NORTH CENTRAL REGIONAL GROCERY AND FOOD HUB

NOURISH NORTH DAKOTA: GROWING OPPORTUNITY TOGETHER

Initiative overview and update



VISION

Transform the rural food system from dependence on distant supply chains to empowered local networks that strengthen communities, support small businesses and keep dollars circulating in rural economies.

ABOUT THE PROJECT

The Rural Development Finance Corporation (RDFC), which is staffed by the North Dakota Association of Rural Electric Cooperatives (NDAREC) rural development center, has received a $12.6 million grant commitment from the Bush Foundation to lead a multi-year effort aimed at improving access to healthy, affordable food in rural North Dakota.

Grant funds will be deployed over seven years. The investment will support planning, development and launch of a pilot regional grocery and local food hub to serve north central North Dakota. The approach is to reduce wholesale costs through cooperative purchasing and expand market access for local food producers.

RDFC will not own or operate the food hub and serves only as the project's convener, facilitator and advocate. Rural grocers, producers and project stakeholders will determine the structure, location and scale of the hub and distribution model.

WHAT THE PROJECT WILL DO

- Support the development of a cooperative grocery distribution network to lower costs and stabilize store operations.
- Work with existing distributors to strengthen purchasing power and optimize truck routes, helping local independent grocers compete with large corporate chains.
- Establish a food hub to aggregate, store and distribute local foods and conventional groceries.
- Invite involvement from those who grow and process fresh products, including fruits, vegetables, meats, dairy, eggs, grains and pulse crops.
- Explore potential partnerships with tribal agriculture initiatives, charitable food distribution organizations and aligned groups.
- Commission research into unfair grocery pricing and the economic impacts of local foods.
- Generate local jobs and economic activity.
- Demonstrate a replicable model.

EXPECTED OUTCOMES

- Improved sales and profitability for rural grocery stores.
- Expanded markets for North Dakota's local food producers.
- Better access and affordability of fresh, healthy foods for rural families.
- Stronger, more self-reliant rural communities.

PROJECT SIGNIFICANCE

This is one of the largest single investments in rural grocery access and local food infrastructure in North Dakota's history. The funding enables long-term planning, testing and scaling of a solution to a deeply rooted problem.

LEARN MORE

NDAREC Rural Development Services • ndarec.com/ruraldevelopment • 701-663-6501

THE CHALLENGES

Fewer grocery stores. The number of small-town grocery stores in North Dakota has fallen from 137 in 2014 to just 90 today.

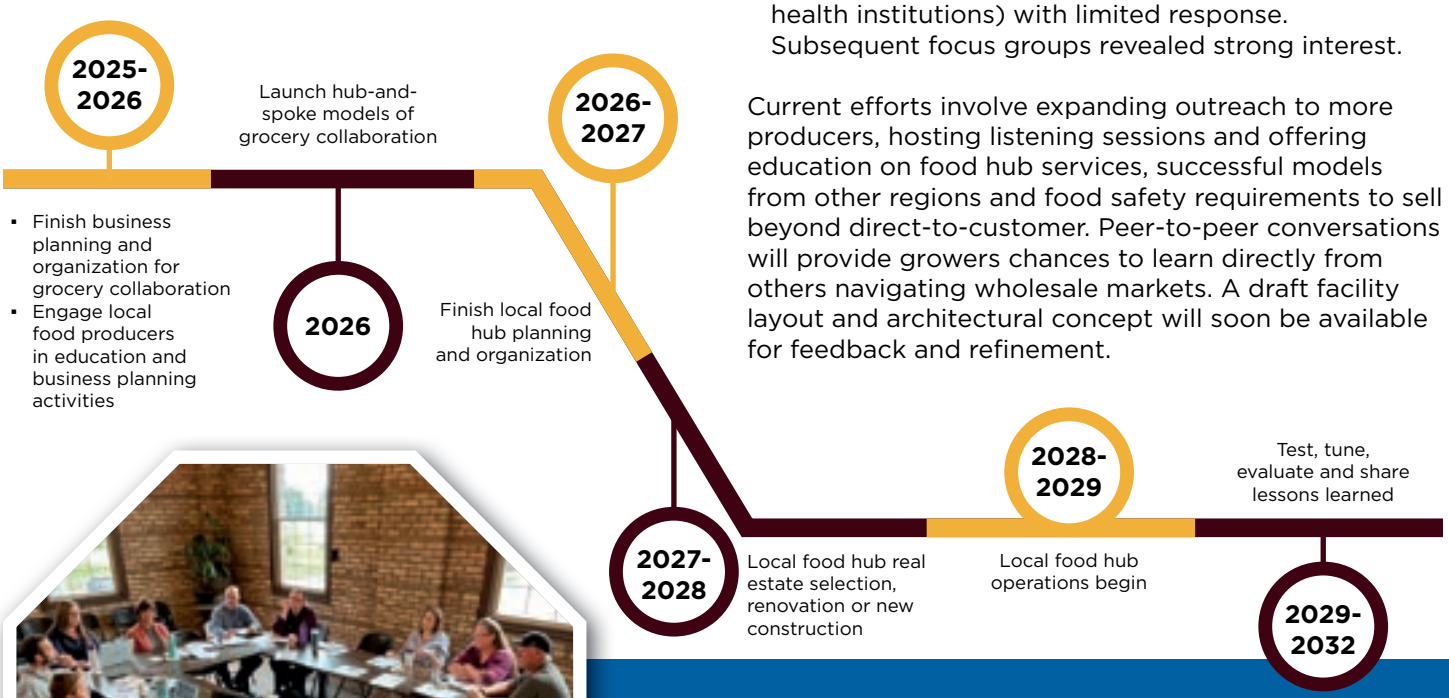
A rural disadvantage. Wholesale pricing based on volume puts rural grocery stores at a disadvantage to their urban counterparts and big-box stores, which buy more product, receive more favorable wholesale pricing and often have their own distribution system.

Traveling greater distances. Rural residents often travel 100 miles or more for basic groceries, which impacts community livability and is costly, inconvenient and a barrier to growth.

Shrinking supply chains. With warehouses located only in Fargo, Grand Forks and Billings, Montana, shrinking supply chains increase the risk of food deserts.

Local foods don't stay local. While North Dakota is an agricultural powerhouse, most food produced locally leaves the state for processing and returns at a markup.

ESTIMATED TIMELINE





BUILDING MOMENTUM

CONVENTIONAL GROCERIES

Progress

- Completed a feasibility study based on surveys of grocery stores in a 100-mile radius of Minot to assess interest in collaborative purchasing and redistribution.
- Followed up with in-person visits to interested stores, identifying those ready to explore collaboration.

Next steps include working with store owners plus mainline and direct-to-store distributors to analyze potential cost savings, operational benefits and governance models.

Two hub-and-spoke models are emerging as possible options: one serving communities east and south of Minot, another serving those north and west of Minot. Hub locations, storage and handling needs, and staffing requirements for aggregation and redistribution need to be refined.

LOCAL FOODS

Progress

- Conducted producer surveys in 2024 and 2025 to gauge interest in scaling production for larger markets and to identify service needs.
- Surveyed wholesale buyers (schools, restaurants, health institutions) with limited response. Subsequent focus groups revealed strong interest.

Current efforts involve expanding outreach to more producers, hosting listening sessions and offering education on food hub services, successful models from other regions and food safety requirements to sell beyond direct-to-customer. Peer-to-peer conversations will provide growers chances to learn directly from others navigating wholesale markets. A draft facility layout and architectural concept will soon be available for feedback and refinement.

HELPFUL DEFINITIONS

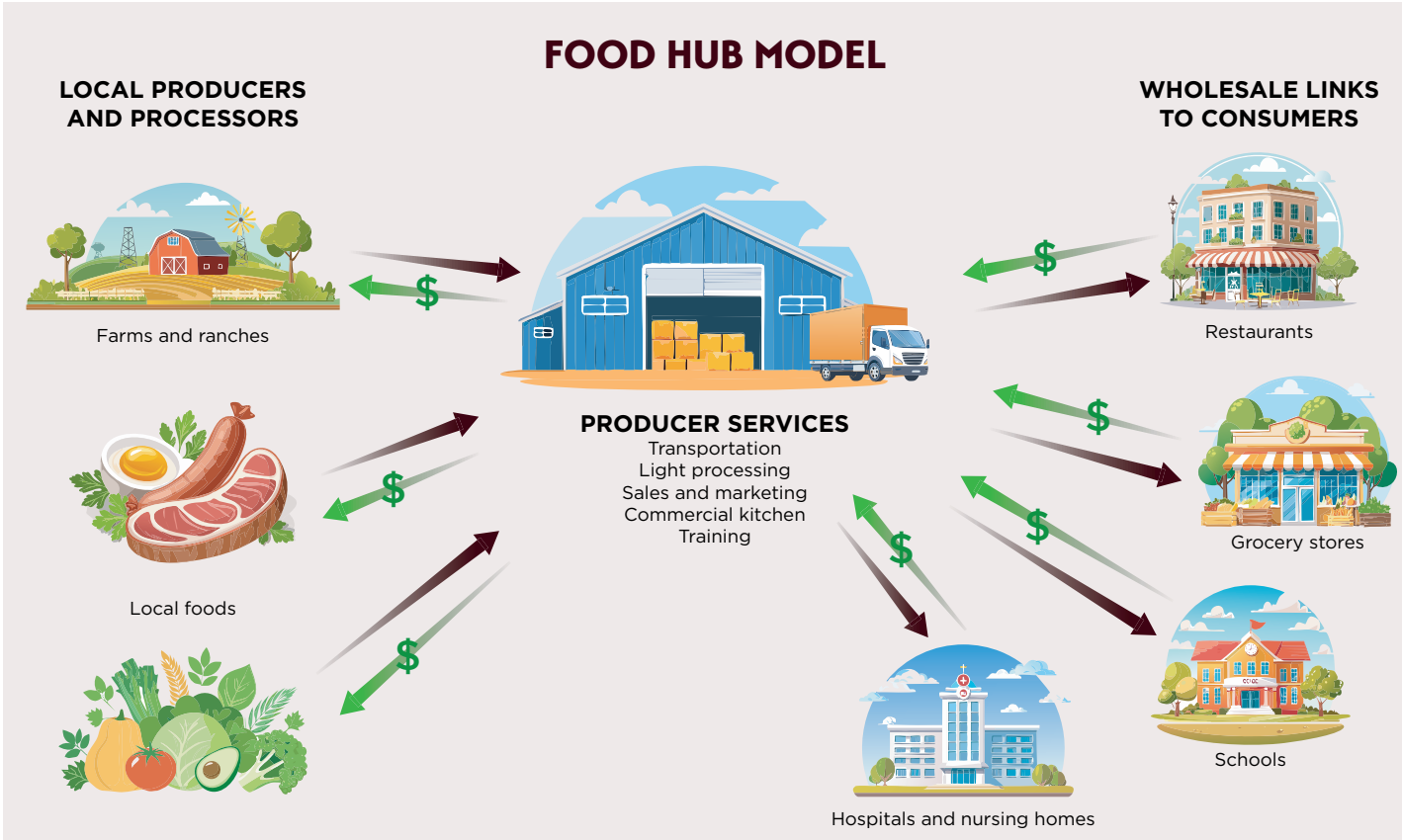
Food hub: A centrally located facility that helps collect, aggregate, store, process, distribute and market local or regional foods. Food hubs serve small producers by providing access to larger markets, such as grocery stores, restaurants, schools and health care institutions. Food hubs can be organized as private businesses, nonprofits cooperatives and public entities.

FEASIBILITY STUDY KEY FINDINGS

Early analysis shows shared trucking and distribution for groceries and local foods is viable if enough volume is aggregated. Key insights include:

- **Shared delivery lowers costs.** Operating costs for cooperative trucking average $2 per mile. On a 150-mile daily route, fees would total $300 — a cost that could be shared across participating grocery stores, schools, restaurants or health facilities.
- **Bigger is better.** Longer routes with multiple stops become more economical when truckloads are full. A 400-mile route with four delivery points would cost about $1,000 — reasonable if the truck carries at least $10,000 worth of wholesale food.
- **It's a numbers game.** For a local producer to sell wholesale, they must offset the difference between wholesale prices earned and retail prices charged at a grocery store by realizing cost savings in their business operations. Examples include reducing transportation time and staffing at farmers markets, minimizing waste, extending product usefulness or improved efficiencies.
- **Premium threshold for local.** National consumer research finds a third will pay a 10% premium for farm-sourced food. Willingness diminishes when the premium reaches 20%.
- **Aggregation is key.** By pooling products, local growers can access markets that aren't practical through farmers markets or community-supported agriculture alone. Efficient trucking would ideally move one full truckload (15,000 pounds) of local products per week (example: 15,000 pounds of tomatoes). Surveyed producers reported an annual output of 75,000 pounds, or roughly five truckloads per year if all respondents joined. More producer interest and volume is needed for the proposed food hub to be feasible.

FOOD HUB MODEL

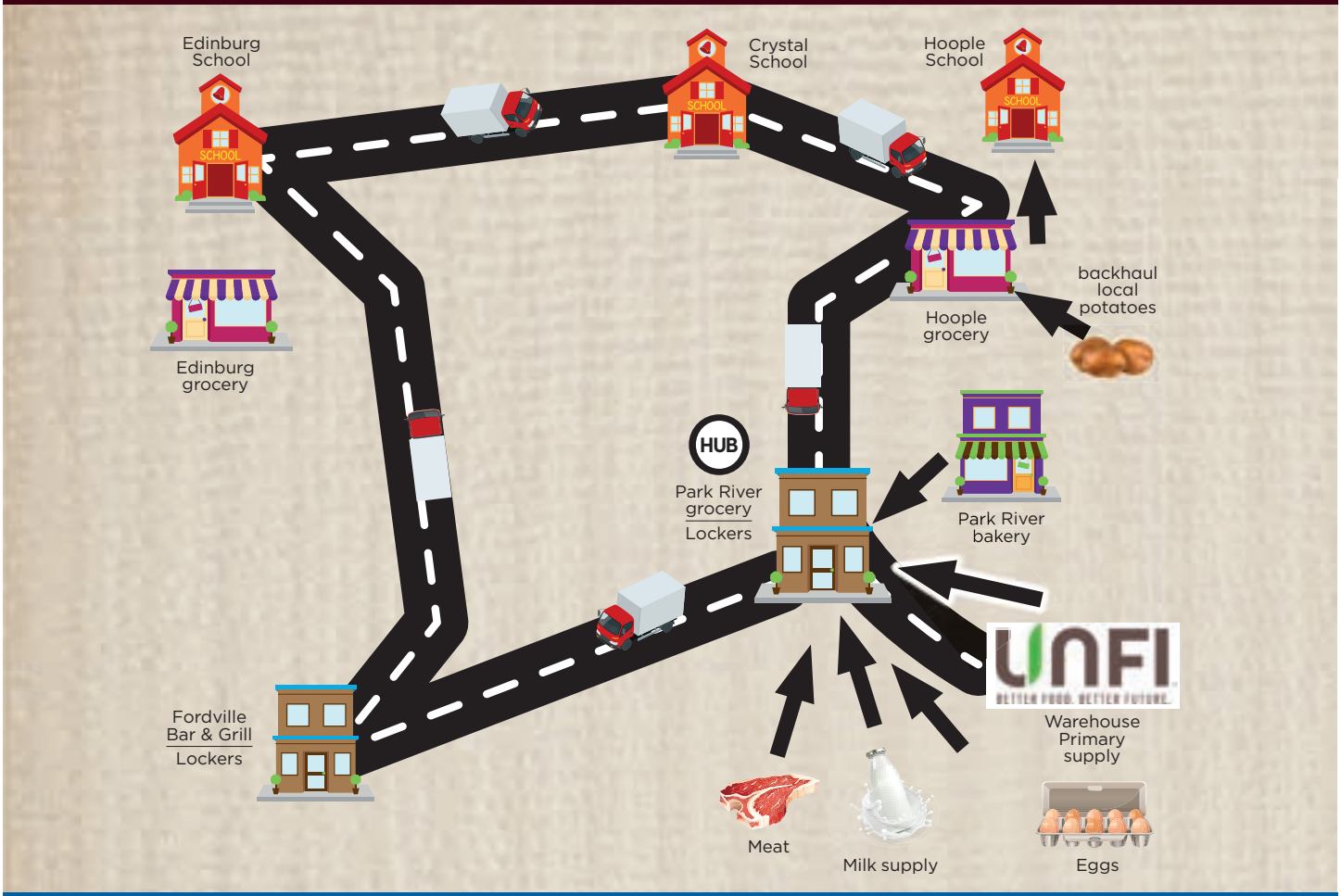


Local foods: Food transported less than 400 miles from its origin or within the state in which it was produced.

Food desert: A rural area that is 10 miles or more from the nearest supermarket or grocery store.

Food system: All processes and activities involved in getting food from its origin to consumers, including production, processing, distribution and selling.

RURAL ACCESS FOOD DISTRIBUTION COOPERATIVE



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

The regional north central food hub builds on the Rural Access Distribution Cooperative model operating in Walsh County, where local grocers, producers and partners share ownership, risk and decision making.

GRANT USES

- Capacity building and project coordination
- Stakeholder support and training
- Business planning and organization for rural grocers and local food producers
- Initial project startup and operating costs, including facility development, trucks, equipment and technology
- Truck route optimization
- Policy research (economic impacts in North Dakota of local foods and unfair grocery pricing)
- Project evaluation, communications and storytelling

COLLABORATORS

- Foundation for Agricultural and Rural Resources Management and Sustainability (FARRMS)
- Great Plains Food Bank
- Mandan, Hidatsa and Arikara Nation
- Minot Area Chamber EDC
- North Dakota Farmers Union
- Strengthen ND
- Souris Basin Planning Council

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