

Alliance for Maine's Marine Economy¹
Capital Grants Program
2017 Request for Proposals

Introduction:

MTI is a publicly-financed, private, nonprofit organization created by the Maine Legislature in 1999 to stimulate research and development activity leading to the commercialization of new products, processes and services in the state's seven targeted technology sectors. MTI programs are either loans, equity investments, or grants designed to enhance the competitive position of those sectors and increase the likelihood that one or more of these sectors will support clusters of industrial activity and create quality jobs across Maine.

The Alliance for Maine's Marine Economy, in partnership with MTI, is responsible for coordinating a Capital Grants Program to assist traditional fisheries, aquaculture and other seafood-related businesses to grow, become profitable, and create jobs by providing up to 50% of the costs of capital equipment related projects and/or to advance the standards and practices in these marine industries. Capital grants will be awarded on a competitive basis to sustain and advance Maine's marine economy² through business expansion and new product development.

The Capital Grants program is designed to integrate with the many other funding sources available in Maine so that complete projects leverage many of the currently available programs that may not directly fund capital and equipment. The program is a complementary strategy to the other granting programs of MTI, Maine Sea Grant and the Maine Aquaculture Innovation Center. The program is a part of a larger strategy proposed by the Alliance and approved by the State of Maine through the Marine Economy and Jobs Bond approved by voters in November 2014. Because funds available

¹ The Alliance for Maine's Marine Economy is a network of companies, organizations and individuals dedicated to the growth of a vibrant marine economy for Maine. The Alliance envisions a Maine where communities are resilient to broader environmental and economic forces, and empowered by the local innovation opportunities enabled by collective and coordinated actions. *The mission is to ensure that Maine seafood, fishing and aquaculture industries and the natural and innovation ecosystems on which they depend are healthy and benefit Maine people.*

² For the purposes of the Maine Marine Economy Jobs Bond, which provides the funding for this program, "Marine Economy" is limited to seafood or seafood-related sectors including aquaculture, ground-fishing, seaweed or algae, lobster, and other shellfish harvesting and related supply and value-chain supports including processing and value-added product development.

are publicly-approved bond monies, the expectation is that program results will be of benefit not just to the individual award recipient but also the marine, and by extension, the Maine economy.

Program Impact Goals: The Capital Grants program will make awards over several funding cycles totaling \$1.925 million with the goal to create ~250 full and part-time jobs and enable 10-15 company startups and 6-10 company expansions.

Eligible Applicants:

MTI is soliciting grant proposals from all participants in the Maine marine economy: firms, municipalities (including shellfish committees), private, public and non-profit entities, or collaborations of any of these who need capital investments to conduct innovative business development projects in Maine's marine economy (see definition in RFP footnote 2).

Program Priorities:

- Innovation and New Product Development
- Enhanced Business Growth and Commercialization Capacity
- Research for Sustainability

Special consideration will be given to projects that aim to commercialize or add value to underutilized and/or under-valued species; projects that are collaborative and/or regionally-based with appropriate management strategies; and projects from economically distressed, marine resource dependent areas of the State.³

The following shorter-term industry priorities have also been identified:

Aquaculture

Expansion, new products, processing and innovations in finfish, shellfish or algae aquaculture, including land-based aquaculture

Commercial Fisheries

Improved commercial fisheries handling processes and techniques throughout the supply chain

Seafood

Seafood transportation, traceability, logistics and efficiencies

Seafood processing technology

³“Economically distressed communities” as defined by 2016 data in the categories of percent of population below the Poverty Level, Unemployment Rate, and Percent Change in Population are Androscoggin, Aroostook, Franklin, Kennebec, Oxford, Penobscot, Piscataquis, Somerset, Waldo, and Washington counties. “Marine resource dependent areas”, as defined by counties where the largest number of commercial harvester licenses are held, are Washington and Hancock counties.

Value-add seafood products
Commercializing or adding value to underutilized or under-valued species

Grant Amounts: Grant requests may range from \$25,000 to \$500,000. We anticipate making between 10-15 awards of a mix of budget sizes to companies and organizations of a mix of sizes and at a variety of levels of company maturity.

Matching/Cost-Sharing Requirement: A minimum of 1:1 match is required for requests under \$100K. Requests above \$100K require a minimum of 2:1 match. Expenses directly attributable to the proposed project may be counted as matching funds. Matching funds may be used to fund project activities as well as a portion of the capital expenditures enabled by the award (i.e. the matching funds do not have to be for capital expenditures, but can be for other expenses related to the project). Matching funds must be cash. The time of employees of award recipients and collaborative partners is considered cash but the proposed cash match must be consistent with the underlying salary and obligations. In collaborative applications, the amount and quality of matching funds contributed by project partners will be one indication of support for the collaboration.

Matching funds do not have to be in hand at the time of application, but likely sources must be identified in the application. Likewise, funds in hand, but unspent at the time of application submission, may be used as matching funds if subsequently used for a project-related purpose as per the approved project budget. Award recipients will have six months from time of award approval to secure and document all sources of matching funds. Further definitions of eligible match are outlined in appendix two.

Qualifying Purchases: Applicants may apply for grants for capital improvements and/or purchase capital equipment that will advance their business, enterprise, or industry. These expenses can include facilities construction and renovation, machinery and equipment (including computers, software and licenses required for their use as well as related technician training for operation of equipment or machinery purchased) and land purchases. This can also include one-time expenses directly associated with the acquisition and installation of such assets. The awards cannot be used to fund ordinary annual operating expenses, including personnel or indirect/overhead costs.

Some examples (provided to illustrate different types of allowable purchases) could include but are not limited to any of the following: value-added processing equipment; equipment to reduce manual labor, prolong shelf life, or improve at sea handling practices; marine hybrid engines or fuel

efficiency upgrades for vehicles, vessels or equipment; equipment for shellfish and sea vegetable aquaculture, drying, blanching, cutting and freezing facilities; equipment to increase the availability and seasonality of Maine seafood and value added seafood products; technologies to handle and process underutilized species. Capital expenditures are defined as items with a useful longevity of at least one year.

Economic Impact Measurement: The most highly valued impact for any proposed project is high quality jobs created, sustained or extended within Maine's Marine Economy. Documenting these impacts for multiple beneficiaries, with regional benefits to multiple parts of the coast, and/or particularly in economically disadvantaged, marine resource-dependent communities will be given added weight during evaluation of a proposed project.

Proposed projects may demonstrate economic impact through documentation of:

- Jobs created or retained within the recipient company or organization
- Jobs created or retained within the recipient company or organization's cluster, community or supply chain vendors
- Seasonal jobs extended within the company or community
- Increase in profitability of recipient company
- Decreased cost of doing business
- Spin off business opportunities

Review Process: MTT's conflict of interest and confidentiality policies will be adhered to throughout the application submission and review process (see MTT website for these policies at mainetechnology.org) All complete applications will be reviewed by a committee of industry professionals using the evaluation criteria and point system outlined below on page 7. The review committee may request applicants to participate in an interview if the dollar amount requested or the complexity of the project warrants an in-person discussion.

The review committee will make a funding recommendation to the MTT Board of Directors. Upon review of all recommended applications, the MTT Board will consider projects on a competitive basis and based on the availability of funds. Once award decisions are made by the MTT Board, all successful applicants, as well as unsuccessful applicants, will be formally notified by MTT.

Grant notification will occur in November and December 2017, depending on the need for an interview.

Proposal submission: All applicants should submit their proposal via MTT's online application submission portal using this link: [Marine Capital Grants Program Application Portal](#) **Please do not upload your proposal until it is a final version of the proposal.**

Format of Proposals: Proposals should provide the following information in the following format; please mark any sections of the applications that should remain confidential. Items 2-7 should be uploaded as one PDF document.

1. **Company and Project Information in lieu of a Title page: Complete information provided on MTT's online application submission portal.** Information you will be asked to provide includes: General Business Information – Legal name, tax ID, address, phone, web, type and stage of business; Primary Contact Information – address, email; type of business; Project Title and 100 Word Non-Confidential Project Description suitable to share with the public, requested amount and anyone from whom you wish the proposal to be withheld.

2. **Project narrative** not to exceed ten pages (8.5" x 11") in length (Times font size not smaller than 12 point, minimum 1" margins, single-sided) – page count does not include Bios or CVs, letters of support, budget and budget justification documents, or organizational financials -describing the project using the following headings:

Why - justify the problem or issue addressed by the proposed project. (Citation references do not count towards the ten page limit.) How will results benefit the applicant and Maine's marine industries in the near term? Describe the "bottleneck" issue the funding will address and what will be purchased with the grant funding. Discuss how the project compares with what others in the State are doing and why this use of public resources will not compete with the growth of existing entities.

What - state the objectives of the project, the end users and beneficiaries of the project and indicate what measurable economic impacts will result from the project. Describe what is innovative about this project or approach to solving the problem or issue. How will the capital purchases result in the desired economic outcomes?

Where - describe where the project will be undertaken and the facilities needed to accomplish the tasks.

Who - describe who will be involved in the project and each the responsibilities of key personnel. (Resumes, CVs or Bios of key personnel can be included as attachments, so do not need to be detailed here)

How - this section is the Scope of Work for the project for which funds are requested. Describe specifically how the project will be carried out in order to achieve the objectives defined above. How will the impact of the project be measured, both in terms of the performance of capital investment (for example, for a fuel-saving device, how will you measure the amount of fuel saved) and the economic impact? How will results be shared to maximize the long-term benefit to the state?

When - indicate desired starting and completion dates for the proposed project, and the anticipated timeline for economic impacts of the capital investment. Provide a clear time line for implementation and completion of objectives. Applicants may begin to incur costs and track matching funds as of the date of application submission with the understanding that they do so at their own risk in the event they are not awarded Capital Grant funding.

3. **Budget and budget justification.** The budget must show matching funds proposed using the attached budget form (see Appendix 1 for Budget Form instructions). In judging proposals, the “quality” of matching resources will be considered. Match must be cash. Match can be in the form of any source such as federal grants, foundation grants, equity investment, bank loans, internally generated funds, or private capital reserve. Other State funding sources may be used for up to 50% of match, if also allowed by the policies of the funding agency. A minimum of 1:1 match is required for requests under \$100,000. A minimum of 2:1 match is required for requests above \$100,000. The budget justification narrative needs to provide significant detail and a convincing reason for each expenditure requested (does not count towards the ten page limit). (see Appendix 2 for further definitions of acceptable matching documentation).
4. **Single page *curriculum vitae, resume or bio*** for each Principal Investigator or Project Manager and crucial project participants.
5. **Letters of project endorsement** from members of the Maine marine industries.
6. **Letters of match commitment or intent** should be provided from either committed or identified potential sources. Applicants do not have to have match in hand at the time of application, but have six months from award notification to secure match and execute an award contract with MTL.

7. **Financial statements and projections** – Please attach the most recently completed year’s financials, including income statement (P&L) and balance sheet; current year-to-date financials; and projected annual financials for the period of the proposed project. Businesses illustrating positive cash flow (resulting from the project) will receive priority.

Proposal Evaluation Criteria

Successful applicants will be those best able to demonstrate that a Capital Grants Program award will permit them to leverage matching resources; and that their projects will ultimately (a) save existing jobs, and/or (b) result in new employment opportunities for Maine citizens, (c) result in new products, processes, or services; (d) reduce industry operating costs thereby increasing enterprise profitability; (e) increase industry productivity.

Proposals will be judged as follows (100 points with potential 5 bonus points):

1. Anticipated economic impact (using impact measures provided on page 3): economic impact should be commensurate with project budget size, with the expectation that the larger the budget request, the larger the economic impact. Additional weight will be given to projects from economically distressed, marine resource-dependent areas (up to an additional 5 points) (30-35 points)
2. Project addresses one of the industry-identified criteria prioritized in RFP and has broader applicability to industry-identified needs, shows evidence of support from industry, and/or represents a collaborative approach by multiple entities (10 points)
3. Project’s rationale, objectives, methodology and technical approach to innovation; Project has built in technology evaluation to enable wide-spread industry adoption of innovation if successful (25 points)
4. Qualifications of participating team and availability of resources to complete project and meet economic impact goals (25 points)
5. Quality of the proposed budget and matching contributions (10 points)

Questions prior to applying: All applicants may submit questions in writing about the program up until 5:00 PM on May 12, 2017. Substantive questions and answers will be posted on MTT’s website on a rolling basis. Applicants are not required to submit questions, but all questions should be submitted in writing so all applicants have access to the same questions and answers. All FAQs and responses will be posted by May 13, 2017. MTT reserves the right to edit questions to provide brevity, clarity, and to cover the same general question from several potential applicants.

Prescreening letter of intent opportunity: Any applicant may submit a 2-page letter of intent via email to Martha Bentley at mbentley@mainetechnology.org by 5:00 PM on June 9, 2017 to gauge appropriateness of project for this funding opportunity.

The letter of intent to apply should provide:

Project Title
Duration of the project
Background
Rationale
Objectives
Methodology
Estimated budget amount:
Use of Bond Funds:

MTI, in consultation with the Alliance, will provide feedback for each letter of intent submitted, either encouraging or discouraging a full proposal within two weeks of letter of intent submission deadline. Regardless of the recommendation, applicants may still choose to apply for funding. Applicants are not required to submit a prescreening inquiry.

Grant deadline: September 15, 2017. If funds remain or if more funds are identified after the initial round of funding an additional deadline will be announced. Approximately \$1.925M is currently available for projects under this program.

Post-Award:

MTI will negotiate an award contract with each award recipient based on a consistent contract template. Grant funds will be disbursed to award recipients in installments in accord with mutually agreed upon project milestones. Because the program distributes State funds, the award contract makes provisions for repayment or reimbursement should bond-purchased equipment be sold or moved out of state.

Award recipients must document and share experiences with the purchased technology to facilitate rapid adoption of successful technologies across the State.

Award recipients are expected to work with members of the Alliance to measure the impacts of the project and make that knowledge available to the rest of the industry as outlined on page 3 of this RFP.

Appendix 1: Instructions Specific to the Budget Form

Budget Form available as an excel spreadsheet on MTI website

A. Proposal Title - Enter the proposal title

The total budget must be broken out into the following categories: Land, Facilities, Equipment, Shared Infrastructure, Personnel, Consultants (asset-related and non-asset-related), Other Direct Costs, and Overhead. The Budget Form provides a line item, or row for each category. Applicants should add sub-line item rows to provide appropriate detail as needed.

B. COLUMNS: Columns reflect income sources, including the Capital Grants Program, for the project.

Capital Grants Program (CGP) Column - Only Land, Facilities, Equipment, Shared Infrastructure or Consultants (if directly associated with capital project) categories should be used within the CGP column. Personnel, Other Direct Costs and Overhead should not be included within the CGP column, but can be counted as match.

Fund Source Columns– Each Fund Source Column should provide information about the matching contribution of that organization or institution.

C.LINE ITEMS (Rows): Rows reflect projected expenditures. Please do not list an income/revenue source as a line item.

Personnel Costs - Record the name and titles of individuals involved. Distribute the cost of their time to the appropriate Fund Source. The team personnel section of the application should indicate the role each individual will play in the project.

Record the cost of “Benefits” as an aggregate total for all personnel for each column.

Land - Enter the total cost of land.

Facilities, or Facility Improvement – Enter the total cost of capital facilities or facilities improvement. All costs associated with the facility or improvement should be incorporated into this line item.

Equipment Costs - Enter the total cost of equipment, including associated set-up costs, including delivery, insurance, warranties, etc.

Shared Infrastructure – Enter the total cost of shared infrastructure. Shared Infrastructure is defined as infrastructure that may be shared among collaborating institutions, such as fiber optics, shared space, etc.

Consultant Costs - Enter the total cost of consultants. Please break out consultant costs by Asset-related (allowable CGP expense) and non-Asset-related (allowable matching expense, but unallowable CGP expense).

Other Direct Costs - Enter the total of other costs directly related to the proposed project. This includes supplies and raw materials.

Overhead - Enter the total overhead allocated to the project. Make sure that costs detailed elsewhere, such as supplies and other direct costs, are not also counted in the overhead rate. Allowable overhead is limited to **no more than 20% of total project cost** and may be counted as matching funds only. **CGP funds cannot be used for overhead expenses.**

Appendix 2: Matching Requirements and Details

Funds counted as matching funds should relate directly to the proposed project. Applicants should not use grants for other non-related projects as matching funds. Matching funds do not have to be spent concurrently with awarded funds, but must be verified as spent by the end of the agreed upon award period.

Applicants should use the following matching funds requirements to govern the identification and use for Project expenditures.

1. The requirement of matching funds may be satisfied by the following:
 - A. Matching Funds are defined as monetary expenses for allowable costs; (1) incurred by the award recipient as an integral part the activities described in the application, as amended, during the term of this Project; (2) charged to accounts of the award recipient other than accounts funded from the CGP award, and (3) documented within the financial books of the Award recipient. This includes monetary resources contributed directly to the Award recipient or to a parent organization by a third party for support of the Award recipient and used in furtherance of the Project.
2. General Conditions and Restrictions:
 - A. Commitments of financial support included as part of the Project's Matching Funds must occur after the date of application submission.
 - B. Qualifying expenses relating to the proposed project may be incurred any time after the application submission. Pre-award expenditures are made at the applicant's risk. It is possible that portions or the entire project may not be funded.
 - C. Other forms of Matching Funds support not described within this appendix may qualify as Matching Funds. All financial support not described within this appendix must have prior MTI approval. The Award recipient must submit a request for approval of other forms of Matching Funds and receive approval from MTI prior to reporting the contribution into the Project as Matching Funds. Acceptance of such Matching Funds not described within this appendix is at the discretion of MTI and will be determined on a case-by-case basis. MTI reserves the right to

alter these guidelines at any time. Changes to the Matching Fund Guidelines will be effective upon notice to the Award recipient.

D. Standards for third party Matching Fund contributions:

- 1.) Third party Matching Fund contributions count towards satisfying a Matching Fund Requirement only when the party providing the contribution has paid for the contribution and when such payment is an Allowable Cost.
- 2.) Valuation of third party matching fund contributions:
 - a.) Donated supplies or materials are supplies or materials donated to the Project by a third party. The contribution will be valued at the market value of the supplies or materials at the time of donation.
 - b.) Donated use of equipment or space occurs when a third party donates the use of equipment or space in furtherance of the Project. The contribution will be valued at the fair rental rate of the equipment or space.
 - c.) Donated equipment, buildings, and/or land are real and personal property donated by a third party in furtherance of the Project, where title passes to the Award recipient. The contribution will be valued using the fair market value of the property at the time of donation.

E. Documentation of Matching Funds must include the company or institution name, address, the value of the Matching Funds, and the method of valuation. The Award recipient is to retain a letter of commitment or agreement signed by an authorized official of the contributing member and by the Award recipient.

F. The Award recipient must maintain documentation sufficient to verify all reported Matching Funds. This documentation must show how the value of costs and contributions were calculated.

- 1.) Fair market rentals for use of equipment or space or fair market values of donated equipment, space, or land will be supported by price quotations from one or more vendors or by appraisals performed by an independent appraiser.

G. Certification of Matching Funds:

- 1.) The method and frequency of reporting Cash Matching Funds will be specified in the Award Agreement.
- 2.) An itemized listing of eligible Matching Funds attributed to the Project during the Award Period is to be included in the Matching Funds reporting, as specified in the Award Agreement.