



**Mailing Address:**  
1 Baldwin Street  
Drawer 33  
Montpelier, Vermont 05633-5701

Tel.: (802) 828-2295  
Fax: (802) 828-2483

**STATE OF VERMONT**  
**JOINT FISCAL COMMITTEE**  
1 Baldwin Street  
Montpelier, Vermont 05633-5701

## MEMORANDUM

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**To:** James Reardon, Commissioner of Finance & Management

**From:** Rebecca Buck, Staff Associate *RB*

**Date:** December 14, 2006

**Subject:** Status of Grant Request

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No Joint Fiscal Committee member has requested that the following item be held for review:

**JFO #2275** – \$44,000 grant from the U.S. Department of Agriculture, Agricultural Marketing Service to the Agency of Agriculture, Food and Markets. These grant funds will be used to provide farmers and processors in the Northeast with the needed analysis of processing, packaging, distribution and marketing costs with regard to production and marketing of healthful, conveniently packaged fruit and vegetable products to consumers.

*[JFO received 11/15/06]*

In accordance with 32 V.S.A. §5, the requisite 30 days having elapsed since this item was submitted to the Joint Fiscal Committee, the Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of this action.

cc: Linda Morse  
Stephen Kerr

**From:** "Morrison, Mary" <Mary.Morrison@state.vt.us>  
**To:** "Michael Obuchowski" <OBIE.LCPO2.VTLC@leg.state.vt.us>, "Steve Klein" <S...>  
**Date:** 12/1/2006 7:40 AM  
**Subject:** Additional questions regarding JFO #2275  
**Attachments:** In-kind cash contributions breakdown.pdf

**CC:** "Rebecca Buck" <RBUCK@leg.state.vt.us>, "Hartrich, Toni" <Toni.Hartrich@...>

1. I am attaching a chart I received from the program manager that gives more details on projected contributions. Additional cooperators may participate depending on the market analysis conducted by the contractor.

2. The Agency and the New England region have worked cooperatively on processing, packaging, product development, and distribution activities for several years. Recent cooperative activities include a 2004 FSMIP project for fresh-cut apple slices (New Hampshire was the lead agency), a 1999 FSMIP packaging project (Connecticut was the lead agency), and a 2004 FSMIP meat processing project (Vermont was the lead agency). The agency also participated in a FSMIP activity with New York in 2003.

-----Original Message-----

From: Rebecca Buck [mailto:RBUCK@leg.state.vt.us]  
Sent: Wednesday, November 22, 2006 3:24 PM  
To: Morrison, Mary  
Cc: Michael Obuchowski; Steve Klein  
Subject: A couple of additional questions regarding JFO #2275

Hi Mary.

1) I just spoke with Representative Obuchowski and he has a few additional questions regarding the sources and amounts budgeted under the State/Industry column on the Supplemental Budget Information sheet. I believe if you could provide us with a type of chart or spreadsheet which includes a breakdown for each of the items in the State/Industry column showing what amount each entity (VT, other New England state's, and/or cooperators) is paying for each of the listed activities that would enable us to have a better understanding of the detailed budget for this project.

2) In addition, Representative Obuchowski wants to know if there is a precedent with regard to using Vermont State in-kind match out of state? If not would this set any type of precedent?

Please cc me on your response to Representative Obuchowski. Thanks Mary and if I haven't phrased the above clearly enough and you need additional guidance as to what we're looking for, please don't hesitate to give me a call (X5969). --Becky

>>> "Morrison, Mary" <Mary.Morrison@state.vt.us> 11/22/2006 10:36 AM  
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Here are the answers I received from the project manager for this grant.

If you need more information, please let me know. Thanks.

USDA/AMS encourages proposals that show collaboration among states and with regional/national significance.

1. The Vermont Agency of Agriculture is the lead entity on this grant project. Steve Justis is the Activity Manager for the project.
2. The \$10,000 will be used for pilot marketing activities (e.g. with schools, supermarkets, restaurants) The exact nature of the activities will be determined based on finding of the contractor (see #3, below).
3. \$25,000 is budgeted for a contractor, to conduct a market analysis including determining processing and packaging costs, determining product shelf life and consumer acceptance, and identifying product and packaging suppliers and product distribution channels. \$6,000 has been budgeted for developing & producing nutritional, educational and promotional materials, and \$3,000 is budgeted for a 3rd party project evaluation.
4. The project cooperators (Agriculture Departments of the six New England states; Cape Cod Cranberry Growers' Association; Champlain Valley Specialty of New York; Deep Root Organic Farmers Association, Inc.; New England Apple Association; J.P. Sullivan & Co.; and Vermont Vegetable & Berry Growers Association) will be making in-kind contributions based on a federally allowed rate of \$54.52 per hour (Federal GS 14, Step 10 rate) totaling \$43,900. Other in-kind contributions include telephone, mailing and printing (\$2,400), product costs (\$5,000, from producers/growers) and packaging costs (\$6,000 from processor/packager) for a total of \$57,300.
5. The in-kind contribution will match the total U.S. Department of Agriculture, Federal-State Marketing Improvement Program (FSMIP) allocation of \$44,000. The state's major markets for agricultural products are OUTSIDE of the state, so some of the funds will be spent in those markets.
6. The Vermont Agency of Agriculture, as the lead entity on this activity, will have a slightly larger share of the in-kind contributions. Vermont's in-kind match is \$10,000 which is the match included on the AA-1. The TOTAL contribution (from the 6 New England states, including cooperators) will be \$43,900.
7. The \$1,000 cash contribution will come from organizations including J.P. Sullivan & Co, the New England Apple Association, the Cape Cod Cranberry Growers Association, and the Deep Root Organic Farmers Association. As grower organizations, they should benefit from the overall project. Besides the apples, cranberries and carrots included in those cooperators, we'll also be looking at blueberries and as yet to be identified products (see #2 above).
8. The \$57,300 is the total of items described in #4 above. The total value of the project will be \$101,300 (state, federal & private industry components).

Mary Morrison  
Business Manager  
Mary.Morrison@state.vt.us  
Vt. Agency of Agriculture  
828-3567

-----Original Message-----

From: Rebecca Buck [mailto:RBUCK@leg.state.vt.us]  
Sent: Monday, November 20, 2006 1:36 PM  
To: Morrison, Mary  
Cc: Michael Obuchowski; Steve Klein  
Subject: Questions from Rep. Michael Obuchowski regarding JFO #2274

Good afternoon Mary--

Representative Obuchowski has the following questions regarding JFO #2275 (\$44,000 grant from USDA for packaging fresh produce for snack food market in NE states):

- 1) Who is the lead entity for this grant project?
- 2) What is the \$10,000 that can go to related projects in other New England states going to be used for?
- 3) How is the remaining \$34,000 going to be used?
- 4) What are each of the "Project Cooperators" listed on page 3 of the Application putting into the project?
- 5) What amount does the state in-kind match-- the \$34,000 or \$44,000 amount? Are we using Vermont funds to match funds that will be used out of state?
- 6) Why does the AA-1 Form note an amount of \$10,000 of state in-kind match for this grant and on page 12, Item VI. Supplemental Budget Information, of the Application for this grant in the column State/Industry the amount of in-kind listed totals \$43,900?
- 7) The State/Industry column of this Supplemental Budget Information shows "cash" expenditures. Who/what organizations are paying cash toward this project and in what amounts? Who/what organizations are providing the various in-kind services and in what amounts?
- 8) The State/Industry column totals \$57,300. Is this in addition to the \$44,000 grant amount? Where does this amount come from?

Please cc me on your response to Rep. Obuchowski. Thanks. --Becky

In-kind (time) and Cash Contributions (estimated) for New England Region FSMIP Activity

Activity		CT	MA	ME	NH	RI	VT	CCCGA	DROFA	CVS	NEAA	JPS
Activity oversight & administration	In-kind (hrs)	17	17	17	17	17	17					
	Cash	\$60	\$60	\$60	\$60	\$60	\$60					
Develop & distribute RFP for contracted services	In-kind (hrs)	13	13	13	13	13	13					
Conduct market analysis	In-kind (hrs)	13	13	13	13	13	13					
Cooperators meet & review market analysis, identify pilot activities	In-kind (hrs)	17	17	17	17	17	17	4	4	4	4	4
Pilot marketing activities	In-kind (hrs)	30	30	30	30	30	30	12	12	12	12	12
	Cash							\$1,000	\$1,000	\$3,000	\$500	\$500
Develop & produce nutrition education & promotional materials	In-kind (hrs)	17	17	17	17	17	17					
	Cash	\$166	\$166	\$166	\$166	\$166	\$166					
Project evaluation	In-kind (hrs)	7	7	7	7	7	7					
Final report preparation, printing, distribution & outreach efforts	In-kind (hrs)	7	7	7	7	7	7					
	Cash	\$135	\$135	\$135	\$135	\$135	\$135					

CCCGA= Cape Cod Cranberry Growers Association DROFA= Deep Root Organic Farmers Association CVS= Champlain Valley Specialties NEAA= New England Apple Association JPS= J.P. Sullivan & Co.

**From:** Rebecca Buck  
**To:** Morrison, Mary  
**Date:** 11/22/2006 3:24 PM  
**Subject:** A couple of additional questions regarding JFO #2275

**CC:** Klein, Steve; Obuchowski, Michael  
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Mary Morrison  
Business Manager  
[Mary.Morrison@state.vt.us](mailto:Mary.Morrison@state.vt.us)  
Vt. Agency of Agriculture  
828-3567

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From: Rebecca Buck [<mailto:RBUCK@leg.state.vt.us>]  
Sent: Monday, November 20, 2006 1:36 PM  
To: Morrison, Mary  
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**From:** "Morrison, Mary" <Mary.Morrison@state.vt.us>  
**To:** "Michael Obuchowski" <OBIE.LCPO2.VTLC@leg.state.vt.us>, "Steve Klein" <S...>  
**Date:** 11/22/2006 10:36 AM  
**Subject:** Questions regarding JFO

**CC:** "Rebecca Buck" <RBUCK@leg.state.vt.us>, "Hartrich, Toni" <Toni.Hartrich@...>  
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828-3567

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**From:** Rebecca Buck  
**To:** mary.morrison@state.vt.us  
**Date:** 11/20/2006 11:53:25 AM  
**Subject:** Questions from Rep. Michael Obuchowski regarding JFO #2274

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Please cc me on your response to Rep. Obuchowski. Thanks. --Becky

**CC:** Klein, Steve; Obuchowski, Michael



**Mailing Address:**  
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Drawer 33  
Montpelier, Vermont 05633-5701

Tel.: (802) 828-2295  
Fax: (802) 828-2483

**STATE OF VERMONT**  
**JOINT FISCAL COMMITTEE**  
1 Baldwin Street  
Montpelier, Vermont 05633-5701

## MEMORANDUM

**To:** Joint Fiscal Committee Members

**From:** Rebecca Buck, Staff Associate *RB*

**Date:** November 17, 2006

**Subject:** Grant Request

Enclosed please find one (1) request which the Joint Fiscal Office recently received from the Administration:

**JFO #2275** – \$44,000 grant from the U.S. Department of Agriculture, Agricultural Marketing Service to the Agency of Agriculture, Food and Markets. These grant funds will be used to provide farmers and processors in the Northeast with the needed analysis of processing, packaging, distribution and marketing costs with regard to production and marketing of healthful, conveniently packaged fruit and vegetable products to consumers.

[JFO received 11/15/06]

The Joint Fiscal Office has reviewed this submission and determined that all appropriate forms bearing the necessary approvals are in order.

In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Rebecca Buck at 802/828-5969; [rbuck@leg.state.vt.us](mailto:rbuck@leg.state.vt.us) or Stephen Klein at 802/828-5769; [sklein@leg.state.vt.us](mailto:sklein@leg.state.vt.us)) if you would like this item held for committee review. Unless we hear from you to the contrary by December 1 we will assume that you agree to consider as final the Governor's acceptance of this request.

cc: James Reardon, Commissioner  
Linda Morse, Administrative Assistant  
Stephen Kerr, Secretary

STATE OF VERMONT  
GRANT ACCEPTANCE FORM

JFO #

2275

GRANT SUMMARY: This grant for Packaging Fresh Produce for the Snack Food Market in New England states will provide farmers with needed analysis of processing, packaging, distribution and marketing costs and will set up pilot marketing activities. Vermont is receiving the grant of which up to \$10,000 can go to related projects in other New England states. The remaining \$34,000 will be used by Vermont to hire consultants to coordinate the overall program and for grants to Vermont projects.

FEDERAL CATALOG No.: 10-156

GRANTOR / DONOR: United States Department of Agriculture  
Agricultural Marketing Service, FSMIP Program  
Washington DC 20250

DATE: 11/2/06

DEPARTMENT: Agriculture, Food and Markets

GRANT / DONATION: This grant will allow the Agency of Agriculture Food and Markets to help farmers gain access to the healthy snack food market. This is a cooperative effort with the other New England states. Vermont will coordinate this grant program and a majority of the grant goes to Vermont.

AMOUNT / VALUE: \$44,000.00 (Federal Funds)

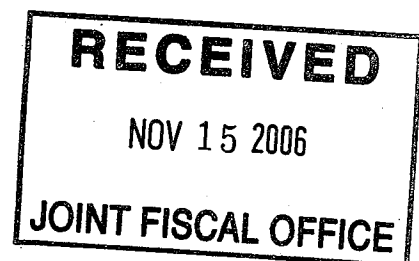
POSITIONS REQUESTED: None

GRANT PERIOD: 9/1/06 to 8/31/08

COMMENTS: There is a state in-kind match of \$10,000.

DEPARTMENT OF FINANCE AND MANAGEMENT:  
SECRETARY OF ADMINISTRATION  
SENT TO JOINT FISCAL OFFICE:

(INITIAL) MB 11/3/06  
(INITIAL) MB 11.6.06  
DATE: 11/9/06



**STATE OF VERMONT  
REQUEST FOR GRANT ACCEPTANCE**  
(use additional sheets as needed)

**FORM AA-1**  
(Rev. 9-90)

1. Agency:  
 2. Department: **Vermont Agency of Agriculture, Food & Markets**  
 3. Program:  
 4. Legal Title of Grant: Packaging Fresh Produce for the Snack Food Market  
 5. Federal Catalog No.: 10-156  
 6. Grantor and Office Address: U.S. Department of Agriculture, Agricultural Marketing Service, FSMIP Program, Washington, DC 20250

7. Grant Period: From: 9/1/06 To: 8/31/08

8. Purpose of Grant: (Attach additional Sheets if needed)  
 Provide farmers with access to snack and convenience food markets by analyzing processing, packaging, distribution and marketing costs, and establishing pilot marketing activities including school foodservice, convenience stores, supermarkets, "fast food" restaurants and other food venues. Activity will be coordinated among the New England state departments of agriculture.

9. Impact on Existing Programs if Grant is not Accepted:  
 Vermont Agency of Agriculture will not be able to effectively help farmers access the growing healthy snack food market.

10. Budget Information:	(1st State FY)	(2nd State FY)	(3rd State FY)
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<b>EXPENDITURES:</b>			
Personal Services	\$21,000	\$14,000	\$
Operating Expenses	\$12,000	\$ 7,000	\$
Grants	\$	\$	\$
<b>TOTAL</b>	<b>\$33,000.</b>	<b>\$ 21,000</b>	<b>\$</b>
<b>REVENUES:</b>			
State Funds:			
Cash	\$	\$	\$
In-Kind	\$ 6,000.00	\$ 4,000	\$
Federal Funds:			
(Direct Costs)	\$ 27,000	\$ 17,000	\$
(Statewide Indirect)	\$	\$	\$
(Department Indirect)	\$	\$	\$
Other Funds:			
(source) _____	\$	\$	\$
<b>TOTAL</b>	<b>\$33,000</b>	<b>\$21,000</b>	<b>\$</b>

Grants will be allocated to these appropriation expenditure accounts

Appropriation Nos.  
 DEPTID 2200030000  
 FUND 22005  
 PROGRAM to be requested

Amounts  
 \$ 44,000

OCT 25 2006

11. Will grant monies be spent by one or more personal service contracts?

YES

NO

If YES, signature of appointing authority here indicates intent to follow current guidelines on bidding.

x *Dave Lane* 10/23/06  
(Date)

12a. Please list any requested Limited Service Positions:

Titles	Number of Positions
TOTAL	

12b. Equipment and space for these positions:

- Is presently available.
- Can be obtained with available funds

13. Signature of Appointing Authority

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant.

*SR. Kerr by Dave Lane*  
(Signature)  
Secretary: Agriculture, Food & Markets  
(Title)

10/23/06  
(Date)

14. Action by Governor:

- Approved
- Rejected

*[Signature]*  
(Signature)

11/8/06  
(Date)

15. Secretary of Administration:

- Request to JFO
- Information to JFO

*[Signature]*  
(Signature)

11-6-06  
(Date)

16. Action by Joint Fiscal Committee:

(Dates)

- Request to be placed on JFC agenda
- Approved (not placed on agenda in 30 days)
- Approved by JFC
- Rejected by JFC
- Approved by Legislature

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)



COOPERATIVE AGREEMENT  
between the  
AGRICULTURAL MARKETING SERVICE  
UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250  
(hereinafter called the Federal Agency)  
and the  
Vermont Agency of Agriculture, Food and Markets  
Montpelier, Vermont 05620-2901  
(hereinafter called the State Agency)

1. Title of Agreement: Packaging Fresh Produce for the Snack Food Market.
2. Objective: To enable farmers and processors in the Northeast to optimize profitability through the production and marketing of conveniently packaged fruit and vegetable products to consumers.
3. Statement of Work: This cooperative agreement shall be carried out by the organizational units or officials of the Federal Agency and the State Agency in the manner and subject to the conditions provided in the Statement of Work, Form AMS-20-2, attached hereto and made a part of this agreement.
4. Legal Authority: Agricultural Marketing Act of 1946 - Section #204, 7 U.S.C. 1623(b), and Section 713 of Title VII (General Provisions) of Division A of Public Law 108-7.
5. Revision: N/A
6. Effective Date: September 1, 2006.
7. Approvals: The signatories hereby certify that they have authority to enter into said cooperative agreement.

This agreement is hereby approved for the State Agency.

Done at Montpelier, VT on 8/30/06  
(City and State) (Date)

Dore Lane  
Signature

Deputy Secretary  
Title

This agreement is hereby approved for the Federal Agency.

Done at Washington, D.C. on 9/22/06  
(Date)

K. Keith CC  
Associate Administrator  
Agricultural Marketing Service

---

STATEMENT OF WORK - COOPERATIVE AGREEMENT NO 12-25-G-0492

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This STATEMENT OF WORK is part of the Cooperative Agreement between the Agricultural Marketing Service, United States Department of Agriculture and the Vermont Agency of Agriculture, Food and Markets effective September 1, 2006, having the title of *Packaging Fresh Produce for the Snack Food Market*.

I. Introduction - Federal and State employees conducting activities under terms of this agreement shall be as follows:

A. For the Federal Agency - Personnel of the Transportation and Marketing Program (TMP) of the Agricultural Marketing Service (AMS), USDA. Janise Zygmunt, Staff Officer for the Federal-State Marketing Improvement Program, shall be project coordinator.

B. For the State Agency - Personnel of the Vermont Agency of Agriculture, Food and Markets, as required. Steve Justis, Agricultural Development Division, shall serve as Principal Contact for the State Agency under this agreement. Employees shall be under the exclusive direction of the State Agency or its designee.

II. Responsibilities

A. The Federal Agency will:

Assist in defraying not more than one-half of the costs of the project by reimbursing the State Agency for expenses incurred in the conduct of the project as mutually agreed to in the amount not to exceed \$44,000 during the period of this agreement.

B. The State Agency will:

1. Complete the objectives as defined in the project proposal titled, "Packaging Fresh Produce for the Snack Food Market," dated 02/08/06, including:

a. Analyze market opportunities for fruits and vegetables produced in the Northeast through the examination of processing and packaging costs, shelf life, consumer acceptance, and other factors influencing distribution and marketing;

b. Identify regional producers and determine their ability to supply product throughout the year;

c. Investigate opportunities for incorporating nutritious prepackaged dips and other condiments to promote fruit and vegetable consumption;

d. Establish a minimum of six pilot marketing activities involving, but not limited to, school foodservice programs, convenience stores, supermarkets, fast food restaurants and other venues; and

e. Develop nutrition education and promotion materials to be used in connection with pilot marketing activities.

2. Keep up-to-date records on the project; provide statistical analyses of all data collected; make semi-annual reports of the progress of the work to the Federal Agency; and prepare a final report detailing all work done and results accomplished, in a form acceptable to the Federal Agency.

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CONTINUATION SHEET

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3. Submit quarterly requests for payments of grant funds to the Federal Agency on Form SF-270, *Request for Advance or Reimbursement*.

4. Keep a separate account of expenditures of the Federal and the match dollars and provide the Federal Agency a final *Financial Status Report*, SF-269, submitted with the final report no later than 90 days after the end of the agreement.

5. Immediately refund to the Federal Agency, at the end of the agreement, any balance of unobligated funds advanced. Late payments are subject to an interest charge of 18 percent per annum and all penalties and administrative charges as provided under the Debt Collection Act of 1996.

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CONTINUATION SHEET

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C. It is mutually understood and agreed that:

1. Payments under this agreement will be made to the State Agency unless a written request from the State Agency specifies otherwise.

2. Advances of Federal funds to the State Agency shall be limited to the minimum amounts needed to meet current disbursement needs and shall be scheduled so the funds are available to the recipient as close as possible to the actual disbursements by the recipient for program costs.

3. The items for which reimbursement will be claimed by the State Agency shall not include advertising or the purchase of capital improvements or non-expendable equipment. Program income generated under this agreement may be used for other activities that further the objectives of the Federal-State Marketing Improvement Program but only with written permission from the Federal Agency.

4. The results of the research or study may be published by the Federal Agency, the State Agency, or by appropriate subcontractors or cooperators, as mutually agreed.

5. No member of Congress or resident commissioner shall be admitted to any share or part of this agreement or to any benefit to arise therefrom, unless it be made with a corporation for its general benefit.

6. This agreement shall continue in force until August 31, 2008, unless amended or terminated by mutual consent of the parties in writing, or terminated by either party upon 60 days notice in writing.

7. All aspects of this agreement shall be executed according to all applicable parts of USDA's Uniform Federal Assistance Regulations (7 CFR 3015 et seq.) or as they may be later revised, and successive published regulations as appropriate, hereby incorporated by reference and made a part of this agreement. The State Agency confirms that it understands and is bound by the above regulations.

8. The following are attached and made a part of this agreement:

a. Standard Form 424B, Assurance - Non-Construction Programs.

b. Form AD-1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions.

c. Form AD-1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions. Note: The recipient is responsible for obtaining the signatures and retaining the certificates, if warranted, from lower tier recipients or contractors as defined in 7 CFR 3017.

d. Form AD-1049, Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals.

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**CONTINUATION SHEET**

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Equal Employment Opportunity and Civil Rights

The United States Department of Agriculture prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, and sexual orientation. The Department strives to attain a diverse workforce, ensure equal opportunity, support civil rights and create a work environment free of discrimination and harassment.

In support of the Department's policy, equal employment opportunity and civil rights for all employees and clients are an essential part of all programs administered by AMS. Cooperators are strongly encouraged to develop and support an equal employment opportunity and civil rights program in carrying out the partnership created with this cooperative agreement.

Application for funding assistance from the  
U.S. Department of Agriculture, Agricultural Marketing Service  
Federal-State Marketing Improvement Program

# **Packaging Fresh Produce for the Snack Food Market**



Submitted by the  
Vermont Agency of Agriculture, Food and Markets  
in cooperation with other  
New England Departments of Agriculture and  
Produce Industry Organizations

February 10, 2006

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# **Packaging Fresh Produce for the Snack Food Market**

## **Project Cooperators**

**P**rincipal cooperators in the proposed activity are listed below. Staff from the New England state departments of agriculture and members of produce industry organizations will be providing assistance on various segments of this activity, as well.

Vermont Agency of Agriculture, Food and Markets

- Steve Justis, Senior Agricultural Development Specialist (Activity Manager)
- Bruce Martell, Marketing Specialist

Cape Cod Cranberry Growers' Association

- Jeffrey B. LaFleur, Executive Director

Champlain Valley Specialty of New York

- Jerry Dygart, General Manager

Connecticut Department of Agriculture

- Robert Pellegrino, Bureau Director

Deep Root Organic Farmers Association, Inc.

- Chris Poshpeck, General Manager

Maine Department of Agriculture, Food and Rural Resources

- Mary Ellen Johnston, Director

Massachusetts Department of Agricultural Resources

- Mary Jordan, Director

New England Apple Association

- Russell Powell, Executive Director

New Hampshire Department of Agriculture, Markets and Food

- Gail McWilliam Jellie, Director

Rhode Island Division of Agriculture & Resource Marketing

- Stephen Volpe, Director

J.P. Sullivan & Co.

- Steve Lacasse, Regional Sales Representative

Vermont Vegetable & Berry Growers Association

- David Marchant, President

Each of the State Department of Agriculture cooperators listed above has significant experience in agricultural business development, marketing and project management.

Each of the private industry cooperators listed above has significant experience in produce sales and marketing.



Application for funding assistance from the  
U.S. Department of Agriculture, Agricultural Marketing Service  
Federal-State Marketing Improvement Program

## Packaging Fresh Produce for the Snack Food Market

### I. Abstract

Industry studies show that *convenience* has become such an important driver for food sales that it is now a *consumer expectation*. Consumers also expect retailers to care about their health as they seek healthier foods. The U.S. fresh-cut produce industry has more than doubled in the last ten years, to between \$10 and \$12 *billion*. Industry leaders anticipate further growth of the sector as Americans increase away-from-home meals.

Coupled with the growth of convenience foods has been a significant rise of obesity in the U.S. Obesity tripled among young people since 1980, and researchers now say that obesity could-- for the first time ever-- cause life expectancies to decrease.

This proposed activity, focused on increasing the convenience of healthful fruits and vegetables snacks, will be an important step in reducing obesity in children *and* adults.

Based on current industry trends and projections, as well as their own experience, project cooperators will work with producers, processors, schools, retailers and others to ensure that Northeastern farmers—and consumers---benefit from anticipated growth in this industry.

Particular efforts will be focused on regional fruits and vegetables including, but not limited to apples, blueberries, carrots, cranberries and grapes.



## II. Background and Justification

In 2004, the New England states began a regional effort to help the region's apple growers tap into the growing market for fresh-cut produce. By the conclusion of the activity, single-service packs of fresh-cut New England apple slices were available to consumers in each of the six New England states. In three states, Connecticut, New Hampshire and Vermont, fresh-cut apple slices have become "listed" products for the Department of Defense (DOD) Fresh Fruit and Vegetable Program offerings to schools.

Several distributorships were also established throughout New England, delivering packaged apple slices to retail and foodservice operations throughout the region, and a New England-based airline has started carrying them as an in-flight snack.

The Nutrition Title of the 2002 Farm Act funded a USDA Fruit and Vegetable Pilot Program (FVPP) to improve fruit and vegetable consumption among school-children in five states (IA, IN, MI, OH and NM). In 2004, the FVPP was expanded to four additional states (MS, NC, PA and WA). A USDA Economic Research Service (ERS) report to Congress showed very favorable responses to FVPP by students, parents, teachers, administrators and school foodservice staff.

USDA-ERS conducted an evaluation of FVPP, and provided several suggestions to improve the program, including:

1. Providing a greater variety of fruits and vegetables
2. Preparing foods before serving to make them more appealing to eat and to reduce mess
3. Using dips and other condiments to promote vegetable consumption
4. Providing educational materials to be used in conjunction with new product offerings

Fresh-cut produce sales in the U.S. have more than doubled over the last ten years, to between \$10 and \$12 *billion* in 2005. The International Fresh-cut Produce Association anticipates that a big jump in fresh-cut products is "on the horizon".

Based on their awareness of current industry trends and projections, as well as on their own experience, Project Cooperators will work with regional producers, processors, schools, retailers and others to ensure that Northeastern farmers benefit from this anticipated industry growth. In particular, efforts will be focused on regional fruits and vegetables including, but not limited to: apples, blueberries, carrots, cranberries and grapes.

## Consumer Trends—Buying Locally, Eating Out

In *Fresh Trends 2006*, a produce industry consumer-trends publication, consumers in the Northeast consistently rank “regional impact” high among their reasons for buying many produce items. Similarly, a 2002 Massachusetts study showed that 92 percent of respondents agreed that *buying locally grown food greatly contributes to the local economy* and 78 percent said that this makes them more likely to buy locally grown foods.

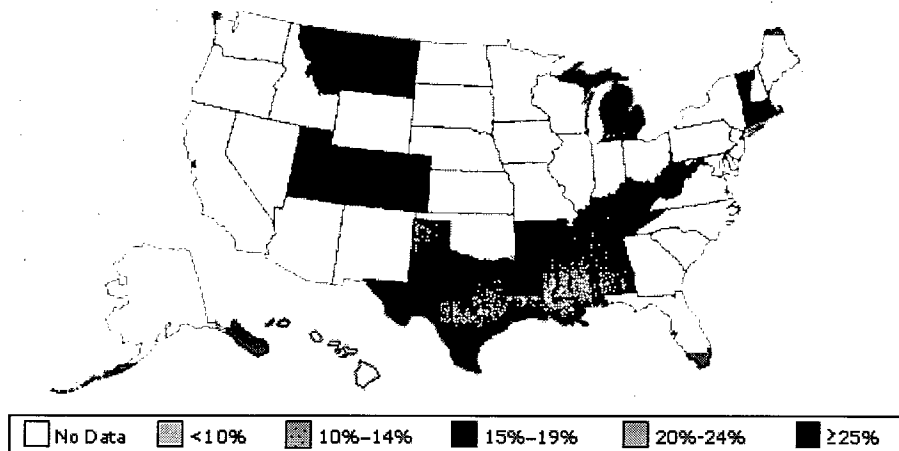
*Fresh Trends* research also showed that 46 percent of consumers surveyed reported that they *eat out more than they did just five years ago*. Nearly one-third of those surveyed admitted eating out more in the past year than in the previous twelve months. More than two-thirds of panelists—68 percent—said that they ate fresh produce with their meals away from home at least some of the time. Another 26 percent said they always ate fresh produce while away from home.

## Obesity—the Growing U.S. Health Dilemma

During the past 20 years, obesity among adults has risen significantly in the United States. The latest data from the National Center for Health Statistics (Figure 1, below) show that 30 percent of U.S. adults 20 years of age and older—over 60 million people—are obese.

This increase is not limited to adults. The percentage of young people who are overweight has more than tripled since 1980. Among children and teens aged 6–19 years, 16 percent (over 9 million young people) are considered overweight. The map below illustrates the incidence of obesity by state, on a percentage basis for 2004.

Figure 1



These increasing rates are a concern because of their implications for Americans' health. Being overweight or obese increases the risk of many

diseases and health conditions, including hypertension, type 2 diabetes, coronary heart disease, stroke, gallbladder disease, osteoarthritis, sleep apnea and respiratory problems, and certain types of cancer.

Although a national health objective for the year 2010 is to reduce the prevalence of obesity among adults to less than 15 percent, current data indicate that the situation is worsening rather than improving.

In 1998, *The American Journal of Health Promotion* reported that the health-related economic cost of obesity to U.S. businesses is substantial, representing approximately 5% of total medical care costs. *The American Journal of Public Health* has suggested that sustained modest weight loss among obese persons would yield substantial health and economic benefits.

### **Promoting Convenient, Healthful Foods**

This proposed FSMIP activity will draw upon:

- The applicant's previous produce marketing experience,
- USDA-ERS recommendations for improving FVPP,
- Current economic challenges facing the U.S. due to rising obesity rates, and
- The need to keep the Northeast region's fruit and vegetable growers and processors in the forefront of industry marketing trends.

The Project Cooperators will address these and other related challenges to ensure that regional, healthful fruit and vegetable products are available to consumers--- benefiting the regional agricultural economy, and the health of its inhabitants.



### III. Goals and Objectives

The Project Cooperators have established goals and objectives for the activity, as follows:

**GOAL:** *To enable farmers and processors in the Northeast to optimize profitability through the production and marketing of healthful, conveniently packaged fruit and vegetable products to consumers.*

**OBJECTIVE 1:** *To analyze market opportunities for fruits and vegetables produced in the Northeastern U.S. through the examination of processing and packaging costs, shelf life, consumer acceptance, and other factors influencing distribution and marketing.*

**OBJECTIVE 2:** *To identify regional producers and determine their abilities to supply the product throughout the year.*

**OBJECTIVE 3:** *To investigate opportunities for incorporating nutritious prepackaged dips and other condiments to promote fruit and vegetable consumption.*

**OBJECTIVE 4:** *To establish a minimum of six pilot marketing activities involving-but not limited to school foodservice programs, convenience stores, supermarkets, "fast food" restaurants, and other venues.*

**OBJECTIVE 5:** *To develop nutrition education and promotion materials to be used in connection with pilot marketing activities*

#### **IV. Work Plan**

**GOAL:** *To enable farmers and processors in the Northeast to optimize profitability through the production and marketing of healthful, conveniently packaged fruit and vegetable products to consumers.*

**OBJECTIVE 1:** *To analyze market opportunities for fruits and vegetables produced in the Northeastern U.S. through the examination of processing and packaging costs, shelf life, consumer acceptance, and other factors influencing distribution and marketing.*

The Activity Manager, in consultation with other Project Cooperators, will hire an experienced individual or organization to work with cooperators, researchers, and others to examine unit costs, shelf life expectations, and potential markets for apple slices, blueberries, carrots, cranberries and grapes. The preferred contractor will have experience with produce marketing, packaging and postharvest physiology.

The contractor will work with the Project Cooperators to establish activities for evaluating acceptance among consumers, distributors, retailers and foodservice operators (using products in prototype packaging).

This work will be conducted in response to suggestions offered by USDA- ERS in its evaluation of the Fruit and Vegetable Pilot Program.

**OBJECTIVE 2:** *To identify regional producers and determine their abilities to supply the product throughout the year.*

The Project Cooperators will identify regional producers in their respective states and/or commodity groups and, working with the contractor, develop projections for year-round sales. The Project Cooperators will also evaluate the potential need for sourcing supplies from outside of the region at certain times of the year. Suppliers of sweetened, dried blueberries and cranberries will be included in the activity.

**OBJECTIVE 3:** *To investigate opportunities for incorporating nutritious prepackaged dips and other condiments to promote fruit and vegetable consumption.*

The Project Cooperators will identify various specialty food producers and processors in the region with suitable products and capability to provide prepackaged dips and other condiments to accompany targeted produce groups (e.g. cheddar cheese or peanut butter with apples, hummus for carrots, etc.)

**OBJECTIVE 4:** *To establish a minimum of six pilot marketing activities involving--but not limited to--- school foodservice programs, convenience stores, supermarkets, "fast food" restaurants, and other venues.*

The Project Cooperators will identify and/or develop a minimum of six marketing activities in the Northeast to provide venues for evaluating products, packaging, dips/condiments and other factors affecting market potential for selected products. State department of agriculture staff will assume primary responsibility for conducting the pilot activities, with assistance from other Project Cooperators and the selected contractor.

**OBJECTIVE 5:** *To develop nutrition education and promotion materials to be used in connection with pilot marketing activities*

The Project Cooperators will work with nutrition experts at one or more regional universities to develop materials promoting fruit and vegetable consumption, including the types of products included in this activity. The importance of exercise and balanced diets will be included in the materials package.

**Work Plan Timeline**

Month(s)	Activities
0-2	Project Cooperators meet to discuss details of work plan Develop & distribute RFP; conduct interviews with prospective contractors Contract with qualified individual or organization
3-6	Project Cooperators will identify regional producers (suppliers) Contractor to conduct market analysis Activity Manger to monitor activities, including bi-weekly updates from contractor Project Cooperators and contractor will begin looking at packaging, shelf life and other marketing considerations.
7-11	Project Cooperators review contractor's market analysis, identify suppliers of prepackaged dips/condiments in region, develop nutrition education and promotion materials and conduct pilot marketing activities.
12	Prepare final report and submit to USDA-AMS Report on findings at state/regional grower meetings

## **V. Expected Outcome and Project Evaluation**

### **Expected Outcome**

The Project Cooperators anticipate that public reception to having an increased selection of healthful regionally-grown fruits and vegetables in snack/convenience packaging will be overwhelmingly positive. The New England fresh-cut apple program created considerable attention in 2005. The program also generated very positive feedback from consumers, school lunch program managers, farmers and government leaders, all who saw it as a means of reversing a 10-year decrease in *fresh* apple consumption.

National attention is currently focused on obesity issues and the need for improved diets among Americans. Numerous state and federal programs are being created to improve diets in order to prevent overwhelming health care costs in the future. While USDA-ERS forecasts\* suggest little change between at-home and away-from-home market share through 2020, total fruit and vegetable consumption is expected to grow by 24-27 percent because of increased per capita consumption, population growth, higher incomes and other factors.

While the Project Cooperators are cautious about forecasting increased returns to New England farmers, experience with the fresh-cut apple slices indicated somewhat higher returns (generally \$1.50 to \$3.00 per bushel) to growers. Perhaps as important as higher returns to growers is the need to maintain or increase product demand to exert a positive pressure on prices.

Worth re-stating as an expected outcome of this activity is the importance of keeping the region's fruit and vegetable growers and processors in the forefront of industry marketing trends.

### **Project Evaluation**

A project evaluation will be conducted by an experienced third-party contractor. The evaluation will target producer groups and processors potentially affected by the project (apple growers, carrot growers, blueberry growers, etc.) The survey will include an overall rating of the activity, the role of Project Cooperators, and feedback on need for similar types of activities.

Consumer reception to products will be evaluated separately in the pilot marketing activities described in Objective 4.

\*Fruit and Vegetable Consumption, Looking Ahead to 2020, USDA-ERS Agriculture Information Bulletin 792-7, October 2000



## VI. Supplemental Budget Information

Activity	State/Industry	FSMIP
Activity oversight & administration ✓ Monthly conference calls with cooperators & contractors	100 hours <i>in-kind</i> - \$5,500 Telephone, mailings- \$600	
Develop & distribute RFP for contracted services- via telephone/conference calls, e-mail and fax; conduct interviews	80 hours <i>in-kind</i> - \$4,500	
Conduct market analysis- including processing & packaging costs; shelf-life determination; consumer acceptance; suppliers/sourcing; other marketing.	80 hours <i>in-kind</i> - \$4,500	400 hours - \$22,000 Contractor expenses (travel, telephone, etc.)- \$3,000
Cooperators meet & review market analysis, identify venues for pilot marketing activities	120 hours <i>in-kind</i> - \$6,500	
Pilot marketing activities including product costs, co-pack contractor, surveys, set-up costs, cooperator travel & out-of-pocket costs	240 hours <i>in-kind</i> - \$13,000 Product costs- \$5,000 Packaging for pilot marketing activities- \$6,000	Share of pilot marketing activity costs- \$10,000
Develop & produce nutrition education & promotional materials	100 hours <i>in-kind</i> - \$5,500 Cash match for printing- \$1,000	Share of printing costs- \$6,000
Project evaluation	40 hours <i>in-kind</i> - \$2,200	3 <sup>rd</sup> party contractor for evaluation- \$3,000
Final report preparation, printing, distribution & outreach efforts ✓ Prepare final report	40 hours <i>in-kind</i> - \$2,200 Printing, binding & mailing- \$800	
Totals	\$57,300	\$44,000

(Hourly rates for contractors and Project Cooperators based on GS 14, Step 10 @ \$54.52/hr.)

## ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

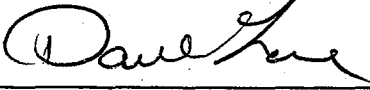
**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	TITLE <i>Deputy Secretary</i>
APPLICANT ORGANIZATION <i>Vermont Agency of Agriculture</i>	DATE SUBMITTED March 3, 2006

### Instructions for Certification

1. By signing and submitting this form, the prospective primary participant is providing the certification set out on the reverse side in accordance with these instructions.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out on this form. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this form that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other  
Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989 Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

**(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)**

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Vermont Agency of Agriculture

Organization Name

PR/Award Number or Project Name

David Lane, Deputy Secretary

Name(s) and Title(s) of Authorized Representative(s)

David Lane

Signature(s)

8/30/06

Date

Instructions for Certification

1. By signing and submitting this form, the prospective lower tier participant is providing the certification set out on the reverse side in accordance with these instructions.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this form that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transaction and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, Ineligibility  
and Voluntary Exclusion - Lower Tier Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency with which this transaction originated.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Vermont Agency of Agriculture

Organization Name

PR/Award Number or Project Name

David Lane, Deputy Secretary

Name(s) and Title(s) of Authorized Representative(s)



Signature(s)

8/30/06

Date

## U.S. DEPARTMENT OF AGRICULTURE

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### CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS (GRANTS) ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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This certification is required by the regulations implementing Section 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D: 41 U.S.C. 701 et seq.), 7 CFR Part 3017. Subpart F, Section 3017.600, Purpose. The January 13, 1989, regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

**(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON PAGE 3)**

#### Alternative I

- A. The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing an ongoing drug-free awareness program to inform employees about -
    - (1) The dangers of drug abuse in the workplace;
    - (2) The grantee's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
  - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will -
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
  - (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position



title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, State, zip code)

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Check  If there are workplaces on file that are not identified here.

Vermont Agency of Agriculture  
Organization Name Award Number or Project Name

David Lane, Deputy Secretary  
Name and Title of Authorized Representative

Dallan 8/30/06  
Signature Date

## INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this form, the grantee is providing the certification set out on pages 1 and 2.
2. The certification set out on pages 1 and 2 is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s). If it previously identified the workplaces in question (see paragraph three).
6. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or States criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g. volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces)