



Castanea Foundation, Inc.

Innovations in Land Conservation & Agricultural Viability

2006-2008





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MISSION STATEMENT:

Castanea Foundation was established to conserve and protect agriculturally productive and environmentally significant land and water resources in select areas of Vermont and New York. Castanea develops and supports projects designed to conserve the environment and the working landscape by protecting land, and fostering economically viable, environmentally sustainable agricultural practices.

GEOGRAPHIC FOCUS:

Castanea Foundation operates throughout the State of Vermont, with priority given to projects in the watershed of Lake Champlain, southwestern Vermont, and the Hoosic River and Batten Kill watersheds of Vermont and Washington and Rensselaer Counties, New York. Castanea works collaboratively with landowners, business entities, and publicly supported state and local organizations to achieve its goals.

*Castanea Foundation, Inc., is a 501(c)(3) nonprofit,
private operating foundation*

Welcome

Since 2006, Castanea Foundation has developed an impressive list of accomplishments directed at land conservation and agricultural viability. This report chronicles some of those accomplishments, none of which would have been possible without the dedication of Castanea's partners who share our commitment for sustaining the environment and agriculture.

As you'll note in the pages that follow, Castanea's work falls into two major Program Areas: Land Conservation and Agricultural Viability. The conservation of productive agricultural and environmentally significant land is central to our mission. In addition to conserving land, however, it is our belief that in order to foster environmentally sound, economically viable farm enterprises, we must invest in agricultural-related infrastructure and support services in order to ultimately conserve and sustain a viable working landscape.

Castanea strives to serve the twin goals of conserving the environment and fostering farming's economical viability. This requires balance. That's why we try to remain as pragmatic as possible, seeking to maximize our impact by conserving the best land for farming, together with other important natural resources, and supporting the development of agricultural infrastructure and support services that can lead to sound environmental stewardship. Each project has inter-related components that connect to the protection of natural resources, expand knowledge and understanding of farming and the environment, and build the capacity of individuals to become economically self-sufficient while serving as sound stewards of the environment.

There is a common thread in the projects that are chronicled in the pages that follow — the dedication, vision and effort of people working tirelessly to turn their dreams into realities. The stories within are as much about people as they are about land, and we remain grateful for the partnerships we have forged and the friends we have made.

From the farmers to the entrepreneurs — and to the like-minded public and private organizations in between — we thank you for joining us in our mission.

— *Tim Storrow*
Executive Director

Land Conservation

In the Northeast, where the costs of producing food (including land prices) are high, it is particularly challenging for farm enterprises to remain economically competitive. The average cost of farmland in Castanea’s areas of operation in Vermont and New York has quadrupled in the last twenty years, making land as enticing to sell for the landowner as it is nearly impossible to purchase by a farmer.

Nevertheless, agriculture has always been a dynamic industry, and much has changed over the past 100 years. Dairy farming in the Northeast was not significant until the advent of refrigeration and better transportation systems after World War II.

Before then the region’s farms were much more diversified.

Technology and science will continue to drive changes in agriculture. A transition from a carbon-based economy will bring changes to agriculture in the decades ahead. Public support for agriculture in our region is high, and consumers are increasingly demanding

locally produced products. Across the region there are a variety of private and public initiatives aimed at supporting and fostering agriculture. Change is inevitable, but it also creates opportunity, provided the land base is conserved for the future.

The Northeast is blessed with productive land resources, ample water supplies, and a climate generally conducive to agriculture. Vermont and eastern New York are located in close proximity to major population centers, like Boston and New York City, providing a variety of market opportunities.

Most importantly, however, the region is home to people with the knowledge, ambition and skills who can be successful in farming. Well-educated young people are interested in agriculture, including the sons and daughters of current farm families. Other folks, with professional degrees and experience, are starting second careers in agriculture and run some of the most innovative farm enterprises in the region.

Castanea Foundation utilizes a variety of

strategies — some traditional, some innovative — in our efforts to identify and conserve prime farmland within our region. Traditionally, the primary tool for protecting farmland has been a conservation easement, a legal tool that ensures, in perpetuity, that the land will not be developed for non-farm uses.

Working with partners like the Vermont Land Trust, the Vermont Housing & Conservation Board, the Agricultural Stewardship Association, New York Department of Agriculture and Markets, and regional and local conservation advocates, Castanea Foundation has helped permanently protect forty-two farms involving approximately 7600 acres of farmland in Vermont and New York.

Often the easement process is straightforward, especially when the land is going to be held by the existing family or its descendants. But increasingly in today’s climate, there are economic pressures on the landowner or their heirs to sell — and sell quickly. That’s where Castanea Foundation is able to be innovative in our approach.

On numerous occasions, Castanea has been alerted by our partners to situations where a landowner or their heirs are in urgent need to liquidate a farm or farmland. The expedient route to the sale of such land usually negates the possibility of conservation easements, largely due to the time involved in the easement process — everything from applications, review processes, legal and title matters, and grant making. Typically, securing an easement can take a year and a half, often longer, a prohibitive amount of time for landowners seeking urgent liquidation.

Using our “quick-strike capacity,” Castanea Foundation is able to step in during such situations and make an outright purchase of the threatened farms and land, thus fulfilling the immediate needs of the sellers and securing the land for ultimate conservation. Once purchased, Castanea works with its partners to secure the desired easements, sometimes makes necessary improvements to land and buildings, and begins the process of finding suitable farmers to purchase and work the land.

Below are some of the highlights and summaries of the Castanea Foundation’s land conservation work from 2006 to 2008.



Cary Farm

Easton, New York (201 acres)

This once-productive farm, with lush rolling hillside pastures and prime cropland, had been a showplace in its day under the farm stewardship of Richard Cary. But Cary's failing health forced him out of farming and, for more than a decade, the farmland was rented to a nearby dairy operation, and its intensive corn cropping had caused widespread erosion.

Mr. Cary had recently passed away when ASA approached Castanea, seeking assistance in bringing the farm back to life and conserving it for future generations. The farm was of considerable interest to ASA since it is located in ASA's highest priority conservation area, the Hudson River Corridor. Moreover, the abundant wetlands on the Cary Farm form the headwaters of the Whiteside Creek, which drains to the Hoosic River — another ASA priority conservation area. Realizing the urgency and the necessity to act quickly, Castanea Foundation purchased the Cary Farm in 2007.

Once ownership was secured, Castanea went to work conserving the farm and getting creative in our efforts to make the highly scenic and productive farm affordable to its future owners. Because of the skyrocketing cost of farmland in the region, we knew we would have to do more than secure an agricultural conservation easement to make it affordable. Using the Cary Farm as a test case, Castanea and ASA collaborated to develop and implement the first-ever "agricultural affordability option" in New York State, called the "Preemptive

"The Cary Farm represents a significant achievement in so many ways. A valuable piece of our working landscape is protected in perpetuity. A farmer's family were able to move off the farm when they needed to, knowing that it would remain farmland. Outreach efforts to promote the opportunity to acquire the property increased visibility and support for land conservation throughout the local farming network. An upcoming farm family will be able to expand their operation. And an innovative approach to securing land for future families will be tested. . . . Doing so much within a single project is a testament to Castanea's willingness to expand the selection of conservation tools available and to work with ASA as a local partner to find solutions that fit the situation."

— Teri Ptacek, Executive Director, ASA

Right to Purchase at Agricultural Value" (See Preemptive Right to Purchase" below.) In essence, this will keep the Cary Farm — and others that follow this lead — affordable to farmers forever.

Castanea, with help from ASA, solicited proposals from farmers wanting to purchase the newly conserved Cary Farm. Of the several proposals received and reviewed, the one submitted by the Michel family of nearby Mill-B Farms was best suited to the land. Mill-B Farms has been owned and operated since 1970 by Bill and Joyce Michel. Mill-B is now a full-

**Cary Farm,
Easton,
New York**



family farm venture, with help from their two sons, their daughters-in-law, and their grandchildren. The Michel's' youngest son and his wife now live on the Cary Farm.

The three generations of Michels milk a mixed herd of 90 American Linebacks, Ayrshires, and Holsteins. Their 70-head heifer herd will be raised and pastured on the Cary Farm. In addition to the dairy operation, the Michels are members of the Upper Hudson Maple Producers Association and the modest sugar bush on the Cary Farm will add to their maple production.

According to Thomas Kilcer, regional Crop & Soils Specialist with Cornell Cooperative Extension, "The Michel family has been on the forefront of growing alternative crops to corn that do not need herbicides nor insecticides, yet improve soil structure through their deep rooting system."

The Michels are also the first in the area to practice an innovative continuous vegetative blanket protection of the soil — recommended by the Rodale Institute — to minimize erosion and amend soil health through the rotational planting of winter grains followed by legumes.

Farmland Protection Initiative
A Partnership with the Agricultural Stewardship Association

Greenwich, New York (4,918 acres)

The Agricultural Stewardship Association (ASA) was founded in 1990 by local farmers, business representatives and conservationists to protect agricultural and forestry uses in Washington and Rensselaer Counties. In response to a growing interest and demand for conservation services, ASA has grown rapidly in recent years and currently holds conservation easements on 8,000 acres and has ongoing projects involving another 4,000 acres. Recognizing that ASA has a unique understanding of the challenges of protecting farmland and working with farm families, Castanea has made a series of major grants to ASA to leverage the conservation of land and stewardship of conservation easements. These grants serve to cover the costs associated with the voluntary donation of conservation easements by landowners interested in protecting their land, but also serve to cover the cost of "bargain sales" of conservation easements and to provide the necessary matching funds for the State of New York Farmland Protection Program. In just two years, by leveraging Castanea's grants with funds

from other sources, ASA has successfully completed or has pending over thirty land conservation projects totaling more than 4,900 acres.

Pre-emptive Right to Purchase at Agricultural Value

Washington County, New York

Castanea collaborated with the Agricultural Stewardship Association (ASA) in 2007, to develop and implement the first-ever pre-emptive right to purchase land at its agricultural value in New York State. This new strategy will be an important tool for land conservation organizations in New York, making more farmland both available and affordable to farmers. Castanea took the lead in developing the right, which was modeled on the Vermont's "Option to Purchase at Agricultural Value" (OPAV). Since 2002, Vermont Land Trust, Vermont Agency of Agriculture and the Vermont Housing and Conservation Board have employed the OPAV to keep protected agricultural land affordable. Castanea engaged an experienced New York land-use attorney to review the VLT document, and redraft it to conform to New York State law. Along with its easement stewardship responsibilities, ASA will retain the preemptive right to purchase the farm at its agricultural value, which will be triggered whenever the farm is offered for sale to a non-farm buyer, or if the farm owner is unable to find a farm buyer. ASA will have the right to step in and purchase the farm at its appraised agricultural value, in order to resell it at its agricultural value to another farmer. With help from Castanea Foundation, ASA is now pioneering agricultural affordability in New York State.

Rt. 313 Flat

Jackson, New York (115 acres)

The Clarks are a young farm family committed to keeping agriculture viable in New York's Washington and Rensselaer Counties. Since 1986, Guy "Skip" Clark, III — a third generation dairy farmer — has been working the land on his family's farm in Cambridge. Joined by his wife, Selena, and their three children, the Clarks have worked hard to establish their family farm as one of the most successful farm enterprises in the region.

The Clarks operate two businesses: the Clark Dairy Farm, a 198-head dairy based in Ash Grove;

and the Clark Family Crop Service, LLC, which operates throughout southeastern Washington County and northwestern Rensselaer County. The Clarks custom-crop 2000 acres, and work another 1000 acres to produce grain and feed for direct sale to other farms and to grain retailers.

The Clarks — and many other local farmers — have long-coveted the 115-acre parcel of flat land that sits across the road from their grain facility. In 2007, after a long negotiating process, Castanea was able to purchase this high-quality farmland and initiate the process necessary to conserve it.

The path to conservation involved many steps and several partners. The parcel was bundled with several other properties in two counties (see Stearns I & II below) in an application to the New York State Department of Agriculture & Markets (NYSDAM) for the purchase of their collective development rights. NYSDAM fully funded this first “bi-county” proposal that it had ever entertained.

The Clarks will now purchase this newly conserved 115-acre parcel from Castanea, where it will serve as the hub for its crop business and provide the necessary farmland for their children’s future farming ambitions.

Stearns Brothers Farm

*Stearns I (109 acres)
Petersburg, New York*

This parcel of prime agricultural land — referred to as “Stearns I” — was the first parcel that Castanea purchased from Bill & John Stearns (see Stearns II). Stearns I comprises 109 acres of farmland and river buffer bounded by nearly a mile of Hoosic River frontage, and in turn is contiguous with a large area of state forest land. Castanea purchased the land in order facilitate the process of conserving it and, eventually, selling it to Skip Clark of Clark Dairy Farm. Clark currently rents the land from Castanea on a three-year lease. The parcel is located close to several farms that are buyers of Clark’s grains and feed, including the nearby Evergreen Farm and Whitman’s Feed in Bennington, a major buyer of the Clarks’ grain.



*Stearns II (510 acres)
Hoosick, New York & Bennington, Vermont*

The Stearns Brothers Farm is a small, family-run dairy in a scenic and productive valley in the Whipstock Hills — between Hoosick, New York, and Bennington, Vermont. Bill & John Stearns took over the farm from their father in the early 1970s. Due to advancing age, both brothers sought a farm buyer for all of their agricultural lands consisting of about 200 tillable acres and three hundred acres of productive forests on the home farm.

Adamant about keeping the land in agriculture and forestry, the brothers rebuffed several offers from developers who wished to buy parts of the farm. Instead, the Stearns turned to Castanea and Skip Clark of Clark Dairy Farm (see “Rt. 313 Flat”, above), a farmer they had known and trusted for years.

The land at market value was too expensive for Clark to acquire, and the Stearns needed cash immediately to fund their retirement and healthcare costs. Castanea has facilitated the Stearns’ transition out of farming by purchasing 510 acres of their rich agricultural and forest land, thus setting into motion the conservation of the land.

Stearns I and II, together with the Rt. 313 Flat and the Clarks’ grain facility in Jackson, New York, have been awarded funding for the purchase of development rights by New York State Department of Agriculture & Markets. The Vermont Housing & Conservation Board also approved a pre-application to fund the purchase of development rights on the Stearns II parcel in Bennington, Vermont. Moreover, the Whipstock Hills Preservation Society has pledged matching funds toward the purchase of development rights on Stearns II.

Spring planting at the Stearns Farm, Bennington, Vermont.

Prime agricultural land in White Creek, New York.



Richard White Land

White Creek, New York (161 acres)

In 2007, Castanea purchased a mix of prime and statewide important farmland buffering a long stretch of the Class A section of the Little White Creek, a tributary of the Hoosic River. Richard White, the elderly landowner, decided to sell the farm on the open market to fund his health care. Mr. White passed away shortly after signing the contract. Castanea was approached by the Walker family of Landview Farms, LLC, who have worked the land for many years as part of their extensive dairy operation, located less than a mile away. Castanea will work to conserve the land and then sell it to Landview Farms. In exchange for Castanea’s assistance in securing an important part of their land base, the Walkers are working to conserve another 700 acres, including 135 acres of prime river bottom farmland on the Hoosic River.

Beadle Hill

Easton, New York (107 acres)

Comprising statewide important tillable upland fields and about thirty acres of wetland and woods, the Beadle Hill land is desirable for its “early fields”— among the best drained in the area and worked earlier in the spring than other nearby parcels. The land is located in both ASA’s Hudson River/Route. 40 and Hoosic River priority conservation areas, and is located directly across the road from 108-acre conserved Elihu Farm. After purchasing the land, selling off an unrelated house, and granting a conservation easement to ASA, Castanea worked with the Natural Resources Conservation Service to design wetland buffers and a crop rotation plan to restore soil health and productivity. The land is now leased by the neighboring Stannard family of Ren-Wa Farm, who are growing hay and alfalfa to feed their 100-cow dairy herd. At the end of their lease, the Stannards plan to purchase the protected farmland.

Ives Hill

Easton, New York (116 acres)

Ives Hill, a highly-visible 116-acre agricultural parcel on the south flank of Beadle Hill in Easton, was protected by an agricultural conservation easement donated by Castanea to ASA in the Spring of 2008. The scenic parcel containing prime and statewide important soils is located in ASA’s Hudson River/Rt. 40 and Hoosic River priority conservation areas. The conserved land was sold to Wolff Brothers Farm, operated by young dairy farming brothers Jay and Brady Wolff, to support their expanding farm operation.

Richland/Hi-Brow Farm

Salem and Greenwich, New York (664 Acres)

In 2006, Castanea completed the Richland and Hi-Brow projects initiated by The Conservation Fund (TCF) and ASA, resulting in the protection of 664 acres of prime farmland fronting on 1.5 miles of the Batten Kill and with a mile of frontage on the Black Creek. TCF pre-acquired Richland Farm and two prime agricultural parcels to assist in the transition of Richland’s dairy facility and farmland to partners Jay Skellie and Tom Jilek of Hi-Brow Farms. Joint State and Federal funding enabled the conservation of Hi-Brow’s three farm parcels and TCF’s three Richland farm parcels, which had been acquired by Castanea. Castanea sold the conserved Richland Farm property and farmland to Hi-Brow at agricultural value, thus permanently securing a land base for the farm.

Arnold Parcel/Weir Dairy Farm

Schaghticoke, Rensselaer County, New York (380 acres)

In 2006, Castanea completed the Weir/Arnold project initiated by The Conservation Fund (TCF) and ASA. Castanea acquired a 52-acre tract of prime farmland that had been on the market for development. The land is adjacent to and worked by the Weir Family Dairy Farm. Through joint State and Federal funding of both the Weir Farm and Arnold parcel, Castanea was able to conserve and sell the 52-acre Arnold parcel to the 328-acre Weir Dairy Farm, resulting in a total of 380 acres of land conserved. This was the first state-funded farmland protection project completed in Rensselaer County, and has opened the door to a number of new projects in the County.

VERMONT LAND CONSERVATION

Bissonette Farm

Hinesburg, Vermont (154 acres)

The Bissonette Farm is situated within the Lewis Creek watershed and also includes the headwaters of the LaPlatte River, both significant tributaries to Lake Champlain.

For many years Wayne Bissonette used the prime agricultural soils on the farm for hay, pasture and crops for his dairy operation.

Upon retirement, Wayne and his wife, Barbara, decided to conserve 630 acres of their property through an ambitious conservation effort called the LaPlatte Headwaters Initiative. A collaboration led by the Hinesburg Land Trust, including the Trust for Public Land, Vermont Land Trust, Town of Hinesburg, State of Vermont, United States Fish and Wildlife Service, and several private supporters worked for over four years to protect a forest corridor for recreation and wildlife habitat, restore the LaPlatte River and ecologically sensitive wetlands, and conserve and facilitate the transition of valuable farmland to new owners.

At a critical juncture for the financial success of the project, Castanea purchased 154 acres of important farmland in the project area, and made various improvements to the property, including well drilling, utility upgrades, engineering work, and erosion control to help facilitate the long-term success of the farm. The Vermont Housing and Conservation Board approved funding for the purchase of a conservation easement supported by Castanea's substantial discount on the value of the conservation easement.

Working in collaboration with Vermont Land Trust's Farm Access Program, husband and wife team of David Zuckerman and Rachel Nevitt, co-owners of Full Moon Farm, were selected through a public proposal process to be the buyers of the conserved farm. David and Rachel run a thriving organic vegetable and berry farm in Burlington's Intervale since 1999. They are looking forward to transitioning their existing operation to their new home in Hinesburg and expanding it to include

"Castanea stepped in to help make our dreams a reality."

— David Zuckerman and Rachel Nevitt
Co-owners of Full Moon Farm, Inc.



Caleb Kemmer/VLT



Above: David Zuckerman and Rachel Nevitt.

At left: The Bissonette Farm.

perennial fruits, berries, beef and eggs through a year-round Community Supported Agriculture program and other local markets. Their commitment to sustainable farming methods and dedication to reconnecting people with their food source make them the ideal next generation of farmers to run the Bissonette Farm.



Haying season in South Corinth, Vermont.

South Branch

South Corinth, Vermont (73.5 acres)

In 2004, Tom and Becky Loftus purchased Blythedale Farm in Cookville, Vermont, and began milking a small herd of Jerseys and making artisan farmstead cheeses. They are one of just a handful cheese makers in America who have succeeded in making French-style cheeses such as Brie, Camembert, as well as Gruyere. Their award winning cheeses are a result of their commitment to cow care and comfort,

which includes year-round outdoor access and quality feed. In order to maintain their quality and husbandry standards, Blythedale Farm needed to increase their land base for grazing and hay production. So when a parcel of farmland in nearby Corinth

came onto the market, Castanea worked quickly to conserve this distinctive property and support Blythedale Farm in its expansion efforts.

This newly conserved land is nestled in the eastern foothills of the Green Mountains, where the South Branch of the Waits River literally runs through it and over half of its 73.5 acres of prime agricultural land, making it ideally suited for hay crops.

Castanea purchased the property in January 2007, and entered into a lease with Blythedale Farm, allowing them to use and restore the property for agricultural purposes. Castanea partnered with the Upper Valley Land Trust and the Vermont Housing and Conservation Board for the purchase of the property’s development rights and to secure an “option to purchase at agricultural value” on the property. These actions will ensure the property will be both used for agricultural purposes and affordable to farmers now and into the future. Blythedale Farm has purchased the conserved property from Castanea with proceeds from the sale of a conservation easement on their home farm.

Mitchell Land

Sandgate, Vermont (524 acres)

Agnes Mitchell’s family has been farming in Sandgate since 1903. Two generations of dairy farmers worked the land before the family transitioned to beef cows. Castanea provided funding to the Vermont Land Trust (VLT) for a below-market purchase of a conservation easement in December 2007. The project enabled Mrs. Mitchell to retire to Florida and, at the same time, transfer the farm to her son. Located on the Vermont/New York border, the property is adjacent to other land conserved by VLT and the Agricultural Stewardship Association. The farm includes prime valley-floor soils, hundreds of acres of productive



Mitchell Farm, Sandgate, Vermont

northern hardwood, including an extensive maple sugar bush. According to VLT, the Mitchell property includes dry oak woodland and a dry oak-hickory-hop hornbeam forest, which are uncommon in Vermont.

Roy Farm

South Hero, Vermont (90 acres)

In collaboration with the South Hero Land Trust, Vermont Land Trust, and the State of Vermont Farm Viability and Enhancement Program, Castanea was able to successfully conserve and facilitate the transition of this 90-acre farm to new owners. Castanea purchased the farm from a retired dairy farmer, John Roy, and upgraded the dairy facilities and farm labor housing so it could be acquired by the neighboring farmers, Jill and Tim Maxham, for their Jersey dairy herd. Jill's parents, Ron and Celia Hackett — who operate Hackett's Orchard in South Hero — purchased the farm from Castanea and sold a conservation easement to Vermont Land Trust with funding provided by the Vermont Housing and Conservation Board. The Hacketts lease the farm to the Maxhams, who have established a dairy operation for their Jersey cows on the conserved property in order to relieve crowding on their home farm and enhance their economic viability.

Stone Farm

Greensboro, Vermont (47 acres)

This 47-acre property is adjacent to Jasper Hill Farm and is contiguous with the cheese cellars (see project description on page 11.) When it came on the market, the proprietors of Jasper Hill Farm — Mateo and Andy Kehler — asked for Castanea's assistance in securing the land to support the expansion of Jasper Hill's dairy herd and to protect the land from residential development. Castanea purchased the entire property and sold the farmhouse and 10-acres to neighbors. The remaining 37-acre land parcel, which was once originally part of the Jasper Hill Farm, is comprised of prime agricultural soils and productive pasture and hayfields. The Kehlbers purchased this parcel from Castanea and donated a conservation easement to VLT. They plan to use the field for additional grazing for their heifers, while another section of this parcel will host new agricultural buildings vital to the farm's expansion.

Covino Farm

Pawlet, Vermont (120 acres)

When their mother passed away, Tom Covino and his sister, Joan Bryan, decided to sell their family's farm. The property is strategically located the western end of the Pawlet Valley near the Vermont/New York state line. Buffering the confluence of the Mettawee River and Wells Brook, both high quality cold-water streams, the farm contains prime and statewide important soils currently planted in alfalfa and corn. The property would either make a stand alone, small diversified farm, or could serve as additional support land for nearby dairy farms. In the fall of 2007, the Vermont Housing & Conservation Board (VHCB) approved a pre-application for funding for a conservation easement. Castanea is currently working with local farmers who have expressed interest in purchasing the property, with the long-term goal of continuing to expand the amount of protected land in the Mettawee Valley,

Other Land Conservation Grants and Partnerships

2007: Vermont Land Trust, Montpelier, Vt. Grant funds for the protection of the Kingsbury Farm, Warren, Vt.

2007: Rutland Area Farm and Food Link, Rutland, Vt. Support for the farm search project.

2007: Agricultural Stewardship Association, Greenwich, NY. Support for a senior project manager for three years.

2007: American Farmland Trust, Northampton, Mass. Support for the development of Federal Farm and Ranchland Protection Program.

2008: Fund for North Bennington, Bennington, Vt. Grant funds to support the protection of the Manning property.

2008: Intervale Center, Burlington, Vt. Grant funds to support land restoration and capital improvement for the Intervale Farm.

2008: Misty Knoll Poultry Farms, New Haven, Vt. Loan for farmland purchase to be protected by state program.

Agricultural Viability & Infrastructure

Scenic open space and agriculturally productive lands are precious public resources. Preserving these assets requires not only traditional methods of land conservation but also innovative means and methods to improve economic factors and behaviors that otherwise have a negative impact on them.

The economic vitality of farms and farm support businesses is directly related to keeping land in active agricultural use and preserving land. Well managed and productive farms reduce the negative impacts of land development activities which threatens the character of local communities and the environment. Farms that are profitable are more adept at protecting environmental resources. Land conservation is an integral part of the strategy for promoting agriculture and protecting the environment, but farms must be viable for land to be productively utilized under sound stewardship goals.

When we think of agriculture, the land and the farmer usually spring to mind. But what is often overlooked are the numerous developmental steps for agricultural products to get from the farmer to the consumer.

Crops and animals must be processed, markets must be found or created, facility and equipment needs must be met, and the financial capital must be secured to make all of it possible. No matter

how productive the land or progressive the farmer, the goods derived from a farm must be successfully brought to market in order for the ultimate goal of a farm's economic viability to be met.

Castanea Foundation believes the goal of conserving important farmland and environmental resources can be significantly advanced by taking steps to support the environmental and economic sustainability of farms, markets, and value-added, farm infrastructure. That's why we are dedicated toward working with food processors, entrepreneurs, farmers markets and public agencies to identify farm product development and infrastructure opportunities in our region.

Castanea's agricultural viability and infrastructure projects are even more urgent amidst the current consumer interest in local production and consumption of food. With a burgeoning number of local consumers, the region's farmers, food processors and markets find themselves in need of facilities, infrastructure and — in the case of the increasingly popular farmers' markets — simply more space.

Below you will find the highlights and summaries of Castanea's efforts to provide support to those who are making our agricultural economy grow while supporting environmentally responsible farming practices.



**Weir Farm,
Schaghticoke,
New York**

The Cellars at Jasper Hill Farm

Greensboro, Vermont

Andy and Mateo Kehler of Jasper Hill Farm are visionaries who combine traditions with innovations in the development of a potentially significant new agricultural industry in Vermont. Ignoring the odds that were stacked against them, the Kehlers purchased a run-down farm in 1998 and began milking a small herd of Ayrshire cows at a time when most of their farm neighbors were either getting bigger or getting out. But the Kehlers were set on blazing a new path, one that avoided the pitfalls of pure commodity production and, instead, maximized the value of their milk.

Specifically, the Kehlers set out to keep their rich, Ayrshire milk on the farm in order to craft their own farmstead cheeses. Today, the Kehlers are considered national leaders in the burgeoning value-added farmstead cheese movement, which has enormous potential for many Vermont dairies to be economically self-sufficient through the production of farmstead cheese.

It didn't take long before their Jasper Hill Farm's raw milk cheeses started winning awards and gaining a reputation in restaurants and shops

around the nation. But the Kehlers agricultural vision extends far beyond their own business. It encompasses a bold and unique plan to steer the future of Vermont farming in a direction that will ensure a viable living for farmers and keep valuable agricultural land in production. As they describe it: "Our intent is to create far more than just great cheese — we hope to create a business model that can be replicated by others interested in making a transition to value-added production."

At the core of this strategy is a state of the art cheese aging, finishing and distribution facility — now completed - called the Cellars at Jasper Hill. These subterranean cellars — literally carved into the earth — contain twenty two thousand square feet of temperature and humidity-controlled space to age and finish a variety of artisan cheeses produced at Jasper Hill and other Vermont cheese crafters. Simultaneous to the construction of the Cellars, the Kehlers have been developing a national marketing and distribution network that participating farmers will

"Castanea's equity investment in the Cellars at Jasper Hill helped crystallize our dream of renewing the pastoral ideal by enhancing the viability of Vermont dairy farms. It is a partnership that will yield social and economic benefits for generations."

— Mateo Kehler
Cellars at Jasper Hill



The Kehlers in one of their cheese vaults at the Cellars at Jasper Hill

have access to.

The long-range mission of the Cellars is to create a population of cheese makers capable of adding value to the milk of Vermont dairy farms. With the capacity to age between 1 and 1.5 million pounds of cheese annually, the Cellars at Jasper Hill has the potential to support the production of between 30 and 40 small dairy farms, generating significant additional revenue for Vermont farmers.

When the Kehlers came to Castanea in 2007 and asked for financial support to complete construction of the caves, the Foundation saw it as a rare opportunity to support a truly unique entrepreneurial endeavor that will support the diversification of Vermont's dairy industry, enhance environmentally sound farming practices, promote agricultural production, and provide a valuable means to help conserve the working landscape.

At a critical juncture in the development of the business, Castanea offered technical assistance and committed to an equity investment in the Cellars at Jasper Hill, allowing the Kehlers to leverage additional funding to finish construction of the cheese cellars and launch the new business.

Capital City Farmers' Market

Montpelier, Vermont

The Capital City Farmers' Market has a proven track record of success — serving farmers and consumers for over twenty years and creating a beehive of market activity in Montpelier's downtown every Saturday morning during the growing season. But the highly successful market has long been plagued by a lack of a stable and

permanent location. Not long ago the Market was notified by its host that they may have to move off their current site, triggering a potential crisis for the Market.

The Capital City Farmers' Market's board of directors approached Castanea in 2007 to seek assistance in its location dilemma. In March 2007, Castanea hired a consultant to research and assess the various site options within the city limits to assist the market in finding a stable and permanent location.

After a yearlong feasibility analysis, the market's board and members have chosen to work with city officials on a three to five year plan in developing a multi-use park in downtown that guarantees the farmers' market use of a green space in perpetuity. The new site will allow the market both long-term security and space to expand in order to meet the heightened demand for local agricultural products.

Norwich Farmers' Market

Norwich, Vermont

The Norwich Farmers' Market is one of the oldest markets in Vermont, providing a thriving market to 100 vendors on a weekly basis during the growing season. The market has been fortunate to have consistent increases in sales over the past ten years, mirroring the explosive growth in the demand for local foods.

Along with the market's successes have come growing pains that have included inadequate customer parking, an insecure lease arrangement, and limited vendor space that hamper the market's growth. After being asked to assist in addressing these issues, Castanea hired a consultant to work with the market's board and membership to develop a strategic 5-year plan so that they will be better positioned for further growth and development of all its market activities.

High Mowing Seed Company

Wolcott, Vermont

High Mowing Seeds is a rapidly growing — and ever-popular — seed company that has been ahead of the consumer curve for more than a decade by providing its loyal customer base with 100% certified organic seeds. From its headquarters in Vermont's Northeast Kingdom, High Mowing Seeds has tried to keep pace with the demands for its seeds by making significant investments in its business,

**Capital City
Farmers'
Market,
Montpelier,
Vermont.**





thus positioning itself as a market leader in the organic seed industry.

Since 1996, Tom Stearns, High Mowing Seed’s founder and President, has brought the company from a backyard seed-saving hobby to the only company in the northeast — and one of only several nationwide — offering a full line of 100% certified organic seeds. Vermont’s organic farmers not only benefit from the company’s accessibility, but some contract with High Mowing to grow its seed stock.

Castanea responded to a financial appeal from High Mowing Seeds by investing in a convertible debt instrument in the company. As a result, Castanea joined other investors to provide working capital so High Mowing Seeds can continue to expand in order to produce and supply top quality organic seeds to home gardeners and commercial growers. In addition, High Mowing Seeds also will continue its tradition of offering educational workshops on farming, gardening and the environment to community groups throughout the state.

University of Vermont Plot Combine
Burlington, Vermont

Since 2004, Dr. Heather Darby of the University of Vermont’s Agriculture Extension Service has been working with several prominent grain producers to conduct on-farm grain trials around the state. The goals of the program are to address grower interest in grain crops, reduce farm risk, develop sound agronomic recommendations, and expand specialty crop production in Vermont.

In order to improve efficiency and expand

Field Day at High Mowing Seed Company, Wolcott, Vermont.

Dr. Heather Darby harvesting sunflowers from one of her test plots in Alburg, Vermont.



the capacity of her research program, Castanea refurbished and purchased a plot combine in 2007, and is making it available to Dr. Darby's research program. The combine is a specialized piece of equipment that is designed to harvest and measure grain yield on small test plots. It can be transported easily on an equipment trailer, making it feasible to harvest plots in different growing locations around the state. Castanea's support of UVM's grain trials and research will help Vermont farmers find new and growing markets, enhance farm viability, keep land in an open, productive state and avoid the conversion of land to non-farm uses.

Vermont Livestock Slaughter & Processing Company

Ferrisburg, Vermont

When the Clark family decided to retire and sell their meat slaughtering business after thirty years, Castanea saw it as an opportunity to ensure that the much-needed business remained in operation. Access to quality meat processing facilities has been a growing issue in Vermont, especially since a fire destroyed the state's largest slaughter house in Rutland in late 2006.

Castanea was fortunate to be able to collaborate with Carl Cushing to help him turn the Clark's business into the Vermont Livestock Slaughter & Processing Company. Cushing comes from a family of meat cutters and brings over thirty years of experience in meat slaughtering and inspection

to the project. Castanea is currently working with Cushing to upgrade the facility in order to meet the growing demand for local meat within the region's livestock industry. With Castanea serving as a business incubator and Cushing's expertise in meat processing, a financial and pre-construction cost analysis for an expansion plan is underway, with the goal to increase the facility's capacity and improve high-quality production services for the region's livestock producers.

The livestock processing facility is located on 30-acres of land, with nearly a mile of frontage on Little Otter Creek and direct access to Lake Champlain. In addition to enhancing meat processing capacity for the region, the project will include significant upgrades to the waste treatment system at the slaughter house, and establish a permanently protected riparian corridor along Little Otter Creek. These activities will help protect the Lake's water quality and protect important natural habitats.

Smokey House Center

Danby, Vermont

Established in 1974, the Smokey House Center (SHC) is a non-profit organization dedicated to improving the lives of young Vermonters through work-based and applied educational programs and demonstrating sound land use practices. Smokey House owns nearly 5000 acres of farm and forest land in the Town of Danby. Much of the SHC property has been permanently protected with conservation easements, with the exception of a few key parcels. Historically, the majority of SHC's farmland has been leased to local farmers and used primarily for the production of silage corn, hay and pasture. However, approximately 86 acres are used by SHC's youth workers who learn academic and work skills as they grow organically certified vegetables, market produce through a CSA and at farmers' markets, produce naturally raised beef, pork, lamb, turkey and chicken, and produce maple syrup and all-natural charcoal.

In 2007, one of the SHC farms leased to a local farmer ceased production when the farmer retired for health reasons. Castanea is working closely with the Smokey House Center to update the farm's infrastructure and to develop a land tenure model through long-term lease with an equity fund that rewards stewardship performance. The goal is to create an opportunity for a farm family to establish



Carl Cushing of Vermont Livestock Slaughter & Processing Company.

a new agricultural enterprise on the farm compatible with SHC's educational programs. The SHC project presents a unique opportunity for a farmer with little capital to get into farming, and Castanea and SHC are currently seeking a farm tenant who can develop a financially sound, environmentally sustainable agricultural enterprise. Once the new farm is established, SHC will conserve additional acreage adjacent to the farm with a conservation easement. This conservation easement that will go a long way towards protecting the integrity of the farm, and keeping intact a spectacular tract of land in the Danby Mountain Valley.

Vermont Farm Viability Enhancement Program

Montpelier, Vermont

In 2003, the Vermont Housing and Conservation Board and Vermont Agency of Agriculture established the Vermont Farm Viability Enhancement Program (VFVEP) to improve the financial success and long-term viability of Vermont farms by offering business planning and technical assistance to farmers. Approximately fifty farmers complete a business plan through the Program annually. In 2005, the Argosy Foundation awarded the program \$145,000 to offer farmers grants for business plan implementation projects over a three-year period. Implementation Assistance Grants were awarded to farmers who completed business plans through the program and wanted to execute changes that were studied through the planning process. In 2007 Castanea staff began discussions with program administrators at VHCB to construct a framework for continuing the implementation program, increasing grant funds and broadening the grant recipient base to include off-farm businesses servicing agriculture. Since that time, a working group with representatives from VFVEP's Advisory Board, the farm community, Agency of Agriculture and Castanea met to revise and amend the previous program guidelines. The goal of the revised program is to support the economic viability and environmental sustainability of Vermont agricultural enterprises, as well as agriculturally related business enterprises to help create economic opportunity for agriculture, ensure valuable farmland remains in production, and promote environmental conservation. The underlying objectives are to: 1) Serve as a mechanism to address

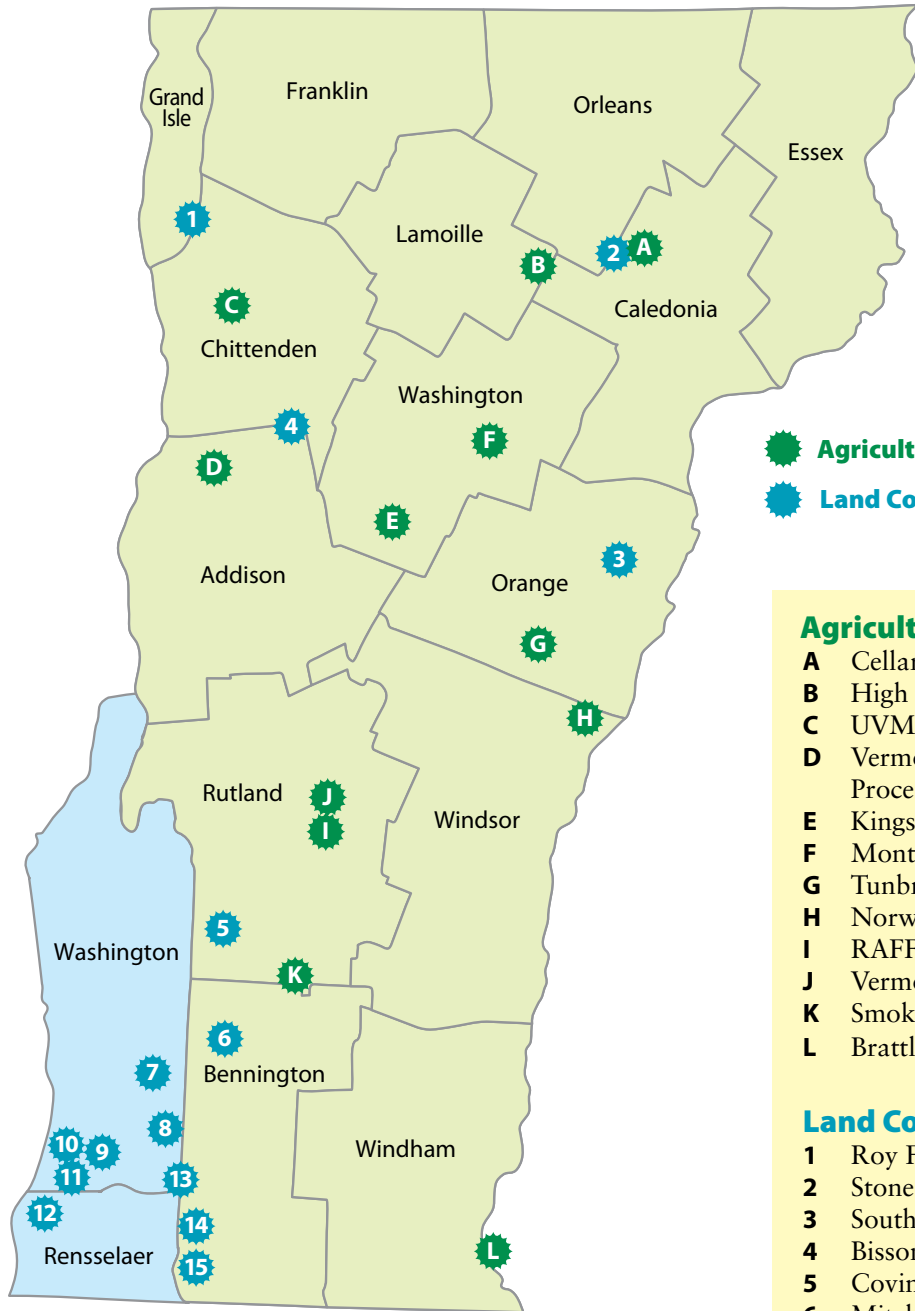
the economic development needs of Vermont agricultural enterprises and agriculturally-related business enterprises; 2) Increase the potential of Vermont agricultural enterprises to market and sell directly to consumers; 3) Develop and promote new and emerging opportunities for production and marketing of Vermont agricultural products; 4) Enhance the financial viability of agricultural enterprises and ancillary business enterprises that develop, produce and market Vermont grown value-added products; 5) Serve as a catalyst for further investment in Vermont agricultural enterprises and ancillary support businesses; and 6) Develop infrastructure in order to improve efficiency and increase production of diversified agricultural products, as well as implementation of conservation practices. Implementation grant funds will be used for a) capital improvements and equipment (excluding real estate purchases); b) marketing and advertising expenses; c) conservation practices and infrastructure improvements and; d) management and work-force training.

Other Agricultural Viability & Infrastructure Grants and Partnerships

- 2007:** Vermont Economic Development Agency, Montpelier, Vt. Grant funds to support value-added wool processing.
- 2007:** Brattleboro Area Farmers Market, Brattleboro, Vt. Grant funds to secure property for market venue.
- 2008:** Vermont Housing and Conservation Board, Montpelier, Vt. Funds to support the Vermont Farm Viability Enhancement Program.
- 2008:** NOFA-VT, Richmond, Vt. Funds to support the development of Farmers Markets in Vermont and establish a mini-grant program to support Farmers Markets.
- 2008:** Vermont Agency of Agriculture, Montpelier, Vt. Funds for the purchase of a mobile on-farm slaughter and meat processing unit.
- 2008:** Burlington Area Farmers Market, Burlington, Vt. Funds to develop a winter farmers market for the 2008-2009 season.
- 2008:** Vermont Food Venture Center, Hardwick, Vt. Funds to support the engineering and design of the Food Venture Center.

Castanea Foundation Land Conservation and Agricultural Viability Projects

Vermont and New York



-  **Agricultural Viability Projects**
-  **Land Conservation Projects**

Agricultural Viability Projects

- A** Cellars at Jasper Hill
- B** High Mowing Seed
- C** UVM Plot Combine
- D** Vermont Livestock Slaughter & Processing Co.
- E** Kingsbury Farm VLT Grant
- F** Montpelier Farmers' Market
- G** Tunbridge Woolworks
- H** Norwich Farmers' Market
- I** RAFFL
- J** Vermont Quality Meats
- K** Smokey House
- L** Brattleboro Area Farmers' Market

Land Conservation Projects

- 1** Roy Farm
- 2** Stone Farm
- 3** South Branch
- 4** Bissonette Farm
- 5** Covino Farm
- 6** Mitchell Farm
- 7** SCI Richland Farm
- 8** Clark Rt. 313
- 9** Cary I & II
- 10** Ives Hill
- 11** Beadle Hill
- 12** SCI Arnold
- 13** White Farm
- 14** Stearns II
- 15** Stearns I





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