



VHCB

Vermont Farm & Forest
Viability Program



2015 Annual Report

January 30, 2016

Dear members of the General Assembly:

Now in its 14th year, the Vermont Farm and Forest Viability Program (VFFVP) and its advising networks are supporting well over 75 working lands businesses every year. With pleasure, we submit this 2015 Annual Report on the one-on-one, in-depth business planning, technical assistance and management coaching the program provides. This year we served 82 farm, food and forest enterprises from every county in the state. The pages that follow show the program's impact on individual lives as well as data that demonstrates its successes. Your support for the investment of state funds through the Vermont Housing and Conservation Board leverages additional federal and philanthropic dollars that double the size of the program.

Businesses that receive individualized coaching from the program are improving sales growth and creating jobs far more rapidly than their counterparts:

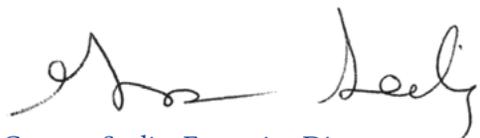
- Farmer participants report that sales increase by 23% following program participation, while the average Vermont farm saw sales decline by 1% from 2007 to 2012.
- Forestry and wood products participants added .3 FTE jobs on average in the year after the program, while the industry as a whole has seen jobs decline significantly since 2008.
- Outcomes for entrepreneurs also include increasing profitability, accessing needed capital, and improving quality of life.

This critical economic development program for working lands businesses is strengthening the farm and forest sectors, advancing the statewide Comprehensive Economic Development Strategy and supporting the state's desired outcomes for improved quality of life for all Vermonters. We are advancing the skills and stability of family-run working lands businesses as well as advancing the ingenuity and capacity of the agricultural and forestry industries as a whole. Our work on food access and support of food hubs, particularly those that make local, fresh food available to schools, institutions and low-income families directly affects the health of Vermonters.

The Viability Program is also playing an expanded role in the state efforts to clean up the water quality of our impaired waterways by making on-farm investments through our Dairy Improvement Grants Program, and providing financial analysis and business assistance to dozens of dairy and livestock farmers each year, in close partnership with UVM Extension. More than \$700,000 in grants, funded by Commonwealth Dairy in Brattleboro, leveraged an additional \$3.3 million in on-farm investments, half of which will improve soil health and water quality. These investments will also serve as match for Vermont's RCPP grant for Lake Champlain.

Again, thank you for your support. We look forward to our continued partnership.

Sincerely,



Gustave Seelig, Executive Director
Vermont Housing & Conservation Board



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

The Vermont Farm & Forest Viability Program is funded by the State of Vermont through the Vermont Housing & Conservation Board. In 2015 we also received funding from USDA Rural Development, VT Working Lands Enterprise Board, Northern Border Regional Commission, USDA Local Food Promotion Program, the Vermont Community Foundation, Commonwealth Dairy and private foundations.

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

Front page above: John and Lauren Cleary of Cleary Family Farm in Plainfield with their children. Below: Dennis Allard of AMP Timber Harvesting, W. Townshend.



Vermont Farm & Forest Viability Program

Our Mission

To enhance the economic viability of Vermont's farm, food and forest products enterprises.

Our Services

- Business Planning
- Management Coaching
- Enterprise & Feasibility Analysis
- Financial Record-keeping and Management
- Ownership Transition and Succession Planning
- Marketing and Sales
- Human Resources Management

Additionally, the Viability Program provides competitive grants to select businesses to realize their business plan goals.

Our Network of Service Providers

- Center for an Agricultural Economy
- Intervale Center
- Land For Good
- Northeast Organic Farming Association of VT
- Northern Community Investment Corporation
- University of Vermont Extension
- Vermont Agricultural Development Program
- Vermont Small Business Development Center
- Vermont Woodlands Association
- Independent Consultants

2015 Highlights

- 49 farms received business planning services
- 37 farms received a second year of services
- 17 food hubs received one-on-one technical assistance
- 16 forest products businesses received one-on-one technical assistance
- 66 loggers attended 4 business management workshops
- 65 family forestland owners attended 3 succession planning workshops
- 3 forestland-owning families received one-on-one succession planning assistance
- 10 dairy farms received infrastructure grants

“I am always impressed with the quality of business plans and overall preparedness of business owners that have been through the Viability Program. They have a greater understanding of their financial statements, the risks they may encounter, and opportunities available to their businesses.”

*—Sarah Isham
VEDA/VACC*



Farm Viability

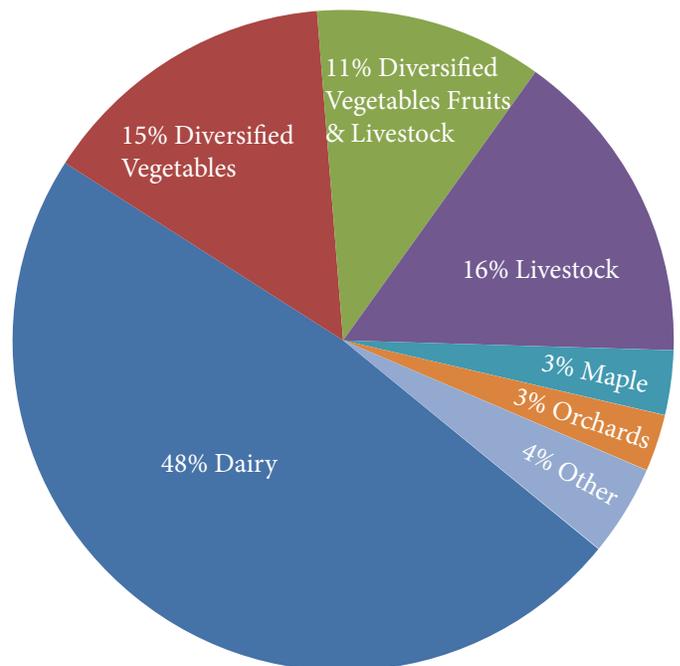
For five years, Andy Paonessa and Meghan Stotko, of Heartwood Farm in South Albany, have been steadily growing their diversified vegetable and maple sugaring business on rented farmland. Working with Viability advisors Daniel Keeney and Rosalie Wilson through the Center for an Agricultural Economy helped them access financing, make a plan for building equity in their business, and move the business from start-up to stability.

In 2015, 49 farms received their first year of business advising and 37 farms received a second year of services, resulting in improved financial management skills, ownership transitions to keep land in agriculture, improved production efficiency, and increased sales of local food. This year's enrollees provide 235 jobs, an average of 4.8 jobs per business, and operate on a total of 11,271 acres, averaging 230 acres and ranging from 2 to 965 acres per farm. They include dairy, maple, and livestock; conventional and organic vegetable producers; fruit growers; and value-added producers. Through assisting farmers with a full range of issues, our advisors cultivate lasting relationships, giving farmers a support system for long-term viability.

Entrepreneurs utilize the Farm Viability Program to...

- Expand their business and access capital
- Access land
- Transition ownership
- Assess the feasibility of new products or enterprises
- Meet regulatory requirements including food safety and water quality

A wide variety of farms have participated since 2003...



“Due to our development through the Viability Program we have been able to increase our profitability so that I work full-time on the farm.”

– Timothy Hughes-Muse, Pawlet Laughing Child Farm



The Blodgett Farm is a small family-run dairy operation that was milking 60 Jerseys in an old barn on their uncle's property in Brookfield. Intervale Center farm business advisor Sam Smith helped them develop a business plan which they used to purchase a VHCB-conserved farm in Fairfax through the Vermont Land Trust's Farmland Access Program and transition to organic production to increase their financial viability.

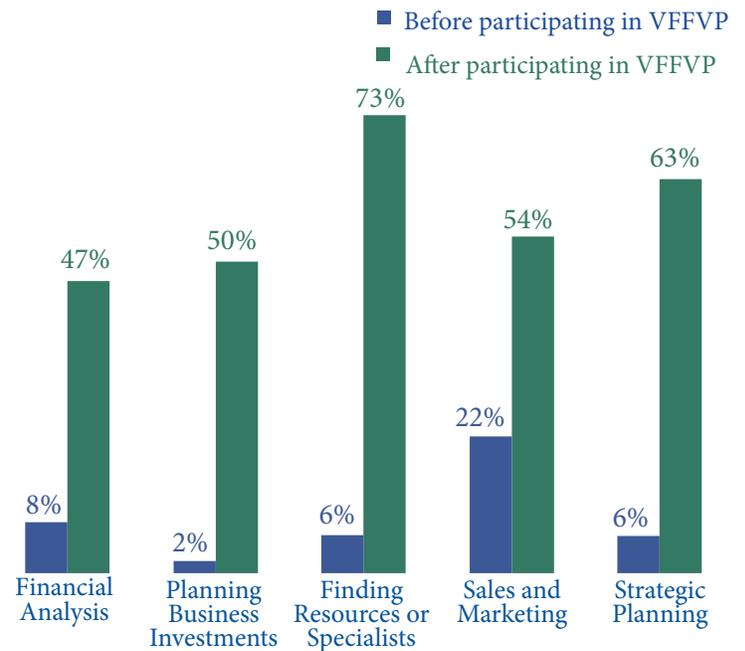
Increasing income and creating jobs...

- Average number of jobs increased by .3 FTEs per farm, 3 times the average growth for Vermont farms;
- Average gross income improved by 23% from \$240,100 to \$295,600; and
- Average net income jumped by 348%, from \$4,875 to \$21,861

Accessing capital...

- Of farms seeking capital with their Viability business plans, 86% successfully received loans and 87% received grants, averaging \$118,000 per loan and \$25,000 per grant.

Percent of entrepreneurs highly skilled in the following areas...



Improving Food Hub Capacity Across Vermont

In 2015, we assisted 17 businesses and organizations involved in aggregating, processing, and distributing farmers' products. These food hubs play an important role in Vermont, expanding and diversifying the markets available for small- and mid-scale farmers. We provided assistance to a diversity of food hubs, including Pumpkin Village Foods, a small distributor bringing Vermont

maple products to New York City; the Center for an Agricultural Economy, which processes local vegetables to enable schools to more easily incorporate healthy local products into their lunches; Vermont Chevron, working with farmers to bring Vermont-raised goat meat to Boston markets; and D&S Distributors, aggregating and delivering local food in northern Vermont.

2015 Viability Participants & Grantees

Farms

1. 4 Corners Farm, Underhill
2. 5th Generation Adams Farm, Wilmington
3. Armstrong Farm, Randolph
4. Back 40 Beef, East Montpelier
5. Blythedale Farm, Corinth
6. Bread & Butter Farm, Shelburne
7. Butlerholm, Underhill
8. Buttercup Mountain Farm, Barre
9. Chambers Farm, North Clarendon
10. Chandler Pond Farm, South Wheelock
11. Corey Farm, Franklin
12. Dodd Farms, Franklin
13. Dreamwalker Farm, Grand Isle
14. Ekolott Farm, Newbury
15. Flywheel Farm, Woodbury
16. Foote Brook Farm, Johnson
17. Full Plate Farm, Putney
18. Gingue Family Farm, Waterford
19. Green Wind Farm, Enosburg
20. Hackets Orchard, South Hero
21. Harlow Farm, Westminster
22. Heartwood Farm, Irasburg
23. High Meadows Farm, Putney
24. J & L Dairy, Newport
25. Joe's Brook Farm, St. Johnsbury
26. Kettle Song Farm, Worcester
27. Kimball Brook, North Ferrisburgh
28. Maple Grove Farm, Derby
29. Meadow View Farm, Orange
30. Molly Brook Farm, West Danville
31. Monahan Farm, St. Johnsbury
32. Nea-Tocht Farm, Ferrisburgh
33. Peaslee's Vermont Potatoes, Guildhall
34. Pigasus Meats, Enosburg Falls
35. Plouffe Family Farm, Bridport
36. Providence Dairy, Addison
37. Rogers Farmstead, Berlin
38. Snug Valley Farm, Hardwick
39. Standard Milk, Newport Center
40. Stray Cat Flower Farm, Burlington

41. Sweet Rowen Farmstead, West Glover
42. Sweetland Farm, Norwich
43. Tail Feather Farm, North Ferrisburgh
44. Third Branch Flower Farm, Roxbury
45. Three Crows Farm, Jeffersonville
46. Walden Heights Nursery, Walden
47. Walker Farm, Whiting
48. Waters Run Farm, Cornwall
49. Windstone Farm, Williston

Food Hubs

50. Cellars at Jasper Hill, Greensboro Bend
51. Center for an Agricultural Economy,
Hardwick
52. D&S Distributors, Greensboro Bend
53. Feasibility Project for a Food Hub,
Bennington
54. Food Connects, Brattleboro
55. Green Mountain Farm Direct, Newport
56. Healthy Roots, St. Albans
57. Intervale Food Hub, Burlington
58. Mad River Food Hub, Waitsfield
59. Northshire Grows, Manchester
60. Pumpkin Village Foods, Burlington
61. Rutland Area Food & Farm Link, Rutland
62. Shacksbury Cider, Shoreham
63. Vermont Chevron, Danville
64. Vermont Herb Growers Cooperative,
Marshfield
65. Vermont Livestock Slaughter and
Processing, Ferrisburgh
66. Vital Communities, White River Junction

Forest Products Manufacturers

67. David Boynton Woodworking, Plainfield
68. Mountain Logworks, Waterford
69. Richard Bissell, Putney
70. Vermont Cedar Chair Company, Hardwick
71. Winterwood Timberframes,
East Montpelier

Forest Products Retailers

72. Vermont Woods Studios, Vernon

Loggers

73. AMP Timber Harvesting, West Townshend
74. Knock on Wood Saw Works, Topsham
75. LaBree Logging, Danville
76. Mad River Forestry, Waterbury
77. Southwind Forestry, Pawlet

Sawmills

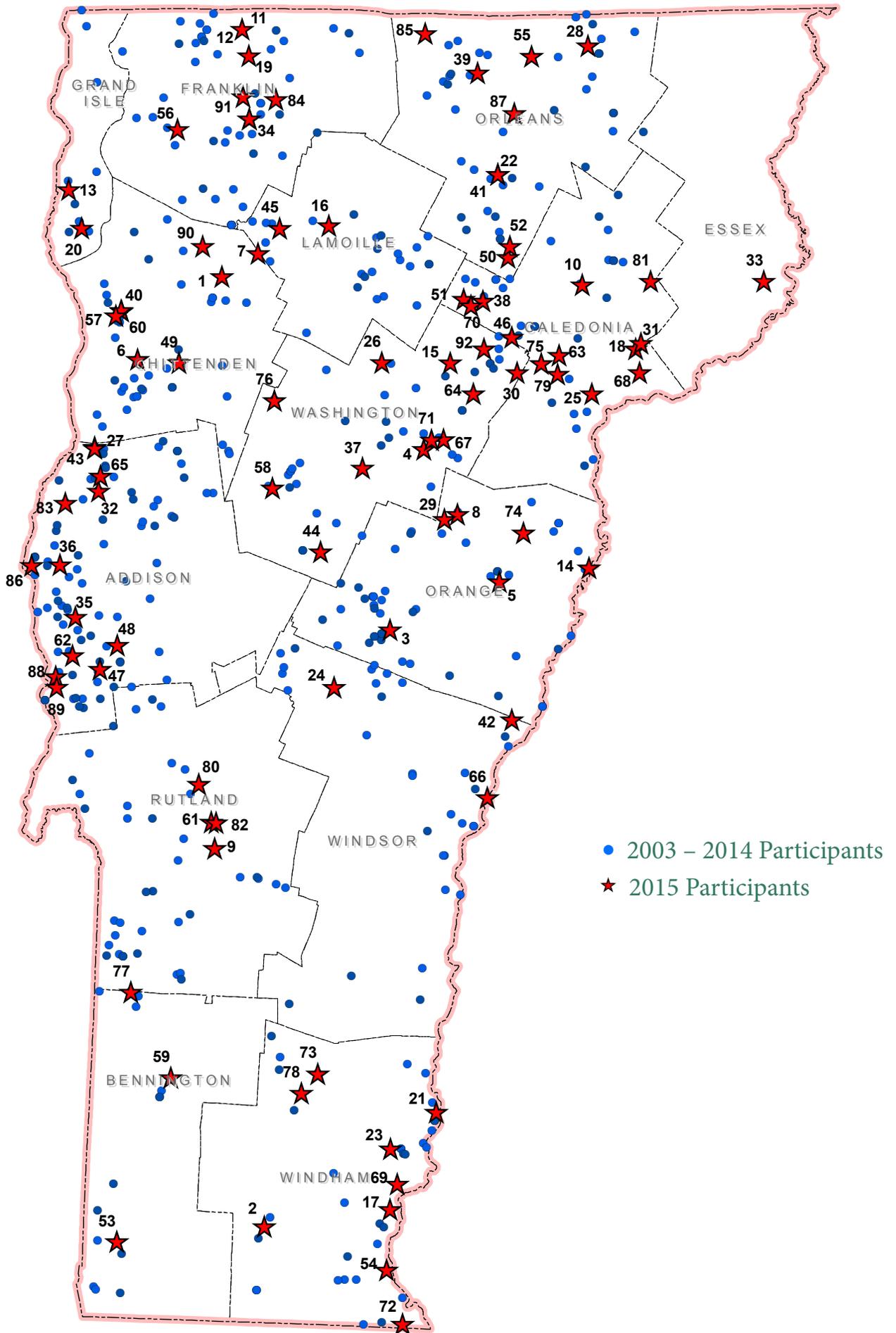
78. Amos Newton, West Townshend
79. Currier Forest Products, Danville
80. Gagnon Lumber, Pittsford

Other Forest Products Enterprises

81. Erik Waring Sugarbush, Kirby
82. Guild of Vermont Furniture Makers,
Rutland

Dairy Improvement Grantees

83. Allendale Farm, Vergennes
84. Centerview Farm, Enosburg Falls
85. Chaput Family Farms, North Troy
86. Chimney Point Farm, Addison
87. Cornerstone Dairy, Orleans
88. Elysian Fields, Shoreham
89. Jillian Holsteins, Shoreham
90. Pouliot Dairy Farm, Westford
91. Stony Pond Farm, Fairfield
92. Wonder Why Farm, Cabot





Andy Harper's Winterwood Timberframes is a timberframe construction business located in East Montpelier that sources all its logs from landowners within a 30-mile radius. Andy worked with UVM Extension's Forest Business Program.

In 2015, 16 forest products businesses received one-on-one business advising through the Viability Program. These businesses ranged from logging operations to sawmills and wood products manufacturers. The Viability Program also supported the development of UVM Extension's Forest Business Program to more effectively deliver these services.

Entrepreneurs utilize the Forest Viability Program to...

- Expand their businesses and access capital
- Assess the feasibility of new equipment, products or enterprises
- Transition ownership

Increasing income and creating jobs...

- Average gross income improved by **23%** from \$515,000 to \$635,000
- The average number of jobs increased by **10%** from 3.1 to 3.4 jobs per business
- Average payroll increased **18%**, thus wages increased as well as jobs

Accessing capital...

- Of the business owners who used the program to seek capital, **100%** successfully received loans and **66%** received grants, averaging \$382,500 per loan and \$81,500 per grant.



In 2015, the Viability Program continued to bring business-related workshops to Vermont's logging community in partnership with the Logger Education to Advance Professionalism program and UVM Extension. In 4 workshops we reached 66 loggers, covering financial management basics, ownership structures, applying cost accounting, and lean manufacturing concepts.



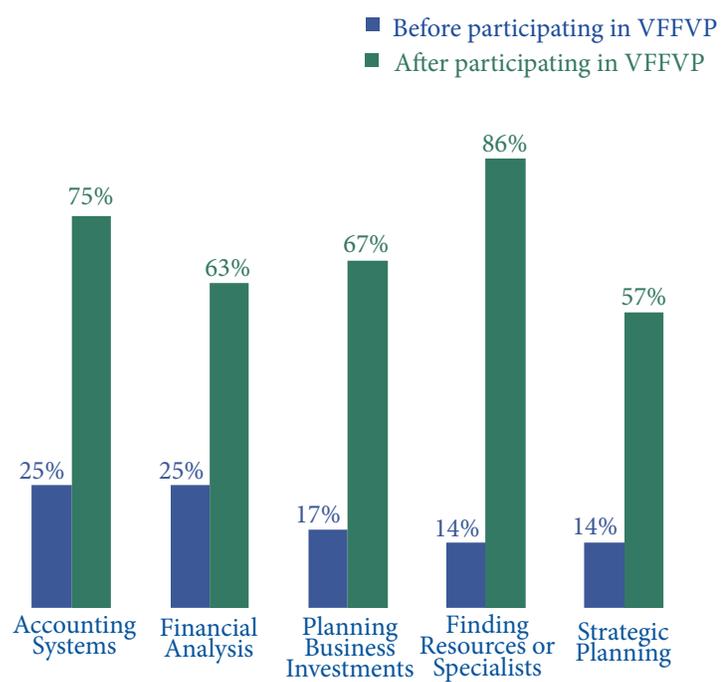
LaBree Logging Danville

“We keep better records now and can see how much money each piece of equipment is making. Now we’re ready to assess the feasibility of new equipment set-ups and take our plan to the bank.”

—Karen LaBree

Eric and Karen LaBree own and operate LaBree Logging in Danville. After 5 years of logging for others, Eric decided to purchase a skidder and go out on his own. He ‘swings the axe’ while Karen keeps the books and manages the office of their growing business. This past year, the LaBrees worked with UVM Extension business educator Chris Lindgren to develop the first stages of their business plan that will be a key tool as their business grows and develops. Through the Viability Program, they also worked with specialists Steve Bick, who helped set up logging-specific cost accounting systems for the business, and Kim LaBarge who helped get LaBree Logging’s finances properly set up in QuickBooks.

Percent of entrepreneurs highly skilled in the following areas...



Forestland Succession Planning

Forest fragmentation is a growing challenge facing Vermont’s forests. Through our partnership with the Vermont Woodlands Association and UVM Extension Forester, Mary Sisock, workshops and one-on-one assistance are available to individuals and families to ensure private landowners have a plan for how their forestland will pass to a new generation intact.

In 2015, 65 landowners took part in these workshops and 3 families received follow-up one-on-one assistance.



Dairy Improvement Grants

Don Pouliot (right) owns Pouliot Dairy in Westford, which he operates with his sons, including Tony (left). The farm is interested in transitioning to no-till for both water quality and production efficiency reasons. Because of their current land base, the vertical tillage equipment (pictured) purchased with Dairy Improvement Grant funds (pictured) will help them achieve that goal.

The Dairy Improvement Grants Program was initiated in 2014 with funding from Commonwealth Dairy in Brattleboro. It makes grants to farmers designed to improve farm viability and increase the quality and volume of milk produced in Vermont for the St. Albans Co-op and Dairy

Farmers of America, where Commonwealth Dairy sources milk for its Greek yogurt plant. Nearly half of the funds will also result in improvements to soil health or manure management, resulting in water quality improvements for the state.*

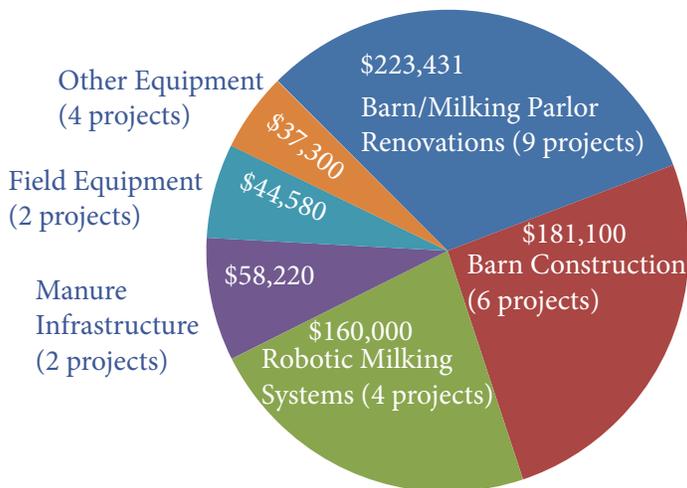
Combined results of 2014 & 2015 grant rounds...

27 projects funded

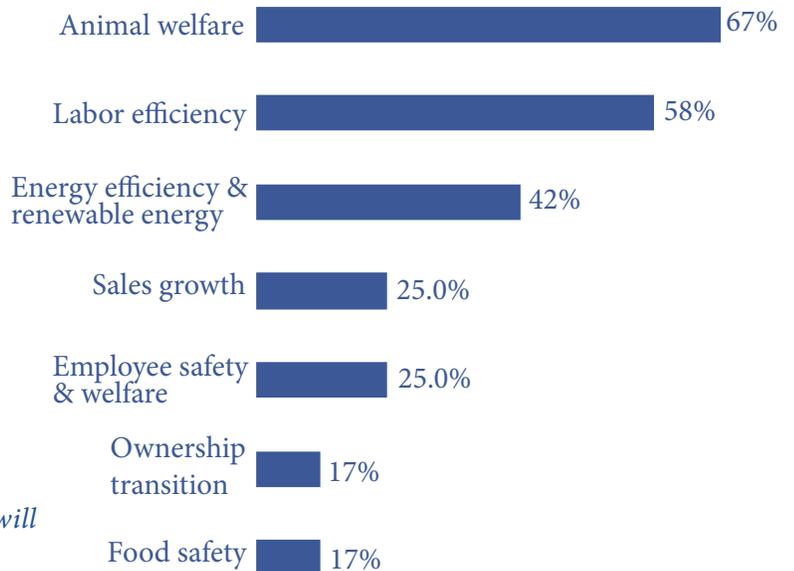
\$704,631 awarded
(29% of requests)

\$3,267,933 leveraged
(4.6 to 1)

Types of projects funded...



Percent of projects with improvements in...



*Twelve of the 27 projects (and 48% of granted funds) will result in water quality improvements.



**Sizen Family Farm
Georgia**

Laura and Daren Sizen received a \$40,000 Dairy Improvement Grant in 2014 toward a project to build a new barn with robotic milkers — replacing an old freestall barn with poor ventilation and inefficient layout. The grant funds leveraged over \$800,000 in match, and provided the cash infusion necessary to secure their loan. With the new barn completed in the summer of 2015, the Sizens have been able to improve animal welfare, labor efficiency, per cow productivity, working conditions, and work-life balance for their family. All of these improvements make the farm a more attractive opportunity for their son, Mark, keeping their 250-acre farm in the family for another generation.

2015 Dairy Improvement Grants — \$319,800 Awarded

Joseph & Claudia Allen, Allendale Farm, Vergennes

\$37,000 - Installation of a curtain system in their barn to improve ventilation

Reg Chaput, Chaput Family Farms, North Troy

\$20,000 - Purchase of no-till corn planter

Jennifer Churchill, Wonder Why Farm, Cabot

\$40,000 - Construction of a new dairy freestall with robotic milkers

Joseph Hesock, Elysian Fields, Shoreham

\$40,000 - Construction of a calf raising facility

George Lawson, Cornerstone Dairy, Orleans

\$20,000 - Construction of a transition barn to provide a space for calving and milking after calving

Donald Pouliot, Pouliot Dairy Farm, Westford

\$24,580 - Purchase of vertical tillage equipment

Peter Smith, Chimney Point Farm, Addison

\$20,295 - Installation of a cement manure pit

Norman St. Pierre, Centerview Farm, Enosburg Falls

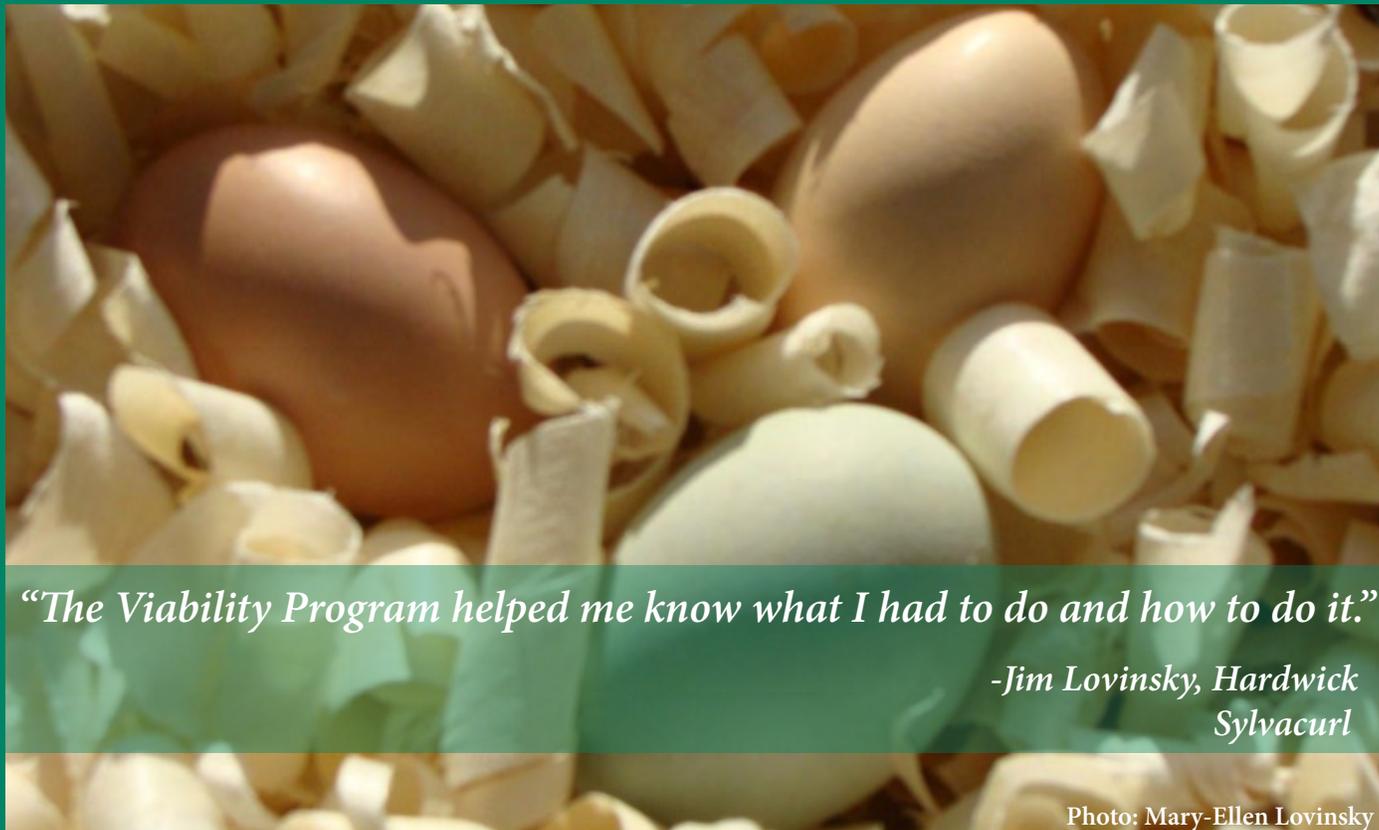
\$40,000 - Tiestall barn renovation

Brad Thomas, Jillian Holsteins, Shoreham

\$37,925 - Manure pit construction and purchase of a pump and manure spreader

Tyler Webb, Stony Pond Farm, Fairfield

\$40,000 - Installation of a new milking parlor and calf barn conversion



“The Viability Program helped me know what I had to do and how to do it.”

*-Jim Lovinsky, Hardwick
Sylvacurl*

Photo: Mary-Ellen Lovinsky

Vermont Farm & Forest Viability Program Advisory Board

Chuck Ross (Chair), Secretary, Vermont Agency of Agriculture, Food and Markets

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