

Local Food Promotion Program (LFPP) – 2015  
**GRANT NARRATIVE FORM AND INSTRUCTIONS**

This narrative form, including Appendix A, is mandatory. Thoroughly review the “LFPP Request for Applications” before completing this form.

<b>1. Project Title:</b> The Toledo Area Food Hub	
<b>2. Organization Name:</b> Maumee Valley Growers Asc. <b>Email:</b> perlaky@bex.net <b>Phone:</b> 419-356-4847 <b>Fax:</b>	<b>Mailing Address:</b> Toledo Botanical Garden 5403 Elmer Dr. Toledo, Ohio 43615
<b>3. Authorized Representative Name:</b> Joe Perlaky <b>Email:</b> perlaky@bex.net <b>Phone:</b> 419-356-4847 <b>Fax:</b>	<b>Mailing Address:</b>  <input checked="" type="checkbox"/> Check if same as #2 above.
<b>4. Grant Application Type (check only one):</b> <input type="checkbox"/> Planning Grant <input checked="" type="checkbox"/> Implementation Grant	
<b>5. Requested LFPP and Matching Funds:</b> <i>Indicate the dollar amount (in whole dollars) of Federal funds requested and matching funds you are bringing to the project. You must provide matching funds in the form of cash or an in-kind contribution in an amount equal to 25 percent of the <b>total cost</b> of the project. Refer to Section 4.3.7 in the <u>LFPP Request for Applications</u>.</i>	
<b>Requested LFPP Funds:</b> \$ 100,000 <b>Matching Funds (25% match required):</b> \$ 33,470 <i>Must match Budget form.</i>	
<b>6. Entity Type:</b> <i>(Refer to the “LFPP Request for Applications” for definitions of each eligible entity type.)</i>	
<input checked="" type="checkbox"/> Agricultural cooperative <input type="checkbox"/> Nonprofit corporation <input type="checkbox"/> Local government <input type="checkbox"/> CSA association <input type="checkbox"/> Tribal government <input type="checkbox"/> Producer network <input type="checkbox"/> Other (please specify): _____	<input type="checkbox"/> Producer association <input type="checkbox"/> Public benefit corporation <input type="checkbox"/> CSA network <input type="checkbox"/> Economic development corporation <input type="checkbox"/> Regional farmers market authority <input type="checkbox"/> Agricultural business entity

**7. Executive Summary:**

The Maumee Valley Growers Association (MVGA) recently completed a 2014 LFPP Feasibility Study on 3-31-15 (OH-0143). Findings determined significant community and producer support for starting an area food hub in Toledo's central city district. Based on those results, MVGA will pursue and develop a food hub entitled "The Toledo Area Food Hub" located in Toledo's downtown.

Expected outcomes: First, develop *Toledo Area Food Hub* that will serve as a regional year-round drop-off point for area producers in the northwest Ohio region whose distribution system will sell to wholesale, institutional and local restaurants in the area. Second, provide an experienced management team that coordinates supply chain logistics including finding new markets for producers. Third, partner with the major area health care systems (Mercy & ProMedica) by promoting healthy living through increased nutritional awareness.

The grant timeline is 15 months from September 30<sup>th</sup>, 2015 through December 31<sup>st</sup> 2016. Funding will provide the implementation of the food hub rollout period. The transition from grant funded status to a co-op member operation will be seamless and be executed upon the grant conclusion. Second stage financing will be secured to continue business growth until a break-even is achieved within three to four years.

**8. Project Background:**

The Toledo Area Food Hub will help meet the needs of the local community by addressing the food desert that exists within miles of the core of downtown Toledo. There are virtually no food producers. Currently, no efficient, organized food aggregators exist to coordinate regional producers and/or home grown produce for consumers and grocers in the downtown and suburban locations of Lucas County. According to US Census data, 30,116 children in Lucas County live at or below the poverty level and more than 85,000 Lucas County residents are "food insecure"; thirty-five percent of them are children under eighteen. One out of ten of those children are younger than five years old.

The northwest Ohio agriculture industry continues to face significant competitive pressures threatening its future survival from Canadian (southern Ontario) competition and escalating production costs, particularly energy. Toledo, the 4<sup>th</sup> largest city in Ohio next to Columbus, Cleveland and Cincinnati is the only major metropolitan area without a food hub.

The project has 3 objectives:

First, develop a regional food hub that will serve as a year-round drop-off point for area producers in the northwest Ohio region whose distribution system will serve wholesale, institutional and local restaurants in the area through collaborative partnerships.

Second, provide an experienced management team that coordinates the food hub's value chain including finding new markets for producers.

Third, partner with Mercy Health Care System and ProMedica by promoting healthy living through increased nutritional awareness within the community. The food hub facility provides a perfect "neutral" location with meeting room accommodations central to all participants to showcase social and environmental values.

As part of our due diligence, MVGA recently completed a feasibility study that concluded a food hub operating at the Erie Street Market servicing northwest Ohio within a 50 mile radius from downtown Toledo would be an excellent solution in addressing our local challenges within our region.

The site location provides flex space, centralized heating/cooling, loading docks, safe/free parking and reliable internet access. The site is scalable and can grow as business needs increase and become more complex. It already has a history of functioning as a public market. Aggregation and distribution of regional and local food products has a particularly long track record.

The Warehouse District in which it resides is undergoing a renaissance and supports a food hub operation as part of other food related operations. The impact on the community should be substantial.

The property is contiguous to the Farmers' Market making it a desirable partner to build upon as key community leaders repurpose the district. Competition between the food hub and the Farmers' Market should be nil since their sales focus in different. The food hub will sell primarily to wholesale, institutional and restaurants whereas the Farmers' Market focuses on direct sales to customers on Saturdays.

There have also been discussions about assisting or even coordinating local CSA's with their distribution efforts. The hub can provide technical assistance as a value chain facilitator at a minimum. A robust regional food system will benefit area neighborhoods and their quality of life. Located nearby are other food distribution centers and two food banks.

The Erie Street Market is currently owned by the city of Toledo and in total support of the project. Terms and conditions have been discussed with administration officials and would be executed upon grant approval. The city understands that a sustainable operation blends attributes found in environmental, economic and social categories and is very supportive of a food hub operation. Lucas County has contributed \$5,000 toward the project.

The study identified a co-op business structure as the preferred operational entity with nearly a dozen stakeholders prepared to commit as charter members. Categorically, they represent agricultural operations both soil and hydroponic, food bank operations, private sector food distributors and health care industries.

During this interim period until grant awards are announced, MVGA is continuing its awareness and education efforts to maintain momentum generated by the feasibility study which concluded on March 31, 2015.

9. **Work Plan, Resources, and Timeline Requirements:** Fill out the table as described below.

<i>List and describe each planned activity (scope of work) including how it relates to the project objectives:</i>	<i>Anticipated date of completion:</i>	<i>Resources required to complete each activity:</i>	<i>Milestones assessing progress and success of each activity:</i>	<i>Who will do the work (include collaborative arrangements or subcontractors)?</i>
<b>Step 1: CREATE AWARENESS.</b>				
Notify stakeholders and community leaders of grant funding.	Within one week of funding approval.	MVGA email distribution lists, press release.	USDA-AMS acknowledgment of award.	Executive Director / Consultant
Reconvene Food Hub Committee used during Feasibility Study to serve as implementation team. Add stakeholders identified in the Study.	October 2015	Meet at Toledo Botanical Garden.	Confirm with all interested stakeholders, establish levels of commitment & agenda, schedule meeting.	MVGA Business Com. Chairman, Executive Director / Consultant
Hold first in a series of Food Hub Committee meetings addressing program rollout.	October 2015, then monthly	Meet at grower location or Toledo Botanical Garden.	Record meeting minutes, schedule future meeting dates.	Food Hub Com. Chairman
Update Food Hub Business Plan	October 2015	Use data from completed Feasibility Study	Share progress with Food Hub Committee and other stakeholders. Process ongoing	Executive Director / Consultant
Interview, hire Operations Manager	October 2015	Meet at grower location or Toledo Botanical Garden.	Publicize job opportunity, collect applications, schedule interviews, hire candidate.	Food Hub Committee, Executive Director / Consultant
Purchase accounting & supply chain software, populate.	October 2015	Grant funding	Purchase QuickBooks, and supply chain software.	Executive Director / Consultant, Operations Mgr.
<b>STEP 2: MEET WITH SUPPLY CHAIN PARTICIPANTS</b>				
Establish supply chain rules and regs for both producer and customer.	November 2015, then ongoing	Meet at grower location or Toledo Botanical Garden.	Start policy manual detailing performance expectations.	Food Hub Com., Executive Director / Consultant, Operations Mgr.
Determine production capabilities.	November 2015, then	Meet at grower location or	Meet with producers collectively and	Executive Director / Consultant,

	ongoing	Toledo Botanical Garden.	individually as needed	Operations Mgr.
Determine customer needs.	November 2015, then ongoing	Meet at buyer location or Toledo Botanical Garden.	Meet with buyers	Executive Director / Consultant, Operations Mgr.
Establish partnerships; get commitments from both producer and customer.	November 2015, then ongoing	Meet at Toledo Botanical Garden.	Combine producer capabilities with customer needs on spreadsheet, populate supply chain software.	Food Hub Com., Executive Director / Consultant, Operations Mgr.
Move into food hub facility, set up operations. Purchase other budgeted items.	November 2015	Toledo Area Food Hub	Pickup and deliver all in-kind match items to Food Hub from collaborators.	Food Hub Com., Executive Director / Consultant, Operations Mgr.
<b>STEP 3: EDUCATION / TRAINING</b>				
Introduce, install and instruct on usage of food software tracking systems at hub and participant's locations.	November 2015	Toledo Area Food Hub and participant's locations.	Set up meeting dates. Complete training.	Executive Director / Consultant, Operations Mgr.
Emphasize production capabilities such as quantity, quality and variety.	November 2015, then ongoing	Toledo Area Food Hub	Enforce performance standards. Ongoing	Operations Mgr.
Develop program promotion and marketing tools.	November 2015, then as needed	Toledo Area Food Hub	Design, print and distribute materials accordingly	Executive Director / Consultant
<b>STEP 4: SOFT ROLLOUT</b>				
Establish, implement supply chain logistics. Fine tune each segment.	December 2015, then ongoing	Toledo Area Food Hub	Continually ask for feedback, evaluate efficiencies. Secure niche.	Operations Mgr.
Record measurables (listed in section 10 below)	December 2015, then weekly	Toledo Area Food Hub	Share results with farmers and Food Hub members.	Operations Mgr.
Examine successes and challenges. Evaluate for continuous service improvement.	January 2016, then ongoing	Toledo Area Food Hub	Prepare monthly report for Food Hub committee assessment.	Executive Director / Consultant, Operations Mgr.
<b>STEP 5: EXPAND ROLLOUT</b>				
Accelerate production and sales volumes	March 2016, then	Toledo Food Hub and grower	Continue to report progress and other	Operations Mgr.

with existing producers as funding allows. Maintain quality of service.	ongoing	locations.	measurables to Food Hub committee.	
Increase # of new producers.	March 2016, then ongoing	Toledo Food Hub and grower locations.	Contact potential new producers via phone, or in person visits at their facility. Set up targeted email list.	Executive Director / Consultant, Operations Mgr.
<b>STEP 6: PROMOTE COMMUNITY ENGAGEMENT</b>				
Sponsor community workshops with partner organizations on nutritional food benefits and the value of healthy living.	April or May 2016, then quarterly	Toledo Area Food Hub, Mercy Healthcare System, ProMedica, others	Conduct first workshop, schedule future events such as cooking demo's at the food banks and CDC locations, promote Food Fest.	Executive Director / Consultant
<b>STEP 7: GRANT CONCLUSION</b>				
Pursue second round funding (\$200-\$300k)	October 2016	Lending Institutions, Agency Advisors	Meet with 2-4 agricultural and/or SBA lenders.	Executive Director / Consultant
Assessment, lessons learned, initiate next steps.	November - December 2016	Toledo Area Food Hub	Meet to discuss findings, establish time lines for next steps.	Food Hub Com., Executive Director / Consultant, Operations Mgr.
<b>STEP 8: ESTABLISH CO-OP STRUCTURE</b>				
Transform the MVGA Food Hub Committee (implementation team) to a self-funding, co-op member organization.	November - December 2016	OSU Extension, Office located in Columbus, Ohio	Complete co-op registration.	Executive Director / Consultant, Operations Mgr.
Complete Business Plan for financial lending review	November - December 2016	Food Hub Committee Approval	Submit as part of lending request	Executive Director / Consultant
Establish second round funding (\$200-\$300k)	November - December 2016	Lending Institution, co-op members	Commit to lending partner, establish member investment, and deposit funds.	Executive Director / Consultant
Expand capabilities of co-op to a sustainable level within 2-3 years.	January 2017	Toledo Area Food Hub, additional grower and customer locations.	Establish break-even status by beginning of year four.	Co-op Board, Executive Director / Consultant, Operations Mgr.

## **Expected Outcomes and Intended Beneficiaries:**

With the support of the grant, MVGA will be able to rollout the food hub operation strategically based on the balance of production capabilities (farmers) and market demands (sales opportunities). While MVGA understands the sense of urgency, they also respect the pitfalls of cash flow challenges startups can encounter. The pace of the rollout should reduce our vulnerabilities while highlighting our capabilities and uncovering valuable niches along our value chain. Too much too soon is a risky recipe.

MVGA expects to capitalize on 4 hydroponic growers in our area. This is an unusual asset for a food hub to have available to its operation as it provides year-round produce both in volume and variety.

Engaging our experienced management team is another advantage. Joe Perlaky, our Executive Director of 11 years who conducted the Feasibility Study will administer the grant and manage the food hub rollout. His bio is attached. An Operations Manager will be hired that has both agriculture and distribution experience. Several candidates are available for this position. Focusing on relationships of people and programs should avoid supply chain gaps. The strategic plan revealed a plethora of area volunteers whose assistance will be coordinated.

MVGA anticipates our community outreach efforts to be contagious. Tremendous dedication from our health care providers will promote greater health and nutrition education within our region.

Interestingly, MVGA already sees the food hub quickly becoming a matchmaker organization that coordinates many if not most of the regions food activities. Many likeminded organizations are pursuing similar goals and objectives traveling in the same direction but on parallel roads. Developing trust through MVGA, the Farmers' Market and other organizational relationships will greatly improve communication channels encouraging everyone to travel the same path without suppressing individual identities and special interests.

Intended beneficiaries are ultimately members of the community including our school systems which currently have no substantial healthy living or food to school initiative. Business partners and organizations directly involved in the local food supply (value) chain in northwest Ohio have the most to gain. Eventually, these collaborative efforts will create a multiplier effect but accurately calculating those results are still too early at this time.

Since the establishment of a sustainable project is the ultimate goal, project benefits and the value it provides will need to be constantly evaluated. All information will be vetted through the food hub committee which ultimately would morph into an ownership status or board leadership role when the food hub transitions from grant funded to a co-op business entity at the end of the grant period. Areas of focus will be, but not limited to:

- #'s farmers participating
- #'s of buyers/customers participating
- # of items donated (LBS. or \$)
- # of partner meetings held (# of attendees)
- Budget management: Gross sales/net sales/profit-loss/expense detail
- Marketing/promotion (effectiveness)
- Market expansion (increasing the pie)
- Job retained/created

Preliminary results of the Feasibility Study has determined the following:

- Number of direct jobs created: Based on national statistics and anticipated scope of the project, MVGA calculates creating 5 full-time equivalent jobs and several volunteer positions within three years of operation.
- Number of jobs retained: 0 (new operation)
- Number of indirect jobs created: Difficult to ascertain an exact number. However, because a food hub impacts the entire food supply chain there is a supportive data that indirect jobs will be created eventually.
- Number of markets expanded: 6-10 wholesale/institutional customers, no retail.
- Number of new markets established: 4+ (Food hub, Farmers' Market overage, corner stores, CSA's, local schools, new institutional buyers)
- Market sales change: These will be new market sales primarily effecting small and medium size farmers at the beginning of the food supply chain and small to mid-size wholesale and institutional consumers at the end of the supply chain. Sales will be tabulated.
- Number of farmers/producers that have benefited from the project: 20-30 farmers are expected to benefit as producers and participants at the hub. MVGA was able to identify over 200 names of interested food enthusiasts either as individuals, community leaders or organizations that are now added to our distribution email list. This will provide a strong start in establishing effective communications on hub operations and opportunities.

Running totals of bulleted items above will be maintained as they evolve by the Executive Director. They will be presented at all Food Hub Committee meeting for evaluation and discussion. Impact on the community will be addressed with action items recommended.

## **11. Outreach:**

Supply chain software will be purchased and implemented at the beginning of the grant period. All participants will be trained on its usage with satellite versions installed on their computers. Operating almost as a virtual hub, this will be the backbone of product awareness matching farmer offerings with customer needs. These technological capabilities will allow for feedback is in real time. MVGA also plans on using QuickBooks to detail basic business functions. Microsoft Office and scanning software will also be used.

Beyond the performance period, we plan on transitioning from grant funding during our first 15 months of operation to a co-op business structure immediately following. Our management team expects the transition to be seamless including necessary financial support.

Outreach will include members of the academic, public and private sectors. Seeking out and developing new relationships is an important component to this effort which will extend beyond the scope of this study period.



MVGA, through its various associations already has the capability of notifying 205 growers and related organizations throughout northwest Ohio. Included in this group are industry leaders that maintain their own distribution lists that will multiply this outreach even further. The MVGA website [www.maumeevalleygrowers.com](http://www.maumeevalleygrowers.com) will be expanded to include food information, recommendations, recipes, contacts and links to other collaborator websites.

Additional feedback will be encouraged and noted through group email correspondence, social media and in-person interaction. Relationships cannot be underestimated.

## 12. Budget Justification:

- If you are using contractors, have you or will you use your own documented procurement procedures that reflect applicable State, local, and tribal laws and regulations provided they conform to applicable Federal law and the standards identified in 2 CFR §200.318?  Yes  No
- Are you expecting any program income (refer to 2 CFR §200.307)  Yes  No

MVGA is fortunate to have exceptional partners on this project. Our match commitments exceed the minimal 25% (\$33,470) requirement. We intentionally pursued match items that have immediate practical value to the hub's operations enabling us to invest very little in equipment and more in personnel that have existing relationships within the industry.

MVGA carefully analyzed national statistics reflecting dozens of existing food hubs currently in operation. Locally, the food hub anticipates a gross lease cost with utilities included. Other variable costs such as fuel, packaging material and labor are reflective of sales volume and accounted for in our ramp-up strategy. As with any startup, there are items having some degree of unknown costs at a project's inception and they have been kept to a minimum. MVGA feels the budget is reasonable, adequate and consistent with industry standards and best practices.

No outside contractors are anticipated. With the hiring of an Operations Manager, the strength of MVGA and their Executive Director/Consultant, all work can be executed in-house.

Are you expecting any program income (refer to 2 CFR §200.307)  Yes  No

Please see attached budget for line item costs associated with the Toledo Area Food Hub implementation grant.

**13. Previous and Similar USDA Funding Opportunities:**

- Have you submitted this project to another Federal grant program other than the LFPP for funding and/or is another Federal grant program other than the LFPP currently funding the project?  
 Yes  No

No other Federal grant program is funding this project. However, last year MVGA was fortunate to receive a \$25,000 grant from the LFPP (2014) for a Food Hub Feasibility Study. Results of that study indicated strong community and producer interest. The timing and strength of that study provided valuable momentum, economic insight and community support to convince our board and other collaborative partners to immediately pursue the "implementation" portion of the LFPP. The 2014 LFPP Feasibility Study was completed on 3-31-15 (14-LFPPX-OH-0143).

**14. Priority Project Selection:**

**Should USDA consider the project proposal under a low income/low food access priority area?**

Yes  No

**For Implementation Grant Applicants:**

Provide *at least one* implementation address within the targeted community at which you will conduct or deliver approved project activity:

Name of Business or Organization: **Feed Lucas County Children**

Street Address: Executive Director, Tony Siebeneck  
1501 Monroe St

City: Toledo State: Ohio Zip Code: 43604

Email: [flcc1@hotmail.com](mailto:flcc1@hotmail.com) Phone: (419) 259-9960

Name of Business or Organization: **Mercy Healthcare Center**

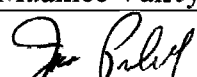
Street Address: 2200 Jefferson Ave.

City: Toledo State: Ohio Zip Code: 43604

Email: [jessica\\_Schultz@mhsnr.org](mailto:jessica_Schultz@mhsnr.org) Phone: (419) 251-2153

If using the Food Access Research Atlas to qualify, **list the census tract(s)** from the Atlas to identify the business/organization location(s) and/or targeted community/area(s):

**Census Tract 39095003700 and 39095007400**

Printed Name:	Joe Perlaky	Address:	5403 Elmer Drive
Title:	Executive Director / Consultant	Phone:	419-356-4847
Organization Name:	Maumee Valley Growers Asc.	Email:	<a href="mailto:perlaky@bex.net">perlaky@bex.net</a>
Authorized Representative Signature:		Date:	5/1/15

