

**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 your assigned grant specialist 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>	September 30 2015 – April 28 2017
Authorized Representative Name:	Gini Bell
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Recipient Organization Name:	Farmer Foodshare
Project Title as Stated on Grant Agreement:	Local Food for Local People: Closing the Gap Between Bounty and Hunger in North Carolina through Farmer Foodshare's POP Market
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15LFPPNC0134
Year Grant was Awarded:	2015
Project City/State:	Durham, NC
Total Awarded Budget:	\$97,242

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: _____; Email: _____; Phone: _____

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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: Improve wholesale marketing preparedness and new opportunities for NC family farmers, women farmers, and farmers of color.**

a. Progress Made:

1. Activity A: Farmer Foodshare had a lot of success in hosting three well-attended farmer workshops to offer technical assistance to a diverse range of farmers. In January 2016 we held a farmer breakfast and panel to discuss GAP and Organic certifications with Durham County Soil and Water. The farmers on the panel were all associated with the Wholesale Market and the audience included over 30 farmers from Durham County. After the morning session, 7 growers participated in a full-day GAP workshop. In April 2016, more than 20 growers took the opportunity to dive deeper into post-harvest handling with our co-host the Center for Environmental Farming Systems. In January 2017 Family Farmed provided a full day Wholesale Success workshop at our facility. Our original expectation was 25 growers but there was so much interest we opened registration for over 40 participants.
2. Activity B: In 2016 initial production plans were established with 7 farmers representing 25% of the projected 2016 sales. These plans included specific crops and estimated prices and volumes, sometimes on a customer-by-customer basis. We have learned some key lessons from experience and from the workshops we co-hosted (see below) that will influence the 2017 production planning process.
3. Activity C: Farmer Foodshare researched and consulted with food safety experts to determine the feasibility of Group GAP for our food hub. We concluded that it would be best for Reinvestment Partners, our landlords, to be the lead certifying agent. We jointly applied for funding from the Food Safety Outreach Program grant but were denied funds for the project. Since then we have learned that a number of distributors and buyers will not yet accept Group GAP. Due to these factors, we do not envision Group GAP as a feasible pursuit for Farmer Foodshare.

b. Impact on Community: Technical assistance trainings are critical to the success of small and mid-scale farmers. Most importantly, the information provided allows farmers to determine which markets are best for their operations. For example, wholesale may not be a good fit for some growers while GAP certification might be a good opportunity for some growers to get ahead of federal legislation and enter the wholesale market. Production planning was one way that we were able to test whether a specific grower was a good fit for our market and vice versa. Despite the Group GAP project falling through, it was a good exercise for us to talk with farmers and discuss their needs. Growers expressed interest in pooling resources and working together to share the financial burden. If funding becomes available in the future we would have a foundation to work from.

ii. **Goal/Objective 2: Increase demand, access and consumption of NC-produced foods through hunger-relief organizations, institutions, and food-service businesses.**

a. Progress Made:

1. Activity A: In August 2015 FF determined the greatest need for the Wholesale Market was a Production Associate as opposed to a Sales and Marketing Coordinator. This position developed to include ordering logistics and operations coordination as well as customer service. It freed up the Manager's time to take on sales and marketing responsibilities. In August 2016 after staff turnover we hired an Operations Coordinator, which quickly morphed into a Co-Manager position. Throughout this project and the expansion of our program, we recognize the need for qualified staff and are opening three new positions with the market to alleviate some of the pressure on any single person. Staffing will include: Manager, Admin and Operations Coordinator*, Sales Associate*, Warehouse and Logistics Coordinator*, and Distribution Associate (*denotes new position).
2. Activity A/B: The business plan was developed with the help of Food Mint business consultants that included a marketing strategy for reaching the highest potential target customers. A business model canvas was drafted and will continue to be revisited as business opportunities evolve. During the business planning process many of our assumptions about customer needs and values were confirmed, specifically that price and quality surpassed the desire to source local or organic food. We concluded this was mostly due to the limited budgets of our current target segments. The business consultants recommended that FF focus on reaching out to existing new potential customer segments and strengthening existing ones with product diversification and development later ventures. Guided by market data and customer feedback, we have been working with catering companies to source from our small to mid-size specialty growers. We have been focusing our mid to large scale growers on supplying our institutional and hunger relief accounts. The business planning process was helpful in allowing us to be better "match-makers" for our customers and farmers. We used media marketing channels to share our message including fliers, farmer stories, and social media.
3. Activity C: Through the business planning process we have completed customer surveys and in person meetings with many existing customers in addition to prospective customers. Survey results and verbal feedback were analyzed to determine buyer demand and preferences. In 2016, four buyers agreed to purchase at least \$10,000 of fresh produce as part of the farmer production planning activities. Due to changes in funding for several of our hunger relief customers we were only able to retain 25 of 35 existing customers during the grant cycle. However, we identified over 300 potential customers in target segments (food pantries, child care, catering, schools, churches, mobile markets) and have brought on an additional 30 seasonal customers in addition to the 47 individual schools we are servicing in Durham County.

b. Impact on Community: 2016 was a growing and learning year for FF and the community we are serving. It has been dedicated to solidifying relationships with Durham Public Schools as an anchor customer and finding ways to replicate those relationships with other potential anchor customers. We have learned about the challenges cafeteria managers and catering companies face, the distribution

bottlenecks, the types of products they prefer to use, and the complexities of the school and institutional procurement process. This is all related to how we have structured our staff as well as our marketing and outreach activities and ultimately how we build demand for these local products. The community has benefited from our efforts in that we are now feeding more than 30,000 children in Durham, 65% of whom qualify for free or reduced school lunch. Surveys from a January 2017 meeting with DPS cafeteria managers revealed that both students and faculty prefer the fresh greens to frozen or canned. On a scale of 1-10 (1 not at all, 10 they ask for more), managers reported that their children were on average above a 7 in how much they enjoyed the produce. We are beginning to better understand and disrupt the norms regarding institutional procurement of local food. It has been a slow process but worth the efforts.

iii. **Goal/Objective 3: Build food hub capacity to strengthen local foods value chain with emphasis on resource development.**

a. Progress Made:

1. Activity A: From January – October 2016 the Wholesale Market Manager completed UVM's Food Hub Management Certificate Program. The focus of her action project was been to determine the market potential for reaching new business customers, specifically the catering segment, based on business plan recommendations. An Operations Coordinator was hired in August 2016 and trained in warehouse and logistics coordination, sales, and is also helping with business development including transportation and product development. This position has transitioned into a Co-Manager role and we are hiring for an Admin and Operations Coordinator, a Sales Associate, and a Warehouse and Logistics Coordinator to keep up with our growing Wholesale Market team needs.
2. Activity B: We rented a 26-ft refrigerated truck from Seal the Seasons May – December 2016 to support us in delivering food to the Durham County Public Schools, our largest account. We have signed a rental agreement with Ryder for a 16-ft box truck to increase capacity for working with future anchor customers.

b. Impact on Community: This grant offered us the opportunity to expand our staffing and distribution capacity. Now we ready to grow even more with new staffing and create new jobs as well as even more leverage in the food system. These positions will allow our team members to become specialized in specific operational and sales activities as well build our skills and knowledge base to create more effective solutions for our customers and our community.

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, 2015). Include further explanation if necessary.

- i. Number of direct jobs created: During the grant period Farmer Foodshare brought on 3 new jobs and employed 5 seasonal workers.
- ii. Number of jobs retained: In addition to retaining 6 jobs at Farmer Foodshare, we worked with 38 family farms, protecting farm employment.
- iii. Number of indirect jobs created: n/a
- iv. Number of markets expanded: 6 market segments expanded (farm to childcare, public schools, Food Share direct to consumer, food pantry, catering/food business), reaching 42 markets.

- v. Number of new markets established: 30 seasonal wholesale customers + 47 public schools (Boricua Soul Food Truck, Jewish Family Services, Durham County Register of Deeds Food Share, Bull City Fit Food Share, Blue Cross Blue Shield Foundation, EDCI Childcare, Durham County Public Schools, Piedmont Health Services, American Heart Association, IFFS, Nido Durham, East Durham Pie Company, Carolina Friends School Food Share, and many more)
 - vi. Market sales increased by \$187,000 and increased by 180%.
 - vii. Number of farmers/producers that have benefited from the project: 38
 - a. Percent Increase: 40%
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? Yes. Our partners with Wake County Farm to Child Care introduced us to childcare facility customers with subsidy rates of at least 60%. Additionally, approximately 65% of students enrolled in Durham County Public Schools receive free or reduced lunch. Our pilot "CSA-style" program to reached low-income and ethnically diverse communities including Bull City Fit, a whole family health and wellness program; Durham County Register of Deeds department; East Durham Children's Initiative Latino Educational Achievement Partnership. Additionally, Boricua Soul Food Truck is a minority-owned and operated food business that focuses on Puerto Rican and soul food creations. Finally, we are still working on securing a \$30K contract with the Durham Detention Center and have already become an approved vendor through ABL.
 4. Discuss your community partnerships.
 - i. Who are your community partners? Community partners include Reinvestment Partners, Carolina Farm Stewardship Association, Center for Environmental Farming Systems, Durham County Soil and Water Conservation District, Seal the Seasons, Wake County Farm to Childcare.
 - ii. How have they contributed to the overall results of the LFPP project? Reinvestment Partners developed the Bull City Cool Food Hub where Farmer Farmer's Wholesale Market is housed. They have assisted in providing space, resources, and time to furthering our mission. CFSA, CEFS, and Durham Soil and Water have assisted in coordinating and facilitating farmer trainings for GAP and food safety. Seal the Seasons has been a collaborator in developing transportation infrastructure. Wake County Farm to Childcare has facilitated introductions to several childcare centers as potential buyers. Additionally, Reinvestment Partners and Durham Soil and Water have been instrumental in making the connection to Durham Co Public Schools and the Detention Center.
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? These partners will continue to contribute to our mission and goals in their current capacity and we will continue to find new opportunities for engagement and collaboration.
 5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? We contracted with Reinvestment Partners to provide a feasibility study of the potential for Farmer Foodshare to house the Group GAP project. It was very insightful and allowed us to focus on improving our current work before diverting to new projects that have uncertain market opportunities.
 6. Have you publicized any results yet?* yes
 - iv. If yes, how did you publicize the results? We publicized our organizational and programmatic results in our 2015 annual report on our newsletters, website and mailings. The 2016 annual report is still under construction.

- v. To whom did you publicize the results? The annual report reached donors, volunteers, and the general public
- vi. How many stakeholders (i.e. people, entities) did you reach? We anticipate this report reached at least 3,000 people in our community

*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? yes
- i. If so, how did you collect the information? We collected farmer surveys during the first and second annual farmer gatherings; from existing and potential customers during the business planning process; and finally we collected pre- and post-survey for each of the CSA "Food Share" sites.
 - ii. What feedback was relayed (specific comments)?
 - Gathering feedback from the stakeholders we work with has been very helpful for our market to understand where we should direct our energies. Hearing from farmers has helped us develop the types of technical assistance programs for growers. They asked for support in food safety and wholesale marketing and we have responded appropriately with various workshops. We also heard from farmers that they are concerned with spending too much valuable time off farm driving and making deliveries to multiple customers so we expanded our transportation fleet so that they can stay on the farm and we can take care of delivering their product. At the second farmer gathering, we defined "wholesale producer" versus "surplus producer". In the surveys we collected, farmers expressed that this was very helpful for them to determine how they will be able to engage in the market. We also learned what the marketing breakdown is for each farmer (grocery, retail, distributor, farmers market, etc).
 - In consumer feedback, we confirmed that people want more access to fresh local produce. They are mostly willing to pay, though some may have a greater ability to pay the local premium than others. Feedback has been helpful in giving us insight into how and why people value local food. We will use this information to evaluate the Food Share sites and whether this is a worthwhile line of business for Farmer Foodshare to continue next spring and summer.

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? The project has generated \$105,000 of revenue, however it has not yet begun to cover the costs of operations, so all funds have been reinvested in the operations for the project.

9. Lessons Learned:

- i. Summarize any lessons learned. Draw from 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 biggest take away during this project has been that sales take time. Throughout the business plan development and implementation we made a team effort to normalize the sales process. We created materials and templates for reaching out and following up with potential customers. What we learned is that regardless of the type of customer, it takes at least 6-12 contacts before the first sale. This is an important thing to consider because it requires staff bandwidth to balance running the operations and growing the market with sales outreach and customer service. Additionally, we've learned that operations and sales need to go hand in hand. Increasing sales lends to increased operations efforts so it's important to only gain new sales if we have the staff capacity to handle the operations.
- The gap between bounty and hunger continues to grow despite enormous charitable efforts. In order to successfully address poverty, hunger, and farmer sustainability, we have to promote systems growth rather than disempowering stopgap charitable solutions. The market can be improved with value chains that bring together multiple stakeholders, particularly institutional anchors such as schools, detention centers, and food service companies. These stakeholders require a different kind of infrastructure than the average wholesale customer. Developing this infrastructure to support aggregation and distribution of local food requires a deep understanding of the needs on both sides of the value chain. Our partnerships with Seal the Seasons, Reinvestment Partners, and Working Landscapes gave us the flexibility to learn what works and what doesn't, particularly in regards to transportation, storage, and light food processing. We learned a 22-foot truck is too big for our operation at this time and that a cargo van was not large enough, but a 16-foot reefer was the right size to deliver produce to 47 schools over a two-day period. We learned that farmers are willing to deliver product to our warehouse because it has over 300 square foot of cold storage capacity to keep their products at the proper temperature. Finally, we learned that institutional customers require a variety of products that are minimally processed (such as chopped greens) because they themselves have limited access to infrastructure that supports the use of fresh, raw, and whole produce items.
- Through this grant cycle, we have learned the distinction between "surplus" and "wholesale" farming. This lesson goes hand in hand with learning more about our customer segments' needs through the business planning process. The distinction has allowed us to determine the types of farmers that are the right fit for our various markets, which include institutional (schools, detention centers, and food service companies) and non-institutional (hunger relief, non-profit, child care, catering) customers. The characteristics of a surplus grower are: occasionally listing bumper crops; irregular availability and inconsistent packaging; fluctuation in volume and price. Characteristics of a wholesale grower are: specializing in a few high volume crops; consistent availability and standard packaging; pre-determined price points. When we presented this information to farmers at our second annual farmer gathering, we allowed them to decide how they wanted to work with our market moving forward. This was valuable information that allowed us to prioritize wholesale farmers and improve efficiencies in sourcing for our various wholesale customers. Maintaining relationships with surplus growers gives us the flexibility to source from them as demand grows or if a particular customer is looking for a very specialty product.
 - ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:
 - a. The goal that was most difficult to achieve was the production plan. Through meetings and surveys, we got a good sense of what drives most companies and organizations to purchase fresh food. Ultimately it comes down to price. We used the Local Food Marketplace Production Planning module. It is a useful tool only if you have the right information from your customers and farmers to plug into it, and that was our biggest challenge. Because the majority of our

customers are insecure in their funding sources to purchase fresh food, it was difficult to secure demand contracts or even projections for the items they want to purchase the following season. The first year of production planning with our growers we experienced some success in laying out a handful of items that they could grow in volume based on an estimated price point. Sometimes the plan was right on target and other times it was completely changed due to unexpected challenges (weather, crop loss). The second year of production planning was a more loose structure where we had the opportunity to pre-plan large orders with customers and farmers. For example, we had a summer program that wanted to serve 1000 kids 6 servings of fruits and vegetables for 10 weeks. This gave us the chance to source the right items at the right price from the right kinds of farmers. Another example of pre-planned orders is with Durham Public Schools. It comes down to a week-by-week planning process. The lesson here is that pre-planning for the entire year or season can be challenging if there is not sufficient information to create those plans. A way to address this issue is making sure to understand what crops your farmers are good at growing and are capable of growing in volume. Also, making sure the farmers understand the barriers for the customer and making a commitment without exact numbers or dollar signs.

- 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:

10. Future Work:

- iii. 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.

Schools present a tremendous market opportunity. Government-mandated nutrition standards require that students receive at least 2 servings a week of dark leafy greens and orange vegetables. Farmer Foodshare (FF) has aggregated and distributed an average of 17,500 pounds of local produce valued at \$20,000 per month to public schools over the past 10 months, capturing a small fraction of the market potential. Yet many cafeterias lack the equipment and staff required to prepare such foods when delivered whole. It is not unusual for a school to employ just one cafeteria worker for every 100 students, leaving no time for washing or chopping. The kitchens themselves are minimally equipped; the staff typically has only the tools to steam or bake the foods they serve. They have turned to lightly processed, chopped vegetables as the answer, but the large-scale distributors they rely on use vegetables that are grown outside of North Carolina or processed at an out-of-state hub. The local foods value chain is incomplete because there are no regional facilities available to process locally grown food to serve in school cafeterias at the scale that is needed.

Farmer Foodshare's future work includes expanding market opportunities for farmers to participate in a produce processing operation that we hope to launch within the year. We have learned how to navigate school procurement process

and become a vendor on behalf of local farmers. In 2016-17 FF piloted a farm-to-school initiative to supply locally-grown produce into the Durham Public Schools. In addition to providing whole produce, we worked with a small regional processor, Working Landscapes, to offer chopped greens to the schools. Cafeteria managers at over 40 schools confirmed that lightly processed, washed and chopped produce is highly desirable -- it mitigates the competing pressures to cook nutritious food at scale with limited resources. While small-scale processing operations have provided proof of demand for local chopped greens, a wider variety of lightly processed produce is needed to fully meet the demand and maximize NC farmers' access to school markets.

We anticipate creating approximately 18 jobs and generate \$1,000,000 in sales over the course of three years.

- iv. 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?

As mentioned above, we hope to continue this project by creating more market opportunities for farmers and institutional consumers to work together. There are always new barriers that we are discovering with bringing local foods to mainstream markets and underserved communities. By addressing these issues from a systems perspective we can leverage the existing value chain infrastructure and improve the outcomes for all.