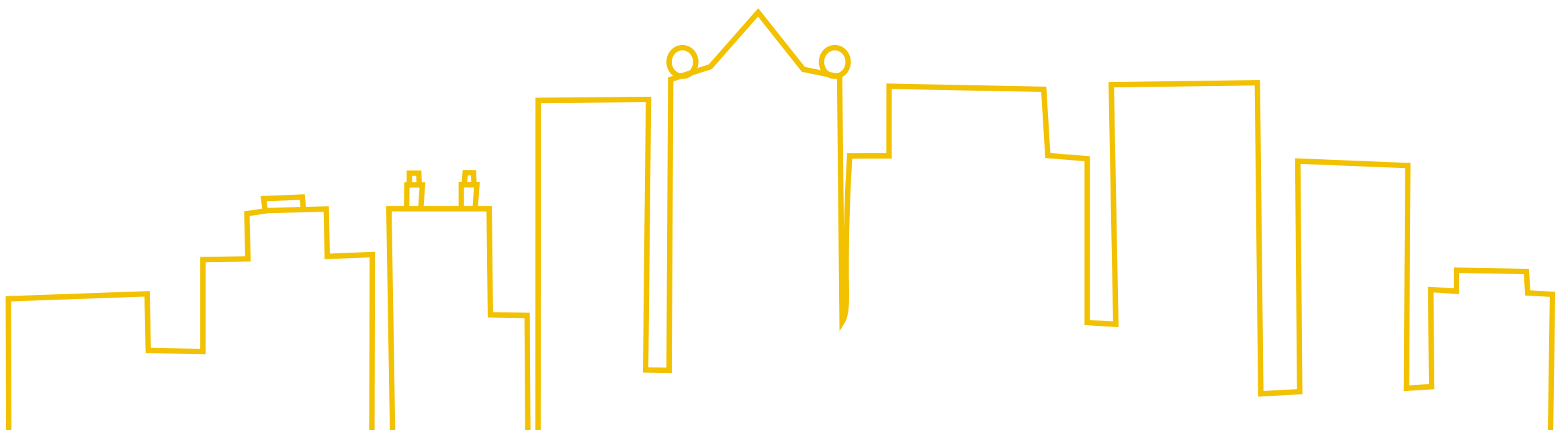




GROCERY STORE UPDATE

Mayor Randall Woodfin
City Council Meeting | March 26, 2019



AGENDA

- Establish facts on the ground
- Provide an overview of the current grocery store landscape in Birmingham
- Action steps and next steps
- Short-, Medium-, and Long-term Goals

FACTS ON THE GROUND

- 69% of Birmingham's population lives in a food desert
- Each City Council District has at least one USDA-designated food desert
- Between 2005 and 2015, Jefferson County lost more than five grocery stores—the third most in the State of Alabama
 - Closings of Western, Winn Dixie and Wal-Mart in recent years have exacerbated our food desert problem
- Residents in nearly each town hall this year claimed that a lack of access to healthy food options remained a primary concern
- Grocers choose new locations through a complex methodology that is anchored by average median income (AMI) in the surrounding area; In our target areas in East and West Birmingham, the AMI is approximately 50% of what most grocers require to expand.
- Doctors at UAB are now prescribing healthy food to patients, because of its importance to health outcomes.

SIX TYPES OF GROCERY STORES IN BIRMINGHAM

Supermarket/Warehouse

Ex. Walmart Supercenter, Publix, Walmart Neighborhood Market



Grocery Store

Ex. Piggly Wiggly, ALDI, Food Giant, Marino's Market, Save-A-Lot



Dollar Store/Pharmacy

Ex. Dollar General, Family Dollar, Dollar Tree, CVS, Walgreens



Neighborhood Corner Store

Ex. Spur Grocery, Rainbow Grocery Store, J W Grocery, Big B Food Mart



Gas Convenience Store

Ex. Shell Food Mart, Chevron, Kangaroo Express, Korner Kupboard



Discount Meat Store

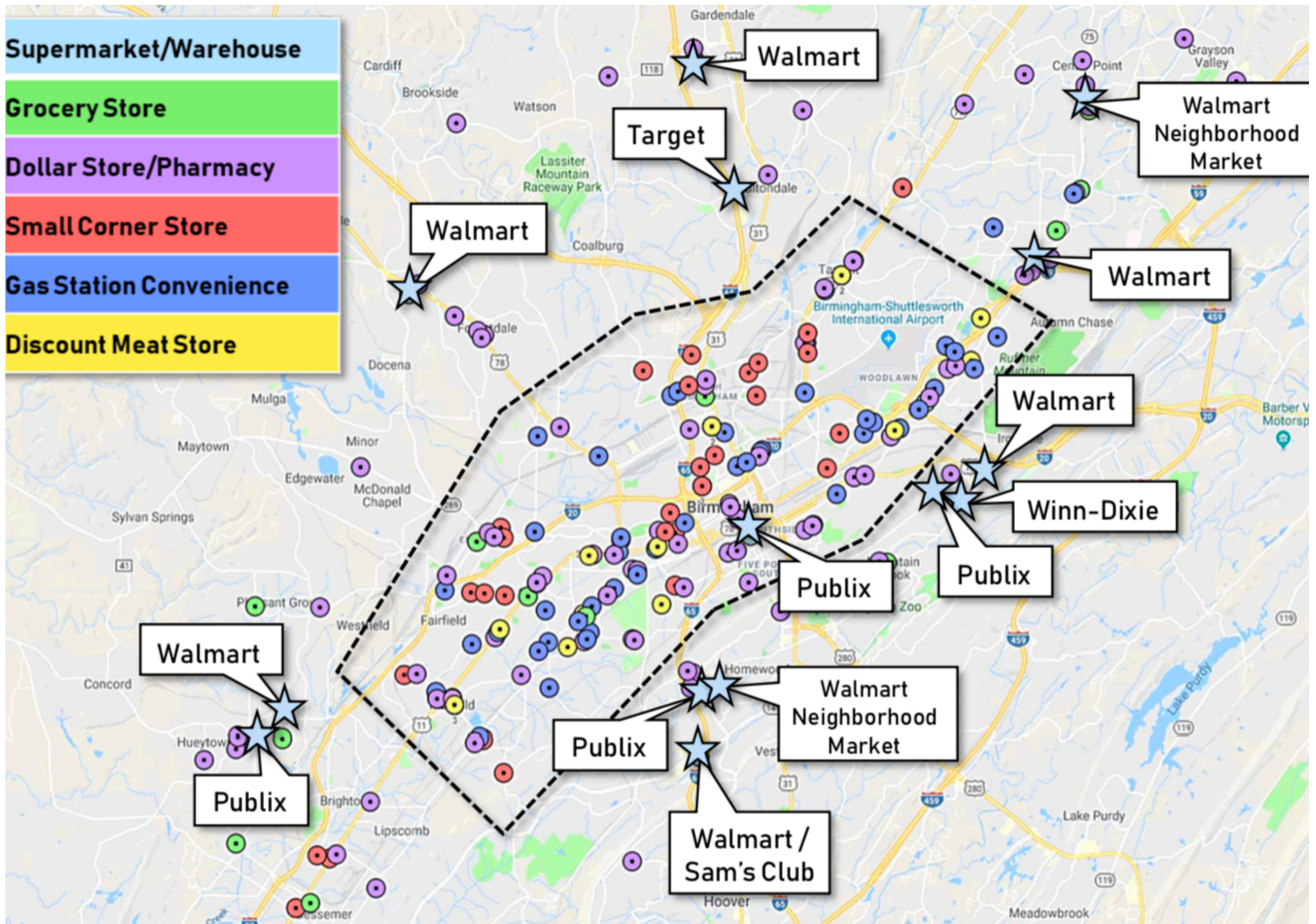
Ex. Bob's Discount Meats, Elyton Meat Center, City Meats & Vegetables



STORES OFFER DISTINCT HEALTHY FOOD OPTIONS

Type of Retailer	Snack Items	Canned Goods	Fresh Meat Products	Dairy Products	Household Items	Bread, Cereal, Rice & Pasta	Fresh Fruits & Vegetables	Pharmacy / Medicine
Supermarket/ Warehouse								
Grocery Store								
Dollar Store/ Pharmacy								
Neighborhood Corner Store								
Gas Station Convenience								
Discount Meat Store								

STORES ARE NOT DISTRIBUTED EQUALLY IN THE CITY



OUR TEAM HAS TAKEN STRATEGIC ACTION

- Partnered with Alabama Power's community development teams and other developers to better understand the grocery store landscape
- Reached out to current grocery chains in the area to discuss expansion; we have been told "no" three separate times
- Invested in the Marino's expansion (26,000 square feet) in Ensley
- Commissioned a grocery store study to pitch sites to future store-owners (*report will be finalized by April 15, 2019*)
- Engaged Novogradac to help design a financial model that incorporates Opportunity Zone Funding
- Facilitated conversations between the community and owners of the 5 Points West Building
- Collaborated with the new owners of Village Market and civic leaders to enable a smooth transition, offering city resources
 - Village Market in East Lake will remain open under new ownership, **April 1, 2019**

IMMEDIATE ACTION STEPS

- Mayor and Director Carpenter will visit leadership at major grocers to pitch Birmingham in Q2 2019
- Seek USDA approval to do an EBT pilot with E-Commerce in Birmingham
- Leverage Opportunity Zones to provide an investor-backed grocery improvement and/or development
- Our grocery store consultant will assess other factors beyond AMI that make Birmingham sites a compelling place to deliver a grocery store
 - Identify potential sites in East and West Birmingham that meet the following requirements:
 - A. Near locations where we have lost stores (e.g. Winn Dixie or Western)
 - B. In an opportunity zone or new market
 - C. Good road visibility and strong rooftop data
 - D. Reasonable distance apart from other existing stores

NEXT STEPS FOR COUNCIL PARTNERSHIP

- Secure \$500,000 for a Healthy Foods Fund
- Passing the Healthy Foods Ordinance introduced in February
 - The Ordinance: (1) Reduces the growth of dollar stores which pulls away customers from grocers; (2) Loosens zoning restrictions on fresh food producers; (3) Lowers development costs for grocers
- To further evaluate and refine the ordinance:
 - We have already visited with the Northeast and North Birmingham Framework Plan implementation committees, Health Action Partnership and the Health Lifestyles Group.
 - In the coming weeks, we will meet with healthy foods stakeholders and host three large public meetings, including the Citizen's Advisory Board, Regional planning commission and the council planning and zoning committee.

PROPOSED INCENTIVE PLAN

- The City will partner with Jefferson County to consider the following incentives to grocery stores who expand or grow in USDA-designated food deserts:
 - Abating City and County sales tax on construction materials
 - Abating City and County property tax for 10 years
 - Providing up to \$250,000 from the “Healthy Foods Fund” to offset costs associated with staffing, inventory, or supply chain costs
 - Executing a revenue sharing plan that splits the City’s portion of sales tax revenue with the grocer, rebating sales tax up to 75% in years 1-4, 60% in years 5-7, and 50% in years 8-10

SHORT-TERM GOALS

- (1) Recruit a grocery store to 5 Points West Area to replace Winn Dixie Loss
- (2) Facilitate transition of Village Market in East Lake, uninterrupted on April 1, 2019
- (3) Evaluate funding models and tools for development including, but not limited to, opportunity zones, NMTCs, and CRA-based, low-interest loans with longer amortization
- (4) Pass the Healthy Foods Ordinance

MEDIUM-TERM GOALS

- (1) Launch an EBT pilot partnerships with Shipt and others to distribute groceries to families via E-Commerce
- (2) Consider subsidizing models for co-ops in other campaigns
- (3) Support neighborhood corner stores with UAB and others to offer additional healthy food options and offer improvements to optimize look and feel, as well as operations

LONG-TERM GOALS

- (1) Recruit a new grocery chain to the Birmingham market to enhance competition (initial targets include Kroger and Lidl)
- (2) Establish a distribution center for this chain expansion in Birmingham, leveraging Daniel Payne Industrial Park
- (3) Decrease the number of residents living in food deserts from 146,000 to 75,000 by 2022

QUESTIONS?