

## 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](mailto: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.

<b>Report Date Range:</b>	September 30, 2014 – September 29, 2015
<b>Today's Date:</b>	December 3, 2015
<b>Authorized Representative Name:</b>	Kathryn Strickland
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<b>Recipient Organization Name:</b>	Food Bank of North Alabama
<b>Project Title as Stated on Grant Agreement:</b>	North Alabama Farm Food Collaborative Expansion Study
<b>Grant Agreement Number:</b>	14-LFPPX-AL-0002
<b>Year Grant was Awarded:</b>	2014
<b>Project City/State:</b>	Huntsville, Alabama
<b>Total Awarded Budget:</b>	\$24,020

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 and have been approved by LFPP staff, 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 toward each one and indicate the impact on the community, if any.**

The Farm Food Collaborative (Collaborative) is North Alabama’s first local food hub. Our mission is twofold. First, we connect family farmers with buyers to facilitate sales of locally grown fruits and vegetables. Second, we aim to decrease rates of diet-related diseases among North Alabamians by providing access to healthy, local food choices in grocery stores, schools, and workplaces.

At present, the Collaborative facilitates exclusively sales of fresh, whole produce. Through this project, Collaborative members wanted to investigate expanding into sales of processed fruits and frozen vegetables to meet additional demand, extend the sales season and diversify the Collaborative’s product mix. This expansion has the potential to create additional markets for local farmers and create more shelf-stable, local options for institutional buyers such as schools.

- i. Goal/Objective 1:** To produce an informed and accurate assessment of both the benefits and risks of the Farm Food Collaborative’s expansion and development of a processing/flash freezing facility.

**a. Progress Made:** A 22-member Steering Committee of farmers, engineers, architects and representatives from key agencies including Alabama Cooperative Extension, Alabama Department of Education and Alabama Department of Agriculture & Industries met regularly from November 2014 through August 2015. The following activities highlight the Steering Committee’s accomplishments:

- Conducted site visits to and evaluated 14 potential facilities in Madison, Morgan, and Cullman counties for their suitability as a processing facility. All three counties lie within the I-65 corridor and offer the best possible proximity to the Interstate for shipping purposes;
- Facilitated a focus group and conducted a survey among Farm Food Collaborative producers to gauge the supply of local product available for processing;
- Developed a survey instrument and conducted in-depth interviews and/or surveys with 11 buyers representing diverse sectors including schools, institutions, retailers, distributors, food service contractors and restaurants in order to assess demand;
- Completed an analysis of the survey results and finalized recommendations for the product mix and volume needed for a potential facility;
- Researched the industry background, existing processing facilities in the region and competitive environment;

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- Defined the technical characteristics and equipment specifications for two different scale operations: (1) A medium-sized processing facility (14,300 sq. ft.) with equipment costs of \$2.1 million dollars; and, a small production facility (2,000 sq. ft.) with equipment costs of \$179,985;
- Completed equipment specification sheets, process flow diagrams, and drawings for both facility designs;
- Finalized ten-year financial statements, including sales projections and personnel requirements;
- Conducted a thorough risk analysis using the following business analysis tools: P.E.S.T., S.W.O.T. and Porter's Five Forces;
- Produced the final feasibility study report; and
- Presented the results with recommendations for moving forward at two meetings in Cullman and Huntsville, AL.

**b. Impact on Community:** This project enabled the Collaborative to conduct site visits, surveys, discussions and offered rare opportunities to glean information from industry experts. As a result, the Collaborative strengthened ties among its membership, increased its capacity to assess the viability of future markets and developed new relationships with regional economic development bodies.

ii. **Goal/Objective 2:** To produce a set of recommendations for either developing a facility or investigating an alternative method of expansion.

a. **Progress Made:** After a ten-month series of exploratory meetings, market research, site visits and financial analysis, the Collaborative's Steering Committee produced a final study that detailed the economic, technical, financial, and operational feasibility of a value-added processing facility in North Alabama.

The study's original market assessment indicated that the demand for value-added, local product did not warrant investment in a full-scale processing facility at this juncture. However, given the strong demand for local products and the lack of processing infrastructure in the region, the project's market analyst, Warren King recommended piloting fresh-cut products as a way to test product development, receive direct buyer feedback and formalize buyer commitment levels.

The study produced a final set of recommendations centered upon a small-scale facility based on the Lean Start-Up Model described in 2011 by Eric Ries. This philosophy demonstrates how startups can achieve success without significant funding by producing a "minimum viable product" and rigorously seeking customer feedback to quickly make improvements and gain market interest.

The final study produced four key recommendations:

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- 1) Cultivate higher demand by strengthening the Farm Food Collaborative's buyer membership and their ability to promote "locally grown" produce to their end-consumers;
- 2) Partner with other organizations to pilot runs of products for samples and product testing;
- 3) Rigorously apply lessons learned from the initial production runs;
- 4) If the buyer's commitment warrants it, pursue a small-scale facility.

**b. Impact on Community:** Completing the feasibility study increased community members' knowledge about regional assets within North Alabama's local food system and resulted in a pragmatic plan for future growth that judiciously invests limited resources and leverages the region's existing infrastructure.

**2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, since the baseline date (the start date of the award performance period—September 30, 20\_\_). Include further explanation if necessary.**

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

**4. Discuss your community partnerships.**

**i. Who are your community partners?**

Community partners include local farmers, institutional buyers including child nutrition directors from three local school districts, representatives from Alabama Cooperative Extension, Alabama Department of Education, Alabama Department of Agriculture & Industries, Alabama A&M University, North Alabama Regional Council of Governments, and Alabama Mountains, Rivers & Valley's RD&D Council.

The project's Steering Committee also engaged and received significant assistance from the Morgan County Industrial Board, Cullman County Economic Development agency, Madison City School District, the Fatback Pig Project and the Mayor of the City of Huntsville.

**ii. How have they contributed to the results you've already achieved?**

Steering Committee members remained actively engaged throughout the project period – each member contributed their expertise to the feasibility study's research and analysis. An architect on the committee, for example, provided site comparisons, while a retired NASA engineer developed a tool to assess the viability of potential products.

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The North Alabama Regional Council of Governments and Cullman County Economic Development Agency hosted Steering Committee meetings, identified potential sites for the Committee to investigate and led site visit tours in their respective counties.

Partners also drew upon their strong community ties to create a rich exploration of potential new partnerships that would support the launch of the facility described in the final report.

For example, one industrial board supported a partnership with one of their current investments – a small-scale, local meat processing facility. This potential collaboration has several benefits due to the facility’s promotion of locally raised proteins, synergy with local buyers, delivery routes and waste water treatment capacity. This potential inspired the small-scale vegetable processing design outlined in the final report.

**iii. How will they contribute to future results?**

Community partners will continue to contribute their expertise, resources and community ties in order to successfully implement the feasibility study’s recommendation to increase buyer membership in the Collaborative and develop partnerships to produce test runs of potential processed products.

**5. Are you using contractors to conduct the work? If so, how has their work contributed to the results achieved thus far?**

We engaged two consultants:

- Warren King, MBA, who has thirty years of experience in food systems and financial services that include strategic planning, procurement, market research, supply chain management, and business development.
- Jeff Dembiec, a mechanical engineer with nearly 30 years of experience in plant and process engineering for the fruit and vegetable industry including fresh-cut fruit and vegetables as well as thermal processing for canned, frozen and puree products.

Both consultants were instrumental to the project and contributed key elements of the final feasibility study. Mr. King, for example, developed the buyer survey instrument, conducted in-depth interviews with buyers and produced a set of recommendations for the facility’s product mix. Mr. King’s work formed the basis of the market feasibility section of the study.

Mr. Dembiec produced the design and equipment specs for both a small and mid-size processing facility exceeding the project requirements. His work was critical to the technical section of the feasibility study and his recommendations informed labor and management assumptions.

Both consultants participated in all Steering Committee meetings, attended several site visits, shaped meeting agendas and presented the final report’s key findings and recommendations.

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

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

The Steering Committee hosted two presentations that highlighted the final study's recommendations in Cullman and Huntsville, AL. Both consultants attended.

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

Steering Committee members and community partners.

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

17 stakeholders attended the final presentations including school nutrition directors, distributors, cooperative extension agents as well as representatives from the Department of Agriculture & Industries and Regional Council of Governments.

The Mayor of Huntsville and the City of Huntsville's Innovation and Entrepreneurship Council also received a special briefing.

\*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 thus far about your work? Yes.**

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

We sought feedback from stakeholders at each critical phase of the study's development including site visit comparisons, supply calculations, market research, facility designs, financial analysis and recommendations. We garnered this feedback through focus groups, surveys, interviews and group dialogues.

**ii. What feedback have you collected thus far (specific comments)?**

Buyers indicated that local products would garner up to a 10% premium over conventional products. The key regional product with a consistent supply of culls was sweet potatoes and apples; though, farmer surveys indicated a surplus of acreage and a willingness to grow diverse products with a viable market. These inputs led to the design of a small, versatile facility with a root vegetable, apple and leafy green line.

**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).**

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Positive lessons learned:

First, a local food processing facility in North Alabama coincides with the rise in demand for Alabama grown foods among local buyers. Discussing highlights from the survey of local buyers, Warren King, consultant with WellSpring Management, noted, “Everybody wants to buy local.” Buyers quantified this demand by sharing that local products could command up to a 10% premium over conventional products in the marketplace.

Second, there is strong community support for initiatives that use local foods as a catalyst for economic development. Due to the project, Steering Committee members were able to forge new relationships with the Cullman County Economic Development Agency, the Morgan County Industrial Board and Huntsville’s Innovation & Entrepreneurship Council.

Third, a small-scale facility with 900 square feet of production space and a year round supply of culls is financially viable at the maximum production capacity of 1,000 pounds per day.

Negative lesson learned:

The study determined that a medium-size processing facility (14,300 sq. ft.) with equipment costs of \$2.1 million dollars is not feasible in North Alabama. However, this discovery improved the project’s outcome by focusing attention on an alternative development strategy that leverages limited resources and draws upon regional partners.

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

We met the project’s two goals. A practical, achievable plan resulted from the feasibility study.

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 project administration proceeded smoothly. It is worth noting that the selection of the Steering Committee was a deliberate, thoughtful process. In addition to buyers, farmers and representatives from support agencies such as Alabama Cooperative Extension, we also recruited community members with specific skill sets to join the Steering Committee including an architect, a systems engineer and a facility manager. The addition of members from outside the food industry contributed to a highly productive and resourceful committee.

**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.**

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The Farm Food Collaborative is committed to implementing the study's recommendations. Both consultants encouraged pursuing the small-scale facility within two years.

**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?**

The Collaborative is implementing the study's recommendations. This year's annual goals include increasing demand by expanding the Farm Food Collaborative's buyer membership and supporting buyers' capacity to promote "locally grown" produce to their end-consumers – particularly to public school students, parents and teachers.

The Collaborative will also pursue funding opportunities to produce samples of processed products for product testing purposes.