



January 26, 2023

To: Senate Agricultural and Veterans Affairs Committee

Re: Support of Senate Bill 2273

From: Diana Hahn, owner/operator, Jim's Super Valu, Park River, ND

Chairman Luick and members of the Senate Agriculture and Veterans Affairs Committee, I am here today asking you to give SB 2273 a "do pass" recommendation. I am Diana Hahn. My husband, Randy and I own and operate Jim's Super Valu in Park River. Community is very important to my family, and I am proud and happy to serve my community in the area where I have lived my entire life. In addition to serving on various community groups and the school board for 19 years, I am here today as the vice chair of the Rural Access Distribution Co-op (RAD) and vice chair of the North Dakota Grocers Association.

My dad, Jim, bought the store when I was a child. Our entire family worked there, until my dad said more than 65 years was enough, and finally retired at age 81. I have seen many changes over the years. Many were not favorable to small towns, such as big box stores, and online shopping. These changes, as well as distribution issues have taken their toll on "low profit margin" businesses like a retail grocery in small town USA. Many rural North Dakota businesses like ours have closed as a result. This did not happen suddenly but has been a trend for several years and is coming to the forefront as owners age and retire or the profitability just isn't there for the store to continue. North Dakota has seen an influx of people wanting to move to our state. Not everyone wants to live in a bigger city. Some like the quiet of the country and many of us want or need to stay in small towns because of our careers. Most small-town residents want to see their basic needs be provided locally.

As I have watched the issues facing not only grocery but other businesses in rural areas, I kept thinking there must be a better way. Not only to distribute product across the many miles but to increase profitability, selection, and healthy foods in our small towns. Back in 2018, Lori Capouch of NDAREC came to visit. After doing her research, we started to work on a solution to this problem. It has taken us some time to get to this point, but in 2021 Rural Access Distribution Co-op (RAD) was formed. In November of 2021, three grocery stores started buying the bulk of their product collectively. Those stores are Market on Main in Edinburg, Hoople Grocery in Hoople, and Jim's Super Valu in Park River. I had some extra space in my back room and was able to work out an arrangement with our wholesaler, UNFI. Now, my store is serving as the center of our hub. Each store orders their cases of product individually, the UNFI warehouse picks and invoices the product separately, but it is all shipped to our store where my employees then check off the product and get it ready for further distribution to Hoople and Edinburg. With the grant funds RAD received we were able to buy a truck with a reefer unit to safely deliver the product. Many wholesalers like UNFI have minimums that stores must buy from them to send a truck to that location due to the cost of trucking. This is understandable but is one of the many reasons our rural stores are losing suppliers or paying inflated product costs. My small store receives an average of 25-30 deliveries from several suppliers every week. That is a lot of miles, driver time, and gasoline. I believe over time other suppliers will see the benefit to distribute their product utilizing a central hub - due to the cost of driving these miles and the shortage of workers. Since starting with a main supplier (UNFI) we have added other suppliers that sell chips, meat, eggs, milk, cheese and continue to look for more options.

This has led to higher profit margins, lower retail prices, and more variety -- including fresher, healthier foods in our stores. We have also started to split cases between the stores and that has helped with cost, food waste, and variety. Online ordering systems are quite expensive with set up and monthly fees, so by working together we are able to split that cost. I believe this will be a welcome addition to the services we provide for our customers. Our coop is



continuing to look for other cost saving measures and are open to adding more towns in our area as time and resources allow.

I see Park River as not the only community I serve but also the surrounding communities of Edinburg, Hoople, Adams, Lankin, and Fordville. We all need to work together to not only survive but thrive. It is time to change the thinking that there is nothing we can do to stop rural areas from slowly dying off. We are proving that there is something that can be done. I ask for your support of SB2273 to allow other rural areas of North Dakota to change the tide and start thriving.

I thank you for the opportunity to testify today and will stand for any questions you may have for me.

