

# **Appendix H: Senate Bill 2273 Testimony and Supporting Documentation**

**2023 SENATE AGRICULTURE AND VETERANS AFFAIRS**

**SB 2273**

## 2023 SENATE STANDING COMMITTEE MINUTES

### Agriculture and Veterans Affairs Committee Fort Union Room, State Capitol

SB 2273  
1/26/2023

A BILL for an act to provide an appropriation to the department of commerce for a rural grocery store sustainability and food access expansion pilot program
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3:14 PM Chairman Luick called the committee to order. Senators Hogan, Weston, Weber, Luick, Myrdal, and Lemm were present.

#### Discussion Topics:

- Food deserts
- Fiscal note

3:14 PM Senator Myrdal, District 19, introduced the bill and testified in favor #17183

3:18 PM Zach Smith, North Dakota Association of Rural Cooperatives, introduced Lauri Capouch.

3:18 PM Lori Capouch, Rural Development Director, North Dakota Association of Rural Cooperatives, testified in favor. #16806

3:31 PM Jenna Gullickson, Grocery Store Owner, Hoople ND, testified in favor. #16698

3:35 PM Diana Hahn, Grocery Store Owner, Jim's Supervalu, testified in favor. #16704

3:47 PM Alex Bata, President, Rural Access Distribution Cooperative, testified in favor. #16821

3:54 PM Matt Purdue, on behalf of North Dakota Farmers Union, testified in favor verbally.

3:58 PM Senator Vedaa, District 6, testified in favor verbally.

4:05 PM Senator Klein, District 14, testified in favor verbally.

4:18 PM Stephanie Blumhage, Executive Director, FARMS, testified in favor. #17158

4:21 PM John Dyste, President, North Dakota Grocers Association, testified in favor. #16943

4:36 PM Senator Hogan moved DO PASS SB 2273

4:36 PM Senator Myrdal seconded DO PASS SB 2273

4:39 PM Senator Hogan rescinds her original DO PASS motion and moves a Do Pass and Re-refer to Appropriations.

4:39 PM Senator Myrdal seconded the Do Pass and Re-refer to Appropriations.

4:39 PM Roll Call Vote

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Kathy Hogan	Y
Senator Randy D. Lemm	Y
Senator Mark F. Weber	Y
Senator Kent Weston	Y

Motion Passed 6-0-0. Do Pass and Re-refer to Appropriations SB 2273.  
Senator Myrdal will carry the bill.

**Additional written testimony:**

John Dyste, President, North Dakota Grocers Association, in favor #15769

Maria Effertz, Community Services Director, North Dakota Department of Commerce, neutral #16856

Karla Rose Hanson, State Legislator, District 44, in favor #16923

Dana Hager, Executive Director, Economic Development Association of North Dakota, in favor #16941

Karen Ehrens, Food & Nutrition Security Advocate, People Who Eat Food in North Dakota in favor #17049

Dawn Mandt, Executive Director, Red River Regional Council, testified in favor #17097

Heather Gades, Fargo Resident, in favor #17111

Bethany A. Ivesdal, Edmore Resident, in favor #17154

4:40 PM Chairman Luick adjourned the committee.

*David Owen, Committee Clerk*



**REPORT OF STANDING COMMITTEE**

**SB 2273: Agriculture and Veterans Affairs Committee (Sen. Luick, Chairman)** recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2273 was rereferred to the **Appropriations Committee**. This bill does not affect workforce development.

**2023 SENATE APPROPRIATIONS**

**SB 2273**

## 2023 SENATE STANDING COMMITTEE MINUTES

### Appropriations Committee Roughrider Room, State Capitol

SB 2273  
2/9/2023

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability and food access expansion pilot grant program.

8:54 AM Acting Chairman Wanzek opened the hearing on SB 2273.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

#### Discussion Topics:

- Rural grocery
- Food access pilot program
- Preservation grants

8:55 AM Senator Myrdal, introduced the bill, testified in favor, no written testimony

9:04 AM Zach Smith, ND Association of Rural Electric Cooperatives, introduced speakers, testified in favor, no written testimony

9:05 AM Lori Capouch, ND Association of Rural Electric Cooperatives, testified in favor, testimony #19351

9:17 AM Matt Purdue, North Dakota Farmers Union, testified in favor, testimony #20252

9:19 AM Dana Hager, Executive Director EDND, testified in favor, testimony #20045

9:20 AM Maria Effertz, Department of Commerce, testified in neutral, testimony #19625

#### Additional written testimony:

- Katrina Christiansen, Professor Jamestown University, in favor, testimony #20128
- Jenna Gullickson, Owner/Operator Hoople Grocery, in favor, testimony #19343
- Stephanie Blumhagen, Executive Director/ Board Chair, FARRMS and ND Local Food Development Alliance, in favor, testimony #19167
- Karen Ehrens, Director, Food and Nutrition Security Advocate, in favor, testimony #19156
- Diana Hahn, Owner/Oprator Jim's Supervalu, in favor, testimony #19341,
- Heather Gades, Miss Bonanzaville, in favor, testimony # 19731
- Alex Bata, Rural Access Distribution Co-op, in favor, testimony # 19795

9:30 AM Acting Chairman Wanzek closed the hearing.

Senate Appropriations Committee  
SB 2273  
February 9, 2023  
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9:30 AM Senator Mathern moved DO PASS  
9:31 AM Senator Vedaa seconded the motion.

9:32 Roll Call Vote

<b>Senators</b>	<b>Vote</b>
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passes 16-0-0

Senator Weston will carry the bill.

9:33 AM Acting Chairman Wanzek closed the meeting.

*Kathleen Hall, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2273: Appropriations Committee (Sen. Bekkedahl, Chairman)** recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2273 was placed on the Eleventh order on the calendar. This bill affects workforce development.

**2023 HOUSE AGRICULTURE**

**SB 2273**

## 2023 HOUSE STANDING COMMITTEE MINUTES

**Agriculture Committee**  
Room JW327C, State Capitol

SB 2273  
3/9/2023

A BILL for an Act to provide an appropriation to the department of commerce for rural grocery store sustainability and food access expansion pilot grant program.

Chairman Thomas call the meeting to order 9:02 AM

Members present: Chairman Thomas, Vice Chairman Beltz, Representatives Christy, Finley-DeVillie, Fisher, Headland, Henderson, Kiefert, Olson, Prichard, Schreiber-Beck, Tveit, VanWinkle.

### **Discussion Topics:**

- Park River prototype
- Commerce applications
- Radius of service
- Service sights
- Original grant dollars
- Warehousing
- Cooperative lockers
- Sustainability after grants
- Appropriations reporting

### **In Favor:**

Senator Janne Myrdal, District 19, Edinburg, ND (no written testimony)  
Zack Smith, Lobbyist, ND Association of REC's (no written testimony) for an introduction.  
Lori Capouch, Rural Development Director, NDRECs, #22964  
Bill Wocken, ND League of Cities, #23437  
Matt Perdue, ND Farmers Union, #23155  
Dana Hager, Economic Development Association of North Dakota, #23165  
Alexander Bata, Chairman, Rural Access Distribution Co-op, #23123, 23152  
Diane Hahn, Owner/Operator, Jim's Supervalu, Park River, ND, #23057

### **Neutral:**

Maria Effertz, Community Services Director, ND Department of Commerce, #23125

### **Additional written testimony:**

John Dyste, President, ND Grocers Association, #22952  
Beverly Voller, President, Hazelton Development Corporation, #22960  
Jenna Gullickson, Owner/Operator, Hopple Grocery and Secretary/Treasurer Rural Access Distribution Cooperative, #22961

Chairman Thomas adjourned the meeting 10:17 AM  
*Diane Lillis, Committee Clerk*

## 2023 HOUSE STANDING COMMITTEE MINUTES

**Agriculture Committee**  
Room JW327C, State Capitol

SB 2273  
3/9/2023

A BILL for an Act to provide an appropriation to the department of commerce for rural grocery store sustainability and food access expansion pilot grant program.
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Chairman Thomas call the meeting to order 11:14 AM

Members present: Chairman Thomas, Vice Chairman Beltz, Representatives Christy, Finley-DeVile, Fisher, Headland, Henderson, Kiefert, Olson, Prichard, Schreiber-Beck, Tveit, VanWinkle.

**Discussion Topics:**

- Committee action

Representative S. Olson moved a do pass and rereferred to appropriations.  
Representative Fisher seconded.

Roll call vote:

<b>Representatives</b>	<b>Vote</b>
Representative Paul J. Thomas	Y
Representative Mike Beltz	Y
Representative Josh Christy	Y
Representative Lisa Finley-DeVile	Y
Representative Jay Fisher	Y
Representative Craig Headland	Y
Representative Donna Henderson	Y
Representative Dwight Kiefert	Y
Representative SuAnn Olson	Y
Representative Brandon Prichard	N
Representative Cynthia Schreiber-Beck	Y
Representative Bill Tveit	Y
Representative Lori VanWinkle	N

Motion passed 11-2-0

Representative S. Olson will carry the bill.

Chairman Thomas adjourned the meeting 11:27 AM

*Diane Lillis, Committee Clerk*



**REPORT OF STANDING COMMITTEE**

**SB 2273: Agriculture Committee (Rep. Thomas, Chairman)** recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2273 was rereferred to the **Appropriations Committee**.

**2023 HOUSE APPROPRIATIONS**

**SB 2273**

## 2023 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Brynhild Haugland Room, State Capitol

SB 2273  
3/13/2023

**10:45 AM Chairman Vigesaa** Called the meeting to order and roll call was taken-

**Members present;** Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

**Members not Present-** Representative Bellew and Representative Pyle

**Discussion Topics:**

- Power for Grocery Stores
- Extend Pilot Project

**Representative Thomas** -Explains the need for this rereferred bill from the AG committee.

**Additional written testimony: Maria Effertz- Director- Division of Community Services in Commerce** (Testimony #24174)

**10:58 AM Chairman Vigesaa** Closed the meeting for SB 2273

*Risa Berube, Committee Clerk*

## 2023 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Brynhild Haugland Room, State Capitol

SB 2273  
3/16/2023

BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability and food access expansion pilot grant program.
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**9:50 AM Chairman Vigesaa** Called the meeting to order and roll call was taken-

**Members present;** Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

**Members not Present-** Representative Mock

### Discussion Topics:

- Extend Program
- Match Required

**Representative Monson-** Language for amendment change to 1 million and require a match.

Committee Discussion

**Representative Monson** Moves to amend

**Representative J. Nelson-** Second the motion

Roll call vote;

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	N
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	N

Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

**Motion Carries 20-2-1**

**Representative Monson-** Move for a Do Pass as Amended

**Representative G. Stemen** Second the motion

Roll call vote.

<b>Representatives</b>	<b>Vote</b>
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

**Motion Carries 21-1-1 Representative Monson will carry the bill**

House Appropriations Committee  
SB 2273  
March 16<sup>th</sup> 2023  
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**10:00 AM Chairman Vigesaa** Closed the meeting for SB 2273

*Risa Berube, Committee Clerk*

*DR*  
*181*  
*3-17-2023*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2273

Page 1, line 5, after the boldfaced dash insert "**MATCHING FUNDS REQUIREMENT** -"

Page 1, line 7, replace "\$2,000,000" with "\$1,000,000"

Page 1, line 10, after the period insert "The department of commerce may spend the funds appropriated in this section only to the extent eligible applicants have secured matching funds from nonstate sources on a dollar-for-dollar basis."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2273 - Department of Commerce - House Action**

	Base Budget	Senate Version	House Changes	House Version
Rural grocery grants		\$2,000,000	(\$1,000,000)	\$1,000,000
Total all funds	\$0	\$2,000,000	(\$1,000,000)	\$1,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$2,000,000	(\$1,000,000)	\$1,000,000
FTE	0.00	0.00	0.00	0.00

**Department 601 - Department of Commerce - Detail of House Changes**

	Reduces Funding for Rural Grocery Grants <sup>1</sup>	Total House Changes
Rural grocery grants	(\$1,000,000)	(\$1,000,000)
Total all funds	(\$1,000,000)	(\$1,000,000)
Less estimated income	0	0
General fund	(\$1,000,000)	(\$1,000,000)
FTE	0.00	0.00

<sup>1</sup> Funding for rural grocery store grants is reduced by \$1 million to provide a total of \$1 million from the general fund. The Department of Commerce may provide grants only if eligible applicants provide matching funds from nonstate sources on a dollar-for-dollar basis. The funding is for the establishment of a pilot program to provide grants for the preservation of rural grocery stores and increasing access to food in the state.

The Senate approved \$2 million from the general fund with no matching funds requirement.

**REPORT OF STANDING COMMITTEE**

**SB 2273: Appropriations Committee (Rep. Vigesaa, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2273 was placed on the Sixth order on the calendar.

Page 1, line 5, after the boldfaced dash insert "**MATCHING FUNDS REQUIREMENT -**"

Page 1, line 7, replace "\$2,000,000" with "\$1,000,000"

Page 1, line 10, after the period insert "The department of commerce may spend the funds appropriated in this section only to the extent eligible applicants have secured matching funds from nonstate sources on a dollar-for-dollar basis."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2273 - Department of Commerce - House Action**

	Base Budget	Senate Version	House Changes	House Version
Rural grocery grants		\$2,000,000	(\$1,000,000)	\$1,000,000
Total all funds	\$0	\$2,000,000	(\$1,000,000)	\$1,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$2,000,000	(\$1,000,000)	\$1,000,000
FTE	0.00	0.00	0.00	0.00

**Department 601 - Department of Commerce - Detail of House Changes**

	Reduces Funding for Rural Grocery Grants <sup>1</sup>	Total House Changes
Rural grocery grants	(\$1,000,000)	(\$1,000,000)
Total all funds	(\$1,000,000)	(\$1,000,000)
Less estimated income	0	0
General fund	(\$1,000,000)	(\$1,000,000)
FTE	0.00	0.00

<sup>1</sup> Funding for rural grocery store grants is reduced by \$1 million to provide a total of \$1 million from the general fund. The Department of Commerce may provide grants only if eligible applicants provide matching funds from nonstate sources on a dollar-for-dollar basis. The funding is for the establishment of a pilot program to provide grants for the preservation of rural grocery stores and increasing access to food in the state.

The Senate approved \$2 million from the general fund with no matching funds requirement.



**2023 SENATE AGRICULTURE AND VETERANS AFFAIRS**

**SB 2273**

## 2023 SENATE STANDING COMMITTEE MINUTES

### Agriculture and Veterans Affairs Committee Fort Union Room, State Capitol

SB 2273  
3/24/2023

A bill for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability and food access expansion pilot grant program.

2:22 PM Chairman Luick opened the meeting on SB 2273. Members present: Chairman Luick, Vice Chairman Myrdal, Senator Lemm, Senator Hogan, Senator Weston, Senator Weber.

#### **Discussion Topics:**

- Bill review
- Administrative rules

2:23 PM Senator Myrdal reviewed the bill.

2:26 PM Chairman Luick closed the meeting.

*Brenda Cook, Committee Clerk*

**2023 CONFERENCE COMMITTEE**

**SB 2273**

## 2023 SENATE STANDING COMMITTEE MINUTES

### Agriculture and Veterans Affairs Committee Fort Union Room, State Capitol

SB 2273  
4/11/2023  
Conference Committee

A bill for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability and food access expansion pilot grant program.
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9:30 AM Chairman Myrdal opened the Conference Committee meeting. Members present: Senator Myrdal, Senator Weston, Senator Hogan, Representative Beltz, Representative S. Olson, Representative Monson.  
Members absent: None

#### **Discussion Topics:**

- Proposed amendment 23.0708.02002
- Committee discussion

9:30 AM Representative Beltz moved to Recede House Amendments and further Amend SB 2273. LC 23.0708.02002

9:31 AM Senator Hogan seconded the motion.

Roll call vote: 6-0-0 Motion passed.

Senator Myrdal is the Senate carrier.

Representative S. Olson is the House carrier.

9:45 AM Chairman Myrdal adjourned.

*Brenda Cook, Committee Clerk*

23.0708.02002  
Title.04000

Adopted by the Conference Committee

April 11, 2023

44  
4-11-23

PROPOSED AMENDMENTS TO SENATE BILL NO. 2273

That the House recede from its amendments as printed on pages 1071 and 1072 of the Senate Journal and page 1268 of the House Journal and that Senate Bill No. 2273 be amended as follows:

Page 1, line 7, replace "\$2,000,000" with "\$1,000,000"

Re-number accordingly



**REPORT OF CONFERENCE COMMITTEE**

**SB 2273:** Your conference committee (Sens. Myrdal, Weston, Hogan and Reps. Beltz, S. Olson, Monson) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1071-1072 and place SB 2273 on the Seventh order.

SB 2273 was placed on the Seventh order of business on the calendar.

**TESTIMONY**

**SB 2273**



## Testimony- SB 2273

January 26, 2023 – Senate Agriculture and Veterans Committee

Chairman Luick and Members of the Senate Agriculture and Veterans Affairs Committee

Regarding **SB 2273**

My name is John Dyste, and I am the President of the North Dakota Grocers Association (NDGA). I ask that you give a “do pass” recommendation on **SB 2273**. NDGA represents the independent retail grocery stores in the state as well as over 80 wholesalers, distributors, and vendors.

Prior to my becoming the President of the North Dakota Grocers Association, I was an owner operator of four small town grocery stores in Southeast North Dakota. I understand full well the challenges that smaller communities face in trying to keep their grocery stores open.

When I became President of NDGA I made sure that we would be a supporter of all stores and communities in our state. With the help of the ND Association of Rural Electric Cooperatives and their Rural Grocers Initiative I was able to view firsthand the start of putting the RAD Co-op into operation. I was very skeptical of this co-op concept at first; but under the guidance of Lori Capouch, Rural Development Director for the NDREC, and the drive of Diana and Randy Hahn and the rest of the co-op members, they have proved that it can work.

Small town stores can succeed if they are given the chance to purchase grocery items, fresh produce, meat, and dairy products, at a fair price and in quantities that they can handle. This model will not work for everyone, but those who are willing to collaborate with other stores now have a blueprint on how to be successful.

SB 2273 will appropriate a significant sum of \$2,000,000 to establish a pilot program. If properly implemented this program could be an answer to access to healthy food in rural areas of our State.

Please give SB 2273 a do pass recommendation.

Thank you and I will answer any questions you may have.



January 26, 2023

To: Senate Agriculture and Veterans Affairs Committee

Re: Support of Senate Bill 2273

From: Jenna Gullickson, Owner/Operator, Hoople Grocery

Chairman Luick and members of the Senate Agriculture and Veterans Affairs Committee, my name is Jenna Gullickson and I am the owner of Hoople Grocery and the Secretary/Treasurer of the Rural Access Distribution Cooperative. I am here today to give testimony and ask for your support of Senate Bill 2273.

I grew up in Park River, my husband is from Hoople, and we are now raising our two boys in Hoople. We are a community of approximately 250 people, which includes a lot of young families, such as mine. The previous owners of the grocery store were set to retire in 2015 so my husband and I decided to buy the store and keep it open for our community. Owning your own store in rural areas is a commitment, but one my husband and I decided to gladly take on. When approached by Lori Capouch, with the NDAREC, about this idea, I jumped at the chance. If you have the option to work together to lower costs and bring in a larger selection of product, why not? As with any pilot program, there are always a few hurdles. For me, I had to get used to a new ordering system through UNFI and getting our point-of-sale system set up. I only employ 4 part-time high school students and 1 part-time adult.

We have had many positive remarks since becoming part of the Rural Access Distribution Co-op. Our patrons have noticed the increase in variety of products, lower prices, and fresher produce. Our store sales have increased 23% over the past year since ordering through the co-op. We are looking to add more coolers and freezers to our store to accommodate for the increase in products and sales. This would not have been possible without the funds to develop our co-op, giving us the ability to purchase from a larger grocery store distributor in UNFI and

P.O. BOX 247 ▪ HOOPLE, ND 58243 ▪ 701-331-9151

purchase a truck to safely distribute these items to our location. I have had suppliers drop our store so it has been nice to be able to get that product back in our store through the co-op as well.

Last year when the food and milk supplier dropped the Valley-Edinburg school system, the superintendent reached out to our cooperative. With some teamwork, we were able to step in fulfill their grocery and milk needs. The preschool through 2<sup>nd</sup> grade building is located in Hoople, along with the extended school program for the Valley-Edinburg school system. The school also houses Lil' Spuds Childcare, all of whom I receive and fulfill orders for now. I believe it is huge for our community to be able to continue having a grocery store and for our community members to be able to stop in after work and provide a whole meal for their families. I feel it is vital we keep our store open to provide for our community and attract more families to our area. With the positives I have highlighted today and with community support, I feel our store is now more sustainable for years to come. We are changing the outlook of our store from being a convenience store with a few grocery items, to a grocery store with some convenience store items.

Through hard work and collaboration, this dream has become reality for our communities, with continued work ahead of us. Please support Senate Bill 2273 so other rural areas in ND can experience the same success. Thank you!



January 26, 2023

To: Senate Agricultural and Veterans Affairs Committee

Re: Support of Senate Bill 2273

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

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

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

P.O. BOX 247 ■ HOOPLE, ND 58243 ■ 701-331-9151

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

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



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

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

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



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January 26, 2023

To: Senate Agriculture and Veterans Affairs Committee  
 Re: Support of Senate Bill 2273  
 From: Lori Capouch, Rural development director  
 North Dakota Association of Rural Electric Cooperatives

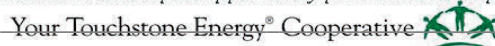
Chairman Luick and members of the committee. My name is Lori Capouch and I am the Rural Development Director for the North Dakota Association of Rural Electric Cooperatives. My focus is quality of life for rural people, and I work across the entire state. In this capacity, in 2014, I began witnessing the alarming trend of declining rural grocery stores in North Dakota and their struggle for sustainability. We recognized this this trend from a higher number of phone calls from grocery operators seeking assistance and subsequently documented the issue through statewide surveys that detailed a combination of issues leading to the decline and the closure of stores.

In 2019, our surveys indicated there were 104 remaining grocery stores<sup>1</sup> in communities with 2,100 people or less. As of today, that number has dwindled to 87. Of those remaining 87 stores, 14 are now structured as some sort of nonprofit<sup>2</sup> and two are in the process of transitioning to a nonprofit model. Over the past three years, we have patched together various forms of financial assistance for 12 of the remaining stores. The struggles have not gone away.

<sup>1</sup> An official system for tracking active grocery stores in the state of North Dakota does not exist. This list was compiled through phone calls and internet searches and verified by County Extension Agents.

<sup>2</sup> Nonprofit grocery or quasi-nonprofit grocery can be in the form of a 501c3, community-owned, or cooperative. In many cases, the community will own the building (and sometimes the equipment) and lease to an operator at a greatly reduced cost to assist with cash flow.

*This institution is an equal opportunity provider and employer*



The Rural Access Distribution Cooperative (see attached infographics) is a pilot project that emerged as we identified the difficulty small stores have when trying to buy in a large enough volume to get a decent wholesale price, a price that allows for the product to be affordable for consumers and for a profit margin for the grocers. A way to achieve a higher volume in our sparsely populated state was to work regionally, by bringing traditional competitors together. Along with working regionally, we decided it would be good to work more broadly than just conventional grocery, by including locally produced and retailed products as well. Each time this cooperative aggregates products from an additional supplier, cost savings are added through the elimination of delivery fees to the smaller stores.

To start this pilot, a financial feasibility study was conducted that compared the wholesale costs of grocery stores 15-20 miles apart. The average difference in cost was 14% based on store volume. Using that savings, we approximated a hub operation by estimating how much it would cost for workers to sort product, to use backroom space for aggregation, and the operation of a climate-controlled delivery vehicle. The study revealed that each grocer could have \$10,000 annually added to their bottom line simply by purchasing from their primary supplier together. This may sound like peanuts, however, in 2017 the average net profit margin for a rural grocery operator in North Dakota was only \$18,200. The data from the study was used to build a business model and to encourage regional cooperation.

After 25 years of leading rural people through grassroots development, I am a firm believer that there is no cookie-cutter. Communities have personalities that are formed by their size, their economies, and the people who live there. As we rolled out this pilot project, we were thoughtful of including elements that could be replicated. For example:

- We created a path for working with major suppliers to change their business model to be able to sell to stores that do not receive direct delivery. To implement this change, we



needed space with freezers and coolers for sorting product, point of sales systems that could communicate among stores, and a climate-controlled delivery vehicle.

- We included locally produced and retailed products in our plan. By moving locally produced products on the same truck as conventional foods, they are able share in transportation costs to help distribute local products more widely and affordably.
- We marketed to other logical customers. In this case it was schools, but the cooperative could also supply other entities such as restaurants, convenience stores, or hospitals; or assist commodity food programs with their delivery.
- We added online shopping by finding a software developer that was willing to design an online shopping platform for the cooperative, one that could be shared by the independent retailers as a reduced cost. The platform considers the different suppliers and pricing for each store. It took funding to develop and implement this software program.
- And perhaps most unique, were the climate-controlled food lockers. These lockers bring access to food 24/7, reduce employee time, and can provide food access to communities without a grocery store. The lockers are integrated with the local online shopping platform.

Each one of these steps required a commitment of time and most required funding. It will require funding for those who try to develop a similar business.

To our knowledge, nationally, this is the first attempt to shift distribution for the benefit of rural. This group has presented their work at the National Rural Grocery Summit this past summer and to the national USDA Interagency Working Group; they have met with groups in Illinois, Kansas, Nebraska, and South Dakota who are interested in replicating the work; and they have met with graduate students from major universities such as Stanford, Notre Dame, and Purdue. We are also receiving contacts from other areas across the state who are interested in doing something similar. The problem of rural food access is vast; and information and solutions are hard to come by.

The overarching goal of this project is to improve the affordability and variety of healthy foods in our communities and the sustainability of rural grocery stores. This cooperative has opted to operate at cost so they can hand down the savings to the consumer and keep their communities viable. A grant investment in this type of development benefits the community as a whole. This business sector does not have the human or financial capital it would take to do this on their own, the grant funds are needed. I thank you for your consideration and urge your support of SB2273.

# PURCHASING



## Schools

- Hoople
- Crystal
- Edinburg

1.

Purchasing through grocery stores



## RAD Co-op Grocery Stores

- Park River grocery
- Hoople grocery
- Edinburg grocery

2.

Orders whole cases through

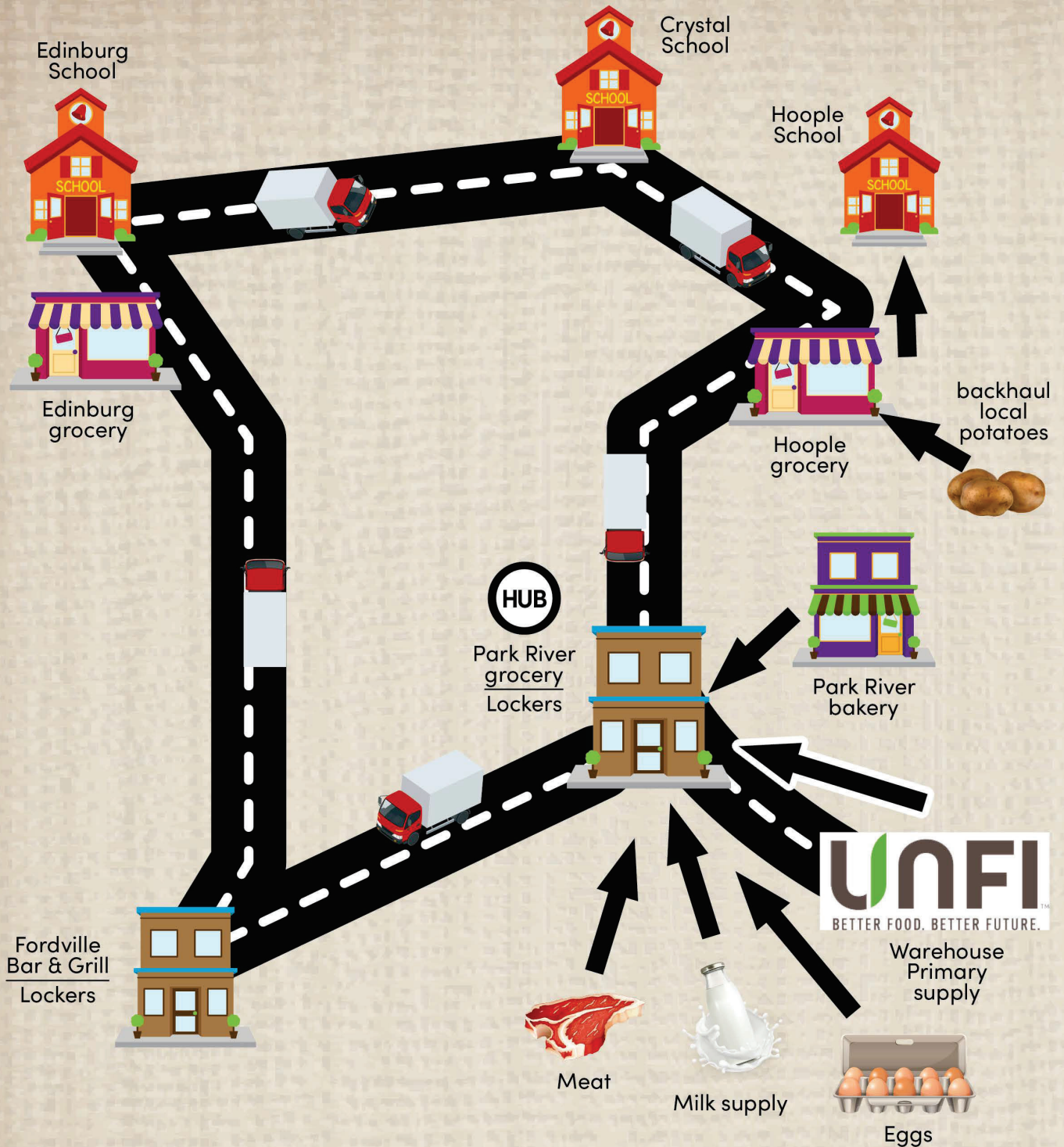


3.

Products delivered to Park River Grocery to distribute.



# DELIVERY MAP



1. Cooperative purchasing for larger volume = better price, better variety and better quality
2. Aggregating conventional and locally produced products
3. Distributing – multi-suppliers on one truck from hub to smaller communities



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

**To:** Senate Agriculture and Veteran Affairs Committee

**RE:** Support for SB 2273

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

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

RAD was developed as a shared services cooperative that is delivering groceries across our region in a sustainable, profitable, and efficient manner. The

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

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

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

The Valley-Edinburg school district had trouble getting their orders from their suppliers before ultimately being dropped, leaving them without food for the



children, until our stores and the co-op stepped in. Due to our method, we were able to intervene and deliver the schools with food provided by their local grocery stores when they were abandoned by the big suppliers. This added 3 new stops since the school district is spread out, we now deliver to Edinburg School, Crystal School, and Hoople School. RAD has become a reliable supplier of food to the school system. Our route now also consists of locally produced baked goods from Hahn's Bakery and locally grown and packaged Hall's potatoes, both products which previously had distribution difficulties.

The other revolutionary aspect of the RAD Co-op is our locker structures (see attached photos). We have food lockers set up outside the Park River store, and one system located in its own individual room at the Drinking Well in Fordville. This will enable customers to order online and pick up at the Park River store or have their groceries delivered to Fordville, a town without a grocery store. In a time where labor shortage is a major issue across all fields, the lockers will provide extended access to food without the need to man a store. This locker system allows customers to order groceries online and then pick them up at the locker location at a time they select. After the order is delivered, they receive a code that allows them access only to the locker doors that contain their order. These systems contain 3 separate sets of climate control lockers including ambient, refrigerated and frozen temperatures to ensure food safety and are monitored 24/7. I believe these locker systems could help many small, rural areas that are without food access. They are not as convenient as having a full grocery

store to shop in whenever you want but are a great solution to areas that cannot support a store. This pickup can happen at any time of day or night, whenever it is convenient for the customer. We have already had several interested towns approach us about the possibility of having the locker systems involved in their communities. These structures are a wonderful addition to rural towns that can benefit working parents, farm laborers, the elderly, and just plain busy people.

This pilot project has required a significant amount of initial investment. Mostly paid for by a few grants, we also were able to sell advertising space on the delivery truck, which was extraordinarily easy because our region was so excited about the idea. Now, RAD operates with a small profit, enough for us to be sustainable with our current assets but would not be enough profit to pay back a startup loan. We have paid NDSU to create a study about our process, when this is done in July of this year, it will provide a roadmap to others that are considering or planning to replicate our innovative idea. North Dakota needs your help, to establish an easy way for these entities to start up and fight the food deserts in North Dakota. We are all here for the same reason, we want to impact and improve our great state. With this funding, you would help six (6) or more new startups similar to the RAD Co-op. We saw the problem with the food desert, we addressed it in a capitalist manner, and we solved it. Please be part of changing the landscape of North Dakota with us, please vote "Do Pass" on SB 2273.







Testimony in Neutral of  
**Senate Bill No. 2273**  
**Senate Appropriations**  
January 26, 2023

TESTIMONY OF

**Maria Effertz, Community Services Director, ND Department of Commerce**

Mr. Chairman and members of the committee. My name is Maria Effertz, and I am the director of the Division of Community Services at Commerce. I stand today in front of you as neutral testimony on SB 2273, but Commerce supports the efforts to increase food accessibility and sustainability to our rural areas, and in some cases, central areas of our urban communities.

With the increasing costs of products, operations and labor, rural North Dakota has seen a massive decrease in the availability of grocery stores that supply perishable products. Adding to this issue is the increasing surcharges suppliers are adding to the cost of delivery or in some cases, stopping delivery of products altogether in rural areas. While we seem to see dollar stores pop up everywhere, if you look at their patterns they are on highly traveled roads and once you leave those roads, the ability to get any food products disappears quickly.

The proposal before you today is written as a pilot program as we do not know what will work in many communities and this allows us to explore options that work for each community. For example, the grocery stores in Velva have been asked to provide products in extremely rural areas. The numbers and amount of people do not work for a full-service store, but the grocery store owners are exploring the options of utilizing a key fob type facility where groceries are available, similar to Amazon stores, with payment via phone app and the products stocked are determined specifically by the need of the community. I've attached a white paper written by Strengthen ND which explores the self-service grocery store roots in Sweden and the success of a similar store in Minnesota.

Other models that would be explored are like the Strasburg Blue Room which operates as a café, bar, and grocery store. We would explore what it would take for existing businesses to diversify and meet the community's grocery/food needs with feasibility studies and the community's willingness to participate in different models.

Grocery stores have very slim margins and as you have heard, getting the products that are not shelf stable to areas of need requires creative thinking and good studies to create sustainable business models.

I am happy to stand for any questions on this bill.



**StrengthenND<sup>®</sup>**

## **SELF-SERVICE/UNATTENDED GROCERY STORES**

### **(Unstaffed and Run Remotely)**

Hummelsta, a town of 1 000 people in Sweden surrounded by a beautiful pine forest, has not had any local shops for a decade. Since December 2020, a red wooden container has offered a lifeline, serving as a mini grocery store that locals can access round-the-clock. The store stocks a wide assortment of groceries, from fresh fruit and vegetables to Swedish household staples like frozen meatballs, crisp breads, and wafer bars. Inhabitants no longer have to travel to the city to buy small convenience snacks and small grocery items.

The store is part of the LIFVS chain, a Stockholm-based start-up that launched in 2018 with the goal of returning stores to remote rural locations where shops had closed down because they struggled to stay profitable. The specificity of the LIFVS store is that there are no staff or checkouts. You open the doors using the company's app, which works in conjunction with Bank ID, after a quick identification, the customer has immediate access to all products. Bank ID may be the key to prevent shoplifting, a secure national identification app operated by Sweden's banks. Then, you can scan barcodes using your smartphone and the bill is automatically charged to a pre-registered bank card. Alongside skipping the need to pay cashiers, the firm also avoids pricey long-term rental leases. And if there's less footfall than expected in one location, the wooden containers can easily be picked up and tested elsewhere.

LIFVS co-founder Daniel Lundh saw the opportunity in rural locations, and the chain has opened 20 new shops in rural neighborhoods since March of 2020. LIFVS is planning to launch hundreds more container stores in Sweden, in the next few years. There is global interest in the idea, and the company's mulling whether to share its technology with supermarket chains in other countries or launch more of its own container stores across Europe. Since the company always knows the identity of who is in the store at any moment, this limits shoplifting. There are 24-hour surveillance cameras too, which alert the store's manager if there is a break-in or a stock spillage. The manager looks after four stores in the region, usually visiting once a week to clean, stack the shelves and put together click-and-collect orders made online. LIFVS uses artificial intelligence to work out what stock to order for each store, based on the data it collects about locals' shopping habits. Customers also receive digital coupons and special offers

based on their previous purchases. [Lifvs electronic self-service Grocery store – assignmentforum.com](#)

Cofounder and COO Daniel Lundh told Insider that he launched the company in 2018 because he wanted to solve food deserts (an area that has limited access to fresh food) in rural Sweden. He'd seen a gap in the market, more than half of Sweden's grocery stores closed in the 1990s as larger supermarket chains swooped in, and 90% of these stores were in rural locations. The industry went through a big shift, they were looking at the States, the Walmarts and the Targets of the world, which Sweden was building and closing local services. We wanted to go where we were needed most," Lundh said.

[PHOTOS: Sweden's Tiny, Unstaffed, High-Tech Rural Grocery Stores \(businessinsider.com\)](#)

Unstaffed, digital supermarkets transform rural Sweden. Eket, a small-town story. In 1985, there were 8,500 [supermarkets](#) in Sweden. By 2010 there were fewer than 3,500. Eket used to have a small supermarket, but as the population dwindled, it shut down.

According to Anita Eriksson, who is responsible for running, stocking, and cleaning the new shop together with two others in nearby villages, the economics of LIFVS is better. Customers at LIFVS shops scan and pay with their smartphones. "The difference is that they had people working there all the time, and I have three shops and we are open 24 hours a day."

LIFVS aims to have bigger clusters, with a single member of staff for four or five unmanned shops. The shops are installed in containers, so they can be dropped wherever the company sees a market, and then removed if it doesn't work out. "It's gone really, really fast. To be able to keep low prices for the customer, we have to be able to control our operation costs. So that means controlling the rent -- that's why the stores are quite small -- but also controlling the staffing cost," says Daniel Lundh, who co-founded the company with the social media entrepreneur Bea Garcia in 2018. The supermarket stocks more than 500 different goods, with most essentials covered -- including meat, salad, vegetables and ice-cream, and the interior has a similar feel and branding to a normal supermarket. "It's a complete, full-assortment grocery store," said Lundh. "But because there's limited space, we don't sell five brands of ketchup.

He says he doesn't see unmanned stores such as [Amazon Go](#), in the US and UK, or Auchan Minute, in China, as competitors, as they are both urban convenience stores and so represent a "totally different way of approaching the food market". Rural municipalities in Sweden are so eager to get back a village shop that the LIFVS team does not have to scout for sites for its pipeline. "Eket's Future", a local citizens' group, teamed up with two other local villages to lobby the company, and the local municipality helped find and lease the sites.

Christian Larsson, the local mayor, is considering a similar unmanned solution for local libraries. "This kind of thing is happening all over Sweden right now. For small villages, if

you don't want everybody to leave, this is the future." [Unstaffed, digital supermarkets transform rural Sweden | Sweden | The Guardian](#)

**Could unattended grocery stores thrive in small towns?** Unattended retail has taken off in the form of high-tech urban stores and kiosks. Choice Market, which operates four stores in the Denver area, plans to eventually offer 24/7 access at its [flagship location](#), which sits on the ground floor of a residential building, founder Mike Fogarty recently said. [Valet Market](#), a self-service store concept developed by Accel Robotics, recently opened its first location inside a luxury high-rise building in San Diego. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

With unattended retail's high-tech approach, it's easy to think that such a model could flourish in metropolitan areas only. But a couple of unattended, 24x7 grocery stores in small towns in Minnesota prove otherwise.

[Main Street Market](#) in Evansville is a members-only store, charging an annual fee of \$75. Accessible through a mobile app or key fob, the store asks customers to use its app for payments or make use of the in-store self-checkout machine. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? \(msn.com\)](#)

To make the store less costly to operate, shoppers are required to scan the items themselves, while security cameras discourage theft. However, the business mostly relies on the honor system, taking a cue from New Prague's [Farmhouse Market](#), another 24-hour grocer.

Farmhouse's annual membership costs \$99 a year and gives more than 200 pre-approved shoppers access to a special key card that can be used to gather the products and pay for them via a self-checkout counter.

To bring down costs further, even suppliers get their own key cards and can independently restock products. This store also has just a camera in the name of security but hasn't come across any incident of shoplifting yet. [How Unattended Retail Will Impact Shopping in 2022 and Beyond \(nayax.com\)](#)

The model could also work in small towns with a more analog approach that emphasizes community connections. Independent grocers have [struggled to remain competitive](#) with large retailers on pricing, e-commerce and assortment, causing many to go out of business. But operators will have to address challenges like replenishing out-of-stock items, managing fresh products, and controlling shrink levels — all of which can be difficult to do without having workers on-site.

Small-town grocers also face the challenge of dollar stores' rapid growth and expansion into groceries. [Dollar General](#), for one, is building more than a thousand stores per year,

placing many in small towns and offering more perishable goods and frozen foods in its stores. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

**The future of unattended Grocery Stores** - Main Street Market's unique model could truly pave the future of what grocery stores could look like in small towns in rural parts of the United States where there isn't typically a grocery store for miles. Their model works because it doesn't come with all of the typical overhead that a grocery store typically has. Because it is self-serve, they don't need to pay employees to check out customers. This also means that they don't have to adhere to traditional hours, which also helps to keep operating costs down. The self-serve model, for the Ostenson's and those in Evansville, removed the barriers typically standing in the way of the success of small-town grocery stores.

The Ostenson's are already looking ahead to see how they can expand their self-serve grocery model. They are first concentrating on how they can bring it to other small towns in their home state of Minnesota. To assist them on their mission the couple was granted a \$30,000 fellowship through the [West Central Initiative Foundation](#). "I'm really hopeful that we will learn something and can see if this is a model that could be replicated in other communities throughout the state," Kathy Draeger, who is the statewide director for the University of Minnesota Regional Sustainable Development Partnerships, said of the Ostenson's self-serve grocery model. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? - Tell Me Best](#)  
[The-Future-Of-Unattended-Retail-Report\\_February-2020.pdf \(pymnts.com\)](#)

**Unmanned, automated retail – is it the future?** – Automated retail is now a broad area including everything from vending machines to unmanned kiosks to unattended grocery stores. In all cases though it sees the customer self-serving in a retail environment that is typically unmanned. That provides a lot of scope for innovation – and growth. Listed are some of the best examples of automated retail today. [Unmanned, automated retail – is it the future? - Insider Trends \(insider-trends.com\)](#)

## **Testimony in support of SB 2273**

**Senate Agriculture and Veterans Affairs Committee  
Jan. 26, 2023**

**Rep. Karla Rose Hanson, District 44, Fargo**

To the members of the Senate Ag & Veterans Affairs Committee,

While I represent an urban district in ND, I grew up in a few of our state's smallest towns and firmly believe vibrant rural communities are critical to the success of our state. Specifically, I strongly support SB 2273 to help ensure our small towns continue to have grocery stores.

With more workers having the freedom to live anywhere because of remote work flexibility, it is more important than ever that our towns have the basic services that people expect. Simply put: workers and families won't move somewhere if there's not a grocery store. Grocery stores are foundational for every community and should be a top priority of our Main Street and rural development efforts.

The decline of rural grocery stores was a focus area of the ND Legislature's Interim Commerce Committee in 2019-20. At the time, the committee learned how it was a challenge for rural residents to access healthy and affordable food, which impacts their health outcomes. At the time of the study, rural grocery stores in our state had declined by 15% in a five-year period. We discussed the challenges these stores faced, including high costs due to low purchase volume as well as transportation. The committee learned of several creative ownership models and potential solutions, including collaborative purchasing and a hub-and-spoke distribution system.

Since then, Walsh County has implemented some of these ideas with much success. The Rural Access Distribution Cooperative's cooperative model helped lower prices and increase product choices for consumers and increase profit margins for sellers.

We should enable other North Dakota communities to replicate this success, or explore other best practices and business models, with the assistance of funds from this pilot program.

This year, the legislature is considering a wide variety of investment opportunities that would create new tourist attractions, help launch start-up businesses, and recruit more workers to our state – all worthy conversations. However, ensuring our rural communities have grocery stores is paramount. This investment could make a significant impact – helping ensure more vibrant rural economies and healthier rural residents.

I urge you to support SB 2273. Thank you!





PO Box 1091 • Bismarck, ND 58502  
701-355-4458 • www.ednd.org

**Testimony of Dana Hager**  
**Economic Development Association of North Dakota**  
**In Support of SB 2273**  
**Jan. 26, 2023**

Chair Luick and members of the Senate Agriculture and Veterans Affairs Committee:

My name is Dana Hager, and I am the executive director of the Economic Development Association of North Dakota (EDND). EDND represents more than 80 state economic development organizations and businesses on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota, develop more vibrant communities and improve quality of life. I want to express our support for SB 2273.

EDND believes healthy and vibrant communities are essential in attracting talent to live and work in our communities. The future of North Dakota's rural areas depends on the quality of life in those communities.

Rural grocery stores are anchor businesses in rural communities. Providing residents with a full range of fresh, frozen and shelf-stable foods is a benefit we take for granted until there is no access. Many small businesses struggle with competition from larger chain stores and in many cases, a shrinking customer base, causing shifts and changes in community perspective and ability for operations to remain open.

The presence of a grocery store can be an issue in attraction for business owners who are actively seeking highly skilled workers, particularly for families relocating. Traveling a considerable distance to shop at a grocery store likely sways the relocation choice to a community with convenient shopping over one that does not have these facilities. Grocery stores also serve as an important social network as they often support community organizations, activities and fundraisers. When a small-town grocery store closes, other businesses in town suffer as a significant decrease in foot traffic follows.

Every community has different assets and needs, however attracting and retaining a local grocery store is essential to the long-term viability of many rural North Dakota communities. Therefore, establishing a pilot program through SB 2273 is critical in preserving our rural communities' vibrancy and productivity.

Thank you for the opportunity to express our support for SB 2273 and for your continued commitment to ensuring North Dakota is filled with vibrant communities and economic opportunities for all.



23.0708.02000

Sixty-eighth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2273**

Introduced by

Senators Myrdal, Hogan, Klein, Vedaa

Representatives Hanson, Monson

1 A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery  
2 store sustainability and food access expansion pilot grant program.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. APPROPRIATION - DEPARTMENT OF COMMERCE - RURAL GROCERY**  
5 **STORE SUSTAINABILITY AND FOOD ACCESS EXPANSION PILOT GRANTS - ONE-TIME**  
6 **FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury,  
7 not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be  
8 necessary, to the department of commerce for the purpose of establishing a pilot program to  
9 provide grants for the preservation of rural grocery stores and increasing the availability of food  
10 access in the state, for the biennium beginning July 1, 2023, and ending June 30, 2025. The  
11 department of commerce shall establish guidelines to award funding under this section. This  
12 funding is considered a one-time funding item.

**Testimony in Support of SB 2273**

Karen Ehrens, RD, LRD  
Bismarck, ND

Date: January 26, 2023

To: Members of the Senate Agriculture and Veterans Affairs Committee

I encourage you to give a “Do pass” vote to SB2273. Here is a chance to invest in systems that help get food into our homes and onto our plates, and to maintain and improve the health of people and the economy.

Certainly, agriculture and food production are important to producers and North Dakota's state and local economies. However, we focus so much of our attention on growing crops to export that we forget we also need to make sure that our residents have enough food that is accessible and affordable.

Because of disruptions that arose during the pandemic, many of us experienced for the first time going to a grocery store and not finding food items we needed. Half of North Dakota's school districts lost their primary food distributor and food deliveries in November 2021. Even before that, the state experienced and continues to experience the loss of rural grocery stores. And the disruptions continue through today with delayed, backordered, and out-of-stock food orders. We need to help shore up food systems that can help get food to people in our state to adapt to the changed and changing conditions of our world.

I am a member of the North Dakota Public Health Association, and our organization recently passed a [resolution in support of the development and growth of local food systems](#). A functioning food system - where food is grown, stored, sold, purchased, prepared and served, and how it is transported - is crucial for health, the functions of civil society, disaster/emergency preparedness, and economic development. All of us who live here, in cities, small towns, along township roads, or at the end of a gravel road, need access to enough healthful food every day.

The funding of projects to help food entities coordinate and collaborate can help ensure that projects like the RAD Food Co-op can spread across the state where gaps exist in people's ability to access food. The funding is needed because the kind of collaborative work is not currently in organization's budgets or in people's job descriptions.

Please invest in access to food in North Dakota; vote “yes” on SB2273.



Chase Building  
 516 Cooper Avenue, Suite 101  
 Grafton, ND 58237  
 T: 701.352.3550  
 www.redriverrc.com

**Testimony of Dawn Mandt**  
**Red River Regional Council**  
**In Support of SB 2273**  
**January 26, 2023**

Chairman Luick and members of the Agriculture and Veterans Affairs Committee:

I am the executive director of The Red River Regional Council (RRRC), the EDA-designated economic development district for Grand Forks, Nelson, Pembina, & Walsh Counties in northeastern North Dakota (Region 4). We are one of eight regional councils established in 1973 by the ND Legislature tasked with working collectively with local governments, communities, and businesses to address issues, create strategies, and seize opportunities to benefit our region. Our work focuses on community and economic development, housing, disaster recovery and mitigation, workforce and tourism development, and strategic planning. I also serve as chairwoman of the North Dakota Rural Development Council.



Region 4 accounts for 10% of the farms in North Dakota and leads in potato and sugar beet production. **Our region consists of 41 rural communities** that provide emergency services, schools, healthcare, local businesses, churches and more. **Only six of these communities have more than 1,000 people and 26 of them have a majority of low- and moderate-income people. Approximately 70% of the people in our region living outside the city of Grand Forks are living in a food desert.**

The USDA has determined that rural residents that have to drive more than 10 miles to a grocery store live in an area that has Low Access to fresh food. Rural residents that have to drive 20 miles or more to a grocery store have very low access to fresh food. In the past, the USDA called these areas “food deserts.”

**In the past five years, the RRRC has successfully assisted cities, counties, and businesses in our four-county region secure more than \$17 million which leveraged more than \$17 million in additional funds resulting in more than \$34 million investment. Our team assisted with 383 funding applications, having a success rate of 95% of approval** in an array of private, public grants

and loans. These projects range from community infrastructure, business startup/expansions, tourism and outdoor recreation development, housing rehabilitation, career and technical education expansion, career exposure and workforce development.

**However, there were only two grocery stores in this mix.**

Like many other regions in rural North Dakota, we see businesses, communities, and local governments work very, very hard to improve their communities, retain their customers, and attract and retain workforce. Our region, like many others, is also working very hard to develop outdoor recreation and attract more visitors. **Our rural communities alone will need more than 1,100 new people in the next five years to fill positions that are open due to retirements and expansions.**

**But these investments will be lost if our small rural communities continue to lose local grocery stores and access to fresh foods.**

This bill proposes \$2 million for grants to help rural areas collaborate to improve food access. This grant program **would go a long way to help local grocery business owners and others develop ways to buy foods at a larger volume, adopt new technologies such as online ordering platforms, and possibly equipment, such as coolers/freezers, climate-controlled delivery trucks, climate-controlled food lockers.**

The pilot project underneath this bill developed in Walsh County and resulted in a collaboration between a grocery store and expanded service to three additional communities by creating a cooperative buying and delivery system. **This helps them get better prices and more products from wholesale suppliers that often penalize very low-volume buyers – thereby making it even more difficult to reach cash flow positive or profitability.**

**More than 45% of residents in 34 North Dakota counties must drive 10 to 20 miles, or more, to a grocery store or supermarket. We are among the 8% of rural people across the United States who experience such low access to fresh food, according to the USDA.**

**Local grocery stores are vital for community survival.** Given the millions that most regions invest in roads, bridges, schools, Main Streets – we cannot afford to lose what we have built by losing rural grocery stores. **While many small towns have withstood many kinds of business closures, few do well after the loss of their grocery store.**

Chairman Luick and Members of the Committee,

My name is Heather Gades, and I am submitting this testimony in favor of SB 2273. I am a titleholder at the local level within the Miss American Organization and am a candidate for Miss North Dakota this coming June – however, my testimony does not necessarily reflect the views of either the Miss America Organization or the Miss North Dakota Organization. My current title is Miss Bonanzaville, and as a titleholder, we each select a service initiative that we want to support and work on during our year of service. Mine is Combatting Food Insecurity – One Box at a Time, which is pretty self-explanatory. I have worked with this issue for the better part of six years, and unfortunately, most changes have been for the worse. We saw with COVID the numbers of unemployment, homelessness, and hunger rise significantly across our nation. In our state, 30.7% of our people have low access to a grocery store as of 2022. In urban areas, this means there is no large grocery store within one mile. In rural areas, it is within ten miles. This statistic alone reveals that our state has a phenomenon known as a “food desert” – which is an area that lacks consistent access to fresh produce, meat, and other healthy foods. 19 counties have 50% or more of their population that are considered to have low access to grocery stores. 20 counties are in the 25-49% range, and only the final 14 counties fall below the 25% line of low grocery store access. Our 65+ age group are the ones most likely to have low access, making up 33.9% of the people that are considered low access.

On top of having low access to grocery stores across the state, there are three counties in North Dakota wherein over 50% of their population is eligible for SNAP benefits because they make less than 200% of the federal poverty guidelines in 2020. In Rolette County –

79%, in Sioux County – 75%, and in Benson County – 63%. These three counties also had higher rates of food insecurity in the same time frame – which is an inconsistent or limited access to food in general, but especially to foods that are high in nutrients and minerals. In Rolette – 16% of the county is food insecure, in Sioux County – 14.8%, and in Benson County – 15.1%. In 2017, the Annie E. Casey Foundation found that 64% of people in North Dakota that were eligible for SNAP participated in the program. It is great that a majority of the people who need this program are using it, but they need places to use that funding. If they have to drive to Fargo, or Bismarck, or Williston to use that funding, we're asking people that already have low-income to travel to another city just to get food. This is not sustainable in the long run for most low-income families.

I urge this committee to give SB 2273 a Do Pass recommendation, so that the people of North Dakota can have better access to food in their hometowns. Not only will this help feed our communities, but it will help bolster local economies by keeping the SNAP funding in-house and keeping small town shoppers from having to make a day trip to Fargo for what they cannot get at home. For our rural North Dakotans, pass SB 2273.

To: Senate Agriculture and Veteran Affairs Committee

From: Concerned Citizens of Edmore, ND (District 15)

RE: SB 2273

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

Chairman Luick and the Senate Agriculture and Veteran Affairs Committee, we take time to write to you in support of Senate Bill 2273 pertaining to the food deserts across ND. We are fortunate to currently have a grocery store in Edmore, our town of 139 people, however that store's future is in jeopardy. We fear our small store is not a viable option for future generations as it functions today. We have learned of a cooperative that has developed which has increased profits for small rural stores or has placed unmanned locker systems in store-less communities, thus continuing to provide necessary food for those areas.

We are lucky to have a very involved community club, volunteer fire department and ambulance, and other activities surrounding our great town, but without something as simple as a grocery store our city will begin to dissipate. We ask that you help combat the food desert crisis facing rural North Dakota and urge a "Do pass" vote from this committee.

Bethany Ivesdal and Jordon Kuchar

309 Monroe Street

Edmore, ND 58330



PO Box 22  
Tuttle, ND 58488

PHONE: 701-877-1794 • WWW.FARRMS.ORG • EMAIL: [INFO@FARRMS.ORG](mailto:INFO@FARRMS.ORG)

### Testimony in Support of SB2273

Stephanie Blumhagen, Executive Director, FARRMS and Board Chair, ND Local Food Development Alliance

Bottineau, ND

Date: January 26, 2023

Chair Luick and members of the Senate Agriculture and Veterans Affairs Committee,

Please give a “Do Pass” vote to SB 2273. This funding has the potential to preserve rural grocery stores and create opportunities for local food producers, creating economic growth and improving access to fresh healthy food in rural communities.

I am the Executive Director of the **Foundation for Agricultural and Rural Resources Management and Sustainability (FARRMS)**. We provide education and support to increase the number of farmers and sustainable ag practices and provide greater access to locally grown food in ND.

I serve as Board Chair of **The North Dakota Local Food Development Alliance (NDLFDA)**. This coalition gathers farmers, local USDA and state agency staff, nonprofit organizations, and local food advocates to collaboratively build our state’s local food systems.

FARRMS and the ND Local Food Development Alliance support opportunities for success for the over 500 farm businesses that grow and market food for our local communities. In the past several years we have seen an increased demand for locally grown food and increased interest in producing local food. This is a time of opportunity for local food systems in North Dakota. Consumers are seeking more locally grown food and more rural North Dakotans are launching local food enterprises. At FARRMS we help farmers create and implement business plans for sustainable local food enterprises. These new businesses need infrastructure and robust local food systems creating viable markets in order to thrive.

This bill can provide funding for infrastructure to support rural grocery stores and create viable longstanding local food businesses. Infrastructure such as coolers and freezers, aggregation space, climate-controlled delivery trucks, climate-controlled food lockers, and online shopping platforms would benefit both rural grocery stores and local food producers.

Rural communities need access to fresh, nutritious food and economic opportunities. We have consumer demand for local food, grocery stores and farmers working to provide local food, and a growing network of organizations supporting local food access. The funding authorized in SB2273 will provide yet another puzzle piece toward success. Please vote “Do Pass” to support rural grocery stores and local food producers working hand in hand to create thriving healthy rural communities.

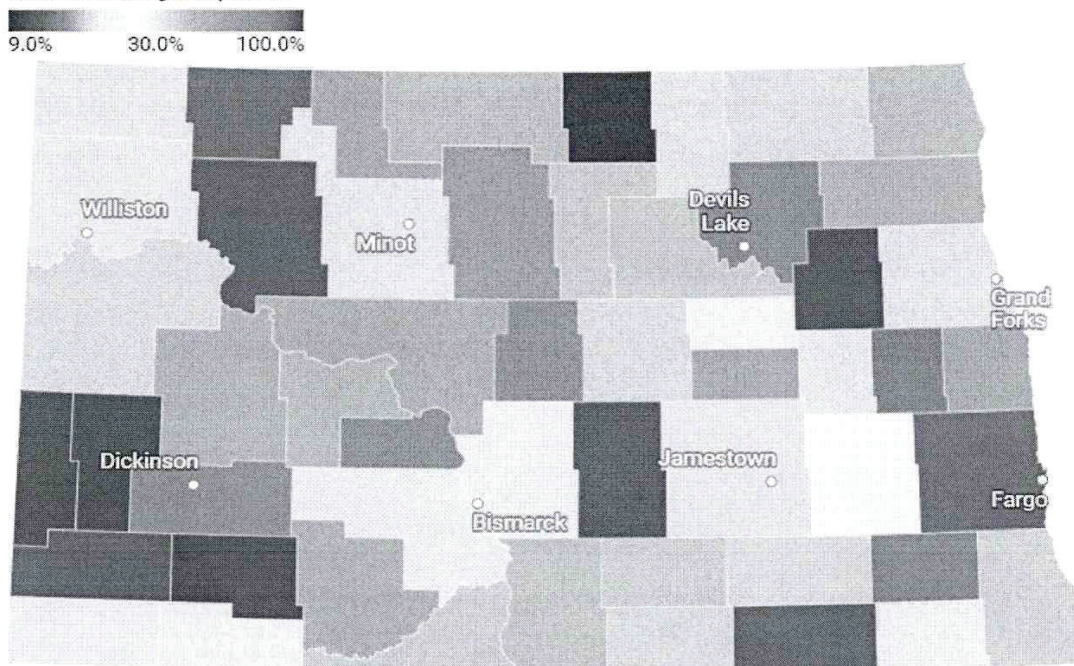
THE FOUNDATION FOR SUSTAINABILITY



## Food deserts: 34 ND counties with low access to grocery stores

On average, 45% of rural residents in 34 ND counties live 10 to 20 miles, or more, from a grocery store, about 5x more than rural areas nationally. Two counties do not have a grocery store. The USDA defines these tracts as Low Access Areas, or food deserts. Rural grocery stores are essential for well-being, local businesses, tourism, workforce attraction, and competitiveness.

Percentage of residents with low access to a grocery store.



Map: Red River Regional Council • Source: USDA ERS Food Access Research Atlas (2015, 2019) • Get the data • Created with Datawrapper

Link to interactive map: [https://www.datawrapper.de/\\_/9fGoN/](https://www.datawrapper.de/_/9fGoN/)

### More than 45% of rural residents in North Dakota live in a food desert

According to the USDA, convenience stores and dollar stores that stock milk and a few fresh items do not count as grocery stores.

- While 92% of rural residents in the United States have easy access to grocery stores
- Only 8 percent of rural residents in the entire nation have to drive 10 to 20 miles or more to access a supermarket or grocery. Only 8% of rural residents live in a food desert.

That's not the case in North Dakota.

Here, nearly every county has an area that would be considered a food desert. **On average, more than 45% of rural residents in North Dakota have Low Access to Healthy Foods.**

Nearly every county in the state has an area that meets the definition of a food desert. (map).

- In 19 counties, nearly half of residents live 10 to 20 miles, or more, from a supermarket.
- In 11 counties, nearly all residents live 10 to 20 miles or more from a supermarket.
- And, across the entire nation, there are only 23 counties that do not have a grocery store – and **TWO of those are in North Dakota.**

### **Impacts**

Rural grocery stores that sell fresh foods are essential for health and well-being, and they are critical for sustaining a vital local economy, attracting workforce, and growing tourism.

Local grocery stores keep money and jobs in the community.

Local foods are a growth industry. The USDA says locally produced foods sold in local groceries and farmers markets accounted for 3 percent of all agricultural sales in the US in 2017 and its share is growing.

### **5 things happened during the pandemic:**

- More people bought more groceries locally.
- People from larger cities drove out to small towns to buy groceries.
- With more business, smaller grocers were able to buy more from suppliers.
- There were big supply chain problems that showed the value of locally produced foods and meat for schools and grocery stores.
- Small grocery stores had to get creative to help customers

We have seen that here in North Dakota, and SB2273 harnesses North Dakota ingenuity to power local solutions to the challenges that small grocery stores face.

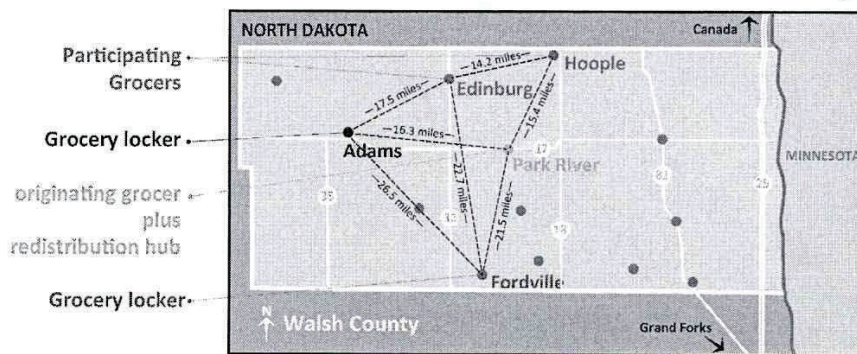
### **A cooperative approach to addressing food deserts in North Dakota**

One of these is the Rural Access Distribution Cooperative that started in 2021 in Walsh County.



This cooperative , allowing three rural grocery stores to order groceries in bulk collectively and distribute items between the three stores and to other grocery pickup locations in the region.

## Walsh County Distribution Hub



*The grocery cooperative in Walsh County developed among communities that are 15 to 27 miles apart to overcome the mileage barriers residents experience by living in a food desert.*

The cooperative model, between Jim's Supervalu in Park River, Hoople Grocery in Hoople and the Market on Main in Edinburg, has resulted in lower grocery prices and lower delivery costs for the stores, which carries through to customer prices. In the future, a grocery locker in Fordville will extend the program to Adams, a community without a grocery store.

To lower food prices and use online ordering to reach rural customers who live further than 10 miles from a grocery store (the federal definition of a food desert), food business owners in Park River, Adams, Hoople, Edinburg, and Fordville have created the first rural food access and distribution cooperative. The Rural Access Distribution Cooperative includes three grocery stores, one bar and restaurant, and a community development organization. The cooperative will allow the small-town grocery stores to share the costs of an online shopping platform, purchase products cooperatively to increase volume and reduce wholesale prices and deliver grocery

orders to climate-controlled grocery lockers in outlying communities. The cooperative's goals are to allow more local residents to shop for food at local or nearby grocery stores, which increases rural residents' access to food, preserves 117 jobs, and bolsters the sustainability of three of Walsh County's four grocery stores.

**Testimony in Support of SB 2273**

Karen Ehrens, RD, LRD  
Bismarck, ND

Date: February 5, 2023

To: Members of the Senate Appropriations Committee

I encourage you to give a “Do pass” vote to SB2273. Here is a chance to invest in systems that help get food into our homes and onto our plates, and to maintain and improve the health of people and the economy. It could be helpful to you to consider this as an investment in the infrastructure that supports the exchange of business, like roads and bridges do. Without these flow and connective supports, small food businesses have difficulty remaining viable.

Certainly, agriculture and food production are important to producers and North Dakota's state and local economies. However, we focus so much of our attention on growing crops to export that we forget we also need to make sure that our residents have enough food that is accessible and affordable.

Because of disruptions that arose during the pandemic, many of us experienced for the first time going to a grocery store and not finding food items we needed. Half of North Dakota's school districts lost their primary food distributor and food deliveries in November 2021. Even before that, the state experienced and continues to experience the loss of rural grocery stores. And the disruptions continue through today with delayed, backordered, and out-of-stock food orders. We need to help shore up food systems that can help get food to people in our state to adapt to the changed and changing conditions of our world.

I am a member of the North Dakota Public Health Association, and our organization recently passed a [resolution in support of the development and growth of local food systems](#). A functioning food system - where food is grown, stored, sold, purchased, prepared and served, and how it is transported - is crucial for health, the functions of civil society, disaster/emergency preparedness, and economic development. All of us who live here, in cities, small towns, along township roads, or at the end of a gravel road, need access to enough healthful food every day.

The funding of projects to help food entities coordinate and collaborate can help ensure that projects like the RAD Food Co-op can spread across the state where gaps exist in people's ability to access food. The funding is needed because the kind of collaborative work is not currently in organization's budgets or in people's job descriptions.

Please invest in access to food in North Dakota; vote “yes” on SB2273.

**Testimony in Support of SB2273**

Stephanie Blumhagen, Executive Director, FARRMS and Board Chair, ND Local Food Development Alliance

Bottineau, ND

Date: February 5, 2023

Chair Bekkedahl and members of the Senate Appropriations Committee,

Please give a “Do Pass” vote to SB 2273. This funding has the potential to preserve rural grocery stores and create opportunities for local food producers, creating economic growth and improving access to fresh healthy food in rural communities.

I am the Executive Director of the **Foundation for Agricultural and Rural Resources Management and Sustainability (FARRMS)**. We provide education and support to increase the number of farmers and sustainable ag practices and provide greater access to locally grown food in ND.

I serve as Board Chair of **The North Dakota Local Food Development Alliance (NDLFDA)**. This coalition gathers farmers, local USDA and state agency staff, nonprofit organizations, and local food advocates to collaboratively build our state’s local food systems.

FARRMS and the ND Local Food Development Alliance support opportunities for success for the over 500 farm businesses that grow and market food for their own local communities. In the past several years we have seen an increased demand for locally grown food and increased interest in producing local food. This is a time of opportunity for local food systems in North Dakota. Consumers are seeking more locally grown food and more rural North Dakotans are launching local food enterprises. At FARRMS we help farmers create and implement business plans for sustainable local food enterprises. These new businesses need infrastructure and robust local food systems creating viable markets in order to thrive.

This bill can provide funding for infrastructure to support rural grocery stores and create viable longstanding local food businesses. Infrastructure such as coolers and freezers, aggregation space, climate controlled delivery trucks, climate-controlled food lockers, and online shopping platforms would benefit both rural grocery stores and local food producers.

Rural communities need access to fresh, nutritious food and economic opportunities. We have consumer demand for local food, grocery stores and farmers working to provide local food, and a growing network of organizations supporting local food access. The funding authorized in SB2273 will provide yet another puzzle piece toward success. Please vote “Yes” to support rural grocery stores and local food producers working hand in hand to create thriving healthy rural communities.



February 9, 2023

To: Senate Appropriations Committee

Re: Support of Senate Bill 2273

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

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

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

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

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





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

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

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



P.O. BOX 247 ▪ HOOPLE, ND 58243 ▪ 701-331-9151



February 9, 2023

To: Senate Appropriations Committee

Re: Support of Senate Bill 2273

From: Jenna Gullickson, Owner/Operator, Hoople Grocery

Chairman Bekkedahl and members of the Senate Appropriations Committee, my name is Jenna Gullickson and I am the owner of Hoople Grocery and the Secretary/Treasurer of the Rural Access Distribution Cooperative. I am here today to give testimony and ask for your support of Senate Bill 2273.

I grew up in Park River, my husband is from Hoople, and we are now raising our two boys in Hoople. We are a community of approximately 250 people, which includes a lot of young families, such as mine. The previous owners of the grocery store were set to retire in 2015 so my husband and I decided to buy the store and keep it open for our community. Owning your own store in rural areas is a commitment, but one my husband and I decided to gladly take on. When approached by Lori Capouch, with the NDAREC, about this idea, I jumped at the chance. If you have the option to work together to lower costs and bring in a larger selection of product, why not? As with any pilot program, there are always a few hurdles. For me, I had to get used to a new ordering system through UNFI and getting our point-of-sale system set up. I only employ 4 part-time high school students and 1 part-time adult.

We have had many positive remarks since becoming part of the Rural Access Distribution Co-op. Our patrons have noticed the increase in variety of products, lower prices, and fresher produce. Our store sales have increased 23% over the past year since ordering through the co-op. We are looking to add more coolers and freezers to our store to accommodate for the increase in products and sales. This would not have been possible without the funds to develop our co-op, giving us the ability to purchase from a larger grocery store distributor in UNFI and

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purchase a truck to safely distribute these items to our location. I have had suppliers drop our store so it has been nice to be able to get that product back in our store through the co-op as well.

Last year when the food and milk supplier dropped the Valley-Edinburg school system, the superintendent reached out to our cooperative. With some teamwork, we were able to step in fulfill their grocery and milk needs. The preschool through 2<sup>nd</sup> grade building is located in Hoople, along with the extended school program for the Valley-Edinburg school system. The school also houses Lil' Spuds Childcare, all of whom I receive and fulfill orders for now. I believe it is huge for our community to be able to continue having a grocery store and for our community members to be able to stop in after work and provide a whole meal for their families. I feel it is vital we keep our store open to provide for our community and attract more families to our area. With the positives I have highlighted today and with community support, I feel our store is now more sustainable for years to come. We are changing the outlook of our store from being a convenience store with a few grocery items, to a grocery store with some convenience store items.

Through hard work and collaboration, this dream has become reality for our communities, with continued work ahead of us. Please support Senate Bill 2273 so other rural areas in ND can experience the same success. Thank you!



North Dakota Association of Rural Electric Cooperatives  
3201 Nygren Drive NW • P.O. Box 727 • Mandan, ND 58554-0727



ND  
Living

Phone: 701.663.6501 or 800.234.0518  
Fax: 701.663.3745 [www.ndarec.com](http://www.ndarec.com)

February 9, 2023

To: Senate Appropriations Committee  
Re: Support of Senate Bill 2273  
From: Lori Capouch, Rural development director  
North Dakota Association of Rural Electric Cooperatives

Chairman Bekkedahl and members of the Senate Appropriations committee. My name is Lori Capouch, and I am the Rural Development Director for the North Dakota Association of Rural Electric Cooperatives. I operate a rural development center that specializes in grassroots development to create the services and businesses needed in rural areas. In this capacity, in 2014, I began witnessing the alarming trend of declining rural grocery stores in North Dakota and their struggle for sustainability. We recognized this trend from a higher number of phone calls from grocery operators seeking assistance and subsequently documented the issue through statewide surveys that detailed a combination of issues leading to the decline and the closure of stores.


In 2019, our surveys indicated there were 104 remaining grocery stores<sup>1</sup> in communities with 2,100 people or less. As of today, that number has dwindled to 87. Of those remaining 87 stores, 14 are now structured as some sort of nonprofit<sup>2</sup> and two are in the process of transitioning to a nonprofit model. Over the past three years, we have patched together various forms of financial assistance for 12 of the remaining stores. The struggles have not gone away.

The Rural Access Distribution Cooperative (see attached infographics) is a pilot project that emerged as we identified the difficulty small stores have when trying to buy in a large enough

<sup>1</sup> An official system for tracking active grocery stores in the state of North Dakota does not exist. This list was compiled through phone calls and internet searches and verified by County Extension Agents.

<sup>2</sup> Nonprofit grocery or quasi-nonprofit grocery can be in the form of a 501c3, community-owned, or cooperative. In many cases, the community will own the building (and sometimes the equipment) and lease to an operator at a greatly reduced cost to assist with cash flow.

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volume to get a decent wholesale price, a price that allows for the product to be affordable for consumers and for a profit margin for the grocers. A way to achieve a higher volume in our sparsely populated state was to work regionally, by bringing traditional competitors together.

Along with working regionally, we worked more broadly than just conventional grocery, by including locally produced and retailed products as well. Every time this cooperative aggregates product from an additional supplier, cost savings are added through the elimination of delivery fees to the smaller stores.

To start this pilot, a financial feasibility study was conducted that compared the wholesale costs of grocery stores 15-20 miles apart. The average difference in cost was 14% based on store volume. Using that savings, we approximated a hub operation by estimating how much it would cost for workers to sort product, to use backroom space for aggregation, and to operate a climate-controlled delivery vehicle. The study revealed that each grocer could have \$10,000 annually added to their bottom line simply by purchasing from their primary supplier together.

This may sound like peanuts, however, in 2017 the average net profit margin for a rural grocery operator in North Dakota was only \$18,200. The data from the study was used to build a business model and to encourage regional cooperation.

After 25 years of leading rural people through grassroots development, I am a firm believer that there is no such thing as cookie cutter models. Communities have personalities that are formed by their size, their economies, and the people who live there. As we rolled out this pilot project, we were thoughtful of including elements that could be replicated in various manners.

So far, this project's success has been measured by increased sales volumes, lower wholesale prices, larger purchases per customer, better variety and quality, greater access to suppliers, and the availability of a distribution channel for locally produced foods.

To our knowledge, nationally, this is the first attempt to shift distribution for the benefit of rural. This group has presented their work at the National Rural Grocery Summit this past summer and to the national USDA Interagency Working Group; we have met with groups in Illinois, Kansas, Nebraska, and South Dakota who are interested in replicating the work; and we have met with graduate students from major universities such as Stanford, Notre Dame, and Purdue. The problem of rural food access is vast; and information and solutions are hard to come by.

A grant investment in this type of development benefits a region as a whole. Cooperatives have been used by independent businesses for years in North Dakota to get access to the services they need but still maintain their independence, such as electricity, farm supplies, or telecommunications. This shared services cooperative is no different. It can provide greater, more affordable access to wholesale and locally produced food for independent grocers, restaurants, or convenience stores. There are other regions in the state that have inquired about the possibility of doing something like Walsh County. We, among others, are willing to help them.

I thank you for your consideration and urge your support of SB2273. This business sector does not have the human or financial capital it would take to do this on their own, the grant funds are needed. I will stand for any questions.

# PURCHASING



## Schools

- Hoople
- Crystal
- Edinburg

1.

Purchasing through grocery stores



## RAD Co-op Grocery Stores

- Park River grocery
- Hoople grocery
- Edinburg grocery

2.

Orders whole cases through



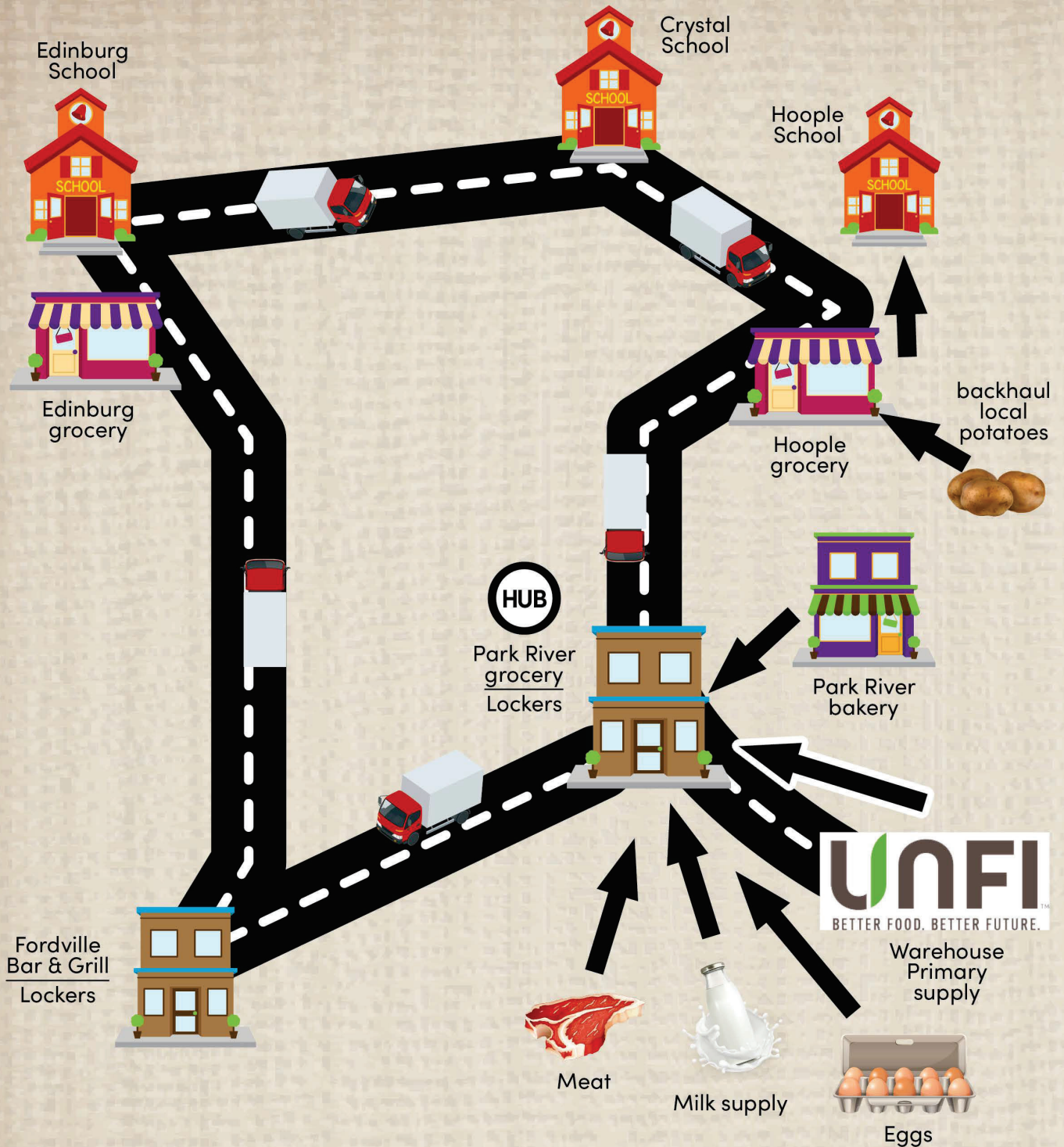
3.



Products delivered to Park River Grocery to distribute.



# DELIVERY MAP



1. Cooperative purchasing for larger volume = better price, better variety and better quality
2. Aggregating conventional and locally produced products
3. Distributing – multi-suppliers on one truck from hub to smaller communities





Testimony in Neutral of  
**Senate Bill No. 2273**  
**Senate Appropriations**  
February 9, 2023

TESTIMONY OF

**Maria Effertz, Community Services Director, ND Department of Commerce**

Mr. Chairman and members of the committee. My name is Maria Effertz, and I am the director of the Division of Community Services at Commerce. I stand today in front of you as neutral testimony on SB 2273, but Commerce supports the efforts to increase food accessibility and sustainability to our rural areas, and in some cases, central areas of our urban communities.

With the increasing costs of products, operations and labor, rural North Dakota has seen a massive decrease in the availability of grocery stores that supply perishable products. Adding to this issue is the increasing surcharges suppliers are adding to the cost of delivery or in some cases, stopping delivery of products altogether in rural areas. While we seem to see dollar stores pop up everywhere, if you look at their patterns they are on highly traveled roads and once you leave those roads, the ability to get any food products disappears quickly.

The proposal before you today is written as a pilot program as we do not know what will work in many communities and this allows us to explore options that work for each community. For example, the grocery stores in Velva have been asked to provide products in extremely rural areas. The numbers and amount of people do not work for a full-service store, but the grocery store owners are exploring the options of utilizing a key fob type facility where groceries are available, similar to Amazon stores, with payment via phone app and the products stocked are determined specifically by the need of the community. I've attached a white paper written by Strengthen ND which explores the self-service grocery store roots in Sweden and the success of a similar store in Minnesota.

Other models that would be explored are like the Strasburg Blue Room which operates as a café, bar, and grocery store. We would explore what it would take for existing businesses to diversify and meet the community's grocery/food needs with feasibility studies and the community's willingness to participate in different models.

Grocery stores have very slim margins and as you have heard, getting the products that are not shelf stable to areas of need requires creative thinking and good studies to create sustainable business models.

I am happy to stand for any questions on this bill.



## **SELF-SERVICE/UNATTENDED GROCERY STORES**

### **(Unstaffed and Run Remotely)**

Hummelsta, a town of 1 000 people in Sweden surrounded by a beautiful pine forest, has not had any local shops for a decade. Since December 2020, a red wooden container has offered a lifeline, serving as a mini grocery store that locals can access round-the-clock. The store stocks a wide assortment of groceries, from fresh fruit and vegetables to Swedish household staples like frozen meatballs, crisp breads, and wafer bars. Inhabitants no longer have to travel to the city to buy small convenience snacks and small grocery items.

The store is part of the LIFVS chain, a Stockholm-based start-up that launched in 2018 with the goal of returning stores to remote rural locations where shops had closed down because they struggled to stay profitable. The specificity of the LIFVS store is that there are no staff or checkouts. You open the doors using the company's app, which works in conjunction with Bank ID, after a quick identification, the customer has immediate access to all products. Bank ID may be the key to prevent shoplifting, a secure national identification app operated by Sweden's banks. Then, you can scan barcodes using your smartphone and the bill is automatically charged to a pre-registered bank card. Alongside skipping the need to pay cashiers, the firm also avoids pricey long-term rental leases. And if there's less footfall than expected in one location, the wooden containers can easily be picked up and tested elsewhere.

LIFVS co-founder Daniel Lundh saw the opportunity in rural locations, and the chain has opened 20 new shops in rural neighborhoods since March of 2020. LIFVS is planning to launch hundreds more container stores in Sweden, in the next few years. There is global interest in the idea, and the company's mulling whether to share its technology with supermarket chains in other countries or launch more of its own container stores across Europe. Since the company always knows the identity of who is in the store at any moment, this limits shoplifting. There are 24-hour surveillance cameras too, which alert the store's manager if there is a break-in or a stock spillage. The manager looks after four stores in the region, usually visiting once a week to clean, stack the shelves and put together click-and-collect orders made online. LIFVS uses artificial intelligence to work out what stock to order for each store, based on the data it collects about locals' shopping habits. Customers also receive digital coupons and special offers

based on their previous purchases. [Lifvs electronic self-service Grocery store – assignmentforum.com](#)

Cofounder and COO Daniel Lundh told Insider that he launched the company in 2018 because he wanted to solve food deserts (an area that has limited access to fresh food) in rural Sweden. He'd seen a gap in the market, more than half of Sweden's grocery stores closed in the 1990s as larger supermarket chains swooped in, and 90% of these stores were in rural locations. The industry went through a big shift, they were looking at the States, the Walmarts and the Targets of the world, which Sweden was building and closing local services. We wanted to go where we were needed most," Lundh said.

[PHOTOS: Sweden's Tiny, Unstaffed, High-Tech Rural Grocery Stores \(businessinsider.com\)](#)

Unstaffed, digital supermarkets transform rural Sweden. Eket, a small-town story. In 1985, there were 8,500 [supermarkets](#) in Sweden. By 2010 there were fewer than 3,500. Eket used to have a small supermarket, but as the population dwindled, it shut down.

According to Anita Eriksson, who is responsible for running, stocking, and cleaning the new shop together with two others in nearby villages, the economics of LIFVS is better. Customers at LIFVS shops scan and pay with their smartphones. "The difference is that they had people working there all the time, and I have three shops and we are open 24 hours a day."

LIFVS aims to have bigger clusters, with a single member of staff for four or five unmanned shops. The shops are installed in containers, so they can be dropped wherever the company sees a market, and then removed if it doesn't work out. "It's gone really, really fast. To be able to keep low prices for the customer, we have to be able to control our operation costs. So that means controlling the rent -- that's why the stores are quite small -- but also controlling the staffing cost," says Daniel Lundh, who co-founded the company with the social media entrepreneur Bea Garcia in 2018. The supermarket stocks more than 500 different goods, with most essentials covered -- including meat, salad, vegetables and ice-cream, and the interior has a similar feel and branding to a normal supermarket. "It's a complete, full-assortment grocery store," said Lundh. "But because there's limited space, we don't sell five brands of ketchup.

He says he doesn't see unmanned stores such as [Amazon Go](#), in the US and UK, or Auchan Minute, in China, as competitors, as they are both urban convenience stores and so represent a "totally different way of approaching the food market". Rural municipalities in Sweden are so eager to get back a village shop that the LIFVS team does not have to scout for sites for its pipeline. "Eket's Future", a local citizens' group, teamed up with two other local villages to lobby the company, and the local municipality helped find and lease the sites.

Christian Larsson, the local mayor, is considering a similar unmanned solution for local libraries. "This kind of thing is happening all over Sweden right now. For small villages, if

you don't want everybody to leave, this is the future." [Unstaffed, digital supermarkets transform rural Sweden | Sweden | The Guardian](#)

**Could unattended grocery stores thrive in small towns?** Unattended retail has taken off in the form of high-tech urban stores and kiosks. Choice Market, which operates four stores in the Denver area, plans to eventually offer 24/7 access at its [flagship location](#), which sits on the ground floor of a residential building, founder Mike Fogarty recently said. [Valet Market](#), a self-service store concept developed by Accel Robotics, recently opened its first location inside a luxury high-rise building in San Diego. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

With unattended retail's high-tech approach, it's easy to think that such a model could flourish in metropolitan areas only. But a couple of unattended, 24x7 grocery stores in small towns in Minnesota prove otherwise.

[Main Street Market](#) in Evansville is a members-only store, charging an annual fee of \$75. Accessible through a mobile app or key fob, the store asks customers to use its app for payments or make use of the in-store self-checkout machine. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? \(msn.com\)](#)

To make the store less costly to operate, shoppers are required to scan the items themselves, while security cameras discourage theft. However, the business mostly relies on the honor system, taking a cue from New Prague's [Farmhouse Market](#), another 24-hour grocer.

Farmhouse's annual membership costs \$99 a year and gives more than 200 pre-approved shoppers access to a special key card that can be used to gather the products and pay for them via a self-checkout counter.

To bring down costs further, even suppliers get their own key cards and can independently restock products. This store also has just a camera in the name of security but hasn't come across any incident of shoplifting yet. [How Unattended Retail Will Impact Shopping in 2022 and Beyond \(nayax.com\)](#)

The model could also work in small towns with a more analog approach that emphasizes community connections. Independent grocers have [struggled to remain competitive](#) with large retailers on pricing, e-commerce and assortment, causing many to go out of business. But operators will have to address challenges like replenishing out-of-stock items, managing fresh products, and controlling shrink levels — all of which can be difficult to do without having workers on-site.

Small-town grocers also face the challenge of dollar stores' rapid growth and expansion into groceries. [Dollar General](#), for one, is building more than a thousand stores per year,

placing many in small towns and offering more perishable goods and frozen foods in its stores. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

**The future of unattended Grocery Stores** - Main Street Market's unique model could truly pave the future of what grocery stores could look like in small towns in rural parts of the United States where there isn't typically a grocery store for miles. Their model works because it doesn't come with all of the typical overhead that a grocery store typically has. Because it is self-serve, they don't need to pay employees to check out customers. This also means that they don't have to adhere to traditional hours, which also helps to keep operating costs down. The self-serve model, for the Ostenson's and those in Evansville, removed the barriers typically standing in the way of the success of small-town grocery stores.

The Ostenson's are already looking ahead to see how they can expand their self-serve grocery model. They are first concentrating on how they can bring it to other small towns in their home state of Minnesota. To assist them on their mission the couple was granted a \$30,000 fellowship through the [West Central Initiative Foundation](#). "I'm really hopeful that we will learn something and can see if this is a model that could be replicated in other communities throughout the state," Kathy Draeger, who is the statewide director for the University of Minnesota Regional Sustainable Development Partnerships, said of the Ostenson's self-serve grocery model. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? - Tell Me Best](#)  
[The-Future-Of-Unattended-Retail-Report\\_February-2020.pdf \(pymnts.com\)](#)

**Unmanned, automated retail – is it the future?** – Automated retail is now a broad area including everything from vending machines to unmanned kiosks to unattended grocery stores. In all cases though it sees the customer self-serving in a retail environment that is typically unmanned. That provides a lot of scope for innovation – and growth. Listed are some of the best examples of automated retail today. [Unmanned, automated retail – is it the future? - Insider Trends \(insider-trends.com\)](#)

Chairman Bekkedahl and Members of the Committee,

My name is Heather Gades, and I am a titleholder at the local level within the Miss America Organization and a contestant for Miss North Dakota this coming June – however, my testimony does not necessarily reflect the views of either the Miss America Organization or the Miss North Dakota Organization. My current title is Miss Bonanzaville, and as a titleholder, we each select a service initiative that we want to support and work on during our year of service. Mine is Combatting Food Insecurity – One Box at a Time, a project that is the culmination of my six years of working on this issue. I have met with food pantries in the Fargo-Moorhead area – and volunteered at a few of them, helped create the first food pantry at North Dakota State University (NDSU) called Goods for the Herd and am currently on the advisory board, attended strategy and conversational meetings, and read books to school children that talk about food insecurity, how it can happen to anyone, and who we can go to for help.

We saw with COVID the numbers of unemployment, homelessness, and hunger rise significantly across our nation. In our state, 30.7% of our people have low access to a grocery store as of 2022 (Mind the Meal Gap, 2022). In urban areas, this means there is no large grocery store within one mile. In rural areas, it is within ten miles. This statistic alone reveals that our state has a phenomenon known as a “food desert” – which is an area that lacks consistent access to fresh produce, meat, and other healthy foods. 19 counties have 50% or more of their population that are considered to have low access to grocery stores. 20 counties are in the 25-49% range, and only the final 14 counties fall below the 25% line of low grocery

store access. Our 65+ age group are the ones most likely to have low access, making up 33.9% of the people that are considered low access (Mind the Meal Gap 2022 Report).

On top of having low access to grocery stores across the state, there are three counties in North Dakota wherein over 50% of their population is eligible for SNAP benefits because they make less than 200% of the federal poverty guidelines in 2020. In Rolette County – 79%, in Sioux County – 75%, and in Benson County – 63%. These three counties also had higher rates of food insecurity in the same time frame – which is an inconsistent or limited access to food in general, but especially to foods that are high in nutrients and minerals. In Rolette – 16% of the county is food insecure, in Sioux County – 14.8%, and in Benson County – 15.1% (Mind the Meal Gap Map). In 2017, the Annie E. Casey Foundation found that 64% of people in North Dakota that were eligible for SNAP participated in the program. It is great that a majority of the people who need this program are using it, but they need places to use that funding. If they have to drive to Fargo, or Bismarck, or Williston to use that funding, we're asking people that already have low-income to travel to another city just to get food. This is not sustainable in the long run for most low-income families.

I urge this committee to give SB 2273 a Do Pass recommendation, so that the people of North Dakota can have better access to food in their hometowns. Not only will this help feed our communities, but it will help bolster local economies by keeping the SNAP funding in-house and keeping small town shoppers from having to make a day trip to Fargo for what they cannot get at home. For our rural North Dakotans, pass SB 2273.



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

**To:** Senate Appropriations

**RE:** Support for SB 2273

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

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



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

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

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

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

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

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

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

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

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

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



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**Testimony of Dana Hager**  
**Economic Development Association of North Dakota**  
**In Support of SB 2273**  
**Feb. 9, 2023**

Chair Bekkedahl and members of the Senate Appropriations Committee:

My name is Dana Hager, and I am the executive director of the Economic Development Association of North Dakota (EDND). EDND represents more than 80 state economic development organizations and businesses on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota, develop more vibrant communities and improve quality of life. I want to express our support for SB 2273.

EDND believes healthy and vibrant communities are essential in attracting talent to live and work in our communities. The future of North Dakota's rural areas depends on the quality of life in those communities. EDND supports effective tools and programs to improve the quality of life in all North Dakota communities.

Rural grocery stores are anchor businesses in rural communities. Providing residents with a full range of fresh, frozen and shelf-stable foods is a benefit we take for granted until there is no access. Many small businesses struggle with competition from larger chain stores and in many cases, a shrinking customer base causing shifts and changes in community perspective and operations to remain open.

The presence of a grocery store and shopping can be an issue in attraction for business owners who are actively seeking highly skilled workers, particularly for families relocating. Traveling a considerable distance to shop at a grocery store likely sways the relocation choice to a community with convenient shopping over one that does not have these facilities. Grocery stores also serve as an important social network as they often support community organizations, activities and fundraisers. When a small-town grocery store closes, other businesses in town suffer as a significant decrease in foot traffic follows.

Every community has different assets and needs and attracting and retaining a local grocery store will differ for each community and region. Therefore, establishing a pilot program through SB 2273 is a smart step in preserving our rural communities' vibrancy and productivity.

Thank you for the opportunity to express our support for SB 2273 and for your continued commitment to ensuring North Dakota is filled with vibrant communities and economic opportunities for all.

Committee Chair and members of the Committee,

I am Katrina Christiansen, from Jamestown, and I am writing in support of SB 2273. I support this bill because all North Dakotans deserve access to healthy food. It is important for the state to support programs that help to create robust rural communities so they are livable. One of the things I heard about often over the summer of 2022 across the state was a concern of the loss of services in rural communities including groceries.

Thank you for your time and consideration.  
Katrina Christiansen



Contact:  
**Matt Perdue, Lobbyist**  
[mperdue@ndfu.org](mailto:mperdue@ndfu.org) | 701.641.3303

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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
Senate Appropriations Committee  
February 9, 2023**

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Chairman Bekkedahl and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2273. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports SB 2273, which would establish a Rural Grocery Store Sustainability and Food Access Expansion pilot program. NDFU is deeply concerned by the loss of rural grocery stores and decline of food access in our state's farming communities. We believe SB 2273 will provide critical support to innovative projects that are currently underway. The bill also offers an important learning opportunity for future initiatives.

Rural communities rely on successful farms and ranches, and farmers and ranchers rely on thriving rural businesses. While our policy discussions often focus on the economics of agriculture, rural quality of life is an equally important discussion. Rural food access is foundational to that quality of life.

According to research by the North Dakota Association of Rural Electric Cooperatives, North Dakota lost nearly 30% of its rural grocery stores from 2014 to 2019.<sup>1</sup> In the years since, those numbers have continued to decline. Decline in rural grocery stores is perhaps the strongest signal of declining rural quality of life. Without a grocery store, the viability of other Main Street businesses drops significantly.

As others have noted, there is no single best approach to reinvigorating rural grocery stores. But there is innovative work underway, like the Rural Access Distribution Co-op in Walsh County. The pilot program in SB 2273 will support projects like that. The program also creates important learning opportunities for other communities.

We respectfully request a "Do Pass" recommendation on SB 2273. I will stand for any questions.

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<sup>1</sup> Capouch, L. (2019, August 12). *Rural Food Access in North Dakota* [Testimony]. North Dakota Legislature, Interim Commerce Committee Meeting. Retrieved from [https://www.ndlegis.gov/files/committees/66-2019/21\\_5018\\_0300appendixb.pdf](https://www.ndlegis.gov/files/committees/66-2019/21_5018_0300appendixb.pdf).

**Testimony- SB 2273****March 8, 2023 –House Agriculture Committee**

Chairman Thomas and Members of the House Agriculture Committee

**Regarding SB 2273**

My name is John Dyste, and I am the President of the North Dakota Grocers Association (NDGA). I ask that you give a “do pass” recommendation on **SB 2273**. NDGA represents the independent retail grocery stores in the state as well as over 80 wholesalers, distributors, and vendors.

Prior to my becoming the President of the North Dakota Grocers Association, I was an owner operator of four small town grocery stores in Southeast North Dakota. I understand full well the challenges that smaller communities face in trying to keep their grocery stores open.

When I became President of NDGA I made sure that we would be a supporter of all stores and communities in our state. With the help of the ND Association of Rural Electric Cooperatives and their Rural Grocers Initiative I was able to view firsthand the start of putting the RAD Co-op into operation. I was very skeptical of this co-op concept at first; but under the guidance of Lori Capouch, Rural Development Director for the NDREC, and the drive of Diana and Randy Hahn and the rest of the co-op members, they have proved that it can work.

Small town stores can succeed if they are given the chance to purchase grocery items, fresh produce, meat, and dairy products, at a fair price and in quantities that they can handle. This model will not work for everyone, but those who are willing to collaborate with other stores now have a blueprint on how to be successful.

SB 2273 will appropriate a significant sum of \$2,000,000 to establish a pilot program. If properly implemented this program could be an answer to access to healthy food in rural areas of our State.

Please give SB 2273 a do pass recommendation.

Thank you and I will answer any questions you may have.



March 9, 2023

To: House Agriculture Committee  
Re: Support of Senate Bill 2273  
From: Beverly Voller, President  
Hazelton Development Corporation

Chairman Thomas and members of the House Agriculture committee:

Hello, my name is Beverly Voller and I reside in rural Hazelton North Dakota. I am the President of the Hazelton Development Corporation. I am submitting testimony in support of Senate Bill 2273. Our small community of Hazelton with a population of less than 250 people has always worked together to sustain our community. Through a collaborative effort, we were able to construct a downtown business center which houses a manufacturing business, hair salon, coffee shop, and a grocery store.

Our grocery store was initially operated and managed by private individuals, but unfortunately, all of the owners could not make the grocery store a profitable business to pay the operating expenses and a livable wage for themselves and had to close the doors. Hazelton was without a grocery store and the nearest store is 16 miles to the south or 45 miles to the north. With a large population of elderly living in the community, winter travel, and high gas prices, a grocery store is a must in our community.

Many community members worked together and donated money to purchase enough inventory to open the doors. A Board of Directors was formed, and a manager hired to operate the grocery store. The grocery store has been struggling over the years but has been able to stay open to meet the needs of our community.

Through this proposed grant program in Senate Bill 2273, a formal structure could be developed that could assist smaller grocery stores in a variety of ways. By working with other

rural grocery stores and developing a plan to have affordable access to wholesale and locally produced food would be extremely beneficial. Store managers in smaller communities do not usually have any formal training on retail management and this grant program could perhaps provide that training for them. By “pooling of resources and purchases” collectively, and developing a distribution plan, smaller stores could receive better pricing and increase margins.

This issue is not unique to Hazelton, but to every small community in North Dakota. When a grocery store closes in a community, other businesses soon follow, and the small town becomes yet another ghost town on the map.

I strongly support our Legislators working with the Agriculture Committee and other pertinent partners to ensure that our rural communities can continue to thrive into the future.

Thank you.



March 9, 2023

To: House Agriculture Committee

Re: Support of Senate Bill 2273

From: Jenna Gullickson, Owner/Operator, Hoople Grocery

Chairman Thomas and members of the House Agriculture Committee, my name is Jenna Gullickson and I am the owner of Hoople Grocery and the Secretary/Treasurer of the Rural Access Distribution Cooperative. I am here today to give testimony and ask for your support of Senate Bill 2273.

I grew up in Park River, my husband is from Hoople, and we are now raising our two boys in Hoople. We are a community of approximately 250 people, which includes a lot of young families, such as mine. The previous owners of the grocery store were set to retire in 2015 so my husband and I decided to buy the store and keep it open for our community. Owning your own store in rural areas is a commitment, but one my husband and I decided to gladly take on. When approached by Lori Capouch, with the NDAREC, about this idea, I jumped at the chance. If you have the option to work together to lower costs and bring in a larger selection of product, why not? As with any pilot program, there are always a few hurdles. For me, I had to get used to a new ordering system through UNFI and getting our point-of-sale system set up. I only employ 4 part-time high school students and 1 part-time adult.

We have had many positive remarks since becoming part of the Rural Access Distribution Co-op. Our patrons have noticed the increase in variety of products, lower prices, and fresher produce. Our store sales have increased 23% over the past year since ordering through the co-op. We are looking to add more coolers and freezers to our store to accommodate for the increase in products and sales. This would not have been possible without the funds to develop our co-op, giving us the ability to purchase from a larger grocery store distributor in UNFI and

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purchase a truck to safely distribute these items to our location. I have had suppliers drop our store so it has been nice to be able to get that product back in our store through the co-op as well.

Last year when the food and milk supplier dropped the Valley-Edinburg school system, the superintendent reached out to our cooperative. With some teamwork, we were able to step in fulfill their grocery and milk needs. The preschool through 2<sup>nd</sup> grade building is located in Hoople, along with the extended school program for the Valley-Edinburg school system. The school also houses Lil' Spuds Childcare, all of whom I receive and fulfill orders for now. I believe it is huge for our community to be able to continue having a grocery store and for our community members to be able to stop in after work and provide a whole meal for their families. I feel it is vital we keep our store open to provide for our community and attract more families to our area. With the positives I have highlighted today and with community support, I feel our store is now more sustainable for years to come. We are changing the outlook of our store from being a convenience store with a few grocery items, to a grocery store with some convenience store items.

Through hard work and collaboration, this dream has become reality for our communities, with continued work ahead of us. Please support Senate Bill 2273 so other rural areas in ND can experience the same success. Thank you!



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March 9, 2023

To: House Agriculture Committee  
 Re: Support of Senate Bill 2273  
 From: Lori Capouch, Rural development director  
 North Dakota Association of Rural Electric Cooperatives

Chairman Thomas and members of the House Agriculture committee, my name is Lori Capouch and I am the Rural Development Director for the North Dakota Association of Rural Electric Cooperatives. I operate a rural development center that specializes in grassroots development to create the services and businesses needed in rural areas. In this capacity, in 2014, I began witnessing the alarming trend of declining rural grocery stores in North Dakota and their struggle for sustainability. We recognized this trend from a higher number of phone calls from grocery operators seeking assistance and subsequently documented the issue through statewide surveys that detailed a combination of issues leading to the decline and the closure of stores.


In 2019, our surveys indicated there were 104 remaining grocery stores<sup>1</sup> in communities with 2,100 people or less. As of today, that number has dwindled to 87. Of those remaining 87 stores, 14 are now structured as some sort of nonprofit<sup>2</sup> and two are in the process of transitioning to a nonprofit model. Over the past three years, we have patched together various forms of financial assistance for 12 of the remaining stores. The struggles have not gone away.

The Rural Access Distribution Cooperative (see attached infographics) in Walsh County is a pilot project, now in operation, that emerged as we identified the difficulty small stores have

<sup>1</sup> An official system for tracking active grocery stores in the state of North Dakota does not exist. This list was compiled through phone calls and internet searches and verified by County Extension Agents.

<sup>2</sup> Nonprofit grocery or quasi-nonprofit grocery can be in the form of a 501c3, community-owned, or cooperative. In many cases, the community will own the building (and sometimes the equipment) and lease to an operator at a greatly reduced cost to assist with cash flow.

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when trying to buy in a large enough volume to get a decent wholesale price, a price that allows for the product to be affordable for consumers and for a profit margin for the grocers. A way to achieve a higher volume in our sparsely populated state is to work regionally, by bringing traditional competitors together.

To start this pilot, a financial feasibility study was conducted that compared the wholesale costs of grocery stores 15-20 miles apart. The average difference in cost was 14% based on store volume. Using that savings, we approximated a hub operation by estimating how much it would cost for workers to sort product, to use backroom space for aggregation, and to operate a climate-controlled delivery vehicle. The study revealed that each grocer could have \$10,000 annually added to their bottom line simply by purchasing from their primary supplier together.

This may sound like peanuts, however, in 2017 the average net profit margin for a rural grocery operator in North Dakota was only \$18,200. The data from the study was used to build a business model and to encourage regional cooperation.

RAD is a shared services cooperative that provides a structure for independent grocers to purchase together for a larger volume. By doing so, the stores achieve a lower wholesale price and better variety. Suppliers drop the product off at the backroom of the Park River store (the hub) where product is sorted for delivery to the two smaller stores. Local producers can also benefit from this system when they deliver their product to the hub where it can be aggregated and distributed with conventional foods. Every time the cooperative aggregates product from an additional supplier, cost savings are added through the elimination of delivery fees to the smaller stores. You can see by the infographic below, they are now aggregating their primary supply along with meat, milk, eggs, bakery, and local produce.

This cooperative has also been able to pick up the slack when traditional supply channels were struggling. They now supply the school lunch programs in Fordville, Crystal, Hoople, and Edinburg.

RAD is currently rolling out its technology. They have implemented an online shopping platform that is shared by the cooperative members even though they have different pricing and suppliers. The shared cost makes it affordable for a rural retailer. And, they have installed two climate-controlled grocery lockers, one in Fordville which is a community without a grocery store and one outside the Park River store to be able to extend grocery access without the need for manning a store. (A picture of the lockers is attached.)

The lockers are ambient, refrigerated, and frozen. The online shopping is like any other online shopping experience. The orders are fulfilled by the Park River store using a credit card transaction. The store then delivers the orders to the lockers and the customer will receive a text or email with a code, informing them their order is ready. Once they have the code, the customer will go to the lockers and enter their code in the kiosk. The doors holding their orders will then pop open so they can retrieve their groceries. Once the doors are shut, the retailer is notified that the transaction is complete. They are monitored 24/7 for temperature for food safety.

So far, this project's success has been measured by increased sales volumes, lower wholesale prices, larger purchases per customer, better variety and quality, greater access to suppliers, and the availability of a distribution channel for locally produced foods. After one year of operation, the Hoople store has experienced a sales increase of 23 percent and the Edinburg store 16 percent.

After 25 years of leading rural people through grassroots development, I am a firm believer that there is no such thing as cookie cutter models. Communities have personalities that are formed by their size, their economies, and the people who live there. As we rolled out this pilot project, we were thoughtful of including elements that could be replicated in various manners.

To our knowledge, nationally, this is the first attempt to shift distribution for the benefit of rural. This group has presented their work at the National Rural Grocery Summit this past summer and to the national USDA Interagency Working Group; we have met with groups in Illinois, Kansas,

Nebraska, and South Dakota who are interested in replicating the work; and we have met with graduate students from major universities such as Stanford, Notre Dame, and Purdue. The problem of rural food access is vast; and information and solutions are hard to come by.

A grant investment in this type of development benefits a region as a whole. Cooperatives have been used by independent businesses for years in North Dakota to get access to the services they need but still maintain their independence, such as electricity, farm supplies, or telecommunications. This shared services cooperative is no different. It can provide greater, more affordable access to wholesale and locally produced food for independent grocers, restaurants, or convenience stores. There are other regions in the state that have inquired about the possibility of doing something like Walsh County. We, among others, are willing to help them.

I thank you for your consideration and urge your support of SB2273. This business sector does not have the human or financial capital it would take to do this on their own, the grant funds are needed. I will stand for any questions.



# PURCHASING



## Schools

- Hoople
- Crystal
- Edinburg

1.

Purchasing through grocery stores



## RAD Co-op Grocery Stores

- Park River grocery
- Hoople grocery
- Edinburg grocery

2.

Orders whole cases through

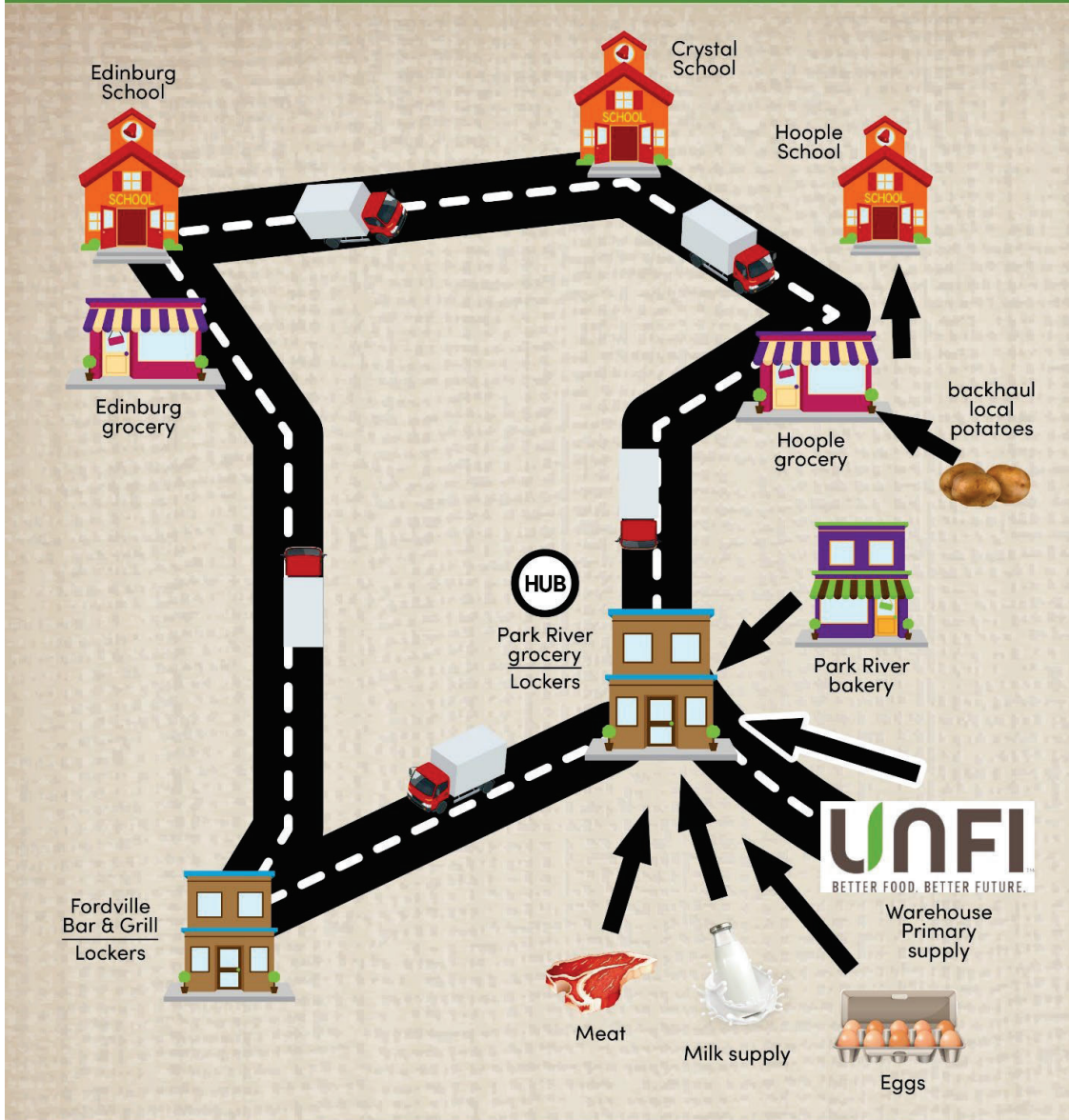


3.

Products delivered to Park River Grocery to distribute.



# DELIVERY MAP



1. Cooperative purchasing for larger volume = better price, better variety and better quality
2. Aggregating conventional and locally produced products
3. Distributing — multi-suppliers on one truck from hub to smaller communities





March 9, 2023

To: House Agriculture Committee

Re: Support of Senate Bill 2273

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

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

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

P.O. BOX 247 ▪ HOOPLE, ND 58243 ▪ 701-331-9151

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

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





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

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

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



P.O. BOX 247 ▪ HOOPLE, ND 58243 ▪ 701-331-9151



**March 8th, 2023**

**To:** House Agriculture Committee

**RE:** Support for SB 2273

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

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

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

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

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



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

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

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

Such expenditure has cost us a significant amount of initial investment. Mostly paid for by a few grants, we also were able to sell advertising space on the delivery truck, which was extraordinarily easy because our region was so excited about the idea. Now, RAD operates with a small profit, enough for us to be sustainable with our current assets but would not be enough profit to pay back a startup loan. We have paid NDSU to create a study about our process, when this is done in July of this year, it will provide a roadmap to others that are considering or planning to replicate our innovative idea. North Dakota needs your help, to

establish an easy way for these entities to start up and fight the food deserts in North Dakota. We are all here for the same reason, we want to impact and improve our great state. With this funding, you would help 6 or more new startups similar to the RAD Co-op. We saw the problem with the food desert, we addressed it in a capitalist manner, and we solved it. Please be part of changing the landscape of North Dakota with us, please vote “Do Pass” on SB 2273.



Testimony in Neutral of  
**Senate Bill No. 2273**  
**House Agriculture**  
**Committee**  
March 9, 2023

TESTIMONY OF

**Maria Effertz, Community Services Director, ND Department of Commerce**

The proposal before you today is written as a pilot program as we do not know what will work in many communities and this allows us to explore options that work for each community. For example, the grocery stores in Velva have been asked to provide products in extremely rural areas. The numbers and amount of people do not work for a full-service store, but the grocery store owners are exploring the options of utilizing a key fob type facility where groceries are available, similar to Amazon stores, with payment via phone app and the products stocked are determined specifically by the need of the community. I've attached a white paper written by Strengthen ND which explores the self-service grocery store roots in Sweden and the success of a similar store in Minnesota.

Other models that would be explored are like the Strasburg Blue Room which operates as a café, bar, and grocery store. We would explore what it would take for existing businesses to diversify and meet the community's grocery/food needs with feasibility studies and the community's willingness to participate in different models.

Grocery stores have very slim margins and as you have heard, getting the products that are not shelf stable to areas of need requires creative thinking and good studies to create sustainable business models.

I am happy to stand for any questions on this bill.



**StrengthenND<sup>®</sup>**

**SELF-SERVICE/UNATTENDED GROCERY STORES**  
**(Unstaffed and Run Remotely)**

Hummelsta, a town of 1 000 people in Sweden surrounded by a beautiful pine forest, has not had any local shops for a decade. Since December 2020, a red wooden

container has offered a lifeline, serving as a mini grocery store that locals can access round-the-clock. The store stocks a wide assortment of groceries, from fresh fruit and vegetables to Swedish household staples like frozen meatballs, crisp breads, and wafer bars. Inhabitants no longer have to travel to the city to buy small convenience snacks and small grocery items.

The store is part of the LIFVS chain, a Stockholm-based start-up that launched in 2018 with the goal of returning stores to remote rural locations where shops had closed down because they struggled to stay profitable. The specificity of the LIFVS store is that there are no staff or checkouts. You open the doors using the company's app, which works in conjunction with Bank ID, after a quick identification, the customer has immediate access to all products. Bank ID may be the key to prevent shoplifting, a secure national identification app operated by Sweden's banks. Then, you can scan barcodes using your smartphone and the bill is automatically charged to a pre-registered bank card. Alongside skipping the need to pay cashiers, the firm also avoids pricey long-term rental leases. And if there's less footfall than expected in one location, the wooden containers can easily be picked up and tested elsewhere.

LIFVS co-founder Daniel Lundh saw the opportunity in rural locations, and the chain has opened 20 new shops in rural neighborhoods since March of 2020. LIFVS is planning to launch hundreds more container stores in Sweden, in the next few years. There is global interest in the idea, and the company's mulling whether to share its technology with supermarket chains in other countries or launch more of its own container stores across Europe. Since the company always knows the identity of who is in the store at any moment, this limits shoplifting. There are 24-hour surveillance cameras too, which alert the store's manager if there is a break-in or a stock spillage. The manager looks after four stores in the region, usually visiting once a week to clean, stack the shelves and put together click-and-collect orders made online. LIFVS uses artificial intelligence to work out what stock to order for each store, based on the data it collects about locals' shopping habits. Customers also receive digital coupons and special offers

based on their previous purchases. [Lifvs electronic self-service Grocery store – assignmentforum.com](https://assignmentforum.com)

Cofounder and COO Daniel Lundh told Insider that he launched the company in 2018 because he wanted to solve food deserts (an area that has limited access to fresh food) in rural Sweden. He'd seen a gap in the market, more than half of Sweden's grocery stores closed in the 1990s as larger supermarket chains swooped in, and 90% of these stores were in rural locations. The industry went through a big shift, they were looking at the States, the Walmarts and the Targets of the world, which Sweden was building and closing local services. We wanted to go where we were needed most," Lundh said. [PHOTOS: Sweden's Tiny, Unstaffed, High-Tech Rural Grocery Stores \(businessinsider.com\)](https://www.businessinsider.com/PHOTOS: Sweden's Tiny, Unstaffed, High-Tech Rural Grocery Stores)

Unstaffed, digital supermarkets transform rural Sweden. Eket, a small-town story. In 1985, there were 8,500 [supermarkets](#) in Sweden. By 2010 there were fewer than 3,500. Eket used to have a small supermarket, but as the population dwindled, it shut down.

According to Anita Eriksson, who is responsible for running, stocking, and cleaning the new shop together with two others in nearby villages, the economics of LIFVS is better. Customers at LIFVS shops scan and pay with their smartphones. “The difference is that they had people working there all the time, and I have three shops and we are open 24 hours a day.”

LIFVS aims to have bigger clusters, with a single member of staff for four or five unmanned shops. The shops are installed in containers, so they can be dropped wherever the company sees a market, and then removed if it doesn’t work out. “It’s gone really, really fast. To be able to keep low prices for the customer, we have to be able to control our operation costs. So that means controlling the rent – that’s why the stores are quite small – but also controlling the staffing cost,” says Daniel Lundh, who co-founded the company with the social media entrepreneur Bea Garcia in 2018. The supermarket stocks more than 500 different goods, with most essentials covered – including meat, salad, vegetables and ice-cream, and the interior has a similar feel and branding to a normal supermarket. “It’s a complete, full-assortment grocery store,” said Lundh. “But because there’s limited space, we don’t sell five brands of ketchup.

He says he doesn’t see unmanned stores such as [Amazon Go](#), in the US and UK, or Auchan Minute, in China, as competitors, as they are both urban convenience stores and so represent a “totally different way of approaching the food market”. Rural municipalities in Sweden are so eager to get back a village shop that the LIFVS team does not have to scout for sites for its pipeline. “Eket’s Future”, a local citizens’ group, teamed up with two other local villages to lobby the company, and the local municipality helped find and lease the sites.

Christian Larsson, the local mayor, is considering a similar unmanned solution for local libraries. “This kind of thing is happening all over Sweden right now. For small villages, if

you don’t want everybody to leave, this is the future.” [Unstaffed, digital supermarkets transform rural Sweden | Sweden | The Guardian](#)

**Could unattended grocery stores thrive in small towns?** Unattended retail has taken off in the form of high-tech urban stores and kiosks. Choice Market, which operates four stores in the Denver area, plans to eventually offer 24/7 access at its [flagship location](#), which sits on the ground floor of a residential building, founder Mike Fogarty recently said. [Valet Market](#), a self-service store concept developed by Accel Robotics, recently opened its first location inside a luxury high-rise building in San Diego. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

With unattended retail's high-tech approach, it's easy to think that such a model could flourish in metropolitan areas only. But a couple of unattended, 24×7 grocery stores in small towns in Minnesota prove otherwise.

**Main Street Market** in Evansville is a members-only store, charging an annual fee of \$75. Accessible through a mobile app or key fob, the store asks customers to use its app for payments or make use of the in-store self-checkout machine. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? \(msn.com\)](#)

To make the store less costly to operate, shoppers are required to scan the items themselves, while security cameras discourage theft. However, the business mostly relies on the honor system, taking a cue from New Prague's **Farmhouse Market**, another 24-hour grocer.

Farmhouse's annual membership costs \$99 a year and gives more than 200 pre-approved shoppers access to a special key card that can be used to gather the products and pay for them via a self-checkout counter.

To bring down costs further, even suppliers get their own key cards and can independently restock products. This store also has just a camera in the name of security but hasn't come across any incident of shoplifting yet. [How Unattended Retail Will Impact Shopping in 2022 and Beyond \(nayax.com\)](#)

The model could also work in small towns with a more analog approach that emphasizes community connections. Independent grocers have struggled to remain competitive with large retailers on pricing, e-commerce and assortment, causing many to go out of business. But operators will have to address challenges like replenishing out-of-stock items, managing fresh products, and controlling shrink levels — all of which can be difficult to do without having workers on-site.

Small-town grocers also face the challenge of dollar stores' rapid growth and expansion into groceries. [Dollar General](#), for one, is building more than a thousand stores per year, placing many in small towns and offering more perishable goods and frozen foods in its stores. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

**The future of unattended Grocery Stores** - Main Street Market's unique model could truly pave the future of what grocery stores could look like in small towns in rural parts of the United States where there isn't typically a grocery store for miles. Their model works because it doesn't come with all of the typical overhead that a grocery store typically has. Because it is self-serve, they don't need to pay employees to check out customers. This also means that they don't have to adhere to traditional hours, which also helps to keep operating costs down. The self-serve model, for the Ostenson's and those in Evansville, removed the barriers typically standing in the way of the success of small-town grocery stores.

The Ostenson's are already looking ahead to see how they can expand their self-serve grocery model. They are first concentrating on how they can bring it to other small towns in their home state of Minnesota. To assist them on their mission the couple was granted a \$30,000 fellowship through the [West Central Initiative Foundation](#). "I'm really hopeful that we will learn something and can see if this is a model that could be replicated in other communities throughout the state," Kathy Draeger, who is the statewide director for the University of Minnesota Regional Sustainable Development Partnerships, said of the Ostenson's self-serve grocery model. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? - Tell Me Best](#)  
[The-Future-Of-Unattended-Retail-Report\\_February-2020.pdf \(pymnts.com\)](#)

**Unmanned, automated retail – is it the future?** – Automated retail is now a broad area including everything from vending machines to unmanned kiosks to unattended grocery stores. In all cases though it sees the customer self-serving in a retail environment that is typically unmanned. That provides a lot of scope for innovation – and growth. Listed are some of the best examples of automated retail today. [Unmanned, automated retail – is it the future? - Insider Trends \(insider-trends.com\)](#)





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**RE:** Support for SB 2273

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

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

Such expenditure has cost us a significant amount of initial investment. Mostly paid for by a few grants, we also were able to sell advertising space on the delivery truck, which was extraordinarily easy because our region was so excited about the idea. Now, RAD operates with a small profit, enough for us to be sustainable with our current assets but would not be enough profit to pay back a startup loan. We have paid NDSU to create a study about our process, when this is done in July of this year, it will provide a roadmap to others that are considering or planning to replicate our innovative idea. North Dakota needs your help, to

establish an easy way for these entities to start up and fight the food deserts in North Dakota. We are all here for the same reason, we want to impact and improve our great state. With this funding, you would help 6 or more new startups similar to the RAD Co-op. We saw the problem with the food desert, we addressed it in a capitalist manner, and we solved it. Please be part of changing the landscape of North Dakota with us, please vote “Do Pass” on SB 2273.



Contact:  
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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
House Agriculture Committee  
March 9, 2023**

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Chairman Thomas and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2273. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports SB 2273, which would establish a Rural Grocery Store Sustainability and Food Access Expansion pilot program. NDFU is deeply concerned by the loss of rural grocery stores and decline of food access in our state's farming communities. We believe SB 2273 will provide critical support to innovative projects that are currently underway. The bill also offers an important learning opportunity for future initiatives.

Rural communities rely on successful farms and ranches, and farmers and ranchers rely on thriving rural businesses. While our policy discussions often focus on the economics of agriculture, rural quality of life is an equally important discussion. Rural food access is foundational to that quality of life.

According to research by the North Dakota Association of Rural Electric Cooperatives, North Dakota lost nearly 30% of its rural grocery stores from 2014 to 2019.<sup>1</sup> In the years since, the number of rural grocers has continued to decline. Decline in rural grocery stores is perhaps the strongest signal of declining rural quality of life. Without a grocery store, the viability of other Main Street businesses drops significantly.

As others have noted, there is no single best approach to reinvigorating rural grocery stores. But there is innovative work underway, like the Rural Access Distribution Co-op in Walsh County. The pilot program in SB 2273 will support projects like that. The program also creates important learning opportunities for other communities.

We respectfully request a "Do Pass" recommendation on SB 2273. I will stand for any questions.

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<sup>1</sup> Capouch, L. (2019, August 12). *Rural Food Access in North Dakota* [Testimony]. North Dakota Legislature, Interim Commerce Committee Meeting. Retrieved from [https://www.ndlegis.gov/files/committees/66-2019/21\\_5018\\_0300appendixb.pdf](https://www.ndlegis.gov/files/committees/66-2019/21_5018_0300appendixb.pdf).



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**Testimony of Dana Hager**  
**Economic Development Association of North Dakota**  
**In Support of SB 2273**  
**March 9, 2023**

Chair Thomas and members of the House Agriculture Committee:

My name is Dana Hager, and I am the executive director of the Economic Development Association of North Dakota (EDND). EDND represents more than 80 state economic development organizations and businesses on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota, develop more vibrant communities and improve quality of life. I want to express our support for SB 2273.

EDND believes healthy and vibrant communities are essential in attracting talent to live and work in our communities. The future of North Dakota's rural areas depends on the quality of life found in those communities.

Rural grocery stores are anchor businesses in our rural communities. Providing residents with a full range of fresh, frozen and shelf-stable foods is a benefit we take for granted until there is no access. Many small businesses struggle with competition from larger chain stores, and in many cases a shrinking customer base, causing shifts and changes in community perspective and ability for operations to remain open.

A local grocery store can be a selling point for business owners actively seeking highly skilled workers, particularly for families relocating. Traveling a considerable distance to shop at a grocery store likely sways the relocation choice to a community with convenient shopping over one that does not have these facilities. Grocery stores also serve as an important social network as they often support community organizations, activities and fundraisers. When a small-town grocery store closes, other businesses in town suffer as a significant decrease in foot traffic follows.

Every community has different assets and needs, however, attracting and retaining a local grocery store is essential to the long-term viability of many rural North Dakota communities. Therefore, establishing a pilot program through SB 2273 is critical in preserving our rural communities' vibrancy and productivity.

Thank you for the opportunity to express our support for SB 2273 and for your continued commitment to ensuring North Dakota is filled with vibrant communities and economic opportunities for all.

Testimony in Support of Senate Bill 2273  
March 9, 2023  
House Agriculture Committee  
Bill Wocken on behalf of the North Dakota League of Cities

Good Morning, Mr. Chairman and members of the House Agriculture Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in support of Senate Bill 2273.

The largest share of cities in North Dakota are potential beneficiaries of this legislation. Those small cities are the backbone of the state. This bill follows up on some extensive discussion and testing of ways to improve grocery offerings in the more rural areas of the state. Any effort to provide food options for these areas is well placed.

The pilot program envisioned by this bill looks at industry economic viability and sustainability. While the spirit of competition is alive and well in North Dakota, the industry finds the need to re-define competition. Instead of vying for business with the town next door, grocery stores in rural North Dakota need to compete against the larger market. Price and convenience are obviously two of the metrics that need to be included. This pilot will help to flesh out an economic and sustainable model.

This is important to the need to access convenient and affordable food in all areas of the state, but it is also an important step toward job retention. Each year we expend great effort to attempt to bring new jobs to North Dakota. Retention of jobs in rural North Dakota is an equally important effort.

For these reasons, Mr. Chairman and committee members that the North Dakota League of Cities supports Senate Bill 2273 and respectfully requests a Do Pass recommendation to the House of Representatives. I will be happy to answer any questions you may have of me.





Testimony in Neutral of  
**Senate Bill No. 2273**  
**House Appropriations**  
March 13, 2023

TESTIMONY OF

**Maria Effertz, Community Services Director, ND Department of Commerce**

Mr. Chairman and members of the committee. My name is Maria Effertz and I am the director of the Division of Community Services in Commerce. I stand today in front of you as neutral testimony on SB 2273, but Commerce supports the efforts to increase food accessibility and sustainability to our rural areas, and in some cases, central areas of our urban communities.

With the increasing costs of products, operations and labor, rural North Dakota has seen a massive decrease in the availability of grocery stores that supply perishable products. Adding to this issue is the increasing surcharges suppliers are adding to the cost of delivery or in some cases, stopping delivery of products altogether in rural areas. While we seem to see dollar stores pop up everywhere, if you look at their patterns they are on highly traveled roads and once you leave those roads, the ability to get any food products disappears quickly.

The proposal before you today is written as a pilot program as we do not know what will work in many communities and this allows us to explore options that work for each community. For example, the grocery stores in Velva have been asked to provide products in extremely rural areas. The numbers and amount of people do not work for a full-service store, but the grocery store owners are exploring the options of utilizing a key fob type facility where groceries are available, similar to Amazon stores, with payment via phone app and the products stocked are determined specifically by the need of the community. I've attached a white paper written by Strengthen ND which explores the self-service grocery store roots in Sweden and the success of a similar store in Minnesota.

Other models that would be explored are like the Strasburg Blue Room which operates as a café, bar, and grocery store. We would explore what it would take for existing businesses to diversify and meet the community's grocery/food needs with feasibility studies and the community's willingness to participate in different models.

Grocery stores have very slim margins and as you have heard, getting the products that are not shelf stable to areas of need requires creative thinking and good studies to create sustainable business models.

This pilot grant program will be managed by community development staff who have made connections across the state to understand the needs of the many of our Main Street communities. As a pilot program, we anticipate only being able to issue four-six expansion grants and focus on the rural areas of communities without existing fresh food services. Partnerships and timely distribution will be key to the success of this funding. For this reason, we anticipate only having one round of funding to allow the communities, businesses, schools and cooperatives the opportunity to complete the project and report results. To create a grant that meets the needs of rural areas, our technical

partners on the grant guidelines will include ND Grocers Association, existing grocery cooperatives, ND Rural Electric Cooperatives, Rural Development Council, Economic Developers of North Dakota (EDND), USDA and Strengthen ND. We will also work with these partners to support additional funding to assure long term success for these projects. I am happy to stand for any questions on this bill.





**StrengthenND<sup>®</sup>**

## **SELF-SERVICE/UNATTENDED GROCERY STORES**

### **(Unstaffed and Run Remotely)**

Hummelsta, a town of 1 000 people in Sweden surrounded by a beautiful pine forest, has not had any local shops for a decade. Since December 2020, a red wooden container has offered a lifeline, serving as a mini grocery store that locals can access round-the-clock. The store stocks a wide assortment of groceries, from fresh fruit and vegetables to Swedish household staples like frozen meatballs, crisp breads, and wafer bars. Inhabitants no longer have to travel to the city to buy small convenience snacks and small grocery items.

The store is part of the LIFVS chain, a Stockholm-based start-up that launched in 2018 with the goal of returning stores to remote rural locations where shops had closed down because they struggled to stay profitable. The specificity of the LIFVS store is that there are no staff or checkouts. You open the doors using the company's app, which works in conjunction with Bank ID, after a quick identification, the customer has immediate access to all products. Bank ID may be the key to prevent shoplifting, a secure national identification app operated by Sweden's banks. Then, you can scan barcodes using your smartphone and the bill is automatically charged to a pre-registered bank card. Alongside skipping the need to pay cashiers, the firm also avoids pricey long-term rental leases. And if there's less footfall than expected in one location, the wooden containers can easily be picked up and tested elsewhere.

LIFVS co-founder Daniel Lundh saw the opportunity in rural locations, and the chain has opened 20 new shops in rural neighborhoods since March of 2020. LIFVS is planning to launch hundreds more container stores in Sweden, in the next few years. There is global interest in the idea, and the company's mulling whether to share its technology with supermarket chains in other countries or launch more of its own container stores

across Europe. Since the company always knows the identity of who is in the store at any moment, this limits shoplifting. There are 24-hour surveillance cameras too, which alert the store's manager if there is a break-in or a stock spillage. The manager looks after four stores in the region, usually visiting once a week to clean, stack the shelves and put together click-and-collect orders made online. LIFVS uses artificial intelligence to work out what stock to order for each store, based on the data it collects about locals' shopping habits. Customers also receive digital coupons and special offers

based on their previous purchases. [Lifvs electronic self-service Grocery store – assignmentforum.com](#)

Cofounder and COO Daniel Lundh told Insider that he launched the company in 2018 because he wanted to solve food deserts (an area that has limited access to fresh food) in rural Sweden. He'd seen a gap in the market, more than half of Sweden's grocery stores closed in the 1990s as larger supermarket chains swooped in, and 90% of these stores were in rural locations. The industry went through a big shift, they were looking at the States, the Walmarts and the Targets of the world, which Sweden was building and closing local services. We wanted to go where we were needed most," Lundh said. [PHOTOS: Sweden's Tiny, Unstaffed, High-Tech Rural Grocery Stores \(businessinsider.com\)](#)

Unstaffed, digital supermarkets transform rural Sweden. Eket, a small-town story. In 1985, there were 8,500 [supermarkets](#) in Sweden. By 2010 there were fewer than 3,500. Eket used to have a small supermarket, but as the population dwindled, it shut down.

According to Anita Eriksson, who is responsible for running, stocking, and cleaning the new shop together with two others in nearby villages, the economics of LIFVS is better. Customers at LIFVS shops scan and pay with their smartphones. "The difference is that they had people working there all the time, and I have three shops and we are open 24 hours a day."

LIFVS aims to have bigger clusters, with a single member of staff for four or five unmanned shops. The shops are installed in containers, so they can be dropped wherever the company sees a market, and then removed if it doesn't work out. "It's gone really, really fast. To be able to keep low prices for the customer, we have to be able to control our operation costs. So that means controlling the rent -- that's why the stores are quite small -- but also controlling the staffing cost," says Daniel Lundh, who co-founded the company with the social media entrepreneur Bea Garcia in 2018. The supermarket stocks more than 500 different goods, with most essentials covered -- including meat, salad, vegetables and ice-cream, and the interior has a similar feel and branding to a normal supermarket. "It's a complete, full-assortment grocery store," said Lundh. "But because there's limited space, we don't sell five brands of ketchup.

He says he doesn't see unmanned stores such as [Amazon Go](#), in the US and UK, or Auchan Minute, in China, as competitors, as they are both urban convenience stores and so represent a "totally different way of approaching the food market". Rural municipalities in Sweden are so eager to get back a village shop that the LIFVS team does not have to scout for sites for its pipeline. "Eket's Future", a local citizens' group, teamed up with two other local villages to lobby the company, and the local municipality helped find and lease the sites.

Christian Larsson, the local mayor, is considering a similar unmanned solution for local libraries. "This kind of thing is happening all over Sweden right now. For small villages, if

you don't want everybody to leave, this is the future." [Unstaffed, digital supermarkets transform rural Sweden | Sweden | The Guardian](#)

**Could unattended grocery stores thrive in small towns?** Unattended retail has taken off in the form of high-tech urban stores and kiosks. Choice Market, which operates four stores in the Denver area, plans to eventually offer 24/7 access at its [flagship location](#), which sits on the ground floor of a residential building, founder Mike Fogarty recently said. [Valet Market](#), a self-service store concept developed by Accel Robotics, recently opened its first location inside a luxury high-rise building in San Diego. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

With unattended retail's high-tech approach, it's easy to think that such a model could flourish in metropolitan areas only. But a couple of unattended, 24x7 grocery stores in small towns in Minnesota prove otherwise.

[Main Street Market](#) in Evansville is a members-only store, charging an annual fee of \$75. Accessible through a mobile app or key fob, the store asks customers to use its app for payments or make use of the in-store self-checkout machine. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? \(msn.com\)](#)

To make the store less costly to operate, shoppers are required to scan the items themselves, while security cameras discourage theft. However, the business mostly relies on the honor system, taking a cue from New Prague's [Farmhouse Market](#), another 24-hour grocer.

Farmhouse's annual membership costs \$99 a year and gives more than 200 pre-approved shoppers access to a special key card that can be used to gather the products and pay for them via a self-checkout counter.

To bring down costs further, even suppliers get their own key cards and can independently restock products. This store also has just a camera in the name of security but hasn't come across any incident of shoplifting yet. [How Unattended Retail Will](#)

[Impact Shopping in 2022 and Beyond \(nayax.com\)](#)

The model could also work in small towns with a more analog approach that emphasizes community connections. Independent grocers have struggled to remain competitive with large retailers on pricing, e-commerce and assortment, causing many to go out of business. But operators will have to address challenges like replenishing out-of-stock items, managing fresh products, and controlling shrink levels — all of which can be difficult to do without having workers on-site.

Small-town grocers also face the challenge of dollar stores' rapid growth and expansion into groceries. [Dollar General](#), for one, is building more than a thousand stores per year, placing many in small towns and offering more perishable goods and frozen foods in its stores. [Could unattended grocery stores thrive in small towns? | Grocery Dive](#)

**The future of unattended Grocery Stores** - Main Street Market's unique model could truly pave the future of what grocery stores could look like in small towns in rural parts of the United States where there isn't typically a grocery store for miles. Their model works because it doesn't come with all of the typical overhead that a grocery store typically has. Because it is self-serve, they don't need to pay employees to check out customers. This also means that they don't have to adhere to traditional hours, which also helps to keep operating costs down. The self-serve model, for the Ostenson's and those in Evansville, removed the barriers typically standing in the way of the success of small-town grocery stores.

The Ostenson's are already looking ahead to see how they can expand their self-serve grocery model. They are first concentrating on how they can bring it to other small towns in their home state of Minnesota. To assist them on their mission the couple was granted a \$30,000 fellowship through the [West Central Initiative Foundation](#). "I'm really hopeful that we will learn something and can see if this is a model that could be replicated in other communities throughout the state," Kathy Draeger, who is the statewide director for the University of Minnesota Regional Sustainable Development Partnerships, said of the Ostenson's self-serve grocery model. [The Future Of Grocery Stores Can Be Found In A Tiny Minnesota Town? - Tell Me Best](#)  
[The-Future-Of-Unattended-Retail-Report\\_February-2020.pdf \(pymnts.com\)](#)

**Unmanned, automated retail – is it the future?** – Automated retail is now a broad area including everything from vending machines to unmanned kiosks to unattended grocery stores. In all cases though it sees the customer self-serving in a retail environment that is typically unmanned. That provides a lot of scope for innovation – and growth. Listed are some of the best examples of automated retail today. [Unmanned, automated retail – is it the future? - Insider Trends \(insider-trends.com\)](#)