

Report Date Range: <i>(e.g. October 1-March 31, 20XX)</i>	October 01, 2014 – March 31, 2016
Today's Date:	December 29, 2016
Authorized Representative Name:	Sara Clow
Authorized Representative Phone:	843-727-0091
Authorized Representative Email:	sarac@growfoodcarolina.com
Recipient Organization Name:	Coastal Conservation League/GrowFood Carolina
Project Title as Stated on Grant Agreement:	Facilitating the expansion and sustainability of local food systems in South Carolina through GrowFood Carolina, the state's first local food hub
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-SC-0155
Year Grant was Awarded:	2014
Project City/State:	Charleston, SC
Total Awarded Budget:	\$100,000

Project Need and Project Background

Recognizing the connection between rural land conservation and industries like agriculture that create economic opportunities and healthier communities, the Coastal Conservation League's Agriculture and Land Use program launched a local food hub, GrowFood Carolina, in 2011. It is a prominent and promising project—a tangible endeavor to create a sustainable regional food system, stimulate a strong rural economy, preserve agricultural lands, and promote environmental and personal health.

Like other local food hubs across the country, GrowFood Carolina addresses the difficulty that small and mid-sized diversified farmers face as they attempt to grow, market, and distribute their products locally. GrowFood began operations with five growers producing on 32 acres and only a handful of restaurant customers. Since opening, GrowFood has experienced tremendous success connecting local farmers to market opportunities, growing the local farm base, increasing agricultural land in production, and expanding the local customer base.

Final Report on Project Objectives

Goal/Objective 1: Continued growth in sales for 60 partner farmers and the addition of 10 more farmers, bringing the total to 70 by then end of the project period.

As of this final report (September 30, 2016), GrowFood Carolina partners with 80 producers. To date, we've sold more than \$3.5M in produce with 80% paid to the farmers and their communities. Last year, we expanded our radius to allow us to partner with more farmers and newly-forming food hubs statewide.

The bulk of our work supports small and mid-sized farmers through activities like: creating lasting partnerships with growers by visiting participating farms, facilitating regular communication, and engaging in important issues related to crop planning, regulatory compliance, third party certifications, post-harvest handling, and marketing; aggregating and storing produce in our warehouse focusing on traceability, single source identification, and food safety; enhancing and diversifying consumer demand; and marketing, selling, and distributing local produce.

Specific examples of the outcomes of our project work include:

A newer partner, joining GrowFood in September 2016, is Gallop Farms. The farm is in Ehrhardt and produces sweet potatoes. Jerry Gallop visited the warehouse a few years ago, but was hesitant because GrowFood didn't fit the mold of his typical customer (he delivers large volume filled bins to roadside stands from Florida to North Carolina, and is paid COD). This year, GrowFood's Farm Coordinator reached out to him again to reassess the potential for partnership. After a farm visit in August, he decided to work with GrowFood, and he delivered his first load of sweet potatoes to the warehouse in early September. A significant benefit that GrowFood provides to this farmer is that we are able to market and provide a higher price for his fingerling potatoes—which his other buyers won't purchase—and so products that were previously sold as a cull are receiving a premium price from our restaurant customers.

During the grant period, Jimmy and Jo Livingston of Wabi Sabi Farm prepared to become GAP certified. While initially hesitant to undertake the significant amount of time, effort, and resources to become GAP certified, GrowFood's Farm Coordinator provided support and assistance by not only outlining the many marketing benefits that accompany certification, but by also connecting Jimmy and Jo with resources within the state to help streamline the process. Wabi Sabi was GAP certified in June 2016. Jimmy is glad to have the certification and access to new and larger customers, and he advised that the process was not as cumbersome as he anticipated. He will be an advocate for GAP certification to other partner farmers. Due to Wabi Sabi Farm's certification, Jimmy and Jo can now sell their Red Russian kale to Aramark and the College of Charleston. GrowFood will work to expand their production in 2017 to meet the increased demand of a larger institutional customer.

Josh Johnson of Old Tyme Bean Co. diversified his crop production and added white acre peas, crowder peas, and English peas. Several of our restaurant customers were asking for these varieties, and after assessing demand, GrowFood staff worked with Josh during our semi-annual crop planning to enable his production to meet the demand. As with all new items to crop plans, GrowFood starts the grower with small test acreage to mitigate risk, and then expands future plans based on successful results. The white acre and crowder peas were a great success, but Josh's equipment was not suited to harvest the English peas, so we will assess the feasibility of new equipment or will focus only on white acre and crowder peas next season. We sold out of this small pilot crop during the 2016 season, and new revenue

generated totaled approximately \$5,000. GrowFood will work with Josh to expand the acreage planted of the two successful peas in 2017.

Goal/Objective 2: An increase in acres cultivated by participating GrowFood Carolina farms to 1,750 by the end of the project period.

As mentioned above in Goal/Objective 1, our work supports small and mid-sized farmers. Part of our work to increase sales focuses on increasing acreage to benefit both our partner producers as well as secure rural lands.

As of this final report (September 30, 2016), GrowFood Carolina's partner farmers have nearly 2,000 acres in cultivation, exceeding our proposal goal by approximately 250 acres.

From 2015 to 2016, GrowFood Carolina increased demand from restaurant, retail, and institutional customers by more than 30%. In addition to bringing on new farmers, GrowFood must work with existing partner farmers to plan for the increase in cultivated acreage and crop production in order to meet demand.

Dotson Farms is a newer partner. GrowFood began working with Jeff Dotson in spring 2016, and he was growing carrots, rutabaga, beets, radish, and delicata squash on four acres. Knowing that we had the demand for his specialty crops, we worked with Jeff to increase his production plan for the fall season, and he planted eight acres—doubling his acreage for his second season working with GrowFood.

Additional examples include: Hickory Bluff Farm expanded acreage in production by 30% and Wabi Sabi Farm expanded acreage in production by 35%. Gallop Farms, a new farm in 2016, added 125 acres to our cultivation acreage total. Not all of Gallop Farms' acreage is dedicated to GrowFood, so there is significant potential to further increase production with this farm.

Goal/Objective 3: Continued growth in the volume of produce and specialty items and the number of GrowFood Carolina outlets. The increases will be manifested in increases in gross sales and consistent 80% return to farmers, with \$1,195,000 anticipated in gross sales by the end of the project period, translating to \$956,000 in new annual revenue to rural farms.

During year two of the grant period of October 1, 2015 – September 30, 2016, sales totaled \$1.3M, translating to more than \$1,040,000 in revenue to producers and their rural communities—exceeding our project goals by about \$100,000.

Also during this period, GrowFood added 6 new retail outlets, 43 new restaurants, and 3 institutional partners.

Institutional sales contributed most significantly to the achievement of our sales goals. Our first sales with Aramark began at the end of 2015, and in 2016, we sold \$25,075 in produce. They quickly became one of our largest customers, and sales continue to increase.

Another significant contribution to the achievement of our sales goals was the addition of some new products—particularly fluid milk and honey. We initiated the fluid milk program in September 2015, and it has become more than 5% of our gross sales. Similarly, we initiated the

honey program in March 2016, and honey is now more than 2% of our gross sales. Both items are consistently available year round which helps mitigate seasonal cash flow fluctuations. There is great potential for fluid milk and honey to become even larger portions of GrowFood's portfolio.

Clemson University Economic Impact Assessment Report

As proposed, GrowFood Carolina worked with Dr. Dave Lamie of Clemson University to perform an impact analysis. The goal of this assessment is to estimate the economic impact of the operational phase of GrowFood Carolina on the three county region of Charleston, Berkeley, and Dorchester counties of South Carolina as well as on the overall state of South Carolina.

Results from the IMPLAN analysis show the 2014 impact of Growfood at the state level to be \$1.26 million dollars and 10.3 jobs; in 2015 that grew to \$1.58 million and 12.6 jobs. Tri-county results were similar in both years to state results, with \$1.21 million and 9.6 jobs created in 2014 and \$1.52 million and 11.8 jobs created in 2015. The full economic impact assessment report with analysis methodology is provided with this final report.

The report shows that the economic impact of GrowFood is substantial and within the range of reasonable expectations for an enterprise of our size. These results are similar to the only other currently published report available, the Schmidt study (referenced in attached report). The Schmidt study indicated multipliers only slightly larger than those calculated for GrowFood (~1.75 vs. ~1.6). As food hubs continue to proliferate and grow, there will be better benchmark data available.

This analysis of the current economic impact of GrowFood provides an initial starting point for considering not only the economic impact, but the other positive benefits GrowFood delivers to the region, though these broader impacts are beyond the scope of the analysis.

This report confirms that GrowFood is having a positive economic impact and is doing good work. Though important, the pursuit of economic impact should not be the primary goal of GrowFood. Economic impact is a by-product of the pursuit of our mission to help facilitate efficient and effective supply chain relationships for farmers and a strong statewide food system.

GrowFood is focusing on the strategies for increasing our economic impact indicated in the report, specifically enhancing forward linkages and increasing the overall size of our enterprise. Please see attached report for further details.

Project Partners

As the first food hub in South Carolina, GrowFood Carolina's partnerships were critical to our initial development and success and continue to be critical to the advancement of our mission to help the local food market reach its full potential, thus securing the future of a regional food supply and ensuring that productive lands remain in agricultural use. Partners include the Making Small Farms Big Business study collaborators (SC Department of Agriculture, Palmetto

Agri-Business Council, the Farm Bureau, the Carolina Farm Stewardship Association, and Clemson University), Lowcountry Local First, Lowcountry Food Bank, the other developing food hubs in South Carolina (Greenville Feed & Seed, Catawba Farm and Food Coalition in Chester, and Pee Dee Food Hub in Marion), and the Rural Resource Coalition SC.

Summary of Results, Conclusions, and Lessons Learned

GrowFood Carolina is proud to report that we exceeded our three project goals. We currently partner with 80 producers, farming a total of nearly 2,000 acres, and our gross sales during the project period of October 1, 2014 – September 30, 2016 equaled \$2,239,495.

We can attribute these achievements to the following:

- Largely through the work of Jake Sadler serving in the Farm Coordinator role, GrowFood developed more partnerships with new growers than projected. Recognizing the limitations on General Manager, Sara Clow's schedule and capacity and Jake's strengths and abilities, Sara and Jake worked together to add to his responsibilities and increase outreach and farm coordination efforts. Jake began his role as Farm Coordinator in January 2015.
- We can also attribute the increase in partners to the respected reputation that GrowFood has developed after five years in operation. A good example that illustrates this is Jerry Gallop, of Gallop Farms. Initially hesitant to work with GrowFood in the beginning, he became a partner in September 2016 after a visit from Jake and Sara and after continuing to hear about GrowFood's services from other farmers.
- New farm partners contributed to the increase in acreage, but GrowFood also focuses heavily on increasing acreage in production for our existing farmers year after year when possible. We've streamlined our planning process, particularly with the growers we've now worked with for multiple years. We are enhancing seasonality by adding more product diversity to our partners' crop plans. See attached Annual Crop Calendar.
- Gross sales exceeded projections largely due to several additions to our product inventory. In 2015, we added limited fluid dairy, goat cheese, honey, and eggs to our inventory as well as locally grown, non-GMO, expeller pressed canola oil. Understanding that a consistent and diverse supply of products is the key for future growth and financial stability for GrowFood and our producers, we continue to work to expand our portfolio.

Challenges and lessons learned include:

- After more than three years of relationship building, GrowFood obtained approved vendor status in July 2015 with the College of Charleston's food service provider, Aramark. Currently, GrowFood provides fresh produce, mainly blueberries, fluid dairy, and strawberries to the College of Charleston's dining services. Due to supply constraints in the first two years of the partnership, we were unable to meet the demand of more than one large institutional customer, but we have been working to cultivate new institutional partners, and have recently added two more – The Citadel

and Charleston Southern University. Institutional customers are critical to the success of both GrowFood and our partner farmers.

- Despite varied efforts, quality and consistent post-harvest handling and GAP certification continue to be our biggest challenges and barriers to meeting and exceeding goals. In many instances, GrowFood is limited to selling growers' products through only one channel – restaurants – due to the lack of post-harvest handling knowledge and practices. While GAP certification is voluntary and not required by all customers, GrowFood does anticipate that certification will be a requirement in the near future. Increasingly, retailers, institutional customers, and food service buyers require GAP certification as a condition of purchase. Aramark and other large food distributors will only purchase products from farmers with GAP certifications, and Harris Teeter (our largest retail customer) will likely require GAP certification very soon. In 2017, we will hire a Quality Assurance Specialist and will be developing a GroupGAP program as strategic ways to help overcome this challenge.
- Our direct-to-consumer partner, Sea Island Local Outlet closed in the Fall of 2016, unable to achieve sustainability. This serves as an unfortunate example that local food businesses still struggle despite the seeming popularity of local and organic food. Significant support and resources are required in the form of marketing, advertising, and consumer awareness. The majority of South Carolina's agricultural producers, retail outlets, restaurants, institutions and other buyers are still very much focused on large volume, low-quality, cheap produce and processed foods. GrowFood is building awareness of the importance of fresh, healthy local food, but there is still much work to do.

Current and Future Benefits

The Coastal Conservation League launched GrowFood Carolina as a way to help stabilize the rural and agricultural land base and work toward our vision of a Lowcountry with highly functional urban areas along with thriving small towns and rural communities embedded in a continuous green belt of protected land.

Current and future benefits to GrowFood's work include improving economic viability for small and mid-sized farmers, stabilizing agricultural lands by providing support to small and mid-sized farmers, strengthening South Carolina's struggling rural economies, and increasing the production and availability of fresh, healthy specialty crops.

With GrowFood as a strong model and partner, three other food hubs will soon be serving other regions in the state. GrowFood has paved the way and continues to be a leader in the development of a statewide food system.

Future Recommendations

In the coming one to five years, in addition to continuing to strengthen daily operations, we will be focusing on four identified priorities.

1. **GroupGAP:** A critical requirement for small and mid-size farmers' ability to tap into larger markets is GAP certification. Good Agricultural Practices (GAP) are methods recommended by the USDA which, when applied at the farm, help ensure that food is safe and healthful. Of GrowFood's eighty partner farmers, only ten are certified. Facilitating GAP certifications has been and continues to be a challenge for GrowFood. Throughout 2017, GrowFood will be planning and taking the necessary steps to create a USDA GroupGAP program and serve as group leader, with the goal to launch the program January 2018. GroupGAP will enable our farmers to pool resources to implement food safety training programs, share certification costs, and benefit from a systematic effort.
2. **Coordinated Statewide Food System:** GrowFood will facilitate collaboration between South Carolina's four food hubs to best serve local farmers. Each of the hubs—in Charleston, Greenville, Marion, and Chester—use a different operations model and will serve farmers differently. It is critical that we align goals, infrastructure, and services to create an efficient system that will more effectively serve small and mid-sized farmers. Additionally, a regional food system will provide season extension and increase the diversity and availability of local food to consumers throughout the state. GrowFood will serve as a facilitator of quarterly meetings, research and compile best practices from other regions (ex: Michigan and Colorado), and develop a 5-year strategic plan for a regional distribution system. We received a 2016-2017 SC Department of Agriculture Specialty Crop Block Grant to support this initiative.
3. **Program Expansion:** GrowFood is planning for two new programs, an organic, non-GMO grain program and the addition of processing capabilities (wash, chop, blanch, freeze, package) to expand the frozen product inventory. There is significant demand and a gap in supply for local specialty grains, specifically for brewing, distilling, and animal feed markets. Adding an organic and non-GMO grain program will create opportunities for farmers and augment our hub operations. The ability to freeze products and sell them throughout the year, enables GrowFood to work with farmers to plant more crops during the season, thereby increasing revenue and providing cash flow in the off season for both the farmers and GrowFood, as well as providing local produce year-round to our customers.
4. **Food Hub Software:** GrowFood's current software system requires updates and added functionality. Until recently, we've been unable to find adequate solutions, but Local Orbit, a software firm operating in the food system space, has presented a work plan to build upon the current system with functional and design improvements and ongoing maintenance to support GrowFood's evolving operations. After the initial development and implementation (with significant GrowFood staff consultation), it will be made available to other food hubs, meeting a significant need and increasing functionality for similar organizations nationwide working to build regional food systems.

Project Beneficiaries

GrowFood Carolina now works with 80 farmers producing on nearly 2,000 acres. Farmers are GrowFood Carolina's direct beneficiaries. Our nine full-time staff work to maximize specialty crop farmers' profits and enhance the market's reliable access to local food through collaborative partnerships with growers to improve farming practices, and to provide warehousing, aggregation, sales, marketing, and distribution services for specialty crops.

GrowFood's additional impacts include: development and strengthening of a regional local food system, an increase in revenue flowing into rural communities, stabilization and preservation of rural land, and health and quality of life benefits. Indirect beneficiaries include: chefs, restaurants, retailers and their customers, the three other South Carolina food hubs, and the residents of rural, agricultural communities.

We encourage the USDA AMS reviewers to watch the GrowFood Carolina video to hear firsthand accounts from farmers and customers. Found here:

<http://coastalconservationleague.org/projects/growfood/>

Project Contact:

Sara Clow, GrowFood Carolina General Manager
sarac@growfoodcarolina.com and (843) 727-0091