

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>	09/30/2015 – 09/30/2017
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Recipient Organization Name:	City of Elgin
Project Title as Stated on Grant Agreement:	Elgin Local Food Business Center Pilot
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15-LFPP-TX-0082
Year Grant was Awarded:	2015
Project City/State:	Elgin, Texas
Total Awarded Budget:	\$95,130.00

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: Sue Beckwith Email: SueB@TexasLocalFood.org Phone: (512) 496-1244**

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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: Provide technical assistance for processing of Texas farmers’ fruits and vegetables to increase regional local food supply.

a. Progress Made: We have completed all thirteen (13) technical assistance events as proposed in our project proposal for farmers to support development of value-added processing opportunities. During these events we prototyped products in a commercial kitchen located near downtown Elgin. Prototyped products used locally grown ingredients from several area farms.

b. Impact on Community: Farmers and project staff learned that it’s critical to prototype products to understand the logistics of securing ingredients, staffing, and the facility for processing value-added products. They learned that commitments from farms to provide ingredients couldn’t always be honored. Overall, farmers were positive about the processing events even though they had to overcome logistics such as timing of harvest with the processing crew and meeting lead-time requirements for recipe development, ordering packaging and printing labels. Farmers experienced the practical impact of food safety regulations when, for example, some farmers wanted to make a hot packed (canned) okra but there was not time to get a processing authority letter, so they compromised to prototype a cold pack pickled okra instead (cold pack okra could be made without a processing authority letter).

Using economic models developed by Dr. Rodney Holcomb, we assessed the potential margin on each product based on time and materials tracked during processing events. Of the prototyped products, we found two that had adequate margin for financial return to the farmer.

Prototyped Product	Gross Margin
Cucumber Relish	13.8%
Sauerkraut	42.7%
Green Garlic Pesto	- 4.1%
Zucchini Relish	31.6%
Pickled Okra	27.9%
Spicy Cucumber Relish	12.3%
Sweet Potato Puree I	- 62.1%
Sweet Potato Puree II	- 23.5%
Peach Jalapeno Jam	53.6%
Green Garlic Chimmichuri	-115.4%

ii. Goal/Objective 2: Provide technical assistance to local food entrepreneurs and wholesale and institutional buyers to improve supply chain capacity.

a. Progress Made: We held a community input session for the Elgin Local Food (ELF) Business Center attended by 39 local residents on March 30, 2017. The session was

interpreted for Spanish speakers and included presentations by local food entrepreneurs and a local high school student interested in starting a tutoring café serving locally sourced food. We confirmed and refined the needs in our ELF plan, agreed on a logo for the ELF, and presented the “Made in Elgin” emblem developed through this project. We confirmed that a kitchen incubator in downtown Elgin will create local jobs and increase sales of local farmers’ crops. We refined our plan to include more technical assistance in the ELF than originally planned.

We met with wholesale buyers to better understand issues facing institutional buyers regarding purchase of locally grown and processed products. We joined the City of Austin collaborative which is implementing the Good Food Purchasing Program (GFPP) that is so successful in Los Angeles. Partners include the University of Texas, Austin Independent School District, and the Austin Convention Center.

We provided technical assistance to rural economic development officials and civic leaders in central Texas to promote regional collaboration to develop infrastructure for expanded supply chain capacity. We created a video to demonstrate that family farms are local businesses and worthy of attention by regional economic development officials and their cohort. This video can be found at vimeo.com/texaslocalfood. This technical assistance was very well received and resulted in creation of a new non-profit organization, the Texas Center for Local Food, to focus specifically on stimulating rural economic development based on local food and agricultural enterprise.

b. Impact on Community: Farmers, food entrepreneurs, and buyers are more aware of the opportunities for making and selling value-added products. As a result of this project, farmers have been able to decide whether value-added processing is worth pursuing for their farm business. For example, one farm tested a value-added product (zucchini relish) and found that they could not produce and store the volume required for wholesale markets. Food entrepreneurs are interested in using locally grown ingredients in their products but there are significant barriers to overcome including higher price than non-local, inconsistent supply from local producers, and buyers’ perception that product quality is inconsistent.

Farmers are concerned about the loss of their brand identity when selling ingredients to a value-added food entrepreneur, compared to selling a value-added or fresh product the farm sells under its own brand. With consultants Dr. Rodney Holcomb and Molly Alexander, we explored options for retaining the farmers’ brand when their products are used in a product owned by a food entrepreneur. Ideas for future implementation include creation of a “Farmer Inside” brand or label which entrepreneurs could add to their product as evidence that they use locally grown ingredients.

ATX Jerky opened a beef jerky production facility and artisan food storefront in downtown Elgin. ATX Jerky has increased their purchases of value-added products that use Texas-grown ingredients. Project staff provided them the “Made in Elgin” emblem developed through this project; ATX Jerky is using the “Made in Elgin” emblem on their product packaging and promotional materials.

As a result of the ELF community input session, we have developed a business relationship with Mr. Miguel Estrada to include his tutoring café as part of the ELF next phase. The community members attending the input session were eager to build ELF and begin using it. Of the 39 attendees, nearly half already have food businesses.

The Good Food Purchasing Project (GFPP), led by the City of Austin, has the potential to open new wholesale markets for both fresh and processed locally grown foods. Our involvement brings the farmer voice to the table and will lead to continued discussions directly with institutional buyers.

- iii. Goal/Objective 3: Train and assist Texas farmers to better manage intermediated markets to improve supply chain quality.
 - a. Progress Made: We prototyped products during 13 processing days, working with multiple farmers on product development. We held 2 training events on value-added processing food safety and regulations. On May 19, 2016 we held a training event on the Texas Cottage Food Law for Texas farmers and food entrepreneurs to improve food safety and increase the supply of value-added products that use locally grown ingredients. In partnership with the National Center for Appropriate Technology, we held a 4-hour food safety training session March 22, 2016 on the new Food Safety Modernization Act (FSMA) for 33 full-time farmers. An important component of this FSMA training event was information to help farmers decide the extent to which value-added processing is a feasible line of business. Regulatory requirements change significantly for farms when value-added processing sales are more than 50% of their revenue and revenue from value-added products may be considered non-farm income for tax purposes.
 - b. Impact on Community: Farmers better understand logistics issues and supply chain issues in our region, particularly the importance of scheduling and following through on commitments to support an efficient and cost-effective value-added processing enterprise. Farmers found the food safety training very useful and reported they are now more inclined to consider processing, possibly under a shared brand. Farmers reported a significant increase in their understanding of how the FSMA rules apply to their farms. Farmers do perceive wholesale markets largely closed to them due to low sales prices. More training and technical assistance is needed, and farmers and buyers need to understand if there is a realistic price upon which they can agree – to enable transactions to occur.

A new organization, the Texas Center for Local Food (TCLF), was created to provide ongoing technical assistance for farmers and buyers to increase sales of locally grown food and to create rural jobs in the emerging local food sector (especially in processing). TCLF was created in large part due to this project and TCLF continues to collaborate closely with the City of Elgin to build and develop the ELF. In November 2016, TCLF was selected to participate in the USDA FoodLINC initiative. Later in 2017 and 2018, the Texas Center for Local Food will conduct a value chain assessment focused on a local food price study. The price study will leverage the results of this ELF Business Center pilot.

Attendees of the Texas Cottage Food Law training learned what value-added products they can legally make under the law and requirements of food safety

certification, labeling, packaging, storage, and the type of kitchen in which processing is and is not allowed. Farmers attending the FSMA training received valuable information to support long term planning of farm revenue streams including: (i) whether their farm is covered under the Produce Safety Rule, (ii) whether their farm is regulated under the Facilities rule, (iii) how and if FSMA impacts their farm economics, and (iv) where to get more information. Our pre-and post-evaluations indicated that farmers came into the training not sure about the effect of FSMA on their operation and left much more knowledgeable about the impacts of FSMA. Farmers currently processing or planning value-added production, as well as farms selling fresh, received information needed to plan future farm production including value-added products, in the context of FSMA.

iv. Goal/Objective 4: Increase access to and consumption of locally grown and locally processed foods, especially for lower income families.

a. Progress Made: Our partner, Advocacy Outreach, studied food as a topic during their 9-month family health segment of the Family Literacy Program. Instruction was integrated into both the early childhood and adult education components. Parents learned about nutrition through research and speakers (AgriLife Extension, My Plate) and field trips (Coyote Creek Organic Egg Farm). Adult learners held a competition for a favorite recipe to be considered by area farmers for possible value-added production. Participants prepared favorite dishes and shared them with each other at a series of lunches and participants voted to choose one recipe per class to propose for production. The Beginning English as a Second Language class selected Sweet Potato Empanada as the favorite recipe and the Intermediate English class chose Nopalita Salad. Area farmers met with the group and are considering working with the class in the future to develop the Sweet Potato Empanadas product.

Advocacy Outreach provided outreach to lower income families for the ELF community input session. We provided Spanish translators for the ten (10) Spanish speakers who participated. Sue Beckwith, our project manager, spoke to a class at St. Edwards University about the ELF and our goals to increase rural jobs and increase access to healthy local food.

b. Impact on Community:

The opportunity to work with the City of Elgin had a positive impact on families living with lower incomes and served by Advocacy Outreach in Elgin. Thirty parents who participate in the program became emissaries within their networks of family and friends, promoting an emphasis on eating more fresh fruits and vegetables and using local goods when possible. Program staff observed the change in monthly pot luck meals shared by the parents during Family Literacy sessions. More vegetarian options were offered, and dishes were prepared with fresh vegetables and fruits. Snacks that parents sent to the Early Childhood Development Center with their preschoolers (while parents attend adult literacy sessions) also reflected a change from “boxed” sugary snacks to fresh and dried fruits. A relationship was formed with Coyote Creek Farm and Advocacy Outreach has become a distribution site to the low-income community of gifts of organic, pasture raised eggs – usually 35 dozen per month

during the summer months. Parents report that they spend more money at the grocery store to buy pasture-raised eggs as well. The Advocacy Outreach Director reports that she and the staff loved working with the program and believes it has increased awareness of local food and farms, local processing business opportunity, and has had a positive impact on nutrition habits of the families that were involved.

Low-income participants in the Advocacy Outreach programs continue to consider value-added products they can make in the Elgin Local Food (ELF) Business Center. During the community input session, several lower income participants expressed keen interest in creating their own products to sell.

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: 3
 - ii. Number of jobs retained: 4
 - iii. Number of indirect jobs created: 6
 - iv. Number of markets expanded: 3
 - v. Number of new markets established: 1
 - vi. Market sales increased by \$3,000 and increased by 3%.
 - vii. Number of farmers/producers that have benefited from the project: 80
 - a. Percent Increase: N/A

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. Students in the Advocacy Outreach Family Literacy Program studied how to make healthier food choices and explored new ways to prepare local vegetables. These students are mostly Spanish speakers and are low-income families. A working relationship was developed with institutional buyers from Austin Independent School District, the University of Texas, and Wheatsville Co-op. We met and developed working relationships with food entrepreneurs including Martha Pincoffs (Hat Creek Provisions), Lynda Berrios, Chris Johnson (Stellar Gourmet), Joi Chevalier (Cook's Nook), Trish Wesevich (Capital Kitchens), and Juba Kali.

4. Discuss your community partnerships.
 - i. Who are your community partners? Texas Center for Local Food, Sustainable Food Center, National Center for Appropriate Technology (NCAT) Texas office, Texas Organic Farmers and Gardeners Association (TOFGA), Stellar Gourmet, Elgin Local Goods, Elgin Economic Development Corporation, Texas A&M AgriLife Extension Service, City of Austin Office of Sustainability, Austin Foodshed Investors
 - ii. How have they contributed to the overall results of the LFPP project? Our partners have been absolutely essential to the success of this project. They have introduced us to food entrepreneurs, provided economic analyses, included our team in the GFPP project for intuitional buyers, and provided valuable advice on pricing and logistics.
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? Through the new Texas Center for Local Food, these partners continue to be involved in the ELF project. Each partner will continue to provide advice, guidance, and introductions needed to increase sales of processed

products using locally grown crops.

5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? Yes, we used contractors. Dr. Rodney Holcomb, of Oklahoma State University provided essential consultation by developing spreadsheet models to help the City of Elgin understand the total cost of the ELF and the estimated return on investment. Dr. Holcomb also developed models to be used by farmers to calculate their estimate gross margin on a proposed value-added product. These calculations are essential for farmers to direct their resources to making products with an adequate margin. Dr. Rebekka Dudensing of Texas A&M AgriLife Extension developing economic impact analyses to demonstrate the economic return to Bastrop County of building the ELF. Chris Johnson of Stellar Gourmet, Molly Alexander of the Elgin Owl, and Erin Flynn of Green Gate Farms advised the project on marketing and promotion strategy and developed the concept for the "Made in Elgin" emblem. Alex Bernhardt and Ava Cameron provided all prototyping services using the commercial kitchen located at Bernhard's Farm 5 miles from downtown Elgin.

6. Have you publicized any results yet?

- i. If yes, how did you publicize the results? We sent press releases to the Elgin courier; we presented progress at the TOFGA conference in 2017
- ii. To whom did you publicize the results? Elgin residents, Texas farmers
- iii. How many stakeholders (i.e. people, entities) did you reach? Estimate 75-150 stakeholder; 50 directly through training and technical assistance events and at least 100 more through publicity and online promotion.

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

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

During our community input session held on March 30, 2017, we collected feedback verbally by asking questions following each of the speakers. To select the logo for the ELF we used a weighted voting dot method (people walk around the room placing their dots on favorite logos that were printed and hung on the walls). For each technical assistance session, we surveyed participants to understand the usefulness of the session for them.

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

During the community input session, nearly all participants (82%) were interested in the ELF and eager for it be built so they could begin using it. More than half already had an ongoing food business and said they plan to use the kitchen when it's available. Comments emphasized the need for business services, technical assistance, and training specifically to help them get started, help source local ingredients, manage financials, and help with marketing.

"My business skills are pretty good; I have some experience starting small businesses; could definitely use some guidance."

"My marketing and branding skills are not go great; I could use some support."

"Accounting and general business training would be the most helpful food business services for me."

"I now understand whether my farm is regulated under the FSMA Produce Safety Rule and the FSMA Facilities Rule. I'm also much more comfortable that I know how to plan my business around FSMA and where I can go for more help understanding all these food safety rules."

"This was a lot of help and Judith made it very easy to understand how we fit into this rule."

"Talking through so many scenarios to help us figure out what applies (which food safety rules) to us was extra helpful."

- i. Budget Summary:
 - a. 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: **SF-425 was submitted on 10/23/2017**
 - b. Did the project generate any income? **No income.**
 - i. If yes, how much was generated and how was it used to further the objectives of the award? **N/A**
- ii. 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).

Overall the processing technical assistance events were a positive experience for the farmers and project staff. The fact that our project focused on assessing the financial viability for each product was of huge benefit to farmers. Farmers often had ideas for a product and then, after the technical assistance event, found that the product was not financially viable. For example, one farmer was eager to use her green garlic in a pesto because she often had excess green garlic. The product, however, at a cost of \$11.19 per 8 oz. tub, was more expensive to produce than the market could bear.

We learned that to determine financial viability of a product for a farmer, the margin should be at least 40% coming out of the kitchen. This will vary with the costs of distribution and sales, but in general 40% is a good rule to use to estimate financial viability of a value-added product. Even when financial viability of a product looks good for the farmer, things happen during processing that undermine financial success. For example, when making cucumber relish (70 lbs), we had a jar break and had to throw away a 35 lb batch, cutting the margin on that product by half.

We learned that more advance work in recipe testing is needed before setting up a technical assistance-processing event. Farmers need to test the exact recipe repeatedly in their own kitchen before making a prototype in a commercial kitchen. Once a farmer likes the taste, look, and feel of a product, and can consistently achieve the desired results, then the recipe needs to be scaled and the product prototyped. After conducting a few technical assistance events, we learned this lesson and saved time on the remaining events by including advance recipe testing.

It was a good idea that we had a staff person dedicated to managing the process with each farmer. Farmers didn't understand the level of planning that goes into making a value-added product. Dedicated staff coordinated logistics including product delivery and creating labels. Another good idea was holding the food safety training sessions. Farmers told us that these sessions gave them valuable insight into how processing would impact their farm business. Most farmers in central Texas sell to direct markets and these food safety sessions gave them the information needed to decide whether they will expand their market to include wholesale markets.

Texas needs strong support from a product-testing lab in Texas to help test small farmers' value-added products. Our relish tasted great and the color and consistency was good but after 4 weeks in the fridge, it became watery and unappealing in texture. Accessible, affordable product testing is needed.

When working with farms to expand their markets to include wholesale, it's important to understand that processing and wholesale sales may represent significant change in the farm business. For example one farmer does not currently sell any value-added products, jarred products, or refrigerated products and during the summer month (July-Aug) their cooler is shut off. For this farm to add cold packed jarred product (zucchini relish) required them to transport glass jars and keep them cool on farm and during transport. The cost to leave their walk-in cooler turned on just for the product exceeded their margin for the relish. Transport and storage of glass jars that needed constant refrigeration was an onerous change in their logistics, so the extra revenue from these value-added products needed to be sufficient to cover the added and costs.

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

We achieved our goals and attained our outcome measures. We learned that for farms to add value-added processed products, the financial margin must be right. For farms with low quantities of excess crop to process, the financials often don't work. Selling value-added products into wholesale markets such as grocers and schools requires a constant supply that, in reality, requires significant and ongoing technical assistance to farmers.

- 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:

The administration of the project went smoothly. It was helpful that USDA AMS staff were always available to answer questions and offer guidance when we needed it.

- iii. Future Work:
 - a. 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.

Yes, we will continue this project. The City of Elgin Economic Development Corporation (EDC) supports the Elgin Local Food Center (ELF) and has hired an architect to plan a new building, which the EDC is considering funding and building in downtown Elgin on City-owned land (in 2018). The EDC's interest is in job creation and, although supporting local agriculture is important, their main interest is stimulating new local food enterprises - that may or may not use locally grown ingredients. The new Texas Center for Local Food and partners need to find funding to provide the technical support needed to increase market and create jobs that support increased consumption of local food and that local family farms benefit from the ELF as it is developed.

Additional funding is needed to provide the technical assistance we learned that farmers require. The farmers we worked with are interested in value-added processing for the wholesale market and need

individual hands-on support to develop, market, and distribute their products. Project participants consistently told us that the ELF must provide business services in marketing, financial management and food safety consultation.

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?

To create markets, add jobs, and increase the viability of local farms, it is important to continue developing the Elgin Local Food Center (ELF). It is essential to increase technical assistance to enable farmers to develop value-added products and bring them to wholesale markets. Technical assistance should be hands-on with staff dedicated to supporting: recipe development, compliance with food safety regulations, establishing markets, branding and distribution. While this project addressed each of these areas, it's clear that technical assistance and business support services are an ongoing need for wholesale markets for value-added products to develop and thrive.

For example, through this implementation project we have tested multiple products and have engaged farmers in "running the numbers" to understand if their product is feasible. Farmers now understand the complexity of bringing a value-added product to market and some are interested in expanding processing capacity. We have talked with grocers and institutional buyers and found high interest in purchasing these locally grown and processed products both as grocery items and as ingredients for institutions. This project has made very good progress and has stimulated both dialogue and interest in locally grown and locally processed food. It is clear that more technical assistance is required and, frankly, more direct one-on-one assistance for farmers to develop these products and to increase their incomes by selling more of what they grow.

Lastly, we recommend developing strong relationships with community health providers, schools, and families. These relationships help people make the link between what they eat and their health. Cooking classes, for example, are a great way to showcase local farms and their products (developing markets) as well as increasing opportunities to improve public health outcomes. In Elgin our rural school district has completed its farm-to-school plan with funding from USDA and is planning to implement that plan if USDA funding is received. The Elgin school Superintendent is keenly interested in using the ELF facility (planned in 2018) to begin a culinary program for Elgin high school students.

Taken together, support and interest from farmers, civic leaders, institutional buyers and citizens in Elgin Local Food (ELF) Business Center project has a bright future. Although continued funding is needed for 3-5 more years, financial sustainability is expected through revenue from rental kitchen, small batch co-packing, community training, and fees for services like technical assistance.