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: *(e.g. September 30, 20XX-September 29, 20XX)*	Sept 30, 2015 – Sept 29, 2017
Authorized Representative Name:	Kari O'Neill
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Recipient Organization Name:	SDSU Extension
Project Title as Stated on Grant Agreement:	Launching "Dakota Fresh" Food Hub in Southeastern South Dakota
Grant Agreement Number: *(e.g. 14-LFPPX-XX-XXXX)*	15-LFPP-SD-0069
Year Grant was Awarded:	2015
Project City/State:	Brookings, SD
Total Awarded Budget:	$100,000

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?
☒ Same Authorized Representative listed above (check if applicable).
☐ Different individual: Name: _____; Email: _____; Phone: _____

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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: **File all paperwork necessary to obtain a legal LLC structure in South Dakota.**
        a. Progress Made: Completed winter of 2016
        b. Impact on Community: Opened a new business as a legal LLC in the state. Business today has 17 members. Business is currently serving 10-12 consistent customers, which in turn offer food to their clients in SE SD.

    ii. Goal/Objective 2: **Obtain commitments from clients willing to purchase food products.**
        a. Progress Made: Each week the list of available products goes out to approximately thirty restaurants, grocers and institutions. Of those, there are now 10-12 consistent customers that purchase food most every week. Clients remain extremely satisfied with the quality of the products, and have asked for additional and specific product if producers will grow. Dakota Fresh was able to provide products throughout the entire year in 2016 and will again in 2017. Impact on Community: Clients have helped Dakota Fresh, LLC grow as a business, which allows each of the 17 member farms to grow independently, as well. These farmers and clients spend income received in the region, thus growing the regional economy and adding employment on a part-time basis as farm workers are hired seasonally. A new development in the fall of 2017 came when the chef from Carnival Brazilian Grill in Sioux Falls offered to spend a couple mornings each week equipped with a Dakota Fresh shirt and bag visiting other chefs in the city and promoting the benefits of buying product from Dakota Fresh. He so believes in the business that he is willing to do the promotion at no cost. A report at the 2018 Annual Meeting will tell of his efforts so far.

    iii. Goal/Objective 3: **Hire a part-time manager to aggregate, market and distribute products.**
        a. Progress Made: Dakota Fresh had two managers in the time of the grant. The first was only with them for three months and was pulled into another job, and the second did develop some excellent customer relationships. Kirk (manager) was not as production savvy, and the hub now sites the need for a manager that they will hire in 2018 who comes from a production background. Kirk finished his job as manager when the LFPP grant ended. The hub now is exploring possible funding sources and has equity to be able to pay for some salary out of their treasury. Due to the fact that the company is less than two years old, they will still need to find gap funding to keep this position going. Leads are there. Until a manager is hired, a producer has stepped up and through a small stipend is doing the customer communication and ordering pieces each week. Another farmer has volunteered to do deliveries with his van and submits bills for gas.
        b. Impact on Community: The region has started to recognize the business, which adds impact of awareness of the availability of local foods. Restaurants that use or carry Dakota Fresh (DF) products are proud to use signage and farm photos that announce that to the community. A 10 hr/wk job has been granted from a

nonprofit that received an RBEG. The manager position adds a 75% job to the region. Producers believe in the business so much they are volunteering time to keep it going while searches for funding continue.

iv. Goal/Objective 4: **Build and launch Dakota Fresh website, and extend marketing campaign.**

a. Progress Made: Classes were held during winter of 2017 to help all producers come "online" with their farm page and products available. While there have been some glitches with going completely to online sales with clients, the business is getting closer. The advantage currently is that clients or potentials can go to :http://www.daktoafreshllc.com and see every farm and how they produce the food that they sell. Several producers and Kari O'Neill manned a booth and presented sessions at the SD Local Foods Conference in 2016 and 17, and sold food for the conference. As the grant ended, a delivery schedule was posted and several producers pitched in to take product to businesses every week. This helped customers get to know the producers in a new way.

b. Impact on Community: Clients can get to know producers better and become more confident in purchasing food from them through Dakota Fresh. As a public site, anyone can find the farmers and the company and learn more. They can also choose to eat at restaurants and purchase from grocery stores that use local foods.

v. Goals/Objective 5: **Certify producers in food and farm safety practices through SDSU Extension.**

a. Progress Made: The SDSU Horticulture Specialist is certified to teach USDA's certified food safety classes for producers. She is offering a class at SDSU this winter and is coming back to teach in the region in spring 2018. The 6 producers that are not yet certified need to go through one of those classes to complete the group's training.

b. Community Impact: The manager has been able to assure customer of Dakota Fresh that producers (10) have been certified, and the others will become certified. Farm plans are being implemented, and labeling is becoming more prominent by each farm.

vi. Goals/Objective 6: **Select a warehouse site in the region and equip with cooler and shelves.**

a. Progress made: The trailer purchased in 2016 is now serving a need as the aggregation site each week. It is equipped with a freezer inside the trailer for meat products, stainless steel shelving, a scale and a proper coolbot system. The group also uses a walk-in cooler at a central farm site equipped with a coolbot system for products that can be stored before sales. Aggegration has been a puzzle, but it has been left up to each producer to find a way to get their product to the central farm location. Several work together to carpool product to the site.

b. Community Impact: The trailer has a Dakota Fresh sign on the sides, so is raising awareness as it travels. While a permanent warehouse is still a hope, the feasibility right now lends to the trailer, walk-in cooler and another stand-alone cooler as serving the purpose.

vii. Goal/Objective 7: **Lease a delivery vehicle suited for transporting food products to markets.**

a. Progress made: The manager used his own pickup until the grant ended, and a farmer within the hub is now using his van to deliver. The group worked with a nonprofit to secure an RBEG grant for a pickup and part-time driver. This funding will add another piece to the infrastructure of the hub.
b. Community Impact: A car dealer in the region will benefit from the group purchasing a vehicle in the near future. The part-time delivery position will secure 10 hours a week of funding for a manager.

viii. Goal/Objective 8: **Produce a report showing the impact of the new food hub in SE SD.**
a. Progress made: Records being kept will help tell both the financial and human impact stories of Dakota Fresh. The treasurer is currently using Quickbooks for record-keeping and three Board members are meeting with a SCORE representative from the Small Business Development Center in Sioux Falls to put together a financial balance sheet and finish their business plan. Stories have been generated on local news stations and in several regional papers in the fall of 2017 to again show the growth and potential of having a food hub in the region.
b. Community Impact: Due to the recent media attention, several producers have inquired about joining Dakota Fresh, and potential customers are becoming purchasing customers. Farmers Union has been following and meeting with Board members and Kari to decide on a level of financial commitment they intend to pursue with Dakota Fresh. They are waiting to see the completed financial records and business plan to finalize their decision and level of commitment. It has been very exciting to work with that group.

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, 20__). Include further explanation if necessary.
   i. Number of direct jobs created: 1 75%FTE; 2 farms have added part-time employees, 3 applications were submitted to SDSU's new Local Foods program for internships next summer
   ii. Number of jobs retained: 17 producers are selling through the hub
   iii. Number of indirect jobs created: not measurable
   iv. Number of markets expanded: 8 restaurants and 4 grocery stores/co-ops consistently purchase more local foods
   v. Number of new markets established: 12
   vi. Market sales increased by $2400/month avg from 2016 to 2017 and increased by 65%.
   vii. Number of farmers/producers that have benefited from the project: 19
      a. Percent Increase: 100% since 2015 as this is a new business

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?

   Dakota Fresh sends out emails telling 37 potential customers what they have for sale each week. Twelve restaurants and grocers consistently purchase product. Two of those are businesses that have opened in the past two years.

4. Discuss your community partnerships.
    i. Who are your community partners?
    Since our "community" is a large region, our partners are resource providers in SE SD. They include SD Specialty Producers Association, SDSU Extension, Dakota Rural Action nonprofit, SD Department of Agriculture, Burmingham/Cwach Law Firm, Senator Billy Sutton, and USDA Rural Development. Most recently SD and the North Central Region Farmers Union has become interested in partnering with the business.

    ii. How have they contributed to the overall results of the LFPP project?
    The partners in this project have provided education, advocacy, mapping services, legal services, grant writing assistance, chef training, and facilitation. They have been fully committed to this project since 2013, and continue to ask how they can help. The Specialty Producers Association devotes a paragraph to DF progress in their monthly newsletter, and has several producers on their farm tour trail in the summer. The Dept. of Ag is working with our meat producers on issues of locker shortage in the state. Farmers Union is excited about assisting DF with either a no-interest loan or some type of grant.

    iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?
    Partners have pledged to continue to promote Dakota Fresh and offer ideas for improvement or innovation. All have visited with their colleagues and political interests to spread the word about Dakota Fresh. Their support will continue to allow this hub to succeed. As this funding comes to an end, the DF Board is beginning to talk about future investors, such as Farmers Union, needed until the group becomes profitable. Dr. Rhoda Burrows is also willing to teach another Farm Food Safety class for DF members in their region.

5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?
    i. Matt Stone – first DF Manager. Very good at beginning stages of building awareness and customer base for Dakota Fresh. Paid + match time.
    ii. Kirk Walters – DF Manager. Has been instrumental in visiting and securing customers, pushing producers to define their production capacity, and all other aspects of DF business structure. Paid + match time.
    iii. Dakota Rural Action – offered a hands-on in-depth training for producers in software that will be used for online ordering system this winter. Attends and gives input at meetings and events as match dollars.
    iv. Ryan Cwach, attorney, was instrumental in developing DF's Operating Agreement and filing for LLC status with the State of SD. He also contributed match dollars.
    v. Brian Fruechte was hired to assist with the moving of a free walk-in cooler to the farm of a producer. Brian, also a farmer, had the equipment needed for the move.
    vi. Walter Portz, not a contractor with the LFPP grant, also contributed on a Rural Development grant as a contractor, by traveling to each farm and taking producer photos which he developed into posters to be used in customer businesses and at booths during trade shows.

6. Have you publicized any results yet?*
   i. If yes, how did you publicize the results?
      Continued updates in SD Specialty Producers Assoc. newsletter, igrow.org website, and as requested by other media. Two local TV stations have done stories with producers, and one with two customers. Local papers have sometimes featured stories with local producers. Good exposure at the SD Local Foods Conference both years. An Impact paper was published in 2015 for SDSU constituents, and will be done again this winter.

   ii. To whom did you publicize the results?
      General public, members and supporters of SD Specialty Producers Ass'n, DRA (Dakota Rural Action) members, all legislators, and other SDSU stakeholders. Also participants at the SD Local Foods Conference, to chefs as producers visit them, and at an Open House at a grocer. Farmers Union and Local Foods Conference members by doing presentations at their statewide conferences.

   iii. How many stakeholders (i.e. people, entities) did you reach?
      106 legislators; 150,000 people in the viewing areas of TV stations who have picked up the story of Dakota Fresh; 300,000 stakeholders who receive SDSU's "Growing SD" magazine of impacts or visit the SDSU "IGrow.org website.

*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).

Here are links to our latest news story:
http://siouxfalls.business/dakota-fresh-food-hub-connects-farmers-to-restaurants/

KSFY NEWS: http://www.ksfy.com/content/news/Dakota-Fresh-Food-Hub-helps-farmers-bring-fresh-produce-to-local-businesses-461168543.html

https://www.farmforum.net/2017/11/10/dakota-fresh-food-hub-connects-local-restaurants-and-food-markets-with-locally-raised-produce/

7. Have you collected any feedback from your community and additional stakeholders about your work?
   i. If so, how did you collect the information?
      Three chefs have attended DF meetings and talked specifically about their needs and how DF producers can meet them. DF held their 2016 Annual Meeting at the Carnival Brazilian Grill, a customer restaurant, and the 2017 Annual Meeting will be catered by Bread & Circus, another customer restaurant. That allows those chefs access to all producers and gives them a chance to discuss their wants and needs. The manager sent out weekly logs, producers visit clients when they can, and stakeholder groups have conversations with producers often. The Board stays in touch through monthly meetings, and membership, though low attendance, meets monthly and gets a meeting report. We meet often via distance (DDN video conferencing or Zoom) to allow more participation. Those meetings are well-attended.

ii. What feedback was relayed (specific comments)?
"I would take all of the greens DF can collect for my salad bar." Chef Nicholas, Carnaval Brazilian Grill.
"I never have to question the quality of your food. The 1-invoice system is wonderful." Rachel, manager of Coop Natural Foods.
"I'm not sure why we haven't ordered this way before – it only makes sense," new food buyer, Dennis, at Pomegranate Market in Sioux Falls.

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?
      a. If yes, how much was generated and how was it used to further the objectives of the award?
      Yes, the business takes in income from the sale of their food products, and annual fees from members. The DF Treasury had a balance of $18,324.49 as of Sept. 29, 2017. That money will be used to supplement a part-time manager, pay stipends to the DF treasurer, and to pay for marketing and supplies. In 2018, a USDA Rural Business Enterprise Grant will assist with transportation costs.

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).
      1. The producers of this hub are so passionate and so strongly believe in their mission that they are willing to step up after the grant ended and take on responsibilities that the manager (whose salary ended with the grant) had been paid to accomplish. Three Board members have now assumed the roles of financial manager, communication/sales manager, and aggregation/delivery manager.
      2. Local foods and especially food hubs are still a relatively new idea for most restaurants, grocers, and especially institutions in South Dakota. Dakota Fresh is breaking ground and members have the understanding that this will be a slower process than they may wish.
      3. The Board of Dakota Fresh is VERY active. There are only a few other members who seem to be conscious of attending meetings and interested in the day-to-day operations of the hub. The Board is working to actively engage more members by seeking their input directly and making sure the hub is the right business structure for their operations.
      4. Throughout the 20 months that Dakota Fresh has officially existed, members are still slowly accepting the notion that they can sell more product through a food hub, and even though 10% is taken out for management, their profits will increase due to volume. Also, they are not really in competition with other members; they are is this venture as cooperators. This is still evolving.
      5. As administrator of this grant, I have learned that while starting a producer-owned food hub takes more time, the structure is more sustainable as long as I have done strong planning and gradual turning over of responsibilities to members.

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

1. It was very hard at the beginning of this project to estimate where match dollars might occur. As it happened, only 60% of the original farmers that gathered for strategic planning sessions actually joined Dakota Fresh as members. And several resource providers, including one Extension field staff, changed jobs and moved to new places during the grant cycle. One organization's main representative (Dakota Rural Action), went on maternity leave and no one really shared her passion and took up her commitment to the project. It turned out that much of the match originally committed changed greatly. While we were able to submit many contributed hours, it became very burdensome to get people to fill out the required paperwork.
2. Dakota Fresh members would have liked to have found new funding before the LFPP grant ended, but due to timing with summer and fall production cycles, that was not a reality. Fortunately, the interim period of Oct – Dec, allowed members to pick up the slack and regroup. They are now ready to hire a manager in January.

iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project:

1. Our budget was fairly on-track, but the match dollars were extremely hard to deal with after many personnel changes. While not sure if all the challenges could have been dealt with, getting a more solid commitment and remembering to have resource providers fill out time sheets during the project would have helped.
2. Using video-conferencing for meetings was essential to the participation of Dakota Fresh members in meetings.
3. Knowing the role of a coach was key to my involvement in the project. It allowed me to gradually turn over responsibility to the Board, and they understand that SDSU Extension and other resource providers are here to assist them long-term, well beyond grant dates.
4. I am very fortunate to have an excellent accounting team at SDSU!

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 number of exciting developments around local foods initiatives are happening in South Dakota that have or will affect the success of Dakota Fresh.

- There is a new Local Foods Center on the campus of SDSU, which is within the geographical region that comprises Dakota Fresh. They will be placing interns in the summer of 2018, and several DF producers have applied, along with the food hub itself. This is a win-win situation both for the students who have potential of becoming Dakota Fresh producers, and the farmers, who can use the assistance to grow their businesses.

- The new connections are coming in strong following the recent news story aired on TV, and written into several regional newspapers. The potential for new producer members and new customers has never been stronger.
- The SD Specialty Producers Association is growing in number and strength. This organization gives small farmers a voice, and serves its members with added information and policy guidance.
- The SD Local Foods Conference has grown from an attendance of 50 people seven years ago to 150 people in 2016 and 2017. Dakota Fresh will continue to have a strong presence through workshops and booths. This year's conference is in their region.
- Chef Nicholas from the Carnival Brazilian Grill has committed to reach out to fellow chefs in Sioux Falls personally during his mornings off to promote DF and the value of the food products they raise and sell.
- SD Farmers Union President Doug Sombke is excited to pursue a strong relationship with Dakota Fresh, and to provide financial assistance.
- As Dakota Fresh grows, it changes the landscape of southeastern SD communities. More consumer demand for local foods in restaurants and grocery stores leads to the need for more small farmers. As this demand continues, the food hub structure is beneficial as a marketing tool.
- New farmers, added employees and the addition of creative chefs to restaurants all fill new jobs in southeastern SD.

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?

- Dakota Fresh would benefit from research done at other Midwestern producer-owned food hubs.
- There seems to be good resource material available nationally, but in SD we don't fit the models for hubs in close proximity to very large cities, or in areas where farmers live very close to each other.
- DF would like to serve as a model to others wishing to start such a venture. We are EXTREMELY thankful to USDA Ag Marketing Service for the initial support to get the hub planned and implemented. If there are other possible sources of "gap" funding as we grow but are still not financially solvent, we would love to visit.