

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>	October 1, 2014 – December 31, 2016
Authorized Representative Name:	David Bauermeister
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Recipient Organization Name:	Northwest Agriculture Business Center
Project Title as Stated on Grant Agreement:	Puget Sound Food Hub
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-WA-0175
Year Grant was Awarded:	2014
Project City/State:	Mount Vernon, WA
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 and have been approved by LFPP staff, 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 toward each one and indicate the impact on the community, if any.

Goal/Objective 1: Completion of final brand logo design to benefit Puget Sound Food Hub farmers

Progress Made: Original schedule was revised with a new completion date of May 15, 2016. A designer was hired in December of 2015 and has completed the final design. Website content has been continually updated, including new logo, photos, general content and the Guide for Farmers, which is available on the Farmers page.

Impact on Community: The Puget Sound Food Hub needs a cohesive brand in order to convey the hubs value propositions to the market so that farmers may be able to increase sales to commercial and institutional buyers.

Goal/Objective 2: Completion of printed marketing materials including but not limited to display materials, brochures, t-shirt, business cards, rack cards to benefit Puget Sound Food Hub farmers

Progress Made: Completion of printed marketing materials with the new logo included rack cards (both farmer and customer), business cards for staff, partners and board members, display boards for tabling events, mugs and pens.

Impact on Community: The Puget Sound Food Hub utilized its stock of marketing materials to aid in increasing farm sales to commercial and institutional buyers.

Goal Objective 3: Completion of 3 Food Safety Education and Training Sessions for Puget Sound Food Hub

Progress Made: Completed. PSFH held (3) three of the (3) food safety education and training sessions for Puget Sound Food Hub farmers on December 2014, April 29, 2015 and December 2, 2015.

Impact on Community: Given the increased importance of food safety preparation and planning in our desired target market, farmers are learning how to utilize existing resources through WSDA and NABC to improve their food safety planning and procedures to stay competitive as FSMA regulations approach.

Goal/Objective 4: Completion of 3 Crop Planning and Quality Control Education for Puget Sound Food Hub farmers.

Progress Made: Completed. PSFH held (3) three of (3) crop planning and quality control sessions for Puget Sound Food Hub farmers on December 2014, October 15, 2015 (Farmer's Advisory Committee) and the third on December 2, 2015.

- The Quality Control Education and Training and Enhance Post Harvest Handling Standards and Procedures for Sellers have been developed and added to the Guide for Farmers, which is published on the PSFH website.
- Templates for *Product Recall Procedures* were developed and made available to farmers.
- A Corrective Action and Customer Complaint policy has been developed and adopted by PSFH.
- *Standard Operation Procedures (SOP's)* guidelines have been developed for farmers and distributed to PSFH members.
- *Standard Operation Procedures (SOP's)* guidelines have been developed and adopted for the aggregation sites and PSFH Distribution Warehouse.
- Flow charts and HACCP plans for each aggregation site have been completed.

Impact on Community: Given the increased importance of crop planning and quality control preparation and planning in our desired target market, farmers are learning how to utilize existing resources through NABC and its partner organizations including Cloud Mountain Farm Center, Bow Hill Blueberries and 21 Acres to improve quality control procedures and increase sales to commercial and institutional buyers.

Goal/Objective 5: Completion of Enhanced Food Safety Plan and Procedures for Puget Sound Food Hub farmers and customers

Progress Made: Completed.

- The PSFH has completed a SOP for the Puget Sound Food Hub, including HACCP plans for all aggregation points within PSFH.
- The Quality Control Education and Training and Enhance Post Harvest Handling Standards and Procedures for Sellers have been developed and added to the Guide for Farmers, which is published on the PSFH website.
- Templates for Product Recall Procedures were developed and made available to farmers.
- A Corrective Action and Customer Complaint policy has been developed and adopted by PSFH.
- Standard Operation Procedures (SOP's) guidelines have been developed for farmers and distributed to PSFH members.
- Standard Operation Procedures (SOP's) guidelines have been developed and adopted for the aggregation sites and PSFH Distribution Warehouse.
- Flow charts and HACCP plans for each aggregation site have been completed.

Impact on Community: Given the increased importance of food safety preparation and planning in our desired target market, farmers are learning how to utilize existing resources through WSDA and NABC to improve their food safety planning and procedures to stay competitive as FSMA regulations approach.

Goal/Objective 6: Successful implementation of a third aggregation partner, Cloud Mountain Farm Center for Whatcom county farmers and customers

Progress Made: Completed. Cloud Mountain Farm Center became the PSFH fourth partner and 3rd aggregation site in late 2014.

Impact on Community: Increased sales for farmers in Whatcom County as well as important new commercial and institutional customers served in both Skagit and Whatcom County due to expanded delivery service.

Goal/Objective 7: Create 1 half-time job at Cloud Mountain Farm Center

Progress Made: Completed. Cloud Mountain Farm Center became the PSFH fourth partner and 3rd aggregation site in late 2014 and added one full-time employee.

Impact on Community: Increased sales for farmers in Whatcom County and important new commercial and institutional customers served in both Skagit and Whatcom County due to delivery service.

Goal/Objective 8: Participate in 4 conferences and trade events to promote the PSFH and reach farmers.

Progress Made: Completed. PSFH representatives have participated as speakers and panelists in more than (9) conferences since October 2014.

Impact on Community: Community outreach is necessary for communicating the attributes and activities of the Puget Sound Food Hub to increase awareness of the importance of food hubs in building local food economy and increasing healthy food access.

Goal/Objective 9: Distribute 50 weekly fresh sheets to farmers and customers

Progress Made: Completed. PSFH sends two weekly fresh sheets to 832 subscribers and will continue sending fresh sheets as part of its marketing plan. During winter months, PSFH will send the fresh sheet weekly.

Impact on Community: Fresh sheets are important at communicating to customers the products that farms are selling each week, along with pricing information and seasonal specials to help farms increase sales to target customers.

Goal/Objective 10: Post 12 blog posts (monthly) to promote Puget Sound Food Hub activities

Progress Made: PSFH has posted 8 of 12 blogs to its website and an additional 4 blogs to the NABC website. In addition, a Farmer Newsletter is being distributed monthly. The plan is to increase blogs/newsletters to keep farmers and customers engaged and include farm profiles, recipes, etc. PSFH, NABC, and 21 Acres each have Facebook pages which content is posted to on a regular basis. The PSFH has a linked "feed" to a Twitter account. We also use local farmer "listserves" to publicize events.

Accounts: <https://www.facebook.com/PugetSoundFoodHub?fref=ts>

<https://www.facebook.com/pugetsoundfoodnetwork?fref=ts>

<https://www.facebook.com/21Acres?fref=nf>

Impact on Community: Blog posts/newsletters are important for communicating to customers and farmers about business and community activities of interest to them.

Goal/Objective 11: Increase NABC Network members from 57 to at least 80

Progress Made: NABC Network currently has 69 members. We have increased members since last reporting period and anticipate growing the network by the summer of 2017.

Impact on Community: NABC Network subscribers receive valuable benefits including relevant information and opportunities to grow business relationships. NABC provides the most effective value added business services for northwest Washington agricultural producers.

Goal/Objective 12: Increase number of eligible Puget Sound Food Hub producers from 40 to 50

Progress Made: Completed. We have succeeded in enrolling more than 50 eligible producers participating in the Puget Sound Food Hub throughout the year.

Impact on Community: More farmers enrolled in the Puget Sound Food Hub mean more supply available for sale to commercial and institutional buyers.

Goal/Objective 13: Increase total revenue by 100% from 2014 to 2015 to benefit farm sales

Progress Made: Completed. We have increased sales over 300% from last year. Jan-Dec 2014 was \$232,916 and Jan-Dec 2015 was \$909,266. 2016 sales will be over one million.

Impact on Community: Reaching sales goals is an important indicator of whether the Puget Sound Food Hub can survive without depending on grant funding for sustainability.

Goal/Objective 14: Provide technical assistance to 20 childcare sites to increase local food purchases through the Puget Sound Food Hub

Progress Made: Completed. NABC is providing technical assistance to 67 childcare, preschool and before and after school programs participating in the City of Seattle's Farm to Table partnership.

Impact on Community: Systems change connecting local farms with communities in need, education pertaining to obesity prevention/healthy eating, seasonality, cooking from scratch, community engagement, gardening program and curriculum integration. PSFH is opening up new markets for farms while increasing access to healthy food through meal sites that feed low-income children and teens.

Goal/Objective 15: Conduct 1 annual end of year producer survey, analyze and compile report and share results with USDA

Progress Made: Completed. PSFH conducted an end of year producer survey, analyzed and compiled report. PSFH presented the report at our Bi-Annual Farmer Gathering in December 2014 and is using outcomes to devise sales and marketing strategies and improve logistics including: hiring a full-time Sales and Marketing Manager to secure larger grocery and institutional accounts for farmers, centralized distribution warehouse in Mount Vernon with PSFH-owned trucks, addressing standardization of packaging and labeling.

Impact on Community: Survey results were analyzed and integrated into PSFH operations, sales and marketing strategies to improve the business structure for economic sustainability.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, since the baseline date (the start date of the award performance period—September 30, 2014). Include further explanation if necessary.

- i. Number of direct jobs created: 4
- ii. Number of jobs retained: 6
- iii. Number of indirect jobs created: 5 (estimate)
- iv. Number of markets expanded: 1 (Seattle/King)
- v. Number of new markets established: 3 (Island, Skagit and Whatcom)
- vi. Market sales increased by \$676,350 and increased by over 300% in a comparison of 2014 to 2015. Sales just over \$1 million for 2016 as of November 30 (an increase of 23% from November 2015)
- vii. Number of farmers/producers that have benefited from the project: 65+
 - a. Percent Increase: 60%

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?

1. The Puget Sound Food Hub increased sales and deliveries to 67 versus 20 childcare, preschool and before and after school programs located in multi-ethnic, low-income communities in South Seattle as defined by and in collaboration with City of Seattle Human Services Division through the Farm to Table Partnership.

2. With the addition of Cloud Mountain Farm Center, the Puget Sound Food Hub added delivery to hospitals, retailers and other commercial and institutional buyers in Skagit and Whatcom counties.

4. Discuss your community partnerships.

- i. *Who are your community partners?* 21 Acres, Bow Hill Blueberries, Cloud Mountain Farm Center, WSDA, Sustainable Connections, City of Seattle
- ii. *How have they contributed to the results you've already achieved?* 21 Acres, Bow Hill Blueberries, Cloud Mountain Farm Center have provided assets that contribute to leadership, business development and operations. WSDA has provided food safety training, resources. Sustainable Connections contributes marketing. City of Seattle Human Services Division helps coordinate low-income meal programs.

- iii. How will they contribute to future results? Each partner will continue contributing to the development of the PSFH in the future.

- 5. *Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?*
 - i. Design contractor for branding and marketing materials: branding graphics being developed
 - ii. Web site support: updated food hub web site
 - iii. Delivery truck: delivered orders in Skagit and Whatcom counties
 - iv. Food safety consultant/contractor

- 6. *Have you publicized any results yet? No*
 - i. *If yes, how did you publicize the results? N/A*
 - ii. *To whom did you publicize the results? N/A*
 - iii. *How many stakeholders (i.e. people, entities) did you reach? N/A*

**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? Yes*
 - i. *If so, how did you collect the information?*
 Producer and customer surveys in December 2014 and 2015. PSFH now has a farmer-member Board of Directors
 - ii. *What feedback have you collected thus far (specific comments)?*
 Operations, customer service, products, value propositions, policies. See Goal/Objective 15 for specific Farmer and Customer Survey 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? PSFH retains 3-4% of the gross sales amount. Current food hub volumes do not generate nearly enough revenue to cover administration expenses. PSFH revenue for the period of 4-1-2015 through 9-30-2015 was approximately \$18,658. All of these funds were used to provide administrative services for the PSFH.*

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

Kermit Was Right, It's Not Easy Being Green

There are many challenges to running a Food Hub. During the early stages of the PSFH, much of the focus was on working with the Seattle Farm to Table program and providing local produce to underserved daycare and senior sites in addition to working with hospitals and some restaurants. Along with this, there was a focus on reducing our carbon footprint and helping small farms. To accomplish this required a significant subsidy from non-profit organizations in addition to grant funding.

The message behind helping small farms that struggle to get into the wholesale market and bring their products to underserved childcare centers that struggle to get nutritious food to children was a powerful one that many people could get behind. And with the small amount of sales from 2011-2013, it worked with the support of the non-profit partners. As sales grew from \$115,407 in 2013 to \$232,916 in 2014 the reality of what was sustainable became an issue. The Hub's mission to support sustainable local farms had to look at not only did that mean "being green" but also being financially sustainable if it was going to operate an independent, farmer-directed business, versus a non-profit project.

Some of the challenges we faced:

- Focusing on smaller customers and daycare sites, whose orders averaged around \$100, was not going to cover our delivery costs.
- Working with numerous small farms that had different packaging standards and a range of experience selling to wholesale customers made it difficult to sell to larger wholesale grocers and institutions that had stricter standards than the smaller restaurants and day care sites.
- Farmers are by nature independent, run their own businesses and are accustomed to doing things their own way. It took over a year to implement standardized food safety protocols and to switch from used boxes to all product being packaged in new boxes. Many of the smaller farms found this to be cost prohibitive and some still struggle with covering this additional cost in their pricing. For 2017, the PSFHC is planning on a group buy of boxes to help reduce the cost to smaller producers that can't purchase a large enough quantity to get a discount. It has also been easier to implement changes now that the Hub is farmer-owned and the changes are coming from and being direct by farmers versus non-profit partners. Farmers are a tough, resilient bunch and once they are all working together for the benefit of each other, they are a force to be reckoned with and in our case have really moved the PSFHC forward.
- The concept of taking multiple small farms, combining multiple cases of product from multiple farms into one customer order is a great idea, but also a big undertaking. Trying to compete in the marketplace with larger distributors is no easy task. They have the ability of sourcing from larger farms in pallet sized loads with standardized packaging. Instead of looking at how those distributors make it work, we have been looking at the FedEx and UPS model that work with multiple types of products, different size orders and many different sizes and types of packaging. We also have two or three of these larger (yet, still considered small family farms) that can provide us with standardized pallet sized loads of produce that allows us to compete in the larger grocer marketplace. Although some of the really small farms have been concerned about being undercut by these larger producers we have found that having

them actually allows us to afford to sell to the smaller restaurant accounts that like to buy from the really small farms, even at their higher price point.

- Meat sales has been a struggle for us as the margins for meat are generally much lower than the margins for produce and we have not been able to accommodate lower margins on meat up to this point. Locally raised pastured chicken, grass-fed beef are high priced products that have a difficult time competing with the larger producers of meat such as Tyson, etc. Many restaurants and institutions may want to source local, pastured beef, chicken and pork but feel it is cost prohibitive. Some may source up to 10%, but still purchase 90% from the large scale meat producers. The PSFHC plans to put a committee together in 2017 to look at this and come up with ideas on how to increase our meat sales enough to lower the margin and help get these high quality, local pastured products out into more restaurants and institutions.
- Ultimately the challenge is the end consumer. There is a cost for smaller family farms to grow and bring their product to market. Many of these farms grow a wider variety of products than can be found through big distributors. Many consumers have shown that they are willing to pay higher prices to keep these farms going and to source fresher, local and generally healthier food. Many communities simply don't have the money and require subsidized programs such as the Seattle Farm to Table program. In the long run, it will take a mix of both – consumers who can pay and are willing to pay for local farm products and private funders and government agencies that are willing to provide for the communities that can't afford fresh, local produce.

What advice do we have for others Hub entrepreneurs?

- Before starting, look at where you would like to be in 5 years; 10 years. Have a BHAG (Big, Hairy, Audacious Goal) and keep it in mind as you move forward.
- Start with the farmers from the beginning. Have farmers involved in directing it, leading it and moving it forward.
- Make sure that your team, farmers and staff are all on the same page and moving forward together. Undertaking a Hub is a lot of work and requires a team of people with interpersonal skills, flexibility, business smarts and a sense of humor at times.
- Have multiple back-up plans and create a SWOT analysis or Risk Management Plan and continually update it.
- Have a solid business plan and 3 year budget and keep it updated.
- Share your story, your vision, your successes and your hopes with the community and your customers. Many people have a deep felt love and respect for local family farmers and want to support them.
- Just keep plowing through and know that eventually the harvest will come in!

10. Future Work:

- 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.

NABC will continue to provide management, accounting and marketing support to the PSFHC and the farmer members of this newly formed cooperative. The PSFHC has just hired two full-time staff members, an Operations Manager and a Sales & Marketing Manager, to improve efficiencies in operations and increase sales for the upcoming years. The PSFHC anticipates hiring a full-time driver and 2 or three part time drivers in the spring/summer of 2017. Plans are in place to obtain GHP Certification and begin working with the Farm to School programs in King, Skagit, San Juan and Whatcom counties next year, to provide local produce to the schools. In addition, the PSFHC's goal for 2017 is to double sales for farmers by increasing sales to larger grocery outlets, institutions such as hospitals, and local restaurants.

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?

The PSFHC is looking at additional ways to reach financial sustainability including renting freezer/cooler space to farmer members, looking into the possibility of an institutional CSA (that can be offered to employees of existing wholesale customers), and developing a more centralized logistics approach with a mix of in-house deliveries and contracted delivery providers.