

Kansas Cooperative Developer

A Publication of the Kansas Cooperative Development Center (KCDC)

Volume I Issue 6

The monthly Kansas Cooperative Developer focuses on the businesses awarded grants through the IAG program and the business and technical assistance provided by the KCDC to these recipients.

USDA Announces Value-Added Producer Grants

USDA recently announced the availability of \$13.2 million in grants to support the development of value-added agricultural business ventures. The Value-Added Producer Grant (VAPG) program was first authorized by the Agriculture Risk Protection Act of 2000 and amended by the 2002 Farm Bill. Grants may be used for planning activities and working capital for marketing value-added agricultural products. Eligible applicants are independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures. The maximum amount that can be awarded is \$500,000 and all VAPG funds must be matched by equal amount of funds from the applicant. Applications must be completed and received by July 30, 2004. Awards will be made on a competitive basis.

To read the announcement from the Federal Register, [click here](#).

Kansas State University's Value-Added Business Development Program (K-State VABDP) and the KCDC developed templates to help those interested in applying for the VAPG. Instructions for the templates along the templates are located at: <http://www.agmanager.info/agribus/busdev/assess/default.asp>

The following Kansas businesses have been awarded VAPGs in the first three years of the program.

2003 (\$873,533 total)

- Ethanol Grain Processors (\$17,500)
- Beef Marketing Group (\$37,500)
- Farmer Direct Foods, Inc. (\$349,033)
- Rainbow Organic Farms Company (\$144,500)
- Heartland Mill, Inc. (\$150,000)
- National Corn Growers (\$175,000)

2002 (\$2,052,105 total)

- 21st Century Grain Processing (\$500,000)
- Padonia Grain Farmers, Inc. (\$50,750)
- Cooperative Agricultural Services, Inc. (\$500,000)
- Jewell County Sunflower Process. (\$41,000)
- Western Plains Energy, LLC (\$290,615)
- American White Wheat Producers (\$218,710)
- East Kansas Agri-Energy (\$450,000)

2001 (\$511,000 total)

- Cooperative Agricultural Services, Inc. (\$11,000)
- Valley Vegetables Cooperative (\$500,000)

For additional information about the VAPG contact

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Nicodemus Flour Cooperative

One of the groups KCDC has worked with is the Nicodemus Flour Cooperative (NFC). NFC has received two Initial Assistance Grants for \$5,000 each. The first was awarded in February 2000 to establish a value-added cooperative to market flour produced by Nicodemus wheat producers. The second IAG was to examine an opportunity to supply food-grade cleaned grain to a well known agribusiness food processor.

Listen to Edgar Hicks, a grain marketing consultant and spokesman for the NFC, describe the assistance provided by KCDC. “In a recent discussion with the founders of the Nicodemus Flour Cooperative, it was noted that the most significant document that the NFC should archive is the February 18, 2000 letter from David Coltrain at the KCDC advising that we received an IAG.”

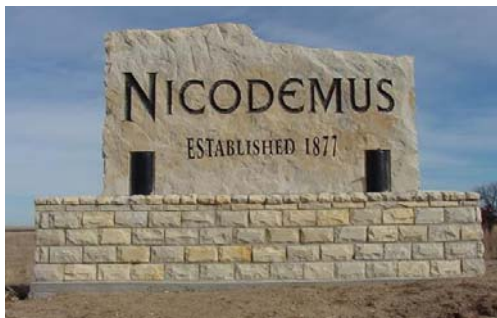
Hicks continued, “The reason given for this is that until that occasion, there was internal doubt among area farmers that we had anything marketable that we could sustain a business on involving wheat. Entwined with the recent drought, the Nicodemus community has been living a perishable existence around growing a commodity for the wholesale market. The acknowledgement received via a financial infusion ignited members to start thinking about the value that

our unique history may have as it relates to consumerism.”

Yes, Nicodemus does have an unique history. It was settled in 1877 by former slaves or “Exodusters” looking for the “Promised Land of Kansas.” Nicodemus was designated a National Historic Landmark in 1975 to preserve and protect the only remaining western town established by African Americans during the Reconstruction Period.

Interestingly, in 1886 the Nicodemus weekly newspaper, *Western Cyclone*, had an ad “Looking for a good flour mill.” So the idea for establishing a flour mill has been tossed around for over 100 years. Finally, in 2000, the Nicodemus Flour Cooperative was formed and began producing and marketing “Promised Land Flour.” Currently NFC uses a small portable mill to produce flour. The greatest demand for flour is during the yearly *Homecoming* held the last weekend of July.

NFC hopes to expand its business profitability and has looked at other ideas and ventures. One project looked at the potential of building a \$2 million dollar facility to provide food-grade cleaned grain to a major food supplier. With KCDC guidance, NFC realized the venture as proposed was not feasible. KCDC continues to assist NFC as they explore business opportunities.



“In a recent discussion with the founders of the Nicodemus Flour Cooperative, it was noted that the most significant document that the NFC should archive is the February 18, 2000 letter from David Coltrain at the KCDC advising that we received an IAG,” stated Edgar Hicks, spokesman for the NFC.

Hicks also noted, “In those formative days the KCDC came to Nicodemus numerous times to provide guidance to our members in formulating business strategy. Most significant was the assistance provided in making presentations to area government officials on the economic impact that a project involving a major food company would have in the community. At present, the food project has not been brought to fruition. The KCDC helped us to be realistic in viewing our dream. We realized that currently we don’t have enough business volume to maintain a profitable business. However, we are better equipped to look at and analyze our future business opportunities as a result of KCDC’s advice and support.”

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Upcoming Events

- June 3, KCDC Consortium, Topeka (Contact: David Coltrain, 785-532-1523)
- June 16 (Dodge City), June 17 (Manhattan) USDA Value Added Producer Grants Seminars (Contact: Larry Carnahan, 620-784-5900)
- June 17-18, National Value-Added Agriculture Conference, Peoria, Illinois (Contact: Greg Lawless, 608-265-2903)
- August 19-20, Risk & Profit Conference, Manhattan (Contact: Deborah Goins, 785-532-1504)
- November 3-4, Fields of Green: Building Agritourism So They Will Come, Great Bend (Contact: KDOC, 785-368-7260)

Ethanol Corner

Several ethanol processing plants and allied businesses announced the formation of a new association, Kansas Association of Ethanol Processors (KAEP). The objectives of KAEP include:

- Promoting policies and programs to federal, state and local governments which support and encourage development and use of ethanol.
- Serve as a resource for providing accurate ethanol information to the media and others.
- Raise the awareness of the viability of ethanol and other renewable fuels as part of the domestic fuel supply.

For more information about KAEP, call 785-234-0461.

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The overall goal of the Kansas Cooperative Development Center is to improve the earnings and economic conditions of agricultural producers and other rural residents. The strategy is to encourage and to assist cooperative business development focused on value-added marketing and processing of agricultural products. The KCDC is managed by the Arthur Capper Cooperative Center (ACCC) in Kansas State University's Department of Agricultural Economics with the cooperation and assistance of two primary partners, the Kansas Department of Commerce Agriculture Products Development Division, and the cooperative development program of the Kansas USDA/Rural Development office. The KCDC is funded by a grant from USDA and matching fund support from KSU and KDOC.

Our Web address

**[http://
www.agecon.ksu.edu/
accc/kcdc/Default.htm](http://www.agecon.ksu.edu/accc/kcdc/Default.htm)**

Kansas Cooperative Development Consortium

The Kansas Cooperative Development Consortium meets regularly during the year and is a public-private partnership. This portion of the newsletter focuses on consortium members. If you are interested in joining the consortium, please contact David Coltrain.

The consortium includes members from some of the commodity organizations in the state, such as the Kansas Corn Growers Association (KCGA). The KCGA represents Kansas corn producers on a variety of issues that concern their members, especially in the promotion and market development of ethanol and other value added products made from corn. KCGA works with the Kansas Corn Commission to promote Kansas corn and provide education programming to both urban and rural audiences. Did you know over 3500 products used by Americans everyday contain corn or corn products? In fact, each day every American averages using three pounds of corn. For more information about the KCGA, contact Robert White, Director of Value Added Programs at 785-448-6922.

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Dennis	Blick	CoBank
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Robert	White	Kansas Corn Growers Assn.
Chris	Williams	21st Century Alliance
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