

# WELCOME TO EVALUATING PROFITABLE AGRICULTURAL ENTERPRISES

A PROFESSIONAL DEVELOPMENT WEBINAR SERIES



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## WEBINAR SCHEDULE

Date	Session Title
Wednesday December 1	Introduction to Economic Feasibility Assessment
Wednesday December 15	Market Feasibility Assessment
Wednesday January 12	Financial Feasibility Assessment – Budget and Profit Basics
Wednesday January 26	Financial Feasibility Assessment – Budgets and Financial Statements
Wednesday February 9	Financial Feasibility Assessment – Financial Analysis
Wednesday February 23	Enterprise Financing: Federal Grant and Loan Programs
Wednesday March 30	Enterprise Assessment Example – Analyzing Drought Management Strategies
Wednesday April 13	Conducting Client Needs Assessments
Wednesday April 27	Evaluating Client Programming
Wednesday May 11	Q&A Session



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## TODAY

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- Enterprise Financing: Federal Grant and Loan Programs
- Resources
- Guest speaker
  
- Thanks to WSARE for funding this webinar series - Western Sustainable Agriculture Research and Education



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# ENTERPRISE FINANCING: FEDERAL GRANT AND LOAN PROGRAMS

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## AGENCY SPEAKERS

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- Jamie Rex – USDA Farm Service Agency
- Travis Mote – USDA Natural Resource Conservation Service
- Jason Justesen – USDA Rural Development
- USDA Agricultural Marketing Service Programs, Kynda Curtis, USU Extension



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FARM SERVICE  
AGENCY –  
JAMIE REX



AGRICULTURE

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## WHO IS FSA

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- The Farm Service Agency (FSA), is an agency within the United States Department of Agriculture (USDA).
- FSA's Farm Loan Programs (FLP) provide temporary credit to agricultural producers who are unable to obtain private, commercial credit. FSA places special emphasis on providing loans to beginning, minority and women farmers and ranchers.
- Goal of FSA's loan programs is to graduate the borrowers to commercial credit.



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## INTRO TO FSA LOAN PROGRAMS

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- If you are a farmer or rancher who is unable to obtain credit from another lender to start, purchase, sustain, or expand your family farm you may be able to get a loan through FSA's Farm Loan Programs.
- FSA has different types of loans depending on your current situation and what you need the loan for.



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## GUARANTEED LOANS

- Commercial lender
  - EZ Guarantee
  - Farm Ownership
  - Operating



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TYPE OF LOAN	MAXIMUM LOAN AMT	RATES AND TERMS
EZ Guarantee	\$100,000	Same as guaranteed farm ownership and guaranteed operating.
Farm Ownership	\$1,776,000 – adjusted annually for inflation.	<ul style="list-style-type: none"> <li>• Term: Up to 40 years</li> <li>• Rate: Determined by lender.</li> </ul>
Farm Operating	\$1,776,000 – adjusted annually for inflation.	<ul style="list-style-type: none"> <li>• Term: 1-7 years</li> <li>• Rate: Determined by lender.</li> </ul>



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## DIRECT LOANS

- FSA is the lender
  - Farm Ownership
  - Operating
  - Microloans (Farm Ownership and Operating)
  - Emergency



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Type of Loan	Maximum Loan Amount	Rates and Terms
Farm Ownership	\$600,000	<ul style="list-style-type: none"> <li>• Term: Up to 40 years</li> <li>• Interest Rate: Fixed**</li> </ul>
Farm Ownership Participation	\$600,000	<ul style="list-style-type: none"> <li>• Term: Up to 40 years</li> <li>• Interest Rate: Fixed**</li> <li>• At least 50% of loan amount provided by another lender</li> </ul>
Direct Down Payment	The lesser of the following: <ul style="list-style-type: none"> <li>• 45% of the farm or ranch purchase price</li> <li>• 45% of the appraised value</li> <li>• \$667,000</li> </ul>	<ul style="list-style-type: none"> <li>• Term: Up to 20 years</li> <li>• Interest Rate: Fixed**</li> <li>• Down payment of at least 5%</li> <li>• Must be a beginning farmer.</li> </ul>
Farm Ownership Microloan	<ul style="list-style-type: none"> <li>• \$50,000</li> </ul>	<ul style="list-style-type: none"> <li>• Term: Up to 25 years</li> <li>• Interest Rate: Fixed**</li> </ul>



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Type of Loan	Maximum Loan Amount	Rates and Terms
Direct Operating	\$400,000	<ul style="list-style-type: none"> <li>• Term: 1 to 7 years</li> <li>• Interest Rate: Fixed**</li> </ul>
Direct Operating Microloan	\$50,000	<ul style="list-style-type: none"> <li>• Term: 1 to 7 years</li> <li>• Interest Rate: Fixed**</li> </ul>
Emergency	The lowest of the following: <ul style="list-style-type: none"> <li>• 100% of actual or physical losses</li> <li>• \$500,000</li> </ul>	<ul style="list-style-type: none"> <li>• Term: 1 to 7 years (possibly up to 20 years) for non-real estate purposes</li> <li>• Up to 40 years for physical losses on real estate</li> <li>• Interest Rate: Fixed**</li> </ul>
Youth	<ul style="list-style-type: none"> <li>• \$5,000</li> </ul>	<ul style="list-style-type: none"> <li>• Term: 1 to 7 years</li> <li>• Interest Rate: Fixed**</li> </ul>

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## ELIGIBILITY

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- Eligibility requirements different for each type of loan
  - BASICS
    - Credit history
    - Credit elsewhere
    - Managerial experience
    - Owner operator
    - Family sized operation

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## MICROLOANS

- The Microloan (ML) program was developed to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operation
- The application process for microloans is simpler, requiring less paperwork, to coincide with the smaller loan amount. Requirements for managerial experience have been modified to accommodate smaller farm operations, beginning farmers and those with no farm management experience.



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## BEGINNING FARMER

- Has not operated a farm for more than 10 years.
- Meets the loan eligibility requirements of the program to which he/she is applying.
- Substantially participates in the operation of the farm.
- Applicants for FO purposes must be participated in the business operations of a farm for at least 3 out of the last 10 years.
- For FO purposes, does not own a farm greater than 30 percent of the average size farm in the county, at the time of operation.




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**Essential Calculators for the Web  
Standard Loan Calculator Results**

**Operating Loan**

Loan Amount:	\$400,000.00
Interest Rate:	2.25%
Number of Years:	7
Number of Periods Per Year:	1
Payment Amount:	\$62,400.10
Total Interest Paid:	\$36,800.69




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**Essential Calculators for the Web  
Standard Loan Calculator Results**

**Farm Ownership**

Loan Amount:	\$400,000.00
Interest Rate:	2.875%
Number of Years:	40
Number of Periods Per Year:	1
Payment Amount:	\$16,957.02
Total Interest Paid:	\$278,280.84



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## THINGS TO THINK ABOUT?

- Must be producing an agricultural commodity
- What are you going to produce?
- Where are you going to market the products?
- How are you going to repay the loan?
- What are your goals for the operation?



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## FSA FARM PROGRAMS

- Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC)
- Conservation Reserve Program
- Dairy Margin Coverage Program (DMC)
- Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish (ELAP)
- Livestock Forage Disaster Program (LFP)
- Livestock Indemnity Program (LIP)
- Noninsured Crop Disaster Assistance Program (NAP)



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## CONTACT INFORMATION

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- Jamie Rex-Farm Loan Officer
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- Travis Cartright, Farm Loan Manger
  - [travis.cartright@usda.gov](mailto:travis.cartright@usda.gov)
  - (435) 283-8002 Ext. 103
- Demsey Mills, Program Technician
  - [demsey.mills@usda.gov](mailto:demsey.mills@usda.gov)
  - (435) 336-5573 Ext 100



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## TRAVIS MOTE – USDA NATURAL RESOURCE CONSERVATION SERVICE (NRCS)

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## HOW NRCS STARTED



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## HUGH HAMMOND BENNET



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## CONSERVATION AT THE LOCAL LEVEL



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## NRCS TODAY

- **Technical Assistance:** NRCS conservationists provide technical expertise and conservation planning for farmers, ranchers and forest landowners wanting to make conservation improvements to their land.
- **Financial Assistance:** Farmers, ranchers and forest landowners can receive financial assistance from NRCS to make improvements to their land.



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## OPPORTUNITIES ALL SIZES OF AGRICULTURAL OPERATION INCLUDING URBAN & SMALL FARMS



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## SOIL HEALTH

**NRCS conservationists can advise small and urban growers on things like what cover crops to grow, mulching, and crop rotation to increase organic matter.**



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## HIGH TUNNELS

**NRCS can provide financial assistance for high tunnels, used to extend the growing season and to protect plants from harsh weather.**



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## IRRIGATION

**We can help small and urban growers conserve water, by assisting with things like drip irrigation.**



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## WEEDS AND PESTS



We can help with pest and weed management by planting buffers for beneficial insects and pollinator habitat and eradicating invasive species.



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## PASTURE MANAGEMENT



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## RANGE MANAGEMENT



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## FINANCIAL ASSISTANCE PROGRAMS

- **Environmental Quality Incentive Program (EQIP)**
- **Agricultural Management Assistance (AMA)**
- **Conservation Stewardship Program (CStP)**
- **Agricultural Conservation Easement Program (ACEP)**



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## NEW FOCUS ON URBAN FARMING

- 1. USDA services are available to those who produce food or fiber in urban areas.**
- 2. Land and other areas used for food production in urban areas, regardless of size, is eligible for farm and tract numbers.**
- 3. There is not a specific program for our urban agriculture efforts. We will use our existing program authorities to provide assistance.**
- 4. Many urban lands are suitable for providing foods to their local communities.**
- 5. For conservation programs, there is no minimum income level to be eligible to participate.**

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## NEW FOCUS ON URBAN FARMING

**Funding pools that will prioritize funding to urban farming operations**

**Urban farming planners in offices along the Wasatch Front offices.**



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## UPCOMING APPLICATION PERIODS

### **AMA-RMA: TBD**

**Prioritizes urban farming operations who adopt practice to improve plant health, improve soil quality, and solve operational natural resource concerns.**

### **EQIP-CIC: April 1, 2022**

**Program focus is on improving water quality and soil health through the adoption of management practices.**



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## JASON JUSTESEN – USDA RURAL DEVELOPMENT (RD)

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## USDA RURAL DEVELOPMENT - UTAH

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- Barry Christensen B&CP Specialist
  - [barry.Christensen@usda.gov](mailto:barry.Christensen@usda.gov)



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## RURAL ENERGY FOR AMERICA REAP

- Loan guarantee funds
- Grant funds (25%)
- Energy Efficiency Improvements (EEI)
  - Replacing equipment with high efficiency equipment, lighting, insulation, doors windows, vfd's
- Renewable Energy Systems (RES)
  - Implementing renewable energy systems = solar, wind, geothermal, hydropower, biomass



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## VALUE ADDED PRODUCER GRANT

- Grant Funding (50%)
- Planning Activities
  - Feasibility studies, business plans
- Working Capital
  - Processing costs, marketing and advertising, some inventory and salary expenses



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## FOOD SUPPLY CHAIN GUARANTEED LOAN PROGRAM

- Loan guarantee funding for applicants that want to start or expand middle of the food supply chain activities
  - aggregation
  - manufacturing
  - processing
  - storage
  - transportation
  - wholesale or distribution of food



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## USDA AMS (AGRICULTURAL MARKETING SERVICE) - PROGRAMS



Farmers Market Promotion Program



Local Food Promotion Program



Organic Cost Share Programs



Specialty Crop Block Grant Program

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## THE FARMERS MARKET PROMOTION PROGRAM (FMPP)

- Funds projects that develop, coordinate and expand direct producer-to-consumer markets to help increase access to and availability of locally and regionally produced agricultural products by developing, coordinating, expanding, and providing outreach, training, and technical assistance to domestic farmers markets, roadside stands, community-supported agriculture programs, agritourism activities, online sales or other direct producer-to-consumer (including direct producer-to-retail, direct producer-to-restaurant and direct producer-to-institutional marketing) market opportunities
- <https://www.ams.usda.gov/services/grants/fmpp>



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## THE LOCAL FOOD PROMOTION PROGRAM (LFPP)

- Funds projects that develop, coordinate and expand local and regional food business enterprises that engage as intermediaries in indirect producer to consumer marketing to help increase access to and availability of locally and regionally produced agricultural products. Grants can be used for the planning stages of establishing or expanding a local and regional food business enterprise or to improve or expand a food business that supports locally and regionally produced agricultural products and food system infrastructure by performing feasibility studies, market research, training and technical assistance for the business enterprise and/or for producers working with the business enterprise.
- <https://www.ams.usda.gov/services/grants/lfpp>



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## SPECIALTY CROP BLOCK GRANT PROGRAM (SCBGP)

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- The purpose of the Specialty Crop Block Grant Program (SCBGP) is to enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).”
- Organizations or individuals interested in the SCBGP should contact their state department of agriculture for more information.
- <https://www.ams.usda.gov/services/grants/scbgp>



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## SPECIALTY CROP GRANT - UDAF

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- Applications open February 22 to April 1, 2022
- For more info email Calli Nielsen at [callinielsen@utah.gov](mailto:callinielsen@utah.gov)
- Web link: <https://ag.utah.gov/specialty-crop-block-grant-program/>
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## RESOURCES

- USDA NRCS: <https://www.nrcs.usda.gov>
- USDA FSA: <https://www.fsa.usda.gov>
- USDA RD: <https://www.rd.usda.gov>
- USU Extension Enterprise Budgets: <https://extension.usu.edu/apec/agribusiness-food/enterprise-budgets>
- USU Extension Farm Analysis: <https://farmanalysis.usu.edu/>
- The 5 C's Of Credit: <https://www.forbes.com/advisor/credit-score/5-cs-of-credit/>



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## QUESTIONS SO FAR?



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## GUEST SPEAKER – RODNEY MEHRING

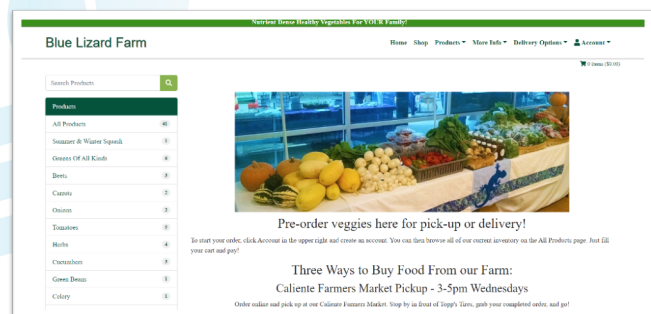
- Rodney Mehring is the operator of Blue Lizard Farm which produces leafy greens and produce in Caliente, NV. Most of the vegetables, herbs and fruits they raise are sold in the area but are also sold to restaurants in Las Vegas two hours south. Mr. Mehring has a background in beekeeping and moved from the city to a bare piece of ground, starting the farm in 2010. Various USDA programs have been useful to the startup and operation of the farm, including those of NRCS and FSA.



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## RODNEY MEHRING – BLUE LIZARD FARM, CALIENTE, NV

- Fresh vegetable producer
- Produce sold direct through own website locally and in Las Vegas (150 miles south)
- Elevation of 4,300'
- Has numerous hoophouses and a packing facility
- Established in 2010



[blf.eatfromfarms.com](http://blf.eatfromfarms.com)



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## NEXT WEBINAR: WEDNESDAY MARCH 30

- Enterprise Assessment Example – Analyzing Drought Management Strategies
  - Drs. Ana Thayer and Ryan Larsen
  - Guest speaker from the University of Idaho
- Program website: <https://extension.usu.edu/apec/extensionagentproject>
  - Recordings and materials for all webinars



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# THANK YOU!

## QUESTIONS?



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