

1.15.2023



REPORT TO THE LEGISLATURE

Mobile Meat Slaughter Grant

January 15, 2023

Executive Summary:

In 2021, the Committees on Agriculture heard testimony about the bottleneck in meat processing, which was exacerbated by the COVID-19 pandemic. In response, the legislature approved a new investment to support regional meat processors including \$500,000 to support an organization to purchase a mobile slaughter unit and use it to provide technical training within the MN State College System.

AURI is preparing to disburse the \$500,000 to Farmers Union Foundation upon meeting and exceeding requirements laid out in statute. Farmers Union has leveraged the state funding to secure a total of \$4.2 million in funding to purchase a mobile slaughter unit, two processing / cold storage systems, and associated equipment. This equipment will strengthen instruction at Central Lakes College, make the project more sustainable, and serve the needs of local producers.

Farmers Union expects to receive the equipment in the fall of 2023. And, while there is more work to be done, the project is set to exceed the requirements laid out in statute in 2021.

Requirements & Goals:

The legislature appropriated \$500,000 to AURI to grant to an organization that would “acquire, host, and operate a mobile harvest unit.”

In statute, **the grantee entity must:**

- **Coordinate with Minnesota State**, helping “two-year colleges that have meat cutting programs to accommodate training,” particularly for livestock slaughter
- **Provide 1:1 cash match**, or \$500,000 for full grant amount

Crookston

510 County Road 71
Suite 120
Crookston, MN 56716

Marshall

1501 State Street
Marshall, MN 56258

St. Paul

University of Minnesota
1985 Buford Avenue
McNeal Hall #64
St Paul, MN 55108

Waseca

PO Box 251
12298 350th Avenue
Waseca, MN 56093

The entity may:

- **Run the unit as a business**, helping meet the needs of local livestock producers
- **Use the unit for other activities**, including research, training, or other activities that “align with industry needs” outside of the two-year colleges

The intent according to conversations at the time for this grant was to strengthen meat processing technical training at the MN State College System through incenting a private entity to develop a mobile slaughter unit that could be used by the colleges. Instead of sitting idle while it was not used for instruction, legislators wanted it to be used to meet the needs of local producers and—to the extent possible—provide a model for other parts of the state.

Finally, the legislative text requires that any money that is not spent by June 30, 2024, be returned to the Department of Agriculture and that AURI submit a report to Chairs and Ranking members regarding the status of the grant by January 15, 2023. This is that report.

Current Status:

Farmers Union Foundation was awarded the grant and will receive a complete disbursement upon incurring eligible expenses. Farmers Union has contracted with Friesla to build a mobile processing unit and modular processing system and deploy it in Central Minnesota.

Based on their capacity to meet and exceed grant requirements and benefit Minnesota’s livestock industry through this project, Farmers Union Foundation was selected to receive the full \$500,000 grant award. Upon being notified of their grant award in November of 2021, Farmers Union pursued additional funding beyond the required 1:1 match to develop a more ambitious and impactful project.

In close coordination with the MN State College System, AURI, and other project partners, **Farmers Union Foundation leveraged this funding eight times over, securing a \$2.9 million grant from the Federal Economic Development Administration (EDA) and local matching funds totaling over \$4.2 million.**

In compliance with EDA and in close coordination with AURI staff, Farmers Union has used this funding to contract with Friesla, based in Washington State, to build a mobile processing

system and deploy it in Central Minnesota. Below is a list of equipment included in this purchase of a mobile processing system:

- Mobile Harvest Unit and Tractor Trailor
- Modular Cut and Wrap System (x2)
- Modular Cold Storage (x2)
- Refrigerated Truck
- Livestock Handling Equipment

Of the project equipment, one modular cut and wrap / cold storage system will be housed at Central Lakes College in Staples to allow for instruction and other parts of the system will be deployed nearby. As originally laid out in statute, the mobile harvest unit will enable Farmers Union to travel to Ridgewater College in Willmar as needed to assist with instruction

Timeline of activities:

To select Farmers Union Foundation for the award, AURI underwent a competitive process in compliance with applicable law and our mission to support rural economic development through value-added agriculture. That process included:

June 6, 2021	Legislation enacted
	Developed Request for Proposals (RFP)
September 13, 2021	Request for Proposals (RFP) distributed
	Promotion via webinar, newsletters, publications
October 15, 2021	Deadline for written responses
	Responses reviewed by AURI
	Selected Farmers Union Foundation for grant
November 3, 2021	Notified Farmers Union of grant
	Written agreement between AURI and Farmers Union

When publicizing the RFP, AURI sought eligible business entities that could demonstrate intent to benefit Minnesota livestock producers and commit to collaborating with the MN State system. Emphasis was placed on a strong working relationship with the colleges.

Following notification of the award, AURI assisted Farmers Union Foundation in pursuing additional funds to further develop the project. This included:

November 26, 2021	Farmers Union application to EDA
March 4, 2022	Farmers Union notified of EDA award
August 1, 2022	Farmers Union published RFP for processing system
August 31, 2022	Responses submitted
	Farmers Union, AURI, project partners review RFP
	Friesla selected to build processing equipment
	Negotiation with EDA
December 5, 2022	Signed purchase agreement and first payment
December 21, 2022	Farmers Union Invoiced AURI for \$1 million in eligible expenses

The grant funding for this project will be utilized entirely for the purchase of equipment from Friesla.

Funding:

Farmers Union Foundation will purchase equipment from Friesla. The \$500,000 of grant funds will be disbursed to Farmers Union upon proof and invoice that it incurred greater than \$1 million in reimbursable expenses.

Farmers Union Foundation has leveraged the \$500,000 state investment for a total \$4.2 million investment. This expanded the project to make it both more sustainable and more advantageous for instruction at MN State colleges. Funding for the project includes:

- \$2,933,220 – Federal EDA

- \$500,000 – AURI (statutorily appropriated funds)
- \$300,000 – North Central Economic Development Administration (NCEDA)
- \$281,693 – Farmers Union Foundation
- \$200,000 – Happy Dancing Turtle (HDT)
- \$100,000 – Central Lakes College

All of the above funding is solely for purchasing project equipment. Significant startup costs, site prep, and other expenses will be borne by Farmers Union.

Partnership with the Colleges:

Farmers Union Foundation's partnerships with the Minnesota State College System are a highlight of this project. Members and staff from the organization serve on both advisory councils for Central Lakes and Ridgewater Colleges and have worked to support their success even before the mobile processing units have been deployed.

Central Lakes College is operating an in-person instruction program and will be served by both the mobile unit and the modular processing and cold storage facilities that will be housed on its campus. While it waits for the Friesla units, it is moving ahead with instruction utilizing neighboring meat lockers including Cub Foods in Baxter and Ole's Up Nort Meats and Processing of Henning. Central Lakes hired an experienced instructor, Jess Feierabend, and graduated 8 students in the 2022 fall semester. They are set to graduate another 8 to 10 students in the 2023 spring semester.

Ridgewater College also hired an experienced instructor, Sophia Thommes. Its program is unique, stackable, and administered primarily online with labs administered via meat lockers local to each individual student. Classes run in four-week blocks and a meat cutting certificate is available upon completion of 18 credits. They're also working with Cub Foods to develop their training for new employees. Ridgewater graduated 10 students fall semester of 2022 and has another 10 enrolled in spring semester of 2023. Students at the Ridgewater program are not just from Minnesota and the college is receiving strong interest from across the United States.

Both programs are experiencing strong community support and excitement about placing students in jobs during and following the program.

Collaborators:

Beyond the colleges, this project has brought together a host of collaborators, both statewide and local to central Minnesota. In addition to AURI, Minnesota State, and Farmers Union, those include:

- Region 5 Development Commission – key grant-writing expertise and project support.
- North Central Economic Development Administration – matching funds.
- Small Business Development Center – cashflow projections and key business support.
- Happy Dancing Turtle – matching funds, technical assistance, and on-the-ground organizing of producers.
- UMN Extension – feasibility study and technical assistance.
- United Food and Commercial Workers, Local 1189 – grant support and project feedback.
- Friesla – contracted to build the units.
- Minnesota Department of Agriculture – technical support and grant support.
- Minnesota Department of Employment and Economic Development – grant support.

Feasibility:

The legislature stipulated that the entity receiving this grant could operate the unit, serving the needs of local producers. AURI has stayed engaged with the project, helping Farmers Union Foundation develop this business in partnership with project partners and its farmer members. In the fall of 2022 AURI helped Farmers Union partner with the University of Minnesota Extension to develop a study of the project. In its preliminary report, Extension found that:

- the project has a solid financial plan in place, largely due to work with the Small Business Development Center (SBDC).
- Farmers Union has experience operating businesses.
- Regional competitors welcome the new processing facility, in particular due to the workers it will train. Six out of eight local processors surveyed said they were happy to see the project move forward.
- There is strong local and regional support for the project.

According to the study, challenges for seeing the project to completion will include identifying an optimal product mix, ensuring a steady flow of livestock, and finding employees.

Conclusion:

Although this project is only in the early stages, already AURI, Farmers Union Foundation, and colleges in the MN State College System are collaborating to help solve part of the bottleneck in the meat processing system. They are also helping the college system graduate a much-needed work force, and are working in partnership to leverage the original \$500,000 provided by the 2021 Minnesota State Legislature to secure over \$4 million in funding to date to purchase a mobile slaughter unit and associated equipment to support MN State College programs and serve the needs of local meat producers.

Additional Information:

Gary Wertish – President, MN Farmers Union, 651.639.1223

Stu Lourey – Director of Government Relations, MN Farmers Union 320.232.3047

Shannon Schlecht – Executive Director, AURI, 218.281.7600 EXT. 125

Dan Skogen – Director of Government and Industry Relations, AURI, 218.639.3405

