

New Farm Business Planning for Farm Determinations

Background

Business plans are formal documents that detail strategies for achieving business goals and guide the decisions business owners make for the establishment and operation of a business.

A well-written business plan contributes significantly to the viability of a business. For established farms, business plans can help highlight strengths, challenges, and opportunities for farms, and can steer activities in new directions. For new farmers, business plans can help identify production goals, marketing strategies and budget development, along with providing a timeline towards viability and enable farmers to request that the Agency of Agriculture, Food and Markets determine a farm’s status prior to the start of operations.

This document is intended to help new farms develop successful business plans that meet the determination requirement criteria of Section 3.1(g) of the Required Agricultural Practices (RAPs).

The Vermont Agency of Agriculture, Food & Markets (VAAFAM) has been granted regulatory authority over farm operations determined to fulfill at least one of the thresholds in Section 3.1 of the Required Agricultural Practices (RAPs) Rule, listed below:

<p>b. Has produced an annual gross income from the sale of principally produced agricultural products of \$2,000.00 or more in an average year; or</p>	<p>c. Is preparing, tilling, fertilizing, planting, protecting, irrigating, and harvesting crops for sale on a farm that is no less than 4.0 contiguous acres in size; or is raising, feeding, or managing adult livestock on a farm that is no less than 4.0 contiguous acres in size; or</p>
<p>d. Is raising, feeding, or managing at least the following number of adult livestock on a farm that is no less than 4.0 contiguous acres in size: (1) four equines; (2) five cattle, cows, or American bison; (3) 15 swine; (4) 15 goats; (5) 15 sheep; (6) 15 cervids; (7) 50 turkeys; (8) 50 geese; (9) 100 laying hens; (10) 250 broilers, pheasant, Chukar partridge, or Coturnix quail; (11) three camelids; (12) four ratites; (13) 30 rabbits; (14) 100 ducks; (15) 1,000 pounds of cultured trout; or (16) other livestock types, combinations, or numbers as designated by the Secretary based upon or resulting from the impacts upon water quality consistent with this rule; or</p>	<p>e. Is raising, feeding, or managing other livestock types, combinations, and numbers, or managing crops or engaging in other agricultural practices on less than 4.0 contiguous acres in size that the Secretary has determined, after the opportunity for a hearing, to be causing adverse water quality impacts and in a municipality where no ordinances are in place to manage the activities causing the water quality impacts; or</p>
<p>f. Is managed by a farmer filing with the Internal Revenue Service a 1040(F) income tax statement in at least one of the past two years; or</p>	<p>g. Has a prospective business or farm management plan, approved by the Secretary, describing how the farm will meet the threshold requirements of this section.</p>

Pursuant to Section 3.1(g) above, Farm Business Plans may be developed and submitted to attain a Farm Operation Determination from VAAFAM.

Business Plan Checklist

Below is a checklist of items that are required to be included in a Farm Business Plan for Farm Determination review:

1. Farm Operation Description

- the farm operation's physical address,
- number of acres owned and/or rented,
- ownership structure, for example sole proprietor or LLC,
- management structure, including employees,
- mission statement describing overall what your business goals are,
- description of primary structures including all uses of the structures currently and any proposed changes of use for these structures,
- description of production units currently and summary of any growth potential over the next 5 years (e.g. 120 milk cows, 2 acres vegetables),
- description of any proposed farm structures,
- site plans and maps of farming operation showing the location and labelling of agricultural structures and activities (e.g. cropland, barns, farm stands, pastures, barns, etc.) .
- description of potential or current nuisance concerns and remedies to address these (e.g. lighting in greenhouses, sound cannons for plant protection, increased traffic, etc.)

2. Products and Markets Description

- each product sold and the planned price for each product,
- descriptions and narratives for each product type,
- market analysis for planned products and services,
- nearby farms, restaurants, retailers and value-added producers offering similar or related products and services,
- any current or planned promotion efforts,
- growth potential and future distribution plans, and
- any plans for establishing an Accessory On-Farm Business, if applicable.

3. Income Statement

- projected Farm Business Income Statement for the sale of farm products,
- projected expenditures and total calculated losses from equipment, structures and inputs,
- projected profit or cash flow projection for combined income and losses, with explanatory narrative for agricultural products to be sold,
- projected debt financing, including interest, if applicable.

Business plans and income statements can be in two separate documents, submitted at the same time. In fact, we recommend that income statements, including cash flow projections, be on a worksheet such as Excel so farmers can easily use the income statement as their business becomes established and changes over time.

All Farm Business Plans **MUST** demonstrate that the farm will meet one of the other threshold criteria in Section 3.1 of the RAPs once the farm is fully in operation.

Submission and Other Information

All business plans should be submitted as appendices to the Farm Determination request form alongside any additional documents such as financial worksheets, site plans, maps, and letters to Zoning Administrators.

There are numerous ways to compose a Business Plan, with different analysis tools and financial analysis tools to use in making your plan more viable. The above components are what the Water Quality Division requires in a business plan, though more detail serves to better ensure approval and viability.

The Water Quality Division plans site visits for farms that submit Business Plans to check in on their operation, to create a dialogue around potential support for issues that arise in establishing a farm enterprise, and to direct farmers to resources that may help the farm reach its goals as an operation and as a business.

Should VAAFM determine that the information provided at the time of the Farm Determination is no longer applicable, then the Farm Operation may be determined to no longer fall under VAAFM jurisdiction. At that point in time the farm would fall under Municipal jurisdiction, causing all structures and operations conducted under agricultural designation to be required to retroactively comply with any applicable town bylaw requirements.

Business plans are sensitive documents containing confidential information, such as projected income statements, and information a farmer may want to keep confidential such as trade secrets and marketing strategies.

Business Planning Resources

For further resources on business planning, including templates, examples and business planners, visit our [New and Beginning Farmer Resources page](#).

For direct questions on Business Planning or the Farm Determination process, please contact:

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