



## Water Quality Grant Program: Instructions

### WATER QUALITY GRANT PROGRAM APPLICATION INSTRUCTIONS

The Vermont Farm & Forest Viability Program, a program of the Vermont Housing & Conservation Board, is pleased to announce that grants of \$5,000 to \$40,000 are available on a competitive basis to Vermont farmers for water quality related investments. These grants are designed to help farmers undertake projects that improve water quality, help farms comply with water quality regulations, and improve overall farm viability.

#### Application Due Dates & Decision Dates:

Round 1	Round 2
Application due Friday, December 4, 2020	Application due Friday March 12, 2021
Decisions made by March 2021	Decisions made by May 2021

**Application Submission:** We encourage all applicants to use the electronic system, where possible. Application materials and instructions are found at the end of this document. If you have trouble using this electronic system, or would like to understand alternative ways to submit your application, please email Aaron Guman at [Aaron@vhcb.org](mailto:Aaron@vhcb.org).

**About the Vermont Farm & Forest Viability Program:** The Vermont Farm & Forest Viability Program offers one-on-one, in-depth business planning, technical assistance and management coaching to Vermont farm, food and forest products enterprises in order to improve the economic viability of Vermont's working landscape. The Viability Program is a program of the Vermont Housing & Conservation Board.

**Questions?** Email Viability Program Coordinator, Aaron Guman, at [Aaron@vhcb.org](mailto:Aaron@vhcb.org) or call 802-828-5587.

*\*Note: Viability Program staff are currently working remotely. Staff can be reached most readily by email and will frequently check phone voicemail and return messages as soon as possible.*

Please read through the grant instructions and application fully before beginning to fill out your application.

**1. WHO IS ELIGIBLE TO APPLY?**

Farmers are encouraged to contact the Viability Program before applying to ensure your project is eligible and will be competitive.

- ✓ Any farm that is required to meet the Required Agricultural Practices and has gross sales of \$15,000 per year or more is eligible to apply. We award funds to commercial businesses; we may fund early stage or small-scale farm businesses on a growth trajectory if not yet commercially viable.
- ✓ Dairy and livestock farms are likely to be more competitive applicants. Produce farms will be eligible provided they can demonstrate that their project will have significant, positive impacts on water quality.
- ✓ Many of the demographic questions on the first page of the application are for the review committee’s information, and will not impact your application’s eligibility. For instance, applicants can be organic or conventional and do not need to have conserved their land. Any size farm is welcome to apply. Our review team will utilize this information to get a full picture of your farm business.

**2. WHAT KINDS OF PROJECTS ARE ELIGIBLE?**

Eligible projects include: **construction projects, renovation projects, long-term infrastructure improvements, and in some cases equipment.** All projects must directly impact water quality, and must be for long-term investments rather than annual practices or improvements with a short life span. (*\*Note: Applications for equipment must include a price quote.*)

We are able to co-fund projects with funding from the Vermont Agency of Agriculture, Food, and Markets, and USDA-NRCS (see Section 5 for more information about our matching funds requirements). If a proposed construction project does not have engineering support from one of these agencies, we will likely require review of project plans by a professional engineer.

Type of Project	Example	Eligible Cost	Non-eligible Cost
Construction, renovation, upgrades, or expansions to farm facilities	New or upgraded manure pit, barn or barnyard construction that will reduce barnyard runoff	Concrete Building supplies	
Conservation-related improvements or practices that are permanent/long-term	Projects in coordination with USDA NRCS or the Agency of Agriculture, Food & Markets	Permanent fencing & laneways for grazing system establishment	Annual practices or infrastructure that is short-lived
Equipment	No-till seeders	Equipment that is a long-lived capital asset, will be used frequently, be essential to the business, can’t be easily rented, or possibly leads to new, innovative farm practices ( <i>*Must include price quote with application</i> )	We are unlikely to fund equipment that is used infrequently, or that could very feasibly be rented or contracted
Engineering or other professional costs	Design of barn or new structure	Consulting fees are eligible if they are part of a larger request for a construction project	Grant writing Soil or water quality analysis

**Access Road Projects:** Projects to build or repair farm vehicle or access roads are typically not successful in this grant program, because their impact on water quality is relatively lower than other proposals.

### **3. COMPLIANCE WITH REGULATIONS**

In order to be eligible for grants, your farm is expected in most circumstances to be in compliance with all labor laws, taxes, water quality regulations, and other applicable regulations. A list of all farms that apply will be shared with the VT Agencies of Agriculture and Natural Resources for a compliance review. Each agency will have the opportunity to express any concerns or let our staff know if farms are out of compliance with state or federal regulations. Being out of compliance does not automatically result in ineligibility for funds; farms that are out of compliance but working with agency staff to come into compliance may be considered a high priority for grant funds. If you are in this situation, your application must explain why you are out of compliance and how the grant project will help you meet regulations. However, if a farm is the subject of a lawsuit brought by the Attorney General's office, or otherwise not in good standing with our agency partners, that situation needs to be resolved before the grant review committee will consider awarding a grant. Please also note that water quality grantees who have not yet been inspected by VAAFM may be a higher priority for inspection in the near future by VAAFM staff to ensure compliance with the RAPs.

### **4. SELECTION PROCESS & CRITERIA**

There will be a two-step process for reviewing applications and selecting projects to fund. Because it is highly likely that we will receive more applications than we have funding for, this will be a competitive process.

#### **Step 1 – Eligibility Review**

Viability Program staff will assess applications to make sure they are complete and meet the following eligibility thresholds. Applications that do not meet the minimum thresholds will not be considered for funding.

1. Is the farm eligible (see Section 1 of the instructions)?
2. Are the proposed project expenses eligible?
3. Has the farm secured, or have a plan for securing, the required matching funds?
4. Does the project have a clear and positive impact on water quality?
5. Are there any major questions or concerns about the project? Is the application missing any information?

#### **Step 2 – Project Need & Impact Review**

After applications are checked for eligibility, reviewers will assess all eligible applications based on the following criteria:

##### **1. How strong is the need for the project?**

Does the farm need to complete the project in order to comply with regulations? Does the farm need financial support in order to complete the project? Is the project a critical one that the farm needs to undertake? Does the application demonstrate a positive impact on the business, the farm family, or others in the agricultural community?

##### **2. How significant is the water quality impact of the project?**

Does the application clearly explain the connection between the proposed project and water quality improvements? While it is not required that water quality improvements be quantifiable, a strong qualitative or quantitative case for water quality impact will be very helpful to our review committee.

##### **3. How feasible is the project, and how much will it contribute to the viability of the farm as a whole?**

Does the application demonstrate that the project is well-planned and will be financially feasible for the farm to undertake? Will the project affect the farm business in ways beyond meeting water quality regulations? Does the project improve the farm's bottom line, or other components of farm viability such as improved labor efficiencies, safety, loan repayment, ability to balance work and personal life, or help completing a farm transfer?

#### 4. Other considerations:

- Is the application complete, clear, and detailed?
- What is the project timeline? If a project is not yet engineered, we may defer it to a future round.
- Is the project in a critical watershed area? If competition for funds is very high, we may prioritize applications from the state's priority sub-watersheds.
- Innovation: Is there a particularly innovative approach as a part of this project? Will funding this project support early adopters of new practices, solutions or technology?
- Has the farm received other Viability Program grants? While receipt of another grant does not make a farm ineligible, it may be taken into consideration in highly competitive grant rounds.

#### 5. MATCHING FUNDS REQUIREMENT

Farmers must have matching funds **equal to or greater** than the amount of grant funding you are requesting. The matching funds must be spent on the same project for which you are requesting funds, and cannot be used for activities or purchases that occurred before this application deadline (in this case, December 4, 2021).

Eligible match sources include:

- Farm cash or savings
- Loans
- Grants from federal sources, such as USDA NRCS
- Grants from state sources, such as the Vermont Agency of Agriculture, Food & Markets
- Farm Labor or other in-kind donations
- Other

For projects that are receiving funds from USDA NRCS or the Vermont Agency of Agriculture Food & Markets (BMP or CEAP programs), we would like to see a project budget that illustrates the practices that these funding sources will pay for and at what rates, and where specifically VHCBC funds will be used. Please explain in your budget narrative how VHCBC funds complement Vermont Agency of Agriculture, Food & Markets or USDA NRCS funds.

VHCBC encourages and expects all grant applicants to demonstrate at least 10% of project costs are provided by the applicant farm, through cash, loans, and/or in-kind contributions. We expect farmers to contribute to and be invested in the project, and we want to provide grants to projects and businesses that are viable and sustainable over time. This is true for both projects with matching funds from the Vermont Agency of Agriculture, Food & Markets, as well as those using other sources of match.

If a farm is requesting funds to cover some or all of the final 10% of a project's costs, VHCBC staff and grant review committee members will take a close look at financial statements, management capacity, and other factors to assess the overall viability of the operation as part of the decision making process. Farmers are highly encouraged to contact our staff to discuss this situation before applying.

#### 6. APPLICATION SUBMISSION

Access the application document at: <https://www.vhcb.org/WQG>

##### **Submit online (PREFERRED METHOD):**

Once you have completed the application document, save electronic versions of the application and all attachments in one place on your computer. Please be sure all attachments are clearly named.

When you are ready to submit online, go to the following site:

<https://server3.vhcb.org/sharing/hI0aFAloS>

Password: farms

In the “your name” box, type your **last name**. Drag copies of all application materials into the box that says “drag files here” to upload (you may also click the “add files” button to navigate to the files you would like to upload). Once all documents have been placed in the upload queue, press the UPLOAD button to submit your application.

If you run into trouble with this system, you may email your application and attachments to [Aaron@vhcb.org](mailto:Aaron@vhcb.org).

**Submit by mail:**

**If you are unable to submit your applications electronically, please be sure to connect with Aaron Guman by email ([Aaron@vhcb.org](mailto:Aaron@vhcb.org)) or phone (802-828-5587) to create a plan that ensures we receive all application materials.**

You may handwrite the first two pages of the application and budget sheet, but the narrative questions and all other information **MUST BE TYPED**.

Mail to: Vermont Farm & Forest Viability Program  
Attn.: Aaron Guman  
58 E. State Street  
Montpelier, VT 05602

**7. REVIEW TEAM, CONFIDENTIALITY & COMPLIANCE REVIEW**

By submitting your application materials, you agree to allow them to be read by members of the VHCB Grant Review Committee and by staff of the Vermont Farm & Forest Viability Program. In accordance with our program’s Confidentiality Policy, no other persons will have access to your application materials, and all copies will be collected for safekeeping following the meeting of the Review Committee. The Review Committee is made up of members of the VHCB board as well as farm business and water quality experts. The information they learn while reading applications is considered highly confidential. Review committee members will be held to our confidentiality policy as well as required to return all copies of applications and supporting documents.

**8. GRANT TERMS AND CONDITIONS**

For approved applications, grant checks are disbursed on a reimbursement basis only, meaning that you will have to demonstrate that you have spent the grant and match amount before we can send the check. Please save all receipts related to the project. Grant funding is typically considered taxable income and you will receive a 1099 for the grant amount.

The project cannot start before the application submission deadline (in this case, December 4, 2020), and should be completed within one year of the award.

Please inform VHCB if you are considering hiring a family member to work on any part of this project (funded by grant or matching funds). We define a family member as either an individual (sibling, spouse, parent, grandparent, child, or grandchild), or a company (corporation, partnership, LLC, or other entity) that is partially or fully owned by a related individual as listed above. If you anticipate doing so, you will need to document why you are choosing to hire a family member and to demonstrate that their services are a fair price. Please contact VHCB to discuss this situation.

Should you receive funding, you will have to sign a grant agreement that requires the following:

1. You will carry out the project as stated in your application (unless you need to request a waiver to change the uses of funds) and will provide the Viability Program with documentation that proves this.
2. Once the project is complete, grant recipients must agree to allow Viability Program staff to visit the farm. Grantees should expect to submit observed water quality impacts and annual income and production data via survey for up to five years after the project is complete.

## **9. FINANCIAL STATEMENTS**

You are required to submit annual financial statements as a part of the application. **The financial statements are critical to our review process, and will be kept confidential.** Materials listed as “optional” below are not required, but can be helpful in the grant review process to have a comprehensive understanding of your operation. Please do not submit tax returns unless you do not track your income and expenses any other way. If you need to submit tax returns, please black out your social security or EIN number.

- a. Current Balance Sheet: a snap-shot of financial condition showing assets and liabilities

REQUIRED: Year-end or current balance sheet

OPTIONAL: previous years’ balance sheets

- b. Historical Income Statement: a listing of farm income and farm expenses (also known as a Profit & Loss)

REQUIRED: Most recent income statement

OPTIONAL: previous years’ income statements

- c. Projection or budget through the end of this year: typical cash-based projections of income and expenses for 1-3 years or more. This should take into account income and expenses that affect cash available.

REQUIRED: Current year projections.

OPTIONAL: Projections beyond this year.

## **10. APPLICATION ASSISTANCE**

If you need assistance writing or reviewing your application, we may be able to provide you with help from a Viability Program farm business advisor. These advisors are only available for business and financial planning, not helping to prepare other parts of the grant application. **If you would like support, please get in touch as soon as soon as possible, as these services are limited.**

For questions about the application, please contact Aaron Guman, Viability Program Coordinator, at [Aaron@vhcb.org](mailto:Aaron@vhcb.org) or 802-828-5587.

*Updated 11/24/2020*