



The Good Food Access Program

A Report to the Minnesota Legislature

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Introduction

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) 21 and the impacts of the previous two rounds of grantmaking in FY19 and FY20.

Background

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, \$7,000 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 at the discretion of the commissioner. In FY20, we awarded \$269,802 in grants, and in FY21, we awarded \$303,943 in grants, including \$3,943 from the Good Food Access Account in the agriculture fund.

In FY22 and FY23, the AGRI budget rider allows for up to \$450,000 to be used for the GFAP. As in the previous biennium, we anticipate using this full amount for grantmaking and administrative costs. Based on the governor's recommendation, the 2021 Legislature also amended the GFAP statute to no longer require retailers to participate in the WIC program; many retailers are not eligible to participate in WIC or have made well-reasoned business decisions to not participate in the program.

Program Activities Completed

The following activities have taken place since submitting the last report in January 2021:

- January 2021: The fifth round of GFAP Equipment and Physical Improvements Grants were awarded. We awarded a total of \$303,943 to 14 projects throughout the state.
- May 13, 2021: The GFAP Advisory Committee met for its tenth meeting.
- June 29, 2021: The GFAP Advisory Committee met for its eleventh meeting.
- December 8, 2021: The GFAP Advisory Committee met for its twelfth meeting.
- January 2022: We opened the GFAP Equipment and Physical Improvement Request for Proposals (RFPs) for the sixth round of grants. We anticipate awarding \$320,750 to 10-18 applicants in Spring 2022.
- January 2022: We opened the GFAP Technical Assistance RFP for the fourth time. We anticipate awarding \$100,000 to 2-3 applicants in Spring 2022.

Technical Assistance Grants

Fiscal Year 2021 GFAP Technical Assistance Grant

In 2021, the GFAP Advisory Committee recommended to not allocate any GFAP funds to Technical Assistance Grants and instead use all the funds available to support GFAP Equipment and Physical Improvement Grants. This decision was made to provide immediate support to those significantly impacted by COVID-19 and civil unrest in the Twin Cities. For FY22, the commissioner is taking the advice of the GFAP Advisory Council to allocate funds towards and reopen the GFAP Technical Assistance Grants in FY22.

Fiscal Year 2020 GFAP Technical Assistance Grants

The Entrepreneur Fund

During 2021, we followed up with the Entrepreneur Fund who received the sole Technical Assistance grant in FY20 in the amount of \$50,000. They provided technical assistance to qualified grocery stores and small food retailers across 16 counties in Northeast and Central Minnesota. Counties served and locations are listed in the 2021 GFAP Legislative Report.

Technical assistance services included 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. Since receiving their grant in FY20, the Entrepreneur Fund has identified 435 qualified grocers or small-scale providers qualified to receive outreach and technical assistance. Follow-up emails and campaigns specifically relating to COVID-19 relief efforts were sent to those identified. In addition, the Entrepreneur Fund also hosted 22 technical assistance webinars focusing on COVID-19 recovery and relief efforts for small businesses as well as providing small-business loans and one-on-one advising to grocers/sole proprietors who sell goods locally through farmers' markets or direct sales in low-income census tracts and/or qualified food deserts.

The Entrepreneur Fund reported that GFAP Technical Assistance funds were "significant in allowing us to extend our team for targeted outreach and also leverage additional funds through the Community Development Financial Institutions (CDFI) Fund and Small Business Administration (SBA) for lending to these businesses was key to the vitality and health of our region."

Equipment and Physical Improvement Grants

Fiscal Year 2021 GFAP Equipment and Physical Improvement Grants

In November 2020, the MDA released the RFP for the fifth round of the GFAP Equipment and Physical Improvement Grant in both English and Spanish. Up to \$280,000 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, and sales of Minnesota agricultural products. Priority points were given to businesses/projects that were adversely impacted by COVID-19 and/or the civil unrest in the Twin Cities.

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 \$303,943.34 was awarded for 14 projects. Award amounts ranged from \$2,500 to \$40,000, with an average award amount of \$21,710. Estimated private investments totaled \$640,409, although there was no formal matching requirement.

Table 1: GFAP Equipment and Physical Improvement Awards

Grantee	Location	County	Award Amount	Estimated Total Project Cost*
Bois Forte Band of Chippewa	Nett Lake	Saint Louis	\$9,810.00	\$40,000.00
Brothers Restaurant and Grocery	Mankato	Blue Earth	\$14,000.00	\$64,000.00
Clearview General Store	Lutsen	Cook	\$38,597.00	\$200,000.00
Osakis Family Foods	Frazee	Douglas	\$17,414.71	\$17,414.71
Jimmy's Food	Minneapolis	Hennepin	\$8,600.00	\$12,000.00
Kosmatka's Market	Oslo	Marshall	\$20,000.00	\$47,619.00
Main Street Market of Buffalo Lake	Buffalo Lake	Renville	\$40,000.00	\$69,081.00
Nicollet Family Dollar & Halal Meat Market	Minneapolis	Hennepin	\$40,000.00	\$43,056.83
Pillsbury United Communities	Minneapolis	Hennepin	\$25,000.00	\$46,716.00
Shu Karen Grocery	Saint Paul	Ramsey	\$2,500.00	\$2,500.00
Thirtythird Meat & Grocery	Saint Cloud	Stearns	\$6,521.63	\$6,521.63
Webber Mart	Minneapolis	Hennepin	\$19,500.00	\$19,500.00
Winthrop Market	Winthrop	Sibley	\$22,000.00	\$22,000.00
World Mart	Worthington	Nobles	\$40,000.00	\$50,000.00
Totals			\$303,943.34	\$640,409.17

* 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. For example, Scott Kosmatka, owner of Kosmatka’s Market located in Oslo, will use his

GFAP grant to replace 35-year-old equipment with a new freezer and a new produce display case. This new equipment will be more efficient to run and provide a fresher product that will keep for a longer period, ultimately providing a lower cost to the customer. Similarly, Mohamed Ahmed, owner of Brothers Restaurant and Grocery located in Mankato will use his grant to purchase a freezer, meat saw, tenderizer, and slicer to increase Halal food options to provide more culturally appropriate food options to African immigrants and international students in the Mankato area.

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 payments of grant funds. Of the 14 FY21 recipients, 13 are currently SNAP authorized retailers. These retailers had combined SNAP sales of \$5,970,268 in FY21.

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. Eleven retailers participated in WIC and had a total of \$437,441 in WIC sales during that time. The other three retailers either did not participate in WIC during FY21 or are not eligible to participate in the program.

Recipients of GFAP grants represent multiple business and ownership models. Of the 14 grantees, 12 are for-profit businesses, one is a non-profit organization, and one is a Tribal government. Five of the 12 for-profit businesses are owned/co-owned by women and/or BIPOC community members.

Projects serve a variety of diverse communities across the state. Of the 14 funded proposals, six are serving urban areas (including the eleven county Twin Cities Metro Region and St. Cloud) and eight are serving primarily rural communities. Seven are located in food deserts, and seven serve other low- or moderate-income areas. Based on self-reported assessments of the racial/ethnic communities served, projects specifically served African immigrant populations, Karen and Asian populations, migrant agricultural workers, and Somali immigrants and refugees. Two projects focused specifically on serving and selling Halal meat products.

Priority points were given to projects that were adversely impacted by COVID-19 and/or the civil unrest in the Twin Cities. Impacts experienced included but were not limited to disruptions to business hours, increased expenses from purchasing personal protective equipment (PPE), staff shortages, or property damage. Twelve of the 14 projects were negatively impacted by COVID-19 and four of the 14 projects were directly impacted by the civil unrest.

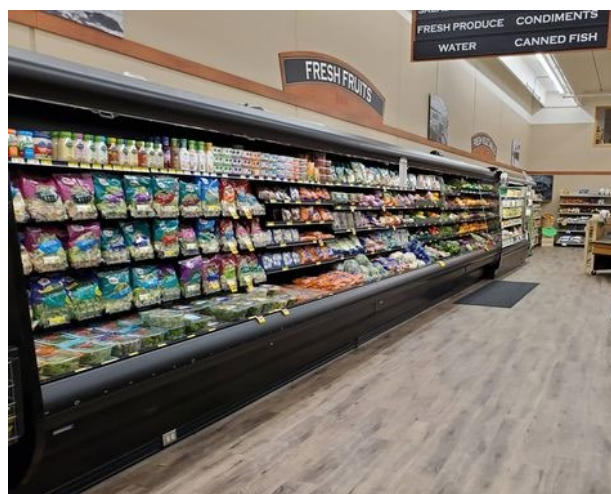
Descriptions of funded projects and a map of their locations can be found in the [Appendix](#).

Fiscal Year 2019 and 2020 GFAP Equipment and Physical Improvement Grants

During 2021, we followed up with FY19 and FY20 GFAP Equipment and Physical Improvement grantees. All but one of the FY19 grantees have completed their projects, and most of the FY20 grantees were able to complete their projects, although three 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 projects possible and that the projects were unlikely to occur without the grant funding. Juba’s Supervalu, a family-owned grocery store located in Blue Earth, received their grant in FY20 and purchased five new energy efficient produce display cases to replace their original display cases installed in 1990. This upgrade allowed the store to better utilize their space and increased the amount of fresh produce available for customers. Tim Juba, Juba’s store manager, said that the grant has allowed for the store to expand their capacity and gave them a clear, more organized opportunity to market fresh produce to their customers. He also noted that the updated display cases caused many customers to come to the store just to see the fresh new look in the produce aisle.

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 1. Juba’s Supervalu, a FY20 recipient located in Blue Earth, purchased five new energy efficient produce display cases. This increased the store’s linear square footage to offer more fresh products to their customers. Photo courtesy of Juba’s Supervalu.

Of the 22 FY19 and FY20 retailers who benefited from GFAP grants, 21 retailers directly participated in SNAP during FY21 and had total SNAP redemptions of \$2,606,401. Since receiving their awards, these retailers have redeemed a combined total of \$4,546,450. The remaining retailer participated in SNAP via an authorized farmers’ market and redemption information is not available for them. In FY21, of the 22 FY19 and FY20 retailers, 12 retailers participated in WIC and had total sales of \$392,946. Since receiving their awards, retailers participating in WIC have redeemed a combined total of \$995,994.

Many retailers also reported that their projects helped them sell more produce. Valley Hardware and Supply, located in Halstad, reported that they are now able to carry more local products including four varieties of organic potatoes, locally grown sweet corn, squash, pumpkins, and honey. This combination grocery store and hardware store has become a hub in the community with interest from both customers and local producers to carry more fresh, nutritious, and locally sourced products.



Photo 2. Valley Hardware and Supply, a FY20 recipient located in Halstad, purchased and installed refrigeration and freezer units to offer fresh, nutritious, and affordable foods to local residents. Photo courtesy of Valley Hardware and Supply.

Every recipient expects that their project will positively impact the long-term sustainability of their business. Mark's Market, located in Hackensack, purchased a new walk-in cooler to replace an old, energy inefficient cooler in need of replacement. The new cooler allowed Mark's Market to get bulk pricing on frozen fruits and vegetables and to be more competitive with the larger chain stores in the area. Kris Biessener, co-owner of the store noted that, "the pandemic revealed the importance of back stock in the face of supply chain shortages. We are now able to keep more freezer back stock to make it through till products are available again."



Photo 3 and 4. Mark's Market, a FY20 recipient located in Hackensack, purchased, and installed a new cooler (right) to replace the old, failing cooler (left). This upgrade allows for Mark's Market to store more produce and better meet the needs of their customers. Photos courtesy of Mark's Market.

Tek Tansae, the owner of Chaska Market had similar sentiments, reporting that programs like GFAP offer some hope for small retailers to stay in business and provide food access to their communities. Tek, a FY19 grantee who used his funds to purchase an open produce cooler, a meat and cheese case, and a three-door freezer said, "this grant saved my business from the challenges presented by COVID-19 and a city redevelopment project."

Next Steps

After considering input from the GFAP Advisory Committee, the RFPs for FY22 GFAP Equipment and Physical Improvement Grants and GFAP Technical Assistance Grants were released in early 2022. This round of Equipment and Physical Improvement awards will prioritize projects that demonstrate commitment to community engagement, project sustainability, economic justice, geographic diversity, and promotion of Minnesota agricultural producers. The application period will close in mid-March and we anticipate awarding \$320,750 through a competitive review process. Funding decisions will be made in early Summer 2022.

This round of Technical Assistance awards will prioritize proposals that demonstrate experience providing technical assistance to underserved communities and who will continue to serve these populations throughout their grant period. The application period will close in mid-March and we anticipate awarding \$100,000 through a competitive review process. Funding decisions will be made in early Summer 2022.

Appendix

Summaries of FY21 GFAP Equipment and Physical Improvement Grantees

Bois Forte Band of Chippewa

Nett Lake C Store, owned and operated by the Bois Forte Band of Chippewa, will use their funds to purchase a three-door display cooler and to cover renovation costs for the project.

Brothers Restaurant and Grocery

Brothers Restaurant and Grocery is a local grocery store providing culturally appropriate foods to African immigrants and international students in the Mankato area. Funding will be used to purchase a freezer, meat saw, tenderizer, and slicer to increase Halal food options within the community.

Clearview Retail Partners

Clearview General Store, a convenience store located in Lutsen, is expanding their retail space to include more food products. Funding will be used to purchase a cooler, freezer, shelving, and produce display cases.

Jimmy's Food

Jimmy's Food, located in North Minneapolis, will purchase an air curtain refrigerated merchandiser and upgrade their checkout counter to encourage customers to purchase more food items at their store.

Kosmatka's Market

Kosmatka's Market, located in northwestern Minnesota, will replace 35-year-old equipment with a new freezer and a produce display case.

Main Street Market of Buffalo Lake

Main Street Market will purchase a produce case, a lunch meat case, a deli grab & go, and a meat case. This is a collaborative project to supply a lunch option and culturally appropriate foods to workers at 212 Beef. The meat case will be used exclusively for 212 Beef products.

Nicollet Family Dollar & Halal Meat Market

A South Minneapolis grocer, Nicollet Family Dollar & Halal Meat Market, will purchase a meat saw, meat grinder, produce display case, and an eight-door display cooler to provide more culturally appropriate foods to their customers.

Osakis Family Foods

Osakis Family Foods will purchase a new closed-door refrigerator and ten produce display baskets, nearly doubling the square footage dedicated to fresh fruits and vegetables.

Pillsbury United Communities

The North Market Healthy Meals Merchandising Project will purchase portable display cases to feature more nutritious and affordable food options for customers.

Shu Karen Grocery

Shu Karen Grocery, located in Saint Paul, is a small, locally-owned grocery store serving primarily Karen and Asian community members. They will purchase a new glass door reach-in refrigerator to replace an old, inefficient refrigerator.

Thirtythird Meat & Grocery

Thirtythird Meat & Grocery, a Somali-owned grocery store located in Saint Cloud, will purchase new shelving, a refrigerated produce display, and a composter to turn food waste from their store into compost for local community gardeners.

Webber Mart

Webber Mart, a food retailer located in North Minneapolis, will purchase two refrigeration units to increase access to nutritious foods.

Winthrop Market

Winthrop Market, a locally-owned grocery store located in south central Minnesota, will purchase a freezer and a display case with the intent of increasing fresh product offerings by 25 percent.

World Mart

World Mart, a mobile food store catering to immigrant communities in Worthington will include purchasing and customizing a used, insulated truck to increase their reach within the community.

FY21 GFAP Grantees by County

This map of Minnesota shows the locations of FY21 GFAP grantees, which are also listed in [Table 1](#) (Equipment and Physical Improvement Grantees). There were no Technical Assistance Grants awarded in FY21.

FY21 GFAP Grantees

