

## FY 2019 Working Lands Enterprise Initiative LETTER OF INTENT (LOI): BUSINESS GRANTS

### *Applicant Guide*

#### **IMPORTANT NOTES – PLEASE READ CAREFULLY**

This is the applicant guide for the Working Lands Business Grants Letter of Intent (LOI) pre-application process. It is imperative that applicants read the entire guide before developing and submitting an LOI.

All LOIs **must** be submitted online via WebGrants 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 will be posted on the Working Lands Enterprise Initiative [website](#) at the time of application opening.

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>.

Please contact Lynn Ellen Schimoler ([working.lands@vermont.gov](mailto:working.lands@vermont.gov) or 802-662-0327) with any questions. To speak in detail regarding your proposal, please email [working.lands@vermont.gov](mailto:working.lands@vermont.gov) to request a 10-minute appointment slot.

### **APPLICATION TIMELINE:**

**Request for Applications Released:** October 1, 2018 at 12:00 PM

**Letter of Intent/Pre-Application Period Begins:** October 15, 2018 at 12:00 PM

**Letters of Intent Due:** November 8, 2018 at 12:00 PM

**Applicant Notification of Acceptance/Denial (Letter of Intent):** December 21, 2018

**Invited Full Applications Due:** January 22, 2019 at 12:00 PM

**Notification of Final Award Decision:** End of February 2019

**Estimated Project Start Date:** End of March-April 2019

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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 systems, forestry, and forest products businesses. Approximately 20 percent of Vermont's working 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 (WLEB) 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 forestry 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:** The following systemic factors are theorized to hold potential for progression towards the Working Lands 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 \$5.3 million in grant funds to 184 grantees, leveraging an additional over \$8 million of matching and other funds. For a list of previously funded projects, visit <http://workinglands.vermont.gov/projects>.

## FY 2019 Program Year

This year, approximately \$825,000 is available for investment into farm, food systems, forestry, and forest products enterprises and service providers. Funds will be disbursed in two investment areas: Business Grants and Service Provider Grants. The Working Lands Enterprise Board (WLEB) has decided to allocate larger grants, up to \$150,000, for low grade wood or dairy projects that show significant value chain improvements. The lower tier for Business grants has now increased to \$25,000 or less, vs. \$20,000 or less, as in previous years.

Of the current \$825,000 available for Working Lands investments in the current fiscal year, WLEB will aim to award grants in the following funding ranges by category:

- Service Provider Funding Total: \$230,000-280,000
- Business Funding Total: \$525,000-575,000
- Trade Show Assistance Grants: \$20,000

**Business Grants** - Projects 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: accessing new markets and securing new customers, including institutional and wholesale market expansion
- Research and Development: testing new systems or technologies or developing innovative solutions

## 2. Eligibility Requirements

### Applicant Criteria

- 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 Business grants for **over \$20,000** are not eligible to apply for further Working Lands funding until three years after the start date of their previous grant (i.e., FY15 Capital and Infrastructure grantees are eligible to apply for FY19 funding). Past recipients of grants **under \$20,000** are eligible to apply again.

## Project Criteria

- **Business Grants – Standard:** Requests must total between \$5,000 - \$25,000 in Working Lands Enterprise Funds.
- **Business Grants – Industry Impact:** Requests must total between \$25,000 - \$150,000 and demonstrate significant potential for low-grade wood or dairy supply chain or industry impact (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).
- Project must be completed within 18 months after grant agreement start date.
- Primary beneficiaries are Vermont agriculture, forestry & forest products businesses (including farm and/or forest landowners).
- 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.

## 3. Scoring Criteria

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, is likely to accomplish the measurable performance outcomes.
- **Impact and Accountability:** The project demonstrates how it will enhance Vermont's working landscape, with measurable performance 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.

- **Industry Impact Grants:** Requests over \$25,000 will be analyzed for demonstration of supply chain or industry impact (specifically how multiple working lands businesses will benefit from the project). This larger grant category was established to advance value chain projects with significant impact or reach within the low-grade wood or dairy industry. Businesses that apply for these larger scale grants should have solid existing infrastructure, e.g., a comprehensive business plan, ability to generate income and create tangible value, proven track record, and potential for growth. Business applications in this funding category without a focus on value chain initiatives will be less competitive.

Examples of value chain impact include business activities that impact design, production, marketing, and distribution – ability to bring a product or service from conception to delivery. For an organization that produces goods or products, the value chain might start with raw materials utilized to develop low-grade wood or dairy products. 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.

To help demonstrate supply chain impact, applicants are strongly encouraged to include up to three letters of support/letters of commitment from partnering organizations in the full grant application, if invited.

- **Use of Local Products:** Act 142, which sets forth legislative findings and intent, states: ‘the agriculture and forest product sectors provide renewable and harvestable products that form the basis of Vermont’s land-based economy.’ Applicants should indicate and describe the number of Vermont sourced units they are currently producing or processing. Applications that describe intent to increase usage or production of Vermont sourced units or products will be more competitive.

- **Financial 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.
- **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. Projects that show partnerships for optimizing use of public funds are encouraged.

#### 4. 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 construct a thoughtfully-planned 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 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>.

#### 5. Submitting your Letter of Intent

**NOTE:** All LOIs **must** be submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) by Thursday, November 8, 2018 at 12:00 PM. Paper applications or submissions after the deadline will not be

accepted. The questions required to complete an LOI are located on page 10 of this document.

Applicants are **strongly** encouraged to register in WebGrants and become familiar with the online system well in advance of the LOI deadline. If you are a previous grantee under Working Lands or another Vermont Agency of Agriculture, Food & Markets grant program, please complete and submit your LOI using your prior WebGrants login information. Please do not create a duplicate account.

Partially completed LOI forms can be saved in WebGrants, even when logging out, and submitted at a later time. However, forms will NOT enable saving unless required questions contain at least one character (letter or number). To avoid this issue, you may find it helpful to create and save your LOI as a Word document, then copy and paste your answers into WebGrants when complete.

For general questions about the Business Grants process, please contact Lynn Ellen Schimoler at [working.lands@vermont.gov](mailto:working.lands@vermont.gov) or (802) 662-0327. For technical assistance with WebGrants login/navigation/form submission, please contact Diana Ferguson at [Diana.Ferguson@vermont.gov](mailto:Diana.Ferguson@vermont.gov) or (802) 622-4094.

## 6. Review & Selection Process

LOIs will be reviewed by the Vermont Working Lands Enterprise Board and its partners, 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 proposed projects (e.g. additional financial information, project clarification, etc.).

## 7. 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).

## 8. 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.

## 9. Full Application

Full applications will be accepted only from businesses whose LOIs are selected to move forward in the application process. Applicants will be notified in late December if they have been invited to submit a full application. Full applications are due on January 22<sup>nd</sup>, 2019.

**NOTE:** 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.

## 10. Receiving a Grant: 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
- Prior to receiving the grant agreement, recipients must:
  - 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 an Annual Survey up to 2 years post grant, Interim and Final 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 typically paid up to 40% after an initial claim, 40% at the mid-point of the project and completion of Interim reporting, and 20% once all outcomes are complete. In exceptional cases where costs for large capital purchases are involved, up to 90% may be initially paid, 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.

## 11. Tax Implications

We recommend that all entities consult with a tax accountant as needed regarding how to report grant awards for tax purposes. State of Vermont staff and Working Lands partners are not authorized to advise or provide input on tax-related information, including the completion of federal forms.

## 12. The 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 a similar project focus for greater impact.

Below is the information requested in the LOI for completion and submission via WebGrants at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). A technical guide showing the steps for LOI submission will be posted to the [Working Lands website](#) at the time of application opening, October 15 at

12:00 PM.

## 1. Applicant Information

- Business Name:
- Type of Business Entity (e.g. sole proprietorship, LLC, cooperative, 501(c)3, etc.):
- Contact Name:
- Title/Position:
- Phone Number:
- Email Address:
- Physical Address:
- County:
- Primary Product Category (drop down menu):
- Secondary Product Category (if applicable):
- 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?
- Are you a veteran?
- Do you allow this program to share your contact information with other state and federal funders? (Yes or No):

## 2. Project Information

- Project Title:
- Project Category (drop down menu):
- 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): Please provide a brief overview of your

project, including key anticipated impacts. *Abstracts will be provided to Board members to give a broad overview of each project.*

**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 and explain how they have the knowledge, energy, expertise, and commitment necessary to turn your project idea into a reality. Please include the names and titles of your management team.

- Stage of business development (drop down menu, link to stages of business development definitions):
- Current Gross Revenue (dollar amount):
- Number of Years in Business (number):
- Number of Employees:

**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, and/or sustainable.

**5. Financial 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 happen over a longer timeframe
  - Without this grant, this project would happen in a less desirable fashion
  - Without this grant, this project would have a lower probability of success
  - Without this grant, this project would not happen
  - This grant will not change the implementation and success of this project

**Impact (1800 characters max):** Describe measurable performance 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 this project increase product output for your business? If yes, by how much? (Please answer in percent)
- What is your current annual product output? (number)
- What is your anticipated annual product output post Working Lands project? (number)
- What are the units you are using for product output? (for example, jars, cans, slabs, cases)
- Will this project increase jobs for your business? If yes, how many Full Time Equivalent (FTE) Jobs will be created?
- Will the total number of acres utilized by your business increase, decrease, or remain the same as a result of this project?
- If increase, how many new acres will be used? (number)
- If decrease, how many acres will be lost? (number)
- What are your current total acres in production? (number)
- Will this grant impact your ability to pay yourself? Please explain briefly.
- If applying for an Industry Impact Grant (\$25,000-\$150,000), please describe the anticipated supply chain or overall industry impact of your project. Please reference other working lands business who will be involved and how they will benefit.

**6. 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:** Enter each line item of your budget into the appropriate field in WebGrants. You may wish to utilize the budget template below to construct your budget. We understand the budget and use of funds may be different should you be invited back for the full application. Your budget should include any other funding sources supporting the proposal and a match totaling 100% of Working Lands funds requested. Once the budget template is completed, there will be a drop-down tab where you will provide the source(s) for each line item.

Project Sources and Uses	Working Lands Request	Applicant Contribution		Total
		Cash	In-Kind	
Salaries/Wages				
• Average Hourly Rate(s)				
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):**

- Leverage: Please provide the source(s) for all matching funds listed in the template. Be sure to indicate whether all matching funds are committed, or if not, your plan and timeline for securing such commitments.
- Future Investment: Please describe how this project will drive future investment in your business.
- Are you Requesting a Match Waiver? Yes or No
- Match Waiver: If match waiver requested, please provide justification here.
- Additional Narrative: Please use this space to expand on your use of Working Lands Funds.

***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.***