

## FY 2017 Working Lands Enterprise Initiative

# LETTER OF INTENT (LOI): BUSINESS GRANTS

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### *Applicant Guide*

#### **IMPORTANT NOTES – PLEASE READ!**

It is imperative that applicants read the entire guide before developing and submitting a Letter of Intent (LOI). This is the applicant guide for Business Grants. More information on Service Provider Grants may be found at: <http://workinglands.vermont.gov/apply/rfp>.

All LOIs **must** be electronically submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). Paper applications will not be accepted. Applicants are **strongly** encouraged to log onto the website well in advance of the LOI deadline to register as a new user and gain familiarity with the online system. A detailed guide for entering information in the online application can be found here: <http://workinglands.vermont.gov/apply/rfp>.

An LOI is required in order to be considered for the submission of a full application. Not all applicants will be invited to submit a full application. **All businesses selected to submit a full application will be required to attach a business plan.** If you do not currently have a business plan, there is a business planning template, as well as a list of technical assistance resources, online at: <http://workinglands.vermont.gov/apply/ta>.

#### **CONTACT**

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## 1. About the Initiative

The backbone of Vermont’s heritage and economic viability is our working landscape. Over 97 percent of Vermonters value the “working landscape” which consists of agriculture, food, forestry, and wood products businesses. Approximately 20 percent of Vermont’s land is used for agricultural purposes and 75 percent is forested. The Findings section of [Act 142](#) outlines nine goals of the Working Lands initiative.

### Mission

The mission of the Vermont Working Lands Enterprise Initiative is to grow the economies, cultures, and communities of Vermont's working landscape. The Working Lands Enterprise Board achieves this by making essential, catalytic investments in critical leverage points of the Vermont farm and forest economy, and facilitating policy development to optimize the agricultural and forest use of Vermont lands.

### Vision for Future Success

Vermont prospers and its unique sense of place thrives in large part because of intelligent investment in the people and enterprises that comprise its farm, food, and forest based systems. Strong community engagement and support for the farm and forest sectors leads to enhanced quality of life for Vermont citizens and working lands business owners.

### Approach (our change theory about what systemic factors will create progress towards our mission and vision)

1. **Access to capital:** Ability of an enterprise to secure the right match of capital to meet its financing needs for its stage of growth and scale.
2. **Technical assistance:** Availability of services to develop business plans, identify risk management strategies, and implement financial management systems, as well as provide topic, product, and process expertise.
3. **Workforce development:** Access to training that allows Vermonters who want to work in the working lands sector – and by extension, the employers they choose – to be at a world-class level.
4. **Smart policy:** Rules and statutes that optimize the agricultural and forest use of Vermont lands, while protecting human, environmental and animal health.
5. **Value chain and sector collaboration:** Relationships between different actors along the chain, as well as across industry sectors, that strengthen the system as a whole.
6. **Public awareness:** Communities’ understanding of and support for the businesses and organizations that contribute to our working landscape.

## History of Success to Date

The WLEB began operations in August 2012 and today has awarded over \$3.5 million in grant funds to over 130 grantees, leveraging over \$5 million of matching and other funds. For a list of previously funded projects, visit <http://workinglands.vermont.gov/projects>.

In addition to the grant program, the WLEB has created two innovative new loan pilots in partnership with the Vermont Community Loan Fund (VCLF) and the Vermont Economic Development Authority (VEDA) to support working lands entrepreneurs and organic dairy transitions.

The partnership with VCLF has launched SPROUT Deferred Payment Loan Program (SPROUT), a low-interest revolving loan fund that will meet the capital needs of Vermont's working lands entrepreneurs. SPROUT offers deferred-payment, low-interest loans of up to \$60,000 at 0% with no payments for the first two years, with a 2% fixed rate thereafter. VCLF will also coordinate comprehensive business development and financial planning/management technical assistance for borrowers as needed. For more information, contact Dan Winslow, VCLF Business Programs Loan Coordinator, at [dan@vclf.org](mailto:dan@vclf.org), or visit <http://www.investinvermont.org/borrowers/small-business/sprout>.

The partnership with VEDA and the Vermont Agricultural Credit Corporation (VACC) will support conventional dairy farms looking to transition to organic production. VACC will be able to offer these borrowers interest-free loans with deferred principal payments for up to the first two years, thanks to subsidies being provided by WLEB. By providing these loans, VEDA hopes to help improve the long-term financial viability of dairy farms transitioning to organic production so that they may receive the higher price that organic milk demands in the marketplace. For more information, contact: [info@veda.org](mailto:info@veda.org) or visit [www.veda.org](http://www.veda.org)

## 2. FY 2017 Application Process

This year, approximately \$650,000 is available for investment into farm, food systems, forestry, and forest products enterprises. Funds will be disbursed in two investment areas: Business Grants and Service Provider Grants.

**Business Grants** - Projects may include scaling up production, developing new products, or developing new markets. Examples may include (but are not limited to):

- Infrastructure: project specific planning, permitting, and/or engineering/architectural plans; purchase and/or construction of physical assets (i.e., building and equipment costs)

- Marketing and market development: working capital for customer acquisition or developing supply chain relationships; labeling or packaging innovations
- Research and Development: testing new systems or technologies
- Grants for land acquisition will be considered in limited circumstances and will require documentation of value that justifies the request. Examples could include real estate appraisals by a licensed appraiser or the fair market value adjusted by the town's common level of appraisal.
- Working capital is an eligible use of funds

Again in FY2017, \$30,000 of Local Food Market Development (LFMD) grant funds will be made available through the Working Lands grant process. The focus of LFMD funding is to increase Vermont producers' access to institutional and wholesale markets, promote consumption of local food, and encourage scaling up through new market development opportunities across the state.

### **Timeline** **Wednesday, November 9, 2016 at 12 noon**

ONLINE APPLICANT INFORMATION SESSIONS (These will be recorded and posted online): see <http://workinglands.vermont.gov/webinar>)

- October 6<sup>th</sup>, 2pm – 2:30pm
  - Chapter 1: Overview of the Working Lands Enterprise Program and Eligibility Requirements
- October 11<sup>th</sup>, 2016 2pm – 2:45pm
  - Chapter 2: Navigating the Grants Management System (GMS)
  - Chapter 3: Creating your Budget and Budget Narrative in the GMS

APPLICANT NOTIFICATION OF ACCEPTANCE/DENIAL OF LETTER OF INTENT: Week of December 26<sup>th</sup>, 2016

INVITED APPLICATIONS ARE DUE: Thursday, February 9, 2017 at noon

APPLICANT NOTIFICATION: Late March 2017

ESTIMATED PROJECT START DATE: No earlier than late April, 2017

### **Applicant Eligibility**

- The applicant must be in compliance with all state regulations (i.e. water quality, taxes, child support) and in good standing with the State of Vermont at the time of submitting an LOI and must remain so during the entire grant period.

- Businesses must be based in Vermont and registered with the Secretary of State at the time of full application submission. All business structures are eligible (e.g. Partnerships, Limited Liability Corporations, Sole Proprietorships, Cooperatives, Corporations, S Corporations, L3Cs, and B Corporations and/or non-profits that are involved in the production of agriculture and/or forest related products).
- Previous recipients of Enterprise Investment grants (or Business Grants \$20,000 and under) are welcome to apply for projects that demonstrate strong supply chain impact (projects over \$20,000).
- Previous recipients of Capital and Infrastructure grants (or Business grants for over \$20,000) are ineligible for further Working Lands funds until three years after the start date of their previous grant (FY15 Capital and Infrastructure grantees are eligible to apply for FY18 funds). Nonprofit projects that compete with for-profit working lands businesses are ineligible.

### Project Criteria

- Provides a budget that uses between \$5,000 - \$50,000 of Working Lands Enterprise Funds.
- All projects should demonstrate impact, test a new business model or display innovation, or address a specific supply chain need. **Requests over \$20,000 will be analyzed for demonstration of supply chain or industry impacts** (see scoring criteria for further detail).
- Budget must show at least a 1-to-1 match (for every dollar of WLEB funds requested, applicant must show at least one dollar of matching funds). At least 50% of match must be cash, the rest may be in-kind. Under limited circumstances, match requirements may be reduced or waived for projects that can justify the need for a reduced match (see budget narrative for further detail).
- Primary beneficiaries are Vermont agriculture, forestry & forest products based businesses (including farm and/or forest landowners).
- Project must be completed within 18 months after grant agreement start date.

### **Creating a Strong Proposal: Technical Assistance is Available**

First time applicants are encouraged to work with an advisor to develop their project concept and to convey a well thought out and clearly written LOI. For tips on writing a successful grant proposal and a list of service providers, please visit <http://workinglands.vermont.gov/apply/ta>. Applicants are encouraged to utilize current business advisors, colleagues, friends, and family, etc., to review the LOI and provide feedback on need for the project and proposal clarity before submitting the application. Costs associated with LOI preparation (i.e. paying a grant writer) are not eligible expenses and will not be covered by working lands funds.

Applicants are strongly encouraged to investigate and understand other possible funding streams before applying for a Working Lands Business grant. For a list of other common grant programs, and potential funding streams, please visit <http://workinglands.vermont.gov/apply/ta/securing>.

### Submitting your Letter of Intent

The LOI process allows the Working Lands Enterprise Board to narrow the volume of applications and focus on proposals most in line with the mission and goals of the program. The process also allows Working Lands staff to make connections between LOI applicants that may have similar project focus for greater impact.

**NOTE:** All LOIs **must** be electronically submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). Paper applications will not be accepted. Applicants are **strongly** encouraged to log onto the website well in advance of the LOI deadline to register as a new user and gain familiarity with the online system. Contact Noelle Sevoian at [working.lands@vermont.gov](mailto:working.lands@vermont.gov) or 802-585-9072 if you need additional assistance. We cannot guarantee that a staff person will be able to return your call in the final hours before the deadline, so please plan in advance.

LOI questions can be found on page 10 of this document. You may find that it is helpful to create your LOI as a Word document and then copy and paste into the [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) system.

## 3. Scoring Criteria and Review Process

Projects will be evaluated based on the following criteria:

- **Quality of Proposal and Concept:** The LOI is clear and complete. The applicant is ready to receive funds and begin promptly and demonstrates previous experience and skills necessary to conduct the proposed activities. The project, as described, identifies relevant performance measures and is likely to accomplish the stated outcomes.
- **Impact and Accountability:** The project demonstrates how it will enhance Vermont's working landscape, with measurable outcomes that may include job creation and retention; increased income; increased product output; increased acres in active forestry or agricultural use; business creation and retention; increased access to capital, technical assistance, education, and training; higher payroll and wages; and increased quality of life. Management team and project partners have the expertise and resources necessary to achieve stated outcomes within the grant period.

Requests over \$20,000 will be analyzed for demonstration of supply chain or industry impact (specifically how multiple working lands businesses will benefit from the project). Examples of supply chain impact include construction or expansion of a processing facility or development of a new technology that will serve many working lands businesses. Inclusion of up to three letters of support or letters of commitment in your full application are strongly encouraged to help demonstrate supply chain impact.

- **Need:** The LOI demonstrates a clear need for the project and the need for Working Lands Enterprise funding. The project cannot be fully funded through other sources. Without these particular funds in this form, the project would happen more slowly, in a less desirable fashion, with a lower probability of success, or would not happen; and/or an urgent window of opportunity would be missed.
- **Stewardship and Sustainability:** The project contributes to long-term sustainability/viability of working landscape businesses, builds partnerships, and demonstrates a plan for long term financial viability beyond the Working Lands grant period. Projects that credibly outline anticipated positive impacts based on measurable financial, social, or environmental criteria will be given preference.
- **Leveraging Funds:** Budget shows at least a 1-to-1 match (for every dollar of WLEB funds requested, applicant must show at least one dollar of matching funds). Projects that show partnerships for optimizing use of public funds are encouraged.
- **Innovation and Collaboration:** The project demonstrates new ideas and has a strong management team in place with the energy, expertise, and commitment necessary to turn those ideas into reality. The project is collaborative among enterprises and service providers to maximize the benefit for Vermont's working landscape.

## Review & Selection Process

LOIs will be reviewed by the Vermont Working Lands Enterprise Board, subject matter experts, and/or State agency staff and assessed based on the criteria outlined. The Working Lands Enterprise Board makes final decisions on all grants. LOIs will not be reviewed by those with conflicts of interest. The review committee may request additional information about your project (e.g. additional financial information, project clarification, etc.).

## Confidentiality Policy

Working Lands Enterprise Initiative, as a public instrumentality, is subject to the Vermont Public Records Law, 1 VSA § 315 - 320. The statute contains specific exemptions for tax-related

information of persons, financial information of an individual or business, and trade secrets. This information will be held in confidential files by the Working Lands Enterprise Board and will not be available for public inspection under the Public Records Law.

The Working Lands Enterprise Board and the state of Vermont consider the following information about applicants to be subject to public record: contact information of applicants; names, description, and contact information of applying enterprise or organization; the purpose and amount of any Working Lands Enterprise Funds received; and grantee communications. Other information may be shared in aggregate form (without identifying individual business info).

### **LOI Feedback Policy**

The Working Lands Enterprise staff will email notification letters regarding the Board's funding decisions. These letters will not provide specific LOI feedback. If you would like specific feedback on your LOI, please email a request for feedback to [working.lands@vermont.gov](mailto:working.lands@vermont.gov) no later than two weeks after receipt of your notification email.

### **Full Application**

Full applications will be accepted only from businesses whose LOIs are selected to move forward in the application process. All businesses selected to submit a full application will be required to attach a business plan, which must include a current balance sheet, profit and loss (or income statement) and projected income and expenses for the next 1-3 years. If you do not currently have a business plan, there is a business planning template, as well as a list of technical assistance resources, online at: <http://workinglands.vermont.gov/apply/ta>.

The full application will be similar to the LOI, with the addition of a goals and outcomes template, an expected project timeline, and the required business plan.

## **4. Grantee Expectations**

Businesses/Organizations selected for grant award funding are expected to meet the following requirements:

- Must be registered with the Secretary of State  
<https://www.sec.state.vt.us/corporationsbusiness-services/start-or-register-a-business.aspx>
- Enter into a grant agreement with the State of Vermont
- Submit the following documentation prior to signing a grant agreement:
  - Submit a W-9 (for tax identification purposes)

- Submit a Certificate of Insurance, listing the State of Vermont as an additional insured:
  - Worker’s Compensation (unless you are a sole proprietor)
    - Insurance Certificate with a minimum coverage of:
  - General Liability - \$1,000,000 coverage
  - Automotive Liability - \$1,000,000 coverage
- Provide Interim, Final, and One- and Two-Year Post-Grant Reports, as well as financial documentation which will include: paid receipts noting expenditures of both grant and matching funds, high-resolution digital photos in jpg format, and a narrative of accomplishments which will include project goals, performance measures, and outcomes accomplished to date.
- Willingness to share project details, including successes and challenges with the public, the WLEB, and the media, which tell the broader story of how the grant is impacting the working lands economies of Vermont. This sharing may take place by way of media inquiries, possible press events on location, and site visits from WLEB members and/or their partners.
- **Be prepared:** After grant agreements have been signed by all parties (fully executed), Working Lands grants are paid on a reimbursement basis, after costs have been incurred. With documentation of paid costs and required matching, typically up to 40% of grant funds are initially reimbursed, 40% at the mid-point of the project, and 20% once all outcomes are complete. In exceptional cases where costs for large capital purchases are involved, up to 80% may be initially reimbursed, with approval by the Working Lands administrative team. Final payment of grant funds is withheld until project completion, receipt of documentation and satisfactory achievement of measurable project outcomes.

## Tax Consequences

We recommend that all entities consult with a tax accountant with any questions on how to report grant awards on business tax returns.

## 5. The Letter of Intent

Below is the information requested in the LOI. All LOIs **must** be electronically submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). You may find that it is helpful to create your LOI as a Word document and then copy and paste into the [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) system.

### 1. Applicant Information

- Business name:

- Type of business entity (e.g. sole proprietorship, LLC, cooperative, 501(c)3, etc.) (drop down menu)
- Type of business entity (if other):
- First Name:
- Last Name:
- Title:
- Phone Number:
- Email:
- Physical Address:
- County:
- Where did you learn about this grant opportunity?
- Applicant must be in compliance with state regulations and in good standing with the State of Vermont – signature line and date
- Are you interested in receiving Working Lands related e-news/events/funding opportunities updates by email?
- Is the company veteran-owned or operated?
- Do you allow this program to share your project information with other state and federal funders? (Yes or No):
- Again in FY2017, \$30,000 of Local Food Market Development (LFMD) grant funds will be made available through the Working Lands grant process. The focus of LFMD funding is to increase Vermont producers' access to institutional and wholesale markets, promote consumption of local food, and encourage scaling up through new market development opportunities across the state. Do you feel your project is a good fit for funding through LFMD? (Checkbox Yes/No)

## 2. Project Information

- Project title:
- Project Sector (as it relates to the project, not the overall business) (drop down menu):
  - Bees/Honey
  - Bulk Fluid Milk
  - Compost/Waste Recovery
  - Distribution - Agricultural Products
  - Distribution - Forestry and/or Wood Products
  - Hay and Forage Crops
  - Local Wood Construction
  - Livestock Products and Meat

- Logging
  - Maple and maple products
  - Nursery, Landscape, and Christmas Trees
  - Orchard and Tree Fruit products (including cider)
  - Sawmill
  - Value Added Agricultural Products not elsewhere specified
  - Value Added Dairy products (e.g. cheese, yogurt)
  - Vegetables, Berries, and their products
  - Wood Heat/Biomass Energy
  - Wood Products Manufacturing
- Project category (drop down menu):
    - Infrastructure Development
    - Marketing
    - Research and Development
    - Equipment
    - Land/Site Acquisition
  - Working Lands Funds requested:
  - Matching Funds:
  - Do you currently have a business plan?
  - Business plan completion date
    - \*Note: business plans will be required with submission of a full application, if invited. Current financials (balance sheet, profit and loss (or income statement) and projected income and expenses for the next 1-3 years) must be included.*
  - Please list any memberships in associations / trade organizations:
  - Have you received grants or loans in the past 5 years? If yes, please list:
  - Please list other grants you are applying to in conjunction with this project
  - Project Abstract (1000 characters max): Abstracts will be provided to Board members to give a broad overview of each project. Please provide a brief overview of your project for Board member review, including key impacts.

**3. Business Description** (2000 characters max): Describe the business in terms of size (gross sales, number of employees, production volume), markets, and number of years in business. Also outline its experience and successes with similar activities, and the expertise of any partner businesses or organizations expected to participate in the project. Please describe your management team (including names and titles) and their role in project implementation.

- Stage of business development (drop down menu, [link to stages of business development definitions](#)):

- Current Gross Sales (dollar amount):
  - Number of Years in Business (number):
  - Number of Employees:
  - Total number of acres currently utilized by your business:
- 4. Project Summary** (2000 characters max): Please provide an overview of your project and how requested and matching funds will be used. Please explain why your project is being proposed, and what makes it timely, important, innovative and/or sustainable.
- 5. Need** (2000 characters max): Please provide an explanation of why these working lands grant funds are needed, and how the project would or would not move forward without these funds. Please be specific, and describe efforts to fund this project with other sources and why those efforts have not been sufficient. Select all/any that apply:
- Without this grant, this project would not happen
  - Without this grant, this project would happen over a longer timeframe
  - Without this grant, this project would have a lower probability of success
  - Without this grant, access to capital would be insufficient to accomplish the project
  - This grant will not change the implementation and success of this project
- 6. Impact** (1800 characters max): Describe projected measurable outcomes, which may include: increased sales, increased net income, jobs created or retained, increased product output, new markets accessed (specify any institutional or wholesale accounts, if applicable), and/or increased acres in active use. Projects that credibly outline anticipated positive impacts based on measurable financial, social, or environmental criteria will be given preference.
- Will this project increase gross sales for your business? If yes, by how much?
  - Will your product output increase due to this project? If yes, how much more product will this project enable you to produce? (Please answer in percent)
  - Will this project increase jobs for your business? If yes, how many Full Time Equivalent (FTE) Jobs will be created?
  - Will this project increase working lands acres impacted? If yes, how many additional acres will be impacted by this project? (Project Utilization includes acres directly used for production, committed for production through other producers and/or under active management by your enterprise)

Requests over \$20,000 will be analyzed for demonstration of supply chain or industry impact (specifically how multiple working lands businesses will benefit from the project). Examples of Agency of Agriculture, Food & Markets | Department of Forests, Parks & Recreation | Agency of Commerce & Community Development

supply chain impact include construction or expansion of a processing facility or development of a new technology

**7. Budget and Narrative:** Please provide a detailed budget, including Working Lands funds requested and any other funding sources supporting the project. Matching funds should equal at least 100% of the Working Lands Enterprise funds requested. 50% of the match must be cash, the rest may be in-kind (see below for examples). Match must be identified by the time of full application submission, and in place by the time of grant agreement execution.

Example:

\$15,000 Working Lands grant request

$\$15,000 \times 1.0 = \$15,000$  minimum match (at least \$7,500 cash match)

$\$15,000 + \$15,000 = \$30,000$  total project cost (WLEB request + match amount)

- Examples of **cash match** include: funds in the bank, third party funds, and applicant labor not associated with the day-to-day operations of the business.
- Examples of **in-kind match** include: goods or services provided during the grant period for which no expenditure is made (e.g. contractors, consultants, or equipment provided pro bono for the project, volunteer labor, and/or donated supplies that are not part of the normal cost of doing business). In-kind contributions must be made during the grant agreement period, and must be directly related to the project. Verification for in-kind contributions that are over-valued will not be accepted.
- Please note that applicant labor associated with the project is eligible for Working Lands funds or as match. Labor rates should be in line with current market rates.
- Costs incurred prior to signing of a grant agreement are not eligible.
- Under limited circumstances, match requirements may be reduced or waived for projects that can justify the need for a reduced match. Waiver requests must outline the impact of the project and indicate if the project benefits an underserved sector of the working lands economy. For consideration, waiver requests must be outlined in the budget narrative.

**Budget Template:** Your budget should include any other funding sources supporting the proposal and a match totaling 100% of Working Lands funds requested. Enter each line item of your budget into the appropriate field in the [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) system. You may wish to utilize the budget template below to construct your budget before entering numbers into the online system. Should you be invited back for the full application, it is allowable for line items to shift as long as the total amount remains the same.

Project Sources and Uses	Working Lands Request	Applicant Contribution		Match Source	Details/Purpose	Total
		Cash	In-Kind			
Salaries/Wages						
Benefits						
Consultant/Professional Fees						
Permits/Fees						
Construction						
Real Estate/Land Acquisition						
Machinery/Equipment						
Travel						
Supplies						
Other						
TOTAL						

**Budget Narrative** (1000 characters max for each question):

- Please use this space to expand on your use of Working Lands Funds. Provide further detail for all line items, as needed.
- Future Investment: Please describe how this project will drive future investment in your business.
- Match: Indicate whether all matching funds are committed:
- If not, provide your timeline for securing such commitments:
- Are you requesting a match waiver (check yes/no):
- Match Waiver: If match waiver requested, please provide justification here.

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***Thank you for the time and effort put into this application. While not everyone can be offered the opportunity to submit a full application or receive a grant, your contributions to Vermont's working landscape are greatly appreciated.***