

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 Mateer
Authorized Representative Phone:	919-245-3535 ex: 102
Authorized Representative Email:	patrick@sealtheseasons.com
Recipient Organization Name:	Seal the Seasons
Project Title as Stated on Grant Agreement:	Building Regional Capacity for the Production and Distribution of Local Frozen Produce
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15-LFPP-NC-0123
Year Grant was Awarded:	2015
Project City/State:	Hillsborough, NC
Total Awarded Budget:	\$100,000

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0287. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable sex, marital status, or familial status, parental status religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

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: _____

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.

i. Goal/Objective 1: Expand capacity to freeze locally grown fruits and vegetables that require specialized equipment

a. Progress made: Seal the Season completed a quarter-million dollar IQF line outfit at our Hillsborough shared-use facility in May 2016, at the start of our 2016 growing season. Our previous fruit and vegetable freezing process involved using commercial-grade blast freezers and freezing berries on trays, then bagging them by hand. We were only able to freeze 500 lbs of produce a day using these methods. Since our central mission for this project was to freeze North Carolina produce for North Carolina retail customers, this meant that we weren't able to take full advantage of North Carolina's short berry season, or produce enough volume to reach customers outside of a few specialty stores in metropolitan areas. This process also didn't give us the high-quality product we wanted - the slower freezing process gave us a mushy, less flavorful frozen berry than commercial frozen berries from national brands.

We determined that in order to make our local frozen product competitive with mainstream commercial products, we needed to use the same nitrogen freezing process that the food industry needed. Additional equipment was added to wash, dry, weigh, and convey produce through the room.

We researched equipment by communicating our produce processing needs to experts in the field and equipment manufacturers and getting several quotes. We needed equipment with an attainable price, a small physical footprint given our work location in a small shared-use food hub and kitchen facility, and the same standard of food safety and quality that consumers expect from other grocery store brands. We also had specifications for worker safety. We mapped our floor layout in CAD as well as on graph paper. We then reviewed our layout with both the Orange County Fire Marshall and the North Carolina Department of Agriculture. The liquid nitrogen tunnel required the installation of a liquid nitrogen tank on a concrete pad on the exterior of the building. Additional equipment was placed around the central freezing tunnel, and included a linear scale, wash tank, bucket elevators, air knives, a band sealer, and a metal detector.

b. Impact on Community: The addition of this equipment at the Piedmont Food and Agriculture Processing Center (PFAP) in Orange County, NC allowed us to increase our on-site processing. We ran 153 processing days in this facility during the grant period, processing more than 240,000 pounds of North Carolina produce. This equipment was central to this project's mission of connecting North Carolina farmers and North Carolina consumers. In addition,

the upfitted equipment has been available during the off-season to other users of the facility. There has been interest in using the freezing line for seafood, baked goods, specialty products, and frozen dinners. We've given tours at the facility and shared our knowledge and lessons learned with other food hubs, small businesses, and with farmers. Our use of the PFAP facility has also made us an anchor tenant, contributing rent and usage fees to this shared-use food hub and community kitchen. Additionally, by increasing our processing capacity, we were able to increase the number of seasonal employees we hired during the 2016 growing season. As the PFAP facility is located in a rural area, this increased employment opportunities in our immediate region.

- ii. **Goal/Objective 2: Increase small and minority farmer engagement with intermediated sales channels**
 - a. **Progress Made:** The increased processing capacity from this grant allowed us to increase the number of farms that we work with. We recruited additional farmers by working with the North Carolina Department of Agriculture (NCDA) and the Rural Advancement Foundation International (RAFI). We also recruited via word of mouth from our existing farmer partners. Recruitment began in December of 2015 and continued through the growing season. During the grant period Nov 1 2015 - March 15 2017, Seal the Season purchased produce from 19 farms: 15 blueberry farms, 2 broccoli farms, 8 strawberry farms, and 5 blackberry farms. Of these, 7 farms were under 200 acres.
 - b. **Impact on Community:** Small and minority farmers often have limited access to wholesale markets, especially to markets for midgrade produce. Produce that doesn't meet quality standards for direct sale or that has weather damage that doesn't compromise taste or food safety is often discarded or left unpicked, contributing to food waste and decreasing farm incomes. By increasing the number of farmers in our producer network, we increased farmer engagement with marketing channels in order to divert food waste and provide a nutritious and tasty end product to consumers. Furthermore, as a value-added product processor, the increased processing capacity from this grant allowed us to purchase more produce, which directly impacts farmers' incomes and allows them to make further investments in their farm operations.

- iii. **Goal/Objective 3: Expand production of current products in order to serve statewide retail demand**
 - a. **Progress Made:** During the grant period, we expanded to 498 grocery stores in North and South Carolina, with commitments from 297 additional stores. Seal the Seasons products are sold in Harris Teeter, Lowes Foods, and Whole Foods locations statewide across NC, as well as through specialty and locally-owned grocery stores. We engaged with grocery stores through making sales calls, meetings, and through attending grocery networking events. We also told our company's story through press releases, social media, and interviews, which increased interest in our company from category buyers.
 - b. **Impact on Community:** Mainstream consumers from Atlanta to Washington D.C., and across the Whole Foods South Region are now able to access North Carolina local frozen produce. Our produce is competitively priced and available

in the freezer section. This produce reaches consumers who may not have access to local foods through direct sales channels like farmers' markets and CSAs. The promotion of local foods in the freezer section increases consumer awareness of local foods, and working within mainstream distribution channels to place locally-grown foods on freezer shelves increases the willingness of mainstream groceries to source local foods.

- iv. Goal/Objective 4: Expand production of current products in order to reach institutional customers
 - a. Progress Made: During the grant period, Seal the Seasons partnered with food service provider Pate Dawson to bring over \$10,000 of North Carolina blueberries and strawberries to UNC-CH dining halls.
 - b. Impact on Community: In addition to expanding the market for North Carolina produce, this partnership also increased the visibility of NC strawberries and blueberries and formed a supply chain link that will expand into future food service opportunities. We also distributed point-of-sale materials to educate students about local produce and about our farmers, increasing their awareness of local foods in an educational setting.

- 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: During the grant period, Seal the Seasons brought on 5 full-time employees and 2 permanent part-time employees. We employed 68 seasonal processing employees across the 2016 growing season. We've also promoted from within, bringing 2 processing employees on year-round.
 - ii. Number of jobs retained: Seal the Seasons worked with 19 farmers, protecting farm employment.
 - iii. Number of indirect jobs created: n/a
 - iv. Number of markets expanded: Retail market enlarged from 7 stores in the Triangle Spring 2016 to 786 total committed stores statewide in Spring of 2017.
 - v. Number of new markets established: Food service market established with sale of 10,000 pounds of produce to UNC-Chapel Hill dining halls.
 - vi. Market sales increased by \$278,556.75 and increased by 260%.
 - vii. Number of farmers/producers that have benefited from the project: 25
 - a. Percent Increase: 66%

- 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. By expanding into mainstream grocery stores, we've brought NC-grown frozen produce into communities statewide. Beyond mid-value and high-value conventional grocers like Harris Teeter and Lowes Foods, Seal the Seasons is available in rural areas through lower-value stores like Carlie C's, Just Save, and soon IGA locations. We are also launching in rural Piggly Wiggly locations in eastern North Carolina. Expanding availability of local produce into all markets, not just to consumers in major metropolitan areas, was central to the mission of this project. By increasing our processing capacity so that we could fulfill orders from mainstream grocery chains,

- we've made local produce available seven days a week across the state.
- ii. Our ongoing focus on recruiting underserved farmers, including farmers with less than 179 acres of land, women farmers, and farmers of color will continue after this project.
4. Discuss your community partnerships.
 - i. Who are your community partners?
 - a. We have partnered with RAFI-USA, NC Cooperative Extension, NCA&T Small Farm Collaborative, the NCDA Marketing Division, and the Piedmont Food and Agriculture Processing Center.
 - ii. How have they contributed to the overall results of the LFPP project?
 - a. RAFI-USA assisted us with farmer recruitment, especially with the recruitment of small/disadvantaged farmers
 - b. NC Cooperative Extension connected us to farmers. We attended the Cooperative Extension's Blackberry Grower's Conference in 2016.
 - c. NC A&T Small Farm Collaborative has been a key part of the U Foods program through NC Growing Together, which we are a part of.
 - d. NCDA Marketing have been invaluable partners. Annette Dunlap has provided us with extensive business mentorship and coaching. Jack Nales has provided marketing advice and mentorship. Dexter Hill has connected us to strawberry growers. William Glenn has connected us to blackberry growers. Heather Barnes has provided us with information about NC Farm to School
 - e. The Piedmont Food and Agriculture Processing Facility has hosted our offices, administrative staff, and primary processing facility since the beginning of this project. We have partnered with PFAP on writing three grants.
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?
 - a. We will continue to base our offices and some of our processing out of the Piedmont Food and Agriculture Processing Facility after the performance period. We hope to continue working with our other partners to recruit farmers and to find new markets for our products.
 5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?
 - i. Our upfit of the Piedmont Food & Agricultural Processing Center's facilities required contractors for plumbing and electrical work in order to install manufacturing equipment, the installation of a concrete pad for the liquid nitrogen tank, and the architectural work necessary for these changes. No LFPP funds were used to pay for construction or on the construction project.
 6. Have you publicized any results yet?
 - i. If yes, how did you publicize the results?
 - a. Seal the Seasons sent a press release to Launch Chapel Hill in February of 2016. (Find attached). This grant was also acknowledged on our website (sealtheseasons.com) and our Facebook page (facebook.com/sealtheseasons)
 - ii. To whom did you publicize the results?
 - a. Launch Chapel Hill and website and Facebook visitors
 - iii. How many stakeholders (i.e. people, entities) did you reach?

- a. Our website had 10,531 page views during the grant period.
- iv. Please find news articles about Seal the Seasons, including our equipment expansion and the expansion into new markets that resulted from this project, below:
 - a. "Homegrown startup puts state's small farmers in grocery freezer case". News and Observer, July 1, 2016. <http://www.newsobserver.com/news/local/community/chapel-hill-news/article86852432.html>
 - b. "Student-founded frozen food startup is heating up". Daily Tar Heel, February 24, 2016. <http://www.dailytarheel.com/article/2016/02/student-founded-frozen-food-company-is-heating-up>

*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?
 - a. We maintained a comment box on our website to encourage feedback from growers, consumers, and other stakeholders. We also interact with customers through our Facebook page, where we share pictures, videos, profiles and interviews with our farmers, and recipes. By using social media to connect our customers to our farmers we've also been able to encourage direct conversations between customers and farmers.
 - ii. What feedback was relayed (specific comments)?
 - a. The majority of feedback through the comment boxes were inquiries from farmers and questions from consumers about where to purchase our products.
 - b. Some customer comments from our Facebook page follow:

"Love y'all's product! So happy to be able to buy local NC produce in the frozen section of the grocery store."

"I picked up a bag of the frozen mixed berries from my local Lowe's yesterday. The flavor compared to the frozen berries I usually get from Costco is AMAZING! Thank you!"

"We love these berries!"

- 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: x
 - ii. Did the project generate any income?
 - a. If yes, how much was generated and how was it used to further the objectives of the award?
 - 1. This project generated \$394,032.55 in income. All program income was reinvested into the project.

- 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. Objective 1: There are many logistical hurdles to installing an IQF line in a shared-use commercial kitchen facility. Installation of the processing equipment was both costly and time-consuming, and doing additional construction to construct the concrete pad and install electrical and compressed air lines also created inconvenience for other businesses using the building. Furthermore, we found that while the line as constructed could operate at full capacity, the staff required to operate it at capacity strained other resources in the facility, like parking spaces and break rooms. We would advise a similar project to carefully assess the capacity of the existing building, and consider either working with a copacker with an established IQF line or planning a food hub around an IQF line instead of retrofitting. However, the facility as constructed has been successful in its central goals of allowing us to process locally-grown produce at a volume that made statewide expansion possible, and will continue to be used for specialty crops and for copacking for other businesses based out of PFAP.

Objective 2: We've found that small- and mid-sized farmers need support to work with the wholesale market, and that cultivating partnerships with farmers requires long-term investment and resources. We would advise a similar project to focus on assessing farmers' needs and providing or recommending appropriate equipment and technical assistance, on transportation logistics and especially on farmer needs around cold storage.

Objective 3: Working with mainstream grocery chains to market locally grown produce has allowed us to support more farmers and reach more consumers with local, nutritious produce. We have found that many mainstream grocery chains are very interested in local produce, and interested in a local frozen product. However, a similar project should be aware that most grocery chains have a long sales cycle and that it may take a full year to get a product on shelves. Ordering, warehousing, billing, and logistics are also not necessarily scaled to small companies and can present hurdles to successfully introducing local products.

Objective 4: We found that institutional customers, like grocery chains, are very interested in local frozen products. Institutional customers have set purchasing standards around food safety, which we were able to meet by having a HACCP plan on file.

Overall, we have found that there's a great deal of demand, enthusiasm, and interest from consumers, intermediary businesses, farmers, and the broader community. Our biggest lesson learned is that manufacturing a local food product and bringing it to consumers requires expertise at all levels, from farmer support to manufacturing through to storage and logistics. We would advise a similar project to prioritize access to expertise in manufacturing and in working with mainstream distribution channels.

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

a. Our partner farmers had an excellent growing season in 2016 and we were able to fulfill our processing needs by buying larger volumes from fewer farmers instead of expanding our sourcing to additional farmers. This allowed us to

invest in these partnerships and held down our logistical and transportation costs. However, we remain committed to increasing the number of small and mid-sized growers in our sourcing network, and have laid out an initiative to partner with 15 new North Carolina farmers in the 2017 growing season, as well as 7 farmers in Georgia.

- 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. We would encourage others implementing a similar project to draw on industry expertise, and to consider scalability at every level, from the number of parking spaces available for production employees to the capacity of their storage facility to handle pallets and forklifts to their administrative capacity and vendor management software. Each level of the supply chain will present unique hurdles; trying to do something completely new within an established system like the mainstream food supply chain requires a combination of creative thinking and access to existing expertise. However, we've also found that with investment of time and resources, vision, and creativity, it's possible to create an innovative model that uses the existing supply chain to bring authentically local food to consumers.

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.
 - a. We've created and validated a successful, adaptable local-frozen model in North Carolina. In 2017-2018 we'll expand this model to neighboring states and to new retail and food service customers. Our current projections place us in 2,500 stores in FY2017. We hope to purchase 1.7 million pounds of produce from farmers in FY2017.
 - b. With our expansion of production in both copacking facilities and at PFAP, we hope to support at least 20 seasonal manufacturing jobs and 8 year-round positions in FY 2017.
- 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?
 - a. We've established that this model is marketable, economically sustainable, and meets an unmet need for both farmers and consumers. The first step in creating this business was to establish our production capacity to process our products, and to create initial links with farmers and retailers. Our next step is to implement our model more widely by partnering with farmers, value-added product processors, and retailers in multiple states. Our lessons learned in our first two years are that this kind of project requires access to expertise, and that building relationships with farmers is both central to our mission and an important investment of time, technical assistance, and logistical support. Our major focus in the upcoming season is in developing our organizational capacity

in order to build our farmer network and bring local frozen produce to more customers across the East Coast.