

Fertilizer Production Expansion Program (FPEP) Grant Application Requirements

October 6, 2022



Rural Development



Welcome and opening remarks

Fertilizer Production Expansion Program

Last week, Secretary Tom Vilsack announced that USDA is making up to **\$500 million in cost-share grants** available to increase American-made fertilizer production to spur competition and combat price hikes.

USDA's **Fertilizer Production Expansion Program** is part of the Biden-Harris Administration's whole-of-government effort to promote competition in agricultural markets.

Grants will be used to expand the manufacturing and processing of fertilizer and nutrient alternatives in the U.S. and its territories in the support of independent, innovative and sustainable American fertilizer production to supply American farmers.

Agenda

- Program Overview
- Award Information
- Application Submission Information
- Application Review Information
- Award Administration Information
- How to Apply
- Questions
- Wrap Up

FPEP Overview

What governs this program?

• FPEP is authorized by the CCC Charter Act, to assist agricultural producers through grants, loans, purchases, payments, and other operations, and makes available materials and facilities required in the production and marketing of agricultural commodities.

• FPEP will support the production of agricultural commodities by providing financial assistance to expand the manufacturing and processing of fertilizer and nutrient alternatives.



What does this program do?

The Fertilizer Production Expansion Program (FPEP) provides grants to help eligible applicants increase or otherwise expand the manufacturing and processing of fertilizer and nutrient alternatives and their availability in the United States.



FPEP Award Information

Award Information

- Available Funding
- Award and Size of Awards
- Period of Performance
- Eligible Applicants and Activities
- Cost Sharing and Matching Fund Requirements

Available funding

Up to \$500 million in cost share grants is available to fund projects under this RFA. What are the maximum and minimum grant amounts?

The maximum award amount is \$100 million.

The minimum award amount is \$1 million.



Approximate Number of Awards

- The number of awards will depend on the number of eligible participants and the total amount of requested funds.
- If every successful applicant is awarded the maximum grant amount of \$100 million, five (5) awards will be made.
- USDA expects to make approximately 30-50 awards.

Period of performance

- Projects may be between one and five years in duration.
- The maximum period of performance for this grant is 60 months.
- No-cost extensions of up to 24 months may be considered on a case-by-case basis.

Two application windows

USDA is particularly interested in supporting projects that are in the later stages of development, technically feasible, financially viable, and have already identified other sources of funding.

FPEP provides two application submission windows and two subsequent competitions. Electronic applications must be submitted to Grants.gov by 11:59 p.m. Eastern Time on:

- November 14, 2022, for applicants requesting financial assistance for eligible projects under the program. Priority will be given to projects that increase the availability of fertilizer (nitrogen, or phosphate, or potash) and nutrient alternatives to agricultural producers for use in <u>Crop Years</u> <u>2023 or 2024</u>; and
- December 29, 2022, for applicants requesting financial assistance for eligible projects under the program, including those with a longer timeline for making additional capacity available.

Eligible applicants that are not selected for an award in the first competition following the **November 14, 2022,** window, will automatically be entered into the second competition.





Who may apply for this program?

Entities are eligible regardless of legal structure and may include, but are not limited to:

- Tribes and Tribal entities;
- For-profit entities and corporations;
- Non-profit entities, producer-owned cooperatives and corporations;
- Certified benefit corporations; and
- State or local government entities.

Private entities must be independently owned and operated.

Eligible applicants must:

- Operate within the U.S. or its territories;
- Manufacture or process or plan to manufacture or process in accordance with all Federal, State, Tribal and local regulations governing fertilizer and nutrient manufacturing, processing, storage, distribution, and waste management;
- Be registered in the System for Award Management (SAM) and maintain annual SAM registration while an application is active and through the term of an award.

SAM Registration



Each applicant applying for FPEP grant funds must:

- (i) Register in the System for Award Management(SAM) before submitting an application;
- (ii) Provide a valid Unique Entity Identifier in the application;
- (iii) Complete the Financial Assistance General Certifications and Representations in SAM; and
- (iv) Continue to maintain an active SAM registration with current information at all times while the Agency is considering an application or while a Federal grant award or loan is active.

Eligible applicants must (continued):

Additionally, eligible applicants, including affiliates of the eligible applicant,

must not hold a market share (in either manufacturing, processing, or distribution) greater than or equal to the entity that holds the fourth largest share of that market for any of the following nutrients or components:

Nitrogen, or Phosphate, or Potash, or any combination of the three.

Market Share.

A company's **market share** is its production or distribution capacity measured as a percentage of an industry's total production or distribution capacity.

Company Capacity / Market Capacity * 100 = Market Share.

For purposes of the certification, both a global and domestic market share should be calculated and certified.

Proposals producing fertilizer alternatives should include the traditional capacity along with the alternative capacity in this calculation.

As an example, a proposal creating a nitrogen substitute would be compared with the entire capacity to produce nitrogen fertilizer and not just the subset of producers of substitutes.

Eligible applicants must (continued):

Certify that they do not hold a market share greater than or equal to the top four manufacturers or processors or distributors as applicable in Nitrogen, or Phosphate, or Potash, or any combination of the three.

If manufacturing or processing or planning to manufacture or process other eligible nutrients (not listed above), no certification is required.

I am submitting a justification and request for waiver because I do not believe that market share is an accurate measure of my competitive environment.

How may funds be used?

Grant funds must be used for the purpose of increasing or otherwise expanding the manufacturing and processing of fertilizer and nutrient alternatives and their availability for the production of agricultural commodities in the United States.

A word about U.S. agricultural commodity production ...

FPEP uses a broad definition of **agricultural commodities** and is not limited to the "covered commodities" of Title I programs in the Farm Bill.

Specialty crops for example, are considered commodities under the broad definition used for FPEP.



Eligible uses of grant funds

Grant funds may be used to expand processing capacity by supporting activities such as:

- Construction of a new facility or purchase of an existing facility;
- Pre-development costs -- engineering and other professional fees;
- Working capital to support expanded capacity or increased output;
- Modernizing or expanding an existing facility;



Eligible use of grant funds (continued)

- Purchasing or modernizing existing processing and manufacturing equipment;
- Installing equipment that improves processing, worker conditions, or safety;
- Modernizing or installing climate-smart equipment;
- Ensuring compliance -- packaging and labeling or occupational safety requirements;
- Work force recruitment, training, apprenticeships, etc. to ensure adequate staffing;
- Improving fertilizer and nutrient alternatives logistics (cannot be primary use of funds).



Eligible uses of grant funds (continued)

FPEP grant funds may only support costs incurred during the period of award performance (Grant Period).

The period of performance starts when the Financial Assistance Agreement is executed.

The maximum period of performance is 60 months.



Ineligible uses of grant funds

- Research and development; or
- Manufacturing or processing of fertilizer and nutrient alternatives that are not commercially available and in use; or
- Logistics activities for which funding is available under other authorities,
 - such as, <u>https://www.usda.gov/climate-solutions/climate-smart-</u> <u>commodities</u>, or
 - <u>https://www.epa.gov/innovation/next-gen-fertilizer-challenges;</u> or
- Site-specific (precision agriculture) applications of fertilizers, pesticides, irrigation, and herbicides, remote sensing, geographic information systems, and the Global Positioning System (GPS).
 <u>https://www.usda.gov/media/press-releases/2022/08/15/usda-announces-new-opportunities-improve-nutrient-management</u>.

What are some other requirements?

FPEP will support the production of agricultural commodities through the manufacturing and processing of fertilizer and nutrient alternatives that are:

- Independent and outside the dominant fertilizer suppliers;
- Made in America produced within Tribal Lands or in the U.S. and its territories by entities operating within Tribal Lands or in the U.S. and its territories;
- Innovative to improve upon fertilizer production methods and efficient-use technologies;
- Sustainable -- to reduce the greenhouse gas impacts of transportation, production, and use; and
- **Farmer-focused** to make sure that additional capacity supported by USDA is dedicated to U.S. agricultural commodity production.

Cost sharing and matching fund requirements

Matching funds as a portion of total eligible project costs are required under FPEP.

Grant requests of **less than \$5 million** have a matching fund requirement of 40 percent of the total eligible project costs. TEPC of \$5 M ==> \$3 M grant funds + \$ 2 M matching funds

Grant requests of **\$5 million or greater** (up to the maximum grant request of \$100 million) have a matching fund requirement of 75 percent of the total eligible project costs.

TEPC of \$100 M ==> \$25 M grant funds + \$75 M matching funds



Cost sharing and matching fund requirements (continued)

The applicant is responsible for defining the project and when defining total project costs (matching fund) contributions including, but not limited to, property and equipment must support new or expanding manufacturing or processing capacity to be included as total project costs.

Total Eligible Project Costs = Grant funds + Matching funds

All must support new or expanding manufacturing or processing capacity.

Costs and activities that only support existing processing capacity are not eligible project costs and activities under FPEP.

Refer to 2 CFR 200.306 Cost sharing or matching, https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-sec200-306/context

Matching Funds Guidance document to be posted on FPEP Website early next week.

Cost sharing and matching fund requirements (continued)

In consideration of Section 6 of Executive Order 13175, "Consultation and Coordination with Indian Tribal Governments,"

- Qualifying applications requesting \$5 million or more from Tribes and Tribal Entities owned by Tribes, with projects that are well aligned with FPEP priorities as described in this RFA are eligible for a lower matching fund requirement of 50 percent of total eligible project costs.
- Qualifying applications from Tribes and Tribal Entities owned by Tribes requesting less than \$5 million are eligible for a waiver of the matching funds requirement.
- Successful applications from Tribes will be automatically granted these waivers.
- Tribal Entities owned by Tribes are required to clearly identify ownership by Tribes in their application materials in order to be granted these waivers if successful.

Instant FPEP Poll *Query #1*

I intend to apply for **less than \$5 million** in grant funds for my FPEP project.

Yes, I agree.No, I do not agree.

I intend to apply for **\$5 million or more** in grant funds for my FPEP project.

☐ Yes, I agree.

□ No, I do not agree.

FPEP Application Submission Information

Application and Submission Information

- Electronic Application Package
- Application Requirements
- Submitted Application Qualification
- Submission Dates and Time
- Funding Restrictions
- Grants.gov Application Submission, Receipt Procedures and Requirements

Electronic Application Package

Only electronic applications may be submitted via Grants.gov in response to the FPEP RFA.

We urge applicants to submit applications early to the Grants.gov system.

For an overview of the grant application process, see **Grants.gov, Apply for Grants** webpage.

The FPEP RFA contains the information needed to obtain and complete required application forms and RD-specific attachments.

Assistance Listing Number: 10.383

Funding Opportunity Number: RD-RBS-22-01-FPEP



Application Requirements

1. Forms.

- a) Form SF-424, "Application for Federal Assistance".
- b) Form SF 424-C, "Budget Information- Construction Programs".
- c) Form SF 424-D, "Assurances-Construction Programs".
- d) Form AD-2106, "Form to Assist in Assessment of USDA Compliance with Civil Rights Laws".
- e) Form SF-LLL, "Disclosure of Lobbying Activities," only if your organization lobbied for FPEP.
- 2. Project Narrative. See FPEP Project Narrative Instructions.
- 3. Environmental review.
- **4. Financial viability.** Business plan; 3 years and current balance sheet and income statements; 2 years proforma and projected financial analysis.
- **5. Feasibility study.** Applicants requesting \$5 million or more must provide a recently completed study signed by a **qualified consultant**. See FPEP Feasibility Study guide.
- 6. Source documentation. Resumes for key personnel and operational workforce.
- 7. Applicant certifications. See FPEP Certifications fillable form.
- 8. Design and construction documents.

Submitted Application Qualification

Your application <u>will not</u> be considered for funding if it is:

- Received by Grants.gov after the submission deadline.
- Submitted via any method other than through Grants.gov.
- Submitted to the wrong Funding Opportunity Announcement.
- Not responsive to the requirements of this RFA (e.g., project or applicant eligibility requirements, incomplete application, not providing all documents as required in Section 3.2 of the RFA).
Submission Dates and Time

FPEP provides two application submission windows and two subsequent competitions. Electronic applications must be submitted to Grants.gov by 11:59 p.m. EDT on:

- November 14, 2022, for applicants requesting financial assistance for eligible projects under the program. Priority will be given to projects that increase the availability of fertilizer (nitrogen, or phosphate, or potash) and nutrient alternatives to agricultural producers for use in Crop Years 2023 or 2024; and
- December 29, 2022, for applicants requesting financial assistance for eligible projects under the program, including those with a longer timeline for making additional capacity available.

Eligible applicants that are not selected for an award in the first competition following the **November 14, 2022,** application window are automatically entered into the second competition.

Funding restrictions

Grant funds may not be used for the following:

- Pay costs that only support <u>existing processing capacity</u> for a facility.
- Pay costs that have been or will be reimbursed by a third party.
- Pay costs incurred prior to the date the Financial Assistance Agreement is executed.
- Pay costs associated with conducting research and development or with developing proof of concept.
- Support an application (project) that has a proposed period of performance longer than 60 months.
- Support an application (project) that requests grant funds less than \$1 million.
- Support an application (project) that requests grant funds in excess of \$100 million.

Grants.gov Application Submission

FPEP RFA has step by step instructions:

- 1. How to Register to Apply through Grants.gov;
- 2. How to Submit an FPEP Application via Grants.gov;
- 3. Grants.gov provides applicant support:
 - Training resources including video tutorials
 - 24/7 toll free support line, 1-800-518-4726;
 - <u>Support@grants.gov</u>
- 4. Timely Receipt of Requirements
- 5. Proof of Timely Submission

Receipt Procedures and Requirements

All applications must be received by the application deadline (FPEP RFA, Section 3.4).

Proof of timely submission is automatically recorded by Grants.gov using an electronic date/time stamp generated when the application is successfully received by Grants.gov.

The applicant Authorized Organization Representative (AOR) will then receive an acknowledgement of receipt and a tracking number (GRANTXXXXXXX) from Grants.gov.

When RBCS successfully retrieves the application from Grants.gov, and acknowledges the download of submissions, Grants.gov will electronically acknowledge receipt of the application to the applicant AOR's email address.

FPEP Application Review Information

Application Review Information

- Project Evaluation
 - 1. Financial Viability, Technical Merit, and Readiness (25 points)
 - 2. Market Impact & Opportunities (25 points)
 - 3. Climate Impacts & Sustainability (25 points)
 - 4. Regional Impact & Support (15 points)
 - 5. Personnel (10 points)
 - 6. Administrator Points (10 priority points)
- Review and Selection

1. Financial Viability, Technical Merit and Readiness Up to 25 points awarded



Applicants must describe in the project narrative, Section 3.2.2, the strength of their proposed project and how the project will achieve financial viability, technical feasibility, and readiness, including:

- **a.** Strength of financial projections, listing of assumptions, and the documentation supporting the basis of their assumptions;
- **b.** Demonstrated track record of performance of technologies or systems, expectations of project's ability to support performance, and the documentation supporting such expectations;
- c. Adequacy of risk mitigation strategies to address major risks, e.g., labor risks, access to operating capital risk, loss of markets, legal risks, and management of zoning, environmental, waste, or utility issues;
- **d.** Relative maturity of the project type including milestones completed such as acquisition of real estate, applicable permits, and outreach to local, State, Tribal, and Federal partners;
- e. Financing and capital, both confirmed and preliminary, committed to the project; and
- **f.** Any additional information the applicant wishes to provide that contributes to supporting the technical feasibility, financial viability, and readiness of the project.

Points are awarded on a scale of 0 to 25 points with a maximum of 25 points awarded for this subsection.

2. Market Impact & Opportunities

Up to 25 points awarded



Applications must demonstrate how the project will increase or otherwise expand the manufacturing and processing of fertilizer and nutrient alternatives and their availability in the U.S., increase market choices and competition in the sector, and will be used in connection with the production of agricultural commodities.

For applications submitted in the November 14, 2022, **application window**, priority will be awarded to projects demonstrating readiness and the potential to provide product to agricultural producers in the 2023 or 2024 crop years.





2. Market Impact & Opportunities (continued)

Applicants must address the following criteria:

a. Adequacy, plan and mechanisms for input procurement, including but not limited to the frequency of procurement and duration of any contracts or commitments, and the relation of such contracts or commitments to initial or current operational capacity and to anticipated maximum operational capacity.

b. Projected production capacity for fertilizer and nutrient alternatives to be made available for use in the production of agricultural commodities in crop year 2023, crop year 2024, and crop year 2025. Applicants may share projected capacity for crop years 2026 and beyond, if relevant to the strength of their proposed project.

c. The current and anticipated number of agricultural producers or producer-owned entities involved in or benefitting from the project, as appropriate.

d. **Current or prospective end-user commitments**, including potential or identified markets (regional and national), and the potential amount of output to be sold.

e. Other market concerns to be addressed or opportunities achieved should the project be selected for funding.

Points are awarded on a scale of 0 to 25 points with a maximum of 25 points awarded for this subsection.

3. Climate Impacts & Sustainability

Up to 25 points awarded



Priority will be awarded to applications demonstrating greater benefits and longevity of benefits associated with the project.

RBCS encourages demonstrating environmental justice, equity, or economic opportunity benefits accruing to particularly underserved communities or agricultural producers. Such projects drive benefits to or reduce burden on disadvantaged communities that are marginalized, underserved, and overburdened by pollution.

Points are awarded on a scale of 0 to 25 points with a maximum of 25 points awarded for this subsection.



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4. Regional Impact & Support

Up to 15 points awarded



Applicants should also include information about the scale and scope of any commitments (financial, infrastructure, workforce or otherwise) provided by other federal, Tribal, state, or local governments, either directly or indirectly. The scale and scope of any commitments or contributions from other third parties should also be discussed.

Points are awarded on a scale of 0 to 15 points with a maximum of 15 points awarded for this subsection.



5. Personnel Up to 10 points awarded



Applicants must describe key personnel involved with the project.

Applications will be awarded priority based on how key personnel will contribute to the likelihood of project success, including but not limited to their leadership's qualifications, training, and experience.

Experience of key personnel will be assessed in relation to the scale of the project and the type of the operation.

Additional priority will be awarded to applicants that thoroughly describe in narrative and provide resumes and supporting documentation.

Points are awarded on a scale of 0 to 10 points with a maximum of 10 points awarded for this subsection.

6. Administrator Points

Up to 10 priority points awarded at the discretion of Administrator

RBCS retains the discretion to afford priority to applications that will advance key Administration priorities:

- Assist rural communities recover economically through more and better market opportunities and through improved access to domestically produced fertilizer;
- (2) Ensuring all rural residents have equitable access to RD programs and benefits from RD funded projects; and
- (3) Reduce climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities.

The website, <u>https://www.rd.usda.gov/priority-points</u> has more information on these priorities.

Review and Selection Process

RBCS will review applications to determine if they are **complete and eligible for assistance** based on requirements specified in this RFA and other applicable Federal regulations.

Applications so deemed, will be **evaluated by an independent review panel and afforded a priority score** in accordance with the point allocation specified in FPEP RFA Section 4.1.

Applications will be selected for funding according to rank, beginning with the highest priority score and proceeding until the available funding is exhausted.

Applications that cannot be fully funded may be offered partial funding at the Agency's discretion.

Successful applicants must comply with requirements identified in Section 5. Award Administration Information.

FPEP Award Administration Information

Award Administration Information

- Award Notices
- Unsuccessful Applicants
- Administrative and National Policy Requirements
- Reporting, Accountability and Disbursement

Award Notices

Successful applicants will receive a signed notice of Federal award, containing instructions on requirements necessary to proceed with execution and performance of the award.

Unsuccessful Applicants

Eligible applicants that submitted a complete but unsuccessful application in the first round (on or before **November 14, 2022**, submission deadline) will automatically be entered into the second round of submissions, **December 29, 2022**, deadline.

Unsuccessful applicants in the second round of submissions will be notified in writing and informed of any review and appeal rights in accordance with the National Appeals Division regulation at 7 CFR part 11.

Funding of successfully appealed applications will be limited to available funding.

Administrative and National Policy Requirements

Additional requirements that apply to recipients selected for FPEP can be found in the FPEP RFA and the Grants and Agreements regulations of USDA.

All recipients of Federal financial assistance are required to report information about **first-tier sub-awards and executive compensation**.

The recipient must have the necessary processes and systems in place to **comply** with the Federal Funding Accountability and Transparency Act of 2006.

All grants made under this RFA are **subject to Title VI of the Civil Rights Act of 1964**, USDA regulations at 7 CFR part 15, subpart A, and Section 504 of the Rehabilitation Act of 1973.

How to Apply

How do I apply?

Check the Request for Applications (RFA) posted **September 30, 2022**, at <u>https://www.grants.gov/</u>.

Assistance Listing Number: 10.383 Funding Opportunity Number: RD-RBS-22-01-FPEP

Go to the FPEP Website

https://www.rd.usda.gov/programs-services/businessprograms/fertilizer-production-expansion-program

Click on the **To Apply** tab.

SAM Registration



Each applicant applying for FPEP grant funds must:

- (i) Register in the System for Award Management (SAM) before submitting an application;
- (ii) Provide a valid unique entity identifier in the application;
- (iii) Complete the Financial Assistance General Certifications and Representations in SAM; and
- (iv) Continue to maintain an active SAM registration with current information at all times while the Agency is considering an application or while a Federal grant award or loan is active

Electronic Application and Submission

Application materials and submission information are available at <u>www.Grants.gov</u>; and

- <u>https://www.rd.usda.gov/programs-services/business-programs/fertilizer-production-expansion-program</u>
 <u>Click -- To Apply tab</u>
- > Applications must be submitted electronically to <u>www.Grants.gov</u>

> No other form of application submission will be accepted.

FPEP Application Timeline



Instant FPEP Poll *Query #2*

I intend to submit an FPEP application into the **November 14, 2022**, Window.

Yes, I agree.No, I do not agree.

I intend to submit an FPEP application into the **December 29, 2022**, Window.

Yes, I agree.No, I do not agree.

Instant FPEP Poll *Query #3*

I intend to submit an FPEP application into the **November 14, 2022**, Window **AND** I will request **less than \$5 million** in grant funds for my FPEP project.

Yes, I agree.No, I do not agree.

I intend to submit an FPEP application into the November 14, 2022, Window AND I will request \$5 million or more in grant funds for my FPEP project.

□ Yes, I agree.

□ No, I do not agree.

Questions

Scott Tony Jimmy

Wrap-Up

What's next?

First Application Deadline, 11:59 pm ET, November 14, 2022;

- With your permission, we will send a follow up email in late October to those with first window submission intentions.
- We want to get ahead of the holiday rush and make sure we have enough reviewers and processing staff on hand.
- We also want to alert our State Energy Coordinators to the possibility of any expedited NEPA review requirements.

Second Application Deadline, 11:59 pm ET, **December 29, 2022.**

> FPEP Application Window Closes, 11:59 pm ET, December 29, 2022.

What's next? Application Processing -- First Window Applicants

First Application Window: November/December 2022

- Agency Review for Completeness and Eligibility
- Merit Review Panel Evaluation and Competition
- Selection; Written Communication to First Window Participants
- Public Announcement of Awards/Obligation
- Financial Assistance Agreements Execution
- Project Executions

What's next? Application Processing -- Second Window Applicants

Second Application Window: March/April 2023

- Agency Review for Completeness and Eligibility
- Merit Review Panel Evaluation and Competition
- Selection; Written Communication to All Second Window Participants
- Public Announcement of Awards/Obligation
- Financial Assistance Agreements Execution
- Project Executions

FPEP Website and Information

Application materials, the FPEP Request for Applications and additional program information is available:

www.grants.gov;

Assistance Listing Number: 10.383

Funding Opportunity Number: RD-RBS-22-01-FPEP

https://www.rd.usda.gov/programs-services/businessprograms/fertilizer-production-expansion-program

FPEP Contacts

FPEP Contact:

Anthony Crooks, <u>fpep@usda.gov</u>.

• State Energy Coordinators:

https://www.rd.usda.gov/sites/default/files/RBS_StateEnergyCoordinators.pdf.

Thank you!



USDA is an equal opportunity provider, employer, and lender.