

OVERVIEW OF PHASE 1 ELIGIBILITY, FARM SUITABILITY & SELECTION CRITERIA AND SCORING SYSTEM

ELIGIBILITY

An applicant must own and operate a Farm Business that has been producing agricultural products commercially (selling) in the State of Maine for at least two (2) years at the time of application. The applicant must own their farmland or be a partner or shareholder in a legal entity that owns the farmland. If having recently purchased their farmland, the applicant must have had at least two years' experience operating a Farm Business elsewhere in Maine. *As defined in the Rules governing the Maine Farms for the Future Program, the term "Farm Business means that the agricultural products grown or produced on a farm are being sold commercially and the farm has documentation of gross and net farm income, expenses, net worth and farm debt."*

SUITABILITY OF FARMS

The selection process for Phase 1 involves determining the likelihood that a farm's viability will be significantly increased by researching ideas for change and writing a business plan to implement some or all of those changes. "Business Plan" means a document that identifies changes in farm management practices and investments in equipment and property that would increase the profitability and net worth of the farm (vitality). A typical plan identifies ways to increase on-farm income through such methods as improved management practices, direct marketing, and value-added initiatives; and describes current operations and future plans for the business, including but not limited to sections on mission/vision, legal organization, management team, product descriptions, market research, market promotion, customer profiles, financial statements, financial analysis of planned changes in the business and long-term goals for the business.

Factors that tend to shape a farm's suitability for the Program.

- Own the farmland and are in control of land and resources that will be covered by the plan.
- Are free to make farm management decisions (i.e. there are no outstanding legal situations or family members with "a veto power" that will prevent forward progress).
- Are committed to farming as a primary lifestyle and income source.
- Have either clear **ideas for change** or a transition they want to pursue, or a clear **sense of what needs to be changed** on the farm (for example, something they want to move **towards** or **away from**).
- May be having difficulty now, but would likely be successful if they received support to develop a written plan for changes in the farm operation.
- Would benefit greatly by learning and seeing what other similar farm operations are doing. Are willing to spend many hours in team meetings, preparing for meetings, doing research, and writing.
- Have a positive attitude and are willing to honestly consider a variety of options and set goals for the future.
- Are willing to incur some risk and debt in order to change (if necessary), but are not already overburdened with debt at a level that a new business plan cannot overcome. *(In that case, other resources may be more appropriate before the Farms for the Future process).*
- Demonstrate an understanding of what this program is, and what it is **not**. Phase 1 grant funds are **not** intended to support regular farm upkeep or standard business expansions that make no fundamental changes to the farm enterprise or vitality.

DETAILS OF PHASE 1 SELECTION CRITERIA AND SCORING SYSTEM

CRITERIA 1 - MANAGEMENT CAPACITY: The applicant’s knowledge, experience and capability to successfully plan and implement changes. (Maximum Points = 20)

Related questions on the APPLICATION: 2, 4, 4a, 17-27, 31-33, 38-39.

Related questions on the SCORE SHEET:

- a. Does the farmer demonstrate the knowledge, experience and capability to plan and implement changes?
- b. Will business planning move this farm forward?
- c. Will the farmer make good use of business planning process?

LOWER SCORE 0	HIGHER SCORE 20
<ul style="list-style-type: none"> The applicant does not have enough years of experience and training in farming to show that they will be able to plan and implement farm changes. The applicant is not in control of land and resources. The applicant’s statement of purpose is not clear or realistic. The applicant’s statement of readiness for farm planning is not clear or realistic. The applicant does not own the land they operate. 	<ul style="list-style-type: none"> The applicant’s years of experience and training in farming show that the applicant is capable of judging own abilities and industry trends. Evidence of knowledge is clear in the way the applicant describes the farm and the vision for change. The applicant has the clearly and compellingly described why writing a business plan will help, including listing skills or knowledge they hope to gain. The applicant has demonstrated that their family and employees are prepared to commit the time and energy required for Phase 1. The applicant owns the land they operate.

CRITERIA 2 - QUALITY OF IDEAS FOR CHANGE: The likelihood that the applicant’s proposed “ideas for change” and the business planning process can affect a fundamental change that will make the farm more viable. (Maximum Points = 25)

Related questions on the APPLICATION: 7-11, 28-37.

Related questions on the SCORE SHEET:

- a. Has the applicant described areas within the current farm enterprises that need improvement, and/or identified potential strategies for change towards profitability?
- b. What is the degree of transformation that the applicant is considering?
- c. Does the proposed idea appear to have potential to positively impact farm vitality?
- d. Does the proposed idea directly rely on farm production for its success?
- e. Does the applicant intend to remain in farming?

LOWER SCORE 0			HIGHER SCORE 25
The applicant has provided little or no information about farm revenue.	The applicant’s farm revenue information is present but incomplete or incomprehensible.	The applicant has clearly provided or attempted to provide accurate information about farm revenues.	
Description of changes are incomprehensible or clearly do not fit intent of FFF program.		The applicant has identified potential strategies for change towards profitability (a clear idea for change, a clear sense of what needs to be changed, or both)	
The “changes” the applicant describes are a typical operating expense (i.e. rebuild a barn and keep the business the same).	The changes the applicant describes are a standard business expansion (i.e. add a few more cows).	The applicant seeks to make a <u>fundamental</u> change that is essential to the long-term viability (i.e. adopt a new management structure, bring in transformative technology, diversify products or markets, seek fundamental production efficiencies, begin to make 100% living from farming activity)	
The ideas pose a high degree of threat to profitability.	The ideas take a farm that is currently viable and make it more viable.	The ideas potentially take a farm that is not viable (can’t sustain itself, always requires outside infusion of cash or inputs, will not survive changes in markets, regulation, or dynamic business environment) and sets it on the path towards viability.	
The improvements or ideas do not use products raised or grown on the farm, or rely on farm production	The improvements or ideas will utilize products raised or grown on the farm in the future, but not currently	The improvements or change ideas incorporates products or services currently raised or grown on this farm	

for its success		
The applicant clearly does not intend to work towards viable farming as a primary activity or income source.	The applicant intends to make the farm business the primary source of income in 5 years or so.	The farm is the primary source of income and the applicant intends to remain in farming.

CRITERIA 3 - FARM FINANCIAL HEALTH AND ABILITY TO TRANSFORM:

The farm’s current financial position, especially the debt load, can allow change(s) towards greater farm viability. (Maximum points = 25)

Related questions on APPLICATION: 10-16, 19

Related questions on the SCORE SHEET

- a. Has the applicant attempted to provide clear information about gross & net income (current year and past 1 or 2 years)?
- b. Does farmer clearly describe the current financial condition of the business and identify debts and asset? Does farmer describe goals and attitude regarding debt and managing debt?
- c. How does debt level affect plans for change?

LOWER SCORE 0		HIGHER SCORE 25
Applicant does not provide any information about debt	The applicant needs help to clearly state the current financial condition of the business and identify debts and assets	The applicant clearly states the current financial condition of the business and identifies debts and assets
The farm is struggling to manage the current debt load or lack of profitability and there is low likelihood that course can be corrected with support	The farm is struggling to manage the current debt load or lack of profitability and there is moderate likelihood that course can be corrected with support	The applicant demonstrates that the farm can manage the current debt load or lack of profitability. The farm is struggling to manage the current debt load or lack of profitability but there is high likelihood that course can be corrected with support
The applicant’s preferences/attitude about debt are incompatible with proposed ideas for change and business planning will not help	The applicant’s preferences/attitude about debt are not compatible with proposed ideas for change but business	The applicant’s preferences/attitude about debt seem mostly compatible with proposed ideas for change; business planning will help.

	planning will help	
The current debt load is unsustainable at a level that a business plan cannot help.	The debt level is not manageable now, but there is a chance that it will become manageable, with business plan help.	<p>The current debt load (or lack thereof) allows change towards viability.</p> <ul style="list-style-type: none"> • It is manageable now and will continue to be • It is challenging now but likely to be manageable, with business plan help

CRITERIA 4 - PHYSICAL RESOURCE BASE: the suitability and productivity of the farmland for its intended agricultural use, the physical condition of buildings and equipment, and other assets needed to maintain and increase productivity of the farm enterprise. (Maximum Points = 20)

Related questions on APPLICATION: 2-7, 11, 35

Related questions on the SCORE SHEET

a. Is the land good for agriculture and/or the proposed idea for changes? Are the soils classified by the

USDA NRCS as Prime, Statewide Important or Locally Significant?

b. Is the land suitable for changes/expansion in crops, pasture, or whatever the idea entails?

c. Does the building and equipment list suggest that business planning could help transform the farm's

physical resources toward long-term viability? (*i.e. Does the building and equipment list suggest that help is needed and would make a difference?*)

LOWER SCORE 0		HIGHER SCORE 20
The applicant does not describe their farmland.	The farmland information is partially complete.	The applicant provides evidence that the soils & water are suitable for the changes proposed, noting how much of the land is classified by the USDA Natural Resources Conservation Service as <i>Prime Farmland</i> or <i>Farmland of Statewide</i> or <i>Local Importance</i> .

<p>The farmland has poor quality soils and is unsuitable for supporting the ideas for change.</p>	<p>The farmland is in moderate condition or somewhat suitable for the ideas for change.</p>	<p>The farmland is in moderate to excellent condition, and moderately or highly suitable for the proposed ideas.</p>
<p>The applicant does not describe farm buildings and equipment.</p>	<p>The applicant already has buildings and equipment and most of what is needed for the proposed ideas.</p>	<p>The applicant does not already have buildings and equipment or most of what they need for their proposed ideas, but acquiring it seems reasonable and realistic, and business planning would clearly help.</p>
<p>The farm's asset base is nonexistent or in such poor shape that change ideas or business planning will not overcome the challenges at hand.</p>	<p>The applicant does not have most of what is needed for their proposed ideas, and acquiring what is needed seems challenging, but business planning would help. OR, the applicant has some of what they need, but the condition is poor or marginal and they will need to improve it.</p>	<p>The asset base and land conditions indicate that the ideas for change offer considerable potential for improvement.</p>

CRITERIA 5 - OTHER CONDITIONS: The degree of impact on the farmland that the business planning process would have. (**Maximum Points = 10**)

Related questions on the APPLICATION: 2-3, 8-9, 18, 20, 22, 25, 29, 34-37

Related questions on the SCORE SHEET

- a. What is the degree of development pressure on the acreage? Is there a high number of acres owned and/or operated
- b. Will the idea help the farm be in a position to provide more employment opportunities and/or support regional agricultural infrastructure?
- c. Is there an environmental benefit from the proposed idea?
- d. Will the idea help the farm become/remain important to the local community?

		
LOWER SCORE 0		HIGHER SCORE 10
No development pressure on the farmland.	Moderate development pressure on the farmland,	High development pressure on the farmland.
No environmental benefit from the proposed change.	Some environmental benefit from the proposed change.	High environmental benefit from the proposed change.
No regional or community benefit from the proposed change.	Some regional or community benefit from the proposed change.	High regional or community benefit from the proposed change.
Low number of total acres operated or low percentage of acres owned to acres operated.	Medium number of total acres operated or moderate percentage of acres owned to acres operated.	High number of total acres operated or high percentage of acres owned to acres operated.