

The Good Food Access Program

A Report to the Minnesota Legislature



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Cover photo is KC’s Country Market in Greenbush, Minnesota, showing new coolers used for dairy and other refrigerated products.

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

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.

Each report has focused on the activities occurring in the previous year. This report will focus on grants awarded 2019 and the impacts of the first two rounds of grantmaking.

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, \$228,299 of these funds have been used for grantmaking, and, a total of \$23,258 has been 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 both years, we used \$233,750 in AGRI funds to support GFAP grants; remaining funds were used for administrative expenses.

In FYs 2020 and 2021, the AGRI budget rider allows for up to \$300,000 to be used for the GFAP. As in the previous biennium, we anticipate using this full amount for grantmaking and administrative costs.

Program Activities Completed

The following activities have taken place since submitting the last report in January 2019:

January 17, 2019: The third round of GFAP Equipment and Physical Improvement Grants closed. We received 34 applications, 10 of which were funded.

March 14, 2019: The second round of GFAP Technical Assistance Grants opened. We received four applications, three of which were funded.

June 25, 2019: The GFAP Advisory Committee met for its seventh meeting.

October 21, 2019: The third round of GFAP Technical Assistance Grants opened. Applications are being accepted until January 16, 2020.

December 9, 2019: The fourth round of GFAP Equipment and Physical Improvement Grants opened. Applications are being accepted until February 13, 2020.

Technical Assistance Grants

In 2019, we awarded GFAP Technical Assistance Grants to three organizations serving food retailers. Up to \$150,000 was available to assist non-profit organizations and public agencies with capabilities to provide technical assistance to eligible grocery stores and small food retailers. Applicants needed to commit to contributing at least 25% of estimated total project costs through cash or in-kind contributions. Priority was given to proposals that demonstrated a collaborative, regional approach to technical assistance.

Grants were awarded competitively, with applications ranked by a panel of MDA and community-based reviewers and final decisions made by the Commissioner. A total of three projects were selected for funding.

Table 1. GFAP Technical Assistance Awards

| Grantee | Award Amount | Estimated Total Project Cost* |
|--|------------------|-------------------------------|
| City of Minneapolis Health Department, Minneapolis | \$53,615 | \$74,115 |
| Region Five Development Commission, Staples | \$35,000 | \$60,500 |
| University of Minnesota, Regional Sustainable Development Partnerships, Saint Paul | \$75,000 | \$100,000 |
| TOTAL | \$150,000 | \$234,615 |

**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.*

An overview of the projects is available in [Appendix 1](#) and a map showing their service areas in [Appendix 3](#).

Equipment and Physical Improvement Grants

Fiscal Year 2019 GFAP Equipment and Physical Improvement Grants

In October 2018, the MDA released the request for proposals (RFP) for the third round of the GFAP Equipment and Physical Improvement Grant in both English and Spanish. Up to \$150,000 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 34 applications. Applicants requested a total of \$1,135,141.

Grants were awarded competitively, and applications were ranked by a panel of MDA and community-based reviewers. A total of \$150,000 was awarded for 10 projects. Award amounts ranged from \$2,570 to \$25,558, with an average award amount of \$15,000. Estimated private investment of \$627,507 resulted in over a 3 to 1 return on the state’s investment although there was no formal matching requirement.

Table 2. GFAP Equipment and Physical Improvement Awards

| Grantee | Estimated Total Project Cost* | Award Amount |
|--|--------------------------------------|---------------------|
| 4-Directions Development, Red Lake | \$86,688 | \$25,558 |
| Chaska Market, Chaska | \$199,509 | \$22,809 |
| Cimarron Farm LLC, Stillwater | \$8,240 | \$5,731 |
| Country Store, Cook | \$41,724 | \$17,100 |
| Finland Cooperative Company, Finland | \$65,000 | \$17,100 |
| Frogtown Farm, Saint Paul | \$4,320 | \$2,570 |
| Inver Grove Super USA, Inver Grove Heights | \$11,000 | \$9,000 |
| KC's Country Market, Greenbush | \$112,123 | \$25,000 |
| Lange's Grocers, Mabel | \$67,400 | \$6,000 |
| Thao Market, Saint Cloud | \$31,503 | \$19,124 |
| TOTAL | \$627,507 | \$150,000 |

**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 previous years, 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, in Greenbush, Corey Christianson purchased a grocery store that needed repair and upgrades. With the GFAP grant, he was able to purchase new and refurbished, energy efficient refrigeration and, in the process, was able to add over 1000 square feet to the store. Similarly, in southern Minnesota, Bryce Lange opened a new grocery store in a former furniture store in the city of Mabel’s downtown and used GFAP funding to help purchase cooler and freezer units.

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. A total of nine current SNAP authorized retailers benefited from GFAP grants (one grantee is not yet SNAP authorized).

Those nine retailers had combined SNAP sales of \$141,309 in FY 2019. Three retailers participated in WIC and had a total of \$527,000 in WIC sales during that time. The other seven retailers either did not participate in WIC during FY 2019 or are not eligible to participate in the program. All retailers will be required to participate in SNAP before receiving payment, and retailers who are eligible to participate in WIC will be required to apply to accept WIC, and if approved, participate in the program.

Recipients of GFAP grants represent multiple business and ownership models. Of the ten grantees, six are for-profit businesses and four are non-profit organizations. Three of the six for-profit businesses are minority owned, and two of the six are owned/co-owned by women.

Projects serve a variety of diverse communities across the state. Of the 10 funded proposals, five are serving urban areas (including the seven county Twin Cities Metro Region and St. Cloud) and five are serving primarily rural communities. Five are located in food deserts, and five serve other low- or moderate-income areas. Based on self-reported assessments of the racial/ethnic communities served, projects specifically target Middle Eastern, African, Southeast Asian, Hispanic/Latino, and Native American communities.

Descriptions of funded projects and a map of their locations can be found in [Appendix 2](#) and [Appendix 3](#), respectively.

Fiscal Year 2017 and 2018 GFAP Equipment and Physical Improvement Grants

During 2019, we followed up with FY 2017 and 2018 GFAP Equipment and Physical Improvement grantees. All 2017 grantees had completed their projects during 2018, and most of the 2018 grantees were able to complete projects in 2019 although a few are still finalizing their work. Grant awards enabled them to increase their abilities to provide affordable, nutritious, and culturally appropriate foods to the communities they serve. Summaries of these grantees are available in prior years' legislative reports.

All recipients reported that their grant funds helped make their project possible and that the projects were unlikely to occur without the grant funding. Many grantees added that they received significant other support to make the projects successful, such as through an Initiative Foundation, University of Minnesota Extension, regional development commission, financial institution, produce suppliers, or community volunteers.



Figure 1. The Food Group, based in New Hope, used a FY2019 GFAP Equipment and Physical Improvement Grant to install a racking system in a new freezer. The increased freezer capacity has made it more possible for their Fare For All program to include locally produced and culturally specific products, such as vegetarian wild rice burgers and locally raised ground beef, in their retail food shares.

Of the 25 retailers who benefited from GFAP grants, 22 retailers directly participated in SNAP during FY 2019 and had total SNAP redemptions of \$8,235,890 in FY 2019. The remaining retailers participated in SNAP via an authorized farmers market and redemption information is not available for them. In FY 2019, 12 retailers participated in WIC and had total sales of \$382,808.

Many retailers also reported that their projects helped them sell more produce. For example, Cimarron Farm, serving the Cimarron Mobile Home Park in Landfall, saw nearly a 30% increase in produce sales. Lake Benton Grocery was able to increase sales of frozen vegetables, particularly steam-in-bag products, largely because they were able to purchase a new freezer. Grantees also discussed that their businesses have experienced less produce loss because of the more reliable equipment.

Every recipient expects that their project will positively impact the long-term sustainability of their business. A FY 2018 grantee from northern Minnesota wrote, "The GFAP Equipment and Physical Improvement Grant inspired us to improve the overall appearance of the interior of the store, making it a more pleasant experience for our customers... Without it we would most likely not be in business anymore. The cost of the repairs for the constantly breaking down refrigeration equipment was just getting too costly as was the cost of the loss of product when it did break down." The grantee went on to say that the store has gone from being a run-down business to one that they are proud of and that is competitive with larger stores miles away.

Next Steps

After considering input from the GFAP Advisory Committee, two RFPs are currently open. The first RFP, released in October 2019, is for technical assistance providers. We expect to award up to \$50,000 through this RFP. The second RFP was another round of GFAP Equipment and Physical Improvement Grants for grocers and small food retailers. We expect to award up to \$225,000 through this RFP.

Appendix 1

Summaries of Fiscal Year 2019 Technical Assistance Grantees

City of Minneapolis Health Department

The Minneapolis Health Department will provide technical assistance to 92 SNAP-authorized small food retailers in order to expand the availability of healthy foods, especially fresh fruits and vegetables, in the low-income neighborhoods of Near North and Camden in north Minneapolis and Phillips in south Minneapolis. Assistance will focus on Minneapolis' revised staple foods ordinance, facilitated connections to affordable small-scale produce procurement options, perishable inventory management training, and guidance on healthy food merchandising and marketing best practices. Funds will primarily pay for staff time and for a small produce buyback program.

University of Minnesota Extension, Regional Sustainable Development Partnerships

The University of Minnesota Regional Sustainable Development Partnership (RSDP) will initiate their Support Our Stores (SOS): Technical Assistance for Rural Grocers project. The goal is to prevent store closures by providing a customized model of technical assistance. They will provide technical assistance to rural grocery stores through three methods: 1) individual rural grocer technical assistance 2) educational materials, and 3) three Rural Grocery SOS TA Workshops. Technical assistance will focus on business management, store operations, and grant eligibility and application assistance.

Region Five Development Commission

The Region Five Development Commission, in partnership with seven other local and state agencies will execute a technical assistance plan of 10 workshops, six Intercultural Development Inventory Assessments and three extensive peer-to-peer site audits to employees and board members of six food access points, five for-profit food cooperatives and one small food retailer (food hub & mobile food market) in central Minnesota. The workshops will be video archived, and the peer-to-peer audits will produce a toolkit, both intended for reuse by all other food access points across the state.

Appendix 2

Summaries of Fiscal Year 2019 Equipment and Physical Improvement Grantees

4-Directions Development

4-Directions Development is an education and technical assistance provider located in Red Lake Nation. Through their Gitigaanike Food Initiative, they will expand their farmers market with the purchase of a mobile food truck. The project will bring nutritious, affordable, culturally appropriate foods to three additional Red Lake communities and surrounding areas.

Chaska Market

Chaska Market is a small, locally-owned, Hispanic grocery store which serves the Latino community of Chaska and the surrounding area. They will purchase an open produce cooler, meat and cheese case, and three-door freezer which will allow them to stock, sell, and promote nutritious foods throughout the store.

Cimarron Farm

Cimarron Farm is a half-acre community garden and market located in Lake Elmo. They will purchase equipment to create a mobile market stand to increase the distribution of sustainable produce and ease of access for communities in Washington County.

Country Store

Country Store is a convenience store located in Cook. They will purchase cooler and freezer equipment. These purchases will increase Country Store's ability to better serve the Cook community and surrounding area with much needed healthy food and dairy products.

Finland Co-op

Finland Co-op, established in 1913, is a grocery co-op located in Finland. They will replace their current walk-in cooler and freezer, reducing produce waste, securing proper temperature control levels, and increasing the availability of nutritious foods.

Frogtown Farm

Frogtown Farm is an urban demonstration farm located in St. Paul. Frogtown Farm will complete their on-site storage and outdoor market kitchen education space as well as the addition of market produce displays. The completion of these projects will increase the consumption of nutritious, affordable, culturally appropriate foods in Frogtown neighborhood and the surrounding community.

Inver Grove Super USA

Inver Grove Super USA is a family-run convenience store located in Inver Grove Heights. They will purchase two freezers to store frozen fruits and vegetables, meats, fish and shellfish. These new freezers will replace two vendor provided coolers, which restrict products sold from them. By purchasing the two new freezers independently, Inver Grove Super USA will be able to provide healthy food products without vendor limitations.

KC's Country Market

KC's Country Market is a small scale, family-owned grocer with stores in Greenbush and Badger. With this grant, they will purchase new and refurbished energy efficient refrigeration for their Greenbush location which will allow them to provide a greater choice of nutritious and affordable foods.

Lange's Grocers

Lange's Grocers is a locally-owned grocery store located in Mabel. Lange's Grocers will purchase cooler and freezer units to increase the amount of fresh produce they are able to offer and help stimulate the local economy.

Thao Market

Thao Market is a family-run grocery store located in St. Cloud. Thao Market will purchase a four-door reach-in freezer which will allow them to provide more healthy, affordable, and culturally appropriate foods.

Appendix 3

Grantees by County

