

# Maine RFSI OFFICE HOURS

March 5, 2024

## Questions and Answers

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### 1. Eligibility and General Application Questions

**Q: Does the Applicant need to own the land that the post-harvest processing activities will take place on, or is a lease agreement permissible?**

A: Directly from USDA AMS RFSI on 3/7/2024: The Applicant does not need to own the land; a formal lease agreement is permissible. Rentals and leases are permissible RFSI expenditures.

**Q: For the RFSI Infrastructure Project Grant, is the minimum total award amount \$100,000 (\$100k grant, \$100k match) or is the minimum total Project amount \$100,00 (\$50K grant, \$50K match)?**

A: \$250,000 is the maximum RFSI Infrastructure Project Grant subaward amount. Applicants are required to provide a 50% match (1:1 equivalent to the amount of grant award). In the example of an application requesting funding in the amount of \$250,000, the total Project Amount would need to be \$500,000.

RFSI Matching Funds		
50% Match Requirement Example		
Total Project Amount	Federal RFSI Funds Requested	Required Matching Funds
\$500,000	\$250,000	\$250,000
\$250,000	\$125,000	\$125,000
\$200,000	\$100,000	\$100,000

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Please note that Applicants that are [historically underserved farmers and ranchers](#), or for other applicant businesses that qualify under [SBA categories](#) of small disadvantaged business, women-owned small business, or veteran-owned small business, are permitted to request that the required match funding contribution or cost share is reduced to 25% of the proposed Project cost. States must require that applicants self-certify in their Infrastructure Grant applications to being eligible for this reduced match.

**Q: What is the window for RFSI Infrastructure Project Grant RFA? Will it be a 2–3-week time period? Is the application process explained online?**

A: We are targeting an RFA opening between March 15-April 5, 2024. We hope to have the RFA open for approximately four weeks. The full application package, deadlines, and submission instructions will be posted at [Maine Division of Procurement Services Grant RFP and RFA](#).

**Q: Should I apply for RFSI Infrastructure Project Grant and an RFSI Equipment-only Grant separately? A commercial kitchen, as an example, does have both aspects in my opinion?**

A: No. An RFSI Infrastructure Project Grant awarded subrecipient may NOT also apply for an RFSI Equipment-only grant. However, an RFSI Infrastructure Project Grant applicant that is not awarded a project grant is eligible to submit an equipment-only grant application. Only one RFSI award will be made per Unique Entity ID (UEI). RFSI Infrastructure Project Grant applicants should include the eligible equipment that is necessary for their proposed Project within their Project Grant application.

**Q: Is a business eligible if it engages in both production activities and middle of the supply chain activities (storage). The applicant would request infrastructure improvement for both categories of activities.**

A: An eligible applicant entity is permitted to apply for a RFSI Infrastructure Project Grant that outlines an eligible middle of the supply chain Project. The applicant entity may engage in beginning of the supply chain (pre harvest production) and/or end of the supply chain (retail) activities as part of general business operations, outside of the scope of an RFSI funded Project. However, their RFSI application must request funding for a specific Project that proposes to conduct eligible middle-of-the-supply chain activities which only include RFSI eligible food and beverage products and ingredients. Any activities that

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include ineligible activities and foods (e.g. meat and poultry) are ineligible for RFSI funding and must be separated from the Applicant's RFSI Project activities. If the Applicant can adequately and accurately differentiate between an RFSI Project and other ineligible production and/or retail activities, they are permitted to apply for RFSI funds.

**Q: Do you need anything before hand to apply for RFSI funds such as an FNS number like for SNAP or a DUNS ?**

A: Applicants must have a UEI prior to being awarded a subrecipient contract. A UEI is the 12-digit number that replaces the 9-digit DUNS number provided by Dun & Bradstreet which were previously used by the agency to uniquely identify organizations receiving federal funds. All subrecipients of RFSI funds must have a Unique Entity Identifier number (UEI) in SAM.Gov prior to being issued a subrecipient contract. There is NO cost to register in SAM.gov.

**Q: Did I read somewhere that this application was going to ask for letters of support? Is that meaning like from our community members, customers? Just saying what a great farm we are?**

A: RFSI Infrastructure Project Grant applications must demonstrate stakeholder support and community impact. Applicants must describe the stakeholders that support the need for the Project and why (other than the Applicant and organizations involved in the project). Letters of support will be encouraged and may be assigned points.

**Q: Can the development of a co-packing facility in an existing facility for Maine farm-based products be eligible as a RFSI Infrastructure Project Grant project?**

A: Yes, an application from an eligibility entity that proposes the infrastructure improvements necessary to develop a co-packing facility would be eligible as a middle of the supply chain Project

One of the Maine RFSI Priority Areas are: Projects that support processing and packaging improvements (including value-added processing, hiring term-limited personnel to assist with project implementation, co-packing and packaging investments, and processing, canning, and preserving as an area most in need of investment, drying, hulling, shelling, milling, cooking, baking, juicing, distilling, and fermenting).

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**Q: If a planned infrastructure Project goes well over the \$500k total project cost threshold, how much detail about the external factors related to the extra infrastructure improvements should the application give? Can I just say what outcomes are going to be achieved external to the funded portion to leave myself flexibility in sourcing and building?**

A: An RFSI Infrastructure Project Grant application must propose a specific and eligible Project. There is no need to propose a project cost that is greater than the requirements outlined within the matching funds requirements (e.g. if an Applicant is requesting \$500,000 and must document a 50% match, the total Project cost does not need to exceed \$500,000).

A Project is defined as a set of interrelated tasks with a cohesive, distinct, specified, and defined goal. It follows a planned, organized approach over a fixed period and within specific limitations (cost, performance/quality, etc.). Additionally, it uses resources that are specifically allocated to the work of the project and usually involves a team of people. RFSI Infrastructure Project Grants will fund projects that expand the middle of the supply chain capacity and infrastructure for the aggregation, processing, manufacturing, storing, transporting, wholesaling, or distribution of targeted agricultural products. Projects are different from other ongoing operations in an organization because, unlike operations, projects have a limited duration with a definitive beginning and end. A Project will also have an overarching goal that the applicant wants to accomplish through a series of individual activities or tasks.

**Q: Just to clarify, a RFSI Infrastructure Project Grant could fund something like "build a chilled water storage system" right? Even if it gets used into the future, the project ends when the construction is done.**

A: RFSI Infrastructure Project Grant subaward projects end when the entire Project is complete or when the awarded contract performance period ends, whichever is sooner. All approved Project activities, expenditures, and anticipated outcomes and indicators are required to be addressed before the Project is considered complete. Construction completion may not be the only indicator of Project completion. A final Project performance report will be due within 30 days of Project completion, or within 30 days of the end of the awarded contract performance period, whichever is sooner.

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If the construction of a chilled water storage system is necessary to complete a middle of the supply chain Project, construction may be included in the Project grant application.

In addition to demonstrating an eligible middle of the supply Project, all Project applications must demonstrate that purchases will be in compliance with allowable costs as described in Part 2 Section D of this RFA and the [USDA General Terms and Conditions](#)

**Q: If RFSI Infrastructure Project Grant start times are delayed, is the 2027 project deadline still the same?**

A: Currently, USDA has issued guidance that no-cost extensions will not be available for RFSI projects. Projects must be completed by May 24, 2027.

## 2. Eligible Agricultural Products Questions

**Q: Does RFSI funded equipment or infrastructure have to be used to process Maine grown ingredients?**

A: Yes. The RFA will define the definition of Maine-grown and produced. While the RFA has not yet been approved, Applicants will likely see a requirement that all RFSI funded foods and beverages must be for human consumption, be intended to contribute to more and better markets for local producers (no foods intended for donation to a food bank or pantry network) and must consist of 67% or more Maine-grown and harvested ingredients. The USDA defines grown and harvested to mean farm cultivated and harvested and not wild-caught. No meat, poultry, foraged, or wild-caught ingredients may be included in food products funded in any manner through the RFSI program.

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**Q: Will shellfish such as mussels and oysters be disqualified since they are similar to meat, or is that focused on terrestrial farming?**

A: Middle of the supply chain activities for farm produced aquaculture-based foods for human consumption are eligible for RFSI funding, wild-caught and/or foraged foods and/or ingredients (e.g., wild-caught oysters or lobster) would be ineligible for RFSI funding.

**Q: If an applicant wishes to apply for infrastructure upgrades to fund a Project that introduces a new granola made with Maine ingredients and supporting Maine grain-producers, do the RFSI funded facility improvements and new equipment have to remain dedicated to the eligible Project (granola) or could the facilities be used to process other value-added grain or food products during the times that the facilities are not needed to achieve approved Project activities?**

A: From USDA AMS RFSI 3/7/2024: RFSI funded activities, equipment, and eligible agricultural food products must be allowable, conducted during the period of performance, and included within the approved Project proposal.

An applicant could propose a Project that processes, aggregates, stores, and/or distributes RFSI eligible food products that do not specify a single food product but ensure that the Project will comply with all requirements related to RFSI eligible food products. For example, this Applicant may wish to propose a Project that includes facility and equipment improvements that would allow them to expand capacity, and/or increase market access for the processing and distribution of value-added products that include Maine-produced grains (and do not include meat, poultry, foraged, or wild-caught ingredients). There would not be a requirement to limit activities and expenditures to just one food produce (e.g. granola) if the application outlined an eligible Project.

**Q: If our processing facility aggregates fruit/grain/vegetables/other eligible food products with meat (i.e. we make meal kits using Maine produced foods), does that make an RFSI Infrastructure Project Grant application ineligible, or could we use the grant for operations that don't touch meat?**

A: RFSI Infrastructure Project Grant funds are not permitted to be used for general business operations. Applications must request RFSI funding for a specific Project that will have distinct and measurable outcomes, activities, and expenditures within a specific Project performance period.

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**Q: Follow up to above question:** The proposed Project is an eligible vegetarian meal-kit processing project that seeks funding for infrastructure improvements to a commercial kitchen. **If funded with RFSI, at what point can the awarded entity allow meat or poultry to be included in the meal kits processed in the commercial kitchen that was renovated, in part, with RFSI Project funds?** (They are not seeking to process meat within the RFSI Project, but at some point, may want to add an additional project to be processed in the existing facility that was improved with RFSI funds).

A: Directly from USDA AMS RFSI on 3/7/2024: **Only after the RFSI Project end date (the end date of the contract, if awarded, or the end date of their awarded Project, whichever occurs sooner) which will be no later than May 2027.**

### 3. Matching Funds Questions

**Q: Could you give a few examples of what in-kind contributions will be allowed? (ex: labor building the infrastructure, future labor doing the processing, etc.)**

A: In-kind contributions are [defined](#), when used as a cost share or match for a grant, as the value of goods or services provided for the benefit of the grant program, where no funds transferred hands. For example, a partner, such as a tribal community member, may volunteer their professional expertise as a match contribution to the project as described in [2 C.F.R. § 200.306\(e\)](#).

Contributions cannot satisfy a cost sharing or matching requirement for this grant program if they are used toward satisfying a match requirement under any other Federal grant agreement to which the applicant is a party. All matching contributions must be committed or secured at the time an applicant is recommended for an award. Indirect costs may count toward the Infrastructure Grant applicant's match.

Equipment may be eligible for matching requirements. If the equipment is purchased by the applicant prior to the subaward being awarded and is special purpose that's critical for the success of the project, it can be used as match. The applicant would calculate match value using the fair market value for the equipment. If this equipment is solely for RFSI project, they can use the entire value. If this equipment is used in a variety of projects, it would need to be prorated based on the amount of time with RFSI.

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**Q: In an eligible Project scenario, can the mileage incurred during an eligible activity (e.g. tomato sauce delivery) be predicted in advance and therefore be eligible as meeting part of the project match requirement?**

A: From USDA AMS RFSI 3/7/2024: Yes, fuel or mileage calculated for project activities is an allowable cost for RFSI and can be used to meet the match. In order for it to be classified as a match, the fuel and mileage costs must be paid with non-RFSI funds.

**Q: Can the 25%/50% match for a RFSI Infrastructure Project Grant be from any source? Like a separate business loan?**

A: Cost sharing or matching is the portion of project costs not paid by State or Federal funds, which could be cash and/or in-kind contributions. Cash can be a financial outlay, or cash donations from non-Federal third parties. In kind can be the value of non-cash contributions typically in the form of value of personnel, goods, and services, including direct and indirect costs. Other State and Federal funds cannot be used as a match. (See 2 CFR [§§ 200.1](#) and [§§ 200.306](#)).

All matching contributions must be committed or secured at the time an applicant is recommended for an award. If a business loan was secured at the time an applicant is recommended for award, it would qualify as eligible as a cash match.

USDA Update 3/7/24: Loans (not grants) issued by the USDA and other federal and state agencies are permitted to be used as matching funds.

A match may consist of a cash match, in-kind contributions, or any combination thereof. Note that all costs must be allowable under the grant conditions; costs such as construction costs, salary costs, equipment costs, the cost of hiring a contractor/consultant, etc., are all allowable and thus qualify as matching costs.

The following are may **NOT** be considered eligible to meet matching requirements:

- Any pre-harvest activities and expenses,
- On-going operating costs that do not directly support the completion of the proposed Project,
- Acquiring real property (including land purchases), or any interest therein,

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- Expenses related to ineligible food products,
- Activities that will receive state or Federal funding for the same expense,
- Fees or issuance costs associated with the issuance of loans or debt,
- Expenses that have been or will be reimbursed by insurance,
- Illegal activity under federal or state law or regulation.

#### **Q: Do Women-Owned Small Business qualify for the reduced match?**

A: Yes. A business entity applicant that meets the SBA-determined eligibility criteria for one or more of the [SBA categories](#) of small disadvantaged business, women-owned small business, or veteran-owned small business does qualify to request the match reduction. These types of applicant entities are permitted to request that the required match funding contribution or cost share is reduced to 25% of the proposed Project cost.

## 4. Allowable Costs Questions

#### **Q: Are staffing costs for staff members engaged in food processing eligible in a RFSI Infrastructure Project?**

A: RFSI Infrastructure Project Grant funds may only be used to support an approved Project. General business operating expenses, including labor, outside of the approved Project are not eligible for RFSI funding.

Salaries and wages are allowable as part of employee compensation for personnel services in proportion to the amount of time or effort an employee devotes to the grant-supported Project or during the contractual period of performance, including salaries, wages, and fringe benefits. Such costs must be incurred under formally established policies of the organization, be consistently applied, be reasonable for the services rendered, and be supported with adequate documentation. Salary and wage amounts charged to grant-supported projects for personal services must be based on an adequate payroll distribution system that documents such distribution in accordance with generally accepted practices of like organizations. Standards for payroll distribution systems are contained in the applicable cost principles (other than those for for-profit organizations). See [USDA General Terms and Conditions](#) Section 8.0 ALLOWABLE COST AND ACTIVITIES- Salaries and Wages page 20 for further information.

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**Q: For new buildings, are all associated construction costs eligible? Foundation, septic/waste, electrical upgrades, etc.**

A: RFSI Infrastructure Project Grant funds may be used for improvements, rearrangements, or alterations of an existing building or facility to use a space more effectively and to accommodate new or upgraded equipment and processes. Funds may also be used for new construction of buildings or structural changes to an existing building/ facility resulting in a square foot expansion or requiring changes to the building's floor, foundation, and exterior or load-bearing walls.

Construction costs can include administrative and legal expenses, structures, relocation expenses and payments, architectural and engineering fees, project inspection fees, site work, demolition and removal, construction, and miscellaneous expenses related to modernizing or expanding a new or existing facility. Architectural fees can include those associated with design.

RFSI funds may not be used to purchase land or buildings. It is unallowable to use grant funds for the acquisition of buildings, facilities, or land. However, rental and lease expenses associated with an eligible Project are allowable costs. See [USDA General Terms and Conditions](#) Section 8.0 ALLOWABLE COST AND ACTIVITIES- Buildings and Land – Construction- page 14 for further information.

## 5. Questions Related to Equipment

**Q: If we just purchased equipment, can we still apply for reimbursement through RFSI?**

A: No. Prior expenditures, made outside of an awarded contract performance period are not eligible for reimbursement with RFSI funds.

However, previously purchased equipment may be eligible for RFSI Infrastructure Project Grant matching requirements. If the equipment is purchased by the applicant prior to the subaward being awarded and is special purpose that's critical for the success of the project, it can be used as match. The applicant would calculate match value using the fair market value for the equipment. If this equipment is solely for RFSI project, they can use the entire value. If this equipment is used in a variety of projects, it would need to be prorated based on the amount of time with RFSI.

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**Q: Would milking machines, bulk tanks, etc. qualify for the RFSI Equipment-only grant in order to produce/ process cheese?**

A: Only post-harvest middle of the supply chain activities may be funded through RFSI. Dairy milking equipment is considered production (beginning of the supply chain) and not processing (middle of the supply chain) and is therefore ineligible for RFSI funding.

However, RFSI funds WILL support middle of the supply chain (post-harvest) activities that result in expanded capacity for the aggregation, processing, manufacturing, storing, transporting, wholesaling, and distribution of Maine-produced food and beverage products, including specialty crops (farm cultivated and processed for human food consumption), dairy, grains for human consumption, aquaculture, and other food products, excluding meat and poultry.

Bulk tanks would be considered middle of the supply chain storage equipment. Cheese processing and packaging equipment and activities would also be eligible as middle of the supply chain expenditures.

**Q: Can RFSI funded equipment be used for general operations, or other activities outside of the scope of a funded Project? For example, if the proposed Project is an eligible tomato processing (value-added tomato sauce) project. The delivery truck used to deliver the tomato sauce to in-state retailers is included in the project application. However, the applicant would like to allow another processor (not named in the Project application) to use the truck to transport sauerkraut to another New England state. Specifically, Is a RFSI funded delivery truck permitted to be used by another entity outside the scope of the RFSI funded project?**

A: From USDA AMS RFSI 3/7/2024: No, RFSI funds may only fund the activities outlined within the approved Project Plan during the contract period of performance. The USDA will require that the Department verify that RFSI funded equipment and infrastructure (e.g. this delivery truck) will be used on allowable activities and is reasonable and allocable to the scope of the Project and the intent of RFSI Program.

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**Q: In an RFSI Equipment-only Grant, can we apply if the needed special equipment costs more than \$100,000, provided we can show we have funding for the remaining balance if funded?**

A: Yes. This is the only example where an RFSI Equipment-Only Grant applicant would be required to demonstrate that matching contributions were committed or secured at the time an applicant is recommended for an award. If an equipment-only applicant is requesting assistance to purchase eligible equipment at a cost that is equal to their proposal (maximum \$100,000), a match is not required.

**Q: In an RFSI Equipment-only Grant, will the Evidence of Critical Resource Infrastructure Letter be required?**

A: RFA guidance on what will be required in a RFSI Equipment-only grant will become available in late summer 2024, before the equipment-only RFA is open. This guidance will name the specific documents to be required.

## 6. Questions to be Submitted to the USDA for Clarification

None at this time.

## 7. Additional New Guidance Received from the USDA

**Q: How do I categorize my budget for a construction Project? For example, where do nails and various building supplies belong?**

Building and construction materials may be included in contractual or construction cost categories but must be clearly defined in the budget justification and aligned with the Project's scope of work. Building materials and miscellaneous supplies can be included in contractual or construction but not in the equipment category.

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**Q: Can I, as a food processing facility owner, complete the construction activities and be reimbursed by an RFSI Infrastructure Project Grant? If no, can my construction labor be used to meet matching requirements?**

A: All construction, including electrical, plumbing, HVAC, etc., activities must be completed by licensed professionals with the appropriate qualifications for the state the Project will occur in. If the Applicant facility owner is also a licensed contractor they would be permitted to include construction expenses, including their own labor, that directly relate to the Project in their application.

All in kind contributions RFSI Projects, including construction activities, need to be backed with a letter from a qualified business on the respective letterhead, outlining the activities and value of activities that are being committed to meet the matching requirements. Matching contributions cannot be inflated, the wage must be the company wage for that individual's position. For example, an applicant cannot charge a higher wage to DIY construction costs than the wage the individual is currently paid for their current position (e.g. you cannot charge a contractor wage for a processing laborer to conduct construction activities).

**Q: For RFSI Infrastructure Project Grant Applications, that include construction activities, what supplemental documentation is required to be submitted with an application (e.g., municipal zoning approvals, business plans, blueprints, permits, and other planning documents)**

A: The USDA is providing states with training on this in March. The RFA will include some content on this area and will provide a list of all of the items allowable to submit with an application. We can share that anything that an applicant is able to provide to support the Project readiness and viability will be helpful to the scoring process.