

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

Report Date Range: <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	September 30, 2014 – March 31, 2016 (project funds)/June 30, 2016 (this report)
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Recipient Organization Name:	Ecotrust
Project Title as Stated on Grant Agreement:	Building Oregon's Chicken Supply Chain for Institutions
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-OR-0144
Year Grant was Awarded:	2014
Project City/State:	Portland, OR
Total Awarded Budget:	\$25,000

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: _____

- 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.**

The long-term goal for this project was to build Oregon's chicken supply chain for schools and hospitals, as well as other institutions in our region, by supporting, developing, and expanding the market for regional poultry food enterprises. Ecotrust envisions a strong network of regional poultry cooperatives and/or aggregators, processors, and value-added poultry enterprises, as well as a healthy regional distribution system for these products.

i. Goal/Objective 1: Conduct an analysis of Oregon's existing chicken supply chain

- a. *Progress Made:* Complete. As a part of a complementary project that explored gaps in Oregon's food system infrastructure (and provided matching funds for this project), we began by producing an in-depth summary of secondary research related to the chicken supply chain in Oregon (see Attachment A: *Oregon Food Infrastructure Gap Analysis: Chicken* – chapter 6 from a broader report, the full version of which may be accessed [here](#)). That summary addressed chicken production, processing, and support infrastructure (feed, hatcheries, etc.). A partial version (unfinished) was submitted with our April 2015 progress report. Interviews were also conducted with poultry growers, processors, and distributors in spring and summer of 2015 as part of this project. In addition, an economic analysis of the

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costs of production of pastured chicken in the Pacific NW was also produced for another complementary project in fall 2015 (see Attachment B: *Differentiated Cost of Production in the Northwest: An Analysis of Six Food Categories, Chicken* – also part of a broader body of work which is not yet publicly available, but will be soon). The findings from the secondary research, the primary interviews, and the cost of production analysis have been synthesized into a single paper submitted as an attachment (see Attachment C: *Building a Values Based Supply Chain for Chicken in Oregon's Institutions*).

- b. *Impact on Community:* Recently completed, the final paper on Oregon's chicken supply chain will be made publicly available via a page on the Ecotrust website to help inform decisions made by practitioners, including institutional buyers, mid-sized poultry aggregators, processors, wholesalers, and value-added poultry enterprises in our region, as well as small-scale or new producers wishing to scale up. The final paper is already being used by one of our poultry producer partners (Lazy B Ranch) as an attachment to a Value-Added Producer Grant that they are submitting this June. Results will also be useful to inform decisions made by local investors and policymakers. For example, the paper can be shared with partners at Cascadia Foodshed Financing Project who commissioned the complementary analysis on the costs of production of pastured poultry.

ii. Goal/Objective 2: Partner with local institutions to assess demand and sourcing criteria for regionally produced chicken raised without antibiotics (RWA)

- a. *Progress Made:* Complete. Two large urban school districts (Portland Public Schools and the Beaverton School District) and one large academic health center (Oregon Health & Science University) in Oregon asked Ecotrust to help them source more regionally produced chicken raised without antibiotics. Their request was the impetus for this project, and a detailed summary of their chicken procurement, as well as notes on desires for future purchasing is included within the final paper accompanying this report. Over the course of the project, several other institutional foodservice buyers (an assisted living facility, a corporate campus, and a juvenile detention facility) also agreed to provide poultry demand data, which is also included in the final paper.
- b. *Impact on Community:* The combined demand from the six institutions above equals more than 850,000 pounds of poultry each year at a cost of more than \$1.6M, representing significant demand. See the final paper for further context and analysis. We expect these results to inform our next steps as an organization – particularly in our work leading the 60+ members of the NW Food Buyers Alliance, a peer-to-peer network of institutional foodservice buyers committed to sourcing local and sustainable foods – as well as efforts by key practitioners, and future investments by partners.

iii. Goal/Objective 3: Work with partners to develop a plan to address gaps in the supply chain that will increase consumption of and access to locally produced raised without antibiotic (RWA) chicken and increase market opportunities for regional chicken aggregators, processors, wholesalers, and value-added enterprises serving local markets

- c. *Progress Made:* Complete. Going forward, Ecotrust will pursue several key strategies for addressing gaps in the supply chain with our partners. These include (a) helping small poultry operations that wish to scale to midsize by providing support with business and market development to grow their business and increase institutional sales, (b) helping to coordinate commitments from buyers and purchasing by multiple institutions, particularly of whole birds, and (c) investing and encouraging investment in key links in the supply chain uncovered via our research. Through a future project, we may also more deeply explore with partners what it would take to catalyze a networked approach with regional

nodes of pastured poultry production. More details on these strategies can be found in our final paper.

- d. *Impact on Community:* We expect that findings from this project and subsequent follow-on projects by Ecotrust and by our partners will increase access to and consumption of locally produced chicken RWA for a variety of populations targeted by our partner institutions (school-aged students, medical patients and hospital staff, the elderly, juvenile offenders, etc.). We expect that it will increase market opportunities for regional chicken aggregators, processors, wholesalers, and value-added enterprises serving local markets. And finally, we expect it to benefit Ecotrust by improving our ability to support small and midsize poultry producers as well as our ability to broker successful connections between producers and institutional buyers.

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.

As noted in previous progress reports, because this is a planning grant, many of the quantifiable impacts assessed below are not applicable and others are not yet measurable. However, we have helped to forge connections between food producers and institutional buyers, thereby benefiting farmers and producers. For example, we connected Portland Public Schools to local producer Pacific Foods, and helped pastured poultry producer Lazy B Ranch connect with Willamette View assisted living, which bought 10 cases of drumsticks and plans to continue purchasing from them. Ecotrust is also making links between producers and supporting infrastructure. For example, we connected Lazy B Ranch based in rural southern Oregon to B-Line Sustainable Urban Delivery, an urban delivery service based in Portland, and linked pastured poultry operation Botany Bay Farm with local meat distributor Corfini Gourmet. We also helped to facilitate the purchase of several thousand spent laying hens when one of the partners we interviewed for this project (Farmland LP) decided to shut down their layer operation and asked us for assistance (some of the birds went to Lazy B, others to Pacific Foods and Scio Poultry Processing). Lazy B Ranch is also working with Ecotrust to submit a Value-Added Producer Grant to expand their business. Anticipated impacts on sales and job creation via that project are included in this report under question #10 on Future Work.

- 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:* At least six new markets have been explored as a result of this project (see above).
- v. *Number of new markets established:* Not applicable.
- vi. *Market sales increased by X sales and percentage:* Unconfirmed at this point.
- vii. *Number of farmers/producers that have benefited from the project:* As noted above, at least six producers/suppliers (Pacific Foods, Lazy B Ranch, Farmland LP, Scio Poultry Processing, Botany Bay Farm, Corfini Gourmet) have benefitted or may benefit from this project through market expansion.
 - a. *Percent Increase:* Not applicable.

While we did not see highly quantifiable outcomes in terms of market impact from this project in the immediate term, we do expect that the new relationships and connections referenced above, the findings from the final paper attached to this report, and our own continued work with chicken producers, processors, and distributors as a result of this project (such as our work with Lazy B Ranch on a Value-Added Producer Grant) will be a future driver for statewide job creation and market expansion.

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?

In addition to the original three partners on this grant (two school districts and a hospital), three other institutions submitted full demand data for the project and another two submitted partial demand data (a total of eight submitted full or partial demand data, see details in final paper). These additional institutions include another hospital, an elder living facility, a university, a corporate campus, and a county justice department. Including these institutions broadens the types of populations (including those serving vulnerable populations such as juvenile offenders and the elderly) for which the results from this project may be pertinent.

Ecotrust also expanded its own customer base of mid-sized – or, “ag of the middle” – suppliers via this project through interviews and/or visits to eight local producers, processors, and distributors. This has already resulted in one opportunity to seek funds to support a poultry producer with market development and we expect it will lead to other such opportunities in the future based on the relationships that have been established via this project.

4. Discuss your community partnerships.

i. Who are your community partners?

This project includes eight institutional partners who have provided demand data, as noted above. These partners include two school districts, two hospitals, an elder living facility, a university, a corporate campus, and a county department of justice. Results of the supply chain analysis were reviewed by a diverse and extremely knowledgeable committee of community and industry partners (e.g., Center for Small Farms and Community Food Systems at Oregon State University, Oregon Department of Agriculture, Oregon Food Bank, Health Care Without Harm, Oregon Tilth). In addition, conducting the chicken supply chain analysis has allowed us to build relationships with local chicken suppliers and processors such as Berggren Demonstration Farm, Lazy B Ranch, Botany Bay Farm, Rainshadow El Rancho/Scio Poultry Processing, and distributor Corfini Gourmet. We have also connected with other partners interested in this work such as Farm Forward and Farmland LP.

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

- a. All eight institutional partners provided purchasing volumes and sourcing criteria for regionally produced RWA chicken.
- b. Our chicken producer, processor, and distributor partners have provided primary data, interviews, and feedback on our analyses (e.g., fact-checking results). Several have graciously allowed us to visit and tour their facilities.
- c. The committee of community and industry partners provided expert insight into secondary research, data specific to their stakeholder populations, and reviewed and provided feedback on our chicken supply chain analysis.

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

We plan to share the final chicken paper with all of the aforementioned partners (institutional buyers, chicken producers and processors, and community and industry partners) and solicit any further feedback they wish to share. Some of these partners may also choose to pursue some of the identified strategies either on their own or in partnership with Ecotrust.

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

We used one independent contractor, Matthew Buck, to help provide secondary research for the initial chicken supply chain analysis. That analysis was produced as part of a complementary project that explored gaps in Oregon's food system infrastructure and provided matching funds for this project. Mr. Buck's work provided a solid foundation of research for this LFPP project. His work was not paid for via this grant, but was leveraged via matching funds from the Meyer Memorial Trust.

6. Have you publicized any results yet?*

We have not yet officially publicized results from this specific project. However, the project has already received significant coverage by local media. Prior to receiving the grant, we earned some news media coverage from OregonLive. We also posted a blog when we received the grant to let our stakeholders know about the upcoming project. We discussed the project briefly as part of a 2015 Food Forum at Ecotrust, which was covered by our own internal Ecotrust blog as well as by local TV station KGW. In addition, last August, we received media coverage directly linked to this project in an article in *Portland Monthly*, which quoted Ecotrust's Vice President of Food & Farms and made note of our LFPP grant from USDA. All of the articles below (excluding the KGW video segment) are included with this report as Attachment D.

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

- a. The OregonLive article can be found [here](#).
- b. Our Ecotrust blog "Helping Schools Source Local Chicken" (to announce receiving the grant) can be found [here](#).
- c. Information on our Food Forum, *Chicken and Egg*, was posted [here](#), and emails were also sent out to attendees both prior to and after the event with a link to the Ecotrust blog above.
- d. Our Ecotrust blog reporting on the *Chicken and Egg* Food Forum, "Pecking at the Barriers for "Chicken of the Middle" Producers" is [here](#).
- e. The segment on the Food Forum by KGW can be found [here](#).
- f. The *Portland Monthly* article can be viewed [here](#).

ii. To whom did you publicize the results?

Ecotrust stakeholders, regional food system thought leaders, the community, and industry partners.

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

Early media coverage has reached more than 600 Ecotrust stakeholders, regional food system thought leaders, and community and industry partners:

- a. The Ecotrust blog "Helping Schools Source Local Chicken" (December 3, 2014) has had 233 page views (204 unique page views).
- b. *Chicken and Egg* Food Forum (April 8, 2014) was attended by more than 120 thought leaders.
- c. Our Ecotrust blog "Pecking at the Barriers for "Chicken of the Middle" Producers" (April 15, 2015) has had 294 page views (258 unique page views).

In addition, *Portland Monthly* has a Circulation Verification Council-audited readership of 332,771 readers per issue.

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?

As referenced earlier, an advisory committee of 14 key community and industry partners provided specific feedback on our chicken supply chain analysis and comments and questions were solicited from audience members during the spring Food Forum at Ecotrust. This past spring and summer, we also reached out to chicken producers and processors to conduct interviews, collect primary data, and get their input and feedback on the supply chain summary, as well as some initial thoughts on potential solutions.

ii. What feedback was relayed (specific comments)?

We received numerous pieces of feedback and suggestions for case studies from our advisory committee in reaction to the initial supply chain analysis. We also received specific feedback on some of these issues from our chicken producer partners, and questions and comments posed at the Food Forum touched on the ethical treatment of animals and overuse of antibiotics in chicken production. We have also collected feedback on some of our ideas for potential solutions that we might explore. We have received positive feedback from producers in particular about exploring development of a unique NW feed (possibly composed of rotational grains and waste products including whey from dairies and spent grains from breweries) to help reduce the costs of chicken feed, as well as the development of collaborative processing and/or distribution nodes. For example, B&K Farm shared an idea for a possible solution wherein all the labor comes from other producers raising their own birds. Since these producers would have a higher stake in the game than an average hourly worker, this collective processing model could help solve the problem of adequate labor. We also received feedback that support is needed to coordinate not only supply, but demand from institutions, particularly to secure commitments from buyers. For example, Mineral Springs Poultry explained, "Having buyers commit via a down payment or a legal signed contract is a huge assurance that can help the grower feel confident investing his resources. For example, a grower may be willing to up front the processing costs if they know they will get paid for 7-9 weeks of work at once." Through this grant, Ecotrust is able to elevate these issues and begin helping our partners work toward solutions.

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? Not applicable.**

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).**

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

We began this project with the ambitious goal of serving regionally sourced chicken raised without antibiotics on a regular basis (at least once/week) in school districts and hospitals in Oregon by 2017. The past two years of research have revealed a clear demand from institutions for more pasture-raised chicken sourced within the region, but also numerous constraints preventing smaller producers from scaling to meet that demand, including fierce competition from corporate competitors. As such, the primary lessons learned are that there is no silver bullet and that meeting demand for differentiated, local chicken in our region will necessitate nothing short of a wholesale transformation of our chicken supply chain from one where profit is the single most important underlying motive to one where social and environmental values hold equal sway.

A comprehensive strategy will likely involve multiple solutions on a number of fronts, including investments in key links in the supply chain, support from stakeholders to coordinate institutional demand and secure commitments from buyers, and focusing on a networked approach via regional nodes. These key takeaways are as follows:

- Investments in key links in the supply chain:
 - Further research on price competitive local feeds and help defining an appropriate basis by which producers may profitably differentiate themselves
 - Investments in local breeding operations, shared infrastructure for multiple producers, and scaling existing small poultry operations to at least 15,000 birds
 - Although some leading hospital partners have been successful in procuring significant amounts of local pastured poultry, until investments have driven down costs, institutions with lowest cost budgets (e.g., K-12 schools, corrections facilities) will likely find it challenging, if not impossible, to source and serve local pastured poultry
- Support to coordinate institutional demand with local supply
 - Support by value chain facilitators to coordinate purchasing by multiple institutions, particularly of whole birds
 - Forward contracting and other commitments from buyers to guarantee pricing and volume from suppliers
- A networked approach via regional nodes
 - A distributed network of regional production and processing nodes presents an interesting alternate or complementary solution to corporate/commodity models
 - Numerous existing small chicken farms will have to show an interest in and capability of growing significantly, or we'll need to see the development of cooperative marketing ventures across the region.

For more detail on the strategies and findings outlined above, see our final chicken paper, submitted with this report.

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:

Some of the lessons we learned in the administration of this project that we'd like to share with others who may wish to implement a similar project include:

- The job of benevolent broker/value-chain facilitator remains a valuable support role in making connections between local institutions and local suppliers, and can help to foster collaboration on both ends. Facilitating the purchase of whole birds may be the most cost efficient.
- With fierce competition from commodity producers and processors, institutions with lowest cost budgets such as K-12 school districts and corrections facilities (other than youth-oriented facilities, which sometimes have more flexibility) may be tough starting points in attempts to scale institutional purchases of local differentiated chicken. Hospitals and health care facilities (many of whom are already working to rid their supply chains of antibiotics), colleges and university foodservice, and operations on corporate campuses may prove easier initial partners given higher budgets and greater flexibility in operations.
- Producers need many types of support to scale successfully and sell to institutional markets. Think about what role your organization can play given its specific niche/expertise (in Ecotrust's case, we have decided to focus on support for business and market development to help producers grow).
- Finally, local differentiated chicken to institutions is a tough nut to crack! It may be more successful if pursued as part of a broader strategy (e.g., could include coordinating supply of other proteins to institutions as well).

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.**

We plan to continue the work of this project by sharing the final chicken paper with all project partners who contributed to this work (institutional buyers, chicken producers and processors, and community and industry partners) and soliciting any further feedback they wish to share. We also plan to make the final paper available via a page on the Ecotrust website to help inform decisions made by practitioners, including institutional buyers, mid-sized poultry aggregators, processors, wholesalers, and value-added poultry enterprises in our region, as well as small-scale or new producers wishing to scale up. In addition, we are already working to pursue some of the identified strategies with partners, including working with Lazy B Ranch on a Value-Added Producer Grant to help them scale their business, and partnering with both Lazy B Ranch and Corfini Gourmet to submit a new LFPP planning grant to explore a different project focused on establishing institutional markets for local proteins (note that this is a broader project that also includes other partners and other proteins, including beef, pork, and seafood). We also expect these results to inform our next steps as an organization – particularly in our work leading the 60+ members of the NW Food Buyers Alliance, a peer-to-peer network of institutional foodservice buyers committed to sourcing local and sustainable foods.

We anticipate that the paper that accompanies this report, which synthesizes two years of research from three related projects, will have positive community impacts such as informing decisions made by local investors and policymakers, as well as efforts by key stakeholders. We expect that follow-on projects by Ecotrust and by our partners will increase access to and consumption of locally produced chicken RWA for a variety of populations (school-aged students, medical patients and hospital staff, the elderly, juvenile offenders, etc.) and that it will increase market opportunities for regional chicken aggregators, processors, wholesalers, and value-added enterprises serving local markets. A specific example of a current follow-on project for which we anticipate increased sales and jobs includes Lazy B Ranch's Value-Added Producer Grant. The goal of that project is to create a business, marketing, and implementation plan that enables Lazy B Ranch to:

- Increase sales of local, pastured poultry by 45% per year for the first two years of the project.
- Expand Lazy B's customer base/product sold from 20 to 40 buyers over the course of a two-year implementation.
- Increase gross revenue from \$350,000 to \$507,500 in year one of implementation, and \$735,875 in year two of the implementation. Total incremental gross revenue would thus be \$385,875 over the life of a two-year implementation.

If successful, we estimate that such an increase in sales would result in the addition of 3+ full-time equivalent (FTE) staff from current levels, and retain the current 2.0 FTE overseeing their business.

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?

Recommended further activities include additional research. A focus on price competitive local feed is recommended since it constitutes 50-60% of the cost of raising chickens. The question of whether a feed produced in the Northwest would prove price competitive with existing commercial feeds requires further research. However, if a locally grown and milled feed could be developed in partnership with farmers and other producers, using quality by-products like rotational grains or spent grains from breweries, and managed to an appropriate nutrient profile and end cost, this alone could help to bring down production costs significantly. In addition, producers could benefit from help defining an appropriate basis for differentiation. With large-scale brands now marketing organic, free-range, and antibiotic-free chicken, smaller scale entrants to the market will increasingly have to differentiate based on other factors including product quality, authenticity (small farm/local story), and other production methods (pasture rearing, non-GMO feeds, higher levels of animal welfare, etc.). Pastured poultry producers often market their products on the basis of local values and connection to place. It remains to be proven what combination of attributes will have sufficient market appeal to justify a premium price.

Our research also indicated that investments in scaling or expanding local breeding operations could help to supply affordable chicks to a network of local growers, that investments in shared infrastructure for multiple farms, such as shared feed milling or poultry processing infrastructure would reduce costs and increase viability for multiple producers. Other recommended investments include: scaling existing small-scale poultry operations to support growth to at least 15,000 net birds per year harvested, with a focus on increasing margins, and investing in "intellectual infrastructure" such as software for inventory tracking, shared sales and marketing, brokerages, or collaborative buying approaches to increase local poultry's marketing power.

Finally, we recommend further exploration of two particular concepts: on the supply side, a distributed network of regional production and processing nodes, and on the demand side, coordinated purchasing by institutions, particularly of whole birds.

Ecotrust looks forward to building on the work funded by this grant, and we are deeply grateful for the USDA's support for our efforts to increase institutional purchasing of Oregon-raised chicken.