Building a Cooperatively Owned Grocery Store in a Food Desert

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PARTNERSHIP

Why do we need to create our own grocery store?
As Grocers move to the suburbs, communities are left behind

- Kroger closed West Dayton location 2009
- Aldi closed West Dayton location 2018
- Currently, thousands of people only served by dollar stores and corner stores

Food deserts
Percentage of households in area census tracts located at least 1 mile from a supermarket and reporting no access to a vehicle.

Source: Public Health – Dayton & Montgomery County
Dayton’s Food Crisis

• Food desert
  • >40% residents with income under 200% of federal poverty
  • > 1 mile from supermarket.

• Dayton: Bottom quartile for food hardship in households with children (FRAC 2017)

• 1 in 5 families report trouble obtaining healthy food

• Fewer grocery and WIC and SNAP-accepting stores per capita than OH average
• High rates of diet-related diseases, infant mortality, low birthweights
• Higher rates of overweight or obesity, diabetes
• 33% eat less than one vegetable daily.
• Neighborhoods with grocery stores have lower incidents of diet related illness.
• Developing new supermarkets sparks economic revitalization, raise property values and improve neighborhood satisfaction
Partnering to Find a Solution
• Advocates, activists, academics, labor, government, and neighborhoods

• Studied best practices and selected co-op model

• Incorporated as GDUCI in 2016 and received 501(c)(3) status as cooperative incubator
Gem City Market

Worker-Owners own shares and learn participatory management techniques. They elect 5 Board seats, share 70% of profit and 65% of voting strength at annual meetings. Can elect union committee if desired.

Community-Owners own shares, elect 3 Board seats, share in 30% of the profit and have 35% voting strength at annual meetings. They can veto attempts to move, close or sell the store.

Board of 9 people (one from the incubator) hires management team and supervises day-to-day operations. Annual Membership Meeting makes major course-setting decisions.
Finding the right location and building a business case
We Did Our Homework

- AWG Market Study
  - Identified best location
  - Mapped trade area
  - Sales projections
- Community Survey
  - 1200 residents surveyed
  - CAP played active role in collecting survey
- Business Plan/ Attention to competitive landscape
Dayton’s food desert
LOCATION & TRADE AREA

• 22,000 people
• 5300 Children
• Median income $28,500
• 77% African American
• 33% Households have received SNAP in past 12 months.

• Excluded downtown
What will you provide?
✓ 15,000 square feet
✓ 10,000 sqft of retail space
✓ Clinic
✓ Teaching Kitchen
✓ Banking services
✓ Cafe
✓ Energy efficiency
• Affordable pantry essentials and produce for those with limited food budget

• Organic, local and specialty items to make the store a unique draw

• Nutrition education and cooking classes

• Place for community to come together

• Beat the Dollar General on selection and experience
Who is going to run the Gem City Market?
We will hire a General Manager, but until then:
Grocery is tough. Can we succeed?
Co-ops have less than half the failure rate of traditional start-ups.

But when they do, why do they fail?

- Too small (500–1,500 square feet) or too big (size not based on market).
- Working capital below co-op averages
- Truncated development timelines
- No professional market study/ site selection not based on market
How CAPs can play a role
• Small Business Expertise
• Connect to communities most in need
• Serve as non-profit developer
• Access to grants, CDC status, Federal support
• What else?
Recent Updates

Over $2 Million in Capital Campaign Funds raised
Sold over 1700 Community Memberships
Attracted local and national attention for our model
Bipartisan support from local legislative delegation, leading to $200,000
Architectural design process making progress
WHAT’S NEXT?

• Community Engagement and Input on design
• 2,000+ memberships by ground breaking
• Seeking NMTC, additional philanthropic funds and debt financing
• Active Pre-development
• Build the store, target to break ground by the end of the year
• Open in 2019 or 2020!
Want to partner with your community to explore whether a grocery cooperative could be right for you? We can help!

Please Contact Cherish Cronmiller at the Miami Valley Community Action Partnership!
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