

Agency Purpose

The Agricultural Utilization Research Institute (AURI) was created by the legislature in M.S. 1160.09. The AURI mission is to foster long-term economic benefit through increased business and employment opportunities to rural Minnesota through:

- ◆ the identification and expansion of existing markets for new or existing commodities, ingredients, and products;
- ◆ the development of new uses or value improvements for Minnesota agricultural commodities; and
- ◆ the development of renewable energy opportunities from Minnesota agricultural commodities and co-products.

AURI's efforts are focused on developing and increasing value-added processing opportunities on a statewide basis. This is accomplished by providing project development services, targeted network coordination, and applied scientific assistance in the development of new products and expanded uses for Minnesota agricultural commodities. Assistance is usually provided at the very early stages of product or process development, with a strong emphasis placed on determining overall feasibility. AURI services assist producers and processors to make better decisions about allocating limited resources.

Core Functions

The Agricultural Utilization Research Institute provides technical and applied scientific services to individuals and organizations that are developing value-added businesses across Minnesota. Core functions include:

- ◆ providing technical assistance, feasibility assistance, laboratory, and pilot plant services in support of the development of value-added processing capacity in Minnesota;
- ◆ acting as the applied research and development service for small and medium-sized commodity processors; and
- ◆ promoting, educating and informing agricultural stakeholders about the rewards and risks of participating in value-added processing.

Program Areas

Client services include project development services, laboratory operations such as analytical, process, meats, fats, and oils labs, as well as limited pilot plant operations and development grants for projects.

Industry initiatives focus on broad impact areas and include agricultural energy and side stream research, agri-bio industry development and other feasibility projects that have the potential to impact a large number of producers.

Operations

AURI serves a variety of clients including producers, producer groups, cooperatives, small and medium-sized commodity processors, and entrepreneurs. AURI project staff assists with project development activities and feasibility analysis, while the laboratory and pilot plant staff support the technical elements of project development. Pilot plant and laboratory activities aid clients in product development, troubleshooting, methods training, analysis, and product scale-up activities.

AURI's facilities are strategically located throughout the state to enhance service delivery and client access:

- ◆ Crookston: state headquarters, product development lab, and fermentation lab
- ◆ Marshall: Center for Producer-Owned Energy; fats and oils lab; analytical labs; and United State Department of Agriculture (USDA) certified meats lab
- ◆ Waseca: co-products utilization lab and pilot plant

At A Glance

- ◆ AURI programs helped support and sustain continued growth and development of value-added processing to small and medium-sized businesses that need help the most to ensure success.
- ◆ Over 16,000 producers impacted through assistance with project feasibility assessment and information.
- ◆ Clients reported increased or new product sales of over \$83.5 million.
- ◆ AURI delivered services to over 325 projects statewide in the past biennium and conducted over 20 broad-based, public domain initiatives in value-added agriculture, including renewable energy and related co-products.
- ◆ Since its inception in 2004, AURI's Center for Producer-Owned Energy has developed over 25 large-scale agri-energy projects impacting over 7,500 producers across the state. Capitalization is expected to exceed \$200 million for implemented projects.

AURI supports the economic vitality of greater Minnesota by establishing and fortifying key partnerships to increase value-added agriculture's access to the best professional expertise Minnesota offers. This has become a focal point of AURI operations. Enhanced initiatives and collaborations have been established with the U.S. Department of Agriculture, Minnesota State Colleges and Universities, University of Minnesota, Small Business Development Centers, Minnesota departments of Agriculture and Employment and Economic Development, the BioBusiness Alliance of Minnesota and all major commodity groups and farm organizations within the state. AURI staff strives to initiate and integrate these initiatives with processor and producer organizations, cooperatives, and other producer-owned organizations to add value and utilize commodities within our state.

Key Measures

In the past two years, AURI has assisted with the development of value-added projects which have enabled more producers to evaluate and participate in processing projects; enhanced the investment potential in new or existing processing facilities; and has led to increased job opportunities in the state. Additionally, during the biennium, AURI established the Minnesota Center for Producer-Owned Energy utilizing \$1 million of USDA grant funding matched with state, private, and commodity group dollars.

Key indicator examples for FY 2005 include:

- ◆ Over 16,000 producers impacted through assistance with project feasibility assessment and information;
- ◆ Combined infrastructure investment potential of over \$250 million upon implementation of project feasibility and assessment services;
- ◆ Over \$2.6 million of outside investments dollars were leveraged by AURI project expenditures for applied research and market development;
- ◆ Over 490 value-added processing jobs from AURI project development and technical services activities, as reported directly from clients;
- ◆ Over \$83.5 million in increased/new sales.

Budget

The projected budget for FY 2007 is \$3.5 million. Current organizational personnel include 21 full-time equivalent staff, with plans to add more if additional outside grants are realized. In the past decade, the AURI state appropriation has declined from over \$4.2 million per year in the late 1990's to \$1.6 million currently. At present, the AURI state appropriation is approximately 46% of the projected FY 2007 operations budget. AURI uses state funds to leverage federal and private grants. Commodity groups participate in select initiatives on a cost-sharing basis.

Contact

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The AURI web site, at www.auri.org and www.mncpoe.org, provides information on programs, research, and contacts in the organization.

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,600	1,600	1,600	1,600	3,200
Forecast Base	1,600	1,600	1,600	1,600	3,200
Change		0	0	0	0
% Biennial Change from 2006-07					0%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,600	1,600	1,600	1,600	3,200
Total	1,600	1,600	1,600	1,600	3,200
 <u>Expenditures by Category</u>					
Local Assistance	1,600	1,600	1,600	1,600	3,200
Total	1,600	1,600	1,600	1,600	3,200
 <u>Expenditures by Program</u>					
Ag Utilization Research Inst	1,600	1,600	1,600	1,600	3,200
Total	1,600	1,600	1,600	1,600	3,200