

Vermont Housing and Conservation Board  
**Vermont Farm & Forest Viability Program**

**POLICIES & PROCEDURES**

Updated & Approved: September 21, 2017

**1. GOALS & STRUCTURE**

**Purpose**

In accordance with the Vermont Housing and Conservation Trust Fund Act (10 VSA Chapter 15), it is a goal of the Vermont Housing and Conservation Board (“the Board”) to fund activities that will “encourage or assist in preserving the State’s agricultural land and forestland.” While the Board’s funding of farm conservation projects results in the retention of agricultural and forest land, the retention of land *uses* is dependent on the economic viability of farming and forestry enterprises. To encourage or assist agricultural or forestry use, the Board has created the Vermont Farm & Forest Viability Program (“the Program”). The Board intends the Program to be supplemental and complementary to the Board’s funding of the conservation of agricultural and forest land.

This Policy is also intended to implement 6 VSA § 4710, “An Act Relating to a Farm Viability Program.”

**Programmatic Goals**

The mission of the Vermont Farm & Forest Viability Program is to enhance the economic viability of Vermont farms and forestry enterprises. This is accomplished by offering business planning and technical services and other forms of assistance to eligible farmers, agriculturally-related businesses, and forestry and forest products enterprises.

The Program will emphasize development of sound business plans developed with technical advice from a business advisor or team of advisors, selected to match each individual business’ needs. Advisors facilitate the development of business plans, while imparting business management skills to the participant. It is the intention of the Program to leave participants with more management skills – including skills in goal-setting, strategic planning, human resources, marketing, and, in particular, financial record-keeping and analysis – than when they began the Program.

Once business plans are put into place, it is a goal of the Program to assist participants in updating and implementing their business plans. The Program will help participants identify further assistance needed, and may offer participants further technical or financial assistance resources – or in some cases refer participants to other technical assistance programs, financing and capital sources, or elsewhere for assistance in meeting production goals, maintaining and improving profitability, efficiency and effectiveness, and/or otherwise implementing their business plan.

Other goals of the Program include:

- Expanding the capacity of organizations across the State to deliver business assistance programs to farmers, agriculturally-related businesses and forestry and forest products enterprises. By contracting with organizations that have the capacity to deliver services and/or subcontracting with appropriate consultants and professionals, the Program provides support for these organizations to expand their reach and capacity to provide broad technical and business planning assistance to these businesses.
  
- Providing professional development opportunities to service providers. The Program hosts quarterly meetings of contracted service providers to ensure program-wide communication, coordination and networking, as well as to offer education and training sessions. The Program also supports occasional statewide or regional training and professional development opportunities such as conferences and workshops for service providers.

### **Outcome Measures**

A variety of outcome measures will be used to assess the Program's effectiveness. Primary measures will be:

1. Quantitative measures. (a) number of and types of businesses receiving technical services; (b) number of completed business plans approved by Program staff; (c) to the extent feasible, profitability measures before and after the Program, such as gross income, net income, net worth, or profitability-related production measures; and, (e) other management tracking indices, such as following key financial and/or production indicators over time.
  
2. Qualitative measures. (a) changes in quality of life, financial stress, and attitude toward the business as reported by the participant; (b) changes in business management skills and abilities as reported by the participant; and, (c) participant receptiveness, skills or knowledge imparted, successful improvements in communication, success in removing perceived barriers to profitability, etc, as reported by service providers.

Program evaluation will be an ongoing program activity, and will include at a minimum:

- annual evaluations completed by Program participants;
- evaluations or surveys completed online, on paper or in-person to evaluate other activities and services provided through the Program, such as professional development trainings or conferences for service providers; and
- periodic (every three to six years) third-party evaluations that examine both Program process and outcomes.

### **Structure and Authority**

The Program will be housed within Board, which is a public instrumentality of the State of Vermont. The Board's enabling statute authorizes the Board to make grants and loans to eligible applicants for the purpose of conserving and protecting Vermont's agricultural and forest land. The statute further describes eligible activities to include activities that "encourage or assist the retention of agricultural land for agricultural use and of forestland for forestry use."

Eligible applicants under the Board's enabling statute are limited to 501(c)(3) nonprofit organizations, municipalities, and certain State agencies. By statute, the Board has the express authority to hire staff and contract with experts and enter into cooperative agreements (contracts) with private and public entities plus the Board has all the powers of a business corporation. So the legal authority for the contracts used by the Program is both crystal clear and sound.

The Board will have ultimate authority, as governing body, for making disbursements of funds for the Program, either in the form of grants, loans, contracts for goods or services, or other disbursements authorized by law. The Board may in its discretion allocate and set aside funds for specific purposes and then delegate to a Board committee, or to staff of the Board the authority to enter into grant agreements, loans, contracts, or other disbursements necessary to carry out the specified Program activities, using the funds thus set aside.

### **Funding Priorities**

The Board will fund projects under the Program that have the potential to increase the economic viability of Vermont farm, food, forestry and forest products enterprises, that propose to work with businesses who are committed to participating in the program, and that include participation in annual Program evaluation activities.

The Board encourages and gives priority to proposals centered around comprehensive business planning augmented by technical assistance in areas of expertise tailored to individual business owners' goals or needs, and delivered in a coordinated, or team approach. The Board may also fund projects that offer one or more components of business planning, or related business advising activities – such as marketing planning, advisory teams, management coaching, or land access services.

The Board shall give lesser priority for the following eligible activities: (1) business planning and/or technical services to be delivered in group settings, (2) training of service providers, and (3) special programmatic studies or evaluations.

The Board may give priority to applications that provide matching funds. Matching commitments may include cash, grants, or donation of in-kind services.

### **Eligibility for Funding & Services**

Farmers, agriculturally-related business, forestry or forest-products enterprise participants: To be eligible to receive services or funds from the Program, participants shall: 1) be residents of Vermont, 2) be actively in business and involved in the day-to-day management of the business, 3) have at least two years experience managing the business, and 4) have earned at least \$15,000 annual gross income from the business in the most recent tax year. Agriculturally-related and forest-products enterprises must additionally be primarily involved in the processing, storage, marketing and/or distribution of agricultural or forestry products sourced from or with ingredients/materials sourced from Vermont or adjacent local areas.

Staff may make exceptions to these eligibility criteria when a business has sufficient impact on Vermont's agricultural or forest economy; for example a cooperatively owned business where

some but not all owner-members are residents and based in Vermont, or a start-up operation with significant potential for growth and impact.

Forest landowners: To be eligible to receive services or funds from the Program, forest landowner participants shall own forest land in Vermont.

Service providers: To be eligible to receive services or funds from the Program, service provider contractors shall be able and willing to 1) complete Program requests for proposals, budgets and other application materials as requested; 2) provide organizational by-laws, last year's audit and financial statements, and other organizational documents as requested; and 3) participate in any organizational monitoring of financial record-keeping and other administrative systems as requested and performed by VHCB staff.

All entities receiving funding under the Program shall sign a grant agreement, contract, or other form of written obligation as determined by VHCB prior to receiving any disbursement of VHCB funds. These documents shall contain reporting requirements that hold the recipients of funds accountable and that allow the Board to evaluate the efficiency and effectiveness of the services provided.

### **Types of Funding**

The Board's funding of the Program shall take one or more of the following forms:

1. Grants or contracts with organizations that are eligible applicants (as defined by 10 VSA § 303) for the delivery of business planning and technical services to Vermont farmers, agriculturally-related businesses, forestry and forest-products enterprises, and forest landowners and/or post-business planning technical assistance to participants that have completed business plans.
2. Contracts with private organizations or individuals for the same purposes as stated in #1 above.
3. Grants to eligible farms, agriculturally-related businesses, forestry or forest-products enterprises (including for-profit and in some cases non-profit owned) for the purpose of implementing long term measures, such as capital improvements, that will contribute to the economic viability of agriculture and forestry in Vermont.

The Board may also enter into cooperative agreements with private organizations or individuals or with any agency or instrumentality of the United States or of the State of Vermont to encourage or assist economically viable agricultural or forestry use of Vermont farm and forest lands.

The Program solicits proposals from service provider organizations through regular Requests for Proposals. The Program solicits qualified independent consultants and other service providers through occasional Requests for Qualifications, and may request services from these consultants or providers on an individual basis as needed. In addition the Program solicits grant applications from enterprises through a Request for Proposals.

## **Policy Development**

Policies of the Program will be developed in close cooperation with the Vermont Agency of Agriculture, Food and Markets (the “Agency”). This relationship with the Agency is formalized through the Agency’s statutory seat on the Board, and also through a Viability Advisory Board (a committee of the Board and known herein as the “Advisory Board”) chaired by the Secretary of Agriculture, as defined below.

The Advisory Board will initiate the development of all policies governing the Farm & Forest Viability Program, including any Program eligibility requirements it may deem appropriate, and may make recommendations on adoption of formal policy documents to the VHCB Board.

The Advisory Board may also adopt operational guidelines, including a determination of what constitutes an acceptable business plan, may review Program expenditures, evaluate the Program’s success, solicit input from Program recipients and Program service providers, and recommend changes in operational structure, operational focus, and service models.

## **2. ADVISORY BOARD**

In accordance with 6 VSA § 4710, “An Act Relating to a Farm Viability Program”, and also in accordance with the Board’s adopted Policy Position on the Vermont Farm & Forest Viability Program (“the Program”), an Advisory Board is constituted to advise and offer guidance to the Agency, VHCB and to Program staff on matters relating to the Program.

### **Members**

The Advisory Board shall consist of the following members:

- The Secretary of the Vermont Agency of Agriculture, Food and Markets, or designee
- The Commissioner of the Vermont Department of Economic Development, or designee
- The Manager of the Vermont Economic Development Authority, or designee
- The Director of the University of Vermont Cooperative Extension Service, or designee
- The Executive Director of the Vermont Housing and Conservation Board, or designee
- Four Vermont farmers appointed by the Secretary of the Vermont Agency of Agriculture, Food and Markets, in consultation with the Vermont Housing and Conservation Board
- A person who has expertise in agricultural economics, financing, or business planning appointed by the Secretary of the Vermont Agency of Agriculture, Food and Markets

The Secretary, as defined below, may choose the four farmer members to reflect, generally, the agricultural sectors identified as potential recipients of the Program’s services. The farmer members’ background and experience may include any combination of conventional dairying, nonconventional or diversified dairying, fruit and vegetable production, nondairy livestock production, or any other agricultural background and experience that is representative of Vermont agriculture and determined by the Secretary of Agriculture to be representative of the types of farms that would most benefit from the Program’s services.

## **Officers & Terms**

The Advisory Board shall be chaired by the Secretary of the Agency of Agriculture, Food and Markets (“the Secretary”). The Secretary may appoint a member of the Advisory Board to chair meetings from which the Secretary or the Secretary’s designee will be absent.

The Secretary, the Commissioner of the Vermont Department of Economic Development, the Manager of the Vermont Economic Development Authority, the Director of the University of Vermont Cooperative Extension Service, and the Executive Director of the Board shall serve indefinitely as *ex officio* members.

The four farmer members and agricultural finance specialist shall serve two-year terms, except that at the first meeting of the Advisory Board, the chair shall stagger appointments by assigning two of the four farmer members to one-year terms. Thereafter, the terms of the farmer members shall be for two years, with two farmer members’ terms expiring each year.

The Secretary shall appoint members at the start of each State fiscal year. The Secretary may reappoint members to a maximum of three consecutive terms. The Secretary may request the resignation of an Advisory Board member if the member has been unable to attend a reasonable number of meetings.

## **Meetings**

The Chair of the Advisory Board shall call meetings in consultation with the Director of the Program and/or other VHCB staff. Meetings may be held at any suitable location in Vermont at times that are most convenient for a majority of the Advisory Board’s members. VHCB will provide per diem expense reimbursement and mileage reimbursement for members’ travel to and from meetings who are not in ex-officio roles on the Advisory Board.

The Advisory Board will function as a committee of the VHCB, and act pursuant to Open Meetings Law.

## **Administrative Support**

The Advisory Board shall receive administrative support from the Director of the Program, and/or from other staff of VHCB.

Staff shall provide written notice of meetings to members, prepare agendas and any written materials needed for meetings, and record minutes.

## **Powers and Duties**

The Advisory Board shall advise the VHCB Board on all policy matters related to the Program. The Advisory Board shall also help to prioritize the needs to be addressed by the Program, to identify the types of services and methods of delivery that would be most appropriate, to evaluate the Program’s effectiveness, and to provide any other advice or guidance that the Board may request.

The Advisory Board shall not have the authority to award VHCB funds unless such authority is delegated by a resolution of the Board.

### **3. ENROLLMENT & FEES**

#### **Enrollment Fees**

Each for-profit business enrolled in the Program for the first time will pay a \$75 enrollment fee at the time of their application to the Program. Businesses that are either owned by a non-profit, or are incorporated as a part of a non-profit organization, will pay a \$2,000 enrollment fee to help cover direct Program expenses. Businesses that are for-profit and owned by individuals with substantial income, savings or wealth, may be asked to contribute towards the cost of the Program, based on their ability to pay.

The re-enrollment fee for a new business plan, transfer plan, enterprise analysis, or other type of business assistance will be \$300. Businesses re-enrolling but receiving short-term follow-up assistance, such as 2-3 meetings with an advisor, will pay the \$75 enrollment fee.

The enrollment fee is meant to ensure that all participants have a little “skin-in-the-game” – that they take the application process seriously and feel committed to engaging with the Program and their service provider. The intention is to keep this fee low enough that it is not a barrier to participation to a farmer or business owner. Non-profit owned businesses can raise funds from members or philanthropic entities more easily than a private business, and are therefore expected to be able to fund a significant portion of Program costs. \$2,000 represents between a 25-50% cost share, depending on whether the participant works with a direct consultant or through one of the Program’s service provider organizations.

Applicants will submit a check for the enrollment fee with the Farm & Forest Viability application form directly to VHCB, with the exception of businesses applying directly to UVM Extension; in these cases UVM will hold funds and transfer them annually to VHCB.

Requests for a reduced or waived fee will be handled at staff discretion. Checks received for Program fees will be deposited immediately. If there is a waiting list, or another reason to hold the check, the business owner will be notified. Refunds will only be made if VHCB or the service provider chooses to withdraw enrollment after the check has been deposited, and will be made available on a case-by-case basis for businesses that have an unforeseen complication that leads to dropping out of the Program early in the process. If the business owner chooses not to complete the Program for any other reason, they will not receive a refund.

#### **Enrollment Selection Process**

Staff and service provider partners that conduct recruitment and enrollment under the Program will consider the following factors in selecting enterprises for business planning enrollment, along with related existing VHCB policies (such as using geographic distribution as a consideration in awarding funds):

- **Enthusiasm for and commitment to the planning process** – as demonstrated by the description in their application and/or discussion with staff or service providers.
- **Need, impact and quality** – this is the basis for all VHCB decisions in grant-making, and can be applied to the selection process as well, for example projects that won't be able to proceed without the planning assistance, the impact of a project on the farm business as well as the greater community, and quality of the application.
- **Clear project and concept** – as demonstrated by the application and/or in discussion with staff or service providers.
- **Geographic distribution of enterprises served** – based on geographic distribution of farms and forestry sector businesses in the state.
- **Planning that best utilizes the program's resources** – as described in the application, specifically business owners looking to:
  - Develop a plan for a new enterprise or value-added product
  - Develop a plan for transferring the business
  - Develop a plan to transition to organic or another production method
  - Develop a plan for expansion or new facilities
- **Availability and interest of service providers to work with the enterprise**

When enrolling businesses, preference will be given for planning projects that address land access, land conservation, ownership succession, and soil health and water quality challenges. For agricultural enterprises, preference will be given to businesses whose primary products are:

- used for food, fiber and/or fuel, and/or
- produced utilizing soil resources on the farm.

The Program will not target businesses that have already availed themselves of a full range of technical assistance, or that have reached a level of management expertise, including business planning, that could be considered exemplary.

The Program will not target businesses with a long history of poor management, farms with repeated environmental or regulatory infractions, or businesses in foreclosure, unless participation in the Program holds a reasonable chance of correcting these problems.

### **Program Recipients**

There is great breadth and diversity to working-lands based businesses in Vermont. Below are general categories of types of businesses we believe are a good fit for the Program and will be targeted in VHCB's and service provider partners' outreach and recruitment efforts. This does not preclude the Program from enrolling enterprises that do not fit within these categories.

1. **Dairy Farmers.** The Program recognizes that the agricultural sector with by far the largest economic impact in the State of Vermont is dairy, and therefore a major objective of the Program is to provide services that will be useful to dairy farmers. The Program also recognizes that regular and increasingly severe cycles of depressed milk prices has put many dairy farms at a critical juncture, forcing major business decisions and operational changes, and ultimately requiring some farmers to quit dairy and/or to sell their farms.



The dairy industry in Vermont is ever evolving. The Program will assist dairy farms in all kinds of transitions without bias for large or small size, conventional or organic, specialized or diversified. The Program will emphasize the development of sustainable business models and farming practices within the dairy industry and with all farm participants.

2. Fruit and Vegetable Growers. Currently Vermont is experiencing growth in many fruit and vegetable sectors, including the orchard industry, small-scale diversified vegetable farms that market direct to consumers through farmer's markets, farm stands, community supported agriculture (CSAs), and other local marketing opportunities, a burgeoning vineyard and wine-making industry, and medium-scale vegetable and fruit operations that market to wholesale and institutional markets in addition to direct market opportunities.

In addition to business planning assistance, the technical needs of this sector may include production advice, soil and water management, disease and insect control, marketing, niche product and market development, organic certification, labor and human resources management, and the feasibility and development of value-added processing enterprises.

3. Livestock Producers (Nondairy). Much of Vermont's agricultural land is difficult to till because of slope, drainage, stoniness, or other reasons. However, this type of land can be readily pastured by livestock. The major problem with commercial livestock production in Vermont has been low prices in comparison to the costs of production. Therefore, successful enterprise in this sector is almost wholly dependent on direct marketing, nontraditional markets, or value-added products. Difficulty accessing consistent, sufficient processing capacity has been an impediment to profitability in this sector.

The most obvious livestock choices for Vermont include cattle (beef or dairy replacements), sheep, goats, hogs, and poultry. Technical needs of this sector are business planning, market development, animal health, and assistance in developing on-farm processing or manufacturing. Many producers have found market potential in grass-based, and "natural" or organic meat and poultry products that command a premium price. Technical assistance to producers that will better enable them to tap into this market and scale up to meet more year-round market demand will be a key focus of the Program's efforts in this sector.

4. Maple Producers. Many maple producers are building maple enterprises that are more of a year-round business than just a seasonal side activity for added family income. These businesses often market and sell their own maple products, either on-farm, through internet sales, or other direct markets. Maple enterprises often require significant increases in equipment investment, especially for energy efficiency improvements and value-added production. In addition, many maple producers are also farmers, and these farmers may need business planning assistance to look at their entire business, including their maple enterprise.

These businesses may need business planning assistance as they look to make investments in significant expansions of their tapping infrastructure, develop new markets and marketing materials, or transitioning to direct sales.

5. Other Farmers. The above list is not intended to be exhaustive, either in terms of farming category or type of service to be offered. The Program will be designed to respond to

technical assistance needs as they arise, either in response to farmer demand or input on program design solicited from farmers and from the Advisory Board.

6. Forestry Sector Landowners and Businesses. The forestry sector includes landowners, foresters and forestry firms, loggers and trucking enterprises. Landowners typically do not need long-term business assistance, although in some cases landowners may benefit from financial planning, estate planning or succession planning. In certain cases the Program may provide such services.

Logging and trucking enterprises are typically individuals or family operations in Vermont, with few logging operations having employees outside the family because of the high cost of workers' compensation insurance. Many people working in this sector have taken over a family business, and similar to the dairy industry, many loggers and truckers are multi-generational family businesses. These businesses will be targeted by the Program as a way to increase financially viable forestry sector activities and increase economic development activities.

7. Forest-Products Enterprises. Forest products enterprises include primary and secondary processing of wood products. Primary processing includes mill and kiln operations that cut, dry and distribute wood. Secondary processing includes manufacturing of wood into products or parts. Businesses in this sector vary greatly from craftsmen and specialty niche wood products businesses to large scale manufacturing businesses. These businesses may need a variety of kinds of business and technical assistance, and there are a range of existing technical assistance programs that target the manufacturing sector, such as the Vermont Manufacturing Extension Center and the Northern Forest Center's lean manufacturing program.

The Program will serve these enterprises with business and technical assistance where there aren't sufficient programs to support their development, collaborating with the above mentioned programs as well as the VT Small Business Development Center to ensure a strong network of programs that can pass-off or refer businesses to the right assistance for their individual needs.

### **Waiver Request Process**

Farmers and other potential Program participants may request a waiver to the eligibility requirements. Waivers for the eligibility requirement may be waived at staff discretion, when 1) the applicant's operation has the likelihood in the coming year to produce at least the required gross income for eligibility, and 2) the applicant's operation has the likelihood of impacting the economy or local community, because of its potential for innovation, market development, or diversification.

In addition, participants needing a waiver to enroll in the Program should not represent more than 25 percent of the Program's provider's portfolio in any one grant cycle.

To be considered, a waiver request must:

- be requested in writing by either the applicant or a service provider;

- include a description of the likelihood of the eligibility thresholds being met during the year of Program participation;
- include a narrative description of the applicant’s business management experience; and
- describe any additional information indicating the likely importance of the applicant’s operation to the economy in general or to a local community.

#### 4. CONFIDENTIALITY

##### **Confidentiality Policy**

VHCB, as a public instrumentality, is subject to the Vermont Public Records Law, 1 VSA § 315. The statute contains specific exemptions for tax-related information of persons, personal financial information of an individual, and trade secrets. Therefore the information submitted by businesses and service providers to VHCB will be held in confidential files at VHCB and will not be available for public inspection under the Public Records Law if such information falls within one of the specific exemptions set forth in the aforementioned statute.

VHCB considers the following information about businesses and other participants to be subject to public record: names of participants that have applied to or are enrolled in the program; their town of residence; type of farm or business; and the purpose and amount of any implementation grant or technical assistance award applied for or received. Other general business and family information, including information regarding business practices, production data, financial information, health information and any other sensitive information may be considered confidential. All VHCB staff, contractors, consultants, funders and other partners with access to this information gained as a result of participating in or supporting the Program shall keep this information confidential.

VHCB staff will require copies of completed participant business plans (or other appropriate project deliverable) and related business planning documents for several reasons: (1) to monitor quality of work conducted by those receiving VHCB funds, and (2) to collect data in order to measure the success of the Program over time.

Business planning documents contain confidential financial information, such as past and projected income statements. Business plans may also contain trade secrets and marketing strategies that business owners or other participants wish to keep confidential for reasons of competitive advantage. Business planners and technical assistance providers must agree to keep business planning documents confidential to protect business owners’ interests, but must agree to furnish copies of completed business planning documents to VCHB staff.

Notwithstanding the Vermont Public Records Law exemption, when VHCB shares business plans with selected staff of the Program’s statutory administrative partner, the Agency of Agriculture, Food & Markets, or with selected staff of the Program funding organizations or agencies – such as private foundations and USDA– strict confidentiality guidelines will be followed. Staff or contractors who are approved for viewing business plans will not be allowed to make copies, or to share information from the plans with any other person. When plans are removed from VHCB files for inspection, the approved staff will be required to sign for the documents, and sign again when they are returned to the files.