

**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 30, 2017
Authorized Representative Name:	Molly Davis
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Recipient Organization Name:	Cascade Pacific Resource Conservation & Development
Project Title as Stated on Grant Agreement:	Cooperative Poultry Enterprise Development for the South Willamette Valley
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15-LFPP-OR-0091
Year Grant was Awarded:	2015
Project City/State:	Tangent, OR
Total Awarded Budget:	\$73,580

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.

- i. *Objective 1: Establish a poultry grower’s cooperative to serve the South Willamette Valley region*

- a. **Progress Made:** After a year of planning, a collective of poultry growers in Lane County formalized their cooperative development efforts and filed articles of incorporation as the Heart of the Valley Grower’s Cooperative in January 2016. With support from the LFPP grant, the cooperative selected a 0.5 FTE (half time) Cooperative Manager to spearhead producer outreach and coordination activities, oversee collaborative marketing efforts for cooperative-grown products, and manage the cooperative’s day-to-day operations.

The cooperative hosted a producer meeting in early 2016 to engage new producer-members, and in early 2017 hosted a formal annual membership meeting to vote in a cooperative board and review an annual report prepared by the Manager. As of September 2017, the cooperative has 13 active member-farms operating under the Heart of the Valley label.

- b. **Impact on Community:** The cooperative has developed a robust and visible presence in the south Willamette Valley: the organization has a professional logo, branded marketing materials, an active presence on social media, and more than 25 local farms have attended producer meetings. Heart of the Valley has established approximately 30 accounts with local restaurants, grocery stores, institutions, and catering companies during the past two years.

The LFPP grant has served as an important catalyst for greater coordination and resource-sharing between local producers. Furthermore, the cooperative’s activities have rippled out beyond the network of growers and buyers to reach butchers, hatcheries, feed suppliers, institutional food service providers, distributors, and technical service providers.

According to the Cooperative Manager, Heart of the Valley receives approximately ten inquiries a month from producers and community members about cooperative activities and services. As such, the cooperative has become a go-to resource for connecting local producers with an extensive network of resources, services and information.

- ii. *Objective 2: Improve processing, storage and distribution for cooperative members*

- a. **Progress Made:** Regarding processing facilities, the cooperative’s efforts have had two primary outcomes. First, via producer meetings and other communication venues, the cooperative has increased the awareness among local producers of existing options for regional processing services so that producers can efficiently select an appropriate processor. Second, the cooperative is currently engaging in planning to develop a shared processing

facility in Lane County to serve local members.

Regarding storage and distribution, the cooperative purchased cold storage appliances which are centrally located at a producer-member's farm. These units will serve as a staging facility for the cooperative members to aggregate and distribute cooperative-grown products. At the inception of the grant, the cooperative had intended to lease cold storage space and distribution services from local providers, but the group ultimately decided that self-operated services would better serve their long-term needs.

b. Impact on Community: As with Objective 1, a significant outcome of the LFPP grant has been Heart of the Valley's growing reputation as a go-to resource for information on available services for processing, storage and distribution. Because many of these service providers have minimal web presence (i.e. to advertise accurate cost-per unit service fees, etc.), their services can be difficult for new producers to navigate and evaluate: establishing a local "resource hub" to collect and disseminate information specific to poultry and small livestock has proved invaluable.

The process of establishing a local processing facility to serve local producers has been challenging, because of significant start-up costs for such a facility. However, the cooperative continues to receive consistent input from members on the need for local processing options, and are making meaningful progress towards a shared facility.

iii. *Objective 3: Decrease input costs to producer members by aggregating the purchase of supplies*

a. Progress Made: Heart of the Valley has established systems for aggregating purchases of chicks, feed, and other poultry supplies (for instance, transport crates to bring birds to a processing facility). As an example of how these activities are coordinated, during the grant period a cooperative representative sent out a monthly email to the producer network to solicit orders for chicks from a local hatchery. The manager or another cooperative member then worked with the producers to identify a process for picking up and distributing the chicks to other members.

b. Impact on Community: Discounts achieved through aggregated purchases are relatively modest, but can add up to considerable savings over the course of one or more growing seasons, particularly for larger producers. To build on the example cited above, we estimate that aggregated purchases of chicks has saved producers as much as 13% on every order, resulting in some cases in a savings of hundreds of dollars per producer per season. These savings can then be reinvested in other portions of the producer's business operation.

As another example, cooperative producer-members have used shared transport crates to bring their live poultry to regional processing facilities. Transport crates are expensive; for a typical processing batch of 200 birds, the ten crates needed to transport this number of birds would cost \$1,500. Sharing

this cost makes financial sense, particularly because most growers do not need the crates every week.

An additional impact of organizing shared purchases has been the informal producer-to-producer knowledge sharing that happens when growers are in frequent contact. This is particularly valuable for newer producers, who may pick up new skills or concepts from more experienced growers.

iv. **Objective 4: *Develop new local markets for poultry grown by cooperative members***

a. **Progress Made:** According to the Cooperative Manager, Heart of the Valley has established approximately 30 accounts with local restaurants, grocery stores, institutions, and catering companies over the past two years. While the original producer-members focused on poultry products, Heart of the Valley ultimately chose to include members who produce rabbit, goat, pork, and lamb as well. Having such diversity of product represented on their product list makes the cooperative a useful “one stop shop” for chefs or buyers interested in featuring locally produced meat: rather than coordinating orders with multiple vendors, the buyer can use the cooperative as an aggregator for numerous products.

Along with these traditional wholesale market relationships, the cooperative utilized LFPP grant funds to develop an online sales platform, “Local Food Marketplace.” This program allows buyers to shop based on available weekly inventory entered by producers, and then provides producers with a “pick list” of orders to deliver to a central distribution hub.

b. **Impact on Community:** The most significant outcome of marketing activities is the efficiencies gained through collaborative marketing efforts. Particularly for those producers who are daunted by the prospect of “cold calling” a restaurant or food buyer to market their products, the ability to outsource this activity to an experienced salesperson (i.e. the Cooperative Manager) has proved invaluable. Collaborative marketing saves time for both the producers and the food buyers.

According to the Cooperative Manager, several of the restaurants that have purchased Heart of the Valley products stated that they had not previously offered a given meat or poultry product on their menu, because they could not source it locally or regionally. Now that the cooperative exists, these restaurants are able to create new offerings for their consumers.

Finally, some of the producer-members have also either started new poultry enterprises, or scaled up existing enterprises, specifically because of the cooperative’s work to create new markets.

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:** 1.5 FTE. This cumulative total includes the 0.5 FTE cooperative manager, as well as a small portion of FTE distributed among other producer-members, including seasonal and part-time jobs.
 - ii. **Number of jobs retained:** 7.0 FTE. This represents jobs held by producers and/or businesses closely associated with the cooperative.
 - iii. **Number of indirect jobs created:** 1.2 FTE. This represents a cumulative figure distributed among the many vendors and service providers connected to the cooperative, e.g. hatcheries, processing facilities, feed stores.
 - iv. **Number of markets expanded:** n/a
 - v. **Number of new markets established:** 30 accounts were developed for cooperative-grown products.
 - vi. **Market sales increased by \$2,500 and increased by 5%.**
 - vii. **Number of farmers/producers that have benefited from the project:** 25.
 - a. **Percent Increase:** 25%.

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?

During the course of the grant, the cooperative has worked with a number of Latino families who are growing poultry for the first time. The work that the cooperative has done to increase consignment sales for this population has been particularly important. During the most recent grant period, the cooperative also added three producer-members who are military veterans.

4. Discuss your community partnerships.
 - i. **Who are your community partners?** Our community partners include Huerto de la Familia, Willamette Farm & Food Coalition, Jenks Hatchery, Union Point Feed Mill, Thomson Road Processing, the Oregon Community Food Systems Network, NEDCO Community Lending Works, Friends of Family Farmers, and Local Food Marketplace.
 - ii. **How have they contributed to the overall results of the LFPP project?**
 - *Huerto de la Familia:* Connections to small-scale Latino farmers.
 - *Willamette Farm & Food Coalition:* Support with advertising and market connections.
 - *Jenks Hatchery:* Providing a price break on chicks for cooperative purchases.
 - *Union Point Feed Mill:* Working with cooperative on joint orders of feed.
 - *Thomson Road Processing:* Supporting processing and distribution mechanisms.
 - *Oregon Community Food Systems Network:* Connection to statewide efforts around small-scale farming and regional food systems.
 - *NEDCO Community Lending Works:* Working with the cooperative to identify future CDFI (community development financial institutions) loan opportunities.
 - *Friends of Family Farmers:* Supporting outreach efforts.
 - *Local Food Marketplace:* Offering online sales platform.
 - iii. **How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?** Each of these partners will continue to actively collaborate with the cooperative as described above.

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

Both of the Cooperative Managers who were employed through the LFPP grant, Shelley Bowerman and Makaela Kroin, were contractors. Shelley and Makaela were the primary organizer of the cooperative's efforts: facilitating board meetings, organizing producer meetings, coordinating joint purchases of feed and supplies, and working with other vendors (e.g. branding consultant, cold storage operators).

Heart of the Valley worked with a branding consultant, Jason Rydquist, an experienced graphic designer who worked closely with the cooperative board to develop a compelling logo and brand. Our technical advisor on cooperative development, Teresa Young, was a contractor. The cooperative also worked with Local Food Marketplace to develop their online sales platform. Finally, Heart of the Valley works with a CPA firm, Kuenzi & Co., on accounting for the cooperative's finances, so that the cooperative has its own financial accounting systems in place at the close of the grant period.

6. Have you publicized any results yet? Yes.
- i. **If yes, how did you publicize the results?** A local magazine, Take Root (similar to the "Edible" food and drink magazines in other urban areas), featured an article about the cooperative written by Makaela Kroin.
 - ii. **To whom did you publicize the results?** Readers of Take Root magazine in Oregon's southern Willamette Valley.
 - iii. **How many stakeholders (i.e. people, entities) did you reach?** 500 estimated people.
7. Have you collected any feedback from your community and additional stakeholders about your work? n/a
- i. If so, how did you collect the information?
 - ii. What feedback was relayed (specific comments)?

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?** Approximately \$30,000 was generated over the past two years. These funds have been or will be re-invested in the cooperative to sustain future efforts (e.g. employing a part-time manager, covering legal and accounting fees).

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).**

In terms of positive experiences, a significant lesson learned was that many small producers are interested in cooperative development efforts, understanding and valuing how cooperative activities can help them sustain or grow their business operation. We were consistently impressed by the number of producers who turned out for

cooperative meetings; while not all joined as formal members, most all appreciated the value of aggregating purchases and developing cooperative marketing strategies.

We were similarly impressed by the willingness of experienced producers to share knowledge and resources with new producers and each other in a spirit of collaboration and mentorship. To paraphrase one experienced producer: "We don't necessarily *need* the cooperative services for our business, but we participate because we like to be on the giving side of helping everyone succeed." Serving as an information and resource hub for poultry and small livestock growers in the south Willamette Valley has proved to be an invaluable service that the cooperative provides.

Another positive lesson learned is that potential for the development of both wholesale and consumer direct markets for locally grown products appears to be robust. While not all of the 30 accounts developed by the cooperative during the grant period have remained active, numerous new accounts are currently in development. However, two significant challenges exist with regard to markets: price point and consistency/reliability.

Smaller producers, which represent the majority of the cooperative members, may struggle to achieve the economies of scale which allow large producers to sell product in a price range which is attractive to consumers. As an example, pasture-raised, organic chicken typically retails at a specialty grocery store for around \$2.50/lb. Most cooperative producers are likely to charge closer to \$4.00/lb. for a similar product in order to turn a profit. This challenge underscores the value of saving pennies per unit on input costs for producers through efforts such as those described above: aggregating the purchase of feed, chicks and other supplies.

Regarding consistency and reliability, both producers and buyers have struggled to establish clear and predictable expectations for each other. As an example, after having a consistent account with a local restaurant for several months, the cooperative developed a production schedule to accommodate this account into the following season. Producers placed orders for chicks, feed, and other supplies, and scheduled processing dates with regional facilities. However, the restaurant's seasonal menu changed, and chicken was no longer featured. Communication and supply/demand issues such as this can pose a problem for growers.

The cooperative has also worked hard to develop standards for poultry and other products marketed under the Heart of the Valley label. While all product bear both the cooperative label and the name of the farm where the product was grown (for food safety and traceability purposes), product consistency can be challenging. The cooperative has sought to address this ongoing issue by forming a committee focused on product standards, and formalizing such standards for future members.

A final lesson learned is the difficulty in establishing a shared vision for a cooperative endeavor that meets the goals of diverse participants. The original Cooperative Manager resigned after approximately 16 months in the position, citing concerns about the cooperative board's reluctance to engage in long-term planning for financial viability for the cooperative. While the Cooperative Manager advocated for a significant expansion

in the quantity of products being grown by the cooperative membership, some members were reluctant to modify their operations, resulting in divergent visions for the future of the cooperative. This tension between producer's reasonable goals for their own business, and the financial realities of sustaining a cooperative employee through higher-volume production, may be a sticking point for other cooperative endeavors.

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

Despite challenges and growing pains, the goals of the project were substantially achieved.

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 consistent struggle we encountered was uneven input or participation from cooperative board members. Some board members were strident in advocating for a given task or activity while others remained silent or neutral; this made weighing priorities for the cooperative as a whole – rather than the priorities of a single, vocal board member – difficult at times for the Cooperative Manager and the grantee. Managing relations among board members, and between board members and the Cooperative Manager, were persistent challenges. In retrospect, building in more time and resources for a cooperative development specialist to provide ongoing coaching to the cooperative would have been useful.

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.**

During the past two years, with support from the LFPP grant, Heart of the Valley has established a visible presence as a go-to resource for information on small-scale poultry and livestock production, as well as a reputable supplier of numerous specialty meat and poultry products. Although the cooperative does not currently anticipate being able to employ a manager in the near future, the membership will continue to meet, identify annual priority projects, and share information and resources. The activities of the cooperative will be sustained through volunteer commitments from members. In particular, board members have agreed to serve particular roles: communicating with prospective members, coordinating delivery schedules, and pursuing new sales accounts.

According to the Cooperative Manager, the most significant near-term goal of the cooperative is to develop a local processing facility to serve the cooperative members. An existing facility which is owned and operated by a member of the cooperative board may be able to serve this purpose.

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?**

One of the activities cited as useful by members of the cooperative was the opportunity to meet with and talk directly to wholesale buyers at a farmer-buyer connection event. Creating venues for producers and buyers to better understand the parameters under which each operate, and discuss options for creating better consumer access to locally grown poultry and specialty meat products, is essential.

Because processing facilities represent a significant bottleneck for producers (and therefore for locally produced meat markets in general), making economic development grant funds available to these facilities would be valuable to producers and the auxiliary businesses which they depend on and support.

In terms of research, there are numerous input calculator applications available online, which are useful to producers (i.e. to generate estimates of a per-unit input cost). However, the applicability of such calculators varies widely depending on geographic location. Technical workshops for producers, to work through specific and detailed input costs based on contemporary local expenses and determine a realistic cost-per-unit for their product, would be valuable.