

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, 2015-September 29, 2017
Authorized Representative Name:	Patrick Kennedy
Authorized Representative Phone:	502-477-8561
Authorized Representative Email:	creamery@stonecrossfarm.com
Recipient Organization Name:	Stone Cross Farm, LLC
Project Title as Stated on Grant Agreement:	Expanding Markets and Accessibility for Meat Producers In Kentucky
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15-LFPP-KY-0078
Year Grant was Awarded:	2015
Project City/State:	Taylorsville, KY
Total Awarded Budget:	96,737.00

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.

- **Goal/Objective 1: Open the sausage shop and processing facility to create increased opportunities for skilled agriculture employees in rural areas, while strengthening the local food supply chain.**

Progress Made: Our sausage facility is now completely fitted with necessary utility service, equipment and refrigeration needed. We did experience some minor contractor delays in completing part of this work, however this was anticipated and did not set the project back significantly (only set back approximately 3-4 weeks). All equipment has gone through testing to ensure it is suitable for ongoing use. We are now fully operational at our facility.

Impact on Community: We purchased an unused commercial building (2014) that had been setting vacant for several years. The local bank that held the deed on the property was anxious to move the property off their books as the cost of maintaining it was adding up and several other buyers contracts fell through; our estate agent advised us we could close within 30 days on the property and take possession quickly. After careful review and discussion with our CPA, we decided to buy the property. A major selling point for us was the fact the property (built originally 2008) had all the necessary permits, water and sewer system already in place to convert it into its current use. With electrical and refrigeration upgrades, we have been able to greatly improve the use of the building and improve the building and lot by bringing it up to the standards of other businesses in this development. The addition of the outside walk-in cooler (30'x30') and freezer units have significantly increased the holding capacity from what we had in the past (it is now tripled as of spring 2015). We have improved a local development area by renovating this facility, putting it to good use, and have received support from the neighboring businesses as they are happy to see an ongoing operation succeed, in what was, a vacant unused part of the development.

We took on the building restoration work during 2014 (using profits from our existing business) and at the same time began discussions with our current customers to see what their needs might be for a locally made value added sausage product. Our customers and chefs encouraged us early on, even before the building was purchased as they expressed frustration with the limited options of quality locally made products they could offer on their menus as they were being prompted for these items from their customer base.

- **Goal/Objective 2: Increase production capacity of value added meats and expand product line.**

Progress Made: We began and continue a custom sausage processing arrangement for a customer in Lexington, KY in an underserved area of the city. The chef wanted us to produce a proprietary product for him that changes on a bi-weekly basis. So far we have made several varieties for him including: Asian style (Chinese 5 spice) sausage, a Portuguese style of Chorizo, a European style Kielbasa, and several other varieties of sausage which have been very well received, especially with the freshness of ingredients used and that they are MSG and nitrate free, in addition in the Louisville market, we have begun custom processing work for [Mayan Street Food](#) (part of the Mayan Cafe Restaurant group). This is an ongoing partnership with them to make a custom Chorizo sausage for their food truck business that can potentially serve the entire Louisville market. Most recently, we have been approached by a chef in the Louisville market to produce a custom Italian cured pork jowl. The product, according to the chef, is not

currently available and during his travels to Europe he found this product and wanted to incorporate it into his menu here in KY. He's very happy to be able to offer this unique product to his customers and set his restaurant apart with this unique ingredient.

Impact on Community: It is especially encouraging to us that the chef and the restaurant for which we are providing the custom made sausages are newly opened in an underserved part of the community, both economically and for local products such as the ones we offer. It has been very well received. Beyond this, we are being asked by these same restaurants and chefs what other possibilities there may be for us to produce unique and unusual items that they have not access to before or are too complicated and time consuming for them to make in their own kitchens. We appreciate their feedback on these products and are encouraged that our efforts have been well received on undertaking this project.

- **Goal/Objective 3: Expand existing markets and enter new markets**

Progress Made: One of our chefs had an opportunity to expand their brick and mortar business to enter into off-site catering and we were able to provide the sausages and meats she needed to serve breakfast and lunch for a three day event at horse show in Lexington. This catered event supplied the meals for both the employees of the event plus the visitors attending the show. This event has now become an ongoing project for us as they have been awarded the contract in 2018 for all of the horse shows / large events at the facility. This is a significant uptake in sales for us and we look forward to supplying them with the sausages, cured meats, etc. for their menu. Customers attending this event, many of them come from through-out the Bluegrass region in KY, have made it clear to event organizers that they value and want to promote with their dollars as much local agricultural products in this venue as possible.

A new customer that is in the far eastern part of the state (Red River Gorge area), the [Red River Rockhouse](#), has become a regular buyer during their months of operation (February - November). They are one of the few restaurants in that area, and are exclusively the only one that features local products for the tourist that come through this national landmark for hiking and camping excursions.

We also now supply product to [Boone Tavern](#), located in Berea, KY. This historic property, located across the street from Berea College, is a popular destination tourists, as well as for the college students and their families. The restaurant is an important part of this unique college that offers a "No-Tuition Promise" to every enrolled student. This promise guarantees that students will graduate debt-free from college tuition but requires that they work in community in exchange for their education. Boone Tavern, particularly their kitchen and catering divisions, provides many of these jobs for these students allowing them to fulfill their obligation work towards their degrees.

Impact on Community: It was estimated over 500 guest and visitors plus 100 employees attend the horse event. The customers were very pleased to have local proteins available to consume. Many of the employees were from a rural background and really appreciated the quality of our products and being able to support agriculture in their community. The Red River Rockhouse is important as it offers an employment opportunity for around 18 individuals in an economically challenged area. They also provide catering services in this area that is well underserved for this type of service. Boone Tavern, likewise, provides employment opportunities for the students

attending Berea College, developing their work skills and helping students to see the value of local economies working together for the benefit of the community.

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: over the length of the grant, 2 new positions were created
 - ii. Number of jobs retained: 8
 - iii. Number of indirect jobs created/maintained: we estimate 85-100 indirect jobs created. Some of our restaurants have expanded staff, three have expanded locations.
 - iv. Number of markets expanded: Along with Louisville and Lexington markets, we have now have markets in Eastern, KY and lower-central Bluegrass regions.
 - v. Number of new markets established: 3 new areas - Eastern, KY, Frankfort, KY and currently working on expansion into Northern KY (south of Cincinnati).
 - vi. Market sales increased by \$24,735 and increased by 183%.
 - vii. Number of farmers/producers that have benefited from the project: 6
 - a. Percent Increase: no increase from previous report
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.? Through our new restaurant partnership with Mayan Street Food, our products are now available in many areas of the city of Louisville that previously we have never served.
4. Discuss your community partnerships.
 - i. Who are your community partners? We have numerous restaurant and retailer partnerships throughout the Central / Eastern Kentucky region who purchase our products either for their restaurant businesses or for retail sales / farmer's markets. We also have producer / growers that provide the livestock we purchase for value-added production, as well as the abattoir who does the USDA butchering.
 - ii. How have they contributed to the overall results of the LFPP project? They support us by providing the resources we need (livestock) to produce the products we sell; the kill-floor needed to process the beef and pork we use; the information and education needed to help make our products better; and they help to promote our products to ensure continued growth in sales
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? By expanding their operations to raise more stock; several of our restaurant customers are adding 2nd locations; our USDA processor has expanded their facility which will help in getting more meat processed.
5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? No, we did not use contractors for this project.
6. Have you publicized any results yet? Yes, last Fall we were interviewed by the Kentucky Center for Agriculture and Rural Development ([KCARD](#)) about the progress on our sausage facility. The article with full color photos was featured in their fall newsletter, was also on their website and sent out on their email list serve. We also had an article published in a Kentucky Rural Electric Co-

op magazine that was featuring our operation as well as other value-added farm based processors.

7. Have you collected any feedback from your community and additional stakeholders about your work?
 - i. If so, how did you collect the information?
 - a. By unsolicited comments from members of our community that appreciate the fact we are moving this project forward and trying to develop new markets in our neighboring communities. Specifically in the community, we have received very positive feedback from our [Spencer County Extension Office](#), the Extension Agent, Mr. Bryce Roberts and staff are very appreciative of our work with the local high school's 4-H program fundraiser, Farm to Table Dinner - this dinner raises funds for 4-H student projects, also students help serve the meal to approximately 250-280 guests.
 - ii. What feedback have you collected thus far (specific comments)?
 - a. Our County Agent routinely lists us one of the prime stops in the community for other agents and or school groups to see an example of a small scale, agribusiness that has been successful at developing markets and direct selling to customers. Also KCARD staff have visited our facility and have been highly impressed with what we have accomplished so far. They had seen the facility when we first purchased it (a vacant shell) and have been impressed with our restoring the building and getting it up-fitted for production.
 - b. We have also had specific comments from Chef Bruce Yucan with Mayan Street Food who says "the chorizo is the best, most authentic I have had since living in Mexico." Chef Ouita Michael, owner of Holly Hill Inn says "the best sausage I've ever had."
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 and if so, how much was generated and how was it used to further the objectives?
 - a. Yes, funds were generated and used to expand and continue the project past the grant period, setting a foundation for moderate sustained growth.
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).
 - a. Any undertaking of this scope should first began with a solid concept that is backed-up from your existing customer base stating that there is a need or

shortfall that needs to be filled. We began with this premise, to fill a need that was expressed to us by our customers that they were not able to find specific products sourced locally to use for their menu, as we sell almost exclusively to independent, local and regional restaurants, they are constantly looking for ways to set themselves apart from the chain establishments. We were very fortunate to find existing commercial property that allowed us to develop this concept into a reality. It is also important to realize that these projects are best looked at for the long-term and not to grow too quickly as to have quality or quantity fall short. It is also centrally important to pay attention to your customers' needs when they are asking you to develop a new product line, research their needs and put yourself in their place. This will be a great help going forward when introducing a new product line to a customer as they need this product to be unique to their operation and make their business more profitable.

- b. The main lesson we would like to convey to anyone exploring a project similar to this is the need, fundamentally, to take advantage of all the advice and comments other interested parties will offer along the way, this is central to any hope of success in a capital- intense project. Don't guess what your customers want, ask them. No amount of marketing can overcome a product your customer base does not want or cannot make a profit on in their small business.
 - c. Also, network your suppliers and contractors: In the case of our project, we needed a larger walk in freezer, but found new units very costly (\$30-35,000). Our HVAC –refrigeration contractor advised us of a company going out of business in the Louisville area who had a complete, working, 5 year old walk in freezer we bought for \$7000, a significant savings over the \$30,000 bid we were considering.
 - d. As far as negative experiences, we had what would be considered normal construction delays with some contractors, however it was not a serious problem. Beyond this, we moved the project along at a measured pace, carefully and trying our best not to make big mistakes along the way.
- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:
- a. We feel we have reasonably achieved the goals as originally outlined. It cannot be stressed enough, and is central to anyone's success, that you fill your customers' needs to their satisfaction with the goal of developing a long-term relationship that benefits both parties involved.
 - b. Some suggestions for problem solving: Establish early a reasonable, common sense action plan when starting a project, build some extra time into it as there will always be delays of some sort, but strive to stay on track. Most importantly, stay in budget as no project makes sense if it does not make economic sense. To

that end, the land grant college system and extension service are excellent resources to put to work early on with any project similar to this as they can put a project administrator(s) in contact with experienced business development specialists. While each project is unique, there are still fundamentals to setting up a successful project that apply across the board; getting consulting help early from trusted un-biased sources is central to a projects success.

- 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:
 - a. These sorts of projects are nearly impossible to achieve without the technology to manage and fulfill the requirements placed on the grant administrators. A project of this scale simply cannot be done on the "back of a notebook". The administration of these types of projects requires strong managerial skills, bookkeeping, accounting, or at least the access to software designed to help with those requirements. Outside consulting from local county extension agents or other university based or government groups should also be considered to help in making your project a success. In short, beginning a project like this requires "seriousness" where you are dealing with vendors supplying you and customers expecting you to perform in a businesslike manner.

10. Future Work:

- i. How will you continue the work of this project beyond the performance period?
 - a. At this writing, we are developing new products and preparing for the Spring of 2018 work. We already have customers requesting Andouille products, naturally cured corned-beef products, and our current customer base are almost always changing the menu every quarter or so to meet consumer demand. We believe we have developed ourselves into a niche supplier for our customers that they can rely on a unique product made to their specifications, using local ingredients that drives business to their storefront. We would hope to grow in the next year or so to add more livestock producers and develop new partnerships with more customers / retailers. At some point if demand continues to increase as it has, we will have to seek employment of a few more qualified employees. We would expect to have measured, reasonable growth in the outgoing years, possibly of 15-30% year over year. All of this is possible only if we maintain our foundational principles of meeting the customers' needs and following through for them, meeting and hopefully exceeding their expectations. Keeping these principles as our first priority should keep us steadily busy as quality and good, thoughtful service will always be in demand.