



### City of Madison Healthy Retail Access Program Application

APPLICANT INFORMATION		
<b>Primary Contact Name:</b>	Nicholas Shepherd	<b>Total Project Amount: \$40,698</b> <b>Healthy Retail funds requested: \$ 34,470 (Max. \$35,000)</b>
<b>Agency/Organization Group Name (Legal Entity Name) and Address:</b>	Shepherd's Harvest LLC 6642 Mineral Point Rd. Madison, WI 53705	
<b>Telephone #:</b>	(608) 203-9410	<b>Email:</b> <a href="mailto:nshepherd@shepherdsharvestmadison.com">nshepherd@shepherdsharvestmadison.com</a>
<b>Applying as a:</b>	<b>Retailer</b> <input checked="" type="checkbox"/>	<b>Organization</b> <input type="checkbox"/> (Must Fill out Form A)
<b>Are you a SNAP-approved retailer through the US Department of Agriculture (USDA)?</b>	<b>YES</b> <input checked="" type="checkbox"/> USDA FNS #: _____ <u>0596058</u> _____	<b>NO</b> <input type="checkbox"/>
PROJECT INFORMATION		
<b>Please limit each answer to the space provided. You may attach additional information related to the questions and budget to this application.</b>		
<b>Please describe, in detail, the proposed project:</b>		
<p>Residents in the South Gammon District suffer from food insecurity due to a combination of a shortage of local retail access of healthy food products, and inability to commute to a location that has fresh produce.</p> <p>Shepherds Harvest is an online grocery and meal planning/kit service currently operating out of the clock tower mall on Madison's West Side. Our Meal Kits are freshly prepared using locally sourced ingredients and delivered same day to our customers through a subscription based service.</p> <p>We would like to extend our subscription-based meal plans to lower income families via online ordering from our website, and deliver direct to their door, accepting their EBT card at delivery.</p>		

In order to do this, we would need a custom built POS App for a POS Mobile System that accepts EBT cards and integrates with our online website, a delivery vehicle, and workspace expansion. Additionally, awareness and marketing to consumers in the area, resulting in subscriptions and signups for the program.

Revenue from EBT Subscription will allow us to self-fund the program past the initial grant.

In doing so we believe we can make a major change to the food insecurity in the area and greatly improve food access.

**Please describe how the project improves access to healthy food in the neighborhood you serve:**

**Contributing Deficiency:** Lack of education in cooking arts and resources in eating trends

People with lowered or fixed income often have deep rooted social or societal based palettes with focus on family meals passed down from generation to generation. These recipes have changed little and only a few family recipes are often taught with the majority of individuals lacking education in basic cooking skills. (Here we define basic cooking as ability to cut and clean fresh vegetables of various natures, peel and mince fresh spices or herbs, or otherwise incorporate foods that are largely unprocessed)

Because of the lack of skill, we stipulate two fundamental problems:

1. Inability to use locally sourced vegetables in day to day cooking.
2. Lack of home recipes to draw upon to integrate fresh food items.

**Proposed Resolution:** Education and Outreach

Meal kits not only ease customers into multi-ethnic and regional meals from California Fusion to Traditional Hispanic, additionally it provides clear instructions and simplified cooking equipment that is accessible to cooks of all walks of life. (I.e. pots and pans vs Pasta Makers and Food Processors)

This allows people to learn through various meals an expanded array of skills to cook, clean, and prepare whole food items. (Zucchini Boats vs slices or strips and how they can affect flavor texture, and general meal appeal)

While meal kits have the ability to teach in and of themselves we also are participating in "family fun days" through Middleton School System. We believe that this program could be extended to the Madison School System. During these events we will be offering cooking classes using our meal kits. This offers a hands-on activity that also allow us to be present to assist for questions. We would be working in conjunction with Garden Chef, a non-profit enterprise.

**Contributing Deficiency:** Lack of Transportation

With lack of financial resources, lack of transportation typically ensues. This results in an inability to either travel to and/or return successfully with enough food products to ensure healthy eating habits.

**Proposed Resolution:** Accessibility through home delivery

Our route based delivery system will allow us to service all members in the community directly, delivering to their residences.

Furthermore, we hope to offer several pick up points in the community, namely, Elver Park Community Center, Glacier Middle School, and Joining Forces for Families (JFF). While our proposal will work even without their involvement, we believe this will allow us to better integrate with the community as a whole.

**Contributing Deficiency:** Financial Barriers, Real and Perceived

While financial factors such as income can be a primary driver in food purchasing choices, often times the underlying factors are psychological, societal, and even logistical. People of limited or fixed incomes are often more economical in food choices, choosing foods that are low in cost and high in calories. While able to successfully feed themselves and their families these foods are also typically loaded with artificial additives which can be detrimental to overall health and wellbeing over long periods of times.

Alternatively, "Healthy" foods often take on the societal connotation of being expensive and out of reach of every day eating habits. A thrown around expression often is: "I can't afford to eat healthy."

**Proposed Resolution:** Affordability for Fixed and Limited Income Families

The Shepherd's Harvest unique meal planning structure allows us to offer healthy food access at unprecedented scale and affordability. This ability stems from our unique business model as a meal planning service.

From ground up, we work efficiently, to offer high productivity at a minimum of cost: starting with ordering and waste. Our subscription based model allows us to predict the number of orders we will fill in advance of the coming week, whereas other food retailers try to estimate demand and order accordingly. Traditional food retailers suffer as high as 40% loss in food stuffs to rotting. This loss is integrated into pricing. Shepherd's Harvest currently operates with a 2% to 5% loss rate; less waste means less overhead, and accordingly less cost to customers. Additionally, we order direct and in bulk quantities at prices not available to the basic consumer.

From a production perspective, we use a batch system assembly line production, that allows us to create as many as 10 servings per person per hour: 10 ser/wrkdir. Based on this calculation, we can evaluate both size of production staff and number of labor hours to fulfill orders. By cutting labor overhead, we can avoid having large amounts of staff on hand during slow periods, and cutting costs to both ourselves and the consumer.

Meals are planned according to a complex cost formula averaging of ~28% on raw materials, ~45% on labor, and ~27% profit per serving for Healthy Starts Menu. Our meals break down into a regular, or premium item.

Premium meals contain ingredients that would otherwise be unprofitable to offer to our customer, however, regular meals cost less in raw materials, causing an average balance to remain profitable within the above ratio.

Then, when we evaluate our other meal plans: our light delights menu is ~28%, 33%, and 39% and our Shepherd's Selects is 28%, 21%, 51%. The higher end meal plans allow us to subsidize our Healthy Starts Menu.

**Simply, we can offer higher end ingredients and quality unprocessed food items cheaper than it would cost individuals to make it for themselves by going to a grocery retailer. Using USDA-based statistics, a family of four will spend \$260 for groceries per week, a Shepherd's Harvest family can purchase for \$160 per week.**

Finally, delivery is handled internally, using fuel efficient electric vehicle delivery or longer range cargo van using a route system, with pick up points across the city.

This makes it affordable enough for people of limited means to purchase our meal kits within a fixed supplemental system like the SNAP program. The fact that we are already SNAP pre-approved, and offering an online EBT Subscription based system will allow us to make this affordable for literally all families in the South Gammon Neighborhood.

**Please describe any organizational partners or other collaborators and their relationship to the project:**

Key Members:

*Shepherd's Harvest LLC (D.B.A. Shepherd's Harvest) A.K.A. Shepherd's Harvest Madison:*

Shepherd's Harvest was started in December 4th 2016 and opened its first location on April 20th 2017. Since we opened our doors we have had great success integrating into the Madison community.

Cost Efficient Service: As outlined in section II we work extensively on providing the highest quality at the lowest possible cost per unit.

Zero Emission Focus: By using decentralized delivery and embracing new technology, our emissions are significantly lower than other meal planning services.

Community Partnerships: We have worked to cultivate Community Partnerships with Badger Rock Community Center, Oilerie, and others during the start our business.

*Storm Technologies and Madison Merchant Solutions:* Both Storm Technologies and Madison Merchant Solutions are owned and operated by Aaron Storm. With Storm Technologies and Madison Merchant Solutions, Aaron can offer a one stop shop for most industries, helping start-ups start their business or improving current running business.

Storm Technologies Products and Services:

Website Development

Website Hosting

Internet Marketing

SEO, SEM

Participants:

*Garden Chef:* Garden Chef is a cooking class and teaching outreach organization directed towards teaching children basic cooking, gardening, and urban farming skills.

*Direct Mail Works:* Direct Mail Works is a direct mailer company located in Madison Wi, and they create directed marketing campaigns through the mail.

*Infuse (from website):* “We started Infuse with the goal to deliver fantastic products. Since starting the business in 2013, we have touched numerous verticals in tech, from Point of Sale to payments to Consumer apps, and have developed software for incredible clients who are pushing the envelope in their respective industries. We work together to achieve your business objectives. Through strong product management, design, and agile development services, we bring your product to life, with a clear roadmap to achieving your company’s goals. As a result, our clients are positioned for success, with our technology leading the charge. Whether you’re looking to build your minimum viable product for your startup or want to create new enterprise solutions for your company, Infuse will integrate seamlessly with your tech team and deliver.”

*Joining Forces for Families:* We have spoken to them at length about being an advocate for accessible meals and the possibility of a drop off location in the neighborhood.

**Please take some time to describe the types of technical assistance that you may need to help with completing the project. Some examples of technical assistance include: Business plan development, marketing assistance, financial planning, grant-writing assistance, market research, book-keeping, project management, etc.:**

### ***Pre-Project Technical Services: +3 Months***

In order to accomplish our goals, we will need to be able to service both the area and population. This will require us to expand Shepherd’s Harvest’s ability to accommodate additional subscriptions. This will be handled by adding additional workstations and refrigerator/freezer space, as well as a delivery vehicle for additional routes.

Additionally, we will need the capacity to offer online EBT Subscription systems. In order to allow us this ability, we will require additional technical expertise from Storm Technologies LLC for website integration and Payee POS systems and modding/coding outsourced through Infuse. This San Francisco App Developer, works with plugin POS Services and will allow us to the unique capability of tackling this project. Their role is specifically in just this App creation, and will cease after the pre-project technical period.

### ***Project: +3 Months Onward***

Moving our plan into action will follow the following general steps.

Step 1: Engaging area residents through multiple awareness activities such Direct Marketing and Outreach. Direct Marketing will be operated through Direct Mail Works (DMW). Direct Mail Works has calculated 10,007 residential living units (single family homes & apartments) with household income of \$45,000 or less in Madison zip codes 53705, 53711, 53713, 53715, 53717 & 53719 (South Gammon Community) located within 5 miles of

Shepherd's Harvest. Outreach and education will be in conjunction with Garden Chef at glacier family fun days and other outreach events as they are made available through area schools in the Madison District.

Step 2: Onboarding customers through an integrated app built in our web store and order a Subscription Based Meal Plan. At Check Out they will select EBT/Cash for a delivery option. The order will be placed without taking payment. The Order will sync to our Mobile POS device.

Step 3: Every Monday and Wednesday, these orders will appear in our production queue along with our normal orders. Meal planning and meal prep will be handled through Shepherd's Harvest with additional workstations, we will be able to accommodate 90 meal kits per week. Delivery will be handled through in-store direct delivery. At Delivery we will take our Mobile Tablet and accept the customers EBT card and deliver the meal.

***Post Project: + year one***

Post Project Funding will be sourced from EBT sales and Subscriptions, and subsidized by additional donation/marketing events. This will allow us to continue this project in the future. Additional contacts in Joining Forces for Families (JFF), Glacier Middle School, possible others might appear as we progress.

**Please indicate a general timeline for the project:**

App Development 2 to 3 weeks

Website development 1 month

POS Setup 1 week

Marketing: 3 weeks

Outreach Events: As they Become Available

Project Start: 3 Months from Approval

**BUDGET SUMMARY**

**Please Include a project budget that includes items such as construction costs, materials, labor, etc. Please include specifically how city dollars would be utilized within the project budget. Also include other funders, lenders, or in-kind supporters that are contributing to the project.**

Item	Total Cost	Labor Cost (Estimate, if not available)	Amount of City Dollars Requested	Amount of Other Revenues/In-kind Support
Worktop/refrigeration Upgrade (Webstaurant Store)	\$1500	\$825.00	\$1,500	\$0
Delivery Costs associated with meal Planning (Shepherd's Harvest)	\$5,587.20	\$1,728.00	\$3,859.20	\$1,728
Marketing and Meal Planning (Direct Mail Works, Wisconsin State Journal, Etc)	\$4,131.75	n/a	\$631.75	\$3,500
Community Outreach (Shepherd's Harvest and Garden Chef)	\$1,040.00	n/a	\$1,040.00	\$0
App Development (Infuse)	\$19,020.00	n/a	\$19,020.00	\$0
Website Development (Storm PC)	\$2,000.00	n/a	\$2,000.00	\$0
POS System (Madison Merchant Solutions)	\$6,520.00	n/a	\$5,520.00	\$1,000
1-year POS License (Storm PC)	\$898.80	n/a	\$898.80	\$0
<b>TOTAL</b>	<b>\$40,698</b>	<b>\$2,553</b>	<b>\$34,470</b>	<b>\$6,228</b>

## FORM A

**A) Please list the retailer(s) and location(s) that are directly working with and/or for this project:**

**B) Please specifically describe the organizational support that you are providing to the retailers as a part of this project proposal:**

## LETTER OF INTENT

**Please attach a letter, signed by the owner or manager for the retailer(s) involved that describes their active participation in the project.**

### DISCLAIMER AND SIGNATURE

I certify that my answers are true and complete to the best of my knowledge.

Signature: Nicholas Shepherd

Date: 1/19/2018