



## City of Madison Healthy Retail Access Program Application

### APPLICANT INFORMATION

<b>Primary Contact for Project (phone, email)</b>	Kirsten Moore, Director of Cooperative Services 608-287-8103 <a href="mailto:k.moore@willystreet.coop">k.moore@willystreet.coop</a>	<b>Total Project Amount:</b> \$144,260 <b>Healthy Retail funds requested (Maximum: \$35,000):</b> \$72,130
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<b>Address(es) of Project</b>	Willy Street Co-op — North, 2817 North Sherman Avenue, Madison, WI 53704
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<b>Applying as a:</b> <b>Retailer</b>	<b>Retailer</b> <input checked="" type="checkbox"/>	<b>Organization</b> <input type="checkbox"/> <b>(must fill out Form A)</b>
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<b>Are you a SNAP approved retailer through the U.S. Department of Agriculture (USDA)? Yes</b>	<b>EAST FNS: 3027929</b> <b>WEST FNS: 0281303</b> <b>NORTH FNS: Application pending</b>	NO <input type="checkbox"/>
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### PROJECT INFORMATION

**Please limit each answer to the space provided. You may attach additional information related to the questions and budget to this application.**

**Please describe, in detail, the proposed project.**

Willy Street Co-op—North, a project estimated to cost almost \$2.8 million in total, will be opening at 2817 North Sherman Avenue later this summer. The site in this underserved neighborhood was selected after much discussion with north side community leaders and our Owners. The timeline to open and secure funds for a successful opening has been compacted due to the needs within the area: with the departure of the former Pierce’s NorthSide Market, availability of healthy food and access to grocery retailers is now severely lacking. Our opening is therefore time sensitive for this priority area that has been identified by the Healthy Retail Access Program.

Due to limited availability of time to secure this space and commit to marketing healthy food on the north side, our ability to fundraise ahead of opening has also been limited. Fortunately, this project has gained wide spread community support, with over 95% positive commentary and input from over 450 people both within the Co-op’s Ownership and on the north side, and with the beginnings of a successful Owner Bond Drive. We are asking our Owners to loan the Co-op up to \$1.5 million dollars to support the project by August 1, 2016, and within the first 23 days of the drive (May 9-June 1), we have already surpassed one-third of our fundraising goal with \$502,000 loaned by Co-op Owners.

Limited time for planning and fundraising means that we have limited means to do any major remodeling. This resulted in our original plans only including limited prepared foods and bulk aisle offerings and the standard number of carts needed to properly serve customers with traditional transportation access. As we began to learn more from the community and their desires to make this Co-op a place that will serve their healthy food needs, we realized that we needed to revise our plans: develop a full bulk aisle, provide the same kind of fresh salad bar services we offer at our other two locations, and make sure that we have enough carts available on the premises to de-stigmatize the use of carts to transport groceries to the bus stop or to the homes of nearby residents. We also learned in our planning that the State Women, Infants and Children (WIC) program was a vital service in the community. Pierce’s Market had a little over \$120,000 in WIC sales transactions, making them the #8 mid-sized grocery servicing WIC county-wide, and #4 in the City of Madison. As a currently authorized SNAP retailer that averaged over the past five years \$988,377 in SNAP sales from 35,757 transactions annually, we understand how important WIC and SNAP are for people with low income gaining access to healthy groceries. That is why we are working with the Wisconsin Department of Health Services (WDHS) to be (so far) the only food co-op in Wisconsin to accept WIC as a tender-type at our registers. This pilot offering in our new location will not only help us provide even more fresh produce and staples to our community, but it will also allow for the state WIC program to learn from working with a grocer that is cooperatively-owned and committed to a smaller, more local food chain than the average WIC retail vendor.

In addition to adding WIC at Willy North, we are planning (upon approval by our Board of Directors) to further our ability to provide shelf prices to the community by removing the 5% surcharge on purchases for non-owners. This means that regardless of whether or not a person is an invested Owner in our business, the shopper will receive the shelf price on product. Many of our promotional sales will be for our Owners only, but we believe that it's time for our store to allow our non-owning Co-op supporters who choose to spend their hard earned dollars with us to pay the shelf price advertised and not charge them more through the outdated practice of surcharging.

Of course, to add these offerings to the project and changes to the Co-op's business model, they come with labor and financial costs. That is why we are reaching out to the Healthy Retail Work Group of the Madison Food Policy Council and urging your support to make these important features in our new store a reality for our new neighbors. The cost for the bulk bins alone (and this does not include the other fixtures and equipment to stock a successful, full-service bulk aisle) is quoted at \$26,715. The addition of a 10' salad bar is expected to add \$9,900 to our original project. And while 80 carts will likely provide us with enough carts for regular shoppers, having 100 carts on hand (20% more) would help us feel comfortable with allowing customers to borrow carts to get to the bus stop or for 24 hours when needed to transport healthy foods home. 100 carts will cost \$13,195. The Co-op has traditionally earned about \$60,000 annually on surcharges for non-owners, and so this will be an income change for our bottom line. Finally, participation in the WIC program comes with a risk. In order to be fully reimbursed for products that shoppers use WIC to purchase, the products must be priced at below the reimbursement caps set by WDHS. WDHS does not disclose the reimbursement caps, and so it is possible, being a mid-size grocery committed to smaller distribution chains and local producers who have less economy of scale built into their production and labor, that we may take a loss on sales to WIC participants. Authorization to participate in the WIC program is a three-year commitment, and the only way for us to find out if we will incur any loss from participation is to become authorized and give it a try. While many of our conventional items seem to be in line with WIC reimbursement caps (according to WDHS representatives), products that we have analyzed that may qualify for the WIC program after we are in the system may be priced as much as 40-45% higher than the reimbursement caps due to being small locally produced items. If we retain the same amount of usage by WIC participants as Pierce's Market, we anticipate a possible 5%, or \$6,000 loss on annual WIC sales, possibly \$18,000 over the next three years.

We would love to be able to announce that these offerings will both be available at full capacity as soon as possible when we open doors, and so we are hoping the City of Madison will partner with us to make it all possible.

**Please describe how the project improves access to healthy food in the neighborhood you serve.**

Healthy food access is at the core of our reasons for selecting this site for Willy North. Without neighborhood grocery retail service, this already underserved area would lack walking access to a store where many residents rely on public or alternative transportation or walking on foot to meet their shopping needs. As the neighborhood is comprised of mixed economic demographics, it will be important to offer not only healthy foods, but also ensure that the foods are affordable and easy to transport. Our customers have come to learn over our 40+ years of service that our bulk offerings are some of the freshest, most affordable, healthy foods in the City, and that our salad bar is an affordable opportunity to choose fresh, high quality produce for a quick meal, which is great for our customers on-the-go. The addition of our salad bar will provide a healthy, affordable alternative to the other pre-prepared fast offerings in the area, and a full bulk aisle will support providing even more healthy options at low prices. We have heard through written and verbal feedback that previous retailers in the area had a hard time keeping track of grocery carts, often citing "theft" as the cause. We believe that this is due to people needing to take a cart to get their groceries to the bus stop, or to their homes. We would like to remove the feeling that when one needs to take a cart away from the store that they are stealing the cart. We would rather trust our customers to use the carts appropriately and bring them back when they are done. In order to do this, we need to make sure we have more than enough carts on hand to service the store and allow our customers to borrow the carts for grocery transport. By investing in enough carts to go around and removing the stigma, we feel we will more likely see those carts return in good condition.

Co-op Owners who utilize SNAP, participate in the WIC program, qualify for Section 8 HUD housing or other public and private social services, as well as those Owners who can demonstrate that their income is at or below 130% of the Federal Poverty Guideline are eligible to participate in our Access Discount Program, offering 10% off shelf and sale prices on the vast majority of products, including prepared foods and bulk aisle offerings. This discount offers unprecedented access to healthy foods, beyond those foods approved for purchase using SNAP or WIC benefits alone. Over the past three fiscal years, we spent, on average, \$232,222 in Access Discount reductions. Current enrollment records show 86% of our Access Discount participants are SNAP recipients.

We are also working with the City of Madison on a pilot extension of the MadMarket Double Dollars program in the retail sector, and thanks to Federal FINI funding, we will launch our portion of the program this October for SNAP users across stores. This is an exciting continuation of our SNAP outreach. With the assistance of the Second Harvest Food Bank, we began holding an in-store SNAP information and registration sessions monthly at both of our current locations in January, 2016, and we are already in talks with Second Harvest and the Madison Public Library Lakeview Branch to offer this free service to the community monthly at Willy North.

Willy Street Co-op is not only committed to making sure that we offer high quality, healthy foods to the community, but also to offering as many of our products and services as we can to as many people as possible, regardless of economic status. The north side is ready for us and we have heard them loud and clear, with over 450 comments indicating over 90% positivity from our Owners and north side residents, with invitations to meet with the vast majority of neighborhood associations in the area, with the Northside Farmer's Market allowing us to sell staples at their Sunday event to help get groceries in the neighborhood while we are under construction, and with a solid partner in the Northside Planning Council, who has even organized shuttle service to our East location to help get people the groceries they need during our construction time. For these reasons, we believe the customers who will benefit most from the location of Willy North deserve a full-scale bulk department, a fresh, healthy salad bar to enjoy, the proper tools to walk their groceries to the bus or to their homes safely and efficiently, to be able to use WIC in a quality store like ours who is committed to equity across the food distribution chain, and to shop in our store and receive the shelf prices regardless of co-op ownership status.

**Please describe any organizational partners or other collaborators and their relationship to the project.**

Northside Planning Council, our partner in deciding to select Willy North's future site. At the end of 2015, the Northside Planning Council approached WSGC to help determine the feasibility of opening a new cooperative business to replace the current retailer leaving the area. Once it became clear to the Northside Planning Council that starting their own co-op would take a lot of time, that we were already investigating an additional location, and that there were already many WSGC Owners on the north side, they decided to ask us to take a look at the location ourselves: bring our research, our expertise, and the investment of 33,000 local people into the community for the long haul. We are honored to be invited, and believe this is the right fit for our Owners, our staff, and the north side community. We are also pleased to partner with them for their shuttle service, and hope that this, too, can grow into another means for people to get to the grocery store safely and efficiently.

Second Harvest serves as our partner in providing SNAP education and promoting the Access Discount Program at our stores. In the event that funding is awarded to Willy North for the purpose of increasing accessibility to healthy food and means to transport it, Second Harvest Foodbank is willing to commit to providing SNAP education and training to customers and Willy North staff; conduct SNAP outreach and application assistance onsite at Willy North or at the Lakeview Library next door, and promote the Access Discount Program through distribution of provided collaterals at sites and outreach events throughout Dane County; and refer SNAP applicants to the Access Discount Program when applicable. This service, which is supplied at all our locations, is estimated at a \$2000 in-kind annual contribution to the Co-op's offerings. The City of Madison's Healthy Retail Access Program will be key to expanding Willy North's efforts to increase access of fresh and nutritious product for all Dane County residents. Second Harvest Foodbank appreciates your consideration of this proposal and looks forward to partnering with Willy North to reduce food insecurity and hunger in our community.

**Please take some time to describe the types of technical assistance that you may need to help with completing the project. Some examples of technical assistance: business plan development, marketing assistance, financial planning, grant writing assistance, market research, bookkeeping, project management, etc.**

We would appreciate marketing assistance for this project. We want our new neighbors to feel supported by our store, and that it is a store that can be theirs to shape and enjoy. Your support and community reach may be instrumental in helping people feel that they can confidently shop their new grocery retailer, and that we will do our best to meet their budget needs.

**Please indicate a general timeline for the project.**

Willy Street Co-op gained access to Willy North on May 16, 2016 and we are planning a grand opening in September. Construction has begun, with plans to start providing grocery service to the community in August, 2016.

## **BUDGET SUMMARY**

**Please include a project budget that includes items such as construction costs, materials, labor, etc. Please include specifically how city dollars would be utilized within the project budget. Also include other funders, lenders, or in-kind supporters that are contributing to the project.**

<b>Item</b>	<b>Total Cost</b>	<b>Labor Cost (estimate, if not available)</b>	<b>Amount of City Dollars Requested</b>	<b>Amount of Other Revenues/In-Kind Support</b>
10' Salad Bar (equipment only)	\$9,900	Assembly & Electrician est ~\$800	\$5350 2016	\$5350 Owner Bonds 2016
Bulk Bins (140 for bulk area, 300 total throughout store)	\$26,715	Assembly: 8 Co-op Staff, 12 hrs @ \$15/hr est ~ \$1440  Construction: 2 Co-op Managers, 20 hours, @ \$23/hr est ~ \$920 Subtotal: \$2,360	\$14,537.50 2016	\$14,537.50 Owner Bonds 2016
100 Shopping Carts (20% above needed total)	\$13,195	Setup: 2 Co-op Staff, 3 hrs @ \$15/hr est ~ \$90	\$6,642.50	\$6,642.50 Owner Bonds 2016
WIC Vendor Application (Risk Contingency for loss on reimbursements 3 years & initial labor for implementation of program in year 1)	Est. \$18,000 risk over 3 years	Application & New Product Sourcing/ Procurement & Store Manager Training: 4 Managers, 8 hours per week, 12 weeks @ \$25/hr est ~ \$9600	\$13,800 (\$4800 2016, \$3000 2017, \$3000 2018)	\$6000 In-Kind Second Harvest SNAP education and registration sessions (\$2000 each year, 2016, 2017 & 2018)  \$3000 Access Discount Budget (\$1000 each year, 2016, 2017, 2018)  \$4,800 Owner Bonds 2016
Surcharge Removal by August 1	Est. \$60,000 less revenue FY17	Communication materials revision and promotion: 3 Managers, 4 hours per week, 12 weeks @ \$25/est ~ \$3600	\$31,800 (2016)	\$31,800 Owner Bonds (2016)
<b>TOTAL (TOTAL WILLY NORTH BUDGET = \$2.8M)</b>	<b>\$127,810</b>  <b>\$115,800 2016</b> <b>\$6000 2017</b> <b>\$6000 2018</b>	<b>\$16,450 (2016)</b>	<b>\$72,130</b>  <b>\$66,130 2016</b> <b>\$3000 2017</b> <b>\$3000 2018</b>	<b>\$72,130</b>  <b>\$66,130 2016</b> <b>\$3000 2017</b> <b>\$3000 2018</b>

## FORM A

**A) Please list the retailer(s) and location(s) that are directly working with for this project.**

**B) Please specifically describe the organizational support that you are providing to the retailers as a part of this project proposal.**

## **LETTER OF INTENT**

**Please attach a letter, signed by the owner or manager for the retailer(s) involved that describes their active participation in the project.**