

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>	September 30, 2015 to March 31, 2016
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Recipient Organization Name:	Terrapeutic Herbs, LLC
Project Title as Stated on Grant Agreement:	Southern Utah Food Hub Feasibility Study
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15-LFPP-UT-0084
Year Grant was Awarded:	2015
Project City/State:	Utah
Total Awarded Budget:	\$25,000.00

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: Dianne Sheridan; Email: dianne@grantcoach.net; Phone: 435-592-5810

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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.**

From October 2015 through March 2016, Terrapeutic Herbs, LLC was tasked with the project of determining whether feasibility and profitability could be established for a Southern Utah Food Hub. The team interviewed consumers, institutional buyers, growers, and other industry experts, in addition to doing an extensive literature review. While conducting the interviews, the team was also instrumental in promoting local foods to the community, including consumers, producers, business owners, grocery managers, and distributors.

- i. **Goal/Objective 1:** To establish market demand, gather demographic information about stakeholders and their interest level.

- Study market demand through surveys of local consumers as well as institutional buyers.
- Gather information on logistical needs of producers.
- Gather information on logistical needs of consumers and institutional buyers.
- Analyze needs of producers and consumers to determine most appropriate tools to bridge the gap and establish a logistical plan and best practices to leverage tools appropriately.

a. Progress Made:

Terrapeutic established that there is in fact a significant demand (consumer and institution) for local foods in southern Utah. Local consumers were initially surveyed using a qualitative instrument, to make sure that we were asking the right questions. The resulting quantitative survey was taken to all local farmers’ markets and two grocery stores. We offered an online version of the same instrument and publicized it through social media and our website/email list.

Large volume purchasers were surveyed by phone and in person using a structured qualitative survey. We also used information from a survey done by Utah State University to assess the local foods market.

b. Impact on Community:

The community gained knowledge from interactions with our survey team. We found that most consumers were unaware of existing options to purchase local foods and took this opportunity to educate them about where to buy local and why it was important. As a thank you for participating in the study consumers were gifted a free cookbook using in season local foods, written utilizing grant funding.

We also gained useful information from institutional buyers that an online or straight quantitative study would not have ascertained, including the biggest barrier for one buyer was ability of delivery trucks to deliver to her dock.

- ii. **Goal/Objective 2:** To determine market supply, gather information on farm characteristics.

- Conduct a local food system assessment to determine the amount of food currently produced by small and midsize farmers, where it ultimately goes, and how it reaches its end consumer. Consider carefully as part of this, the amount of wastage between producer and consumer, and what can be done to reduce this.

- Determine which marketing channels are most effective for both consumer and institutional buyer demographics.

a. Progress Made:

When it was established that there was in fact a demand by both types of purchasers, the team moved on to assess the supply side of the equation. Like the large volume purchasers, surveys were done in person and by phone using an open ended structured qualitative instrument.

During the first several months of the study process, we interviewed farmers that were already producing the specialty crops needed to sustain a food hub. Unfortunately, we encountered a significant lack of engagement from many of these farmers due to a variety of reasons. These included lack of time to pursue other marketing options, trouble meeting existing production demands, personal and family stresses, and a lack of business acumen. As a result, we shifted our focus midway through the study to include midsize commercial farmers who were not producing the crops desired, but might be interested in converting a portion of their cropland to the desired specialty crops. The response from these farmers was overwhelmingly supportive. They are eager to make needed changes to participate in the food hub.

b. Impact on Community:

The dialogue created around the Southern Utah Food Hub Project has increased awareness of the local foods movement in southern Utah. It has helped both producers and other stakeholders in the region to better understand some of the challenges to the industry as well as regional advantages that we enjoy here.

Historically the USDA has been seen as an advocate for industrial farming practices and operations in the region. This project helped change that perspective to better reflect current USDA priorities on beginning and socially disadvantaged farmers, as well as specialty crops and organic producers.

We held educational focus group and advisory council meetings, in addition to interviews. Over 85% of the farmers that participated in the project said they were interested in participating in this new venue. While this project is still in the planning phase, it is evident numerous producers will be positively impacted with the opening of this new market opportunity.

A major outcome of this phase of the study was identifying that many of our small to midsize growers lack the resources and knowledge to profitably operate their farms. This project raised awareness for individual producers regarding best practices in managing their operations. The process of being interviewed about their operations raised many questions, including such things as 'How can I find out which crops are the most profitable?' and 'Is there business training to help me make more money?'

We found that conversations about business practices and conservation techniques allowed us to bring a great deal of value to the producers we interviewed. As an outgrowth of that, we are working with the Southern Utah University Small Business Development Center to improve business training offerings to farmers. We are also working with Utah State University Extension Service - Washington County Office to bring additional food safety training to the growers in our area. We have applied for

funding through Utah Department of Agriculture to provide additional training and mentorship to the local growers. These educational opportunities will have an ongoing positive impact for southern Utah producers for years to come.

iii. **Goal/Objective 3:** To ascertain profitability, identify services and facility options desired.

- Survey existing food hub businesses to determine cost and revenue structures.
- Correlate market demand data with financial viability numbers to determine products and processes which are appropriate for the southern Utah market.
- Identify different potential business models for costs, income streams, and required capital investment appropriate to this venture.
- Research market forces as they relate to the different potential business models.
- Determine if potential business and revenue models are appropriate for this venture.
- Analyze known and comparable costs for financial viability with potential models to determine appropriate cost and revenue structures for food hub.

a. Progress Made:

An extensive review of existing literature was done. Food hub experts were interviewed in person and by phone.

In order to determine potential business model options, we assessed many models from across the US. We looked at those that have done well financially, as well as several which subsequently failed. From this assessment we developed three potential food hub models which we believed might work in this region. These models are:

- 1) The Tuscarora Organic Growers (Barham & Delgado, 2015) model of shoestring growth.
- 2) A micro variant of the hub and sub hub model proposed for the Texas Organic Food Hub (NCAT, 2015).
- 3) The online brokerage model made famous by Red Tomato.

Once we better understood our producers, we revisited our potential business model options. It became very clear that any effective business model would have to be financially viable at lower production volumes that would be available in the early part of the launch phase. It also needed the ability to easily and quickly grow capacity as additional farms and acreage are brought into production.

Proforma financials were prepared to cover conservative estimates based on buyer and grower input for five years of operation. Various business models were studied (both for profit and non-profit). Financing options, including: grant funding, loans, gifts, and investors, were analyzed.

b. Impact on Community:

Because this is a planning grant there is no immediate impact on the community. However, the SBDC, SUU, and USU Extension have agreed to expand training opportunities to local growers based on the results of discussions with local growers.

Potential impact of fully implementing the proposed Southern Utah Food Hub includes a replicable model that: 1) Lowers barriers to entry, 2) Shares cost prohibitive certified processing space, 3) Reduces costs of marketing directly to buyers, 4) Makes sales

efficient and cost-effective, and 5) Makes it easier for small to midsize growers to be successful.

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:** The project created 3 part-time contractor positions for the duration of the project, research development/grant management and 2 survey administrators. If funded for implementation in 2016, two of those positions will be retained (as Business Manager and Market Manager) and several positions created.
- ii. **Number of jobs retained:** The project expanded 2 more part-time positions: operations manager and social media manager. If funded for implementation in 2016, one of those positions will become full time and the other will be retained as permanent part-time.
- iii. **Number of indirect jobs created:** None known of.
- iv. **Number of markets expanded:** Because this was a planning grant, it did not immediately impact markets. Markets potentially established/expanded with full implementation are expected to be 25-60 growers and 10-25 institutional buyers. After the food hub is established, the consumer base is expected to serve 3 school districts with approximately 29,200 students, 3 hospitals, Dixie Applied Technology College's new culinary program, 2 Universities, 1 Resort, a percentage independently owned food service establishments, grocery store chains, and the 7 farmers' markets in the region.
- v. **Number of new markets established:** None, see above.
- vi. **Market sales increased by \$0 and increased by 0%.** While it's possible that the outreach performed increased sales by informing the public of access points, this was a planning grant with the intent to study demand/supply and promote local foods in general.
- vii. **Number of farmers/producers that have benefited from the project:** over 45 small to medium size growers and at least 7 institutional buyers directly benefitted from the study results.
 - a. **Percent Increase:** 0 – this was a planning grant, there is no baseline for a percentage increase.

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?

As a planning grant, this project did not expand an existing customer base. However, we did expand our growing list of producers, buyers, and consumers that are interested in supporting a local foods project. Many businesses were involved in the study on some level and because our Five County Region is predominately LI/LA, it is probable that the implementation of the Southern Utah Food Hub will have a significant impact on LI/LA populations.

4. Discuss your community partnerships.

i. Who are your community partners?

As part of the planning grant, our partnership base has expanded dramatically. Originally, we were working with Enoch City, Southern Utah University Small Business Development Center, Governor's Office of Economic Development, Dixie Applied Technology Center, and a few producers. We have expanded that to include: Washington County Extension, Dixie University Small Business Development Center, local permaculture groups, Utah State University Extension in Logan, and numerous producers and buyers.

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

Our partners have been integral to the success of this project, serving on the advisory committee and acting as sounding boards to our ideas. Our producer partners provided valuable information through the interview process.

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

Our partners have been and will continue to be instrumental in building community support for local foods in the region. The relationships that we have built are integral to the success of the local foods movement in southern Utah. The support we receive from community and producer partners will sustain and inform the Southern Utah Food Hub endeavor. Going forward, some partners have agreed to provide more support for the growers in this region (as described above) and will continue to act as subject matter experts and advisors.

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 three contractors in the project: a research design/grant manager and 2 surveyors. Our research design/grant manager provided expertise in creating instruments specific to our needs and evaluating the resulting data collected. Her extensive experience in grant and business management helped us to learn exactly what is necessary to conduct a federally funded project and provided insight for the structure and planning of the food hub going forward. Our two surveyors, were enthusiastic about local foods and shared that enthusiasm and knowledge with the consumers they spoke with. They informed the public about various access points for local foods and truly engaged them in an authentic love for the project.

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

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

Most of the publicity has been around word of mouth. We have also heavily utilized social media and direct email to interested stakeholders. Additionally, our operations manager has been asked to present results at a local agricultural conference in the fall that is already being publicized across several states in the intermountain west region.

ii. **To whom did you publicize the results?**

To date, we have shared aggregated results of the surveys with anyone that showed a remote interest. Every available opportunity to share the results has been taken. We have met with buyers, growers, and agricultural professionals in groups and individually.

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

Because we have talked to anyone who was remotely interested in being involved in the Southern Utah Food Hub project, it is difficult to quantify the exact numbers reached.

Current estimates include partners, producers, consumers, and buyers and exceeds 2300.

*Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).

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

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

Feedback was part of the survey/interview process and a social media group set up specifically to engage the public for this project. Additionally, presentations and discussions about the study findings were discussed at length with Utah growers and agricultural professionals in several venues. The feedback from these meetings was invaluable.

Additional feedback will be sought going forward with the Southern Utah Food Hub, both for the information available and to maintain engagement of the stakeholders.

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

Consumers: Want to support our local growers and have more local food options.

Producers: Want to focus on what they do best (growing) not on whether they will make money for their efforts. They want to concentrate on quality and get paid for the higher quality products they bring to market. They also want people to really know what it takes to put quality food on their tables.

Buyers: Need a consistent product and to know that the product will be there when they need it. They need products delivered according to their specifications. Their customers want to know where the food they are buying comes from.

Agricultural Professionals: They want to help small farms become more economically viable. And they want to build up the industry as a whole.

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?** N/A

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).**

We learned several important lessons about creating a sustainable local foods hub in southern Utah while implementing this project:

- 1) Even though there is a strong demand for local foods in the Five County area, local producers need significant support in achieving profitable expansion.
- 2) We favor the idea of starting small and expanding as appropriate, rather than instituting a large business with extensive overhead.
- 3) Our ever expanding list of partners will ultimately be the reason that this endeavor succeeds.
- 4) In order to help small and beginning farmers, the business will have to work with midsize existing farmers that have the land and capital to provide a strong production basis to keep the venture profitable while working to develop small and beginning farmer operations.
- 5) A just in time supply chain can be more effective than maintaining a storage of inventory. However, the skills and tools needed to maintain this supply chain are more delicate and require a higher level of management skill than traditional supply chains.
- 6) Outside funding in the form of grants, loans, gifts, or investors will be necessary to get this project off the ground due to low initial profits. That being said, our plan to start small and only expand as required will limit the overhead and provide profits sooner than that of other models.

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

We learned some challenging lessons in implementing this project:

- 1) The project involved a lot more promotion than information gathering. It became all about building the necessary relationships, while obtaining the information essential to producing an accurate feasibility study.
- 2) Getting the local retailers to step outside their comfort zone required extensive patience, frequent contact, and a willingness to do things their way.
- 3) Be careful when and where you use volunteers. The one instance where we agreed to assistance from a volunteer, they almost destroyed a relationship that had taken months to establish.
- 4) Our partners are our champions! They have more to offer than we could ever imagine and are excited that we are doing this work to promote local foods and expand the markets for producers in southern Utah.
- 5) Use the knowledge of those that have already tread this path. The information gained from both the successful and no longer in business hubs saved us untold time and pain.
- 6) Adhering to the project timeline is crucial to success. Having someone to manage the progress of the project was key. There were several unexpected roadblocks (farmers' markets ending for the season, multiple markets at the same time, grocers' reluctance to have surveys in their stores). Without our project manager and team tenaciously trying to stay on schedule the project would have been difficult to complete on time.

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.**

Extensive effort was put forth to establish achievable projections, the pro forma financial documents were based on very conservative numbers, and our business plan fleshed out exactly what is needed to be successful. There is every reason to believe that a food hub in the Five County Southern Utah region can be successful.

Terrapeutic applied for the 2016 Local Food Promotion Program Implementation Grant. Community support for this project is very strong, particularly in Enoch City. However, without financial support this low income/low access area will not be able to establish the much needed food hub.

During the interim, we have decided to start brokering produce due to the overwhelming demand from both producers and buyers. While aggregating and storage are the ideal method to achieving our goals, we feel that waiting until September to get started on this project is not in anyone's best interest. True to form, we will be starting on a very tight shoestring and expanding as we find the funding to do so.

- 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?**

We feel that doing the research ourselves, while challenging, provided us with insight regarding the project that would have never been possible with a consulting firm. We had originally intended to do an online survey with producers, but quickly realized there was a lot of information that we needed that would not be captured without in depth, on the farm qualitative interviews.

Going forward, our next steps are to:

- 1) Apply for financial assistance
- 2) Start brokering local foods
- 3) Continue to engage stakeholders at every level
- 4) Produce another "Recipes Fresh from the Farm" cookbook for spring produce
- 5) Produce another "Recipes Fresh from the Farm" cookbook for summer produce
- 6) Develop promotional materials
- 7) Work with our partners to produce and promote grower training
- 8) Continue to build our network of growers and buyers
- 9) Support our growers
- 10) Encourage our buyers