

Agency Purpose

The Agricultural Utilization Research Institute (AURI) was created by the legislature under M.S. 1160.09, which was renumbered to 116V.01 in 2008.

AURI's mission is to foster long-term economic benefit through increased business and employment opportunities in rural Minnesota through:

- ◆ the identification and expansion of existing markets for new or existing commodities, ingredients, and products;
- ◆ the development of new uses or value improvements for Minnesota agricultural commodities; and
- ◆ the development of renewable energy opportunities from Minnesota agricultural commodities and co-products.

AURI's efforts are focused on catalyzing innovation in value-added agriculture that creates economic vitality in Minnesota. This is accomplished by providing project development services, targeted network coordination and scientific technical assistance for the development of new products and expanded uses for Minnesota agricultural commodities.

AURI programs help producers, agri-processors and their communities take advantage of a larger portion of the market value-chain during all economic cycles. Regardless of economic conditions, AURI programs have been in increasing demand. AURI clients tend to focus on improving their efficiency and effectiveness during periods of high commodity prices. During periods of lower commodity prices, clients tend to seek innovative new uses for their products.

Core Functions

The Agricultural Utilization Research Institute provides seamless service from feasibility to implementation to individuals and organizations that are developing value-added businesses across Minnesota. These services are provided to existing businesses, cooperatives and entrepreneurs. Core functions include:

- ◆ providing scientific technical and feasibility assistance, laboratory and pilot plant services supporting value-added agricultural processing in Minnesota;
- ◆ acting as the applied research and development resource for small and medium-sized commodity processors;
- ◆ identifying, educating and informing agricultural stakeholders about emerging value-added agricultural opportunities;
- ◆ facilitating innovation and collaboration, including coordination of Minnesota's Renewable Energy Roundtable, which works to eliminate barriers to development of new renewable energy resources in the state; and
- ◆ working with agricultural processors on efficiencies and technologies vital to sustaining profitability in times of high raw commodity prices which drastically impact margins.

Operations

AURI serves a variety of clients including producers, grower groups, cooperatives, small and medium-sized commodity processors and entrepreneurs. AURI provides assistance to clients at various stages of product development. A significant amount of staff time is dedicated to "discovery." These initial consultations and evaluations determine if an idea fits AURI's criteria, is unique and innovative and has the potential to significantly impact commodity utilization or respond to a market opportunity. Ventures that do not fit are either ended or referred to other organizations; ventures that are deemed viable are formed into official projects, which provide access to AURI programs and services.

At A Glance

- ◆ AURI technical and scientific services are utilized by Minnesota businesses, cooperatives, farm organizations, grower groups and entrepreneurs seeking to develop innovative uses and value improvements for agricultural commodities and co-products.
- ◆ In the last biennium, AURI assisted in the development of 281 unique projects and initiatives and brought 69 new or improved ag-based products to the market.
- ◆ Nearly \$71 million in new capital was invested in rural Minnesota through AURI-supported, value-added ventures.
- ◆ AURI facilitates the Minnesota Renewable Energy Roundtable, a statewide, multi-organizational collaborative effort focused on furthering renewable energy development in Minnesota. The Roundtable events have drawn over 400 voluntary participants representing more than 100 organizations involved in Minnesota's renewable energy industry.

AURI project staff assists with project development activities and feasibility analysis. Laboratory and pilot plant staff support the technical elements of project development. Pilot plant and laboratory activities assist clients with product development, troubleshooting, methods training, analysis, and product scale-up activities. These value-added innovations lead to growth in the state's economy, employment, and business development opportunities, especially in rural counties.

AURI also operates the Center for Producer-Owned Energy (CPOE), a U.S. Department of Agriculture (USDA)-funded agricultural innovation center created to develop farmer-owned renewable energy enterprises. To date nearly 60 projects have been initiated by the CPOE utilizing Minnesota-grown agricultural products and co-products as energy sources.

AURI collaborates with other available resources in the state to effectively and efficiently leverage needed resources for Minnesota businesses. Collaborations have been established with the USDA, Minnesota State Colleges and Universities (MnSCU), University of Minnesota, Small Business Development Centers (SBDCs), Minnesota Departments of Agriculture (MDA) and Employment and Economic Development (DEED), the BioBusiness Alliance of Minnesota and all major commodity groups and farm organizations within the state.

AURI's facilities are strategically located throughout the state to enhance service delivery and client access:

- ◆ *Crookston*: AURI's state headquarters, food product development lab, and fermentation and chemistry lab
- ◆ *Marshall*: Center for Producer-Owned Energy (CPOE); fats and oils lab; analytical and process labs; and USDA-inspected meats lab
- ◆ *Waseca*: Co-products utilization lab and pilot plant

Program Areas

Client services include project development assistance, feasibility assessments, hands-on access to laboratory facilities as well as limited cost-share assistance that expands scientific and technical capacity. These services provide reliable and unbiased information for clients to make informed decisions.

Industry initiatives focus on examining emerging opportunities with the potential for broad impact. They include agricultural energy development, side stream research, bio-industry development and other projects with the potential to impact a large number of producers.

Key Goals

AURI's key organizational strategic goals include:

- ◆ Creating and retaining rural wealth by fostering and promoting agricultural innovation
- ◆ Advancing the renewable energy industry in Minnesota
- ◆ Providing seamless service, from feasibility to implementation, of innovations and process improvements for Minnesota commodities and co-products

Key Measures

AURI project involvement often happens early in a product development life cycle while a significant portion of feasibility has yet to be determined. This means it can take many months or even years for a concept to reach reality and be implemented or taken to market. Some never reach that stage because of market, economic or other reasons.

Among the measures tracked by AURI to show the impact of organizational activities is the number of value-added products that have been developed and entered the marketplace, the amount of capital invested in innovative value-added ventures, dollars saved by avoiding investment in non-feasible projects and the amount of outside funds leveraged by AURI-supported projects. These measures show that implementation is occurring and economic activity is happening as a result of AURI assistance. In the past two years:

- ◆ 281 unique projects and initiatives were developed and received AURI assistance in an effort to move Minnesota-grown agricultural products into new, value-added markets.
- ◆ 69 new or improved ag-based products reached the market with AURI assistance.

- ◆ Nearly \$71 million in new capital was invested in new AURI-supported, value-added ventures.
- ◆ Over \$100 million in rural wealth was retained, by not investing in ventures deemed not currently viable.
- ◆ Over \$1.4 million in outside funds were committed to new value-added projects.

Budget

The projected budget for FY 2009 is \$5 million. Current organizational personnel include 25 full-time equivalent staff. At present, the AURI state appropriation is approximately 62% of the projected FY 2009 operations budget. \$700,000 of the state appropriation is dedicated specifically to bioenergy. State funds are used to leverage federal and other sources of funding, including a \$984,000 grant from the U.S. Department of Energy. Additional grant opportunities from the USDA are anticipated during the biennium.

Contact

AURI State Office

Owen Hall Annex, University of Minnesota - Crookston
 P.O. Box 599
 Crookston, Minnesota 56716-0599
 (800) 279-5010
 (218) 281-7600

Teresa Spaeth, Executive Director

The AURI website at www.auri.org provides information on programs, research, and organizational contacts.

Dollars in Thousands

	Current		Forecast Base		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,100	3,100	3,100	3,100	6,200
Forecast Base	3,100	3,100	3,100	3,100	6,200
Change		0	0	0	0
% Biennial Change from 2008-09					0%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,100	3,100	3,100	3,100	6,200
Total	3,100	3,100	3,100	3,100	6,200
 <u>Expenditures by Category</u>					
Local Assistance	3,100	3,100	3,100	3,100	6,200
Total	3,100	3,100	3,100	3,100	6,200
 <u>Expenditures by Program</u>					
Ag Utilization Research Inst	3,100	3,100	3,100	3,100	6,200
Total	3,100	3,100	3,100	3,100	6,200