

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 LFPP staff 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 – March 31, 2015 (Final)
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Recipient Organization Name:	Maumee Valley Growers Association
Project Title as Stated on Grant Agreement:	Northwest Ohio Food Production & Distribution Hub
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	14-LFPPX-OH-0143
Year Grant was Awarded:	2014
Project City/State:	Toledo, Ohio
Total Awarded Budget:	\$25,000

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.

The purpose of this grant was to conduct a Feasibility Study in 2014-15 to determine if a facility located Toledo's central city could engage in a sustainable year-round food hub operation using a "farm-to-fork" value chain model. Both location and operations are examined.

The title of this study is the *Northwest Ohio Food Production and Distribution Hub*. The actual facility under consideration is known locally as the Erie Street Market. Although there are other potential location choices in the central city, our task was specific to this location. So for clarity and consistency, we will from this point forward refer the Erie Street Market as the location under consideration to operate a sustainable year-round food hub in northwest Ohio.

This report was more detailed than anticipated. We included more support material (out of necessity) in an effort to better present an array of valuable information in hopes of identifying future owner(s) / operator(s). We believe this allowed us to confidently achieve our initial objectives.

Early in the study we quickly realized there was a significant understanding void as to what a food hub actually was. There was also confusion as to a potential competitive relationship between a food hub and existing distribution centers. This discovery obligated us to spend a significant amount of time analyzing the variety of food hub examples nationwide and how our community might "fit" into a similar supply chain locally.

Feedback was obtained through a variety of community meetings and presentations. Many of those participants are listed in the previous stakeholder section and met with us several times.

- i. Goal/Objective 1: (Completed) Determine if the Erie Street Market's centralized site location is best suitable for aggregating, processing, and distributing locally produced food products.

The Erie Street Market location is very suitable as a food hub location. It provides flex space, centralized heating/cooling, loading docks, safe/ free parking and reliable internet access. Logistically, it 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. There is strong interest in increasing foot traffic into the area. Neighborhood infrastructure improvements are also underway and are beginning to raise the visibility and image of a viable and exciting downtown standard of living.

The impact on the community should be substantial. The property is contiguous to the Farmers' Market making it a desirable asset to build upon as key community leaders

repurpose the district. A robust regional food system will benefit area neighborhoods and their quality of life. Located near other food distribution centers and a food bank is also an asset.

ii. Goal/Objective 2: (Completed) Identify operational costs associated with a calendar year enterprise.

A sustainable operation blends attributes found in environmental, economic and social categories. It is this holistic approach that is characteristic of a food hub operation and should be a cornerstone to its mission and purpose.

A viable food hub by its very nature should positively impact the community by promoting other food related businesses in the downtown area.

Understandably, some stakeholders and growers remain reticent as to the profitability of a food hub operation. They stressed that management and logistical experience within the agriculture industry, ideally, would be of great benefit. They also felt a greater focus needed to be with those participants at the beginning of the supply chain ...mainly the producers, farmers. Distributing and selling the product didn't seem to raise as much concern as long as there was enough volume and variety available with product quality being extremely important. Nearly everyone felt a viable food hub by its very nature would positively impact the community and other food related businesses in the downtown area.

Gathering statistics and updating best practices constantly evolves. Recent interest in food hubs has generated a plethora of new data.

Local food hubs tend to have a fairly slow growth. National averages indicate that \$1.2-\$1.5M in gross sales is required to achieve breakeven status. In certain areas of the country, this number can be higher and occurs somewhere between years four and nine. The average food hub in the US is approximately 5 years old and losing about 3% annually.

Food hub respondents to a 2013 Food Hub Survey reported they received 86% of their revenue from sales and 8% from grants or donations.¹ Industry wide, fresh produce wholesalers generate on average about \$12 million in annual revenue. About 40% of the approximately 5,000 produce wholesalers in the country have less than \$1 million in revenues.² Profitable food hubs tend to be in operation for eleven years or more.

Understanding that these statistics are generalized with unique variables, it becomes crucial that "next steps" include a well thought out strategic rollout to overcome these challenging thresholds during the implementation stage.

The first task the owner/operators must do is to dedicate a half day fine-tuning the cost analysis using pricing structures and trends unique to its community and site location.

¹ 2013 National Food Hub Survey

² First Research, "Industry Profile: Fresh Produce Wholesalers," November 21, 2011

Incorporated into a strategic plan, this will determine the sustainability of operating the food hub facility throughout the calendar year. This will touch upon the type and number of personnel required, identify if new markets need to be created or exiting ones simply expanded.

There are several excellent business assessment spreadsheets available to identify operational costs.

iii. Goal/Objective 3: (Completed) Ascertain the interest level of regional stakeholders and their capacities to participate in a managed food hub.

We were able to identify a satisfactory number of early adopters that would consider being a part of a food hub operation in some capacity. Below is a categorical list:

- Community Development:
 - CDC's
 - City/County
 - Financial Institutions/Foundations
 - Master Gardeners
 - Neighborhood Gardens
 - Ohio's Department of Tourism
 - Ohio Farm Bureau
 - Toledo Area Ministry (SNAP, WIC)
 - Toledo Botanical Garden/Toledo Grows
 - University of Toledo's Urban Affairs Ctr.

- Consumers:
 - Area Office of Aging NW Ohio (Senior Coupons)
 - Caterers
 - Corner Stores
 - Feed Lucas County Children
 - Food Banks
 - Hospital/Healthcare Systems (Double SNAP)
 - Industry/Misc. organizations (Larger Facilities)
 - Restaurants
 - Small/Mid-Size Grocery Stores
 - Charter/Parochial/Public Schools
 - Universities /Colleges

- Education/Awareness:
(Nutrition, Food Preparation/Instruction, Food Research, Food Safety, Food Service Training, Health & Wellness)
 - Area Office of Aging NW Ohio (Lucas & Wood Counties)
 - Center for Innovative Food Technology (CIFT)
 - Food Banks
 - Hospital/Healthcare Systems
 - USDA/ARS
 - Universities /Colleges

- Owners/Operators (Investors):
 - Existing Food Distributers
 - Farmers
 - Food Banks
 - Hydroponic Growers

Clearly, this effort is more of a marathon built on consensus than a race to the top by any one individual or organization. It was felt that the strength of a food hub project would be based on a co-op operational business model. The study acknowledges more time needed which extends beyond the scope of this grant period for MVGA to reach a financial commitment of future food hub charter members.

MVGA plans on continuing their awareness and education efforts to maintain momentum and build confidence with these stakeholders after this grant period concludes on March 31, 2015. The organization feels business owners (and others) will step forward and eventually commit to a new food hub operation Toledo's central city.

2. Quantify the overall impact of the project on the intended beneficiaries.

The results of this Feasibility Study has determined if a food hub is implemented in Toledo, Ohio's central city district, it will create the following jobs, new markets and sales generation.

- i. Number of direct jobs created: Based on national statistics and anticipated scope of the project, we calculate creating 5 full time equivalent jobs and several volunteer positions.
- ii. Number of jobs retained: 0 (new operation)
- iii. Number of indirect jobs created: None during this Feasibility Study period, however, because a food hub impacts the entire food supply chain there is a supportive data that indirect jobs will be created eventually.
- iv. Number of markets expanded: 20-30 growers, 6-10 wholesale/institutional customers, minimal retail.
- v. Number of new markets established: 4+ (Food hub, Farmers' Market overage, corner stores, CSA's, local schools, new institutional buyers)
- vi. Market sales increased by \$1.5 M. 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.
- vii. Number of farmers/producers that have benefited from the project: Over two dozen farmers played an active role in this project. Individual and small group meetings were conducted with nearly 50 other stakeholders. Over 200 names of interested food enthusiasts are listed in our group email list.

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 Feasibility Study included the NW Ohio community and parts of SE Michigan. A successful food hub operation is reflective of this social/economic diversity. Food is germane to everyone and was found to be a natural unifier.

We did separate our primary participants into academic, public and private sector partners and listed them in the stakeholder section of the study.

4. Discuss your community partnerships.

- i. Who are your community partners? Our primary community partners have been members of the Maumee Valley Growers Association specifically the Business Committee, Toledo Farmer's Market members, Downtown Toledo Warehouse District Board members, City of Toledo Councilmen, Lucas County Commissioners, Land Bank personnel, Economic Development Specialists and Planners, Mercy Healthcare, ProMedica, NW Ohio Food Council, OSU Extension, Sustainable Local Foods, Toledo Botanical Garden and Toledo Grows.
- ii. How have they contributed to the overall results of the LFPP project? They've provide community leadership by being accessible and promoting meetings, discussions, Q&A sessions and presentation opportunities to their unique special interests regarding a food hub proposal. Collectively they provided valuable input including SWOT analysis feedback critical to gauge location criteria, needs assessment and future project commitments.
- iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? In varying degrees, these stakeholders will become the basis of our next step...implementation of a food hub at the Erie Street Market in Toledo's downtown.

5. Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?

We had one contractor associated with the study...The Collaborative. This architectural firm was responsible for designing electronic and hard-copy renderings used to create the vision of the facility and its surroundings during community outreach meetings.

6. Have you publicized any results yet?*

- i. If yes, how did you publicize the results? During the study, information was gathered and results published internally through organization and Industry workshops, public meetings, and individual meetings through the use of handouts, PowerPoint presentations etc. Upon conclusion, a press release was sent out to local media outlets.

- ii. To whom did you publicize the results? Information has been shared directly with community representatives in the academic, public and private sectors made up of potential stakeholders and local food industry leaders. The general public was notified through a press release with results also posted on the MVGA and Farmers' Market website.
- iii. How many stakeholders (i.e. people, entities) did you reach? Over 50 individual meetings/presentations were held involving approximately 300+ stakeholders or interested individuals. Over 200 email addresses were compiled on our distribution list.

7. Have you collected any feedback from your community and additional stakeholders about your work?

- i. If so, how did you collect the information? We conducted dozens of meetings with industry leaders and potential food hub operators soliciting their feedback & recommendations.
- ii. What feedback have you collected thus far (specific comments)? We compressed many community comments and suggestions to a SWOT Analysis.

8. Budget Summary:

- i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report:
- ii. Did the project generate any income?
 - a. No income generated

9. Lessons Learned:

- i. Summarize any lessons learned. They should draw on 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).

The supply chain starts with the farmer and ends with the consumer. When all is said and done, it is clear that without the support of area farmers; a food hub has no chance of success. An initial financial AND product commitment from this group is THE critical first step in the food hub implementation.

Next, the operation must be business centric balancing product volume and variety with year-round meticulous management oversight with a positive cash flow always in focus. Quality is a critical performance measure. Finally, establishing best business practices that customers can count on. Promises made and promises kept become the cornerstone to long-term, multi-year customer relations sustainability.

As the study progressed and more farmers understood the workings of a food hub, we were able to shift discussions to levels of skill sets needed to operate a successful operation. Should our food hub be involved in the entire supply chain or only a portion of? Asking this question forced participants to really think about the process and their interrelationship along the entire supply chain. Discussions' involving the number of farmer participants, facility and infrastructural requirements, floor plans for optimal production flow, handling and distribution equipment, anticipated start-up and operating costs, who the customers are and so on still need further assessment.

Members of the agriculture industry are made up of very independent, self-reliant individuals proud of their ability to survive and prosper. They are generally not ones to jump into new projects unless there is a compelling chance for success. These traits were very obvious when we debated the pros and cons of a new food hub venture. Most growers were skeptical, yet open-minded.

We saw a pervasive reluctance to *not* consider themselves as the food operator from an individual perspective. However, they seemed considerably more open to *sharing* that role which would be characteristic of a co-op operation. No one wanted to "go it alone" but if a predetermined number of participants were committed, a food hub venture might be possible. Strength in numbers trumped individual opportunity.

The study highly recommends that key personnel (at least two individuals) receive formalized training at one of several food hub educational facilities throughout the US.

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

We feel goals and outcomes were achieved beyond expectations.

Fortunately, there was quite a bit of information available on-line and through webinars to evaluate successful, marginal and unsuccessful food hub operations in the US today. As a result of this information and local input, we are confident in suggesting a strong need and interest for a food hub in Toledo's central city has been indicated.

Our journey was deliberate, measured and challenging at times. The pace was more of a marathon than a sprint. The growers required "processing time" to evaluate the opportunity. Forcing the issue simply promoted push back and discouraged "buy-in."

Because of this reticence, answering the "want" question or identifying exactly who would step forward and invest in a food hub operation was more elusive but encouraging. The comfort of a co-op entity showed more support than a non-profit operation. Therefore, identifying a small group of early adopters who were willing to "birth" a startup food hub co-op organization soon became the targeted directive.

- 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:

It was especially helpful to have pre-existing relationships with stakeholders representing all segments of the community. The academic, public (governmental) and private sectors all recognize food as a mutual interest along the supply chain. As Executive Director and consultant to the Maumee Valley Growers, I experience no reluctance meeting and discussing the potential food hub with anyone.

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.

We compiled data from several sources that support the *need* for a food hub in Toledo's central city.

Although more elusive, we also received enough industry feedback to believe *if a co-op organization can be formed*, a food hub operation is feasible.

We will continue to create awareness of what a food hub is and how it would impact the community beyond the scope of this grant. Project timing is important. Starting a food hub now may make more sense than ever.

Only recently has there been a heightened awareness of the value a food hub can bring to the community. At least 3 existing area greenhouse facilities have augmented their flower production with hydronic food offerings. Another grower has been operating for about a year at the Erie Street Market producing hydroponic vegetables and is expanding their operations.

As of this writing a new and large Canadian company has purchased nearly 300 acres in nearby Fulton County about 30 miles west of Toledo in Delta, Ohio with the intent of setting up a large hydroponic facility. Collectively, these operations provide a unique food hub advantage with fresh vegetables available year-round.

Within two years we will see the completion of the "Gateway Project." This city/state funded project involves the reconstruction and reconfiguration of one of Toledo's busiest entrances into the city...the Anthony Wayne Trail.

It will also provide an additional exit leading directly to Market Street which borders the Erie Street Market. This new exit will be supported by branded signage (tourist attractions) and beautiful landscaping replacing abandoned buildings and other eyesores.

The city and county recognize the impact local food production and distribution has on its community by investing in this project. An ideal time to plan and build out the food hub operation would be during the 2015-16.

- 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?

Pursue financial and in-kind commitments from identified Stakeholders:

Continue to pursue and flush out ownership and management details to gain insight as to who or what organization(s) will commit to its operation financially. The Feasibility Study has created a “buzz” within the community and that momentum should not be “put on the shelf.”

Pursue grant and private sector funding:

This Feasibility Study was accelerated because of early interest shown by all sectors of the community to allow for the opportunity to apply for the Local Food Promotion Program (LFPP) *Implementation* grant...without loss of momentum in May of 2015. If awarded, grant funding will be used to establish (year 1-2) the operation of a new regional food hub in Toledo, Ohio’s central city. As part of the proposal, training and technical assistance will be scheduled for management, producers or members of the new business enterprise.

When the core investors are committed and personal financial contributions are established, we will pursue private sector funding for lines of credit and second round funding (years 2-5). Even though this Feasibility Study is comprehensive, it should be updated and expanded into a more detailed Strategic Plan whereas both an organizational legal status can be established; accounts opened up and rollout plans better defined.