \$247,573

Executive summary provided by applicant: This project aims to enhance the income of farmers in the Tobacco Commission region of Virginia through development of an Omega enhanced goat meat (Omega Chevon), as well as create a new goat feed market for flax and canola growers. This project will involve meat goat producers from 10 counties. Each goat producer will grow one acre each of canola and flax and feed roughly-ground whole canola or flax seed to meat goats. We will study meat quality, health and the economics of Omega-Chevon production in Virginia and develop a Cooperative of meat goat producers to market the product. Virginia meat goat farmers contribute 3% of total US markets for Goat meat (Chevon). World-wide demand exceeds supply and most Chevon in the US is imported. Chevon is lower in fat than beef or lamb and may be enhanced by omega rich feed sources creating a highly marketable Omega Chevon. Omega Chevon may increase market demand, producer profits, and production for Virginia via new goat producers while creating a healthy alternative to traditional red meat. Proposed Solution:

1. Validate production of enhanced goat meat (Omega Chevon) after feeding on farm grown canola and flax to meat goats
2. Evaluate economics of Omega-Chevon production in Virginia
3. Develop a Virginia Cooperative of meat goat producers to market Omega-Chevon

Chevon has less fat and is the most consumed red meat worldwide. Flax supplemented feed is already being marketed for goats for immune health in the mid west but not for enhanced Omega Chevon production. Production of Omega Chevon by meat goat farmers in the Tobacco Commission region can create a local industry in the short term and eventually an export product in the long term. Success of this project will produce an alternative healthy red meat choice that is high in polyunsaturated fatty acids and ultimately enhance the income of meat goat farmers in Virginia.

Staff comments and recommendation: VSU has received nearly \$1.3 million of Agribusiness grants to date, and has two grants that are approaching the fourth anniversary of approval in January 2010 (#1982 with remaining balance of \$56,739 and #1984 with balance of \$34,328). Funds are requested in this proposal for a three year period to hire a worker to assist the ten participating producers in growing canola/flax feed crops (\$74,100 total), as well travel to participating farms and workshops (\$15,000), supplies and materials for animal feed and care, for on-farm demonstrations, workshops and to form a Chevon cooperative (\$183,000 total). Matching funds include nearly \$330,000 of which 95% is in-kind value of farm land and machinery, lab equipment and 5% portion of the project director's time. The project would include one producer in each of nine Southern VA and one Southwest VA counties. The outcomes are largely based on each producer hiring two new employees, investing \$30,000 each of private capital, and selling 75 goats annually. Job creation is estimated at 23, with each producer hiring two additional workers, although there is no evidence provided that producers would accomplish that hiring. Private capital investment is estimated at \$300,000 (\$30,000 per producer), although again there is no evidence of the need or commitment to those investments by producers, that this level of operating expense would be net new investments, and that there are willing participants for the program if that investment is required (VSU has stated it is prepared to track private job creation, capital investment and sales and report that to the Commission annually). The expected revenue to producers is listed as \$6,750 annually based on the sale of 75 60-lb goats by each producer at \$1.50/pound, although until further research can be completed VSU can

only speculate about how omega chevon might compare price-wise in terms of cost of production, sale prices etc. versus standard meat goats from Virginia. Preliminary program guidelines were provided as the request of TICR staff to indicate the commitment expected of the ten private producers, although further refinement of those guidelines are needed. TICR staff has encountered some challenges on previous VSU grants with that issue not being addressed upfront and would prefer to understand now the level of commitment each producer would have to make. Staff has conveyed to the project leader that there is no evidence provided that there is interest among producer in forming a cooperative, for which funds of \$18,000 were initially requested, and two new jobs are anticipated. This aspect of the request seems premature until there is sufficient producer participation and consensus among them that a cooperative is a needed, logical and feasible step. The VSU leader has therefore agreed to remove the costs of forming the cooperative from this proposal. The proposal states that this would be the first effort to market omega-enhanced goat meat, and consumer acceptance is not yet known. This is clearly an innovative effort to establish a new, healthier meat goat product, but until such time as VSU can further develop program guidelines, identify stronger cash matching funds (such as federal research grants that are typically included in VSU proposals), and demonstrate a stronger case for commitments by producers and measurable net new outcomes **Staff recommends no award, and that grants #1982 and 1984 be closed as of January 15th after a final accounting of project activities.**