

Local Food Promotion Program (LFPP) Final Performance Report

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

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

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

LFPP Phone: 202-720-2731; Email: USDALFPPQuestions@ams.usda.gov; Fax: 202-720-0300

Should you need to mail your documents via hard copy, contact LFPP staff to obtain mailing instructions.

Report Date Range: <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	September 1, 2015 – June 30, 2018
Authorized Representative Name:	Michael Amado
Authorized Representative Phone:	(808) 776-1870
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Recipient Organization Name:	Hawai'i Island Meat Cooperative
Project Title as Stated on Grant Agreement:	Establishing Hawai'i Island Meat Cooperative
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	#15-LFPP-HI 0016
Year Grant was Awarded:	2015
Project City/State:	Paauilo, HI
Total Awarded Budget:	\$99,944.00

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: _____; 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.

Note: The project (Establishing Hawai'i Island Meat Cooperative) encountered numerous issues primarily centered around the challenges of being the first entrant into an industry in a state where no precedents exist for integrating the regulatory requirements at the Federal, State and Local levels for this model of processing. The cumulative effects of these issues dramatically extended the project execution timeline and required increases in scope not anticipated in the original project proposal. Positively, our sponsoring government agencies and other partners were very understanding and supportive of the project as these obstacles were encountered and have continued to increase required funding to see the project through its ultimate completion. Despite these challenges, the project was able to deliver its core objectives albeit with some limitations with regard to the volumes and capacities originally projected. The project is continuing beyond the LFPP grant timeline due to the dedication and financial support from our sponsor community. The project progress and impact updates are reflective of these circumstances.

Goal/Objective 1: Develop new market opportunities for small-mid scale ranches serving local markets by providing access to USDA-inspected slaughter and processing services and developing a unified brand based on clear quality standards for local, all-natural, gourmet beef, pork, lamb and goat meat.

- Progress Made: The project deployed the processing infrastructure, achieved regulatory compliance and received its USDA Grant of Inspection for providing meat processing services to the Island’s small and mid size farmers and ranchers. Due to access issues at the large processing facilities on the island, our farmers and ranchers now have access to legally market their meat products. As the remaining Chill/Cut/Wrap phase of the project completes, the production capacity and additional product variations will expand dramatically offering greater opportunities for these farmers and ranchers.
- Impact on Community: Our community impact has been good. Our reach has not been as broad as had been planned due to the expansion of the project scope and timeline. Given the ongoing nature of the program, we will be completing the build-out of our post-slaughter processing operation over the next six months. As that service deploys, our targets for reach and community impact will exceed the original projections due to the increased processing capabilities and variety of products available as a result of our scope expansion.

Goal/Objective 2: Increase consumption of, and access to, island grown red meat products by consumers located within Hawaii State.

- Progress Made: The project made considerable progress against this objective during the LFPP grant period. We processed in excess of 20,000 pounds of meat

products that were made available exclusively to local consumers. Despite that achievement, this volume is still far short of the original projections. The need for post-slaughter processing services became a critical impediment when various regulatory and liability issues prevented the integration of these services with other island processors. To address this problem the project had to revise its scope to incorporate this capability. That resulted in additional increases in timeline and budget for the program. On the positive side, this will ultimately become a significant benefit to our co-op producer-members. Our projections for throughput will expand tenfold once we deploy this function and will increase dramatically thereafter as production skills and herd sizes ramp up.

- Impact on Community: Our community impact has been lower than intended due to the issues mentioned earlier. Despite this, the consumer population has begun to see our products appearing on the menus in local restaurants and at the new butcher shops that recently opened on the island. Because we are still operating under our start-up capacities, we're not able to fulfill any requests for additional points of distribution. However, it's a constructive sign that pent-up demand is still strong and we should not have any difficulty finding market outlets and providing revenue opportunities for our livestock producers once our post-processing facility is functional*

Goal/Objective 3: Increase the profitability of small-mid scale meat producers on Hawaii Island.

- Progress Made: The project made good progress against this objective but the results are still constrained by the pending launch of the post-slaughter processing function. The co-op maintains a membership of just under 30 farmers/ranchers who are actively involved in livestock production on the Island. Once the Chill/Cut/Wrap facility is running, this membership level is going to double rather quickly based on the discussions we've had with those waiting for the full breadth of services. In anticipation, our livestock producers have begun to establish trade accounts with some of the local supermarkets and restaurants while trying to figure out how they can create a stable production stream that meets the requirements of these customers. These developments are strong affirmation the project is addressing the core needs of the community and starting to achieve its primary goal of economic development for the local agriculture sector.*
- Impact on Community: Most of our community of livestock producers are still patiently waiting for the full post-slaughter processing capabilities to deploy. Those who have their herd numbers at levels ready to market and do not require post-slaughter processing services can now realize the benefits of having access to the processing facilities that allow them to actually sell meat products rather than just live animals. Prior to this project they had virtually no access to USDA-inspected processing services. The greatest point of dissatisfaction is the current lack of the post-processing facility that would give all producers the full production capability to supply any meat product requested to their customers.*

We are now on an accelerated timeline to get that facility certified and functioning so this should only be a temporary situation.

Goal/Objective 4: Increase the number of livestock finished and marketed locally, and thus contribute to Hawaii's food self-sufficiency and security.

- Progress Made: The project has performed reasonably well on this objective. As stated above for the progress on Goal/Objective #2, the pounds of processed meat product has grown significantly and directly correlates to this objective. The meat products we've processed are exclusively raised, finished, processed and sold on Hawai'i Island. Each step of this process is providing an incremental addition to our agricultural economy and helping to build a new model of production that has the necessary elements to self-sustain well into the future. The realization of these benefits will increase fairly dramatically with completion of the subsequent project phases now being executed.*
- Impact on Community: We have three distinct communities for this objective; local Farmers and Ranchers; our sponsoring governmental agencies; and the general consumer population. As outlined above, the farmer/rancher community has received direct benefit as evidenced by the quantity of meat processed during the project's lifetime. Collectively the farmers and ranchers are now able to utilize a service that was previously inaccessible to them. As we consider our state and local governments as a target community for this objective, the achievements thus far have been quite good. We have the processing infrastructure in place and are executing the necessary project phases to ensure a vibrant production model based exclusively in Hawai'i. For our consumer populations, this objective is a little more obscure particularly at the supermarket/traditional retailing level. Those consumers understand they are buying a locally-sourced meat product but may not understand the upstream economic impacts of this livestock production model. The consumers at the farmer's markets and butcher shops tend to be more aware of these impacts and will motivate much of our market development since they are seeking out this type of product and will be our most direct drivers of demand.*

Goal/Objective 5: Establish an entry pathway for aspiring ranchers to begin raising and marketing livestock on a small scale, thereby increasing the number of meat producers and ensuring a robust supply chain of locally-grown meats into the future.

- Progress Made: This objective was fully achieved during the LFPP grant timeline. With the core mobile slaughter processing capability now functioning, our efforts now focus on increasing the volume of this production/marketing channel and expanding the post-slaughter processing capabilities in a program phase that was added to the original project (Chill/Cut/Wrap). Those are still very challenging objectives but we are now moving rapidly toward deployment of this last project phase. Funding for this phase has been committed by the Hawai'i Department of Agriculture and the project team continues to execute the tasks necessary to complete the full vision for this program.*

– Impact on Community: *Our community impacts for this project have been very strong and well received. The greatest realization of impact has been within our sponsor/partner communities. They understand the macro-level economic impact of seeing our local producers begin participating in a production and marketing activity that has no dependencies upon transport to/from the mainland. Our consumers are pleased since they can now purchase local meat products more easily than was previously possible. The expansion of our project scope to include greater processing options will only enhance availability of these products. The greatest direct beneficiaries of the project have been the local farmers and ranchers. With access to a processing capability that was previously blocked for most of them, they can now begin to envision businesses based on livestock production that are not a financial dead-end. This will address the flight of participants in agricultural careers in the state which has been a serious concern for many years.*

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:
 - 5 part-time butcher roles were staffed and trained in preparation for start of regular operations. During the project activities four of those positions were actively working on our processing days. However, due to the expansion of our project scope to include a new phase of work (Chill/Cut/Wrap), we only utilize two of those positions on a part-time basis. In addition, we also have a part-time manager focusing on completion of the full project vision. Once we deploy the post-slaughter processing function, our full-time staffing load will be 6 individuals.
 - ii. Number of jobs retained:
 - Since this is a new infrastructure project, we don't have data we can use to accurately characterize this metric.
 - iii. Number of indirect jobs created:
 - We contributed to a fraction of an indirect job (person with a refrigerated van who added our deliveries to his schedule). There are also some very incremental adds to the ranch personnel who provide assistance on our processing days.
 - iv. Number of markets expanded:
 - We've expanded four existing farmer's markets through our producers who sell their products at these venues. Technically they were already selling their products at the farmer's markets but now they are able to market a legal, USDA-inspected meat product.
 - v. Number of new markets established:
 - We have two new markets that are now sourcing product through the co-op: two new butcher shops that recently opened on the island; and, one supermarket chain (Foodland)
 - vi. Market sales increased by \$100,000 and increased by (beyond 0 baseline)%.
 - ***Our total market sales have increased from \$0.00 at the start of the project to approximately \$100,000.00+. (note: this figure is an extrapolation based on***

the number of pounds of product we've processed for our livestock producers multiplied by the average market price they sell their product for) We don't have specific numbers since the sales were direct from co-op members to consumers. Once we complete the Chill/Cut/Wrap phase of the project and begin direct sales to consumers we will begin to establish baseline sales metrics for use in tracking progress against original targets.

- vii. Number of farmers/producers that have benefited from the project:
 - 30 livestock producers have utilized our service (program life-to-date)

- 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?
 - i. No expansion of customer populations was achieved during the project since our primary focus was to ramp-up the production capabilities of the core slaughter operation. The deployment of a post-slaughter processing facility (Chill/Cut/Wrap) was subsequently added to the scope of our project but it ultimately pushed the project completion date beyond the LFPP grant timeline. The commencement of that function will be the logical transition point to begin promoting and expanding into additional populations.

- 4. Discuss your community partnerships.
 - i. Who are your community partners?
 - Hawai'i Department of Agriculture
 - The Kohala Center
 - Big Island Resource Conservation & Development Council
 - University of Hawaii – CTAHR
 - Kaimas Foundation
 - ii. How have they contributed to the overall results of the LFPP project?
 - The Hawai'i Department of Agriculture provided significant funding, issue resolution, access to resources within the department and assistance navigating the regulatory and political landscape
 - The Kohala Center holds a permanent seat on our advisory board, provided grant funding, networking promotion and technical assistance to the Co-Op
 - The Big Island Resource Conservation & Development Council has been the primary project sponsor and holds a permanent seat on our advisory board
 - The University of Hawai'i - CTAHR holds a permanent seat on our advisory board and has provided technical assistance and facilities for the project
 - The Kaimas Foundation has providing funding for the program
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?
 - All of our partners are staunchly committed to the project. Their involvement is continuing beyond the LFPP grant period and expanding as we add additional phases to our project scope. The continued funding of additional phases has already been committed by the Hawai'i Department of Agriculture and our other sponsor agencies have affirmed their continued participation and support of our work.

5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?
 - Yes, contractors were an integral part of our project execution. We utilized them in various capacities to provide services that could not be fulfilled by our staff or partner community. Examples include marketing, web development, project management, interim butcher services, etc.

 6. Have you publicized any results yet?*
- If yes, how did you publicize the results?
- Through a newsletter to our customers and producers. Available on request.
 - Our website at hawaiiislandmeat.com.
 - Word of mouth in a relatively small ranching community.
 - Emails, phone calls and personal visits from Board members to keep in touch with our community.
 - We attend events in our community when possible to share our work.
 - We will launch a formal campaign in the future concurrent with the deployment of our Chill/Cut/Wrap project phase.
- i. To whom did you publicize the results?
 - Our Co-Op members, the local ranching community, attendees of food-oriented events, local university and government resources, general public for some of our broader media appearances
 - ii. How many stakeholders (i.e. people, entities) did you reach?
 - Excluding the media reach, our contacts to the target audience for this service are in excess of 500 individuals and organizations
- *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?
 - i. If so, how did you collect the information?
 - We have heard back from producers by email, phone calls and word of mouth.
 - ii. What feedback was relayed (specific comments)?
 - “I have received your email and am anxious to hear more about the progress you are making to get the MSU up and running. Aloha, Peggy”
 - “Congratulations, happy you are reaching out to the membership and moving the MSU forward. From Carol”
 - “Aloha, please continue to keep us apprised of what is happening. Mahalo Keith”
 - “Well received, thank you. Tom”
 - “Please let us know when there will be availability for receiving lambs in North Hawaii. Thank you, Jim”
 - “Hi thanks for the email and so glad you’re onboard. Thanks, Michelle”

 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?
If yes, how much was generated and how was it used to further the objectives of the award?
- The Program generated \$10,149 income. All program income was used to offset the additional expenses associated with the extended project timeline

9. Lessons Learned:

- i. Summarize any lessons learned. Draw from positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).

Positive

- A strong and committed community of partners and project sponsors is essential for a program of this nature. The ability of these groups to respond to unexpected outcomes and ensure the project maintains momentum was a tremendous asset. Without such a support network, there was high probability many of the participants would have abandoned the project.
- Utilize the political resources who sponsored the project as quickly as possible when challenges arise regarding regulatory issues. For publicly-funded initiatives, they have a vested interest in helping the efforts succeed and significant influence for navigating the regulatory agencies often inscrutable processes and requirements.

Negative

- Understand the how the regulatory environment will affect the project and establish realistic timelines. A crucial oversight for this project was failing to recognize the current set of local regulations for meat processors never contemplated very small scale, mobile processing. As a result, none of the regulatory language provides for solutions that are adaptable to this type of operation. Each time such issues were encountered, there was a significant delay in the project to bring together parties from all the relevant agencies to determine how to resolve.
- Recognize the limited skills available in the local workforce. A characteristic of the local workforce that had a consistent impact on the project was the limited availability of resources with a background or familiarity with the meat processing industry. There are workers who have been employed in various aspects of meat production however none possessed a holistic understanding of the full process from live animal to packaged consumer goods. This is primarily attributable to how the broader industry is currently structured around a production line model with heavy reliance on task specialization. The cumulative effect of this skill limitation has been a heavier than anticipated reliance upon training resources to educate the staff on basic principles and practices necessary to function within a small production facility like an MSU. Because these training resources are typically located on the mainland, the project felt the dual impact of high costs and timeline extension associated with the logistics of utilizing these specialist resources.

- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:
 - Ensure the project is designed to deliver a useful end-to-end solution. A significant oversight in the feasibility and planning phases of the project was the belief a staged delivery strategy would provide a useful set of services to the livestock producer community. Under that assumption, the project was planned to deploy in two sequential phases with the Post-Slaughter Processing directly following the launch of the Mobile Slaughter operation. While this is a sound strategy to tackle manageable units of work and minimize risk, it overlooked the fundamental need to ensure the process constituted an unbroken, direct path to market. As the slaughter-only service was being deployed, it became evident this service would be of limited use to farmers and ranchers because it only could produce meat products in full, half and quarter carcass form. That effectively reduced the potential user population to those customers who had markets with cutting services certified for selling to the public.
- 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:
 - One of the key objectives of our program charter was to serve as a pilot project that would inform and assist similar initiatives in the state to launch similar operations. In this capacity, we have become a central point for providing information and guidance to the other projects. We are also establishing the set of processes, documentation and protocols necessary to achieve regulatory certification in Hawai'i.
 - A dedicated full time employee with strong project management experience is essential to deploying a project in a complex, heavily regulated environment. Consequently, the project budget should reflect this staffing requirement. There were many assumptions that other resources within the partner and sponsor community would help where skill gaps were encountered. That approach is not realistic since the types of problems encountered demonstrated they could not be addressed on an ad-hoc basis. The necessity of understanding the details at a fairly granular level made "drop-in" support for most issues impractical and extremely time consuming.

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 will continue the work to complete the build out of the final phase of the pilot project (post-slaughter processing) to provide processing facilities for livestock producers who have limited access to the existing meat production infrastructure on the island. With the addition of this function our ability to expand our base of producers and consumers increases dramatically and enables the program to capture the benefits originally set out in the program charter.

- We will also continue the work of integrating this new set of meat processing capabilities into the state’s broader food production infrastructure initiatives. We’ve already been engaged in the planning activities for the long-term master plan of a food hub utilizing one of the state’s facilities located in an agricultural region of the island. In addition to that effort, we are also participating in the State’s Blue Zones initiative to expand the availability of locally produced health and longevity-promoting food options.
 - We are also now serving as an incubator for new business ventures dependent upon facilities with the necessary certifications to produce meat products. Since the small-scale processing platform we’ve launched is quite flexible and adaptable to prototyping trials, we are able to support projects that need to develop new processes and gain certification through USDA, FDA, etc. for production and distribution of their products. We’re currently working with a pharmaceutical manufacturer to launch a pilot for their livestock genetics program. The outcome of this program will produce bovine-sourced extracts as the inputs for their bio-medical manufacturing processes and meat products for export markets.
- 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?
 - Rationalize the regulatory footprint governing small-scale meat production. USDA has addressed this quite well but there are numerous state and county regulations that have never contemplated meat processing in anything other than large-scale, fixed-location facilities. Conditional approvals with a plan for demonstrating relevant compliance based on results and monitoring should be established for areas where the existing regulations don’t adapt to a small-scale mobile model.
 - Hawai’i should continue to invest in shared public assets that are made available at low cost to the entry-level producer. Cold storage is an example of high priority need that lends itself to many different producers but is prohibitively expensive for an individual to deploy on his/her own.
 - Expand the food hub concept to additional state-owned sites throughout the islands. Once an infrastructure is in place with core components available (chilling, processing, retailing, etc.), synergies amongst producers can begin to build and the aggregation of a compelling range of products will drive consumer demand.