

**Quality and Productivity Commission**  
**34<sup>th</sup> Annual Productivity and Quality Awards Program**  
**“Leading with Excellence”**

**2021 APPLICATION**

Title of Project (Limited to 50 characters, including spaces, using Arial 12-point font):

**NAME OF PROJECT: HEALTHY STORES REFRIGERATION PROGRAM (HSRP)**

**DATE OF IMPLEMENTATION/ADOPTION:** Sept 1st 2020

(Must have been **fully** implemented for a **minimum of** at least one year - on or before July 1, 2020)

**CHECK HERE IF THIS PROJECT IS BEING SUBMITTED FOR THE COVID-19 IMPACT AWARD ONLY.** (Projects must be implemented on or before December 31, 2020. **Note:** Projects implemented less than one year ago will not be eligible for any other PQA awards. In addition, once a project is submitted, you cannot submit the same project for awards consideration in subsequent years).

**PROJECT STATUS:** x Ongoing One-time only

**HAS YOUR DEPARTMENT PREVIOUSLY SUBMITTED THIS PROJECT?** Yes x No

**EXECUTIVE SUMMARY:** Describe the project in 15 lines or less using Arial 12-point font. State clearly and concisely what difference the project has made.

1 The Healthy Stores Refrigeration Program (HSRP) is resource program that supports  
 2 corner stores and small businesses across the Los Angeles region who continue to face  
 3 challenges in response to COVID-19, by providing more healthy food options, and  
 4 funding new energy-efficient refrigerators. This program provides the benefit of  
 5 increasing fresh food options in our low-income and disadvantaged communities,  
 6 reducing Greenhouse Gas Emissions in support of the County’s environmental goals,  
 7 as well as supporting local and agricultural jobs in our region. It also works to educate  
 8 store owners on the financial, energy, and community benefits. The HSRP is funded by  
 9 a \$1.4 million grant awarded by the California Department of Food and Agriculture. To  
 10 date, 16 stores have participated in the Program and by 2022 refrigerators will be  
 11 placed in 80 stores throughout L.A. County.  
 12  
 13  
 14  
 15

BENEFITS TO THE COUNTY

(1) ACTUAL/ESTIMATED ANNUAL COST AVOIDANCE	(2) ACTUAL/ESTIMATED ANNUAL COST SAVINGS	(3) ACTUAL/ESTIMATED ANNUAL REVENUE	(1) + (2) + (3) = TOTAL ANNUAL ACTUAL/ESTIMATED BENEFIT	SERVICE ENHANCEMENT PROJECT
<b>\$ 500,000</b>	<b>\$336,000</b>	<b>\$</b>	<b>\$ 836,000</b>	<input type="checkbox"/>

ANNUAL = 12 MONTHS ONLY

<b>SUBMITTING DEPARTMENT NAME AND COMPLETE ADDRESS</b> Internal Services Department-1100 N Eastern Ave, Los Angeles	<b>TELEPHONE NUMBER</b> (323) 267-2101
<b>PROGRAM MANAGER’S NAME</b> Minh Le	<b>TELEPHONE NUMBER</b> (323) 267-2006
<b>PRODUCTIVITY MANAGER’S NAME AND SIGNATURE</b> <small>(PLEASE CALL (213) 893-0322 YOU DO NOT KNOW YOUR PRODUCTIVITY MANAGER’S NAME)</small> Leticia Perez <i>Leticia H. Perez</i>	<b>TELEPHONE NUMBER</b> (323) 267-3138  <b>EMAIL</b> <a href="mailto:lperez@isd.lacounty.gov">lperez@isd.lacounty.gov</a>
<b>DEPARTMENT HEAD’S NAME AND SIGNATURE</b> Selwyn Hollins <i>Selwyn Hollins</i>	<b>TELEPHONE NUMBER</b> (323) 267-2101

**\*\*ELECTRONIC, WET, OR SCANNED SIGNATURES ARE ACCEPTABLE\*\***

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**1<sup>st</sup> FACT SHEET – LIMITED UP TO 3 PAGES ONLY:** Describe the **challenge(s), solution(s), and benefit(s)** of the project **to the County**. What quality and/or productivity-related outcome(s) has the project achieved? Provide measures of success **and specify assessment time frame**. Use Arial 12-point font.

The County of Los Angeles current population consists of over 10 million constituents. In addition to being in a densely populated urban region, the County accounts for the largest proportion of California Environmental Protection Agency (CalEPA) classified “Disadvantaged Communities” (DACs). Furthermore, the County region also contains a vast number of low-income communities who face significant environmental health concerns. DACs are identified by the CalEPA as the top 25% most impacted census tracts in CalEnviroScreen 3.0 - a screening tool used to help identify communities disproportionately burdened by multiple sources of pollution and with population characteristics that make them more sensitive to pollution. Low-income communities and households are defined as the census tracts and households, respectively, that are either at or below 80% of the statewide median income, or at or below the threshold designated as low-income by the California Department of Housing and Community Development's (HCD). Alongside these priority populations is the underserved and hard-to-reach market segment of small businesses, specifically small-scale stores and grocery stores who serve these priority populations. It is estimated that there are approximately 16,000 classified food and beverage retail stores as of 2017 within the County of Los Angeles. It is estimated that 20% of all energy usage is attributed to small businesses. If small business were to undertake strategic energy efficiency investments, they could reduce their energy usage and utility costs by 10% - 30% annually. In addition, by becoming more energy efficient small business can be a significant contributor to the reduction in greenhouse gas emission, while improving their bottom line, and the community around them.

Refrigeration is by far the largest energy user in grocery stores, representing an average of 43% of electricity usage. By replacing inefficient equipment, and encouraging healthy food options, the program creates a win/win, saving small businesses money on utility bills, reducing pollution in areas most affected by it, contributing to health of their community, and potentially increasing store revenue by selling healthy, nutritious foods. The objective of HSRP is to address the current challenges that exist within food deserts by promoting healthy food options in low income communities, while reducing greenhouse gas (GHG) emissions.

Specifically, the program provides incentives for energy efficiency small commercial refrigeration unit upgrades to corner stores (or their equivalents, such as neighborhood stores, bodegas, convenience stores, or mom and pop stores – all called “corner stores” for purposes of this program) located in food deserts.

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By participating in the Program, store owners save on energy usage and utility bills, while providing non-processed, or minimally processed food options for the communities they serve. The program provides store owners with educational materials and training to successfully source, market, and sell healthy, perishable products such as California-grown fresh fruits, nuts, vegetables, and minimally processed prepared foods. HSRP also helps store owners find the right new refrigerator(s), from a wide-range selection, installs the refrigerator(s), supports the recycling process of any old refrigerators, and identifies healthy food options, all at no cost. Store owners have reported up to 50% energy savings after installation of refrigerators.

Some of the challenges and barriers of the small commercial market segment include:

- Small businesses lack the subject matter expertise to identify upgrades or to evaluate which upgrades are most beneficial to their facilities.
- Small businesses also lack the time or effort to implement upgrades.
- Last and most importantly, most small businesses lack the capital or access to low cost financing.

The HSRP Program is but one key step into overcoming those market segment barriers and improving the health and environment of the underserved communities.

The estimated Savings Potential and GHG emission reductions, for annual refrigeration unit upgrades are 98,048 (kWh), and 57.5 metric tons, respectively.

There is ongoing and comprehensive reporting, monitoring, and evaluation of program performance to ensure the HSRP is on track to meet goals and targets and to keep stakeholders fully informed of its operations and outcomes. Data is collected on all projects including location, schedule, barriers, energy savings, and project costs. Detailed reports will be provided on an annual and quarterly basis to demonstrate progress and results, in addition to bi-weekly updated spreadsheets on the program shared with California Department of Food and Agriculture staff.

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**Linkage to the County Strategic Plan – 1 page only.** Which County Strategic Plan goal(s) does this project address? Explain how. Use Arial 12-point font.

The goals of the HSRP directly supports the County’s 2016-2021 Strategic Plan Goal II.3 - Making Environmental Sustainability our Daily Reality; the energy efficient refrigerators that are installed at the small businesses in disadvantaged communities fosters a cleaner, more efficient, and more resilient energy system. The program also addresses Strategic Plan Goal II.3.4. – Reduce Waste Generation and Recycle and Reuse Waste Resources by reducing harmful waste by properly disposing of old inefficient refrigeration units.

Furthermore, the HSRP objectives, while not explicit in County Strategic Plan Goal I – Make Investments that Transform Lives, they are consistent with the overarching theme by:

- Addressing the current challenges that exist within food deserts.
- Reducing GHG emissions while simultaneously promoting options for healthy food options within low income, DACs and food deserts.
- Providing education, outreach and support to “hard-to-reach” small commercial businesses regarding energy efficient (EE) upgrades and the benefits for offering healthy food options.
- Assisting small commercial businesses overcome common barriers within their EE segment (i.e., lack of awareness and knowledge of EE benefits and how to make use of the utility programs.
- Promoting strategies to align financial, energy and community benefits for small commercial owners.

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**COST AVOIDANCE, COST SAVINGS, AND REVENUE GENERATED (ESTIMATED BENEFITS TO THE COUNTY):** If you are claiming cost benefits, include a calculation on this page. Please indicate whether these benefits apply in total or on a per unit basis, e.g., per capita, per transaction, per case, etc. You must include an explanation of the County cost savings, cost avoidance or new revenue that matches the numbers in the box. Remember to keep your supporting documentation. Use Arial 12-point font

**Cost Avoidance:** Costs that are eliminated or not incurred as a result of program outcomes. Please indicate whether these are costs to the County or to other entities.

**Cost Savings:** A reduction or lessening of expenditures as a result of program outcomes. Please indicate whether these were expenditures by the County or by other entities.

**Revenue:** Increases in existing revenue streams or new revenue sources to the County as a result of program outcomes.

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As a subdivision of the state, the County is charged with providing numerous public services and community support. The HSRP serves as a public service resource provided by the County to its small business owner constituents. This of course is provided at no cost to the County or its community members because it is fully funded by a grant awarded from the California Department of Food and Agriculture.

To implement this program and to offer no-cost direct install commercial refrigerators to 80 local bodegas within the County’s low-income and disadvantaged communities would have cost the County 1.5 to 2 million dollars (approximately \$500K annually of cost avoidance between years 2020-2022). In addition to the cost avoidance to the County, the program offers significant cost savings to small business owners in disadvantaged communities through lower utility costs. Annually these savings are forecasted to amount to \$336,000 a year (this assumes 40 stores upgrade 2 refrigerant units and their average monthly utility bills savings is approximately \$700).

In total the program will have avoided \$1.5 million in program public service costs to the county and saved 80 small corner store owners \$672K annually in utility expenditures.