

2017 SENATE AGRICULTURE

SCR 4013

2019 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee Roosevelt Park Room, State Capitol

SCR 4013
2/14/2019
Job # 32744

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature: Amy Crane

Explanation or reason for introduction of bill/resolution:

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.

Minutes:

Att. #1-9

Chairman Luick: Opened hearing on SCR 4013. All members were present.

Senator Dotzenrod, District 26: Briefly introduced SCR 4013.

Josh Kramer, General Manager, North Dakota Association of Rural Electric Cooperatives: Testified in support of the bill. Introduced Lori Capouch to testify on the bill.

Lori Capouch, Rural Development Director, North Dakota Rural Electric & Telephone Development Center: See attachment #1 for testimony in support of SB 4013.

Senator Klein: This is more than an observation. As a 35-year grocery store owner, and now retired 5 years and fortunate enough to find a successor. I don't know I would suggest that we never really had that issue with where we would get the groceries from. Times have changed a bit, when three bread companies were vying for our business and now we're glad when one stops by a couple of times a week. And yes the drift has been to the bigger communities. For one reason or another, small towns have personality issues getting to play. And people won't shop for a particular reason. And I think the biggest thing that I saw over the 35 years is how loyalty has changed. How our communities have changed. How it's become so easy to become involved, and we see this now with the Amazon revolution and how the day when my mother got everything she needed 6 miles away at the little town Zealand, and if she couldn't get it there she bought it in the catalogue. Cause it was a big deal to drive all the way to Ashley. We would never have thought of buying groceries. But the times have changed. Walmart has changed the whole dynamics of the grocery industry as has Target. As has all these huge box stores who we're up against. And yes, you can drive to Target and probably find something a lot cheaper and sell it. And that's where we've helped a little of our variety, because when somebody asks for something you go try to find

it. And we're fortunate, cause the store that's still currently there that my wife works at, is supplied by SpartanNash. But I think the wholesalers in general are still trying to maintain every opportunity they can to reach out to all those small accounts. When Henry's came on the scene that provided another opportunity where we could split some cases. Which is another issue because everything has a date on it. And I know it's just a sell by date but consumers are still concerned with it. Where I'm going here is I'd sure like that silver bullet to convince people how important it is, I know the city of Harvey continues to use the line of Do the Math, Save your Gas, Shop Local. And I don't know how we can stress that enough because it's just not getting to our residents who still believe that the grocer is making too much money and that it's just easier to go to Walmart cause those guys obviously aren't making any money. And you've probably seen as you've dug into this, is that what you've seen also? The local loyalty.

Lori: We did do a Facebook consumer survey, just asking people are you shopping locally and if you're not what are some of your concerns. Price and variety were the top things they indicated on why they were driving to other places to shop. Of course they are going to more urban centers anyhow to shop, so I don't know. So yes loyalty is definitely an issue.

Chairman Luick: What has the effect been, I'm sure there are internet sales going on now as much as anything else, how many different locales have we moved dollar general stores into in these types of places?

Lori: So Dollar General is targeting our communities that still have a viable grocery store and their diluting the market further. Market dilution is one of the primary issues, even our suppliers, it's now nontraditional suppliers that have up to 45% of that market share. So we now have Menards and Costco and Walmart that are taking 45% what Spartan Nash, and Super Value used to have. So it's that continual competition.

Senator Hogan: Have you studied what effective tools, this is a national issue and you're hearing it a lot. Have you found any other places that have been effective at doing what this study suggests?

Lori: This is the first resolution introduced to address distribution. After it was introduced, we're linked nationally to other organizations that are trying to address their rural grocery industry and we've gotten contacts from South Dakota, Minnesota, and Kansas that are really interested in the state's willingness to even consider a bill like this because we're all struggling with the same thing.

Vice Chair Myrdal: How do we make it more affordable for large families to shop local? And then are you seeing the elder population stick with the small grocery store? I would assume so.

Lori: Yes, the elderly population does still rely on their local grocery store to be there as do handicap or people that do not have access to other forms of transportation. As far as large families, I don't have the answer for how to make it more affordable but I have some ideas. I don't know if the ideas can work. For example, some places are studying rural redistribution hubs so if we could all purchase collectively at the same case prices and it gets delivered to that hub and at that hub it gets cross docked and we can partner with an existing distribution

system that's already traveling those roads. So we keep our suppliers, we get a lower price. The problem is that last leg distribution and how do you make that effective. We have been in conversations with the US postal service, they're interested in something like this but they also are lacking some of the infrastructure to implement it. And of course money. Like how do they purchase the containers that can keep the products frozen while they go to those towns. But they are actively thinking about solutions as well.

Vice Chair Myrdal: How has the blue laws affected local grocery stores?

Lori: It just gives you a little extra time to shop in a different town I suppose. I guess I haven't studied enough to know. But I'm from a small town and I know how shopping patterns changed when stores began to be opened on Sundays.

Senator Klein: Just another comment on driving 60 miles. That's 120 miles round trip. Times 50 cents. That's \$60. You didn't save \$60 driving to Sam's club. But people don't do that math because they think it only takes 6 gallons of gas. But we know as a state we reimburse people for driving 58 cents a mile. But I think that's where we need to place the emphasis on what we're gonna do here. And on educating the public that they're not really saving what they think they are. And most often if they're driving beyond 60 miles, they're usually staying for lunch at that community and that just compounds that whole shopping experience. So that's the parts that we've looked at for years and tried to figure out how we're gonna do that. But man it's tough and getting tougher.

(20:00)Patty Patrie, Bowdon Community Grocery: See attachment #2 for testimony in support of SCR 4013.

(23:30)Senator Klein: I want to pat Patty on the back for the work they have been able to accomplish, with the restaurants the volunteers, the grocery store. A community of that size whereas the Leads just closed last week. A population of 500 and the volume was just so low that they just couldn't do the equipment, fix the roofs, and hire the people because Devils Lake, Rugby in between. Certainly from my perspective these guys have worked hard to do stuff and that's why they're still moving the right direction and we have to applaud the efforts they've made.

Senator Larsen: Have you noticed any regulatory restrictions that cause that or is it mostly population?

Patty Patrie: I haven't recognized any regulatory problems.

(26:00)Linda Grotberg, Board President and Volunteer Manager for Wimbledon Community Grocery: See attachment #3 for testimony in support of SCR 4013.

John Dyste, North Dakota Grocers Association: See attachment #4 for testimony in support of SCR 4013.

Senator Larsen: With the new reinvention of people coming out of incarceration and into the workforce, is there any discussion with rural grocers working with that type of entity and helping people re-enter into the workforce in these rural areas?

John: I am not aware of that specific deal. All of these stores say they don't have enough help. If there is a way to use that, I'm sure there would be rural grocers interested in that sort of concept. Or maybe in a central hub. Help is definitely an issue.

Senator Klein: When you talk about the help issue, we've seen that with the dairies as well. The grocery industry certainly isn't very glamorous. And there is a lot of hours necessary. If you're gonna make it work in a small town, you almost have to be the owner/operator. Because you've got to be there and you've got to put in the time because you just can't afford, unless the volunteers. But you can't afford to have somebody work there that whole time. And that I believe, he is correct in that trying to find help, we do that everywhere. It's certainly getting more and more difficult in the grocery store setting so that's a challenge the state is also trying to address, is the workforce issue. And it's probably not as much fun living in Bowden or Fessenden where there are still more things to do and hangout and enjoy. But there's a quality of life in smaller rural communities.

John: I agree with you. I just sold my stores. And it got to be where my volume stores would have been an easy sell, because we did a fairly nice volume in all of our stores. But that price point now has even gotten to be difficult. I feel fortunate that I found someone to buy them. And I think as we go forward because the margins are getting smaller and smaller for these rural stores, is there are families that have been in it for two or three generations that are not gonna be able to find someone. If we don't change what's going on its going to be very difficult.

Senator Larsen: I have noticed that in some small communities, the grocery store kind of evolves into the meeting center and they've got a little grill thing going on and all these other things. Are you noticing that the grocery store is taking that on? Or an entity other than the grocery store, like a coop, is coming in and taking that on and pushing the grocer out?

John: I have to be careful but I have noticed that there are more stores trying to do more things. One concept that has propped up lately and has been successful. Is partnering with an Ace hardware chain or something and some of the stores have too much space so they started allocating grease guns. That is one of the things that have been done. Also they put in delis, we had you know chicken and stuff. So there are stores trying to reach out and branch out and do more things. And everybody talks about delivery, we've done it for our generations. We came on to it way before they did. You do need to do more things. The problem is, when your volume is so low you end up being the manager, the meat cutter, the fill in checker, and the carry out boy and everything else. So it becomes really hard to do some of these things that need to be done.

Senator Klein: When I was planning to sell the store, I asked all of my children if they would be interested in coming back and taking over and they said no, dad we like to have a day off once a week. And we took a vacation once in a while. Also, over the years when we first started, if you bought a case of miracle whip, you got a case of miracle whip. Now if you want a deal on miracle whip, you buy a palette of miracle whip and that is another dated product. But that's a year's supply of miracle whip for a grocery store, but that's where the price point is. Day to day operations would require us, we buy one. So that whole new distribution

system, and we are catered to like those big box stores and they just throw a palette down in front of the store.

John: That's true and one of the things that I did with my stores. The first store that got the truck that week. They bought the palette and then we split it between the four stores. That is kind of the concept that rural electric is looking at. Is can we do this distribution so we can get some of that product to a spot and be able to distribute it out at somewhat of a reasonable cost. So that's what we're asking is maybe study a way that the state and other parts of our infrastructure can be used to help these rural stores.

Senator Larson: That was one of my questions. Is that a regulatory deal, can grocery stores get together and say hey can we do this? It is. Okay that's what I was wondering.

John: They can do it yes. One of the problems that I had what I had four different Coke distributors that went to my four stores and they were all within 45 miles of each other. But the way I was spread out, I had Fargo, Jamestown, Aberdeen, and Morris, Minnesota. All owned by the same company but they wouldn't allow me to buy enough quantity from one of them and distribute it around. They wouldn't allow me to do that. If they were gonna come to my stores, each one had to get the product. So that wasn't a regulatory law but it's probably distribution agreement that they have.

Melissa Sobolik, Great Plains Foodbank: See attachment #5 for testimony in support of SCR 4013.

(43:24)Senator Hogan: You have a distribution system for the food pantries. Has there been any discussion about in some way using your distribution system to help the grocery stores? Because you already have some of that.

Melissa: We do, so in our warehouse in Fargo, we have a fleet of six trucks and we're on the road every single day delivery in communities as far as Amidon and Crosby. And we're stopping there on monthly basis. So we are working with the electric coops to say what can we do? Unfortunately, our trucks are already pretty full when they're going out there. But if there's a way for us to free up some space, if there's a hub where we could stop and pick up and distribute, we're going into a lot of these small towns already and it only makes sense for us to partner together.

Senator Hogan: And then you're not competing with the foodbank and the groceries because we really want to honor both. But you have a distribution infrastructure that might be helpful.

Kristi Miller, Licensed Registered Dietician, WIC Program, North Dakota Department of Health, reading testimony on behalf of Colleen Pearce, Program Director: See attachment #6 for testimony in support SCR 4013.

Senator Klein: You pick and choose what stores you go to, because you have taken WIC out of the Fessenden grocery stores and those folks have to now go to those bigger grocery stores because you said the paperwork was more than worth the one or two shoppers you have. So there is a responsibility on your part, and in my opinion you dropped the ball

because we don't know who is going to have babies in the future but in this case we only had a couple of WIC customers and now they're forced to drive down the road. Can you explain why?

Kristi Miller: It is a struggle for us. We have regulations that we have to comply with from USDA and each agency manages their own set of grocery stores in their community. So we do have to find a balance between what they can manage in addition to their caseload. Their primary job is seeing our participants and then they also do the contracting with the grocery stores. So we do require that there is a certain number of people that shop at the store to have a contract just because there is quite an administrative burden that USDA places on us to contract and train and monitor. We do have that set at 15 participants a month, but we have had contracts for maybe two people just because we do value the rural communities.

Senator Klein: And there is where regulations also cause problems out there because stores need to be able to have a certain number of WIC items on the shelf. We need to quarterly provide the pricing. We turn all that in. It's a great program, because you have to buy what your WIC check provides so it's very regulated. But it was another sort of nail into our little coffin when some of these things which have become important, get pulled away.

Senator Larsen: If we are allowing WIC in North Dakota, can we put regulations on that? On where they can have access points to WIC, instead of the dollar store? And just say these are the points where it's going to be instead of giving them their convenience?

Kristi Miller: We are 100% federally funded by the USDA so we do have to follow federal regulations. We do have some flexibility for state requirements. Which is why we are able to define which stores that we do have. We have selection criteria; full service grocery stores are a requirement for us. So we don't authorize the dollar generals and those type of stores. We do have some state flexibility but we do have to operate within our budget as well. So we do authorize as many stores as we possibly can and we do definitely have stores in the rural areas.

Karen Ehrens, Coordinator, Creating a Hunger Free North Dakota Coalition: See attachment #7 for testimony in support of SCR 4013.

Chairman Luick: closed the hearing on SCR 4013.

Senator Klein: Moved a Do Pass on SCR 4013.

Senator Osland: Seconded.

Chairman Luick: I was on the school board for many years in Fairmount, which is a small town on the very southeast corner of the state. There was a talk about closing schools in these small communities and I stood up and I railed on the poor guy because closing the schools I didn't think was a good idea. The whole thing was backwards. We've been at a breaking point with small communities for a while now, it frustrates me that we are allowing and promoting types of grants and initiatives to bring businesses and things to these larger communities and allowing for more schools, rapid enrollment dollars going to these large communities because there are children that need to be educated. But what if that came to

a stop, so that the surrounding communities are instead provided funding to initiate and push these smaller communities into a better environment to bring more to their communities. I feel as an exsuperboard tenant, and my wife is a 38-year math and high school science teacher, but when we look at the learning abilities of the small schools compared to what is in these complainant places in the bigger cities, I think we have a better learning capacity in these smaller mediocre size school districts and that in turn is going to help all of these communities out in the long run. Looking at the way that some of the dollars are distributed in the state for rapid enrollment school districts, granted they have to happen except that do they? The mentality is there that we have to keep building bigger and bigger and more schools in these larger schools but what if that city planner said, we're full, we're gonna slow our processes down. You can build your new home, build your school. But we're gonna build it in a community that's 25-30 miles away from here and we're gonna push the environment in those smaller communities to a better level. Small schools, grocery stores, small businesses in these small towns they are all following the exact same path, and why is that? It's because the populace is moving to the urban areas and we as a state are promoting that.

Senator Hogan: SB 2124, the consolidation of county social service, that was a major issue was access to service and some of the key principles that are in that bill are maintaining all of the current existing access points and that debate was really critical and it's in the law that we have to have access to service but I don't know that you realize a major discussion in that was the food pantries are often located at the county social service office and that access to food and particularly for people who don't have food security whether it be food stamps or the food banks. So I think in every bill that we have we have to be really conscious of that. We can have some economic savings, but we can't lose our access to the service. And that was a major discussion in bill. So you want efficiency, you have to have access too. And it has to be physical and it has to be present. And it's really relevant to this bill.

Senator Klein: It would really be nice if the schools bought their groceries locally.

Chairman Luick: That would be nice but it doesn't happen does it.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Klein will carry the bill.

See attachments #8-9 for additional testimony submitted to the committee.

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4013**

Senate Agriculture Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Klein Seconded By Senator Osland

Senators	Yes	No	Senators	Yes	No
Senator Luick-Chairman	X		Senator Hogan	X	
Senator Myrdal- Vice Chair	X				
Senator Klein	X				
Senator Larsen	X				
Senator Osland	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SCR 4013: Agriculture Committee (Sen. Luick, Chairman) recommends **DO PASS**
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4013 was placed on the
Eleventh order on the calendar.

2019 HOUSE AGRICULTURE

SCR 4013

2019 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

SCR 4013
3/21/2019
Job #34152

☐ Subcommittee
☐ Conference Committee

Committee Clerk: ReMae Kuehn

Explanation or reason for introduction of bill/resolution:

A resolution directing 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.

Minutes:

Attachments #1-8

Shirley Reese, Manager of Main Street Market in Hazelton: (Attachment #1)

(11:00)

Josh Kramer, General Manager, North Dakota Association of Rural Electric Cooperatives: (Attachment #2)

John Dyste, President of the North Dakota Grocers Association: (Attachment #3)

Linda Grotberg, Board President, Wimbleton Community Grocery: (Attachment #4)

Karen Ehrens, Coordinator of the Creating a Hunger Free North Dakota Coalition:
(Attachment #5)

Submitted but didn't speak:

--**Lynette Flage, NDSU Extension Assistant Director and Family & Community Wellness Program Leader:** (Attachment #6)

--**Patti Patrie, Bowdon Community Grocery:** (Attachment #7)

--**Colleen Pearce, WIC Program Director, North Dakota Department of Health:**
(Attachment #8)

Chairman Dennis Johnson: Closed the hearing

2019 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

SCR 4013—Committee Work
3/28/2019
Job #34314

☐ Subcommittee
☐ Conference Committee

Committee Clerk: ReMae Kuehn

Explanation or reason for introduction of bill/resolution:

A resolution directing 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.

Minutes:

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Representative Dobervich: Moved Do Pass

Representative Satrom: Seconded the motion

Representative Headland: What is this bill going to do?

Chairman Dennis Johnson: The small communities are losing grocery stores.

Representative Dobervich: Maybe when studying it, we can identify some solutions. There are some models across the country in food deserts that are working. For elderly people there aren't many options.

Representative McWilliams: I don't see that it is the government's role to facilitate the movement of food. I will oppose.

Representative Richter: There may be regulations and rules that the government has put into place that make it difficult for small grocery stores to survive in rural areas.

Representative Buffalo: I believe this resolution will enhance the Governor's Main Street Initiative.

Chairman Dennis Johnson: One grocery store in my area was struggling until they changed location and combined with another store.

Representative Headland: Part of the problem is cost or they can't sell the product before it expires. I will support the resolution as a study but not if it leads to subsidies for small groceries.

Representative Skroch: Our area is experiencing the closing of a convenience store due to a Dollar General opening which can afford a loss.

A Roll Call vote was taken: Yes 13, No 1, Absent 0.

Do Pass carries.

Representative Trottier will carry the bill.

Date: 3/28/2019

Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4013**

House **Agriculture**

Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Dobervich Seconded By Rep. Satrom

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson	X		Rep. Ruth Buffalo	X	
Vice Chairman Wayne Trottier	X		Rep. Gretchen Dobervich	X	
Rep. Jake Blum	X				
Rep. Jay Fisher	X				
Rep. Craig Headland	X				
Rep. Dwight Kiefert	X				
Rep. Aaron McWilliams		X			
Rep. David Richter	X				
Rep. Bernie Satrom	X				
Rep. Cynthia Schreiber Beck	X				
Rep. Kathy Skroch	X				
Rep. Bill Tveit	X				

Total **Yes** 13 **No** 1

Absent 0

Floor Assignment Representative Trottier

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SCR 4013: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **DO PASS**
(13 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SCR 4013 was placed on the
Fourteenth order on the calendar.

2017 TESTIMONY

SCR 4013

SCR 4013
2/14/19
-Att #1 p.1

February 14, 2019

To: Senate Agriculture Committee— Senator Larry Luick, chairman

RE: Support for Senate Concurrent Resolution (SCR 4013)

From: Josh Kramer, General Manager, North Dakota Association of Rural Electric
Cooperatives and Lori Capouch, Rural Development Director, North Dakota Rural Electric &
Telephone Development Center

Chairman Luick and members of the Senate Agriculture committee, my name is Josh Kramer, and I am the General Manager of the North Dakota Association of Rural Electric Cooperatives. I am here in support of SCR 4013. Typically, when you see representatives from electric cooperatives come to the podium, the issue is usually pertaining to providing electrical service. But our organization, together with our friends from the Broadband Association of North Dakota, for many years has contributed greatly to support efforts to improve rural quality of life. We do this primarily through the work of our Rural Development Center, which our organizations govern and support. Our development center provides rural community, business and infrastructure development support services. We assist economic and community development projects that improve access to health care, day care, food distribution, housing, and economic betterment in rural areas.

Today, we are here to request your support to further study the issue of food access in rural communities. To better explain the work that has been done and the challenges

that persist, I would like to introduce Lori Capouch, our Rural Development Director.

Lori is not a lobbyist, but rather a developer who has organized an important coalition of stakeholders committed to this important cause.

Rural Electric and Telecommunications Development Center

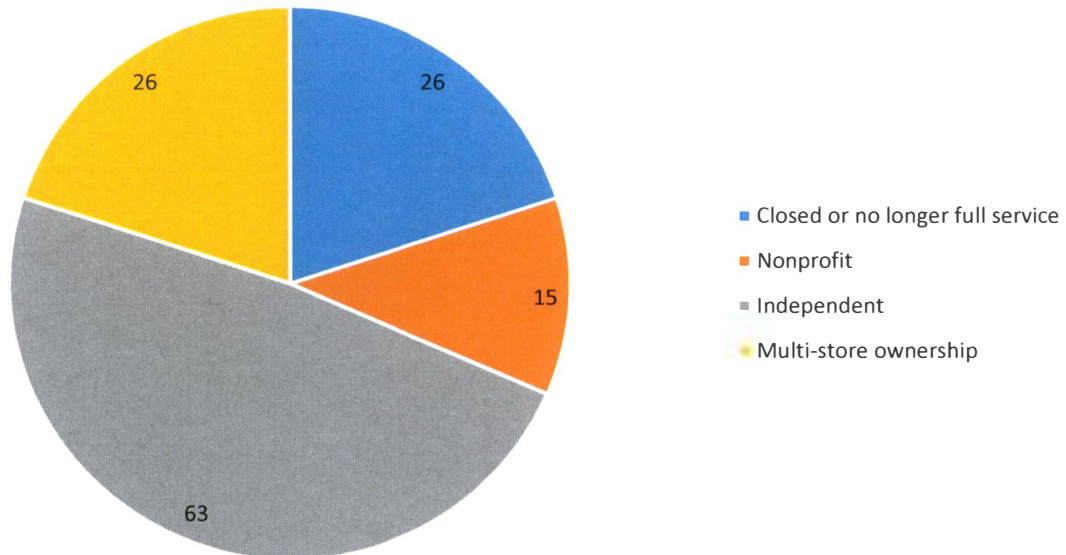
Chairman Luick and members of the Senate Agriculture Committee, my name is Lori Capouch and I am the rural development director for North Dakota's electric and telecommunications cooperatives. Our work focuses on quality of life for rural people and we serve as the facilitator for the North Dakota Rural Grocery Initiativeⁱ. We are here to voice our concern about the decline in the rural grocery sector in the state of North Dakota and our concern for rural people and our communities. The rural grocery sector does not have the human or financial capital to address this issue on their own.

Declining number of rural stores

We became involved in this work about 5 years ago. We were receiving an unusual number of calls for help from rural grocery operators, indicating financial distress. At that time, we documented 137ⁱⁱ stores in North Dakota towns with 2,100 people or less. As of today, there are 104 stores remaining. There are approximately 10 more indicating ongoing concerns. Of the 104 remaining, 15 are community owned or nonprofit. Providing access to food in rural areas is increasingly becoming a volunteer and donation driven proposition.

SCR 4013
2-14-19
#1 Pg 3

Number of grocery stores



In Communities of 2,100 or less: 2013 baseline: 137 operating stores

January 2019: 104 operating stores

(Estimates – there is no actual reporting system)

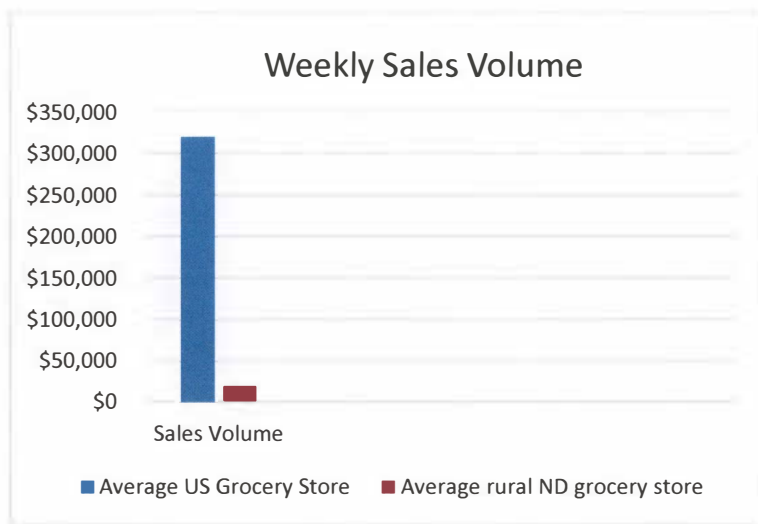
(Operators purchase multiple stores to increase profits and to purchase in volume to bring down the wholesale cost of food.)

Low sales volume/low profit margins

Since 2014, we have collected data from the rural stores three times. We discovered there are a host of issues leading to the loss of our stores. We learned the industry is based on volume. Stores with a higher sales volume can secure a lower wholesale price and they receive better management tools from the supplier. An

SCR4013
2-14-19
#1 Pg 4

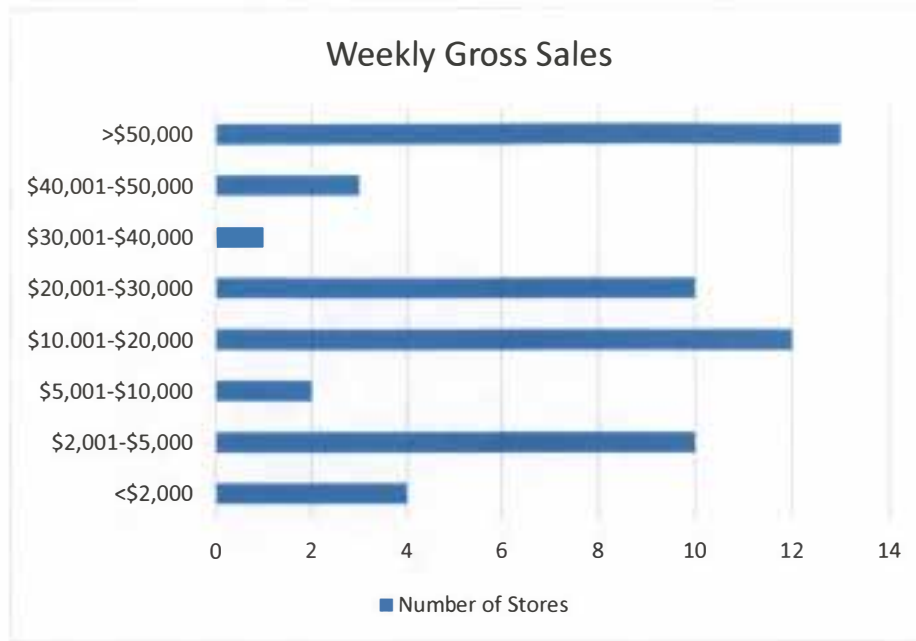
average US grocery store has a weekly sales volume of \$320,000. More than 50 percent of our rural stores have a volume of \$20,000 per week or less.



2016 data – "Supermarket
News" and 2016 N.D. Rural
Grocery Survey

Low sales volumes lead to low profit margins. More than 50 percent of our rural stores of have an annual net profit margin of \$18,000 or less. Some owner/managers pay themselves after the margin is set. We delivered the surveys in person, with help from NDSU Extension, and noted that many of our stores are in older buildings and have aging equipment. Often, cash flow or reserves cannot support the needed maintenance and updates. On several occasions, we have scrambled to help secure grant dollars from private entities when equipment fails

SCR 4013
2-14-19
#1 295



Weekly Gross Sales

Among 55 Store

Respondents. 28 of 55

stores have weekly sales

of \$20,000 or less (51%)

Average net profit

margin = 1.75%

$\$20,000 \times 52 \times 1.75\% =$

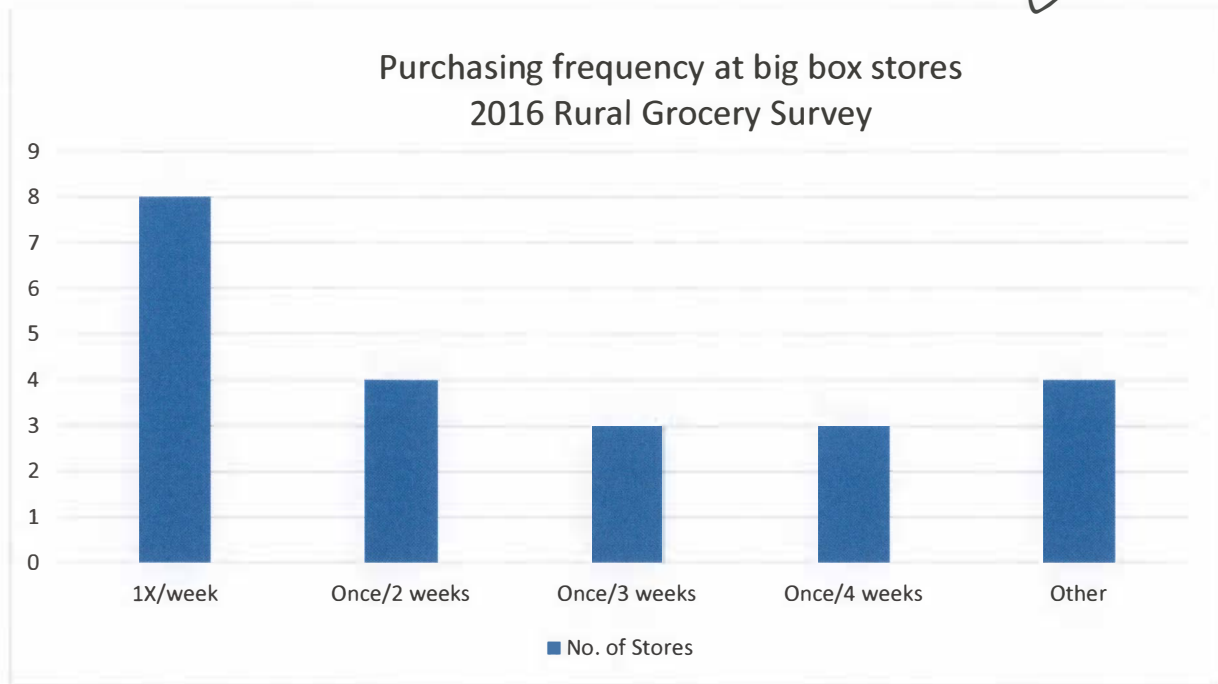
$\$18,200/\text{ann. net profit}$

2016 Rural grocery survey. Chart prepared by N.C. Doty & Associates, LLC

Difficulty securing products

We learned our smaller stores have difficulty accessing certain products from a wholesale supplier for a variety of reasons, such as their volume is too low to attract the supplier of a product or they cannot afford to carry the item at the price offered. Some stores have difficulty securing common products such as bread, milk or fresh meat. Several store operators drive to urban centers to secure products from big box stores for resale at their stores to improve their price or variety. They purchase these items at a retail price plus travel time and costs.

SCR 4013
2-14-19
#1 Pg 6



Business succession

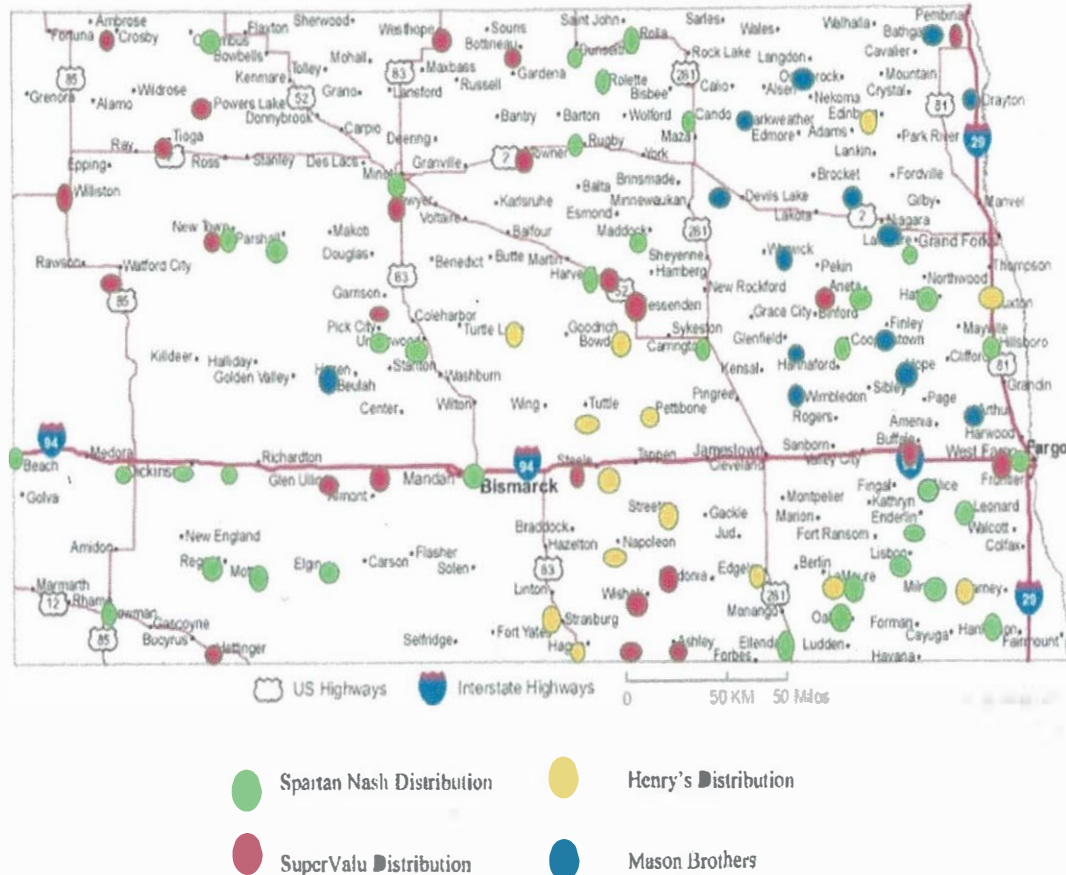
Business succession is also becoming a problem. Due to the lack of profit, it is difficult to sell or finance a store when it becomes available for sale. There is also a lack of people with adequate experience needed to manage a grocery store. At this point, the store is usually transitioned to a community owned or nonprofit store or it closes.

Distribution efficiencies

Finally, based on preliminary data, it appears the current distribution system does not effectively serve rural areas. Supplier routes are primarily based on volumes rather than route efficiencies. And, product is priced according to volume purchased. We currently have four major suppliers that crisscross routes with similar product, delivering to customers that meet their minimum purchasing requirements.

SCR 4013
2-14-19
#1 Pg 7

Mapping of primary supplier by store



Prepared by N.C. Doty & Associates, LLC 2017. This data was used by Upper Great Plains Transportation Institute (UGPTI) to determine current distribution routes and to optimize routes. By simply optimizing routes of primary suppliers, UGPTI estimated an annual savings of \$383,448.

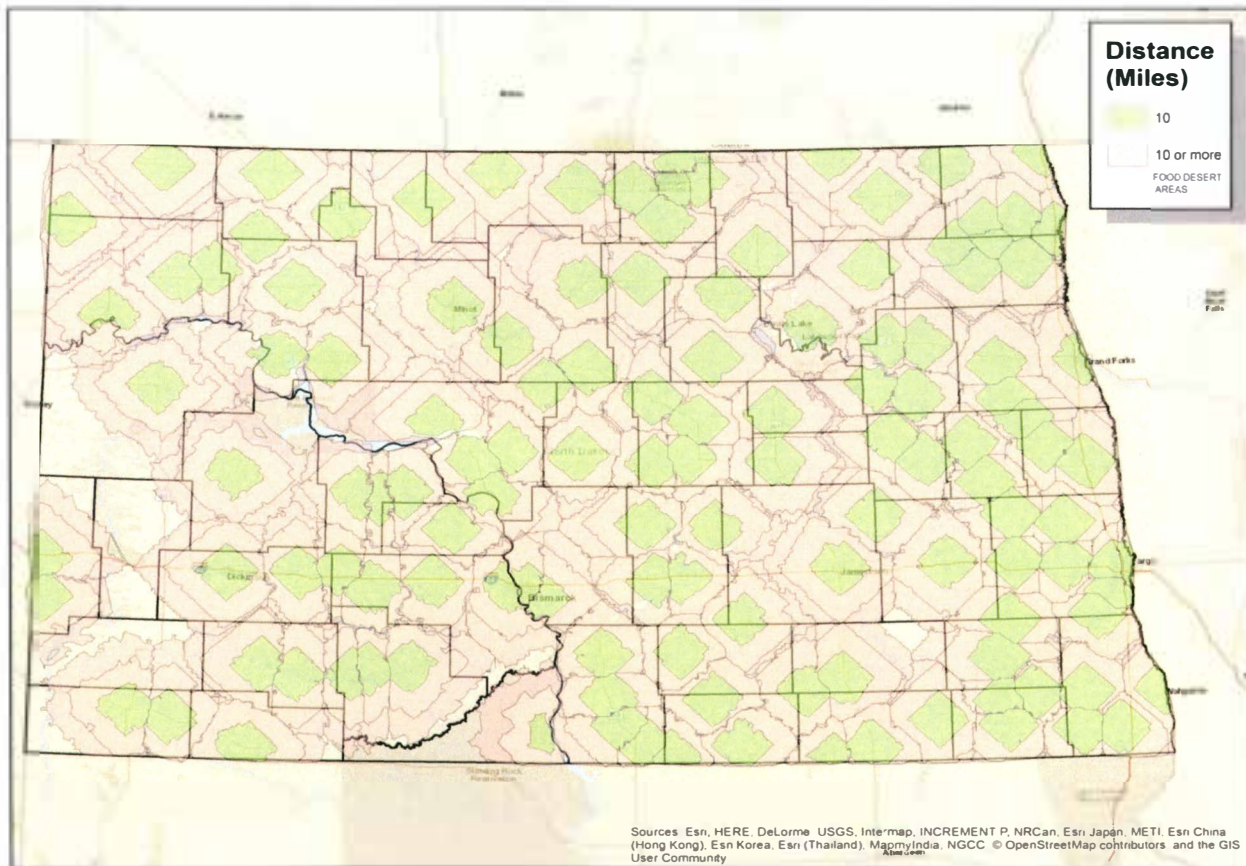
To help you understand the consequences of this decline, you can liken it to the dairy industry. As our number of farms dwindled, the infrastructure supporting that industry diminished. It became more difficult to find markets, holding stations and processors. Much is true with the grocery industry. As the number of stores decrease, it will become more difficult to attract suppliers or equipment dealers. And, those that we do attract will come with a cost.

SCR 4013
2-14-19
#1 Pgs

Food deserts

Rural people work hard to keep their grocery store. They understand they need it – it's a pillar in their community. Most families will not relocate to areas where there isn't access to a full-service grocery store. The towns need new families to populate their schools and to work in their main street businesses. Their health depends on it. The United States Department of Agriculture has documented there is a higher incidence of obesity and diabetes in food deserts.

North Dakota Food Deserts – 12/2018



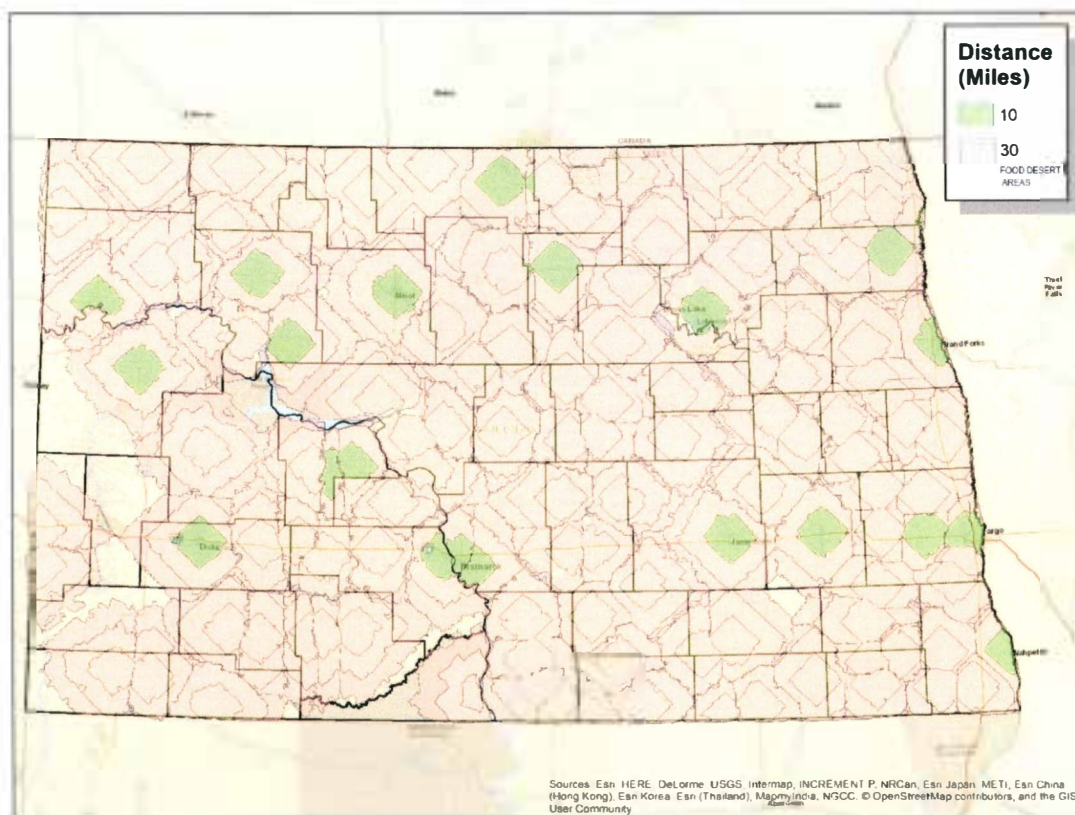
Green indicates an area with a full-service grocery store and a 10-mile radius surrounding the store.

Red indicates food desert areas. A rural food desert, according to USDA is an area where people need to drive 10 or more miles to access a full-service grocery store. People living in a food desert have a higher incidence of obesity and diabetes.

SCR4013
2-14-19
#1 Pg 9

We are here today because we have a concern for rural people and their communities. We believe that access to healthy food is a necessity, not a luxury. And, we believe there may be opportunities to improve the stability of our rural grocery sector through collaboration and private/public partnerships. We are not trying to replace the current distribution system, we are seeking ways to help serve rural places more effectively. To do so, we need all the players at the table, thinking together. We thank you for your time.

This is what food access would look like without our rural grocery industry



Communities with a full-service grocery store and a population greater than 2,100

SCR 4013
2-14-19
#1810

ⁱ North Dakota Rural Grocery Initiative task force members are the North Dakota Association of Rural Electric Cooperatives, Broadband Association of North Dakota, Creating a Hunger-free North Dakota Coalition, Dakota College at Bottineau, North Dakota Farmers Union, North Dakota Grocers Association, NDSU Extension, Great Plains Food Bank, Bowdon Community Cooperative, Market on Main (Edinburg), Main Street Market (Hazelton), Star Grocery (New Leipzig), Tuttle Community Store, Wangler Foods (Casselton) and Wimbledon Community Store

ⁱⁱ There is no publicly available system to track the status of grocery stores in North Dakota. Of the 137 identified stores, some have closed, and some are no longer considered full service.

Nearest grocery store
more than
10 miles!

There are food deserts in North Dakota.



Grocery stores are declining

In North Dakota rural grocery stores have declined by **15%** in just 5 years.

Grocers face obstacles:

The food distribution system is designed for large volume purchases with short distances between stores

Support Your
Local Grocer



Access to food is critical to individual and community health.

We are looking for solutions



MAIN STREET



Collaboration, Partnerships, Cooperation

SCR 4013
2-14-19
#2 Pgl

To: ND Senate Agriculture Committee—Senator Larry Luick, Chair

Re: Support for Senate Concurrent Resolution (SCR 4013)

From: Patti Patrie representing Bowdon Community Grocery, 133 Warrington, Bowdon,
ND 58418

Date: February 14, 2019

Hello Chairman Luick and Committee Members,

My name is Patti Patrie and I am here to represent Bowdon Community Grocery.

Bowdon is a tiny community of approximately 135 people plus 300 surrounding residents served by the Bowdon Post Office. Besides the grocery and post office we have a new meat processing plant, a café, a bar, a summer Farmers Market, two bank substations, cardtrol service, a thrift store, library, museum, fire department, ambulance service, a community center, and a repurposed school building which is now an event center.

Bowdon, located in central Wells County along Highway 200, is a distance of 17 miles from Fessenden and about 30 miles from either Harvey or Carrington. The grocery store is one of the anchors in the community. When it was in danger of closing in 2008, the community came together and formed a cooperative to buy the store. The store continues to serve Bowdon today because of a faithful manager, over 100 members, several volunteers, and subsidizing funds from fundraisers, individuals, the Bowdon Lions, and the Bowdon Closet Thrift Store.

However, the Bowdon community is in real danger of losing the grocery store for the following reasons.

- Reduced number of delivery services like Sweetheart and Old Dutch. If our supplier, Henry's from Alexander, MN would happen to end service to rural ND there would be several communities without a supplier.
- Higher prices and perceived higher prices because of small quantity orders.
- Lack of profits to pay benefits in attracting a new manager starting in May 2019.
- Aging infrastructure and coolers needing continuous repair or replacement.

If any of the above reasons force the closing of the grocery store we for see a definite domino effect in Bowdon. The café manager has already stated that fact.

On behalf of the Bowdon Community I ask you to vote yes on SCR 4013 because

- 1- ND needs rural communities to thrive. (A program including food access for towns under 500 population or those losing their school could greatly enhance "quality of life" in rural ND.)
- 2- Bowdon is thriving because 100 plus volunteers make it happen. We need to maintain our grocery store and cafe as an attraction to newcomers and volunteer replacements.
- 3- USDA Rural Development, Ottertail Power, and the RECs have invested large sums of money in Bowdon's infrastructure. Now the state can partner with us to ensure that we have food access and continue to grow a healthy community for the future.

February 14, 2019

To: Senate Agriculture Committee – Senator Larry Luick, Chairman

Re: Support for Senate Concurrent Resolution (SCR 4013)

From: Linda Grotberg, Board president and volunteer manager for Wimbledon
Community Grocery

Chairman Luick and members of the Senate Agriculture Committee, I am Linda Grotberg and I am the President of the Board of Wimbledon Community Grocery 501-c non-profit and volunteer manager of the Wimbledon Community Grocery and Café.

About Wimbledon Community Grocery 501c-3 non-profit:

High Operating costs, narrow profit margins, high wholesale costs, and affordable satisfactory labor are cited in the ND Rural Grocers 2015 survey as some of the major issues facing small groceries and causing a rising number of closures. This partially caused the sale of the privately owned Wimbledon grocery to BSG, Inc., a for profit corporation owned by stockholders. After 6 years of business losses, BSG voted to turn over the remaining assets to Wimbledon Community Grocery, a non-profit corporation 501(c) (3).

For the grocery to survive, the community must grow and prosper. Food available locally is a cornerstone for the community to thrive. Our Mission Statement –“The Wimbledon Community Grocery is organized for the purpose of creating a viable local food system to increase sustainability of the rural community. As a working model using hands-on experience in a small rural community, the Wimbledon Community Grocery will increase food security by teaching and training others of all ages. The purpose of

SCR 4013
2-14-19
#3 Pg 2

this organization is to provide skills, knowledge, and networking tools needed for environmental, social, and economic sustainability.

The Wimbledon Community Grocery and Café is a cornerstone business for our small community of 215 in this very rural area of North Dakota. Community owned 501c-3 non-profit, we are the only full service rural grocery in Barnes County. We carry a full line of dairy, produce, frozen, canned, dry goods, deli and bakery item along with health and beauty, general merchandise, tobacco, specialty items and local foods. Find a short video of the store at <https://www.youtube.com/watch?v=G8KhBFrwwnc>

Thank you for your consideration. I encourage your support of Senate Concurrent Resolution 4013.



SB4013
2-14-19
#4 & 1

North Dakota Grocers Association

3155 Bluestem Dr. #378 • West Fargo, North Dakota 58078 • Phone (701) 223-4106

www.ndgrocers.com

Chairman Luick, Members of the committee; good morning. I am John Dyste, President of the North Dakota Grocers Association. I am here in support of Senate Concurrent Resolution NO. 4013

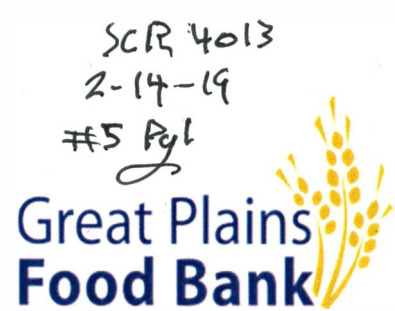
NDGA is a state trade association representing over 200 grocery retailers, convenience stores, wholesalers, and allied partners.

I have been president of NDGA for over two years but was an owner/operator of four small town grocery stores for over 40 years. I can personally attest to the difficulties that many rural grocery stores have. Rural grocers have experienced a decrease in distribution options and at the same time have experienced an increase in costs of product. These increases can be higher costs of product because of lack of purchasing power and or high "drop off fees" charged by distributors.

Rural grocers also face minimum case ordering requirements which in many cases can not be met. Without a minimum order many distributors will drive on by these rural accounts.

NDGA asks that the Senate Agricultural Committee vote to approve Senate Concurrent Resolution NO. 4013

Thank you and I will stand for questions.



Testimony from Great Plains Food Bank

Support for SCR 4013

Senate Agriculture Committee

February 14, 2019

Chairman Luick and members of the Senate Ag Committee, I am Melissa Sobolik from the Great Plains Food Bank and I'm here today to support SCR4013.

As a member of the Rural Grocer Initiative, the Great Plains Food Bank is particularly interested in this issue because food access is necessary and important for everyone. Grocers, just like the food bank, are all about food and making sure people have access to it. After all, everyone needs to eat. As the only food bank in the state of ND, we deliver food to the doors of over 200 food pantries, soup kitchens and shelters all across the state. We work to ensure there are no geographic gaps in charitable hunger relief and that every person who needs food assistance can do so locally.

The Great Plains Food Bank holds the state outreach contract for SNAP. SNAP, the Supplemental Nutrition Assistance Program, formerly known as food stamps, helps low income people put food on their table by giving them the power to purchase their food at a retailer of their choice. Only 60% of those who are income-eligible for SNAP actually participate. One reason they don't participate – which is especially true among rural residents – is that they don't have anywhere to use the benefits locally.

SCR 4013
2-14-19
#5 Pg 2



Last year, over \$74 million in SNAP benefits were distributed to over 53,000 North Dakotans. Having a local grocery store that accepts SNAP benefits not only improves the nutrition and lives of rural residents, but it's a guaranteed customer base for rural grocers.

In a recent study of our food pantry clients, we learned that rural clients are more likely to do their grocery shopping at a grocery store than their urban counterparts (who shop equally at grocery stores and big box stores). They shared that they prefer to support local businesses whenever possible; but admit to shopping at big box stores when they travel to medical or other appointments in urban areas.

When a rural grocery store closes, residents don't just stop shopping. They'll turn elsewhere to purchase food. It could be that they'll only get groceries when they travel to the next closest town, or perhaps they'll turn to the only local stores left; a convenience store or Dollar Store. While convenience stores and Dollar Stores will have some groceries their selection of healthy, nutritious food like fresh fruits & vegetables is often limited. It's also important to note that not everyone will have means of transportation to travel to the next town or nearest store. As rural North Dakota ages, transportation becomes a struggle in good seasons, let alone a winter like this year's. We can't expect that everyone has the means, ability and resources to be mobile.

We lose local access to food every time a rural grocery store closes. While I wish I had a silver bullet or *the* solution; none of us do. SCR4013 asks Legislative Management to study the issue, bring awareness to it and start the path for solutions.

I encourage you to support SCR4013 and would be happy to answer any questions you have.
Thank you.

Good morning, Chairman Luick and members of the Senate Agriculture Committee. My name is Kristi Miller and I am a licensed registered dietitian and work for the WIC Program at the North Dakota Department of Health. I'm reading testimony on behalf of Colleen Pearce, our Program Director who is unable to be here today. I am here to provide testimony supporting Senate Concurrent Resolution 4013.

The simple fact is that without retailers to sell food to our families, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Program would not be able to achieve its public health mission.

WIC is a targeted, time-limited supplemental public health nutrition program that serves over 11,000 women, infants and young children each month across North Dakota (ND). You might be surprised to learn that about 50 percent of all ND infants participate in WIC.

The mission of WIC is to ensure healthy pregnancies, healthy birth outcomes and healthy growth and development for women, infants and children up to age 5 who are at nutritional risk by providing nutritious supplemental foods. WIC accomplishes this through breastfeeding promotion and support; education on healthy eating; and referrals to health care and critical social services. For over 40 years, WIC's services and benefits have helped ensure many ND children get a strong, healthy start in life. There is clear evidence that good nutrition during pregnancy and in the first few years of life has long-term positive impacts on health. There is also evidence on the negative long-term consequences of inadequate nutrition and hunger, such as increased susceptibility to diet-sensitive chronic diseases such as diabetes and high blood pressure.

WIC serves our participants through the 70 nutritionists and health professionals working at WIC clinics located in 22 local public health agencies, hospitals and tribal programs across the state. The Department of Health and our partners across the state are proud that WIC is helping so many ND families who struggle to put food on the table. For many who live in rural areas, there can be challenges to find healthy, affordable food – such as having to drive long distances to a grocery store.

North Dakota WIC partners with about 160 full-service grocery stores in the state who provide WIC approved food. These retailers not only offer quality services to our WIC families, they are a critical component to build healthy and vibrant communities. That is why the Department of Health supports a study on how we can ensure that healthy, affordable food is distributed and transported to rural areas of the state.

This concludes my presentation. I am happy to answer any questions you may have.



SCR 4013
2-14-19
#7 131

February 14, 2019

Re: SCR 4013 – Study 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

Chair Luick and Members of the Senate Agriculture Committee:

Good day. I am Karen Ehrens, Coordinator of the Creating a Hunger Free North Dakota Coalition (CHFND). The CHFND Coalition is a statewide network of organizations, agencies, businesses and individuals with the vision of a hunger free state who collectively identify and address the unmet food and hunger needs and their underlying causes. We bring together groups - health and nutrition groups; faith-based organizations; the state's food bank and its network of food and meal providers; groups that advocate for the interests of seniors and children; groups that address the needs of people with low and moderate incomes; agriculture organizations; and state agencies who provide the food and/or funding to get food to people.

North Dakota grows crops that become food for people and animals, fuel and fiber; over 90 percent of our land is used for agriculture. However, the places where we find food to eat are growing further apart every year. North Dakota does have one of the lowest rates of food insecurity in the nation, and yet over the past ten years, the percentage of people in our state who are not sure they consistent access to enough food for an active, healthy life continues to creep up to 9 percent of our population or about 28,700 North Dakota households.

Why is making sure people have enough healthy food to eat every day so important? If we don't make sure children have enough healthy food each day, our children have increased risks* for

- Asthma, anemia, more frequent colds, stomachaches
- Lower bone density (boys), dental caries (cavities)
- Less physical activity, lower physical functioning
- Lower educational achievement
- Developmental delays
- Mental health, behavioral health challenges
- Even before birth: low birth weight, birth defects, pregnancy complications for mother

When adults don't have enough healthy food to eat every day, they are at risk* for

- Chronic diseases like heart disease, hypertension, stroke, asthma, COPD, cancer, diabetes, obesity
- Depression, poor sleep, mental distress, suicidal ideation
- Less physical activity, activity limitations

When our elders don't have enough healthy food to eat every day, they face increased risks* for

- Chronic diseases: osteoporosis, hypertension, asthma, congestive heart failure, diabetes
- Gum disease
- Lower cognitive function
- Limitations in activities of daily living

* *The Impact of Poverty, Food Insecurity, and Poor Nutrition on Health and Well-Being*; Food Research and Action Center, 12/2017
<http://frac.org/wp-content/uploads/hunger-health-impact-poverty-food-insecurity-health-well-being.pdf>

Creating a Hunger Free North Dakota, 2.14.19, SCR 4013, page 2

Adequate food is necessary for the health, well-being and education of individuals of all ages, and access to adequate healthful food assures people's abilities to be productive citizens on Main Streets, rural roads and farmstead drives, that students can learn to their fullest ability, and that our elders can enjoy a high quality of life in their later years.

Access to food wherever people live is key. It is crucial that we continue to keep access for people in the rural areas of our state where the distance between people and healthful food grows larger on a monthly basis as rural groceries close their doors.

Finding solutions is what the Creating a Hunger Free North Dakota Coalition and the Rural Grocer Initiative are working toward. These are deep issues; there is not one silver bullet or one answer that solves how we make sure everyone in our state has enough food every day no matter where we live. The public sector does not have all the answers or the solutions on its own. The nonprofit sector does not have all the answers or the solutions on its own. The private, for-profit sector does not have all the answers or the solutions on its own. What it is going to take is all of us working together. Food brings people together. Let's find out what we can do together through ensuring food access to everyone who calls North Dakota their home.

Thank you for your time and the consideration of these comments.

Senate Concurrent Resolution No. 4013

A concurrent resolution directing the Legislative Management to consider studying the distribution and transportation of food in the state necessary to the lives and individuals in rural communities, and the roles of state entities in facilitating the movement of food to rural areas of the state.

Testimony submitted by: Lynette Flage, NDSU Extension Assistant Director and Family & Community Wellness Program Leader

To: Chairman Luick and members of the Senate Agriculture Committee

Rural North Dakota, facing a declining population in many areas, has also experienced a decline in the number of grocery stores and accessible local food sources. This struggle to access healthy, affordable foods in our rural areas adversely affects public health and community economic opportunity. Food access for a family often depends on the distance from a grocery store or supermarket, access to transportation, and affordable food retailer price points. Access to food also involves effective wholesale distribution to these rural stores, which can be costly due to distance traveled and low volume purchasing by the retailer.

The absence of a grocery store has an effect on a community's health. Residents of a community without easy access to a supermarket may become reliant on fast-food, gas stations and stores that stock more costly food with less nutritional value. Community gardens and farmers markets can improve access to fresh fruits and vegetables, but they are seasonal solutions and do not address this year round challenge.

In North Dakota, more than 30% of adults have low access to a grocery store, ranking North Dakota 47th in the nation. Low access is represented by the percentage of people living more than one mile from a supermarket or larger grocery store if in an urban area, or more than ten miles from a supermarket or large grocery store in a rural area (USDA Economic Research Service).

Access to healthy food is also associated with lower risk for obesity and other diet-related chronic diseases. Low-income and food-insecure individuals can be especially vulnerable to obesity because of the unique challenges they face in maintaining a healthy lifestyle. The current medical cost of obesity is more than \$147 million and researchers estimate that by 2030, if obesity trends continue unchecked, 42% of Americans will be obese. North Dakota is currently ranked 14th highest in adult obesity, with 31.9% of classified as obese (ND Compass).

Besides providing access to healthy food, rural grocery stores are also part of the economic and social fabric of a community. The retail establishment often serves as a community builder, employer, economic force and gathering place. Communities are concerned with their quality of life and the future of their small towns, of which the grocery store plays an important role.

A comprehensive approach to closing the food gap would engage small food retailers, the community, state agency partners, public and private non-profits, and decision-makers to fully understand the current availability of healthy foods, identify food access barriers, pinpoint supply chain challenges, support local retailers, and build community demand.

NDSU Extension is involved with the Rural Grocery Initiative Task Force and helped deliver the rural grocer surveys to store owners in 2014 and 2017. These surveys were designed to better understand rural grocer issues and their access to current and future distribution resources. Extension is located in every county in North Dakota, where these grocery stores are located, and where families and producers go to shop. In addition, Extension provides multiple educational programs, some that may assist these rural grocery businesses and communities such as ***Stock Healthy, Shop Healthy*** and ***Marketing Hometown America***. Finally, Extension agents and specialists can provide facilitation expertise for communities, groups and organizations as they work to develop a vision and strategies for their future.

These anchor businesses in rural North Dakota communities are an important quality of life factor for residents, and multiple organizations and agencies are currently working together to consider innovative solutions for healthy food access and to resolve transportation and supply challenges.

Thank you Committee members for the opportunity to share information on food access, nutrition, health and community approaches to this issue.

SCR 2/14/19 AH #9 p.1

February 14, 2019

To: Senate Agriculture Committee – Senator Larry Luick, Chairman

Re: Support for Senate Concurrent Resolution (SCR 4013)

From: Shirley Reese, Manager, Main Street Market, Hazelton

Main Street Market has been in business for a little over 10 years. We opened in the mall owned and operated by the Hazelton Development Corporation after 2 previous owners tried to run a store in the community owned space. Neither of the 2 previous owners were able to remain open more than 2 years. Hazelton community has less than 300 people, a school that services pre-school through 12th grade, and a variety of small businesses. In spite of the community's appearance of stability, the store struggled for the first 6 years it was in business. Many years the store ended thousands of dollars in debt to vendors, spending several months at a time struggling to keep the vendors coming because cash flow was so minimal, resulting the store being constantly behind in payments.

The store started well stocked and each year for 6 years it had to reduce inventory and we seemed to always have an entire isle of outdated food items. The grocery provider being used was a convenience store provider so the products coming off the truck were often \$1-\$2 more than consumers were finding the same items in large corporate run retail establishments. Cereal was \$7 a box, canned goods were often \$2-\$3 each for simple soups and tomato type goods. Basically, everything was so high priced that there were very few consumers willing to be faithful shoppers at the store. Management and staff worked at very low wages and long hours to try to keep the doors open. Items

were being hauled in from larger retail establishments because it was cheaper to do so than buying it off the food trucks. This allowed for the prices to be a little lower on some items so the consumers would buy them. It also allowed for only a few items to be brought in rather than cases full which ended up outdating before they were sold.

The store was at a point of desperation when they decided to lower prices in hopes of the community purchasing more to make up for the lower profit margin. It took almost 2 years of dropping prices while hauling \$1000 of product from Bismarck a week before we approached Nash Finch, and SuperValu requesting to become one of their retailers.

In the past we had been told no because we didn't purchase enough to make it worth their while to stop. Now, however both companies had routes that went right past us so they were willing to allow us to receive deliveries. This made me wonder how many other stores were and still are out there that are along delivery routes of major suppliers and the store nor the suppliers know they exist. Instead the store owner/manager works tirelessly to try to keep food available to its community. We chose to go with SuperValu. Over the past 4 years we have been blessed to see continued customer support which has led to a growth in retail sales. Four years ago, our weekly sales average was \$4750. In 2018 our weekly average was \$8000!

When looking at the basic numbers our store appears to be in great shape. However, we still have had vendors cut us off over the past year because we don't order "enough". We still have a store full of outdated, barely functioning coolers and freezers which cost us over \$3000 in repairs last year and so many break downs that no insurance is willing to cover us anymore. We still only have 4 employees that make more than \$8 per hour and we still function most of the time with only one employee in

the store at a time. And over the past four years we have never ended a year with more than \$1000 in the bank. Most businesses would not continue with such a low profit margin and living "sale day to sale day" hoping that sales will be high enough to cover payroll, utilities, rent, and breakdowns along with all the vendor orders so we have products to move. Thankfully none of our investors are looking for their initial investment money back or our door would be closed!

We, Main Street Market, are one of the "lucky ones!" We live just off of highway 83 which gives us a better advantage for vendor routes. We are only ½ a mile off of 83 and there are still many vendors that drive right by and refuse to make weekly, bi-weekly, or even monthly stops. As our store has grown, we have witnessed our school and community growing.

I firmly believe that the stability of a rural community depends greatly on the success of the school and store which often succeed or fail & close consecutively. In the more rural areas of North Dakota there are very limited vendor options. I have had the opportunity to rub shoulders with owners and managers throughout the state that have shared having to get many items shipped to the store and many they haul in from the big cities, just as we did! It is a constant struggle keeping our prices affordable for the consumer while making enough to meet the financial needs of the store. North Dakota's low population which is spread over many miles is a good reason for us to consider what could be and should be done in our state to maintain healthy food options within a reasonable distance for all of its citizens. It is vital that research and aid are given to our rural communities before North Dakota is overcome by the epidemic of the death of the rural grocery store throughout our state.

Chairman Johnson and members of the House Agriculture committee. My name is Shirley Reese and I'm the manager of Main Street Market in Hazelton ND a community of less than 250 people. In a few brief minutes I'm going to give you a 15-year history of the grocery industry in our small community.

About 15 years ago our Development Corporation built a mall that had a space specifically designed for someone to use as a grocery store, because the community had been without one for a while. The building, shelves, freezer and cooler units are all owned by the Hazelton Development Corporation. However, since they desired to keep a store in the community, they have allowed a store to be in the building sometimes for years at a time without having to pay rent or at a reduced rent. This puts extra strain on the development corporation and the city (who provides funds when the HDC is short) to pay for the mortgage. It was their hope that eventually the store would function well enough to pay rent.

The store was operated independently for less than 2 years then it closed. Another independent owner tried to run the store, making it less than 2 years before it closed. Once again, Hazelton was without a grocery store for almost a year when several community members pooled their resources to invest in and open Main Street Market. In the first 6 years of business we went through 4 managers and multiple staff members who came and went. Over those first 6 years the store ended most years thousands of dollars in the red owing multiple vendors and just hoping they'd continue to deliver product. Loans were taken out to pay the vendors, or other community organizations along with some of the original investors rescued the store with funds every year, hoping we'd make it just one more month then another, which would, if all went well, lead to one more year.

Four years ago, we made changes that started our store down a path toward success yet, we still struggling to be truly stable. Main Street Market was using a convenience store provider as our source of groceries and in an effort to make enough to pay vendors and our overhead expenses the prices of the products were so high that the majority of the community did not ever shop at the store. Cereal was \$7 a box for the smallest size, canned goods were 50-100% higher than the stores in Bismarck. Customers would only shop for what they desperately needed. This left the store having very little inventory and an entire isle filled with outdated items because folks wouldn't pay the high prices. We decided that in order to stay open we had to stop being viewed as a convenience store and become a real grocery store. We lowered our prices throughout the store 20-30% or more. We decided it was worth a try to see if lower prices would allow us to sell enough to still pay the bills. We hoped that the lower prices would ensure that most products would sell before their sell by date. We also worked very hard to build a new reputation in our community as the store who offered great products at a good price and superior customer service. We marketed all our positive changes and thanked our customers for their support.

It was exciting to see that these changes led to higher sales each month. However, if we purchased all the product we were selling off the truck, we couldn't afford to be competitive

with our pricing, which meant customers would choose to go elsewhere. We had volunteers picking up \$1000+ of groceries a week in Bismarck that we could sell at a better profit margin because these same products were 50 cents to \$1.50 less at the Bismarck store per ITEM than what it cost off the truck. It also allowed us to buy just a few of an item rather than an entire case that we might not sell. Over the next two years our product variety continued to increase as well as our clientele. Customers were starting to become committed shoppers rather than occasional shoppers.

FINALLY, we grew to the point where we had two big grocery providers willing to take us on. That was only because we were already along their delivery routes. We chose to become a SuperValu store two years ago. Since then we have more than doubled the variety of products in our store and the communities support has continued to grow. Over the past four years our retail sales have increased by 75%. In most businesses that would spell SUCCESS!! However, in the rural grocery industry that equals hours and hours of hard work that is slowly burning me out while each week we hope there is enough money to pay all the vendors and overhead expenses. It is a constant juggling of how much can I purchase, what will I need to NOT get in this week, even though I'm out of that item. The stress is overwhelming, because IF I don't make all the right decisions this community may not have a store!! I'm blessed with a family that feels it is vital to our community that we keep a store open, so they support me in ways that constantly overwhelm and amaze me.

Thankfully our store investors do not want to put money in their pockets, they want to keep groceries available to our community because they know that our store is a vital part of the heart beat of our community. However, we are at a point where our equipment is struggling to run efficiently. When the mall was built, they put used coolers and freezer in. Some of my units are 35+ years old and costing us thousands of dollars a year to maintain. It is only mid-March and freezer repairs have already gobbled up \$1200. Plus, with only 5 doors of freezer and a couple bunkers I cannot fit any more products in there for the customers, and I get requests weekly for freezer items. I have to tell my customers no unless they want to buy the whole case.

Last year we had some new expenses that the store has not had to juggle in the past. We were blessed with a business in our community donating the printing and paper for our sale fliers for 8 years! When we increased the frequency of printing to weekly rather than bi-weekly and due to the increased expense to the printer combined with the view that our store must be doing GREAT since we have so many more products in the store: Obviously we can afford to pay for our own printing. Last year our sale flier/advertising expense increased over 350%. We also took a leap of faith and started paying rent to the Development Corporation to show how much we care about the success of our community. We were only able to afford about ½ of what the monthly rent should be, but we did it! WE paid rent for 12 months straight. Our other major expense increase was staff wages. Almost all our employees were making minimum wage. Last

year we gave all 7 of our employees a small pay bump. The combination of these three major expenses left us ending 2018 without two pennies to rub together.

Please consider that the need for rural grocery support goes beyond just food resources. Many community stores struggle to pay wages, rent, insurance, etc. so when equipment breaks down it can mean they have to decrease inventory or worse yet, consider closing. WE cannot get insurance agencies to cover food loss because we've had too many break downs. So, when a freezer breaks, and we cannot get it repaired soon enough thousands of dollars of food is lost. How do we replace this?

I propose that rural grocers need rescue funds and a team of business minded people who understand rural stores to help owners and managers make the changes and upgrades necessary to keep the store doors open. Our Rural stores need help! If the North Dakota legislators care about the growth and stability of our rural communities, you will vote yes to move forward with SCR 4013 so that hopefully something will be done to STOP this trend of store closures throughout our state!

March 21, 2019

To: House Agriculture Committee— Representative Dennis Johnson, chairman

RE: Support for Senate Concurrent Resolution (SCR 4013)

From: Josh Kramer, General Manager, North Dakota Association of Rural Electric Cooperatives and Lori Capouch, Rural Development Director, North Dakota Rural Electric & Telecommunications Development Center

Chairman Johnson and members of the House Agriculture committee, my name is Josh Kramer, and I am the General Manager of the North Dakota Association of Rural Electric Cooperatives. I am here in support of SCR 4013. Typically, when you see representatives from electric cooperatives come to the podium, the issue is usually pertaining to providing electrical service. But our organization, together with our friends from the Broadband Association of North Dakota, for many years has contributed greatly to support efforts to improve rural quality of life. We do this primarily through the work of our Rural Development Center, which our organizations govern and support. Our development center provides rural community, business and infrastructure development support services. We assist economic and community development projects that improve access to health care, day care, food distribution, housing, and economic betterment in rural areas.

Today, we are here to request your support to further study the issue of food access in rural communities. To better explain the work that has been done and the challenges

that persist, I would like to introduce Lori Capouch, our Rural Development Director.

Lori is not a lobbyist, but rather a developer who has organized an important coalition of stakeholders committed to this important cause.

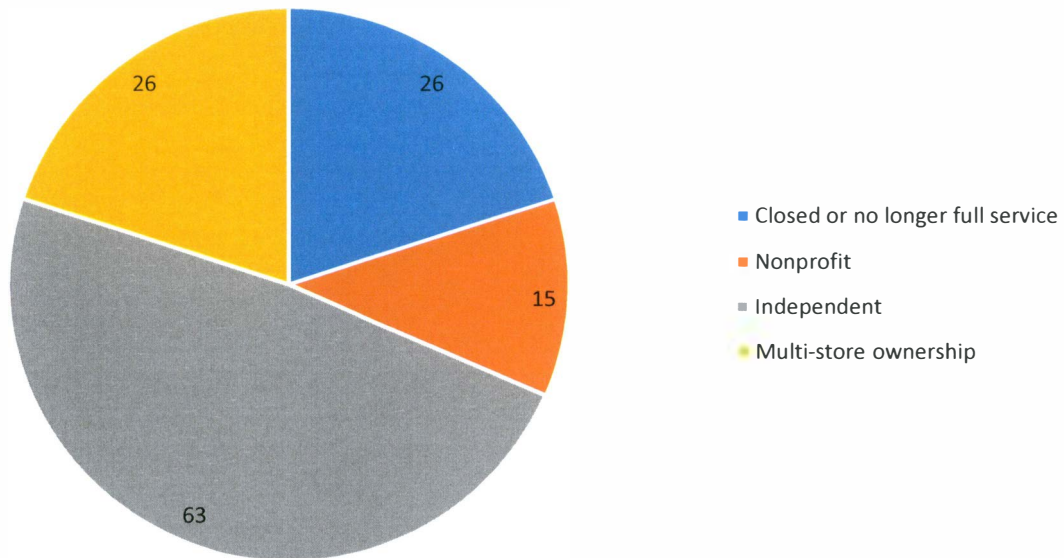
Rural Electric and Telecommunications Development Center

Chairman Johnson and members of the House Agriculture Committee, my name is Lori Capouch and I am the rural development director for North Dakota's electric and telecommunications cooperatives. Our work focuses on quality of life for rural people and we serve as the facilitator for the North Dakota Rural Grocery Initiativeⁱ. We are here to voice our concern about the decline in the rural grocery sector in the state of North Dakota and our concern for rural people and our communities. The rural grocery sector does not have the human or financial capital to address this issue on their own.

Declining number of rural stores

We became involved in this work about 5 years ago. We were receiving an unusual number of calls for help from rural grocery operators, indicating financial distress. At that time, we documented 137ⁱⁱ stores in North Dakota towns with 2,100 people or less. As of today, there are 104 stores remaining. There are approximately 10 more indicating ongoing concerns. Of the 104 remaining, 15 are community owned or nonprofit. Providing access to food in rural areas is increasingly becoming a volunteer and donation driven proposition.

Number of grocery stores



In Communities of 2,100 or less:

2013 baseline: 137 operating stores

January 2019: 104 operating stores

(Estimates – there is no actual reporting system)

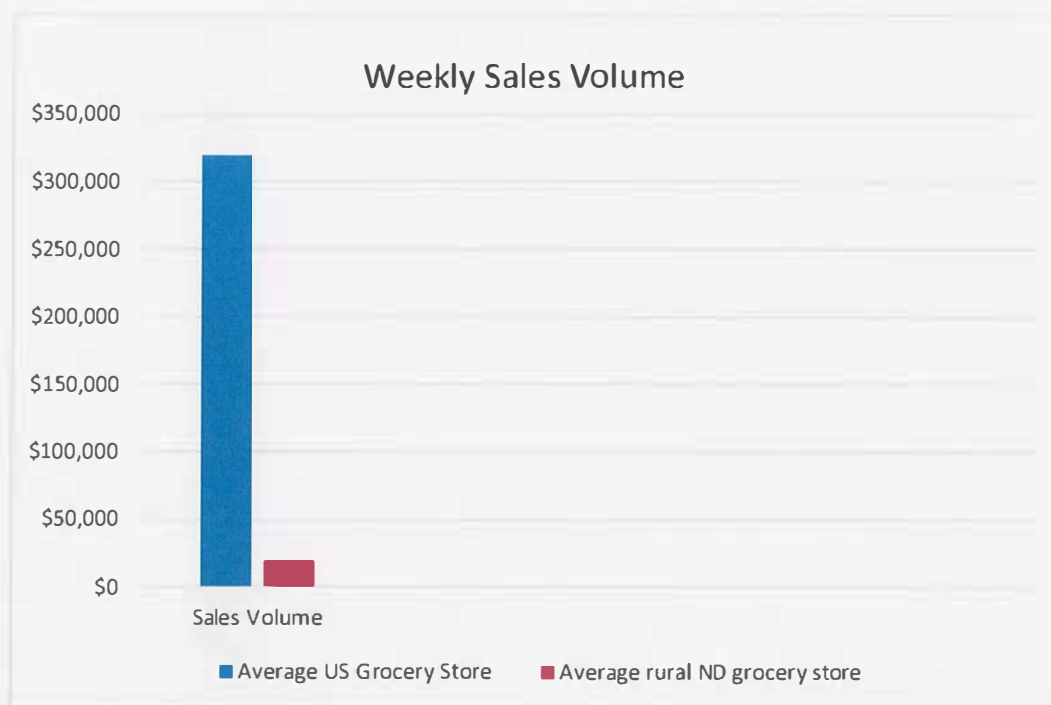
(Operators purchase multiple stores to increase profits and to purchase in volume to bring down the wholesale cost of food.)

Low sales volume/low profit margins

Since 2014, we have collected data from the rural stores three times. We discovered there are a host of issues leading to the loss of our stores. We learned the industry is based on volume. Stores with a higher sales volume can secure a lower wholesale price and they receive better management tools from the supplier. An

#2
SCR 4013
3-21-19

average US grocery store has a weekly sales volume of \$320,000. More than 50 percent of our rural stores have a volume of \$20,000 per week or less.



2016 data –
"Supermarket
News" and
2016 N.D.
Rural Grocery
Survey

Low sales volumes lead to low profit margins. More than 50 percent of our rural stores of have an annual net profit margin of \$18,000 or less. Some owner/managers pay themselves after the margin is set. We delivered the surveys in person, with help from NDSU Extension, and noted that many of our stores are in older buildings and have aging equipment. Often, cash flow or reserves cannot support the needed maintenance and updates. On several occasions, we have scrambled to help secure grant dollars from private entities when equipment fails

#2
SCR 4013
3-21-19



Weekly Gross Sales

Among 55 Store

Respondents. 28 of 55

stores have weekly sales

of \$20,000 or less (51%)

Average net profit

margin = 1.75%

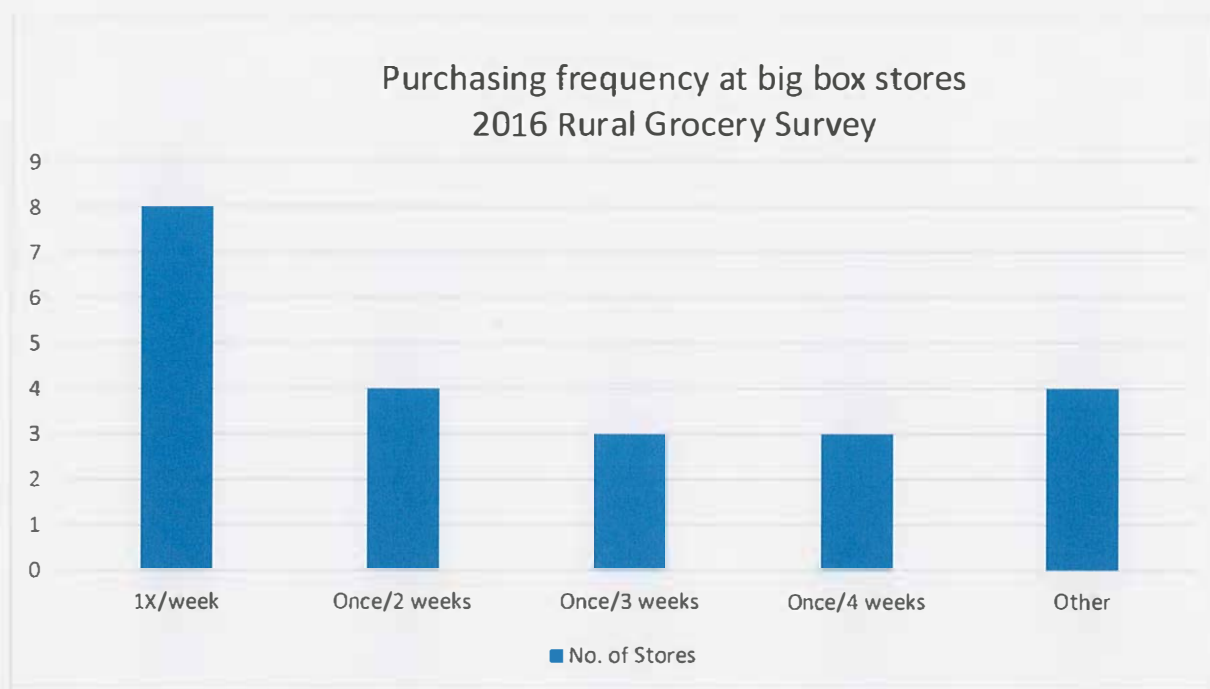
\$20,000 X 52 X 1.75% =

\$18,200/ann. net profit

2016 Rural grocery survey. Chart prepared by N.C. Doty & Associates, LLC

Difficulty securing products

We learned our smaller stores have difficulty accessing certain products from a wholesale supplier for a variety of reasons, such as their volume is too low to attract the supplier of a product or they cannot afford to carry the item at the price offered. Some stores have difficulty securing common products such as bread, milk or fresh meat. Several store operators drive to urban centers to secure products from big box stores for resale at their stores to improve their price or variety. They purchase these items at a retail price plus travel time and costs.



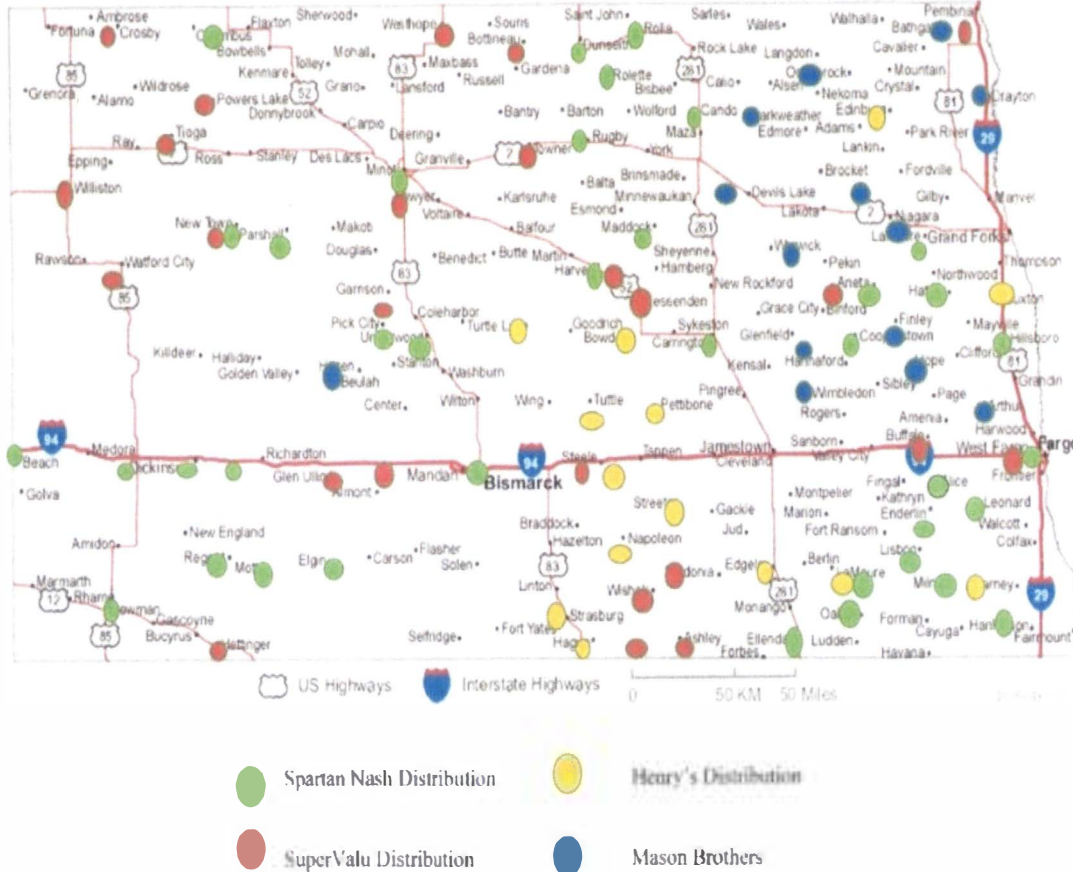
Business succession

Business succession is also becoming a problem. Due to the lack of profit, it is difficult to sell or finance a store when it becomes available for sale. There is also a lack of people with adequate experience needed to manage a grocery store. At this point, the store is usually transitioned to a community owned or nonprofit store or it closes.

Distribution efficiencies

Finally, based on preliminary data, it appears the current distribution system does not effectively serve rural areas. Supplier routes are primarily based on volumes rather than route efficiencies. And, product is priced according to volume purchased. We currently have four major suppliers that crisscross routes with similar product, delivering to customers that meet their minimum purchasing requirements.

Mapping of primary supplier by store



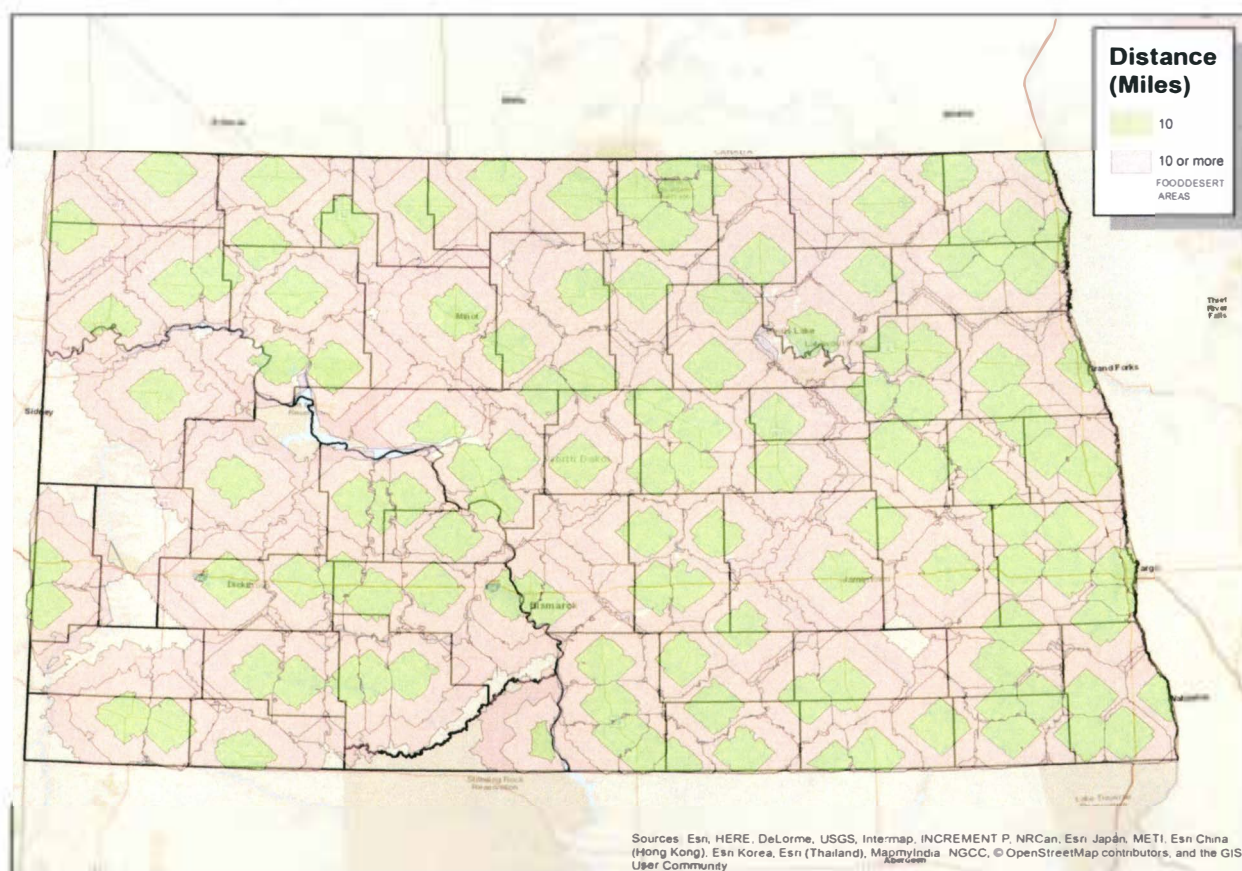
Prepared by N.C. Doty & Associates, LLC 2017. This data was used by Upper Great Plains Transportation Institute (UGPTI) to determine current distribution routes and to optimize routes. By simply optimizing routes of primary suppliers, UGPTI estimated an annual savings of \$383,448.

To help you understand the consequences of this decline, you can liken it to the dairy industry. As our number of farms dwindled, the infrastructure supporting that industry diminished. It became more difficult to find markets, holding stations and processors. Much is true with the grocery industry. As the number of stores decrease, it will become more difficult to attract suppliers or equipment dealers. And, those that we do attract will come with a cost.

Food deserts

Rural people work hard to keep their grocery store. They understand they need it – it's a pillar in their community. Most families will not relocate to areas where there isn't access to a full-service grocery store. The towns need new families to populate their schools and to work in their main street businesses. Their health depends on it. The United States Department of Agriculture has documented there is a higher incidence of obesity and diabetes in food deserts.

North Dakota Food Deserts – 12/2018

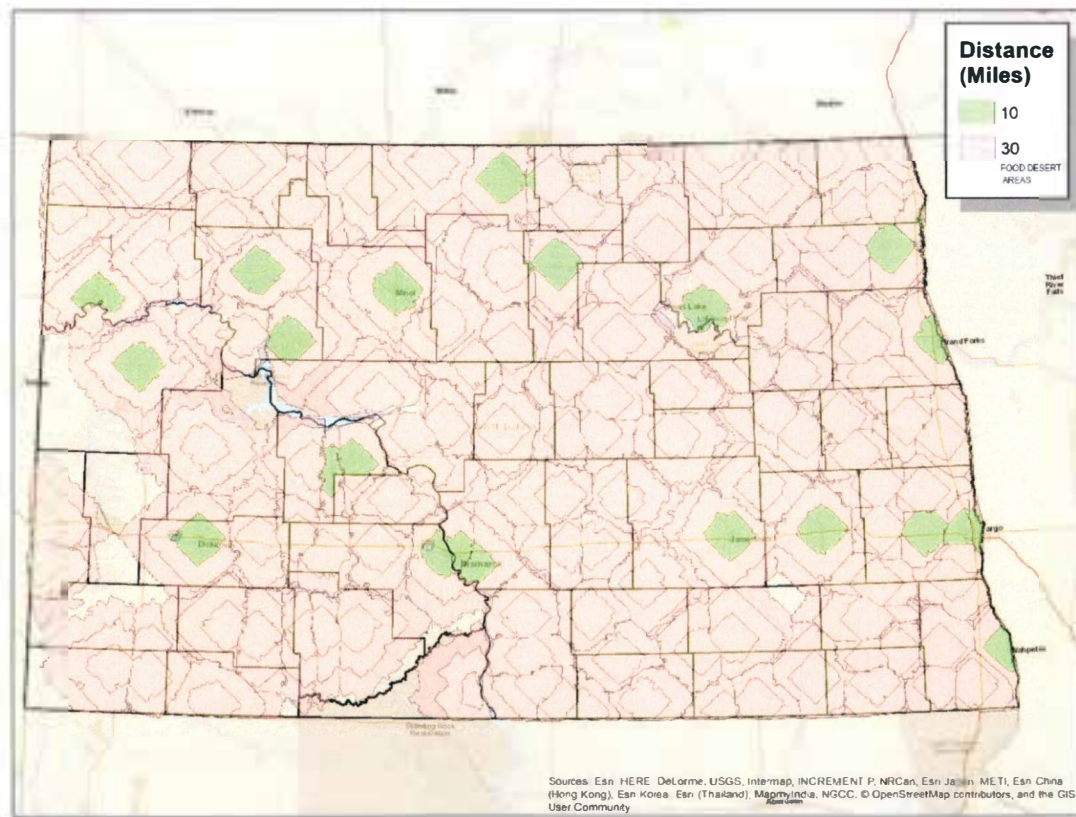


Green indicates an area with a full-service grocery store and a 10-mile radius surrounding the store.

Red indicates food desert areas. A rural food desert, according to USDA is an area where people need to drive 10 or more miles to access a full-service grocery store. People living in a food desert have a higher incidence of obesity and diabetes.

We are here today because we have a concern for rural people and their communities. We believe that access to healthy food is a necessity, not a luxury. And, we believe there may be opportunities to improve the stability of our rural grocery sector through collaboration and private/public partnerships. We are not trying to replace the current distribution system, we are seeking ways to help serve rural places more effectively. To do so, we need all the players at the table, thinking together. We thank you for your time.

This is what food access would look like without our rural grocery industry



Communities with a full-service grocery store and a population greater than 2,100

This work has been funded by CoBank, an anonymous donor, the Bush Foundation and the rural electric and telecommunications cooperatives.

ⁱ North Dakota Rural Grocery Initiative task force members are the North Dakota Association of Rural Electric Cooperatives, Broadband Association of North Dakota, Creating a Hunger-free North Dakota Coalition, Dakota College at Bottineau, North Dakota Farmers Union, North Dakota Grocers Association, NDSU Extension, Great Plains Food Bank, Bowdon Community Cooperative, Market on Main (Edinburg), Main Street Market (Hazelton), Star Grocery (New Leipzig), Tuttle Community Store, Wangler Foods (Casselton) and Wimbledon Community Store

ⁱⁱ There is no publicly available system to track the status of grocery stores in North Dakota. Of the 137 identified stores, some have closed, and some are no longer considered full service.



#3
SCR 4013
3-21-19
Pg 1

North Dakota Grocers Association

3155 Bluestem Dr. #378 • West Fargo, North Dakota 58078 • Phone (701) 223-4106
www.ndgrocers.com

Chairman Johnson, Members of the committee; good afternoon. I am John Dyste, President of the North Dakota Grocers Association. I am here in support of Senate Concurrent Resolution NO. 4013

NDGA is a state trade association representing over 200 grocery retailers, convenience stores, wholesalers, and allied partners.

I have been president of NDGA for over two years but was an owner/operator of four small town grocery stores for over 40 years. I can personally attest to the difficulties that many rural grocery stores have. Rural grocers have experienced a decrease in distribution options and at the same time have experienced an increase in costs of product. These increases can be higher costs of product because of lack of purchasing power and or high "drop off fees" charged by distributors.

Rural grocers also face minimum case ordering requirements which in many cases can not be met. Without a minimum order many distributors will drive on by these rural accounts.

NDGA asks that the Senate Agricultural Committee vote to approve Senate Concurrent Resolution NO. 4013

Thank you and I will stand for questions.

The Wimbledon Community Grocery is organized and operated exclusively for the purpose of providing a sustainable food system to an underserved population living in a food desert. Like their urban counterparts, increasing numbers of rural communities find themselves without a reliable healthy food source which in turn causes the decline of the community itself. To drive 30 miles or more for food, other than convenience store items, is impossible for many and inconvenient for others.

High Operating costs, narrow profit margins, affordable satisfactory labor, and trouble finding wholesalers willing to service small remote stores are cited in the ND Rural Grocers 2015 survey as some of the major issues facing small groceries and causing a rising number of closures. Last year Frito-Lay stopped delivering to our store, requiring us to order online, but online ordering has no benefits of sales and promotions. Coke and Pepsi still deliver to the Store, but at a cost to us of more than Walmart sells the product at retail. Mason Brothers Wholesale Grocery Wadena, MN delivers a full line of grocery, fresh, and frozen foods to our door. But often times we have to order in larger lots than we can sell before it goes out of date.

Wimbledon Community Grocery is a non-profit corporation 501(c) (3) which operates the Wimbledon Community Grocery and Café. The grocery is open 7 to 7 Monday through Friday and 7 to 4:30 on Saturday. Breakfasts and lunches are available in the café. The store manager is a volunteer along with one other employee (3 are paid).

The non-profit was a last ditch attempt 4 years ago to keep the grocery in our small town.

The members and volunteers of the non-profit Wimbledon Community Grocery do not receive salaries, or benefit from the profit of the store and café. They work at their own cost as a service for the greater good of the community. The rural grocery needs the community to survive, but the community needs the grocery to thrive. The grocery/café is flourishing and meeting the needs of the community with a variety of healthy foods, fresh produce, meats and extended hours. Donations, fund raisers, and profit from sales of goods and services, are used to replace infrastructure, hire additional labor, and research new products in order to provide the necessary benefits of sustainable food to an underserved community. Profit and donations are also used for teaching and training healthier living to senior citizens, school children, young families and the general public. We also support non-profit food pantries and other organizations providing healthy food to the underserved.

Linda Grotberg, Board President and Volunteer General Manager

Wimbledon Community Grocery

401 Center Street

Wimbledon, ND 58492

701-320-9535

March 21, 2019

Re: SCR 4013 – Study 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

Chair Johnson and Members of the House Agriculture Committee:

Good day. I am Karen Ehrens, Coordinator of the Creating a Hunger Free North Dakota Coalition (CHFND). The CHFND Coalition is a statewide network of organizations, agencies, businesses and individuals with the vision of a hunger free state who collectively identify and address the unmet food and hunger needs and their underlying causes. We bring together groups - health and nutrition groups; faith-based organizations; the state's food bank and its network of food and meal providers; groups that advocate for the interests of seniors and children; groups that address the needs of people with low and moderate incomes; agriculture organizations; and state agencies who provide the food and/or funding to get food to people.

North Dakota grows crops that become food for people and animals, fuel and fiber; over 90 percent of our land is used for agriculture. However, the places where we find food to eat are growing further apart every year. North Dakota does have one of the lowest rates of food insecurity in the nation, and yet over the past ten years, the percentage of people in our state who are not sure they have consistent access to enough food for an active, healthy life continues to creep up to 9 percent of our population, or about 28,700 North Dakota households.

Why is making sure people have enough healthy food to eat every day so important? If we don't make sure children have enough healthy food each day, our children have increased risks* for

- Asthma, anemia, more frequent colds, stomachaches
- Lower bone density (boys), dental caries (cavities)
- Less physical activity, lower physical functioning
- Lower educational achievement
- Developmental delays
- Mental health, behavioral health challenges
- Even before birth: low birth weight, birth defects, pregnancy complications for mother

When adults don't have enough healthy food to eat every day, they are at risk* for

- Chronic diseases like heart disease, hypertension, stroke, asthma, COPD, cancer, diabetes, obesity
- Depression, poor sleep, mental distress, suicidal ideation
- Less physical activity, activity limitations

When our elders don't have enough healthy food to eat every day, they face increased risks* for

- Chronic diseases: osteoporosis, hypertension, asthma, congestive heart failure, diabetes
- Gum disease
- Lower cognitive function
- Limitations in activities of daily living

* *The Impact of Poverty, Food Insecurity, and Poor Nutrition on Health and Well-Being*; Food Research and Action Center, 12/2017
<http://frac.org/wp-content/uploads/hunger-health-impact-poverty-food-insecurity-health-well-being.pdf>

Adequate food is necessary for the health, well-being and education of individuals of all ages, and access to adequate healthful food assures people's abilities to be productive citizens on Main Streets, rural roads and farmstead drives, that students can learn to their fullest ability, and that our elders can enjoy a high quality of life in their later years.

Access to food wherever people live is key. It is crucial that we continue to keep access for people in the rural areas of our state where the distance between people and healthful food grows larger on a monthly basis as rural groceries close their doors. We need to especially consider those without access to reliable transportation, older folks who cannot or do not drive in winter, and the how people are able to access food in the event of weather or other emergencies.

Finding solutions is what the Creating a Hunger Free North Dakota Coalition and the Rural Grocer Initiative are working toward. These are deep issues; there is not one silver bullet or one answer that solves how we make sure everyone in our state has enough food every day no matter where we live. The public sector does not have all the answers or the solutions on its own. The nonprofit sector does not have all the answers or the solutions on its own. The private, for-profit sector does not have all the answers or the solutions on its own. What it is going to take is all of us working together. Food brings people together. Let's find out what we can do together to assure food access to everyone who calls North Dakota their home.

Thank you for your time and the consideration of these comments.

Senate Concurrent Resolution No. 4013

A concurrent resolution directing the Legislative Management to consider studying the distribution and transportation of food in the state necessary to the lives and individuals in rural communities, and the roles of state entities in facilitating the movement of food to rural areas of the state.

Testimony submitted by: Lynette Flage, NDSU Extension Assistant Director and Family & Community Wellness Program Leader

To: Chairman Johnson and members of the House Agriculture Committee

Rural North Dakota, facing a declining population in many areas, has also experienced a decline in the number of grocery stores and accessible local food sources. This struggle to access healthy, affordable foods in our rural areas adversely affects public health and community economic opportunity. Food access for a family often depends on the distance from a grocery store or supermarket, access to transportation, and affordable food retailer price points. Access to food also involves effective wholesale distribution to these rural stores, which can be costly due to distance traveled and low volume purchasing by the retailer.

The absence of a grocery store has an effect on a community's health. Residents of a community without easy access to a supermarket may become reliant on fast-food, gas stations and stores that stock more costly food with less nutritional value. Community gardens and farmers markets can improve access to fresh fruits and vegetables, but they are seasonal solutions and do not address this year round challenge.

In North Dakota, more than 30% of adults have low access to a grocery store, ranking North Dakota 47th in the nation. Low access is represented by the percentage of people living more than one mile from a supermarket or larger grocery store if in an urban area, or more than ten miles from a supermarket or large grocery store in a rural area (USDA Economic Research Service).

Access to healthy food is also associated with lower risk for obesity and other diet-related chronic diseases. Low-income and food-insecure individuals can be especially vulnerable to obesity because of the unique challenges they face in maintaining a healthy lifestyle. The current medical cost of obesity is more than \$147 million and researchers estimate that by 2030, if obesity trends continue unchecked, 42% of Americans will be obese. North Dakota is currently ranked 14th highest in adult obesity, with 31.9% of classified as obese (ND Compass).

Besides providing access to healthy food, rural grocery stores are also part of the economic and social fabric of a community. The retail establishment often serves as a community builder, employer, economic force and gathering place. Communities are concerned with their quality of life and the future of their small towns, of which the grocery store plays an important role.

A comprehensive approach to closing the food gap would engage small food retailers, the community, state agency partners, public and private non-profits, and decision-makers to fully understand the current availability of healthy foods, identify food access barriers, pinpoint supply chain challenges, support local retailers, and build community demand.

NDSU Extension is involved with the Rural Grocery Initiative Task Force and helped deliver the rural grocer surveys to store owners in 2014 and 2017. These surveys were designed to better understand rural grocer issues and their access to current and future distribution resources. Extension is located in every county in North Dakota, where these grocery stores are located, and where families and producers go to shop. In addition, Extension provides multiple educational programs, some that may assist these rural grocery businesses and communities such as ***Stock Healthy, Shop Healthy*** and ***Marketing Hometown America***. Finally, Extension agents and specialists can provide facilitation expertise for communities, groups and organizations as they work to develop a vision and strategies for their future.

These anchor businesses in rural North Dakota communities are an important quality of life factor for residents, and multiple organizations and agencies are currently working together to consider innovative solutions for healthy food access and to resolve transportation and supply challenges.

Thank you Committee members for the opportunity to share information on food access, nutrition, health and community approaches to this issue.

To: ND House Agriculture Committee—Representative Dennis Johnson, Chair

Re: Support for Senate Concurrent Resolution (SCR 4013)

From: Patti Patrie representing Bowdon Community Grocery, 133 Warrington, Bowdon, ND 58418

Date: March 21, 2019

Hello Chairman Johnson and Committee Members,

My name is Patti Patrie and I am here to represent Bowdon Community Grocery.

Bowdon is a tiny community of approximately 135 people plus 300 surrounding residents served by the Bowdon Post Office. Besides the grocery and post office we have a new meat processing plant, a café, a bar, a summer Farmers Market, two bank substations, cardtrol service, a thrift store, library, museum, fire department, ambulance service, a community center, and a repurposed school building which is now an event center.

Bowdon, located in central Wells County along Highway 200, is a distance of 17 miles from Fessenden and about 30 miles from either Harvey or Carrington. The grocery store is one of the anchors in the community. When it was in danger of closing in 2008, the community came together and formed a cooperative to buy the store. The store continues to serve Bowdon today because of a faithful manager, over 100 members, several volunteers, and subsidizing funds from fundraisers, individuals, the Bowdon Lions, and the Bowdon Closet Thrift Store.

However, the Bowdon community is in real danger of losing the grocery store for the following reasons.

- Reduced number of delivery services like Sweetheart and Old Dutch. If our supplier, Henry's from Alexander, MN would happen to end service to rural ND there would be several communities without a supplier.
- Higher prices and perceived higher prices because of small quantity orders.
- Lack of profits to pay benefits in attracting a new manager starting in May 2019.
- Aging infrastructure and coolers needing continuous repair or replacement.

If any of the above reasons force the closing of the grocery store we for see a definite domino effect in Bowdon. The café manager has already stated that fact.

On behalf of the Bowdon Community I ask you to vote yes on SCR 4013 because

- 1- ND needs rural communities to thrive. (A program including food access for towns under 500 population or those losing their school could greatly enhance "quality of life" in rural ND.)
- 2- Bowdon is thriving because 100 plus volunteers make it happen. We need to maintain our grocery store and cafe as an attraction to newcomers and volunteer replacements.
- 3- USDA Rural Development, Ottertail Power, and the RECs have invested large sums of money in Bowdon's infrastructure. Now the state can partner with us to ensure that we have food access and continue to grow a healthy community for the future.

Good afternoon, Chairman Johnson and members of the House Agriculture Committee. My name is Colleen Pearce and I am the WIC Program Director for the North Dakota Department of Health. I am here to provide testimony supporting Senate Concurrent Resolution 4013.

The simple fact is that without retailers to sell food to our families, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) would not be able to achieve its public health mission.

WIC is a targeted, time-limited supplemental public health nutrition program that serves over 11,000 women, infants and young children each month, across North Dakota (ND). You might be surprised to learn that over half of all ND infants participant in WIC.

The mission of WIC is to ensure healthy pregnancies, healthy birth outcomes and healthy growth and development for women, infants and children up to age five who are at nutritional risk. WIC accomplishes this through breastfeeding promotion and support; education on healthy eating; and referrals to healthcare and critical social services. For over 40 years, WIC's services and benefits have helped ensure many ND children get a strong, healthy start in life. There is clear evidence that good nutrition during pregnancy and in the first few years of life has long-term positive impacts on health. There is also evidence on the negative long-term consequences of inadequate nutrition and hunger, such as increased susceptibility to diet-sensitive chronic diseases such as diabetes and high blood pressure.

WIC serves our participants through the 70 nutritionists and health professionals working at WIC clinics located in 22 local public health agencies, hospitals and tribal programs across the state. The Department of Health and our partners are proud that WIC is helping so many ND families who struggle to put food on the table. For many who live in rural areas, there can be challenges to find healthy, affordable food – such as having to drive long distances to a grocery store.

North Dakota WIC partners with about 160 full-service grocery stores in the state who provide WIC approved food. These retailers not only offer quality services to our WIC families, they are a critical component to build healthy and vibrant communities. That is why the Department of Health supports a study on how we can ensure that healthy, affordable food is distributed and transported to rural areas of the state.

This concludes my presentation. I am happy to answer any questions you may have.