

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 30, 2014-September 29, 2016
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Recipient Organization Name:	Iowa Food Hub c/o Upper Explorerland Regional Planning Commission
Project Title as Stated on Grant Agreement:	Expanding the Market for Local Food In Rural Iowa
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-IA-0054
Year Grant was Awarded:	2014
Project City/State:	Decorah, IA
Total Awarded Budget:	\$88,000

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?

- Same Authorized Representative listed above (check if applicable).
- Different individual: Name: _____; Email: _____; Phone: _____

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Introduction

In September 2012, Allamakee New Beginnings, Inc. (ANB) launched a food aggregation and distribution business called the Iowa Food Hub (IFH). IFH sources product from farmers within 150 miles of West Union, Iowa. The goals of IFH are to:

- Increase sales and consumption of locally grown products.
- Distribute quality fresh foods into underserved communities.
- Operate a more efficient local food distribution system, saving farmers and buyers, time, gas and money.
- Support local small and mid-sized farms that can supply the wholesale marketplace of schools, hospitals, grocers and restaurants.

IFH was established as an educational, research-driven food hub. This business model offers specialized technical assistance to farmers and food producers. IFH programming focuses on small and medium-sized farm viability, food access and equality, local economic development, job creation and retention, beginning and established farmers, and food system research and education.

This grant was used to assist farmers and food producers ready to invest in aggregation infrastructure and expand access of locally-grown foods into schools, institutions and grocery stores in rural, northeast Iowa.

1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff.

i. Goal/Objective 1: Hire Marketing and Sales Assistant

a. Progress Made:

The Iowa Food Hub (IFH) hired a Marketing and Sales Assistant in November 2014 on a part-time basis. In March 2016, the food hub coordinator resigned from the food hub and the Marketing and Sales Assistant was promoted to General Manager after a search. The food hub board revamped the job description of the Marketing and Sales Assistant to make it full-time and added warehouse management responsibilities (Sales and Warehouse Manager).

b. Impact on Community:

The additional capacity at the food hub to reach out to customers and assist them with their local food purchases has led to new jobs at the food hub, increased sales for the hub, and increased sales for farmers and food businesses.

ii. Goal/Objective 2: Roll out branding campaign and include 4 rural retailers

a. Progress Made:

We hired a branding consultant to assist with this objective. This consultant conducted customer survey to develop the final branding concepts. The food hub board was involved in the discussion on the final brand name and logo design. In the end, a graphic designer created two logos: a logo for the Iowa Food Hub (IFH) and a logo for the brand, Midwest Farm Fresh.

Our first priority was to use the IFH logo to increase visibility and recognition of the food hub. We purchased box labels and had the logo printed on our meat boxes. We added the logo to our invoices, letterhead, website and e-newsletters. We also added the logo to our delivery truck and cool-bot trailer and made a new exterior sign for our facility.

Many rural communities do not have grocery stores. Residents in those communities may need to travel 15 miles or more to find a store where fresh food is available. However, we have observed that some of these rural communities may have other businesses in the community that might be willing to be an outlet for local products.

In this project, we partnered with these small rural businesses – “non-traditional retailers” -- to increase the access of local, healthy foods, especially local fruits and vegetables. We purchased display coolers to use in these settings. We tested four locations.

The first location was at a feed store which had rebuilt their facility after burning down in 2013. In their new store, they wanted to expand their product offerings to include more locally-produced products. They were primarily carrying refrigerated dairy, eggs, frozen meats and grocery items. IFH provided a retail display cooler so they could offer fresh produce. During this project, their fresh produce sales grew by 362%.

The next two sites were part of our food box program. Iowa Food Hub offers a modified CSA program to worksites where products from several farms is delivered to employers each week. This program works well at large employers in urban communities. We wanted to investigate the feasibility of offering this program in rural communities where anyone in the town could become a member.

In the summer of 2016, we launched a community food box program in four communities ranging in size from 1000 to 4000 residents. Two of those communities reached the threshold for memberships to offer the ten-week pilot. One pick-up location was at a farm partner’s retail store. IFH provided a retail cooler where the food boxes would be held until the customers picked them up. The other site was at a county Extension office which is located on Main Street of a community of 1000 people.

Two sites failed to reach the minimum number of subscribers to participate in the pilot program. One site was at another county Extension office and the other site was at the Community Center/City Hall. The team plans to continue recruitment for the 2017 growing season.

The annual weekly sales at each site ranged from \$150-300 resulting in about \$2500 in sales over the course of the pilot. It is estimated that the two new sites generated \$5000 in sales for the food hub in 2016.

b. Impact on Community:

Families living in rural communities have more access to locally-grown foods. Some of these communities do not have farmers markets or CSAs. Partnering with non-traditional retailers in rural communities can be an effective method of reaching new customers, but its success is limited. Unless the site draws a large number of customers, the sales volume can be small. These sites may require additional customers in the community that can serve as anchor buyers to spread out the delivery costs. Working with non-traditional retailers requires creativity, innovation and local partners to assist with customer recruitment and sales.

iii. Goal/Objective 3: By May 2015, increase total value of local food purchases of 4 public schools by 100%, compared to the 2013 baseline of \$22,897

a. Progress Made:

Our experience shows that in order to truly grow farm to school, there needs to be an intermediary market like a food hub that can serve as a facilitator between the farmer and the school. Schools are a

low-margin, high volume market and food hubs need to have multiple producers available to meet the demand. Food hubs also need to have enough capacity to conduct weekly calls to schools to collect orders. Iowa Food Hub has been positioned to serve the sixteen school districts in NE Iowa.

Based on interest and engagement, four school districts were selected to be pilot sites based on demonstrated capacity; readiness and commitment to implement a regional farm to school cycle menu; and willingness to double their local food purchases. The four districts were partners in a previous USDA Farm to School grant. The districts ranged in size from 400 to 1800 students (3944 students total). Two districts have free and reduced lunch rates of 20 and 26% and two districts had rates of 51 and 80%.

The four target school districts purchased \$38,500 of local food from the Iowa Food Hub in the 2014-15 school year, 73% of the school's total local food purchases for the year (\$52,400). Total local food purchases by schools in the region was \$72,000 (14 school districts). The 4 pilot districts accounted for 79% of the total school sales for Iowa Food Hub.

The four target school districts purchased \$34,840 of local food from the Iowa Food Hub in the 2015-16 school year, 73% of the school's total local food purchases for the year (\$47,825). Total local food purchases by schools in the region was \$63,440 (14 school districts). The 4 pilot districts accounted for 84% of the total school sales for Iowa Food Hub that year.

b. Impact on Community:

More fresh, local food has been made available to vulnerable populations in our rural region. Two of the pilot schools have free/reduced lunch rates of 50-80 percent. The pilot schools doubled their local food purchases during both years of the project. Three-quarters of those purchases came through the local food hub.

iv. Goal/Objective 4: Purchase coolers for the food hub facility

a. Progress Made:

During this project, Iowa Food Hub invested in three types of cold storage for the food hub.

The first investment was into the hub facility itself. When this grant started, the Iowa Food Hub was working with four pallets of borrowed space in a beer cooler at a local grocery store. In December 2014, we moved to a new location to give us more space for our base of operations. The leased space is location in West Union. We purchased and installed a walk-in cooler and freezer unit which expanded our cold storage by 500%. We also have the ability to carry inventory and have implemented an inventory management system.

The second investment was into refrigeration equipment to help us provide access to local food in small rural communities. This required the purchase of merchandiser coolers that were used at non-food businesses. The locations were previously discussed.

The third investment was into a mobile, mini-food hub trailer. Iowa Food Hub's service area spans 150 miles. While most of the farmer suppliers are within 50 miles of the food hub, some are located 50-100 miles away. We wanted to test the idea of a "food hub node" in a metro area about 80 miles from the main food hub facility. Nodes are small cold storage facilities (in this case, a refrigerated trailer) that are managed remotely by a larger hub. Nodes provide easy access for local farmers to tap into a larger

distribution system as well as provide the opportunity to increase services to valuable urban markets with negligible increases in transportation costs and transaction costs.

The trailer was constructed in the summer of 2016 and put into use toward the end of this project, just in time for Farm to School month. Preliminary data shows that at least 5 farmers benefited from access to the cooler. They sold \$7300 of product to the food hub. Three of the farms were new suppliers.

b. Impact on Community:

Families living in rural communities have more access to locally-grown foods. Some of these communities do not have farmers markets or CSAs. More farmers are benefiting from aggregation, distribution and marketing services of the food hub.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 2014). Include further explanation if necessary.

- i. Number of direct jobs created: 1.5
 - a. 1.0 FTE Sales and Warehouse Manager
 - b. 0.5 FTE Truck Driver
- ii. Number of jobs retained: 1.5
 - a. 1.0 FTE General Manager
 - b. 0.5 Truck Driver
- iii. Number of indirect jobs created: 18
- iv. Number of markets expanded: 30
- v. Number of new markets established: 36 (25 new in 2015; 11 new in 2016)
- vi. Market sales increased by \$444,640 and increased by 145%. Sales grew from \$305,360 in 2014 to \$631,160 in 2015, an increase of 107%. Sales through October 2016 were \$541,445. We are estimating year-end sales to be \$750,000, a 19% increase.
- vii. Number of farmers/producers that have benefited from the project: 75
 - a. Percent Increase: 36%

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 previously mentioned, we've been able to increase local food sales to both public and private schools in the region. We have also gained retirement homes as new customers.

We have developed new partnerships with organizations working to supply food deserts in metro areas. <http://iowafoodandfitness.org/wegrow/2016/11/10/bringing-seasonal-produce-to-waterloo-food-deserts/>

In another project, using funds from a community foundation grant, we gave \$5 coupons to the Fayette Food Pantry to distribute to their clients. The coupons could be redeemed at Unionland Market for fresh produce, milk or eggs. Over \$600 of coupons were redeemed. The produce cooler installed by IFH at Unionland Market was key to this project.

The partnership with FFI has also led to additional funding to support Farm to Early Childhood outreach to childcare centers and Head Start classrooms.

4. Discuss your community partnerships.

i. Who are your community partners?

Allamakee New Beginnings, Inc. (ANB) is an innovative a 501(c)(3) non-profit whose mission is to lessen the effects of poverty by investing in families and individuals through education and collaboration. They operate the Iowa Food Hub as a way to reach their mission.

The NE Iowa Food & Farm Coalition (NIFF) is a network of stakeholders across the value chain. Their mission is to create opportunities for new and existing farmers to engage in the local and regional food system. The NIFF Coalition currently has farmer members in six counties in Iowa, as well as Minnesota and Wisconsin.

NE Iowa Food and Fitness Initiative's (FFI) vision is that NE Iowa is a unique place where all residents and guests have access to locally grown, healthy food and opportunities for physical activity every day. FFI's core partners include this grant's fiscal sponsor, Upper Explorerland Regional Planning Commission, Luther College, NE Iowa Community College and Iowa State University Extension and Outreach.

School districts have been a key partner to grow Farm to School efforts.

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

Some partners, like FFI and ISU Extension, have provided technical assistance and matching funds for the project. They have also assisted with the application and implementation of other grant projects involving the food hub including Farm to School and food safety. Other partners, like schools and universities, have created market demand for local food. Other partners, like Main Street businesses, have provided space and access to their customers as another market venue.

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

Iowa Food Hub remains committed to its customers and farmer partners. This project has assisted with the physical and human infrastructure needed to build long-term relationships. The FFI partners have made local investments into the long-term capacity of the Initiative, and will continue to serve as "value chain coordinators" for the work.

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

A brand consultant helped us glean new insights in to potential local food customers, choose a brand name, and develop a new logo. We also hired a graphic designer to develop the logos.

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

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

The final report for this project has not been publicized yet. However, a number of publications and press have been released featuring lessons learned and best practices from our journey to grow a local food hub and to connect it to schools and institutions.

ii. To whom did you publicize the results?

The following articles are available publicly on the internet:

- a. Local pork on school menus: A win-win situation.
<http://www.leopold.iastate.edu/news/leopold-letter/2015/summer/menus>
- b. "Schools embrace farm to school connection," Wallaces Farmer, May 2015,
www.rd.usda.gov/files/IA_Highlight_NIFFI_051215_0.pdf
- c. Elkader Food Box is a hit, FFI blog, September 2016,
<http://iowafoodandfitness.org/wegrow/2016/09/14/iowa-food-hub-popular-program-now-in-ne-iowa/>

The following extension publications are available publicly on the internet:

- e. Local Food System Toolkit #2: Managing Cash Flow for a Low-Capital Food Hub Start-up, July 2015, <http://www.leopold.iastate.edu/pubs-and-papers/2015-06-toolkit-2-managing-cash-flow-low-capital-food-hub#sthash.UuhpLuEx.dpuf>

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

Unknown. The information is available publicly on the internet.

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?

We collected feedback from our community food box customers at the end of their 10-week pilot in small towns. We used an online survey.

ii. What feedback was relayed (specific comments)?

The majority of customers joined the pilot to support local farmers. All of the respondents would recommend the program to a friend. Here are some specific comments:

- Love the program. My only thought was if we could get a food box everything two weeks or so. The items were great but I didn't have enough time to use all the items before they went bad.
- I have been more than pleased with every aspect of this program and I deeply hope you can continue it. I have tried many new things because of this program. Thanks!
- I loved the program. This is just a personal opinion, but it would be nice if there was a sticker/label or something on the item to identify them.
- This is always the best part of my week!

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? Yes

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

Yes, the food hub generated \$1,172,605 during the grant period, through local food sales. All income earned has been used to cover operating expenses directly related to further enhancing the production and consumption of local/regional foods.

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).**

- 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:**
 1. Cold storage infrastructure is a barrier in rural communities. The food hub board and partners searched for space to rent cold storage for almost 12 months before they moved to their current location with open space and a loading dock. The cooler-freezer unit still needed to be installed. As we plan for growth and expansion, we are probably looking at construction of a facility because vacant buildings in the region are not adequate.
 2. Food Hub nodes can be an effective transition step. Even in metro areas, finding the appropriate amount of cold storage can be a challenge. In this situation, we've found cold storage may be available, but it is at a scale too large to be functional or affordable. It takes time to build the markets and relationships in new areas. The relationship investment needs to come before the infrastructure investment.
 3. Other food hubs have shown that a common brand can be an effective retail strategy for a food hub. Feedback from our customer surveys also supported the idea having a common brand on local products to make them easier to find on store shelves would lead to more local food purchases. We underestimated the amount of time it would take to develop the brand, work with retailers and work with producers to launch a product line. We continue to have these conversations. Because the food hub has initially found more success with food service accounts versus retail accounts, the priority of this project has been downgraded and the launch of a commonly-branded product line is unknown at this time.
 4. Find "value-chain coordination" partners to help. In order for the food system to flourish, the responsibility for market development and education shouldn't lie solely on the shoulders of the farmers. Like traditional economic development, community organizations need to assume some of those roles for the benefit of all the players. The USDA has termed those activities as "value chain coordination", and defined those roles: market matchmaker, convener/relationship builder, resource prospector, policy thought leadership, technical assistance provider and catalyst/innovator.

When we look at the daily decisions made by food hub staff, the priority is given to tasks and activities that will make the business profitable – increasing sales, developing buyers and marketing local foods. Those three tasks consume the majority of time for staff as they are bootstrapping a growing business. It is the "business side" of the mission.

Consequently, this means there is little time to focus on the "social mission" of the organization. Fortunately, the social pieces are priorities for community partners including cooperative extension, economic development or other non-profits.

Because the priorities are reversed for each partner, there is natural opportunity for partnership – a mutually beneficial partnership – that will ultimately lead to a systems approach to change. Our value-chain partners include cooperative extension, the sustainability center at a private college, a regional planning commission and a local cooperative grocery store. These partners shoulder most of the education, outreach and planning needed to develop and enhance the use of local foods.

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.

Through this grant, we developed a successful food hub in eastern Iowa – the first one in the state to provide local products to institutions on a large scale. We have developed numerous relationships with farmers, customers and community members. We've made new investments into trucking and cold storage infrastructure. Our initial pilot programs to increase local food access in rural communities have shown favorable results and we will continue to build on those findings. With the food hub as an outlet for local food, we now have a key piece of infrastructure in place to tackle challenges with rural food access and beginning farmer development.

We also have influential partners on our side. The Northeast Iowa Food and Fitness Initiative (FFI) works in six rural counties in Northeast Iowa to improve the health and well-being of children and families in the region. Countless individuals and organizations work together to increase access to healthy, local foods and opportunities for play through four strategies—K-12 Schools, Early Childhood, Local Food, and Safe Routes to School—while engaging youth in all strategies. FFI serves as a statewide leader in Iowa in changing policies, systems and environments to make healthy choices easier. FFI is currently in its eighth year of implementation of their community action plan. This winter, FFI is convening stakeholders to provide feedback for a strategic plan for food system work in the next 10 years in the areas of production, aggregation, distribution and food access. IFH staff and board members are a part of that process.

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 will continue to investigate the feasibility of food hub nodes as a way to leverage existing distribution infrastructure and connect to more farmers. We will continue to investigate models for fresh-cut vegetable processing as a way to increase fruit and vegetable purchases by institutions. We are currently involved in a couple of projects to investigate the opportunities and barriers in supplying local foods to early childhood settings. We are diving deeper into production planning models to provide more consistency for buyers and farmers. We continue to work with schools on incorporation of local products into menus. We are piloting a local food fundraiser program with a youth group as a new option for school fundraising.