



VHCB

Vermont Farm & Forest
Viability Program



2013 Annual Report



January 31, 2014

Dear members of the general assembly:

Vermont's agricultural sector is rapidly evolving and expanding with a new generation of farmers taking over family dairy farms, growing highly diversified operations, and bringing new and innovative approaches to farming in Vermont. Opportunities abound to grow and sell high-quality produce, meat, dairy products and other value-added foods at local farm stands and farmers' markets, retail establishments, schools, institutions, and for export. Our regional food hubs are spread across the state taking various approaches to creating and expanding markets for local agricultural products, providing access to processing facilities, incubating new businesses, creating needed storage and distribution systems, and supporting this burgeoning expansion in our agricultural sector.

The Farm & Forest Viability Program has provided critical support to these businesses over the past eleven years, ushering businesses through the process of planning for growth, accessing capital and implementing changes on farms. While many farms are diversifying by adding new products, processing their own cheese, meat or vegetables, others are specializing by identifying those products they are best at producing and focusing on marketing these products to create efficient and profitable businesses.

The program hosted a well attended national Farm Viability Conference this past September, sharing our program model with stakeholders in other states, many of whom desire to replicate our program and network of highly-skilled agricultural business advisors that we have been able to create here in Vermont. As we share our program model and its success outside the borders of Vermont, we are simultaneously expanding the program's reach inside the state, piloting viability services available to the forestry and forest products sectors.

We have been enrolling forestry and logging operations, mill and kiln facilities, and biomass energy projects, thanks to the Working Lands Enterprise Initiative. These operations will join the more than 420 farm businesses that report increasing their profits, creating new businesses and jobs, and improving their quality of life by taking advantage of this program's services. We look forward to sharing the results of this work with you in the coming year!

Thank you for your support of this critical economic development initiative helping to maintain the state's working lands enterprises that we find in every town and community across the state.

Sincerely,

A handwritten signature in black ink, appearing to read "Gustave Seelig".

Gustave Seelig, Executive Director
Vermont Housing & Conservation Board

A handwritten signature in black ink, appearing to read "Charles R. Ross".

Chuck Ross, Secretary
Vermont Agency of Agriculture, Food & Markets

Front cover photos, left to right, top to bottom:

Christa Alexander of Jericho Settlers Farm in Jericho, Joe Buley of Screamin' Ridge Farm in Montpelier, and Marian Pollack and Marjorie Susman's Jerseys at Orb Weaver Farm in New Haven

This report is made by the Vermont Housing & Conservation Board, in collaboration with the Vermont Agency of Agriculture, Food and Markets, pursuant to 6 V.S.A. § 4710(f)

Vermont Farm & Forest Viability Program

Our Mission

The Vermont Farm & Forest Viability Program's mission is to enhance the economic viability of Vermont's farm, food and forestry enterprises. We work with a network of non-profit partners and independent consultants to provide high quality business planning services, technical assistance and management coaching to farm, food, and forestry entrepreneurs. In addition, we provide competitive implementation grants to select businesses to implement their business plan goals.

2013 Highlights

Since its inception in 2003, the program has provided more than 420 businesses with help completing business plans and 117 with implementation grants. The program continues to enroll ~50 new businesses each year. In 2013 the program:

- Provided 83 farms and 9 food businesses with in-depth, one-on-one assistance with business planning, transfer planning, marketing, or specialized technical assistance
- Assisted 20 of these farmers in learning to manage risk through improved understanding of financial management and marketing planning
- Awarded \$75,000 in grant funds to 20 farmers to assist in implementing their business plans
- Hosted a highly successful second National Farm Viability Conference for agricultural service providers in Middlebury
- Launched a viability program for forestry and forest products businesses, with support from the Working Lands Enterprise Initiative
- Helped farmers plan for and acquire new farmland, including Bear Roots Farm in Barre and Laughing Child Farm in Pawlet – two farms that are also conserved by the Vermont Land Trust's Farmland Access Program
- Began providing business assistance to Vermont's regional food hubs



Photo: Healthy Living Market

Laughing Child Farm is a small sweet potato farm in the Mettowee Valley, where warmer than average Vermont temperatures help Timothy Hughes-Muses, his wife Brooke, and their four daughters, grow several varieties of sweet potatoes. They enrolled in the program and are working with Sam Smith, a business advisor from the Intervale Center, to make a plan to grow the business to a size and level of efficiency that will fit their land base and allow them to farm full-time in the near future.

Laughing Child Farm's goal is to provide nutritious, organic, local sweet potatoes at a scale that allows them to sell their crop at an affordable price direct to consumers, through grocery stores, and to schools and institutions. Having worked on a variety of farms, from dairies to large diversified vegetable operations, Timothy sees the benefits of specialization: streamlined marketing, pared down equipment, and targeted labor. Focussing on one crop has allowed him and his family to start their business slowly while he maintains an off-farm job, building equity, learning and refining production systems, and balancing family with work.



Photo: Vermont Land Trust

Maple Wind Farm, owned by Bruce Hennessey and Beth Whiting and established in 1999, is a diversified livestock, poultry, vegetable, and maple farm located on conserved land in Huntington and Richmond. In 2012, Hennessey and Whiting were considering acquiring more land and expanding production, so they turned to the Vermont Farm & Forest Viability Program for help.

By matching them with Matt Mole and Sam Smith, consultants at the Intervale Center, we helped Hennessey and Whiting examine the profitability of their different enterprises, and identify the most promising opportunities for expansion.

Throughout FY13, our program helped Hennessey and

Whiting navigate a complex expansion period that involved purchasing and conserving land, significantly increasing poultry production, beginning to process their own birds under state inspection with a goal of reaching 4,000 pastured birds a year, as well as expanding and certifying their organic vegetable enterprise. As a result of this increased production means, they now employ two full-time production managers, allowing the owners to focus on business, market, and systems development.

After a recent fire destroyed their barn in Richmond, Hennessey and Whiting have focussed their efforts on fundraising to replace the barn and the equipment that was lost.



Photo: Vermont Bean Crafters

Vermont Bean Crafters is a value-added business that brokers dry beans, produces bean burgers and other gluten-free, plant-based foods, and provides catering services. The goal of the business is to build the capacity of Vermont farmers to grow and aggregate beans and grains. Owner Joe Bossen worked with the VFFVP in order to plan a new processing facility that would allow him to attain a sustainable profit margin while keeping prices appealing to farmers and customers. This growth plan, and subsequent grant from the program for bean/grain cleaning and sorting equipment, will help Bossen create a business capable of processing 500 acres of Vermont beans per year.

Services Provided

The program offers one-on-one, in-depth business planning, technical assistance, and management coaching to Vermont farm, food, and forestry enterprises in order to improve the economic viability of Vermont's working landscape. In most cases enterprises must be established businesses with a minimum of \$15,000 in gross sales to be eligible for the program. We make some exceptions for individual entrepreneurs in the start-up phase if they have several years of relevant experience and a well developed concept for the business. Businesses are matched with a partner organization or individual consultant, or team of consultants.

“Working with the VFFVP was one of the best things I could have done business wise! We took a step back and looked at the whole picture of family, life and farm. Determining where things really are and where I'd like them to be, made it easier to follow that path”

*Brandon Allen
Westminster, VT*

Partner Organizations

Business planning and technical assistance services are delivered on the farm or site of business, and are provided by contractors or organizations that are part of the VT Farm Viability Program Network:

NOFA-VT has been providing technical assistance to dairy, livestock, and fruit/vegetable producers since 1994, adding fruits, grains, and seeds along the way. With funding from VHCB, they expanded to add business planning services in 2003. NOFA works with organic producers, conventional producers interested in transitioning to organic, farmers who are interested in alternative energy or energy efficiency systems, and farmers pursuing value-added products.

The Intervale Center provides farm viability assistance through their Success on Farms Program. They utilize skilled staff, business consultants and veteran growers to support the development of business plans for a diversity of farmers, including vegetable growers, fruit growers, dairy farms, livestock producers, and value-added producers. The program seeks to enhance not just the profitability of farms and value-added agricultural businesses, but also their social and environmental sustainability.

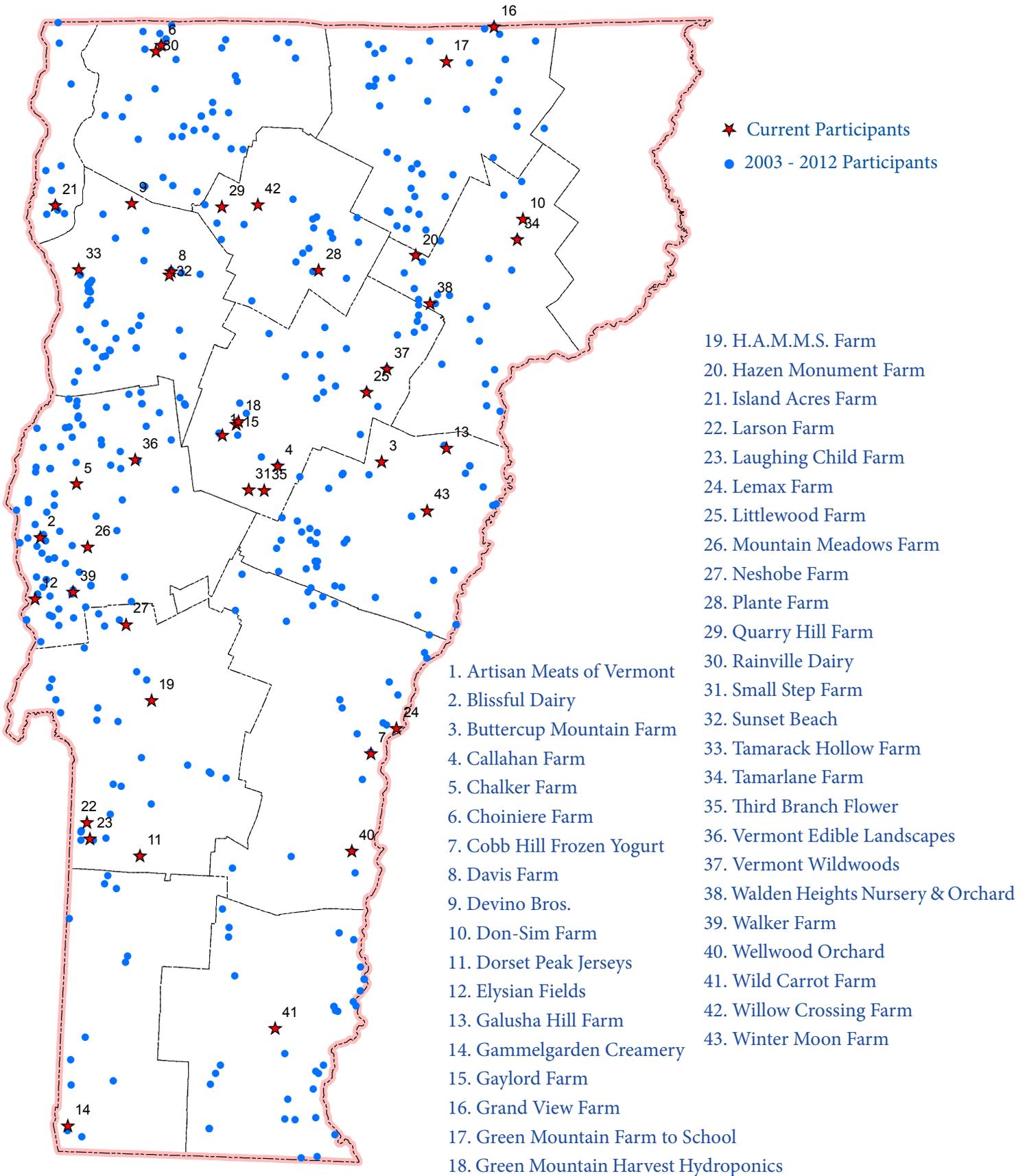


Members of the Farm Viability Network of service providers tour the Deep Root Co-Op distribution center in Johnson, VT during a quarterly training in November.

UVM Extension provides a range of services to farmers, including Farm Viability programming. Extension Farm Viability staff are spread throughout the state and cover a wide variety of expertise, from conventional dairy to diversified farms.

Land For Good offers education and assistance to owners and managers of working lands, entering farmers, and other land use decision-makers throughout New England. LFG joined the Farm Viability Network in 2012 to provide specialized transfer planning expertise.

2013 Farm Participants



Program Impacts

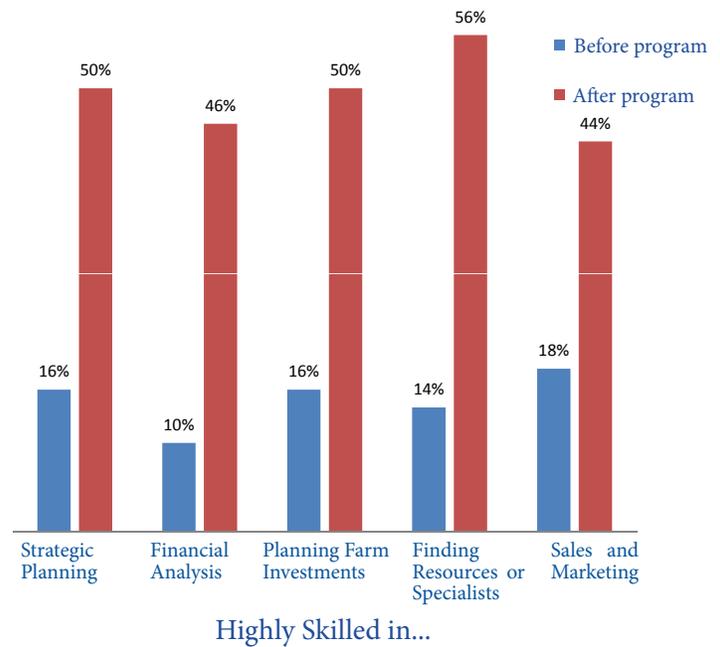
Increasing Management Skills

Participants report significant improvements in their abilities to manage their businesses, generate profits, access financing, increase production, diversify products, and implement business expansions and ownership transitions. After participating in VFFVP, participants' business management skills increased dramatically in a variety of areas.

As you can see in this graph, 50% of participants report having high skills in strategic planning, up from 16% before enrolling in our program, along with similar increases in financial analysis skills, planning farm investments, locating appropriate resources, and sales and marketing abilities. In addition:

- 82% report having a clear direction for their business, up from 32% before participation.
- 44% feel satisfied with their ability to balance workload and personal life, up from 27% before participation.

Change in Participants' Business Management Skills

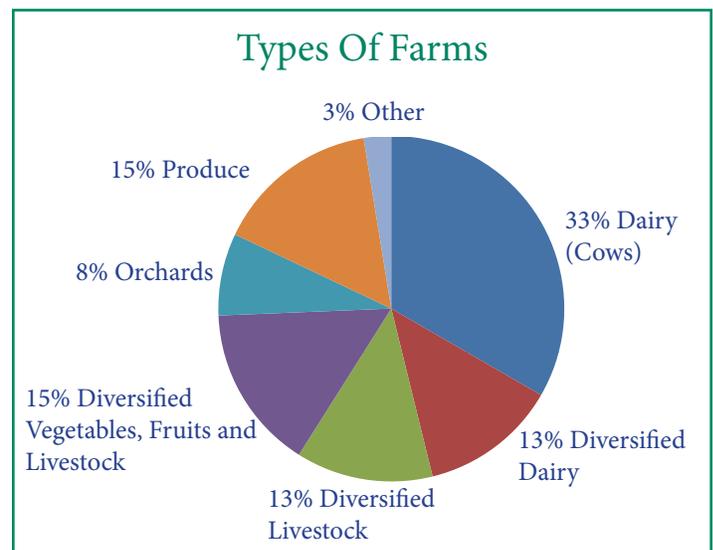


Increasing Access To Capital

Many new and established farmers find it challenging to access the capital they need to grow their businesses. While most capital providers find say there is ample funding available many of the farmers are not well prepared to take on new or additional debt or investment. With help from VFFVP, eighteen (18) farmers who completed the program in FY13 used their business plan to help them immediately source financing.

Out of just over \$1M in requests for a combination of loans (90%) and grants (10%), 97% of loan requests had been approved, 3% of loan requests were pending, 35% of grant requests had been approved, and the remaining 65% of grant requests were denied. This represents more than \$905,000 in capital deployed on these 18 farms to implement improvements and expansions, ranging from \$400 to \$400,000 per individual farm.

The program continues to work with a wide range of types and scales of farm businesses. This past year, the number of jobs on enrolled farms ranged from 1 to 19 full time equivalents (including family members) and averaged 3 FTEs per farm.



Expanding To Serve Forestry and Forest Products Enterprises

The Vermont Farm & Forest Viability Program received funding from the Working Lands Enterprise Initiative to expand business planning and technical assistance to forestry and forest products businesses. We will enroll at least a dozen businesses in this sector during FY14, and we are seeking additional funding to increase our work in this sector. Currently, we are partnering with a variety of organizations and associations to design this pilot program and identify the first round of participants.

The program will assist woodlot owners, foresters and forestry firms, loggers, mill and kiln operators, and wood-working businesses. VFFVP is working closely with many new partners on the design and implementation of this pilot program, including business associations, state agencies and non-profit organizations. Our first forestry participants have already begun working with consultants, and we are in conversations with several logging and mill operations.



With increasing demand and a doubling expected in wood pellet manufacturing in the US over the next few years, local pellet facilities will bring jobs to the forestry sector and highly efficient heating fuel to Vermont. VFFVP is collaborating with the North Country Investment Corporation to fund a feasibility study for a wood pellet plant in the Northeast Kingdom that will analyze sites, market potential, pricing structure, wood supply, and operations strategy. The plant is expected to produce 20,000 tons of pellets per year, and will supply residential and commercial markets.



Vermont Wildwoods was started by Parker Nichols in 1998 as a unique opportunity to turn a very low-value resource, salvaged butternut wood, into a high-end architectural product. Parker worked to create markets for this type of wood, which requires specialized processing. The business has grown over the years to include other types of products, including tapped and spalted maple. In 2013, Vermont Wildwoods became one of the first forest products enterprises in the Vermont Farm and Forest Viability Program as Nichols began working with one of our consultants, Matt Mole, on business planning. Mole is also helping Nichols streamline his operation, conduct market research, and plan for larger markets.

Improving Food Hub Capacity Across Vermont

In 2013, with funding from the Vermont Community Foundation, we began working with regional food systems non-profits in different areas of the state, helping them to expand their capacity, work together strategically, improve the viability of food hub enterprises, and increase local purchasing by schools and institutions. We supported the following food hub projects:

- Green Mountain Farm to School in Newport developed a business plan for their food distribution enterprise, Green Mountain Farm Direct, which sells and distributes Vermont farm products to schools, senior meals sites, hospitals, prisons and other institutions across northern Vermont. This enabled their program staff to identify critical systems improvements, negotiate successfully with their distribution partner, and create a detailed plan for financial and logistical growth and stability.
- VFFVP staff coordinated a day-long gathering of all Vermont food hubs in June to explore ways to consolidate food hub networks and improve communication. Iowa-based consultant Jesse Singerman provided a presentation at the gathering sharing lessons learned from the rise and fall of wholesale food distribution cooperatives in the 1970s and 1980s.



Photo: GMFtS

Don Maynard of D&S Distributors delivers local food to the Lyndon Town School for Green Mountain Farm Direct.

- The development of a learning network for food hub and food systems support organizations working to improve local food distribution, particularly to schools and institutions, in regions across the state. This network includes Rutland Area Farm and Food Link (RAFFL), Green Mountain Farm to School, Addison County Relocalization Network (ACORN), the Mad River Food Hub, and Food Connects in Brattleboro.

2nd National Farm Viability Conference, Middlebury

In September 2013, program staff organized a second, highly successful, two-day conference for farm service providers from across the country. The National Farm Viability Conference was held in Middlebury, with 200 attendees from 19 states sharing models of farm and food business planning, financial planning, agricultural financing, farmland conservation, agricultural market development, and food hub management. Vermont service providers and capital providers met with colleagues from near and far to compare approaches and tools for assisting farm and food enterprises to improve their business skills, expand and improve their operations and access the capital needed for growth.

“I learned about a variety of financial planning, record-keeping, and marketing tools to take home and use with our farmers. It was great to see different strategies for encouraging savvy business management to ensure long-term small farm sustainability.”

Conference attendee

Investing in Business Plan Implementation

Since 2006, VFFVP has held annual grant rounds, making awards to past farmer participants to help implement their business plans. In FY13, we awarded \$75,000 to 20 businesses for projects such as processing equipment for value-added enterprises, cold storage expansions, and barn improvements.

These grants have a significant impact on businesses who have been through the program by helping them to implement crucial parts of their business plans. 92% of past recipients report that the grant funding has contributed to making their businesses more profitable, and 50% have added jobs.

Our implementation grants program is funded by private foundations and VHCB funds.

“Working with our Farm Viability mentor has helped us create a solid foundation for our farm business in Vermont. His encouragement, experience, and farm business knowledge are an invaluable resource for us!”

*Karin Bellemare
Bear Roots Farm, Barre*

Implementation Projects Funded in Fiscal Year 2013

Bouchard Farm, St. Albans

\$5,615 for parlor and barn upgrades

Bread and Butter Farm, Shelburne

\$2,000 for winter housing improvements for cattle

Bridport Creamery, Middlebury

\$4,000 for creamery construction

Cate Hill Orchard, Craftsbury Common

\$4,000 for cheese and cider processing room construction

Cleary Family Farm, Plainfield

\$2,000 for egg washing infrastructure

Dragonfly Sugarworks, Huntington

\$4,000 for vacuum system improvements

Earth Sky Time Farm, Manchester

\$2,500 for expanded freezer storage

Evening Song Farm, Cuttingsville

\$4,300 for a walk-in cooler

Green Dream Farm, Enosburg Falls

\$4,000 for stall renovation

Horse in the Forest Farm, Corinth

\$3,500 for creamery construction

Kingdom Creamery, East Hardwick

\$3,500 for yogurt-making equipment

Luna Bleu Farm, South Royalton

\$6,000 for winter vegetable storage construction

Meeting Place Pastures, Cornwall

\$1,000 for website and logo design

Pitchfork Farm, Burlington

\$3,000 for fabricating mesclun production equipment

Provender Farm, Cabot

\$4,500 for cultivating tractor and forks

Shadagee Farm, Greensboro

\$4,000 for farmstead cheese plant construction

Smith Farm, New Haven

\$1,500 for website construction

Tangletown Farm, Glover

\$6,000 for a walk-in cooler

Vermont's Family Farm, Enosburg Falls

\$6,000 for sheep handling and loading system

Zach Woods Herb Farm, Hyde Park

\$5,000 for drying shed expansion



Photo: Zack Woods Herb Farm

Zack Woods Herb Farm is a certified organic medicinal herb farm in Hyde Park. Jeff and Melanie Carpenter bought the farm in 1999 and grow a wide variety of herbs on their mineral-rich land. They sell their herbs and teas direct to customers in Vermont, as well as through in-state wholesale accounts, such as Urban Moonshine, and several co-ops, and across the country. The Carpenters enrolled in VFFVP in order to examine strengths and weaknesses in their production and financials, as well as to identify the factors that limit their production.

One major barrier to production has been their drying capacity, and they worked with Farm Viability advisor Richard Wiswall, a NOFA-VT consultant, to complete a production plan and capital investment plan designed to double their net profit the following year. They also received grant funding from VFFVP to improve their drying shed, doubling its capacity as well as improving drying speed.



Gammelgården Creamery in Pownal, makes cultured butter, buttermilk, skyr (a type of yogurt), and fresh cheeses. Farmer Stina Kutzer and her sister, Marta Willet, started the business in 2010 with the goal of commercially producing the fresh dairy products their families had been making available to their community for years.

They have been highly successful on a local level, selling at farmers markets, to co-ops, and to Williams College in Massachusetts, while maintaining a very small herd Kutzer milks four cows. Their local markets were so receptive that Kutzer outgrew her production facility in 2012. It was at this point that she enrolled in the program to examine her efficiency and profitability, and make plans to expand while keeping the business at a manageable size.

Working with UVM Extension advisor Betsy Miller, Kutzer has honed in on her costs of production for both the creamery and the dairy, developed a pricing structure for profit, and made a plan for maximizing production of skyr at her facility. Gammelgården's business plan will provide the foundation for building a profitable and appropriately scaled business that meets Kutzer's needs and the strong local demand for her products.

The Vermont Farm & Forest Viability Program is funded by a combination of state, federal, and private sources. State of Vermont funds are provided through the Vermont Housing & Conservation Board. In 2013 we also received funding from the Northeast Center for Risk Management Education, the Vermont Community Foundation, the Vermont Sustainable Jobs Fund, and other private foundations.

“The Farm and Forest Viability Program guided us through the process of analyzing every aspect of our business and writing a business plan. We gained valuable insights and made improvements that helped us increase our profitability dramatically within a short period of time. For the first time in fifteen years, our farm is providing 100% of our family’s income. We feel more confident than ever about the economic viability of our farm and the future of this piece of land we call our home.”

*Jeff Carpenter
Zack Woods Herb Farm, Hyde Park*

Vermont Farm & Forest Viability Program Advisory Board

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Sarah Isham, Vermont Agricultural Credit Corp/VEDA
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