

CDBG REPORT
May, 2017
Work Through April, 2017

2015 COMMUNITY DEVELOPMENT ALLOCATION GRANT - \$304,000 - (September 1, 2015 – October 31, 2017)

Neighborhood Facility/Community Center – Mantua Township Elevator – \$75,000

The Mantua Restoration Society, Inc. mission is to seek and develop funding to preserve historic buildings and sites in order for them to be vibrant, integral parts of Township government and civic life.

The 2-1/2 story building located at 11741 Mantua Center Road (formerly the Mantua Center School) was constructed in 1914 and was recently placed on the National Register of Historic Places. The building is currently being occupied by the Township Zoning Inspector and the Fiscal Officer. The annex portion (former gym/cafeteria) of the building is rented out almost every night to agencies/organizations.

At this time, persons who rely on wheelchairs to get around are only able to access the annex portion of the building. Funds are being requested to remove the barriers that exist for elderly and handicapped individuals that prevent them from entering the Mantua Township Administration and the Community Building's main building. In an effort to remove the barriers to the elderly and handicapped individuals in the Mantua Township Community, funds will be used to place an elevator in the building, which would provide access to all floors. By removing the barriers to all of the levels of the historic building the entire community can use it and it would be more attractive too for profit and non-profit entities that are looking for a place to set up their business.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$130,000. Mantua Township Trustees, Mantua Restoration Society, Inc. has agreed to leverage \$55,000 of their funds to complete the project.

The Appeals Hearing was held on April 10, 2017 and the variance was approved to allow the building to operate without any positive pressure smoke protective devices over the elevator hoistway door.

Construction is nearing completion and the engineering for the elevator has been completed. The elevator is scheduled to be delivered to the site between June 5 – June 9, 2017 and will take 5 weeks to install and approximately 1 week for the contractor to finish the work once the elevator is installed.

The electrical work has started and is nearing completion.

A Change Order was completed extending the time in which construction has to be completed. All work must be completed by August 14, 2017.

Neighborhood Facility/Community Center – Franklin Township Hall ADA - \$35,000

Franklin Township took ownership of the building (formerly the Franklin Silk Company) located at 218 Gougler Avenue, Kent in 1840. The building has been the site of the township government since that time. The building was placed on the National Register of Historic Places in 1975.

The meeting room is nearly the entire second floor of the building and is accessible only by a spiral staircase or the fire escape on the outside of the building. Unfortunately, this makes the meeting room inaccessible to the elderly or handicapped. For this reason, meetings are held in a small conference room downstairs that only holds about 20 chairs for citizens or interested parties. This is rarely enough and people must stand in the hallway outside of the room and try to hear what is going on in the meeting.

The Zoning Commission, the Board of Zoning Appeals as well as the Board of Trustees meet for major concerns several times each month. Although the building is located in the City of Kent, the meetings are attended by the residents who live in Franklin Township. The Zoning Commission, Board of Zoning Appeals and Trustees meetings all have a large audience of interested senior citizens that are interested in the township happenings and many cannot attend because there is not enough room.

In an effort to remove the barriers to the elderly and handicapped individuals, funds will be used to place a lift type of elevator in the downstairs corner by the parking lot in order to not disturb the historical status of the building.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$73,000. Franklin Township Trustees has agreed to leverage \$38,000 of their funds to complete the project. **WORK COMPLETED**

Historic Preservation/Phoenix II Roof Replacement - \$44,200

The second phase (111 & 113 East Main Street) of the Phoenix Building is estimated to cost 1.3 million dollars. Interior work including the construction of six new apartments on two floors cannot move forward until the 6,000 square foot roof has been replaced. The roof has been found to be structurally unsound. Some temporary patches have been applied to address major leaks, but are not expected to hold for long. Even with treatment, water filtration is affecting the interior spaces.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$133,963. Coleman Professional Services has agreed to leverage \$89,963 of their funds to complete the project. **WORK COMPLETED**

Parks and Recreation Facilities/McElrath Neighborhood Ballfield - \$39,000

The McElrath Improvement Corporation (MIC) has been in existence for over 40 years with the mission to improve the living conditions and to expand economic opportunities in the McElrath Community. Over the years MIC has been involved with countless projects and activities to assist McElrath residents and improve the neighborhood image.

In 2002-2003, with assistance of the Portage County Commissioners, Leadership Portage County, Community Action Council, the Baseball Tomorrow Fund and others MIC was able to build neighborhood baseball fields for use by all residents on property located at 3770 Richardson Street

owned by or donated by to MIC for such uses. Since that time using volunteers and community organizations, MIC has struggled to maintain the concession stands and baseball fields so that they can be utilized to the maximum capacity.

All funding is generated by small fundraisers, revenues from concession stand sales and donations from the community.

Funding is requested to make needed repairs to the concession stands and restrooms and to repair the actual baseball fields through the purchase of screened top soil.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$39,000. **WORK COMPLETED**

Parking Facilities/Garrettsville Parking Lot - \$50,000

A fire in the historical, commercial district of the Village of Garrettsville destroyed an entire block of buildings on March 22, 2014. The fire has left the entire block in rubble creating a blight to the area. Thirteen businesses were displaced by the fire and more than 15 other businesses in the Village are believed to have been harmed from the decrease in customer traffic.

Funds are being requested to remove and pave the existing parking lot and to create an entrance to the parking lot located parallel to Main Street in the historic, commercial district in the Village of Garrettsville in order to eliminate a blight to the area to benefit 1,410 persons.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$156,688. The Village of Garrettsville has agreed to leverage \$109,688 of their own funds to complete the project.

A pre-construction meeting was held on April 24, 2017. The concrete and the electrical work will start the week of May 8th. It is anticipated that the concrete work will take approximately 2 weeks to complete. The asphalt work will be completed once the concrete and electrical work is completed.

Fair Housing - \$7,000

Fair housing services including landlord/tenant information, discrimination complaints, training, posters and brochures will be provided for the residents of Portage County, excluding the City of Kent. **WORK COMPLETED**

Administration and Implementation of the CDBG Grant - \$53,800

Administration and Implementation of the grant includes grant preparation, project management and bidding, completion of reports and day-to-day oversight of the projects.

2016 COMMUNITY DEVELOPMENT ALLOCATION GRANT - (September 1, 2016 – October 31, 2018)

Neighborhood Facilities/Community Center (Windham Community Center) - \$121,400

The Windham Village Community Center is in need of repairs. The following repairs are proposed:

- Replace the existing failing asphalt roof with a new metal roof system.
- Replace the gutter and downspouts.
- Paint the exterior and replace the existing siding.
- Add 3 new ADA compliant exterior decks for ingress and egress.
- Add new security lighting.

The Community Center is located at 9647 East Center Street and is in an area considered to be 65% Low-Moderate Income.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$121,400.

A contract was awarded for architectural services on April 25, 2017. The contract is being circulated for signatures.

Neighborhood Facilities/Community Center (Mantua Center School) - \$36,800

Phase 1 consisted of the purchase and installation of an elevator to remove the barriers to elderly and handicapped individuals using the Mantua Township Administration and Community Building (former Mantua Center School). At this time persons who rely on wheelchairs to get around are only able to access the annex portion of the building.

Phase 2 will construct a slightly inclined walkway that leads from the handicapped accessible parking spots to the elevator as well as an entrance lobby to the elevator. One edge of the walkway will abut the building and other will abut a brick retaining wall. Without the walkway to the elevator, elderly and handicapped individuals will be prevented from entering the Mantua Township Administration and Community Building's main building. The entrance lobby will serve to keep people out of the elements as they are entering or leaving the elevator.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$36,800.

The project went out to bid on April 24, 2017. A pre-bid meeting was held on May 1, 2017. Bids are due by 2:30 p.m. on May 12, 2017.

Neighborhood Facilities/Community Center (Coleman Adult Day Services) - \$26,700

Coleman Adult Day Services has high lighting needs. This helps to ensure safety at the facility, including minimizing the risk of falls for older clients with failing eyesight. Nurses need to be able to read instructions on medication and make careful observations of clients.

CDBG funds will be used to replace 215 lights of 21 different types located throughout the building, exterior walkways and parking. The Adult Day Services is located at 6695 North Chestnut Street in the City of Ravenna. Replacement of both incandescent and fluorescent lighting with LED lighting can greatly reduce both electricity bills and a buildings carbon footprint.

The request would serve a population comprised of approximately 130 adults with physical, cognitive or development disabilities and their care givers annually.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$26,735.

Public Facilities - \$63,100 + the City of Ravenna will contribute \$6,816

CDBG funds will be used to provide ADA handicap accessibility in LMI residential areas by installing and upgrading 45 curb ramps and 2073 linear feet of sidewalk to ADA Standards along Highland Avenue to Central Avenue as well as along Prospect Street to Summit Street in the City of Ravenna.

The project is located in Census Tract 6008, Block Group 3 which is considered to be 54% LMI and will benefit 34 persons.

The total cost based on Davis Bacon Prevailing Wages is estimated at \$69,916. The City of Ravenna will contribute \$6,816.

The drawings and the specification are being prepared and the project will go out to bid the beginning of June.

Fair Housing - \$7,000

Fair housing services including landlord/tenant information, discrimination complaints, training, posters and brochures will be provided for the residents of Portage County, excluding the City of Kent.

There were two requests for assistance received in April.

Administration - \$55,000

Administration and Implementation of the grant includes grant preparation, project management and bidding, completion of reports and day-to-day oversight of the projects.

The Environmental Review has been completed for all projects and all funds have been released by the State.

**PORTAGE COUNTY RPC
FINANCIAL STATEMENT
April 30, 2017**

	Month to Date		Year to Date	
Beginning Cash Balance	\$ 147,387.14	<-- Apr 1st-->	\$ 10,271.71	<-- Jan. 1st
Total All Receipts	\$ 12,162.01		\$ 254,002.97	
Total All Expenditures	\$ 34,585.95		\$ 139,311.48	
Ending Cash Balance	\$ 124,963.20	<--Apr 30th-->	\$ 124,963.20	

REVENUES	Budget	M-T-D	Y-T-D	Accts Recvble	Balance	% recvd
RPC Membership Dues	229,462.00	3,794.40	92,036.95	13,218.48	137,425.05	40%
Subdivisions	11,000.00	1,170.00	4,280.00	-	6,720.00	39%
IGR's	100.00	-	-	-	100.00	0%
Copies/Misc.(community over hrs)	1,000.00	85.00	85.00	-	915.00	9%
Publications	-	-	-	-	-	0%
Grant (State)	-	-	-	-	-	0%
Rental Income	20,400.00	1,500.00	6,600.00	600.00	13,800.00	32%
Contracts	43,000.00	5,612.61	17,979.55	7,689.15	25,020.45	42%
Contract Portage County	67,000.00	-	7,355.11	17,627.53	59,644.89	11%
Annual Contribution	70,000.00	-	125,000.00	-	(55,000.00)	179%
Refund/Reimbursement	2,000.00	-	666.36	470.61	1,333.64	33%
Donation	-	-	-	-	-	
TOTAL REVENUE	443,962.00	12,162.01	254,002.97	39,605.77	189,959.03	57%
January 1, 2017 Unencumbered						
Cash Balance	10,032.00					
TOTAL CERTIFICATE OF RESOURCES	453,994.00					

EXPENDITURES	Budget	M-T-D	Y-T-D	Encumbered	Balance	% expend
3 Salaries	267,993.00	22,226.66	86,443.74	-	181,549.26	32%
3 PERS	35,265.00	3,111.75	12,102.19	-	23,162.81	34%
3 Medicare	3,652.00	308.68	1,199.69	-	2,452.31	33%
3 Workers Comp	5,451.00	377.87	1,469.59	-	3,981.41	27%
3 Health Insurance	69,098.00	5,534.90	21,853.98	-	47,244.02	32%
4 Contract Services	2,004.00	166.99	667.96	334.04	1,002.00	50%
4 Travel/Training	3,000.00	72.79	99.26	185.74	2,715.00	10%
4 Dues	1,612.00	-	590.00	-	1,022.00	37%
4 Publications	400.00	-	124.00	-	276.00	31%
4 Utilities	7,850.00	421.97	2,632.45	1,739.55	3,478.00	56%
4 Advertising	600.00	-	9.75	190.25	400.00	33%
4 Telephone	3,000.00	-	3.85	-	2,996.15	0%
4 Postage	1,600.00	-	749.00	350.00	501.00	69%
4 Repairs	1,500.00	-	630.00	370.00	500.00	67%
4 Maint/Custodial Contract	3,240.00	210.00	510.00	-	2,730.00	16%
4 Equip/Copier Rental	3,550.00	856.41	1,584.99	528.56	1,436.45	60%
4 Professional & Technical Services	3,228.00	-	130.00	-	3,098.00	4%
4 Audit Services	-	-	-	-	-	0%
4 Computer Services	1,200.00	-	244.49	955.51	-	100%
4 Legal Services	10,000.00	833.33	3,333.36	-	6,666.64	33%
4 Insurances (Bldg & Bonds)	-	-	-	-	-	0%
5 Supplies	3,500.00	271.78	1,329.45	350.55	1,820.00	48%
5 Photocopying/Printing	2,200.00	192.82	480.79	290.21	1,429.00	35%
5 Equipment/Software	2,883.00	-	2,882.94	117.06	(117.00)	104%
5 Furniture	-	-	-	-	-	0%
6 Building Improvements	-	-	-	-	-	0%
7 Refund/Reimbursement	-	-	-	-	-	0%
8 Debt Service (Loan)	19,419.00	-	-	-	19,419.00	0%
TOTAL 2016 EXPENDITURES	452,245.00	34,585.95	139,071.48	5,411.47	307,762.05	32%
2016 Carryover Encumbrances						
4 Custodial Contract	240.00	-	240.00	-	-	100%
Total 2016 Encumbrances	240.00	-	240.00	-	-	
GRAND TOTAL	452,485.00	34,585.95	139,311.48	5,411.47	307,762.05	

CDBG FUNDS
04/30/17

FUND	BEGINNING CASH BALANCE	RECEIPTS	EXPENDITURES	ENDING CASH BALANCE
Formula 2015 Grant (BF-15)	76,542.40	-	-	76,542.40
Formula 2016 Grant (BF-16)	708.40	-	582.70	125.70
New Horizons Grant (BD-16)	1,900.00	-	-	1,900.00
TOTAL	79,150.80	-	582.70	78,568.10

04/30/17

BF 15 2015 Formula Grant

Activity	Budget	M-T-D Expenditures	Accum Exp	Left to Spend in Grant	M-T-D Draws	Accum Draws	Left to Draw in Grant
(01) Neighborhood Fac/Comm Center Franklin Twp ADA	\$ 35,000.00	\$ -	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00	\$ -
(02) Garrettsville Parking Lot	\$ 50,000.00	\$ -	\$ 322.60	\$ 49,677.40	\$ -	\$ 50,000.00	\$ -
(03) Neighborhood Fac/Comm Center Mantua Township Elevator	\$ 75,000.00	\$ -	\$ 48,135.00	\$ 26,865.00	\$ -	\$ 75,000.00	\$ -
(04) Parks/Recreation Facilities McElrath neighborhood Ballfield	\$ 39,000.00	\$ -	\$ 39,000.00	\$ -	\$ -	\$ 39,000.00	\$ -
(05) Private Rehabilitation Phoenix II Roof replacement	\$ 44,200.00	\$ -	\$ 44,200.00	\$ -	\$ -	\$ 44,200.00	\$ -
(07-1) Fair Housing Program (County)	\$ 7,000.00	\$ -	\$ 7,000.00	\$ -	\$ -	\$ 7,000.00	\$ -
(07-2) General Administration	\$ 53,800.00	\$ -	\$ 53,800.00	\$ -	\$ -	\$ 53,800.00	\$ -
Return to Grantor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS	\$ 304,000.00	\$ -	\$ 227,457.60	\$ 76,542.40	\$ -	\$ 304,000.00	\$ -

Grant Period: 9/01/15 - 10/31/17

2016 Formula Grant

Activity	Budget	M-T-D Expenditures	Accum Exp	Left to Spend in Grant	M-T-D Draws	Accum Draws	Left to Draw in Grant
(01) Windham Community Center Rehab	\$ 121,400.00	\$ -	\$ -	\$ 121,400.00	\$ -	\$ -	\$ 121,400.00
(02-1) Fair Housing Program (County)	\$ 7,000.00	\$ -	\$ 1,592.27	\$ 5,407.73	\$ -	\$ 1,600.00	\$ 5,400.00
(02-2) General Administration	\$ 55,000.00	\$ 582.70	\$ 15,882.03	\$ 39,117.97	\$ -	\$ 16,000.00	\$ 39,000.00
(03) Ravenna City Sidewalk replacement	\$ 63,100.00	\$ -	\$ -	\$ 63,100.00	\$ -	\$ -	\$ 63,100.00
(04) Mantua Center School	\$ 36,800.00	\$ -	\$ -	\$ 36,800.00	\$ -	\$ -	\$ 36,800.00
(05) Coleman Adult Day Svcs. Lights	\$ 26,700.00	\$ -	\$ -	\$ 26,700.00	\$ -	\$ -	\$ 26,700.00
Return to Grantor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS	\$ 310,000.00	\$ 582.70	\$ 17,474.30	\$ 292,525.70	\$ -	\$ 17,600.00	\$ 292,400.00

BF16

Grant Period 09-01-16/10-31-18

2016 New Horizons Grant

Activity	Budget	M-T-D Expenditures	Accum Exp	Left to Spend in Grant	M-T-D Draws	Accum Draws	Left to Draw in Grant
(01) Fair Housing Program	\$ 12,800.00	\$ -	\$ -	\$ 12,800.00	\$ -	\$ 1,200.00	\$ 11,600.00
(02) General Administration	\$ 2,200.00	\$ -	\$ -	\$ 2,200.00	\$ -	\$ 700.00	\$ 1,500.00
TOTALS	\$ 15,000.00	\$ -	\$ -	\$ 15,000.00	\$ -	\$ 1,900.00	\$ 13,100.00

BD 16

Grant Period 10-01-16/09-30-17

LFPP Fund 8510
04/30/17

FUND	BEGINNING CASH BALANCE	RECEIPTS	EXPENDITURES	ENDING CASH BALANCE
LFPP Food Hub Feasibility Study	-	2,839.65	2,839.65	-
TOTAL	-	2,839.65	2,839.65	-

Activity	Budget	M-T-D Expenditures	Accum Exp	Left to Spend in Grant	M-T-D Draws	Accum Draws	Left to Draw in Grant
Administration RPC	\$ 4,769.91	\$ -	\$ 4,769.91	\$ -	\$ -	\$ 4,769.91	\$ -
Consultant	\$ 13,000.00	\$ 2,790.00	\$ 13,000.00	\$ -	\$ 2,790.00	\$ 13,000.00	\$ -
Speaker	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Copies/Printed Materials	\$ 131.00	\$ 49.65	\$ 131.00	\$ -	\$ 49.65	\$ 131.00	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 17,900.91	\$ 2,839.65	\$ 17,900.91	\$ -	\$ 2,839.65	\$ 17,900.91	\$ -

Grant period 9-30-15/09-29-16
 Extension requested
 Extension granted to 3/2017

LGIP Fund 8520
04/30/17

FUND	BEGINNING CASH BALANCE	RECEIPTS	EXPENDITURES	ENDING CASH BALANCE
LGIP Parks & Rec/Plan	4,592.61	-	3,901.31	691.30
TOTAL	4,592.61	-	3,901.31	691.30

Activity	Budget	M-T-D Expenditures	Accum Exp	Left to Spend in Grant	M-T-D Draws	Accum Draws	Left to Draw in Grant
Administration RPC	\$ 42,000.00	\$ 3,883.86	\$ 24,240.55	\$ 17,759.45	\$ -	\$ 24,500.00	\$ 17,500.00
Administration Park District	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00
Copies/Printed Materials	\$ 3,000.00	\$ 17.45	\$ 68.15	\$ 2,931.85	\$ -	\$ 500.00	\$ 2,500.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 50,000.00	\$ 3,901.31	\$ 24,308.70	\$ 25,691.30	\$ -	\$ 25,000.00	\$ 25,000.00

SBIG
20160609

Grant period 5-19-16/5-19-18



Portage County Regional Planning Commission

MEMORANDUM

TO: Portage County Regional Planning Commission Board

FROM: Todd Peetz, Director

DATE: May 4, 2017

SUBJ: Portage County Food Hub Feasibility Study (LFPP grant)

The Portage County Food Hub Feasibility Study was tasked to determine if a food hub in Portage County made financial sense, what would that look like and is it feasible to get one started. Our consultant ACENET prepared the feasibility study. The full report which is 120 pages is on our website www.pcrpc.org. We have attached the recommendations from the study found on pages 50 to 64. As a result of short timing we have already submitted for a food hub/farmers market grant that would help implement the first phase from the study. The initial step is an internet base food hub that could eventually be turned into a brick and mortar operation.

We need the RPC Board to accept the study for implementation as part of the grant requirements.

If you have questions please do not hesitate to contact me.

4. Business Analysis and Model Recommendations

A. Aggregation and Distribution Food Hub

Most food hubs are designed to fill the gaps between wholesale demand for local food and small and mid-size farms. To be financially viable, these new hub models need to offer a different set of services and products to compete with regional and national produce distributors. They assist farmers entering these wholesale market channels to address their challenges of scaling up production, quality assurances and licensing, while maintaining and promoting the inherent values of local and regional foods. Hubs need to meet the volume demand, at the same time meet the desires of increasingly discriminating customers for local or organic produce and other locally sourced items in dairy, meat, egg and farm value-added products.

As more produce food hubs open across the U.S. they need to be responsive to customers and wholesale buyer's desire for transparency, taste quality, taste, FSMA compliances and marketing collateral.

Although specialty crop producers have been in the lead to organize and own food hub, many of these new generation produce distribution systems have struggled to create financial viability. Many have started undercapitalized and have experienced a steep learning curve to master their operational logistics and financial management. In turn, they are also in competition with conventional produce distributors and cannot undercut their pricing structures.

With the growing trend for local food from institutional buyer and the exponential growth of farmers markets, specialty crop farmers have been encouraged to the food hub model allowed farmers to band together to reinvent local aggregation and distribution hubs to meet the

perceived consumer interest. According to **Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois**, "agricultural producers formed hubs to overcome the following obstacles:

- Quantity, consistency, and variety of produce grown are often insufficient to motivate a buyer to purchase from a single farm;
- Investments in the certifications, cooling, and storage infrastructure, liability insurance, and safety protocols needed for selling wholesale are extensive; and
- Many growers do not have the time, interest, or skill set to successfully manage a wholesale sales and marketing strategy."

All of these issues were reflected in the recent Portage County producer surveys. By mid-March 2017, 35 producers had completed the food hub surveys and another dozen farmers not completing surveys had attended meetings and focus groups. Although the surveys confirmed interest in moving forward on a food hub project, there was not strong evidence that agricultural producers were ready to commitment to a producer owned hub models.

First and foremost before moving forward on any of the hub models, funding resources and partner coordination need to be utilized for agricultural producer planning. The following recommendations can be implemented in stages over the next 12 to 18 months.

Recommendation: Partner with Portage County Extension Agent, Robin Christensen, OSU Direct Marketing staff and AGenet to schedule Introduction to Market Ready Workshop and day long Wholesale Ready training.

Recommendation: Partner with Hattie Lariham Food Hub and Lake to River Coop to present their hub models: governance, operations, supply chain logistics and financial management.

Recommendation: Host a half-day workshop with market partners to address their licensing, FSMA compliances, procurement procedures and quality assurance policies.

The core services offered by a food hub differ by business model. A packing house typically will provide a complete range of services that cause a product to move from the field to the customer. Some packing houses may even offer harvesting services. Aggregation facilities and web-based aggregators do not handle the product to the same degree, but common to all models is aggregation, sales and marketing, and distribution (although this may be outsourced).

B. On-line Market Model

Many food hubs get started by offering hybridized Community Supported Agriculture (CSA) subscriptions. CSA shares draw local customer investment and aggregation can also be accomplished without a central facility. Although if the model offers a shares/bags that aggregates produce from multiple farms a space for packing and distribution is still needed. This is space that could be provided by an agency or charitable partner free of charge.

An online marketplaces utilize technology solutions that benefit the producers, but producers need to be willing to use the digital interface on a daily to weekly basis. These models can be producer driven where a single grower or a group of growers post their available products in a given week and buyers can place direct orders, or can be run by a social enterprise or for-profit entrepreneur outside the grower community.

Online models are competitively positioned to focus on customer service. This model can allow the customer to pick items from a number of different product line, fresh and value-added, allowing for weekly choice from a number of different producers. It also creates an up to date solution for producers and processors to only offer what is available or in season during that week.

Many of these models combine both direct customers sales to serve smaller wholesale buyers such as restaurants and food carts. A central aggregation site or larger producer can either regularly drop off a delivery to a remote collection point managed by volunteers or partners or provide direct delivery services. Creating an online marketplace could be a financial and operational first step toward creating a brick-and-mortar Aggregation/Distribution Food Hub or Market Model.

Recommendation: Coordinate technical assistance support from Melissa Miller at Lake to River Cooperative or other resource partners to review on-line market components.

Recommendation: Identify partners willing to provide a site for aggregation and customer pick-up.

Recommendation: Secure phase I funding to create implementation plan for on-line marketplace.

6. Store Market Model

The market model food hub has emerged in the past 5 to 7 years as another viable opportunity for agricultural producers to partners with a committed local customer base. The market models discussed previously: Local Roots and the Wild Ramp have demonstrated success because of an extraordinary commitment from volunteers who serve on the governance boards, provide education and events activities and volunteer labor hours to the day to day retail operations of the market. The Wild Ramp in Huntington, West Virginia harnesses 500 hours a month in volunteer labor to augment 4 paid staff positions.

These models often were only able to start because of affordable or no cost space to operate from. In Wooster the Wayne County Commissioners made an empty storefront available to the cooperative during the start-up phase. Local Roots Wooster now operates their hub and processing kitchen from two storefronts that serve as leverage for public and private investment.

In Huntington the Wild Ramp started in a low-cost storefront in downtown at Heritage Station. Leasehold improvements, building renovations by volunteers and equipment donations and a kickstarter campaign allowed the start-ups Board and volunteers to launch the model on a shoe-string budget.

After two years of success in 2014, The Wild Ramp moved to their current location in Old Central City, located in a low-income neighborhood in the west end of Huntington. The Wild Ramp was chosen as the beneficiary of Huntington's "River to Rail" initiative. The initiative secured them a new location in the town's historic Central City Market building with subsidized rent and \$43,000 per year for five years from the City of Huntington and the West Virginia Department of



Agriculture. The current facility provides nearly three times the space and the ability to have a small commercial kitchen that generates tenant income and food demo capacity.

Recommendation: Research partnerships and potential storefronts in Ravenna to launch a prototype market model.

Recommendation: Identify agricultural producers, regional processors and artisans interested in forming a planning committee to start a producer-owned market.

Recommendation: Secure funding through USDA grant programs, Ohio Finance Fund programs and customer capital campaign to hire a project manager and consultants to devise business plan and implementation model.

D. Distribution Partnerships

Although Portage County might not be ready to invest in a “bricks and mortar” distribution food hub, on-going investment in distribution project management could still immediately allow specialty crop and other agricultural producers connect with current regional hubs, social enterprises or private aggregators. Some producers are already selling through the Lake to River Coop, Fresh Fork and Hattie Larlham Food Hub. Tom Lane of Innovation Foods began meeting with Portage County producers as an outcome of the meetings. It is likely that Innovation Foods will begin sourcing from 4 to 6 farmers starting in the 2017. Mr. Lane is also determining whether to add aggregation and distribution services to his existing business model of prepared foods. He is actively reviewing potential properties in the county for his expansion. Assisting

private entrepreneurs with site selection and governmental resources could foster future co-location of a multi-stakeholder cooperative hub model.

If an online and/or market model are implemented in the 1 to 2 years, it could also be gradually built onto with coordinated delivery and distribution services. It could begin simply by renting a truck daily and using a cell phone to communicate with the paid staff driver.

As more producers go to scale a can meet FSMA compliances and quality assurance standards, a market model site could with a larger specialty manufacturer like Innovation Foods or regional licensed distributor like Sirna and Sons.

A Portage County model may allow producers and processors to generate a large amount of inventory, steady sales, and seasonal extension products. This could also entail making arrangements with food hub members, agencies or other nonprofit business entities for low-cost storage and cooling facilities or transportation equipment.

Transportation and delivery expenses are frequently the main costs for operating a food hub. Through partnerships that offset the purchasing or leasing trucks, paying commercial drivers and the distribution logistics of pick-ups from producers and deliveries to customers to regional distributors—can provide a “win-win” scenario for each party. The market model can recruit, prepare and select producers/processors ready to go to scale. They can also identify for the regional distributor new market partners and possible niche product lines not currently served by the distributor.

Recommendation: Assist private entrepreneurs to access support and governmental programs to develop private enterprises that source from agricultural producers in Portage County.

Recommendation: Coordinate GAP certified agricultural producers to connect with wholesale buyers and regional distributors with the assistance of OSU Cooperative Extension Services.

E. Benchmarking Best Practices

As Food Hubs models become more established it is critical that start-ups or expansions attract diverse sets of investment. Champions and owners need to become comfortable speaking about their models in the lexicon of investment. And be thoroughly conversant in how their business plan model stacks up with national benchmarking.

Although benchmarking for financial success is at a relatively early stage, some industry standards are emerging and should be considered in each of the models.

With regard to produce hubs focused on aggregation Counting Values: Food Hub Financial Benchmarking Study does the best review of financial metrics. Food hub surveys were sent to more than 100 hubs in spring 2014. From these invitations, full data submissions were received from 48 hubs. A review of 48 hubs that submitted data in 2014 focused on financial data from fiscal year 2013. The data included Income Statements, Balance Sheets, Cash Flow Analysis, Customer Channels, Governance Model and Operations.

⁷ <http://www.ngfn.org/resources/ngfn-database/knowledge/Food%20Hub%20Benchmarking%20Study.pdf>

The largest challenges which reflect the Portage County's obstacles include: adequate and consistent supply, access to investment, access to expansion farm labor and dependence on start-up subsidies.

Legal Status

According to the study many food hubs organizes as 501 (c) 3 operations. The not for profit models legal formation comprised one third of the study respondents.⁷

Organization & Operations	2013 (48 hubs)
Not for Profit Formation	38%
Ownership of Product	72%
Sales from Hub Processing	1%
Membership Fees Paid	
Vendors	28%
Customer	15%

Customers

The study demonstrated that 39% of products were sold through customer sales (shares, CSA bags/boxes) as direct market channels. Wholesale grocery channels accounted for 28% of revenues. And restaurant foodservice buyers accounted for 15%. Institutional buyers such as schools and healthcare facilities accounted for 2.8%. In many ways demonstrating the challenges of Farm to School initiatives. And Distributors accounted for almost 14%, illustrating the growing opportunity for partnerships.⁸

⁸ <http://www.ngfn.org/resources/ngfn-database/knowledge/Food%20Hub%20Benchmarking%20Study.pdf>

Customers – Market Channels	2013 (48 hubs)
Grocery & Small Retail	27.6%
Restaurants/caterers	14.9%
Other Distributors	13.6%
Direct Marketing to Customers	38.2%
Institutional Buyers	2.8%
Food Processors	1.9%

Financial Viability

Food Hub profit or net margin is probably the most important finding in the study. Due to investment in infrastructure and equipment, the typical food hub's depreciation expense amounts to 2 percent of sales. Depreciation is an unavoidable overhead cost as assets wear out or become obsolete, regardless of the amount of sales generated. While things may wear out faster with more use, most depreciation, or decline in value, is related to aging. The typical food hub, then, runs at a break-even level before depreciation, which means it can usually pay its operational expenses.

Scope of Operations

The study respondents were a mix of established and start-up food hubs.

Scope of Operation	2013 (48 hubs)
Age of Hub	7 years
Total Revenue	\$2.83 million
Product Sales	\$2.53 million
Enterprise Income can include delivery charges, brokerage & membership fees & equipment rentals	\$108,241.00
Annual Operating Days	276
Facility Specs	1.9%
Square footage	6,936 sq. ft.
Mileage Driven	40,315
Number of Loading Docks	2

Even hubs operating at break even or minimal profitability struggle to manage expansion or even re-investment. There is often no room for debt service and new investment from members or other community stakeholders.⁹

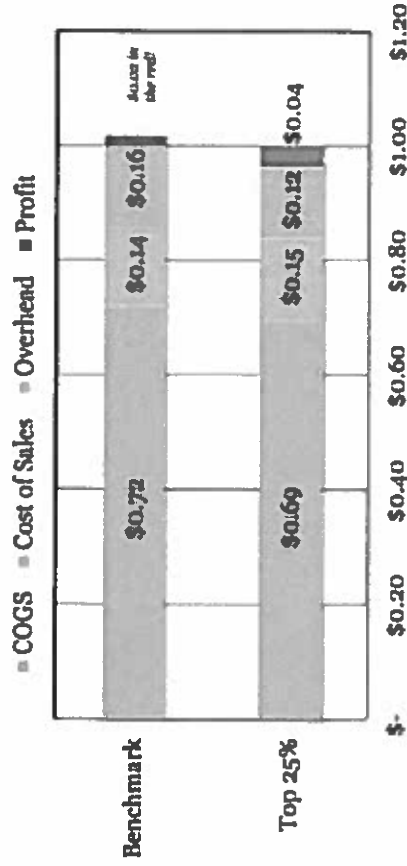
Income Statement	Benchmark	Top 25%
Sales	100%	100%
(Less) Cost of Goods Sold	71.95%	(69.41%
(Less) Cost of Sales	13.56%	14.51%
=Gross Margin	14.49%	16.09%
(Less) Overhead costs	16.28%	12.32%
= Net Operating Margin aka Profit	-1.79%	3.76%
(Less) Income Taxes	0.52%	0.66%
+ Grants/Contributions	6.45%	0.07%
=Overall Excess 4.19% 3.18%	4.13%	3.18%

⁹ <http://www.ngfn.org/resources/ingn-database/knowledge/Food%20Hub%20Benchmarking%20Study.pdf>

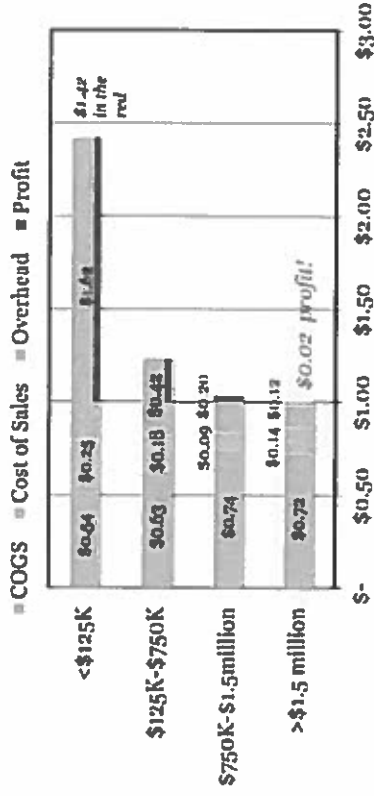
= Net Operating Margin aka Profit -1.79% 3.76% (Less) Income Taxes 0.52% 0.66% + Grants/Contributions 6.45% 0.07% =Overall Excess 4.13% 3.18%.

The following charts illustrate these challenges from the 2013 benchmarking study.¹⁰

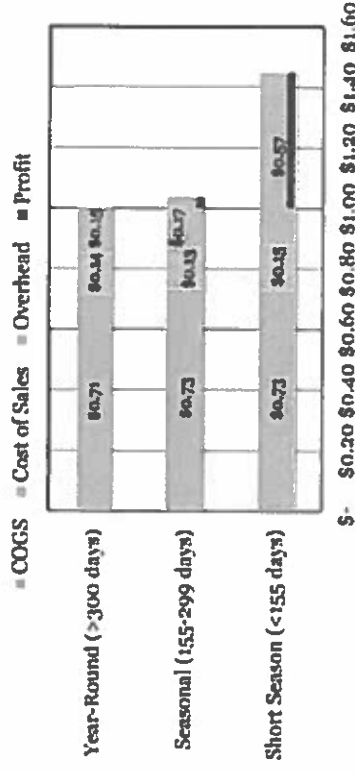
Averages: Income Statement Costs and Expenses



Income Statement Benchmarks by Sales Volume



Income Statement Benchmarks by Seasonality



¹⁰<http://www.ngfn.org/resources/ngfn-database/knowledge/Food%20Hub%20Benchmarking%20Study.pdf>

Many of the food hubs respondent to the 2013 study were not profitable. Many of these hubs were incorporating interim strategies of volunteer labor, partnerships and grant subsidies to remain operational. Most have remained solvent by obtaining outside funds, whether in the form of donations, grants, foundation funding, or by being subsidized by a larger agency or non-profit with overlapping social missions.

While a few hubs plan for outside funding to be a regular part of their operations for the foreseeable future, most believe that grants and other sources of short-term funding were necessary for launch and phase one of operations. The vast majority of food hubs aspired to cover operational costs internally by increasing and diversifying revenues.

With regard to rural or small city food hub development it is pertinent to note that these hubs were much more dependent on grant subsidies than those in metro areas. According to the September 2013 *FINDINGS OF THE 2013 NATIONAL FOOD HUB SURVEY*: "There was no statistically significant relationship between the type of county in which a food hub was located and the hub's reported reliance on grant funding to carry out operations. However, the proportion of a region's food hubs that reported being "highly dependent" on grant funding was much higher for the regions that included nine food hubs reporting a location in nonmetropolitan counties and not adjacent to a metro area (33%) than for the average region (17%)."

This suggests that proximity to a highly populated area may be important for the financial success of food hubs.¹¹ If a hub were located in Portage County, its market channels would most likely need to serve

northeast Ohio metro centers such as Cleveland, Akron and Canton to be financially viable.

¹¹ <http://foodsystems.msu.edu/uploads/files/2013-food-hub-survey.pdf>

F. Ownership & Leveraged Investment

For any of the food hubs models to emerge in Portage County, a clear ownership structure will need to evolve. Typical start-up investment can come from a variety of formal and informal sources. Typically equity, start-up capital and term debt can come from the beneficiary investors through member fees, donation of infrastructure and equipment, in-kind labor, crowdsourcing investments and debt from low-income loan programs, commercial banks or private lenders. To start an aggregation and distribution food hub model would take the largest combination of start-up investment. But the chart below could be a guidepost for any of the suggested models described earlier to identify the spectrum of capital for either a start-up or expansive phase.

Investment	Grants	Hybrid Capital	Secured Debt	Subordinate Debt	Revenue Sharing	Mezzanine Financing	Equity
Foundations	✓	✓	✓				
Government Grants	✓	✓	✓	✓			
Impact & Program Related Investment	✓	✓	✓	✓	✓		
CDFI & RLF		✓	✓	✓	✓	✓	✓
Commercial Lenders							
Venture Capital			✓	✓	✓		✓
Angel Investors & Slow Money Loans					✓		✓
Crowdsourcing							✓
Membership Fees							✓
Friends & Family		✓	✓	✓	✓		✓

G. Start-up Business Model Investment

Each of the models can be started with modest entrepreneurial, coop or social enterprise investment. But it is essential to understand the phases of development and to adequately forecast the market channel revenues, sources and uses budget and initial "worst case" cash/flow analysis. The vast majority of food hubs have taken 5 years to reach break-even. That scenario requires significant subsidies along the past to viability which can mean significant fundraising, grant writing and harnessing of considerable volunteer labor. Multi-stakeholder cooperatives can have the advantage of diversifying equity and attracting impact investors. Healthcare institutions are emerging as equity investors for hubs in their service area that meet healthy food access needs low-income neighborhoods and food deserts. The chart below suggest some possible strategies for phase one financing.

Instrument	Purpose	Characteristics	Accounting	Term
Line of Credit	Working capital	Interest only & balloon payment	Short-term liability	One year or less/can have renewals
Short-term Loan	Construction/equipment/working capital	Balloon payment	Short-term liability	Short (1 year) or project lifespan
Credit Card Financing	Operational expenses	Monthly payment	Short-term liability	1 month to 1 year
Term Debt	Purchase of long-term assets	Monthly principle & interest payment	Long-term liability	3 to 7 year term Real estate could have longer term mortgage
CDFI/RLF Debt	Purchase short & long term assets	Monthly payment of principle, can sometimes defer payment or defer interest over specified term	Long-term liability	Typically 3 to 5 year term
Capital Lease	Purchase short to mid-term equipment or property	Monthly payment	Long-term liability	3 to 7 year term
Operating Lease	Purchase assets and/or maintenance contracts	Monthly payment	Operating expense	Useable life of asset

H. Start-up & Expansion Stages of Development

All food hubs will have different stage of development as part of their lifecycle. The chart below identifies a number of the opportunities and obstacles during each of these development stages.

Development	Start-up	Growth	Expansion	Established
Viable Business Plan	Cash Liquidity	Scale & Diversify Revenue	New Market Analysis	On-going Market Analysis
Market Channels Defined	Customer & Revenue Secured	Diversify Channels & Customer Satisfaction	New Products & Geographic Reach	On-going Product Diversification & Manage Geographic Channels
Ownership Structure Designed	Governance Policies	Manage Investment & Decision-making	Diversify Leadership & Ownership	Diversify Leadership & Ownership
Management Structure Defined	Appropriate Management	Strengthen Professional Management	Expand Management Staff	Innovate Management to Keep Pace
Funding & Investment	Market Entry	Demonstrate Competitive Position for Growth Funding	Manage Competitive Market Position	Manage Competitive Market Position
Financial Management	Financial Systems	Advance Financial Mgt. Capabilities	Advance Financial Mgt. Capabilities	Continuous Improvement of Financial Mgt.

I. Balance Sheet and Income Statements

Sample Food Hub Balance Sheet

Chart of Accounts

ASSETS
Current Assets
Cash on Hand
Cash in Checking/Savings
Accounts Receivable
Inventory (should match the sales/COGS categories)
Bakery
Beverages
Dairy
Prepared Foods (ready to eat)
Value-Added/Grocery
Meat and Poultry
Produce
Packing & packaging Inventory
Inventory Change
Prepaid (Maintenance Agreements)
Other Current Assets
Total Current Assets

Intermediate Assets
Machinery & Equipment
Fixtures
Vehicles
Office Equipment/Furnishings
Other Intermediate Assets
Accumulated Depreciation
Total Intermediate Assets
Long-Term (aka Fixed) Assets
Buildings
Leasehold Improvements
Greenhouses
Real Estate/Land
Land Improvements
Other Fixed Assets
Accumulated Depreciation
Total Fixed Assets
Total Assets

Current Liabilities
Accounts Payable
Payroll Taxes Payable
Accrued Expenses
Income Taxes Payable
Short-term Liabilities (under 1 year)
Line of Credit
Credit Cards
Slow Money Loans under 1 year
Intermediate Loans (under 10 years)
Term Debt
Deferred Loans
Long Term Loans (over 10 years)
Long-term Loans
Property Mortgage
Total Liabilities
Equity
Owners' Equity -- Membership
Owners' Equity -- Deferred Patronage
Retained Earnings
Total Equity
Total Liabilities & Equity
INCOME STATEMENT

Product Sales
Bakery
Beverages
Dairy
Prepared Foods (ready to eat)
Value-Added/Grocery
Meat and Poultry
Produce
Fruit
Vegetables
Greens
Other
Total Product Sales
Processing Income
Miscellaneous Income
Delivery Fees/Trucking Income
Brokering Fees
Membership Fees
Total Business Receipts
Coupons/Incentives

Health insurance
Payroll Taxes
Workman's Compensation
Total Labor Costs
Packaging
Credit card processing/Merchant account fees
Other Misc. Selling Costs
Delivery Costs
Delivery labor and related costs
Gas/Fuel/Oil
Parking/Tolls
Total Variable Costs
Gross Margin
Overhead / Administration Costs
Depreciation
Insurance
Fire/Liability
Auto
Interest
Labor: Admin
Wages/Salaries/Guaranteed Payments

Returns
Net Sales (Gross Less Discounts>Returns)
Variable Costs (aka Cost of Goods Sold/Cost of Production)
Purchases for Resale/Cost of Production
Bakery
Beverages
Dairy
Prepared Foods (ready to eat)
Value-Added/Grocery
Meat and Poultry
Produce
Fruit
Vegetables
Greens
Other
Shrink
Donated Food
Processing Costs
Labor Costs (Production Labor)
Wages/Salaries/Guaranteed Payments
Contract employees

Contract Employees
Health insurance
Payroll Taxes
Workman's Compensation
Marketing/Advertising/Promotion
Office Expense
Professional Fees
Property Taxes
Rent or Lease
Facility
Equipment/Vehicles
Repairs
Facility
Equipment/Vehicles
Trash & Maintenance
Utilities
Electricity
Heat
Phone/Internet
Other Expenses
Licenses/Permits/Inspections
Bank Fees
Dues/Subscriptions

Total Overhead Costs
Net Operating Margin
Other Income
Grants
Contributions
Other Enterprise Income
Other Expenses
Program Support Expense
Business Income Taxes
Other Enterprise Expenses
Net Margin