

Empire State Development

Craft Beverage Micro Grant Program

Funding Available: Up to \$5 Million

Description:

Empire State Development (“ESD”) has up to \$5 million of funding available for the State’s Craft Beverage Micro Grant Program (the “Program”). The Program will increase the production capacity, business infrastructure and profitability of businesses licensed to produce wine, beer, spirits, hard cider and mead by providing matching funds for equipment purchases and facility upgrades. The Craft Beverage Micro Grant program and each funded proposal will work to support the Regional Economic Development Councils’ long term strategic plans for economic growth in their regions.

The Program’s intent is to induce equipment investment, upgrade and/or to increase production capacity; to induce investment in facilities upgrades that will enhance the customer experience and make craft beverage tasting rooms more comfortable and profitable.

Funding will be awarded by the New York State Urban Development Corporation (d/b/a Empire State Development) at its discretion.

Eligible Entities:

- Businesses licensed by the New York State Liquor Authority to manufacture beverage alcohol in the State of New York;
 - Businesses that hold one or more of the following licenses issued by the NYS Liquor Authority:
 - DW 301 Winery, FW 302 Farm Winery, MW 307 Micro Farm Winery; D 101 Brewer, MI 101 Micro Brewery, FD 106 Farm Brewery, MR 210 Restaurant Brewer; DA 201 Distiller Class A, DA 206 Distiller Class A-1, DB 202 Distiller Class B, DB 205 Distiller Class B-1, DC 204 Distiller Class C, DD 207 Farm Distiller Class D; CD 304 Cider Producer, CF 309 Farm Cidery; MD 312 Mead Producer, FY 313 Farm Meadery.

Ineligible Entities:

- Any business that does not hold at least one of the above craft beverage manufacturing licenses issued by NYS Liquor Authority.

Funding availability:

- A total of \$5,000,000 will be made available;
- The Minimum award is \$25,000;
- The Maximum award is \$50,000; and
- A business or businesses with the same ownership and/or multiple locations, and/or holding one or more manufacturing licenses at multiple locations can only receive one (1) Craft Beverage Micro Grant every three (3) years.
- Projects that have a total project cost of \$250,000 or more and/or will create 5 or more manufacturing jobs should consider other funding opportunities available through the CFA.

Matching Equity Requirement:

The Program grant is a 50/50 matching grant. For example, a \$100,000 investment could receive up to a \$50,000 matching grant from ESD.

The Applicant will be required to contribute ten percent (10%) of the total project cost in the form of equity. Equity is defined as cash injected into the project by the Applicant or by investors and should be auditable through Applicant's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source. In-Kind donations will not be considered an acceptable form of equity.

Application Process:

- Applications must be submitted during designated open application periods throughout the year; and
- Applicants must complete and submit a Consolidated Funding Application (CFA; available at <https://apps.cio.ny.gov/apps/cfa/>) for review by ESD; and
- Eligible Applicants must provide evidence, acceptable to New York State that the Eligible Applicant is operational and meets the Program requirements; and
- As part of the application each business shall provide sufficient documentation in a manner prescribed by Empire State Development ("ESD") to demonstrate Program qualification, and mitigate fraud, waste, and abuse. Only one grant per business EIN is allowed; and
- Due to a limited amount of funding and the high volume of requests expected, business type, geography and industry may factor into ability to receive a grant.

Eligible Projects:

Projects must be a new equipment purchase, a new infrastructure and/or facilities expansion and/or upgrade, or be a clear expansion of existing equipment and/or a facilities upgrade. Projects must take place at a licensed location where production occurs. Licensed/permitted locations that do not have any production taking place on premise will not be eligible for funding.

Eligible Costs for ESD Funds:

Eligible costs must be directly related to an eligible project and must include at least one of the following:

- Equipment used in the production and packaging of craft beverages and craft beverage products
 - Priority will be given to equipment that increases production capacity and/or production efficiency, quality efficiency, and/or quality control; or
- Infrastructure and facilities upgrades, including but not limited to: or
 - Expanding of production, bottling, aging, cleaning and packaging areas;
 - Creation or expansion of tasting room and seating areas;
 - Kitchen facilities and equipment; or
- Compliance with Americans with Disabilities Act accessibility requirements; or
- Energy efficiency upgrades; or
- Structural components of licensed facilities; or
- Other costs / expenditures deemed eligible by ESD.

Ineligible Costs for ESD Funds:

- Overhead and indirect costs associated with the day to day operation of the eligible entity, including but not limited to:
 - Salaries and wages (except as noted above, any project related salaries and wages are eligible);
 - Fringe benefits;

- Rent/lease costs;
- Website maintenance;
- App maintenance;
- Communication;
- Marketing or advertising media costs;
- Events;
- Travel costs;
- Food and/or alcohol;
- Raw materials used in production process;
- Barrels, kegs, bottles, cans, cardboard, etc.;
- Televisions, games or gaming systems, aesthetic décor;
- Sales and/or excise taxes;
- Property, building or land acquisition;
- Costs associated with completing an application;
- Costs incurred prior to the submission and award of a grant, actual or anticipated; and
- Other costs / expenditures deemed ineligible by ESD.

Eligible Matching Equity Funds:

Eligible match must be directly related to an eligible project.

- Cash Equity;
- Purchase of Materials and/or Equipment for the eligible project.

Ineligible Matching Equity Funds:

- New York State funds;
- Cash or in-kind salary, wages, or services expended prior to the award of a project;
- Ongoing or current operation costs; and
- Any funds not directly related to the eligible project.

Selection Criteria:

Funding will be awarded to eligible entities meeting the required eligibility criteria evaluated against the criteria below. ESD shall have discretion to consider additional factors in determining the relative merits of projects.

Vision and Regional Economic Development Strategies:

- The overall economic impact that the project identified in the application will have on a region, including, but not limited to, the amount of capital investment and the level of increased economic activity from the proposed capital investment;
- The economic and community benefit to the viability of the area in which the project is located in; and
- Projects that create and/or retain any direct or indirect jobs will be looked upon favorably.

Craft Beverage Industry & Agritourism Impact:

- How the project aligns with the programs' intent to increase the production capacity, business infrastructure and success of the businesses licensed to produce wine, beer, spirits, hard cider and mead;
- How the project benefits the statewide craft beverage industry;

- Agritourism benefits resulting from the project;
- All expected results and benefits from the project occurring.

Public/Stakeholders:

- Whether the project will have a significant regional impact or is likely to increase the subject community's economic and social viability and vitality;
- The degree of economic distress in the area where the Applicant will locate the project identified in its application, including downtown revitalization and brownfield areas; and
- Whether the project has demonstrated support from local government and private sector leaders in the locality and the region where the project will be located.

Implementation:

- The degree of project readiness and likelihood of completion;
- The capacity of the applicant to be able to complete the project; and
- The degree of the Applicant's financial viability and strength of financials/operating history/ESD credit score.

Leveraged Resources:

- The amount of private financing leveraged; and
- The amount of public financing leveraged.

Performance Measures:

- The estimated return on investment that the project identified in the application will provide to New York State;
- Direct and ancillary benefits that will result from the project occurring;
- For downtown areas, whether or not the project concerns the preservation of the architectural character of a building or neighborhood;
- For new equipment purchases, how clean, sustainable, and efficient the new equipment is to support the reduction of greenhouse gas emissions;
- The degree to which the project supports the principals of smart growth, energy-efficiency , and sustainable development; and
- The degree to which the project identified in the application supports New York State minority- and women-owned business enterprises.

Successful Applicant Requirements:

Because awards are offered as an incentive to undertake a project, the project cannot begin, and expenses cannot be incurred, before funding awards have been announced.

ESD requires that the Applicant to demonstrate their financial capacity to start and complete the project. This can be demonstrated through a Letter of Intent or Commitment Letter from a fiscal sponsor or partner. Equity is defined as cash injected into the project by the Applicant or by investors and should be auditable through the Applicant's financial statements or accounts, if so

requested by ESD. Equity cannot be borrowed money secured by the assets in the project or from a State of New York funding/grant source.

Applicants are required to submit a project plan within the CFA. The project plan should outline the specifics of the project including what the project will accomplish and benefits resulting from the project occurring, a detailed project timeline, type of equipment and/or upgrades to be made, a detailed budget including funding secured vs. still needed as well as any other information pertinent to the project to be considered. Project plans should be clearly and concisely written and applicants should provide information that addresses the scoring criteria section of the guidelines. Project plans should be limited to no more than 5 pages as project plans over 5 pages may not be reviewed.

Applicants must be in substantial compliance with applicable federal, state and local laws, regulations, codes and requirements. Applicants must not owe any federal, state or local taxes, or have an approved repayment, deferral plan, or agreement with appropriate federal, state, and local taxing authorities;

Reimbursement:

The grantee will be required to enter in to a contract with ESD, and ESD will pay the grantee on a reimbursement basis, up to the total award amount, and paid at project completion.

Grantees will have 2 years (730 days) from date of award letter to produce necessary paperwork indicating that equipment has been purchased and installed and that upgrades have been completed. If a project is not complete along with the necessary paperwork within 2 years from the date of the award letter, it is at ESD's sole discretion whether to allow for reimbursement given the project was not completed within two years.

Fees:

A \$250 Application Fee, payable when funding is documented in an Incentive Proposal, and a one percent (1%) non-reimbursable commitment fee based on the grant amount awarded will be assessed to all awardees. The commitment fee will be due when the Applicant executes documents required for processing the award, after approval by the ESD Directors. The Applicant will be obligated to pay for out-of-pocket expenses incurred by ESD in connection with the project, including, but not limited to, expenses related to attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, public hearing expenses and other requirements deemed appropriate by ESD.

Reporting:

Progress reports and requests for reimbursement will be submitted on a periodic basis which will be outlined in the grant disbursement agreement with successful awardees. Applicants will be encouraged to track and report job creation and total number of employees, but job creation will not be a requirement of this grant.

Reimbursements will be initiated after the successful grantee has a signed/approved grant disbursement agreement (GDA).

Any material change to a facility licensed by the New York State Liquor Authority will need to be approved by the SLA prior to work commencing, per the SLA's "Manufacturers Alteration Application" guidelines, which can be found at:

<https://sla.ny.gov/system/files/documents/2018/08/alterations-manufacturers.pdf>

Award Criteria Details:

- Grant funds will be awarded to eligible applicants for eligible projects upon review and approval of and ESD review. Funds will be awarded on a first come first serve basis until such time that the total funding made available has been expended;
- Notice of a funding award will be given in the form of an award letter followed by an incentive proposal outlining the terms of the proposed assistance. The award is subject to approval and compliance with applicable laws and regulations. Applicants are strongly encouraged to review and countersign ESD's incentive proposal prior to starting the project; and
- The essential terms for the disbursement of assistance are included in the incentive proposal. Although funding is offered prior to project commencement as an inducement to undertake the project, funds are disbursed in arrears, as reimbursement for eligible project expenditures.

ESD's Non-Discrimination & Contractor and Supplier Diversity Policies

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of New York State certified minority and women-owned business enterprises (MWBEs) in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the project. No specific MWBE participation goals shall be required of this project, however, the grantee shall adhere to ESD's Non-Discrimination and Equal Employment Opportunity ("EEO") policy.