



Office of the Mayor

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Memo: Healthy Retail Access Work Group Funding Recommendation – *Madison Oriental Market*

Date: Monday, April 29, 2019

To: Madison Food Policy Council Members

From: George Reistad, Food Policy Director and Members of the Healthy Retail Access Work Group

Members of the Madison Food Policy Council,

The Healthy Retail Access Work Group met with Kyle & Cynthia Lee, Owners of Madison Oriental Market (MOM), as well as Martee Mikalson and Abha Thakkar, representing their partner - Northside Planning Council (NPC FEED Kitchens) on Tuesday, April 23, 2019. They provided an overview of Madison Oriental Market's Healthy Retail Access Program proposal, which seeks funding assistance to purchase new coolers and freezer and to support some of the electrical, plumbing, and build out expenses associated with the purchase and installation of new equipment. They also discussed the business model, sales projections, and growth potential of the store, as well as how investments made in the store will drive inventory expansion and thus an expansion of their already diverse customer base.

Currently Madison Oriental Market serves many different ethnic customers, including African American, Caucasian, Hmong, Lao, Cambodian, and Latinx. Upgrading equipment in the store will help MOM carry and better organize more items that cater to each ethnicity. Being able to carry a wider range of African foods will help bring back more of the store's African customers, since currently they don't have enough shelf space for all that they need. Since the decrease in their African customers, they have not been selling perishables as fast, which means that they have had to decrease their perishable inventory purchases. This leads to a cycle where, when the store does need higher quantities of perishables for a large order, they don't have it on hand, etc. MOM also wants to expand their inventory to include more Latino and Indian foods and spices, since there are a growing number of customers wanting to find those items within their Northside neighborhood, closer to home. With these additional product lines, MOM can bring in new customers from the surrounding neighborhood so that they don't have to travel as far to get their ethnic groceries. Right now, most of these ethnic products are only available by traveling all the way to Sun Prairie.

By collaborating with NPC FEED Kitchens, MOM has had access to technical assistance through Martee Mikalson, who has over 4 decades of experience running and establishing food retail businesses. She has assisted MOM owners with the following:

- Developing the store layout with the new infrastructure investments, including freezers/coolers, plumbing, and electrical
- Creating cash flow projections for the next three years, accounting for growth because of the infrastructural improvements
- Working with contractors to get competitive quotes on equipment and installation

- Hiring an attorney to work with the landlord, Alexander Real Estate, to secure commitments providing substantial investments (>\$75,000) in improvements and build-out costs of MOM's store

Additionally NPC FEED Kitchens offers unique partnership and promotional opportunities for MOM. FEED vendors routinely patronize the store and buy product that they use in their prep work and product lines. The NPC Northside Newspaper has also highlighted MOM and their expansion plans, with a well-written and [widely read article published on March 26, 2019](#), which MOM owners said created a notable increase in store traffic. Martee Mikalson and Abha Thakkar provided background information on this partnership and both committed to continuing to work with and collaborate with MOM owners in the future.

City staff and Healthy Retail Access Work Group members have been working with MOM owners and NPC FEED Kitchens staff on this HRAP application for over 6 months. In that span of time, the thoroughness and quality of the application has increased dramatically, with a lot of thought put into what investments create a more sustainable business model, but which also builds on the needs of and expands their diverse customer base. To that end, members of the Healthy Retail Access Work Group determined that the application justifies the request for HRAP support. Goals and benefits of this application align with three out of the five stated goals of the Healthy Retail Access Program, which were approved and adopted by the Madison Food Policy Council on November 7, 2018:

- Increasing healthy food access to low-income individuals and families
- Increasing healthy food choice and improving health outcomes
- Increasing culturally appropriate foods in identified Areas of Focus

In light of the diligent work of MOM and NPC FEED Kitchens to submit an application with accurate cost estimates, sales projections, and rationale on benefits to their customer base, in addition to providing over 68% of the total cost of the \$478,000 project (MOM is requesting 31% of the total cost from the City), Work Group members recommend that the requested \$150,000 in HRAP funding be awarded to Madison Oriental Market to assist with expenses related to infrastructural investment, including the purchase and installation of new coolers and freezers, plumbing infrastructure, and electrical infrastructure.

Sincerely,



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