

2016
ANNUAL
REPORT

 VERMONT
WORKING LANDS ENTERPRISE INITIATIVE

WORKING LANDS BOARD 2016

The Working Lands Enterprise Board (WLEB) represents a cross-agency, cross-sector network of partners: Vermont Agency of Agriculture, Food & Markets; Vermont Forests, Parks & Recreation; Vermont Agency of Commerce & Community Development; fourteen designated board members from across the value chains of Agriculture and Forestry; and Ex-Officio members from the Vermont Economic Development Authority; Vermont Housing & Conservation Board; and the Vermont Sustainable Jobs Fund.



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Food & Markets

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Deputy Secretary, Vermont Agency of
Agriculture, Food & Markets

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Principal, Leverage Point Consulting
Windham County

Michael Snyder

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of Forests, Parks & Recreation

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Caledonia/Essex County Forester, Vermont
Department of Forests, Parks & Recreation

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Commerce and Community Development

Jared Duval | DESIGNEE

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Agency of Commerce and Community
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CEO, Vermont Economic Development
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Ela Chapin | DESIGNEE

Viability Director, Vermont Housing &
Conservation Board (VHCB)

*Term concluded January 5, 2017.

The **Working Lands Enterprise Initiative** supports innovative entrepreneurs at the forefront of Vermont's Working Lands economy.

It's a pillar for the future prosperity of rural Vermont. Grantees added **428 new jobs** to date and generated revenues of **\$93.8 million** in 2016.

2016 was another groundbreaking year for the Initiative. A group of new Board members brought with them fresh energy, expertise, and questions. Thanks to generous contributions from our donors, two loan pilot programs were created, giving us new tools to support working lands businesses. Our grant making systems were streamlined and a new grants management system was implemented.

This Initiative is also more than a grant program. This year, the Forestry Committee began implementation of the Forest Systems Analysis. The Policy Committee hosted discussions on strategies to lower workers' compensation rates for loggers, and a sales tax exemption for forestry equipment to give further parity with agriculture. The Board heard directly from Working Lands businesses on topics such as water quality, labor, and land use regulations.

With the incoming Scott administration, the Board embraces the opportunities that come with a change in leadership, and a renewed focus on growing the Vermont economy. Recognition goes to the Shumlin administration members who built the WLEI into what it is today, including Agriculture Secretary Chuck Ross, Deputy Secretary Jolinda LaClair, Commerce Secretary Lucy Leriche, and Forest Parks and Recreation Commissioner Michael Snyder. The private-public-nonprofit partnership embodied by this Initiative has created a strong foundation from which to amplify our success.



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INVESTING IN VERMONT'S FOOD, FARM & FOREST ECONOMY

The Vermont Working Lands Initiative supports Vermont's working lands entrepreneurs by providing technical and business assistance to help their businesses innovate and grow.

The goal of the initiative is to stimulate a concerted economic development effort on behalf of Vermont's agriculture and forest product sectors by systematically advancing entrepreneurship, business development, and job creation. To date, the program has invested nearly \$4 million in businesses across Vermont. The funds helped grantees leverage additional funding critical to preserving and enhancing the working landscape.

In order to assist its decision-making process in making strategic grants in farm, food, and forest products businesses and technical assistance programs, the Working Lands Enterprise Board relies on important information and analysis provided through **Vermont Farm to Plate** and by the **Vermont Forest Sector Systems Analysis**.



pg 4 Images courtesy of (clockwise from top left): Agency of Agriculture; Southwind Forestry; Agency of Agriculture; Capital City Farmers Market

PROGRAM OVERVIEW TO DATE:

129 Agriculture & Forestry
Projects Funded

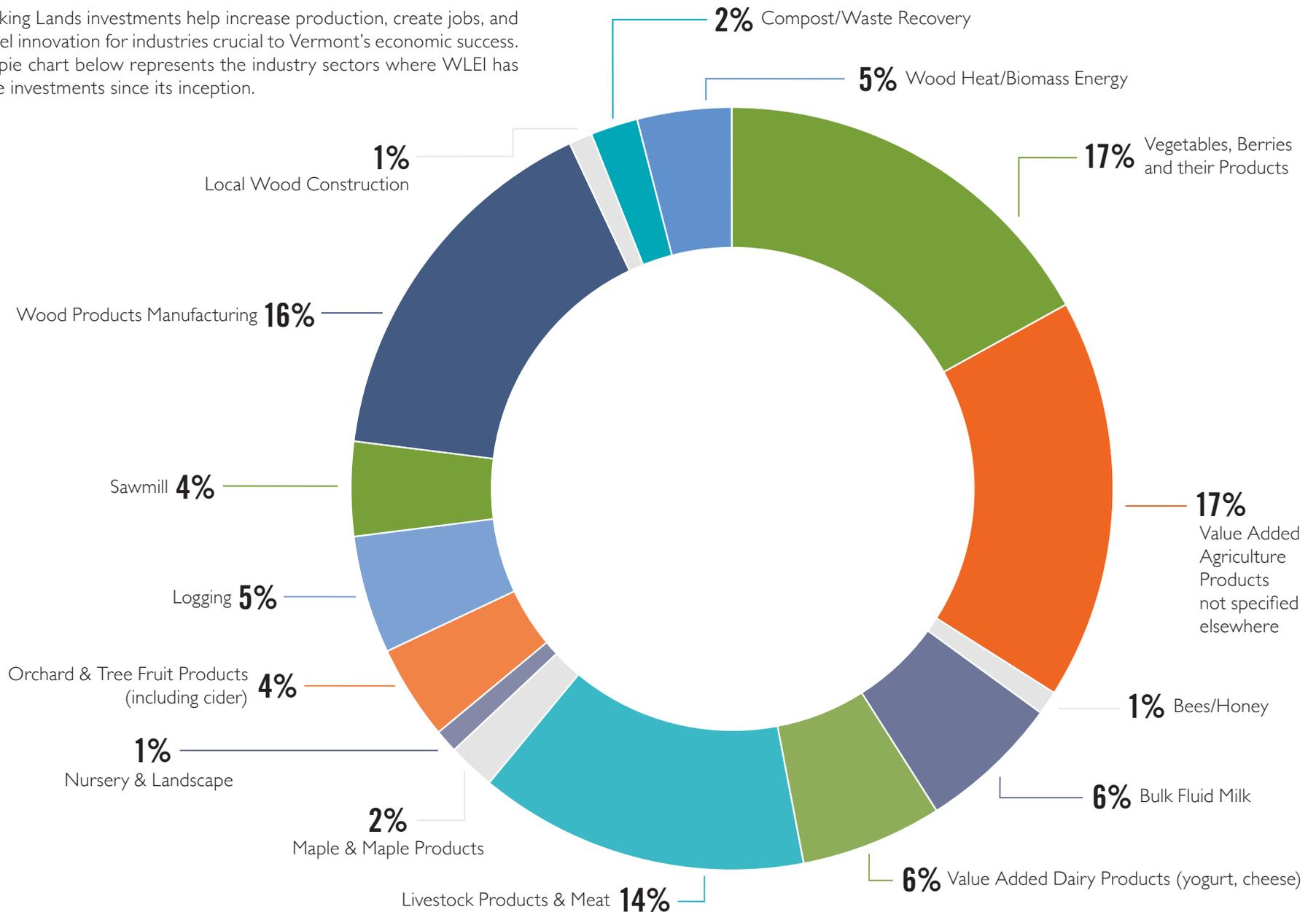
Distributed over
\$3.8 Million
in Working Lands Funds

Leveraged
**\$7.4 Million in
Matching Funds**

All **14** Vermont
Counties
have been impacted

SECTOR INVESTMENTS TO DATE

Working Lands investments help increase production, create jobs, and propel innovation for industries crucial to Vermont's economic success. The pie chart below represents the industry sectors where WLEI has made investments since its inception.



GRANT PROGRAM IMPACT

Working Lands Grantees have:

Employed

795 People in 2016

Created

428 New Full-Time Jobs to Date

Generated

\$93.8 Million
in 2016 Sales for the Vermont Economy

Generated

\$18.1 Million
in Additional Sales to Date for the Vermont Economy



18,098 = Number of Acres Impacted in 2016

For every \$10,000 invested =

- gross income increased by \$148,237
- 1.23 new jobs are created

GRANTEE SURVEY DATA

In the fall of 2016, all WLEI grantees from 2012 through 2016 were asked about how the grant has positively impacted their business. Out of the 129 grantees, 91 responded to the survey. Here is a snapshot of how these grants have helped Vermont businesses and business grantees:

98% entered new markets and increased their customer base

30% were able to increase employee wages

68% improved their efficiency

45% increased their environmental stewardship

33% hired new staff

36% improved safety



Receiving a Working Lands Grant enabled us to scale up our hen and egg operation to a sustainable level, as well as improve our infrastructure, increasing efficiency and productivity. Scaling up is expensive and hard to do quickly enough for small farms, and Working Lands gave us that step up to truly be profitable and successful.

Our farm is thriving with happy, healthy hens, in large part thanks to Working Lands.

LILA BENNETT
Owner, Tangletown Farm

Images courtesy of: Tangletown Farm

LAUGHING CHILD FARM

Pawlet » Rutland County

BUSINESS GRANT FY '15: \$20,000 for a sweet potato curing and storage facility to cure, store, and wash organic sweet potatoes.

Brooke and Timothy Hughes-Muse grow organic sweet potatoes in the Mettowee River Valley, one of the warmest valleys in Vermont—and the perfect climate for sweet potatoes. Yet the Hughes-Muses' business was limited by the old dairy barn they used to cure sweet potatoes, which was hard to heat, relatively small, and unable to be GAP certified (GAP stands for “good agricultural practices”). With help from a \$20,000 Working Lands grant awarded in 2015, the Hughes-Muses immediately got to work building a new curing and storage facility to process and store their crop.

The new facility enabled increased output from 39,000 pounds of sweet potatoes in 2014, to 97,000 pounds of sweet potatoes harvested in 2016. In addition, improved insulation in the building decreases the time and energy it takes to heat the sweet potatoes to curing condition, saving firewood and completely eliminating the use of propane. A roomy layout enables increased efficiency for washing and loading, measured by a 26 percent increase in production for 2015—and better quality of life for Brooke and Timothy, who can now wash and pack a bin of sweet potatoes in about an hour (as opposed to three hours, as before).

With increased storage capacity and more efficient processes and production, Brooke and Timothy can grow more sweet potatoes, which puts more money back into the local economy. It also means that neither had to take off-farm jobs this year—for the first time ever—giving them more time to spend with their four daughters.



“ It is actually a good problem to have, the fact that we’re growing and we need more funding to keep up with the growth.”

TIMOTHY HUGHES-MUSE Owner, Laughing Child Farm

26% increase
in production

50%
decrease of wasted time

Increased sweet potato production
58,000 lbs
from 2014-2016





WLEI has taken a leading role in elevating this industry, and helping to shine a brighter light on the role forestry and wood products play in Vermont's economy.

KATHLEEN WANNER Executive Director, VWMA



VERMONT WOOD MANUFACTURERS ASSOCIATION

Rutland » Rutland County

SERVICE PROVIDER GRANT FY '15: \$50,000 for innovation assistance and workforce development for wood manufacturers by use of communications and one-on-one assistance to help enhance the industry's competitiveness in the global marketplace.



The Vermont Wood Manufacturers Association represents and supports nearly 110 wood-products manufacturers throughout Vermont. After receiving a \$50,000 Working Lands Service Provider grant in 2015, the VWMA partnered with the Northern Forest Center to facilitate technical assistance, strategic planning, marketing services, lean-product process development and networking for five wood product companies: **Appalachian Engineered Flooring** in North Troy, **Built by Newport** in Newport, **J.K. Adams** in Manchester, **Lyndon Furniture** in Lyndon, and **Maple Landmark** in Middlebury.

Wood manufacturers profoundly impact Vermont's economy. Factoring in the aid provided by the 2015 Working Lands grant, these five companies collectively employed 265 staff and generated \$37.1 million of revenue in 2016 (an increase of \$5.1 million and 23 employees since 2015). As a service provider, VWMA facilitated access to highly customized technical assistance to each of the five companies via expert consultants. For two of the companies located in the economically challenged Northeast Kingdom, the grant served as the catalyst for staying in business; both are now stable and growing additional opportunities.

"As part of a \$1.5 billion wood-manufacturing industry, these companies are a critical part of Vermont's economy," says Kathleen Wanner, executive director of the VWMA. "Utilizing products from the forest and secondary manufacturing keeps money local and provides value-added opportunities for the innovative and highly skilled craftspeople who are attracted to Vermont."

23 New Employees
hired by association members

The five companies generated
\$5.1 Million
in revenue

The five companies assisted collectively employ a staff of
265

Images courtesy of: Billings Farm & Museum

WINTERWOOD TIMBER FRAMES

East Montpelier » Washington County

BUSINESS GRANT FY '15: \$75,000 for infrastructure upgrades for a bioregional wood building-material product line: two dehumidifying kilns, a three phase power grid, an outdoor wood-waste burning boiler system and signage.

Andy Harper, of Winterwood Timber Frames in East Montpelier, has always been committed to buying logs as locally as possible for his custom-built timber frame houses. But when he was awarded a WLEI grant for \$75,000 in 2015, he was able to power up and outfit a new showroom and workshop on Route 2 that helped him invest even more in the region.

Andy used the grant to install three-phase power suitable for running the heavy machinery needed to expand his mill-working business, and purchased two new kilns to dry the lumber used in the timber-frame houses he builds; when he's not using them, local woodworkers also enjoy access to the kilns for their own projects. A new wood-burning external boiler heats the facility, using wood scraps gleaned from workshop waste. The grant also funded two new custom-made signs to help bring traffic into the showroom. This helped Andy secure at least two new building projects.

While Andy was already committed to moving his business from his off-the-beaten-track location in Chelsea to his new location on Route 2, the money he received from his WLEI grant helped him invest in the infrastructure he needed to succeed. Additionally, with the help of business planning assistance from the VHCBC Forestry Viability Program (a WLEI Service Provider Grantee), he more than doubled his gross sales in 2015 and is on track for more than \$1 million in 2016. These investments have helped Winterwood Timber Frames maintain additional year-round employees—they were also the local sawmill's biggest customer in 2015.



“ We were already committed to building the new showroom and workshop, but the grant helped me make some critical investments.”

ANDY HARPER Owner, Winterwood Timber Frames



Grew from 1-3 employees during seasonal slowdown to

8 Employees in 2015, with plans to add two more

Sales in 2015 topped

\$685,000

More than double 2014's gross sales of \$310,000

2016 sales surpassed

\$1.1 Million

61% increase from 2014



PLOUGHGATE CREAMERY

Fayston » Washington County

BUSINESS GRANT FY '15: \$20,000 for renovations to begin dairy operations.

Marisa Mauro, of Ploughgate Creamery in Fayston, was spending a lot of time shuffling packages of her homemade cultured butter between four different fridges during the first two years of being in business. “It was like playing Tetris with butter, which limited my productivity,” Mauro says. So when she received a \$20,000 Working Lands grant in 2015 to help her renovate her 50-acre farm, she installed the walk-in cooler first. Within a year, she increased sales by 30 percent.

As a solo entrepreneur, Mauro also benefited from renting the cooler and facilities to the Berlin-based Rogers Farmstead to aid in growing its yogurt-making start-up business. And since Mauro used the remainder of the grant to renovate the tie-stall barn in preparation for her own future herd of animals, she was also able to lease the land and barn to the Waitsfield-based Von Trapp Farmstead for its award-winning artisanal cheese business.

“The walk-in cooler purchased with the WLEI grant money was an amazing opportunity to increase my sales and get a chance to collaborate with other farmers,” Mauro says. “That’s really important, because I’m a one-woman show. Having the facilities to rent out means I have a sounding board of other farmers whose opinions I respect and who have wisdom to add to my business.”

It’s definitely improved my quality of life, while helping these other farming businesses thrive as well.



MARISA MAURO Owner, Ploughgate Creamery



Increased butter production from 185 pounds in 2014 to

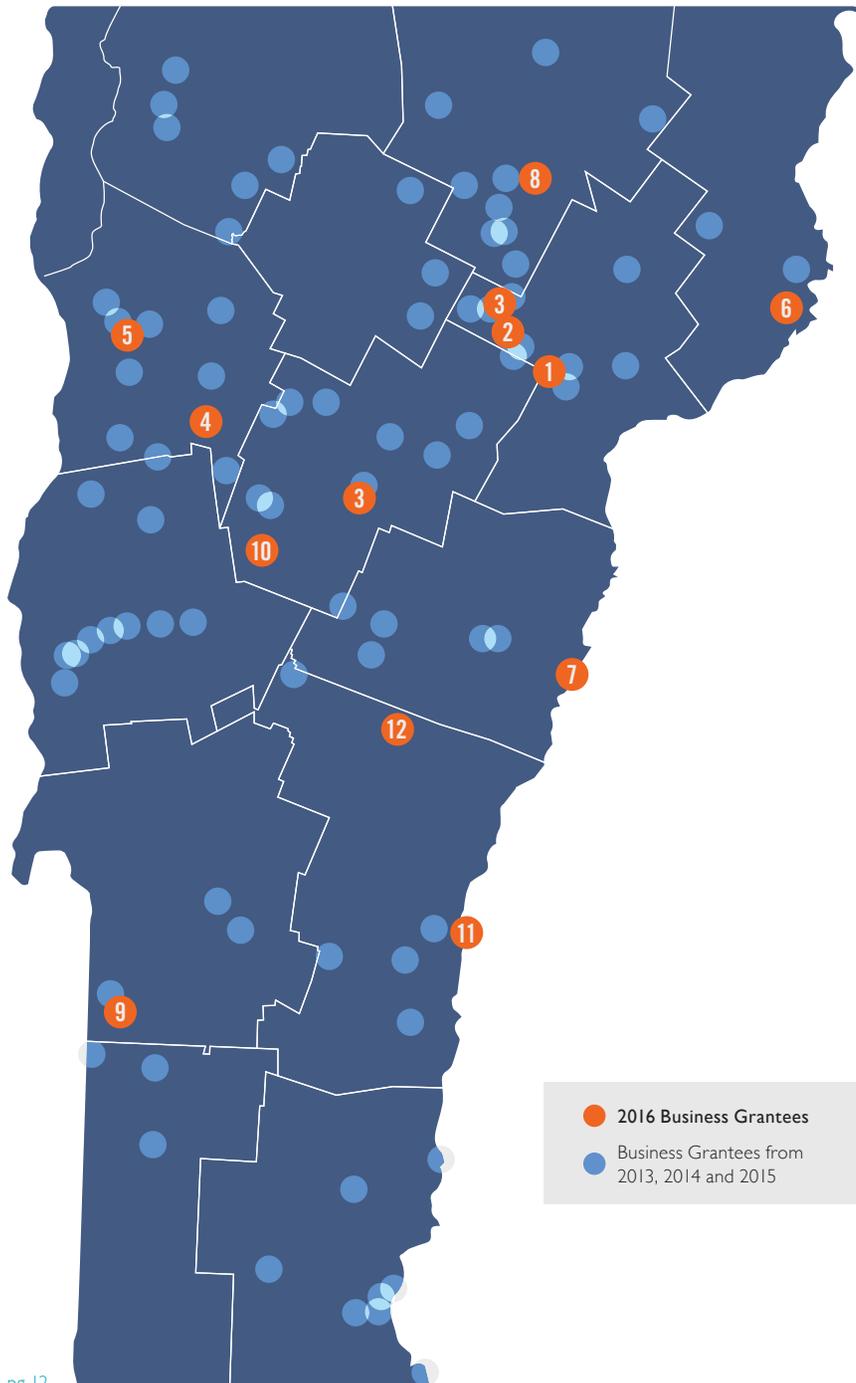
12,500 pounds in 2015

Sales increased by **30%**

2 Business Leases Obtained

with Von Trapp Farmstead, Waitsfield and Rogers Farmstead, Berlin

Images courtesy of: Ploughgate Creamery



2016 BUSINESS GRANTEES

In 2016, the board received 115 applications requesting over \$3 million in funds from some of the state's best established and up and coming businesses and organizations.

CALEDONIA COUNTY

#1 Molly Brook Farm
WEST DANVILLE
\$20,000 for transition to organic dairy

#2 Lynd Farm
SOUTH WALDEN
\$16,250 for developing our sow farrowing business

#3 Whitefield Hop Yard
EAST HARDWICK
\$15,000 for purchase of a shared hops harvester and processor

CHITTENDEN COUNTY

#4 Burnt Rock Farm
HUNTINGTON
\$20,000 for storage barn expansion to capture growth in existing wholesale vegetable markets

#5 The Tree House Hardwoods & Millshop | SOUTH BURLINGTON
\$29,975.33 for infrastructure to increase safety and efficiency

ESSEX COUNTY

#6 Kingdom Pellets
LUNENBURG
\$50,000 for construction of 30,000-ton super-premium softwood pellet mill

ORANGE COUNTY

#7 Root 5 Farm
FAIRLEE
\$20,000 for on-farm processing kitchen, pack house and crop storage renovations

ORLEANS COUNTY

#8 Tangletown Farm
WEST GLOVER
\$15,000 for increasing and improving infrastructure for pasture laying hens and egg production

RUTLAND COUNTY

#9 Southwind Forestry
PAWLET
\$20,000 for equipment for sustainable forest harvests

WASHINGTON COUNTY

#10 Vermont Bean Crafters
WASHINGTON
\$50,000 for growing the Northeastern staple-food shed with dry beans

#3 Wicked Bines Farm
BERLIN
\$15,000 for purchase of a shared hops harvester and processor

WINDSOR COUNTY

#11 Renewable Fuels of Vermont
WEST WINDSOR
\$50,000 for wood pellet mill finish dryer procurement & installation

#12 Calderwood Goat Dairy
ROYALTON
\$13,000 to begin goat dairy operations

2016 SERVICE PROVIDER GRANTEES

Grantees have regional and statewide impact.

The Northeast Organic Farming Association

\$27,222 to strengthen and grow the Vermont organic dairy industry

Intervale Center

\$19,940 to improve farmland access for Vermont farmers

Rutland Area Farm & Food Link

\$17,558 to increase farm success through operational improvements

Strolling of the Heifers

\$40,000 to create the Windham Grows Business Hatchery

Vermont Wood Manufacturers Association

\$50,000 towards innovation assistance for wood manufacturers

Vermont Housing and Conservation Board

\$75,000 for business assistance to forestry and forest products businesses through the Forest Viability Program

Vermont Sustainable Jobs Fund

\$20,000 to create a forest products value chain investment strategy

Renewable Energy Vermont

\$25,000 to create a roadmap to achieve 35% of Vermont's thermal heating needs by 2030 through the expanded use of advanced wood heat



2016 Program Results

Number of Business Grants Awarded:
12

Number of Service Provider Grants Awarded:
8

Funds Awarded:
\$608,945

Funds Leveraged:
\$2,500,000

Leveraged funds are the additional dollars grantees invested because of their WLEI grant.

Images courtesy of (counterclockwise from top): Ploughgate Creamery; Grow Compost; Southwind Forestry

BUSINESSES GROW WITH ADDITIONAL FUNDING

Thanks to this year's donors, even more Vermont companies were able to enter into new markets because of these innovative programs.

Tradeshaw Assistance Grant Program

The Tradeshaw Assistance Grant program consists of small grants given to Vermont producers looking to promote their products out-of-state. It is administered by the Domestic Export program at the Agency of Agriculture, Food & Markets. Funded with just \$25,000 from Working Lands, the 24 grantees funded in 2015 reported 1,453 sales leads and 90 immediate sales valued at over \$30,000. Grantees project an estimated \$1 million in sales for 2016 as a direct result of the grant. Given its success in 2016, the board voted to reinvest in this program for 2017.

SPROUT Program

The Vermont Community Loan Fund's SPROUT Deferred Payment Loan Program (this year's pilot program) is a low-interest revolving loan fund that meets the capital needs of working-lands businesses across the agricultural and forestry sectors. WLEI contributed funds to make the 0% and low-interest loans possible. Preference is given to start-up or early-stage operations with demonstrated or projected growth. SPROUT offers loans of up to \$60,000 at 0% for two years, with a 2% fixed rate thereafter. The Vermont Community Loan Fund (VCLF) will coordinate comprehensive business development and financial/technical assistance for borrowers as needed.

The VCLF has supported two SPROUT loans since its launch in October 2016: a \$40,000 loan to Full Sun, a Middlebury-based manufacturer of cold-pressed, extra-virgin sunflower and canola oil, and a \$50,000 loan to Andre and Jessica Villeneuve of Bakersfield to assist in their start-up maple sugar operation.

Organic Dairy Transition Program

The Vermont Agricultural Credit Corporation (VACC)—a division of the Vermont Economic Development Authority (VEDA), the Working Lands Enterprise Board (WLEB), and the Vermont Agency of Agriculture, Food & Markets (VAAFMM)—this year developed a loan program to assist conventional dairy farmers to transition to organic milk production. The program strives to improve the long-term financial viability of farms that participate in the program by enabling them to receive the higher price that organic milk demands.

As of December 2016, VACC approved three organic-transition program loans totaling \$402,400, with another application under consideration. The Northeast Organic Farming Association of Vermont will provide 2-4 consultations with borrowers and will provide organic-specific technical assistance during the first two years of the program.

PROGRAM DONORS

The Working Lands Enterprise Board would like to thank this year's donors who, combined, contributed approximately \$200,000. These generous donations allowed the board to fund two loan pilot programs and the Trade Show Assistance Grant Program. This year's donors included:



Charles & Leigh Merinoff



COMMITTEES

Coordinating Committee

Board development, annual review of organizational plan, consults on board documents—including meeting agendas, grant applications, and program evaluations.

Policy Committee

Solicits and vets topics for consideration by the Board, working closely with State Agency leaders. The Committee recruits members for ad hoc committees that spearhead policy work by topic area. Research and review processes may create documents for presentation to the legislature and working lands organizations.

Goals & Evaluation Committee

Guides development of short and long term goals and objectives for the Working Lands Enterprise Initiative. Committee also guides and provides feedback on the metrics used and analysis conducted to determine program impact.

Fund Development Committee

The 2015 change in statute instructed the board to search for additional funding sources to become more self-sustaining. The Fund Development Committee was formed to help secure philanthropic donations from individuals, partners, and businesses.

Enterprise Financing Options Committee

Explores financing options to leverage the state investment in the Working Lands Enterprise Initiative.

Forestry & Wood Products Committee

Engages with one of the largest sectors of Vermont's working lands economy and provides support for innovation, economic viability, and workforce and market development.

In 2016, the Forestry Committee launched the implementation phase of the Forest System Analysis. The committee planned two Meet-Up events to engage and inform industry members. Also, the Vermont Sustainable Jobs Fund hired Christine McGowan as Forest Products Program Director to continue value-chain development across the sector. The forestry committee will serve as her advisory committee into the future.



Images courtesy of: Agency of Agriculture



Image courtesy of: Southwind Forestry
Cover image: Billings Farm & Museum

2016 BUSINESS GRANTEE

Southwind Forestry received a \$20,000 Working Lands grant to purchase a used excavator. They also received technical assistance through the WLEI-funded Forest Viability Program.



I knew that the purchase of an excavator would ensure that Southwind could comply with all of the new state and federal water-quality regulations, while simultaneously helping me to grow my business.

It's saving me money, and I can feel confident knowing that I'll be compliant with the new water-quality regulations from start to finish on a job.

GABE RUSSO

Owner, Southwind Forestry



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