



AFID, CEA, and Research Initiatives

Secretary of Agriculture and Forestry Matthew Lohr

Appropriations Commerce, Agriculture, and Natural Resources Subcommittee

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AFID: Economic development tool specifically for agribusiness

- *The Governor's Agricultural and Forestry Industries Development Fund (AFID)*
- *Grew from discussion that existing economic development incentives were not working for ag and forestry – the State's first and third largest private sector industries*
- *In November 2011, Secretary assembled stakeholders to develop plan*
- *Legislation creating program passed in 2012 with unanimous support*
- *AFID Facility Grant and AFID Planning Grant created in 2012*
- *AFID Infrastructure Grant created in 2021*

(Gov. McDonnell signing AFID bill at Cave View Farm near Weyers Cave May 9, 2012)



AFID: One Fund, Three Programs

- **AFID Facility Grants**: Large grants (up to \$500K) to incentivize new and expanding companies. Similar to Commonwealth Opportunity Fund (COF) grants but only eligibility criteria is adding value to Virginia grown products
- **AFID Planning Grants**: Small grants (\$20K or \$35K) for local initiatives supporting Ag & Forestry industry (soft costs).
- **AFID Infrastructure Grants**: Grants up to \$50K for equipment and infrastructure to support local food and farming systems (hard costs).

All grants require local government to apply and provide matching funds



FACILITY GRANTS: Flagship AFID Program

Key Features

- Available only to companies that add value to ag/forest products by processing & packaging.
- Virginia-Grown purchase requirement: > 30% of ag/forestry feedstocks must come from Virginia. Actual average is 80%.
- Helps companies of all sizes. No minimum threshold for jobs and investment. Projects range from just a few jobs and ~\$100,000 of new investment to \$300M and >300 jobs.
- Elevates visibility of Ag & Forestry in state and local economic development efforts.
- For many projects, if not for AFID, no other grant available

Results

- **125 Facility Grants** have been awarded
- **Over \$12 Million in grants** to assist new and expanding Virginia companies
- Commitments to create over **4,000 jobs**,
- Generating nearly **\$1.5 Billion in capital investments**
- Adding value to over **\$1.4 Billion of Virginia grown products**
- The Virginia grown requirement helps create new supply chains throughout the state



AFID FACILITY GRANTS: Sample Projects

Craft Beverage



Port City Brewing
(Alexandria)



Copper Fox
Distillery
(Williamsburg)



BLUE BEE
CIDER™

Blue Bee Cider
(Richmond)

Forest Products



Speyside Stave Mills
(Bath & Washington Co.)



Traeger Wood
Pellet Mill (Wythe
County)



The Teal-Jones Group™
A Family Of Fine Forest Products

Ag Processing



Shenandoah Valley Organic
(Harrisonburg)



Plenty,
Unlimited
(Chesterfield)



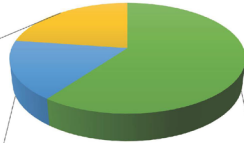
Tyson

Governor's Agriculture and Forestry Industries Development Fund Grant Awards 2012 - 2022

Between 2012 and 2022, the Governor's Agriculture and Forestry Industries Development Fund Facility Grants has incentivized 125 projects, awarded \$12,077,900 to assist new and expanding Virginia companies that have committed to creating 4,065 jobs, generated \$1,466,825,067 in capital investments, and facilitated the purchase of \$1,434,416,595 of Virginia grown products.

AFID Facility Grant Awards by Industry

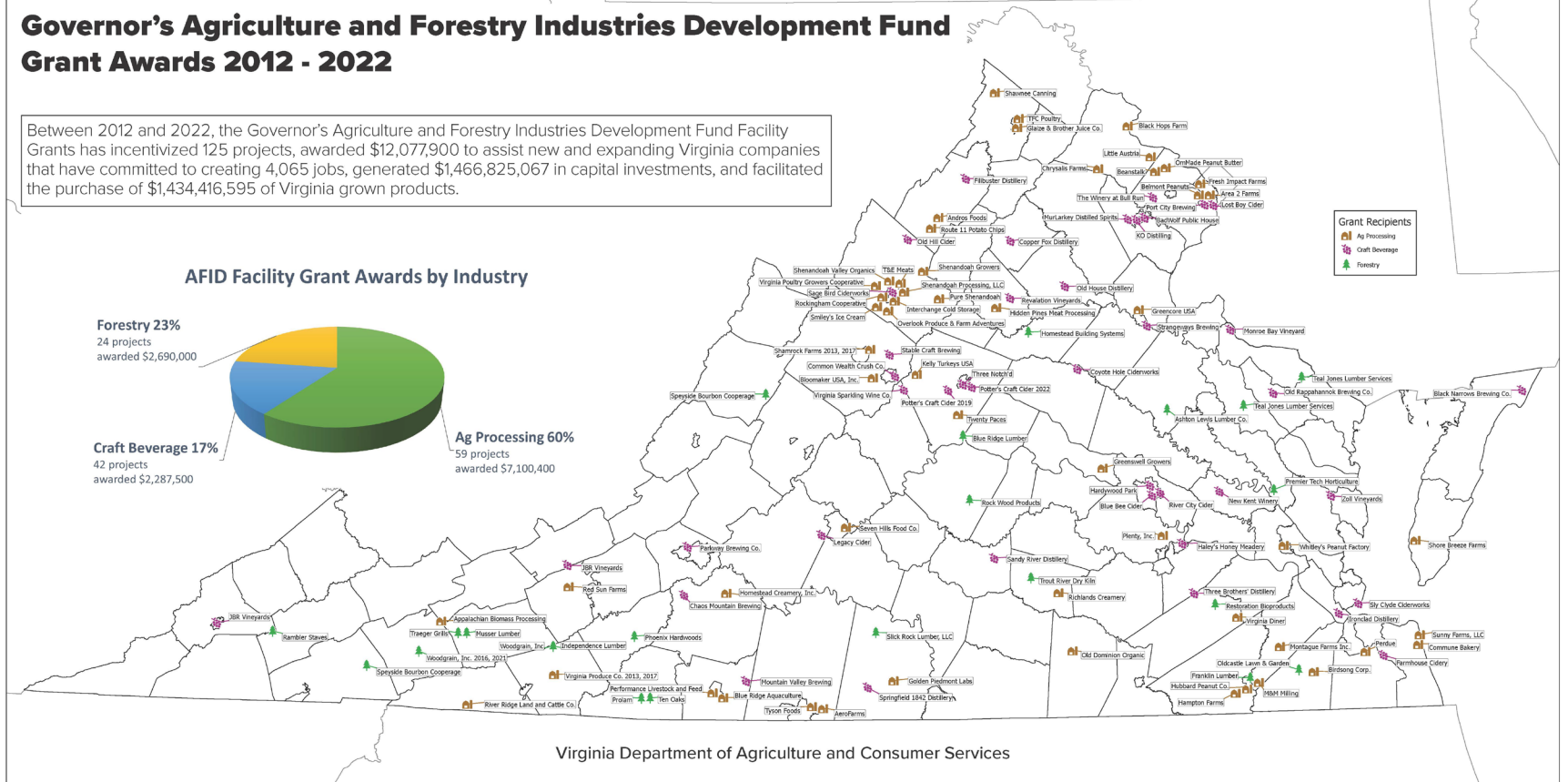
Forestry 23%
24 projects
awarded \$2,690,000



Craft Beverage 17%
42 projects
awarded \$2,287,500

Ag Processing 30%
59 projects
awarded \$7,100,400

Grant Recipients
 Ag Processing
 Craft Beverage
 Forestry



Virginia Department of Agriculture and Consumer Services



AFID Planning Grants

Program Overview

- Grants of \$20,000 to one locality or \$35,000 for multi-locality project
- Specific to ag & forestry planning to implement local initiatives
- Grants awarded on rolling basis
- Localities apply and must provide matching funds

Program Results

- **52** AFID Planning Grants awarded
- Total of **over \$1 Million** in grants
- Impacting **63** unique localities through local initiatives supporting agricultural and forestry development.



AFID Planning Grants: Sample Projects

Ag & Forestry Strategic Plans:

Regions:

- Rappahannock-Rapidan Region PDC
- LENOWISCO PDC

Counties:

- Botetourt
- Charles City
- Essex
- Halifax
- Nelson
- Shenandoah

Agritourism Initiatives:

The Virginia
Oyster Trail



Feasibility Studies:

- Recruiting New Dairy Processors to Virginia
- Russell Co. Meat Processor
- Virginia Wine Heritage Center in Albemarle County
- Fauquier Co. Farmers Market
- Brunswick Co. Produce Processing
- Fauquier Co. Abattoir



AFID Infrastructure Grants

Program Overview

- Grants up to \$50K (was \$25K until 2022)
- For purchase of equipment and for infrastructure improvements in service of local food systems
- Competitively awarded twice a year in June and December
- Localities apply and must provide matching funds

Program Results

- **29** Infrastructure Grants awarded
- Supplying over **\$740K** to grantees in
- **24** unique localities
- Directly supporting **local** food systems



AFID Infrastructure Grants: Sample Projects

Equipment for **Meat Processors** in:

- Harrisonburg
- Albemarle County
- Floyd County
- Franklin County
- Orange County

Commercial Kitchen Equipment in:

- Charlottesville
- Bedford County
- Culpeper County

Farmers' Market Improvements in:

- Galax
- Martinsville
- Fauquier County
- Henrico County
- Scott County

Unique Projects:

- **Wool baling equipment** in Grayson County
- **Mobile Oyster Processing Vessel** in Northampton County
- **Goat milk dairies** in King William County and King & Queen County



AFID Grants by Program: FY 2013 - 2023

Facility Grants : Account for the **vast majority** of grant dollars

- Total of **124** grants
- Average award: **\$93,290**

Planning Grants : Will continue to account for a **small percentage** of grant dollars

- Total of **52** grants
- Average award: **\$20,446**

Infrastructure Grants (since 2021): Program **growing quickly**

- Total of **29** grants
- Average award: **\$25,612**
- Expect 15-20 grants per year, totaling over \$500,000



AFID: Growing and in Need of Additional Resources

- Demand for Facilities Grants is Growing

FY 20	\$	944,500.00
FY 21	\$	1,545,000.00
FY 22	\$	2,705,000.00
FY 23 (thru Dec.)	\$	998,000.00

- Demand for Infrastructure Grants is Growing

AFID Infrastructure Grant Round	AWARDS	AMOUNT
Dec. 2021	8	\$ 159,887
June 2022	11	\$ 214,000
Dec. 2023	10	\$ 368,885



AFID Program Staff is Lean and Efficient

- Infrastructure Grant Program was created without new staff or funds
- ~ 4 FTE's administer all aspects of all AFID Programs
- Award ~ 50% as many AFID Facility Grants each year as VEDP awards COF and VIP grants **combined**
- Award ~20 Planning and Infrastructure grants annually



AFID and Controlled Environment Agriculture (CEA)

- Indoor agriculture is the Next Revolution in where our food comes from
- Virginia is poised to be a national leader in CEA:
 - Prime East Coast Location
 - Great business climate
 - CEA specific resources at IALR and Virginia Tech
 - Early mover advantage
- Investments are needed to seize this opportunity for Virginia
 - Additional funding for AFID
 - Investments into IALR to better serve CEA industry
 - Funds needed for targeted outreach to industry



AFID is already bringing CEA projects to Virginia, but needs more funding to keep up

Company	Locality	Date Announced	AFID Grant Awarded	Capital Investment	New Jobs	Va.-Grown Purchases
Red Sun Farms	Pulaski	2013	\$ 100,000	\$ 21,000,000	142	\$ 17,886,528
Bloomaker USA, Inc.	Augusta	2014	\$ 50,000	\$ 2,000,000	98	\$ 17,660,000
Shenandoah Growers	Rockingham	2015	\$ 100,000	\$ 8,700,000	15	\$ 14,880,000
BrightFarms	Culpeper	2015	\$ 75,000	\$ 7,348,678	24	\$ 10,718,100
AeroFarms	Pittsylvania	2019	\$ 200,000	\$ 41,836,000	92	\$ 19,524,218
Shore Breeze Farms	Northampton	2020	\$ 15,000	\$ 211,000	3	\$ 60,000
Greenswell Growers	Goochland	2020	\$ 130,000	\$ 17,416,772	27	\$ 23,445,957
Fresh Impact Farms	Arlington	2021	\$ 15,000	\$ 137,500	6	\$ 850,000
Sunny Farms, LLC	Virginia Beach City	2021	\$ 100,000	\$ 7,400,000	13	\$ 10,345,500
Beanstalk	Fairfax County	2021	\$ 100,000	\$ 2,085,000	29	\$ 8,357,105
Area 2 Farms	Arlington	April 2022	\$ 40,000	\$ 1,810,287	30	\$ 3,576,991
AeroFarms II	Pittsylvania	July 2022	\$ 33,000	\$ -	66	\$ 25,275,000
Plenty, Inc.	Chesterfield	Sept. 2022	\$ 500,000	\$ 300,000,000	300	\$ 94,400,000
Total			\$ 1,458,000	\$ 409,945,237	845	\$ 246,979,399



AFID: an important tool for bringing CEA to Virginia, but new investment is needed to keep up with demand

- On major projects like Plenty, Unlimited AFID is an important additional funding source and often pays out earlier, making Virginia's incentive packages more compelling
- For smaller CEA projects or those in non-distressed localities (like Beanstalk Farms and Area 2 Farms in NOVA) AFID is often the only incentive available
- AFID Planning Grants can help communities plan how best to attract and accommodate this important new industry
- AFID Infrastructure Grants are ideal for innovative urban ag projects using CEA to strengthen local food systems
- CEA projects in the pipeline could absorb all of next year's current appropriation to AFID Fund



AFID Budget Enhancement Proposal

- \$1.25 Million in FY 2023 and \$1.25 Million in FY 2024
- Primary purpose is to attract new CEA investments
- Funds will be available for other AFID projects if not fully utilized by CEA
- Provide much-needed incentivization for CEA without depleting AFID funds for other projects



Ag Tech Research Budget Enhancement

- Investing in Virginia's CEA and Agricultural Technology infrastructure and research is vital to future competitiveness in CEA and other emerging fields in agriculture.
- Industry growth is driven by research.
- New funding for research and technology will maintain Virginia's leadership in CEA and High-Tech Ag.
- \$1,000,000 the second year from the general fund is provided for agricultural technology research projects.
- Agricultural technology captures the application of technology in the food production process, enabling higher and/or more cost-effective production.
- Key market segments include precision farming, livestock monitoring, aquaculture, and indoor farming, and others.



Potential Investments Include:

- **Equipment** for ag-researchers to diversify opportunities and expand partnerships with vertical agriculture companies in robotics, hydroponic systems, and more
- **Expanded testing services** - such as specific precision water testing and pathogen monitoring - required for ISO certifications for CEA and other companies
- **Plant breeding programs** specific to indoor ag and staff with specialties in robotics and artificial intelligence to support industry, maximize investments in equipment
- This investment will allow ag-research organizations like IALR to **increase fees for service** to commercial CEA clients helping to create a **sustainable funding stream**
- Commitment of new state funds will **leverage outside funding** from private industry and organizations



Potential Partners to Leverage Additional Research Funds:

- The Foundation for the Future of Agricultural Research (FFAR)
- Go Virginia
- Tobacco Commission
- Danville Regional Foundation
- USEDA
- USDA Rural Development





Thank you. Questions/ Comments

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