Policy Tools for Saving the Small Town Grocery Store

David Procter, Kansas State University
Tawnya Laveta, Farm to Table
Lisa Chen, Public Health Law & Policy

February 3, 2012
New Partners for Smart Growth Conference
San Diego, CA

This powerpoint was developed by PHLP for viewing & educational purposes only. © PHLP 2010
Today’s Roadmap

Welcome

Brainstorm on rural grocery challenges

Kansas State’s Rural Grocery Initiative

New Mexico Food Cooperatives Take Root in Frontier Towns

Policies & funding for sustainable rural grocery
What are the challenges faced by rural grocers?

- Why are you interested in today’s topic?
- In your community, what makes it difficult for small grocers to remain economically viable?
Overview

Economically Sustainable, Healthy Rural Grocery Stores
“Strategies for Saving the Small Town Grocery Store: K-State’s Rural Grocery Initiative”

A presentation to the 11th Annual New Partners for Smart Growth

David Procter, Director
Center for Engagement and Community Development
Kansas State University
Manhattan, Kansas 66506
www.k-state.edu/cecd
www.ruralgrocery.org
(785) 532-6868
cecd@ksu.edu
K-State’s Center for Engagement and Community Development

Mission:

To connect the resources and expertise of Kansas State University to the significant issues of public need facing Kansans and communities worldwide.
Rural Grocery Stores: The Public Need

- **Economic Development:**
  - Rural grocery stores closing causes local economic distress

- **Food Access:**
  - Without rural grocery stores, citizens often lack access to nutritious food

- **Community Sustainability:**
  - Rural grocery stores are a critical infrastructure sustaining small town America
Economic Development

- Rural grocery stores are a critical small business
  - Grocery stores provide numerous local jobs
    - 2.5 million of jobs nationally
    - 14 jobs in rural communities (avg: 5 full time; 9 part time)
  - Grocery stores represent a significant source of local taxes
    - Sample of six KS stores shows 20% of community sales tax receipts come from rural grocery stores
Economic Development

– Locally-owned, small businesses have a larger economic multiplier
  • boost to your local economy that results from locally-owned independent businesses, owners, and employees spending business revenue within the region

– When grocery stores close, a ripple effect occurs
  • Onaga, KS example
  • Kent, MI example
Food Access

Many rural citizens live within rural food deserts

- **Poverty**: significant percentage of census tract's population live below median family income.

- **Lack of Access**: substantial number census tract's population resides more than 10 miles from a supermarket or large grocery store.
Community Sustainability

• Rural Grocery Stores:
  – are a critical infrastructure for rural communities
  – are a cornerstone business
  – has social benefit beyond food
  – attract new residents, retains existing citizens
Our Rural Grocery Initiative Goals

• Identify the significant challenges facing rural grocery stores (in communities of 2,500 or less)

• Develop “best practice” responses to grocer challenges

• Develop a national information network for rural grocers

• Identify and highlight sustainable business models for rural grocery operations
Rural Grocer Challenges

![Bar graph showing challenges for rural grocers: Big Box, Op. Costs, Labor, Regs, Support, Sales Volume, Buying Req. The Big Box challenge is the highest, followed by Op. Costs, Labor, Regs, Support, Sales Volume, and Buying Req.](image-url)
Challenge: Finding the Right Ownership Model

- **School-based enterprise**
  - Leeton, MO; Rothsay, MN
- **Community owned / Co-ops**
  - Gove, KS; Walsh, CO
- **Public / private partnerships**
  - Onaga, KS; St. Paul, KS
- **Sole proprietorships**
  - Little River, KS; Jetmore, KS
- **501(c)3**
  - Plains, KS; Morland, KS
Challenge: Securing Community Support

• The power of community support
  – Walsh, CO

• Processes of building community support
  – Community “investment”
  – Effective grocery store operations
  – “Buy Local” education
Challenge: Meeting Minimum Buying Requirement

- Identifying and facilitating grocery collaborations
- Expanding food re-distribution centers
- Establishing cooperative wholesale food distributor
- Looking for ways to increase food sales
  - Improved Marketing
  - Farmers Market
  - Local Growers
Web Resource for Rural Grocers

www.ruralgrocery.org

– Best practices
– Food suppliers / food networks
– Key research
– Rural grocery news & videos
– Funding opportunities
– Facebook: Rural Grocery Initiative
– Rural grocery blog: https://blogs.k-state.edu/ruralgrocery/
Thank You

David Procter, Director
Center for Engagement & Community Development
Kansas State University
(785) 532-6868
www.k-state.edu/cecd
www.ruralgrocery.org
cecd@k-state.edu
Engaging Residents and Policymakers in Rural Grocery Stores
“New Mexico Food Initiatives Take Root in Frontier Towns”
Mobile People & Stores, Buyers’ Clubs, & Coops

Session: Strategies for Saving the Small Town Grocery Store

New Partners for Smart Growth Conference
February 3, 2012

Tawnya Laveta, Farm to Table
New Mexico
2 million people

22 Sovereign Nations
121,000 sq mi
17 people/ sq mi
$22,966 per capita income
18% below poverty level
City Populations

Albuquerque  545K
Las Cruces    97K
Santa Fe    69K
Gallup     22K
Española    10K
Taos       6K
<table>
<thead>
<tr>
<th>Location</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>T or C</td>
<td>7,200</td>
</tr>
<tr>
<td>Clayton</td>
<td>2,100</td>
</tr>
<tr>
<td>Corona</td>
<td>165</td>
</tr>
</tbody>
</table>
Rural Decay: 40+ year trend
- no banks
- no retail
- no professional services
- no hardware or general stores
- no gas stations
- limited transportation
- no jobs
- no business support services
Challenges for Bringing Back Our Grocery Stores

- Dispersed population, low income
- Shortage of buildings & infrastructure (water, sewer/septic, power, broadband, “out of code” or “no code”)
- Need more than just groceries (prescription drugs, ATM, tax services, FAX machine, gas, hardware supplies, animal feed, office supplies, internet access)
- Lost expertise for managing a store
- Limited public transportation to food
- Families w/ no vehicles or unreliable vehicles
- Only 1 supplier delivers to rural areas
Carrizozo: 1,360 people, 26% poverty level, 24% Seniors
No Grocery Store. “Getting people to good food” ½ hr away
Public Transportation to Nearest Grocery Store: Capitan
(1,500 people, 13% below poverty level, 16% Seniors)

Senior Van: Seniors ONLY
• No other riders
• No other cargo
• No extra routes or stops
Dixon Market

440 coop members, 1,000 sq. ft. (and expanding)
Dixon’s 2,000 residents spent $4M on grocery items out of town before the store opened.
- Piggyback order with Española grocery store
- Order from La Montanita CDC
- Buy from local farmers & food entrepreneurs
- Host weekly Farmers’ Market
- 2 FTEs & 25 volunteers
- After first 6 months, “in the black”
McKinley County: 75% of pop. is Native American
28% of pop. below poverty level
35% Adult Obesity Rate

Cibola County:
41% of pop. is N. A.
6 people per sq. mi.

- Zuni Pueblo
- Ramah Navajo Band
- Mormon Settlers
- Newcomers
El Morro Valley Coop

- One hour from nearest grocery store
- Online Buyer’s Alliance 1x/month
  (La Montanita CDC delivers order to Gallup store)
- Online Local Producers Market
- Conducted feasibility study through Arrowhead Center, NM State University (valued at $9,700)
- In process of community organizing & needs assessment

630 healthy items
Wholesale +10%
Ave aggregate order is $500-$1,000
A volunteer picks up in Gallup
La Montanita Coop (CDC) Cooperative Distribution Center “filling the gap”

The CDC…
Distributes to their 5 stores, Food Coops, Food Service, Grocery Stores, Restaurants, and Buying Clubs in NM.
--Local, Organic, & Natural Products

Scale of LMC Sales…
1 hr of sales in Santa Fe store = 1 wk of sales in Gallup store
Total LMC sales (5 stores) = $28.5M

LMC provides planning & operational TA to coops
Distribution Innovations: Mobile Grocery Stores

Partners: Johns Hopkins Univ, La Montanita
- 2x/ wk to Kewa Pueblo & San Felipe
- began April 2011, suspended route 7/11
- beginning deliveries in February 2012 w/ new modified trailer (indoor shopping)
Resources

Closing New Mexico’s Food Gap Reports
www.farmtotablenm.org

http://www.dixonmarket.com

http://www.elmorrovalleycoop.org/

http://www.lamontanita.coop/

http://www.mogro.net/

Statistics: US Bureau of Census 2010

Presented by Tawnya Laveta, Farm to Table
tlaveta@gmail.com or 505-473-1004 x13
The Tools

How can public policies support small grocers?
PHLP works to improve community health by supporting public health leaders.

PHLP does this by providing sophisticated legal and policy tools for use in everyday practice.
market forces + public policy = “food landscape”
Healthy Food Financing Initiatives

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND
UNITED STATES DEPARTMENT OF THE TREASURY

CDFI Fund Announces $25 Million in Healthy Food Financing Initiative Awards
September 14, 2011

Washington, DC - Reinforcing the Community Development Financial Institutions Fund's (CDFI Fund) commitment toward economic development in distressed and low-income communities, Director Donna J. Gambrell announced today $25 million in grants under the fiscal year (FY) 2011 round of the Community Development Financial Institutions Program (CDFI Program) targeted for organizations serving food deserts – low-income neighborhoods with limited access to affordable and nutritious food. The grants, made available as part of the multi-agency Healthy Food Financing Initiative (HFFI), were awarded to 12 Community Development Financial Institutions (CDFIs) focused on developing solutions for increasing access to affordable healthy foods.
What do we mean by policy?

✓ Local
  ✓ Zoning & licensing
  ✓ Economic Development
  ✓ Transportation
✓ State and Federal
  ✓ Grants
  ✓ Loans
✓ Nutrition Assistance Programs
LAND ASSEMBLY

Burlington, VT

Photo Credit: Churchstreetmarket Flickr Creative Commons
ZONING

Watsonville, CA

Photo Credit: Michael Patrick Flickr Creative Commons
Condition neighborhood markets (convenience stores) at the time of development review to incorporate the sale of fresh fruits and vegetables.
TRANSPORTATION

Alberta, VA

Photo Credit: Taberandrew through Flickr Creative Commons
State Food Policy Tools
LOW COST LOANS

Norman, OK

Photo Credit: unsure shot through Flickr Creative Commons
Federal Food Policy Tools
Rural Energy for America Program
Elkton, SD

Photo Credit: Farmenergy.org
Rural Innovation Fund
Pendleton, Ore

Photo Credit: Santa Fe New Mexican
Don’t forget the demand side

SNAP reaches 66% of those eligible for the program.
strategies for rural grocery store policy

✓ Get to know your local economic development partners
✓ Share data
✓ Target economic development resources
✓ Match the right strategy to your goals
Resources at phlpnet.org

Getting to Grocery
Tools for Attracting Healthy Food Retail to Underserved Neighborhoods

Green for Greens
Finding Public Funding for Healthy Food Retail
Also available:

Model policies
Webinars
Trainings
Technical Assistance
Thank you!

Lisa Chen
lchen@phlphpnet.org

www.phlphpnet.org
www.healthy Zacornerstores.org
Discuss

✔ How can you engage policymakers, local residents, and retailers in supporting rural grocers?

✔ What would work in your community?
Contact us:

David Procter
cecd@k-state.edu
www.ruralgrocery.org

Tawnya Laveta
tlaveta@gmail.com
www.farmtotablenm.org

Lisa Chen
lchen@phlpnet.org
www.phlpnet.org