

Report to the Legislature

Albert Lea Regenerative Agriculture Development Park Project



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The estimated cost of preparing this report (as required by MINN.STAT.3.197) is \$750.

Executive Summary

The Albert Lea Regenerative Agriculture Development Park Project was established by the 2020 session to encourage commercial-scale production of regenerative broilers; Midwest hazelnut; Midwest elderberry; and vegetable production through value-added processing infrastructure development.

At the time of the 2020 session, interim poultry processing was unavailable for regenerative poultry producers; small-scale value-added processing of Midwest hazelnut and elderberries was available on a limited basis; and value-added processing of regeneratively grown vegetables did not exist. The Regenerative Agriculture Alliance (RAA) requested funding from the Legislature through the bonding bill to assist in the feasibility study for a light industrial park out of Albert Lea as part of a regional, regenerative poultry-centered economic development model.

During the 2020 legislative session, the Legislature appropriated \$250,000 for RAA for predesign of a poultry processing plant and an associated industrial park (Laws of Minnesota 2020, 2020 Fifth Special Session, Chapter 3, Article 3, Section 2, Subd 3).

- *For a grant to the Regenerative Agriculture Alliance to predesign a poultry processing plant and an associated industrial park aimed at creating new, value-added economic opportunities for local farmers in southeastern Minnesota.*

The rider language also requires RAA to update the Legislature on the status of its activities by March 1, 2022.

- *By March 1, 2022, the Regenerative Agriculture Alliance in collaboration with the commissioner of agriculture, must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance on the progress, development, and implementation of the poultry processing plant and industrial park design and their potential to open new market opportunities for local and emerging farmers.*

The funding was appropriated to the Minnesota Department of Agriculture (MDA); Minnesota Management and Budget (MMB) is also involved with approval of all projects that are funded through bonding bills.

RAA is using MMB's Predesign Manual for Capital Budget Projects to develop the background work necessary to access the predesign grant. The manual says that a (1) Predesign Summary

Statement; (2) Project Background Narrative; (3) Agency/Organizational Planning are required to access the earmarked funds. The manual states:

Agency planning precedes predesign: Agency planning that precedes predesign is not bondable because it is not project specific. After agency planning, the project process has three bondable stages:

- **Predesign (including Site Selection).**
- **Design.**
- **Construction.**

Progress Report

Steps that that RAA has taken to advance this project:

- Hired Don Ball of Wow Collective, LLC and Maggi Adamek of Terra Soma, LLC for business plan development.
- Hired Business Development Director to serve as Project Manager.
- Collected feasibility data.
- Built a farm enterprise economic model.
- Hired FoodOps, LLC for engineering assistance on value-added poultry and cash crop processing.
- Compiled equipment lists for scaling regenerative poultry processing to 10 million chickens/year; and the corresponding value-added processing of Midwest hazelnut, Midwest elderberry, and vegetables.

Achievements that are outside of this project but directly effect it include the launch of a USDA-inspected poultry processing plant out of Stacyville, IA in November of 2021. The facility is certified organic as of January 2022. The plan for the Albert Lea Regenerative Agriculture Development Park project builds off this facility: Slaughter, Plucking, Evisceration, and Chilling can take place in Stacyville, then the whole birds shipped to Albert Lea for further value-added processing.

Funding

RAA has not accessed the predesign money appropriated through the bonding bill because some additional planning work needs to be done prior to predesign. In the meantime, they have spent roughly \$55,000 of their operating capital to perform Agency Planning to meet MMB's criteria. Total expenditures equal \$73,000, which include a \$7,500 grant from Compeer Financial. It would be helpful for RAA if the budget rider was

amended to expand the eligible uses of the funding beyond predesign to also include feasibility planning.

Operating Partners

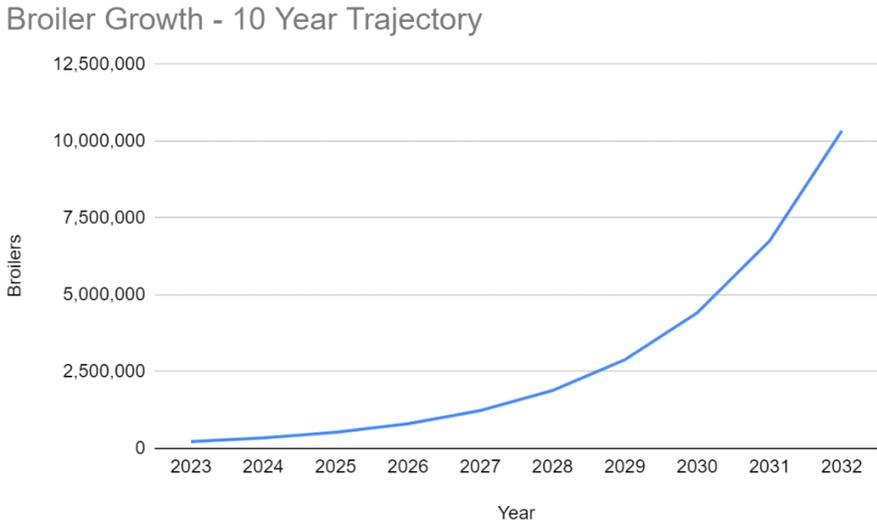
The Upper Midwest Hazelnut Development Initiative (UMHDI)

The Upper Midwest Hazelnut Development Initiative (UMHDI) is a partnership between the University of Minnesota and the University of Wisconsin to develop and commercialize American hazelnut production. Founded in 2007, UMHDI has identified hybrids that do well in the region and is in the process of developing a turnkey system for harvesting, sorting, cracking, and roasting the nuts, which are smaller than their European counterparts. The American Hazelnut Company, a UMHDI member, produces value-added products from a commercial kitchen in Wisconsin and distributes them through a handful of local retailers. Another important UMHDI member is Rural Advantage, a nonprofit in Fairmount, MN, whose 3rd Crop Initiative Program recommends hazelnuts as a viable crop for diversifying farmland beyond corn and soy. The American Hazelnut Company is having a hard time filling orders due to short supply.

The Midwest Elderberry Cooperative (MEC)

The Midwest Elderberry Cooperative (MEC) is a Chapter 308B cooperative that aggregates and sells its members' elderberry production. Founded in 2012, MEC works closely with River Hills Harvest Marketers, a manufacturer of value-added elderberry products based in Hartsburg, MO. River Hills Harvest Marketers was founded by Terry Durham, organic farmer and inventor of the T.E.D Elderberry Destemmer, which farmers use to destem, wash, and pack their elderberries into 5-gallon buckets which they freeze before shipping to River Hills. The MEC buys and distributes elderberries and is having a hard time filling orders due to short supply.

10 Year Production Estimates



Specialty Crop Yield Curves

