

Healthy Food Small Retailer Project 2016-2017-2018 -2019

Prepared for:

Joint Legislative Oversight Committee on Agriculture and
Natural and Economic Resources and the Fiscal Research Division
of the North Carolina General Assembly



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Executive Summary

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In 2016, the NC General Assembly provided funding in HB 1030 to create the Healthy Food Small Retailer Program (HFSRP), housed in the North Carolina Department of Agriculture and Consumer Services. The goal of this program was to enhance access to healthy foods in areas that qualify as food deserts. This original funding was followed up with additional funding in both 2017-2018 and 2018-2019 budgets. Legislators in North Carolina recognize the need to address the issue of food security which affects over 15 percent of the state's households, essentially unchanged from 2015 according to the USDA Report on Food Security in the United States. The issue of food insecurity contributes to poor health in areas identified as food deserts.

This program addresses the issue of access to nutrient dense foods. Traditional fresh food distribution systems are not adequate for delivery to small retailers in food deserts and these retailers do not have the adequate infrastructure to merchandise fresh produce, meat and dairy. The HFSRP is contributing a piece of the solution to this multifaceted problem by providing small retailers with reimbursement for refrigeration, freezers, shelving and other equipment necessary to stock nutrient-dense foods. To help retailers be successful in selling fresh foods, the retailers are also given assistance in developing marketing strategies to encourage sales of nutrient-dense foods. Signage and marketing assistance is also provided by local health departments and local food councils. The customers need to be motivated to try something new.

The additional funding provided by the legislature has increased the total number of retailers participating but does not support continued services to previous recipients. This report is created to provide the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Financial Research Division an update on the progress of the program beyond the initial pilot in Eastern North Carolina.

The first three sections of this report specifically address our reporting responsibility under HB1030 Section 13.4. (c):

- Activities of the Retailers
- How Funds were used
- Impact on Sales of Nutrient-Dense Foods

Information provided in the remaining sections give background on program development, a 2019 update and reflections on lessons learned and recommendations for moving forward.

HFSRP Team: Ron Fish, Assistant Director of Marketing; Archana Kaur MPH, who resigned June 18, 2019, Program Coordinator; and Freda Butner RDN LDN, Nutrition Marketing Specialist, Program Supervisor.

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Activities of Small Food Retailers 2016-2017 Pilot

Black Rock Deli

Store Owner: Vish Pathak

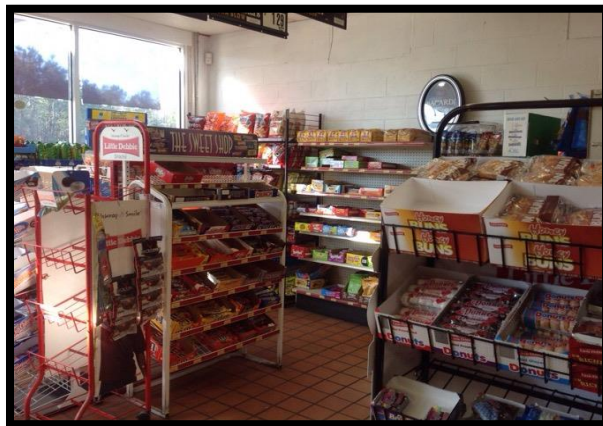
Location: Merry Hill

County: Bertie

Retailer Activity: Equipment was delivered during the month of November 2017. The HFSRP staff visited the store on September 5, 2018 and met with Mr. Pathak. The store was very busy during the time of visit and many customers were purchasing food made at the store or grabbing snacks.

The NC cooperative extension is working with the Healthy Foods Coordinator to conduct healthy food tasting and share recipes with the customers.

Before



After



Activities of Small Food Retailers 2016-2017 Pilot

Hwy 242 Grill-- 2019 update:

***Store went out of business and closed down.
Equipment was returned to NCDA&CS.
(see updated project timeline)***

Store Owner: Gloria Smith
Location: Elizabethtown
County: Bladen

Retailer Activity: Equipment was delivered between September and December 2017.

There is a meeting space in the store which is offered to church service groups.

The grill offers made-to-order salads and sells fresh fruits and vegetables due to the equipment installed.

Before



After

Activities of Small Food Retailers 2016-2017 Pilot

Food Mart/Moore's Mini Mart

Store Owner: Craig Moore

Location: Jacksonville

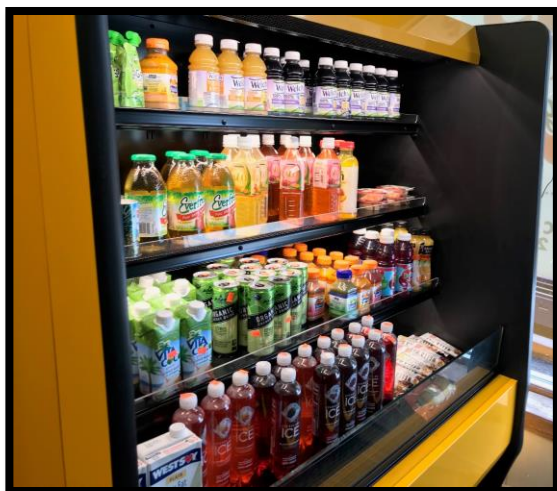
County: Onslow

Retailer Activity: Equipment was delivered in February 2018.

This store was featured on the local news on September 6, 2018. The storeowner took pride in selling healthy food items to his community and in creating a better environment.

Craig Moore also shared his future goals during this interview and said, "We hold specials and everything. Later on down the road, we're trying to make it almost like a Farmer's Market."

Before



After

Activities of Small Food Retailers 2016-2017 Pilot

Stella's

Store Owner: Selma White
Location: Elizabeth City
County: Pasquotank

Retailer Activity: Equipment was delivered between November and December 2017.

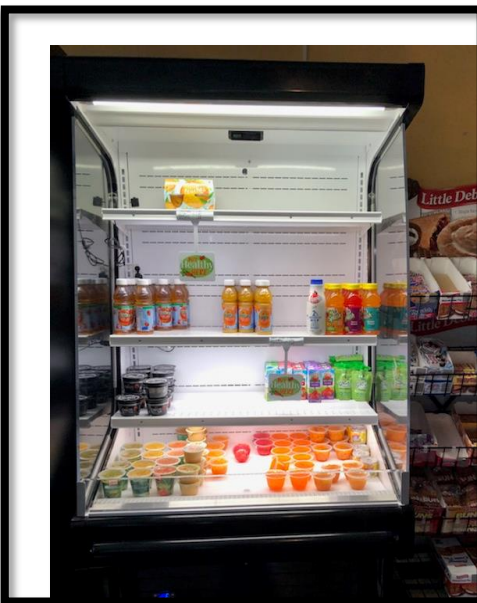
The HFSRP staff visited Stella's on September 5, 2018 and spoke with Ms. White. She was very excited to be a part of this program and mentioned that the people living in her neighborhood are satisfied with the healthy items.

The PICH staff and local health department are planning on providing additional help with marketing and healthy food demonstrations.

Before



After



Activities of Small Food Retailers 2016-2017 Pilot

Tina's Country Cupboard -- 2019 update:

Store went out of business and closed down.

Equipment was returned to NCDA&CS.

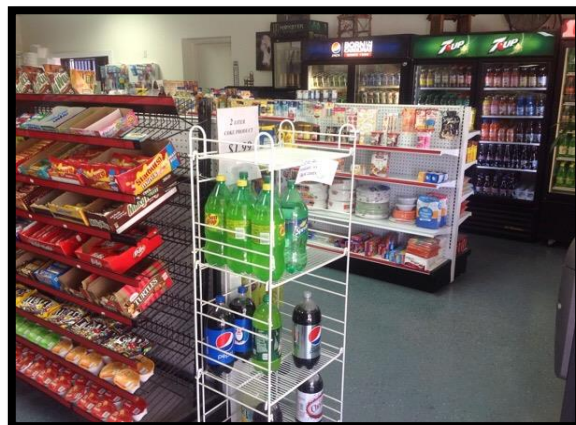
(see updated project timeline)

Store Owner: Tina Stalwaker

Location: Kelly

County: Bladen

Before



Retailer Activity: Equipment was delivered in November 2017.

On June 25, 2018 a HFSRP staff member called Tina to follow-up on her progress and she said everything was going well for her. The customers are buying the healthy items and it is convenient for them because they are easy to grab.

Recently, Tina informed Ron Fish about her having to close her store due to insufficient profit. She does plan on leasing or purchasing another place and utilizing the equipment for healthy food items.

Her equipment was fully stocked before closing, and the photos below were taken when the equipment was delivered.



After

Activities of Small Food Retailers 2016-2017 Pilot

One Stop Shop

Store Owner: Mitul Patel
Location: Jacksonville
County: Onslow

Equipment was delivered in November 2017. This store serves several nearby neighborhoods with many who walk to the store several times a day.

During the follow-up phone call made on July 10, 2018, Mr. Patel said that everything is going well for him. He did mention he was having some product shrinkage and would like to know how to increase the shelf-life of fresh products.

The HFSRP staff visited this store on September 27, 2018 and observed that this store sustained some damage from Hurricane Florence. Some of the ceilings panels were leaking and some freezer units were not working. The electricity was working.

Before



After

Retailers Receiving Funds and How Funds Are Used: 2016-2017

A total of \$150,000 HFSRP funds were committed to reimburse for equipment and electrical upgrades for six retailers based on a maximum sum of \$225,000. All six locations received refrigeration and freezer equipment. Two locations also received ambient temperature units. One location used the full amount of funds allowed on equipment and payed out of pocket for electrical upgrades. Four locations requested reimbursement for electrical upgrades. The table below outlines how funds were used at each location.

Grantee	Grant funds used	Expense detail
Black Rock Deli	\$25,000	Island display case with refrigerated and ambient temperature stocking space Freezer, 2-door True brand Electrical Upgrades & remodeled door
Hwy 242 Grill <i>Closed</i>	\$16,878.71	Island display case with refrigerated stocking space Freezer, 1-door True brand Electrical Upgrades <i>Equipment returned</i>
Food Mart/Moore's Mini Mart	\$20,639.33	Island display case with refrigerated and ambient temperature stocking space Freezer
One Stop Shop	\$18,133.73	Wall refrigerated unit with 6 shelves to stock grab-and-go items. Freezer, 2-door True brand Electrical Upgrades
Stella's I	\$24,711.98	Wall refrigerated unit with 5 shelves to stock grab-and-go items Freezer, 2-door True brand Food Service equipment Electrical Upgrades
Tina's Country Cupboard <i>Closed</i>	\$18,650.00	Wall refrigerated unit with 6 shelves to stock grab-and-go items Freezer, 2-door True brand Electrical Upgrades <i>Equipment returned</i>
Summary		
6 total retailers	\$124,013.75	4 refrigeration units 2 refrigeration + ambient shelves 6 freezers Electrical upgrades

Retailers Receiving Funds and How Funds Are Used: 2017-2018



Cherry Street Mini Mart

Before

Store Owner: Brittney & Perry Harris

Location: Winston-Salem

County: Forsyth

Equipment was delivered in January, 2018. This store serves several nearby neighborhoods with many who walk to the store several times a day.

This store is very much community-oriented. They hold a farmers market frequently and have their own garden just outside the store and another community garden up the street. Focusing on locally purchased foods and their gardens, they frequently hold community cook-outs and engage in informal teaching on healthy foods.

The store owners and manager use teaching moments at the point-of-purchase and have gone tobacco free as well.

After



Retailers Receiving Funds and How Funds Are Used: 2017-2018

Alimentaire Wholesome Breads

Before

Store Owner: Steve and Franca Gilbert

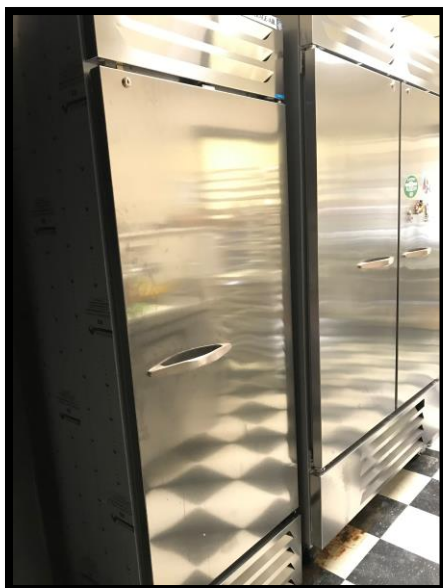
Location: Tarboro

County: Edgecombe

Retailer Activity: Contract has been signed and equipment was ordered on September 7, 2018 and was delivered to the store within a couple of weeks.

On June 8, 2018 a HFSRP staff member visited the store and spoke with the owners. Steve and Franca are passionately about serving their community with healthy food options. They currently sell home-made breads and hope to expand their selection by incorporating fruits and vegetables. After receiving their requested equipment and rearranged the store layout, they decided there was room for and a need for one additional merchandiser and extra shelving to insert into the first units. This made the store more appealing.

They are in the process of getting WIC and would love to have WIC. This store is also a CSA pick up point within the community and the owners have a good relationship with the local farmers.



After



Retailers Receiving Funds and How Funds Are Used: 2017-2018

Mollay Mini Mart, LLC

Store Owner: Roselyn Mollay

Location: Charlotte

County: Mecklenburg

Retailer Activity: Contracts have been signed. Equipment was delivered on January 09, 2019 and we received our first report on February 22.

Before



After



Retailers Receiving Funds and How Funds Are Used: 2017-2018

Coastal Farmer's Co-op



Before

Store Owner: Nichole Spruill

Location: Ocracoke

County: Hyde

This island store serves the year-round population as well as summer vacationers. The only two other very small stores have very high-priced food that caters to visitors and they sell more novelties that are of no interest to the islanders.

Her produce is always local because the sources are her own co-op farmers who grow in the surrounding counties.

Once her operation has refrigeration, she will be prepared for any new hurricanes and be able to extend the shelf-life of the beautiful produce seen in the picture. She hopes to expand the amount of produce offered and begin stocking meats and other staples when her equipment arrives.

After-pictures pending equipment delivery!

Retailers Receiving Funds and How Funds Are Used: 2017-2018

Five Corners Produce



Before

Store Owner: Marvlet Lynch, Jr.
Location: Hollister
County: Halifax



Mr. and Mrs. Lynch operate a mostly all-produce store and building that is over 100 years old. Their current equipment as seen in the picture confirms its age!

This store is a lifeline to the American Indian tribe and population who make up the majority of very rural Hollister residents. The junk food seen sitting on top of the cooler is the only unhealthy food found inside.

Because of the building age and very small size, their current electrical equipment units produce an abundance of room heat—even with the one, AC window-unit running full blast. They serve a lot of WIC clients and go to great lengths to keep their produce freshly stocked. Once their equipment is installed, the fruit seen sitting in those boxes will look better and last longer.

After pictures pending equipment delivery!

Retailers Receiving Funds and How Funds Are Used: 2017-2019

Grantee	Grant funds used	Expense detail
Fully executed contracts		
Mollay Mini Mart	\$3984.32	True, 2-door glass slide refrigerator Electrical Upgrades & remodeled door Set of casters for True 2-door
Cherry Street Mini Mart	\$16,003.96	Turbo, open-air display merchandiser True, 3-door glass refrigerated merchandiser Oasis, Self-service dual temp merchandiser for grab and go Electrical Upgrades
Alimentaire Wholesome Breads	\$14,957.82	First order: Avantco, swing glass-door merchandiser Beverage-Air, one section solid door reach in freezer Second order following store rearrangement: Beverage-Air, two section solid door reach in refrigerator 12 Refrigerator & Freezer Shelf Support Clips Elements, Air Curtain merchandiser Merchandiser with Convertible Top – 2 Beverage-Air Wire Shelves 1 Beverage-Air Wire Shelf for Refrigerated Merchandisers
Active contracts waiting for equipment delivery and final quotes		
Coastal Farmer's Co-op	Order & price pending	
Five Corners Produce	Order & price pending	
Summary		
5 total retailers	\$34,946.10 dispersed to the 3 stores with fully executed contracts to date	3 refrigeration units 3 refrigeration with ambient/open-air shelves 1 freezer Extra shelving, casters, shelf clips Electrical upgrades

Amount of Nutrient Dense Foods Sold 2016-2017-2018-2019

Summary based on monthly reporting

****Based on the monthly financial reporting and follow-up feedback**

Based on a limited number of reports provided by the participating stores we were able to conclude that some stores were more successful at selling nutrient dense items than others. For example, one store stated that their most popular items were water and local vegetables. While another store was not as successful at selling vegetables. This could be based on their customer preferences, distribution needs, or yet produce is often too expensive to carry.

One store in particular was very successful in selling nutrient dense foods. This store stated that their best selling items were bananas, tomatoes, watermelons, and apples due to specials. According to this store's most current financial report, the total customer sales for fruits was \$323.16 and the total sale for nutrient dense foods was \$446.02.

Without sophisticated and integrated software like that used by larger chain grocers, it is difficult to know if these figures truly reflect nutrient dense foods according to the criteria or are simply due to increase space capacity to stock more foods of all types –healthy or not. For example, their receipts may show ground beef but does not indicate if it was lean or higher in fat. We encouraged through personal visits that some degree of healthier food is reaching the community, nonetheless.

Summary based on data evaluation

Dr. Stephanie Jilcott Pitts and her research team at East Carolina University (ECU) received a grant to assist with project evaluation. Her team, as a continuing HFSRP partner became interested in learning how the program was affecting dietary choices in participating communities. The data showed that Healthy Food Supply scores increased by 3.13 points in participating stores and decreased by 0.44 points in non-participating stores. This means healthy options were significantly more affordable, available, and of higher quality and greater variety in HFSRP stores.

This data is encouraging in that it reflects the cumulative results from the first round of recipient stores and counting a partial year of the next round's food reports. Dr. Jilcott Pitts is hopeful for continuation of grant funding to do an initial assessment of the pending five new grantees once their contract is active.

Cumulative HFSRP Project Timeline

2016	
July	HFSRP Appropriated funds received
July-Nov	Development of program including researching equipment options for convenience stores, adapting assessment tools from other projects to fit HFSRP, and determining stocking criteria and commitment requirements of retailers to include in agreement contract.
Oct-Dec	Grantee Contract development.
Nov-Dec	Applications accepted, contacted community stakeholders who also participated in retailer recruitment.
2017	
Jan-Feb	15 site-visits to assess stores in 9 counties 9 stores qualified and expressed continued interest in participating in the HFSRP
Mar-Apr	9 stores assessed for appropriate equipment with considerations on size and layout of store. 6 stores enrolled in HFSRP. UNC/ECU customer surveys.
Mar-Sept	Reaching out to farmers and other potential distribution resources to deliver fresh foods. Working with stakeholders in areas where stores are located to provide marketing and technical assistance
May-June	Developing marketing plan and colors for equipment
June	Custom equipment specifications and quotes provided by Southern CaseArts
July-Aug	Southern CaseArts updated quotes to include full service delivery freight fees
July-Aug	Team discovered units will not fit into all stores, met with local vendors for other options and obtained additional quotes for 4 retailers Received HFSRP Funding for the 2 nd Round
Aug	Equipment ordered from Southern CaseArts and Cary Refrigeration
Sept	Equipment was delivered, and installation began
Oct-Jan	Equipment installation completed for 2016-2017 Pilot
Nov-Dec	Applications accepted, contacted community stakeholders who also participated in retailer recruitment for 2017-2018 funding
2018	
May-June	Contacted the approved applicants to visit each store and share the program goals/requirements for 2017-2018 funding
July	Store visits continued. Contracts packets were emailed with offer packets to 2017-2018 stores. HFSRP Funding received for 2018-2019
August	HFSRP staff followed up with the 2017-2018 stores to see if anyone had questions and continued to collaborate with the partners.
September	Contracts from the 2017-2018 have been executed and the equipment selection process has begun. Staff visited 4 stores from the 2016-2017 Pilot.
Nov-Dec (estimated)	We hope to have all 14 contracts for the 2017-2018 finalized and have the equipment installed and initiate stocking healthy foods.

2019	
Jan - March	Two of the original pilot stores closed down their business. Their closing was due to ordinary business progressions and had no reflection upon their program participation. The Marketing Division reclaimed the units in their possession with the business's full cooperation.. Fourteen (14) applications were received. Eight (8) stores met the initial qualifications as described in the application process.
April-May	Alimentaire Wholesome Breads of Tarboro, Mollay Mini Mart, LLC of Charlotte and Cherry Street Mini Mart of Winston-Salem completed and finalized the fully executed contract with confirmed equipment installation and stocking.
June	Two stores who have contracts have not yet received their equipment. Coastal Farmer's Co-op of Hyde County and Five Corners Produce of Halifax County encountered looming difficulties that delayed equipment installation prior to 2018 fiscal year end. The former experienced two hurricanes which put equipment installation on hold. The latter experienced an equipment vendor's failure to deliver the equipment. We no longer work with that vendor.
July	All money was carried forward into the 2019-2020 fiscal year and is sufficient to negotiate the two remaining contracts and fulfill the new applicants contracts when offered, accepted and executed.
July	The five (5) pending participants awaiting contracts are as follows. Mountain View Grocery of Cleveland County Galley Grocery of Wake County Highway 33 Convenience Mart, LLC ("Very Kwik") of Beaufort County Snookie's Convenience Store of Mecklenburg County Well Leaf of Durham County
August - Oct	Two stores have been visited with confirmation of the buildings meeting the program requirements and initial contract document papers collected as assurance of their desire to continue with the process. One store owner has been interviewed but the location is not yet confirmed. The business is contemplating a physical move so final approval is pending. Two stores have yet to be visited and confirmed with the building and commitment to continue with the contract process. These two stores have the support of their local county health department healthy food coordinators and we have an agenda for visitation and the paperwork.

2016-2017-2018 -2019 HFSRP Funding Overview

The initial pilot round of 2016-2017 began with offering the full \$25,000 award, if needed by each store. The 2017-2018 recruitment strategy began with a goal of enrolling 15 small retailers each funding year to stay within a budget of \$15,000 per store. This goal would allow us to maximize benefits using the \$225,000 total budget for equipment and a greater number of stores. Although the administration funds are still limited, the HFSRP team wanted to expand impact in all regions of the state.

Beginning in late 2017 and beginning with funding year 2018-2019, we experienced difficulties that precipitated delays. Following the hurricanes during those years, NCDA&CS, and state officials were instructed to dedicate all available staff and vehicle resources towards the recovery efforts. Other projects and work plans were also put on hold during this time.

Two of our stores experienced major damage to their structures both inside and out. What time we could attribute to the program was spent helping these stores with their plan of recovery and a strategy to continue serving the community. One additional active contract was on the recipient end of evacuation and could not follow through with delivery of equipment prior to the fiscal year end.

In terms of expenditures, we have learned that not every store needed the full \$25,000 to equip their stores, mostly due to their very small size –some as small as 300 sq. ft. Additionally, we did not have enough of the applicants who agreed to pursue a commitment to the grant, even though they qualified. These withdrawals occurred beyond the date that was feasible to try and recruit any new, replacement applicants. Since the other applicants did not qualify, we would have been in position to begin a recruiting process all over again with an extremely small window to obtain new/replacement contracts. Other applicants simply were not eligible.

Together with the withdrawn interest to commit from several applicants plus the weather delays experienced by both grantees and NCDA&CS staff, we found ourselves with money not encumbered. We were able to have the money carried forward and funding was sufficient to advance with the two incumbent store owner contracts and add the five newly received qualified applicants. This resolved, and considering that several past funding years' participants did not need the maximum amount, we reassessed the funding allotments to meet the individual, need-based distribution, not to exceed the original \$25,000 allowance. This has enabled us to amend the two incumbent contract grantees and allow for more flexibility for the needs of the new, pending contracts.

Summary of Applications and status total to date

The application was opened to everyone across the state and the HFSRP team again repeated a call for proposals similar to 2016-2017-2018-2019. Our partners did assist us with identifying perspective stores. We utilized the USDA Food Desert Atlas to determine if all applicants were located in a food desert.

Total applications received:	82
• Active and/or fully executed, signed contracts:	7
• Applicants with cancelled contract:	2
• Applicants with contracts & pending equipment delivery:	2
• Applicants pending contract initiation:	5
• Applications not meeting criteria:	42
• Applications withdrawn:	24

New, Active, signed, and fully executed contracts with installed equipment

1. Alimentaire Wholesome Breads, Rocky Mount in Edgecombe County
2. Mollay Mini Mart, Charlotte in Mecklenburg County
3. Cherry Street Mini Market, Winston-Salem in Forsyth County

New, Signed contracts awaiting equipment delivery and final contract execution

1. Coastal Farmer's Coop, Ocracoke in Hyde County
2. Five Corners Produce, Hollister in Halifax County

Pending Contracts

1. Mountain View Grocery of Cleveland County
2. Galley Grocery of Wake County
3. Highway 33 Convenience Mart, LLC ("Very Kwik") of Beaufort County
4. Snookie's Convenience Store of Mecklenburg County
5. Well Leaf of Durham County

The 5 retailers with contracts pending, have regular contact with our program supervisor and they continue to be excited about participation in the program. Three of the stores have been visited and two are scheduled for the initial visit.

Equipment Research and Selection

Making the 'healthy choice the easy choice' marketing approach guided our equipment style decisions. Staff attended the NACS show in October 2016 where many equipment options were on display. Some models provided refrigeration, freezer and ambient temperature shelf space in a single unit giving it a one-stop-shopping experience but is an ongoing challenge to integrate into small spaces.

Other issues that caused delays:

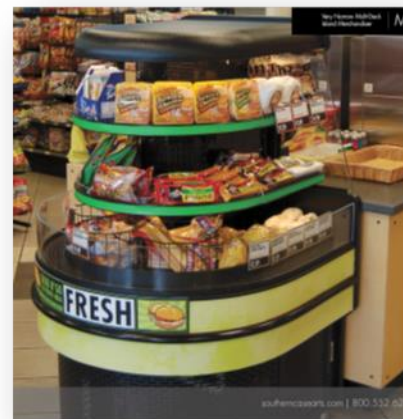
- Each manufacturer referred us to local sales representatives, many of whom were not responsive to our attempts to reach them to discuss the HFSRP goals and equipment needs.
- Each store has a unique space, layout and customer base. There is not a one-size-fits-all equipment option.
- Obtaining quotes for custom equipment was more complex than anticipated and took several months of communication among the equipment representative, retailers, and HFSRP team.
- Custom equipment requires more clearance space than single door entries provide; therefore 6 stores required additional time researching alternative equipment options.
- Equipment selection process was cumbersome and stocking requirements are unfamiliar which required an additional visit to each store to clarify the expectations of and process to get started.

Samples of equipment



One store can accommodate the island which gives space for a very

large selection of nutrient-dense foods Marketing Specialist :



This grab-n-go unit can fit into some of the smaller stores. It can be integrated into an endcap or if enough floor space, it can be designed as a full walk-around island.

Nutrient Dense Food Sourcing for 2017-2018-2019

Ongoing work continues to work out a feasible food sourcing which supports local economy, retailer profitability and affordability for the consumer. Strategies for addressing this complex task are the focus of many national efforts which we continue to monitor for ideas to use our program. There is no lack in identifying nutrient dense products available in the retail supply chain. Obtaining access to these supply chains is a fundamental problem. In other words, the retailers experience the same degree of procuring foods at wholesale price as the community does in purchasing them.

Making fresh food available in food deserts is a daunting challenge. Some of the issues we face include:

- Traditional small store distribution systems are not a good fit to supply these retailers in food desert zones.
- Each retailer has unique challenges. Proximity to major delivery routes, inventory capability, customer base and preferences, price point are a few of many considerations.
- Farmers cannot be asked to reduce the price of their food to subsidize this program, nor increase their expenditure without compensation of some sort. It is our duty to help farmers be economically resilient and sustainable.
- Cold chain custody: Coming up with creative ways to have fresh food delivered to stores is hampered by the need to ensure foods remain at the proper temperature for food safety.
- Frequency: For produce to be appealing, it needs to be fresh which requires stocking 2-3 times a week. If commercial delivery is not available, this creates burden on the retailer who must personally drive to find sources which may also cause an issue with temperature control or succumb to loss of revenue.
- Staffing: Staffing capabilities and training to properly stock, rotate and market the fresh food is essential to reducing food waste and effectively displaying food for effective marketing. Small retailers do not have HR staffing channels like chain grocers.
- Store hours: Typical delivery schedules may be during hours which the store owner may not be able to monitor fresh foods.
- Price point: Fresh, nutrient dense foods are primarily purchased at big box stores with few exceptions in these stores. While it is desirable in principle to make fresh food more affordable, but it is not realistic to sell it cheaper than highly processed food that with an extended shelf life. Retailers only realize a very small mark-up (profit). The true cost of cheap food is not seen at the cash register, but instead is realized in the health care system and loss of productivity due to poor health.

Progress toward sourcing nutrient-dense food

Although sourcing nutrient-dense food can seem like an impossible task, we are making small steps toward this end.

Local Agriculture: The Onslow County Farmer's Market and Incubator Farm Manager will be working with the local farm economy for the stores in Jacksonville to determine if this avenue is feasible for both the farmer and the retailer. Foster-Caviness Foodservice includes local products in its delivery serves and is contacting HFSRP stores to explore the possibility of supplying the stores.

Local Value-Added Products: Seal the Seasons is a local company which develops partnerships with farmers to purchase food at its peak freshness and then freezes the produce for year-round availability of nutritious food. This company is committed to fighting hunger and as part of their commitment they are providing local foods to areas in need at affordable prices. Seal the Seasons is in the process of working out logistics to offer the HFSRP participants frozen products including strawberries, blueberries, mixed fruit blends, spinach, broccoli and mixed vegetables. To date, distribution logistics are not in place despite efforts to circumvent these logistic barriers.

Distributors: These small retailers do not have the purchasing power (volume/bulk capabilities) to access the major chain C-store distribution suppliers. The major chain C-store suppliers have their own brands, enjoy a corporate business environment, have their own delivery trucks and can meet the volume requirements spread among their stores.

Collaboration and Community Stakeholders

The NCDA&CS has been given a very important task of enhancing fresh food access in North Carolina food desert zones. With our budget restrictions, the HFSRP staff is limited to one part-time Program Coordinator along with added, uncompensated support from NCDA&CS staff with limitations on their time and expertise.

As described in previous sections of this report, to be successful in changing food environments and consumer eating behaviors, a multi-level approach is required. We are fortunate to have a staff marketing nutritionist who has been instrumental to the entire project since the inception of this emerging issue for more than six years. Other agencies have been very supportive to include our work within their mission to improve public health.

Several other agencies with missions to improve public health who are doing similar work. Together we can support each other's efforts and have a bigger impact than each of us can do alone. From the inception of the HFSRP, we have been meeting with many groups and agencies and these collaborations will be further developed in the 2017-2018 HFSRP.

Since late 2018, the NC Dept of Health changed its 5-year focus, as dictated by their CDC funding and they no longer specify healthy food access in small C-stores as a priority. To this end, several of our partners were obliged to change their work plans. Healthy food access remained an option, although no longer an emphasis so only a few liaisons remain committed to helping with the program in their respective counties.

Highlights of supporting entities:

Healthy Retail Collaborative

The North Carolina Healthy Retail Collaborative consists of partners from across the state that support efforts to increase healthy foods in retail settings. Through the Collaborative efforts, a "Healthy Foods Sold Here" designation program was established which recognizes small food stores that offer healthy foods by providing certificates and decals that the retailers can display after meeting designation criteria.

This designation program was released in February 2017 and has had 33 stores participating in activities toward the designation with nine stores earning the designation. Four of our HFSRP retailers are taking part in this designation activity and are receiving marketing support through the program. Our stores have stocking guidelines to participate in the HFSRP and are not required to meet additional stocking requirements of the designation criteria to receive their marketing support, as theirs is much more restrictive.

It should be noted that there is no national consensus among nutrition experts and government bodies as to a universal definition of what is healthy nor the stocking requirements of such. That said, the variation of different criteria is not a weakness with consequences.

Universities

The University of North Carolina Chapel Hill Center for Health Promotion and Disease Prevention, and East Carolina University, Brody School of Medicine.

Looking forward to continuing this collaboration and work toward possible additional data collection after the HFSRP retailers increase the amount of nutrient-dense food in their stores. These findings will help us measure public health impact of the program. Worthy of noting, public health and university funding is very narrow and specific to this issue and is continually subject to federal funding priorities and grant cycles.

North Carolina State University, Department of Agriculture and Human Science

NCSU's SNAP-Ed Program, *Steps to Health*, continues to work with small retailers who may also qualify for the HFSRP. SNAP-Ed staff reached out to their retailers inviting them to apply to enroll in the HFSRP. Collaboration with other stakeholders enables support of ideas such as this with promotional signage, customer taste tests, and nutrition education.

Public Health Departments

Continuation of recruiting activities, many public health departments were involved in reaching out to stores in their areas to invite retailers to participate in the HFSRP.

Albemarle Regional Health Services has been helpful in aiding with health education and marketing for existing stores.

The Mecklenburg County Health Department has been instrumental in assisting one store in Charlotte with the HFSRP contract terms and the equipment process for the current 2017-2018 year.

Likewise, the Forsyth County Health Department has been hands on with the initial store visits and has been assisting three stores with the current HFSRP contract terms. They have been detailed with their technical support and translation services.

Moving forward we will continue to collaborate with public health departments as determined by their five-year plan of focus and funding priorities allow to ensure the HFSRP retailers are aware of the resources which they can tap into.

Lessons Learned 2017-2018-2019

We started developing the HFSRP with the goal of having equipment in the stores by late spring, not only to keep within our fiscal year reporting, but also to take advantage of the local agriculture growing season. We knew this was an ambitious goal and as we encountered multiple delays, we became aware that the overarching lesson is that time is required to build a successful program. Not only allowing time for unexpected delays, but investing time in building a strong program dramatically increases the chances of sustainable change. Areas where time invested is advisable:

- Understand each community's unique food access barriers and available resources to help address individual issues.
- Find community champions who can support the store to increase sustainability of changes.
- Take time to assess if each retailer has a good chance of succeeding with changes. Build trust in retailers who are willing to take a business risk.
- Work out logistics of finding the right equipment for each store and community they serve.
- Working with equipment vendors ultimately became inconsistent. Their own staff changes, perceived work load and equipment malfunctions presented problems that affected mainly the time-line of services rendered –or not in some cases. We try to vet out each company carefully and some participants chose their own vendors.
- Connect each retailer with healthy food vendors at an affordable rate.

Even though everyone in the state had an opportunity to apply to be reimbursed up to \$15,000 for equipment, we only had 54 retailers to respond. Reasons for a low response may include that retailers were not interested in selling fresh food nor confident that they can be successful in selling these nutrient-dense foods. Many believe that customers who are interested in eating healthy will shop where it can be found at a cheaper price. Others perceive the increased business demands will undermine their proven profit-making model.

After enrolling retailers into the HFSRP, below we have provided details of lessons learned in the areas of equipment, time constraints, language, technology, SNAP/WIC, and fresh food distribution.

Equipment

- Finding the appropriate equipment requires continual communication between the HFSRP staff, equipment representatives, and retailers –none of whom are experts at all of these confluences.
- There are numerous and various unknown variables. Each retailer's unique equipment needs and requests, considerations for the HFSRP goals, desires of the retailers, and constraints of store size and layout added another layer of time and complication.

- Logistics of delivery and installation. Do the retailers have resources to move heavy equipment into the store? If not, finding resources to assist can be expensive. This also increases the cost of service confined in the \$15,000 maximum.
- Finding electricians added a time delay for some retailers. This preceding step was necessary to ensure they had the electrical capacity to operate the equipment.
- Sourcing qualified technicians in these remote locations that can provide equipment-specific advice on operation and diagnose performance issues has been difficult.
- Increase in electric bill costs is another factor impacting the retailer's bottom line.
- In summary, delivery cost, infrastructure alterations, installation fees, increase of electrical bills and labor costs for repair and maintenance needs to be considered for success.

Time constraints: Retailer

- Retailers have limited time availability and many will only meet with us while they are also helping customers at the cash register.
- Due to the fact that these stores are independent establishments, they do not have any support like corporate chain which have the infrastructure to allow adequate book-keeping, logistics, internal distribution, etc....
- Discussing program goals, what the contract entails, and answering retailer questions is not easily achieved while they are helping customers.
- It would be more effective to meet more often with shorter visits rather than visits which take over an hour to cover everything in one visit. However, multiple store visits are difficult to achieve with the constraints of the HFSRP administration budget and the geographic distribution of the stores.

Time constraints: HFSRP Staff

- In the beginning when building trust and making sure the store owners understand the program, in-person visits are essential.
- To keep within the limitations of the part-time Program Coordinator, commuting to the stores all over the state required two months of the project timeline for just one visit to each store.
- Communication via phone is a good way to support the in-person visits, but cannot replace them. When making these store changes retailers need a substantial amount of support and continual communication.
- The person in the Project Coordinator position changed in May 2018. The transition was relatively seamless because the position was filled by someone who was familiar with the program. However, logistics of hiring and training a new employee created approximately 4-week delay in the project.
- Our present program coordinator is the 4th person in this role since 2016.

Language/ Communication

- Some retailers have English as a second language and assign communication responsibility to their employees.
- For retailers relying on employees to communicate with HFSRP, there was added time relaying messages through a middle person. Ultimately, these retailers did not enroll and future recruiting efforts may consider requiring direct communication with the store owners.
- Stocking guidance required retailers to receive nutrition education and guidance in reading nutrition facts labels. For those who have English as a second language this was difficult to understand
- Written material for adults at the 6th grade reading level may help with future participants. This material is not likely to be available specific to our needs and would require us to create these materials.

Technology

The NCDA&CS protocol of offering contracts is to send PDFs of contracts and other documents via email, however for some retailers this method did not work.

- Some retailers will miss emails sent to them unless they are notified through a phone call or text message.
- Access to a fax machine proved problematic for some and worked around it by sending picture text messages to the coordinator's cell phone.

SNAP / WIC

- USDA SNAP retailer rules and regulations for stocking have been in flux the entire period of this project. This has made it difficult to know in advance what rules, either new or adjusted, each store would be held accountable beyond our program.
- Applying for SNAP and WIC applications are on-line only and stores must seek out additional assistance and need more time to effectively submit their forms.
- Types, amounts and availability of WIC foods is another challenge for HFSRP retailers. NC WIC stocking requirements are subject to change every six months. These changes may be rescinding and/or adding certain types of foods and even brands of the same foods. Additionally, there is a regulated list of approved vendors which is most often different from their current vendors which greatly increases their ordering time and financial balance sheet.
- WIC approved suppliers are under their own set of rules and regulations which ultimately continually changes what the stores must carry to comply. Shelf space and delivery routines are not flexible as with larger retailers.
- Extra refrigeration and dry shelf space to carry both HFSRP requirements plus WIC standards, results in a larger scale and inequitable inventory on hand for the small retailer.

- The NC WIC program is in transition from a paper voucher system to electronic benefits. This transition time also creates another level of complexity for our retailers to navigate. WIC stocking is medical-needs determined which does not necessarily correlate with community demographics. We have noticed that there are other chain C-stores who are capable of stocking WIC foods through their corporate system.
- WIC requirements make it extremely difficult for corner store to qualify and maintain participation in program.

Fresh, Frozen and Staple Food Distribution

- Traditional, corporate retailer distribution systems are not able to supply fresh food in smaller quantities at a feasible price point to most outlying food desert zones. Those stores are serviced by their own tractor-trailer, full load runs. Most of our stores do not even have the parking and turn around space needed even if they could somehow piggy-back deliveries on their routes if the small store happens to be in the vicinity of a chain store. We have tried to engage these services but for example one company required a \$3,500 minimum order per delivery, which is beyond the purchasing scope of small retailers.
- Small retailers do not typically have experience in procuring, stocking or merchandising fresh food, healthy snacks or better-for-you shelf stable foods. Even when provided spread sheets from distributors we contacted, the nutritional value was not listed for products. It is impossible for anyone to determine the health value without having access to the Nutrition Facts label. It would take an exerted amount of nutrition staff time to look up every individual food to determine acceptability.
- It is important to understand the retail food system operates. Convenience store merchandise as a rule is selected and managed by the companies who deliver the food and beverages. This is done by a process known to the industry as a Merchandising Planogram. In short, it means that the contracted vendor working with stores makes the decision for the owners as to what they provide. Of course there is some input from the owner because of geographic, demographic and cultural norms although it is not common to include healthy food in this mix. This service is not provided by produce vendors. Neither do they carry shelf-stable, nutrient dense foods in enough variety that meets health criteria. For example, they may carry canned soup, but their vendor cannot supply low sodium soup.
- Many of the small retailers do not have a lot of time to spend researching where to find sources for this new stocking requirement and determining what will be successful in their location even when directories are provided.
- The NCDA&CS has access to most growers in the state. However, after spending considerable time trying to match up local fresh foods within proximity of store locations, the consensus is that these growers maintain that it is not profitable for them, nor viable for them to make small, frequent deliveries of perishable produce.

Building on Strengths

Collaborators and Community Stakeholders - Many people are interested in this state program and have offered to help. Youth groups across the state are currently involved in healthy corner store activities and are motivated to support efforts of the HFSRP, although we have not had an opportunity to engage with them. For nutrient-dense food sourcing there is a pilot program at UNC creating and testing SNAP eligible frozen meals. This program not only works to create affordable, healthy complete meals, but also supports local agriculture by using grade B produce which is equal in nutrition, but not as easy for producers to market. Collaborations such as these have started this past year will continue to be nurtured for future support of the HFSRP retailers. Distribution is already an issue in 2018. There are also other options around the state such as food hubs, community kitchens, co-ops, etc. that would fill some of the needs nicely. Unfortunately, the distribution model once again is not conducive to small stores not within their route capabilities.

Marketing - The Got to Be NC Nutrition with the by-line “Better-for-you” foods are consistent with other marketing and nutrition promotions within NCDA&CS. A common marketing theme, appearance and equipment placement will contribute to program recognition. As more retailers are added to the HFSRP, this common theme will help establish recognition of the program across the state. As people travel and find similarities among stores, broader acceptance and desirability for “better-for-you” foods will grow.

Recommendations Moving Forward

This program has provided a tremendous learning experience and we better understand the varying needs of retailers as they work toward enhancing fresh food access in their communities. Through this process we recognized ways to improve participation and a few noted recommendations are notes follow:

- Funds that do not revert at the end of the fiscal year, but would roll forward to next year; activities required such as getting equipment manufactured, installed and then retailers reimbursed do not always conform to a budget year. If funds could roll into following year, the unused funds could be used to further the mission of this program and address maintenance of equipment during the contact period.
- Flexibility in how much is offered to each location and how the funds are used; where funds may make the most impact will be unique to each store.
- Remove the WIC requirement. Due to the small retailer size, this requirement is problematic in being able to hold the minimum amount of stock and additional storage needed for each program. WIC retailers also have an increased time commitment for retailer to realize and comply with strict auditing requirements.
- Additional administration funds would allow more staff time for building relationships with community champions who will be a local support for retailers who are making changes to their store offerings. This could dramatically increase sustainability of improvement in fresh food access to areas of need.