

VAPG

QUESTIONS

ANSWERS

Please call the National Office directly if you have complex questions or scenarios.

	QUESTION	ANSWER
MTVC	<p>Can MTVC be used to pay slotting fees?</p> <p>What is a slotting fee?</p>	<p>Yes, if the eligible WC marketing costs were identified in the plan.</p> <p>Slotting fees are what retailers and distributors charge producers for placing products in their store or warehouse.</p>
MTVC	<p>In a WC grant, are processing and retailing costs in a MTVC project eligible expenses?</p>	<p>All eligible costs for PL or WC must be directly related to the processing and marketing of the VA product. Expenses might include MTVC slotting fees for VA.</p>
MTVC	<p>Can the inventory be used as match for a WC MTVC project?</p>	<p>WC: The cost or value of the raw commodity that will be used to produce the VA product during the grant period is eligible as a WC match contribution, including the cost of purchasing up to an additional 49% of the raw commodity.</p>
MTVC	<p>Does the producer only obtain a greater return on the initial raw product sold to the MTVC vs the end product?</p>	<p>The program does not dictate the nature of these arrangements, but does require a demonstrated equitable increase in return for the applicant providing the raw product. Remember there has to be a partnership with goals common to all in the chain so that the increased revenues are distributed equitably.</p>
MTVC	<p>Can the Independent Producer applicant be one of the two required links in MTVC?</p>	<p>The agency position is that there must be a minimum of two links with IPs and 2 small/medium farms. If the applicant is an IP, they can be one of the two links required.</p>
MTVC	<p>An eligible IP (use MTVC) incurs 10% of costs in MTVC; can he count costs of all?</p>	<p>Not necessarily all, but with some flexibility to cover additional supply network costs, determined on a case-by-case basis. The principal purpose must be to develop a food-related supply chain with a demonstrated equitable distribution of profits to partners in the chain. Eligible costs for WC are still limited to costs directly related to the processing and marketing of the value-added product and might include processing fees, transportation costs, inventory costs, marketing costs, storage or slotting fees, etc. The biggest advantage to MTVC is the ability to transfer and sell the raw ag commodity to other players in the chain, as long as the project demonstrates an expansion</p>

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		of customer base and increase in revenue returns to the applicant producers supplying the majority of the ag commodity for the project.
Renew Energy	We have a potential proposal which involves an anaerobic digester on a dairy farm. The goal is to meet the energy needs of the farm and sell the excess energy which they anticipate is 90%. Could this still be an eligible project even though farm use is only 10% of energy produced?	Yes, because the renewable energy is produced from an agricultural commodity, this qualifies as an eligible VA product that can be used on-farm and sold off-farm. The applicant should use the RE category for product eligibility.
Renew Energy	Does the non-agricultural commodity RE processing facility have to be on-farm to qualify for VA?	The agency's position is that on-farm generation of energy through wind, solar, geothermal and hydro are eligible only when they are used in the production of an eligible value-added product that is the subject of an otherwise eligible VAPG application. Wind, solar, geothermal and hydro are not eligible if they are simply converted to energy/electricity and sold off the farm.  For non-ag commodity based renewable energy sources, the energy would have to be producing electricity that helps the farmer process milk into cheese, for example.
Renew Energy	What happens when an anaerobic digester is creating energy to sell to the grid and not used for a value added process?	Manure that is a by-product of the farm, say dairy for example, is an eligible agricultural commodity for value-added purposes. So, it can be turned into methane and electricity that can be sold to the grid off-farm.
Prod elig.	Does pasteurizing milk meet the definition of a change in physical state?	Yes. "Unsafe to safe."
Prod elig.	Is bottled milk considered a local food?	Bottled milk would be eligible as a Local Food if it is marketed and distributed within 400 miles from point of origin, or within the state of origin.
Prod elig.	The NOFA states that bottled milk is not considered value-added.	It is the Agency's position to allow Pasteurized milk as a value-added product via Change in Physical State. Raw milk is not eligible.
Prod elig.	In the fresh milk bottling process, does it matter whether the applicant applies under category 1 (change in physical state) or category 5 (locally produced	If the intent is to produce, market and distribute the product within the state, go with category 5. For category 1, the milk would have to be pasteurized.

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	ag food product marketed within 400 miles of the origin of the product)?	
Proj elig.	For local foods, will expenses be paid only if 100% of the product is marketed within 400 miles?	For Local Foods, 100% of the agricultural food commodity or product must be marketed and distributed within 400 miles of the farm that produced the commodity, or within the same state as that farm.
App elig.	Are timber companies eligible that purchase more than 50% of the raw product but will use some of the raw material for the value added project?	Loggers with harvesting rights for the timber could be eligible agricultural producers. They would need to own more than 50% of the raw commodity used for the value-added product.
Regs	Why are individuals being required to get DUNS?	OMB requires all applicants that are not individuals to have a DUNS number. The reference to an exemption for individuals is for “individuals other than sole proprietors.” The language from the 2003 OMB Directive is “Individuals who would personally receive a grant or cooperative agreement award from the Federal government apart from any business or non-profit organization they may operate are exempt from this requirement.” Since individuals do not receive VAPG grants apart from their businesses, they must have a DUNS.
Regs	What is the AN or UL or Fed Register on who is required to get a DUNS number?	OMB directed 2003, and explained in an unnumbered letter dated Dec. 2008.
Regs	Is there a specific definition for the “socially disadvantaged group?”	Yes. A Socially Disadvantaged Farmer or Rancher is a member of a socially disadvantaged group that has been subjected to racial, ethnic or gender prejudice. See NOFA and Eligibility Checklists for complete definition and documentation requirements.
Regs	Will the grant eligibility processing checklists be available to applicants on the VAPG website?	No, these are internal documents available to staff. However, staff may share the documents with applicants as they deem appropriate.
Regs	There is an error in the NOFA for scoring under Amount requested – Do applicants get 2 or 5 points for PL grant requests of \$50k or less, and for WC grant requests of \$150k or less?	5 points is correct.
Regs	Is there any consideration in providing the states a small allocation for the	This authority is vested with Congress and not the Agency. Congress determines whether the

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	VAPG for small projects?	program will be competitive on a national basis or if funds will be allocated to the states.
Regs	Are there any guidelines for FY2010 yet?	A new rule will be promulgated for 2010. A working group from the field will be convened to provide feedback.
Regs	SO is concerned that applicants may not know about the new grant period dates, and will have submitted their application at the deadline, and the dates will be wrong. Is there any flexibility in changing the dates of their project after their app has been submitted?	Yes, there will be an opportunity to adjust the workplan and timeline in the applications to coincide with the revised period start dates of 6/1/2010 – 11/30/2010. Please advise applicants at your earliest convenience. And, if not achieved pre-award, you may work with applicants post-award when approving the final work plan and budget.
Small farmer	If a small family farm has created multiple LLCs for one farm, can they apply as one LLC?	Yes, the applicant should apply as the LLC that produces the raw commodity that will be used for the VA product, and submit details about that particular LLC.
Matching funds	Can an applicant as owner be eligible for donating own time as in-kind match for Planning Grants?	<p><u>Planning Grants:</u> The intention of VAPG is that development of the FS, MP and BP be conducted by independent third-party consultants. Program policy has encouraged applicant/owners to contribute information to these tasks as evidence of their commitment to the project, but generally does NOT allow applicant/owner time working on the tasks as in-kind match, due to the potential for conflict of interest.</p> <p>However, in an attempt to be as flexible and inclusive as possible on this point, VAPG will allow limited applicant in-kind contributions for activities that directly contribute to eligible planning activities for the project, such as data gathering necessary for the FS and BP, research of related processing and manufacturing facilities, limited test marketing of proposed VA products or packaging, including costs to produce sample test products for test marketing and without sales of product to customers, as well as time preparing semi-annual reports on the progress of the project. The value of these activities is subject to the Agency's concurrence, and will be limited to 10% of total project costs. In addition, the resulting FS, MP and BP must evidence authorship by an independent third-party.</p>

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Matching Funds	If the applicant/owner is an employee of the business, would an applicant's salary be an eligible WC expense?	<u>Working Capital:</u> Due to the potential for Conflict of Interest, an owner's salary as match or as receiving grant funds is usually not eligible. One exception to this rule is if the owner of the applicant organization possessed some rare, task-specific professional expertise critical to the project that could not be reasonably provided by others (very rare). The eligibility of this activity and expense would be subject to the Agency's concurrence.
Tools	Can the SO share the Navigate Tool with applicants?	Although intended for SO, the VAPG tools could be shared with applicants. Remember that the tools do not replace the Regs or NOFA.
Tools	Applicants are not intuitive enough to go to the VAPG website and look for the templates, what can be done to help them?	The State Office outreach on the program should direct applicants to the website as a resource. It is also helpful that field staff work with applicants to review applications in advance of final submission.
Tools	What resources are available to help SO and applicants with applications?	Application Guide and Templates on program website Eligibility Checklists Navigate VAPG FY2009 NOFA dated Sept. 1, 2009 7 CFR 4284 subparts A and J
App Process	Limiting the length of pages may be a problem for applicants. Can they put in an abbreviated budget in the proposal and longer one in the appendix?	No, they need to keep the budget to the specified page limit.
App Process	The narrative structure used to be 30 pages, now it's only 15 – this is not enough.	Brevity is the goal, and the applicant eligibility prompts should allow for shorter responses. Page limitations are specified in the NOFA. There are no page limitations for the additional Reserved Funds information.
App Process	Last year, there were problems with reviewers who provided a two sentence comment and scored the application low. Is there any way to correct this?	We will encourage the reviewers to submit substantive comments supporting their scores.
App Process	VAPG Application Revision	NOFA came out with questions or prompts regarding applicant, product, reserve fund eligibility, etc. with the Intention of making it easier to help ID what the applicants needed to

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		provide. Note that additional documentation is required to substantiate eligibility for reserve fund applications.
App Process	Simplified application	Apps requesting less than \$50K are not required to submit Form SF-424 A, B, Title Page, goals, and performance evaluation criteria, but if funds are awarded, those items will have to be submitted as a condition of the award.
App Process	Performance Evaluation	<u>Planning Grant</u> – applicants must establish at least one performance evaluation criterion for their project.  <u>Working Capital</u> – applicants must identify the projected increase in customer base, revenue, and number of jobs resulting from the project, along with the projected increase in renewable energy capacity for projects with significant energy components.
App Process	Scoring	Applicants for PL grants have different criteria to address than applicants for WC grants. Priority points may be awarded to BFR, SDFR or an operator of a small to medium-sized farm or ranch that is structured as a family farm.
App Process	State Office role	SO will screen for completeness and eligibility, and review FS and BP for WC applicants to determine viability of the venture. Conduct preliminary reviews as requested. Educate applicants that grant monies are awarded with responsibilities. Deliverables are due to the SO, and extensions are done at the discretion of the Administrator. Notify applicants of status.
App Process	Timelines	Sept. 1 – NOFA published Nov 2 – Preliminary Review Deadline Nov 30 – Applications due to SO May 3, 2010 – Anticipated Award Date