

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, 2104 – December 31, 2015
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Recipient Organization Name:	Pacific Coast Farmers' Market Association
Project Title as Stated on Grant Agreement:	Connecting Local Food Entrepreneurs and Local Farmers – A Planning Project
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-CA-0022
Year Grant was Awarded:	2014
Project City/State:	Concord, CA
Total Awarded Budget:	\$24,980

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: Develop a greater understanding of the market for source-identified processed products from a survey of farmers’ market customers.*
 - a. *Progress Made: PCFMA collected information from 932 farmers’ market consumers who regularly visit 15 different farmers’ markets operated by PCFMA. Information was collected through in-person surveys by PCFMA staff in five farmers’ markets and an online survey promoted through PCFMA’s email newsletter in 11 farmers’ markets. (Note: One farmers’ market had both in-person and online responses.) Overall, 378 consumer responses were collected in-person and 554 were collected online.*
 - b. *Impact on Community: The information gathered has been invaluable for the project, informing key assessments of the potential market for source-identified processed foods. Two-thirds of those surveyed said that they purchase value-added products at farmers’ markets and on average, they reported spending \$8 more per farmers’ market shopping trip than those who did not buy value-added products. These results are summarized in the report from the project consultants which is included with this report.*
 - ii. *Goal/Objective 2: Assess the interest among food entrepreneurs to purchase raw, fresh ingredients from local farmers.*
 - a. *Progress Made: PCFMA collected information from 41 food entrepreneurs who sell their products through one or more of PCFMA’s farmers’ markets. The information was collected through an online survey with participation solicited through email and one-on-one interviews of food entrepreneurs by PCFMA staff in farmers’ markets. In addition, three food entrepreneurs participated in the focus group that PCFMA organized as part of this project.*
 - b. *Impact on Community: The surveys provided essential information that guided the planning of the focus group. Through the surveys we learned that two-thirds of food entrepreneurs attempted to use direct farmer purchases for their raw ingredients. The perception that purchasing direct from farmers would be less convenient was the primary barrier identified by the survey respondents. No survey respondents identified food safety as a concern. The focus group then provided the opportunity for a more in-depth discussion of the business strategies and growth opportunities of the food entrepreneurs. Opportunities for co-branded products or source-identified products were one of the strategies discussed. There was also a discussion of the barriers, with food entrepreneurs expressing the desire for more consistent supply and more convenient ordering and delivery while farmers expressed concern that any investment into improving their ordering systems would take valuable resources away from farming.*
 - iii. *Goal/Objective 3: Assess the availability of sought after fresh produce products among small scale, direct marketing farmers.*
 - a. *Progress Made: PCFMA collected information from 51 farmers who sell the products that they grow through one or more of PCFMA’s farmers’ markets. The*

information was collected through an online survey with participation solicited through email and one-on-one interviews of farmers by PCFMA staff in farmers' markets. In addition, three farmers participated in the focus group that PCFMA organized as part of this project.

b. Impact on Community: The surveys of the farmers provided needed information about product availability and delivery networks that guided the planning of the focus group. From the surveys PCFMA and its consultants identified the products that were most likely to have a surplus and therefore be available for sale to food entrepreneurs. These included most fruits as well as corn and summer and winter squash. The focus group then provided the opportunity for a more in-depth discussion of the willingness of the farmers to work with the food entrepreneurs. Farmers expressed a willingness to sell their excess product to food entrepreneurs but were concerned about the amount of time that it would take to set up ordering and delivery systems.

iv. Goal/Objective 4: Create a system map of a sales process that would provide needed supports to both farmers and food entrepreneurs while providing sufficient traceability and transparency to meet the needs of customers.

a. Progress Made: The contractors who were retained by PCFMA to design and conduct the surveys described above generated a report detailing the results and their analysis. They identified five recommendations: 1) Facilitate information sharing between farmers and value-added producers about product availability and ingredient needs; 2) Share the study findings with all farmers' market value-added producers showing that there is room for wholesale price negotiation between farmers and value-added producers; 3) Encourage co-branding and pairing; 4) Develop marketing campaign to improve customer perceptions about and willingness to purchase value-added products at the market; and 5) Help educate customers about the added social, environmental, and health benefits of buying value-added products with locally-sourced ingredients. PCFMA's response to these recommendations is included in Section 10 of this report.

b. Impact on Community: This work has the potential to have a significant community impact as it provides a sense of the scale of the packaged food market in Bay Area farmers' markets, outlines barriers and opportunities to increasing that market, and clearly shows that there is a market for fresh ingredients from local farmers among value-added food producers. There are a number of steps that would need to be taken to help move this from a theoretical discussion to a targeted effort to grow this market. Some of those steps are discussed in more detail in Section 10 of this report.

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, 20__). Include further explanation if necessary.

- i. Number of direct jobs created: 0
- ii. Number of jobs retained: 0
- iii. Number of indirect jobs created: 0
- iv. Number of markets expanded: 0
- v. Number of new markets established: 0
- vi. Market sales increased by \$0 and increased by 0%.
- vii. Number of farmers/producers that have benefited from the project:

a. Percent Increase: NA

The USDA LFPP grant to PCFMA was a planning grant so no jobs were directly created or retained and no markets were expanded or established. If this type of project were implemented, it could have a positive economic impact upon farmers and food entrepreneurs. It would be difficult for farmers' markets to see a positive impact from this effort without being a party to the sales between the farmers and food entrepreneurs and charging a fee for facilitating the sale.

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?

The goals of this planning grant did not allow for PCFMA to expand its customer base through the planned activities. However, PCFMA did engage with its customer base in new and exciting ways that have the potential to influence the future work of PCFMA and others who are actively engaged in the local food and farmers' market efforts.

4. Discuss your community partnerships.
- i. Who are your community partners?
 - ii. How have they contributed to the overall results of the LFPP project?
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?

For this project PCFMA has worked with several community partners. Fresh Approach, a Concord, California-based nonprofit organization was consulted about its cloud-based database system could be adapted for use in this project. A similar conversation was held with the California Department of Food and Agriculture's Office of Farm to Fork. The University of California Small Farm Program was consulted concerning specialty food workshops that they were organizing. The input of these partners has helped shape PCFMA's recommendations which are included below as a part of this final report.

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

PCFMA enlisted the help of Tastebud Consulting for assistance with this project. Frederick Smith and Libby Christensen worked with PCFMA staff on this project. They worked closely with PCFMA staff to assess which of PCFMA's 65 weekly farmers' markets were appropriate for inclusion in this project; designed the survey instruments for consumers, farmers and food producers; analyzed all of the data collected from the various surveys; facilitated a focus group of farmers and food producers; and authored a detailed report based upon this research.

The contractors brought a fresh perspective to the work and pushed PCFMA staff to challenge their assumptions and to be more comfortable with asking hard questions. They also brought an independent eye and a business-oriented perspective to the analysis which allowed them to draw unbiased conclusions about the results and their implications.

6. Have you publicized any results yet?*
- i. If yes, how did you publicize the results?
 - ii. To whom did you publicize the results?

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

*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).

PCFMA publicly released the results of the project on Monday, November 16, 2015. Access to the report and PCFMA's response to the report recommendations (Section 9 of this final report) can be found at <http://pcfma.org/local-food-connections-building-market-farm-fresh-ingredients>. PCFMA promoted this page through email communications to key partners and potential partners and through the PCFMA page on LinkedIn. Through the LinkedIn site, information about the project was viewed by 336 persons.

7. Have you collected any feedback from your community and additional stakeholders about your work?
- i. If so, how did you collect the information?
 - ii. What feedback was relayed (specific comments)?

PCFMA collected feedback from the farmers and food entrepreneurs who participated in the September 14 focus group. While the group was small, they were highly engaged in the process and appreciative of the work that PCFMA was doing to investigate new business opportunities for them.

Among the specific feedback PCFMA received was the following comments:

- *"As farmers we are interested in these opportunities but we are so busy at the market that we barely have time for a bathroom break. We don't have time to get to know the food producers in the market or try to make deals with them. We like the idea of someone like PCFMA helping us to make those connections."*
- *"I haven't thought about reaching out across the market before."*
- *"I don't know what other vendors are offering."*
- *"I'd love to see PCFMA provide an availability guide for produce I could use in my kitchen."*

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?
 - a. If yes, how much was generated and how was it used to further the objectives of the award?

No income was generated by PCFMA through this project.

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:
- 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:

In terms of program implementation and administration, this project demonstrated the challenge of actively engaging farmers and food entrepreneurs. These small business people already feel that their time is at a premium so it is a challenge to get them to commit time to an effort whose potential payoff is months or years in the future. The most effective way to get their attention is through an incentive that they value. The value proposition is not necessarily connected to the equivalent cash value of the incentive. For example, a free stall space in a farmers' market has proven to be a more attractive incentive than a cash payment of equal value.

The impact of this challenge was seen in the number of responses from farmers and food entrepreneurs to the surveys and the number of them participating in the focus group. While PCFMA and its consultants believe that the sample size was large enough to draw important conclusions, additional participation would have led to an even richer discussion of the issues.

In terms of program outcomes, PCFMA learned several important lessons. First, the perceptions of farmers and food entrepreneurs that they don't have enough hours in the day would be a significant barrier to program implementation, just as it was a barrier in this planning project. In general, neither the farmers nor the food producers perceive themselves as having sufficient time to build the relationships needed to increase their collaboration, especially if doing so creates the need to develop new delivery, inventory or marketing systems.

Second, there is work that can be done to increase the potential size of this market, but it is work that is best done by an organization that has a regional or statewide focus. A single farmers' market operator could undertake an effort to educate shoppers about the safety of the pre-packaged food they buy at a farmers' market, but given the significant overlap in geographies served by so many markets, such an effort would be more effective if undertaken by an organization with an even broader focus.

Finally, those concerned about the potential for increased sales of pre-packaged food sales in farmers' markets to negatively impact sales by farmers don't need to worry. The responses from PCFMA customers indicated that the vast majority of farmers' market shoppers primarily purchased fresh produce instead of pre-packaged foods. In fact, there is a core constituency of farmers' market shoppers who do not purchase pre-packaged foods because of their strong belief that farmers' markets should be exclusively places for sales of fresh produce.

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.

PCFMA's contractors from Tastebud Consulting, in their project report, made five recommendations for future work. PCFMA has reviewed those recommendations, its own internal capacity, and its strategic plan to determine which of those recommendations PCFMA is comfortable to pursue.

Recommendation 1: Facilitate information sharing between farmers and value-added producers about product availability and ingredient needs

When PCFMA first conceived this project, it was assumed that a marketplace of some type – likely an online marketplace – would be necessary to support sales between farmers and value-added producers. The recommendations developed through this planning project support that assumption.

Farmers and value-added producers who participated in this project's focus group recommended a low-tech system such a need/want bulletin board at a farmers' market. PCFMA does not support this concept for two reasons. First, if farmers and food producers report that they do not currently have the time at a farmers' market to visit with one another, it is likely that they would also not have the time to visit the bulletin board. Second, the bulletin board would be viewable by all farmers' market shoppers which could create tension among shoppers who are being asked to pay a retail price of \$2 per pound for items that a farmer is willing to sell for a considerably lower wholesale price. PCFMA strongly prefers to keep the farmers' market retail experience and the farmers' market wholesale activity separate.

PCFMA has done preliminary investigations of three potential models for such a system: hosting by PCFMA, hosting at a nonprofit organization aligned with PCFMA, or an outside system. As a part of this investigation, PCFMA used the data generated by Tastebud Consulting for this project, along with other proprietary data on PCFMA activities, to generate an estimate of the potential scale of the market for fresh ingredients from PCFMA farmer by value-added producers. More information about that investigation can be found using the links provided in Section 6 of this report.

PCFMA consulted with a company that develops custom online community solutions on a cloud-based system. Their product would be able to support networking and collaboration between farmers and value-added producers and would be able to support full text search capabilities and custom forums designed specifically for sharing product availability. However, the system would not have the capacity to easily differentiate in a search between products that were still available and products that were no longer available because they had already been sold or because they were out of season. As a result, over time, as more farmers and value-added producers used the system they would find that the system provided less relevant results. To address these diminishing returns would require extensive customization that the scale of the market would likely not support.

PCFMA also approached its partner organization, Fresh Approach, which is utilizing a USDA Local Food Promotion Program grant to develop a cloud-based inventory management system for its mobile farmers' market program. The advantage to working with Fresh Approach to develop such a system is that much of the back-end structure would already be in place as their system will already be capable of tracking multiple farmers' markets and multiple vendors within those markets. The system would require additional investment to build out the system with this new

capacity. Currently it is being designed to track purchases by Fresh Approach from farmers and does not support purchases from value-added producers from farmers. Also, the platform that Fresh Approach is using would likely require a user license for each farmer and each value-added producer who accessed the system to maintain records of their products available for sale or to track their orders. It does not appear the scale of the market could support these costs and the costs of ongoing system maintenance.

Finally, PCFMA looked at possibilities for an outside system to support this marketplace and found the California Farmer Marketplace under development by the California Department of Food and Agriculture (CDFA). In a meeting with CDFA staff, PCFMA learned that the Marketplace was developed with funds from the Specialty Crop Block Grant program and matching funds from the state of California. One of the primary goals of the system was to support fresh produce purchases by California school districts from farmers in their immediate area. But the system was designed to be much more robust and it allows registration by buyers of all types. Much of the capacity that PCFMA had considered in the first two approaches described above already exist in the Marketplace and CDFA has expressed that it intends to continue to support the ongoing development and utilization of the Marketplace for the foreseeable future.

PCFMA's recommendation is that the CDFA California Farmer Marketplace be considered at the marketplace to facilitate sales of fresh product by farmers to value-added producers.

The Tastebud Consulting report, as part of Recommendation 1, also suggested increasing social opportunities for farmers and value-added producers to get to know one another and development of a how-to guide for farmers to better understand the wholesale market. Given the geographic distance between most farmers' homes in agricultural communities and most value-added producers' homes in urban areas, creating social networking opportunities would be logistically challenging. PCFMA will continue to look for these opportunities but for now, PCFMA will not institute any programs to create these networking opportunities.

The recommendation of a how-to guide is addressed with Future Activities, below.

Recommendation 2: Share the study findings with all farmers' market value-added producers showing that there is room for wholesale price negotiation between farmers and value-added producers

As described in Section 6, the findings of this project was shared with PCFMA's farmers and value-added producers, promoted through PCFMA's page on the LinkedIn social media site, and shared with partners for broader statewide distribution. Among the partners who were asked to share this information with their constituencies were the California Alliance of Farmers' Markets, Community Alliance with Family Farmers (CAFF), Kitchen 812, La Cocina, the California Small Farm Conference, the Food Craft Institute, and the Food Business School.

Recommendation 3: Encourage co-branding and pairing

Co-branding between farmers and value-added producers has the potential to increase sales and revenue for both parties. However, it has the potential to be a complicated and expensive proposition to play match-maker between producers as it requires an in-depth understanding of the business plans and capacities of multiple businesses in order to find potential pairings. A

widespread effort to encourage co-branding is beyond PCFMA's current capacities but PCFMA is hopeful that the distribution of the results of this project among its farmers and value-added producers will help to spur those types of relationships to form.

Recommendation 4: Develop marketing campaign to improve customer perceptions about and willingness to purchase value-added products at the market

One of the most significant unexpected outcomes of this project has been a much clearer understanding of the factors that shape farmers' market customers' decisions regarding value-added products, especially customers' health concerns about the product safety that were gleaned through the project's consumer surveys. This is an area where PCFMA has confidence in the safety of products because value-added producers have provided all of the required documentation proving that their products are produced in compliance with health and safety regulations. But this is not clear to farmers' market customers.

PCFMA has regular communication with its customers through social media and monthly email newsletters. These are ideal channels for PCFMA to educate consumers about the safe and wholesome manner in which the value-added products in their farmers' market are produced. A direct mail marketing campaign would be more expensive to complete and is not something that PCFMA could take on without additional resources.

PCFMA can also encourage value-added food producers to more widely share information about their production methods and health certifications through their own marketing channels and through added displays at farmers' markets. California law requires farmers to prominently post their Certified Producers Certificates – county-issued documents that prove they are growing food in California – but the law does not require value-added producers to post information about their value-added food production. Value-added producers may wish to do so to demonstrate to potential customers that their food is safe and wholesome.

Recommendation 5: Help educate customers about the added social, environmental, and health benefits of buying value-added products with locally-sourced ingredients

This recommendation of a marketing campaign, like the campaign described in Recommendation 4, is an innovative response to the challenge of how to build a market for value-added products that source from California farmers. And like the previous recommendation, its implementation would require additional resources for PCFMA to undertake effectively.

In early 2015, PCFMA changed its mission statement to "we empower California farmers to be enormously successful in Bay Area communities." This change in mission statement reflects PCFMA's commitment to identifying and pursuing multiple strategies to helping farmers find success, in addition to PCFMA's core function of operating successful farmers' markets. The concepts behind Recommendations 3, 4 and 5 all have the potential help PCFMA pursue its mission.

The results of this project and these recommendations will be shared with the PCFMA Board of Directors at its next strategic planning retreat to assess the priority that the PCFMA Board of Directors places upon this effort. If the Board believes that this is a high priority for PCFMA and

that there is a high likelihood of success should PCFMA undertake this project, then PCFMA will seek implementation dollars through the next round of the USDA Local Food Promotion Program or through the Specialty Crop Block Grant program operated by the California Department of Food and Agriculture.

- 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?

In addition to the work that PCFMA has identified as likely next steps for itself, there are steps that would move this work forward that could be better accomplished by other organizations that have unique capacities.

While farmers will be provided copies of the report produced during this project, they may need more information to help them decide if this is right for their business. Farmers who decide to pursue this opportunity will likely need assistance to better understand wholesale marketing and how to work with value-added producers who wish to purchase their products. They may also need help to revise their business plans and to develop metrics that allow them to determine the appropriate margin for their products.

This type of training is not within PCFMA's area of expertise but could be better undertaken by organizations such as Community Alliance with Family Farms (CAFF) or the University of California Small Farm Program, both of which have extensive expertise in training farmers. These groups would likely be better equipped to develop the how-to guide recommended by Tastebud Consulting.

The marketing campaigns, should they prove effective, could be replicated by other farmers' market organizations around the state or the nation. To reach other farmers' market operators in California, PCFMA would turn to its partners at the California Alliance of Farmers' Markets to undertake a statewide promotional campaign. The Alliance has already proven adept at this, distributing farmers' market public service announcements statewide. To reach farmers' market organizations nationwide, PCFMA would reach out the Farmers' Market Coalition to request their aid. They too have extensive experience in communication with and education of farmers' market operators