

FARMERS' MARKET AND LOCAL FOOD PROMOTION PROGRAM (FMLFPP)
Final Performance Report

The final performance report summarizes the outcome and activities of your FMLFPP award objectives. Failure to submit acceptable closeout reports for an existing grant within 90 calendar days following the grant end date may result in exclusion from future AMS grant opportunities.

This final report will be made available to the public once it is approved by FMLFPP 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 **due within 90 days** of the project's performance period end date (as noted in box 15 of your grant agreement (AMS-33), or sooner if the project is complete. The report must be typed, single spaced, 11-point font, not to exceed fifteen (15) 8.5 x 11 pages (excluding existing Final Performance Report form content). For example, if the Final Performance Report form is six (6) pages before you begin entering your project information into the form, your report may be up to 21 pages (6 pages + 15 pages).

Provide answers to **each question** and all applicable outcome and indicators as it applies to your project. If you are unable to provide a response explain why. It is preferred that you email your completed performance report to your assigned FMLFPP Grants Management Specialist to avoid delays. In case of any extraordinary reason a faxed report can be accepted; please notify your assigned Grants Management Specialist to inform about your submission.

Report Date Range: <i>(e.g. October 1, 2016 -September 30, 2017)</i>	09/30/2016 – 05/31/2018
Date Report Submitted	08/29/2018
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	16-LFPP-MI0014
Recipient Organization Name:	Mighty Fine Poultry Processing, LLC
Project Title as Stated on Grant Agreement:	Design and community impact analysis of a facility to process, aggregate, store, and distribute local poultry in SE Michigan
Authorized Representative Name:	Wendy Banka
Authorized Representative Phone:	734-834-5332
Authorized Representative Email:	wbanka@umich.edu
Year Grant was Awarded:	2016
Amount of Award:	\$100,000

FMLFPP 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: _____; Email: _____; Phone: _____

1. Executive Summary—In 200 words or less, describe the project's need, purpose, goals, and quantifiable outcomes:

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.

Despite high demand, the availability of locally grown poultry in SE Michigan is low. One barrier is a lack of local processing facilities that serve independent poultry producers. A second barrier is a lack of aggregation, storage, and distribution infrastructure required to consistently bring locally produced poultry to market. The purpose of this planning project is to design a combined USDA-inspected poultry processing and aggregation, storage, and distribution facility in SE Michigan, with a goal of developing new market opportunities for local poultry producers and to increase the consumption of locally grown poultry. To accomplish this we propose to partner with ONEsource Facility Solutions to identify facility requirements and to design interior space and exterior layout. Once completed, a business plan will be developed, and a comprehensive report on the work of this proposal will be written and disseminated. Expected outcomes are advancement of this project to a stage at which non-grant activities such as purchase of the property and construction of the facility can begin.

2. Please provide the approved project’s objectives:

Objectives		Completed	
		Yes	No*
1	Facility Requirements Assessment	x	
2	Facility Plan	x	
3	Develop Business Plan	x	
4	Write and Disseminate results	x	

**If no is selected for any of the listed objectives, you must expand upon this in the challenges section.*

3. List your accomplishments for the project’s performance period and indicate how these accomplishments assisted in the fulfillment of your project’s objectives. Please include additional objectives approved by FMLFPP during the grant performance period, and highlight the impact that activities had on the project’s beneficiaries.

Accomplishments	Relevance to Objective, Outcome, and/or Indicator
2-Day project Kick-off Meeting with ONEsource Facility Solutions in Ann Arbor, MI.	Objective 1: Exchange of information and requirements for design of facility plans.
Meetings with various processors, business developers, stakeholders, regulators.	Objective 1: Meetings to help inform the facility design as well as required equipment.
Investigation of specific aspects of the work of the facility such as de-feathering and canning.	Objective 1: Investigations to inform facility design and required equipment.
Review and edit facility floor plan.	Objective 2: Extensive review, editing, and revision of facility floor plans was conducted over several iterations, to solve conflicts in the flow of people, product, and potential contamination as they became evident.
Delivery of Conceptual Process Narrative by ONEsource Facility Solutions, Inc.	Objective 1 Milestone
Delivery of Planning Report by ONEsource Facility Solutions, Inc.	Objective 2 Milestone
Completion of Powerpoint slide deck containing information recommended by Sequoia, for a Poultry Processing, Aggregation, Storage, and Distribution Business Plan.	Objective 3 Milestone

<p>Completion of final report and dissemination on the Niche Meat Processor Assistance Network (NMPAN) website and listserv, and on the Community Food Systems (COMFOOD) listserv, as well as presentation of results to local producers and distributors. Also analysis of survey results of producers and distributors and inclusion of these results to inform Outcome 5.</p>	<p>Objective 4 Milestone; Outcome 5.</p>
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4. Please list any challenges experienced during the project’s period of performance. Provide the corrective actions taken to address these issues.

Challenges (Issues)	Corrective Actions and/or Project Changes (s)
<p>Loss of critical infrastructure early in the grant period, when the property proposed for this planning grant unexpectedly became unavailable.</p>	<p>Worked with LFPP grants admin to develop a revised project narrative and revised budget.</p>
<p>For Outcome 1, Indicator 1 the Narrative set goals of 50, 40, 40 (for 1a, 1b, 1c, respectively). The numbers achieved are 8, 9, and 7, respectively.</p>	<p>These numbers do not reflect all consumers and farmers reached, such as those who did not complete a survey. Near the end of the project an additional event was held with consumers to improve the survey response to inform this outcome indicator.</p>

5. Quantify the overall progress on the outcomes and indicators of your project. Include further explanation if necessary.

Outcome 1: To Increase Consumption of and Access to Locally and Regionally Produced Agricultural Products.

Indicator	Description	Number
1.	Total number of consumers, farm and ranch operations, or wholesale buyers reached	20
1.a.	The number that gained knowledge on how to buy or sell local/regional food OR aggregate, store, produce, and/or distribute local/regional food	8
1.b.	The number that reported an intention to buy or sell local/regional food OR aggregate, store, produce, and/or distribute local/regional food	9
1.c.	The number that reported buying, selling, consuming more or supporting the consumption of local/regional food that they aggregate, store, produce, and/or distribute	7
2.	Total number of individuals (culinary professionals, institutional kitchens, entrepreneurs such as kitchen incubators/shared-use kitchens, etc.) reached	Does not apply
2.a.	The number that gained knowledge on how to access, produce, prepare, and/or preserve locally and regionally produced agricultural products	Does not apply
2.b.	The number that reported an intention to access, produce, prepare, and/or preserve locally and regionally produced agricultural products	Does not apply
2.c.	The number that reported supplementing their diets with locally and regionally produced agricultural products that they produced, prepared, preserved, and/or obtained	Does not apply

Outcome 2: Increase Customers and sales of local and regional agricultural products.
NOT APPLICABLE, THIS IS A PLANNING PROJECT

Indicator	Description	Number
1.	Sales increased as a result of marketing and/or promotion activities during the project performance period.	
	Original Sales Amount (in dollars)	
	Resulted Sales Amount (in dollars)	
	Percent Change $((n^{final} - n^{initial}) / n^{initial}) * 100 = \% \text{ change}$	
2.	Customer counts increased during the project performance period.	
	Original Customer Count	
	Resulted Customer Count	
	Percent Change $((n^{final} - n^{initial}) / n^{initial}) * 100 = \% \text{ change}$	

Outcome 3: Develop new market opportunities for farm and ranch operations serving local markets.

NOT APPLICABLE, THIS IS A PLANNING PROJECT EXCEPT FOR 3B, 3E

Indicator	Description	Number
1.	Number of new and/or existing delivery systems/access points of those reached that expanded and/or improved offerings of	
1.a.	Farmers markets	
1.b.	Roadside stands	
1.c.	Community supported agriculture programs	
1.d.	Agritourism activities	
1.e.	Other direct producer-to-consumer market opportunities	
1.f.	Local and regional Food Business Enterprises that process, aggregate, distribute, or store locally and regionally produced agricultural products	

Indicator	Description	Number
2.	Number of local and regional farmers and ranchers, processors, aggregators, and/or distributors that reported	
2.a.	An increase in revenue expressed in dollars	
2.b.	A gained knowledge about new market opportunities through technical assistance and education programs	
3.	Number of	
3.a.	New rural/urban careers created (Difference between "jobs" and "careers": jobs are net gain of paid employment; new businesses created or adopted can indicate new careers)	
3.b.	Jobs maintained/created	1
3.c.	New beginning farmers who went into local/regional food production	
3.d.	Socially disadvantaged famers who went into local/regional food production	
3.e.	Business plans developed	1

Outcome 4: Improve the food safety of locally and regionally produced agricultural products.

Only applicable to projects focused on food safety!

Indicator	Description	Number
1.	Number of individuals who learned about prevention, detection, control, and intervention food safety practices	Does not apply
2.	Number of those individuals who reported increasing their food safety skills and knowledge	Does not apply
3.	Number of growers or producers who obtained on-farm food safety certifications (such as Good Agricultural Practices or Good Handling Practices)	Does not apply

Outcome 5: Outcome 5: Develop plans that if implemented would create new market opportunities for poultry farm operations serving local markets by

- **Providing new USDA poultry processing option for independent producers**
- **Providing option to engage in a local poultry distribution infrastructure**
- **Providing option to produce high-demand products such as boneless skinless chicken breasts**
- **Providing option to produce value-added products such as sausage**
- **Providing option for full carcass use, including bones, skin, and feet**

This indicator must reflect the project narrative's required additional outcome indicator.

Indicator	Description	Number
1.	Potential number of farm and ranch operations served by such a facility if implemented	100/yr
2.	Potential number of locally grown poultry processed at facility, if implemented	50,000+/yr
3.	Potential number of meals containing locally produced poultry products provided by retail outlets such as a market or restaurant at processing/distribution facility, if implemented	100,000+/yr
4.	Potential number of meals containing locally produced poultry, provided by distribution outlets such as wholesale distributors or grocery stores if implemented	400,000+/yr

Note that these numbers reflect the capacity of the facility to accept ~ 1000 birds one day per week from as many as 20 different farmers. Numbers will be greater if more than 50,000 birds/year become available as the result of these efforts.

6. Discuss your community partnerships (include applicant staff and external partners).
 - i. Who were your community partners?

This project has benefited from conversations with a wide range of community partners, including those listed below. This list does not include contractors from ONEsource Facility Solutions, and does not include the names of the many vendors worked with to understand the features of various pieces of equipment. In addition, prior to the funding of this grant discussions were had with USDA Food Safety Inspection Service (FSIS) about this project.

- Michigan Small Business Association
- Michigan Department of Agriculture and Rural Development (MDARD)
- MDARD Food/Dairy Inspection Team
- Michigan State University (MSU) Food Lab
- Washtenaw County Local Foods Coordinator
- Niche Meat Processing Network (NMPAN)
- Damian's Craft Meats
- Eat Local Eat Natural
- Munsell's Poultry Processing
- Little Rock Cannery
- Achatz pies
- Zingerman's Deli
- Argus Farm Stop
- Small Farmers

- ii. How did they contribute to the overall results of the FMLFPP project?

The owners of Damian's Craft Meats are experts in large animal processing, and interactions with them contributed to the design of this part of the facility. Similarly, Little Rock Cannery operates a cannery of low acid foods such as meat products, using glass jars. A tour of this operation greatly informed the selection of cannery equipment for this facility. In addition, a consultant from Zingerman's Deli suggested the use of refrigerated trucks to help offset episodic needs for chiller or freezer space, instead of designing chillers and freezers to accommodate large but infrequent spikes in need for more chilled space. Finally, all of the state and county level experts assisted in ensuring that the project design is consistent with state and county requirements.

Many small farmers engaged in detailed discussions about how they would like to utilize the processing and retail parts of the proposed facility, and provided information about how many animals per year they expect to be able to supply, and during which months and at what cost. This information was used to help develop the financial spreadsheets for the business plan.

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

Many of the community partners listed above will continue to be involved as this project moves from the planning to the implementation stage. For example, work with FSIS, MDARD, and Washtenaw County will

increase during the building and operational phases, to ensure all federal, state, and local regulatory requirements are met. Similarly, interactions with small farmers and potential distributors and customers will increase as this effort becomes operational.

- iv. What feedback have the partners provided (specific comments) about the results of the project?

It is widely understood that establishing small-scale poultry processing facilities is a very difficult undertaking from a business perspective, and that most feasibility studies for this type of operation fail. So very often the initial response to this project was, “Have you done a feasibility study?”

On the other hand, it is also understood that lack of availability of local meat - especially poultry - is a significant unsolved problem, and that this problem cannot be solved without a processing infrastructure.

The specific idea proposed here, to solve the feasibility problem by developing a business model that relies on the kinds of multiple revenue streams that can be achieved by building in an urban area, were met with interest, skepticism, and enthusiasm.

Once the design of the facility was complete, area farmers were contacted to ascertain whether they would be interested in utilizing this facility not only for processing, but also for selling their poultry products. Most farmers expressed enthusiasm, and many offered to increase their production if needed to meet demand. One farmer requested that the facility offer an organic USDA processing option, so he could sell his organically grown poultry with an organic label.

7. How do you plan to publicize the results?

- i. To whom (i.e. people, entities) do you plan to publicize the project results?

- In 2017 interim results were presented at the Macomb Food Collaborative 2017 All About Food: From Farm to Fork Conference.
- In 2018 a meeting with small producers was held at The Grange.
- In 2018 the facility and business plans were made publicly available on the Niche Meat Processor Assistance Network (NMPAN) and Community Food Systems (COMFOOD) listservs.
<https://articles.extension.org/sites/default/files/Final%20MFPP%20Report.pdf>

- ii. When do you plan to publicize the results?

*If you have publicized the results, please 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).

The publicly available report, titled “*Architectural and Business Plans For A Multi-Species Meat Processing, Aggregation, Storage, And Distribution Facility In An Urban Area*”, has been emailed with this report.

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

This project has been discussed extensively with officials at the state, county, and local levels, as well as with community members interested in solving local food access problems. Feedback has included advice on how to continue to move this project forward through required regulatory channels, as well as information on potential financing options.

- i. If so, how did you collect the information?
- ii. What feedback was relayed (specific comments)?

9. 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: Yes
- ii. Did the project generate any income? Yes No
 - a. If yes, \$ _____ generated and how was it used to further the objectives of this project?
- iii. In the table below include the total amount of **federal funds spent** during the grant performance period (**Do not** include matching or in-kind contributions):

Categories	Amount Approved in Budget	Actual Federal Expenditures (Federal Funds ONLY)
Personnel:	2000.00	2200.00
Fringe:	580.00	580.00
Contractual:	65,000.00	65,000.00
Equipment:	0	0
Travel:	2285.00	2004.01
Supplies:	0	0
Other:	490	575
Indirect Costs:	3035.50	3031.49
TOTAL:	73,390.50	73,390.50

- iv. **ONLY for LFPP recipients:** Provide the amount of matching funds/in-kind contributions used during the grant performance period.

Categories	Match Approved in Budget	Actual Match Expenditures
Personnel:	25,800.00	25,800.00
Fringe:		
Contractual:		
Equipment:		
Travel:		
Supplies:		
Other:		
Indirect Costs:		
TOTAL:	25,800.00	25,800.00

10. 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).

Loss of critical infrastructure early in the project was a significant, unforeseen setback that took many months to resolve. Despite this, the work that was eventually completed– especially the professional facility plans by ONEsource Facility Solutions - has greatly advanced this complex project. In particular, the drawing up of facility plans required many decisions to be made about the maximum throughput for poultry, beef, and pork, and then required further consideration about whether all other design decisions were consistent with this level of throughput, such as chiller and freezer space.

Furthermore, the facility design decisions became very important for the building out of the financial spreadsheets that informed the business model, since the facility design itself defined not only many of the start-up costs but also maximum capacity of many of the product streams. This information was critical in setting upper limits in financial projections.

Perhaps the best explanation of how important the work of this 2016 LFPP Planning Grant has been is to compare it to the work of a previous, 2015 LFPP Planning Grant. In 2015 a very modest poultry processing business was proposed to process 50,000 birds per year in rural Washtenaw County under USDA inspection. However, although that project was intended to be modest in size and cost, no amount of working with the numbers could get the project to financial feasibility, since 50,000 birds per year at \$4/bird provides only \$200,000/year of revenue to cover all costs. It is a business model that simply isn't feasible, even though start-up costs are low.

In contrast, the facility plan designed under the 2016 award provides not only for the processing of 50,000 birds per year in an urban area, but also the parting out of large animal carcasses (beef and pork, at least), a cannery, and retail space including both a fresh meat counter and a commercial kitchen for the making of prepared foods. The start-up costs are over \$2 million, but it is possible to build out financial models in which the monthly costs can be covered by incoming revenue as early as the second year, using throughput numbers that are below the maximum capacity of the facility. These numbers assume a certain level of meat sales every week, and whether those sale numbers can be achieved remains unknown. But there is enough specificity in the professionally designed facility plans to make reasonable assumptions as to start-up costs and maximum throughput, such that serious discussions are now being had with investors about moving forward. This demonstrates that one way to solve the feasibility problem of small-scale poultry processing facilities may be to develop an overall plan that includes additional, non-poultry revenue streams to help cover the start-up and operational costs of running the facility.

Another unexpected lesson came late in the project, when talking to farmers about how they would interface with this facility. The majority of farmers suggested that they would most like a situation in which they would produce on a contract basis with the processing facility, such that the processor would define how many birds would be purchased on a given date, with all sales and all risks then assumed by the processing facility. Some farmers were enthusiastic about this possibility, and appeared willing to sell most or all of their birds in this way. Others have already developed their own distribution streams, and saw this as a way to easily increase their output without having to expand their marketing and sales efforts.

In addition, for most of this project the assumption has been that all of the operations described here would be conducted under the management of a single company. The advantages of this are that it is administratively easier to manage one company than two or more, and that the waste products of one part of the operation can easily be transferred to another, where they may have significant value; for example, meat scraps produced during the parting out of poultry could be directly transferred to the kitchen for use in soups or other prepared food products. However, this model also demands that a single business entity master all of the operations and regulatory requirements of a complex set of efforts, including land acquisition and development, poultry slaughter and processing, large animal processing, low-acid canning, fresh meat retail, and commercial kitchen operation and sales. Consideration is currently being given to an alternate model in which these efforts are divided into three or more separate business entities, all operating within the physical facility described in this report.

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

A very dedicated effort needs to be undertaken to encourage people to complete surveys so that outcome

measures can be documented and met. One way to accomplish this is to explain at the outset the importance of grant-funding to the project, and the requirement of these outcome measures for grant-funding.

- 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:
- iv. Discuss if and how the result of this project can be adapted to other regions, communities, and/or agricultural systems.

The lack of a robust USDA-inspected poultry processing infrastructure for small independent farmers is a problem not only in Michigan but across the country, and greatly impedes the ability of small farmers to grow and sell poultry to benefit their businesses, while also impeding the ability of consumers to access fresh local poultry to feed their families. This suggests that new models of poultry processing are badly needed that are financially feasible to help rebuild the small-scale poultry processing infrastructure.

The work described here assumes that the addition of non-poultry revenue streams to a basic poultry processing business model can help solve the feasibility problem. In the model proposed here the facility is designed to be built in an urban area, and relies on an attached retail space to bring in part of the revenue required for financial success. This model proposed here also includes revenue streams from the processing (but not slaughter) and sales of local beef and pork, as well as canned chicken stock and bone broth, and from prepared foods. In principle, this model should work in other populated areas. For processing efforts in more rural areas, a multi-species processing facility with a cannery may be part of the solution, but instead of an attached retail space, a small fleet of trucks may be required to deliver products to distant customers.

Importantly, all of the revenue streams used to support the overall poultry processing business do not have to be related to poultry processing itself. That is, every dollar made on selling a pork chop or a cup of coffee has the same value as the dollar made on selling a chicken, and is a legitimate way to support the larger poultry processing effort.

Finally, other regions, communities, and/or agricultural systems may wish to go forward with a plan that operates under state inspection instead of USDA inspection, as described here. USDA inspection, however, provides the most flexibility to farmers and consumers, as it allows for the sale of meat products in any food establishment and across state lines.

11. Future Work:

- i. How will you continue the work of this project beyond this grant? In other words, how will you implement 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.

One difficulty in planning a meat processing business in an urban area, is in identifying a parcel where such a business will be permitted under local regulations. This work is outside the scope of this LFPP grant, and was addressed separately from the work described in this report.

Township supervisors in Washtenaw County were contacted to determine where poultry processing facilities with attached retail space could be permitted under current zoning regulations. Eventually a township was identified that recognized the importance of a processing infrastructure to the availability of local meat, and especially the service that a business like this would provide to both farmers and consumers in the community. After consideration of several parcels in that township, one was selected and purchased, and a

small grant from the Michigan Good Food Fund was secured to help pay for the survey and site plan review for this facility.

- 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?

The next step in this project will be to conduct engineering on the facility plans so they can go out for bid and construction loans can be applied for. In parallel, we will be seeking input from county, state, and federal regulators to ensure that all requirements are understood and incorporated as necessary in the final design. In addition, we will seek investor support for the next stages of development of this project.