

CDSS FRESH LOOK ADVISORY GROUP

Food Bank Stakeholder Update



Fresh Look Advisory Group - Background

Purpose

- The Advisory Group will **inform and give input to CDSS staff** on the evaluation and design of the California's food distribution programs.
- The group will discuss key topics related to **program and process improvement**, and provide recommendations to CDSS staff on how to best serve communities in need.

Structure and Membership Criteria

- Criteria for group membership was developed in partnership with food banks.
- *While no stakeholder group can be completely inclusive given time, budget, and size considerations, **the Advisory Group is intended to be representative of the diversity of partners and providers involved.***



Fresh Look Advisory Group - Members

Geographies:

- Northern CA
- Central CA
- Southern CA

Categories:

- Urban / Rural
- TEFAP and/or CSFP
- Feeding America / Non
- CAFB / Non
- CEFL
- CDSS

	CDSS - FRESH LOOK ADVISORY GROUP
1	Anne Holcomb , Executive Director, The Food Bank for Humboldt County
2	Barbara Abbott , Vice President of Operations, San Francisco and Marin Counties
3	Beth Stanton , Executive Director, Interfaith Food Bank - Amador County
4	David Goodman , Chief Executive Director Redwood Empire Food Bank - Sonoma County
5	Debbie Espinosa , President & CEO, FIND Food Bank - Riverside and San Bernardino Counties
6	Joel Sjostrom , President and CEO, Food Bank of Contra Costa & Solano Counties
7	Loretta Ray - Lake County
8	Maria Ayala , Programs Supervisor, Central California Food Bank - Fresno County
9	Melinda Annis , Penny Blackburn, John Healey, California Emergency FoodLink
10	Shurla Lovejoy , Operations Manager-Food Bank Dignity Health - Shasta County
11	Steve Linkhart , Director of Farm to Family, California Association of Food Banks
12	Tucker Sproull - Operations Director, Food Bank of El Dorado County
13	Vanessa Moore , Vice President of Operations, San Diego Food Bank – San Diego County



Advisory Group's Path:

- May 2019: CAFB-Hosted **Listening Session**
- June 2019: CDSS-Hosted Fresh Look **Kick-Off Meeting**
- July – August 2019: **Member nominations** and selection
- Sept 2019 – Jan 2020: **7 Meetings Focused on 3 Top Priorities**
 - 1) System Logistics → hubs/storage/delivery models
 - 2) 3rd Party Assessment
 - 3) Allocation of Program Resources
- March 2020: *Transplace* 3rd Party Assessment/Recommendations
- May 2020: TEFAP Definitions and Risk Assessment Subcommittee
- June 2020: Evaluating Recommendations → Moving Forward

Transplace Objectives:

HIGH-LEVEL GOAL: Evaluate Northern California **logistics network** to improve access to food banks.

Route Optimization:

- Find the optimal distribution center location to provide service to non-direct ship food banks based on:
 - Transportation cost
 - Access to volunteer base
 - Access to stable workforce
 - Proximity to highway system
 - Weather/Access issues
- Design optimal routes regarding shipping frequency and shipment size to ensure food banks receive the food.

Storage Capacity:

- Evaluate delivery frequency and size to food banks based on storage capacity

Transportation asset and cost benefit analysis:

- Identify the right truck types, sizes, and quantities
- Identify food banks serviced by truck fleet or common carriers

Transplace Analysis:

Executive Summary							
Stage	DC Location	Note	Annual Shipments	Weight	Cost	Projected Savings	% Savings
2018 Baseline	Sacramento, CA	2018 Transportation Network built based on direct shipments under a 100% dedicated model. Keeping the same frequency of deliveries as received.	955	7,763,107	\$966,851	\$0	0%
Network Optimization	Sacramento, CA	Optimize transportation network by adding multi-stop shipments under a 100% dedicated model. Keeping the same frequency of deliveries as received.	925	7,763,107	\$896,599	\$70,252	7%
Network Optimization	Redding, CA	Optimize transportation network by adding multi-stop shipments under a 100% dedicated model. Keeping the same frequency of deliveries as received.	950	7,763,107	\$854,692	\$112,159	12%
Network Optimization	Chico, CA	Optimize transportation network by adding multi-stop shipments under a 100% dedicated model. Keeping the same frequency of deliveries as received.	909	7,763,107	\$729,819	\$237,032	25%
Transportation Asset	Chico, CA	Optimize transportation network by adding multi-stop shipments under a mixed model (Dedicated and OTR). Assuming constant weekly volume deliveries.	520	7,763,107	\$628,140	\$338,711	35%
Transportation Asset	Chico, CA	Optimize transportation network by adding multi-stop shipments under a mixed model (Dedicated and OTR). Assuming constant weekly volume deliveries and weight increase proportionally for future scenario.	728	20,997,285	\$758,350		

Transplace built a **transportation model** to deliver food efficiently and more frequently to Northern California food banks in rural areas.

This model was created using actual 2018 data provided by Melinda @ Foodlink (**THANK YOU!!**).

This model is designed to be **scalable** in response to the demand of food.



“Definitions” Subcommittee Objectives:

- Initial goal was to answer: “*What is the Definition of a Food Bank?*”
 - Criteria to be used included:
 - Other State’s TEFAP definitions for allowable contractors
 - California Association of Food Banks’ definition
 - Feeding America’s definition
- Project was to be used as **supplemental information** to support findings of the Northern CA Network Study conducted by Transplace and Fresh Look Advisory Subcommittee

Subcommittee Findings:

- Because TEFAP is a FNS/USDA program with regulated delivery standards at the Federal level, all states' **programmatic** and **operational standards** were comparatively similar to California's.
- *However* major differences found were in *state-to-contracted-entity* structure:
 - # of contracted entities
 - Size and scale of contracted entities
 - Affiliations of contracted entities to larger networks (i.e. state associations and Feeding America)
 - Annual Federal Single Audit Requirements and internal financial systems policies

Subcommittee Risk Assessment:

CA TEFAP Contractors' data was reviewed to determine if the CA TEFAP system, as compared to other states, yielded **areas with a higher amount of risk** for State of CA with how it is implemented.

Three Main Areas of Risk:

- Federal Single Audit of Scheduled Awards and Contracts*
- Disproportionate deployment of monetary allocations per client

Minor Area of Concern:

- State contracts with “Food Pantries” as opposed to larger (Regional) “Food Banks”

*State of CA has contracts with entities whose threshold does not exceed \$750k
Approximately \$9.1M (in materials and funds) provided to CA is used without any 3rd party audits conducted to verify that the financial systems in place align with Federal Financial guidelines and policies which oversee government contracts.

Subcommittee Recommendations:

CDSS Implement Transplace Study Recos → “Chico Hub” Intermediary

- **Reduce Federal Single Audit Risk: TEFAP Contract with Chico Hub**
 - Will be required to conduct single audit of Federal awards – crosses \$750k threshold
 - Chico Hub will have subcontracts (satellite sites) with non-qualifying single audit entities (current TEFAP food banks)
 - Prevents current TEFAP food banks from having to spend unnecessary funds on expensive annual single audits (actual cost and staff time)
 - Prevent most TEFAP food banks from having to undergo an extensive Single Audit requirements requiring additional staff and Financial operational policies to ensure “clean audits.”
- **Re-Balance allocations by taking the approximately \$1.5M cost savings identified by adopting recommendations and reinject back into the Direct Ship System**
 - Ensures benefits of the new system accrue for all partners, large and small

Win Win Win:

NorCal Food Banks:

- More produce, weekly shipments, “Just in Time” TEFAP deliveries (less inventory)
- Continue to receive TEFAP admin funds to support food bank operations
- Protects rural food bank structures from financial compliance burdens and increased financial management expenses
- Increased support on capacity development from state on what they do best – feeding communities in rural and expansive geographic regions

State of CA:

- Lowers risks tied to state financial oversight and transparency of federal funds as required by Federal Government per Federal Single Audit requirements

Direct Ship Food Banks:

- \$1.5M redistributed (costs savings realized from Chico Hub efficiency) to Direct Ship food banks. Will increase administrative and ops support which increases equitable distribution of funds for all people in poverty throughout the state.

FAQs

How will the shift to a Chico Hub model impact the “satellite” food banks who don’t receive food directly from USDA?

- There will not be a reduction in the variety or quality of food received, and the State will ensure that fresh produce is delivered as part of the product mix, similar to how DDD operates today.
- Satellite food banks will continue to receive an admin allocation based on the 60/40 methodology for TEFAP.
- The goal of the new model is to more efficiently administer TEFAP and other emergency food resources while maintaining or improving the level of service that food banks currently enjoy, and to be able to provide the right amount of food when needed – modeled after just in time delivery principles for manufacturing.
- Weekly, biweekly, or monthly deliveries could be incorporated into the new model.

FAQs

Will the shift to a Chico Hub intermediary cause all satellite food banks to “convert” to Feeding America food banks?

- No – this has not been discussed by the Advisory Group and is not under consideration by the Department.

How does the Advisory Group’s recommendation to consolidate satellite food banks’ single audit requirements minimize risk for the State?

- From the Department’s perspective, it is beneficial to have all financial audit compliance managed centrally to ensure proper stewardship of federal funding. Most (if not all) of the satellite agencies would be relieved of the responsibility of having to manage the audit process on their own, which represents a significant resource savings to them in terms of staff time and cost. It is possible that some of the satellite agencies will still need to manage audits related to other federal fund sources (besides TEFAP) that exceed the federal limit.

FAQs

Why do the Advisory Group's recommendations suggest that Direct Ship food banks will benefit from cost savings resulting from the Chico Hub?

- All TEFAP partners, including those receiving direct shipment from USDA and the satellite agencies, will benefit from improving the efficiency of TEFAP. By taking delivery of TEFAP food at a hub closer to the Northern California region, the state can utilize more free (direct) shipping from USDA. California can also utilize more free direct shipping from USDA for multi-stop deliveries when available by simultaneously delivering to two or three agencies in close proximity to each other.
- Some of the savings that accrue as a result of the new intermediary location will be allocated back to the direct-ship agencies because they have storage and handling costs that smaller “satellite” agencies do not. The intermediary absorbs those costs for the satellite agencies. Under the proposed model, the satellite agencies benefit from having the intermediary handle the cost and labor associated with the federal single audit, as well as receiving food shipments more frequently than they do today to help alleviate storage challenges associated with receiving larger loads. Therefore, both direct ship agencies and the satellite agencies benefit, though differently.

FAQs

Will satellite food banks being served by the Chico Hub need to have the capacity to receive full truckloads of commodities, or will the new model continue to allow smaller/split shipments of a variety of goods?

- Shifting to the Chico Hub model will not cause smaller “satellite” food banks to lose the ability to receive the variety of commodities they currently enjoy, nor will it necessitate all agencies be able to accept full truckloads of a commodity.

Will the deliveries from the Chico Hub arrive on 53' trucks or will smaller vehicles be available for agencies who cannot accommodate large trucks?

- The provider of intermediary services will employ a variety of truck sizes (with and without lift gates) to accommodate the variety of agencies receiving food.

FAQs

Who will operate the Chico Hub?

- The Advisory Group's role is to help think through complex issues facing the food distribution system, analyze the data and make recommendations to the State for consideration. The Advisory Group has not taken on the task of selecting or recommending who would operate the Chico Hub, leaving that decision up to the State.
- At this time, no definite plans have been made for “who” would operate the Chico Hub as the focus has been on the model and not the provider. That being said, there are no plans to have CAFB assume the role of TEFAP intermediary to operate the Chico Hub. Given the relationship of the CAFB board membership and their food banks to the Department as the state TEFAP oversight agency, this is not being considered as an option.

Questions and Follow Up

CDSS will be compiling a “FAQ” document to share with meeting attendees.

Please submit questions to Gil.Sisneros@DSS.CA.GOV (or you may reach out to any of your Food Distribution Unit contacts) and we will provide written answers to the group.

THANK YOU!