

EDB Committee

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MAUI HUB
NONPROFIT CORPORATION
BUSINESS PLAN
June 2020

Executive Summary

The Maui Hub is a nonprofit, community-based, organization whose primary mission is to provide local fresh affordable produce to Maui low income residents, food banks, and community kitchens. This is accomplished with an online-based food distribution system which connects local farmers and producers to consumers.

In response to the Covid-19 crisis, Maui Hub stepped in to fill a desperate need, facilitating the aggregation, storage, processing, and distribution of local food by linking farmers with the Maui community in need. The crisis exposed the lack of food security among many Maui families. The epidemic also exposed a necessity that Maui Hub quickly provided to the island of Maui. The intention is to assure the continuation and expansion of this service long into the future.

Mission

Our mission is to serve the community of Maui by providing local fresh produce to low income residents with an infrastructure which connects local farmers and small businesses to consumers.

Vision

Our vision is to combat food insecurity on Maui and provide low income residents with local healthy food while increasing the supply of and demand for locally grown produce and providing food distribution efficiency.

Values

Access to healthy food for everyone, support local farmers and businesses, conservation, and sustainability.

Current Operations

In April 2020, Maui Food Hubs was launched as an online producer-to-customer farmers market. In a very short time MFH has grown, now offering over 160 goods by over 24 local producers. MFH has been operating loosely under the auspices of Hawai'i Farmers Union United, HFUU, but is now ready to form a nonprofit corporation under the name Maui Hub.

Saturday through Tuesday, customers place their custom orders at mauifoodhubs.org. Farmers are given purchase orders on Wednesday. On Thursday, farmers and producers harvest produce, gather goods, and deliver to the current central hub, Sun Fresh Hawai'i in Kahului. On Friday, orders are picked and packed, to be placed on refrigerated trucks. Customers pick up their orders on Saturday at one of four locations:

- Central Maui (Kahului)
- South Maui (Kihei)
- West Maui (Lahaina)
- Upcountry Maui (Pukalani)

Maui Food Hubs partnered with Sun Fresh Hawaii, whose workers have stored, aggregated, and distributed the produce. Sun Fresh Hawaii is a small wholesale company in Kahului that usually serves restaurants and bars. Due to the Covid-19 crisis, this partnership has been mutually beneficial, providing Sun Fresh with much needed income in exchange for use of their labor and facility for storage, chilling, and processing.

In the two months since it began operating in April this year, MFH purchased more than \$27,000 in produce and products from local farmers and producers. In addition, it sold more than \$36,000 to Maui customers. MFH presents over 160 goods offered by over 24 producers.

Operation as Non-Profit Maui Hub

MFH has been operating loosely under the auspices of Hawai'i Farmers Union United, HFUU, but is now ready to form a nonprofit corporation under the name Maui Hub. As Maui Hub, we will set up an EBT Point of Sale (POS) account to process SNAP benefits so eligible low-income families can purchase produce. We will focus on registering and serving as many SNAP eligible customers as possible. We will also continue to provide produce to the Maui Food Bank.

Maui Food Hubs Response to the CV-19 Pandemic Economic Crisis

MFH was started in the midst of a pandemic, which changed the buying and selling of agricultural products statewide. Maui residents were particularly hard hit as so many were laid off work when the tourist economy shut down. Many have faced food insecurity. Many farmers were suddenly unable to sell much of their produce due to the closure of most restaurants and bars.

The demand for Community Supported Agriculture (CSA) boxes and farmers market produce skyrocketed as consumers demand more fresh produce. Demand for food giveaways exploded, exposing the prevalence of food insecurity, while the 40% of our residents who are unemployed waited four hours for food bank handouts. While CSA's are a great model for some farms, they don't work for many others, as they are time and labor consuming, and small specialty farms don't have the variety of products needed to fill a CSA box every week.

The shock of the pandemic provided an opportunity to build a food hub to meet the immediate needs of this crisis. Further, we intend to build a permanent distribution system to link Maui farmers and producers with the Maui community and continue to increase the availability of affordable, local healthy food to low income residents.

Transitioning to a Permanent Food Infrastructure

Maui Food Hubs can transition to a permanent food infrastructure for local farmers, ranchers, producers, and consumers. Maui imports over 80% of our food and the current pandemic has brought our broken local food supply front and center. We lack the infrastructure to procure, aggregate, and distribute local produce to local residents, particularly low-income residents. Food hubs are critical in the value chain to facilitate market access and increase access to local food for low income consumers.

Products and Services

As beautifully pictured on mauifoodhubs.org, MFH presents over 160 goods offered by over 24 producers. There is a large selection of high quality produce and products, everything from star apples, jaboticaba, fingerlimes, lychee, tomatoes, many greens, herbs, onions, potatoes, trout, kombucha, oils, honey, poi, steamed luau, and much more.

Current Maui Food Hubs Producers		
Aina Lani Farms	Kupa'a Farms	Oby's Farm
Birds With Arms Farm	Lapa'au Farms	Okoa Farms
Dee Hamby	Maiden Hawaii Naturals	PattiCakes
Escobedo Farm	Makaalae Farms	Quite Contrary Farm
Kahanu Aina Greens	MalikoBay Farms	Rancho Relaxzo
Kahumoku Family Farms	Maui Bee Farm	Stacey's Garden
Kula Pueo Farm	MauiGrown Tomatoes	Sun Fresh Hawaii
Kulahaven Farms	Maui Nui Farms	Ono Farms

Maui Hub will be set up to process purchases by SNAP eligible customers. Also, it will provide free or sponsored food boxes to the SNAP eligible families. With nearly 40% unemployment in our community, SNAP benefits will increase access to fresh, local produce to many of our most vulnerable residents. As funding allows, we also plan on expanding to include home delivery services to those unable to leave home.

Marketing Plan

Marketing has been and will continue to be through HFUU's Maui subscription base (1450 subscribers) via newsletters, Maui Food Hubs newsletter subscribed by MFH customers (560+), social media (900+ followers and growing), brochures and direct outreach to producers. MFH seeks to increase the supply of goods offered and increase the sales to customers. As our capacity increases, MFH will also advertise on local radio stations and attract low -income families. We will focus on attracting SNAP customers and expanding our food procurement so we can distribute food to the Maui Food Bank and to community kitchens that serve the poor.

Operational Plan

Our management plan currently operates on two regular weekly cycles: The Farmer/Producer/Consumer Cycle, and the Internal Project Team Cycle.

Farmer/Producer/Consumer Cycle

Saturday Noon to Tuesday 8 pm: Online store at mauifoodhubs.org is open for shopping. Inventory of the store is based on availability reports received from producers by Friday night.

Wednesdays: Producers get a 'pick ticket' generated from the online orders, which lists what to harvest and deliver to the central hub.

Thursdays: Producers harvest produce and gather goods according to Wednesday's pick ticket and deliver goods to the central hub. They receive checks from MFH upon delivery if they wish. Goods are stored in the chiller at the central hub.

Fridays: Orders are picked and packed at the central hub, put into numbered bags, and placed on pallets destined for Saturday's pick-up locations.

By Friday Night: Farmers/producers report to MFH the type, amount and wholesale price of each item anticipated to be available the following week.

Saturday Mornings: Pallets go into refrigerated trucks that head to customer pick-up points at these locations: Kahului, Kihei, Lahaina, and Pukalani. Each pick up location is open for a 2-hour window.

Internal Project Team Cycle

Tuesdays, 4:00 pm: Project team meeting. Ensure any customer/order issues from last week have been resolved. Discuss needs for the next week, capacity building, etc. Identify any new producers that want to be involved. Look at the most recent sales summary to examine trends. Discuss budget and funding needs, long term strategy, etc. Coordinate community reminders to post on social media that the store closes at 8:00 pm.

Wednesdays-Fridays: Online shop inventory is updated, according to reports from producers regarding next week's product availability.

Thursdays: Receive produce and products from producers at the central hub, check quality, and count/weigh the goods. If there are any shortages or quality problems, we attempt to source a replacement product. Checks are written and given to the producers when they deliver unless they wish to deliver earlier or later than when our team is at the central hub. In that case, checks are mailed to the producers that day.

Thursdays, 4 pm: Project team meeting. Team addresses any product/farmer /producer issues, confirms any changes needed to be made to packing and distribution methods, general preparations for our busiest days.

Fridays: Orders are packed and separated by pick up location. Customers credit card charges are finalized. (When customers place their orders, their credit cards are held but not finalized until Thursday evening, giving customers time to change their order during the "store open" window and adjustments made according to product quantity discrepancies.) Any unresolved shortages in orders—due to product shortage or low quality—are sent to customer support and financial point person so customers are not charged for items not included in orders.

Saturdays: Customer support is on standby to receive phone calls about any errors when customers pick up their orders, so they can be addressed immediately. Store opens at noon, so reminders are sent out through social media posts and electronic newsletters. New products and/or new farmers are highlighted.

Sundays - Tuesdays: The team makes social media posts highlighting individual products, recipes using Food Hub products, farmer stories, and reminders to the community that the store is open.

Management and Organization

Maui Food Hubs was started as a nonprofit project with Hawai'i Farmers Union United (HFUU) in partnership with Beyond Pesticides, Common Ground Collective, Sun Fresh Hawai'i, and several individuals.

The team managing and operating MFH consists of a "steering committee," a combination of HFUU part-time employees and volunteers. The core management team consists of six people, who will serve as the directors of the new nonprofit corporation, Maui Hub:

- John Dobovan
- Keith Ranney
- Cindy Giebink
- Autumn Ness
- Michelle Halcomb
- Linda Love

See the appendix for detail of the credentials of these directors. Several others with food hub experience participate in team meetings.

Purchases and Sales—April and May 2020

MFH's current cost of purchasing produce and goods is about \$18,000 per month. In turn, MFH's current income from the sale of produce and goods is about \$24,000 per month. We expect that to gradually increase as we add products, capacity, and consumer orders.

Funding of the Start Up

1. The first funds received to start MFH came from the Haleakala Chapter of HFUU, \$10,000, in March 2020.
2. Since the beginning of the pandemic, Maui County has donated \$40,000 to HFUU to purchase produce and products in order to assist Maui farms and businesses hurt by the sudden near closure of the island to visitors.

3. In addition, MFH raised \$20,000 in Start Up Labor Funding from two private foundations; Healy Foundation and the Ceres Trust. By May 31, 2020, \$8,963 of those funds have been paid out to lease laborers from Sun Fresh Hawaii to store, pick, pack, load, and deliver produce for the MFH.

4. In late May 2020, HFUU and MFH submitted a grant proposal for the USDA Local Food Promotion Program. We hope to receive a grant from the large amount of money that has been funded by the CARES Act—funneled through the USDA—to fund agriculture projects that assist the public during the pandemic.

5. In the immediate future, we are planning to make a grant request to the County of Maui for funding from the \$67 million being sent to the county from the state of Hawai'i under Senate Bill 75, another sum of money funded by the CARES Act.

Revenue History

Period Start	# Orders	Total Revenue	Cost (-)	Gross Profit (=)	Avg. Markup	Avg. Order
05/06/2020	168	\$ 5,974.91	\$ 4,145.31	\$ 1,829.60	30.62%	\$ 35.56
05/13/2020	133	\$ 5,253.15	\$ 3,603.67	\$ 1,649.48	31.40%	\$ 39.50
05/20/2020	156	\$ 6,211.57	\$ 4,361.34	\$ 1,850.23	29.79%	\$ 39.82
05/27/2020	143	\$ 6,339.93	\$ 4,968.75	\$ 1,371.18	21.63%	\$ 44.34
06/03/2020	157	\$ 6,853.57	\$ 5,109.95	\$ 1,743.62	25.44%	\$ 43.65
06/10/2020	146	\$ 7,893.66	\$ 5,797.71	\$ 2,095.95	26.55%	\$ 54.07
06/17/2020	137	\$ 6,579.66	\$ 4,873.36	\$ 1,706.30	25.93%	\$ 48.03
Totals	1040	\$ 45,106.45	\$32,860.09	\$ 12,246.36	27.78%	\$ 40.57

Funding Into The Future

Funding for this next phase of Maui Food Hubs will be collaborative. Purchase of large equipment and the facility lease are large up-front costs, so should we receive funds from the USDA and/or the County of Maui, we will also need to fill gaps with funding from foundations or other non-profits.

Other funding options are currently being pursued. As our larger up-front costs are covered by these grants, we expect a larger share of our regular operating costs to be covered by sales. As with many nonprofit food hubs across the United States, we will continue to seek out smaller ongoing grants and subsidies so that we may continue with our mission to make locally grown produce cost-accessible to Maui residents, particularly low-income families.

Financial Plan

The projections below outline a proposed first year budget, July 2020–June 2021, as funding allows. A more detailed 5 year financial model is available upon request.

Expenses	Ops Cost	Capital Purchases	Leases
Cost of purchasing goods (\$18,000/mo)	\$216,000		
Central hub facility with cold storage (lease)			\$36,000
Pallet Jack (buy)		\$400	
Forklift (buy)		\$6,000	
Bags, boxes, etc. (buy)		\$6,000	
Scale (buy)		\$1,000	
Tables (buy)		\$3,000	
Refrigerated truck (lease)			\$38,000
Website (bought)		\$1,200	
Marketing	\$1,000		
Truck Fuel	\$43,000		
Warehouse equipment & supplies		\$50,000.00	
includes: shelving, tools, safety equip., etc.			
Office equipment & supplies		\$30,000	

includes; desks, chairs, computer, printer, etc.			
Staff			
General Manager	\$78,000		
Sales/Marketing Manager	\$50,000		
Production Manager	\$50,000		
Warehouse Manager	\$50,000		
Warehouse Workers (\$3,000/mo)	\$36,000		
Truck Drivers (\$16,00/mo)	\$20,000		
Accountant/Bookkeeper (part time)	\$12,000		
Worker Benefits/Costs (\$284,000 wages)	\$150,000		
includes: taxes, insurance			
Business Insurance, legal costs	\$1,200		
Total Budget June 2020-June 2021	\$707,200	\$97,600	\$74,000
Income			
Sale of produce and products (\$24,000/month)	\$288,000		
First Year Operating Deficit	\$419,200		

Grants, Donor Contributions, and Volunteer Work

To operate, MFH will rely on grants from government bodies and charitable donors along with the continued generous contribution of volunteer labor.

Conclusion

The Covid-19 crisis exposed the lack of food security among many Maui families. The epidemic also exposed the need for a food infrastructure system that Maui Food Hubs quickly built. The intention is to assure the continuation and expansion of this service permanently as a non-profit corporation under the name Maui Hub. As such, it will: set up an EBT Point of Sale (POS) account to process SNAP benefits so eligible low-income families can purchase produce; focus on registering and serving as many SNAP eligible customers as possible; and continue to provide produce to the Maui Food Bank.

Appendix

Directors' Credentials

John Dobovan: 40 years experience as a pioneering and award-winning videographer with works showcased on Discovery Channel, Disney cable and ABC's Good Morning America, among others. A life-long gardener, in 2012 he closed his production company in order to work full time at his first love: farming. He co-founded Nalolicious Farm in Waimanalo before moving to Maui in 2013 to establish Kulahaven Farms, Hawaii's first commercial trout aquaponics farm. He is also President of Hawaii Farmers Union Haleakala Chapter and serves on the Ag Working Group.

Autumn Ness: Currently the Hawai'i Program Director for Beyond Pesticides, a national non-profit that is involved in the expansion of sustainable agriculture and land management through education, policy work, and heavy involvement in the USDA Organic Standards Board. She is a community organizer and farmer advocate, skilled in movement building, and driving policy and projects in the community, and County, State and Federal government. She has led numerous successful campaigns, including agricultural micro grants, pollinator protections, improved farmworker housing policy, and statewide herbicide reduction in public schools, parks and roadways. She previously served as the agriculture policy advisor to Council Member Elle Cochran, Directed the Hawai'i Program for the Center for Food Safety, and recently received the Malama i ka 'Aina Award from the Sierra Club Maui for her work on healthy soil, water and food.

Keith Ranney: Communications specialist with 30 years experience in media production, volunteer management, strategic planning and communications. Develops media strategies and brand awareness. Works with *for profit* and *nonprofit* organizations to identify affinity groups and plan effective media mix. Exceptional organization and people skills. As Communications Director for HFUU since 2015, Ranney serves as NeonCRM administrator, Webmaster, Newsletter Publisher and Point of Contact for the statewide organization. Joining the Maui Food Hubs project represents a strategic opportunity to expand his impact on the local food movement and the island's food safety and security. Keith Ranney Studio is a multimedia lab (audio, video production) in Keokea where he lives on a diverse 4-acre family farm with his partner of 20 years and extended ohana.

Management Team Credentials (continued)

Linda Love: Small farmer, upcountry Maui, grows citrus, proteas, and tomatoes; HFUU member; Social/political activist; Prepared a Maui Food Hub Feasibility Study in November 2018. For 35 years, she was a lawyer who represented workers and consumers. She served as the president or director of more than 10 non-profit social justice projects, political and legal organizations, including the Lezak Project (“Fixing Food” convention), president of the Oregon Trial Lawyers Association, and president of Oregon Workers Compensation Attorneys. She and her husband are active in progressive Maui projects including those that support low-income families and improve food security on Maui.

Cindy Giebink: Grew up in the Islands and has made a career of reinventing herself. She was a registered nurse at Maui Memorial for 13 years and a computer software and systems engineer at the Institute for Astronomy, University of Hawaii for 18 years. During her time with the university she gained a lot of experience as a Full Stack web developer. She is highly motivated to use her skills to help create food security for Maui.

Michelle Halcomb: Co-owns and operates a bar and live music venue on Maui where she manages payroll, bookkeeping, staffing and training. Michelle was project manager for the renovation and building permit process for the bar, securing three certificates of occupancies, a liquor license and food permit with Maui County. She has developed an inventory management system and implemented it for other small businesses which will be valuable to the Food Hubs operation. Along with small business management, she has over 15 years experience in commercial graphic design from branding and illustration to editorial layout and app development.