

## 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](mailto: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.

<b>Report Date Range:</b> <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	9/30/2014 – 9/29/2016
<b>Authorized Representative Name:</b>	Betsy Harrison
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<b>Recipient Organization Name:</b>	Mancos Valley Resources for Southwest Farm Fresh
<b>Project Title as Stated on Grant Agreement:</b>	Southwest Farm Fresh Cooperative: A Cloud Hub
<b>Grant Agreement Number:</b> <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-CO-0032
<b>Year Grant was Awarded:</b>	2014
<b>Project City/State:</b>	Mancos, CO
<b>Total Awarded Budget:</b>	\$73,511

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).

X Different individual: Name: Ole Bye, SWFF General Manager; Email: [olafbye@gmail.com](mailto:olafbye@gmail.com); Phone: 304-640-5442

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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: Reduce delivery route time by two hours*
    - a. Progress Made: As a result of this grant project, the number of gathering stops on our route was reduced from eight or more to only four. The Telluride delivery route was reduced by at least two hours and by 60 miles, even as business has grown, and the delivery truck no longer meets farmers enroute.
    - b. Impact on Community: The SWFF delivery system is now more efficient and more profitable, and our produce gets to Telluride restaurants before the evening restaurant rush.
  - ii. *Goal/Objective 2: Increase farmer access to refrigerated storage, increase product quality*
    - a. Progress Made: All 19 current member farms now have access to SWFF refrigerated space (which now totals 250 sq. ft), meaning that produce can go directly into refrigeration upon harvest. Previous to this grant, only eight member farms had on-farm refrigeration capacity, and only two of which could reach holding temperatures. Now, produce reaches buyers in even fresher and safer condition.
    - b. Impact on Community: Having access to collective refrigeration means farms can direct resources towards other areas like production, processing, and planning.
  - iii. *Goal/Objective 3: Acquire mobile office space for the cooperative*
    - a. Progress Made: A highly useful 8 by 28 foot mobile jobsite office trailer was acquired using grant funds, and this trailer now serves both as an office and mini-warehouse. It contains a 7x10 walk-in cooler powered by a 22,000 btu mini split A/C system and coolbot, which has worked flawlessly. The central part of the trailer is a small storeroom for the staging of dry goods and other storage.
    - b. Impact on Community: Having a physical business headquarters lends legitimacy to SWFF. The trailer’s location on a vacant lot in downtown Mancos makes us more visible in the community, and having the cooler, dry storage, and office all in one place is convenient for farms.
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.
  - i. Number of direct jobs created: 0.5 FTE
  - ii. Number of jobs retained: 55
  - iii. Number of indirect jobs created: N/A
  - iv. Number of markets expanded: 4 (Telluride, Montezuma County, Durango wholesale & direct)
  - v. Number of new markets established: 1 (Durango direct sales)
  - vi. Annual Market sales increased by \$70,000 and increased by 100%.
  - vii. Number of farmers/producers that have benefited from the project: 38

- a. Percent Increase: 90%
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?
- i. We launched a direct-to-consumer CSA sales program in 2016 that has served 72 households, and we hope to expand this program in coming years into other communities, with the continued help of USDA AMS.
4. Discuss your community partnerships.
- i. *Who are your community partners?*
    - a. Chief among SWFF's community partners are its 19 member farms, now located in Colorado, Utah, and New Mexico, and which provide the majority of products sold through the cooperative.
    - b. SWFF also partners with other distributors to source local and regional products, primarily with Valley Roots Food Hub in Mosca, CO.
    - c. An important partner for SWFF has been Rocky Mountain Farmers Union, which helped launch SWFF and provided technical support and fiscal sponsorship during its formation. RMFU continues to act as a resource to SWFF during its evolution, and is also coordinating a statewide network of food hubs that includes SWFF and VRFH.
    - d. SWFF has partnered with Montezuma School to Farm Project, a local non-profit that promotes food and farm education in schools. SWFF and MSTFP shared a USDA grant in 2015 that helped support SWFF operations. Partly as a result of this partnership, SWFF now bids directly to schools for local food procurement, and delivers each week to three school districts.
    - e. Mancos Valley Resources has served as fiscal agent for SWFF under this grant, and we continue to have a strong relationship with them. SWFF expects to use MVR as a fiscal agent as needed in the future.
  - ii. *How have they contributed to the overall results of the LFPP project?*
    - a. Our community partners have made SWFF a more effective and efficient marketer and distributor of local food products, which has resulted in better service to our member farms. For example, our partnership with MSTFP and our relationships with buyers in the school systems will result in an added \$15,000 in sales in 2016. The support of RMFU has meant that operations staff have the resources and guidance to better manage the continued growth of SWFF.
  - iii. *How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?*
    - a. SWFF will continue to serve school districts with produce from member farms, and will continue to work with RMFU on organizational development. A continued relationship with MVR will enable SWFF to access grant funds it is not directly eligible for as a cooperative.
5. Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?
- i. Yes, under this grant the SWFF General Manager, Ole Bye, was retained as a contractor. His work included the research, purchase, retrieval, and setup of equipment and other resources obtained under this grant. Additionally, contractors were used to install

equipment, wiring, and refrigeration systems in the office trailer.

6. Have you publicized any results yet?\*

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

- a. So far, SWFF has publicized results via four PowerPoint presentations to audiences at conferences and other workshops, including the New Mexico Organic Farming Conference.
- b. The General Manager has also been sharing information on the National Good Food Network Food Hub discussion board, which has included information about equipment and techniques that have arisen as a direct result of this grant.
- c. SWFF also intends to disseminate results using mailings to regional stakeholders and an informational page on the SWFF website ([www.SouthWestFarmFresh.com](http://www.SouthWestFarmFresh.com)).

*ii. To whom did you publicize the results?*

- a. Attendees of presentations, members of NGFN discussion board

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

- a. Number of individuals reached by presentations is estimated to be 110, and number reached via NGFN discussion board to be 75.

*\*Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).*

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

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

- a. Feedback from customers is collected on a weekly basis during the routine business operation. This information is then sent out to producers, and supply adjustments are made. In general, customer satisfaction is high, but there is sometimes feedback about item quality, requests for service changes, or other information from customers.
- b. Feedback from farms is incorporated into the operation on a continuous basis, but the majority of operational changes come as the result of the annual meeting in late winter.
- c. Feedback is collected from CSA direct sales customers both in-person and using online surveys.
- d. Other community stakeholders such as non-profits and other distributors are not formally surveyed, but this could be done as needed.

*ii. What feedback was relayed (specific comments)?*

- a. In general, customers and farms are satisfied with the progress of SWFF, and our business continues to grow. This, more than any other metric, suggests the success of our work and approach. Business has grown consistently more than 50% each year, with sales expected to reach \$165,000 in 2016, up from \$105,000 in 2015. We will return over \$100,000 to our member farms this year, boosting the local farm economy and further strengthening an emerging alternative marketing strategy that has high potential for scalability. Farms have also reported that having access to the refrigerated drop coolers has made their operations easier, in addition to improving the efficiency of the co-op.

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: X*
- ii. Did the project generate any income?
  - a. *If yes, how much was generated and how was it used to further the objectives of the award?*
    1. Yes, the project helped generate SWFF income, which in 2015 was \$105,000 and in 2016 will be about \$165,000. It's hard to say exactly how much income gain directly resulted from having adequate equipment to do the job, but it can be stated unequivocally that the LFPP grant enabled SWFF to become a more efficient, professional, and safe distribution operation. Without it, we would still be struggling with the most basic infrastructure needs, and would continue to be distracted from the work of marketing our products.
    2. The income gained from this project was used to pay staff, cover expenses, and increase marketing and outreach efficacy. For the first time in our three-year history, SWFF received more income from sales of local farm products in 2016 than from grants. This is a considerable milestone, and a trend that we hope will continue.

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).*
  - a. De-Centralized Infrastructure: What Worked
    - i. Widely distributed farms now have refrigeration access
    - ii. No farm meets the truck, and the truck goes to no farm
    - iii. Telluride distribution route reduced from 14 to 12 hours even as more customers and bigger orders were added
    - iv. Coolers ran perfectly, not one malfunction in two years
    - v. SWFF was able to smoothly incorporate both a new CSA direct sales program and a modest Farm to School delivery program into its established wholesale program using the same infrastructure
    - vi. We were able to use one of our refrigerated trailers in various on-highway mobile experiments, increasing our ability to acquire and distribute farm products. For example, early in 2016, we used this trailer with a pickup truck and generator to add an auxiliary route on Wednesdays. This route was later combined with our Thursday route, and then the on-road trailer was used in a five-week experiment to bring organic peaches and other fruit into our system on Wednesdays when the main truck is otherwise in use. On days when not used in highway service, this trailer has functioned to provide increased storage capacity at our Mancos headquarters, helping us by holding potatoes, carrots, and other storage crops that would be in the way in our main walk-in cooler.
  - b. De-centralized infrastructure: What Didn't Work Well

- i. With the introduction of the CSA program, we needed a place to sort CSA shares. As no warehouse exists, we sorted shares inside the reefer truck, our largest refrigerated space. It worked with 72 shares, but wasn't very comfortable and growth of the program will make the truck impractical as a space for sorting.
    - ii. We can't load our truck as densely as it could be if we had a central warehouse where orders were sorted, because the driver picks up, sorts, and delivers on the same day. Thus, he or she must have space to access all customer bins, meaning that the truck can't be densely packed in reverse order. The delivery day is also much longer than it would be if products were picked up one day, delivered to a warehouse, sorted, and then staged for delivery day.
    - iii. In 2016 we started to outgrow the 6 x 10 size of our refrigerated drop coolers, especially in Durango where we saw a large increase in supply coming into the system from new farms. Budgeting for larger cooler trailers might have been wise in our grant request, but also could have pushed our budget to a level where match requirements would have been difficult to fulfill. Regardless, these cooler trailers will be useful for years if not decades, as they can be moved to other parts of the system.
    - iv. We miscalculated some costs associated with setup of our office trailer and the walk-in cooler inside it. While the result has been exceptionally useful, we needed to do some rewiring of the office trailer, including running 220 wiring for the refrigeration system, and 120 exterior wiring to run the walk-in light. The 50-Amp service built into the office trailer is enough to run everything, but just barely. We are able to run the 220 walk-in system, a 120v 15 amp refrigerated trailer, a chest freezer, and various lights and a computer without trouble, but it would be advisable to seek an office trailer with a higher Amp service for this application. In summary, although we saved \$6000 on the sticker price of the office trailer from our anticipated expense, we did spend several hundred dollars extra on electrical contractors to reconfigure the wiring.
  - ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:
    - a. We have done well to achieve and exceed our own goals in this project, and although we could have built a more robust distribution operation given a larger budget and more matching ability, we have made good use of these resources. If other projects are starting up with a similar approach, putting together a bigger match strategy would be helpful, as well as the consideration, if possible, of utilizing some kind of central warehouse facility, whether any producers drop produce there directly or not. That said, rent, insurance, and utilities can be very cost-prohibitive during startup phase (which could be much longer than for some other traditional business models), so having flexible, movable infrastructure will allow a startup distributor to find situations outside of prevailing market conditions (benevolent landlords, shared space, etc) that can aid in reducing costs as the project develops over time. The best way to success is of course to start with the needed amount of startup capital, ideally in the form of grants and gifts, but a low-infrastructure approach allows vulnerable

producer-centric or producer-owned distributors to build capacity while avoiding or minimizing debt.

- 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:
- a. We found that some refrigeration equipment was not available in our area (such as refrigerated trailers), and that having them custom built was cheaper than ordering them with freight. It took us longer to acquire our trailers than originally anticipated, but the cost savings and the connection with the local builder were worth the extra coordination. We also had to order the refrigeration units directly from the manufacturer, but got a better deal in the process.
  - b. We originally intended to run our main office walk-in cooler using a window A/C unit and coolbot, but realized that this would still require a 220 volt setup for the size of our walk-in. A larger household mini-split system was not much more expensive, and the condenser could be located on the roof rather than the end of the trailer, allowing us to have a wider door and avoid cutting a huge hole in our walk-in box. The decision was a good one, as the mini-split plus coolbot setup has functioned flawlessly. The cost to SWFF of this system was about \$1500 plus some installation and wiring costs, compared to about \$6000 for a commercial refrigeration system of similar caliber.
  - c. Keeping track of match contributions over a two-year grant period can be challenging, so setting up a tracking spreadsheet or google doc at the outset of the project and keeping track of when and from whom the match is received will be very helpful. Setting up a google doc spreadsheet to track grant expenditures and reimbursements over the course of the project could also be an aid, and assigning one person to enter data would be helpful. We have had four different people helping to manage the tracking of this grant, and it can be a challenge to figure out who did what when.

#### 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.*
  - a. SWFF will continue the work of this project beyond the performance period by maintaining its business operation using equipment and resources provided by this grant. Although the work of this grant pertained to the acquisition and setup of equipment, this work supports all aspects of the SWFF operation, and will continue to do so well into the future.
  - b. Specifically, SWFF plans to maintain and expand its direct-to-consumer sales strategy in the form of a multi-farm CSA. The successful launch of this program in Durango this season and a late-fall pilot in Cortez have set the stage for a robust expansion in 2017. In 2016 we sold 72 shares in our CSA resulting in over \$44,000 in sales, with over \$9000 in net income earned. If we expand our CSA to 140 members in 2017, we anticipate over \$85,000 in sales, and over \$17,000 in net income.

- c. In terms of community impact, SWFF expects to continue developing working relationships with stakeholders such as other distributors, non-profits promoting local agriculture, government entities, and the media. These connections will strengthen our ability to be effective, to be good community stewards, and to expand our business into new markets and return profits to our member-owner farms. Already, we source products from three states (Colorado, New Mexico, and Utah), and serve the markets of Telluride, Cortez, and Durango. Sourcing products from regional partners like Valley Roots Food Hub in the San Luis Valley will give the SWFF product list more variety, and will help us maintain a longer delivery season, allowing us to better utilize the capacity of our infrastructure.
- 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?*
  - a. To further enhance our distribution and marketing system, SWFF will seek funding for food safety compliance, both in our distribution operation and on our member farms. We need help in addressing new regulations enacted under the Food Safety Modernization Act, and this help may take the form of a series of producer workshops, and perhaps assistance with bulk purchase of materials needed to upgrade irrigation, washing, and storage facilities.
  - b. SWFF plans to focus on its continued expansion in direct-to-consumer sales via its CSA program. Although the co-op began as a wholesale-only distributor, the coordination for direct sales has proven to be much more manageable, and the profit margins much better for the business. Future projects will focus on enhancing direct sales in our local communities, including research on the customer base, market conditions, and scaling up our operation to potentially include a small warehouse for sorting shares.