



2011 County Agricultural Investment Program (CAIP) Investment Area Guidelines: AGRICULTURAL DIVERSIFICATION

Introduction

This document provides eligible investments and is considered to be the standards by which this investment area is to be implemented.

Funded participants shall adhere to all local, state, and federal rules and regulations.

Questions concerning these guidelines should be directed to the Governor’s Office of Agricultural Policy at (502) 564-4627. Applications to administer CAIP must be directed through the local County Agricultural Development Council(s).

Index

- I. Eligible Categories
 - A. Commercial Vegetable, Mushroom, and Herb Production..... 2
 - B. Commercial Fruit And Sweet Sorghum Production..... 3
 - C. Production of Commercial Ornamental Horticultural Products..... 4
 - D. Greenhouse Construction Or Conversion For Horticultural Enterprises 4
 - E. Small Animal Production 5
 - 1. Honeybees
 - 2. Rabbit Production
 - F. Poultry Production: Pastured & Other Fowl 5
 - G. Commercial Aquaculture Production 6
 - H. Equine Production 6
 - I. Direct-To-Consumer Livestock Production 7
 - J. Agri-tourism Development 7
 - K. Certified/Commercial Kitchen Construction or Renovation 7
 - L. Sod Production..... 8
 - M. Timber Production, Utilization, & Marketing
 - 1. Timber Production & Marketing 8
 - 2. Forests Products Utilization & Marketing 9
 - N. Marketing and Promotion 9

A. Commercial Vegetable, Mushroom, and Herb Production

Cost Share Items:

1. Seeds, seedlings, spores, cuttings, and vegetable transplants in conformance with UK recommendations. In consultation with CES may include test varieties as part of a demonstration
2. Transplanting or cultivation equipment (not self-propelled)
3. Soil, media for plant production
4. Containers for starting and selling herbs
5. Plastic or plasticulture supplies and plastic laying equipment; materials, as allowed in the National List (205.600 of the USDA Organic Standards), for suppression of weed growth, soil temperature moderation, or soil moisture conservation in organic production
6. Water and irrigation supplies and equipment
7. Jars, boxes, labels, and packaging for transport and sales
8. Commercial spraying equipment and related protective gear. Producer must hold a current Private Pesticide Applicator's card
9. Bird netting/predator control fence (excluding plank fence) for protection of crops
10. Cooling equipment
11. Third party GAP/GHP Audit and sorting, grading, washing, and sales-preparation equipment and facilities, in accordance with the Good Agricultural Practice (GAP) standards
12. Refrigerated and non-refrigerated equipment (excluding motorized vehicles) for transporting produce and finished product
13. Specialized harvesting equipment (not self-propelled)

B. Commercial Fruit and Sweet Sorghum Production

Cost Share Items:

1. Seeds, cuttings, potted and rooted cuttings, and scion/rootstock combinations, in conformance with UK recommendations.

Reimbursement for grapevine cuttings potted and rooted cuttings, scion/rootstock combinations that are on the *Grapevine Cultivar Requirements List* (Appendix A), reviewed annually by the State Viticulturalist, are also eligible investment items.
2. Transplanting or cultivation equipment (not self-propelled)
3. Soil, media for plant production
4. Plastic or plasticulture supplies and plastic laying equipment; materials, as allowed in the National List (205.600 of the USDA Organic Standards), for suppression of weed growth, soil temperature moderation, or soil moisture conservation in organic production
5. Water and irrigation supplies and equipment
6. Trellis or other plant supporting materials
7. Jars, boxes, labels, and packaging for transport and sales
8. Commercial spraying equipment and protective gear. Producer must hold a current Private Pesticide Applicator's card.
9. Bird netting/predator control fence (excluding plank fence) for protection of crops
10. Specialized harvesting equipment (not self-propelled)
11. Cooling equipment
12. Third party GAP/GHP Audit and sorting, grading, washing, and sales-preparation equipment and facilities, in accordance with the Good Agricultural Practice (GAP) standards
13. Cider presses and other juice extracting equipment
14. Refrigerated and non-refrigerated equipment (excluding motorized vehicles) for transporting produce and finished product

C. Production of Commercial Ornamental Horticultural Products

Cost Share Items:

1. Seeds, seedlings and rootstock, in conformance with UK recommendations
2. Soil, media for plant production
3. Transplanting and harvesting equipment (not self-propelled)
4. Plastic or plasticulture supplies and plastic laying equipment
5. Water and irrigation supplies and equipment
6. Containers for growing plants
7. Boxes, containers, labels, and packaging for transport and sales
8. Commercial spraying equipment and protective gear; Producer must hold a current Private Pesticide Applicator's card
9. Harvesting equipment, including mechanized tree spades
10. Cooling equipment
11. Refrigerated and non-refrigerated equipment (excluding motorized vehicles) for transporting product

D. Greenhouse Construction / Conversion for Horticultural Enterprises

Cost Share Items:

1. Cooling and heating systems (fans, vents, heaters, motors, shade cloth, cooling pads, etc.)
2. Automatic irrigation systems
3. Benches, tables, rails
4. Hydroponic growing systems and components
5. Commercial spraying equipment and protective gear; Producer must hold a current Private Pesticide Applicator's card
6. Refrigerated or non-refrigerated equipment (excluding motorized vehicles) for transporting produce
7. Greenhouse materials (plastic, glass, wood or metal)

E. Small Animal Production (Bees, Rabbits)

1. Honeybees Cost Share Items:

1. New or used hives (used hives shall be inspected by State Apiarist prior to purchase), other wooden ware, foundation, specialty supers
2. New or used extractor, honey processing, bottling and storage equipment
3. Purchase of bees from an inspected source
4. Protective suits, veils, gloves, smoker, hive tool
5. Jars, bottles, labels, boxes, signage for promoting/selling honey
6. Beeswax candle making supplies, including wax melter, molds, wicks
7. Approved medications
8. Non-motorized equipment essential for the transportation of beehives

2. Rabbit Production Cost Share Items:

1. Commercial bred New Zealand White or Californian breeding stock.
2. Cages or wire to make cages. Minimum size allowed 30" X 30" X 18". Wire must be 14-gauge or better.
3. Automatic (nipple) water delivery system, including line, regulators, medicator, and pumps
4. Feeders, nest boxes
5. Materials to construct manure handling system
6. Ventilation equipment such as fans, curtains, heaters, air conditioners
7. Transport cages

F. Poultry Production: Pastured Poultry & Other Fowl

Cost Share Items:

1. Commercial breeding stock
2. Feeders, waterers, brooders, poultry coops, nesting boxes
3. Poultry netting and other temporary fencing
4. Grazing cages (field pens), rolling hen houses, skid mounted chicken houses
5. Permanent pens and shelters
6. Fruit trees for poultry feed source
7. Egg processing and packaging equipment, including coolers and refrigerators
8. Pasture / pen water lines or alternative water sources
9. Refrigerated and non-refrigerated equipment (excluding motorized vehicles) for transporting product

G. Commercial Aquaculture Production

Prerequisites:

- Pond must be a minimum of one-half surface acre in size.
- Note that there are different standards for shrimp production and finfish production.

Cost Share Items:

1. Eligible expenses for construction of aquaculture production pond and impoundment reservoirs:
 - a. Earth moving costs (embanking and excavating ponds; land shaping; professional labor)
 - b. Cost of providing water source (piping and conduits; drain and drain structure; professional labor)
 - c. Costs for electrical power (wiring, switches, control panels, professional labor)
2. Equipment and materials necessary for pond aeration (e.g. aerators, pumps)
3. Refrigerated and non-refrigerated equipment (excluding motorized vehicles) for transporting product

H. Equine Production

Cost Share Items:

1. Materials to renovate existing tobacco barns by conversions to horse stalls
2. Fencing materials to enlarge paddock turn-out areas for owned and boarded animals. The maximum cost-share is \$1.50/linear foot installed; total reimbursement not to exceed 50% of the total project cost.
3. Water lines to existing and expansion paddock areas
4. Equine exerciser equipment (excluding motorized vehicles)
5. **Temporary or Permanent Shade (exclude trees) – material costs necessary for the construction of temporary or permanent shade for livestock**
6. On-farm Composting:
 - a. Materials to create impermeable surface (e.g. concrete, soil-cement)
 - b. Site preparation
 - c. Documented hired labor
 - d. Equipment rental

For on-farm composting, the following also apply:

- Producers that have been approved for cost-share assistance by the Kentucky Division of Conservation for "KWP8 - On-Farm Fallen Animal Composting" are not eligible
- Producer shall be permitted by the Kentucky Department of Agriculture (KAR 302 20:052) before funds will be disbursed
- Producers shall provide a copy of permit and picture of site for documentation prior to receiving funds

I. Direct-to-consumer Livestock Production

Cost Share Items:

1. Boxes, containers, labels and packaging for transport and sales
2. Refrigerated equipment (excluding motorized vehicles) for transporting finished product

J. Agri-tourism Development

Cost Share Items:

1. Site preparation for items that ensure consumer safety: parking areas, grading, traffic flow, sidewalks, and established walkways.
2. One time cost-share on one half of the cost of liability insurance for new agri-tourism ventures

K. Certified/Commercial Kitchen Construction or Renovation

Cost Share Items:

1. Construction materials to install the appropriate grade of washable ceiling tiles, flooring, and wall covering
2. Materials for the installation of water lines, gas lines, and drainage lines from existing lines, not including labor
3. Materials to install any necessary hand or mop sinks
4. Materials to install appropriate lighting
5. Equipment necessary to add value to fruit and vegetable crops or to produce baked items in compliance with KRS 217.136, including, but not limited to, stoves, refrigerators/freezers, preparatory equipment, canners, stainless steel tables, storage facilities/equipment.
6. Production supplies including jars, boxes, bottles, labeling and packaging materials
7. One-half the cost of attending a training program required by the Cabinet for Health and Family Services under KRS 217.136 for home processing and micro-processing of food products, or training required to become a commercial processor. (GAP training is eligible)

L. Sod Production

Prerequisites:

- Board will not entertain requests for pallets, tractors, seed/fertilizer, trucks, chemicals, netting, forklifts, cutters, bobcats or all terrain vehicles.

Cost Share Items:

1. Seeders
2. Finishing Mowers (non-motorized)
3. Turf Tires
4. Net Layers
5. Tillers
6. Rollers
7. Sprayers
8. Spray Tips
9. Irrigation Equipment
10. Nurse Tanks
11. Sweepers
12. Aerators

M. Timber Production, Utilization, & Marketing

Prerequisites:

- Growers should obtain technical assistance from the Kentucky Division of Forestry for Timber Production cost share items.
- Growers are required to obtain a Forest Stewardship or Forest Management Plan free-of-charge from the Kentucky Division of Forestry or equivalent plan that provides technical information on cost share practices provided in this Investment Area.

1. Timber Production & Management: Cost Share Items:

1. Seeds and seedlings for transplant
2. Water and irrigation supplies and equipment
3. Layout and construction of permanent forest roads and stream crossings for long-term management, including construction of permanent best management practices on those road and stream crossings [One Pass Practice or General Forest Management]
4. Construction of fire lines and lanes [One Pass Practice or General Forest Management]
5. Timber Stand Improvement (TSI) [One Pass Practice or General Forest Management] Practices such as thinning, release, control of invasive species, site preparation treatments (non-chemical) for natural regeneration, and pruning for the purpose of improving timber quality and growth.
6. Fencing for forest management for the purpose of restricting livestock from woodland area

2. Forest Products Utilization and Marketing

- Growers should contact the Cooperative Extension Service for information on cost share items for forest products utilization and marketing including information on small-scale harvesting, milling, drying and marketing.

Cost Share Items:

1. Timber and lumber processing equipment
 - a. sawmills, portable or stationary
 - b. planers, molders and other similar processing equipment
2. Drying equipment and facilities including equipment for dry kilns, pre-dryers, dry sheds, air drying yards
3. Packing equipment

N. Marketing and Promotion

Prerequisites:

- Applicant will provide an acknowledgement in any publications, brochures, articles, advertising, or promotional projects and activities which indicate that a portion of the funding was provided by the Kentucky Agricultural Development Fund.

Cost Share Items:

1. Equipment (non-motorized) essential to provide on-farm value-added processing
2. Promotional and advertising materials in an amount not to exceed \$1,000, excludes products or services provided by the KY Department of Agriculture or other state programs.
3. On-farm direct-to-consumer sales cost-share items:
 - a. Construction of new permanent structures or conversion of existing structures to be used for retail sale of product.
 - i. [Meeting rooms, exposition centers, education facilities and construction or improvements to buildings serving primarily as residences are not eligible cost-share items.]
 - b. Site preparation including on-site utility extensions and officially permitted on-site waste treatment facilities
 - c. Refrigerated and non-refrigerated equipment (not self-propelled) for storing product
 - d. Display equipment, including refrigerated equipment, to assist in selling of product
4. Business Plan Development and/or Feasibility Study

County Agricultural Investment Program: Agricultural Diversification Investment Area Producer Report

Deadlines for Producer Reports

Producers must complete all relevant questions on the Producer Report before receiving cost-share funds through the County Agricultural Investment Program (CAIP) for the Agricultural Diversification Investment Area.

This form is for the Administrator to keep on-file for each Producer receiving cost-share funds, and should aid in filling out the reports for this program.

This information will be used to help the Kentucky Agricultural Development Board evaluate the economic impact of programs on Kentucky's agricultural economy.

Administrator Information

County: _____

Application Number: _____

General Information

Producer Name: _____

Social Security Number: _____

Farm Serial Number (FSN): _____

Farm Size of the FSN: _____

Ever received cost-share funds? YES NO

Ever applied for cost-share funds? YES NO

Would invest without cost-share? YES NO

Years shared in the financial risk &/or business operation? _____

Hours committed on the farm? _____

Directions for completing Producer Report

1. **Select Investment Category – ex. Commercial Fruit & Sweet Sorghum**
 2. **Describe cost-share reimbursement practices – ex. Water and irrigation supplies and equipment**
 3. **Total Project cost – ex. \$4,000 – supply receipts to Administrator to determine eligible cost-share reimbursement**
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1. **Investment Area (IN BOLD):**

2. **Investment Category, select all that apply (A,B,C):**

- **Agricultural Diversification Investment Area**
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3. **Describe cost-share reimbursement practices (water and irrigation supplies and equipment...) by investment category marked above:**

4. **Total Project Cost:** _____
(Provide receipts to administrator to determine eligible cost-share reimbursement)