

2017
ANNUAL
REPORT

Working Lands Enterprise Initiative

 VERMONT
AGENCY OF AGRICULTURE, FOOD & MARKETS

WORKING LANDS BOARD 2017

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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Agriculture, Food & Markets

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Matt Langlais | DESIGNEE
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Recreation

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Lamoille County

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Consulting Forester
Addison County

Jane Sorenson
Farmer, River Berry Farm
Addison County

Kathleen Wanner
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Vermont Woodlands Association
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Ex-Officio, Non-Voting Members

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CEO, Vermont Economic Development
Authority (VEDA)

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Senior Agricultural Loan Officer, Vermont
Economic Development Authority (VEDA)

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Jobs Fund (VSJF)

Gus Seelig
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Conservation Board (VHCB)

Ela Chapin | DESIGNEE
Program Director, Vermont Farm Viability
Program

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

The Vermont Working Lands Enterprise Initiative is a well-established program that consistently demonstrates positive impact for Vermonters through catalyzing economic development, safeguarding Vermont's working landscape, and enhancing the quality of life of entrepreneurs, jobholders, and consumers.

As Deputy Secretary of Commerce and Community Development, Ted Brady, noted in conjunction with the Initiative's May 2017 grantee announcement ceremony, "The Working Lands Enterprise Initiative represents a strategic partnership between Agriculture, Forestry, Commerce, and the private sector. We live in the most amazing place in the world, but to maintain our pastoral and forest landscapes, we must have innovative people working on our farms and in our forests, creating products, jobs and opportunities. **These grantees create the sense of place that attracts people to live and do business here.**" That collaboration across state agencies, and between the public and private sectors, has been a hallmark of this program, which demonstrated impact out of the gate and has continued to evolve.

At the end of the day it comes down to the enterprises, and the entrepreneurs who bring Vermont's working lands to life each day. The Board keeps its attention on their viability and development. With each strategy and decision, the Vermont Working Lands Enterprise Initiative takes a considered approach, grounded in the track record and lessons learned it has accumulated. In this way, **public dollars function as a vehicle to propel broader investment in the people and businesses that simultaneously link Vermont to its heritage and light the way into its future.**



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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 over \$4.5 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.



PROGRAM OVERVIEW TO DATE:

149 Agriculture & Forestry
Projects Funded

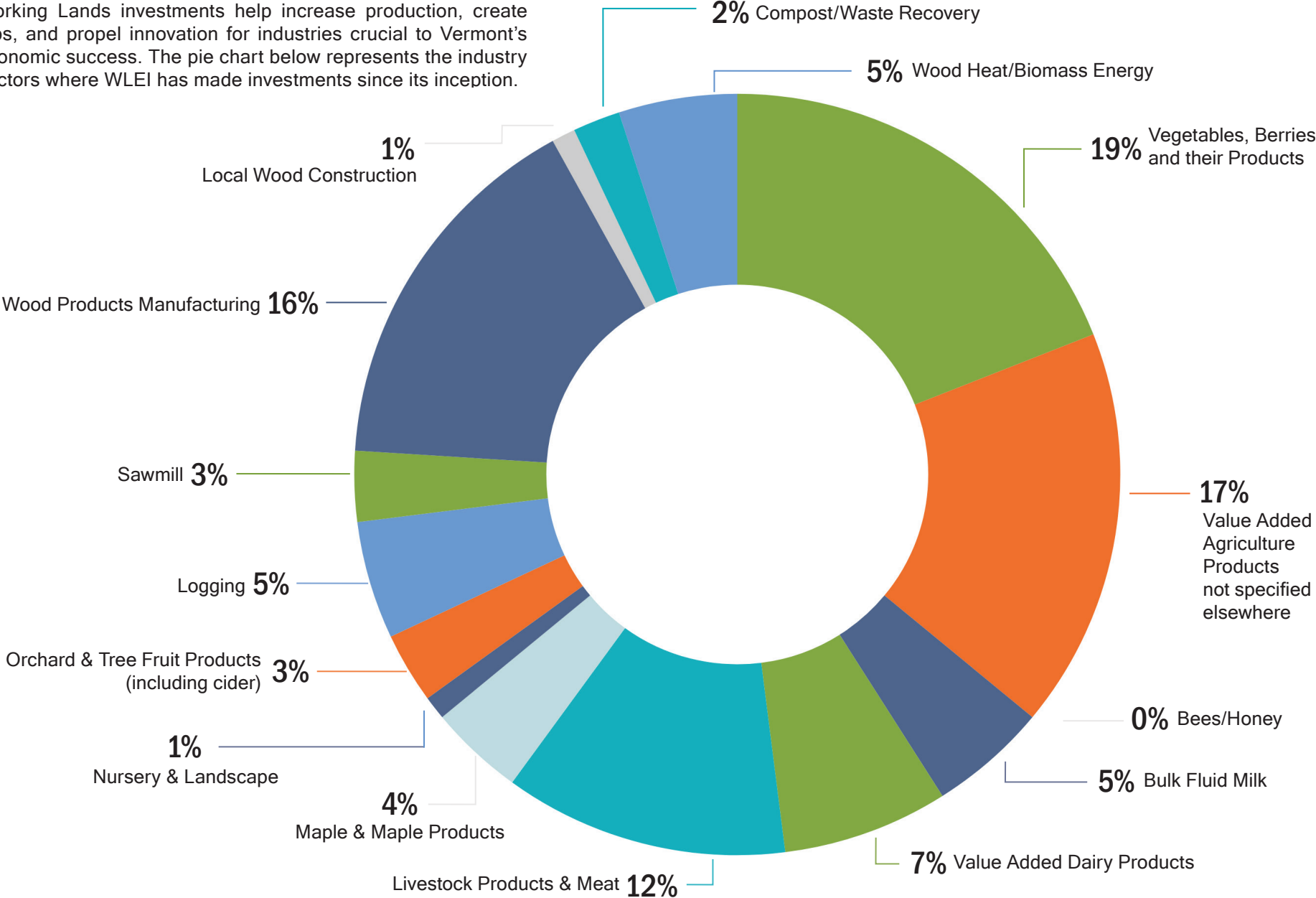
Distributed over
\$4.5 Million
in Working Lands Funds

Leveraged over
\$9 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

852 People in 2017

Created

485 New Full-Time
Jobs to Date

Increased 2017 payroll by

\$2.09 Million

Generated

\$26.5 Million
in Additional Sales to Date
for the Vermont Economy



For every \$10,000 invested =

- 1.08 FTE created
- \$59,000 in additional sales

GRANTEE SURVEY DATA

In the fall of 2017, WLEI grantees from 2013-2017 were asked about how the grant has positively impacted their businesses. Out of the 118 grantees, 65 responded to the survey (55% response rate). Here is a snapshot of how Working Lands grants have helped Vermont businesses:

98% entered new markets and increased their customer base

50% hired new staff

65% increased payroll

50% increased or improved environmental stewardship

25% added or increased benefits



Image courtesy of: Farmers to You



As a start-up, I soon found that I had underestimated the complexity and cost of the new venture. The cost of product development, packaging, supplies, and labor has been overwhelming and has far exceeded our sales to date.

The Working Lands grant has been critical to us being able to continue operation through this start-up period. I am very optimistic about our financial future.

RICH LARSON
Owner, Larson Farm and Creamery

Images courtesy of: Larson Farm and Creamery

BURNT ROCK FARM

Huntington » Chittenden County

BUSINESS GRANT FY '16: \$20,000 for storage barn expansion to capture growth in existing wholesale vegetable markets.

Burnt Rock Farm is a certified organic vegetable farm in its 6th year of business, owned by Justin Rich and Lindsay Lyman-Clark. Justin and Lindsay specialize in winter storage vegetables such as potatoes, sweet potatoes, onions, winter squash, and garlic, with 25% of their business coming from summer-harvested crops such as cherry tomatoes, eggplants, and baby spinach. The farm primarily serves local and regional wholesale markets, including retail stores, regional food hubs, and distributors.

With the help of a \$20,000 Working Lands Business Grant, Burnt Rock Farm constructed a new climate-controlled storage barn to satisfy the expansion of wholesale winter storage vegetable markets in New England. The grant fund specifically covered the costs of more efficient mechanical systems for heating, cooling, and ventilation. The new barn is a well-lit, heated space to store, wash, and pack vegetables, using safe and appropriate materials-handling equipment such as forklifts, pallet jacks, pallet racking, and wheeled equipment.

With increased storage capacity and more efficient processes and production in their expanded storage barn, Justin and Lindsay have been able to grow more vegetables and are reaching new markets and an increased customer base, helping their local economy. The Working Lands grant has also helped support higher wages and a new employee on the farm, improved quality of life for Justin and Lindsay, as well as improved safety for their employees.



WLEI funding helped us to build a new, larger barn to store, wash, and pack a variety of storage vegetables during the winter months.

JUSTIN RICH Owner, Burnt Rock Farm

30% increase
in sales of value-added
products over the last year

INCREASE
in employee wages and
added 1 new job





ROOT 5 FARM

Fairlee » Orange County

BUSINESS GRANT FY '15: \$20,000 for an on-farm processing kitchen, renovated pack house, and crop storage renovations.

“
”
Between 2016 and 2017, Danielle and Ben have increased sauerkraut and kimchi production by 60% and intend to add 2-5 new varieties of sauerkraut to market this coming year.

Danielle Allen and Ben Dana own and operate Root 5 Farm, a certified organic vegetable farm along Route 5, in the Connecticut River valley of Fairlee, Vermont. Danielle & Ben have owned and operated the farm since 2013, successfully growing a wide variety of vegetables for sale at local farmers' markets, wholesale accounts, and 150 CSA shares. They also produce 4,000 lbs of sauerkraut each year from the farm's cabbage, formerly through the Food Venture Center in Hardwick, a one-and-a-half-hour drive from their farm.

With help from a \$20,000 Working Lands Business Grant, Root 5 Farm invested in critical infrastructure to increase value-added production. Root 5 Farm renovated their pack house into an on-farm kitchen, cutting production costs associated with transportation and rental fees by 15%. They also built a cold-storage facility for squash, sweet potatoes and onions to increase sales and production capabilities during the winter. Between 2016 and 2017, Danielle and Ben have increased sauerkraut and kimchi production by 60% and intend to add 2-5 new varieties of sauerkraut to market this coming year.

Root 5 Farm started small. Danielle and Ben began farming at the Intervale Center in Burlington before moving to Route 5. They utilized the Food Venture Center to experiment with value-added production in 2013, and then worked with the Farm Viability Program to develop their business plan. Today, after gaining the business grant, Root 5 Farm is growing rapidly. Root 5 Farm demonstrates to small, new farmers that with hard work and technical and capital support, success can be had.



Reduced storage loss by
20%

Entered
4 New
Retail Outlets

Production Increased by
60%

SOUTHWIND FORESTRY

Pawlet » Rutland County

BUSINESS GRANT FY '16: \$20,000 in funding for an excavator for sustainable forest products.

Southwind Forestry was established in 2000 by Gabe Russo, and offers private forestland owners consulting and timber harvesting services. Southwind Forestry works closely with clients to ensure their objectives for forestland management are met. In addition to low impact timber harvesting, services include: timber marking and sale facilitation, forest valuation, current use enrollment, and development of forest management plans. The business has had great success in its timber harvesting operations due to the to extract low value products and market them locally, all the while enhancing productivity and quality of Vermont's forests.

Southwind Forestry received a Working Lands Business grant for \$20,000 to purchase an excavator and forwarder to support its business growth and to enhance and protect forest, water, and soil resources while harvesting timber. This equipment is critical in extracting sustainably harvested wood products as without proper infrastructure the efficiency of timber extraction decreases, water quality decreases, and soil erosion increases.

Using the new excavator and forwarder purchased with Working Lands grant funds, Gabe is now able to harvest timber from the forest without ever skidding logs across the ground, thereby greatly minimizing impacts on the forest floor. Thanks to the grant, 1500 acres of woodlands have been sustainably impacted, Southwind Forestry's net income has doubled in the past year, and the business is saving over \$2000 a month in costs for rented equipment.



We used funds from the WLEI grant to purchase a 115 Kobelco Excavator which is an integral part in applying and maintaining Acceptable Management Practices on our logging jobs and ensuring clean water for Vermont.

GABE RUSSO Owner, Southwind Forestry



Net income has increased

100%

Savings of

\$2,000
per month

1,500
woodland acres
positively impacted



The WLEI grant we recieved has enabled us to avail ourselves of opportunities for growth that we would otherwise have had to let pass us by.



JOE BOSSEN Owner, Vermont Bean Crafters



VERMONT BEAN CRAFTERS

Warren » Washington County

BUSINESS GRANT FY '16: \$50,000 for bean handling facility improvements to meet growing regional demand, increase local bean production, hire staff, develop market to promote regional bean consumption.

Vermont Bean Crafters is a based out of Warren, Vermont where they aggregate and processe local and organic beans and bean dishes from across the state, serving as a “value-adding conduit” between farms and their communities. With the help of a \$50,000 Working Lands Business Grant, Vermont Bean Crafters made integral capital improvements to scale up their operations.

The Working Lands Enterprise Initiative supported market supply by targeting both the supply and demand sides of the dry bean market. Vermont Bean Crafters increased supply by developing relationships with potential new growers, developing best practices for contractual relationships, purchasing washing and packaging equipment, and hiring staff. The business invested in increasing demand for dry beans through new sales partnerships with Reinhart and Grow NYC’s Green Market Regional Grains Project, as well as an educational partnership with UVM Extension to study dry bean culture in New England.

While Vermont Bean Crafters has used their grant to improve their operations, they are focused on growing the specialty staple food market. **This project brought 150,000 lbs of dry beans from 11 VT growers to market in 2016-2017, with goals to increase five-fold in five years.** By adding local, organic bean production to Vermont’s landscape and marketing the beans and their value-added products in Vermont and New England, Vermont Bean Crafters is helping add affordable local protein to Vermonters diets while protecting Vermont’s valuable natural resources.

Sales of value-added products increased

30%
over the last year

429%
Increase in net income



Images courtesy of: Farmers to You.

2017 BUSINESS GRANTEES

In 2017, 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.

ADDISON COUNTY

- #1 Maple Landmark, Inc.**
MIDDLEBURY
\$40,000 automated woodturning lathe
- #2 Stonewood Farm, Inc.**
ORWELL
\$13,750 for developing our sow farrowing business
- #3 Vermont Farm Table**
BRISTOL
\$50,000 for Vermont Farm Table commercial development plan

CHITTENDEN COUNTY

- #4 Pumpkin Berry Farms, LLC**
CHARLOTTE
\$7,675 for irrigation system replacement for the Charlotte Berry Farm
- #5 Green Mountain Grain and Barrel, LLC | RICHMOND**
\$50,000 for stave jointer and hoop press machine acquisition
- #6 Intervale Community Farm Cooperative, Inc. | BURLINGTON**
\$35,000 for construction of multi-user wash/pack/storage facility for produce & nursery stock
- #7 Smith & Salmon, Inc.**
BURLINGTON
\$50,000 to build a first class marketing team and marketing plan for Sap!

LAMOILLE COUNTY

- #8 Bourne's, Inc.**
MORRISVILLE
\$27,500 for bulk pellet delivery truck

ORLEANS COUNTY

- #9 Pete's Greens, Inc.**
CRAFTSBURY
\$20,000 for improved Seed Garlic Access for VT farmers
- #10 Sweet Rowen Farmstead**
WEST GLOVER
\$50,000 for on-farm creamery and community space

RUTLAND COUNTY

- #11 Larson Farm and Creamery**
WELLS
\$19,980 to expand produce line of value-added dairy products

WASHINGTON COUNTY

- #12 Farmers to You, LLC**
BERLIN
\$50,000 for regional market development to grow Vermont's Working Lands economy

2017 SERVICE PROVIDER GRANTEES

Grantees have regional and statewide impact.

Intervale Center

\$15,943 | Coaching Services for Beginning Farmers

Northeast Organic Farming Association

\$20,887 | Farm Scale Decision-making for Profitability and Quality of Life

University of Vermont

\$68,189 | Maple and Forest Business Benchmarks

Vermont Fresh Network

\$37,500 | Building Vermont's Agritourism Sector through Collaborative Marketing

Vermont Housing and Conservaiton Board

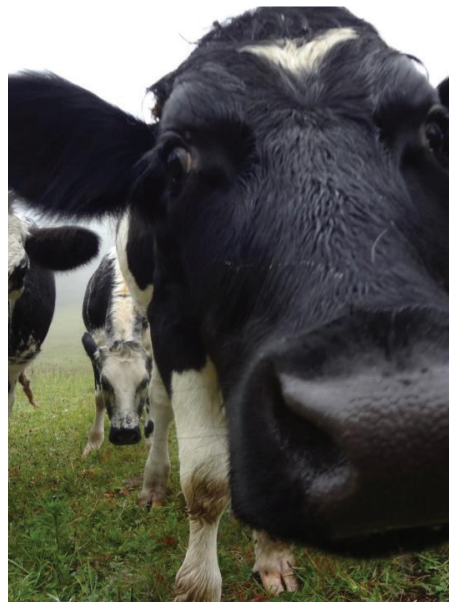
\$75,000 | Advancing Forestry Sector Entrepreneurialism and Supporting Forestland Owner Succession

Vermont Natural Resources Council

\$40,000 | Modern Wood Heat Market Development

Vermont Sustainable Jobs Fund

\$39,716 | Vermont Forest Products Value Chain Investment Strategy



2017 Program Results

Number of Business Grants Awarded:

12

Number of Service Provider Grants Awarded:

7

Funds Awarded:

\$400,735

Funds Leveraged:

\$1.68 Million

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



Images courtesy of (counterclockwise from top): Farmers to You; Sweet Rowen Farm; Sweet Rowen Farm.

BUSINESSES GROW WITH ADDITIONAL FUNDING

Vermont Agricultural Credit Corporation: Organic Transition Loan Program

VACC's Organic Transition Loan Program initiated in 2016 has assisted five conventional dairies in their transition to organic milk production who have benefitted from WLEB's grant which pays the interest on these loans during the farms' transition period. The concurrent principal deferral by VACC further relieves cash flow during the organic transition while technical assistance is provided through a WLEB grant to NOFA. The goal of the Organic Transition Program is to improve the financial viability and profitability of certain dairy farms whom VACC assists with their organic transition. The WLEB grant has been extended until August 2020 to be available if organic milk handlers offer another opportunity for conventional dairies to convert to organic milk production which typically offers a higher price for the milk being produced and the possibility of higher profits.

Vermont Community Loan Fund: 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.

In 2017, SPROUT supported four new loans:

- Vermont Switchel Company - A Hardwick based manufacturer of a specialty maple-based beverage. The purpose of the \$20,000 SPROUT loan was to purchase equipment in support of company growth.
- Kevin Channel - A Reading start up beef and pork grower. The purpose of the \$60,000 SPROUT loan was to assist in the purchase of land and equipment.
- Sweetland Farm - A diversified vegetable and livestock farm. The purpose of the \$60,000 SPROUT loan was to complete barn improvements including vegetable processing and storing facilities as well as upgraded customer service facilities.
- Vermont Quince Company - A Newfane based specialty foods producer of quince jams, mustards and vinegars. The purpose of the \$20,000 SPROUT loan was to support inventory and equipment purchase to this startup food manufacturer.

PROGRAM DONORS

In 2017, Ski Vermont, using funds raised through the Fifth Grade Passport program, donated \$19,980 through the Working Lands program to Larson Farm and Creamery in Wells, VT to help fund start-up costs of their new line of dairy products.

Proceeds from the Passport program, which allows thousands of Vermont children to ski and snowboard for free, have been donated by Ski Vermont for many years to multiple organizations to benefit agriculture and the environment across the Green Mountain state.



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.

Service Provider Strategy Committee

In 2017, this Committee developed a new Service Provider funding stream that is moving a portion of funds to contracts that have the potential for multi-year projects, giving service providers the opportunity to develop their programs.

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.



Images courtesy of: Smith & Salmon, Inc.



2017 BUSINESS GRANTEE
Green Mountain Grain & Barrel received a \$50,000 Working Lands grant to increase safety and efficiency.



Starting a new business can be both thrilling and terrifying; especially when it comes to expanding and investing capital.

The Working Lands Business Grant allowed us to take that leap of faith and expand our business, which will not only increase our own production but will also have an impact on all of the local businesses in our supply chain, from the loggers and sawyers to the distillers and brewers.

TONY FLETCHER

Co-founder, Green Mountain Grain & Barrel



Agency Staff:

ABBHEY WILLARD
Division Director

LAURA GINSBURG
Section Chief

NOELLE SEVOIAN
Agriculture Development Coordinator

MELISSA MOON
Grants Administrator

TORI MANAGAN
Program Technician

AGENCY OF AGRICULTURE, FOOD & MARKETS
working.lands@vermont.gov
802.585.9072

www.vermontworkinglands.com