NORTHEAST DAIRY BUSINESS INNOVATION CENTER

Innovation in Dairy Processing & Packaging Grant

FY2025 REQUEST FOR APPLICATIONS

The Northeast Dairy Business Innovation Center (NE-DBIC) announces the availability of funds through the Innovation in Dairy Processing and Packaging Grant program. This grant will provide funds for dairy processors, dairy producer associations, packaging manufacturers, supply chain businesses, educational research institutions, and technical assistance providers to support innovation for Northeast dairy processors across a variety of scales.

Projects funded through this program will help dairy processors gain knowledge or implement systems that support informed, long-term business investments with beneficial environmental and/or economic impacts. Funded projects will be centered on developing alternatives to current industry standards through projects that are applicable, scalable, and replicable to small- or mid-sized Northeast dairy processors.

The Northeast region, for the purposes of NE-DBIC programs, includes the following states: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

KEY DATES

RFA Release Date: August 27, 2024

Application Release Date: September 12, 2024

Application Deadline: October 31, 2024, at 2:00 PM ET

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Support is generally available during business hours: Monday–Friday, 7:45 AM to 4:30 PM ET. Assistance may not be available shortly before deadlines.

RESOURCES FOR APPLYING

WebGrants Guides and resources for registering and applying can be found on our Resources for Applicants and Recipients webpage.

REGISTERING IN WEBGRANTS

Applicants that have not previously registered in WebGrants will need to allow 1 – 2 business days for their registration to be processed. During that time, applicants will not be able to login to start an application. Please plan your application process accordingly.

SUBMISSION POLICY

It is the applicant's responsibility to adhere to all application instructions including the submission dates and times included in this request for applications (RFA). The Northeast Dairy Business Innovation Center via the Vermont Agency of Agriculture, Food & Markets (VAAFM) will accept the last validated electronic submission through the grants management system, WebGrants, prior to the posted deadline as the final and sole acceptable submission of an application.

Submission or re-submission of incomplete or delayed applications after the posted deadline, barring exceptional circumstances will not be accepted.

WebGrants will prevent applications from being submitted after the cut-off time.

SUBMISSION CONFIRMATION

When an application has successfully been submitted, the applicant will receive a confirmation email from < agriculturegrants.vermont@mail.webgrantscloud.com>. Please add this email address to your "safe senders" list. If you do not receive this confirmation, please check your junk or spam folder.

I. PROGRAM OVERVIEW

QUICK FACTS

THE NORTHEAST DAIRY BUSINESS INNOVATION CENTER

The Northeast Dairy Business Innovation Center (NE-DBIC), hosted by the Vermont Agency of Agriculture, Food and Markets (VAAFM), is one of four USDA-AMS Dairy Business Innovation Initiatives (DBII) in the nation. The NE-DBIC serves the 11-state Northeast region which includes Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont by supporting dairy businesses through projects that promote the development, production, marketing, and distribution of dairy products. Projects target dairy farms and processors while providing additional support through market research and technical assistance. Since its inception in 2019, the Northeast Dairy Business Innovation Center has received $45.83 million to support projects in the Northeast region of the United States.

ELIGIBILITY SUMMARY

Licensed dairy processors, dairy producer associations, packaging manufacturers, supply chain businesses, educational research institutions, and technical assistance providers. Non-processors are required to partner with at least one Northeast dairy processor in their project.

AVAILABLE FUNDS

$1,500,000

MINIMUM & MAXIMUM AWARD

Minimum: $75,000.00
Maximum: $350,000.00

Match Requirement: A 25% (cash and/or in-kind) match commitment is required for all tiers.

GRANT FUND DISBURSEMENT

Grant funds will be distributed to grantees over four payments throughout the course of the grant project. Unless otherwise arranged with the grant program manager, the default payment structure of this grant is 40% of grant funds upfront, 20% after the first interim report, 20% after the second interim report, and 20% of funds once the grant is complete.

PROJECT LENGTH

Maximum of 18 months. Projects must be completed by June 2026. Projects selected for award may be eligible to start incurring pre-award costs after notice of award, with permission from the grant program manager. However, grant disbursements will not occur until a grant agreement is underway.

FUNDING SOURCE

Funds are available through the Northeast Dairy Business Innovation Center which is made possible by funding through the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) through award, AM23DBIVT1018-00.

FUNDING OPPORTUNITY DESCRIPTION

Projects funded through this program will help dairy processors gain knowledge or implement systems that support informed, long-term business investments with beneficial environmental and/or economic impacts. Funded projects will be centered on developing alternatives to current industry standards through projects that are applicable, scalable, and replicable to small- or mid-sized Northeast dairy processors. The Northeast region, for the purposes of NE-DBIC programs, includes the following states: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Competitive projects should aim to research and develop and/or implement products, processes, or technologies that are novel or uncommon and address issues that are relevant to more than one Northeast processor, rather than solely benefiting the applicant's business. Projects focused on research, development, and analysis must have outcomes that can be implemented or adopted, and the grantee must show commitment to implementation stemming from research funding. Projects ready for implementation must demonstrate that a robust research and development phase has already taken place.

Projects funded through this grant must address at least one of the following areas:

1. **Packaging initiatives** that prioritize sustainability, scalability, and marketability of packaging solutions for small and mid-sized processors. Packaging projects may address topics such as packaging lifecycle analysis, packaging materials, costs of conversion, supply chain logistics, research and development, packaging design, processor packaging changeovers, and infrastructure upgrades.
2. **Novel processing solutions** such as innovation in sourcing, product development, alternative production solutions, distribution and supply chain logistics, operations, workforce development or employee welfare, and marketing or consumer experience.
3. **Projects that increase collaboration** across the dairy sector or increase partnerships between sectors to ensure the greatest number of dairy businesses benefit.

All projects are required to include an educational/knowledge sharing component for the regional dairy industry. This may be in the form of conference presentations, on-site tours or workshops, published articles or white papers, company webpages with information or guides, etc. This does not preclude the ability for the grantee to acquire patent protections for technologies developed within this grant project.

ELIGIBLE APPLICANTS

Applicants eligible for these funds must fall into at least one of the following categories:

1. Licensed dairy processors that currently meet each of the following requirements:
    a. Transform raw fluid milk, dairy components, or dairy mix into an edible product meant for human consumption.
    b. Are licensed in a way that their dairy products can be sold across state lines.
    c. Are headquartered or based in the Northeast.
    d. Source or produce milk or dairy components from within the Northeast.
    e. Manufacture products within the Northeast.
2. Dairy producer association/dairy councils that represent and promote dairy products and dairy businesses of the Northeast. For the purposes of this grant a producer association group, also known as a trade association, industry trade group, business association, sector association or industry body, is an organization that was founded and is funded by businesses that operate in a specific industry related to the dairy industry.
    a. Associations receiving the majority of their funds from producer check-off dollars are not eligible.
3. Packaging manufacturers that partner with at least one Northeast dairy processor, as defined above. Manufacturers are not required to be based in the Northeast, though the projects must clearly benefit Northeast dairy processors.
4. Supply chain businesses (distributors, aggregators, retailers, etc.) that partner with at least one dairy processor, as defined above. Applicant businesses must meet each of the following requirements:
    a. Are headquartered or based in the Northeast.
    b. Source dairy products within the Northeast.
    c. Purchase from and sell to businesses in the Northeast.
5. Educational/research institutions that partner with at least one dairy processor, as defined above. These applicants are not required to be based in the Northeast, though the projects must clearly benefit Northeast dairy processors.
6. Technical assistance providers (e.g., university extension or viability organizations) are eligible to apply if they meet each of the following requirements:
    a. The group of dairy processors they will work with is clearly defined in the application.
    b. The businesses receiving services are located in the Northeast.

While the following are **not required to apply**, if applicant is awarded, they will need to provide:

- Certificate of Insurance listing the Vermont Agency of Agriculture, Food & Markets as an additional insured
- Current W-9
- Unique Entity Identifier (UEI) number acquired via SAM.gov. Applicants who do not already have a UEI number are strongly encouraged to start this process during the application period to ensure a timely start to their grant, if awarded.

ELIGIBLE PROJECTS

Eligible projects may include, but are not limited to, the following activities:

- Assessments/feasibility studies/market studies of current conditions:
  - Existing/upcoming solutions and technologies.
  - Costs of conversion.
  - Bringing international packaging technology/manufacturing to U.S.
  - Supply chain logistics pertaining to packaging.
  - Processors' willingness/needs/requirements to adopt new packaging.
  - Consumer preferences/awareness/marketing opportunities.
- Ideation
  - Establishment of cross-cutting think tanks/partnerships/cohort groups across dairy, manufacturing, and/or other related sectors.
  - Dairy processors partnering together to approach common challenges in non-conventional partnerships.
- Research and development
  - Development of new packaging types or products that satisfy an unmet need in the marketplace.
  - Research and development of new packaging opportunities, including impacts on product quality and consumer preferences.
  - Sensory impacts of packaging alternatives.
- Implementation
  - Pilot runs of dairy product for quality assurance and consumer testing.
  - Changeover and processor training on best practices.
  - Design or label improvements to increase marketing appeal and/or consumer packaging awareness.
  - Scaling or alteration of existing equipment to utilize recycled and recyclable packaging materials.
- Sourcing
  - Models for incentivizing farmers to produce premium milk for processing.
  - Opportunities for sourcing and/or supporting the expansion or transition of farmer production to high premium milk (e.g., goat or sheep milk production, milk produced with no fermented feeds).
  - Use of a regionally underutilized product or processing by-product.
  - Increasing processing of Northeast milk that would otherwise leave the region.
  - Existing/upcoming solutions and technologies.
- Novel product development or enhancement
  - New product development beyond current industry standards (e.g., whey-based beverages).
  - Products that incorporate regionally produced sheep or goat milk.
  - Reducing the energy input into a product or process flow.
  - Development and utilization of native cultures for cheese or yogurt production.

- Alternative packaging
    - Early-stage concept and pilot development of new packaging solutions.
- Alternative production solutions
    - Utilization of low-value or waste by-products.
    - Energy and/or labor efficiency.
    - Closed-loop systems.
    - Costs of conversion.
    - Fees to test alternative production including rental space, testing/lab fees.
    - Infrastructure upgrades to suit the needs of the project:
        - Parts, materials/supplies (except for construction).
        - Replacement parts for tools or equipment.
        - Purchase of specialized equipment necessary for the research, scientific, or technical activities of the project.
        - Rental of general or specialized equipment.
- Distribution and supply chain logistics
    - Development of partnerships or strategies that enhance product movement.
- Operations
    - Alternative employee welfare and management programs.
- Marketing
    - Regional or cooperative marketing programs focused specifically on increasing sales of regionally produced dairy products.
    - Clear impact of increasing consumption of regional dairy products.
    - Regional marketing appeal and/or consumer packaging awareness campaign development and roll out.

FUNDING PRIORITIES

Project approaches should address 1 – 3 of the following funding priority areas:

- Reuse or integration of dairy waste byproducts (such as whey or permeate) or underutilized products (such as skim milk) into new products or processes.
- The development of novel dairy products and/or production processes.
- Improvements that will result in improved environmental and/or economic outcomes.
- Scalability/improved accessibility of processes or technology solutions that will benefit small and mid-sized dairy processors.
- Projects that leverage existing science, research, and/or knowledge.
- Projects that engage qualified professional services and/or institutions with significant background in the proposed topic (e.g., research institutions, third party certifiers).

REQUIRED PROJECT CRITERIA

Successful applications will demonstrate well-conceived, forward-thinking projects that will increase the viability of dairy processors in the Northeast and foster collaboration to strengthen the regional dairy sector. Projects will be centered on developing alternatives to current industry standards through projects that are applicable, scalable, and replicable to other Northeast dairy processors.

Competitive applications will:

- Demonstrate sustainability, scalability, and marketability at the forefront of the project.
- Develop alternatives to current industry standards.
- Incorporate partnerships within the sector or across related sectors (minimum of one dairy processor as a key partner, if applicant is not a dairy processor). Partners must provide letters of commitment.
- Demonstrate a plan to educate other dairy processors about their project to benefit the broader dairy community.
- Demonstrate that the project is applicable to multiple dairy businesses and will not solely benefit one business.
- Include all required letters of commitment and/or support, supporting documentation, and other required components, as outlined in this RFA.

Additional requirements, dependent on the project/applicant type:

- Projects focused on research, development, and analysis must contain outcomes that can be implemented or adopted, and the grantee must show commitment to implementation of strategies resulting from research funding.
- Projects ready for implementation must demonstrate that a robust research and development phase has already taken place.

Applications from non-dairy processor applicants must include at least one dairy processor as a partner to demonstrate the real-world applicability of the project.

ALLOWABLE COSTS

Eligible costs may include, but are not limited to:

- Technical assistance, trainings, or workshops.
- Testing or lab fees.
- Professional services or contractors to conduct assessments/feasibility studies/market studies/product development or other relevant services.
- Salaries/wages to perform grant activities.
- Conferences, rental spaces.
- Website/mobile app development.
- Travel within the organization's travel policy, or Federal GSA rates, whichever is lower.
- Specialized dairy processing equipment or upgrades specific to the project. **Please reach out to the grant program manager to discuss eligibility of equipment.** May include:
    - Parts, materials/supplies (not construction).
    - Replacement parts for tools or equipment to accommodate new packaging.
    - Purchase of specialized equipment necessary for the research, scientific, or technical activities of the project.

  - Rental of general or specialized equipment.
- Supplies (any purchases that cost less than $5,000 per unit). This may include the at-cost value of ingredient or product, if that product is not sold.

EXAMPLES: ELIGIBLE PROJECTS

- *A cheesemaker partners with a food safety expert and microbiologist to develop and utilize a house strain of a particular culture. The cheesemaker will present information about their process and results to their regional cheese guild.*
- *A dairy processor who normally ships the skim milk leftover from their ice cream production to be processed into milk powder for the global market conducts research to develop a part-skim cheese product that is produced and marketed in the region.*
- *A processor works with a group of farmers to develop a community milk house that will enable them to streamline the sourcing of local high-quality milk and offer a higher price per hundredweight to the farmer. The processor works with technical advisors to identify the best location, outline milk quality guidelines, and ensure regulatory compliance.*
- *A group of small processors work with a marketing firm to develop a campaign aimed at promoting regional origin and increasing local consumption of their products. Together they identify key regional outlets and development strategies to promote the producers' products as a group. A portion of the funds goes towards a sales specialist to approach the outlets on behalf of all the producers.*
- *A cow dairy producer-processor wishes to find new sources of milk for their products. They work with a local sheep farmer and technical assistance provider to develop milk quality guidelines that will allow them to purchase sheep milk for a new mixed milk product, increasing regional access to sheep dairy products.*

INELIGIBLE PROJECTS

- Projects that do not primarily and directly benefit Northeast dairy processors.
- Projects that solely support the production/sales of raw fluid milk meant for human consumption without pasteurization.
- Projects that benefit only one entity.
- Projects that develop solely proprietary materials.
- Projects that do not integrate at least one dairy processor into the project, if the applicant is not a dairy processor.
- Projects that use grant funds for:
  - Construction
  - Purchase or lease-to-own of land/building/facilities
  - Purchase of general equipment (approved specialized dairy equipment is allowable)
  - Purchase of vehicles
  - Unallowable costs/activities as outlined in the 2023 AMS Terms and Conditions (see 8.0 Allowable Costs and Activities).

- Costs incurred outside of the grant period cannot be covered by grant funds or count toward match. If a project is selected to be awarded, the recipient may request pre-award costs to be approved for expenditures that start no earlier than the date that an awarded applicant is notified of the award.

EXAMPLES: INELIGIBLE PROJECTS

1. *A research university proposes a study of bioplastics without a focus on adoption and use.*
    a. *What would make this eligible? If the university collaboration was able to show that the research was far enough along that it was ready for a partnership with a dairy processor that would serve as a testing phase for bringing the packaging to market, this would demonstrate collaboration and steps toward adoption.*
2. *A dairy processor who seeks to use funds to collaborate with a plastic manufacturer to develop a new plastic packaging without partnering with a dairy processor.*
    a. *What would make this eligible? If this processor could show they were working to develop an easily recyclable plastic container that would be piloted in collaboration with other Northeast dairy processors, this could be an eligible project.*
3. *A cheesemaker wants to increase their production capacity by adding a second vat-pasteurizer to their production space.*
    a. *How could this project be eligible? If the cheesemaker were adding a piece of specialized dairy equipment that would be used to process whey or other processing byproducts into a marketable dairy product.*
4. *A yogurt processor wants to install a new filling line that will increase their processing efficiency and increase their production.*
    a. *How could this project be eligible? If the processor were piloting a technology new to the industry that significantly reduced the energy needed to fill their cups.*
5. *A large producer wishes to add a new format of an existing product to their lineup to increase sales.*
    a. *How could this project be eligible? Product development projects should demonstrate innovation. Applicant would need to show how a new product would significantly increase access to local dairy products, address a gap in the current market, or utilize an otherwise undervalued product or byproduct.*

APPLICATION REQUIREMENTS

PROJECT BUDGET

Please refer to the Allowable Costs section above for a full list of pre-approved equipment and supplies. Grant funds requested must align with the allowable costs detailed in the 2023 AMS Terms and Conditions. Expenses incurred before the grant period are not eligible for grant funds or match funds.

If the applicant is requesting funds to purchase specialized equipment, quotes for specialized equipment and installation services are required in this application.

MATCHING FUNDS

All proposals must show matching funds which represent at least 25% of the grant request to go toward the grant project. For instance, for a grant request of $100,000, the applicant must demonstrate at least $25,000 in match. Matching funds may be contributed by the applicant or by another organization. Applicants can use other funds (state or loan, other non-Federal money) as a match to this project as long as there is not any such restriction in the agreements for those funds. The 25% required match may be any combination of cash and in-kind funds in any expense category, and may cover costs ineligible for grant funds, such as construction. Match funds must be expended within the grant period.

Examples of cash match include funds in the bank, funds contributed by another organization, bank loans, other non-Federal grant funds, applicant labor, and compensation of employees. Labor rates should be in line with current market rates.

Examples of in-kind match include goods or services provided during the grant period for which no expenditure is made (e.g., contractors, consultants, supplies, or equipment provided pro bono for the project; volunteer labor; and/or donated supplies that are not part of the normal cost of doing business). In-kind contributions must be made during the grant agreement period and be directly related to the project.

Example of an eligible budget that shows 25% matching funds for a $100,000 grant request:

Expense Category	Grant Funds Requested	Applicant Contribution - Cash Match	Applicant Contribution - In-kind Match	Project Total
Equipment	$40,000.00	$0.00	$0.00	$40,000.00
Personnel	$0.00	$10,000.00	$0.00	$10,000.00
Fringe	$0.00	$0.00	$0.00	$0.00
Training	$10,000.00	$0.00	$0.00	$10,000.00
Contractual/Consultant	$30,000.00	$10,000.00	$0.00	$40,000.00
Supplies	$10,000.00	$1,500.00	$0.00	$11,500.00
Travel	$5,000.00	$0.00	$0.00	$5,000.00
Other	$5,000.00	$2,500.00	$1,000.00	$8,500.00
TOTALS	**$100,000.00**	**$24,000.00**	**$1,000.00**	**$125,000.00**

LETTERS OF SUPPORT/COMMITMENT

At least two Letters of Commitment or Support are required for this application. Additional letters may be required, as outlined below. Additional letters beyond what is required may increase the competitiveness of the application.

Letters of Commitment should articulate project partners' involvement and identify the contributions they will make to ensure the project's success. Match contributors, such as lenders, should provide a letter that describes their contributions and assigns value to their match commitment (including financial or in-kind support).

- If the application includes project partners, you are **required** to submit a Letter of Commitment from each. All non-dairy processor applicants are **required** to submit a Letter of Commitment from at least one dairy processor partner.
- If match contributors are outside the applicant business/organization, applicant is **required** to include a Letter of Commitment from each.

Letters of Support should explain support from businesses or organizations that are connected but not directly engaged in project work. This could include but is not limited to additional dairy processors, farmers, milk haulers, retailer, distributors, or customers that will benefit from the work done through the project. Letters of Support should describe the benefits of the project both for the applicant business and the greater dairy sector, supply chain, or community at large.

Letters from equipment dealers and installers are not required and will not count towards the required two Letters of Commitment or Support.

It is strongly encouraged that all letters be written on the writer's letterhead, include their signature, and be submitted as .pdf documents. Letter content that has been copied and pasted into multiple letters will not be as competitive.

PROJECT PARTNERS

If the project includes project partners, they should be identified at the time of application and submit a Letter of Commitment. Partners include any entities outside the applicant's business that are key participants in the project. The following entities would be considered partners:

- Dairy processors directly involved in the project, who are not the primary applicant. **This is required of all non-dairy processor applicants.**
- Technical assistance (TA) providers offering ongoing support throughout the life of the grant project. This can include TA providers such as business planners, agricultural extensions, and other business viability services.

Contractors or equipment dealers/installers do not need to be included as project partners if they are providing services included in their normal course of business.

SUPPORTING DOCUMENTATION

The applicant should include any additional information that shows the impacts of this grant such as cost or energy savings, impact on business viability, evidence of state of existing equipment, quotes for work included in the proposed activities, evidence of marketplace demand that the project will address, or other documentation that provides further context for your proposed project.

Bids or quotes are required for all specialized equipment purchases and installation services that will be covered by grant funds.

It is strongly encouraged that all quotes or bids be written on the seller/dealer/contractor's letterhead or with their contact information and include a detailed breakdown of costs/components, description of

equipment or services (including model number of equipment), and to be dated within 6 months of application submission.

HOW TO APPLY

All applications must be submitted via the WebGrants system at agriculturegrants.vermont.gov. No paper applications will be accepted. Applications will be accepted from September 12, 2024 – October 31, 2024 at 2:00 PM ET. Applicants that have not previously registered in WebGrants will need to allow 1 – 2 business days for their registration to be processed. During that time, applicants will not be able to login to start an application. Please plan your application process accordingly.

We strongly advise that you submit your application ahead of the deadline. Be advised that technical assistance with WebGrants may not be available shortly before deadlines; please plan accordingly.

APPLICATION REVIEW

Applications will each be reviewed by a multi-state NE-DBIC advisory committee comprised of representatives from Northeast state agriculture agencies/departments, agriculture extension agencies, and dairy sector stakeholders. Three reviewers will be assigned to score each application. Funding decisions are made according to scoring, reviewer comments, past grant performance, and with consideration to diversity across geography, herd type (as applicable), size of operation, and impacts beyond the grantee.

See Section III: Scoring Criteria.

AWARD INFORMATION

All applicants will be notified of the NE-DBIC decision of whether to award funds to their project.

KEY DATES

DATES MAY BE SUBJECT TO CHANGE

August 27, 2024	Request for Application (RFA) released
September 12, 2024	Application period opens
October 31, 2024, at 2:00 PM ET	Application closes
December 2024	Applicants notified of award status
January 2025	Estimated grant start date
Mid-project, date dependent on project	First Interim report due

Mid-project, date dependent on project	Second Interim report due
May 31, 2025	Latest end date for project
June 30, 2025	Latest deadline for final report

II. FULL APPLICATION

The application content is listed below but may be subject to change. Please reference the WebGrants Application Guide for guidance on completing your application in the WebGrants system.

APPLICANT INFORMATION

Applicant Information

- Business/organization name, legal entity (e.g., LLC, sole proprietor, etc.), primary contact information
- [Optional] demographic information

Applicant Eligibility

- Is the applicant a licensed dairy processor that transforms raw fluid milk, dairy components, or dairy mix into an edible product meant for human consumption? *Processor applicants must be currently licensed and cannot solely market raw milk for human consumption to be eligible for this grant.* If yes:
    - Is the applicant currently licensed in a way that their product can be sold across state lines? *Eligible applicants must be licensed this way, even if they are not currently selling across state lines.*
    - Is the applicant headquartered or based in a Northeast state (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, or Vermont)?
    - Does the applicant source or produce milk or milk components that originates within the Northeast?
    - Does the applicant manufacture dairy products within the Northeast?
- Is the applicant a dairy producer association that represents and promotes dairy products originating from the Northeast? *For the purpose of this grant, a producer association group, also known as a trade association, industry trade group, business association, sector association or industry body, is an organization founded and funded by businesses that operate in a specific industry.* If yes:
    - Describe the producer association, addressing: 1) founding members, 2) how the association is funded, 3) industry scope covered by the association, and 4) association activities. [3000-character limit]
    - If your association encompasses products other than dairy, describe how you will ensure that the project will benefit dairy only. [3000-character limit]
    - Does this association receive funds from producer check-off dollars? If yes:
        - What percent of the association's annual operating budget comes from producer check-off dollars? *Associations receiving more than 50% of funding from producer check-off dollars are not eligible.*
- Is the applicant from a packaging manufacturer? If yes:

    - Describe your business's prior work with developing alternative packaging types. [3000-character limit]
    - Describe your business's prior work with developing alternative packaging types. [3000-character limit]
    - List all dairy processor partner(s) for this project with their location, size, and product types. *A minimum of one Northeast dairy processor must be an active participant in this project.* [1000-character limit]
- Is the applicant from a supply chain business? *Supply chain businesses include, but are not limited to, retailers, distributors, and co-packers.* If yes:
    - Describe the role of the business/organization within the dairy supply chain. [3000-character limit]
    - Do you primarily source dairy products from within the Northeast?
    - Describe the business's approach to sourcing dairy products. [3000-character limit]
- Is the applicant from an educational/research institution? If yes:
    - Describe the research that your team has conducted that demonstrates an understanding of the dairy sector's needs in the area that your proposed project will address. [3000-character limit]
- Is the applicant a technical assistance provider that supports dairy businesses in the Northeast?
    - Describe: 1) the technical assistance your organization provides, 2) your stakeholders, and 3) who your organization provides services to. [3000-character limit)
    -
- Describe your business in terms of size (gross sales, number of employees, production type and volume), scope, markets, and number of years in business. (3000-character limit]

Entity History

- Has your business/organization received any federal or state grant in the past 5 years? If yes:
    - List the grants received and briefly describe the topic areas of the grant(s). [1000-character limit]
- Have you or your project partners received any (federal, state, or other) grants **for this specific project** in the past 5 years? If yes:
    - List the grants received and describe the work done under the grant(s). [1000-character limit]
    - How will the work in this grant differ from and/or build upon that work? [2000-character limit]
- Have you received, or do you plan to apply for, other grant(s) in conjunction with this grant? *Leveraging other funds to complete this project is encouraged.* If yes:
    - Please list the other grants you will apply for/have applied for in conjunction with this grant. [1000-character limit]
- Will you be using loans to supplement this application? If yes:
    - Please list the loans you will apply for/have applied for in conjunction with this grant. [1000-character limit]

- Has your business/organization ever been unable to complete or adhere to granting requirements for a grant you were awarded? If yes:
    - Describe the circumstances that prevented you from completing/adhering to the requirements of your grant(s). [2000-character limit]
- Describe why you and your staff are qualified to complete this project, as proposed. [1000-character limit]
- Rate your business's experience in implementing similar past work/projects related to this grant program. *(Select from dropdown: significant experience, some experience, no experience)*
- Do you currently work with a business planner to support the financial health and future planning of your business? If so, enter their name and organization. [1000-character limit]
- Have you received technical assistance in the preparation of the project, or do you plan to receive related technical assistance during the course of this grant project? *Technical assistance includes marketing professionals, business planners, agricultural extension, and other business viability services.* If yes:
    - List name/organization providing relevant technical assistance. [2000-character limit]
    - Describe the role of the technical assistance provider(s) in the development and/or implementation of this project. [2000-character limit]

PROJECT DESCRIPTION

Project Overview

This section is meant to provide a comprehensive overview of your proposed project.

- Summarize your project in a couple of sentences. [600-character limit]
- Provide a detailed project description which comprehensively describes your vision of this project. Describe the 1) the current state/stage of the project, 2) issues you plan to address and why they are relevant and important, 3) goals for the project, 4) overview of activities you would like to include, 5) desired outcomes. Include any background or context, as needed. [5000-character limit]
- Describe how this project is innovative and will provide an alternative to current industry standards. [4000-character limit]
- How is this project applicable, scalable, and replicable for small and mid-sized dairy processors of the Northeast? [5000-character limit]
- Is the focus of this project research and development? If yes:
    - Describe the outcomes you expect from this project by the end of the grant period. [5000-character limit]
    - Describe your commitment to implementing new strategies resulting from the research [5000-character limit]
- Is the focus of this project implementation? If yes:
    - Describe the research and development already conducted. How do you know this project is ready for implementation? [5000-character limit]

- The work funded by this grant must have an educational/information sharing component to benefit the greater Northeast dairy sector. Describe the intended audience, format, topics you intend to cover, and outreach plan. [5000-character limit]
- Why is it necessary for your business to make these investments? What would be the impacts of not receiving this funding? [2000-character limit]
- What challenges do you anticipate and how do you plan to adapt to them? [2000-character limit]
- How do you plan to sustain the activities implemented through this project beyond the grant period? [4000-character limit]
- Identify 1-3 Funding Priorities, as defined in the RFA, that your project addresses and provide an explanation of how your project aligns. [4000-character limit]
- Projects funded through this grant must meet one or more of the following primary goals. Please provide details about how it meets the goals of this grant program.
    - Is this project a packaging initiative that prioritizes sustainability, scalability, and marketability? If yes:
        - Describe how it addresses this goal. [4000-character limit]
    - Will this project address novel processing solutions? If yes:
        - Describe how it addresses this goal. [4000-character limit]
    - Will this project increase collaboration across the dairy sector or increase partnership between sectors to ensure the greatest number of dairy businesses benefit? If yes:
        - Describe how it addresses this goal. [4000-character limit]

Project Impacts

- Describe how this project will support the long-term viability of your business or the dairy businesses you will serve through this project. [5000-character limit]
- How will this project reduce environmental impacts in the dairy supply chain? [5000-character limit]
- As a result of this grant project, do you expect an increase in volume of Northeast regional milk to enter the supply chain from the dairy businesses involved in the project?
- Estimate how many dairy businesses will implement new marketing approaches through this project.
- As a result of this grant, how many dairy businesses are expected to increase their annual sales?
- Estimate the number of existing sales outlets that will expand their dairy product offerings either by volume or expanded product category, resulting from this project.
- Estimate the number of new sales outlets that will expand their dairy product offerings, resulting from this project.
- Estimate the number of dairy businesses that will increase sales by selling to new or expanded sales outlets, in order to meet market demand, resulting from this project.
- Do you expect to increase revenue with this grant project? If yes:
    - Estimate your increase in revenue by the end of the grant project (in $).
- How many jobs do you expect to create with this grant project?

- How many jobs do you expect to maintain with this grant project?
- Describe any additional metrics for success you anticipate on this project, including what you will measure and how you will track them. [3000-character limit]

PROJECT WORKPLAN

Provide a detailed list of all major activities that will take place during this project and their associated deliverables and timeframes. Include at least 5 key project activities. For each activity, provide:

- Detailed description of the activity [2000-character limit]
- Description of the deliverables you will be able to show in your reporting to demonstrate this activity has been successful [2000-character limit]
- Estimated timeframe and/or date of completion of the key activity [2000-character limit]

Example Project Workplan

Description of key activity	Description of associated deliverables	Estimated timeframe
Purchase new 400-gallon vat-pasteurizer	• Proof of down payment on vat-pasteurizer	March 1 – June 30, 2024
Install new vat-pasteurizer	• Photos and/or documentation of installation of vat-pasteurizer • Evidence such as report from state inspector showing equipment is in compliance	June 1 – August 31, 2024
Development of FSMA-compliant Preventive Control Plan	• Contract with food safety consultant to develop food safety plan • Evidence of complete food safety plan	March 1 – December 31, 2024
3rd party GMP Food Safety Audit	• Documentation showing completion of GMP Food Safety Audit	January 1 – March 31, 2025
Grant and match funds fully expended	• Proof of receipt for payment on specialized equipment and installation, contracts	March 31, 2025

BUDGET

Please complete the following budget table, listing all grant requests and match contributions. Totals will appear once the grid has been saved.

Allowable Costs: Grant funds requested must align with the allowable costs detailed in the 2023 AMS Terms and Conditions (see 8.0 Allowable Costs and Activities).

Match contributions: All projects must demonstrate matching funds of at least 25% of the grant request to go toward the grant project. For instance, for a grant request of $100,000, the applicant must demonstrate at least $25,000 in match.

- Match contributions do not need to adhere to AMS allowable costs.
- Match contributions are not required to reflect 25% per expense line, but they must make up 25% of the total grant ask. (For example, a grant request for $7,000 in supplies and $30,000 in personnel could be matched with $10,000 of equipment.)
- Must take place during the grant period.

Refer to the Project Budget section above for more details, including match and budget examples.

Budget Table (example)

Expense Category	Grant Funds Requested	Applicant Contribution - Cash Match	Applicant Contribution - In-kind Match	Project Total
Equipment	$40,000.00	$0.00	$0.00	$40,000.00
Personnel	$0.00	$10,000.00	$0.00	$10,000.00
Fringe	$0.00	$0.00	$0.00	$0.00
Training	$10,000.00	$0.00	$0.00	$10,000.00
Contractual/Consultant	$30,000.00	$10,000.00	$0.00	$40,000.00
Supplies	$10,000.00	$1,500.00	$0.00	$11,500.00
Travel	$5,000.00	$0.00	$0.00	$5,000.00
Other	$5,000.00	$2,500.00	$1,000.00	$8,500.00
TOTALS	**$100,000.00**	**$24,000.00**	**$1,000.00**	**$125,000.00**

BUDGET NARRATIVE

The budget narrative should reflect what you have outlined in your budget table. Grant funds requested must align with the allowable costs/activities as outlined in the 2023 AMS Terms and Conditions (8.0 Allowable Costs and Activities). Please ensure that values associated with the following questions align with your budget table.

- Total funds requested for this grant. *Must be between $75,000 and $350,000.*
- Amount of matching funds. *Projects must demonstrate at least 25% cash/in-kind match.*
- List each 1) match source, 2) each contribution amount (and specify if it is cash or in-kind), and 3) describe how the contribution will be used to accomplish your project activities. *Note that all outside match contributors also need to provide a letter of commitment for their match.* [3000-character limit]
- Are all matching funds/contributions committed at this time? If not:
    - If not, provide the sources that are uncommitted and timeline/plan for securing these commitments. [2000-character limit]

SECTION II. FULL APPLICATION

*Complete the following questions **only for expenses that are covered by grant funds** (not matching funds, which should be detailed in questions above). Please thoroughly describe each category for which you are requesting grant funds, answering all parts of each question.*

- Are 'Equipment' expenses included in the 'Grant Request' column of your above budget? If yes:
    - Equipment: List each piece of equipment (with description if needed) and for each, indicate: 1) grant funds requested per piece, and 2) justification for how this equipment is necessary for the success of this project. *Includes rental equipment or purchase of specialized equipment needed for grant activities.* [3000-character limit]
- Are 'Personnel' expenses included in the 'Grant Request' column of your above budget? If yes:
    - Personnel: for each individual whose time can be directly attributed to grant activities, provide 1) individual's title and role, 2) hourly rate, 3) expected number of hours, 4) grant funds requested. [3000-character limit]
- Are 'Fringe Benefit' expenses included in the 'Grant Request' column of your budget? If yes:
    - Fringe Benefits: for each of the project's salaried employees, provide the 1) fringe benefit rate and 2) grant funds requested. [3000-character limit]
- Are 'Training' expenses included in the 'Grant Request' column of your above budget? If yes:
    - Training: for each training, provide 1) description, 2) estimated cost, and 3) justification for how the expense is necessary for the success of this project. [3000-character limit]
- Are 'Contractual/Consultant' expenses included in the 'Grant Funds Requested' column of your above budget? *Note that multiple bids may be required. Refer to Allowable Costs in the AMS Terms and Conditions.* If yes:
    - Contractual/Consultant: List each anticipated contractor/consultant service. For each, provide: 1) grant funds requested, 2) detailed description of services, and 3) justification for why the services are necessary for the success of this project. [3000-character limit]
- Are 'Supply' expenses included in the 'Grant Request' column of your above budget? *Supplies include materials, supplies, and fabricated parts costing less than $5,000 per unit.* If yes:
    - Supplies: List each supply (with a description if needed). For each, provide: 1) per unit cost, 2) # units purchased, 3) grant funds requested, and 4) justification for how this supply is necessary for the success of this project. [3000-character limit]
- Are 'Travel' expenses included in the 'Grant Request' column of your above budget? *Travel costs must not exceed Federal GSA rates. Refer to Allowable Costs in the RFA.*
    - Travel: For each trip: 1) list expense types (airfare, car rental, hotel, meals, mileage, etc.) and associated grant funds requested, 2) number of travelers, and 3) justification for how this travel is necessary for the success of this project. [3000-character limit]
- Are 'Other' expenses included in the 'Grant Request' column of your budget*? E.g. rental expenses, shipping.* If yes:
    - Other: Include any expenses not covered in any of the previous budget categories. Be sure to break down costs into cost/unit and provide justification for how the expense is necessary for the success of this project. [3000-character limit]

Anticipated Project Income

Any program income generated during the grant period must be used to further the objectives of the grant project. Program income includes, but is not limited to: income from fees for services performed; the sale of commodities or items fabricated under an award (this includes items sold at cost if the cost of producing the item was funded in whole or partially with grant funds); and registration fees for conferences, workshops, events, etc.

Recipients are not required to report program income earned after the grant period.

- Do you anticipate having any program income? If yes:
    - List any anticipated sources of income generated by the activities covered by this grant. [1000-character limit]
    - How much income is expected to be earned by those activities (in $)?
    - Describe how you will reinvest the program income into the project to enhance the education, promotion, or consumption of Northeast-regionally produced dairy products. [2000-character limit]

SUPPORTING INFORMATION

Project Partners

If your project includes project partners, they should be identified at the time of application and submit a Letter of Commitment. Partners include any entities outside the applicant's business that are key participants in the project. The following entities would be considered partners:

- Dairy processors directly involved in the project. Dairy processor partners are required for all applications submitted by non-processor applicants.
- Technical assistance (TA) providers offering ongoing support throughout the life of the grant project. This can include TA providers such as business planners, agricultural extensions, and other business viability services.

Contractors or equipment dealers/installers do not need to be included as project partners if they are providing services included in their normal course of business.

Enter project partners into the grid provided. For each partner, include:

- Partner name and title. [100-character limit]
- Business/Organization. [100-character limit]
- Address. [100-character limit]
- If a dairy processor, describe size and product type. [500-character limit]
- Description of role [500-character limit]
- Have they committed to partnering?

Letters of Commitment and Support

At least two Letters of Commitment or Support are required for this application. Additional letters may be required, as outlined below. Additional letters beyond what is required may increase the competitiveness of the application.

Letters of Commitment should articulate project partners' involvement and identify the contributions they will make to ensure the project's success. Match contributors, such as lenders, should provide a letter that describes their contributions and assigns value to their match commitment (including financial or in-kind support).

- If the application includes project partners, you are **required** to submit a Letter of Commitment from each. All non-dairy processor applicants must include a minimum of one dairy processor partner, including a Letter of Commitment from each.
- If you have match contributors from outside your business, you are **required** to submit a Letter of Commitment from each.
- Letters of Commitment are **required** to be submitted from any milk or ingredients supplier, co-packer, or retailer/distributor, that is named in the application. For example, if a processor will buy increased volumes of milk from a cooperative, the cooperative must verify that the additional milk is available for this project.

Letters of Support should explain support from businesses or organizations that are connected but not directly engaged in project work. This could include but is not limited to milk processors, other farmers or producer associations who will benefit from the project, and retail outlets. Letters of Support should describe the benefits of the project both for the applicant business and the greater dairy sector, supply chain, or community at large.

Letters from equipment dealers and installers are not required and will not count towards the required two Letters of Commitment or Support.

It is strongly encouraged that all letters be written on the writer’s letterhead, include their signature, and be submitted as .pdf documents.

Supporting Documentation

The applicant should include any additional information that shows the impacts of this grant such as cost or energy savings, impact on business viability, evidence of state of existing equipment, quotes for work included in the proposed activities, evidence of marketplace demand that the project will address, or other documentation that provides further context for your proposed project.

Bids or quotes are required for all specialized equipment purchases and installation services that will be covered by grant funds.

III. SCORING CRITERIA

REVIEWER SCORING CRITERIA

Project Proposal (80 points)

Project overview illustrates an impactful and realistic project that is innovative, will provide alternatives to current industry standards, and is applicable to other Northeast dairy processors. Applicant provides clear and relevant reasoning for timely need for funding.	15 points
Applicant effectively demonstrates that the project will addresses at least one of priority goals of this program (packaging initiatives, novel processing solutions, and/or increased collaboration to benefit sector). Applicant includes metrics and details to support these goals.	15 points
Applicant shows that the project will not only benefit their own business or organization. A well-developed educational/informational sharing plan is included, and partnerships are clearly defined.	15 points
Applicant provides a well-conceived workplan to complete the project within the grant period. Project includes realistic expectations on expected successes, challenges, and a plan to sustain activities beyond the life of the grant.	10 points
Application includes all required Letters of Commitment and/or Support and relevant additional documentation to support the projects and partnerships outlined in the application.	10 points
Applicant demonstrates that their project is well-aligned with funding priorities and provides details to support that.	10 points
Application effectively demonstrates project will provide significant additional benefits for farmers, workforce, consumers, or supply-chain resiliency.	5 points

Budget (20 points)

Budget and budget narrative are realistic and sufficient to accomplish the work proposed. Budget narrative aligns with the budget table and includes enough detail to support the funding request amount. Application includes quotes for any equipment purchases and installation services included in the grant budget.	15 points
Applicant has leveraged the required percentage of match contribution and provides high-level details on match sources.	5 points

IV. GRANT MANAGEMENT & REPORTING

GRANT AGREEMENT & PAYMENT

Prior to receiving funding, successful applicants must sign a grant agreement with the Northeast Dairy Business Innovation Center via Vermont Agency of Agriculture, Food & Markets (VAAFM) indicating their intent to complete the proposed project and authorizing NE-DBIC/VAAFM to monitor the project's progress. The grant agreement will include provisions (terms and conditions) set by the State of Vermont as well as any program-specific requirements. Review Attachment C - Standard State Provisions and Contracts and Grants (12/07/2023 Revised).

Prior to commencement of work and release of any payments, grantee will be required to submit:

1. A certificate of insurance consistent with the requirements set forth in Attachment C of the grant agreement. [Not required if grantee has a current certificate of insurance on file with the Agency of Agriculture.]
2. A current IRS Form W-9 (Request for Taxpayer Identification Number and Certification), signed within the past six months
3. A Unique Entity Identifier (UEI) number, acquired through SAM.gov
4. Documentation verifying pledged matching funds, as applicable.

GRANTEE PAYMENT SCHEDULE

Unless other arrangements are made with the grant manager, payments will be made on the following schedule:

- **Initial payment: 40%** of the total grant will be paid to the grantee upon receipt of certificate of insurance and Form W-9, confirmation of Unique Entity Identifier (UEI) via SAM.gov, and a claim submission in WebGrants. Failure to submit all required documents and an executed copy of the grant agreement within 30 days of receipt may result in the loss of awarded funds.
- **Second payment: 20%** of the total grant will be issued upon approval of grantee's first interim performance report by the grant manager and receipt of a claim in WebGrants.
- **Third payment: 20%** of the total grant will be issued upon approval of grantee's second interim performance report by the grant manager and receipt of a claim in WebGrants.
- **Final payment: 20%** of the total grant will be issued upon approval of grantee's final performance report, the completion and submission of a survey provided by the grant manager, and receipt of a claim in WebGrants.

The final performance report is due no later than 30 days after the grant end date. Final invoices must be submitted to the State within 45 days of the grant expiration date. Invoices submitted before the completion of an interim or final report will not be paid until the report has been received, reviewed, and accepted by the grant manager. The State cannot reimburse the grantee for work performed after the expiration date of the grant.

REPORTING REQUIREMENTS

The following reporting is required under this grant program:

1. Grantees will submit an Interim Performance Report mid-project that may include but is not limited to:
    a. Summary of status of grant activities
    b. Description of successes and challenges
    c. Discussion of any modifications deemed necessary and justification for changes
    d. Documentation of any marketing/promotion of project
    e. Photos/documentation that demonstrates grant activities.
    f. Expenditures to date
2. Grantees will submit a Final Performance Report and complete a survey no later than thirty (30) days from the grant end date. The final report may include but is not limited to:
    a. Summary of achievements from this project including impacts on the community, public, and other businesses/organizations
    b. Description of any challenges or changes to the project
    c. Lessons learned from this project
    d. Opportunities that arose from the completion of this project
    e. Plans to build on the work completed under this grant
    f. Representative documentation and photos representative of the full breadth of activities under this grant
    g. Final grant and match expenditures
    h. Standard project outcomes:
        i. Results of grantee's measures of success
        ii. Number of project beneficiaries reached
        iii. Number of project beneficiaries that are dairy businesses (buy, sell, aggregate, store, produce or distribute dairy products)
            1. Of these, how many project beneficiaries gained knowledge on how to access or produce dairy products?
        iv. Number of jobs maintained because of this grant project
        v. Number of jobs created because of this grant project
        vi. Number of dairy businesses (including Grantee's) that, due to this grant project:
            1. Gained knowledge about dairy product development or dairy business improvement methods
            2. Implemented new or modified dairy processes or production methods
            3. Expanded existing product lines
                a. If so, how many product lines were improved?
            4. Developed new dairy product lines
                a. If so, how many product categories were created?
            5. Improved existing dairy product lines
                a. If so, how many product categories were improved?
            6. Increased their annual sales?

a. If so, what was the annual value of sales before the project?
b. What were the annual sales after the project?

7. Implemented new marketing approaches through this project

vii. Number of existing sales outlets in each of the following categories that expanded their dairy product offerings either by volume or expanded product category, as a result of this project: farmers markets, grocery stores, wholesale markets/buyers, restaurants, retailers, distributors, food hubs, school food programs, other (specify)

viii. Number of new sales outlets in each of the following categories that expanded their dairy product offerings either by volume or expanded product category, as a result of this project: farmers markets, grocery stores, wholesale markets/buyers, restaurants, retailers, distributors, food hubs, school food programs, other (specify)

ix. Number of new partnerships established between dairy businesses and supply chain businesses as a result of this project

1. If so, how many of these new partnerships resulted in expanded or improved local/regional dairy infrastructure?
2. How many of these new partnerships resulted in purchasing contracts?
3. How many of these new partnerships resulted in higher profits?
4. How many of these new partnerships resulted in improved marketing channels?
5. How many of these new partnerships resulted in an increase in the volume of Northeast regional milk that entered the supply chain?
6. How many of these new partnerships included a dairy cooperative?
7. Of the new partnerships established through this project, how many businesses improved their dairy processing capacity or systems?

x. If Grantee is a dairy business, rate the level of satisfaction/outlook for the future of your dairy business before and after the grant

xi. If Grantee is a farmer, which of the following did they experience?

1. Reduced cost of production
2. Increased lifestyle satisfaction
3. Improved water quality
4. Increased soil health

i. If Grantee purchased special purpose equipment with grant funds, that has a current market value of $5,000.00 or more, they must complete the following Federal forms with their final report:

i. Tangible Personal Property Report
ii. Supplemental Sheet

j. Reporting on any program income generated by the grant activities and description of how income generated is rolled back into the purpose of the grant

The NE-DBIC/VAAFM reserves the right to utilize and/or summarize information and photos provided through these reports to use on publications/promotions.

NE-DBIC via VAAFM reserves the right to modify reporting requirements during the project. Information submitted in any report under this program will be a public record. Failure to adhere to reporting requirements and deadlines may disqualify the grantee from future grant opportunities through the NE-DBIC or State of Vermont.

CERTIFICATE OF INSURANCE

A certificate of insurance (COI) is a common requirement for businesses and organizations; most agents are familiar with it. **The State of Vermont must be listed as an additional insured on the grantee's policy.** We recommend forwarding the Vermont State Insurance Specifications (11/01/2023 revised) to prospective insurers for accuracy.

A summary of the requirements is below:

1. General Liability and Property Damage: with respect to all operations performed under the Agreement, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:
    a. Premises – Operations
    b. Products and Completed Operations
    c. Personal Injury Liability
    d. Contractual Liability
    e. The policy shall be on an occurrence form and limits shall not be less than:
        i. $1,000,000 Each Occurrence
        ii. $2,000,000 General Aggregate
        iii. $1,000,000 Products/Completed Operations Aggregate
        iv. $1,000,000 Personal & Advertising Injury
2. Automotive Liability: if motor vehicles will be or are used in connection with the Agreement, the Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than $500,000 combined single limit. For Contracts involving construction or when performance under the Contract would require a commercial or other specialized driver's license, limits shall not be less than $1,000,000. When performance includes interstate commerce or transport of hazardous products or materials regulated by the Federal Motor Carrier Administration and set forth in 49 C.F.R. § 387.9, the coverage shall include the MCS-90 endorsement.
3. Additional Insured:
    a. The General Liability, Property Damage, and Umbrella/Excess coverages required for performance of the Agreement shall include the State of Vermont and its agencies, departments, officers, and employees as Additional Insureds using ISO forms CG2010 and CG2037 or their equivalents.

b. If performance of the Agreement involves construction, or the transport of persons or hazardous materials, then the required Automotive Liability coverage shall include the State of Vermont and its agencies, departments, officers, and employees as Additional Insureds.
c. If third-party cyber liability coverage is required, such coverage shall include the State of Vermont and its agencies, departments, officers, and employees as Additional Insureds.
d. Additional Insured coverage shall be primary and non-contributory with any other insurance and self-insurance and shall include a waiver of subrogation in favor of the State of Vermont.

4. Workers Compensation: with respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont. The State will accept an out-of-state employer's workers' compensation coverage while operating in Vermont provided that the insurance carrier is licensed to write insurance in Vermont and an amendatory endorsement is added to the policy adding Vermont for coverage purposes. Otherwise, the party shall secure a Vermont workers' compensation policy if necessary to comply with Vermont law. For work involving construction, workers compensation coverage shall include a waiver of subrogation in favor of the State of Vermont.
5. Notice of Cancellation or Change: with respect to all required coverage, there shall be no cancellation, change, potential exhaustion of aggregate limits, or non-renewal of insurance coverage(s) without thirty (30) days prior written notice to the State.