North Dakota Planning Association

Rural Grocery Stores
Carron Day, Community Planner
Agenda

1. Decreasing # of rural grocery stores
2. Why Focus on Rural Grocery Stores?
3. Alternative Ownership/Operation
4. Addressing the Challenge
Decreasing # of Rural Grocery Stores
National perspective

In many rural communities, grocery stores are the only source of fresh food for miles.

The USDA estimates:
• 2.3 million people live in rural areas that lack access to healthy food
• 60% of whom are low-income.

North Dakota

“Since 2013, North Dakota has lost 15% of its grocery stores in towns with populations of fewer than 2,100 people”

SENATE CONCURRENT RESOLUTION 4013

2014: 137 rural grocery stores
2018: 103 rural grocery stores
2019: 98 rural grocery stores

266 ND cities under 2,100 population
Grocery Store

Low access at 10 mi
Low access at 20 mi
Cleveland ND

Location at Arrowood Mall closed in 2015 after 65 years

Bismarck ND

Grace City ND

Aneta ND

Matador ND

Streeter ND
An interim Legislative committee is studying the distribution and transportation of food in rural communities.

"Rural people work hard to keep their grocery store. They understand they need it. It’s a pillar in their community. They feel it’s a kiss of death for their community to lose it."

Lori Capouch, Rural Development Director
North Dakota Rural Electric and Telecommunications Development Center

North Dakota Senate
Concurrent Resolution 4013

North Dakota Rural Grocers Initiative conducted a consumer study in 2017.
Why Less Rural Grocery Stores?

- Declining populations
- Changing demographics
  Operators of smaller grocery stores reach retirement age and no succession plan
- Changes in purchasing patterns - commuting
  Changing consumer preferences (60 percent of consumers stated that a grocery store that “provides good value for the money” was the most important factor in deciding where to grocery shop.)
- Community support
Why Less Rural Grocery Stores?

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'I can't do it anymore'

Susan Spicer, the Aneta, N.D., grocery store owner who won a battle with Medicare/Medicaid a couple of years ago over disability coverage of medicine she needs to stay alive, has placed her store on the market.

Written By: Kevin Bonham | Sep 28th, 2010 - 4 pm.
Why Less Rural Grocery Stores?

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Why Less Rural Grocery Stores?

• Competition with chain grocery stores and supercenter, big box competition within 50 miles
• Dollar Stores
• Amazon
• Increased costs of products and “drop-off fees”
• Dealing with labor issues
• Distribution system and minimum buying challenges
Mason Bros.

Henry’s

Spartan Nash

Supervalu

Primary wholesale suppliers

- Mason Bros.
- Henry’s
- Spartan Nash
- Supervalu
From a Planner’s Perspective…

Why Focus on Grocery Stores?
Grocery stores have historically played an important role as a hub for community interaction and engagement. The decline of these stores further weakens the bonds and culture within rural towns.

David Procter, Director
Kansas State University Center for Development Engagement and Community
Center ND
Population 517

1. School
2. Three Churches
3. Two Bars
4. Bank
5. Grocery Store closed in 2008

Corner Express - 15 miles
Bismarck-Mandan - 36 miles
Rural Grocery Stores

Community Planning Focus

Livability
- Walkability
- Food Access

Community
- Community Focus
- Quality of Life
- Economic Development
Benefits of a Grocery Store

Deliver Economic Activity
- Rural economic driver

Create Active Public Spaces

Promote Public Health
- Fresh fruit and vegetables

Provide Social Anchor for a Community
- Local, civic and social meeting space

Renew Downtowns & Neighborhoods
What happens when a grocery store is lost?

Health

• Less access to healthy fresh fruits and vegetables
• Seniors and others without reliable transportation will tend to buy their food at convenience stores with more limited selections or go for longer periods of time between visits to the store.
• Health of kids and adults decreases when they live in a food desert

Community

• Loss of a social anchor for a community
• Ripple effect on the community
Ownership/Operation Alternatives

Owners of Rural Grocery Stores Today
Existing rural ND grocery stores

“It's challenging . . . You don't want to just sell the same things folks can find at Walmart, because you probably can't compete"
Existing rural grocery stores - initiatives

Coordinates purchasing and delivery
  • With other stores that are too small to place orders directly with the wholesaler
  • With senior centers and nursing homes

Buying directly from the local farmers

Providing additional services
  • Hardware
  • Telemedecine

“Rural grocery stores can benefit by working with local farmers, not only by providing locally grown food to their customers, but by serving as a point of sale for local food back into the wholesale market.

If successful, the role of the rural grocery store could transform from the passive endpoint of a global food distribution system to an active market participant, playing a pivotal role in the wholesale distribution of local foods in rural areas.”

Dr. Kathy Draeger, Statewide Director
University of Minnesota Regional Sustainable Development Partnerships
It's vital that communities have grocery stores. They are a social anchor for a community.

PIERZ FOODS
Pierz MN - population 1,393

"The owner plays the guitar, they serve sandwiches, they incorporate art; and they are attracting customers throughout the region."
Ownership/Operation Alternatives

Cooperative and Community-Owned Grocery Stores
Food Cooperatives
Rural Food Cooperatives and Community-Owned Grocery Stores

Two new co-ops in rural America.

Marmaton Market bought and took over an existing grocery store in Moran KS, and Great Scott! Community Market in Winchester IL started from scratch.

Winchester IL (population 1,500)

Moran, Kansas (population 558)
ND Rural Food Cooperatives and Community-Owned Grocery Stores

The Buffalo Food Market is a community owned grocery store.

New Leipzig Job Development Authority (NLJDA) purchased Star Grocery in 2005 when the existing store closed & no private buyer stepped forward.
Bowdon has tried a unique option in the hopes of keeping its local grocery store open. They’ve opened a thrift shop with funds going toward the grocery store.

“. . . we’ve spent about $3,000 a year as a donation from the thrift store that goes over the grocery store”

“I hate to think about it, just driving up and down the road with the little towns that have lost their store, pretty soon the whole main street is gone. I think the cafe has told us if we close, they’ll close, and I think it would be a domino effect”

Bowdon ND
Ownership/Operation Alternatives

School-Based Grocery Stores
Defining Characteristics

There are several defining characteristics of this form of rural grocery operation. First, it is highly collaborative. Second, this form of grocery operation is grounded in the belief that food is a public good and that public institutions (school boards, school administrations, and teachers) should invest in this form of commerce. It also serves business interests by creating jobs and paying taxes. Third, this model of grocery store operation functions as an educational laboratory where the store becomes a powerful learning center for a variety of students. Through hands-on experience, students are exposed to a variety of subjects and are able to develop new skills. Finally, this form of grocery operation may function in a particular way to sustain local community. The idea is that by working at the grocery store and obtaining a better understanding of operating a small business in a rural community, students come to understand and more fully appreciate life in that community.
School-Based Grocery Store

**Challenges**

1. Limited scope. Historically, school-based grocery stores are very small-scale and have a very narrow assortment of product offerings.
2. Limited hours of operation. The store is usually only open when school is actually in session and sometimes only when the club or class meets.
3. The store may be singularly a school enterprise. This structure can ultimately lead to a lack of connections to external partners. Partnerships are key to building capacity and longevity.
4. Transactions must take place on school grounds. For some community members, school policies can create barriers to entry on school grounds.

**Benefits**

1. Better student-teacher relationships. When teachers interact with students beyond the traditional classroom setting, mentoring relationships can be developed.
2. Teaching students life skills. Leadership and responsibility are a few skills developed from real-life experiences thus preparing students for future careers.
3. Engaging disadvantaged populations. Schools are often involved in charitable activities. As public institutions, schools can act as community outreach centers offering food access services.
4. Creating community bonds. Communities are supportive of school activities. Community members are able to witness the positive outcomes as youth have the opportunity to interact with them.

Cody NE population 154
Mobile Grocery Stores
Mobile Food Market
Varieties in concept and truck size

Mobile Farmers Market
Mobile Grocery
Mobile Food Bank
Mobile Food Market
MoGro is a non-profit mobile grocery store – healthy fruits and vegetables, local meats, breads, cheese and other grocery items.
Dotte Mobile Grocer

The mobile grocer model won’t work in all of Kansas’ food-scarce areas. In Kansas City, a truck can hit 15 food-starved spots, and 44,000 people, without traveling vast distances.

In more spread-out, rural communities, much more of the day would have to be spent driving from one location to the next. That would mean less time selling — and much tighter margins in an industry where profits turn on selling large quantities.
“The truth is there is a shortage and the dollar stores that came in behind and filled vacuums or caused local groceries to go out of business, depending on your point of view, don’t really carry fresh produce, dairy, meat like we’ll carry in the mobile grocery truck.

Not only do people lose access to healthy foods when a grocery store closes, they also lose a community gathering place.”
New Self-Driving Vehicles are Part of an Engagement with Robomart

Stop and Shop

ASSOCIATED PRESS RELEASE

Stop & Shop Brings On-Demand, Self-Driving Grocery Stores to Consumers

Published January 16, 2019 10:00 ET
Other Alternatives
Technology-Based

Farmhouse Market is a primarily unstaffed, membership-based retail store that is open 24/7 by utilizing technology like a keycard entry system and self-checkouts.

New Prague MN
40% of Minnesota’s population live outside the metropolitan area in communities that have significantly fewer retail food store choices. The vast majority of these stores are large retail chains that provide the convenience factor desired by most consumers but only offer limited varieties of the organic and locally-produced foods being requested by consumers. Likewise most food produced in rural areas is transported to metropolitan areas for sale.

Farmhouse Market seeks to solve this disparity by connecting local and organic food producers with consumers by establishing a technology-based approach to small footprint natural food stores.

Farmhouse Market is a primarily unstaffed, membership-based retail store that(4,10),(997,986) is open 24/7 by utilizing technology like a keycard entry system and self-checkouts. Replacing labor with technology offers local and organic food outlets to be established conveniently and affordably in smaller communities that could never attract an outside whole food retailer thus allowing rural communities to increasingly take control over and profit from their own local food production and consumption.
Community Gardens
Food Forests

1. CANOPY (LARGE FRUIT & NUT TREES)
2. LOW TREE LAYER (DWARF FRUIT TREES)
3. SHRUB LAYER (CURRANTS & BERRIES)
4. HERBACEOUS (COMFREYS, BEETS, HERBS)
5. RHIZOSPHERE (ROOT VEGETABLES)
6. SOIL SURFACE (GROUND COVER, E.G., STRAWBERRY, ETC.)
7. VERTICAL LAYER (CLIMBERS, VINES)
Addressing the Decreasing # of Rural Grocery Stores

Livability+ Community
What can I do?

• Follow/Support ND Rural Grocery Initiative
• Address Rural Grocery Stores in Planning Work
Expand Comprehensive Plan Focus

Expand “Infrastructure” Considerations to Include Rural Grocery Stores
Regulations to Encourage Grocery Stores

**Comprehensive Plan - Health Element**
Some states are requiring local comprehensive plans to address health

**RURAL GROCERY STORES**

**Incentives and Zoning Regulations**
Some cities have used their zoning and land use powers to provide incentives for grocery stores to locate in their food deserts. That approach could be used here.

**New York City**
Food Retail Expansion to Support Health ("FRESH") initiative for the purpose of "establish[ing] and expan[ding] neighborhood grocery stores in underserved communities by providing zoning and financial incentives."

In addition to providing tax and other financial incentives (like low-interest loans), the FRESH program uses zoning to

- Encourage grocery stores to locate in certain neighborhoods by reducing the parking required for grocery stores
- Permitting grocery stores as of right in light manufacturing districts.

*Fordham Urban Law Journal Volume 44 Number 1 Symposium - Home Rule in an Era of Municipal Innovation Article 2 2017 Healthy Zoning Matthew J. Parlow*
Regulations to Encourage Grocery Stores

Philadelphia PA
Zoning incentives for grocery stores that carry a qualifying percentage of fresh foods.
• Fresh food supermarkets exempted from existing floor area limits, and an additional 25,000 in permitted square footage is possible.
• These grocery stores also exempted from minimum parking requirements for the first 10,000 square feet of the store.

Baltimore MD
Baltimore amended its general plan to include a goal that all residents should live within one and a half miles from a quality grocery store. Through its zoning powers, Baltimore was able to attract nineteen new grocery stores from 2000 to 2011.

Santa Rosa CA
Allows grocery stores to locate in any commercial district without a conditional use permit - clearing a significant hurdle for developers in the land use entitlement process.
Regulations to Encourage Grocery Stores

**MOBILE GROCERY**

**Madison WI**
An unusual use permitted in all, but the downtown and urban districts is the mobile grocery store.

The definition indicates that stores can be operated only by nonprofit entities from a vehicle where there is another principal use. Mobile grocery units are recognized as a way to create access to healthy and affordable food in areas considered food deserts.

**COMMUNITY GARDENS**

**Madison WI**
Community and market gardens and keeping of chickens allowed in all districts.
Consider Incentives for Rural Grocery Stores
Sen. Moran Reintroduces Bill to Incentivize Grocery Stores, Help Eliminate Food Deserts

Bipartisan legislation would incentivize grocers and non-profits to fulfill need in rural & urban areas

Mar 18, 2019

WASHINGTON – U.S. Senators Jerry Moran (R-Kan.), Mark R. Warner (D-Va.), Shelley Moore Capito (R-W.Va.) and Rob Portman (D-Ohio) introduced bipartisan legislation to increase access to grocery stores in areas designated as food deserts.

The HFAAA Act – which defines a grocery market as a retail sales store with at least 35 percent of its selection (or forecasted selection) dedicated to selling fresh produce, poultry, dairy, and deli items – would spark investment in food deserts across the country that have a poverty rate of 20 percent or higher, or a median family income of less than 80 percent of the median for the state or metro area. It would grant tax credits or grants to food providers who service low-access communities and attain a “Special Access Food Provider” (SAFP) certification through the Treasury Department. Incentives would be awarded based on the following structure:

- **New Store Construction** – Companies that construct new grocery stores in a food desert will receive a onetime 15 percent tax credit after receiving certification.
- **Retrofitting Existing Structures** – Companies that make retrofits to an existing store’s healthy food sections can receive a onetime 10 percent tax credit after the repairs certify the store as an SAFP.
- **Food Banks** – Certified food banks that build new (permanent) structures in food deserts will be eligible to receive a onetime grant for 15 percent of their construction costs.
- **Temporary Access Merchants** – Certified temporary access merchants (i.e., mobile markets, farmers markets, and some food banks) that are 501(c)(3)s will receive grants for 10 percent of their annual operating costs.
Resources
Resources


www.ruralgrocery.org


North Dakota Rural Grocers Initiative

https://www.ndarec.com/ruralgrocery

https://www.cfra.org/renewrural/grocery
A concurrent resolution directing the Legislative Management to considering studying the
distribution and transportation of food in the state necessary to the lives of individuals in rural
communities, and the roles of state entities in facilitating the movement of food to rural areas of
the state.

WHEREAS, since 2013, North Dakota has lost 15 percent of its grocery stores in towns
with populations of fewer than 2,100 people; and

WHEREAS, small profit margins in the grocery store business make it difficult for store
owners to keep up with building and infrastructure needs; and

WHEREAS, a considerable number of the state’s population drive more than 10 miles to
reach a grocery store that offers fresh milk, bread, meat, fruits, and vegetables; and

WHEREAS, there is a strong negative correlation between the distance people drive for
food and those people’s health; and
WHEREAS, the North Dakota Rural Grocery Initiative task force is studying the financial feasibility of collaborative purchasing, aggregation, and public-private partnerships to make the best use of existing infrastructure to improve the access, affordability, and variety of food in rural locations in the state; and

WHEREAS, it is imperative the state examines the law regarding the regulation, inspection, and health requirements that restrict some foods to limited distribution channels;

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF NORTH DAKOTA, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

That the Legislative Management consider studying the distribution and transportation of food in the state necessary to the lives of individuals in rural communities, and the roles of state entities in facilitating the movement of food to rural areas of the state; and

Sixty-sixth
Legislative Assembly

BE IT FURTHER RESOLVED, that the Legislative Management report its findings and recommendations, together with any legislation required to implement the recommendations, to the Sixty-seventh Legislative Assembly.
Final Question

How Important are the Small Cities?