

# DAIRY BUSINESS INNOVATION INITIATIVES PROGRAM-SPECIFIC TERMS AND CONDITIONS

In addition to the [AMS General Terms and Conditions](#), the following terms and conditions apply for Dairy Business Innovation (DBI) Initiative. If there is inconsistency between the AMS General Terms and Conditions and the following DBI program-specific terms and conditions, this document will take precedence.

## EQUIPMENT PURCHASING AND CONSTRUCTION ACTIVITIES

Initiatives shall provide subawards to new and existing businesses for the purposes outlined in the statute. (See “Subawards to Dairy Businesses” section of the Request for Applications.) These purposes are:

1. Modernization, specialization, and grazing transition on dairy farms;
2. Value chain and commodity innovation and facility and process updates for dairy processors; and
3. Product development, packaging, and marketing of dairy products.

DBI subawards that include special purpose equipment are allowable if the special purpose equipment aligns with one or more of the above goals and the criteria outlined below. The following chart describes the difference between general and special purpose equipment purchases by both the Initiative and its subrecipients.

Cost Category	Description, Guidance and Exceptions
<b>Equipment</b>	<p><b>Unallowable</b> for acquisition costs of general purpose equipment (e.g., office furniture, air conditioners, or printers and copiers) or lease agreements to own (i.e., lease-to-own or rent-to-own).</p> <p><b>Allowable</b> for special purpose equipment (e.g., milking equipment, refrigerated storage units, or dairy product delivery vehicles), when included in the approved budget or with prior written approval for acquisition costs and rental costs of special purpose equipment provided the following criteria are met:</p> <ol style="list-style-type: none"> <li>1. Necessary for the research, scientific, or other technical activities of the grant agreement;</li> <li>2. Not otherwise reasonably available and accessible;</li> <li>3. The type of equipment is normally charged as a direct cost by the organization;</li> <li>4. Acquired in accordance with organizational practices;</li> <li>5. Must be used solely to meet the legislative purpose of the grant program and objectives of the grant agreement;</li> <li>6. More than one single commercial organization, commercial product, or individual must benefit from the use of the equipment;</li> <li>7. Must not use special purpose equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services; and</li> <li>8. Equipment is subject to the full range of acquisition, use, management, and disposition requirements under <a href="#">2 CFR § 200.313</a> as applicable.</li> </ol>

Cost Category	Description, Guidance and Exceptions
<b>Construction</b>	<p><b>Unallowable</b> for new construction and/or structural changes to an existing building/facility resulting in a square foot expansion or changes to the building's floor, foundation, and exterior or load bearing walls. This also includes construction and construction-related materials, which may include, but are not limited to wood, nails, concrete, asphalt, roofing, gravel, sand, paint, insulation, drywall, or plumbing.</p> <p><b>Allowable</b> for upgrading or modernizing existing facilities, as well as to expand processing capacities. Funding requests that include building and facility upgrades can include improvements, re-arrangements, and/or alterations and repair to a facility that are required to use a space more effectively and to accommodate new or upgraded equipment and processes as well as to expand processing capacities. The cost of altering any building during the recipient's fiscal year shall not exceed 10 percent of the current replacement value of the building.</p> <p>Any such construction activities must meet one of the purposes listed above.</p>