

# Bolton Bees Honey House Project

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*Value Added Grant FY2017 Round 2*

## ***Bolton Bees***

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# Application Form

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## Project Name\*

Bolton Bees Honey House Project

## *Rep Authorized to Sign Grant Contract*

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### County\*

Ramsey

### Authorized Representative\*

Name of the person that will sign the Value Added Grant contract for this business if awarded a grant. Also enter his/her e-mail address.

Chiara Bolton Boltonbees@gmail.com

### Does your business have a parent company?\*

No

If yes, please identify the company name and address.

**Name of Company**

**Mailing Address**

**City**

**State**

**Zip**

## Eligibility

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### **I am in good standing with the State of Minnesota.\***

(No back taxes owed, no defaults on MN State backed financing for the past 7 seven years, in compliance with current state regulations, and acceptable performance on past MDA grants.)

Yes

### **I am a current Minnesota resident or business authorized to conduct business in Minnesota.\***

Yes

### **I am the principal operator or have authority to apply for this grant.\***

Yes

### **I agree that no work has started on the proposed project nor will start until notified of the award.\***

Yes

### **Last year's gross income was:\***

Less than \$50,000

### **How did you hear about the Value Added Grant Program? Please check all that apply:\***

Word of Mouth

### **Please list, if applicable:**

Please review the Request for Proposals (RFP) before submitting an application. Program details may be found on pages 2-4 and page 6; application evaluation criteria are listed on page 5.

## Project Summary

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### Project Summary\*

*(Limit: 1,200 characters, including spaces)*

The summary should stand alone to describe:

- Your project
- What you hope to accomplish
- Project's importance to your farm and business
- How the project adds value to Minnesota crops or livestock

Bolton Bees is a Minnesota family-owned, location-specific honey producer seeking assistance to expand and improve honey production operations in response to rapidly increasing demand. With current operations at capacity, Bolton Bees aims to build a "honey house" to increase efficiency in honey production, extraction, and bottling. This will improve process and product consistency and better meet projected market demand while improving food safety. Bolton Bees is currently extracting honey inside a garage that has the capacity to hold 6,000 lbs of honey. In 2017, we are expecting to extract 13,000 lbs of honey. We have outgrown our current facility and need to build a new honey house. The new facility will have the capacity to hold 100,000 lbs of honey. Our honey production is projected to grow 22 times in the next five years. The new honey house will be able to provide space for our continued growth.

We are currently employing a part-time intern for spring 2017. As a result of company growth, in 2022 we expect to have 2 seasonal employees and 2 full time employees. The hives used to produce honey will add value indirectly by increasing pollination in the surrounding agricultural areas.

## Narratives

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### 1. Project Description\*

*(Limit: 500 characters, including spaces)*

Describe your grant project

(What do you plan to buy? What facility improvements do you plan to make?)

This project seeks \$12,520 for facility improvements requiring the purchase of materials and labor including concrete, electrical, sheet metal, insulation, a furnace, garage doors, walls, doors, and plumbing. Bolton Bees has purchased land and a 30x60 shop in Menahga, MN to transform into a honey house in order to process, produce, and bottle honey. In total, Bolton plans to invest \$50,080 on improvements that will enable consistency in operations, and increase production capacity.

### 2. Current Description of Farm, Business, or Organization\*

*(Limit: 3,000 characters, including spaces)*

Describe the business, including the following:

- A brief history of your business including the factors that led up to your grant application;
- The services your business provides or the products produced;
- Current market outlets;
- Current sources of all Minnesota ingredients;

- Relevant market development experience or related products sold; and
- How you or your business are qualified or able to successfully complete the project.

Bolton Bees is a family-owned business. We have been beekeeping since 2008. We sell MN Hardy spring-made starter colonies, mated queens, and location-specific honey. Typically, the only option for backyard beekeepers is to purchase bees from migratory beekeepers. Those bees are genetically adapted for a more temperate climate than that of Minnesota and have had to endure the stressors of the pollination industry. We learned from a master queen breeder how to raise and breed queen bees. Through the process of natural selection, we breed queens to be genetically adapted to survive in a northern climate. Our bees have undergone a rigorous selection process. Bee colonies in MN suffered an average loss of 58.5% during the 2014-2015 winter (1). Winter 2015-2016, Bolton Bees had a 93% overwintering success rate.

In addition to selling starter colonies and mated queens, Bolton Bees sells raw, local, location-specific honey. Our bee yards are located throughout Minnesota. We extract each location separately without blending. The honey from each location has a unique flavor, texture, and story. Bolton Bees' jars describe the honey and indicate where in Minnesota it originated. Our colonies stay in the same location throughout the year; making them healthier because they are not exposed to the stressors, diseases and pests of the migratory beekeeping industry. Bolton Bees sells honey wholesale to retailers through Market Distributing (15 boutique stores and 2 co-ops) and at the MN State Fair. We also sell honey in bulk to beer makers and restaurants.

As demand for Bolton Bees' honey continues to grow, so does the need to expand our operation to a larger, more efficient honey house. The market for location-specific honey is significant. In 2015, U.S. consumption of honey reached 486.3 million pounds, 80% of which was imported to meet the growing demand(2). This caused the U.S. market to become flooded with imported, and likely adulterated, honey. Meanwhile, there is a growing locavore movement taking place, creating a large demand for raw, local honey.

Bolton Bees honey is unadulterated. Nothing is added to the honey to change the flavor or texture. Our honey is not heated, and we use gravity to lightly filter the product. The honey is created from the local flowers and trees surrounding each apiary. We partner with local vendors. We purchase our enameled honey jars from Fridley MN, cardboard packaging that the jars go into from Minneapolis, MN, and local lumber to build bee equipment from a saw mill in Two Inlets, MN.

Travis Bolton owns Bolton Construction, a remodeling and construction company. His expertise will enable the project to be done thoroughly, timely, and with skill as he has performed other projects of similar nature. Bolton Bees is a member of Minnesota Grown, The Stillwater Bee Club, MN Honey Producer Association, Northern Bee Network, Midwest Panty, Grow North MN, and the MN Hobby Beekeeping Association.

### 3. Business Readiness and Financial Sustainability

#### 3.A. Description of Need for the Grant Project\*

*(Limit: 2,800 characters, including spaces)*

- Describe the need for this project and/or the problem it will address.
- Summarize the project equipment and improvements and explain how the project will address your needs at this time and in the future.
- Explain how the project will add value to particular Minnesota grown products (your own and/or other producers).

Given the growing locavore movement in the U.S. and market demand for locally produced honey, Bolton Bees sees the need to expand and improve our operations. The United States Department of Agriculture reported that direct consumer food sales increased 3x from 1992-2007(3). This is because consumers want

to learn about the farming practices and to trust the integrity of their food, as well as to support local businesses and farmers.

On average, a U.S. citizen consumes 1.51 lbs of honey a year, an increase from the 2010 average of 1.2 lbs/person. However, 80% of honey is imported in order to meet the growing demand(4). According to testing done by the Food Safety News, more than 75% of honey sold in the United States is micro-filtered and processed to the point that all pollen has been removed. Without pollen, it is impossible to determine if the honey is pure (5). Due to the demand for pure honey, many countries are labeling their honey as pure although they are in fact blending it with non-honey substances—this is called “honey laundering”(6 7). Bolton Bee’s honey is both local and pure.

With the need to expand the amount of honey we produce in order to meet projected market demands for the upcoming honey extraction seasons, and with our current location operating at capacity, we need to increase our production capacity through construction of a honey house.

Bolton Bees purchased a 30x60 shop in 2016 that needs renovations and improvements to be a functional honey house. We are seeking MDA’s grant funding for \$12,520 of the \$50,080 total investment. We expect to complete construction of the extraction portion of the honey house in time for 2017 extraction in mid August. The remainder of the improvements will be completed by December 2017, creating a fully functional honey house that Bolton Bees can use to extract, produce, and bottle honey. Without this project, Bolton Bees will not be able to meet the increasing demand for our raw, location-specific, local honey.

This project will add value to our own operation by providing a food-safe facility with the space needed to extract our honey, hold equipment that naturally gravity-filters the honey, store barrels of honey, bottle, and package our location-specific honey. Bolton Bees’ colonies also add value to other MN-grown products. Since our bees are MN hardy; they do not migrate, meaning they stay in apiaries located on farms throughout MN year around. The bees pollinate and improve the agriculture in their surrounding area from early spring through late fall. Pollination increases the crop yield of local farmers, positively affecting their livelihood.

### 3.B. Summary of Business Plan\*

*(Limit: 2,800 characters, including spaces)*

- Explain how this project fits into your business or food safety plan- short term objectives and long term goals.
- Include estimated date when your business will begin to profit from making this investment.
- Explain how your business will benefit or be better off after completion of this project.
- You may submit cash flow calculations or other relevant documents to show financial sustainability.

In 2016, Bolton Bees had 50 hives that produced a total of 4,800 lbs of honey that are being sold wholesale to local retailers for \$9/jar (5,688 jars). We produced 19 5-gallon buckets to be sold to local restaurants and breweries. Bolton Bees is on track to sell them all (\$51,192) to local boutique stores and co-ops.

We currently operate out of a garage, and we can produce and store only 6,000 pounds of honey. When the garage is not being used as a honey house, we store our processing equipment elsewhere, and the garage reverts back into a standard garage. Although we are currently meeting the requirements necessary to produce and sell honey, our goal is to meet the highest standard of food safety requirements for a honey house and to increase our capacity. The new honey house will increase our production capacity to 100,000 pounds. By having the capacity to produce more honey to sell, Bolton Bees will be able to expand our existing markets, have the ability to enter into new markets as they become available, and greatly improve food safety.

By 2022, our honey production is projected to total 57,000 pounds from 780 production hives. We will need to have the space to produce and store 200 50-gallon drums of honey. We predict that 75% will be sold in our customized 13.5-oz (by weight) glass jars, totaling 50,600 jars. The remaining 25% of our honey will be sold in bulk, about 237 5-gallon buckets, to local restaurants and breweries. The jars will be sold wholesale

through our distributor, Market Distributing, to Minnesota-based co-ops, grocery stores, specialty shops, and gift shops. The cost of goods varies depending on whether the honey is sold by the bucket or jar. On average, however, the cost of packing and packaging is no more than \$.84 a jar.

The entire building is projected to be completed by December 2017; however, we aim to have the portion of the honey house dedicated to extraction constructed by mid August in time for the 2017 honey crop to be extracted. We expect to see a profit from the investment beginning immediately. In 2017, we will have 160 production hives creating about 13,000 lbs of honey, 11,574 jars and 54 5-gallon buckets. Bolton Bees' current facility is too small and does not provide production capabilities necessary for the 2017 honey yield. The new honey house will permanently house equipment and better meet food safety standards. We are in need of the extra processing, extracting, and packing space this year and will immediately profit from the value. Upon completion of the value added project, our production capacity will increase by 600%. With this increase, annual honey sales are anticipated to increase from \$51,000 to approximately \$505,000 within five years.

### 3.B. Summary of Business Plan Supporting Document

You may submit cash flow calculations or other relevant documents to show financial sustainability below.

Finacials .pdf.zip

### 3.C. Business plan

Upload your business plan if you are requesting \$100,000 or more of grant award funds. Please identify and mark confidential information and Trade Secrets contained in your business plan.

NA

## 4. Expected Outcomes and Project Evaluation\*

*(Limit: 2,800 characters, including spaces)*

### A. Address the following questions.

- How will you evaluate the success of the project? What will you measure? What changes will you document?
- How will your project increase sales, increase market access and/or diversify your markets? Name the potential markets and extent of the plans.
- How will your project protect or create jobs?
- How will this project affect sales of Minnesota agricultural products? Be as specific as possible by naming sources/suppliers or plans to procure more Minnesota grown products (Letters from your suppliers would support your answers.)

We will assess project success based on extraction quantity, workforce expansion, and sales level achieved.

**Extraction Quantity:** From our 2016 base level of 50 production hives and 4,880 lbs of honey extracted, we anticipate increasing to 780 hives and 57,800 lbs of honey extracted by 2022.

**Workforce Expansion:** We will hire two seasonal contract employees and two full time employees within five years of project completion to help manage our operation, extract, bottle, package and deliver honey, and build equipment.

**Sales Level Achieved:** We predict extracting 57,800 lbs of honey in 2022 valued at \$250/5-gal bucket and \$9/13.5 oz. jar, resulting in over \$505,000 in sales.

We can diversify our markets by expanding distribution of retail stores. Lunds & Byerly's has expressed interest in selling our honey but we do not have the supply or production capability. Natural Valley Food Co-op in Burnsville, MN states that a store typically purchases 48 jars of one variety of honey a month. We currently have 4 varieties, and stores tend to purchase all 4; 192 jars per store a month and 2,304 jars annually. In 2022 we hope to be in 30 co-ops and high-end grocery stores in MN.

In addition to location-specific honey, Bolton Bees is on the cutting edge of creating "solar honey." In May 2013, the MN legislature adopted a mandate on investor-owned utilities that requires them to produce 1.5% of their electricity from solar power by 2020. The solar gardens that the utilities create are required to be pollinator friendly. Bolton Bees has a contract with Connexus Energy to have the first solar array in the nation that contains an apiary. We will receive money for apiary placement and for providing a custom jar with location-specific honey. We plan to extend this arrangement to solar gardens throughout MN.

By increasing capacity, Bolton Bees is committing to increasing extraction levels, requiring additional colonies. In the next 5 years we will spend \$22,000 on raw materials from Two Inlets Mill lumber yard to build 3,800 bee boxes and purchase \$5,425 in sheet metal for hive covers from Kauffman Roofing in Minneapolis at \$3.13 per sheet. Our 6-jar custom cardboard boxes from Cedar Box Company in Minneapolis are \$1.06 each, and we will purchase 35,877 boxes, totaling \$38,030.

Furthermore, since Bolton Bees' colonies do not migrate, the bees are available to pollinate agriculture within a three mile radius of their hive early spring through late fall, positively affecting towns in MN with Bolton Bees apiaries: Hugo, Stillwater, White Bear Lake, Scandia, Welch, Ramsey, Sebeka, Wolf Lake, Menasha, Park Rapids, Nevis, and Akeley. As operations continue to expand, so will the number of apiaries and locations throughout the state.

## 4.B. Expected Outcomes and Project Evaluation\*

Complete a measures table for your business.

A table with example answers is in example measures table.

*[To open the tables, click on the different colored words. To save to your computer, click on file tab in upper left hand corner and select to open in Word. Click on the "enable editing" button in the yellow heading then click on the file tab (far upper left) and choose "save as" and save it to a file on your computer.]*

Provide an answer in each field, even if it is zero or does not apply.

Upload your completed measures table into the "Upload a file" box.

## 5. Work Plan\*

*(Limit: 3,400 characters; enter work plan in text box or upload below)*

- Provide a step-by-step description of the grant project – how and when you will carry out each item or activity of your grant project. The estimated timeline should indicate start and completion dates of each step.
- Describe the resources you will need to complete each activity.

We will wait to begin facility improvements until after signing the grant contract.

**Hiring:** After signing the grant contract, we will hire the contractors for the facility improvements included in the Value Added grant. Based on our August 2017 expected date of completion for the extraction portion of the honey house, we anticipate placing orders with these contractors, and other necessary vendors, immediately after signing the grant contract, and completing all ordering no later than May 2017.

**Receiving and installation:** We expect to begin improvements soon after all orders are placed with our contractors and material vendors in May 2017. We will have two phases of construction.



Phase 1: We expect the honey extraction portion of the house to be complete by August 2017. This will require contractors to lay concrete, build and insulate interior walls, add garage doors, connect the sewer line, and install electrical work for one third of the honey house.

Phase 2: We anticipate the honey house to be fully functional by December 2017. This will include the renovations mentioned above to the remaining two thirds of the honey house as well as installing the gas line and furnace, and interior doors. We will relocate all equipment to the honey house including our gravity filters, storage, and packaging upon completion.

## Project Start Date\*

04/17/2017

## Project End Date\*

12/31/2017

## Budget

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### 6.A. Budget Narrative\*

*(Limit: 6,800 characters; enter descriptions in the text box or upload a budget narrative document.)*

The budget narrative is a detailed description of each of the costs in the grant project per line item. **A cost estimate (e.g. price analyses, bid, vendor quote, etc.) is required for all Personnel/Contractor and Facility Improvement costs and suggested to support Equipment and Other costs. It should be uploaded into the boxes below the category descriptions.**

The budget narrative should be thorough and easy to follow. Anyone reading the budget narrative should be able to easily identify and calculate how the grant project money will be spent, the cost of each line item, and its purpose.

See descriptions of each Budget Category below the text box.

Budget Narrative.docx

### Breakdown of Budget Categories for the Narrative

**Personnel/Contractors:** List and describe separately each individual who will receive payment. Include the following: individual/contractor's name, job title and company, cost estimate and source, and a general description of services the individual/contractor cost will cover.

*For example: Bob Smith - Plumbing contractor, Drain It All Inc. - \$18,500 - Cost estimate from Drain It All Inc. - Labor to install drains in the floor and piping to smoker.*

**Equipment:** List and describe separately each line item of equipment. Include the following: the piece of equipment, cost estimate and source, and explanation of how each item is important to the purpose and goals of the project.

*For example: Pasteurizer - \$1,000.00 – cost estimate from Fermentation Inc. – pasteurizes the apple cider before bottling.*

**Facility Improvements:** List and describe separately each major facility improvement component. Include the following: the type of facility improvement, cost estimate and source, and explanation of how each facility improvement is important to the purpose and goals of the project.

*For example: Construction - \$25,000 - Cost estimate from Extra Strong Construction Co. - materials and labor for construction of the addition to the slaughter and meat processing areas.*

**Other:** List and describe separately any items not fitting into the personnel/contractor, equipment, or facility improvement categories. Include the following: the item, cost estimate and source, and explanation of how each item is important to the purpose and goal of the project.

*For example: Permit – \$500.00 – city website – Necessary to construct the wine production room.*

## Budget Supporting Documentation -1

Upload all bids, quotes, estimates etc. documents that support your budget narrative. These are required to support Personnel/Contractor and Facility Improvement requests and may be submitted to support Equipment and Other purchases.

## Budget Supporting Documentation -2

Upload all bids, quotes, estimates etc. documents that support your budget narrative. These are required to support Personnel/Contractor and Facility Improvement requests and may be submitted to support Equipment and Other purchases.

There are also extra upload boxes at the end of the application if needed.

An upload box can only store one document. The document may be a scan of several documents in one. For example, to upload four separate quotes, scan all four of them together. Then, save and upload the combination as one document.

## 6.B. Budget- Applicant Funds\*

*(Limit: 1,000 characters, including spaces)*

List each source of your matching funds and the amount of money from each source. The amounts need to add up to at least 75% of the total project cost.

## 6.C. Budget Table\*

Please download the **budget table spreadsheet** (in Excel) or **budget table doc** (in Word). The budget table is an overview of how grant funds and applicant funds will be spent by category. Use the descriptions and requirements of each budget category in 6.A.. If needed, create a budget table that includes grant award funds requested, applicant/matching funds, and a total project cost for each of the budget categories.

*Then, upload the completed table.*

Download, save and complete the budget table docx in Word as instructed for the measures table in 4B.

Download the table in excel by clicking on the file tab (in upper left hand corner) and selecting "download as" and then select "Microsoft Excel". Then click on the enable editing button in the yellow heading. Finally, click on the file tab and select "save as" and enter a name for the table and choose your grant folder to save to your computer.

## Total Project Cost\*

## Award Amount Requested\*

### *Previous Value Added Grants*

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#### 7. Have you received a previous Value Added Grant?\*

##### **If Yes:**

(If No, skip to the Letters of Support section)

Briefly describe your previous grant project. (Limit: 540 characters)

##### **Is the project completed and final payment request submitted to MDA?**

**If no, then please write an update on the progress of your current grant project.** (Limit: 600 characters)

### *Letters of Support*

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#### 8. Letters of Support

Letters of support are optional except for economic development organizations, non-profit organizations, and academic entities that are applying on behalf of eligible individuals or businesses. However, they are highly recommended for all applicants.

Letters of support may be written by:

- current or potential sources of Minnesota grown products
- current or potential buyers expressing support for the market you are entering
- financial institution or other organization that will be used for the balance of the funding
- financial or business contacts showing financial sustainability or business readiness.
- contacts in your value-added profession or previous co-workers showing experience
- local organization citing benefits of your project to local or rural economy

Each upload box can only take one document. The document may be a scan of several documents in one. For example, to upload four letters of recommendation, scan all four of them at the same time, save to your computer, and upload the resulting document into an upload box.

#### **Additional Document or Letter of Support**

#### **Additional Document or Letter of Support**

A review committee will evaluate and score all eligible applications using the Value Added Grant Evaluation Profile on page 5 of the RFP.

Click "submit application"; you will receive an e-mail confirmation of receipt of your application.

If you have question, call the AMDD Grants Line at 651-201-6500.



# File Attachment Summary

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## ***Applicant File Uploads***

- Financials .pdf.zip
- Budget Narrative.docx

**Budget Narrative:** The budget items eligible for the Value Added grant are listed below. These budgeted expenditures total \$50,080, of which Bolton Bees is seeking \$12,520. The remaining match of \$37,560 will be provided by Bolton Bees with financial backing from a home equity line and credit card. Additionally, Bolton Bees has already provided the funds for the land and the shop that will be renovated into a honey house.

**Cash Match:** Bolton Bees has secured the financing necessary for the materials and labor required to renovate the preexisting shop, in Menahga MN, to a fully functioning honey house from a \$18,300 home equity line and a credit card with a \$25,000 limit. This exceeds our 75% contribution towards the total project cost.

**Personnel/Contractors:** The labor budgeted totals \$11,369 of which Bolton Bees is seeking \$2,842 cost share from the Value Added Grant.

Name	Job Title & Company	Cost Estimate & Source	Description
Richard C. Gronlund	Construction contractor, Sebeka Homes Inc.	\$4,569 cost estimate from Sebeka Homes Inc.	Labor installation of interior walls, ceiling steel, doors and garage doors
Richard C. Gronlund	Construction contractor, Sebeka Homes Inc.	\$4,600 Cost estimate from Sekea Homes Inc.	Cement labor
Name	Septic design and installation contractor, L&B Excavating Inc.	\$2,200 Cost estimate from L&B Excavating Inc.	Septic line installation

**Facility Improvements:** The materials required to renovate a shop into a functional honey house in accordance to food and safety regulations are budgeted to total \$38,711 of which Bolton Bees is seeking the balance of our grant request, \$9,678.

Facility Improvement	Source	Cost Estimate	Explanation
Electrical & Plumbing	Cost estimate from Zenergy, LLC.	\$6,238	Materials and labor for renovation of the 30x60 shop into a honey house
Furnace	Cost estimate from D.M.P. Heating - Cooling	\$3,825	Materials and labor for renovation of the 30x60 shop into a honey house
Interior Walls, Sheet Metal, Doors, and Garage Doors	Cost estimate from Sebeka Homes, Inc.	\$14,265	Materials for renovation of the 30x60 shop into a honey house

Insulation	North Country Insulation	\$14,383	Materials and labor for renovation of the 30x60 shop into a honey house
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