



Dane County
Community Development Block Grant Program
Microenterprise Business Loan
Application

Office of Economic Development
210 Martin Luther King, Jr. Blvd.,
Room 421
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The goal of the Microenterprise business Loan (MBL) program is to create jobs for County residents by supporting County businesses. The objective is to offset costs for small businesses and microenterprises located in Dane County to add these jobs.

1. APPLICANT CONTACT INFORMATION

DATE: 02/21/2018

Business owner names: David & Abby Bachhuber

Mailing address: 2669 Hoard Street Madison, WI 53704

E-mail address: farmer@lovefood.farm Phone: (608) 217-5387

2. BUSINESS INFORMATION

Business name: Lovefood LLC

Business address: 2299 Spring Rose Road Verona, WI 53593 and 2049 Skaalen Road Stoughton WI 53589 (address will change when property purchase is final in March)

Business phone: (608) 217-5387 Website: facebook.com/lovefoodllc (official website at www.lovefood.farm is in progress)

Business License #: Seller's Permit: 456-1028728579-02 Business Start Date: 10/23/14

Organizational Structure: ☒ LLC ☐ S Corp. ☐ Sole Proprietorship ☐ Corporation
☐ Not Yet Established ☐ Other: _____

Business' EIN (or if Sole Proprietorship only, provide the primary owner's SSN): 47-2155012

DUNS #: 080098530. [The DUNS # is required for all federally funded programs. Obtaining a DUNS number is a free, simple, one-time activity. Obtain one by calling **1-866-705-5711** or by applying online at <http://www.dunandbradstreet.com>.]

3. ELIGIBILITY REQUIREMENTS

a. In order to be eligible for this loan program the business must meet ALL of the following criteria:

- ☒ **X** The business must be physically located within Dane County outside the City of Madison.
- ☒ **X** The business must have five or fewer employees, including the owner. Number of employees: 1- currently just the owner until March
- ☒ **X** The business must have been established within the last five years or be ready to start within six months. Founded in 2014
- ☒ **X** This program requires you to create at least **one full-time job** for a low- or moderate-income (LMI) County resident. Number of New Jobs: 1 (2 full time jobs for ~7 months) [See #5 for details on what qualifies as a LMI Job.]

b. In order to be eligible for this loan program the business owner must have:

- ☐ **X** Graduated from a microenterprise or a small business development course or training program within 24 months of the application date:
- ☐ City of Madison "Market Ready" program;
 - ☐ Wisconsin Women's Business Initiative Corporation (WWBIC) coursework;
 - ☐ UW-Madison Small Business Development Center (SBDC) coursework or training;
 - ☐ **X** Other- applicant must submit course syllabus or training agenda along with evidence of successful completion with the application and that must be approved by the CDBG Commission.

Completion date: We completed the Stateline Farm Beginnings course through the Angelic Organics Learning Center in September of 2015. Stateline Farm Beginnings is a yearlong program designed to help launch or expand a farm business. There are three main components – a series of 10 winter business planning sessions (syllabus attached) which bring in experts from all aspects of business – marketing, finance, planning, production and more; a series of Field Day Workshops which are conducted on farms and allow participants to see a working operation in action; one-on-one mentorship with an established farmer or other expert in the field.

In addition, we are nearing completion of the Farm Asset Builder (FAB) Program – also administered through the Angelic Organics Learning Center. FAB is an Individual Development Account (IDA) matched savings program that provides education in financial and business planning skills while also matching saved funds that will be applied to the purchase of a medium to long-term asset.

Our latest training opportunity is the Open Books program administered through the Angelic Organics Learning Center. Open Books is a project designed to help non-commodity farmers master farm financial record keeping and analysis through real-world application. Participating farmers meet periodically to share business successes and challenges with one another over the course of 3 years. Participants learn how to use financial ratios and benchmarks to identify strengths and weaknesses of their business and to make management decisions that increase profit and improve quality of life.

☒ Held a pre-application advising session with the OED staff regarding the business and loan application.
Advising Date(s): 8/4/17.

- c. Does any business owner have any personal/business judgments, unsettled lawsuits, major disputes, or tax liens against you/them or pending against you/them? __X__ No ___ Yes *If YES, please describe in attachment.*
- d. Has the business, or any principles of the business, been involved in bankruptcy or insolvency proceedings? __X__ No ___ Yes *If YES, please describe in attachment.*
- e. Are there any delinquent taxes (local, state, federal, etc.) or payments owed to municipal utilities (sewer, water) by the applicant business and/or any of its owners? __X__ No ___ Yes *If YES, please describe in attachment.*
- f. Are you currently compliant with all applicable local, state, and federal zoning, permits, and other regulations regarding the operation of your business? __X__ No ___ Yes *If NO, please describe in attachment.*

4. PROJECT EXPENSES AND FINANCING INFORMATION

CDBG LOAN REQUEST: \$8000 (The maximum loan amount is \$8,000.)

- a. Provide a description of the proposed project.
Lovefood is a certified organic farm in Dane County. We were established in 2014 and have been farming at the Farley Center Farm Incubator in Verona, WI. We grow a wide variety of vegetables and culinary herbs which we market to local grocery stores, restaurants, farmer's markets and our CSA program.

In 2018, we are working to expand our operation and have purchased 30 acres of land in Stoughton, WI. We will certify this land as organic and begin production in 2018. In this project, we propose to construct a greenhouse on our new land in Stoughton for the purposes of in-ground vegetable production as well as plant production for transplanting to our farm and to sell at farmer's market. This additional covered space will allow us to intensify crop production within the typical season by limiting pest and disease pressure and will also allow us to grow crops longer at the 'shoulders' of the season where the market is quite good for products like turnips and spinach. These additional mid-season crops, shoulder-season crops and extra plants for transplanting and sale will all require more labor on the farm to manage.

- b. Calculate and explain all expenses the loan will pay for (expenses should correspond to Project Budget in Question #7). Include justification for expenses to be paid with the loan.

This loan is for the construction and outfitting of one greenhouse. All expenses are for ONLY equipment, labor or permits that are necessary for construction. We received quotes from Rimol, Nifty Hoops, and Zimmerman's (quotes attached). We also looked at Four Season Tools and FarmTek. We decided to go with Nifty Hoops because Rimol was more pricey although a good product; Four Season Tools was very unresponsive in providing a quote; we got feedback from farmers in the area that FarmTek tunnels, while inexpensive, tended to collapse in heavy snow or wind; we also got feedback that Zimmerman's are built heavy duty but are not built for the climate (they are from MO) and difficult to assemble and we should expect to pay around \$4000 for it to be put up.

- a. \$14,391 -- 30'x96' greenhouse made by Nifty Hoops from Ann Arbor, MI. Nifty Hoops are made to withstand a northern climate's unique needs (wind and snow load!) so they use extra bows for support and a double-layer of inflated plastic for insulation. In addition, Nifty Hoops includes partial construction along with the cost of their standard tunnel including training of our staff to complete the tunnel.
 - i. Gothic arches in order to shed snow
 - ii. 4" spacing of 25 bows and wind bracing for long-term durability.
 - iii. Double layer of plastic with inflation fan for greater insulation throughout the season
 - iv. Roll-up sides and thermostat controlled louvers to vent heat in the summer
 - v. End Walls – steel framed end walls with people door on one side, equipment doors on both ends
- b. \$943 – Modine Model PTP 175 Stainless steel heater with 80% efficiency and power venting for horizontal venting. Modine makes affordable but durable heaters that are widely used in greenhouse settings. Purchased from Nolt's Midwest Produce Supplies for cheaper than available anywhere else.
- c. \$266 – Zoning Permit
 - i. \$50 base fee
 - ii. \$216 - .075 per square foot
- d. \$40 – Building Permit
- e. \$993.50 - Propane set up
 - i. \$70 regulator
 - ii. \$99 set fee
 - iii. \$25/year tank rental
 - iv. \$799.50 Propane @ 1.599/gallon for 500 gallon tank
- f. \$1320 - Labor – 5 days x 8 hr. x 3 personnel x \$11/hr. Labor for initial setup is provided by Nifty Hoops. This labor cost will cover 2 days of site prep and 3 days of working with the Nifty Hoops team and then finishing and covering the structure with just the Lovefood Team.
- g. Total - \$17950.5**

- c. Explain how the loan funds will be used and the importance of this loan to the success of your business.

The loan funds will be used to purchase, construct and outfit a greenhouse. The greenhouse will be 30'x96' feet with two layers of plastic with an inflated layer of air between. This will allow for a longer production season in Wisconsin's harsh climate. Approximately 2/3 of the greenhouse will be dedicated to in ground production which will consist of tomatoes, cucumbers, peppers in the hot season and carrots, beets and greens in the cold season. These crops are of a very high value and are greatly benefited by growing in the greenhouse due to pest/disease pressure in the summer and sheer cold in the winter. The remaining 1/3 of the greenhouse will be devoted to baby plant production for our own use and for the farmer's market. We currently grow thousands of plants yearly in our basement and have developed quite a following at the markets for people looking to purchase our plants for their gardens.

This greenhouse is crucial for the expansion of our business. Wisconsin has a relatively short growing season so it's important to start plants in pots and grow them for 3-10 weeks (depending on variety) in a greenhouse in order to give them a head start. In this way, we can grow a crop that needs 3 months to enter its production phase by growing it for 1.5 months in the greenhouse and then transplanting it to the field where it can grow for another 1.5 months and still have plenty of time before frost to be in that production phase. In addition, there are some perennial crops that simply cannot survive in Wisconsin's winters. Our farm specializes in culinary herbs and relies on covered growing space to house rosemary, bay, curry and lime leaf plants all of which are important sellers in the marketplace. Finally, this greenhouse will play an important role in our in-ground production. Tomatoes are one of the most popular crops on our farm and sell very well, however, weather extremes are making it harder and harder to grow disease free tomatoes. Last year, much of the crop was destroyed in two hail storms followed by flooding which led to fungal disease problems. Our hoophouse tomatoes survived that whole period of devastation and kept producing.

- d. Total of other grant or loans received for business (if any): \$ 35,150

Describe source and purpose of other grant or loans:

2018 - \$3851 - Farm Asset Builder Program – matching program for farms which includes training in business finances. Our farm is participating in the 2017/2018 term. This program will match savings up to \$2000 resulting in \$4000 to be used for the purchase of an intermediate to long term asset. Our farm will use these funds to purchase a cultivating tractor for faster weed management

2017/2018 – \$30,000 - USDA Value Added Producer Grant – Business Planning - Our farm applied for and received a USDA VAPG in 2016/2017 for the purposes of researching and writing a feasibility study and business plan as well as developing a logo and packaging. The Value Added Producer Grant is a matching grant which provided a total of \$30,000 in federal funds which was matched by \$30,000 in cash, owner labor and in-kind contributions from vendors.

2017 – \$750 - Organic Incentive Program. Lovefood received a support grant for organic certification. This grant incentivizes certification by providing a maximum of \$750 of reimbursement for farms that certify.

- e. List all other funding sources (including personal funds) and describe below: \$ 56,000

Compeer Financial Capital Loan - \$36,000

Compeer Financial Operating Loan - \$20,000

Cash Flow of the Business – line items are included in our existing budget for capital purchases of tools and other production type equipment.

Blood, Sweat and Tears - invaluable

5. JOB CREATION

The business must create **at least one full-time job** or equivalent to be held by or made available to* low- or moderate-income (LMI) County residents or formerly unemployed residents and may include the business owner's job if business owner qualifies as LMI. If more than one job is created, then at least 51 percent of the jobs must be held by or made available to* LMI residents, defined by HUD as residents earning less than 80% of the area median income by household size. (See current income guidelines the Job Creation Self Certification Form.)

*Jobs are considered to be "made available to" LMI persons when:

- The job does not require special skills that can only be acquired with substantial (i.e., one year or more) training or work experience or education beyond a high school education.
- Dane County and the assisted business take actions to ensure that LMI residents receive first consideration for filling such jobs.

Please select one of the following:

- ☐ I am eligible for this program because as a new business owner, I am creating a full-time job for myself and I qualify as a LMI County resident per the current HUD income limits. (Complete the LMI Job Certification form.)
- ☒ I do not qualify as a LMI resident but I will create at least one job to be held by or available to LMI persons within 12 months of the loan agreement date. **(Each new employee will need to complete the attached LMI Job Certification form and you will be required to submit a Job Creation Report that collects demographic data on new hires. This info is not collected until the position is filled.)**

Current Number of Employees (including working owners): Full Time 1 Part Time 1

Job Creation Table

Job Title	LMI position? (Y/N)	Hours/week (all positions)	Hours/week (LMI positions only)	% of jobs available to LMI
Farm Hand	Y	40	40	(LMI positions created/ Total positions created)
Farm Hand	Y	40	40	
Farm Hand	Y	24	24	
Total hours/week:		104	104	
FTE positions created (based on 40 hrs/week):		2.6	2.6	2.6

Number of NEW full-time equivalent (FTE) jobs to be created: 2.6

Number of NEW FTE jobs to be created that will be held by or made available to LMI residents: 2.6

Anticipated Hire Date(s): March 2018 Do the new jobs include the owners' job? YES NO

6. LOAN FORGIVENESS

There are two ways a business may qualify for loan forgiveness.

1. **Business operates in Food and Agricultural sector.**

Agriculture is an important component of the Dane County economy. To support this sector and attract new entrants, Dane County is offering loan forgiveness to qualifying businesses working in the food and agricultural sector. Applicant must indicate and explain how business qualifies as a food and agricultural business.

2. **Business creates at least one (1) additional job.**

Non-food and agricultural businesses that create at least two (2) total full-time equivalent (FTE) jobs may qualify for loan forgiveness.

LMI business owner + 1 LMI employee

IF the business is eligible for the MBL program because, as a new business owner, he/she is creating a job for self and qualifies as an LMI resident of the Dane County Consortium, **THEN** one additional FTE job created and

filled by a person of LMI is required for loan forgiveness.

Non-LMI business owner + 2 LMI employees

IF the business is eligible for the MBL program because business owner is not LMI but is creating a new job that will be filled by an LMI resident (or is receiving MBL funding but for other reasons the business does not qualify as a microenterprise business), **THEN** a second FTE job created and filled by a person of LMI is required for loan forgiveness.

To qualify for forgiveness, the business must create the agreed upon positions and retain those positions for at least one year. The earliest a business may receive forgiveness is 24 months from the date of the executed loan agreement. The loan must be in good standing with all reporting and programmatic requirements to be considered for loan forgiveness. A final determination of loan forgiveness eligibility will be made by the CDBG Commission prior to loan closing.

Are you applying for loan forgiveness? Yes X No If Yes, please explain how you qualify:

Lovefood is an agricultural business. We grow a wide variety of certified organic vegetables, herbs and fruits which are sold in the Madison area to grocery stores, restaurants, and direct to customers through farmer's markets and our CSA program.

7. SUPPORTING DOCUMENTATION TO SUBMIT WITH APPLICATION

- a. Business Plan - **attached**
- b. Resume of each business owner – **Qualifications of Project Personnel are attached.**
- c. One year financial projections and annual operating budget (existing businesses); OR start-up cash-flow projections and annual operating budget (start-ups) - **attached**
- d. Project Budget. Include documentation of costs or expenses to be paid with the CDBG loan (such as leases, utilities, quotes/estimates, etc.) **attached**

8. ASSURANCES AND SIGNATURES

I understand and by signing agree: *that all information I have provided in this application is true and correct to the best of my knowledge. I agree to notify County staff promptly in writing upon any material change in the information provided herein. County staff is authorized to make such inquiries, as staff deems necessary and appropriate to verify the accuracy of this application.*



3/14/18

Applicant Signature

Date



3/14/18

Applicant Signature

Date

