

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, 2015 – July 31, 2018
Authorized Representative Name:	Dan Nordquist
Authorized Representative Phone:	509-335-9661
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Recipient Organization Name:	Washington State University
Project Title as Stated on Grant Agreement:	Rebuilding Local Food Sales through Kitsap Fresh: A Farmer-Led Food Hub
Grant Agreement Number:	15LFPPWA0021
Year Grant was Awarded:	2015
Project City/State:	Poulsbo, WA
Total Awarded Budget:	\$78,876

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).
 X Different individual: Name: Laura Ryser; Email: laura.ryser@wsu.edu; Phone: 360-337-7157 #6274

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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: Build capacity by hiring a Project Manager based at WSU to oversee aggregation site logistics and expansion plan, outreach, marketing, customer service, social media, and website management
 - a. Progress Made: The market manager based at WSU effectively ran the market for the duration of the grant and the cooperative recently hired that individual as their first employee. The transition of the market manager from WSU to the co-op was an important goal that was reached and an approach that WSU faculty are piloting, supporting early stage food systems initiatives with grant-funded start-up funds and staffing. What is exciting about this goal is that we were able to build enough sales for the co-op to be able to hire an employee.
 - b. Impact on Community: One new job has been created because of this grant and the market has had financial stability during this three-year start-up phase, allowing the market to grow faster than if they did not have the grant. With stable internal operations, the market can support more customers and food and farm businesses.
 - ii. Goal/Objective 2: Increase producer membership to 200 (1/3 of farmers in County) and consumer membership to 800 by 2017.
 - a. Progress Made: While we did not reach the stated producer membership goal, this market has worked with more producers than any farmers market in the region. At the beginning of this grant, there were 20 producers selling food. By the end, there had been 80 producers as members. While the Census of Agriculture shows around 700 farms in the County, it became clear that many of the farm businesses are not selling food through direct market channels besides farm stands and CSA shares. While we did not reach the producer membership goal, we did a terrific job going over the stated goal for number of registered customers. At the beginning of this grant, there were 63 registered customers. At the end of this grant, there were 2,211 registered customers, showing a sharp increase in the demand for local food.
 - b. Impact on Community: All residents of Kitsap County are now able to access fresh, locally grown and produced food through this online marketplace. Food producers now have their first direct sales channel in the winter and new and beginning food businesses have a reliable market they can begin selling their food.
 - iii. Goal/Objective 3: Expand operations to 4 aggregation sites with at least 2 located in food insecure areas by 2016.
 - a. Progress Made: There is only one aggregation site by design so that farm and food businesses can reach customers in the entire county, and so that customers can order from any business listing food for sale. At the start of the grant, there was 1 aggregation with 1 pick-up location. By the end of the grant, 8 customer pick-up locations were established around the County with community partners, with 2 pick-up locations located in documented food

insecure areas. It took a lot of logical work to design a distribution system that could reach customers who did not have good access to this food previously.

b. Impact on Community: Fresh, locally grown and produced food is more convenient for residents throughout the entire County as a result of the online ordering system and 8 pick-up locations.

iv. Goal/Objective 4: Improve access for those in need by offering subsidized memberships through fundraising at the annual Kitsap Fresh Farm-to-Chef event, along with accepting federal EBT benefits.

a. Progress Made: It was determined by the USDA that because this online market has no physical location, it is not eligible to process EBT. The Board did decide to eliminate the customer membership fee to reduce the financial burden on customers.

b. Impact on Community: Low-income individuals are not able to use their federal EBT dollars at this online market. Customers do not have the extra fee to pay each year to be able to purchase food in the market.

v. Goal/Objective 5: Enter wholesale market with 40 wholesale members by 2017

a. Progress Made: The current Board of Directors wish to have this market facilitate direct sales only and are not willing or interested in brokering sales to small, wholesale buyers. As a result, this goal was not achieved.

b. Impact on Community: Only households, not businesses, are able to purchase food through this online market.

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, October 1, 2015). Include further explanation if necessary.

- i. Number of direct jobs created: 6 (self-reported by farm and food businesses)
- ii. Number of jobs retained: 27 (self-reported by farm and food businesses)
- iii. Number of indirect jobs created: 9 (source U.S. Bureau of Economic Analysis, accessed through <http://www.contentfirst.com/multiplier.shtml>)
- iv. Number of markets expanded: 1 (this online market did not exist previously)
- v. Number of new markets established: 8 (represents customer pick-up locations)
- vi. Market sales increased by \$209,167 and increased by 3,875%.
- vii. Number of farmers/producers that have benefited from the project: 80
 - a. Percent Increase: 300%

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?

The market has allowed new farmers to start selling who would not otherwise have done so at the farmers market or other direct sales channels. This is directly reflected in the survey responses we got from farm and food businesses. The Board of Directors eliminated the consumer membership fee to be more equitable and accessible by all members of the community. The relationship with the Haselwood YMCA and CJ's Evergreen General Store & Catering expanded the customer base greatly as they serve customers who are on limited incomes. From the beginning, having two pick-up locations in food insecure parts of the County was part of the approach to reaching the population on limited income.

4. Discuss your community partnerships.

- i. Who are your community partners?
 - a. Kitsap Food Co-op
 - b. Kitsap Community Agricultural Alliance (KCAA)
 - c. Bremerton & Poulsbo Farmers' Markets & the Kitsap Markets Coalition
 - d. Kitsap Public Health District
 - e. Downpour Brewing, Run Dog Run, Slippery Pig Brewery, Haselwood YMCA, CJ's Evergreen General Store & Catering, Dog Days Brewing, Slaughter County Brew Company, PJ's Market
 - f. Mossback Restaurant
 - g. Northwest College of Art & Design (NCAD)
 - ii. How have they contributed to the overall results of the LFPP project?
 - a. Kitsap Fresh and the Kitsap Food Co-Op worked together on outreach events and coordinated a fundraising event together.
 - b. KCAA assisted with sharing marketing resources. Board members from Kitsap Fresh and KCAA have been working on a Kitsap Grown buy local campaign. So far, Kitsap Fresh has the KCAA buy local campaign as button for online marketplace items to source identify Kitsap grown items.
 - c. Kitsap Fresh has a booth as the farmers markets and is a member of the newly formed Kitsap Markets Coalition to help brand all local markets and conduct shared marketing strategies.
 - d. The Kitsap Public Health District oversees food safety of Kitsap Fresh food. Also, the Health District included Kitsap Fresh to receive staff help in setting up EBT benefits.
 - e. Pick-up sites will continue to be the consumer pick-up locations and assist with marketing on site.
 - f. Mossback offered Kitsap Fresh to host the annual fundraiser for a discounted rate
 - g. NCAD students designed the new Kitsap Fresh logo in their class
 - iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? Existing partnerships will continue in the same manner with a focus on shared marketing and increasing food security and community health.
 - a. Both cooperatives are membership-based and are looking to increase membership numbers together. They are considering ways to offer shared membership.
 - b. KCAA is a volunteer run non-profit that needs help spreading the word about their buy local campaign. Kitsap Fresh will continue to help brand local products in this campaign.
 - c. Kitsap Fresh will remain a part of the Coalition and help with shared marketing.
 - d. Kitsap Fresh will continue to work closely with the Health District's food safety staff.
 - e. Pick-up sites will remain active as long as possible.
 - f. Kitsap Fresh will continue to host the annual fundraiser at Mossback.
 - g. Kitsap Fresh will work with NCAD students for future graphic design needs
5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?
We used a contractor to develop surveys. Their work has contributed greatly to creating the mechanism for feedback. It was very helpful to have survey expertise and has allowed for data to

be obtained at each annual meeting.

6. Have you publicized any results yet?* Yes

i. If yes, how did you publicize the results?

a. Results have been published in the local newspaper (the Kitsap Sun)
<http://pugetsoundblogs.com/minding-your-business/tag/food/> (scroll down)

<https://www.kitsapsun.com/story/money/business/business-journal/2015/06/10/fresh-venture-hopes-to-click-with-farmers-consumers/95728952/>

<http://archive.kitsapsun.com/news/local/co-op-hopes-to-spread-fresh-veggies-countywide-2ed59b77-d756-42ab-e053-0100007f163e-373681881.html>

<http://archive.kitsapsun.com/news/local/making-a-fresh-connection-2fac0d1d-7c8d-46db-e053-0100007f2eff-374563401.html/>

b. At the 2016 National Association for Community Development Extension Professionals (NACDEP) Conference
c. Semi-finalist in the 2015 and 2018 Kitsap Bank's Edge3Fund Competition
2015 - <https://www.youtube.com/watch?v=0kWmTfuEJkw&feature=youtu.be>
2018 - <https://www.youtube.com/watch?v=rCJX2wxWG2w>
d. Kingston Community News
https://image.issuu.com/170824204212-c5fb424b6d1047b38f470d9401e0a468/jpg/page_6.jpg
e. Kitsap Daily News
<https://www.kitsapdailynews.com/news/farm-funk-good-food-good-music-good-mission/>

ii. To whom did you publicize the results?

a. To the general Kitsap County population
b. The PI on the grant gave a presentation to Extension professionals who are also working with community members to help facilitate the sale of local food.
c. Kitsap Bank publicized the competition through every branch
d. I was interviewed by the ShareNet food bank manager who writes a column in the Kingston Community News, a monthly publication.
e. Kitsap Daily News, an online publication of Kitsap News Group, a division of Sound Publishing.

iii. How many stakeholders (i.e. people, entities) did you reach?

a. The Kitsap Sun has a circulation of 30,000 and reaches over 100,000.
b. The presentation was given to a room of 25 extension professionals.
c. Kitsap Bank has 21 branches in Western Washington.
d. The Kingston Community News has a circulation of 12,000.
e. The Kitsap Daily News is a solely online news outlet, cannot estimate # of people reached.

*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? All feedback has been collected via paper and online surveys. Annual surveys were distributed to the membership at the annual meetings 2016, 2017, and 2018.

i. If so, how did you collect the information?

- a. Annual Producer Survey
- b. Annual Consumer Survey
- c. A one-time survey to customers who have signed up but not ordered
- d. On-going customer satisfaction survey

ii. What feedback was relayed (specific comments)?

a. From Producers – When asked how their business has changed as a result of their involvement with Kitsap Fresh:

- “I’m planning on putting Kitsap Fresh in my business plan.”
- “Knowledge that we have a ready market”
- “This is my entry into a business world. Thank you for kicking me forward.”
- “My business started up because of Kitsap Fresh.”
- “I did not previously sell to the public.”
- “We are farming because of this system. Not having to spend time/all day at a market and harvest food we ‘hope’ to sell is totally worth it.”
- “We have increased our production. Having a winter market outlet is excellent.”
- “We stopped doing a different mid-week market.”
- “We’ve increased our growing space from ¼ acre to a ½ acre this year as a result of Kitsap Fresh.”
- “[Kitsap Fresh is] easy to list, there’s good notification of sold out items and a smooth transaction process.”
- “Yes! I’ve met and networked with other growers. I would like to network with more growers and customers more often in person.”
- “Business started up specifically because of the Kitsap Fresh opportunity.”
- “More people are aware of the fresh, organic foods we produce.”
- “Did not previously sell. This has allowed us to reach out to the community and share fresh, organic, healthy food.”
- “slight uptick in sales, it is increasing!”

b. From

Consumers

“I thought I should congratulate the managers and volunteers on how well the system is working for customers, and also for the really excellent quality of what I am purchasing. The kohlrabi are premium, the strawberries to die for, and the vegan peanut butter cookies addictive, as examples. Really, everything is first rate.”

“This is an ideal program for folks that like to shop at farmers markets, but don’t have a lot of time.”

“Produce exceptional this year! (2018) Boldly ordered garlic scapes from Gold Mountain Garlic. They looked beautiful. Made pesto. Stunning!!”

“This place is terrific! I was told about them and went online to check them out. They have all sorts of wonderful fresh stuff i like. It’s good for everyone!”

“Access to great food, soaps and dairy. Location is very convenient. Limited amount of time needed for pick-up works well. I don’t feel pressure to buy from

every farmer. I always feel pressure at the farmers market to buy from every stand I visit, even if it doesn't' look good."

"I think it feels like it's been growing in a very sustainable way and everything has been really positive so far"

"Many products sell out too fast and there are scant winter offerings."

"Let's keep building membership and expanding locations and offerings."

"I want to see better pricing and an increase in produce in the winter."

"It's very easy. I really like being able to choose what I want and to have it gathered for me. Also, producers often are very generous with amounts."

"Access to fresh local food in the winter is awesome, plus I like that there's a second chance per week to get fresh food (in addition to farmers market day).

Lettuce can stretch all weeks if buy it 2x."

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? During the project period, \$22,241.12 was generated in income for through the 13% markup fee, \$1/order customer handling fee, and fundraising events. This money is being used for operations, such as payroll, taxes, to reimburse drivers for mileage, supplies and overall strengthening the financial position of the market.

9. Lessons Learned:

- i. Summarize any lessons learned. Draw from positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).
 - a. Positive Experiences.
 - i. Collaborations with local businesses that support community initiatives. It has been very successful to partner with local businesses whose mission is in part about building community connections. What has made this work so well is that Kitsap Fresh has partnered with a variety of businesses to use their space for free for customers to pick up their orders, and in turn, Kitsap Fresh is driving more customers into these businesses each Wednesday. All of these businesses (except for the YMCA) have reported a slight increase in their own sales on what is typically a very slow day.
 - ii. Adaptive processes and logistics management. Building a system to efficiently receive orders from farmers, to then re-pack into customer boxes, to then have drivers ready to deliver to sites around the County has been a huge logistical work in progress. For the first two years, we had a logistics committee who were constantly looking for ways to increase efficiency. The Board, volunteers and the paid market manager have been diligently working on this aggregation and distribution system for three years. Now in 2018, volunteers at the aggregation site sort on average 2,000 items in 1 hour into 100 orders

destined for 8 locations. These orders almost always arrive to pick-up sites on time for customers.

- iii. Very high dedication by a small number of volunteers. It is not necessary to have a high number of volunteers, but rather a few, consistent and dedicated volunteers can make this kind of market succeed. I have been humbled by the effort community members and farmers have put into this market. It shows the need is very high and people are willing to contribute their own time.
- iv. Engagement and support from producers has been very high. The Board of Directors decided to move from a full membership cooperative to strictly a farmer cooperative in part because it is the farmers who make this market what it is and they are the ones with more invested in seeing this market succeed. Focusing on farmer input and participation will create a supportive and successful market.
- v. Building a distribution system. Distribution has been the trickiest logistical piece to figure out. We had a committee building this system in the beginning, and we each took turns driving food when we didn't have volunteers. Mapping out the route was key to understanding timing for aggregation.
- vi. Online interface very easy and convenient. The software is the engine of the entire market so attention to which software vendor to choose is very important. This Board wanted the ability to run reports on the back end and manage customer and sales information with QuickBooks integration, so a more robust food hub software was preferable. The recommendation is to take the time needed to understand what the needs are of the market and use this as the basis for a decision on software.

b. Negative Experiences.

- i. Challenging dynamics with Board Members and high Board turnover as a result. Community work can be messy and anytime volunteers come together to manage money and make decisions, feelings can get hurt and the process can be difficult, if not painful at times. It is imperative that all Board members do their best to be open about their vision for the market and build a culture of trust. Constantly returning to the organizational mission is important, as well as being mindful of power dynamics while using an inclusive process for decision making.
- ii. Being denied the ability to offer EBT. The EBT application was delayed in year 1 because the name on the application was a woman who resigned as President and never followed up with sending in appropriate paperwork. By the time the Board worked on the application, the USDA required tax forms, which the cooperative had not filed yet. This delayed the process even further. The Health District had one of their staff assist the Board with the application. Upon submitting the application, it was found that the market was denied ability to accept EBT because there was no physical location.
- iii. Not offering wholesale sales. The vision of the PI and the first Board was that the market would facilitate wholesale sales. Research shows that online markets and/or food hubs cannot financially survive with

only direct sales. A few key voices on the Board were adamant about not offering wholesale, so this was not pursued.

- iv. True cost of operations subsidized by volunteers. If the cooperative were to pay all people involved in operations for their time, the market would fail based on how the market is currently organized. Volunteers give their time for free each week the entire year to make all the logistics work. A 13% markup fee is not enough to pay for a livable wage for employees.
- v. Having to pay taxes on money raised by fundraising efforts & limited expertise available in legal cooperative structure. It took almost two years for the Board to understand how to file federal taxes. There were different recommendations from the cooperative development centers and accountants and I was surprised by the lack of understanding of the legal framework for cooperatives. It was finally figured out and the Board is caught up on filing all federal taxes. It is important to take the time to understand all options for what kind of business structure makes the most sense. It was not easy to write a check back to the federal government for the money the Board raised during a fundraiser, so consider this if deciding to not be a non-profit.
- vi. Only 39% of registered customers have purchased food. Less than half of people who have registered to purchase food actually purchase food, which is an indicator of interest but not action. We had surveyed customers who had not ordered and that gave the Board terrific insight and was part of the decision to remove the customer membership fee. This should be done regularly to address barriers to purchasing.

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

- a. The USDA determined that Kitsap Fresh is not eligible to accept EBT. Lessons learned is that there needs to be a physical location to be able to accept EBT.
- b. The Board of Directors are not interested or willing to create wholesale market channels. The lesson learned here is back to the need for the Board to create a culture of trust connected by a common vision. This Board did not necessarily share the same vision for the future of the market, and this greatly impacted the decision to not offer wholesale sales.

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

- a. Make sure to be able to measure and keep track of all metrics that will be required in the midterm and final performance report.

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. I will remain as a support partner to this market and will assist the Board however best I can. At present, they are looking to rent a warehouse space for

aggregation as they are outgrowing their current space. Kitsap Fresh is looking into home delivery, which could benefit them financially, if they can work out the tremendous logistics and cost to driving the entire County. In the two months after this reporting period ending July 31, the market has seen record sales. In fact, the week of September 3, 2018 saw the largest amount of orders with \$4500 in sales in one week. With these numbers, I am hopeful the market will continue to grow and will one day be able to hire enough employees to not need to rely on volunteers for critical functions.

b.Impacts.

1. One of the biggest impacts is that farm and food businesses now have a year-round market to sell their food. Previously, there were no direct sales options in the winter. This will help to direct money to farm and food businesses during a time of the year they really need it, and it will create the option to grow food year-round, something that local farmers have not been doing since there had not been a market.
2. Start-up farm businesses who are not ready for the farmers market can test out selling their food and build a customer base. Much of the feedback received from farmers is that this was their first time selling their food and it helped them gain confidence and experience.
3. As a direct result of the Kitsap Fresh market launching in 2015, Vashon Fresh has launched, <http://www.vashonfresh.com/>.
4. Kitsap Fresh has name recognition and is now seen as a model program for other parts of the state. Kitsap Fresh is also a member of the Washington State Department of Agriculture's Food Hub & Farmer Community of Practice.

ii. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals?

- a. Research and a solution into how online markets could offer EBT benefits would be very helpful.
- b. A clear explanation of the legal framework for cooperatives.