

**Local Food Promotion Program (LFPP)
Final Performance Report**

The final performance report summarizes the outcome of your LFPP award objectives. As stated in the LFPP Terms and Conditions, you will not be eligible for future LFPP or Farmers Market Promotion Program grant funding unless all close-out procedures are completed, including satisfactory submission of this final performance report.

This final report will be made available to the public once it is approved by LFPP staff. Write the report in a way that promotes your project's accomplishments, as this document will serve as not only a learning tool, but a promotional tool to support local and regional food programs. Particularly, recipients are expected to provide both qualitative and quantitative results to convey the activities and accomplishments of the work.

The report is limited to 10 pages and is due within 90 days of the project's performance period end date, or sooner if the project is complete. Provide answers to each question, or answer "not applicable" where necessary. It is recommended that you email or fax your completed performance report to LFPP staff to avoid delays:

LFPP Phone: 202-720-2731; Email: USDALFPPQuestions@ams.usda.gov; Fax: 202-720-0300

Should you need to mail your documents via hard copy, contact LFPP staff to obtain mailing instructions.

Report Date Range: <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	9/30/14-9/29/15
Authorized Representative Name:	Reginald Jones
Authorized Representative Phone:	619 527 6161
Authorized Representative Email:	rjones@jacobscenter.org
Recipient Organization Name:	Jacobs Center for Neighborhood Innovation
Project Title as Stated on Grant Agreement:	Food Innovation Center Business Plan
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-CA-0020
Year Grant was Awarded:	2014
Project City/State:	San Diego, CA
Total Awarded Budget:	\$25,000

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0287. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable sex, marital status, or familial status, parental status religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?

Same Authorized Representative listed above (check if applicable).

Different individual: Name: Justin Dake; Email: jdake@jacobscenter.org; Phone: 619-527-6161 x 362

1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. “new objective”, “new contact”, “new consultant”, etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community. If any.

i. Goal/Objective 1 (Near-Term): Identification of a promising model, realistic strategies, and resources for implementation of the Food Innovation Center development phase. Elements addressed include business structure, facility design, construction, branding, financing, and operations. The plan will be a significant tool in formulating a value proposition to public and private investors, engaging partners, identifying tenants and end-customers, and creating an operations plan for the FIC.

a. Progress Made and Impact on the Community:

JCNI partnered with Washington D.C.-based food incubator Union Kitchen to create the Food Innovation Center Business Plan. Union Kitchen provides a low-cost, low-risk, full-service kitchen for local businesses to establish operations, streamline distribution, and drive growth. A review of existing kitchen space in the San Diego area and the services and amenities offered was also conducted. This, combined with a landscape conducted by the University of San Diego of the larger food industry cluster in San Diego, indicates that a kitchen incubator will be a needed asset in the community.

ii. Goal/Objective 2 (Interim): Generation of active interest and support within the community for the Food Innovation Center as an economic development and capacity building resource and from regional partners as an innovative, sustainable workforce and business development asset.

a. Progress Made and Impact on the Community:

Social impact consultants Harder+Company engaged local small-scale food producers in San Diego County to conduct a market study (more details below), and contacted food production facilities for a landscape scan of existing commercial kitchen spaces. Individual residents were not contacted as part of this project, although there will likely be significant outreach to the community and to local food business owners upon construction of the Food Innovation Center.

- iii. Goal/Objective 3 (Long-term): Increase in numbers of successful local small businesses, estimated at 20 annually at full FIC operations capacity and 40-60 jobs per year after implementation.

- a. Progress Made:

This goal is still desired, but cannot be reported on until an FIC is constructed, with tenants to support operations.

- b. Impact on Community:

Not applicable.

- 2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 2014). Include further explanation if necessary.

A business plan was created for the Food Innovation Center, which is yet to be built. As such, statistics below are not applicable to the project. The long-term goal of building the center has yet to be attained, and as has been noted above, JCNI hopes to increase the numbers of successful local small businesses and the numbers of available jobs. The FIC's economic effects will not be known until it is completed and in use.

- i. Number of direct jobs created: not applicable
 - ii. Number of jobs retained: not applicable
 - iii. Number of indirect jobs created: not applicable
 - iv. Number of markets expanded: not applicable
 - v. Number of new markets established: JCNI is conducting outreach to entrepreneurs in the area and will host a 2016 Business Plan Competition that will identify and support strong local candidates.
 - vi. Market sales increased by \$n/a and increased by n/a%.
 - vii. Number of farmers/producers that have benefited from the project: not applicable

- 3. Did you expand your customer base by reaching new populations such as new ethnic groups, additional low income/low access populations, new businesses, etc.? If so, how?

Over the past twenty years, JCNI has worked in partnership with residents of southeastern San Diego to foster a thriving community. Through creative placemaking strategies, JCNI is developing 50 acres of its privately owned land to build amenities that improve quality of life, including housing, restaurants, retailers, and publicly accessible gathering spaces and recreational trails. This project expanded our customer base: nearly one-third of the food producers surveyed for Harder+Company's Kitchen Incubator Report live or work in southeast San Diego or surrounding underserved communities. Of those surveyed, 85% reported that they would want to be contacted when the FIC is built and operational.

4. Discuss your community partnerships.
 - i. Who are your community partners?

JCNI partners with residents and organizations in southeastern San Diego in its creative placemaking and redevelopment work. Recent partners have included Groundwork San Diego (community engagement to promote environmental awareness and well-being), Project New Village (partners with organizations and residents to promote wellness), The United African American Ministerial Action Council (nonprofit inspired by Dr. King's concept of a Beloved Community), Somali Youth United (promotes youth engagement among San Diego's Somali community), Platicando con mi Gente (promotes engagement among San Diego's Hispanic/Latino community), Community Assistance Support Team (gang intervention), Elementary Institute of Science (STEM programs for youth), the Malcolm X Library, the San Diego Unified School District, and Second Chance (jobs and training to reduce recidivism, unemployment and homelessness). JCNI did not engage community partners in the LFPP project, but they remain committed to supporting our community change efforts and may have a role in contributing to the project's future activities, although this is as yet undefined.

- ii. How have they contributed to the overall results of the LFPP project?

Contributed to needs assessments and market data.

- iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?

Some, like Project New Village, may achieve a new market for selling produce through such a venture. Others may become engaged as sources of entrepreneurship or labor, or as future consumers.

5. Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?

In the first stage of the grant period, Harder+Company surveyed local entrepreneurs to assess the needs and opportunities for creating a kitchen incubator. They studied the barriers to growth among established and nascent small-scale food producers across the county, emphasizing neighborhoods south of Interstate 8, and surveyed their interest in paying for access to shared commercial kitchen space. The study also included a high-level overview of the food production facilities currently available in the area. The survey contributed to our understanding of the needs of local entrepreneurs who would be the potential users of the FIC and will be referenced when JCNI conducts outreach in 2016. The report concluded that there is an interest in having this kind of facility available, though users (small-scale food producers) would require two core supports: 1. Access to intensive, low-cost technical assistance programs, and 2. Access to cold and dry storage facilities, for a monthly fee. Of the 69 survey respondents (the target was 50), most were new business owners making less than \$25,000 a year from their food production venture. Most do not currently pay to use kitchen space, but

the majority of respondents reported that they would use a shared space for monthly rental, at a reasonable cost.

Union Kitchen, a Washington D.C.-based food incubator, co-created the Food Innovation Center Business Plan. Union Kitchen operates a 7,300 sq. ft. low-cost, low-risk, full-service kitchen; the business plan draws upon their successful model, with necessary adjustments to reflect local circumstances.

6. Have you publicized any results yet?*

i. If yes, how did you publicize the results?

The FIC Business Plan is available on JCNi's new website, www.jacobscenter.org, and publicized throughout our social media outlets (Facebook, Twitter).

ii. To whom did you publicize the results?

iii. How many stakeholders (i.e. people, entities) did you reach?

JCNi's website receives an average of about 3,500 hits a month, and we receive 90,000 impressions/reach/engagements monthly through social media.

7. Have you collected any feedback from your community and additional stakeholders about your work?

Yes, through Harder+Company's kitchen incubator report, which surveyed 69 small-scale or beginning food producers in San Diego County. Through the survey, JCNi learned much about typical food production establishments and entrepreneurs in the area. The average food producer has been running a food truck for less than three years, brings in less than \$25,000 a year before taxes and expenses, and does not currently pay to use commercial kitchen space. The largest barrier to expansion for these food producers is lack of access to funds.

i. If so, how did you collect the information?

ii. What feedback was relayed (specific comments)?

A majority of food producers surveyed expressed interest in renting time in a shared commercial kitchen, specifically in the area where JCNi is planning to build the FIC. However, their interest would depend upon the quality of the facility and the services offered. JCNi received valuable feedback from the business owners on the following points:

- *How much they would be willing to pay for space:* 66.7% of respondents would prefer a pay-by-the-hour method; 58.4% indicated interest in the \$800/month tier; there was very little interest in the more expensive options. 75% rejected the \$1,000/month option and 83.3% said the \$3,500/month option was too expensive. The most likely users were willing to pay \$20/month for access to dry storage (86%) and cold storage (80%). A total of 6 survey respondents classified as "high-end" users, based on their

willingness to pay either \$1,000 a month or \$3,500 a month for access to shared kitchen space. Two of these individuals live in the Diamond Neighborhoods and surrounding underserved communities.

- *How often they would use it:* Likely users noted that they would want to use a shared kitchen less than 32 hours a month (about eight hours a week), and 41.9% would use a shared-use kitchen space less than 12 hours a month.
- *What times would be most convenient:* Just over half of respondents (51.2%) indicated that they would prefer to use a shared kitchen space between 6:00 am and noon; the next strongest preference was for whenever would be least expensive (39.5%).
- *What specific kitchen amenities were needed or desired:* Likely users indicated that they would desire or need cold storage space (78%), a fully equipped kitchen (57%), space with prep tables and an induction cooktop (49%), commercial bakery equipment (49%), a self-enclosed room for specialty production (33%), a walk-in refrigerator (74%), prep tables (67%), refrigerated storage (65%), a dishwasher (58%), and a food processor (54%).

8. Budget Summary:

- i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report:
- ii. Did the project generate any income? No.
 - a. If yes, how much was generated and how was it used to further the objectives of the award?

9. Lessons Learned:

- i. Summarize any lessons learned. They should draw on positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).

The FIC Business Plan noted that more research needs to be conducted to gain perspective on the entire market for commercial kitchen space. Companies in the infancy stages of business, or using unlicensed facilities due to a lack of affordable space, are “extremely difficult to find and interview.” This is an ongoing challenge, however, and the results from the survey were still deemed to be valuable.

A review of the existing commercial kitchen options found that there would be a market for the FIC. At first glance, the hourly rates for existing spaces look affordable to potential tenants, but these do not include usage fees for storage, fridges, and water, which are more expensive. The FIC Business Plan strongly recommends monthly membership options with unlimited hours within the set times, in order to maximize tenants’ access and costs.

- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:

The goal to create a business plan was achieved.

- iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project:

Farmers markets and similar vendor venues should be visited to maximize identification of nascent enterprises.

10. Future Work:

- i. How will you continue the work of this project beyond the performance period? In other words, how will you parlay the results of your project's work to benefit future community goals and initiatives? Include information about community impact and outreach, anticipated increases in markets and/or sales, estimated number of jobs retained/created, and any other information you'd like to share about the future of your project.

The resulting business plan will inform next steps to identify entrepreneurs and support them to the point that they could afford the services. The FIC will support business and job creation and growth by providing members access to the physical infrastructure and programmatic support small businesses need to become established and grow. Our initial goal was to launch implementation of FIC development (i.e., design, financing, permitting) in 2016, but the timeline will be extended. The FIC could be operating at full capacity in 2019, delivering at high quality in three service areas of logistics, services, and sales. The hope is that beyond 2019, the FIC will be maximally effective at achieving the goals of creating jobs and driving economic development.

Beyond 2019, the FIC will begin looking into other business models to expand into in order to grow our impact. For example, the FIC may consider offering expanded co-packing services if they are needed, and whether those services would be a potential revenue and job generator.

The FIC Business Plan anticipates that the incubator will: Create a minimum of 100 new jobs, at least half of which will be filled by candidates who are female, minority, chronically underemployed, citizens recently returning from incarceration, and/or from low-income areas, and; Incubate a minimum of 50 small businesses, many of which will be women- or minority-owned.

- ii. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals?

Harder+Company's report strongly recommended providing technical and capacity building assistance to entrepreneurs who will be members of the FIC. Even when struggling business owners' operations are subsidized, without adequate technical assistance, they are unlikely to survive. The business plan suggests that JCNi help with access to marketing and branding professionals, HR, accounting, and legal services, and for monthly members, connections to local food grower and distribution networks.