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HB1143: Food distribution facility grant program

Melissa Sobolik, CEO, Great Plains Food Bank

Chairman Beltz and House Ag Committee Members,

I am Melissa Sobolik, the CEO of the Great Plains Food Bank and it is my pleasure to offer testimony and support for House Bill 1143.

ND prides itself on growing food to feed the world, yet last year alone more than 156,000 North Dakotans visited a food pantry or soup kitchen. That's one in five of our neighbors and one in three children. We and the state's charitable feeding network responded and were able to distribute more than 15 million pounds of food to them.

The Great Plains Food Bank proudly serves as North Dakota's only food bank and its largest hunger relief organization. We, like all food banks across the nation, are set up to recover surplus food that would otherwise go to waste and get it into the hands of those who need it. Over the past 41 years we have recovered and distributed 294 million pounds of food to neighbors in every county across North Dakota. We have built strong relationships with growers, producers, ranchers, retailers, manufacturers and the food industry to find, recover and in some cases, purchase, food. We bring that product into either our statewide distribution center in Fargo or regional service center in Bismarck, where it is inventoried and safely stored prior to distribution. Every item is entered into an online inventory software, and our partner network of nearly 200 food pantries, soup kitchens and shelters place their order, much like any online shopping, and then we pick their order, load it onto one of our semi-trucks and deliver it directly to their door monthly. They are then able to stock their shelves, make their meals, and serve those in need in their respective communities. They are a cornerstone of the charitable hunger relief network, as are our food and financial donors and volunteers. Ending hunger is a shared responsibility and are honored to work alongside them to make North Dakota hunger-free.

We also offer an array of direct service programs to fill gaps, reduce barriers and increase access, like our Mobile Food Pantry, Backpack Program, Senior Food Pack Program, Youth Summer Meals, Wellness Pantries, and more.

Our mission is to END HUNGER TOGETHER and we do this by focusing our energy and resources on ending hunger TODAY, TOMORROW, and FOR GOOD. We aim to work ourselves out of a job, but unfortunately, we aren't there yet.

In the past 10 years, we have watched the need for food assistance grow. From 2013 to 2023, there was a 97% increase in the number of people seeking food assistance. Reaching a record high of 156,479 individuals in 2023.

Which correlates with an increase in food distributed. In 2024, we distributed nearly 16 million pounds of food. Each month 1.3 million pounds of food is going out of our statewide distribution center. Sixty-one percent of that product is donated, 25% is from USDA in the form of federal commodities, less than 1% comes from food drives, and 14% of it is purchased. We accept all types of product, including shelf stable products, fresh produce, dairy, bakery items, meat/protein and even non-grocery items like diapers, pet food and paper products.

Food is the most basic human need. It has the power to transform lives; it is medicine and is the foundation upon which strong families are built and communities flourish. There is enough food produced to feed everyone in our great state, yet not all have access to it. As the need for our services grows and evolve, so must we as an organization. As we continue to grow, innovate and bring new programs, services and ideas to end hunger, we have reached our capacity facility-wise.

Our current statewide distribution center in Fargo consists of 3.1 acres, a 45,000 square foot warehouse that holds 59 semi-loads of product, commercial freezer and cooler, 3 loading docks, a volunteer center, houses 45 team members, and is home to our 4 straight trucks, 6 semi-trailers and 3 tractors.

In October 2022, after months of paying for offsite storage, using semi-trailers for food storage instead of transportation, having our HVAC system fail, filling holes or draining water from our parking lot, and a leaky warehouse roof, we embarked on a comprehensive assessment into the quality, maintenance needs and capacity of our facility. We quickly learned that our site and facility had a number of issues and challenges.

Structurally, we are built on a former landfill, and the uncontrolled fill would mean extensive site work for any building. Our ballasted EPDM roof is nearing the need a full replacement. Our exterior warehouse walls have no insulation. There are numerous code issues regarding ADA compliance, including no elevator access to the second floor. The ventilation system lacks current outside air requirements. The warehouse heaters exhaust combustion air back into the warehouse. All ductwork is housed underneath the building. The electrical system is at the end of its life and replacement parts are not readily available. The HVAC system for the office has reached its life cycle and needs full system replacement.

On top of that, the current site doesn't allow for any expansion or growth of warehouse, office space, loading docks or parking lot. Even if we overcame all the challenges and issues identified, we would completely outgrow this facility in 5-8 years.

At the direction of our board of directors, we began researching what a new statewide distribution center would need to include to be effective, efficient, and evolve with our mission, and ultimately what it would cost. We engaged an architect and realtor to work with an internal building committee made up of staff and board members. Together, we toured other food banks, warehouses, office buildings and after several scaled back iterations, determined the right size and design for our current and future needs.

We focused on designing intentionally for food banking and enhancing operational efficiencies. We needed to meet current and projected demands, while having ample growth opportunity and flexible spaces. We needed it to be accessible, durable and prudent.

Ultimately, we landed on a 70,500 square foot space that would:

- Grow our warehouse space by 57%
- Increase pallet racking space by 97%
- Create 6 loading docks for shipping and receiving
- Expand freezer and cooler capacity by 128%
- More than double volunteer capacity to accept groups up to 100
- Add an allergen free repacking room
- Create various workstations and offices for our growing team
- Feature a multi-use community room for events, trainings, meetings
- Allow for workforce development and training programs

We then completed a fundraising feasibility study to gather input and advice from key financial donors on their appetite for a capital project. Throughout the summer of 2023, we learned that there was overwhelming support for a new statewide distribution center and the donors felt that raising \$20 million was feasible.

As we searched for land, we did evaluate whether Fargo was still the right location for our statewide distribution center. Because we rely heavily on food donations, being at the intersection of both I-29 and I-94 not only makes receiving product easier, it actually precipitates truckloads of food donations. We have ample retailers and food industry warehouses that partner with us and a strong financial and volunteer base.

We tasked our realtor with finding a parcel of land that was close to both interstates, was on or near a public transit route, while staying in the central part of the city. Our realtor identified a parcel of land in the heart of the city, meeting all our requirements, plus it qualified for New Markets Tax Credits. We were able to purchase and close on nearly 9 acres of land in October 2024, in large part due to a Community Development Block Grant – Covid (CDBG-CV) administered through the North Dakota Department of Commerce for \$2 million. Our board of directors allocated the remaining purchase cost out of board-directed reserves.

Once we completed designing for this site, the space allowed for separate truck and car entrances and parking lots, 130+ car parking spaces and ample room for building expansion for all function areas. The estimated cost for all construction and associated expenses to expand services, including a construction inflation rate of around 5%, was \$30.5 million.

Great Plains Food Bank staff and board have been building a strong, 3 year fundraising plan. We officially started fundraising in July 2024 and have raised \$936,413 in private contributions so far. On top of that, the \$2 million CDBG-CV grant and the \$900,000 allocated from reserves puts our revenue at \$3,836,413. We plan to sell our current facility, which we own out-right, for an estimated \$2.5 million. The new site also qualifies for New Markets Tax Credits, which should bring in an estimated \$4.5 million. That revenue plan totals \$10,911,413, leaving us with \$19,588,587 to raise.

HB1143 would provide a one-time appropriation of \$10 million to build a larger, more efficient statewide distribution center that would increase the capacity of our entire state's charitable hunger relief efforts. With a larger facility, we can recover, store and safely transport MORE food, to MORE people, in MORE communities, MORE often.

While it's a one-time appropriation, the investment stands to last for decades. The facility is designed to support our mission for the next 40 to 50 years. The bill proposes a dollar-for-dollar match between state funds and privately raised dollars, showing a true public/private partnership. HB1143 is an INCREDIBLE return on the state's investment in our neighbors living with food insecurity in every county across our great state.

HB1143 is about so much more than just a statewide distribution center or a facility. It's about what this statewide distribution center will enable us to do. It'll be a springboard for ending hunger for good. It will allow us to transform, expand and innovate new ways to tackle food insecurity and hunger to meet the growing and changing needs of our neighbors. It sends a message to anyone needing our services that as long as hunger exists, so will we. It provides reassurance that North Dakota children don't go to bed without dinner. It provides relief and hope to seniors who won't have to forgo their medication in order to put a meal on their table. We work towards a future where neighbors are nourished, communities are strong and systems ensure no one is left behind.

On behalf of the 156,479 North Dakotans we proudly serve, the tens of thousands of food and financial donors, charitable hunger relief network, volunteers, staff and board, we ask for your support on HB1143. Hunger hides in plain sight. It is a problem we can, and must, fix. We hope you'll join us and be a part of the solution. This is an opportunity to take a giant leap forward in ending hunger and we appreciate your support and consideration.

Thank you so much and I'd be happy to answer any questions you have.