



# The Good Food Access Program

## A Report to the Minnesota Legislature



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Cover photo is Clarkfield Family Foods in Clarkfield, Minn. showing their new closed-door produce cooler used to increase shelf life of their produce and expand the variety of products available for their customers. Photo courtesy of Clarkfield Family Foods.

The estimated cost of preparing this report (as required by MINN. STAT. 3.197) is \$500.

# Introduction

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This report is required by the Minnesota Legislature (MINN. STAT. 17.1017, subdivision 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 in Fiscal Year (FY)20 and the impacts of the previous two rounds of grantmaking in FY18 and FY19.

## Background

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The Good Food Access Program (GFAP) was established at the Minnesota Department of Agriculture (MDA) through legislation passed by the 2016 Legislature. Information on the establishment of the program (MINN. STAT. 17.1017) and creation of the Good Food Access Program Advisory Committee (MINN. STAT. 17.1018) can be found in state statute.

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 FY17, the GFAP received a one-time appropriation of \$250,000 to the Good Food Access Account. Of this amount, \$6,717 remains available for funding grants and administrative expenses.

For FY18 and FY19, 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 FY20 and FY21, 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**

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The following activities have taken place since submitting the last report in January 2020:

- January 16, 2020: The third round of GFAP Technical Assistance Grants closed. We received six applications requesting \$260,211. One project was awarded \$50,000.
- February 13, 2020: The fourth round of GFAP Equipment and Physical Improvement Grants closed. We received 31 applications requesting \$784,817. Twelve projects were awarded a total of \$219,802.
- April 10, 2020: The GFAP Advisory Committee met for its eighth meeting.
- June 17, 2020: The GFAP Advisory Committee met for its ninth meeting.
- November 19, 2020: The fifth round of GFAP Equipment and Physical Improvement Grants closed. We received 51 applications requesting \$1,712,951. We anticipate awarding approximately \$280,000 using a competitive review process. Grants will be awarded in January 2021.

# Technical Assistance Grants

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## Fiscal Year 2020 GFAP Technical Assistance Grant

In 2020, we awarded GFAP Technical Assistance Grants to one organization serving food retailers. Up to \$50,000 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. The Entrepreneur Fund, based in Duluth, was selected for the full \$50,000.

### *The Entrepreneur Fund*

The Entrepreneur Fund will provide technical assistance for qualified grocery stores and small food retailers across 16 counties in Northeast and Central Minnesota. Services will include detailed financial analysis for retailers, business plan and assistance for sustainability, growth, and/or succession, regional and online group training tailored for grocers and small food retailers, and access to low interest financing products for healthy foods. The Entrepreneur Fund will also provide all retailers free access to the Initiate online learning portal that contains marketing, management, and financial resources for small businesses. They will also pair business owners with culturally appropriate mentors and peer groups to help grow their regional networks.

## Fiscal Year 2019 GFAP Technical Assistance Grants

During 2020, we followed up with FY19 GFAP Technical Assistance grantees. Three organizations were awarded grant funds totaling \$150,000. Grant awards enabled these organizations to provide technical assistance to eligible grocery stores and small food retailers. A total of 317 stores and retailers located in nine counties throughout Minnesota received technical assistance.

### *Minneapolis Health Department*

The Minneapolis Health Department provided technical assistance to 56 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 focused 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 primarily paid for staff time and for a small produce buyback

program in collaboration with BrightSide Produce, a local, wholesale produce distribution organization.

Minneapolis Public Health reported an increase of store owners' confidence, inventory and procurement, and sales of fresh produce and grocery items. A secondary outcome of the grant was the increased distribution and delivery capacity of BrightSide Produce, improving the quality and freshness of products available at small food retailers and grocery stores.

### ***Region Five Development Commission***

The Region Five Development Commission executed a technical assistance plan of ten workshops, six Intercultural Development Inventory Assessments, and three extensive peer-to-peer site audits to employees and board members of 11 small food retailers in Central Minnesota. Region Five reported the outcomes of their technical assistance to include: improved business practices, improved relationship-building, increased income, and improved working conditions. They also noted that presenting technical assistance through the lens of small food co-ops allowed participants to understand and apply their knowledge more easily.

### ***University of Minnesota Regional Sustainable Development Partnership***

The University of Minnesota Regional Sustainable Development Partnership (RSDP) initiated their Support Our Stores (SOS): Technical Assistance for Rural Grocers project. The goal was to prevent store closures by providing a customized model of technical assistance. They provided technical assistance to 250 rural grocery stores through three methods: 1) individual rural grocer technical assistance 2) educational materials, and 3) three Rural Grocery SOS Technical Assistance Workshops. Technical assistance focused on business management, store operations, and grant eligibility and application assistance. RSDP noted the impact of their technical assistance stating, "This grant makes a difference for local grocers. Small retailers are an underserved sector in the food access community. This technical assistance brought attention to these stores. They are seen, heard, and feel connected."





*Picture 1. As part of their project, the Region 5 Development Commission, a FY19 GFAP Technical Assistance grantee, conducted three extensive peer-to-peer site audits for small food retailers in Central Minnesota. The goals of the audits were to provide technical assistance on appropriate marketing techniques to help stores sell more products. One participant noted that the audit was a valuable experience and showed the store how to have a more unified interior aesthetic to better meet the needs of its customers. Photo Courtesy of Region 5 Development Commission, taken at Crow Wing Food Co-op.*

Also relevant in FY20 is the impact that COVID-19 had on the recipients' efforts to provide technical assistance. All recipients reported the flexibilities built in to the GFAP Technical Assistance grants were essential to ensuring their continued success during the pandemic. The technical assistance offered by the grantees helped retailers continue to be a reliable food resource and respond to increased food needs within their communities during the pandemic. Region 5 stated, "the system shifts during COVID were significant," adding that the flexibility of this grant is critical to those in the field delivering the programs.

## **Equipment and Physical Improvement Grants**

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### **Fiscal Year 2020 GFAP Equipment and Physical Improvement Grants**

In December 2019, the MDA released the request for proposals (RFP) for the fourth round of the GFAP Equipment and Physical Improvement Grant in both English and Spanish. Up to \$225,000 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 31 applications. Applicants requested a total of \$784,817.

Grants were awarded competitively, and applications were ranked by a panel of MDA and community-based reviewers. A total of \$219,802 was awarded for 12 projects. Award amounts ranged from \$1,774 to \$50,000, with an average award amount of \$18,317. Estimated private investments totaled \$162,382, although there was no formal matching requirement.

**Table 1. GFAP Equipment and Physical Improvement Awards**

Grantee	Location	Award Amount	Estimated Total Project Cost*
Butterfield Hardware	Butterfield	\$15,000	\$77,000
Graceville Country Market	Graceville	\$28,000	\$35,000
HCJL Inc. (Frazee Family Foods)	Frazee	\$15,158	\$15,158
Hmong American Farmers Association	St. Paul	\$11,960	\$11,960
Iftin Grocery Store: Halal & Meat	St Cloud	\$5,125	\$9,625
Juba's Supervalu	Blue Earth	\$20,000	\$40,000
Mark's Market	Hackensack	\$21,815	\$43,631
Natural Food Co-op	Litchfield	\$13,370	\$22,870
Red Lake Incorporated	Red Lake	\$9,600	\$9,600
Tofte General Store	Tofte	\$50,000	\$62,000
Urban Ventures	Minneapolis	\$1,774	\$4,369
Valley Hardware and Supply	Halstad	\$28,000	\$50,971
<b>Totals</b>		<b>\$219,802</b>	<b>\$382,184</b>

*\* 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, Jana Sanders, owner of Tofte General Store, used her GFAP grant to replace an aging walk-in cooler with a new cooler/freezer combo. This new equipment will help the store continue to provide affordable, nutritious, and culturally appropriate foods to the community. Similarly, in Halstad, John Hinkley, owner of Valley Hardware and Supply, used his GFAP grant to install new refrigeration and freezer units in the newly built, combined grocery and hardware store. This installation will increase the availability of fresh, affordable foods for local residents, filling a need within the community since the closure of the town's grocery store in 2018.

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. All FY20 recipients are currently SNAP authorized retailers. The 12 retailers had combined SNAP sales of \$1,661,298 in FY20.



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. Seven retailers participated in WIC and had a total of \$555,533 in WIC sales during that time. The other five retailers either did not participate in WIC during FY20 or are not eligible to participate in the program.

Recipients of GFAP grants represent multiple business and ownership models. Of the 12 grantees, nine are for-profit businesses, two are non-profit organizations, and one is a tribal government. Four of the nine for-profit businesses are owned/co-owned by women and one of the nine is immigrant owned.

Projects serve a variety of diverse communities across the state. Of the 12 funded proposals, three are serving urban areas (including the seven county Twin Cities Metro Region and St. Cloud) and nine are serving primarily rural communities. Six are located in food deserts, and six serve other low- or moderate-income areas. Based on self-reported assessments of the racial/ethnic communities served, projects specifically served 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 Appendices 1 and 2, respectively.

## **Fiscal Year 2018 and 2019 GFAP Equipment and Physical Improvement Grants**

During 2020, we followed up with FY18 and FY19 GFAP Equipment and Physical Improvement grantees. Most FY18 grantees completed their projects although a few decided to not go forward with the project, and most of the FY19 grantees were able to complete projects 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. The Chaska Market, a small, locally-owned Hispanic grocery store located in downtown Chaska, received their grant in 2019 and purchased an open produce cooler, meat and cheese case, and a three-door freezer. Tek Tansae, the store's owner said the improvements to their store would not have been possible without the GFAP grant. He also noted that programs like the GFAP offer some hope for small retailers to stay in business and provide food access to their communities. The Chaska Market worked closely with their county SHIP program to complete their project.

Many grantees added that they received significant other support to make the projects successful, such as through local public health departments, University of Minnesota Extension, regional development commissions, financial institutions, independent/family foundations, produce suppliers, or community volunteers.



*Picture 2. Chaska Market, a FY19 recipient located in Chaska, purchased an open produce cooler, meat and cheese case, and three-door freezer, allowing the market to stock, sell, and promote nutritious and culturally appropriate foods throughout the store. Photo courtesy of Chaska Market.*

Of the 24 FY18 and FY19 retailers who benefited from GFAP grants, 22 retailers directly participated in SNAP during FY20 and had total SNAP redemptions of \$354,119. Since receiving their awards, these retailers have redeemed a combined total of \$1,099,571. The remaining retailers participated in SNAP via an authorized farmers' market and redemption information is not available for them. In FY20, of the 24 FY18 and FY19 retailers, nine retailers participated in WIC and had total sales of \$60,182. Since receiving their awards, retailers participating in WIC have redeemed a combined total of \$225,685.

Many retailers also reported that their projects helped them sell more produce. Clarkfield Family Foods, a locally-owned grocery store with 60 years of experience serving the community of Clarkfield, reported that their new coolers have given the store the ability to keep their produce fresher for longer. D&R Grocery, located in Oklee, reported that they were better prepared for the increased sales resulting from the COVID-19 pandemic. Debra Sherman, the store's owner, said that without the new equipment and updates from this grant, the store likely would not have been able to keep up with the increased demand. They experienced nearly a 20% increase in produce sales.

Every recipient expects that their project will positively impact the long-term sustainability of their business. Tek Tansae, the owner of Chaska Market wrote, "This grant saved my business from the challenges presented by COVID-19." He also noted that oftentimes, retailers do not have the finances to make improvements to their aging equipment and infrastructure. Older equipment can have a negative impact on sales and cut into profits through maintenance issues, energy inefficiencies, and food loss as a result of equipment breaking down. Chaska Market noted the positive impact that their new coolers and displays will have long-term for

the store. Their new equipment is more energy efficient and will be maintenance-free for several years. In addition, the updated equipment made a huge difference in the store's look and flow, something that both customers and employees took note of.

Knutson's Grocery, located in Roosevelt, had a similar experience with their grant. They wrote, "We are proud of the transformation from the outdated and unreliable refrigeration equipment to what we have now. It also inspired us to replace old flooring and lighting and do some other much needed updates. The reaction of our customers when they walked in the door for the first time after the remodel was more than positive." They also noted that the grant process is well worth the end result.

## Next Steps

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After considering input from the GFAP Advisory Committee, the RFP for FY21 GFAP Equipment and Physical Improvement Grant was released in early Fall 2020. This round of funding will prioritize businesses/organizations most affected by COVID-19 across Minnesota and those impacted by civil unrest in the Twin Cities metro area. The application period closed on November 19, 2020. We received 51 applications requesting \$1,712,951. Recommendations for funding will be made in January 2021.

Also considering the input from the GFAP Advisory Committee, it was decided to not release an RFP for GFAP Technical Assistance grants in FY21. Funding that would have supported FY21 GFAP Technical Assistance grants will be repurposed and used to fund additional FY21 GFAP Equipment and Physical Improvement grants with the intent of providing additional support to communities to rebuild their food system infrastructure.

# Appendix 1

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## Summaries of FY20 GFAP Equipment and Physical Improvement Grantees

### *Butterfield Hardware*

Butterfield Hardware is a locally owned hardware store that recently added a grocery section to their store. They will purchase two freezers and two coolers to expand the selection and variety of fresh produce available to customers in Butterfield, Minn. and the surrounding communities.

### *Frazee Family Foods*

Frazee Family Foods is the only grocery store located in Frazee, Minn. They will replace their aging, open-door cooler with a new closed-door display cooler and new compressor to increase the quality and freshness of their produce. This new cooler will double the amount of space dedicated to fresh produce in their store, ultimately increasing access to fresh produce within the community.

### *Graceville Country Market*

Graceville Country Market is a small, locally owned grocery store located in Big Stone County in Western Minnesota. The grantees, who have owned and operated the market for the last 34 years, will purchase new freezer equipment to continue to provide good quality and more affordable foods for the members of their community.

### *Hmong American Farmers Association*

Hmong American Farmers Association (HAFA) is an agricultural non-profit organization based in St. Paul, Minn. HAFA has a proven record of supplying healthy, fresh, nutritious produce to food insecure and low-income families in the Twin Cities. With this grant, they will purchase two commercial grade ice makers to help preserve freshly harvested produce while working in their fields. This equipment will help to maintain the freshness and quality of their produce from field to consumer.

### *Iftin Grocery Store: Halal & Meat*

Iftin Grocery Store is a Somali-owned Halal and meat grocer located in St. Cloud, Minn. With this grant, Iftin will purchase a produce merchandiser to increase their capacity and ability to offer more culturally appropriate fresh fruits and vegetables to customers.

### *Juba's SuperValu*

Juba's SuperValu is a family-owned grocery store located in Blue Earth, Minn. They will purchase five new energy efficient produce display cases to replace their original display cases installed in 1990. This upgrade will better utilize the space that they have within their store and

increase the amount of fresh produce available for customers. This grant will allow Juba's SuperValu to increase access to fresh and affordable produce and offer more locally grown options to their customers.

### ***Natural Food Co-op***

Natural Food Co-op has provided residents of Litchfield, Minn. with fresh fruits and vegetables since 1980. They will purchase a walk-in cooler to increase backstock, as well as a new produce cooler to increase the quantity of locally grown fruits and vegetables. These equipment upgrades will help to increase the economic viability of local farmers, as well as the health of the local community.

### ***Mark's Market***

Mark's Market, located in Hackensack, Minn., will purchase a new walk-in cooler to replace an old, energy inefficient cooler in need of replacement. The new cooler will allow Mark's Market to get bulk pricing on frozen fruits and vegetables and be more competitive with larger chain stores in the area.

### ***Red Lake Incorporated***

Red Lake Incorporated will purchase two reach-in coolers for the Ponemah Market in Red Lake Nation. This grant will equip the market to increase its ability to stock and sell more fresh produce by adding refrigeration units to the store. This project will allow the market to meet the customers' requests for fresh fruits and vegetables and preserve the quality of produce for longer periods of time.

### ***Tofte General Store***

Tofte General Store is a small, family-owned business located in Tofte, Minn. They will purchase a new cooler/freezer combo to replace an aging walk-in cooler. They are the only SNAP authorized store within 28 miles. This new equipment will allow the store to continue to offer fresh produce to the surrounding communities.

### ***Urban Ventures***

Urban Ventures is an agricultural non-profit organization working to address food insecurity and poor nutrition with Minneapolis youth. With this grant, Urban Ventures will purchase a refrigeration unit to help maintain the quality of their farm-grown produce at their farm stand. This project will help to provide locally grown, affordable, organic, and culturally appropriate produce to neighbors and community members.

### ***Valley Hardware and Supply***

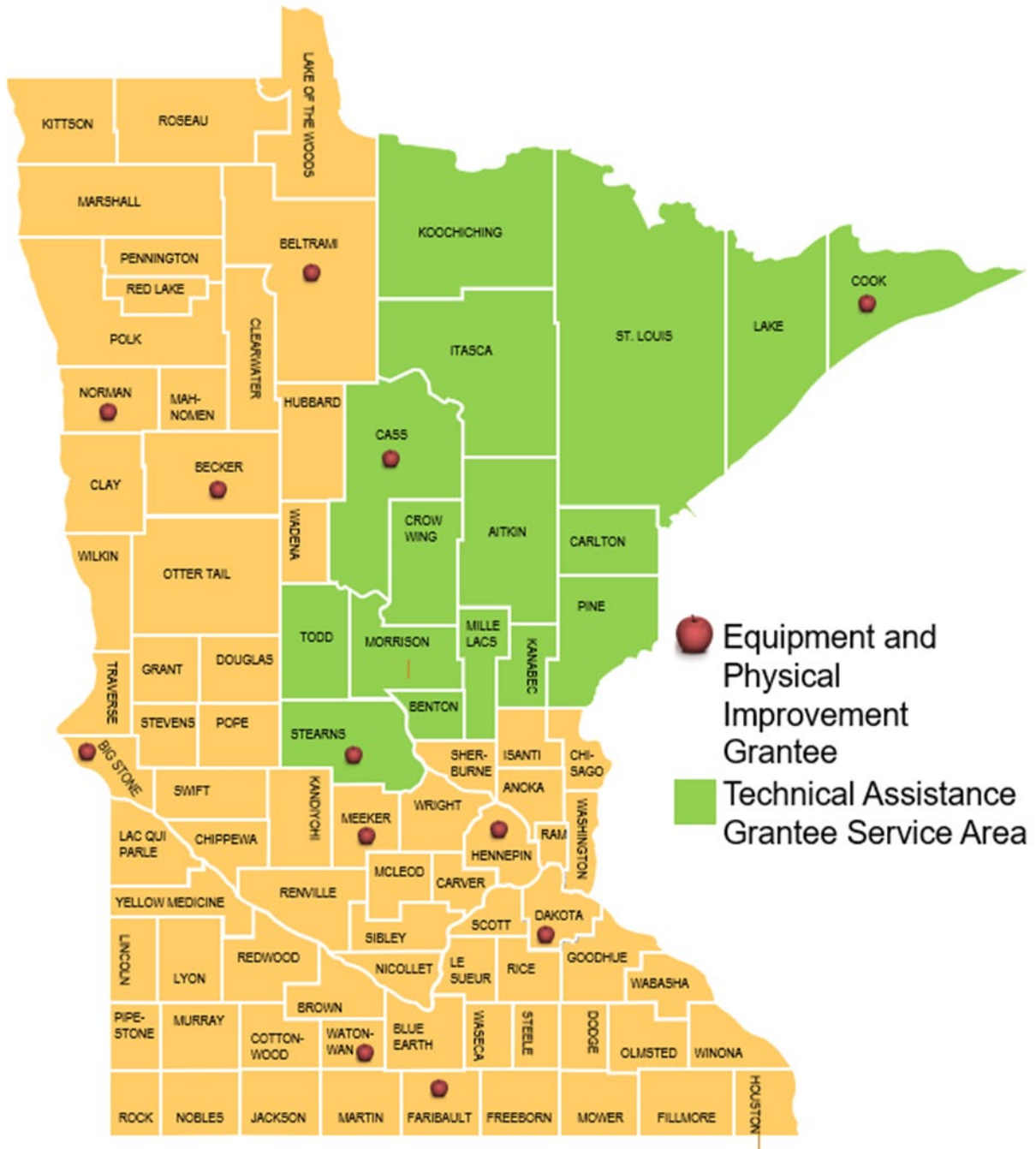
Valley Hardware and Supply, located in Halstad, Minn., is currently in the process of expanding their offerings to include a grocery store. With this grant, Valley Hardware will install refrigeration and freezer units to offer fresh, nutritious, and affordable foods to local residents.



# Appendix 2

## FY20 GFAP Grantees by County

This map of Minnesota shows the locations of FY20 GFAP grantees, which are also listed in [Table 2](#) (Equipment and Physical Improvement Grantees) and [Table 3](#) (Technical Assistance Grantee Service Area).



**Table 2. Equipment and Physical Improvement Grantee Locations**

<b>Grantee</b>	<b>City</b>	<b>County</b>
HCJL Inc. (Frazee Family Foods)	Frazee	Becker
Red Lake Incorporated	Red Lake	Beltrami
Graceville Country Market	Graceville	Big Stone
Juba's Supervalu	Blue Earth	Blue Earth
Mark's Market	Hackensack	Cass
Tofte General Store	Tofte	Cook
Urban Ventures	Minneapolis	Hennepin
Natural Food Co-op	Litchfield	Meeker
Valley Hardware and Supply	Halstad	Norman
Hmong American Farmers Association	St. Paul	Ramsey
Iftin Grocery Store: Halal & Meat	St Cloud	Stearns
Butterfield Hardware	Butterfield	Watonwan

**Table 3. Technical Assistance Grantee Service Area, by County**

<b>Service Area</b>
Aitkin
Benton
Carlton
Cass
Cook
Crow Wing
Itasca
Kanabec
Koochiching
Lake
Mille Lacs
Morrison
Pine
Saint Louis
Stearns
Todd