

Local Food Promotion Program (LFPP) Final Performance Report

The final performance report summarizes the outcome of your LFPP award objectives. As stated in the LFPP Terms and Conditions, you will not be eligible for future LFPP or Farmers Market Promotion Program grant funding unless all close-out procedures are completed, including satisfactory submission of this final performance report.

This final report will be made available to the public once it is approved by LFPP staff. Write the report in a way that promotes your project's accomplishments, as this document will serve as not only a learning tool, but a promotional tool to support local and regional food programs. Particularly, recipients are expected to provide both qualitative and quantitative results to convey the activities and accomplishments of the work.

The report is limited to 10 pages and is due **within 90 days** of the project's performance period end date, or sooner if the project is complete. Provide answers to each question, or answer "not applicable" where necessary. It is recommended that you email or fax your completed performance report to LFPP staff to avoid delays:

LFPP Phone: 202-720-2731; Email: USDALFPPQuestions@ams.usda.gov; 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>	October 1, 2015 – March 31, 2016
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Recipient Organization Name:	Wasatch Cooperative Market
Project Title as Stated on Grant Agreement:	Wasatch Cooperative Market Feasibility, Planning and Marketing
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-UT-0612
Year Grant was Awarded:	2014
Project City/State:	Salt Lake City, UT
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: _____

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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: Assess financial and organizational capacity

- a. Progress Made: The initial pro forma was executed last fall and continues to guide our decision-making and development. Initial figures show profitability beginning in year seven of operations. We are not satisfied with these results and are continuing to look at ways to improve the store’s financial outlook. To this end, we contracted additional consulting expertise in this area. We are also exploring a broad spectrum of options with a securities attorney for capitalizing the store. We are investigating preferred share, member-owner loan, and crowdfunding options. We have initiated and continue to pursue conversations with potential lenders, such as National Cooperative Bank, Local Enterprise Assistance Fund (LEAF), Shared Capital Cooperative, and local government entities with programs that offer low interest loans, such as Salt Lake City’s Redevelopment Agency and Department of Community and Economic Development.

We have learned that our organizational progress is in-line with the length of time that it is taking other food co-ops to organize. We improved accessibility with the general public by investing in a phone. Board membership has grown, but there is still room for additional expertise. Our work in developing our relationships with local farmers and ranchers is good and growing. A few farmers have become member-owners, others provide in-kind support of our events and other promotions. We have developed an application of intent for assessing the level of their interest in contracting with the co-op, and gathering in-depth information about the scale of their operations and methods of production.

Our Outreach Committee continues to implement multiple techniques to broaden community support. Some of these efforts involve greater emphasis on social media, work on updating our website to improve its internet search optimization, make it mobile-friendly and easier to update. The committee continues to plan and organize events and staff booths.

- b. Impact on Community: Our greatest impact on the community is realized through collaborations with nonprofits and other groups that are concerned about the local environment, strengthening the local food system, and improving the local economy. Even before our store is open, we are expanding awareness about the importance of accessing healthy and nutritious food. Much of this work is done through social media, at special events at local restaurants, and putting on a Local Food & Art Show in conjunction with Eat Local Week Utah. We have expanded awareness through recent meetings with Utah’s Department of Agriculture and Food and Miller Small Business Resource Center.

As a result, more farmers are aware of the co-op and we have two student interns assisting with our marketing efforts.

ii. Goal/Objective 2: Develop financial, business and building design plans

a. Progress Made: A team of volunteers with legal and business acumen began exploring options for raising capital within Utah's Limited Cooperative Association (LCA) corporation structure. We are weighing the benefits and challenges of offering preferred shares and/or member-owner loans. At the same time, the pro forma shed light on numerous considerations, such as lease rates we can afford, the need to raise \$3.5M in capital, and when profitability is projected to be achieved.

Several drafts of a comprehensive business plan were created that include a history of our efforts to date, an overview of the history of the natural food industry, local needs and demands, elements of the store, as well as management and governance structure. The plan explains our vision, the impact the store will have on the community, how it will be financed, what our market strategy is, and who governs and manages operations on a daily basis. Both the pro forma and business plan are integral components of the package that will be used in presentations to potential investors.

Work on store design encompassed three aspects: exterior design (see image below), floor plan, and a contract for interior design features to optimize customers' shopping experiences. A large number of people confuse the co-op with local CSAs and buying clubs. Having a conceptual image of the store helps people to quickly understand the scope of operations and the fact that it will be a full-service grocery store, potentially including outdoor seating and a demonstration garden for educational and food preparation purposes.



b. Impact on Community: These tools enable organizers to more effectively communicate our vision and rally people to get behind the effort. The pro forma, business plan, and conceptual rendering are concrete products that enable the public to comprehend the size and scale of operations and the capacity the co-op has to significantly support and grow the local food economy.

iii. Goal/Objective 3: Conduct general marketing

a. Progress Made: Over the course of this grant, tremendous strides have been made toward building awareness and support for the co-op. The main message

has been to build community support, a critical factor in a successful cooperative business model. Success is evident by the fact that co-op member-ownership has grown by 30%, from 300 to 400 member-owners. Other indicators of success are the increases in Facebook followers and number of people on our email list. Facebook followers have more than doubled, from 750 to over 1,600 today. Our email list has also grown from 1,100 to more than 1,600. Volunteers staffed booths at more than twenty public events. We conducted Eat Local Week Utah's most successful event, Local Food & Art Show, with an attendance of more than 100 people. We gained seven new member-owners at last year's event. We participated in Utah's CSA Open House, both as a sign of support of local farmers and because it is a venue where we are able to have a conversation about how to expand the demand for local products.

b. Impact on Community: Awareness and understanding of what the co-op is, how it is different from conventional grocery stores, and its potential to bring a higher volume of local products to market is improving as a result of this outreach. People are slowly understanding and appreciating the complexity of launching a brand new cooperative grocery store that has at its core the goal of building the food economy of the greater Salt Lake City area.

Evidence of this impact is seen in the number and quality of volunteers and the number of organizations working with us on events of all kinds: special events promoting the co-op and events concerning local food and environmental issues.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 2014). Include further explanation if necessary.
 - i. Number of direct jobs created: No new jobs were created, but groundwork is being laid for hiring a general manager later in 2016. Once the store is open, another 30 to 35 positions are envisioned.
 - ii. Number of jobs retained: One part-time development coordinator position was maintained.
 - iii. Number of indirect jobs created: n/a
 - iv. Number of markets expanded: We are reaching out to over 250 local farmers as potential vendors in our store. Local farmers now depend on CSA and/or farmers markets for distributing their products, which is expensive due to the labor costs involved.
 - v. Number of new markets established: We anticipate selling over \$800K of local food/products in the first year operation and growing that figure to \$1.5M in year five. Co-op food stores frequently act as incubators for small start-up businesses, providing a marketplace for their products. Additionally, during the past year, we have discovered several communities throughout Utah that are interested in starting similar markets. Co-op member-owners live in nine counties throughout the state of Utah, from Logan to Cedar City and Magna to Duchesne. This reach extends from the far northern end of the state to nearly the southern border, and from the Great Salt Lake to over 100 miles east. Our co-op will serve as a regional example of the benefits of the food co-op business model.

- vi. Market sales increased by \$n/a and increased by n/a%. The pro forma suggests revenues just under \$5M in the first year of operations, and exceeding \$11M by year 10.
 - vii. Number of farmers/producers that have benefited from the project: None to date. Based on a similar sized cooperative store in Reno, Nevada, once the store is open, we will contract with approximately 75 local farmers and ranchers.
 - a. Percent Increase: 0%
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? Our efforts to date amount to mostly coordinating with other groups who serve ethnic and low income populations.
4. Discuss your community partnerships.
- i. Who are your community partners? Our community partners include individuals with various expertise, nonprofit organizations, about 20 local businesses, two community colleges, two universities, and a handful of farmers. Individuals have contributed numerous hours representing the co-op at local events, an attorney is providing legal guidance on a pro bona basis, and architecture firms have given advice on potential store sites and provided graphic renderings. Nonprofit organizations have collaborated on event planning and hosting, provided discount entry and registration fees to conferences and other public events and festivals. Over a dozen locally owned businesses support the co-op by providing our member-owners discounts at their store, several restaurants host member-owner drive events by donating the preparation of dishes and service staff. Farmers have supported the co-op with the donation of produce and other products for events and as give-away gifts.
 - ii. How have they contributed to the overall results of the LFPP project? Their support has been integral to our overall progress by reducing expenses and carrying out tasks that are labor intensive. Volunteers gave hours of their time representing the co-op at events where the registration fee was underwritten by the grant. Non-profit groups helped the co-op build its reputation in the community by participating in joint events and workshops. One college provided expertise and guidance in the development of the co-op's business plan. Another school collaborated in planning a major Earth Day event that introduced the co-op to a vast new audience. Two universities provided discounted entry to major events on their campuses: Intermountain Sustainability Summit and Employee Appreciation Day. As mentioned above, farmers have donated their products to our events.
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? These collaborations have been mutually beneficial. Through them, the co-op is laying a strong community foundation, which is an integral element to distinguishing the co-op from other grocery stores. The co-op will continue to reach out to and support these individuals and organizations. By doing so, the co-op is establishing itself as a part of the community before our doors even open. These individuals and groups continue to connect the co-op to their constituents, acquaintances, and friends. In other words, these collaborations are the beginning stages of building our community support.

5. Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? Yes, we used contractors with expertise in creating our pro forma, business plan, and store design. In all three of these areas, the contractors are experts in cooperative grocery stores. This is a unique niche in the grocery industry that requires specialty knowledge. In the case of the pro forma, the contractor provided a highly detailed financial plan and outlook that will be a key element as we begin to approach potential investors. Input on the business helped to guide us in terms of emphasizing the unique positioning of a cooperative store, while ensuring that key financial elements are well addressed. Work on the store design is ongoing.

6. Have you publicized any results yet?* Yes.

- i. If yes, how did you publicize the results? Our progress was conveyed in four ways: 1) updated timeline in our general brochure, 2) inclusion of the growth in our member-owner numbers by including the growth progression chart on our website, 3) updates on social media, and 4) displaying at public events the conceptual image of the store we are working toward opening.
- ii. To whom did you publicize the results? Audiences included state and local government officials and the general public.
- iii. How many stakeholders (i.e. people, entities) did you reach? There is no way to count the exact number of people at the various public events, but it is estimated in the thousands.

*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? The feedback mostly concerns either the realization of how much work it takes to accomplish this, or appreciation for our continued commitment, diligence, and fortitude.

- i. If so, how did you collect the information? Feedback was received primarily from conversations with individuals while exhibiting at various events.
- ii. What feedback was relayed (specific comments)? People wonder if we should consider opening a smaller store to begin and then grow operations. Some people are reluctant to invest (become a member-owner) before the store is actually open. This tells us that we are still needing to educate people about the fact that this is our store, we come together to make it happen, or we don't. It takes our collective community commitment to launch the store.

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?

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). On the positive side, from the beginning of our effort to start a food co-op, we have referred to existing tools, templates, and expertise rather than "recreating the wheel". We have pulled from free resources from groups like Food Co-op Initiative, CDS Consulting Co-op, and University of Wisconsin, to name just three. It was important to reach out early to the experts in the field to grasp a firm understanding of the total process and what the benchmark steps to getting through it are. In addition, we have been fortunate to have folks from our community provide pro bono or low-cost services to help us save money on services such as website design, legal counsel, T-shirt and canvas tote silk screening, commercial real estate advice, accounting, and so on. However, not all needed services are free. The services we were able to contract as a result of the LFPP grant have put us in a much stronger position to successfully launch a food co-op in our community.

On the negative side, it has been difficult to establish and maintain a large core group of people dedicated to seeing that the work gets done, forcing the smaller group of us who *are* dedicated, to bare a larger burden. It takes a strong contingent of volunteers, including board members, who bring organizing, planning, and networking skills. A mantra in developing start-up cooperatives is the need for broad community support. This is important for two reasons: 1) to ensure a strong enough volunteer base to get all the work accomplished, and 2) to build a sufficient financial base upon which a capital campaign can be accomplished. Having someone with strong volunteer coordinator skills would certainly help here.

- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving: All goals supported by this LFPP grant were reached. It is worth noting, though, that our member-ownership growth rate has been slower than we expected. In our community, there is a widespread misunderstanding about what a food co-op is. This is in part because a couple of other food businesses have co-op in their name, but they are not actually cooperatives. It is also because of the lack of familiarity with other food co-ops since there are none nearby. Some people confuse food co-op with a CSA or a buying club. Promoting awareness and overcoming ignorance has been a real challenge here. We believe this has contributed to our slow growth rate. We probably should have introduced images of a storefront sooner in our marketing materials and at events. This grant enabled us to produce these materials.
- 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: Understand the development steps that will be needed and hone your message for each. Determine the best vehicles for accomplishing each step and have an adequate volunteer base to successfully execute them. When first starting, a steering committee, or initial board of directors, will need to put in a lot of hours developing bylaws and articles of incorporation, filing business forms with the state and federal government, researching, reaching out to food co-op experts, etc. Forming committees can help accomplish these tasks. As soon as it is feasible, it is important to establish a project manager, or coordinator; someone to guide and monitor the various efforts, and communicate progress and problems to the board (eventually elected by the member-owners) so that they, representing the co-op, can make the business decisions needed to move the project forward, and in which direction it should go.

It was important that we held a number of gatherings to assess the community's level of interest in starting a cooperative food store.

It is possible that we should have had a deeper discussion about the investment cost for a member-ownership share. A cost that is too low may not adequately fund the project, but a cost that is perceived as too high may act as a barrier to entry for some.

Another lesson was to keep in mind the various stakeholder groups and how best to keep each of them engaged, as well as to effectively communicate to the broader community the ultimate benefits of what we are striving to achieve.

Lastly, forming under the LCA structure rather than a non-profit has thus far limited some of the funding options available to us. For example, as a community-owned, for-profit business we are not eligible for some grants, which makes the LFPP program all the more important to us. However, the LCA does provide for more diverse investment options as we mature, such as the preferred share option we are currently exploring.

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 are taking the elements that were created during the grant period—draft business plan, pro forma and building concepts—and building on them. These these initial studies, we now have a grasp of the potential impact that our store will have. It is anticipated that we will sell an additional \$800,000 in local products from local farms and producers in the first year of operation. By the fifth year, that figure will climb to 41.5M. After a decade of doing business, the co-op will be selling over \$12M of local food and products. This growth is expected to stimulate the starting of over a dozen new farms or small local food businesses.

For now, these documents comprise a starting point for formulating a more concrete vision. These pieces will be integrated in our outreach to potential investors and ongoing efforts to sign up more member-owners. Our next major goal is to grow member-owner number to 700. The business plan and financial documents are the kinds of information that some people have been waiting for to gain greater confidence in the potential for success.

- 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? Our next goals include: finalizing the business plan, revisiting the pro forma to determine how the short term outlook can be improved, continuing our effort to design the general manager's job description and conduct a hiring process, draft a funding strategy for capitalizing the project, and locating a site for the store.