State of Maine

Department of Agriculture, Conservation and Forestry

Bureau of Agriculture, Food and Rural Resources

**MAINE FARMS FOR THE FUTURE PROGRAM**

**PHASE 2 – Investment Support**

 **Application Form**

Fall 2019

**RFP#201904076**

*Please note that under this request for applications (RFP) the Department prefers the following farm types:*

* *Dairy*
* *Vegetable and Fruit farms seeking to meet FSMA Requirements*
* *Wild Maine Blueberry*
* *Farms producing or raising product to distribute/sell into Wholesale Markets*

*No more than 10 Phase 2 – Investment Support grants will be available in Fall 2019.*

1. **Phase 2 Eligibility Criteria**
2. The applicant must be a Selected Farm; that is a farm that was previously selected for and completed Phase 1 between January 1, 2000 and December 31, 2018.
3. A Selected Farm must be a private, for-profit company that is owned by individuals, partners or corporations, that grows or produces agricultural products for commercial sale (excluding marijuana farms, except as permitted under 7MRS Ch.406A, Section 2231).
4. A Selected Farm must have ownership of the land that is being farmed, *or* be a partner or shareholder in a legal entity that owns the farmland.
5. A Selected Farm must have State of Maine certification or licensure as required for their type of agricultural operation, i.e. Nutrient Management Plan, Commercial Kitchen License, Milk License, etc.
6. A Selected Farm must submit a current written business plan as outlined this Form (pp. 11-13).
7. A Selected Farm must provide documentation of a proportionate amount of match equaling 75% of the total investments identified by the Business Plan. The match provided by the Selected Farm must be directly related to the implementation of the Business Plan and must have a real market value. Match may include, but is not limited to, in-kind labor and farm resources such as timber, sand, gravel or other natural resource materials used to implement the Business Plan (p. 2; pp.11-13; personal cash resources; loans, including a reduced-interest (2%) loan from the Agricultural Marketing Loan Fund; other grants; and other resources relevant to the Business Plan.
8. A Selected Farm may apply to be considered for either or both of two types of investment support grants. They may apply to receive the Department’s recommendation to apply for a reduced-interest (2%) loan from the Agricultural Marketing Loan Fund and/or they may apply for an investment support cash grant in exchange for a Farmland Protection Agreement.

If an applicant has previously permanently protected the farm with a conservation easement, then he or she is not eligible to apply for the investment support cash grant, but may apply to be recommended to apply for a reduced-interest (2%) loan.

A Selected Farm that is requesting an investment support cash grant in exchange for a Farmland Protection Agreement must own at least 5 acres of land in agricultural use at the time of application.

If a Selected Farm is currently obligated to a 7-Year Farmland Protection Agreement, a second 7-year Farmland Protection Agreement would be required. The second agreement would begin on the end date of the first agreement. The result would be two back-to-back agreements that protect the farm for a total period of 14 years.

If recommended for a reduced-interest (2%) rate through the Agricultural Marketing Loan Fund, the Selected Farm is subject to all project cost, eligibility and loan application requirements for the Agricultural Marketing Loan Fund described at: <http://www.maine.gov/dacf/ard/grants/agricultural_marketing.shtml>

**II.** **Requirements in Phase 2 Investment Support – Scope of Services**

 A Selected Farm that is awarded Investment Support must:

1. Provide evidence of all match sources including documentation of work completed since September 1, 2017, and work to be completed by December 30, 2020, specifically to implement the changes described in the Phase 2 Application and the farm Business Plan. Such evidence includes: current bank account(s) statement; documentation of approved loans; award letters or email regarding other grants; USDA NRCS contracts for practices receiving USDA funding; receipts for materials purchased and/or sourced from the farm; and documentation of in-kind labor (date, task, hours, value) as described on p.13.
2. Submit a Property Tax Receipt showing that the farm is current on all Property Tax payments.
3. Sign the 7-Year Farmland Protection Agreement. Note: A farm may terminate its Farmland Protection Agreement at any time, provided that it reimburses the Department for any investment support funds disbursed to the farm by the Department.
4. Utilize grant funds towards infrastructure, improvements, services, equipment, etc., as identified in the farm Business Plan. Any funds provided by the Department must be used to implement the Business Plan in its original form or in a subsequent amended version that has been approved by the Program Administrator prior to disbursement of funds.
5. When the described project is completed, submit photographs of the completed construction/renovation, and include a one-page narrative summary of the completed project, and a final project cost summary including receipts for grant funds uses.
6. Provide the Department financial and farm data for the three (3) years following receipt of the Phase 2 grant funds and/or reduced interest rate on and approved AMLF loan, all as described on p. 8 of this Application Form.
7. **Scoring Weights are based on a 100-point scale and will measure the degree to which**

 **each Phase 2 Investment Support Application meets the following criteria:**

**Completeness of the Business Plan** (5 points)

As outlined on pp 9-13

**Character and Management Capacity** (20 points)

The Business Plan provides evidence of applicant’s knowledge, experience and management capacity to successfully plan and implement the proposed changes to the Farm Business.

**Financial Capacity and Debt Management (**10 points)

The proposed changes to the Farm Business will improve the cash flow thereby improving the management of debt load needed to pay any new debt associated with the proposed change(s) to the Farm Business.

 **Collateral and Asset Base (**20 points)

The Business Plan demonstrates that the farm operations will improve the productivity of the land (soil quality, fertility, water holding capacity), and the physical condition of the buildings and equipment, and sufficiently maintain any newly acquired assets to increase the overall sustainability of the Farm Business.

 **Farm Vitality & Development of New Capital** (30 points)

 The Business Plan demonstrates, through better strategies, marketing, production efficiencies and upgrading of facilities and equipment, an increase in profitability and overall net worth that will improve the overall sustainability of the Farm Business.

**Other Conditions** (15 points)

(A) The Business Plan identifies how the current or proposed farm operations will accomplish broader conservation objectives such as protecting water quality, improving wildlife habitat, or maintaining open space and local scenic and cultural amenities as long as such practices enhance or maintain the profitability of the farm. (5 points)

(B) The percentage of the farmland owned by the applicant that is to be protected under the

 Farmland Protection Agreement. (5 points)

(C) The degree to which the change in the business is new and different to the business. (5 points).

To Apply

The completed application must be submitted to State of Maine Division of Procurement Services by 11:59 pm, local time, on **October 8th, 2019**, see the RFP#201904076 for details. **Applications not received at the Division of Procurement Services by the aforementioned deadline will not be considered for contract award.**

The Application shall be dated and signed by a person authorized to enter into contracts on behalf of the Applicant. Failure to complete and submit the appendix or attachment may result in the disqualification of the Applicant’s proposal, at the discretion of the Department.

It is the responsibility of the applicant to provide all information requested in the RFP package at the time of submission. Failure to provide information requested in this RFP may, at the discretion of the Department’s evaluation review team, result in a lower rating for the incomplete sections and may result in the application being disqualified for consideration.

## Contents of Phase 2 Application includes:

  **Part A** **–** Phase 2 Application

 **Part B** **–** Farm Business Plan

 **Part C** **–** Appendices to Business Plan

**Submit application electronically to** Division of Procurement Services: Proposals@maine.gov. See RFP for submission instructions.

**RFP#201904076**

**Maine Farms for the Future Program**

**Part A - Phase 2 Application for Investment Support - Fall 2019**

**YOUR FARM and YOUR PROJECT**

*Overtype to fill in tables below*

|  |
| --- |
| Your Name |
| Farm Name |
| Address |
|  Town | Zip |
| Phone(s) | Email |
| Year your farm was selected for Phase 1 |  |

*\*If you can’t recall, look at the pdf of a list of Maine Farms for the Future Farms posted at* <http://www.maine.gov/dacf/ard/business_and_market_development/farms_for_future/index.shtml>

**Briefly** (4-6 sentences) **describe your Business Plan**

*Overtype to fill in tables below*

|  |  |  |  |
| --- | --- | --- | --- |
| **Estimated date of beginning of project**  | Day | Month | Year |
| **Estimated date of completion of project** | Day | Month | Year |
| **Net income derived from farming for tax year 2017** | $ |
| **Net income derived from farming for tax year 2018** | $ |
| **The 2019 projected net income (As of 05/01/19)** | $ |
| **Total cost to complete project(s) described in Business Plan** | $ |

**ABOUT INVESTMENT SUPPORT OPTIONS**

*Option # 1 Cash Grant for up to 25% of Project Cost and capped at $25,000.*

Match of 75% or more of the Project Cost is required. A farm selected to receive a Cash Grant must

enter into a 7-year Farmland Protection Agreement with the Maine Department of Agriculture,

Conservation and Forestry - Bureau of Agriculture, Food and Rural Resources.

*Option # 2 AMLF Loan only*

The AMLF loan program requires owner’s equity for 10% of total project cost for projects <$100,000

Or owner’s equity of 25% if the total project cost is >$100,000 up to the loan cap of $250,000

See <http://www.maine.gov/dacf/ard/grants/agricultural_marketing.shtml> and <https://www.famemaine.com/business/programs/agriculture-loans/agricultural-marketing-loan-fund/>

*Option # 3 Cash Grant and AMLF Loan*

All of the above apply

**YOUR CHOICE OF INVESTMENT SUPPORT OPTIONS**

*Should the Review Panel or Department elect to award other than your first choice, please identify your second and third choice.*

|  |  |
| --- | --- |
| Your 1st Choice | *Option #* |
| Your 2nd Choice | *Option #* |
| Your 3rd Choice | *Option #* |

**BUDGET FOR IMPLEMENTATION SUPPORT**

|  |  |
| --- | --- |
| **TOTAL PROJECT COST**  | $ |
| **CASH GRANT** *25% of total project cost and capped at $25,000* | $ |
| **TOTAL MATCH** *must amount to at least 75% of total Project Cost* | $ |

**MATCH DETAIL**

*If the Review Panel approves a Phase 2 Cash Grant, the Department will require evidence of all matching funds before releasing grant funds.*

|  |  |
| --- | --- |
| PERSONAL FUNDS | $ |
| LOAN 1 Lender name:  | $ |
| LOAN 2 Lender name: | $ |
| OTHER GRANT 1 (i.e. USDA NRCS cost-sharing, SARE, REAP, etc.) | $ |
| OTHER GRANT 2 | $ |
| IN-KIND LABOR - total to date | $ |
| IN-KIND MATERIALS - total to date | $ |

**OFF-FARM INCOME**

Please describe any off-farm income from other employment or services, including Social Security and other retirement income from 2017 to the present or anticipated between now and 2022.

|  |
| --- |
|  |

*NOTE: The Phase 2 - Investment Support Program is a competitive application process. If there is sufficient capital generated by off-farm enterprises, services or employment, that might be used to fund the implementation of the project(s) described in the business plan, then the Review Panel may designate that particular farm business as a lower priority for investment support grant funds.*

**IMPACTS**

**Acres Farmland Protected**

*If awarded the cash grant you must sign a 7-year Farmland Protection Agreement with the Maine Department of Agriculture, Conservation and Forestry. Though this Agreement is not recorded in the Registry of Deeds it is binding between you/your business and the Department.*

|  |  |  |
| --- | --- | --- |
| **If awarded the grant, I/we will protect**  | **# acres** | **by signing the 7-year non-development agreement.** |

**Farm Jobs**

How does your business plan maintain or increase local employment?

**Upon completion of the project I/we anticipate that there will be:**

|  |  |
| --- | --- |
| **#** | Family members working full time **for the Company** |
| **#** | Family members working part time **for the Company** |
| **#** | Non-family employees working full time **for the Company** |
| **#** | Non-family members working part time **for the Company** |

**Environmental Impacts**

*Briefly describe any positive impacts your plan and resulting project(s) will have on soil, water, and air quality and/or plant/animal habitat.*

|  |
| --- |
|  |

**Agricultural Sector Impacts**

*Describe how the plan contributes to local or regional agricultural infrastructure.*

|  |
| --- |
|  |

**FUTURE REQUIREMENTS**

***If you are awarded OPTION 1 (cash grant) or OPTION 3 (grant and 2% Interest Rate) you will be required to:***

* Sign the 7-year Farmland Protection Agreement for the acres designated in this Application (August 2019 to August 2026).
* Annually provide data – income, production, land, jobs, environmental and ag sector impacts - including photos documenting progress and completion of your Phase 2 project to the Department/Program for 2019, 2020 and 2021. This data is due April 30, 2020, 2021, 2022.\*

***If you are recommended for the 2% interest rate (OPTION 2) you will be required to****:*

* Annually provide data – income, production, land, jobs, environmental and ag sector impacts - including photos documenting progress and completion of your Phase 2 project to the Department/Program for 2019, 2020 and 2021. This data is due April 30, 2020, 2021, 2022.\*

*\*The Department will keep all individual information confidential and will aggregate it track the effectiveness of FFF, and provide Report(s) to the Commissioner and Maine Legislature, as required in Statute.*

***By signing below, you acknowledge that you understand the above requirements:***

**I/we confirm that the information presented in this Application and the farm’s Business Plan is true.**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Signature of Company Owner(s) Date**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Signature of Company Owner (s) Date**

*This completes Part A.*

**PART B - OUTLINE OF CONTENTS for PHASE 2 BUSINESS PLAN**

*Please format your business plan as follows:*

**COVER OF THE BUSINESS PLAN**

Include photo(s), business name, business owners’ names, address & confidentiality statement

**TABLE OF CONTENTS**

Include section headings (**CAPITAL LETTERS** in this outline) Sub headings (**Bold Face details** in this outline) and page numbers

**BUSINESS PLAN NARRATIVE**

**Executive Summary**

Purpose: Set the context for this business plan, hit the highlights. Summarize where you are now, where you are going and how you intend to get there.

**Mission Statement**

Purpose: Identify the core benefits/values that your farm provides to its customers.

**Business Description** ~½ page

Purpose: Overview of your operation and agricultural business.

Describe:

* Farm type, location and business contact information.
* Production Capacity – land types, acreages, infrastructure & major products and services.
* History of the farm business.
* Ownership/Legal structure.
* Your vision; the core principles and values that drive your personal and business ambitions.
* Where you see your business going in the future and your broad goals for getting there.
* The major challenges, i.e. barriers or limits to growth of the business.
* The major changes that are needed to overcome these challenges and meet your goals.

**Detailed Goals and Objectives** ~1 page

Purpose: Clarifies your vision as outcomes achieved in manageable steps.

*Example:*

*GOAL 1:**Reduce syrup bottling time by at least 30% to devote more time to expanding our taps to increase syrup production and develop new value-added products.*

*Objective 1: Purchase \_\_\_ to reduce our syrup bottling time.*

*Objective 2: Purchase and install #\_\_\_ taps.*

*Objective 3: Research market to spot trends for value-added products*

*Objective 4: Research & test recipes for production efficiency and test pricing*

*Objective 5: Research packaging and labeling for our new value-added products*

**Marketing Plan** ~4 pages

Purpose: Convince the reader that you have customers who will value and purchase your products in large enough quantities to satisfy your financial needs, at prices that are realistically comparable to those charged by your competitors.

Describe:

**The Trends** you see happening in your corner of the farming industry. Support your claims

with industry data, news articles and relevant research.

**Your Target Market**

* Existing and potential customers
* Their needs and how your farm provides them with what they need
* The number of potential customers & volume of products they will likely purchase. Support your statements with demographic data.
* The prices these customers are they willing to pay. Support with a pricing survey.
* If you sell to a wholesale distributor or a restaurant, describe/categorize those customers, and their customers who are the end users.

**Your Competition**

* Who else is producing something that your customers might buy instead of yours?
* What are their strengths and weaknesses?
* How can you differentiate yourself from them?
* Why will your customers choose your product ahead of your competition’s?

**Your Sales Forecast for the remainder of 2019 and three years forward from**

**2020 - 2022.**

* What specific products do you expect to sell, in what quantities and prices, to whom?
* For each product, what will your average price received be?
* Why do you think you can reach these sales goals? Provide evidence such as direct quotes from new and potential customers stating what they will buy; and/or sales records from previous years.
* If possible, provide evidence such as commitment letters or written “good faith agreements” for as many sales projections as you can.

**Your Promotional Plan**

* How do you get the word out to your different customer groups?
* How did you decide on each promotional strategy?

**Your Distribution Plan**

* How will you transport your products to your customers? If major changes are to be made as a result of this business plan, note them here.

**Production/Operations** ~3 pages

Purpose: Briefly orient the reader to your production methods, and to convince them that you can realistically produce the quantities you’ll need to meet the sales goals you’ve stated in the previous section, while paying your costs and yourself.

Describe:

**Your production methods**. No need to go into great technical detail here; write as if you are explaining to someone with little to no knowledge of farming.

**Your capacity** to produce the major crops described in your marketing plan.

* Total acres, (or animals, or square feet, or plants) in production.
* Note any significant equipment and structures used.
* Yields you expect to harvest.
* Any change in your capacity as a result of this business plan (for example, increased yields per acre, or increased number of animals, or more efficient harvester), describe the changes.

**The major variable costs** associated with each of your major products.

Note: It may be helpful to establish a “unit cost” for each of your products; defined here as, the price you need to receive per bunch of beets (or lb. of salad mix, gallon of milk, etc.) to pay all your expenses and yourself a living wage. This helps you and the reader compare your costs against the average prices you’ve stated you will receive to ensure that you will be able to turn a profit. If your unit costs will change significantly as a result of this business plan, describe the changes. It may be helpful to attach enterprise budgets as an appendix.

**Personnel** ~2 pages

Purpose: Convince the reader that you, your employees, and your support network have the knowledge and capacity to carry out the production and marketing activities you’ve just described.

Describe:

**The main farm operator(s**), their qualifications, and their main responsibilities.

**Paid crew**:

* + a list of job positions and descriptions
	+ Qualifications required for each position
	+ # of employees needed for each position
	+ Hours per week, seasonality, pay rates
	+ Where/how you find new hires? How hard is it for you to fill positions when you need to?

**Your Professional Advisory Team** List role and provide contact information (accountants, bookkeepers, lawyers, consultants, etc).

Note: If your personnel structure will change significantly as a result of this business plan, describe the anticipated changes. It is good practice to review everyone’s job descriptions to make sure there aren’t any obvious gaps. Also review your marketing and production sections for other gaps. For example, if your business plan calls for a new, specialized piece of equipment, be sure to identify who will fix and maintain that equipment if/when it breaks.

**Project Summary and Sources and Uses**

Purpose: Summarize the sources of financing to accomplish the project(s) - infrastructure, equipment, services - - described in the business plan. Briefly explain how will these investments affect your balance sheet and how will you repay each lender/investor. In a list or on a spreadsheet, identify each source and the amount of that source, and calculate the total of all sources, and below that list each use and the cost of that use and calculate the total of all uses.

**Financial Narrative**  ~2 pages

Purpose: Summarize the financial impact this business plan will have on your farm from the present through 2022.

Describe:

**Projected Gross Sales, Expense, and Net Income**

**Equipment and Infrastructure** you intend to purchase as part of this business plan, along with costs for each, and total costs (everything here should be referenced/explained in one or more previous sections of the narrative).

**Total Assets and Liabilities** current and projected.

**Cash Flow – on a twelve-month cycle the remainder of 2019 & 2020**

 **on an annual cycle for 2021 & 2022**

**Explain how your bank account balance will be affected by** **the ebb and flow of these factors**:

* operational needs
* marketing and advertising needs
* new equipment purchases
* loan payments
* new investments

**Explain how will you maintain sufficient cash flow** **as you pay for these factors**.

**Risk Analysis** ~2 pages

Purpose: Identify the key risks associated with your business plan, and describe what you would do if/when they occur.

**Identify the major risks** that you think are the most likely to affect your business plan’s success. These could be market related (customers don’t buy what they said they would), production (drought/disease/weed pressure/etc.), or personnel (can’t find the right hired help).

**Create a “worst case” financial scenario** where these risks turn out to be realities.

1. What would your profit and loss statement and cash flow look like in the worst case?
2. What would you do to mitigate these risks?

**Exit Strategy** 1-2 paragraphs

**FINANCIAL STATEMENTS**

These are QuickBooks reports and/or Excel Spreadsheets with font no smaller than size 10.

**Historical Financial Statements for 2017 and 2018**

**Profit and Loss** in side-by-side comparison

**Balance Sheets** in side-by-side comparison

**IRS - Schedule F** – Farm Income Tax

**Financial Projections for remainder of 2019 & 2020 monthly, annually for 2021 – 2022**

**Sales Projections** for specific crops/products, dollar amounts, specific customers and/or markets

**Cash Flow**

**Profit and Loss** in side-by-side comparison

**Balance Sheets** in side-by-side comparison

**PART C** - **REQUIRED APPENDICES TO BUSINESS PLAN**

1. **Copies of Licenses and/or Documentation of Certification** for your operation, such as milk license, vendor license, organic certification, etc.
2. **Match**

*Note: In-Kind Match are those investments you have already made, or you will make towards the project(s) described in Business Plan*

**Match to Date - from October 1, 2017 to May 15, 2019**

* Spreadsheet for In-Kind Labor noting actual date, tasks, hours billable at $25/hr. If hired, or will hire, any labor the contractor’s invoices must be attached.
* Spreadsheet for In-Kind Materials noting the actual market value for products (wood, etc.) sourced from the farm; and purchase price of other materials bought off the farm, verified with receipts or quotes.

**Future Match - from May 16, 2019 to June 30, 2020**

* Spreadsheet for In-Kind Labor noting projected date, tasks, hours billable at $25/hr. If hired, or will hire, any labor the contractor’s quotes must be attached.
* Spreadsheet for In-Kind Materials noting the projected market value for products (wood, etc.) sourced from the farm; and the purchase price of other materials to be bought off the farm verified with quotes.
1. **Additional Farm Information**
* Lease Agreements - if applicable
* Purchase and Sale Agreements - if applicable
* Farm Map – Aerial photo base map with labels
* Samples Promotional Brochure or Other Material
* Customer’s Orders or Statements of Commitment to Order/Purchase
* Recognition Awards
* Resumes of Farm Owner/Operator(s)