

Agribusiness Incubator Project

Financial Support and Funding Workgroup

January 22, 2004

Access to financial resources is important for the success of both new farmers and the Agribusiness Incubator Project. The charge of this workgroup is to identify possible obstacles, and related financial implications, to the success of the various incubator model alternatives and what the financial implications of each of those obstacles might be. Once the obstacles are identified the Group will then explore possible ways to eliminate them, reduce their impact or work around them. The items listed are in no particular order and are for discussion purposes only.

1. Internship Model
 - a. Mentoring training expenses for mentor
 - b. Financial incentive for mentor
 - c. Funding to support pay for intern
 - d. Intern education and support
 - e. Liability costs
 - f. Availability of farms
 - g. Housing and transportation
 - h. Language

2. Apprenticeship without Equity Development
 - a. Mentoring training expenses for mentor
 - b. Financial incentive for mentor
 - c. Business management skill development for mentor
 - d. Instructor-coordinator-certification costs
 - e. Apprentice education and support
 - f. Formalized training plan for apprentice
 - g. Funding to support pay for apprentice
 - h. Housing and transportation
 - i. Financial analysis costs
 - j. Legal costs associated with contracting
 - k. Liability costs
 - l. Availability of farms
 - m. Language

3. Apprenticeship with Equity Development
 - a. Mentoring training expenses for mentor
 - b. Financial incentive for mentor
 - c. Business management skill development for mentor
 - d. Funding to support pay for apprentice
 - e. Apprentice education and support
 - f. Formalized training plan for apprentice
 - g. Instructor-coordinator-certification costs
 - h. Liability costs
 - i. Housing and transportation
 - j. Financial analysis costs

- k. Legal costs associated with contracting
- l. Costs of developing equity transfer arrangements
- m. Financial analysis capable of determining financial viability of equity transfer
- n. Financial planning/training for owners
- o. Availability of farms
- p. Conservative investing attitude of owners
- q. Language

4. Sharefarming/Sharemilking

- a. Sharefarmer education and support
- b. Formalized training plan for sharefarmer
- c. Business management skill development
- d. Legal costs associated with contracting
- e. Money to switch to grazing system
- f. Technical assistance for grazing system development
- g. Instructor-coordinator-certification costs
- h. Costs of developing equity transfer arrangements
- i. Costs associated with a financial analysis capable of determining financial viability of equity transfer
- j. Financial planning/training for owners
- k. Land
 - Control and availability
 - Competition for land
 - Taxes and other ownership costs
- l. Availability of farms
- m. Long-term housing for sharefarmer and possibly landowner
- n. Liability costs
- o. Implications of community comprehensive planning
- p. Conservative investing attitude of owners
- q. Language

5. Outright purchase

- a. New farmer education and support
- b. Formalized training plan for new farmer
- c. Business management skill development
- d. Legal costs associated with contracting
- e. Money to switch to grazing system
- f. Evaluation costs for conversion to grazing system
- g. Technical assistance for grazing system development
- h. Costs of developing equity transfer arrangements
- i. Costs associated with a financial analysis capable of determining financial viability of farm transfer for both new farmer and current owner.
- j. Financial planning/training for new farmer
- k. Tax consequences for owners
- l. Development/inheritance pressures
- m. Availability of farms
- n. Long-term housing for new farmer and possibly landowner
- o. Competition from other farms

6. Overall potential costs for the project
 - a. Program expectations
 - b. Curriculum development for the various alternative models that may exist
 - c. Advertising and promotion of project
 - d. Analysis tool for estimating the cost of converting a farm to grazing
 - e. Conservative attitude of existing farm population