



8



March 3, 2022

City of Merced  
Attn: ARPA Community Funding Review Committee  
678 W. 18<sup>th</sup> Street  
Merced, CA 95340

**RE: Merced County Food Bank Request for COVID Recovery Funds**

Dear Review Committee:

We are requesting \$250,000 from the City of Merced to help offset significantly increased personnel costs caused by the Pandemic. Without question, COVID-19 significantly impacted every business and individual in the world and the United States. Emergency needs organizations, like Merced County Food Bank (MCFB), were, in many ways, the hardest hit and consequently the low-income citizens of the City of Merced. Our mission in summary is: "Feed those in need, reduce food waste, and educate the community on the issues of hunger and the need for healthy and nutritious food." This was a large and complex enough mission prior to COVID in an area that ranks as one of the poorest and most food insecure in the nation. COVID required us to:

**PROVIDE FOOD FOR FOUR TIMES MORE PEOPLE THAN PRE-COVID:** Pre COVID we would have a few hundred in line at the Foodbank each morning. In the first year of COVID our line approached 1,300 each morning. The several dozen pantries that we supply with food in the City of Merced had similar increased demand for food.

**RENT ADDITIONAL COLD STORAGE SPACE TO & CONTRACT FOR MORE OUTSIDE SERVICE TO MEET THE HUNGER NEED.** These two expense line items were approximately \$250,000 more during COVID as compared to the year prior to COVID.

**INCUR SIGNIFICANTLY GREATER MAINTENANCE, REPAIR AND OTHER OPERATING COSTS:** We stretched our facilities and equipment to the limit during COVID. Warehouse repairs were \$87,000 more per year than Pre COVID. Utility expenses, likewise, rose by 25%, Liability and other Insurance was up 47%, and keeping people attempting to break in and loot our warehouse was a major problem during COVID.

**INCREASE OPERATING HOURS.** Unlike many organizations, we could not close and let employees work from home. We had to have all employees at work during normal work hours, increase working hours by 25-50% and require overtime work to meet the demand for food. The Pandemic was so workforce intensive that the California National Guard was called in to help.

**INCREASE SALARY AND BENEFIT EXPENSES SIGNIFICANTLY.** In the year prior to COVID, employee wages, taxes and all benefits were \$429,000. In the two COVID years, average total personnel expenses each year were \$706,000, an increase of \$277,000 or a 65% increase. Personnel expenses would have been even higher if employees had received compensation for the hours they donated of their own free will. Most of our staff had almost no time off and worked 10-hour days 6 to 7 days a week.

One bright spot during COVID was the way our employees performed. They demonstrated a dedication, mission commitment, and work effort that was second-to-none and most of our employees were already underpaid prior to COVID as adjudged by industry, state, and regional averages. Employee pay is the bucket of funds that was depleted the most during the Pandemic. We currently have some funding available for repairs and infrastructure upgrades identified during the Pandemic and we are actively pursuing additional revenue streams in this area. However, funds for this area are restricted and cannot be used for personnel expenses. In the upcoming COVID recovery and rebuilding phase, we cannot afford to lose any of our employees. To ensure we retain as many of them as possible and keep a workforce that can meet the food demands without excessive overtime, we must find funding for personnel expenses. We hope that the City of Merced will help in this endeavor and fully fund this request for \$250,000,

We have attached a detailed budget/financial spreadsheet with four years of data: One for the year prior to COVID, one for each of the last 2 COVID years, and a forecast for the upcoming year. As can be seen from this document, our expenses in the year prior to COVID doubled in each of the two COVID years. Personnel expenses account for the largest line-item increase. Although the committee did not specifically request an annual report, we have included one for your optional review, should you desire additional information about MCFB.

Following is our contact information for this request. Please do not hesitate to contact us if additional information is required.

Legal Name of Organization:	Merced County Food Bank (MCFB)
501(c)(3) EIN:	80-0093563
ADDRESS (Mailing & Physical)	2000 West Olive Avenue, Merced, CA 95348
OFFICE PHONE #:	209-726-3363
EXECUTIVE DIRECTOR:	Mr. William Gibbs
GRANT CONTACT:	Mr. Joseph Hypes
	<a href="mailto:Jth@mmcfb.org">Jth@mmcfb.org</a>
	Cell Phone—209-756-6388

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Gibbs', written in a cursive style.

Bill Gibbs  
Merced County Food  
Bank Executive Director

4 Attachments

1. Staff Experience
2. Project & Scope
3. References
3. Budget

**(This Page Intentionally Left Blank)**



## **ATTACHMENT 1 INDIVIDUAL STAFF EXPERIENCE**

The entire MCFB workforce will be involved in conducting this project. Space prevents us from listing all of the staff and their experience. However, most of the staff involved in the project will be highly experienced, long-time MCFB employees. In fact, one focus of this request is to find funds to help ensure we can retain these highly experienced employees. Mr. Bill Gibbs, Executive Director of MCFB, will oversee all aspects of this project. Following is a brief overview of his experience and qualifications to ensure success of the project and that all grant funds are used as requested:

Mr. Gibbs has been leading the team at MCFB since February of 2016. During this time, MCFB has grown its capacity to acquire, store and distribute nutritious food to Merced city residents. During this time, MCFB has improved its infrastructure (trucks, cold storage, technologies etc.), staffing levels, quality and quantity of foods, and has become financially stable. MCFB has also enhanced its collaborative projects, and significantly improved the capacity of its partner agencies to store and distribute nutritious foods. All of this has resulted in MCFB being able to serve 15,000 – 17,000 people per month – a 65% increase over 2015 levels.

Mr. Gibbs has been working in the non-profit community since leaving the service in 1992. He has worked in the development and operations areas at nonprofits that developed affordable housing, as well as supportive emergency, transitional and permanent housing for people with disabilities, seniors and veterans. In addition, he has worked in program development and provided direct services to veterans making the transition from the battlefield to the farm field. He has held the following positions prior to joining MCFB – Chief Operating Officer, Vice President of Development and Marketing, Director of Program and Business Development, and Director of Development.

Mr. Gibbs has worked for decades with municipalities utilizing CDBG, EFSP, and ESG funds. He has worked with California State entities such as the Department of Social Services, Housing and Community Development, HOPWA, and Veteran Affairs. He has also worked federally with HUD, USDA, HHS, DoD, and FEMA; with formula funded, and competitive application projects.

*b) For each staff member, provide current professional credentials/education, related experience, and years of experience with the organization.*

Mr. Gibbs holds certification as a Certified Fund Raising Executive (CFRE), and as a Human Resource Management Certified Professional (SHRM CP).

Mr. Gibbs is currently a Public Administration doctoral student in the Helms School of Government at Liberty University. He holds graduate degrees from Liberty – Master of Arts in Public Policy (MAPP) - (Concentration in Public Administration) (2021), Master of Public Administration (MPA) - (Concentration in Public & Nonprofit Management) (2019), and a Master of Business Administration (MBA) - (Concentration in Financial Management) from Trident University (2009). His undergraduate work was done at Trident University, and the University of Hawaii at Manoa.

Mr. Gibbs has been working in leadership positions within the nonprofit community for thirty years and has been with MCFB for the last six years.

**(This Page Intentionally Left Blank)**



## ATTACHMENT 2 PROPOSED PROJECT AND SCOPE OF SERVICES

**OUR REQUEST:** Our request is for \$250,000 to help pay personnel expenses. As outlined in our cover letter, COVID 19 significantly depleted funds earmarked for personnel expenses in future years. To meet an almost exponential increase in the demand for food during the Pandemic required a significant amount of overtime, long hours each day and very little time off. In the two years of COVID, our overall annual expenses doubled. Personnel expenses were over \$250,000 more in each of the two COVID years than they were in the year prior to COVID. In our overcoming year of rebuilding and recovery from COVID, personnel expenses will be even more than the two COVID years. The unplanned increase of \$500,000 to meet COVID emergency needs impacted scheduled staff raises for personnel who even prior to COVID were below the industry, federal, and state pay rate standards for their work specialties. .

### HOW MCFB WORKS:



The process of acquiring, storing, and distributing food to our hungry neighbors requires a dynamic infrastructure and sophisticated management.

MCFB (a member of the Feeding America Network), secures donations from food and grocery manufacturers, retailers, shippers, packers, growers, government agencies, individuals, and other organizations. Donated food is stored at MCFB's 30,000 square

foot warehouse that has over 7,000 square feet of refrigerated and frozen storage. Food is inventoried, inspected, and cataloged. MCFB then distributes donated food and grocery products to over 100 food bank partner agencies. The partner agencies, in turn, distribute food and grocery items through their food pantries and meal programs that serve families, children, seniors and others at risk of hunger.

### **THE NEED FOR MCFB:**

It has always been a paradox, even prior to COVID, that we had so many hungry people in an area nestled in the heart of the nation's food basket, the San Joaquin Valley, 110 miles from Silicon Valley, 120 from San Francisco, and about the same from Sacramento. For instance, our child food-insecurity rate prior to COVID was one of the highest in the nation at 27.3%. Only two counties in California had a higher rate. When 290 United States Counties that have more than 10,000 hungry children are ranked, Merced County is the third highest in the nation--- only Hidalgo and Cameron counties in Texas have more hungry children and a higher child food-insecurity rate. In the last several years we set these all-time highs for feeding the hungry in our service area:

- 225,000 individual distributions provided
- 17,000 meals' worth of food distributed daily
- Approximately 8 million pounds of food delivered
- 1,243,000 pounds of fresh fruits and vegetables distributed
- 132,418 families received drought relief boxes
- 31,400 Senior Brown Bags were delivered to seniors
- 14,211 hours of work by volunteers
- Establishment of a vast network with 100 pantry partners
- 75,000 + children received healthy nutritious food
- 7,000 + seniors received supplemental food bags
- Provided 5 meals for each dollar donated
- 3,632 areas volunteers dedicated to the fight against hunger

Despite these all-times Pre Covid highs, we have always known that our fight to eliminate food insecurity was far from over. When COVID entered the picture, it pushed the need to a level we never anticipated. Daily lines at the Food Bank grew from 300 each day to 1,500 on some days. Our 100 pantry partners also saw similar long lines. The characteristics of our area with its rural geography, ethnic and racial diversity, and rampant poverty have always presented serious challenges to service, even prior to COVID. Our service area is 3,422 square miles, larger than the state of Delaware and almost 3 times the size of Rhode Island. At this time, we do not know how many Merced City and surrounding area residents were forced into the poverty category because of COVID. Early estimates are 10,000 or more. One thing we do know is that for the next few years the demands for food will be greater than they were prior to COVID. For this reason, it is essential that we find the funds to pay employees adequately to ensure we can retain their expertise and meet the need of feeding as many of our hungry neighbors as possible.

## **SOME OF THE PROGRAMS WE OVERSEE OR MANAGE:**

**Nonprofit Community Food Program:** The Community Food Program provides food and nonfood items to more than 100 Merced and Mariposa nonprofit organizations that operate hunger-relief programs. These include: food pantries, soup kitchens, shelters, low-income daycare centers, senior centers, substance abuse rehabilitation programs, disability programs and faith-based programs.

**Emergency Food Assistance Program (EFAP):** The Emergency Food Assistance Program (also known as USDA Commodities) is a federal program that provides monthly food packages to individuals and families who meet income guidelines set by the federal government. The Food Bank administers the program and distributes USDA-provided food to nearly 8,000 individuals every month.

**The Senior Brown Bag Program:** Merced County Food Bank's Senior Brown Bag Program provides supplemental nutritious groceries twice a month to over 2,400 older adults (ages 55+) at 16 distribution sites in Merced and Mariposa Counties.

**Commodity Supplemental Food Program:** CSEP works to improve the health of low-income elderly persons at least 60 years of age by supplementing their diets with nutritious USDA Foods. Merced County's CSFP program is administered through the Modesto Love Center and advocated through the Merced County Food Bank.

- **Drought Food Assistance Program (DFAP):** California's Drought Food Assistance Program (DFAP) is a temporary food assistance program developed in response to the Governor's Drought Emergency Declaration in January 2014. The DFAP provides food boxes to food banks in specified counties that suffer high levels of unemployment and underemployment as a result of the drought.

In addition to the above projects, each year we conduct many special projects as the need arises. For example, prior to COVID we had started a Kids' Backpack Program to provide meals for children on weekends during the school year and in the summer months. With the high food insecurity rate for earlier discussed, it is essential that we get this program restarted.

In short, the scope of our mission is vast with many moving parts and varied projects needed to feed hungry people. Some additional facts about the MCFB are:

Since startup in 2004 MCFB has distributed more than 53 million pounds of food. The organization, prior to COVID, was marked by capacity growth, as well as a significant increase in food quality. Annual revenues had been increased by 60% and 6 months of reserve funding had been established to deal with emergencies. COVID significantly reduced the reserved funding that we had steadily built up, particularly funds set aside for future personnel expenses.

Every \$1 donated allows MCFB to distribute the equivalent of four meals through our more than 100 partner agencies and Food Bank programs.

92 cents of every dollar donated goes directly to our programs.

This request to the City of Merced in response to its Request for Proposal is \$250,000. This amount will help MCFB recover from COVID and rebuild reserves to ensure we continue to have the capability to conduct our daily mission and respond to potential future emergencies.

**(This Page Intentionally Left Blank)**

**ATTACHMENT 3: Pre and Post COVID Financial Information and Budget for Grant Period (FY, 22, 23)**

INCOME	Pre COVID FY 18,19	During COVID FY 20,21	During COVID FY 21,22	Post COVID FY 22,23
<b>4000A Income</b>				
4010 Pantry Sales	\$102,000	\$12,000	\$17,561	\$45,000
4015 Individual Contributors	\$75,000	\$97,000	\$193,282	\$145,000
4040 Business Donations	\$150,000	\$155,000	\$147,747	\$155,000
4023 Grants	\$225,000	\$675,000	\$835,178	\$1,175,000
4025 Church Donations				
4069 Special Events				
4169A Fundraisers	\$5,000			
Sharing the Harvest	\$55,000	\$80,000	\$70,736	\$75,000
Total 4069 Special Events				
4070 United Way	\$0	\$50,000	\$55,000	\$35,000
4071 FEMA	\$77,000	\$90,000	\$96,734	\$98,500
4090 Brown Bags	\$32,000	\$7,000	\$4,889	\$5,000
4092 USDA	\$72,000	\$125,000	\$346,520	\$350,000
4093 Pallets		\$2,200	\$4,106	\$2,200
MISC (Drought Boxes)	\$0		\$109,703	\$110,000
Gleaning Project	\$0			
County Placements Reimbursements	\$26,000	\$10,000	\$11,500	
Sales SEFAP	\$82,000	\$95,000	\$26,115	\$89,000
<b>TOTAL INCOME</b>	<b>\$901,000</b>	<b>\$1,398,200</b>	<b>\$1,919,071</b>	<b>\$2,284,700</b>
Cost of Goods Sold				
5900 Food Acquisition Costs	\$70,000	\$100,000	\$224,561	\$475,000
Cost of Goods Sold				
Total Cost of Goods Sold				
<b>GROSS PROFIT</b>	<b>\$831,000</b>	<b>\$1,298,200</b>	<b>\$1,694,510</b>	<b>\$1,809,700</b>
<b>EXPENSES</b>				<b>INCREASE DURING COVID</b>
6030 Automotive				
6030.01 Fuel	\$19,500	\$32,000	\$23,419	\$45,000
6030.05 Truck Payments	\$50,000	\$43,000	\$48,358	\$55,000
6030.07 Repairs	\$2,200	\$6,000	\$11,321	\$6,000

**ATTACHMENT 3: Pre and Post COVID Financial Information and Budget for Grant Period (FY, 22, 23)**

Rolling Equipment	\$7,500	\$10,800	\$9,615	\$10,500
6080 Bad Debt (Returned Checks)		\$100	\$52	\$100
6085 Bank Service Charges	\$750	\$950	\$1,570	\$1,600
6085.02 Quickbook Fees	\$1,000	\$2,765	\$2,765	\$2,800
6090 Supplies & Materials	\$1,500	\$15,000	\$18,145	\$28,000
6100 Development	\$2,000	\$1,200	\$2,475	\$10,000
6100.05 Printing & Advertising	\$1,500	\$2,500	\$795	\$2,000
6100.07 Special Events Promotion	\$700	\$350	\$275	\$500
6100.10 Postage & Delivery	\$450	\$300	\$255	\$300
Staff Development	\$4,500	\$10,200	\$2,217	\$10,000
6104 Donations	\$2,500	\$6,000	\$8,250	\$6,000
6110 Dues & Subscriptions	\$5,500	\$305	\$795	\$900
6115 Equipment	\$5,400	\$5,000	\$2,112	\$65,000
6201 Gleaning Program	\$0	\$0		
6202 Fundraising Expense -Harvest Event	\$7,500	\$13,000	\$8,418	\$23,000
6655 Insurance				
6655.01 Building & General Liability	\$14,500	\$32,000	\$28,217	\$32,000
6655.03 Directors & Officers Ins	\$1,700	\$1,500	\$1,503	\$1,750
6655.05 Vehicle Insurance			\$22,160	\$35,000
6655.09 Workers Comp Ins	\$35,000	\$42,000	\$39,451	\$47,500
6600 Internet Expense	\$350			
Total 6655 Insurance				
6658 Licenses & Permits	\$3,500	\$7,000	\$9,661	\$3,500
6690 Marketing	\$7,500	\$11,000	\$9,200	\$11,000
6700 Miscellaneous	\$550	\$5,000	\$53,225	\$5,000
6720 Office Supplies	\$7,500	\$11,000	\$8,230	\$14,500
6730 Outside Services	\$4,000	\$21,000	\$127,161	\$29,500
6733 Outside Cold Storage	\$9,500	\$39,000	\$110,619	\$135,500
6735 Pest Control	\$2,500	\$2,800	\$2,125	\$3,000
6740 Professional Fees	\$1,000	\$2,200	\$450	\$1,750
6740.01 Accounting	\$12,000	\$11,000	\$15,750	\$28,000
Agency Capacity Development	\$0			
6741 Entertainment Meals	\$1,200	\$5,000	\$38,199	\$5,500
6742 Rent	\$72,000	\$78,000	\$78,000	\$88,000
6745 Security	\$500	\$3,500	\$18,500	\$10,750
6751 Repairs & Maintenance	\$2,500	\$1,800	\$3,109	\$2,500
6751.01 Computer & Office Supplies	\$900	\$900	\$295	\$975
				\$123,161/year increase
				\$101,119/year increase

**ATTACHMENT 3: Pre and Post COVID Financial Information and Budget for Grant Period (FY, 22, 23)**

6751.02 Warehouse Repairs	\$5,500	\$5,700	\$92,961	\$15,250	\$87,000/year increase
Total 6751 Repairs & Maintenance					
6800 Taxes	\$300	\$160	\$423	\$500	
6850 Office/General Administrative Expenses	\$120	\$200		\$200	
6860 Travel	\$2,000	\$25,000	\$13,899	\$17,500	
6875 Utilities					
6875.01 Gas & Electric	\$33,000	\$40,000	\$34,881	\$48,950	
6875.03 Telephone	\$3,000	\$3,700	\$5,030	\$3,500	
6875.09 Water, Sewage & Garbage	\$9,000	\$12,500	\$18,340	\$19,500	
Benefits	\$19,675	\$49,750	\$48,723	\$57,750	\$30,000/year increase
Misc Costs	\$3,500	\$3,000		\$3,000	
Financed Projects	\$0	\$1,500	\$1,500	\$1,500	
Freight	\$2,000	\$900		\$900	
Internet	\$4,800	\$4,600	\$4,357	\$4,600	
County Placement Wages		\$10,000	\$11,500		
Payroll Expenses					
Taxes	\$39,000	\$50,000	\$48,490	\$57,250	\$9,490/year increase
Wages	\$390,000	\$589,000	\$603,243	\$773,142	\$213,243/year increase
COVID Hazard Pay		\$30,000	\$5,000		\$35,000 for 2 years
Total Payroll Expenses					Increase of \$258,000 for each COVID YEAR
<b>TOTAL EXPENSES</b>	<b>\$801,095</b>	<b>\$1,250,180</b>	<b>\$1,595,039</b>	<b>\$1,725,967</b>	<b>Increase of \$793,944 for each COVID YEAR</b>
Net Operating Income					
<b>NET INCOME</b>	<b>\$29,905</b>	<b>\$48,020</b>	<b>\$99,471</b>	<b>\$83,733</b>	



## ATTACHMENT 4 REFERENCES

Kim Nutt  
Housing Program Supervisor  
City of Merced Housing Division | Development Services Department  
678 W. 18th Street | Merced, California 95340  
Main: 209-385-6863 | Direct: 209-388-8988 | eFax: 209-388-7317  
[NuttK@cityofmerced.org](mailto:NuttK@cityofmerced.org)

Don Williams | TEFAP Consultant  
Emergency Food Programs Unit B  
Emergency Food Programs Section  
California Department of Social Services  
Phone: (916) 653-1237  
[Don.Williams@dss.ca.gov](mailto:Don.Williams@dss.ca.gov)

Vernette Doty, Director  
Community Engagement Center,  
University of California, Merced  
5200 Lake Rd. Merced, CA. 95343  
O: (209)228-4201 Cell (509)338-5196  
[vdoty@ucmerced.edu](mailto:vdoty@ucmerced.edu)

Robert Matsuo, Owner of Five. Ten. Bistro  
Five. Ten. Bistro  
510 W Main Street. Merced, CA 95340  
(209) 604-2320  
[fivetenbistro@yahoo.com](mailto:fivetenbistro@yahoo.com)