

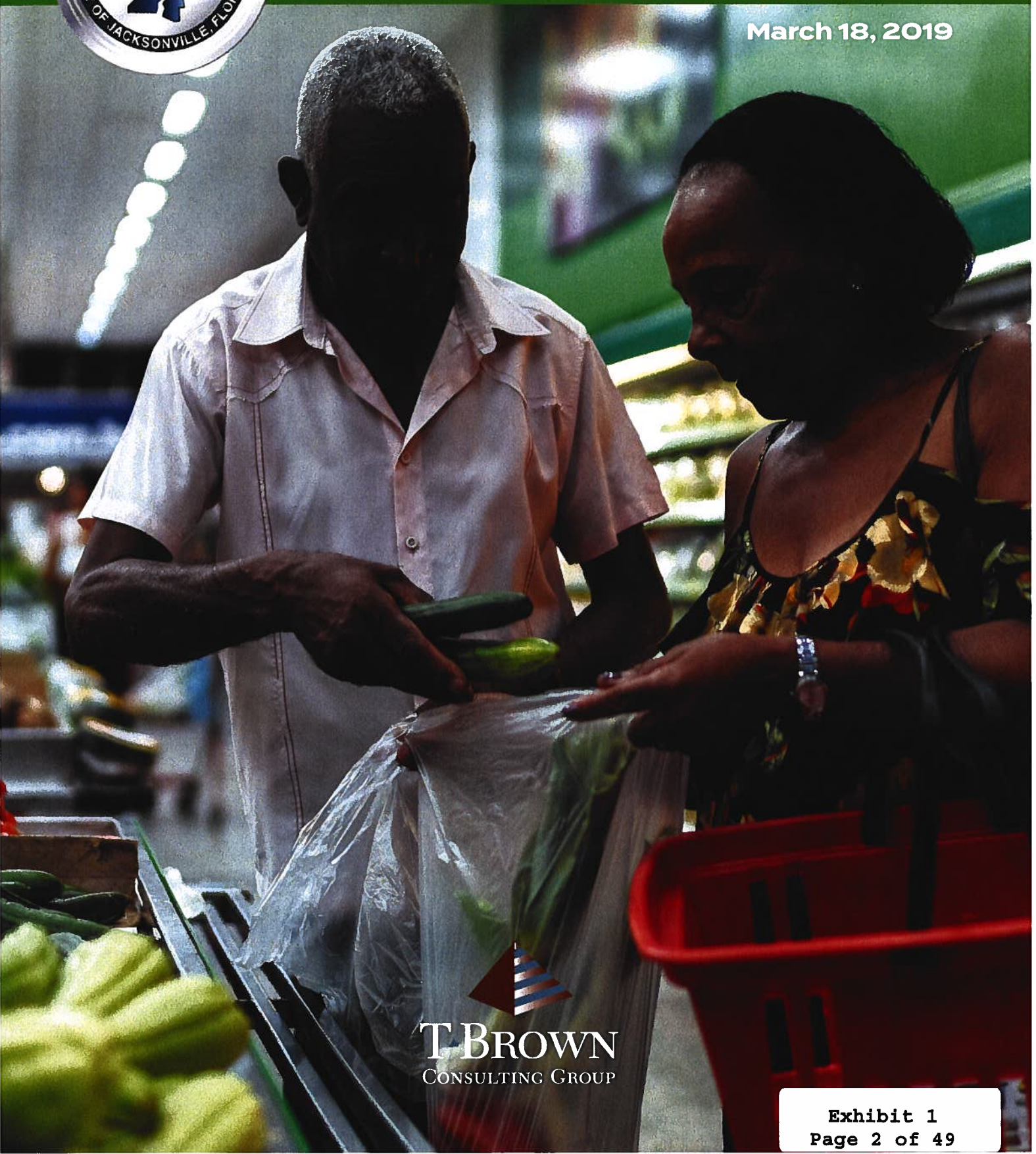
EXHIBIT 1 –

NORTHWEST JACKSONVILLE
FOOD DESERT STUDY REPORT
MARCH 18, 2019



Northwest Jacksonville Food Desert Study Report

March 18, 2019



T. BROWN
CONSULTING GROUP

Exhibit 1
Page 2 of 49

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EXECUTIVE SUMMARY

A "Food Desert" is defined "as parts of the country lacking fresh fruit, vegetables, and other whole foods, usually found in impoverished areas. This is largely due to a lack of grocery stores, farmers' markets, and healthy food providers. This has become a big problem because while food deserts are often short on whole food providers, especially fresh fruits and vegetables, instead, they are heavy on local convenient stores that provide a wealth of processed sugar, and fat laden foods that are known contributors to our nation's obesity epidemic."

T. Brown Consulting Group (TBCG) was contracted by the City of Jacksonville to conduct this report and to evaluate the relative access of residents living in the Northwest Jacksonville area to fresh food options in order to maintain a healthy diet. The term food desert considers the type and quality of food available to a population in a defined area, where the number, nature, and size of the food stores are quantified and deemed accessible to a low-income population.

TBCG relied on the most current (2015) United States Department of Agriculture (USDA) Food Desert Atlas to determine the food deserts in the City of Jacksonville. The USDA distinguishes between urban food deserts and rural food deserts and offers four (4) definitions based on the census tract's income, distance of population from grocery stores (0.5 miles or 1 mile in urban areas) and vehicular access. Figure 1 below highlights the food deserts in Jacksonville and the Northwest area, both the 1-mile and 0.5 mile intervals.

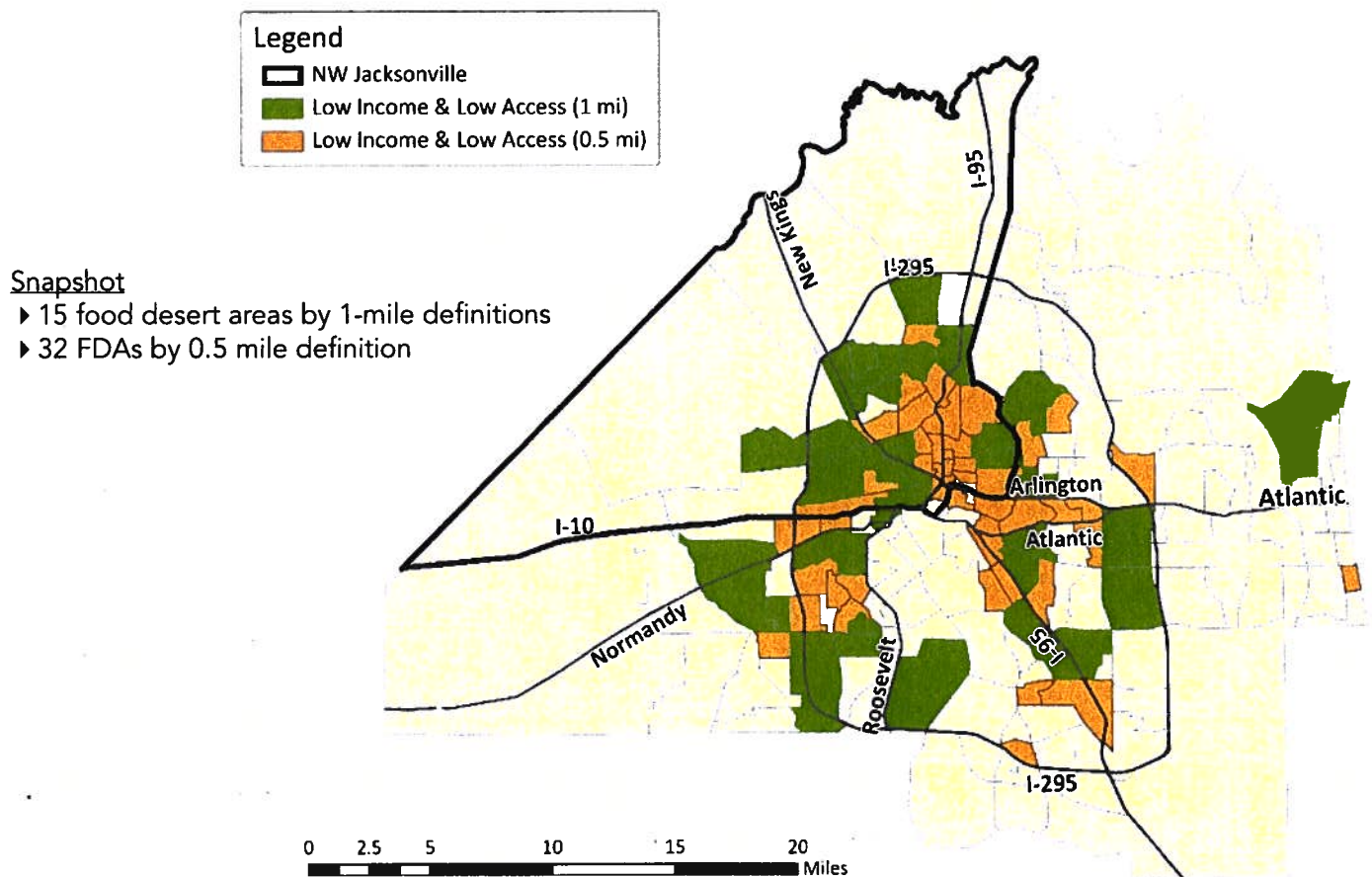


Figure 1. USDA Food Deserts (2015)

We focus our report using the “low-income and low-access (LILA) measurements at 1-mile and 10 miles” definition. To qualify as a “low-access community,” at least 500 people and/or at least 33 percent of the census tract’s population must reside more than 1-mile from a supermarket or large grocery store (for rural census tracts, the distance is more than 10 miles). The City of Jacksonville is one of the largest cities in the United States by land area (840 square miles). Thus, TBCG based its recommendations on food deserts defined by the one-mile (1-mile) definition. Section 2 of this report illustrates food deserts in Jacksonville and the Northwest area by the USDA definition at the mile interval.

The Northwest Area at a Glance

Our research reported 40 of 173 census tracts as food deserts in the City of Jacksonville, where 23% of the population had low access to a grocery store or supermarket in 2015, based on the 1-mile definition. Of these low access areas, 15 tracts or 38% of the food desert tracts are in the Northwest Area.

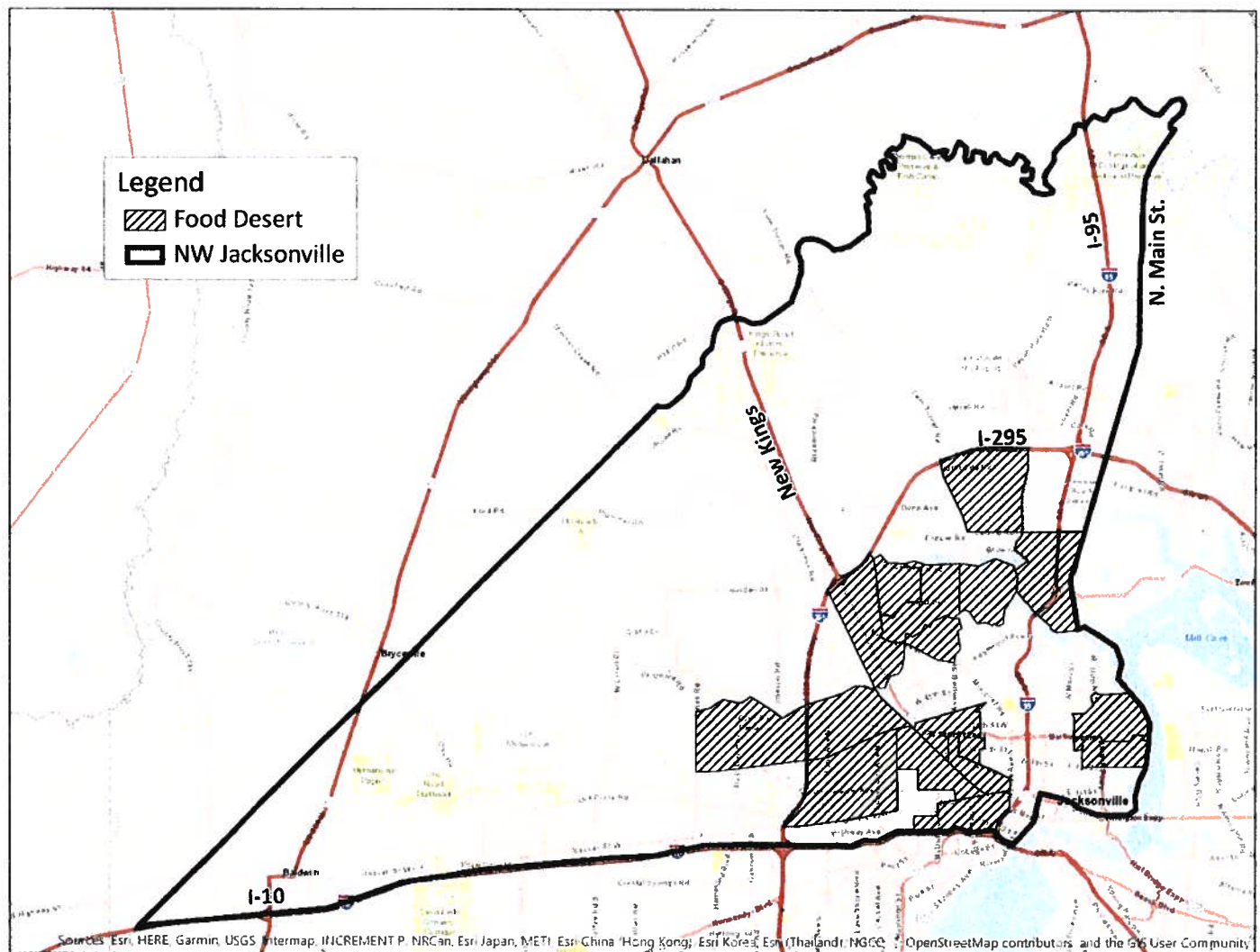


Figure 2. USDA Food Deserts in Northwest Jacksonville – One-mile Definition (2015)

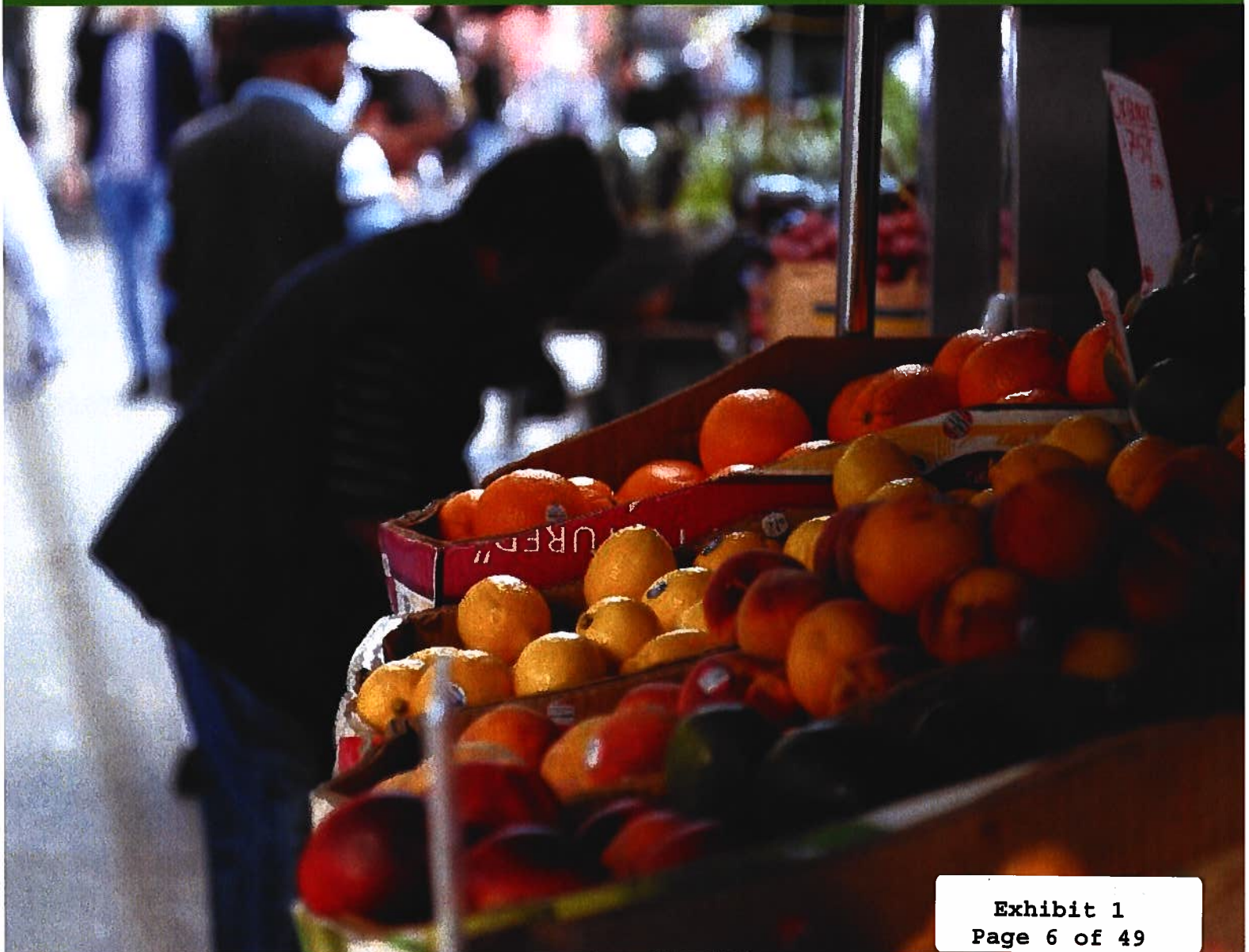
Program Strategy for Improved Access to Healthy Food Choices

The City of Jacksonville issued RFP No. P-27-18 and hired TBCG to provide program recommendations for improving the access of healthy and affordable food choices for residents in the Northwest Jacksonville area. We reviewed several studies and assessed initiatives in cities similar to Jacksonville; conducted analyses of food desert areas; and spoke with residents, community groups and elected officials for ideas and initiatives to address this problem.

In Section 4, we present proposed program options for the city's consideration to aid Northwest residents in three key categories below. We also offer proposed goals for each Program option.

1. New Store Attraction or Retention (Page 40)
2. Delivery & Food Access Initiatives (Page 42)
3. Expanded Inventory Offerings (Page 43)

We list the variety of educational and nutritional programs offered in Jacksonville in Section 2 but offer no funding recommendations.





SECTION 1: BACKGROUND

SECTION 1: BACKGROUND

JACKSONVILLE ORDINANCE 2018-195-E

The City of Jacksonville desires to increase access to affordable and nutritious foods for residents in the Northwest area and selected T. Brown Consulting Group (TBCG) to assist with developing strategies to help achieve this goal. The Jacksonville City Council enacted Ordinance 2018-195-E to appropriate \$3,000,000 from the Northwest Jacksonville Economic Development Trust Fund (NWJEDF) to provide financial assistance to attract supermarkets and healthy food programs in the Northwest Area, generally defined as the county line eastward to Main Street to the Trout River and St. Johns River. Following the St. Johns River as the eastern boundary to the Mathews Bridge extending to the I-95 and I-10 interchange. The Area is inclusive of everything north of I-10. Figure 3 below illustrates this boundary.

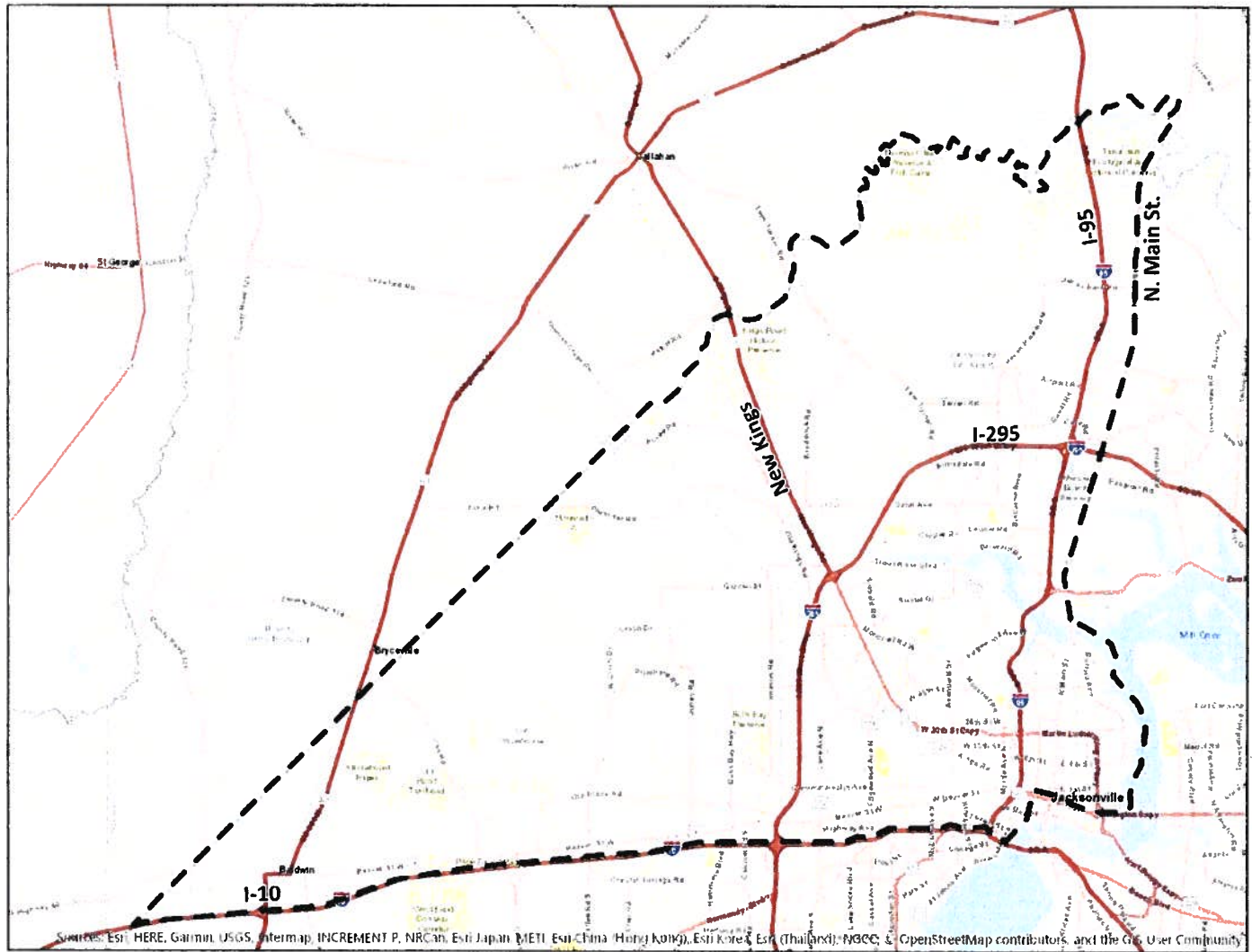


Figure 3. NW Jacksonville Study Area

COMMUNITY ENGAGEMENT

The Jacksonville community is actively engaged in addressing the food insecurity issue. TBCG is grateful to the many people and organizations who have contributed ideas and information for this report, including ideas for program initiatives. This report is presented as a collaborative effort between TBCG, the City of Jacksonville's Office of Economic Development (OED) and the people and organizations who have shared ideas and anecdotes. We offer our "acknowledgment" to these contributors at the end of this report.

To develop our recommendations, TBCG analyzed trends in the availability of fresh healthy food options and produced a market study for Northwest Jacksonville, inclusive of grocery store industry trends. We offer potential solutions from listening sessions with community representatives and have highlighted program initiatives in other cities that are attempting to alleviate food deserts.



Activating Community Engagement

Exploring what Northwest Jacksonville residents think about their access to food (current and future) is the heart of our work. We met with many individuals and organizations including a Community Forum hosted by TBCG and the OED on December 17, 2018 at Legends Community Center in Northwest Jacksonville. With 87 participants, the TBCG team and city officials led a lively, informative and participatory session that featured a look at the latest neighborhood-level food desert data; provided an understanding of the critical success indicators grocers look for in the neighborhoods where they locate and key technology trends in the grocery store industry. A highlight of the evening was the real time, interactive audience response poll that provided an instant snapshot of our audience's desired food access experiences. The polling sample provided real time insight of the thoughts and needs of the audience present.

Further, as part of the baseline research and community outreach efforts associated with producing accurate outcomes, the TBCG team met with the following key agency partners and community organizations to glean additional information: Duval County Public Schools, Jacksonville Transportation Authority, Johnson Family YMCA, Beaver Street Farmers Market, the Local Initiatives Support Corporation (LISC), the Food Trust and the Self Help Credit Union. This allowed the team to get input from key stakeholders and the community, which supports our concepts for programmatic solutions found in section 4 of this report.

The Final Report

Our final report, presented to OED, offers a series of recommendations for potential Supermarket and Food Access Programs within the Northwest Area to provide greater access to healthy food choices. We detail these proposed Program recommendations in Section 4 of this report.



**SECTION 2:
CURRENT GROCERY & NUTRITIONAL ENVIRONMENT IN JACKSONVILLE**

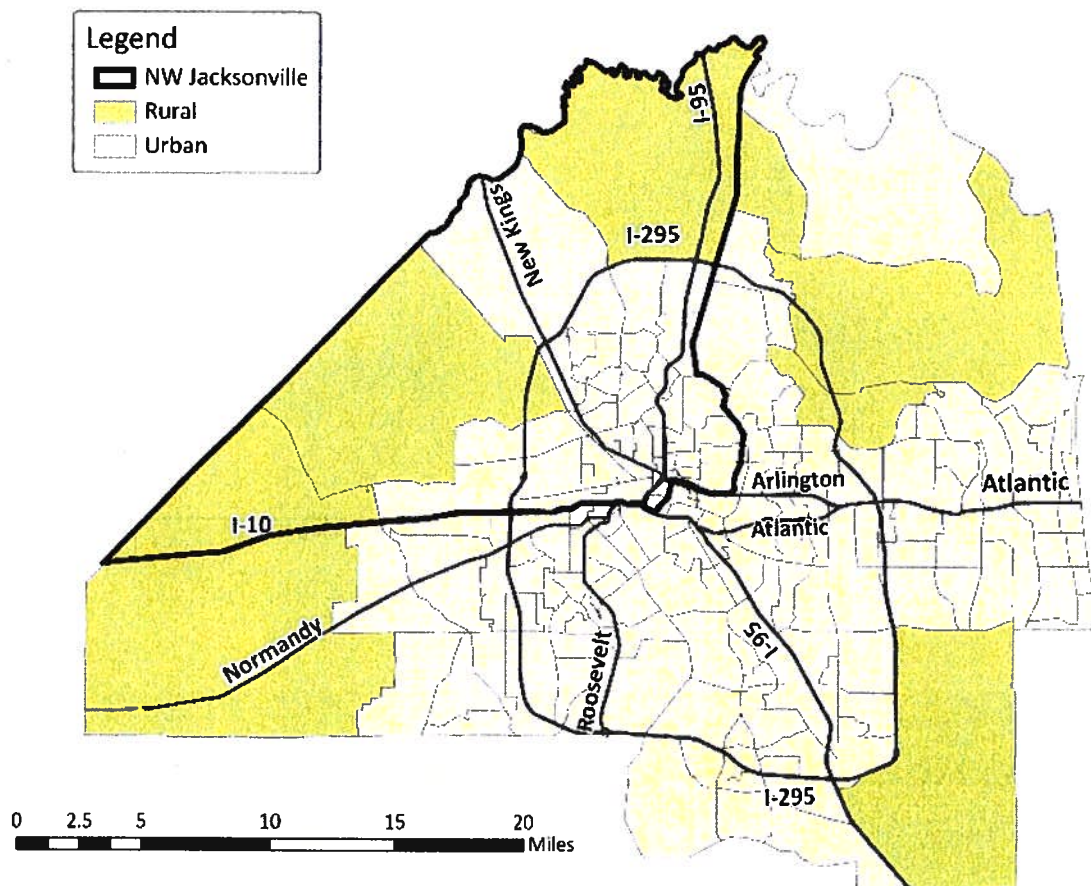
SECTION 2: CURRENT GROCERY & NUTRITIONAL ENVIRONMENT IN JACKSONVILLE

The City of Jacksonville is America's largest city in the continental USA, measuring 840 square miles. Jacksonville is comprised of 173 census tracts, and as defined by the USDA below, 23% or 40 of these census tracts represent a food desert. There are 15 food desert tracts in Northwest Jacksonville which accounts for 38% of all food desert areas based on a significant number (at least 500 people) or share (at least 33 percent) of the population being more than 1.0 mile from the nearest supermarket, super-center, or large grocery store; residing in a low-income census tract.

USDA DEFINED FOOD ACCESS AREAS IN JACKSONVILLE

The Food Access Research Atlas (FARA), developed by United States Department of Agriculture's Economic Research Service, is a web-based mapping tool that allows users to investigate access to food stores at the census-tract level using different measures (distance to store, income, and vehicle access).¹ FARA provides four metrics for determining food access. Only supermarkets, super-centers and large grocery stores are included in the metrics. Small corner markets such as Banner Food Store and Myrtle Ave Food Store; and warehouse clubs such as Sam's Club, Costco and BJs are not included. The access measurement is dependent on if the census tract is identified as urban or rural.

Figure 4. Urban vs. Rural Census Tracts



1 A. Rhone, M. Ploeg, C. Dicken, R. Williams, and V. Breneman, Low-income and Low-supermarket-access Census Tracts, 2010-2015

ANALYSIS OF JACKSONVILLE FOOD DESERT AREAS

As depicted in Figure 4 above, Jacksonville is largely an urban area with surrounding pockets of rural neighborhoods. The USDA definition of a food desert is dependent on if a census tract is urban or rural. Regardless of USDA definition, the food deserts in Northwest Jacksonville are all in urban areas. Due to the large geographic area of Jacksonville, the low-income low access (LILA) at 1.0 mile for urban areas and 10 miles for rural areas definition is used.

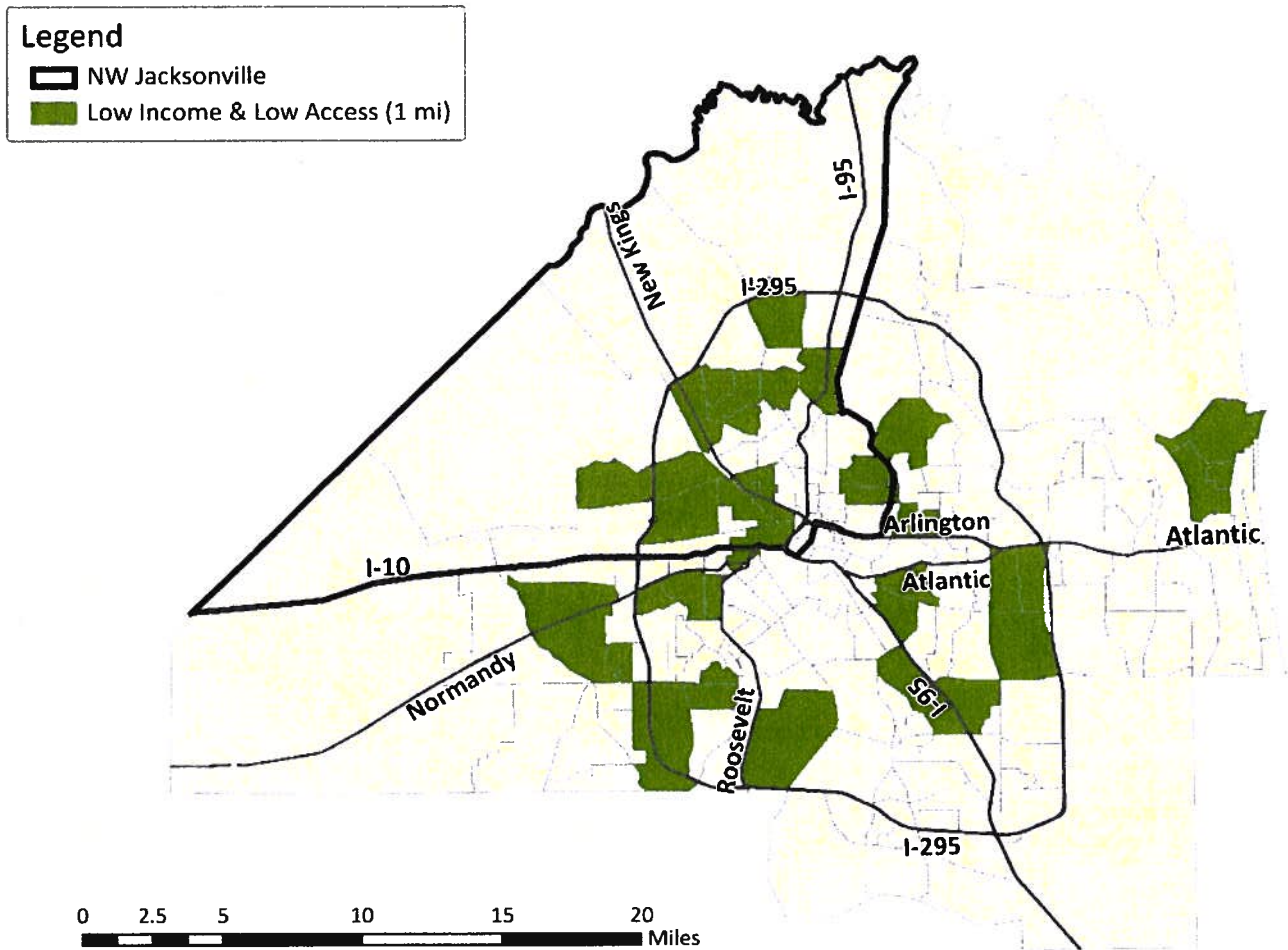


Figure 5. Food Deserts in Jacksonville (2015)

Using the 1-mile definition, Jacksonville is comprised of 40 food deserts tracts and 38% or 15 are in the Northwest area.

2010 VS. 2015 USDA FOOD DESERTS

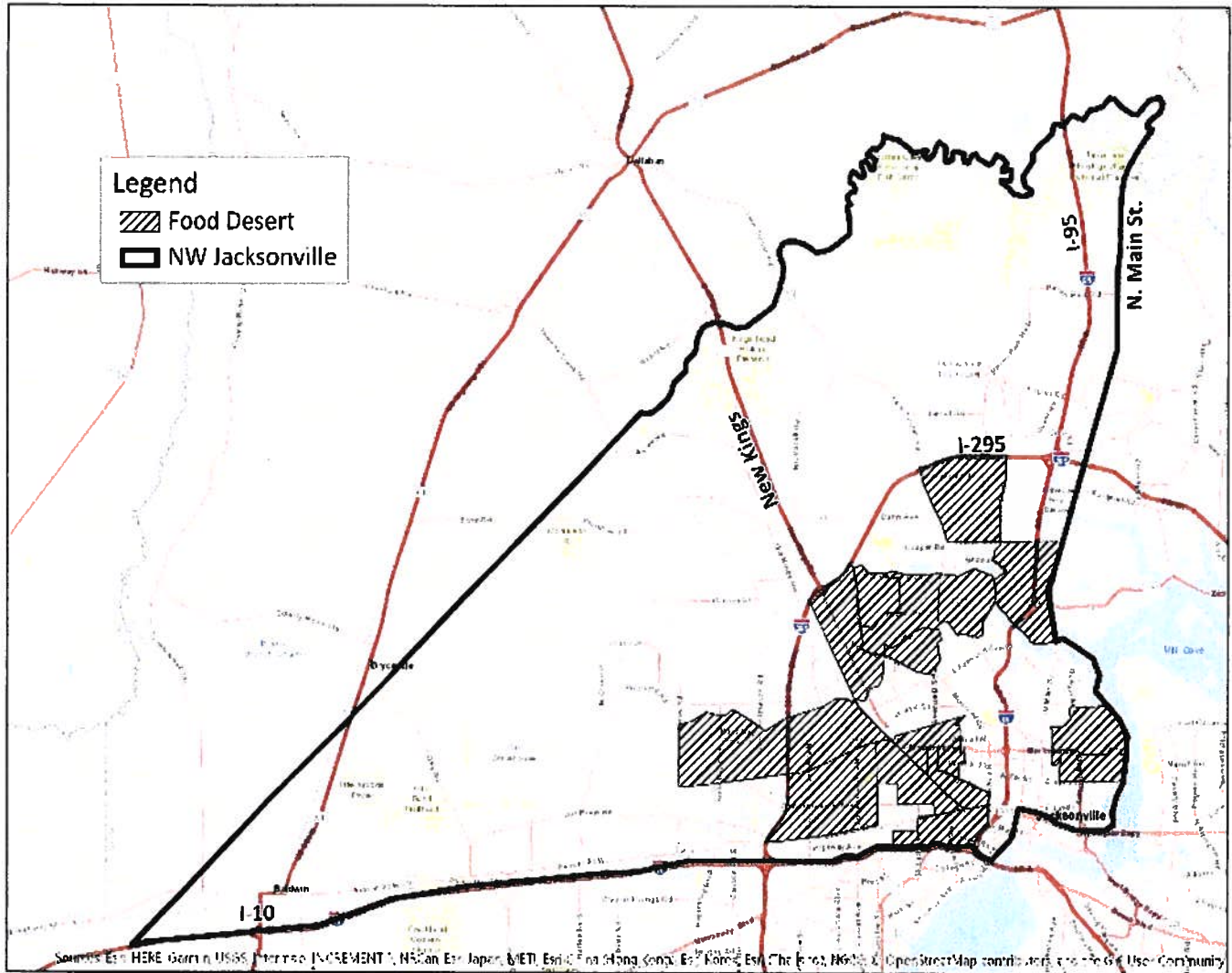


Figure 6. Location of Northwest Jacksonville Food Deserts

TBCG used the 2010 and 2015 USDA Food Atlas data to investigate changes in food accessibility in Northwest Jacksonville. Between 2010 – 2015, four new census tracts were labeled as food deserts while three census tracts were no longer defined as a food desert per Figure 7 below². Overall in Jacksonville, the city experienced a net increase of 1 food desert census tract in the 5-year period.

Northwest Jacksonville’s food deserts are clustered in the I-295 loop between Main Street and I-10. When you consider the location of the nearest supermarket, Northwest’s food deserts are most prominent at the areas bounded by Jones, Pritchard, I-295 and I-10. Secondly at Kings, Kenny & 12th Street area, Pearl & Florida Avenue, and the Clyde/Soutel area. Jacksonville’s expansive land size, waterways and major highways create additional barriers for walkability and easy transit in these areas.

2 For changes in the USDA methodology from 2010 to 2015 refer to <https://www.ers.usda.gov/data-products/food-access-research-atlas/documentation/#changes>

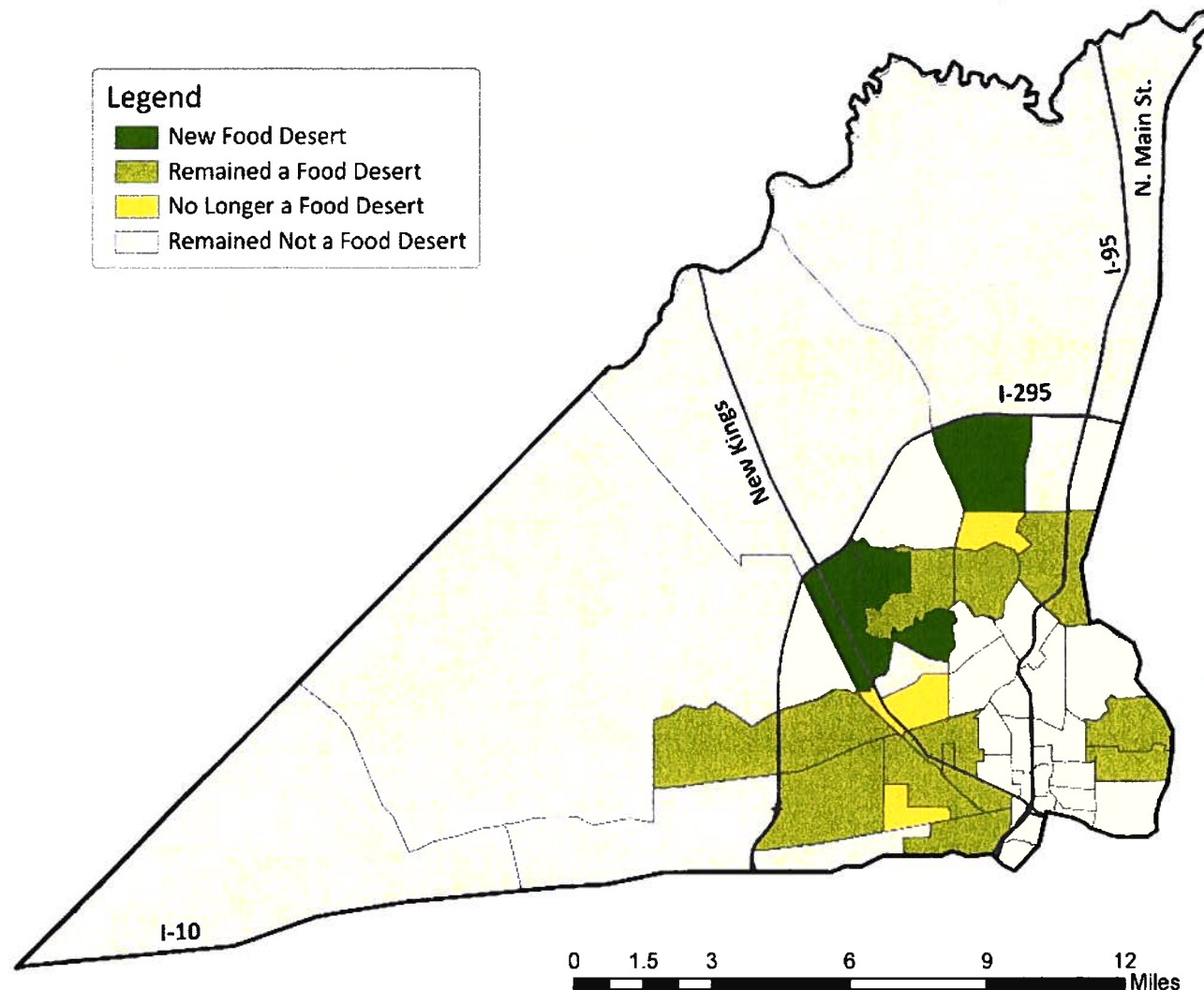


Figure 7. Change in USDA Food Deserts (2010 vs 2015)

NORTHWEST JACKSONVILLE FOOD DESERTS VERSUS CITY

The Food Atlas Research Analysis includes information from the 2010-2015 American Community Survey (e.g. poverty rate, vehicle access, income, SNAP households) and 2010 Decennial Census (e.g. population)³. As shown in Table 1, 38% of census tracts in Northwest Jacksonville were food deserts in 2015 compared to 23% for the entire City of Jacksonville. Similarly, 36% (or 57,516 of 160,350 residents) of Northwest Jacksonville’s population reside in a food desert compared to 23% (or 197,855 of 864,263) residents for the City of Jacksonville.

In conversations with community partners, TBCG was asked to focus more exclusively on the population earning income at the poverty line and the population eligible for EBT (SNAP) federal benefit. SNAP, the Supplemental Nutrition Assistance Program, is the program formerly known as food stamps. It is a federal nutrition program that helps eligible families stretch their food budget and buy healthy food. SNAP benefits can be used to purchase food at grocery stores, convenience stores, and some farmers’ markets and co-op food programs. Table 2 compares poverty rates, median income, percent of households without a vehicle and the percent of households on SNAP averaged over all census tracts in the category. The Northwest area experiences higher poverty rates, SNAP eligible households, and households without a vehicle than the city as a whole.

3 <https://www.ers.usda.gov/data-products/food-access-research-atlas/documentation/>

Table 1. Percent of Tracts and 2010 Population in Food Deserts by Definition

		NW Jacksonville	Jacksonville
LILA 1.0 and 10 miles	% of tracts	38%	23%
	% of population	36%	23%

(LILA: Low Income/Low Access)

Table 2. Food Desert Indicators by Region

		NW Jacksonville	Jacksonville
Poverty Rate	Non-Food Desert	29%	17%
	Food Desert	32%	28%
Median Income	Non-Food Desert	\$46,476	\$64,383
	Food Desert	\$35,688	\$40,403
% Households without Vehicle	Non-Food Desert	18%	9%
	Food Desert	15%	12%
% Households on SNAP	Non-Food Desert	26%	15%
	Food Desert	30%	24%

GROCERY STORES IN NORTHWEST JACKSONVILLE

As shown on the page that follows, TBCG’s research shows that 21 major food retail markets operate in or near the border of Northwest Jacksonville, 16 of which are grocery stores or supermarkets. Our analysis reports that 7 grocery stores operate in or near a Northwest food desert area. These food desert areas are served by the Beaver Street Market, Harvey’s, Publix, Sam’s, Save-A-Lot (2), and Walmart. Our mapping analysis shows that Harvey’s/Winn Dixie and Save-A-Lot operate more stores in the Northwest area than any other grocer at six (6) and five (5) stores, respectively. Harvey’s and Winn Dixie are subsidiaries of Southeastern Grocers (SEG).

SEG is headquartered in Jacksonville, FL and serves over 577 communities throughout the seven (7) southeastern states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina and South Carolina. In addition to Harvey’s and Winn Dixie, SEG also operates under the Bi-Lo and Fresco y Mas banners.

Save-A-Lot Food Stores Ltd. is an American discount supermarket chain headquartered in greater St. Louis, Missouri. The subsidiary of Onex Corporation (a Canadian private equity firm) comprises more than 1,300 stores across 36 states in the United States, Caribbean and Central America with over \$4 billion in annual sales.

Save-A-Lot offers a “Licensed Store Incentive Program” and is actively looking for experienced retailers and entrepreneurs who are seeking a new business opportunity. However, when searching a Save-A-Lot corporate mapping tool for licensing opportunities, there were no opportunities for a license retail program (as of February 6, 2019) in Florida.

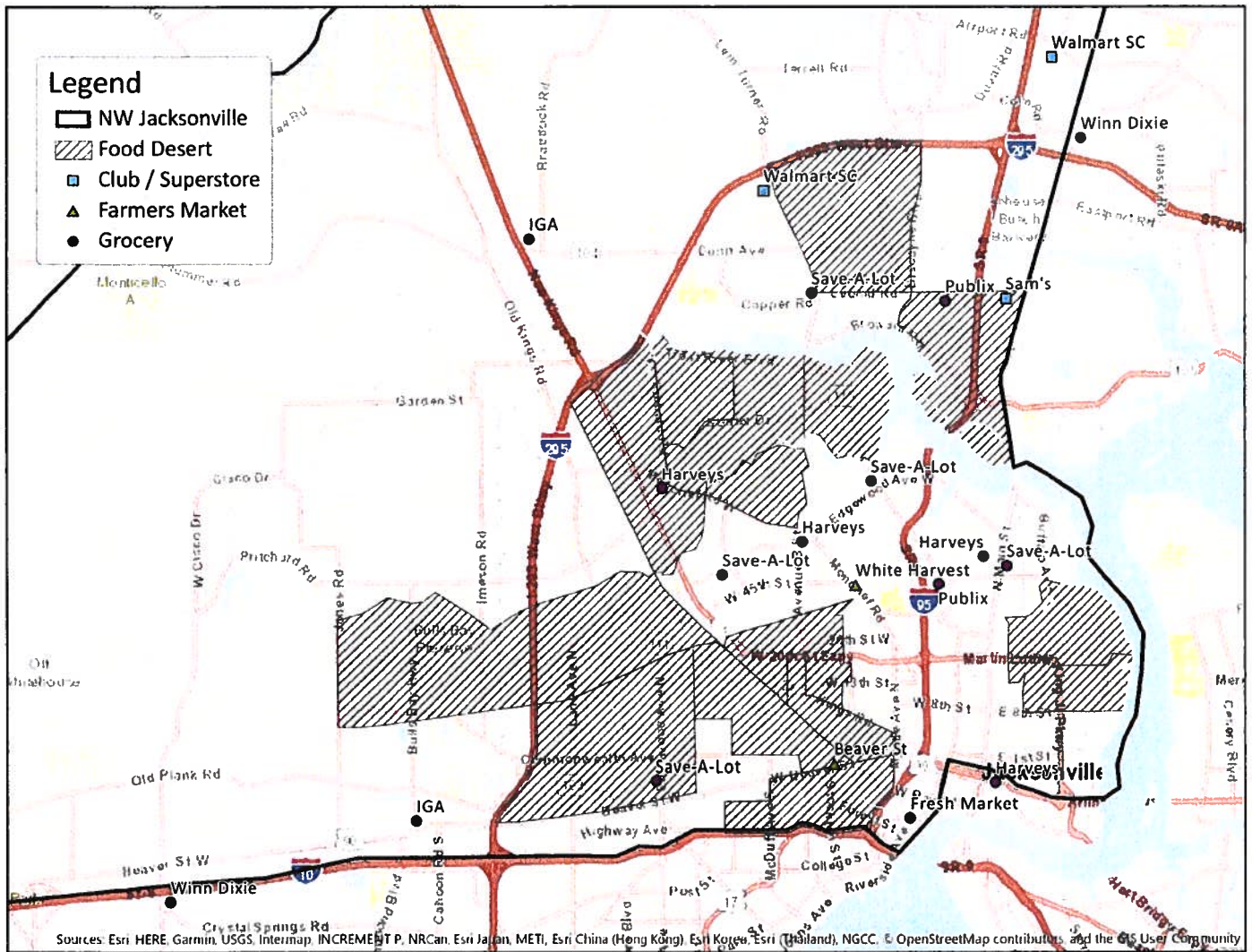
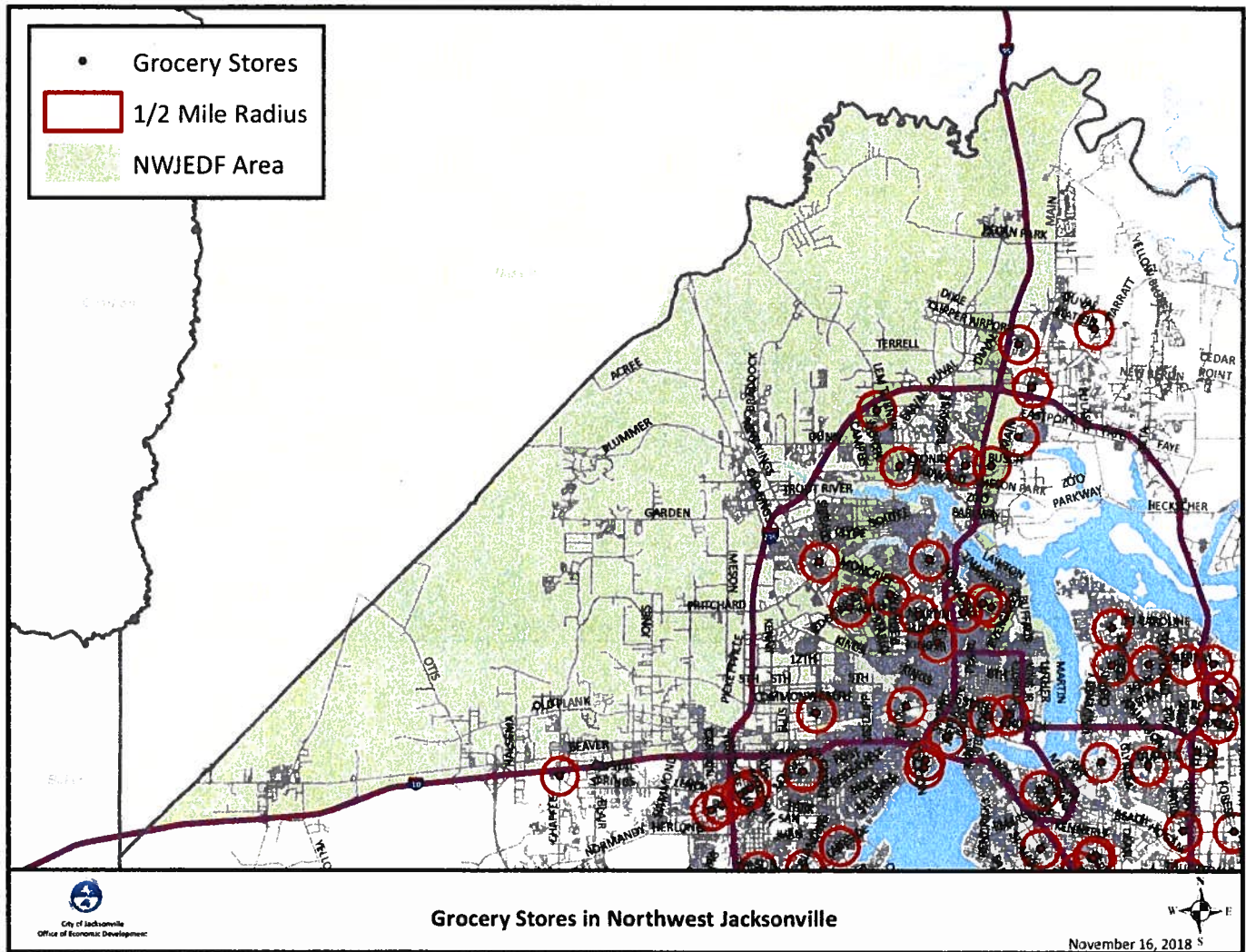


Figure 8. Grocery Stores in Northwest Jacksonville

The opening and closing of grocery stores is dynamic. We relied on a variety of sources to document our findings as of the date of this report.

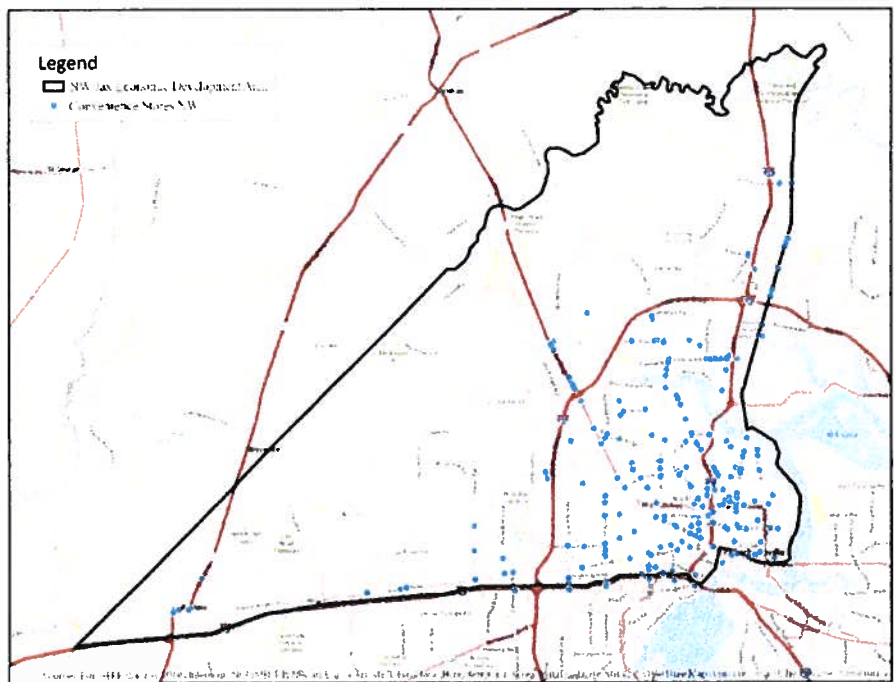
Major grocers are operating across the country and have a variety of opportunities to consider, often investing significant dollars in new store openings, rehabilitation and relocating stores as area demographics change. It's not that operating a store in Northwest would be unprofitable, the decision for a grocer is selecting which opportunity would be the most profitable. TBCG proposes a New Store Attraction Program (NSAP) for the City to consider in order to position the local community to better compete for the attraction of a full-service grocery store by reducing the stores cost of development or operating expenses for a site to be selected by a grocery operator.



Grocery stores are marginally profitable and very capital intensive. The size of a grocery store, forecasted sales revenues and development and operating costs matter. As stated earlier, Northwest's food deserts are most prominent in the areas bounded by Jones, Pritchard, I-295 and I-10. Secondly at the Kings, Kenny & 12th Street area; Pearl & Florida Avenue; and the Clyde/Soutel areas. Jacksonville's expansive land size, waterways and major highways create barriers for walkability and easy transit. Section 3 of our report explains Food Industry and Supermarket Trends. We outline the selection criteria of major grocers and summarize the industry's operating profits and development costs. TBCG has recommended the most sizable funding resource be allocated to attract new grocers in targeted markets given the costs to develop a grocery store, and the competitive array of market opportunities for various grocers to choose from. Our program recommendations are highlighted in Section 4.

CONVENIENCE STORES SATURATE NORTHWEST JACKSONVILLE

Overall, the retail grocery industry is losing market share to discount chains, dollar stores, drug stores, specialty food stores, restaurants, convenience stores and online retailers. As the grocery industry changes, communities like Northwest Jacksonville will become more challenged in attracting the mix of goods and variety of stores experienced in many suburban communities. According to the November 2018 USDA SNAP EBT retail locator⁴, Northwest Jacksonville is served by 247 convenient stores that accept EBT cards (Electronic Benefit Transfer - a system for issuing welfare payments electronically, by means of a payment card that recipients use to make purchases). The sheer magnitude and concentration of these stores in food deserts would improve access to healthy food options if these stores sold fresh foods and vegetables.



TBCG has proposed program concepts to expand the inventory offering of stores and specialty markets operating in Northwest Jacksonville that accept SNAP benefits to carry a greater array of fresh foods, meats or vegetables. Our proposal is outlined in Section 4, Expanded Inventory Offering Program, to help local store owners and operators, vendors at farmer markets expand their inventory of healthy food items and accept EBT payments (or SNAP benefits). Growing the number of community gardens in a given area will help to enhance low income community access to healthy food options. The White Harvest Farm, for instance, has the opportunity to be a showcase community farm, food pantry or grocery store as it is centered between three expansive food desert areas. The Northwest market is dominated by national chains. Of the 247 operators, the top five convenient store operators are:

- Family Dollar and Dollar Tree (affiliated entities): 26 stores
- Dollar General: 12 stores
- Circle K: 8 stores
- Gate: 6 Stores
- Walgreens: 6 stores

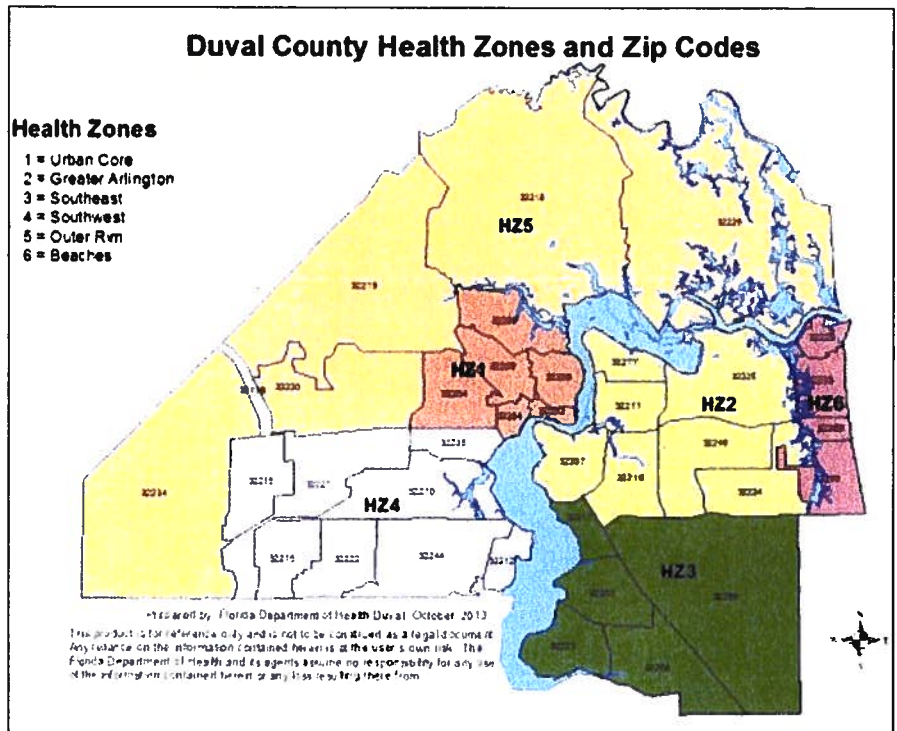
EDUCATIONAL AND NUTRITIONAL PROGRAMS IN JACKSONVILLE

Healthy eating is important because it helps to reduce the risk of contracting diseases and supplies the body with nutrients and energy for effective functioning. Healthy eating helps to prevent diet-related conditions such as diabetes, hypertension, heart disease and some types of cancer, as stated by the President's Council on Fitness, Sports & Nutrition.

The Florida Department of Health in Duval County (DOH-Duval) is assigned the responsibility to protect, promote & improve the health of Jacksonville residents through integrated state, county & community efforts. DOH- Duval serves approximately 900,000 Jacksonville, Florida residents and has produced a Strategic Plan focusing on four critical priorities that are aligned with the Florida Department of Health Agency Strategic Plan 2016-2018:

1. Healthy Moms and Babies
2. Long, Healthy Life
3. Readiness for Emerging Threats
4. Effective Agency Processes

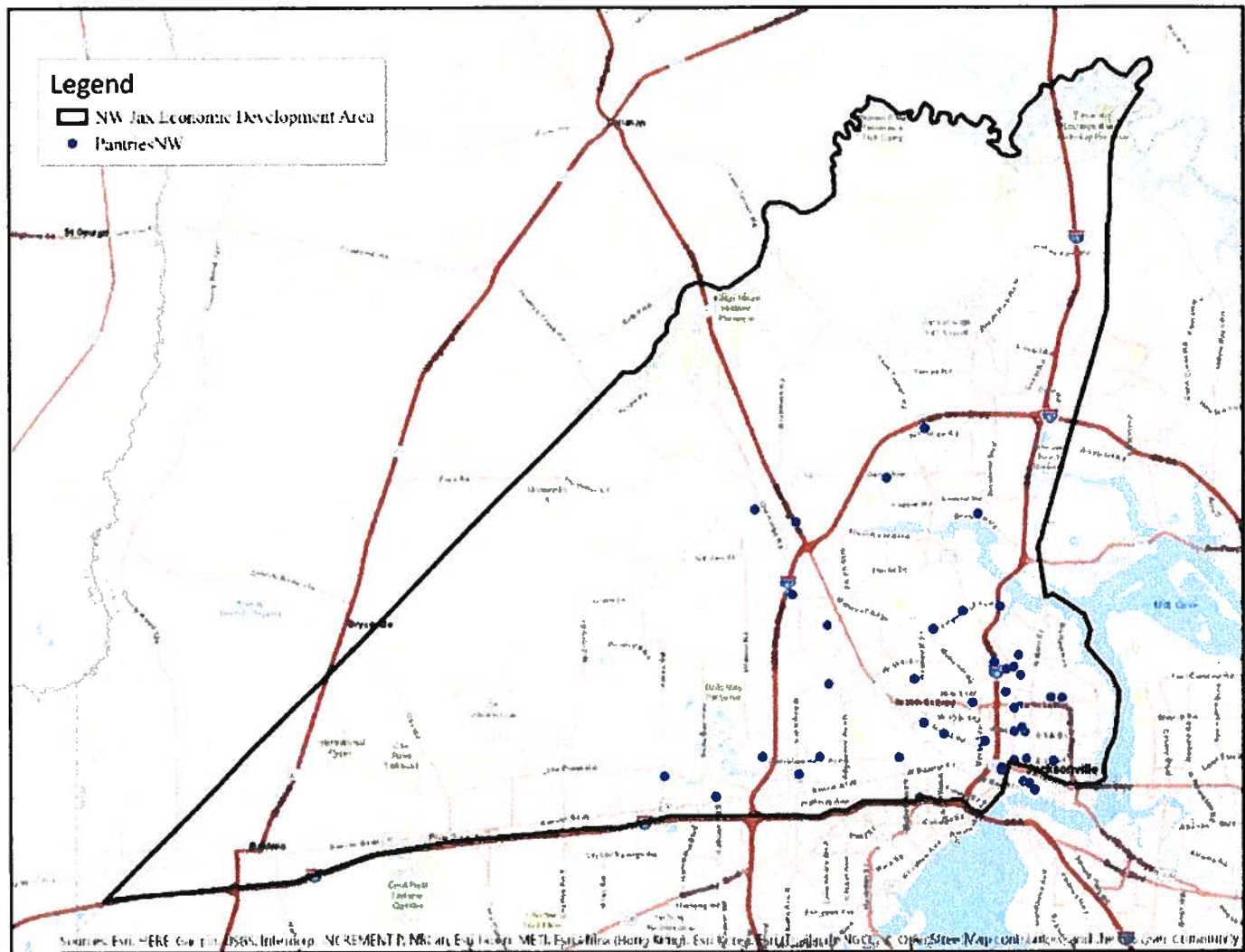
Demographic, socioeconomic, and environmental factors create unique community health service needs. Duval County is comprised of urban, suburban, and pockets of rural areas. The county is divided into six health zones (HZ) which differ demographically and economically, and that consistently demonstrate large disparities in health outcomes. The Northwest area is largely categorized by HZ1. HZ1 has long been the focus of resources and targeted efforts by DOH-Duval to increase the health of residents of this area. HZ1 has higher levels of poverty, lower levels of educational attainment, and higher rates of many health conditions (e.g., cancer, diabetes, heart disease). Population demographics and health indicators are analyzed across the HZs in order to make strategic decisions regarding the allocation of community health resources and services.



Jacksonville organizations offer a variety of programs that can assist with understanding the importance of, and potentially redirecting clients to, a healthier way of living.

On the following pages, we have documented a list of some of the organizations that assist the community with understanding nutrition or have programs in place to assist with access to fresh fruits and vegetables. The list is not exhaustive but represents a sampling of the programs offered for health and nutrition.

Feeding Northwest Florida Nutrition Program



In 2017, Feeding Northeast Florida provided more than **12.5 million meals** to their network of social service agencies in eight counties throughout Northeast Florida. The organization supplies food to **more than 35 food pantries operating in Northwest Jacksonville.**



Feeding Northeast Florida Nutrition Program

Website: <https://www.feedingnefl.org>

Location: 1116 Edgewood Ave. N Jacksonville, Fl. 32254

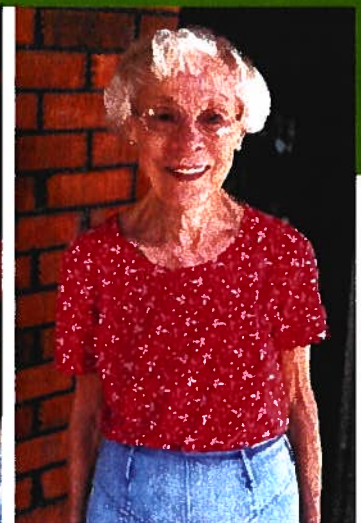
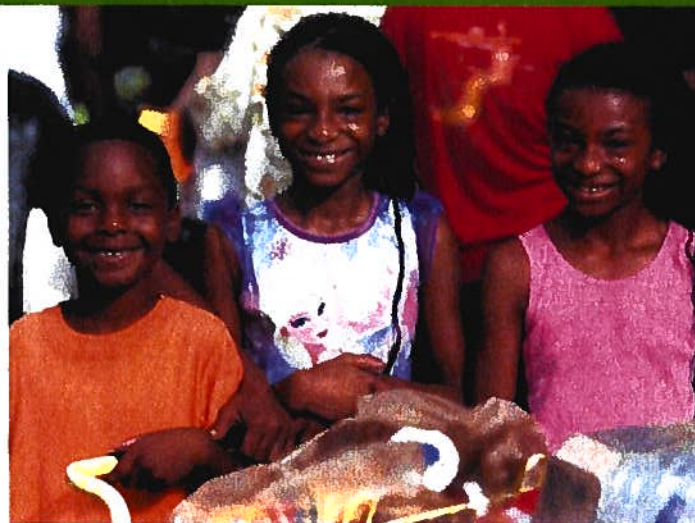
Phone: 904-513-1333

To combat the cheaper, highly processed food items that are regularly distributed to low income households, Feeding Northeast Florida is focused on nutrition education. The nutrition program recognizes that distributing healthy whole foods is half the battle. They are dedicated to providing the resources needed to prepare, cook and serve the healthy food that they distribute. Through their recipe database, they've created healthy ways to prepare the most common foods. Working with local grocery stores, manufacturers, and farms Feeding Northeast Florida rescue high-quality food that would normally be wasted and transform it into meals for those in need. By connecting millions of pounds of rescued food to a network of over 150 social service agencies and programs like City Rescue Mission, The Sulzbacher Center and The Salvation Army, these hunger-relief partners are able to provide not only food to those in need, but services that can help these families and individuals end the cycle of poverty - including job training or placement, low-cost childcare, SNAP benefits, medical care, affordable housing and counseling.

Fresh Access Bucks

Website: <https://www.foginfo.org/our-programs/fresh-access-bucks/>

Fresh Access Bucks makes fresh, local produce more affordable and accessible to low income families while supporting Florida's farmers and enhancing our local economies. It does so by increasing the purchasing power of Supplemental Nutrition Assistance Program (SNAP) participants by providing a one-to-one match for Florida grown fruits and vegetables. A SNAP card-holder who spends \$10 of their SNAP benefits at a participating market receives an additional \$10 to purchase fresh, local produce.



White Harvest Farms

Website: <http://theclearwhitemission.org/explore/programs/white-harvest-farms/>
Location: 5232-5298 Moncrief Rd. Jacksonville, Fl. 32209
Phone: 904-354-4162

Clara White Mission's newest program, White Harvest Farms, was developed to provide fresh food options in a community in which fresh, affordable food is difficult to obtain; and they offer job training for homeless low-income veterans.

Northeast Florida Healthy Start Coalition

Website: <http://nefhealthystart.org/for-women/magnolia-project/>
Location: 644 Celery Blvd. Ste. 210 Jacksonville, Fl. 32211
Phone: 904-723-5422



The NE Florida Healthy Start Coalition facilitates the Magnolia Project, an initiative designed to improve the health and well-being of women during their childbearing years in Health Zone 1. Their goal is to work with women to address risk factors (pregnancy intervals, nutrition issues, substance/alcohol abuse, psychosocial problems, family planning and other issues) that impact their health and may affect a future pregnancy.

Junior League of Jacksonville, Kids in the Kitchen Program

Website: <https://www.jljacksonville.org/community/kitk/>
Location: 2165 Park St. Jacksonville, Fl. 32204
Phone: 904-387-9927

Junior League of Jacksonville is committed to bettering the lives of Northeast Florida's children by championing Kids in the Kitchen. Kids in the Kitchen is an initiative of the Association for Junior Leagues International to reverse the national crisis of childhood obesity and poor nutrition. Kids in the Kitchen takes place in public schools and recreation centers throughout our community. Junior League of Jacksonville members design and deliver fun, interactive curriculum to inform children (and consequently, their parents) about nutrition and healthy habits. They conduct cooking classes, provide recipes for healthy eating and offer tips for the whole family.



Aging True Community Senior Services

Website: <https://www.agingtrue.org/programs-services/meal-services-for-seniors/>
Location: 4250 Lakeside Dr. Ste. 116 Jacksonville, Fl. 32210
Phone: 904-807-1203

The Aging True Community Senior Services nutrition program provides each client a registered dietitian who creates monthly menu plans specifically designed to strengthen and support senior health, and promote vitality and well-being. These nutritious meals are prepared at our centrally located facility for our Meals on Wheels program, the Cathedral Café at Cathedral Residences and CathedralCare.

Healthy Jacksonville Childhood Obesity Prevention Coalition

Website: <http://hjcopc.org>

Location: 900 University Blvd. N. MC42 Jacksonville, Fl. 32211

Phone: 904-253-2520

The Healthy Jacksonville Childhood Obesity Prevention Coalition (HJCOPC) is a public-private partnership devoted to reducing and preventing childhood obesity in Duval County. Citizens, business leaders and community organizations work to create healthy environments for children and families through advocacy, education, policy development and cultural changes. This program educates and increase awareness among Duval county citizens, community groups, organizations, parents, educators and businesses about the issue of childhood obesity and its negative impacts in Jacksonville.

Veterans Farm in Jacksonville

Website: <http://veteransfarm.org>

Location: 9526 Argyle Forest Blvd. Ste. B2 #321 Jacksonville, Fl. 32222

Veterans Farm offers a beginning farmer fellowship program that is intended to develop solutions that enables veterans to overcome physical and mental barriers. During this program veterans are taught the skills that are needed to start their own local farm, or work for larger farming organizations.



Jax Cooking Studio

Website: <https://jaxcookingstudio.com>

Location: 14035 Beach Blvd #6 Jacksonville, Fl. 32250

Phone: 904-742-5906

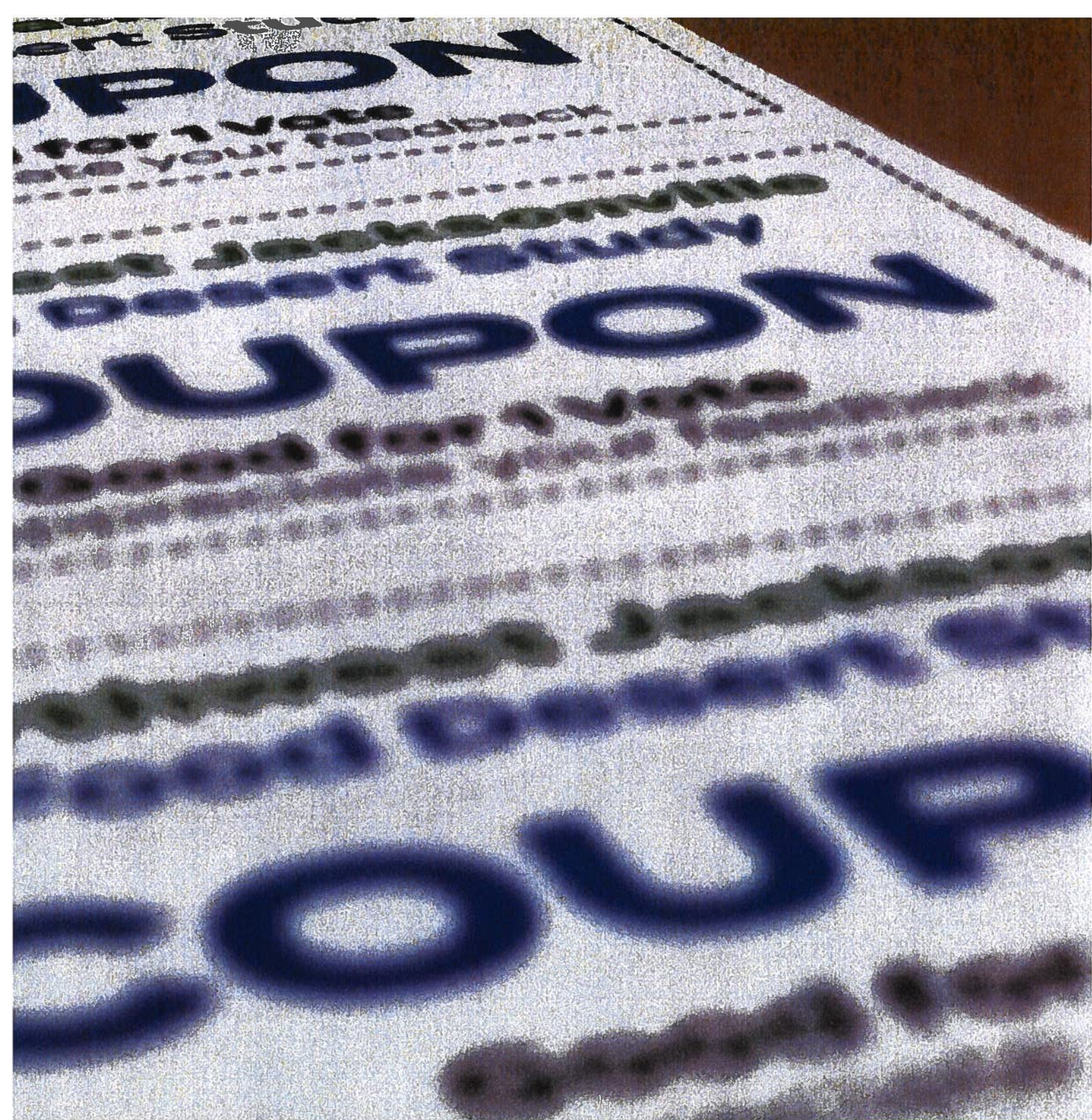
Jax Cooking studio offers classes for adults and children who desire to learn how to transform fresh, raw ingredients into tasty, nutritious meals. Each class is conducted by a chef or dietitian who prepares fresh menus, creates step-by-step recipes, introduces global flavors and ensures each meal is budget friendly.



Why is it important to eat vegetables?

We commend these organizations for offering programs on education and nutrition. According to the USDA, www.choosemyplate.gov, eating vegetables provide key health benefits:

- Eating a diet rich in vegetables and fruits as part of an overall healthy diet may reduce risk for heart disease, including heart attack and stroke.
- Eating a diet rich in some vegetables and fruits as part of an overall healthy diet may protect against certain types of cancers.
- Diets rich in foods containing fiber, such as some vegetables and fruits, may reduce the risk of heart disease, obesity, and type 2 diabetes.
- Eating vegetables and fruits rich in potassium as part of an overall healthy diet may lower blood pressure, and may also reduce the risk of developing kidney stones and help to decrease bone loss.
- Eating foods such as vegetables that are lower in calories per cup instead of some other higher-calorie food may be useful in helping to lower calorie intake.

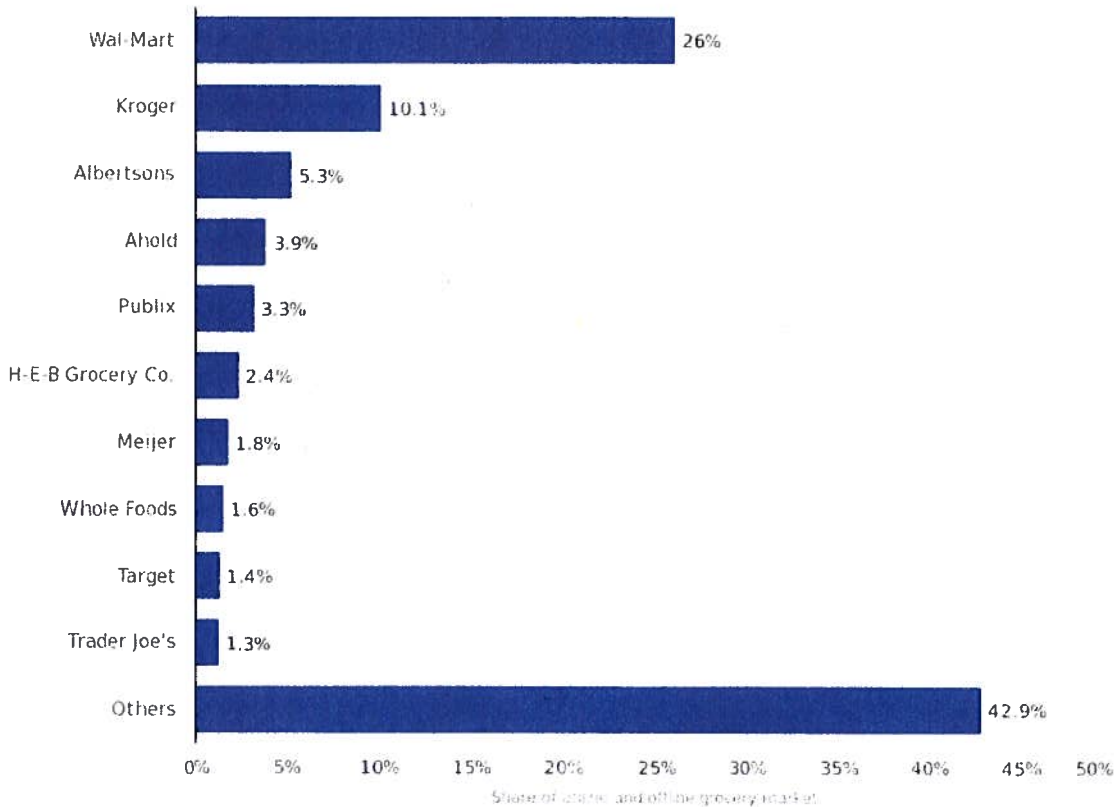


SECTION 3: FOOD INDUSTRY/SUPERMARKET TRENDS

Section 3: Food Industry/Supermarket Trends

American consumers spend over \$5.3 trillion on retail and food service products each year. Leading food retailers in the United States include Kroger, and Walmart. Publix dominates the Florida market with 779 supermarkets or 67% of all its stores located in Florida.⁵ Supermarkets are undergoing a major disruption in their industry given emerging technology and evolving consumer demands and demographics.

Online and offline grocery market share of leading food retailers in the United States in 2017



Sources

Bloomberg, Internet Retailer - European
 IT Status 2016

Additional Information:

Global Online Retail Market - European
 2017

The industry is losing market share and facing increased competition from major online retailers like Amazon, which purchased Whole Foods in 2017, as well as growing discount chains. Traditional grocery stores like Publix are competing with dollar stores, drug stores, specialty food stores, restaurants, convenience stores and smaller online retailers.

5 2017 Annual Report. Publix (www.publixstockholder.com) 01 Dec. 2018

The cost of convenience

As the grocery industry changes, low-income communities will become more challenged in attracting the mix of goods and variety of stores experienced in many suburban communities. These supermarkets have focused on convenience and variety by offering their customers access to pharmacies, organic, natural and prepared hot foods, clinic and banking services, including online and home delivery services.

In an article published in Forbes, Melissa Anders outlined "4 Ways Your Grocery Store May Change in 2018." The stores that survive will be ones that meet the expectations and desires of the changing consumer, said industry expert John Karolefski of GroceryStories.com.⁶ These four factors include:

1. **Online Shopping:** Smart grocers will offer a variety of ways for customers to purchase their products, including buy online for home delivery, order online for in-store pickup or curbside pickup. To illustrate the industry's frenzy on delivering convenience to its customer, Target bought Shipt (an Internet delivery service company) in December 2017 for \$550 million. It was one of the largest acquisitions at the time by Target and it moved the retail giant closer to its goal of providing same-day delivery for all its customers.

Walmart is another example of the focus on online shopping or e-commerce. Walmart is the world's largest brick-and-mortar retailer and is also one of the fastest growing e-commerce organizations. Walmart.com, sees up to 100 million unique visitors a month, according to comScore, and is growing every year.

2. **Payment Technology:** For the majority of customers who still shop in-store, supermarkets are looking to streamline the checkout process. Grocers are focused on tech-savvy millennial shoppers and are developing payment systems for phone apps to scan and go through a self-checkout system. In 2016, Amazon announced a new store concept: Amazon Go as a new kind of store featuring the world's most advanced shopping technology. No lines, no checkout – just grab and go. Amazon, with about \$100 billion in sales, shook up the grocery industry when it acquired Whole Foods. All major grocers are investing in technologies for online shopping, deliveries and improved operating efficiencies.
3. **Meal Kits:** The \$2.2 billion meal kit market, which includes companies like Plated and Blue Apron that send ready-to-make meals to customers' doorsteps, represents a tiny fraction of the \$5.3 trillion food industry, but it's expected to grow between 25 and 30 percent in the next five years, according to food industry consulting firm Pentallact Inc. Kroger and Publix have begun offering their own meal kits in stores, and Karolefski predicts more grocers will follow suit in 2018.
4. **In-Store Dining and Drinking:** Supermarkets are finding ways to make their stores more inviting places to shop through in-store bars and dining areas. The founders of Lucky's Market created a supermarket that offers natural and organic foods with in-store dining and drinking areas. They offer a variety of cooked and prepared foods for at-home dining.

Consumers are willing to pay a premium for the cost of convenience. Thus, allowing grocers to earn a higher margin. Consumers in lower-income areas may value costs over convenience. Further, very low-income families may have limited access to the internet or smart phones which could increase the gap of healthy food availability in impoverished areas. The perception of crime in a given area may thwart deliveries as well.

6 Anderson, Melissa. 4 Ways Your Grocery Store May Change in 2018. Forbes (www.forbes.com) 20 Jan. 2019

PROFITS AND DEVELOPMENT COSTS

Reporting profitable earnings is important to grocery retailers. Attracting equity through stock offerings provides the cash needed to grow stores and increase market share. As discussed below, low-income communities are disadvantaged in getting new grocery stores to open in their areas given income disparities when household income alone is isolated as the key variable for a store's sales projection.

At TBCG, we understand the importance of attracting convenient grocery operations to low-income communities. All major grocers operate in multiple states. These grocers select markets within those states that provide the highest returns on investments. It is important to note that stores located in low-income communities are not necessarily unprofitable. Rather, the goal of growing more of these stores in low-income communities is a competition for capital where grocers are operating in many markets among multiple states. To incentivize a grocer to select a food desert area requires strategies to reduce the grocer's cost of development and annual operating expenses. To further clarify, we offer a brief economic profile of the industry to help the reader understand the resources and other factors that are required to secure a grocery store in target areas.

The retail sale of grocery items is a low margin business and grocers rely on stores generating significant sales per square feet for profitability.⁷ Publix, for instance, reported a gross margin profit of 27%.⁸ This means that if a store sold all its groceries for \$1 million, then the average profit margin was \$270,000 to cover labor costs and other operating expenses. Further, these stores must meet a minimum return on investment or achieve a required net profit set by corporate management to remain open and meet shareholder expectations. Because of low margins, the volume of total sales generated in a store is critically important. In the Publix example, gross margin of 27%, \$10 million in sales volume for a particular store would produce \$2.7 million in gross margin to cover expenses and return a profit.

Because of low margins, the volume of total sales generated in a store is very important. Using a gross margin of 27% in the Publix example above, let's assume that "Store X" must generate an annual gross margin of \$2.7 million to cover overhead (rent, labor costs, taxes and management assigned profit). Store X must then gross total sales of \$10 million to meet performance expectations. Stores that generate less sales volumes or higher operating costs than expected, and not meeting other performance measures set by management, could potentially close.

For grocers, each store must generate positive cashflow as measured by EBITDA. EBITDA is an abbreviation for "earnings before interest, taxes, depreciation and amortization". The EBITDA to sales ratio is a financial metric used to assess a company's profitability by comparing its revenue with earnings. The purpose of EBITDA is to report earnings prior to certain expenses that are considered uncontrollable. According to Forbes Magazine, the grocery industry averaged an EBITDA Margin (EBITDA/Total Revenues) of 3.62%. Industries with low EBITDA margins, like grocery stores, must rely on high sales volume to be profitable.

EBITDA can be thought of as the cash a business generates that is available to:

- Add more inventory
- Add more receivables
- Replace property, plant, and equipment
- Add more property, plant, and equipment
- Pay interest
- Pay taxes
- And finally: pay owners

7 Bierman, Libby and Sageworks Stats. Who Has the Lowest EBITDA Margins? Forbes (www.forbes.com). 20 Jan. 2019
8 2017 Annual Report. Publix (www.publixstockholder.com) 01 Dec. 2018

What factors go into a grocer staying at a location?

The store must be profitable

- **Sales volume matters**
- **The retail sale of grocery items is a low margin offering**
- **Publix, for instance, reported a gross profit of 27%**
- **This means that once goods are sold, \$0.27 of each dollar remains to pay for labor, electric and other operating expenses; including shareholders**

Source: Publix 2017 Annual Report

SITE SELECTION CRITERIA OF MAJOR GROCERS

Building a store is a large and significant investment. The development of a grocery store is very expensive and capital intensive. Traditional grocery retailers have an urban model that is smaller than suburban superstores. The size of these urban stores can range from 20,000 square feet to 38,000 square feet. The cost of construction and equipment alone can cost as much as \$7.25 million for a 25,000 square foot store (\$290/square feet). The other variable cost is land and the suitability of utilities, road and traffic signalization. Operating costs can be high given labor expenses, rental expenses, property taxes and utilities.

We urge Jacksonville to not define the success of its Healthy Food Financing Program based solely on securing a major grocer into a targeted area. There are too many factors beyond the government's control and the undertaking can be costly. Similarly, as illustrated in our case study for the city of Baltimore (see page 34), a successful program means supporting a variety of initiatives.

Each grocer requires a variety of information which stems from evidence of site control and site plans, to maps and demographic data. Any program sources provided by the city for attracting a grocery store to a targeted area should include these criteria as a condition for funding:

EXAMPLES OF REAL ESTATE CRITERIA FOR MAJOR SUPER MARKETS SITE SELECTION CRITERIA

CRITERIA	PUBLIX	ALDI	WALMART NEIGHBORHOOD
Site Plan/Site Control Proof	Required	Required	Required
Property Boundary/Location	Required	Required	Required
City Map with Property Marked	Required	Required	Required
Aerial Photography	Required	Required	Required
Minimum Store Size (square feet)	28,000	22,000	38,000
Minimum Dedicated Parking	121 spaces	95 spaces	164 spaces
Pad Size Minimum		2.5 acres	
Frontage Requirement		103'	
Population within 3 Miles (Dense)	1, 2 & 3 miles	Dense	3 miles
Zoning (Beer & Wine Ordinance)	Required	Required	Required
Traffic Count/Day		20,000 vehicles	
Trade Area Map	Distance of site to other grocers		
Incentive Eligible Area (CRA, NMTCS, OZ)	Denote	Denote	Denote

Publix

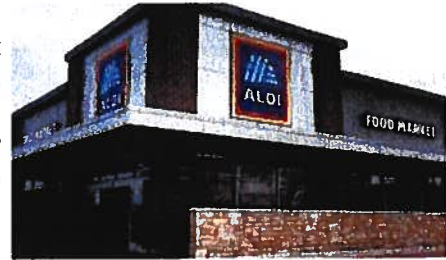
At year-end 2017, Publix operated 1,167 stores in seven southeastern states with most of its stores in Florida (779 supermarkets or 67%). They opened 44 new stores and closed 13 stores. Publix is the largest employee-owned grocery chain in the United States. Publix's urban prototype is typically a 20,000 square foot store and is designed around the communities they support. The GreenWise Market concept, for instance, is Publix's focus on specialty natural and organic products. The GreenWise brand includes a line of USDA Organic, free-form products sold in Publix stores. "Our new GreenWise Market concept celebrates

specialty, natural and organic foods, and we think foodies and health-conscious customers alike will love what the store will offer," said Kevin Murphy, Publix senior vice president of retail operations.⁹ There are two Publix supermarkets operating in Northwest Jacksonville at 1100 Dunn Ave Bldg 100, Jacksonville, FL 32218 and 5210 Norwood Ave, Jacksonville, FL 32208.



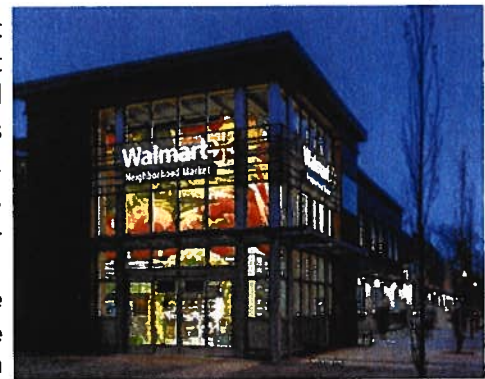
ALDI

The first ALDI store opened in 1961 in Germany, making ALDI the first discounter in the world. Headquartered in Batavia, Illinois, ALDI now has more than 1,600 stores across 35 states, employs over 25,000 people and has been steadily growing since opening its first US store in Iowa in 1976.¹⁰ ALDI offers a no-frills grocery shopping experience with more than 90 percent of the groceries offered under the ALDI exclusive brands. There are no ALDI stores operating in Northwest Jacksonville.



Walmart Neighborhood Market

Walmart has the nation's largest grocery market share. Walmart Neighborhood Markets were designed in 1998 as a smaller-footprint option for communities in need of a pharmacy, affordable groceries and merchandise. Each one is approximately 38,000 square feet and employs up to 95 associates. Walmart Neighborhood Markets offer fresh produce, meat and dairy products, bakery and deli items, household supplies, health and beauty aids and a pharmacy. Sam's Clubs are membership-only retail warehouse clubs owned and operated by Walmart Inc.¹¹ There are two Walmart Superstores operating in Northwest Jacksonville at 12100 Lem Turner Rd, Jacksonville, FL 32218 and 13227 City Square Dr, Jacksonville, FL 32218. There is one Sam's Club located at 300 Busch Dr, Jacksonville, FL 32218.



⁹ News Article. <http://corporate.publix.com/about-publix/newsroom/news-releases/publix-announces-additional-greenwise-market-location>

¹⁰ About ALDI. www.aldi.us 20 Jan. 2019

Discount Retailers

The retail grocery industry is losing market share to discount chains, dollar stores, drug stores, specialty food stores, restaurants, convenience stores and online retailers. As the grocery industry changes, low-income communities will become more challenged in attracting the mix of goods and variety of stores experienced in many suburban communities. The household income and education attainment levels of low-income communities, compared to more affluent households, are two critical factors causing the disparity of retail grocery services in low-income areas. Discount retailers, however, find low-income markets more sensitive to price than brand names. Thus, these stores have greater market share in low-income communities than traditional grocery retailers.



Northwest Jacksonville is served by 247 convenience stores that accept EBT cards (Electronic Benefit Transfer - a system for issuing welfare payments electronically, by means of a payment card that recipients use to make purchases). The sheer magnitude and concentration of these stores in food deserts would improve access to healthy food options if these stores sold fresh foods and vegetables. Dollar Tree acquired Family Dollar and together these banners operate 26 stores in Northwest Jacksonville representing the single largest retailer by number of stores operating in the Northwest area. The next largest operator is Dollar General with 12 stores.

TBCG geo-coded the stores accepting SNAP benefits. See Section 2 for TBCG's analysis of convenience stores that accept EBT cards.

The income disparity between lower earning housings in comparison to more affluent households creates a market imbalance. This is shown by simply comparing what households spend on groceries or eating food at home. According to the U.S. Bureau of Labor Statistics, in 2015, the average American household spent about 7% of its total budget on food. These expenditures varied by household income: a US household earning \$91,764 (or 153% of Duval County's Median Family Income (MFI)¹²) spent an annual average of \$5,169 on food at home or 5.6%. A lower income household, at \$38,899 (or 65% of MFI) in annual income, spent \$2,801 or 7.2%.

11 <https://corporate.walmart.com>

WHY ARE LOW-INCOME AREAS TYPICALLY UNDER-SERVED?

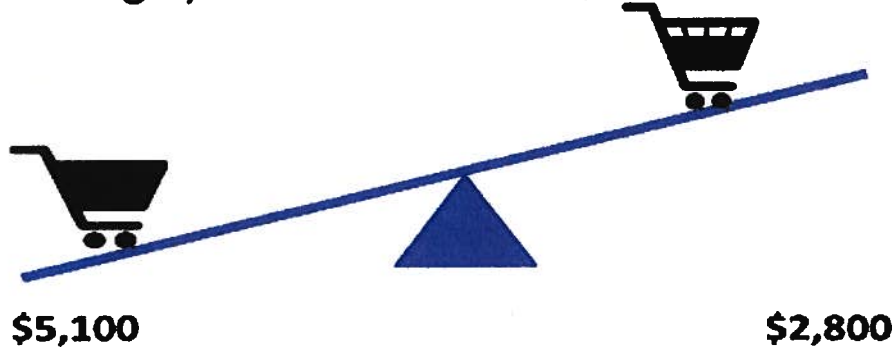
If a grocer needs to generate \$10 million in sales to break even (or achieve its targeted EBITDA) and is in an area where household income is at \$91,764, the store will need to serve 1,935 customers (spending \$5,169) on food at home). In comparison to a low-income community, where household income is \$38,899, this community needs to generate 3,570 customers or 1.84X more customers than the more affluent area to gain the same \$10 million in sales. This simple calculation doesn't account for all factors; however, it does illustrate the market imbalance of low-income communities when trying to attract major grocers based on household income alone.

Why are low-income areas typically underserved?

Household Grocery Budget Imbalance

Higher Earners - \$92K
(5.6% of budget)

Lower Earners - \$39K
(7.2% of budget)



Source: 2015 US Bureau of Labor Statistics

Do Grocers Deliver in Northwest Jacksonville?

Yes! Our research shows that major grocers and transportation services include deliveries for residents in the Northwest area. The extent to which residents in Northwest Jacksonville have ready access to computers, the internet and useful apps (known as the “digital divide”) was not measured under the program scope for TBCG. The digital divide is economic and social inequality in the access to, use of, or impact of information and communications technology.¹³

Further, our research denoted that all online deliveries must be transacted by a debit or credit card. Our research did not assess the degree of the unbanked population. According to the Federal Deposit Insurance Corporation (FDIC), an unbanked population represents the proportion of U.S. households that do not have an account at an insured institution. In 2017, the FDIC estimated that 6.5 percent of households in the United States were unbanked. This proportion represents approximately 8.4 million households. An additional 18.7 percent of U.S. households (24.2 million) were underbanked, meaning that the household had a checking or savings account but also obtained financial products and services outside of the banking system.



In Section 4 of this report, we recommend consideration of a program to provide funding for food delivery programs, whether transmitting groceries to customers or shared ride initiatives bringing customers to a full-service retail grocer. We recommend the support of food delivery programs as a strategy to aid residents lacking affordable vehicle access; including program options to close the gap in the digital divide that may exist in low-income households. It is important to ensure that low-income residents, without access to a vehicle, laptop or smart phone, are not unintentionally disadvantaged by the grocery industry’s focus on technology in the delivery of fresh foods and groceries. Our research noted that major grocers are enhancing their “brick and mortar” operations by adding online options for delivery at home or pick-up curbside, including high-tech payment and checkout systems. We recommend innovative and effective food delivery programs as a component strategy to Jacksonville’s potential program offerings.

WHO DELIVERS GROCERIES IN NORTHWEST JACKSONVILLE?

InstaCart

A markup is added to item prices to cover the cost of the Instacart service. Prices are based on data collected in store and are subject to delays and errors. InstaCart has secured contracts with major grocers across the state and country to delivery groceries.



All orders must be \$10 or more. Per InstaCart.com and InstaCart personnel, they provide delivery services for Publix, Aldi, Whole Foods and a variety of others in select zip codes. InstaCart only delivers from participating retailers. In the event a specific store does not participate, InstaCart will not send their InstaCart shoppers (contractors) to that particular store.

InstaCart does deliver to Northwest Jacksonville. InstaCart Express costs \$99 per year and offers unlimited free grocery delivery on orders of \$35 or more with no service or default delivery fee. Orders under \$35 are subject to a \$3.99 delivery fee. Monthly Express membership is \$9.99. The delivery window starts at 9:00am and can run as late as midnight, depending on the customer’s local store hours.

13 “Digital Divide,” www.Wikipedia.org

Shipt is a membership-based grocery delivery service company and was recently acquired by Target. Shipt delivers to Northwest Jacksonville. Shipt's annual plan is \$99 per year and the monthly plan is \$14.00 a month. The membership subscription includes free delivery for orders of \$35 or more. Orders below \$35 have a \$7 delivery fee. Members can expect to pay about \$5.00 more using Shipt than they would on a \$35.00 order purchased in the store themselves. When ordering from select retailers, a small service fee will be added at checkout.



SHIPT

Local Fare Jax

Local Fare Jax is a local, seasonal and healthy grocery delivery service that delivers fresh produce and farm products. Local Fare Jax serves the greater Jacksonville area including Jacksonville, Ponte Vedra, Nocatee, Saint Johns, Orange Park, Oakleaf, Fleming Island, Middleburg, Green Cove Springs, Jacksonville Beach, Atlantic Beach and Neptune Beach. This service is membership based and deliveries occur weekly, bi-weekly, every 3 weeks or monthly. Local Fare Jax does deliver to Northwest Jacksonville. (Spoke with Local Fare Jax representative). There are no delivery fees. There is no financial commitment. Customers have the option to stop their deliveries or skip a week whenever they need to. Local Fare Jax asks for a 48-hour notice of cancellation.



Local Fare Jax offers 4 bag size options that include a variety of grocery combinations and delivery options. The 4 bag options are below.

1. The basic - \$24.00 Includes: 5 different varieties of local fruits & vegetables. Bread not included. Weekly online newsletter with chef created recipes. Feeds 2-3 people.
2. The standard - \$29.00 Includes: 7-9 different varieties of local fruits & vegetables. 1 Loaf of handcrafted bread from the french pantry. Weekly online newsletter with chef created recipes. Feeds 2-3 people.
3. The double - \$39.00 Includes: 7-9 different varieties of local fruits & vegetables. 2 Loaves of handcrafted bread from the french pantry. Weekly online newsletter with chef created recipes. Feeds 4-5 people.
4. The triple - \$49.00 Includes: 7-9 different varieties of local fruits & vegetables. 3 Loaves of handcrafted bread from the french pantry. Weekly online newsletter with chef created recipes. Feeds 5-7 people.

Community Courier Jacksonville

Community Courier Jacksonville is a grocery shopping and restaurant delivery service that delivers to the urban core, including downtown, Avondale, Riverside, Murray Hill, and Springfield. Community Courier currently delivers from the following stores:

Grassroots-150 Riverside Ave #200, Jacksonville, FL 32202

Harveys-777 N Market St, Jacksonville, FL 32202

Publix-2033 Riverside Ave, Jacksonville, FL 32204

Fresh Market-150 Riverside Ave #200, Jacksonville, FL 32202

No memberships are required. The grocery service fee is \$7.50 plus 15% of the order total prior to any coupons or discounts.



Amazon Prime

Amazon prime delivers from Whole Foods. They deliver to Northwest Jacksonville, Fl. Currently, members of Amazon's Prime subscription program can enjoy two-hour delivery of groceries from Whole Foods for free, and ultra-fast delivery within one hour for \$7.99 on orders of \$35 or more. An Amazon Prime membership costs \$119 annually – up \$20 as of May – or \$12.99 per month.



Front Porch Pickings

Front Porch Pickings is a membership-based delivery service that delivers farm boxes filled with hand-picked produce from a local farm. Front Porch Pickings serve customers in Duval, St. Johns, Flagler, and Volusia counties. North Jacksonville is listed on their delivery map. Their produce box options include the following:

There is a one-time \$25 member fee at the time of your registration. Delivery fee is included in the box price.

The Basic Box - \$28 The Basic Box features 8-10 varieties of locally-grown vegetables and fruit. This option usually features a salad green, cooking green, one to two kinds of fruit, a few of our most loved veggies and weekly email newsletter.

The Better Box - \$37 The Better Box features 10-12 varieties of locally-grown vegetables and fruit. Additional favorites such as fruit in larger serving sizes, bread from French Pantry or Village Bread Bakery and weekly email newsletter.

The Big Box - \$48 The Big Box features 12-14 varieties of locally-grown vegetables and fruit, bread from French Pantry or Village Bread Bakery, and weekly email newsletter. In addition, this box may contain produce such as roselle, turmeric; plus, local goods such as honey, jam and cheese.

Walmart Delivery

Walmart delivers items to select areas in Jacksonville, Fl. The Walmart on Lem Turner Rd. does deliver to Northwest Jacksonville. No membership is required. The minimum order amount for delivery is \$30. The delivery fee varies, and is based on the time slot that is selected. The delivery fee for your individual order is shown at checkout.

Postmates

Postmates is a restaurant and grocery delivery service. No membership is required. The Postmates delivery fee is \$1.99-\$3.99 for Partner Merchants (look for the green check mark next to their name) and \$5.99-\$9.99 for all other merchants. In addition, a variable percentage-based service fee is applied to the purchase price of your items. Both fees will always be shown for the customer's review at checkout. During peak order times, delivery prices may surge. Postmates Unlimited is a subscription option that is \$9.99 a month or \$95.88 a year. Postmates Unlimited offers free delivery on all orders over \$15, no minimum cart fee, no price increases during surge hours and exclusive access to discounts. During certain times of the day, grocery store delivery is unavailable. (An attempt to order from Publix and Winn Dixie around 4pm and received a message stating those stores were unavailable.)

Postmates delivers from:

- Community Couriers Jacksonville (grocery)
- Front Porch Pickings (grocery)
- Bite Squad (restaurants)
- Amazon Prime (Whole Foods grocery)
- Walmart Delivery (grocery)
- GrubHub (restaurants) Uber Eats (restaurants)



Front Porch
PICKINGS

EST 2011



POSTMATES

WHAT ARE OTHER CITIES DOING TO COMBAT THE LACK OF FOOD ACCESS?

Cities across America are improving food environments by supporting nutrition education in schools; working with corner store owners to increase healthy offerings and helping customers make healthier choices; providing financial support to farmers markets in communities that lack access to affordable produce; and encouraging grocery store development in underserved communities.¹⁵ TBCG spoke with local government officials and representatives from national organizations associated with the Local Initiatives Support Corporation (LISC) and the Food Trust for names of cities that have enacted programs to address food deserts in their communities. These programs often take significant time and effort to establish. They are generally done in partnership with various organizations, including State Governments. They can require continuous significant public investment. Our research has led to a variety of different programs funded by cities that can be grouped into four categories:

1. Funding for grocery stores that agree to set up shop in areas that lack access to food.
2. Funding to improve inventory at corner stores and public markets to improve the variety and quality of food they stock in neighborhoods that lack a grocery store.
3. Funding to create, expand and support farmers markets.
4. Transportation initiatives to get residents to grocery stores beyond walking distance.

Baltimore, MD

The City of Baltimore has one of the most comprehensive programs in the country offering programs that include policies on food nutrition, financing opportunities, virtual markets where groceries are ordered online and delivered to community locations, and a community food policy action coalition. In 2015, a report by researchers at the Johns Hopkins Center for a Livable Future (CLF), in collaboration with the Baltimore Food Policy Initiative (BFPI), found that one in four of the city's residents lives in a food desert with limited access to healthy foods. The report found that in Baltimore, 34 percent of African-Americans live in food deserts, compared to only eight percent of white residents. Children are also disproportionately affected, with 30 percent of the City's school-aged children living in food deserts.¹⁶

BFPI is a collaboration between the Department of Planning, Office of Sustainability, The City of Baltimore Health Department and Baltimore Development Corporation that draws on the expertise of each to use food as a lens to examine and address the systems that perpetuate food environment disparities.¹⁷ BFPI has adapted a Healthy Food Environment Strategy that addresses aspects of food access beyond food retail including food assistance and food production, as well as the processes necessary to engage stakeholders across the food system. Below are the eight priorities of BFPI's Healthy Food Environment Strategy:

1. Support resident-driven processes to guide equitable food policy, priorities and resources. (Engage resident in policymaking)
2. Improve small grocery, corner and convenience stores' retail options. (Use federal nutrition assistance programs as a framework for increasing healthy food at stores)
3. Retain and attract supermarkets. (Providing money and tax credits in Grocery Incentive Areas)
4. Increase the ability of the public markets to anchor the healthy food environment. (Leverage public markets to support small food business)
5. Implement supply chain solutions that support healthy food distribution and small businesses. Supply

15 <http://thefoodtrust.org>

16 <https://www.jhsph.edu/research/centers-and-institutes/johns-hopkins-center-for-a-livable-future/news-room/News-Releases/2015/1-In-4-Baltimore-Residents-Live-Food-Desert.html>

17 <https://planning.baltimorecity.gov/baltimore-food-policy-initiative>

chain practices favor large retailers over small ones because of purchase power differences. (Create structural change in supply chain and distribution)

6. Maximize the impact of nutrition assistance and meal programs. (Increase the impact of SNAP and WIC)
7. Support urban agriculture, emphasizing historically disenfranchised populations and geographies. (Increase opportunities for growing, buying and selling locally grown and produced products)
8. Address transportation gaps that impact food access. (Support innovative strategies and organizations creating transit-related solution)

BFPI produces an annual report to highlight the progress towards the Healthy Food Environment Strategy. The January 2018 report denoted accomplishments made since the 2015 Reported Findings. A few accomplishments reported include:¹⁸

- Passed and implemented the Personal Property Tax Credit for Supermarkets and created the Grocery Incentive Area. The Baltimore Development Corporation implements this key legislation, which was passed in 2016. It has resulted in the construction of one new supermarket, which serves East Baltimore, including 5,000 residents (Retain and attract supermarkets)
- Engaged 17 stores to stock and sell fruits, vegetables, whole grain foods, low-fat milk and dairy and healthy snacks and drinks as a part of The City of Baltimore Health Department Baltimarket Healthy Stores Program (Improve small grocery, corner and convenience stores' retail options)
- Partnered with the Central Maryland Transit Alliance to conduct an analysis on the impact of the new BaltimoreLink bus system on food access. Advocated for improvements to bus routes based on these findings (Address transportation gaps that impact food access)



GROCERIES DELIVERED TO YOUR NEIGHBORHOOD FOR FREE

How far do you travel to buy fresh food?
Ordering groceries from Santoni's Supermarket at your neighborhood school is convenient. School delivery is free!



NO MORE TRIP!
George Washington Elementary School
Order every **Monday, 3:30 PM - 5:30 PM**
Pick up every **Tuesday, 4:30 PM - 5:30 PM**

www.baltimarket.org

FREE DELIVERY AND PICKUP FROM PURCHASE!



Order your groceries here.

Baltimarket
Virtual Supermarket

www.baltimarket.org

18 Baltimore City's Food Environment: 2018 Report. https://www.jhsph.edu/research/centers-and-institutes/johns-hopkins-center-for-a-livable-future/_pdf/projects/bal-city-food-env/baltimore-food-environment-digital.pdf

Oakland, CA

The neighborhood of West Oakland has long been recognized as a food desert, with residents spending around 70% of their grocery dollars annually — an estimated \$42 million — outside the neighborhood. Addressing food deserts in the West Oakland neighborhood has been a community-based focus. Several initiatives were announced and initiated to address the lack of fresh produce and alternatives to fast-food for the West Oakland neighborhood.^{19 3}

People's Grocery: Improving the local food system in myriad ways

Founded in 2003 with the mission of improving West Oakland's health and economy through the local food system, People's Grocery offers food education for local kids to farmers markets that accept food stamps. West Oakland residents can purchase staple foods at wholesale prices through the organization, as well as indulge in days of "meditative weeding" at one of their several community gardens. A key initiative is to continue to revitalize the land around Oakland's California Hotel, which re-opened as an apartment building for low-income residents in 2014. The hotel provides 137 newly renovated and affordable homes. On-site health care and supportive services for residents are provided by Lifelong Medical Care. Ground-floor commercial spaces create opportunities for local businesses. In the back of the hotel is a 9,000-square-foot organic garden operated by People's Grocery, where residents help grow vegetables and raise chickens.



19 "3 Food Initiatives That Could Transform West Oakland's Food Desert." Wheeler, Piper. <https://www.kqed.org>

People's Community Market: Raising more funds for a grocery store

For more than 40 years, the West Oakland neighborhood was without a full-service supermarket until Community Foods Market broke ground in April 2018. The project was spearheaded by Brahm Ahmadi, who co-founded People's Grocery in 2002. People's Community Market launched a DPO (direct public offering) model in November 2012, selling company stock directly to the public at a minimum investment amount of \$1,000. After launching the DPO, the organization raised \$1.2 million by the end of 2013. Investments came from churches, nonprofits and individuals.²⁰

It took 5 years after the initial offering to break ground on the grocery store. People's Community Market aims to increase knowledge around healthier choices with cooking and nutrition classes, as well as providing financial assistance to try new foods. Community Foods customers using SNAP (Supplemental Nutrition Assistance Program) can receive a 50% discount on qualifying fruits and vegetables owing to a partnership with Market Match, a statewide program administered by the Berkeley Ecology Center. Community Foods will also partner with Fresh Life Foundation as a programmatic arm of the store, providing health services like diabetes screening, nutrition and dietary counseling, and asthmatic-related services for children and seniors. There will also be a prepared foods section and a neighborhood café called The Front Porch, which will open one hour earlier and close one hour later than the grocery store. The Front Porch will function as both café and venue, with live music, guest speakers, movie showings and an array of events paired with dinner programs.

Mandela Foods Cooperative

One success story in West Oakland is the Mandela Foods Cooperative, located in a small retail space across the street from the West Oakland BART. The worker-owned shop is ideally positioned to catch foot traffic, and its clever pricing system allows it to sell fresh fruit, vegetables, and other healthy staples at a significant discount, while charging more than usual for more frivolous products, like organic unbleached paper products.²¹



Worker Cooperatives are businesses that are owned and controlled by their members. Mandela Foods Cooperative opened its doors in June 2009; by raising over \$500,000 in grant funds from the city of Oakland, foundations and endowment funds. "Mandela Foods came about really from a community push to begin to address the issues of food insecurity and economic disparities in West Oakland," says Dana Harvey, executive director of Mandela Marketplace, a nonprofit that launched shortly after the worker-owned grocery store to help support it and other food-focused, community-driven initiatives in the area. Harvey and other activists helped lead the creation of the store. "One of the solutions the community identified that would be important is that they should own their own grocery store."²²

20 "After 40 years without a full-scale grocery store, neighborhoods in West Oakland will welcome Community Foods Market." <https://www.berkeleyside.com>

21 "3 Food Initiatives That Could Transform West Oakland's Food Desert." Wheeler, Piper. <https://www.kqed.org>

22 "To End a Food Desert, These Community Members Opened Their Own Store." Peters, Adele. <https://www.fastcompany.com>

Philadelphia, PA

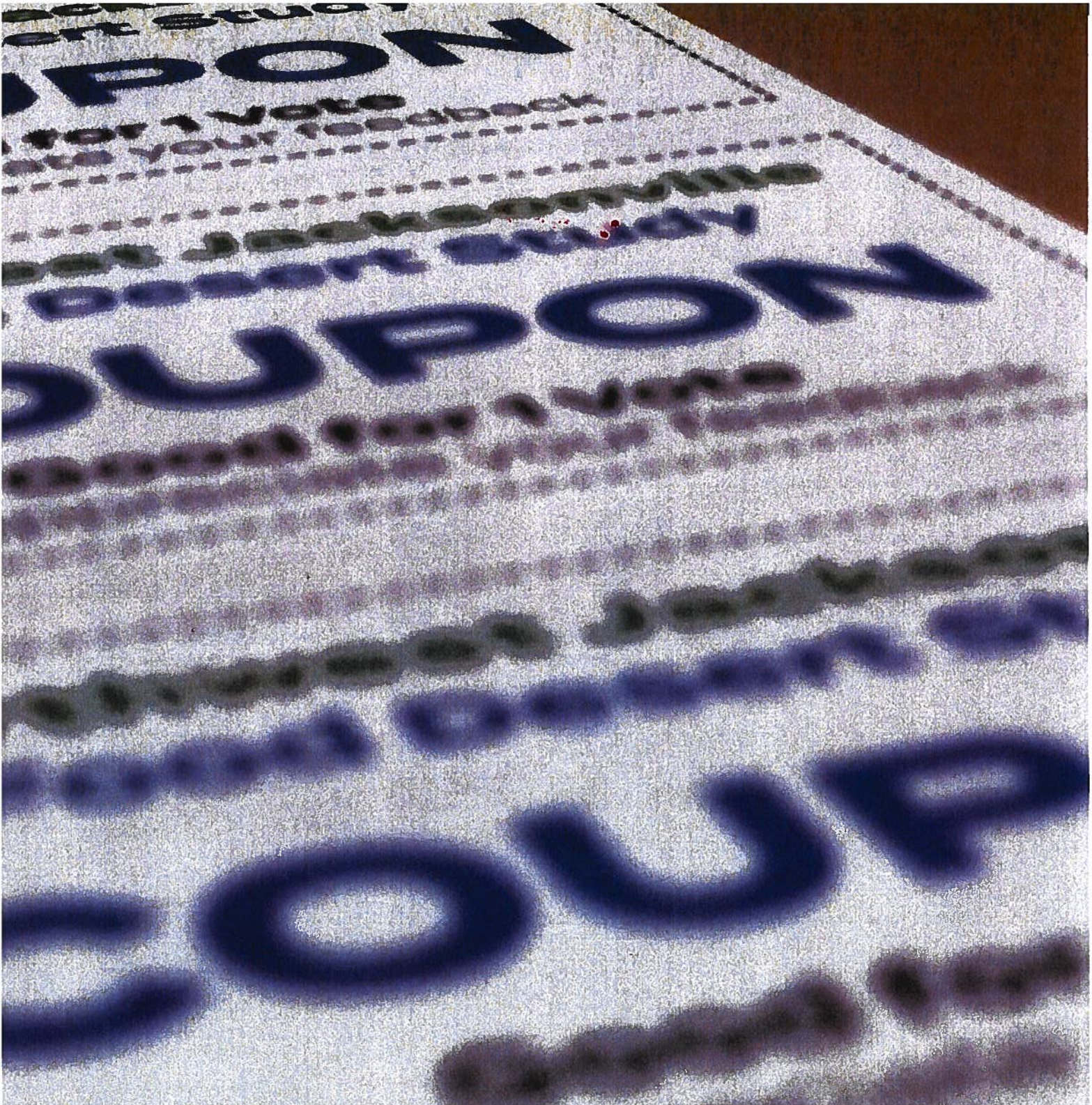
Launched in 2004, the Pennsylvania Fresh Food Financing Initiative (FFFI) was the nation's first statewide healthy food financing program, developed in response to research finding that Philadelphia had the second fewest per capita grocery stores of any large city. The result of advocacy efforts by The Food Trust and the leadership of then State Representative Dwight Evans, the FFFI was seeded with a \$30 million state appropriation to the First Industries Fund — a \$2.8 billion economic stimulus package — to the Department of Community and Economic Development over three years. The initiative was a public-private partnership led by the Commonwealth of Pennsylvania, The Food Trust, Reinvestment Fund and Urban Affairs Coalition. The FFFI provided one-time grants and loans to grocery operators and other healthy food retailers to build or expand markets in lower-income, underserved urban and rural communities. Over six years, the program financed 88 projects, created or retained 5,000 jobs, added 1.67 million square feet of retail space, and increased healthy food access for nearly 400,000 Pennsylvanians.



Recognized by Harvard University's Ash Center as one of the Top 15 Innovations in American Government and the Centers for Disease Control and Prevention in its Showcase of Innovative Policy and Environmental Strategies for Obesity Prevention and Control, FFFI proved that, with public sector funds, grocers and other healthy food retailers could overcome the higher costs — such as land assembly, infrastructure needs, risk management, and workforce development — associated with store development in underserved communities and open profitable businesses.

The success of the model in Pennsylvania has driven the design and creation of similar initiatives. Several states and metropolitan areas have also launched financing programs dedicated to bringing fresh and healthy food to their communities, including California, Colorado, Houston, Illinois, New Orleans, New Jersey, Michigan, Minnesota, Ohio, New York, Virginia, South Carolina and the mid-South states of Louisiana, Mississippi and western Tennessee. As a result of the culmination of local, state and federal healthy food financing efforts, more than one thousand projects have been financed, tens of thousands of jobs created, and millions of healthy food retail square feet added.²³

23 Special Report: HFFI Impacts. <http://thefoodtrust.org>



Section 4: Program Initiatives for Northwest Jacksonville

Section 4: Program Initiatives for Northwest Jacksonville

The City of Jacksonville is considering program options to support the attraction and retention of supermarkets and healthy food programs operating in the Northwest Jacksonville community. The potential programs we recommend below reflect opportunities to attract grocery operations and healthy food programs for Northwest Residents through (1) New Store Attraction or Retention; (2) Delivery & Food Access Initiatives; and (3) Expanded Inventory Offerings.

As shown in our case studies, it has taken cities a significant amount of time and resources to establish effective initiatives that address food insecurity. Program initiatives are typically done in partnership with various organizations, foundations and state and federal resources. A collaborative effort among community stakeholders is vital. We offer several program ideas from our research, experience and meetings with local community stakeholders.

PROGRAM RECOMMENDATIONS AND INITIATIVES

New Store Attraction or Retention Program

Purpose:

Major grocers are operating across the country and have a variety of opportunities to consider, often investing significant dollars in new store openings. It's not that operating a store in a low-income area would be unprofitable, the decision for a grocer is selecting which opportunity would be the most profitable. The purpose of the New Store Attraction or Retention Program (NSARP) is to position the local community to compete for the attraction or retention of a full-service grocery store by reducing the store's cost of development or operating expenses for a site to be selected by a grocery operator.

Goal(s):

1. To increase the number of supermarkets operating in a target market
2. To prevent the closing of a supermarket operating in a target market, potentially causing a food desert
3. To reduce the number of food deserts in the target market

Applicants:

Real Estate Developers, Property Owners, Grocery Store Owners or Operators

Funding Types:

- Grants or Loans for capital investments
- Reimbursements of ad valorem taxes and certain fees paid over a set time
- Any combination of the above

Eligible Activity:

- Fixed Assets Costs: Land, buildings, leasehold improvements and equipment
- Reimbursable Expenses: Impact & Permitting Fees; Infrastructure Costs, including road enhancements, traffic lights, water/sewer, etc.; ad valorem taxes paid

New Store Attraction Criteria:

1. Evidence of grocery store commitment (Letter of Intent)
2. Map Analysis showing distance of nearest competitor
3. Evidence of community commitment (Community Benefits Agreement)
4. Full Service Grocery Store *
5. Other funding sources to meet match requirements

Retention Program Criteria:

1. Documentation that store is closed or potentially closing
2. Map Analysis showing distance of nearest competitor
3. Evidence of grocery store commitment (Letter of Intent)
4. Evidence of community commitment (Community Benefits Agreement)
5. Full Service Grocery Store
6. Other funding sources to meet match requirements

Possible Underwriting Criteria:

1. Located in the Northwest area
2. Site control is secured
3. Other sources of funds for match requirements
4. Evidence of operating income (affiliate support, financial statements – prior years and projected)
5. Location Priority Criteria:
 - In a food desert area as defined by USDA's 1-mile criteria
 - In a census tract where median family income is at or below 60 percent for Duval County
 - In a census tract where the poverty rate is greater than 30 percent
 - In a census tract where the unemployment rate is greater than 1.5 times the national average
 - Is further than a one-mile radius of a grocery store, supermarket or similarly situated competitor
 - Is within a half-mile of a public transit route
 - Situated in a broader redevelopment area - NWJED Fund, CRA or an existing shopping center undergoing renovation
 - Delivery services are offered to neighboring residents in a 3-mile radius
6. Economic Impact Criteria
 - Number of jobs created or retained
 - Projected wages
 - Catalytic Impact: Additional economic activities brought in to complement the project - anchor in a mixed-used development, for example.

** A full service grocery store is a retail store that must stock a minimum inventory in the following food groups: fresh and frozen meats and poultry; canned, fresh, and frozen fruits and vegetables; dairy products; cereals; canned fish; bread products; and infant food and formula.*

Delivery & Food Access Initiatives Program (DFAIP)

Purpose:

Grocers are enhancing “brick and mortar” operations by adding online options for delivery at home or pick-up curbside, including high-tech payment and checkout systems. Proposed Program recommendations are proposed for innovative and effective food delivery programs whether transmitting groceries to customers or shared ride initiatives bringing customers to a full-service retail grocer. The purpose of the DFAI Program is to close the gap in the digital divide that may exist between low-income communities and higher income areas. Also, reducing the cost of deliveries may lower the a barrier to use. The Program is also designed to transport residents to the nearest full-service grocery store when affordable means of other transportation is unavailable.

Goal(s):

1. To increase distribution of healthy food through online orders in the target area
2. To support a system of transport for residents in a target area to a full-service grocery store
3. To support a network of mobile markets serving residents in the target area

Applicants:

Grocery Store Owners or Operators, Eligible/Approved Transportation Providers

Funding Type:

Grants or Loans

Eligible Activities:

1. Online Orders: Funding innovative marketing plans to encourage online use of services offered by area grocery retailers
2. Passenger Subsidies: Funding a shared ride program to assist low income residents transport groceries home by a business licensed and insured
3. Grocery Delivery Subsidy: Funding a delivery program to assist low income area residents obtain groceries at home from an approved transportation provider
4. Mobile Market Offering: Funding an innovative mobile network to improve access of Fresh and Healthy Food Options to low-income area residents from an approved licensed provider

Possible Underwriting Criteria:

1. Located in the Northwest area
2. Other sources of funds for match requirements
3. Evidence of operating income (affiliate support, financial statements – prior years and projected)
4. Service Area Criteria:
 - In a food desert area as defined by USDA’s 1-mile criteria
 - Delivery services are offered to residents in a food desert area and surrounding 3-mile radius
5. Economic Impact Criteria:
 - Compliance reporting showing percentage services in approved service area

Expanded Inventory Offering Program (EIO)

Purpose:

The retail grocery industry is losing market share to discount chains, dollar stores, drug stores, specialty food stores, restaurants, convenience stores and online retailers. As the grocery industry changes, low-income communities will become more challenged in attracting the mix of goods and variety of stores experienced in many suburban communities. Northwest Jacksonville is served by convenient stores that accept EBT cards. The sheer magnitude and concentration of these stores in food deserts would improve access to healthy food options if these stores sold fresh foods and vegetables. The EIO program is designed to expand the inventory offering of stores and specialty markets operating in Northwest Jacksonville that accept SNAP benefits to carry a greater array of fresh foods, meats or vegetables. SNAP, the Supplemental Nutrition Assistance Program, is the program formerly known as food stamps. It is a federal nutrition program that helps eligible families stretch their food budget and buy healthy food. SNAP benefits can be used to purchase food at grocery stores, convenience stores, and some farmers' markets and co-op food programs.

Goal(s):

1. To increase the number of stores offering healthy food inventories in a targeted area
2. To improve the availability of healthy food options to residents in a target area
3. To increase the number of stores/vendors accepting EBT cards

Applicants:

- Local store owners and operators, Vendors accepting EBT payments (or SNAP benefits)
- Community gardens owned, leased or managed by not-for-profit organizations

Funding Type:

- Grant

Eligible Activities:

1. An initial inventory of pre-approved food types
2. Equipment & Refrigeration
3. A display, signage or shelving

Possible Underwriting Criteria:

1. Located in the Northwest area
2. Other sources of funds for match requirements
3. Evidence of operating income (affiliate support, financial statements – prior years and projected)
4. Service Area Criteria
 - Serves a food desert area as defined by USDA's 1-mile criteria
 - Operates in a census tract where median family income is at or below 60 percent for Duval County
 - Operates in a census tract where the poverty rate is greater than 30 percent
 - Operates in a census tract where the unemployment rate is greater than 1.5 times the national average
5. Economic Impact Criteria:
 - Compliance reporting showing percentage services in approved service area

HEALTHY FOOD FINANCING INITIATIVE (HFFI) – OTHER FUNDS

Healthy Food Financing Initiative (HFFI) refers to a policy model, at the local, state, or federal level, that aims to provide financing for healthy food projects. These policies improve access to healthy foods in low-income and underserved areas, create and preserve quality jobs, and revitalize communities by providing loans and grants to eligible fresh, healthy food projects. Projects can include grocery stores, farmers markets, food hubs, co-ops, and other businesses that sell healthy food. This financing allows retailers to overcome the high monetary barriers to entry in low-income urban, suburban, and rural areas that are underserved by healthy food retail.

The Jacksonville Office of Economic Development (OED) is assigned the responsibility to administer Jacksonville's Healthy Food Financing Program as enacted by Ordinance 2018-195-E and \$3,000,000 in funding from the Northwest Jacksonville Economic Development Trust Fund ("NWJEDF") to provide program options for supermarkets and healthy food programs in the Northwest Area. OED has an additional opportunity to leverage NWJED Funds with a host of federal programs identified below. Organizations seeking funds should explore these other sources as well.

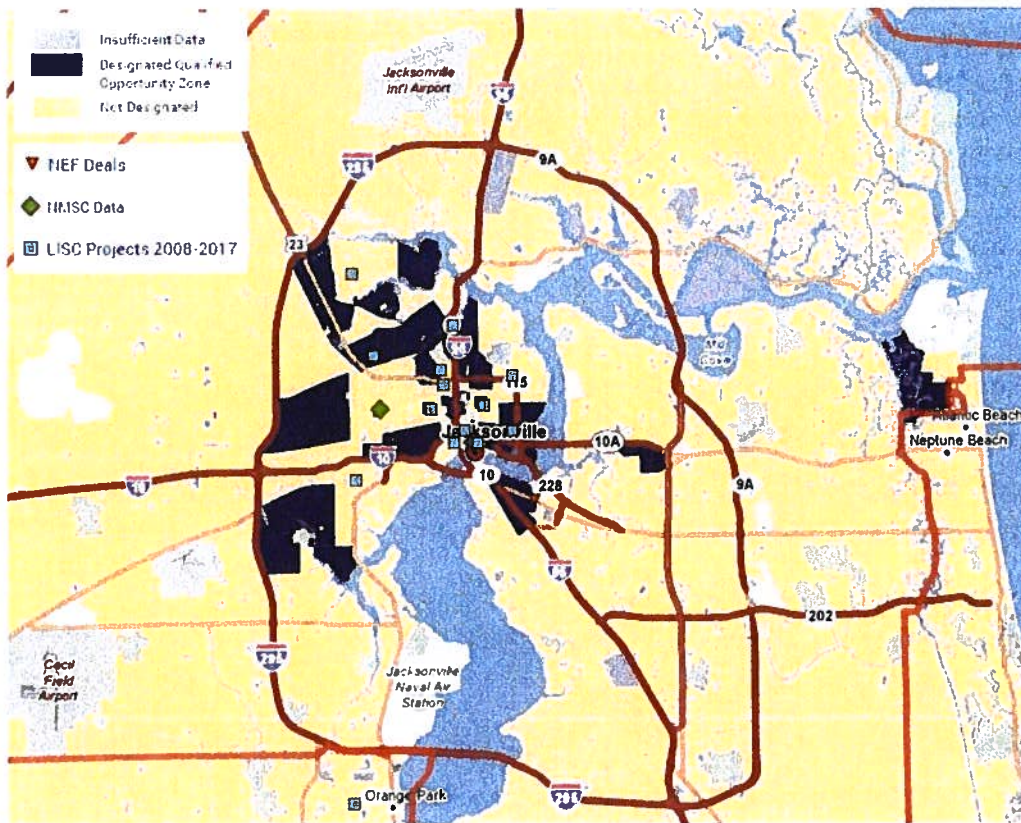
Federal Programs

The Pennsylvania Fresh Food Financing Initiative resulted in the launch of the federal Healthy Food Financing Initiative (HFFI) program in 2011 by the U.S. Departments of Treasury (through the CDFI Fund), Agriculture, and Health and Human Services. The program offers one-time grants and loans to urban, tribal, and rural communities. HFFI grants have supported more than 100 organizations in more than 35 different states to implement a wide range of healthy food projects that are designed to meet locally determined community needs and priorities. The Healthy Food Access Portal by State (<http://www.healthyfoodaccess.org/resources-tools>), revealed a variety of funding sources. A partial list of these resources is listed below.

- **US Department of Treasury, CDFI Fund:** The CDFI Program offers Financial Assistance awards in the form of loans, grants, equity investments, deposits, and credit union shares to certified community development financial institutions (CDFIs) that are interested in expanding their healthy food financing activities. These CDFIs in turn lend to businesses and not-for-profit organizations to further healthy food availability in low income communities. The CDFI Fund also administers the New Markets Tax Credit Program (NMTC). The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The Community Reinvestment Fund, Florida Community Loan Fund, LISC, Neighborhood Lending Partners, and the Self Help Credit Union are active CDFIs and CDEs in the Jacksonville area.
- **Opportunity Zones:** Opportunity Zones is a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. Opportunity Zones are an economic development tool designed to spur economic development and job creation in distressed communities. Opportunity Zones provide tax benefits to investors who invest in Opportunity Funds. Investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF). A QOF is an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in a Qualified Opportunity Zone. In 2018, Governor Rick Scott nominated 21 census tracts as Opportunity Zones in Duval County. Of these census tracts, 13 are located in the Northwest Area. Opportunity Zones are new and regulations for the program are pending as of the date of this report.



Jacksonville Opportunity Zones Map



Source: A LISC map Jacksonville's census tracts designated Opportunity Zones.

- US Department of Agriculture:** The USDA's Value Added Producer Grant (VAPG) program helps agricultural producers enter into value-added activities related to the processing and/or marketing of new products. The goals of this program are to generate new products, create and expand marketing opportunities, and increase producer income. Applicants may receive priority if they are a beginning farmer or rancher, a socially-disadvantaged farmer or rancher, a small or medium-sized farm or ranch structured as a family farm, a farmer or rancher cooperative, or are proposing a mid-tier value chain. Grants are awarded through a national competition. Each fiscal year, applications are requested through a notice published in the Federal Register and through an announcement posted on Grants.gov.
- USDA Food and Nutrition Service:** USDA anticipates awarding approximately \$5 million in grant funding to support efforts that improve access to local foods in schools. Grant funds will be made available on a competitive basis, subject to availability of federal funds. Applicants may apply for a Planning grant, Implementation grant, or Training grant. Planning grant awards will range from \$20,000-\$50,000 and implementation grant awards will range from \$50,000-\$100,000. Funding for training grants is expected to range from \$20,000-\$50,000. For all three types of grants, the federal share of a project cannot exceed 75 percent of the total cost of the project, as required by the Healthy Hunger-Free Kids Act of 2010.
- USDA Food Insecurity Nutrition Incentive (FINI) Grant Program:** The Food Insecurity Nutrition Incentive (FINI) grant program was established by the 2014 Farm Bill to incentivize the purchase of fruits and vegetables by SNAP clients. The FINI Grant Program in 2018 went to support projects to increase the purchase of fruits and vegetables among low-income consumers participating in the SNAP Program by providing assistance at the point of purchase.



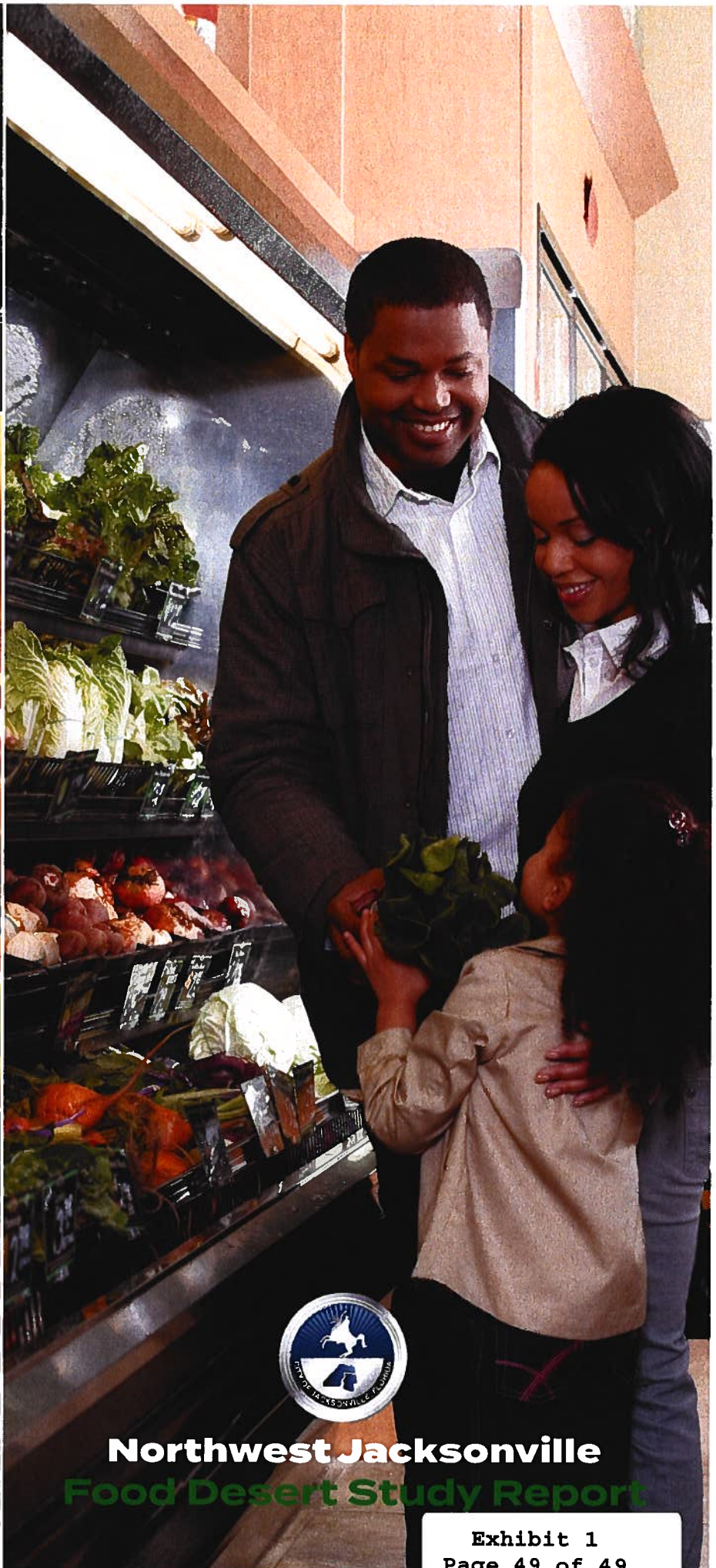
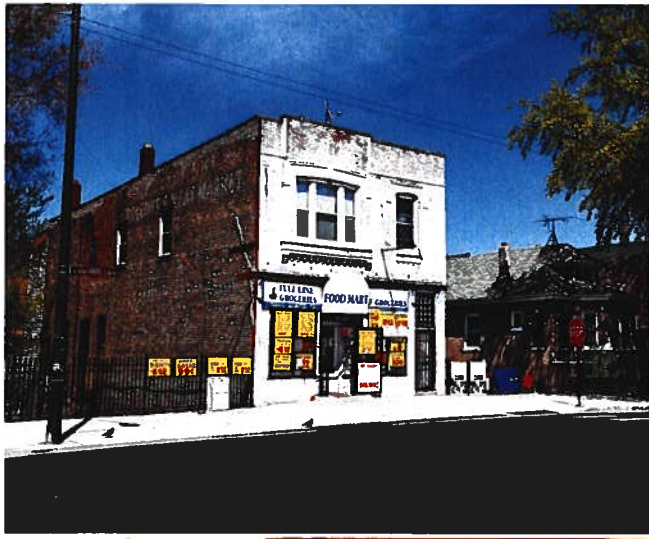
For more information, visit <http://www.healthyfoodaccess.org/resources-tools>

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Northwest Jacksonville Food Desert Study Report