



The Good Food Access Program

A Report to the Minnesota Legislature



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Cover photo is from the grand re-opening of Mini Market Lupita in Worthington on March 2, 2018.

Pursuant to Minn. Stat. § 3.197, the cost of preparing this report was approximately \$500.

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Introduction

This report is submitted pursuant to 2016 Minnesota Statutes: M.S. 17.1017, subd. 9.

Legislative report. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, shall submit an annual report on the good food access program by January 15 of each year to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture policy and finance. The annual report shall include, but not be limited to, a summary of the following metrics:

- (1) the number and types of projects financed;
- (2) the amount of dollars leveraged or matched per project;
- (3) the geographic distribution of financed projects;
- (4) the number and types of technical assistance recipients;
- (5) any market or commodity expansion associated with increased access;
- (6) the demographics of the areas served;
- (7) the costs of the program;
- (8) the number of SNAP and WIC dollars spent;
- (9) any increase in retail square footage;
- (10) the number of loans or grants to minority-owned or female-owned businesses; and
- (11) measurable economic and health outcomes, including, but not limited to, increases in sales and consumption of locally sourced and other fresh fruits and vegetables, the number of construction and retail jobs retained or created, and any health initiatives associated with the program.

The first report was submitted to the legislature in January 2017 and focused on the initial work of the Good Food Access Program Advisory Committee. A second report was submitted in January 2018 and focused on the first round of grantmaking. This report will focus on the second round of grants and initial impacts from the first round.

Background

The Good Food Access Program (GFAP) was established at the Minnesota Department of Agriculture (MDA) through legislation passed by the 2016 Legislature. Relevant statutory language is contained in Minnesota Statutes **M.S. 17.1017** (establishment of the program) and **M.S. 17.1018** (creation of the Good Food Access Program Advisory Committee).

The purpose of the GFAP is to increase the availability of and access to affordable, nutritious, and culturally appropriate food for underserved communities in low-income and moderate-income areas. To accomplish this goal, the GFAP provides financial support and technical assistance to open, renovate, or expand the operations of grocery stores and small food retailers, and will expand access to credit and reduce barriers to investment in underserved communities in low- and moderate-income areas.

This legislation also created the Good Food Access Account in the agricultural fund. The account consists of money appropriated by the legislature and may also accept funds donated, allotted, or transferred to the account from public or private entities. The legislation encourages the MDA to leverage other forms of public and private financing or financial assistance for the projects.

Good Food Access Account funds may be used for loans, grants, technical assistance, and other types of financial assistance. The MDA may contract with one or more qualified economic or community development financial institutions to manage the financing component of the program and with one or more qualified organizations or public agencies with financial or other program-related expertise to manage the provision of technical assistance to project grantees.

In Fiscal Year (FY) 2017, GFAP received a one-time appropriation of \$250,000 to the Good Food Access Account. To date, \$150,000 of these funds have been used for grantmaking, and in FYs 2017 and 2018, a total of \$15,638 was used for administrative expenses.

For FYs 2018 and 2019, the appropriation for the Agricultural Growth, Research, and Innovation Program (AGRI) included language that allows for up to \$250,000 per year to be allocated for the GFAP at the discretion of the commissioner. In FY 2018, we used \$233,750 in AGRI funds to support GFAP grantmaking; remaining funds were used for administrative expenses. The MDA anticipates granting approximately \$233,750 of these AGRI funds again in FY 2019.

Program Activities Completed

The following activities have taken place since submitting the last report in January 2018:

- January 30, 2018: The first Request for Proposals (RFP) for GFAP Technical Assistance Grants opened.
- March 5, 2018: GFAP Equipment and Physical Improvement Grant RFP opened. It was published in both Spanish and English, following the precedent set with the first iteration of the RFP in FY 2017.
- March 14, 2018: GFAP Technical Assistance RFP closed. One application was received, and after review, it was not funded.
- April 19, 2018: GFAP Equipment and Physical Improvement Grant RFP closed. A total of 41 applicants were received, 14 of which were funded.
- August 21, 2018: Sixth meeting of the GFAP Advisory Committee
- October 25, 2018: The third round of GFAP Equipment and Physical Improvement Grants opened and is scheduled to close on January 17, 2019.
- December 19, 2018: The second Request for Proposals for GFAP Technical Assistance Grants was released; proposals are due on March 17, 2019.

Technical Assistance Grants

In January 2018, we launched the first iteration of the GFAP Technical Assistance Request for Proposals. Grants were intended to assist technical assistance providers in working with new or existing food retailers. Proposals were due on March 14, 2018. Applicants could request between \$5,000 and \$75,000, with applicants needing to contribute 25 percent of project costs. A total of \$135,000 was set aside for this program. In response to the RFP, we received one proposal that the review committee opted to not recommend for funding. Funds were repurposed and used for GFAP Equipment and Physical Improvement grants.

Equipment and Physical Improvement Grants

Fiscal Year 2018 GFAP Equipment and Physical Improvement Grants

In March 2018, the MDA released a second iteration of the GFAP Equipment and Physical Improvement Grant RFP in both English and Spanish. Up to \$135,000 was expected to be available to assist grocery stores and small food retailers purchase equipment and make physical improvements. Applicants could request a minimum of \$2,500 and a maximum of \$50,000. Projects were expected to increase access to affordable, nutritious, and culturally appropriate foods, and applicants needed to be located in or serve a food desert (as defined by the USDA Economic Research Service), or populations with limited access (such as the elderly or disabled) in a low- or moderate-income area. The evaluation criteria focused on long-term project sustainability, community engagement, and community economic and health impacts.

In response to the RFP, the MDA received 41 applications. Applicants requested a total of \$810,016.

Grants were awarded competitively and applications were ranked by a panel of MDA and community based reviewers. A total of \$233,750 was awarded for 14 projects, which includes the \$150,000 set aside for this program and \$83,750 that was planned to be used for technical assistance grants. Award amounts ranged from \$1,000 to \$46,720, with an average award amount of \$16,696. Private investment of \$698,389 resulted in nearly a 3 to 1 return on the state's investment.

GFAP Equipment and Physical Improvement Awards

Grantee	Location	Award Amount	Estimated Total Project Cost*
Anishinaabe Agriculture Institute	Osage	\$10,000	\$12,000
Appetite For Change	Minneapolis	\$1,000	\$157,550
Clarkfield Family Foods, LLC	Clarkfield	\$8,432	\$12,432
D & R Grocery	Oklee	\$31,264	\$40,139
Darrel's Full Service Foods	Hoffman	\$10,380	\$15,380
Fiza Halal Grocery	Rochester	\$21,635	\$21,635
KC's Country Market	Badger	\$7,087	\$54,673

Grantee	Location	Award Amount	Estimated Total Project Cost*
Knutson's Grocery	Roosevelt	\$46,720	\$61,747
Lamecker's General Store	Kerkhoven	\$18,500	\$28,100
Mike's Butcher Shop	West St Paul	\$2,500	\$2,500
Sam's Mini Mart	South St Paul	\$32,000	\$65,600
The Food Group	New Hope	\$18,700	\$432,750
Wadena Farmers Market	Wadena	\$11,000	\$13,100
White Earth Band of Chippewa Tribe	White Earth	\$14,533	\$14,533
Totals		\$233,750	\$932,139

*Estimated Total Project Cost is based on the grantee's original budget submitted as a part of their grant proposal. Some grantees may have reduced the scope of their projects based on their actual grant awards.

As in the previous fiscal year, projects focused on upgrading and expanding existing infrastructure rather than building new retail locations (likely due in part to the limited funding available). For example, Knutson's Grocery in Roosevelt applied for funding to purchase an 8-foot meat display case, 6-foot open produce case, 3-door medium temperature case, 2-door freezer, and the labor necessary to make the installations. The Wadena Farmers Market is using funding to purchase a trailer, generator, tables, chairs, awning, canopy, and produce display for the existing farmers market.



Photo 1. Knutson's Grocery in Roosevelt used a FY 2018 GFAP Equipment and Physical Improvement Grant to purchase new coolers and freezers, including a new meat case to expand their offerings.

Retailers receiving funds under this grant are required to participate in the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) and apply to accept benefits from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) before receiving any advance payments or requesting reimbursements for project expenses. This year, a total of 13 current SNAP authorized retailers benefited from GFAP grants (one grantee is not yet SNAP

authorized). Those 13 stores had combined SNAP sales of \$336,937 in FY 2018. Six retailers participated in WIC and had a total of \$58,832 in WIC sales during that time. The other nine retailers either did not participate in WIC during FY 2018 or are not eligible to participate in the program.

Recipients of GFAP grants represent multiple business and ownership models. Of the 14 grantees, ten are for-profit businesses, three are non-profit organizations, and one is a tribal government. One of the ten for-profit businesses is minority owned (Fiza Halal Grocery), and four of the ten are owned/co-owned by women. The non-profit organizations receiving grants are operated primarily by women as determined by the gender of their executive directors.

Projects serve a variety of diverse communities across the state. Of the 14 funded proposals, five are serving urban areas (including the Twin Cities and Rochester) and nine are serving primarily rural communities. Five are located in food deserts, and nine serve other low- or moderate-income areas. Based on self-reported assessments of the racial/ethnic communities served, two projects served Native American communities, one Southeast Asian, three Hispanic/Latino, two Somali, and three African American.

Descriptions of funded projects and a map of their locations can be found in Appendices 1 and 2, respectively.

Fiscal Year 2017 GFAP Equipment and Physical Improvement Grants

During 2018, all eight of the FY 2017 GFAP Equipment and Physical Improvement grantees were able to complete their projects. We conducted a follow-up survey of all grantees. Grant awards enabled them to increase their abilities to provide affordable, nutritious, and culturally appropriate foods to the communities they serve. Summaries of FY 2017 grantees are available in the previous year's legislative report.

All recipients reported that their grant funds helped make their project possible and that the projects were very unlikely or somewhat unlikely to occur without the grant funding. Mark Collier of Superfair Foods in St James discussed that it can be difficult to make financial decisions in small communities, but programs like this help make the decision to start a project a bit easier.

Grant funded projects typically focused on creating storage space or remodeling existing square footage. McKinley Community, for example, repaired a walk-in cooler that can now be used by farmers and growers in North Minneapolis to store produce. The produce is then bundled and sold from their location and other nearby locations. Superfair Foods in St James used grant funding to add 44 linear feet of shelving to an existing produce case which helped them to not only carry more varieties of produce but also add some organic selections as well. Mini Market Lupita in Worthington also remodeled virtually the entirety of their existing retail space, by adding coolers, freezers, and produce displays.



Photo 2. White Earth Band of Chippewa Tribe used a FY 2017 grant to purchase a used refrigerated food truck to deliver traditional, healthy, and affordable foods to towns that currently have limited access.

Of the eleven retailers who benefited from GFAP grants (one grantee helped fund equipment at three additional sub-recipient stores), nine retailers directly participated in SNAP during FY 2018 and had total SNAP redemptions of \$726,427, up from \$627,021 in FY 2017. The remaining retailers participated in SNAP via an authorized farmers market and redemption information is not available for them. In FY 2017, six retailers participated in WIC and had total sales of \$397,219.60; in FY 2018, Mini Market Lupita in Worthington was able to begin participating in WIC and the cohort saw total WIC sales of \$343,365.59. Mini Market Lupita's entrance into WIC can be tied back to this program and the additional technical assistance provided by organizations such as University of Minnesota Extension, Nobles County Community Services/Community Wellness Partners, and the Statewide Health Improvement Partnership.

Every recipient expects that their projects will positively impact the long-term sustainability of their business. For example, Tami Trigg from Lake Benton Grocery, purchased and installed a new freezer which led to greater overall customer satisfaction and increased sales throughout the store.

Next Steps

After considering input from the GFAP Advisory Committee, two RFPs are currently open. The first RFP, released in November 2018, is the third round of GFAP Equipment and Physical Improvement Grants for grocers and small food retailers. The second RFP is a revised opportunity for technical assistance providers to apply for funding to provide needs-based assistance to eligible retailers. We expect to award up to \$150,000 through each RFP. These amounts include funds remaining from the initial appropriation in the Good Food Access Account for FY 2017 and the AGRI funds appropriated for FY 2018.

Appendix 1

Summaries of Fiscal Year 2018 Funded Applicants

Anishinaabe Agriculture Institute

The Anishinaabe Agriculture Institute is a research, education, and advocacy group focused on restoring local food, ecological, and agricultural systems through Anishinaabe and Dakota culture and values. They will provide food to the Pine Point Elementary School, local consumers through a farm store and stand, local farmers markets, and regional gourmet chefs. A garage and old ice cream truck will be refurbished into farm store and mobile farm stand respectively.

Appetite for Change

Appetite for Change is a grassroots social enterprise in North Minneapolis founded in 2011. Their mission includes using food as a tool for health and social change. They will purchase a generator to assist in the running of the West Broadway Farmers Market.

Clarkfield Family Foods

Clarkfield Family Foods grocery store has been serving the Clarkfield community for nearly 60 years. They will replace open-faced two layer coolers with medium temp crystal enclosed door coolers. This will extend shelf life of produce, increase storage capabilities, and will allow for greater variety of produce to be sold.

D & R Grocery

D & R Grocery is a family run grocery store that has been operating for 32 years in rural Oklee. For their GFAP project, D & R Grocery will replace a dairy condensing unit, a three door freezer, two glass door condensing units, and compressors. The replacement of this equipment is essential for the delivery of nutritious, affordable, and locally sourced food for the Oklee community.

Darrel's Full Service Food

Darrel's Full Service Food is a small-scale full service grocery store located in Hoffman. Store owners are looking to expand the sales of healthier produce items for their predominantly elderly customers. They will purchase produce displays and open display coolers.

Fiza Halal Grocery

Fiza Halal is a halal grocery store located in Rochester. The store sells common goods, as well as cultural food products unavailable in many grocery stores, including special seasonings, spices, and halal meats. They will upgrade refrigeration equipment, improve food displays, and improve the functionality and flow of the store.

KC's Country Market

KC's Country Market is a small scale, family-owned grocery store located in Badger. KC's Country Market will purchase front-end cooler to market ready-to-eat meals made in house. This will allow the market to offer a variety of nutritious foods to the surrounding community.

Knutson's Grocery

Knutson's Grocery is a small grocer in the low-income rural town of Roosevelt. The store has been operating for over 100 years, and is one of the only grocery stores in the area. The store currently struggles with food waste and providing a wide enough variety of products for their customers. They will install a new meat and produce display cases, refrigerators, coolers, and freezers.

Lamecker's General Store

Lamecker's is a locally owned and operated grocery and hardware store located in Kerkhoven. They will install an air exchanger, as well as more efficient freezers and coolers. These improvements will allow for greater quantity and variety of products to be sold, as well as creating a more efficient and environmentally friendly business.

Mike's Butcher Shop

Mike's Butcher Shop is a locally owned classic meat market located in West Saint Paul. New owners are currently working to expand the variety of products available, including fruits and vegetables. Mike's Butcher Shop will use their GFAP funds to purchase a new produce cooler.

Sam's Mini Mart

Sam's Mini Mart has operated in South St. Paul since 2010. Currently they are undergoing an expansion which will double the store's floor space. With their expanded store they will add two additional freezers and coolers which will house healthier food options for their customers.

The Food Group

The Food Group is a non-profit food access organization focused on local hunger relief and increasing access to affordable, nutritious food. The Food Group runs the 'Fare for All' traveling grocery store program. They will expand the Fare for All program by increasing freezer capacity, adding additional site visits in underserved communities in the west metro area, and launching an online ordering system.

Wadena Farmers Market

The Wadena Farmers Market has been providing the city of Wadena and surrounding communities with fresh, nutritious foods for over 30 years. Due to infrastructure and logistical issues, the market can no longer utilize the space they have used in the past for markets. The Wadena Farmers Market will be

establishing a more secure and safe space for selling, as well as purchasing infrastructure to provide healthier foods at the market.

White Earth Band of Chippewa Tribe

The White Earth Band of Chippewa Tribe is a Native Nation located in northwestern Minnesota. Members of the White Earth Chippewa reservation community have had issues selling and accessing fresh fruits and vegetables due to sparse populations and low product turnover. They will make improvements to their mobile market food truck, as well as expanding and improving storage and infrastructure of the White Earth Farmers Market.

Appendix 2

Equipment and Physical Improvement Grants by County

