TO: County Executive Jan H. Gardner

THROUGH: Helen Propheter, Executive Director, Office of Economic Development

FROM: Katie Stevens, Associate Director of Agricultural Business Development, Office of Economic Development

DATE: August 28, 2020

SUBJECT: Frederick County Agriculture Diversification Grants, Guidelines and Criteria

ISSUE:

Should the grant guidelines and criteria be approved for the Frederick County Agriculture Diversification Grant Program, to be known as the Frederick County Agricultural Innovation Grant Program (Attachment 1)?

BACKGROUND:

Legislation was recently approved by the Frederick County Council to increase the county’s recordation tax by $1 which will increase the county’s investment in agricultural land preservation. The legislation sets aside the first $500,000 annually for three related purposes: economic development grants to support agriculture diversification; grants for rural historic preservation; and first-time homebuyer assistance.

Frederick County is a leader in agriculture, with more than 188,000 acres of farmland and over 1,300 farms creating an economic impact of over $1.6 billion according to the The Impact of Resource Based Industries on the Maryland Economy report by the BEACON group. (http://www.marbidco.org/_pdf/2018/Full_Report_All-Maryland_Resource_Based_Industries_2008.pdf) Farmers across the nation have seen decreasing commodity prices over the last five years and increasing farm debt. There is more interest than ever in diversifying operations and creating value added products.

Frederick County has researched several programs to develop this grant, modeling an innovation grant after similar programs in Howard County, as well as Maryland Agriculture & Resource Based Industry Development Corporation (MARBIDCO). If interested, farmers can apply for this grant and use it as a source of matching funds for MARBIDCO’s value added producer grant to truly enhance their diversification efforts (https://www.marbidco.org). With much review, the Frederick County Office of Economic Development would like to develop a Frederick County Agricultural Innovation Grant Program with the intent to improve the economic viability of the agriculture industry by encouraging Frederick County’s agricultural producers to expand or diversify their business operations. Eligible applicants must be a crop or livestock producer, value added producer, agricultural cooperative, seafood processor, or primary or secondary timber products processor. Applicants can receive grants for research and development, production buildings, major fixtures, and processing facilities.

The Office of Economic Development is requesting $150,000 of the $500,000 be set aside for the Frederick County Agricultural Innovation Grant Program.
Grants are available to all crop or livestock producers, value added producers, agricultural cooperative, seafood processor, or primary or secondary timber products processor. To increase participation and opportunities for farmers, two grant cycles will be offered per year. The Office of Economic Development is working with the Frederick County Interagency Information Technologies (IIT) Division staff to develop an online application (Attachment 2) similar to that used for the Jump Start Grant Program. Farmers will be able to submit a paper application via mail or email if technology is an issue. Projects funded with the Agricultural Innovation Grant Program may not begin before closing of the grant applications and work must be completed within six months. This grant program was presented to the Agriculture Business Council on Tuesday August 13, 2020, and it was supportive of the program and the opportunities for farmers.

RECOMMENDATION:

Staff is recommending approval of the Frederick County Agricultural Innovation Grant Program according to the guidelines and criteria included in this staff report.

Approve? Yes ___ No ___

Jan H. Gardner, County Executive
Frederick County, Maryland

Date 9/3/2020

FINANCIAL IMPACT: Yes - Indirect

1. Fiscal Year of Financial Impact: FY2021
2. Existing Account Unit/Activity & Account:
3. New Account Unit/Activity & Account: TBD
4. Budget Balance as of August 28, 2020:
5. Budget Journal Required:
6. Amount of County Funding Requested:
7. Other Pertinent Information: Legislation takes effect October 1, 2020

ATTACHMENT(S):

Attachment 1 - Proposed Agricultural Diversification Grant Program Grant Guidelines
Attachment 2 - Proposed Agricultural Innovation Grant Application
FREDERICK COUNTY AGRICULTURAL DIVERSIFICATION GRANTS

INTRODUCTION: The intention of the grants is to improve economic viability of the Agriculture industry by encouraging Frederick County’s agricultural producers to expand or diversify their business operations. Eligible applicants must be a crop or livestock producer, value added producer, agricultural cooperative, seafood processor, or primary or secondary timber products processor. Applicants can receive grants for research and development, production buildings, major fixtures, and processing facilities.

TIMELINE: The Office of Economic Development is proposing two grant cycles per year, one in January and one in July. Final applications will be reviewed and selected by a committee of four members set up by the Office of Economic Development. The four-person committee will be made up of bankers, an agriculture industry representative, and an economic developer. The selected applications will be forwarded to the County Executive. Award recipients will be notified and grant agreements executed. Projects must be completed within six months of the date the grant agreement is executed. Extensions to complete the project can be requested.

APPLICATION: The application will be available through the County website on www.FrederickCountyMd.gov to include information about all three grant programs, with a link to the Homegrown Frederick site (www.HomegrownFrederick.com). For more information on the Agricultural Innovation Program and a pdf of the application for those who do not have computers, please contact the Office of the Economic Development.

GRANT AGREEMENT: Successful applicants will be required to sign a grant agreement detailing the total award amount, scope of work that defines the final project products and expenses, and any additional obligations on behalf of the awardee.

ELIGIBLE APPLICANTS: Must be a crop or livestock producer, value added producer, agricultural cooperative, seafood processor, or primary or secondary timber products processor. Applicants must not have outstanding County permit or zoning violations.

GRANT AMOUNTS & ELIGIBLE EXPENSES/ACTIVITIES: Minimum grants of $5,000 will be available. Eligible expenses are capital assets which will help farmers diversify their operations and can include research and development, production buildings, major fixtures, and processing facilities.

DISBURSEMENT: Grant funds will be awarded within one month of the closing of the grant applications; recipients will receive funds via direct deposit. Expense reporting will be required following disbursement of funds.

INELIGIBLE EXPENSES/ACTIVITIES: Include previously completed projects. Ineligible expenses include those incurred prior to closing of the grant applications, mortgage refinancing, cost of borrowing, site plan cost, wages paid to applicant or employees, solar or wind energy projects, non-business property, attorneys, and any other expense prohibited by law.
FREDERICK COUNTY AGRICULTURAL DIVERSIFICATION GRANTS

COMPETITIVE SELECTION CRITERIA: The information provided by the applicant in the application will be used to evaluate and select projects for funding. The following criteria will be reviewed to rate and rank projects on a competitive basis. A maximum of 100 points is available. Five (5) bonus points will be available to those who also apply for the MARBIDCO Value Added Producer Grants. (https://www.marbidco.org/pages/programs_grants/grant_programs_mvapgcao.htm)

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<th>Application Requirements</th>
<th>Total Points</th>
<th>Points Assigned</th>
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<tr>
<td>1. Description of Project (What you are going to do? And how?)</td>
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<td>2. Business Plan (Start date, benchmarks toward completion, and finish date) See additional information on business plan assistance below.</td>
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<td>3. Budget (Detailed list of expenses needed to complete the project by categories, e.g., materials, advertising, travel, etc. Include funding sources that will support your project, beyond this proposal award.)</td>
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<td>4. Capital Needed (Brief description of equipment or facilities to be acquired with an estimate of useful life of these assets.)</td>
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<td>5. Economic Impact (Brief description of impact this project will have on your farm enterprise.)</td>
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<tr>
<td>TOTAL POINTS</td>
<td></td>
<td>100</td>
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**FREDERICK COUNTY AGRICULTURAL DIVERSIFICATION GRANTS**

**Bonus Points** (Did you also apply to MARBIDCO's Value Added Producer Grant?) A match is not required. However this grant may be used as a match for MARBIDCO’s Value Added Producer Grant Program.

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**BUSINESS PLAN:** Frederick County Office of Economic Development offers resources and assistance to those businesses who need assistance developing a business plan. The University of Minnesota (www.agplan.umn.edu) also offers draft agriculture business plans for those just starting a plan. The Maryland Small Business Development Center (SBDC) (https://www.marylandsbdc.org/) also offers free one-on-one counseling on business plan development.
APPLICATION FOR THE AGRICULTURAL INNOVATION GRANT

SECTION 1: APPLICATION INFORMATION

Business/Farm Name: ________________________________

Business Address: ____________________________________________________________

City: ___________________ State: ___________ Zip Code: ______________

Contact Person: __________________ Title: _______________________________________

Email: ___________________________ Telephone: _____________________________

Amount Requested: __________________

Brief Description and History of Business -
(Include details and history of your operation and experience of principal business owner[s])

SECTION 2: BUSINESS INFORMATION

Business Structure -

Year Established/Incorporated: ________________________________

☐ Corporation ☐ Partnership ☐ Proprietorship ☐ LLC

Employment Data -

# of current full-time jobs: ___________ ; # of NEW full-time jobs projected within 36 months: ___________

# of current part-time jobs: ___________ ; # of NEW part-time jobs projected within 36 months: ___________
APPLICATION FOR THE AGRICULTURAL INNOVATION GRANT

Declarations -

If answering "yes" to any of these questions, please provide an explanation on a separate sheet and attach:

1. Is the business or any of the top management personnel a party to any claim or lawsuit?
   □ Yes □ No

2. Has the business or any of the top management personnel ever declared bankruptcy?
   □ Yes □ No

3. Does the business or any of the management personnel owe any taxes for prior years?
   □ Yes □ No

SECTION 3: PROJECT INFORMATION

PROJECT TYPE
(Check any that may apply)

☐ Research   ☐ On-Farm Market
☐ Value – Added Food Processing   ☐ Seafood Processing
☐ Agri-tourism   ☐ Animal Processing
☐ Expansion

A) BRIEF DESCRIPTION OF THE PROJECT:

B) BRIEF DESCRIPTION OF HOW GRANT FUNDS WOULD BE USED:

C) BRIEF DESCRIPTION OF THE EQUIPMENT OR FACILITIES TO BE ACQUIRED TOGETHER WITH AN ESTIMATE OF THE USEFUL LIFE OF THESE ASSET(S):
APPLICATION FOR THE AGRICULTURAL INNOVATION GRANT

D) BRIEF DESCRIPTION OF THE ECONOMIC IMPACT THIS PROJECT WILL HAVE ON YOUR FARM ENTERPRISE:

F) By signing below you agree to submission of program status reports on a schedule and in a format determined by the Frederick County Office of Economic Development.

F) By signing below you agree to use by Frederick County Government as a testimonial to the positive impact of this grant program and as a testimonial from the grantee. This may include press releases either in print form or other media.

SECTION 4: SIGNATURES

Certification -

I/we certify all information in this application and the attachments are true and complete to the best of my/our knowledge.

Signature: ___________________________ Signature: ___________________________
Printed Name: ___________________________ Printed Name: ___________________________
Date: __________ Date: __________

SECTION 5: ATTACHMENTS

Attachments: Checklist -

1. □ Business Plan, with budget, detailing the planned use of the requested funds and the expected outcome.
2. □ List of equipment or facilities to be acquired with an estimate of the useful life of these asset(s).
3. □ One year of most recent tax return, a Schedule F, Form 1120S, or Schedule C.
4. □ Additional information from the declarations, if you answered “yes” to any of the above questions, please provide an explanation on a separate sheet and attach.