CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA

Agenda Date:	February 20, 2024
Action Required:	Approval of the 2024 Blue Ridge Area Food Bank (BRAFB) Cold Storage Expansion Project and the associated appropriation of $215,000 in unspent Community Development Block Grant (CDBG) funds from prior program years to support the modernization and expansion of vital refrigerated storage capacity and related amenities at BRAFB's food distribution center for the Charlottesville service area, located at 1207 Harris Street
Presenter:	Anthony Warn, Grants Analyst, Taylor Harvey-Ryan, Grants Program Manager
Staff Contacts:	Anthony Warn, Grants Analyst
Title:	**Resolution to approve the 2024 Blue Ridge Area Food Bank Cold Storage Project and to reprogram Community Development Block Grant funds from prior Program Years, in the amount of $215,000 (1 of 2 readings)**

Background

The City of Charlottesville is an Entitlement Community (EC) as designated by the U.S. Department of Housing & Urban Development (HUD) and, as such, is the recipient of annual allocations of federal funds through HUD's Community Development Block Grants (CDBG) program. While the city has used CDBG funds over the years to support many beneficial community development programs, some funded programs in prior years did not fully utilize the full funds awarded to them and, as a result, have unspent balances that are available to be reprogrammed to new eligible CDBG activities.

In addition, to ensure the effective and efficient use of federal fund awards, HUD has established rules requiring the timely use of CDBG funds for the benefit of recipient communities. These rules spell out specific time periods during which awarded funds must be used, after which they are at risk of being reclaimed by HUD to be awarded to other communities. Reclamation of unused funds by HUD would not only represent an immediate loss of potential benefit for the local community but could also put future awards at risk of being reduced, an outcome staff is very much committed to avoiding.

Discussion

The Blue Ridge Area Food Bank (BRAFB) is a vital contributor to the well-being of our community, providing essential nutritional supports to an ever-growing number of individuals and families in need. In the prior fiscal year (July 1, 2022, through June 30, 2023), for example, the pantries and program sites within Charlottesville that BRAFB supplies with food were visited by guests 117,797 times. Illustrated another way, BRAFB and its allied programs in the city served an average of 9,816 individuals a month. In Albemarle County, by way of comparison, pantries and program sites were visited 53,742 times in that same fiscal year, for an average of 4,478 guests served per month.

BRAFB, however, relies on certain aging infrastructure to fulfill its mission of improving food security through equitable access to good nutrition for all, specifically a 14+ year old commercial refrigeration unit that is wholly inadequate to their current needs and which presents numerous challenges to their daily operations, not least of which is that BRAFB has to turn away deliveries of significant amounts of fresh produce because they lack the space needed to safely store it until it can be distributed to those in need.

BRAFB is a Virginia-based nonprofit 501(c)(3) community-benefit organization that has served the residents of the Charlottesville area for over 42 years, operating locally out of their Harris Street location for more than 20 years. BRAFB serves residents of 25 counties and 8 cities on both sides of the Blue Ridge mountains. BRAFB organizes these 25 counties into four primary service areas and operates a central distribution center for each service area, with the distribution center for the Charlottesville service area located at 1207 Harris Street. In addition, while BRAFB has a small but dedicated staff on site, a significant portion of the work of preparing food for delivery is done by a large network of dedicated volunteers.

With these four central distribution centers, BRAFB operates as the vital central hub of a wide network of local food-service organizations, distributing food from its warehouses out to a wide array of local pantries and food kitchens, mobile food pantries, Meals on Wheels, among many others.

BRAFB is also extremely highly responsive to the needs of the local community. For example, even though the Harris Street warehouse is primarily designed to serve as a central distribution hub for partner organizations, BRAFB staff noticed in recent years many persons in need arriving in person, often from the local bus stop.

Rather than turn away persons in need, BRAFB staff expanded their network of mobile food pantries and reconfigured a portion of their limited warehouse space to serve as an on-site food pantry, from which they work to ensure that everyone arriving in person leaves with food of their choice and that no one is turned away.

Food Insecurity in Charlottesville
The services that BRAFB provides are a vital element in supporting our community. According to 2023 data provided by the ‘Map the Meal Gap’ project of Feeding America, a nonprofit organization that coordinates a national network of over 200 food banks and related organizations, the food insecurity rate in Charlottesville is 11.2%, as compared to a statewide average of 8.1% for Virginia as a whole and a national average of 10.4%. (*Source:* *https://map.feedingamerica.org/*)

This rate represents approximately 5,230 city residents who meet the national criteria of ‘food insecure,’ a preventable condition defined by the USDA as the lack of access, at times, to enough food for an active, healthy life. Across its four service areas, BRAFB recorded an average of 130,724 visitors per month across the months of July 2022-March 2023. In 2023, BRAFB distributed to its local partners approximately 27.4 million pounds of food from this location, enough to provide approximately 22.8 meals.

The Growing Cold Storage Crisis at BRAFB
For organizations like BRAFB, a reliable and dependable commercial-grade refrigerator is an essential component of their daily operations. The amount of fresh produce BRAFB seeks to supply

to its network has increased significantly in recent years. As of 2023, as much as 19% of the food served by BRAFB's Harris Street location is perishable and in need of cold storage that meets USDA requirements, further underscoring the vital role played by their refrigeration unit.

This increasing percentage reflects two positive and important trends, both of which will be enhanced by a new commercial refrigerator.

First, in recent years, BRAFB has elevated in importance its organizational goal to provide its beneficiaries with fresher produce options of a higher nutritional value, a goal hampered by their current limited refrigeration capacity. Mirroring a positive and growing national trend for healthier food options, BRAFB's local food partners have similarly embraced this goal and have significantly increased their requests to BRAFB for fresh produce options.

In addition, BRAFB benefits from several United States Department of Agriculture (USDA) programs, meaning that to maintain eligibility for USDA services, their distribution centers must meet strict USDA food storage criteria, thereby magnifying the importance for them of reliable and efficient cold food storage.

BRAFB's current refrigerated cooler, however, is highly inadequate to their growing needs and severely limits their ability to deliver on these goals, specifically due to its age, small size, and being costly to operate, maintain and repair.

BRAFB's current refrigerator unit was installed a little over fourteen (14) years ago and is, consequently, rapidly approaching the end of its rated service life of 15 years. The age of the current unit poses many operational challenges, including an increasing need to implement costly repairs in recent months just to keep it working, even though signs of continuing decay are clearly evident. For example, the original seals between the wall panels have decayed over 14 years of operation, resulting in the loss of refrigeration and increased electrical costs to maintain safe temperatures in accordance with USDA requirements. Patching these fraying seals cost BRAFB approximately $6000, but for a commercial unit like this, repairs like these are, at best, temporary and signs are visibly evident that the seals have already begun to degrade.

BRAFB's current refrigerator unit is also significantly undersized for its current needs, let alone the demand they anticipate for more fresh foods in the coming years. While it may have been adequate when installed 14 years ago, the current size is not sufficient for storing the volume of fresh foods BRAFB could potentially provide for their network. In addition, the small interior size of the current unit makes it very difficult for staff to navigate efficiently while loading and unloading foods, meaning that staff is forced to forgo use of valuable storage space just to be able to maneuver the pallet jacks that move the food pallets (think of mini forklifts), further reducing the amount of storage space available for fresh produce options.

This would not be a factor in the proposed, significantly larger unit detailed in this proposal, as the planned unit will offer BRAFB staff far more internal storage space and eliminate this current restriction, moving them from roughly 253,184 cubic feet of internal storage space to approximately 601,344 cubic feet, if not more (an increase of just under 2.4 times in size).

A much more significant impact of the size of the current unit, however, is that BRAFB is frequently forced to turn away donations of fresh produce that they could otherwise deliver to their local partners and, in turn, to area residents in need. Given the heavy pace of operations at the Harris Street location, it is hard for BRAFB to fully quantify the amount of potential donations they are forced to turn away due to lack of enough refrigerated storage capacity. Anecdotal evidence, however, is very strong as to the loss the network experiences. In early January 2024, for example, a refrigerated delivery truck for a major local supermarket chain arrived at Harris Street unannounced with six pallets of fresh potatoes to donate (representing more than 8,000 pounds of fresh produce). Due to the limited capacity of their current unit, however, BRAFB was reluctantly forced to turn away three of the pallets, thereby losing out on a substantial source of food they could have passed on to local families. (The potatoes they were able to accept were all quickly allocated to local food pantries, leaving requests from many others unfulfilled.)

Similarly, BRAFB was forced to turn away a potential donation from another national supermarket chain of 6 pallets of eggs. (There is also a suspicion among BRAFB staff that the knowledge within the community that they lack refrigerator capacity prevents potential donations of fresh produce from even being offered to them.)

All of this is compounded by the fact that the current unit is unreliable and visibly deteriorating, as expected with a unit of this age that is in almost daily use. Not only is the current unit more expensive to operate and maintain than an even larger new unit would be, BRAFB operates under a growing concern about how a failure of the unit, such as during severe heat or cold flashes, would affect their operations. For one thing, a failure of the current refrigeration unit would require BRAFB to convert its freezer unit to serve as a refrigerator.

This process would not only rob BRAFB of valuable long-term cold storage capacity, but the conversion process itself is unnecessarily energy intensive and costly. In addition, the age of the current unit means that it is nowhere near as energy efficient as a current unit would be, thereby incurring on BRAFB unnecessary additional costs on their operations as well as having negative impacts on Charlottesville's “green city” goals.

For these reasons, replacing this aging refrigeration unit as outlined here will significantly enhance BRAFB’s capacity to serve the Charlottesville community in many ways, not the least of which is by significantly expanding their ability to provide fresh produce options to the residents and families they serve. As it stands now, replacing the current refrigeration unit within the next 2–5 years without significant new sources of funding will be extremely challenging for BRAFB for several reasons, not least of which are related to a strong sense of ‘donor fatigue’ among BRAFB’s traditional donor network related, in part, to the recent pandemic as well as to the effects of several sizable capital campaigns BRAFB has successfully undertaken in recent years.

Protecting the BRAFB and City Investments

The proposed project will also benefit BRAFB operations in another significant way, in that it will support a long-planned extension of the current exterior roof that partially covers their loading dock such that it will fully cover and protect BRAFB’s cold storage units as well as fully covering the loading dock for the first time. (BRAFB recently installed a new freezer unit adjacent to the refrigerator unit to be replaced; this successful project has served as the basis for the current proposal.)

Notably, the current roof does not fully cover the loading area, meaning that BRAFB staff and volunteers and any drivers delivering donations of food have at times had to work exposed to inclement weather or under the hot sun. During a recent tour of the site, BRAFB staff indicated that they had long hoped to extend the roof to fully cover the loading bay but had difficulty raising the funds needed for this. During a recent tour of the site, it was noted that having the existing refrigeration unit and associated electrical lines fully exposed to the elements was a likely contributor to the deterioration of this expensive equipment (see attached Appendix A).

Consequently, this proposal now includes a cost-sharing component in which CDBG funds will enable the extension of the roofline to cover and protect the two cold storage units and their associated electrical and mechanical components and BRAFB will cover the cost of extending the roof to fully cover their loading bay.

Additional Considerations

Supporting investments in the Harris Street location is highly desirable for a number of reasons, not least of which is that this location is an ideal hub for their overall operations. The Harris Street location, for example, is almost perfectly located for an organization like BRAFB, being located close to major traffic arteries like the 250 bypass that connects it easily to Route 29 and interstate 64. The Harris Street location is also easily accessible to city residents as it is on a major road near to a local shopping area (McIntire Plaza), the Habitat Store, and is located very close to municipal transit, with a city bus stop within easy walking distance. In short, this location makes it extremely useful to the larger BRAFB network as it can easily serve as a storage and central distribution center for its overall distribution network, not just its immediate service area.

BRAFB has rented the Harris Street location under long-term leases from the start and is set to conclude negotiations to renew the current lease for a significantly longer term than that of the current lease. The current owner of the site has recently provided city staff with a letter of their intent to renew the current short-term lease for a period of no less than seven years. While ownership of the location by BRAFB would be ideal, especially for an investment of this nature, staff believes strongly that the benefits that will accrue to the Charlottesville community, and indeed to the entire BRAFB service area, are such that this infrastructure investment is highly worthwhile.

In addition, while this proposal does not include direct assistance to a for-profit entity, as the proposed refrigeration unit will be owned by and used exclusively and for the benefit of BRAFB and their operations, such assistance would be allowable as an eligible activity provided the activity meets HUD national objectives and income-eligibility requirements.

HUD recognizes the important role of food banks within the communities they serve and has identified several eligible activities to support their work, notably designating an entire activity code category (05W) to supporting the operating costs of eligible nonprofits like BRAFB (e.g., staff costs, supplies, insurance, etc.). As this proposal, however, does not seek to support BRAFB's operating costs but instead seeks to rehabilitate equipment vital to their ongoing work, it is proposed to fund this work through HUD activity code 03E, a category specifically established by HUD to support the rehabilitation of facilities designed to provide a broad benefit to the community. In addition, by the very nature of the service BRAFB provides and the primary beneficiaries of its work, the work outlined within this proposal falls well within the goals of HUD's national objective to support activities that provide 'Low/Moderate Area Benefits (LMAs)' for income-qualified residents.

Conclusion

The City's CDBG program has a commendable history of supporting vital infrastructure improvements for eligible community-benefit organizations that goes back many years, funding, for example, renovations and repairs for an outdated HVAC system at an Arc of the Piedmontresidential group home. It does not appear, however, that the CDBG program has supported food bank programs in the past, making this an excellent opportunity to forge a new path forward.

This proposal benefits from several other factors, as well, not the least of which is that while the work of this proposal will be put out for competitive bid as per BRAFB policy, BRAFB has a strong relationship with the local company that installed and maintains their current freezer unit, thereby potentially facilitating the implementation of this project in a timely manner. BRAFB leadership reports that this company did very good work and was very responsive to them during the construction of the freezer unit and that the new unit has performed entirely as hoped for over the past year of near-daily use. BRAFB leadership also reports that they have had preliminary ‘size and scope’ discussions with this company and that they stand ready to begin the project promptly if chosen as the vendor.

Without the funding proposed here, BRAFB will experience several immediate and avoidable negative impacts to their ongoing operations, not the least of which includes:

1. Continued and costly investments in maintaining end-of-life infrastructure, including an anticipated cost of approximately $8500 to replace the refrigerator's current roof, needed to maintain the structural integrity of the unit and to prevent leakages from the outside that would violate USDA food storage standards as well an additional $8,500-$17,000 within the next 2–3 years to replace one or both of the current condenser units, both of which are at or beyond their expected service life, should they fail;
2. Continued operations within a very tight space, which itself limits their ability to store fresh produce; and
3. A continued need to turn away donations of fresh produce.

<u>Alignment with City Council's Vision and Strategic Plan</u>

The proposal now before Council is highly aligned to the vision of the City of Charlottesville as a city in which *everyone* can thrive. This alignment stems in part from its establishment of a new avenue of **Partnership** between the City and BRAFB while also strengthening the existing extensive network of partnerships BRAFB has established with numerous local organizations in support of their shared mission.

This proposal is also anticipated to support Council’s goals related to **Climate Action** by replacing an outdated commercial refrigerator unit with a modern, much more energy efficient system, including the removal of the two existing condenser units that run almost constantly with newer units that will use far less energy. For example, the two current condenser units are encased within a non-reflective metallic surface that absorbs heat, while any new units installed as a part of this project will be protected by highly reflective materials that have a significantly higher Solar Reflectance Index (about 85 SRI), thereby reducing heat absorbed into the unit, energy needed to achieve necessary cooling levels and heat damage to electrical components over time. It is further anticipated that the electrical work involved in this proposal will be designed such that it will have the capacity to incorporate renewable energy from solar panels that could be installed on-site at a later date, thereby further enhancing the climate-positive impact of the current proposal.

<u>Community Engagement</u>

The funds proposed here for reprogramming were initially awarded to community-benefit organizations based on the recommendations made by the volunteer members of the city's CDBG/HOME Taskforce over a period of several fiscal years. The initial awards were made in accordance with the city's long-established procedures to foster community engagement and a high degree of responsiveness to important needs within our community, including the Citizen Participation Plan (CPP) and after having gone through multiple public presentations before both the Planning Commission and City Council.

Budgetary Impact

As the funds proposed for reprogramming are federal funds previously allocated to the city by HUD in prior years and were previously appropriated by Council to approved subrecipients, the current proposal does not draw from the city's General Fund and will instead serve to address an important and pressing community need while supporting the city's eligibility for future allocations of CDBG funds.

Recommendation

Staff recommends Council vote in approval of the proposed resolution to reprogram unused CDBG funds from prior program years to address current needs within the community for reliable food bank and food pantry programs by supporting and strengthening the work of the Blue Ridge Area Food Bank.

Suggested motion:

> **"I move that Council approve the RESOLUTION now before us to approve the 2024 Blue Ridge Area Food Bank Cold Storage Expansion Program and to appropriate unspent Community Development Block Grant funds from prior program years as needed to implement the proposal presented here before us today."**

Alternatives

Given the significant positive benefits of the proposed program for the people of Charlottesville, especially those most in need of the nutrition-related services BRAFB provides, and given that the funds to be reprogrammed herein are provided to the City by HUD for exactly this kind of community benefit activities, no alternatives courses of action are considered.

Attachments

1. Resolution to Reprogram CDBG Funds in Support of BRAFB 2024 Cold Storage Expansion Project
2. Appendix A - 2024 Blue Ridge Food Bank Cold Storage Expansion Slide Deck
3. Blue Ridge Area Food Bank (BRAFB) Annual Report FY23
4. BRAFB Landlord Letter of Intent to 7-Year Lease Renewal 2024-07-01