



**January 26<sup>th</sup>, 2023**

**To:** Senate Appropriations

**RE:** Support for SB 2273

**From:** Alexander Bata, Chairman, Rural Access Distribution Co-op

Chairman Bekkedahl and member of the Senate Appropriations Committee. My name is Alex Bata and I am a farmer from Adams North Dakota, with the privilege of serving as the Chairman and President for the Rural Access Distribution Co-op. I am very excited to address the committee and speak in support of SB 2273. Diana Hahn, Jim's Supervalu of Park River, Cindy Vargason Market on Main of Edinburg, Jenna Gullickson of Hoople Grocery, Steve Wells of The Drinking Well of Fordville, and myself of Adams were approached in 2018 to be part of an experimental pilot program to help stop the growing problem of food deserts in North Dakota. As those of us from rural areas know, access to healthy and affordable foods has been decreasing at an alarming rate, as rural grocery stores find it harder and harder to stay afloat. We have developed the RAD Co-op as a solution to the growing problem of affordable food distribution into rural communities. With our design, we have improved the sustainability of rural grocery stores, by increasing buying power,

affordability, and variety of food available. We believe that we can replicate our design to combat food deserts in North Dakota.

RAD was developed as a shared cooperative system that is delivering groceries across our region in a sustainable, profitable, and efficient manner. The premise is simple, we order groceries together in bulk, 3 stores together, Edinburg, Hoople, and Park River. The groceries are delivered to Park River, and from that store we can part out individual cases to spread them across the stores as they need. Our rural grocers do not need the bulk supplies that the big grocery chains go through, but by implementing this system it is allowing us to remain competitive in the market. The stores have been battling inflation and have been able to increase sales at the same time. With this system, not only do we have more affordable groceries, but variety of fresh healthy food as become easily accessible.

Each store is independently operated and chooses to work together to make the system work. RAD, Jim's Supervalu, Hoople Grocery, and Market on Main (Edinburg) are all profiting from this experiment, which is what makes it especially spectacular. With cooperation and hard work, they are impacting the communities to create a lasting effect. Under the RAD design in 2022, Hoople increased sales by 23%, Edinburg increased by 16%. These are towns with populations of 247 and 199 respectively, the community is responding with incredible support. These increases are a huge improvement, making them more sustainable and a viable option for the next generation to buy.

The original route for the RAD truck was from Park River to Market on Main, and last stop at the Hoople Grocery. This quickly changed as our community

needed us to adapt. Valley-Edinburg school district had trouble getting their orders from their suppliers before ultimately being dropped, leaving them without food for the children, until our stores and the co-op stepped in. Due to our method, we were able to intervene and deliver the schools with food provided by their local grocery stores when they were abandoned by the big suppliers. This added 3 new stops since the school district is spread out, we now deliver to Edinburg School, Crystal School, and Hoople School. RAD has become a reliable supplier of food to the school system. From the year 2020 to 2021, the school spent 32% more on food, after RAD became the supplier in late 2021 to 2022 they increased cost by 7%, which is less than inflation. Our route now also consists of locally produced baked goods from Hahn's Bakery and locally grown and packaged Hall's potatoes, both products which previously had distribution difficulties.

The other revolutionary aspect of the RAD Co-op is our locker structures. We have food lockers set up outside the Park River store, and one system located in its own individual room at the Drinking Well in Fordville. This will enable customers to order online and pick up at our store or have their groceries delivered to Fordville, a town without a grocery store. In a time where labor shortage is a major issue across all fields, the lockers will provide extended access to food without the need to man a store.

. This locker system allows customers to order groceries online and then pick them up at the locker location at a time they select. After the order is delivered, they

receive a code that allows them access only to the locker doors that contain their order. These systems contain 3 separate sets of climate control lockers including ambient, refrigerated and frozen temperatures to ensure food safety and are monitored 24/7. I believe these locker systems could help many small rural areas that are without food access. They are not as convenient as having a full grocery store to shop in whenever you want but are a great solution to areas that cannot support a store. This pickup can happen at any time of day or night, whenever it is convenient for the customer. We have already had several interested towns approach us about the possibility of having the locker systems involved in their communities. These structures are a wonderful addition to rural towns that can benefit working parents, farm laborers, the elderly, and just plain busy people.

Such expenditure has cost us a significant amount of initial investment. Mostly paid for by a few grants, we also were able to sell advertising space on the delivery truck, which was extraordinarily easy because our region was so excited about the idea. Now, RAD operates with a small profit, enough for us to be sustainable with our current assets but would not be enough profit to pay back a startup loan. We have paid NDSU to create a study about our process, when this is done in July of this year, it will provide a roadmap to others that are considering or planning to replicate our innovative idea. North Dakota needs your help, to establish an easy way for these entities to start up and fight the food deserts in North Dakota. We are all here for the same reason, we want to impact and improve our great state. With this funding, you would help 6 or more new startups similar to the RAD Co-op. We saw the problem with the food desert, we addressed it in a capitalist

manner, and we solved it. Please be part of changing the landscape of North Dakota with us, please vote "Do Pass" on SB 2273.