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APPENDIX A. GLOSSARY

The following are definitions of terms in alphabetical order used throughout the paper. Some are defined in more detail in later sections.

501(c)3 tax exempt status: Organizations with 501(c)3 tax exempt status usually have charitable and/or educational purposes and qualify to receive tax-deductible donations from individuals.¹

Business: For the purposes of a 501(c)3 nonprofit organizations, a business is defined as an income-generating activity that is carried out regularly.²

Community economic development: The term has many definitions but, for the purposes of this paper, can be defined as “economic empowerment through self-determination, cultural awareness, and group self-sufficiency.”³

Convenience stores: “Small outlets that carry primarily dry groceries and have a limited selection of perishables, prepared foods and general non-food merchandise. They usually carry about 800 to 3,000 items.”⁴

Food desert: The United States Department of Agriculture (USDA) defines a food desert as a low-income census tract with 500 people or at least 33% of the residents living more than 1-mile from a grocery store.⁵

Limited assortment supermarkets: “Limited assortment supermarkets, sometimes referred to as discount supermarkets or price impact supermarkets, are self-service retail stores that carry a limited selection of items in a reduced number of categories and typically have few, if any, service departments. Of the 4,000 SKUs or less offered, a higher percentage are private label relative to traditional supermarkets, where private label penetration typically represents less than 30% of sales. Store size varies; however, the stores are typically between 13,000 SF and 25,000 SF.”⁶

Natural / Gourmet Store: “A specialty retail store focused on healthy living and/or gourmet prepared foods. These stores tend to have a limited selection of general merchandise. Store size varies significantly.”⁷

Nonprofit corporation: A nonprofit corporation shares most of the features of a for-profit corporation, however, while a nonprofit can make a profit, it cannot distribute those profits to private persons.⁸

Social purpose enterprise: Social purpose enterprises can be thought of as “organizations seeking business solutions to social problems.”⁹

Supercenters: “Large stores, average over 170,000 SF, which offer a combination store plus discount stores services in a single location. These stores devote as much as 40% of their space to grocery items.”¹⁰

Superettes: “Smaller stores that sell mostly packaged and perishable food items with a basic, narrow selection of SKUs and having annual sales of less than $2 million. These stores tend to have few service departments and are sometimes called “mom &
pop” stores or corner stores. These stores tend to carry limited private label products.” ¹¹

**Tax exemption:** Being tax exempt, under the Internal Revenue Service (IRS) code 501(c), means that an organization does not have to pay income tax on earned and investment income, except for income earned through activities unrelated to its exempt purposes. ¹²

**Traditional supermarkets:** “Traditional supermarkets, also called conventional supermarkets, are self-service retail stores that sell dry groceries, canned goods, nonfood products and perishables having annual sales of $2 million or more. These stores typically carry between 15,000 and 60,000 stock keeping units (SKUs) and tend to have multiple service departments including but not limited to bakery, butcher, deli, fishery, floral, pharmacy, photo, etc. Traditional supermarkets vary significantly in size but typically range between 20,000 square feet (SF) and 65,000 SF or more.” ¹³
APPENDIX B. METHODOLOGY

To answer the policy question, I proposed a business model for a grocery store that addresses PQC’s social goals and has potential to generate financial return. My strategy for developing this business model options included the following five major components, described in more detail in the narrative below.

1. Conducted background research and a review of the literature on topics relevant to the policy question.
2. Conducted a market study of PQC’s neighborhood to determine market potential.
3. Case studies of related businesses/organizations.
   a. Through discussions with experts and research in the literature and in databases of associations and foundations, selected relevant businesses/organizations for case studies.
   b. Created an interview protocol.
   c. Conducted interviews with leaders of selected businesses/organizations.
   d. Collected internal and external business information on selected businesses/organizations.
   e. Compiled information into case studies explaining the organizations’ business models and their successes or failures in meeting their social and financial goals.
4. Constructed a grocery store’s income statement under different scenarios.
5. Informed by the market opportunity analysis and financial scenarios and drawing from the case studies, proposed a business model for PQC and its community.

B1. Background and literature review

To provide context for the effort to address food access that PQC wants to undertake, this project began with background research on and a literature review of relevant topics. These sections are available in Appendices C and D.

B2. Market study

To understand the extent of food access issues for PQC’s neighborhood and the neighborhood’s potential to support a PQC store, I conducted a market study of the retail grocery sector for the area, according to the procedures described in Market Opportunity Analysis: Text and Case Studies and demonstrated in Marketek’s grocery market analyses of Portland, OR and Roseburg, OR and ArLand’s grocery market study of Denver. The market analysis in this report provides a rough sketch of the demand for groceries, the existing supply of groceries in the neighborhood, and the retail gap that PQC might fill.
For the market study I draw largely on mapped Census demographic and household expenditure data available through ESRI Business Analyst Online, but do not conduct market surveys or focus groups. While this level of market analysis is sufficient for this project, before investing in any business, PQC should conduct a market survey, as suggested in Section 5.

The market study consists of a description of the trade area, a retail grocery demand and supply analysis, and an estimate of the retail gap and retail grocery potential for PQC. For the description of the trade area, I provide maps of and demographic information for the area. To determine the neighborhood purchasing power for groceries, I used data available through ESRI Business Analyst Online on household expenditures on food at home and other categories of products available in retail grocery stores. To estimate supply, I located all the stores in the area and estimated their square footage and sales as well as used aggregate data on grocery retail sales, expenditures, and estimates of retail gaps for specific geographic areas available on ESRI Business Analyst Online.

To estimate market potential for PQC, I found the grocery retail gap for the area closer to the proposed store site on campus than to the nearest competitor. I provided estimates for the appropriate size and potential revenue of a store depending on what percentage of the market the PQC store captures.

B3. Case studies

Through business records and interviews with business leaders, I created a series of case studies examining the structure and practices of businesses in four categories: 1) grocery stores in under-resourced communities, 2) urban farms in under-resourced communities, 3) grocery stores that source locally, and 4) college or university social enterprises or food business. The purpose of these case studies is to have concrete and detailed examples of how social enterprises in similar fields have structured their businesses. From these examples, I drew the features of the store I recommend to PQC.

The case study creation process involves three major components:
1. Searched for and selected case study organizations. Invited organizations in each category to share internal documentation and participate in an interview.
2. Collected data. Collected external and internal documents. Interviewed business leaders.
3. Compiled and summarized data.

As discussed in the interview protocol section, the information of primary importance in each category of case study differs and I approached each category with the focus
specific to it. This approach gives attention to both a diversity of businesses and the opportunity to delve into the main issues in each category.

**B3.1. Selecting businesses/organizations for case studies**

To search for appropriate businesses for the case studies, I did the following:

- Asked leaders in the fields of food and agriculture issues and social enterprise, my client, my committee members, and other professors if they knew of appropriate organizations.
- Researched resources available through the Social Enterprise Alliance.
- Searched records on the npEnterprise email list and asked members of the email list if they knew of appropriate organizations.
- Explored the project records of the Robert Wood Johnson Foundation and the Ford Foundation.
- Scanned through the feasibility studies and business plans created by Yellow Wood Associates.
- Explored the Foundation Center for foundations that fund grocery stores and urban farms in food deserts and then the foundations’ websites for information about their projects.
- Searched for community colleges engaged in social enterprises.
- Asked members of the National Agriculture Educators email list if they knew of college/universities engaged in social enterprises.
- Searched the websites of colleges participating in the Work College program for what, if any, social enterprises they are engaged in.
- Combed through the resources available from the Low Income Support Corporation for businesses/organizations they have studied that fit this project’s needs.
- Searched the resources from The Aspen Institute available through caseplace.org.
- Checked the websites of Seedco, REDF, and Community Wealth Ventures for appropriate organizations/businesses.

I searched for organizations that fit into one of the four categories mentioned above and shown in Tables B.1-B.4. Listed under each category are businesses/organizations that were considered for participation.

By seeking out organizations that fit into specific categories, each organization included in the list below already met the set of criteria of its category. (E.g. the grocery stores must be specifically aimed at addressing food access issues in under-resourced communities). To further limit the number of organizations included in the case study component of this project, I created one more criterion for three of the four categories. For grocery stores in under-resourced neighborhoods, I eliminated any of the businesses that were not full-service grocery stores. PQC wants to create a full-service grocery store, not start another food distribution mechanism, such as a farmers market.
or weekly produce box; so it can best learn from full-service stores. For the grocery stores that source locally category, I limited the businesses to those that are full service as well, for the same reason. In the urban farms category, I eliminated the programs that only sell retail and do not have any wholesale accounts because PQC wants to sell produce from its farm to its grocery store. Because the number of colleges and universities with business was smaller, I deemed it beneficial to maintain the diversity of programs represented and I chose not to eliminate any from this category. The tables below for each category list the organizations and the answers to the elimatory questions for each organization.

To further narrow the pool of organizations, I based participation on willingness to do so. I sent a tailored email to each organization asking them to participate in my study, agree to be interviewed, and share existing documentation about their business with me. From the initial round of emails sent on December 28th and 29th, 2012, 15 organizations responded interested in participating by January 6th, 2013. Ultimately, I interviewed 9 of these organizations.
Table B.1. **Grocery Stores** (or other means of healthy food distribution) in under-resourced neighborhoods

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<th>Name</th>
<th>Description</th>
<th>Full-Service</th>
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<tr>
<td>People's Community Market</td>
<td>The creation of this grocery store is an offshoot of the nonprofit People's Grocery that has been working in West Oakland for the past 10 years growing food and distributing it through a Mobile Market and the Grub Box. This West Oakland store will be a small-format, full-service grocery store that will partner with health organizations to provide nutrition and health information to customers. The store has already hired a team including a CEO, CFO, Operations Manager, Deli Manager, Produce Manager, and Grocery Manager. People's Community Market is raising $1.2 million dollars through a Direct Public Offering of shares. Investors will receive interest and be paid back over 7 years.18</td>
<td>Yes</td>
<td>Brahm Ahmadi, CEO <a href="mailto:brahm.ahmadi@gmail.com">brahm.ahmadi@gmail.com</a> (510) 995-7498</td>
<td>Interviewed.</td>
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<td>Philabundance</td>
<td>This non-profit food bank has broken ground on a non-profit grocery store in Chester, PA, a community that has been without a grocery store since 2001. The store, Fare and Square, will be a members-only (with free membership) store offering bargain prices. Foundations and individuals have given Philabundance several hundred thousand dollars to get the store off the ground. The project has also received financing from the Nonprofit Finance Fund, the Reinvestment Fund, and the TD Bank.19, 20</td>
<td>Yes</td>
<td>Noah Langas, Manager Fare &amp; Square Market <a href="mailto:nlangnas@philabundance.org">nlangnas@philabundance.org</a></td>
<td>Interviewed.</td>
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<td>Triangle Residential Option for Substance Abusers</td>
<td>In 2010, TROSA, a residential substance abuse recovery program, opened a grocery store as one of its revenue generating businesses, which provide vocational training to clients. TROSA opened the grocery store in North-East Central Durham, North Carolina with the purpose of both providing employment to its clients, but also with intent of addressing food access issues in the neighborhood. TROSA closed the grocery store in the spring of 2012 due to a lack of business that resulted in losses.21, 22</td>
<td>Yes</td>
<td>Jeff Stern Director of Special Projects <a href="mailto:jstern@trosainc.org">jstern@trosainc.org</a> 919.419.1059</td>
<td>Interviewed.</td>
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<td>New Orleans Food Coop</td>
<td>A consumer-owned cooperative in New Orleans, the New Orleans Food Coop offers an array of member-owner investment options including a limited-income membership of only $25. Open to the public, the Coop prioritizes selling fresh, wholesome, and minimally processed products that are organically or sustainably produced locally and regionally.</td>
<td>Yes</td>
<td>Rachel Riezman, President Board of Directors <a href="mailto:rachelr@nolafood.coop">rachelr@nolafood.coop</a></td>
<td>No response.</td>
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<tr>
<td>Village Market</td>
<td>The Village Market, a program of Village Gardens, is a healthy corner store that accepts WIC and offers the full array of products of a full service grocery store. Located in Portland, Oregon, the store also has a deli and other corner store conveniences.</td>
<td>Yes</td>
<td>Michal Tetteh, Program Manager Village Market <a href="mailto:mtetteh@janusyouth.org">mtetteh@janusyouth.org</a>, (503) 548-0374</td>
<td>No response.</td>
</tr>
<tr>
<td>Arcadia Food Mobile Market</td>
<td>Arcadia Center for Sustainable Food and Agriculture’s Mobile Market brings fresh local produce to neighborhoods in Washington, DC that would otherwise have limited access. Accepting SNAP and WIC, the Mobile Market also offers nutrition education and cooking lessons at Mobile Market stops.</td>
<td>No</td>
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<td>Aya Community Markets</td>
<td>Aya Community Markets, a project of Dreaming Out Loud, has farmers markets in Southwest Washington, DC that accept SNAP and WIC and offers dollar-for-dollar (up to $10) matching “Aya bucks” to food stamp beneficiaries shopping at their market.</td>
<td>No</td>
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<td>Common Market</td>
<td>Philadelphia-based Common Market is a food hub or a mission-driven wholesale produce distributor. The company works with farmers from Delaware, New Jersey, and Pennsylvania and delivers to over 200 wholesale customers, including public and privates schools, colleges and universities, hospitals, grocery stores, nonprofits, churches, and workplaces.</td>
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<td>Corbin Hill Farm</td>
<td>Corbin Hill Farm is a network of upstate New York farms and community groups in Harlem and the Bronx. Corbin Hill Farm sells Community Supported Agriculture shares to members. Pick-up points are located at meeting places in communities with less access to fresh produce. ^29^ : <a href="http://corbinhillfarm.com/">http://corbinhillfarm.com/</a></td>
<td>No</td>
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<td>Digger’s Mirth Collective Farm</td>
<td>Digger’s Mirth Collective Farm is a cooperatively-owned farm near Burlington, VT. Along with selling their produce in the more traditional manner – wholesale, to restaurants, and at farmers markets – Digger’s Mirth drives a pickup truck around the streets of Burlington twice a week during the summer making noise and drawing customers out to their mobile produce market. ^30^</td>
<td>No</td>
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<td>Fondy Food Center</td>
<td>The Fondy Food Center runs the Fondy Farmers Market on the Near North Side of Milwaukee, WI. During the growing season the market is open 4 days per week and hosts over 29 farmers and vendors. The Farmers Market hosts Taste the Season, a live cooking demonstration that is taped and aired on cable access television. The Fondy Food Center also runs the Fondy Farm Project that is building a farm cooperative of immigrant and limited resource farmers that will serve the North Side. ^31^</td>
<td>No</td>
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<tr>
<td>Ujamaa Food Coop</td>
<td>A program of the Detroit Black Community Food Security Network, the Food Coop is a essentially a food buying club through which members place an order with United Natural Foods, a distributor, to reap the benefits of wholesale prices. Fresh produce is available to members from the Network’s urban farm. The organization is working towards opening a brick and mortar location. ^32^</td>
<td>No</td>
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### Table B.2. Urban Farms (or other means of healthy food production) in under-resourced neighborhoods

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<th>Name</th>
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<tr>
<td>Recovery Park</td>
<td>In Detroit, a collaborative of over 50 organizations and seven universities, SHAR (Self-Help Addiction Rehabilitation), is starting a 30-acre farm, Recovery Park that will use a 3-tiered intensive growing method (developed by and taught at Growing Power, discussed below) over three seasons. The farm will have a packaging company on site to process farm-grown fruits and vegetables. SHAR estimates that the project will create 150 jobs in 6 months and 2,500-3,500 jobs over the next 10 years.³³</td>
<td>Yes</td>
<td>Gary Wozniak, President <a href="mailto:gwozniak@recoverypark.org">gwozniak@recoverypark.org</a> 313.894.1275</td>
<td>Interviewed.</td>
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<tr>
<td>Growing Power</td>
<td>Growing Power is an ever-expanding set of projects focused around growing food intensively in urban areas. Projects include demonstration greenhouses in Milwaukee, Wisconsin, where the organization holds trainings on intensive farming including vermicomposting and aquaponics. The organization also runs a farm in Merton, Wisconsin and in Chicago, Illinois. Growing power has satellite training sites in Arkansas, Georgia, Kentucky, Massachusetts, and Mississippi. The organization sells the produce it grows as well as the produce, meat, diary, and eggs from farmers in its Rainbow Farmers Cooperative direct to customers through its Farm-to-City Market Basket Program and wholesale to restaurants and small grocery stores.³⁴</td>
<td>Yes</td>
<td>414.527.1546, <a href="mailto:staff@growingpower.org">staff@growingpower.org</a> <a href="mailto:rfc@growingpower.org">rfc@growingpower.org</a></td>
<td>Declined to be interviewed.</td>
</tr>
<tr>
<td>Our School at Blair Grocery</td>
<td>Our School at Blair Grocery is a youth education and sustainable food project in the Lower Ninth Ward of New Orleans, LA. The program is guided by the question, “To what extent are we empowering at-risk youth to take leadership in making New Orleans that city that ended hunger?” Operating as the Gulf Coast Growing Power Regional Training Center, the project employs 5 adults and 5 youth in growing food and teaching over 700 high school and college students each year.³⁵</td>
<td>Yes</td>
<td>Nat Turner Founder and Director <a href="mailto:turner@ny2no.org">turner@ny2no.org</a> 718.415.0890</td>
<td>Initially responded, but then no response.</td>
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<td>Food Works</td>
<td>Village Garden’s Food Works program is a youth-run certified-organic farm on Sauvie Island near Portland, OR that sells its produce at two farmers markets, New Seasons Market (a local grocery store chain), and the Village Market (see Table 1). The program provides agricultural, management, and nutritional education to the youth and the community. Food Works also donates almost half of its produce to its neighbors.³⁶</td>
<td>Yes</td>
<td>Mikael Brust Food Works Farm Coordinator <a href="mailto:mbrust@janusyouth.org">mbrust@janusyouth.org</a></td>
<td>No response.</td>
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<td>Green City Grower Cooperative</td>
<td>Green City Grower Cooperative is a for-profit cooperative business launching in Cleveland, Ohio. It is part of the Evergreen Cooperatives group. The business will grow leafy greens and herbs in five acres of hydroponic greenhouses to sell to institutions, grocery stores, and wholesale distributors. The business expects to create 35-40 long term, living wage jobs for the low-income residents of the community in which the cooperative is located. As a worker-owned cooperative, Green City Grower expects that, in addition to hourly compensation and benefits, worker-owners will earn $65,000 in patronage refunds over 8 years.³⁷</td>
<td>Yes</td>
<td>Mary Donnel, CEO Green City Growers Cooperative 216.268.0200 General email for their business model: <a href="mailto:adaptation@evergreencooperatives.com">adaptation@evergreencooperatives.com</a></td>
<td>No response.</td>
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<tr>
<td>Stone’s Throw Urban Farm</td>
<td>Stone’s Throw Urban Farm in Minneapolis and St. Paul, MN converts vacant lots into small urban farms. The farm sells produce through a Community Supported Agriculture box, a farmers market, and wholesale accounts.³⁸</td>
<td>Yes</td>
<td><a href="http://stonesthrowurbanfarm.wordpress.com/contact-us/">http://stonesthrowurbanfarm.wordpress.com/contact-us/</a></td>
<td>No response.</td>
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<tr>
<td>Common Good City Farm</td>
<td>Common Good City Farm provides training in food production, healthy eating, and environmental sustainability to residents of Washington, DC. The farm runs a summer youth program, education workshops for adults, a reduced-rate weekly food box to low-income individuals, and sells herbs and specialty produce to local businesses.³⁹</td>
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<td>East New York Farms</td>
<td>Located in Brooklyn, NY, East New York Farms manages two urban farms and two community-run farmers markets. The organization also teaches 20 youth each year through a 9-month intensive internship program.</td>
<td>No</td>
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<td>The Food Project</td>
<td>Founded in 1991, The Food Project works with over 150 youth each year on 40 acres of farms in eastern Massachusetts. The Food Project sells the food it grows through Community Support Agriculture and farmers markets and donates food to local hunger relief efforts.</td>
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<td>Garden Fresh Farms</td>
<td>Garden Fresh Farms in Maplewood, MN is an urban greenhouse aquaponic farm that sells sprouts, herbs, seasonal fruit, rainbow trout, and tilapia, along with aquaponic and hydroponic growing systems.</td>
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<td>Green Corps</td>
<td>A project of the nonprofit Cleveland Botanical Garden, Green Corps hires high school students each summer to learn organic farming techniques and management and marketing skills. Working at five “learning farms” in Cleveland, Ohio, Green Corps student employees grow and harvest produce and sell it at three area farmers markets and one on-site farmers market each week.</td>
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<td>SEEDS</td>
<td>A nonprofit located in Durham, NC, SEEDS operates a garden in Durham's Southside and runs programs for youth. DIG (Durham Inner-city Gardeners) youth grow produce, herbs, and flowers and sell them at the Durham Farmer’s Market.</td>
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</table>
| City Market - Onion River Coop            | A community-owned food cooperative in downtown Burlington, VT, Onion River Coop works with hundred of local producers in its efforts to support the local economy. In profitable years, members, who have purchased $200 in equity in the business, receive a portion of the profits based on their purchases and the store’s profits from member sales. | Yes          | Pat Burns  
Operations Manager  
pburns@citymarket.coop  
802-861-9711                                                                                                           | Interviewed.   |
| Mom’s Organic Market                      | Mom’s Organic Market has 10 stories in the Washington, DC area. The store is environmentally focused selling organic and local products whenever possible, only sustainable seafood, and no bottled water. In addition, the stores use green building materials and wind power for energy, and offer benefits to help their employees become more environmentally friendly. | Yes          | Soren Huber  
Produce Manager  
240-461-0308  
sorenh@momsorganicmarket.com                                                                                         | Interviewed.   |
| Boxcar Grocer                             | This café/grocer focused on local produce is located in Castleberry Hill, a neighborhood in Atlanta, GA that had seen decay but is undergoing a revitalization. The store is focused on local and organic produce and products, working with farmers and food craft producers to stock and sell their products. | Yes          | eatwell@boxcargrocer.com  
404.883.3608                                                                                                            | Initially responded, but then no response. |
| Greene Hill Food Coop                     | Serving Fort Greene, Clinton Hill, Bed Stuy, and Prospect Heights in Brooklyn, NY, the Greene Hill Food Coop is a member-owned and -operated food co-operative. The store is open two days per week and members work two hours every four weeks at the store. In return, members enjoy prices that are much lower than prices at for-profit stores. The Coop uses a democratic process with each member having a voice, offers local, sustainable, and organic products, and promotes transparency in their buying and selling practices. | Yes          | (718) 208-4778  
info@greenehillfood.coop  
membership@greenehillfood.coop                                                                                     | Initially responded, but then no response. |
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<tbody>
<tr>
<td>New Seasons Market</td>
<td>A locally-owned chain of seven supermarkets in Portland, OR. New Seasons sells locally-sourced, sustainable products alongside the products available in conventional grocery stores. 49</td>
<td>Yes</td>
<td>Amy Brown Marketing Director <a href="mailto:amyb@newseasonsmarket.com">amyb@newseasonsmarket.com</a></td>
<td>Initially responded, but then no response.</td>
</tr>
<tr>
<td>Berkeley Bowl</td>
<td>Located in Berkeley, CA, Berkeley Bowl is an independent grocery store. Known for its huge produce selection, Berkeley Bowl focuses on high quality at low prices. 50</td>
<td>Yes</td>
<td><a href="mailto:customerservice@berkeleybowl.com">customerservice@berkeleybowl.com</a> 510.843.6929</td>
<td>No response.</td>
</tr>
<tr>
<td>Diablo Foods</td>
<td>An independent grocer in Lafayette, CA, Diablo Foods sources produce locally, with produce delivered every day. The store also offers a large selection of house-made deli case items, such as salads and cured meats. The store recently hired Bill Fujimoto, an expert in sourcing produce locally, to build relationships with local farmers and bring more local produce to the store. 51, 52</td>
<td>Yes</td>
<td>925-283-0737 Submit form: <a href="http://www.diablofoods.com/message">http://www.diablofoods.com/message</a></td>
<td>No response.</td>
</tr>
<tr>
<td>Park Slope Food Coop</td>
<td>Founded in 1973, the Park Slope Food Coop has grown to have over 16,000 members that each work two hours per week every four weeks. Members save an estimate 20-40% on their groceries. The store stocks local, organic, and conventionally-grown produce, meats, fish, and bulk grains, among many other products. 51, 52</td>
<td>Yes</td>
<td>(718) 622-0560 Submission form: <a href="http://foodcoop.com/go.php?id=2">http://foodcoop.com/go.php?id=2</a></td>
<td>No response.</td>
</tr>
<tr>
<td>People’s Food Co-op</td>
<td>People’s Food Co-op is a member-owned collectively-operated grocery store and farmers market in in Portland, OR. 53</td>
<td>Yes</td>
<td>Shawn Development, <a href="mailto:shawn@peoples.coop">shawn@peoples.coop</a>, 503.232.9051</td>
<td>No response.</td>
</tr>
<tr>
<td>People’s Food Coop</td>
<td>People’s Food Coop in Ann Arbor is a member-owned grocery. The store is dedicated to sourcing locally, labeling food that comes from within 120 miles as “local” and food from further away in Michigan as “Made in Michigan.” 54</td>
<td>Yes</td>
<td>Rebecca Kanner, President Board of Directors president@peoplesfoodcoop</td>
<td>No response.</td>
</tr>
<tr>
<td>Name</td>
<td>Description</td>
<td>Full-service</td>
<td>Contact Info</td>
<td>Contact History</td>
</tr>
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<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Seasonal Pantry</td>
<td>Located in the Shaw neighborhood of Washington, DC, the Seasonal Pantry is a market by day and a restaurant by night. As a market, the shop sells jarred goods, dried and fresh pasta, and local produce. The restaurant is a multi-course dinner for 12 diners with a set menu and price.</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smucker Farms of Lancaster Co.</td>
<td>Smucker Farms of Lancaster Co. is a store in Washington, DC that specifically sources from Lancaster, Co in southeastern Pennsylvania. The store works primarily with Amish and Mennonite farmers and producers and serves as the pick-up place for a Community Supported Agriculture weekly produce box from a cooperative of such farmers.</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Description</td>
<td>Contact Info</td>
<td>Contact History</td>
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</tbody>
</table>
| Bronco Urban Gardens      | Launched in 2009, Santa Clara University’ Bronco Urban Gardens (BUG) provides environmental science and food justice education to several underserved neighborhoods in San Jose. Over 100 Santa Clara students provide science enrichment education that is aligned with state standards to children, youth, and families in these neighborhoods at four gardens in different parts of the community.57 | Joanna Ahlum  
Director  
jahlum@scu.edu  
(408) 551-3083 | Interviewed |
| CoFed                     | CoFed is a network of cooperatively run food enterprises on college campuses. The organization runs a training program for students interested in starting coops with ethically-sourced products.58 | Danny Spitzberg, Co-Director,  
danny@cofed.org and Yonatan Landau, Co-Director,  
yoni@cofed.org | Interviewed. |
| The Corp                  | At Georgetown University, The Corp is an entirely student-run – including its Board of Directors – non-profit business. The business donates its profits to students and the community. The organization runs 12 on-campus businesses, including a full-service grocery store, Vital Vittles.59 | Stephanie Wolfram, COO  
coo@thecorp.org  
971 275 3548 | Interviewed. |
| College of the Ozarks     | A work college institution of higher education in Point Lookout, MO, College of the Ozarks operates six beef farms with 200 head of cattle, a dairy farm with 50 milk cows, a hog farm with 20-25 sows, and a feed mill that supplies the farms. An orchard and garden raises fruits and vegetables for the dining halls. College of the Ozarks also operates a USDA- inspected meat processing plant that processes 250 hogs and 10 of the cattle raised on the farms each year. Each of these operations employs students, teaching them agricultural and marketing skills, and sells its products to the dining halls and the public.60 | Agriculture Department (417)-690-3360  
Public Relations contact form:  
http://www.cofo.edu/content/info.aspx?myId=298&s=16 | Initially responded, but then no response. |
<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>Contact Info</th>
<th>Contact History</th>
</tr>
</thead>
</table>
| Howling Cow                       | North Carolina State University sells student-made Howling Cow dairy products, including ice cream and milk, on-campus in several Howling Cow ice cream shops and in on-campus stores. NC State is raising funds to build a new dairy processing facility and improve its dairy farm. The new facilities will expand the educational opportunities and the products offered by Howling Cow. | Catherine Maxwell, Executive Director  
catherine_maxwell@ncsu.edu  
Carl Hollifield, Dairy Sales  
whollif@unity.ncsu.edu, Gary D. Cartwright  
Pilot Plant Coordinator  
gary_cartwright@ncsu.edu | Initially responded, but then no response.                                |
| Rosenthal Meat Center             | Texas A&M’s Meat Center in College Station, Texas raises animals, processes their meat, and sells it to the public. The Center teaches students agricultural, processing, and marketing skills and provides quality meat products, including Texas Aggie Beef Jerky, to the public. Funds from retail sales support the costs of the Center. | Ray Riley  
Meat Center Manager  
r-riley@tamu.edu  
(979) 845-565 | No response.                        |
| Rue and Gwen Gibson Farm Market   | California State University in Fresno runs the Rue and Gwen Gibson Farm Market that sells a dazzling diversity of student-made and -grown products, including fresh produce, meats, jams and jellies, nuts, wine, olive oil, flowers, raisins, and candies. Each Fresno State enterprise that supplies the Farm Market works with students who manage a field, product, or product line. Revenue from the Gibson Farm Market supports Fresno State’s agricultural programs, including its food enterprises. | (559) 278-4511 | No response.                        |
B3.2. Data Collection and Compilation

From the organizations in Tables B.1-B.4, I created case studies for 9 organizations, interviewing 10 individuals total. I also used publicly available sources about each business and asked each one to share a range of existing internal documentation, including:

- news and journal articles profiling the business
- 990s or financial statements
- information the business shares with investors/donors, such as business plans, grant applications, and investor/donor reports.
- reports the business prepares for its board
- budgets the business has used and currently uses for planning
- mission statement/statement of principles

For each case study, no matter the category, I collected basic business information, including:  

1. Type of Business  
a. What product or service does the business/organization provide?

2. Business History  
a. When did the business open?  
b. Why did the owner decide to start the business?  
c. What changes has the business made since it opened?  
d. Has the business expanded? Diversified? Significantly changed the service or product it provides?

I collected additional information from each of the case-study categories. Because grocery stores and urban farms in under-resourced neighborhoods have experiences and clientele similar to those of Paul Quinn College, the case studies in these categories will cover more information in more detail than the other categories of case studies. For the purposes of this project, I collected only certain information from the other two categories, grocery stores that source locally and university/college social enterprises. I covered less about these businesses and focused my interviews on the information most relevant to PQC and this project.

B3.2a. Grocery Stores and Urban Farms in Under-resourced Neighborhoods

For the businesses that fit into the first and second categories of business – grocery stores and urban farms in under-resourced neighborhoods – I collected most of the following information from internal and external documentation:

1. Leadership Structure  
a. How is the business structured?  
b. How are decisions made?  
c. What positions compose the decision-making team?  
d. Do employees have any ownership or decision-making power?
e. Does the business have any performance incentives or profit sharing for its employees?

2. Leadership
   a. If there is one individual that heads the business, who is this person?
   b. How did this person obtain this position?
   c. What are this person’s qualifications?
   d. Who are the other members of the leadership team? What are their qualifications?
   e. If the business has a board, who is on this board? What are their qualifications?

3. Tax Status
   a. What is the tax status of the business?
   b. Is the business associated with any other businesses or organizations?
   c. Is the business part of a larger non-profit?

4. Profitability
   a. Has the business turned a profit?
   b. How many years has the business been profitable?

5. Marketing
   a. What marketing practices does the business use?

With this base of information about each of the organizations, I conducted informal, structured interviews on the phone with the exception of TROSA Grocery’s Jeff Stern, who I interviewed in person. The goal of these interviews were to answer questions about the choices the business made that have led to its success in meeting its financial and social goals. I asked the follow questions of grocery stores and urban farms in under-resourced neighborhoods:

1. Type of Business
   a. What, if any, innovations does the business bring to its sector?

2. Business History
   a. Why did the owner decide to start the business?

3. Goals
   a. What are the financial goals of the business?
   b. What are the guiding principles of the business?
   c. What are the social goals of the business?
   d. Does the business have any metrics to assess its success at meeting its social goals?

4. Tax Status
   a. Why did the owner choose this tax status?
   b. Does the business have plans to change its tax status?

5. Start up Funding
   a. How did the business get start up capital?
   b. How much did the business get in loans for start up costs? in grants? in private investment?
   c. What return did the business promise investors?
6. Marketing  
   a. What has been the business’s most and least successful strategies for attracting and retaining customers?

B3.2b. Grocery stores that source locally
For the third category of businesses, grocery stores that source locally, the most useful information for this project is how sourcing locally affects their operations practices and profitability. I conducted interviews asking the following questions.65
   1. How does the business define local?
   2. Why does the business source local food?
   3. How long has the business been sourcing locally?
   4. How has the business marketed that it sources locally?
   5. Sourcing Practices
      a. How does the business source its local food?
      b. What changes did the business have to make to source locally?
      c. If the business works directly with producers:
         i. How many farmers/craft food producers does the business work with?
         ii. How did the business begin working with these producers?
         iii. How does the business receive product from the producers?
      d. If the business works with a wholesale distributor:
         i. What mechanisms does the wholesale distributor have set up for you to be able to buy locally-produced products?
         ii. What system of labeling allows you to identify the location of origin?

6. Impacts  
   a. What are the greatest benefits of sourcing locally?
   b. What are the greatest challenges of sourcing locally?

B3.2c. Urban university or college economic development efforts/social enterprises
As a small urban college wanting to promote community economic development in its community, PQC can learn a great deal from similar projects at other higher education institutions. Through interviews, I asked the leaders of the case-study businesses the following questions:
   1. University/College Affiliation
      a. Why did the university/college decide to develop this business?
      b. How does being associated with the university/college make this business different from other businesses in its sector?
      c. What advantages or disadvantages come with being affiliated with a university/college?
   2. Employees
      a. Whom does the business employ? Students? Local residents?
      b. What are the challenges or benefits from employing students?
3. Marketing
   a. What has been the business’s most and least successful strategies for attracting and retaining customers?
   b. What role has marketing played in the business’s success in meeting its financial/social goals?

4. Goals
   a. What are the financial goals of the business?
   b. What are the guiding principles of the business?
   c. What social problem is the business trying to address?
   d. What are the social goals of the business?
   e. Does the business have any metrics to assess its success at meeting its social goals?

5. Profitability/Social Change
   a. What were the biggest hurdles to becoming profitable?
   b. How well has the organization met its social goals?

Once I collected the data to answer the above questions in each of the categories, I compiled the information into case studies about each organization.

**B5. Financial analysis**

To understand whether or not a grocery store is financially feasible given the market potential in the community, I created scenarios for a basic grocery store income statement. Based on publicly available data and extrapolations from that data, I created 27 income statement scenarios for a small grocery store that provide an idea of a grocery store’s main expenses and demonstrate the financial complications a PQC grocery store could face in its operations.

For revenue scenarios, I used 3 different small store sizes and 3 possible revenue per square foot estimates, which when multiplied together create total sales revenue estimates. For the expense scenarios, I used 3 different estimates of the percentage of revenue spent on categories of expenses.

In the literature, sales revenue per square foot for grocery stores ranges from $350 to over $600 per square foot.\(^66, 67\) The bases for the total revenue scenarios are shown in Table 7.1 in Section 7.

Developing the three expense scenarios used in Section 7 involved drawing on a variety of sources and making several assumptions. Progressive Grocer, an industry association, issues an annual report on the retail grocery industry that includes the national averages for supermarkets’ expenses as a percentage of revenue, which are the basis for the “national supermarket average” scenario.\(^68\)
To approximate the financial situation of a smaller store in a low-income area, I used statistics available in a 2004 report on the operating costs of supermarkets in low-income areas where the costs of goods sold make up a much larger share of expenses. I used the percentage of revenue spent on COGS and its relationship to the national average to extrapolate from the national averages the percentages of revenue that a small store in a low-income area would spend on other categories of expenses.

For the third expense scenario, I used the percentage of revenue People’s Community Market’s (discussed in Section 6 and appendix E1.1) expense scenario to represent a limited-assortment format model.

**B5. Develop business model**

Using the case studies, market study, and financial analysis as sources, I proposed a business model for PQC that is most likely to be profitable, meet PQC’s social goals, and is best suited to PQC and its community.
APPENDIX C. BACKGROUND

This section provides background information for the reader on Paul Quinn College and the neighborhood that surrounds the school. For those readers that are not familiar with the grocery store industry, this section provides an overview of the industry, including information about profit margins and costs important to PQC’s business.

C1. Paul Quinn College and the surrounding community

C1.1. Paul Quinn College

Paul Quinn College (PQC) is a private, faith-based, four-year liberal arts college. Founded by the African Methodist Episcopal Church in Austin in 1872, the school continues its affiliation with the AME Church, but, in 1877, moved to Waco and to 140-acre campus in Dallas in 1990.\textsuperscript{70} One of the nation’s 110 Historical Black Colleges and Universities (HBCUs), PQC is dedicated to providing “a quality, faith-based education that addresses the academic, social, and Christian development of students and prepares them to be servant leaders and agents of change in their communities.”\textsuperscript{71}

PQC is an accredited institution currently granting bachelor degrees in four majors: Business Administration (BA) Accounting, BA Management, Interdisciplinary Studies in Early Childhood through 6\textsuperscript{th} grade Education, and Legal Studies. PQC will soon offer 5 additional majors including BA Fundraising and Philanthropy, BA Social Entrepreneurship, Health and Wellness, Liberal Arts, and Religious Studies.\textsuperscript{72} PQC is in the process of becoming an official work college, of which there are currently seven in the country. Work colleges treat work as a fundamental part of the education they provide students and require all students to work approximately 10-15 hours per week, reducing student debt and enhancing students’ college education.\textsuperscript{73}

The cost of attending PQC includes $9,300 in tuition and $3,100 in required fees.\textsuperscript{74} The demographics of the student body are as follows.

| Table C.1. Paul Quinn College student demographic information\textsuperscript{75} |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Gender                         | 52.3% female   | 47.7% male      |                 |                 |
| Race/Ethnicity                 | 88.6% African-American | 0.5% white | 0.0% Asian | 10.9% Hispanic |
| Class Rank                     | 52.3% freshman | 16.6% sophomore | 15.5% junior | 11.9% senior |
In 2010, PQC established the “WE Over Me” Farm on what was formerly the school’s football field. Established in recognition of the lack of healthy food options in the neighborhood surrounding PQC, the WE Over Me Farm has three goals: 1) “help address the lack of affordable, healthy food options available to economically depressed areas in the City of Dallas;” 2) “create a replicable model for achieving sustainable urban re-development built around providing safe food options to economically depressed communities;” and 3) “create a facility that will deliver preventative health care (that focuses on nutrition and exercise) to the underserved community surrounding the College.”

Since its creation, the Farm has grown over 10,000 pounds of food, of which no less than 10 percent is donated to charities serving PQC’s neighborhood. Local residents are also encouraged to come to the Farm to pick and purchase produce. The Farm sells the rest at a farmers market and to the College’s cafeteria and local restaurants.

Along with the Farm, Paul Quinn College regularly engages with its community in a number of ways. High school students from Highland Hills participate in the monthly Saturday College program, which prepares students for college and career. The school also hosts an annual block party in Highland Hills. PQC student representatives attend neighborhood watch and neighborhood association meetings.

While PQC is increasingly engaged with its community, very few students are from the immediate neighborhood. Less than 1% of students are from Highland Hills and 12% of students are from the larger Oak Cliffs neighborhood (that includes Highland Hills). Most of PQC students live on-campus, with only 29% living off-campus. Of those living off campus, only 0.07% live in Highland Hills. Approximately 1-2% of staff and faculty at PQC live in Highland Hills.

The College’s dedication to servant leadership, existing urban agriculture endeavors, and newly created social entrepreneurship major and Center for Fundraising and Philanthropy make it a good candidate to use creating access to healthy food as a means to generate economic development in the community.

C1.2. Southeast Oak Cliff (Highland Hills, College Park, and Maynard Johnson neighborhoods)

Paul Quinn College is situated in the southeast Oak Cliff area of Dallas, Texas. The residents of PQC’s surrounding communities are predominantly African-American; of the 19,079 individuals living in the 4 census tracts around PQC, 17,287 or 90.6% identify as African-American. In contrast, black residents make up only 25% of Dallas’s total population.
The per capita income in PQC’s neighboring census tracts ranges from $7,058 to $16,077 compared with the city-wide per capita income of $26,716. The average median household income for the community is approximately $22,375, while the median household income for Dallas is $41, 682. On average, approximately 27% of the neighborhoods’ residents receive SNAP benefits (i.e. food stamps). The average unemployment rate in PQC’s community is close to 15% and only 15% of residents 25 to 65 have a bachelor’s degree or higher. With an average owner-occupied housing rate of 36%, two of PQC’s neighboring census tracts have rates much lower than the city-wide average of over 49%. The other two census tracts have much higher rates of home-ownership, with an average of 71% of homes occupied by their owners in these areas.

PQC considers itself a part of the neighborhood bordering the southern and western edges of campus, Highland Hills. The United States Department of Agriculture officially classifies the two census tracks to PQC’s south and the one to its north as food deserts (see Food Desert section). According to the USDA, a food desert is defined as a low-income census tract with 500 people or at least 33% of the residents living more than 1-mile from a grocery store. The closest grocery store is close to four miles to the northeast of campus, making it over five miles from some parts of the Highland Hills neighborhood.

Map C.1. Food census tracts in pink around Paul Quinn College

In summary, PQC’s community is under-resourced, including lacking access to fresh food and vegetables, and could benefit from a community economic development project that creates jobs and spurs neighborhood revitalization.
C2. Supermarket industry

In its plan to ensure healthy food access for its neighbors, I have proposed that Paul Quinn College start a grocery store. Understanding how the supermarket industry is structured and operates is an important starting place for considering such an endeavor.

After World War II, middle class families migrated from the cities to the suburbs and supermarkets followed. With more land available at cheaper prices, supermarkets were able to grow in size in the suburbs and bring cost-savings to consumers by taking advantage of economies of scale. In the 1980s, consolidation in the industry led new parent companies to close many inner city stores, leading “to a net loss of supermarkets in the poorest urban areas.”

Retailing groceries is a $584.37 billion industry with about 65,000 supermarkets and other grocery stores. Fifty of the largest companies generate about 70% of the revenue, making it a fairly consolidated industry. The industry includes large national and regional chains and some independent retailers. Wal-Mart is the largest grocery retailer, holding about 20% of the grocery market. Other large companies include Kroger, Safeway, SUPRAVAU, and Ahold that operate under different banners (store names/brands) in different regions. While stores have historically grown larger to take advantage of economies of scale, Wal-Mart is developing plans to introduce smaller (but still 75-85,000 square foot) stores in urban areas that typically do not allow big-box retailers.

On average, a supermarket is 46,000 square feet, carries about over 38,000 different items, and generates close to $400,000 in revenue per week. The supermarket industry has extremely low profit margins and stores must focus on selling large amounts of volume in order to be profitable. While cash flow is relatively stable over the course of the year, gross margins are only 25% of sales; for comparison, other retail sectors have 40 to 50% gross margins. Net profit is very low at less than 2% of sales with some stores netting less than a penny per dollar of sales.

Labor is the largest operating expense for the grocery store industry, accounting for about 40% of costs. Supermarket labor has a higher than national average rate of unionization of about 20% compared with 14% across all industries. Despite high unionization but because supermarket jobs require few skills, average per-hour earnings are low at around $12 per hour.

Most grocery store customers are the female heads of their households. They shop 2.2 times per week, spending an average of $27.30 per trip. Grocery stores serve customers that live within 1 or 2 miles of the store. With customers traveling such a short distance, companies carefully consider demographics (area income, for example) when choosing store locations.
Being a high volume/low margins industry, companies must expertly manage their supply chain to keep the costs of goods low. Many national chains buy in volume directly from manufacturers and suppliers, trucking goods on their company-owned or -leased fleets to distribution centers. From such centers, food items are redistributed to individual stores. Some chains arrange for direct shipments from manufacturers to stores for large orders and individual stores receive shipments (direct or from the distribution center) multiple times a week, particularly of perishable food items. Reducing losses due to spoilage of these perishable and due to shoplifting are extremely important to supermarkets because these losses can cut into the industry’s already low profit margins.\textsuperscript{109}

Food travels nationally and internationally to arrive at an individual stores. For out-of-season produce, grocery stores import a great deal of fruits and vegetables from Mexico. Canada, Chile, and many Asian countries are major suppliers of seafood.\textsuperscript{110}

Given that close to half of American consumers are more aware of calories than they were two years ago, customers appear to have an increasing interest in eating more healthfully. Grocery stores are beginning to focus on health and wellness to encourage customer loyalty by offering, for example, in-store cooking classes and consultations with nutritionists.\textsuperscript{111, 112}

In summary, the grocery store industry is a low margin, high volume industry with a majority of its operating costs coming from hiring labor. While the trend in the industry is towards large chains of supermarkets relying on integrated national supply chains, small full-service grocery stores, the proposed model for Paul Quinn College, can thrive where supermarkets might not.
APPENDIX D. LITERATURE REVIEW

To delve into how to address the question at hand, I initially conducted research into the related topics covered in this appendix. The literature review is intended to provide context for the reader on subjects relevant to the policy.

The **food deserts** (Appendix D1) section of the literature review defines the term, discusses the literature on where food deserts tend to be, and the consequences of living in a food desert. The food deserts section provides context for why PQC wants to address the food access issues in its neighborhood.

The **community economic development and social purpose enterprise** (Appendix D2) section defines these two terms and provides a review of the literature on how social purpose enterprises define, measure, and adapt for success. As Paul Quinn College sets out to start a social purpose business to create economic development, this section provides information on what PQC wants to do for its community and why building a social purpose business can help PQC achieve these goals.

The section on **retail food distribution** (Appendix D3) discusses the types of businesses typically found in food deserts – small full service grocery stores and convenience stores – and the extent to which they are financially successful and provide healthy food access. This section also examines the literature on the demand for produce among residents of food deserts and that on stores that source locally. Exploring the literature on these subjects provides critical information for shaping PQC’s business.

An examination of the literature on **urban food production** (Appendix D4) provides a description of the benefits of urban farms with examples of programs and businesses around the country. While PQC has already started a farm on its campus, this section provides context for the benefits of their current undertaking and efforts to expand farming into the neighborhood. The examples in this section demonstrate some of the possible ways in which PQC could grow its urban food production.

The **higher education and community economic development** (Appendix D5) gives a brief overview of how and why institutions of higher education engage in community economic development efforts in their host communities.

The section on **tax status and business structure options** (Appendix D5) for non-profits starting businesses is intended to provide an overview of the forms PQC’s business can legally take. This background research provides information important for the analytical strategy and shapes how PQC can contribute to economic development in its community.
D1. Food deserts

Because the project is intended to address the fact that PQC’s community is a food desert, this section draws on the literature to provide a formal definition of the term, an overview of the causes of food deserts, and the consequences for residents living in food deserts. This section also explains what issues Paul Quinn College hopes to address by creating healthy food access in the community.

The USDA defines a food desert as “a low-income census tract where a substantial number or share of residents has low access to a supermarket or large grocery store:

- To qualify as a ‘low-income community,’ a census tract must have either: 1) a poverty rate of 20 percent or higher, OR 2) a median family income at or below 80 percent of the metropolitan statistical area's median family income;
- To qualify as a ‘low-access community,’ [in urban settings], at least 500 people and/or at least 33 percent of the census tract’s population must reside more than one mile from a supermarket or large grocery store (for rural census tracts, the distance is more than 10 miles).”

Much research has been conducted into the correlation between the availability and accessibility of healthy fresh food and neighborhood attributes. In a review of the literature on food deserts, Walker et al (2010) found that at the national level, the lowest income neighborhoods have 30% fewer supermarkets than the highest income neighborhoods. Henrickson et al (2006) found that the food in low-income neighborhoods tends to have higher prices and lower quality than the food available in more affluent neighborhoods. As discussed in a 2009 USDA report, higher prices found in low-income neighborhoods are perhaps due to the types of retail food stores present – convenience stores and small grocery stores that are common in low-income neighborhood have, on average, higher prices than supermarkets and large grocery stores that are more prevalent in higher-income neighborhoods.

Studies have also found that the racial makeup of a neighborhood is associated with the availability of grocery stores. The USDA found that urban areas with limited access to healthy food were, generally, areas with higher levels of racial segregation and greater income inequality. Controlling for relevant socioeconomic factors such as neighborhood income, Powel et al (2007) found that in predominantly black neighborhoods, chain supermarkets were available at 52% the availability in white neighborhoods. Zenk et al (2005) found that black neighborhoods were 1.1 miles further from the nearest supermarket than the most impoverished white neighborhoods. The increased prevalence of unhealthy food options further compounds the potential effects of poor availability of healthy food. Block et al (2004) found that neighborhoods with fewer than 20% black residents have 1.5 fast-food restaurants per square-mile while neighborhoods with more than 80% black residents have 2.4 fast-food restaurants per square-mile.
Because people tend to make food choices based on the food available in their immediate neighborhood, the lack of supermarkets and the availability of fast-food restaurants create challenges to eating healthfully for residents of food deserts. Coterill and Franklin’s (1995) study of Philadelphia found that low-income neighborhoods that lack access to supermarkets have a greater prevalence of diet-related diseases, such as diabetes, heart disease, and cancer. Schafft et al (2009) found that an increased rate of overweight children in a school district was associated with the percentage of district students residing in a food desert.

With Paul Quinn College located in a food desert neighborhood, creating access to healthy food is important to the well being of the community, as discussed in this section. Paul Quinn College not only wants to improve its community’s health through food access, but to create a social purpose enterprise that in providing that access creates community economic development.

**D2. Community economic development and social purpose enterprises**

This next section defines and describes terms key to this project, including community economic development and social enterprise. An understanding of what makes social enterprises distinct from for-profit businesses or non-profit organizations and what the benefits and challenges of social entrepreneurship are inform the shape of the project.

Community economic development has many definitions but, for the purposes of this paper, can be defined as “economic empowerment through self-determination, cultural awareness, and group self-sufficiency.” Researchers argue that the need for community economic development results from three deficiencies: 1) market failures in a community; 2) an inability of the state to adequately respond “on behalf of those affected by market failures;” and 3) the inability of existing public and private institutions to develop a solution to “poverty and neighborhood decline.”

Since the late 1960s, many organizations, particularly non-profits, have pursued community economic development in low-income and under-resourced communities. In such pursuits, these organizations have the dual goals of creating “democratic influence over a local economy and the equitable allocation of resources.” Since the 1990s, many of these organizations have begun to develop for-profit enterprises to support and complement their non-profit missions and services. These social purpose enterprises, as they will be called in this paper (alternately known as social purpose businesses, social entrepreneurship ventures, third sector enterprises, community wealth enterprises, among other names), seek to create social change while generating revenue.

For the purposes of this project, a social purpose enterprise is defined as “a business dedicated to remediating a weakness in the social system, impacting people or the
Social purpose enterprises “meet a social need unmet by current infrastructure in an...entrepreneurial way.” Put in different terms, social purpose enterprises can be thought of as “organizations seeking business solutions to social problems.”

The literature suggests a number of reasons as to why non-profit organizations, such as Paul Quinn College, and others have increasingly started social purpose enterprises. Wallace (1999) suggests social sector leaders may no longer want to deliver services in a way that may create dependency but rather through a means that fosters self-reliance. Non-profits may be searching for new revenue streams and financial stability as competition for grants and donations becomes more fierce. Whatever combination of factors is driving the growth of social purpose enterprises, these new social change-oriented businesses now exist in many forms and seek to impact an array of social issues.

Social entrepreneurs can easily measure the sustainability of their businesses with traditional metrics, such as sales, revenue, profitability, growth, etc. However, measuring a business’s social impact is more difficult. The managers may track process measures related to social impact, such as clients served or educations provided, but these are poor proxies for impact. Many organizations attempt to document their social impact with stories or testimonials from participants.

While research has not developed a specific solution for how to measure social impact, social change theory can help inform how entrepreneurs attempt to measure their impact. Lane (2010) describes social change as occurring along three dimensions: government/political change, socio-cultural change, and technical change. Only when all three areas are addressed will the social change be permanent and complete. Government/political change entails changing the political structures related to the social issue. If the structures have been in place for a long time, government officials will be resistant to such change. To create permanent social change, one cannot just change the political structure but must also change a culture’s long-standing values and beliefs. Technical change refers to changing the approach to addressing a problem. These three dimensions provide a structure for figuring out how to measure a business’s social impact.

A social purpose enterprise must also deal with the balancing act of maintaining its social purpose with sustaining a profitable business venture. Wallace (1999) suggests that social purpose enterprises that aim to create community economic development must actually reach beyond the community they hope to impact to regional markets in order to be financially successful.

Cooney (2010) conducted a survey of 15 non-profits that created social purpose businesses specifically to offer job training to their clients (ex-offenders, ex-addicts, homeless, etc.). The survey included questions about the financial revenues for the
organization, the business ventures (e.g., type of business, start-up funding, market share, competition), organizational structure, and market risk. Cooney found that either the businesses were at the core of the organizations’ job-training program or were just one program of many for the parent organizations. While revenue generation is often seen as a reason for non-profits to start businesses, about half of the organizations subsidized their businesses.  

To address the issue of balancing their social and commercial goals, social purpose enterprises surveyed in Cooney (2010) took three broad approaches. The slow growth approach involves carefully managing growth and limiting the number of clients the business employs to ensure that client/employees have enough work to do during slow times and to guarantee that the business can increase production when demand increases. Organizations using the cross-subsidization strategy subsidize their businesses to create “more supportive working conditions than the market would allow,” such as paying client/employees higher wages and providing more intensive training and supervision. Organizations may also diversify by offering a range of products at one business and/or by establishing multiple businesses, helping to ensure commercial success. Diversification also helps meet social goals by offering a range of training experiences as well as allowing organizations to justify subsidizing one enterprise for social mission purposes because another is financially profitable.

As Paul Quinn College plans its social purpose enterprise, it must consider how to define its social goals and how to balance them with its financial goals. How will it measure success in achieving its financial goals? Will it take a slow growth approach or plan to diversify? These questions are the type that PQC must ask itself and this project seeks to answer.

D3. Retail food distribution

To start a social-purpose business that ensures healthy food access to its neighbors and spurs economic development, Paul Quinn College must understand what types of retail food businesses currently serve neighborhoods similar to Highland Hills. This section provides an overview of small full service grocery stores and convenience stores, which are often the only retail food stores serving food deserts. In addition, this section provides a discussion of the literature on the demand for fresh produce in food deserts to provide evidence that such a demand exists. In establishing a retail food business, Paul Quinn College would source produce from its own and other local farms. To inform this aspect of PQC’s business, this section also discusses the literature on why and how grocery stores source locally. Understanding these topics is critical to planning a viable social purpose retail food enterprise.
D3.1. Small full-service grocery stores

While concern has grown for urban and rural communities that lack access to supermarkets (food deserts), many low-income urban communities do have access to independent small- and medium-sized grocery stores. Short et al (2007) documented the accessibility, affordability, nutritional adequacy, cultural acceptability, and quality of full-service small grocery stores in three low-income neighborhoods in the Bay Area. (Small stores were defined as those with less than 3,000 feet in contrast to large stores with over 10,000 square feet). Two of the studied neighborhoods, San Francisco’s Mission, a Latino neighborhood, and the ethnically mixed Central East Oakland had large chain grocery stores on their periphery and many small full-service grocery stores in the heart of their neighborhoods. (San Francisco’s Mission district was even described as having “one [small full service grocer] on almost every block.”) Perhaps significant to Paul Quinn College and its neighborhood, the predominantly black neighborhood in the study, San Francisco’s Bayview, “is the only neighborhood where food availability seems to be a salient problem” with only one-full service grocery store in the neighborhood’s center.

Comparing the price of a basket of goods (the items in the USDA’s Thrifty Food Plan) at small grocery stores in the study neighborhoods to prices at nearby chain stores, Short (2007) found that the market basket prices were actually lower at the small stores. Because the stores’ had all of the items in the Thrifty Food Plan (a nutritionally balanced diet), they offered nutritionally adequate options. Short only checked for the cultural acceptability of the stores in reference to typically Latino foods (tortillas, beans, etc.) and Spanish language signage and capacity of employees. He found all the stores to be culturally relevant to Latinos. While the produce in stores in the other two neighborhoods was all rated as “excellent” in quality, the produce in the one Bayview store only received a “neutral” rating.

Short (2007) noted several factors about the stores they studied that may be relevant to Paul Quinn College. First, the stores relied heavily on “sweat equity” from the storeowner and unpaid labor from family owners to staff their store, suggesting significant problems with their financial sustainability. In addition, the storeowners reported that the produce (important to the goals of improving the diets of residents of low-income neighborhoods) was “often the least profitable aspect of these businesses,” because of spoilage and the cost of labor necessary to handle and display it. Storeowners cited one of two reasons for offering such a low-profit margin product: a desire to attract customers by distinguishing themselves from convenience stores or concerns about the welfare of the neighborhood.

The Bayview store was the only store that received financial support as part of a city program helping convenience stores offer more produce and healthy food options. Further, Short (2007) found that the small grocery stores, with the exception of the Bayview stores, catered to Latino populations and had largely Latino costumers, even in
the ethnically mixed neighborhood. It is striking that the stores catering to Latinos did not require subsidies, but the store serving African Americans apparently did. Short’s (2007) findings suggest that small full-service grocery stores may serve some populations well (specific ethnic clientele, such as Latinos) and others not so well—a significant disparity that is relevant to Paul Quinn College and its predominantly black neighborhood.140

D3.2. Convenience stores

While Short (2007) found that many of the neighborhoods in San Francisco that do not have access to supermarkets do in fact have access to small full-service grocers, other neighborhoods, such as the Bayview, have few, if any, full-service markets and a greater number of convenience stores. Convenience stores usually sell beverages and snack foods that are energy-rich but nutritionally poor (empty calorie foods) and offer few healthy options such as fresh produce.141 Bodor et al (2010) conducted a study to examine the potential of convenience stores, which are easily accessible to food desert residents and where many residents shop, to increase their offerings of fresh produce and even substitute healthier options for some of the empty calorie foods.142

While some of the convenience storeowners Bodor (2010) interviewed said they did not offer fresh produce because of low customer demand, a number of studies, discussed below, have found that there is latent demand among low-income customers for produce.143, 144 The low profitability of produce compared with other items along with the hassle and expense of stocking food that spoils quickly are more likely reasons for convenience stores choosing not to carry fresh produce. Bodor (2010) analyzed the financial information from a convenience store in New Orleans and found that 51% of profits came from alcohol and tobacco sales, 10% from beverages, 4% from snack foods, and 3% from fruits and vegetables.145 Short’s research confirms these findings.146 The Food Trust (2011), in contrast, suggests that “profit margins on fresh products are often higher than packaged snacks and canned goods,” but does so without citing its source making it difficult to evaluate the validity of this claim.147 Bodor (2010) and Short’s (2007) findings suggest that the limited financial incentives and capacity of convenience stores to become sources of healthy foods may be a significant barrier to relying on convenience stores to help solve the food desert issue.

Some advocates and cities are pursuing incentive programs to encourage convenience stores to offer healthier food products. The Food Trust (2011) suggests that working with corner stores to provide healthy options “can be a strategic economic and public health investment” for governments and advocates.148

D3.3. Demand for fresh fruits and vegetables

As discussed above, some believe that the reason fresh produce is not available in food deserts is because there is no demand.149 Several studies have set out to assess the
demand for produce in food desserts and found that latent demand in fact exists. The findings from these studies will help shape the business model PQC’s uses to sell fresh produce in its community.

Colemen et al (2011) conducted a study in the Piety Hill neighborhood of Detroit, arguably the city with the greatest food access issues in the country. The authors surveyed a total of 161 individuals about their access to and preferences for healthy foods, particularly fresh produce. Over half of the study’s survey respondents indicated that they ate fresh fruits and vegetables 2-3 times per month or fewer and only 5% reported eating fresh produce 3-5 times per day. Close to 60% of survey participants disagreed with the statement, “I eat as many fruits and vegetables as I want.” In response to the statement “I eat plenty of fruits and vegetables for a healthy diet,” close to 70% of respondents said no. Almost 80% of respondents indicated that they like fruits and vegetables and 56% indicated that they could not afford fresh produce.150

Colemen (2011) analyzed their survey data to assess the latent demand for fruits and vegetables. The authors found a positive association between consumers having access to fresh fruits and vegetables at their primary shopping location and the consumption of fresh produce. Coleman (2011) also found a positive association between traveling to the store to specifically purchase fresh produce and its consumption. These findings indicate latent demand for produce among Detroit consumers, suggesting that were Detroit consumers to have access to fresh produce, they would buy and consume fruits and vegetables.151

Coleman (2011) also indicated that some respondents believed that much fewer than the recommended amount of fruits and vegetables were needed for a healthy diet, suggesting that nutrition education is needed. Such education could further increase demand for fruits and vegetables.152

Webber et al (2010) researched the food and retail qualities important to low-income households in underserved neighborhoods. The authors conducted surveys with 10 individuals (out of 28 respondents total) who were the primary shoppers for their families and lived in an inner city.153 The study found several facts that may prove relevant to Paul Quinn College and this project.

• Individuals shopped at several locations. Often the store described as their primary shopping location was not the closest to their house, but where the family spent the largest portion of its food budget.
• Respondents appreciated stores large enough to offer choice, yet still navigable.
• Participants associated the cleanliness of the store with fresh and wholesome food. Larger chain stores were more often perceived as clean over smaller independent stores.
• Participants expected stores to carry a wide variety of products.
• Respondents preferred helpful and friendly staff and management.
• With the word “fresh” often denoting quality, respondents were concerned about the freshness of the produce at a store. Many participants expressed concern over food safety.
• For some individuals, the price of produce was the strongest determinant of whether or not they purchased it. Some participants considered meat and packed food as essentials and vegetables as ancillary while others prioritized fruit and vegetables.
• “Participants weighed the full cost of produce as a series of trade-offs or opportunity costs involving dollars, quality, perceived health benefits, and time required to shop for bargains (by foot, car, or bus) versus using that time for other obligations.”

The information provided in the literature on demand and the qualities important to inner city customers is crucial to determining the design of PQC’s business. Such factors as pricing, store layout, and size are important considerations in creating a retail food business. Another factor for PQC to consider is how to source food locally, the subject of the next section.

D3.4. Local food sourcing

In its efforts to provide healthy food access to the community, I propose that PQC sell produce and other goods produced locally (from its own WE Over Me Farm and other local farms). This section provides an understanding of why and how grocery stores source locally.

Demand for locally grown food has increased over the last several years. According to the USDA, the number of farmers markets has grown from a little over 1,700 in 1994 to close to 8,000 nationally in 2012. With growing demand, independent and chain food retailers are beginning to offer local products. Even food retailer giant Wal-Mart, known for its cost savings through economy of scale gained from purchasing en masse for its national and international chain of stores, recognizes the value that local sourcing can bring in building costumer loyalty and has begun to offer local and regional products in its stores.

In the context of food, “local” may be and is defined in many different ways. Many definitions emphasize food miles (or the distance that food has to travel) as opposed to defining it by other measures of sustainability. Popular books have described engaging in 100-mile diets, for example. State agricultural departments often define local as within the state, whatever size it may be. Some local food system proponents suggest that local should be defined by shared biological, hydrological, and other natural systems, e.g., local should be contained to a bioregion. Still others argue that cultural and historical factors should be considered in defining the boundaries for local food.
Dunne et al (2011) studied the definitions food retailers in the Willamette Valley of Oregon used as they promoted and sold local food.\(^{157}\) The authors conducting 27 interviews with employees, representing 91 food retail locations, responsible for purchasing and policy decisions. Retailers’ definitions for “local” ranged widely. For some, they defined it as products from the Pacific Northwest region; for others, they defined it as products from producers they knew. Retailers reached their definition through a variety of means, including asking their customers, creating a definition based on what was easiest for them, or using the definition developed by their market and corporate distribution structures. Most of the retailers also considered as local food processed in the area they defined as local, but not necessarily grown in that area. Dunne (2011) also gathered data on the reasons why retailers offered local foods, what local products the store sold, and how they labeled local products.\(^{158}\)

Retailers studied in Dunne (2011) most often reported support for the local economy as a driving factor for selling local food. Retailers also cited addressing environmental concerns, increasing product quality, and meeting customer demand. For some retailers, sourcing locally was seen as something integral to their mission. Sourcing locally for stores that were part of larger national chains was often part of a national marketing initiative driven by consumer demand.\(^{159}\)

Most of the respondents in Dunne (2011) reported seeking out local farmers from which to purchase food. While smaller stores and green grocers often worked with producers of any size, supermarkets were more constrained by their volume needs to relatively larger farms. Several retailers indicated that they had not changed their purchasing practices, only begun labeling and marketing the local products they received through existing distribution mechanisms.\(^{160}\)

Most retailers indicated that carrying local food created a number of challenges. Large retailers that worked with farmers directly indicated difficulty in maintaining stocks. While many customers were willing to pay a premium for local food, supermarkets and even larger hyperstores (such as Wal-Mart), where the customer’s first priority is often price, found it difficult to meet customers’ expectations for both price and origin. Some retailers reported customers’ lack of understanding of the constraints of local food (e.g., asking for local tomatoes in winter) as a challenge to offering local food. Even with the challenges of sourcing locally, retailers suggested it was worth the effort because customers were more satisfied with the store’s products and left the store feeling that they were contributing to the community.\(^{161}\)

Dunne (2011) found that stores sourced 26-50% of their produce locally, depending on the season. A number of stores only carried local produce while others sourced locally a small portion of grains (usually from a nearby grain mill with no verification of where the grain itself came from), some meat, and some dairy. Most of the stores carried similar non-local products next to local products because either they wanted to offer lower-cost options or were concerned about running out of stock of the local item. The
vast majority of the stores in the Dunne (2011) study labeled their locally sourced products. Stores used a variety of labeling approaches: simply using the word “local,” indicating the region, state, or county of origin, or naming the farm and its location.162

In local food system literature, Dunne (2011) is fairly unique for studying food retailers. Typically most studies focus on alternative forms of distribution such as farmers markets, Community Supported Agriculture (or CSAs, for which customers usually pay for the season for a weekly produce box directly from a farm), etc., where, in fact, very few food dollars are spent. Dunne (2011) provides basic information, valuable to a PQC food retail business, on the many approaches food retailers are taking to sourcing and marketing local foods.

Understanding how other stores define and practice local sourcing is important as PQC intends to sell produce that is grown on-campus and in the community. To supply its store and the neighborhood with fresh produce, PQC wants to expand urban food production in its neighborhood.

D4. Urban food production

This section discusses the benefits of urban agriculture and the number of forms it may take. Examples of urban farming programs from cities across the US in this section provide an overview of the many ways in which PQC might pursue urban food production in its community. Examples of programs in this section were chosen because they provide information about particular benefits of urban farming, their longevity and successes, or unusual and innovative approaches to urban farming. A more in depth discussion of an innovative urban agricultural program, RecoveryPark, is available in Section 6 and Appendix E2.1 of this report.

Food production in urban areas has begun to take root again. Urban agriculture was once a common part of the US landscape, with urbanites encouraged to plant “Victory Gardens” during WWI and WWII. Americans heeded the call, planting, in 1943, 20 million victory gardens, which produced 40% of the produce grown for fresh consumption.163 Urban agricultural declined after the wars as former garden plots were used to build homes for the growing urban/suburban population. Yet, in recent years, urban food production has seen a revival.

In cities with declining or shifting populations, food deserts, and urban blight, communities are beginning to plant productive landscapes. According to Hagey et al (2012), urban farming and community gardens have three main benefits: providing access to healthy food, improving the local economy, and revitalizing communities. In starting its local farm and seeking to expand food production in its neighborhood, Paul Quinn College is working to address these challenges as well. This section will provide
information on how urban agriculture can address such social issues with examples of successful projects.

To address the lack of fresh fruit and vegetables in food deserts, some communities have started producing their own. Some programs, such as P Path in Seattle, have started community gardens, where residents pay a small fee for a plot in which they garden. P Path estimates that gardeners cover 30-60% of their produce needs from food they grow. To further contribute to reducing food insecurity, P Patch donates about 25,000 pounds of food to local food banks each year. Urban farms also sell their produce at farm stands and farmers markets in food deserts. Added Value Farm in Brooklyn, New York, established a farmers market in the underserved Red Hook neighborhood and offers a community supported agriculture (CSA) or produce box to individuals with an income-based sliding scale and work shares.\textsuperscript{164}

Urban farms contribute to the economy through job creation. Green City Grower Cooperative is a for-profit cooperative business launching in Cleveland, Ohio. The business will grow leafy greens and herbs in five acres of hydroponic greenhouses to sell to institutions, grocery stores, and wholesale distributors. The business expects to create 35-40 long term, living-wage jobs for the low-income residents of the community in which the cooperative is located. As a worker-owned cooperative, Green City Grower expects that, in addition to hourly compensation and benefits, worker-owners will earn $65,000 in patronage refunds over 8 years.\textsuperscript{165}

In Detroit, a collaborative of over 50 organizations and seven universities, SHAR (Self-Help Addiction Rehabilitation), is starting a 30-acre farm that will use a 3-tiered intensive growing method (developed by and taught at Growing Power, discussed below) over three seasons. The farm will have a packaging company on site to process farm-grown fruits and vegetables. SHAR estimates that the project will create 150 jobs in 6 months and 2,500-3,500 jobs over the next 10 years.\textsuperscript{166} Other urban farms serve as incubators for farmers trying to start their own businesses, such as Nuestras Raices in Massachusetts.\textsuperscript{167}

Some urban farms contribute to economic growth by providing job training and skills development to youth or underserved populations. Since starting in 2002, Growing Home has trained 150 formerly incarcerated individuals on its farms in Chicago. The program’s participants have drastically lower rates of recidivism, lower rates of homelessness, and higher employment rates than the state’s average offender.\textsuperscript{168} Beyond creating jobs and providing job training, urban farms and community gardens further contribute to the economy by simply saving families money. City Slicker Farms in west Oakland, CA has found that 62% of its backyard garden participants produced over half of their families’ fruit and vegetable needs.\textsuperscript{169}

Urban farms also help reduce blight and create safe and attractive spaces in a community. Many farms are started on vacant lots that are often unsightly or
maintained at a cost to the city and may attract crime. Urban farms are green spaces where neighbors can congregate, fostering a sense of community. In addition, urban agriculture on a formerly blighted site can help increase the property values in a neighborhood.170

Urban farms also serve the community and the environment by diverting organic matter from waste streams and transforming it into compost. Growing Power, started in Milwaukee, has developed an innovative, intensive urban agriculture system that relies heavily on composting. Founded in 1993 as a gardening and youth education project in Milwaukee, Growing Power has developed to have 14 greenhouses, livestock pens, and numerous hoop houses (a cheap and easy to build greenhouse that is usually constructed of semicircular pipes and covered in plastic) at just its Milwaukee training center. The organization also runs a large farm on the outskirts of Milwaukee, farms in Chicago, and has a network of affiliate training farms around the country. Growing Power uses an intensive method of production that not only produces a lot of healthy food, but also about $5 per square-foot or $200,000 per acre in revenue.171,172

Growing Power specializes in compost, transforming tons of food waste from local restaurants, breweries, a wood mill, and coffee houses into a rich soil. Nutrient-rich compost makes Growing Power’s intensive methods, with close cropping and quick rotation, possible. Piled on the walls of their hoop houses, decomposing organic materials also provide heat to their plants in the winter. Will Allen, founder and CEO, has also developed a 3-tiered system of aquaponics in his greenhouses. Growing Power raises tilapia and yellow perch on the bottom tier. The nutrient-rich water from the fish tanks is filtered through gravel, used to grow watercress and tomatoes, and then is pure enough to return to the tanks.173

Paul Quinn College cannot only learn from other urban farm programs about the possibilities for expanding urban agriculture in its neighborhood, but also about agricultural methods appropriate for small urban spaces. With the exception of one, all the urban farms discussed in this section do not involve institutions of higher education. Paul Quinn College is in an unusual position as it undertakes creating this business, but can learn from other institutions of higher education’s efforts as discussed in the next section.

### D5. Higher education and community economic development

As an institution of higher education working to create community economic development, Paul Quinn College can benefit from understanding the trends in and examples of colleges and universities engaging their communities. With the transformation of the US economy from manufacturing- to knowledge-based production, universities and colleges have an increasing role in spurring regional economic development. Universities are often a major employer if not the largest source of jobs
for a city. These institutions, having understood the value for their employees and students of being located in a vibrant community, have engaged in economic development efforts.174

Beyond the education they provide their students, some colleges and universities engage directly in job training efforts for local residents, often in collaboration with local governments. Initiatives include on-the-job professional training, continuing education classes, technical training, and profession-specific training. A number of universities have formed partnerships to found community development corporations that promote neighborhood revitalization, home ownership, and business development.175

The faculty at many colleges and universities enter into partnerships with community organizations for community development initiatives. Faculty bring ideas and funding to economic and social projects with the community organizations and often collect data or conduct research on the effectiveness of the intervention. Urban colleges and universities have also engaged in real estate development to promote neighborhood revitalization.176 Such efforts must be carefully planned so as to create development that benefits the community as a whole and does not simply push out existing residents through gentrification.

Examples of university-community projects around food may help shape how Paul Quinn College chooses to engage in its community. Schools discussed in the literature on community-university partnerships do not necessarily resemble Paul Quinn College, but provide examples of how some higher education institutions are getting involved in healthy food community projects. Profiles of 3 college-community projects involving food are available in the sections on case studies.

Faculty at St. Louis University partnered with the nearby Maplewood/Richmond Heights school district to improve the quality of the school food. The faculty conducted research to determine what locally grown produce the school district could incorporate into their school food menu. The researchers found that processing and distributing the food was in fact the greatest barrier because school kitchens had very little equipment. With the help of a foundation grant, St. Louis University converted an unused industrial kitchen on its campus into a processing facility where the district processes locally grown produce into ready-to-serve items. In addition, the processing facility serves as a training facility for school district kitchen staff and for vocational education students.177

In New York City, another school food initiative, SchoolFood Plus, involved collaboration among the Teachers College of Columbia University, the New York State Department of Agriculture and Markets, the New York City Department of Education, and the New York City Department of Health and Mental Hygiene. The initiative included three major components: educational programming (elementary school food and cooking curriculum, training for cafeteria staff, middle school and high school science curriculum, and adult fresh food preparation education); institutional reform (new nutrition standards...
for school food, returning to home-style cooking in schools, and no-cost breakfast program); and coalition building (multiple coalitions run campaigns to improve the eating habits of New York City residents).  

North Carolina State University, a land grant institution, offers a service learning class that teaches college students about food insecurity and basic agricultural skills through participation in a local urban agricultural production and education project, Inter-Faith Food Shuttle.  

A collaboration among several universities and community organizations in Chicago is working toward developing a community-owned supermarket in the underserved Austin neighborhood of Chicago’s West Side, a project that may be of particular interest to Paul Quinn College.

As a college, PQC will take a unique approach, likely one that provides educational value, to creating an urban food production and distribution business. As an institution of higher education, PQC must also consider how such a business, even with its educational components, relates to its mission and, consequently, how the business legally will be related to PQC and what its tax status and implications will be.

D6. Social enterprise tax status options

Paul Quinn College is a 501(c)3 tax exempt nonprofit organization. Under the National Taxonomy of Exempt Entities, the organization is classified as B42 for being a 4-year undergraduate educational institution. Its mission for exemption purposes is to provide secondary education. In considering starting a new revenue-generating activity, PQC must consider its relationship with the enterprise and the enterprise’s tax status. PQC has several options, described here. This section of the literature review does not constitute legal advice but simply presents PQC with information it might consider, in consultation with a lawyer.

Some definitions are necessary for this section. A nonprofit corporation shares most of the features of a for-profit corporation (including separate legal existence, limited liability for its members and directors, centralized management, perpetual life, etc). However, while a nonprofit can make a profit, it cannot distribute those profits to private persons. Being tax exempt, under the Internal Revenue Service (IRS) code 501(c), means that an organization does not have to pay income tax on earned and investment income, except for income earned through activities unrelated to its exempt purposes.

Organizations with 501(c)3 tax exempt status usually have charitable and/or educational purposes and qualify to receive tax-deductible donations from individuals. Property-owners may sell 501(c)3 organizations property below fair market value and deduct the price difference from his/her taxes. Organizations with 501(c)3 status are also exempt from federal unemployment tax. Being in Texas, PQC qualifies for an exemption from paying state sales tax, hotel occupancy tax, and franchise tax as an educational
institution, however, the organization must still collect sales tax on anything it sells.\textsuperscript{184}

Institutions of higher education are also exempt from state property taxes in Texas.\textsuperscript{185}

To qualify for 501(c)3 exempt status, an organization must have charitable or educational purposes. For the purposes of this project, the relevant exemption for PQC is “advancement of education, such as through instruction or training to improve or develop individual capabilities, or instruction on subjects useful to the individual and beneficial to the community.”\textsuperscript{186}

A \textit{business} is defined as an income-generating activity that is carried out regularly. 501(c)3 nonprofit organizations may conduct certain revenue-generating activities that further their exempt purposes and this revenue is tax exempt. In addition, they may also invest their funds for the purpose of generating income and, again, this income is tax-exempt.\textsuperscript{187}

Nonprofits with 501(c)3 tax exempt status have several options for how to treat businesses they start. This section will provide information for PQC to answer the following questions:

1. Should the business be a for-profit or non-profit?
2. Should the business be directly operated by the 501(c)3 nonprofit organization or a subsidiary of the organization?
3. If the business is a subsidiary, will it be wholly owned by the organization, an LLC, or a joint venture?
4. If it is a nonprofit subsidiary, what nonprofit status should it have?

\textit{D6.1. For-profit vs. nonprofit business}

A nonprofit corporation must generate its income from activities related to its exempt purpose. If a “substantial” activity, as a general guideline understood to mean more than 15% of the nonprofit’s time or gross revenues, does not relate to the corporation’s exempt purposes, then this activity must be operated in a for-profit subsidiary or risk causing the entity to lose its tax exemption. Even if the revenues from business activities unrelated to the corporation’s exempt purposes are used exclusively to fund activities related to the exempt purpose, these revenues must be taxed and the business activities must be undertaken in a for-profit subsidiary.\textsuperscript{188} If the business activity that is not related to the corporation’s exempt purposes is not “substantial,” as may be the case for PQC, given the budget of a college, the nonprofit corporation can simply pay unrelated business income tax (UBIT), at the regular corporate tax rates, on the income the business generates.\textsuperscript{189}

To determine if the planned business activities fit within the exempt purposes, the organization may ask itself a number of questions, for example:
• Are the business activities part of the exempt purpose of the organization or do they primarily provide passive investment funds?
• Is the business of a size and scope consistent with the organization’s charitable purposes rather than profit-making purposes?
• Are the prices for goods or services below market price for low-income customers and at market price for those that can afford it?
• Does the business use standard commercial practices and compete with other private businesses?  

Some relevant examples from IRS rulings will help inform PQC’s decision. The IRS ruled that “it is charitable to encourage businesses to locate in an economically depressed area in order to provide employment opportunities for the area’s low-income resident.” In addition, if a business is operated for “the primary purpose of providing skills training to the disadvantaged,” then it is operated for charitable purposes. However, the IRS denied tax-exempt status to a grocery store in a low-income area that had low prices for customers and reserved about four percent of revenue for on-the-job training for the unemployed. While the IRS believed the job training to be for charitable purposes, anyone, regardless of income, could access the low priced groceries and the business made a profit that went well beyond the funding for the charitable purposes.

If the nonprofit thinks that the activity may be for charitable purposes, the organization should examine its article of incorporation, tax exemption application, and tax exemption letter of determination. If the purposes of the corporation as set out in the articles of incorporation do not include the proposed activities or the articles of incorporation do not allow this type of activity, the articles will need to be amended and the new version shared with the IRS and the state tax agency. Internal documents, such as bylaws and mission statement, may also need to be amended. Any changes to the bylaws should also be shared with the IRS and the state tax agency. If the activities contradict or fall outside the scope of what the organization stated in tax exemption application and the IRS stated in its determination letter, the organization should send a ruling request to the IRS. The IRS will then rule whether or not the activity jeopardizes the organization’s tax exempt status. If the activities do not contradict the determination letter, the organization should notify the IRS by letter of its new activities. If the IRS believes that the business activity does not fit within the exempt purposes of the organization, it may tell the organization that it must cease its activities or create a subsidiary, but, having been given notice about the activity, it is unlikely to revoke the tax status of the corporation.

Should the activity be determined to not be for charitable purposes, the non-profit 501(c)3 will need to create a for-profit subsidiary or pay UBIT, if the activity is not substantial, to conduct the business activity. A for-profit business must pay all corporate income taxes, but it is free to engage in normal commercial behavior.
**D6.2. Direct control or subsidiary**

Even if the business activity may be classified as related to a nonprofit corporation’s exempt purposes, the nonprofit must carefully consider whether it is best to form a subsidiary. A subsidiary corporation is a separate legal entity for tax and liability purposes. Forming a subsidiary protects the parent nonprofit from the debts of and potential legal action against its subsidiary, and protects the business from the same of the parent nonprofit. The organization should also consider whether or not its board and staff have the capacity and skills to oversee and manage the business or whether the business would benefit from having a separate board and staff chosen specifically to serve the business.

The organization must consider how it plans to fund and finance the business as it decides whether or not it should be a separate entity. As part of the parent nonprofit, the business could receive foundation/government grants. A nonprofit subsidiary would also be eligible for such grants. The parent nonprofit could also receive grants and loan them to or invest them in a for-profit subsidiary. Banks may be more likely to loan money to for-profit businesses because they are more familiar with their form and expect for-profit managers to better know how to run a profitable enterprise. A for-profit subsidiary may also attract private investors that become partial owners or receive a share of profits.

**D6.3. Wholly owned subsidiary, LLC, or joint venture**

If the organization chooses to form a subsidiary, whether for-profit or non-profit, it may choose to be the sole owner of the subsidiary and thus would have complete control over the subsidiaries activities. However, the parent nonprofit must put in place certain structures to ensure the subsidiary is treated as a separate legal entity. Under the bylaws of the subsidiary, the parent nonprofits board elects the subsidiary’s board, fills vacancies on the subsidiary’s board, and approves changes to the subsidiary’s bylaws. Board members may serve on both the organization’s board and the subsidiary’s board, however this may not be in the best interest of the subsidiary. The skills and capacity of the board members should be carefully considered when choosing who to elect to the board of the subsidiary.

As the owner, the parent nonprofit can request reports on the activities and finances of the subsidiary and suggest courses of action for the subsidiary. The subsidiary’s board will make all final decisions, including the hiring and firing of managers, but should the parent nonprofit object, its board can remove members from the subsidiary’s board. For-profit subsidiaries can pay dividends to the parent nonprofit and both non-profit and for-profit subsidiaries can contract with the parent nonprofit for services, bookkeeping, space, etc. A written agreement should be made and records kept in order to maintain the separate legal status of the subsidiary.
A limited liability corporation (LLC) “provides liability protection for its owners, similar to a corporation, while avoiding corporate income tax due to pass-through taxes to its owners.”\textsuperscript{199} LLCs are usually for-profit companies, but may have 501(c)3 nonprofit status as long as it meets IRS guidelines designed to ensure that the LLC is operated for charitable purposes and does not distribute profits to private persons.\textsuperscript{200}

The organization may also choose to form a partnership with another nonprofit, individual, or business for access to capital, seed funding, and/or business management expertise, among other advantages. However, forming a partnership or joint venture means the parent nonprofit loses some control over the subsidiary, may slow down the project’s development, and could result in reducing some of the social goals of the project. If the organization chooses to enter into a partnership, the partners should have a written agreement that addresses:

- project’s concept and social and financial goals
- beginning and ending date
- the breakdown of financial components, including start-up funds, debt, equity, payment of operating deficits, value of noncash assets, etc.
- responsibilities and control rights
- sharing of the economic benefits
- extent of one partner’s liability for the action of another
- grounds and means for terminating the partnership

A joint venture may be structured as a partnership, corporation, or LLC.

\textit{D6.4. Nonprofit subsidiary tax status options}

If the organization chooses to form a nonprofit subsidiary, whose purposes are charitable or educational, the subsidiary may become a 501(c)3 similar to it’s parent nonprofit. If lobbying is intended to be a function of the non-profit, the organization may want to consider forming its subsidiary as a 501(c)4, a tax exempt organization whose activities generally serve the common good but are not charitable or educational and may not directly receive tax-deductible donations.\textsuperscript{201}
APPENDIX E. CASE STUDIES

This appendix contains full profiles of each of the case study organizations. While section 6 in the body of this report compares the major features of each of the case study organizations, this appendix gives the reader a more detailed picture of each organization.

E1. Grocery stores in under-resourced communities

E1.1. People’s Community Market – Oakland, CA

The creation of the People’s Community Market grocery store is an offshoot of the nonprofit People’s Grocery that has been working in West Oakland for the past 10 years growing food and distributing it through a Mobile Market and the Grub Box. People’s Community Market will be a small-format, full-service grocery store that will partner with health and community organizations to provide nutrition and health information to customers.202

Location
PCM will be located in West Oakland, a 2.5 square-mile lower-income neighborhood with 26,000 residents who are predominately African-American and Latino. Similar to Paul Quinn College’s community, West Oakland has very little access to fresh produce or healthy food. Residents in West Oakland spend an estimated $58 million on groceries each year, but approximately 70% of that expenditure takes places in stores outside the community. Similar to other food deserts, residents, who often rely on public transportation, must travel ½ to 1-mile outside of West Oakland to reach the two closest grocery stores. The inconvenience, time, and cost of traveling to grocery shops means that residents often turn to corner stores that have very few, if any, healthy food offerings.203

According to PCM’s research, West Oakland has 1.2 square feet of food retail per capita, which is well below the 3.0 square feet per capita at which the grocery store industry considers a neighborhood well-served. With little competition in the trade area, PCM is well positioned to capture a good portion of West Oakland’s food dollars.204

People’s Community Market has identified a potential location for the store. The site has the following important features: “1) over 17,000 residents live within a 15-minute walking distance; 2) over 66,000 people live within a 5-minute driving distance; 3) it is located at the busiest intersection in the trade area with over 19,000 vehicles daily; 4) there are 10 bus stops and 5 bus routes within a 5-minute walking distance; and 5) the site features a large adjacent parking lot with ample ingress and egress.”205 In choosing a site, Paul Quinn College should evaluate similar characteristics of traffic and number of residents for which the location is accessible by foot, car, and public transport.
Business model
PCM is customizing and adapting existing independent and chain grocery store models to match the needs and capacity of West Oakland. In low-income neighborhoods, typical shoppers, who have less cash on hand at any given moment, make frequent trips to the store but with a smaller dollar value per trip (i.e. “market basket size”) than is typical in more affluent areas. To match these purchasing patterns and needs of the community, PCM will be a modified “limited assortment format” grocery store. Limited assortment format stores have a smaller footprint than the average suburban grocery store and offer a wide variety of products but fewer options within each category. They typically have 40-80% of the items of a supermarket and do not offer full-service meat, seafood, bakery, or deli departments.

Following this model, PCM will have roughly 12,000 square feet of retail space, which is significantly smaller than the 46,800 square feet of the average supermarket, and stock 40% of the typical supermarket’s items. With the current primary demand in the neighborhood focused on conventional products, 60% of the offerings will be conventional, with organic and local products increasing as demand increases. PCM will sell neither tobacco products nor lottery tickets and, while it may eventually apply for a beer/wine license, at least initially it will not carry any alcohol. Because there is no source for quality prepared foods in the neighborhood, one of PCM’s key offerings, will be a full-service deli with a menu targeted to the cultural preferences of the community. PCM will distinguish itself with a focus on customer service and offer high quality products.

Business structure
The store has pulled together a potential management team including a CEO, CFO, Operations Manager, Deli Manager, Produce Manager, and Grocery Manager. While People’s Community Market will maintain a traditional management set-up for day-to-day operations, the store would like to transition to being employee-owned in the future to generate more value for the employees. Employees will be issued stock based on performance and years of service. Employee-owners will vote on key strategic issues, such as governance, financing, and expansion, and voting power will be based on the number of shares each individual owns.

Start-up capital
To raise start-up capital, PCM has secured a loan from the California FreshWorks Fund contingent on raising money from the public. PCM is offering preferred stock through a direct public offering. Investors will receive interest and can be bought out after 7 years of operations. PCM is offering a minimum of $500,000 of preferred stock and a maximum of $2 million dollars. California FreshWorks Fund will provide a loan to PCM worth double the amount raised in stock.
Innovations
As part of its mission of providing excellent customer service and promoting health in the community, People’s Community Market will partner with community and health organizations to provide health screenings, nutrition consultations, and cooking classes. The organizations will provide the services at their own expense, but benefit from convenient access to many individuals with whom they might not otherwise interact.  

PCM will employ a sophisticated point-of-sale (POS) system not only to closely track product sales and margins, but also to provide health-related purchasing information to customers. PCM will monitor how customers shop categorically - e.g. 20% of a customer’s market basket is produce, 40% groceries, 10% meat, and 20% prepared food items – to help customers make healthier choices. These shopping statistics will be connected with community partners’ health interventions. For example, PCM will be able to see if after a consultation with a nutritionist a larger percentage of a customer’s market basket is produce. Ultimately, PCM would like to be able to produce reports for customers on their purchasing habits integrated with information about their health interventions and outcomes.

Lessons and advice for Paul Quinn College
• Consider the limited assortment format store, along with additional full-service departments.
• Consult with someone with food retail experience early on. PCM’s CEO found that they spent time and money developing a plan and then once they brought in someone with food retail experience, they had to make changes that were obvious to the retail-experienced individual.
• Conduct a thorough market survey of the retail area and market opportunity analysis. With a detailed understanding of the market, Paul Quinn College can be specific in its planning.

E1.2. Fare & Square – Philabundance – Chester, PA

Philabundance, a food bank serving the Delaware Valley, has broken ground on a non-profit grocery store in Chester, PA, a community south of Philadelphia that has been without a grocery store since 2001. The store, Fare & Square, will be a members-only (with free membership) store offering bargain prices. Foundations and individuals have given Philabundance several million dollars to get the store off the ground. The project has also received financing from the Nonprofit Finance Fund, the Reinvestment Fund, and TD Bank.

Since 1984, Philabundance has been working to address hunger as most food banks typically do, collecting food donations and distributing them to partner organizations that then distribute the food to needy individuals. With donations of food steadily declining and demand increasing in recent years, Philabundance has found it increasingly difficult to get people the food they need and has begun to look at alternative ways to combat hunger. Philabundance has begun to think of hunger as not exclusively a symptom of
poverty but also a symptom of lack of access. Many of the individuals served by Philabundance’s partner organization participate in federal nutritional assistance programs but do not have a place to buy healthy food. Philabundance developed the model of a non-profit grocery store as a way address the access component of hunger.214

Location
Chester, PA, a low-income food desert community south of Philadelphia, is a good fit for Philabundance’s non-profit supermarket. Chester does not have a grocery store within city limits and Philabundance works with 13 partners to distribute nearly a million pounds of food each year in the city. However, Philabundance recognizes that its charitable model is not designed to provide food to 100% of a population and its work in Chester is not sustainable in the long term. Philabundance initially identified Chester as a potential site through a food desert analysis using available research on food deserts in the Delaware Valley from the Fresh Food Financing Initiative. With its deep poverty and complete lack of access to healthy food, the city stood out. To better understand the landscape of need there, Philabundance conducted a survey using the food insecurity questionnaire the USDA developed. Surveying 398 households, Philabundance found that 44.5% of households in Chester are food insecure with a 3.9% margin of error. For comparison, 9% of households are food insecure nationally and 12% are food insecure in Pennsylvania.215

Business model
Fare & Square will be a full-service grocery store with fresh produce and meats, groceries, dairy, and frozen foods. Fare & Square will employ about 40 individuals, paying them wages comparable to other grocery stores. Philabundance has committed to employing as many local residents as possible. The precise features of the store are still under discussion, but the store will likely not include a full-service bakery or deli, but will, of course, have bakery products and deli meats available. Philabundance is looking in to carrying some prepared food such as rotisserie chicken. As a non-profit store focused on the health of the community, Fare & Square will not sell liquor or cigarettes and has debated about whether selling such items as pet food fits within their mission. The store will source from a traditional large distributor and has a bid out to several contractors for its sourcing.216

Business structure
As the activities of Fare & Square fall within Philabundance’s mission, it makes sense for Fare & Square to retain a non-profit status. Being a 501(c)3 non-profit ensures that Fare & Square can offer the lowest possible prices, access lower wholesale prices than for-profit retailers, and avoid paying property taxes. The store’s non-profit status has also given Philabundance access to grants and loans not available to a for-profit business.217
**Start-up capital**
With 80% of the start-up costs funded, Philabundance already has construction crews renovating a 21,000 square feet building, of which 13,000 square feet will be retail space for Fare & Square. Philabundance has received generous grants from many companies and foundations including the Robert Wood Johnson Foundation, Wawa, Sunoco, PPL, the MKM Foundation, SocketLabs, and the Delaware Valley Regional Economic Development Fund, among others. Philabundance has also received financing through the Nonprofit Finance Fund, The Reinvestment Fund, and TD Bank.²¹⁸, ²¹⁹

**Innovations**
Because the store is focused on maximizing food access and not turning a profit, the store will sell goods at prices very close to cost. Any profit will be invested in making healthy food more affordable and accessible or opening another non-profit supermarket in the future. The store will be open to any member of the public, but patrons will have to sign up for a free membership. Those that self-identify as needing extra assistance will fill out an additional form and be eligible for Fare & Square bucks, a program that will give customers a percentage of their spending back in store credit.²²⁰

To make Fare & Square a reality, Philabundance has built on existing partnerships from their traditional charitable work and, in addition, has found many new partners interested in the economic benefits, including job creation, that Fare & Square brings to Chester. Such partnerships have opened up funding opportunities or provided valuable research. For example, Philabundance is working with researchers at the University of Pennsylvania to develop a way to track the impact of Fare & Square on the community in Chester. They will take baseline measurements before opening the store and then assess its impact on the community.²²¹

**Lessons and advice for Paul Quinn College**
- Emphasize the economic development potential, including job creation, of the project. Fare & Square has found this aspect of the project appealing to funders and political supporters.
- Consider a non-profit model grocery store. As a non-profit grocery store, Fare & Square can choose not to sell certain unhealthy items, such as alcohol and tobacco products, and offer subsidy programs to very low income customers without concern for making the whole store unprofitable. Non-profit status also gives the project access to grant funding.

**E1.3 TROSA Grocery – TROSA Grocery – Durham, NC**

In 2010, *Triangle Residential Options for Substance Abusers* (TROSA) opened a grocery store as one of its revenue-generating businesses that also provide vocational training to its clients. TROSA established the grocery store in North-East Central Durham with primarily to provide vocational training opportunities to its clients, but the organization also recognized the benefit of addressing food access issues in the
neighborhood. TROSA closed the grocery store in the spring of 2012 due to the business incurring financial losses.\textsuperscript{222, 223}

Location
Located in East Durham, a neighborhood with a history of crime and gang-related violence, TROSA Grocery was opened as part of an effort to revitalize the neighborhood. The owner of the building, in which TROSA Grocery was located, applied to the City of Durham for a $200,000 Neighborhood Commercial Revitalization grant to help renovate the building, making space for TROSA Grocery – a 2,000 square-foot full-service grocery store – and the building owner’s restaurant, Joe’s Diner.\textsuperscript{224}

Business model
In preparation for managing TROSA Grocery, Wendy Noël, the store’s manager, worked with the owner of King’s Red and White, a similarly small store in a comparable neighborhood in Durham, to learn the ins and outs of managing a small grocery store. TROSA also got advice from an executive at Harris Teeter. Keeping in line with its mission, TROSA made the decision to not sell alcohol, tobacco products, or lottery tickets at its grocery store. Both the owner of King’s and the Harris Teeter executive agreed that it would be very difficult to make the store profitable without selling these items.\textsuperscript{225}

Business structure and start-up costs
As with all of their businesses, which include a moving company, a furniture store and frame shop, Christmas tree lots, lawn care services, and several internal-facing businesses that provide services to their residents, TROSA Grocery was a non-profit business. As vocational training for its residents is part and parcel of TROSA’s mission, revenue-generating activities such as these fit within TROSA’s charitable purposes that grant it non-profit status. A large donation from an individual, along with a smattering of much smaller grants, covered most of TROSA Grocery’s start-up costs.\textsuperscript{226}

Marketing
To attract customers, TROSA organized media coverage for the grocery store’s opening in May 2010. TROSA Grocery offered weekly specials, which with flyers delivered throughout the neighborhood. Initially the flyers were in both English and Spanish, but with little foot traffic from Spanish-speaking residents – likely due to the Hispanic-focus of the closest grocery store to the neighborhood – TROSA Grocery switched to only advertising in English. After realizing that some of the neighborhood residents believed the store was either a health foods or just a convenience store, TROSA Grocery made sure to have a meat, produce, and non-healthy items (such as soda) among the advertised weekly specials.\textsuperscript{227}

Challenges
One of the greatest challenges facing small grocery stores is the thin revenue margin on grocery store products. Distributors have minimum orders; distributors with larger
minimum orders offer lower prices on products. Small stores often have trouble meeting minimum orders. TROSA Grocery worked with a distributor that required a minimum order of $2,000 per week and negotiated with the company to place such an order every three weeks. (For context, TROSA Grocery found that the next smallest minimum was $20,000 each week). Because TROSA Grocery’s small distributor could not offer competitive prices, some items, such as cereal, were more affordable for TROSA to purchase from Wal-Mart. Buying cigarettes, which are expensive relative to food and non-perishable, is often a way that small stores meet their distributors’ minimum orders. Because of did not sell cigarettes TROSA Grocery could not use this practice to help meet its minimum.228

Customers spent on average $4.50 to $6 per visit, which is much lower than the national average for supermarkets of $27.30 and closer to per visit spending in convenience stores. With low margins, high costs, too little foot traffic, and low customer spending, TROSA Grocery was losing money. Even though the building owner heavily subsidized TROSA’s rent and TROSA does not pay wages to its residents in vocational training, TROSA Grocery could not cover the expenses of paying the store manager, utilities, and nominal rent. When Wendy Noël left her position as store manager, TROSA replaced her with a graduate of TROSA who is in their staff in-training program, reducing the expenses of their store manager. Even this measure was not sufficient to generate positive cash flow. Losing $1,000-$1,500 most months, TROSA Grocery decided to close. While TROSA appreciated the benefit of helping address the food access issues in the neighborhood, food security is not within TROSA’s mission and the non-profit could not justify subsidizing TROSA Grocery, which only provided vocational training for four residents (out of over 350).229

The TROSA brand has strong loyalty in Durham, many people go out of their way to use their services or buy their products to support TROSA’s mission. In the case of TROSA Grocery, however, Durhamites did not go out of their way to shop there, possibly because shopping is a frequent activity that many people find burdensome and thus choose where to shop based on convenience. While TROSA Grocery built strong customer loyalty among those who shopped there, the store did not attract a high enough volume of traffic to overcome the high material costs and low margins it faced as a small grocery store that did not sell alcohol or tobacco.230

Also, TROSA found it burdensome and costly to accept WIC (Women Infant and Children), SNAP (Supplementary Nutrition Assistance Benefits), and EBT (Electronic Benefits Transfer) benefits, because of the requirements. For example, to help prevent fraudulent activity, stores are required to be in operation for a month before they can be authorized to accept food stamps. TROSA Grocery may have permanently lost customers that came into the store in the first month and were unable to use their nutrition assistance benefits.231 Further, WIC requires a minimum stock available for all items. TROSA Grocery found that it could not sell the minimum stock amount of baby
formula, for example, before the formula expired. In March of 2012, for example, the store had to dispose of $400 worth of expired baby formula.\textsuperscript{232}

Other approaches TROSA might have attempted

Jeff Stern, Director of Special Projects at TROSA, said the organization had considered a number of other ideas that might have allowed the store to be successful. TROSA Grocery could have specialized its offerings so as to not directly compete with larger grocery stores and built a clientele that was not predominately foot traffic; (about 70% of TROSA’s customers walked to the store, traveling only several blocks). One thought for specializing would have been to focus on local, sustainable products building on the growing food movement in the Durham area. Such a specialized store would have still addressed the issue of fresh produce availability in the neighborhood, but could have attracted a clientele from a larger area. However, such a store might have been criticized for focusing on catering to a market outside of the immediate community.\textsuperscript{233}

Another option would have been for TROSA to partner with a non-profit whose mission focused on addressing food access issues. Such an organization might have been willing to continue to subsidize the grocery store.

Stern admits that TROSA Grocery perhaps could have done more to engage other community organizations. Once the grocery store was up and running, TROSA tried to work with neighborhood churches to encourage them to buy supplies for their emergency food pantries at the store. Because the prices for many packaged goods were higher at TROSA Grocery than at large chains, such as Walmart, churches decided that while they supported TROSA Grocery’s mission, they had to focus on getting the most they could to stock their pantries with the money they had. Stern posits that building relationships with such potential partners earlier might have allowed for creating a mutually beneficial relationship. TROSA did have success in getting a local HIV testing center to switch from giving their clients $5 gift cards for a large chain grocery store to giving out gift cards for TROSA Grocery.\textsuperscript{234}

Jeff Stern also offered some suggestions to consider as Paul Quinn College proceeds. PQC might consider a mobile market. With 70% of their customers on foot, TROSA Grocery could have reached a lot more customers if it could have driven to other parts of the neighborhood. A mobile market also reduces costs associated with leasing a brick and mortar store and hiring overnight security. However, a mobile market is less convenient for customers, with more limited hours in any one location, and may have more difficulty building loyalty.\textsuperscript{235}

Lessons and advice for Paul Quinn College

• Carefully consider whether to sell alcohol and tobacco products in terms of both the mission of the project and potential financial impacts on the store.
• Take into consideration both the financial capacity of the neighborhood to support the store (i.e. the neighborhoods collective spending power and typical spending patterns) and the ability to access lower cost products through
distributors with larger minimum orders when deciding what size grocery store might be appropriate.

- Research and prepare appropriately for offering nutritional assistance benefit programs. To accept WIC (Women Infant and Children), SNAP (Supplementary Nutrition Assistance Benefits), and EBT (Electronic Benefits Transfer) benefits, stores need to meet certain requirements.
- Build relationships with potential high volume customers, such as churches’ food pantries.
- Consider a mobile market.

**E2. Urban farms in under-resourced communities**

**E2.1. RecoveryPark – Self-Help Addiction Rehabilitation (SHAR) - Detroit, MI**

In Detroit, a collaborative of over 50 organizations and seven universities has been working to start a 30-acre farm, RecoveryPark, which will use a 3-tiered intensive growing method (developed by and taught at Growing Power in Milwaukee) over three seasons. The farm will have a packaging company on site to process farm-grown fruits and vegetables. Self-Help Addiction Rehabilitation (SHAR), an addiction recovery program and the founding organization of RecoveryPark, estimates that the project will create 150 jobs in 6 months and 2,500-3,500 jobs over the next 10 years.

SHAR’s decision to focus on urban agriculture is rooted in the needs and assets of the communities the organization works with in Detroit. SHAR’s average patient is 50 years old, is literate at a 6th grade reading level or below, and has co-occurring mental health disorders along with the substance abuse and addiction. Approximately 80-85% of SHAR’s clients have felony convictions and have spent time in prison. The majority of clients are also structurally unemployed, having worked no more than a couple months at a time at a job. The reason SHAR’s clients most often cited for returning to drugs and crime was lack of employment, and SHAR wanted to develop a business to employ them. Urban agriculture is a good employment solution for such individuals, because, as RecoveryPark’s CEO, Gary Wozniak, said, “plants don’t care if you don’t read or write, or if you are coming out of prison or in recovery.”

**Location and challenges**

Because Detroit has lost 60% of its population since 1951, the city has a large amount of vacant land, about 30% which is empty lots. This abundant open space with its existing infrastructure, including roads, gas and water supply, and abandoned institutional/manufacturing buildings, is ideal for urban agriculture. Seeking to maximize job creation, SHAR conducted research on the number of jobs created in each step of food production and discovered that most of the jobs in food production are not in growing food, but rather in processing and distributing it. The Initiative for Competitive Inner Cities found that if RecoveryPark had over a hundred acres in growing combined
with a food processing center and a distribution company, the project could create 18 jobs per acre – at least double the jobs per acre created by manufacturing plants. \(^{238}\)

In 2008, SHAR started a multi-year process bringing in many partners to envision what form RecoveryPark should take. However, as Detroit’s city officials delayed approving commercial food production in city limits, leaving RecoveryPark unable to break ground, community engagement turned sour. Many Detroit residents have been part of community engagement processes for redevelopment projects that have gone nowhere. As the project dragged on, Wozniak believes that some community members began to worry that RecoveryPark was just another idea that would get their hopes up and then never deliver. To avoid recreating this issue, RecoveryPark plans to hold off on further community meetings until they have acquired a property. \(^{239}\)

With Detroit city officials dragging their feet, RecoveryPark has begun to consider locating in the city of Highland Park, which is a 2.9 square-mile city completely surrounded by Detroit. Highland Park is practically indistinguishable physically and demographically from Detroit – the only way to tell you are in a different city is the color of the street signs. In RecoveryPark’s view, the distinguishing feature of Highland Park from Detroit is that the city has already approved commercial urban agriculture and updated its zoning accordingly. Highland Park’s master plan calls for an urban farming village, matching perfectly RecoveryPark’s plans. Highland Park’s City Council and Mayor are enthusiastic about RecoveryPark and have offered to transfer vacant city land to the project for free. In Highland Park, obtaining land from the city requires two meetings with City Council about two weeks apart while in Detroit the process is arduous, usually lasting at least 1.5 years. \(^{240}\)

Gary Wozniak believes that focusing on the farming and food aspects of the project initially hindered its political acceptance in Detroit. Instead, he believes he should have focused on the economic development RecoveryPark would bring to the city, including job creation, moving the structurally unemployed out of government programs or prison. \(^{241}\)

**Business model**
RecoveryPark envisions building a series of small indoor farms that meander through a neighborhood, taking advantage of available space without dislocating any residents. The project will include greenhouses, an indoor tilapia farm, a processing center, and a nearby headquarters that provides wrap-around services, including case management and career coaching, to employee-clients. RecoveryPark will bring 1000-2000 jobs to one 3-4 square mile area, providing the density of economic development to attract improvements in housing and retail businesses. With jobs in their own neighborhood, employee-clients will not have to worry about transportation and will benefit from the economic growth of their community. \(^{242}\)
Start-up capital
Whether RecoveryPark starts off in Highland Park or in Detroit, the CEO expects to continue to expand throughout Detroit in the future. Building the initial infrastructure for RecoveryPark will require about $15 million. RecoveryPark already has $1.4 million in foundation funding and is in discussion with another foundation for $3 million. The State of Michigan has agreed to provide loan guarantees for half the amount the project needs to borrow and a venture capital firm is providing guarantees for the other half. This backing will allow RecoveryPark to get loans on better than market terms from three different banks, including JP Morgan Chase and Talmer Bank.243

Lessons and advice for Paul Quinn College
- Consider starting the business as a non-profit.
- Once the WEOverME farm is up and running, consider expanding into minor food processing or using the proposed grocery store facility to process some of the WEOverMe Farm’s produce - job creation and profit potential are much higher with even minimal processing.
- Avoid relying on difficult processes that are political. Look for opportunities with minimal political obstacles.
- Emphasize the economic development potential, including job creation, of the project. RecoveryPark has gained much more traction since it began talking about the project not as urban farming, but as an economic development project.

E3. Grocery stores that source locally

E3.1. Mom’s Organic Market – DC Area in Virginia and Maryland

Mom’s Organic Market (MOM’s) has 10 stores in the Washington, DC area. The store is environmentally focused, selling organic produce exclusively, local products whenever possible, only sustainable seafood, and no bottled water. In addition, the stores use green building materials and wind power for energy and offer benefits to help their employees become more environmentally friendly.244 In starting its grocery store, Paul Quinn College hopes to bring local and sustainable food to its community. While the communities in which MOM’s operates are much more affluent than Highland Hills, learning from experienced food retailers, such as MOM’s, about their local sourcing practices will help inform the practices PQC adopts.

MOM’s started as a mail order/delivery business for organic products called Organic Foods Express in 1987. Organic Foods Express slowly expanded, opening a retail outlet, and finally phasing out mail order/delivery completely. In 1996, the company opened its first store as MOM’s in Rockville, MD.245

Definition of “local”
MOM’s has been sourcing locally since its founding in 1987. The founder worked directly with farmers then and MOM’s continues to do so today. For meat, dairy, fish,
groceries, and produce, MOM’s defines local as within 150 mile radius or within the Chesapeake Bay watershed.

Quantity
MOM’s sources as much as possible locally, but it varies with the season and the product. MOM’s sells local mushrooms and sprouts year-round. During the summer, the height of the growing season, about 50% of the stores produce is locally sourced. MOM’s only sources from certified organic farms, which means that certain items, such as potatoes that are difficult to grow in the region without fungicides cannot be sourced locally.246

Rationale
MOM’s sources locally because doing so is more efficient environmentally. Doing so also connects the business directly with farmers and helps educate customers about where their food comes from and what can be grown locally in each season.247

Marketing
In its stores, MOM’s marks products with their country as well as state of origin to let customers know what is local. The stores also posts displays with pictures and information about the farms they work with. Buyers share facts about the farms with employees who can then use that information to educate customers.248

Sourcing methods
MOM’s works both directly with farmers and with distributors. MOM’s has a “back door drop” policy, allowing farmers to deliver straight to the stores. Recently, MOM’s created an aggregation point allowing farmers and producers to drop all their products in one central location as opposed to having to deliver a couple of flats to each of MOM’s stores. MOM’s now uses its own truck to transport the products from the central drop point to its stores. To source its local produce, MOM’s works directly with about a dozen farmers and several farmer co-ops. The company also allows farmers (regardless of whether they sell to MOM’s) to use their stores as a pick-up points for community supported agriculture (CSA) produce boxes. This policy is not only convenient for farmers and customers, but it is also beneficial for MOM’s as customers often combine picking up their CSA boxes with shopping at the store.249

To source its other local (and non-local) produce, MOM’s works with three distributors, Four Season Produce, Albert’s Organics and Class Produce. Wholesalers can buy from larger scale farms that are looking to sell much more volume than a medium-sized chain like MOM’s can handle. These middlemen can help with logistics in other ways, such as aggregating from multiple farms in one area, thus making freighting much more efficient than if MOM’s were picking up smaller amounts from a few farms in one area. Distributors provide product lists that indicate the farm or region of origin, allowing MOM’s to prioritize sourcing locally when it places orders.250
Challenges and innovations
MOM’s produce buyer, Soren Huber, has found that sourcing locally can be challenging. Sourcing locally and directly from farmers, in particular, can be more inefficient, create more waste, and incur higher freight costs than sourcing without regard for origin. For example, MOM’s works with several Amish farmers and because the Amish do not drive, MOM’s sends its trucks to pick up produce from their farms. During the peak of the season, MOM’s can easily fill a truck on a trip to Amish country, but at other times, such as at the beginning of the season when MOM’s wants to buy local asparagus and little else is available, driving to few Amish farms for very few items can be very inefficient. To help alleviate some of the difficulties of buying directly from farmers, MOM’s has worked with its distributors to develop cross-stocking deals. Farmers can sell directly to MOM’s and to a distributor, deliver all their produce to just the distributor. The distributor then delivers MOM’s portion of the produce to MOM’s stores; MOM’s pays the distributor a fee for storing and distributing the produce.251

Even with the challenges that sourcing locally can pose, MOM’s believes it is worth it. Customers want locally-sourced produce and providing it is a great marketing tool. 252

Lessons and advice for Paul Quinn College
• Focus on building strong relationships with wholesalers, distributors, farmers and producers. Well-functioning relationships can help ease the often unexpected difficulties that can arise when sourcing locally.
• Know your customers. For example, are they going to prefer locally-produced potatoes, even if they look “ugly”?
• Hire an experienced buyer, someone with a lot of experience in buying for retail stores, in general, and sourcing locally, specifically.

E3.2. City Market-Onion River Co-op – Burlington, Vermont

A community-owned food cooperative in downtown Burlington, VT, City Market - Onion River Coop works with hundreds of local producers in its efforts to support the local economy. In profitable years, members who have purchased $200 in equity in the business receive a portion of the profits based on their purchases and the store’s profits from sales to members.253 While Burlington is a much more affluent community than Paul Quinn College’s neighborhood, PQC can learn from City Market’s extensive experience sourcing directly from local producers.

Onion River Coop first started as a buying club in 1974 and then became a small natural food store. In 2002 Onion River Coop signed a lease with the City of Burlington on a plot of land in downtown to fill the need for a grocery store in city center. Onion River Coop agreed to a set of supermarket principles laid out by the City, including the requirement that the store offer a diverse array of products, including conventional ones, at affordable prices. After moving into its new building built on the site, the Co-op renamed itself City Market, to differentiate it from the former Co-op, which sold only natural foods. City Market also agreed to not differentiate in prices between members
and non-members and to extend their hours to 7am to 11pm. With these agreements, City Market signed a 49-year lease with the City with no rent for the first five years and a fair market rate, currently $60,000, from then on as compensation to the City for the absence of property taxes.254

Definition of “local”
In spite of offering conventional products at the new store, City Market is focused on offering local products. City Market uses the Vermont Agency of Agriculture’s definition for “local”: “products grown, raised, or harvested in Vermont, where the farm or company selling the product is Vermont-based, and any processing is done in Vermont.”255 For marketing and customer education, City Market labels local products as such with the name of the farm/producer and its location. The store also labels certain products, “Made in Vermont,” which indicates that, while the ingredients might not be grown in Vermont, the product has been “significantly transformed in Vermont by a Vermont-owned business or collective.”256, 257

Quantity
While the Onion River Coop sold some local products throughout its history, the emphasis on local products has been more formal and better tracked at City Market in the last three to five years.258 Though local offerings vary with the season, about 30% of sales, or over $11 million in 2012, of the products sold at City Market are local or Made in Vermont.259

Sourcing methods
City Market works directly with hundreds of producers to source its products, of which close to 2,000 products are local or Made in Vermont. The store has connected with various producers over the years and now has a strong reputation as a large co-op that works well directly with producers. City Market is flexible in how it works with producers – City Markets’ buyers even make pre-season agreements with producers about how much City Market will purchase and prepay for the products. Beyond relying on their reputation to establish connections, City Market engages producers through staff attending farming conventions, conferences, and matchmaker events that the state holds to bring producers and buyers together.260

To receive the products it sells, City Market works with over 270 vendors, most making deliveries every week. In contrast, most grocery stores have paired down the number of vendors they work with to 5 or 6. Many producers self-distribute to City Market, making deliveries themselves. City Market also works with some aggregators – such as Deep Roots Co-op, a collective of 11 different farms – that are focused on local products.261

Marketing
As a cooperative, City Market is focused on meeting the desires of its member-owners, who interested in local products. As a result, City Market has to do little to market its local products. With consumers already well-connected with the sources of their food,
the store is more interested in maintaining that relationship between farmers and consumers. Besides labeling local products with the name and location of the producer, the store displays photographs of some of their producers and features profiles of farmers and new local products on its website and in social media.262

City Market spends very few dollars on traditional marketing. Since moving to its new location, sales to members has grown from 22% to 64% of total sales. With contact information for members on record, City Market uses inexpensive marketing efforts such as emails and newsletters. Beyond these low-cost options, the store advertises twice per month with a flyer in the paper and occasionally supports local public radio.263

Challenges and Innovations
City Market’s operations director, Pat Burns, and local foods director, Meg Klepack, believe that sourcing locally and from so many vendors is challenging. If it were not, “more stores would be doing it.” Dealing with over 200 vendors that have dynamic supply and quality from season to season and week to week requires its departments and buyers to develop strong relationships and be nimble and tolerant. City Market, for example, tolerates shortages and holes on the shelf if one of its producers is unable to provide products - something other stores might not do.264

Lessons and advice for Paul Quinn College
• Don’t be over-ambitious when starting out – keep the business in proportion to what PQC thinks it can manage. City Market started as a buying club, purchasing goods in bulk sizes and splitting them up, and has grown tremendously over the last decade, but its history and connections in the community helped the store make the leap. 265
• Focus on local, because doing so builds valuable relationships and helps grow every part of the food system. 266
• Consider a cooperative model. Many resources, such as the National Cooperative Grocery Association, exist to help start co-ops. “Co-ops can be motivated by values in a way that businesses often are not.”267

E4. College- or university-affiliated social enterprises

E4.1. CoFED – San Francisco Bay Area, CA

CoFed (Cooperative Food Empowerment Directive) is a network of cooperatively run food enterprises on college campuses. With regional organizers and annual trainings, CoFED, a 501(c)3 non-profit, helps college students start cooperative food businesses. The training program gives participants the tools to create a management team, design a business plan, secure a space, and raise funding for a food co-op with ethically-sourced products.268
History and model
Launched in 2010 by a group of students from six colleges led by organizers from University of California Berkeley, CoFED developed a two-year plan and elected its first board of directors in 2011. Currently, CoFED works with student teams from 37 schools in 19 states. Student teams create a variety of food businesses and are in many different stages of that creation process. In the fall of 2012, the first CoFED-trained student team successfully opened their food business.269

With backgrounds in social justice organizing, CoFED founders and staff have chosen to focus on food businesses because food is essential to everyone and dominated by the traditionally oppressive systems of food production, processing, and service. Food brings together people from many different movements – worker justice, social justice, and environmental justice. A growing interest in sustainable food sparks many students initial interest in starting food businesses. CoFED is focused on starting cooperatives because the organization is interested in creating a cultural shift toward worker-empowerment and justice. In participating in a cooperative-style business, students get “a taste of true democracy.”270

University environment
Being part of a university/college environment both brings disadvantages and provides benefits to the cooperative food businesses that students start. As part of an institution with existing food providers under contract, students often do not have autonomy over purchasing decisions. However, being part of an educational institution, students do not necessarily need to undertake the expensive and difficult process of incorporation as a separate business. Operating within a university or college also gives fledgling co-ops a cushion, allowing them to make mistakes and learn. Such support can be disadvantageous because it may lead the co-operatives to operate less efficiently.271

Marketing
Students have had success marketing their food products to other students with a “treat yourself right” concept, appealing to people’s sense that eating good food is part of treating themselves well. Other teams have developed successful social media marketing strategies and seen a bump in sales as a result.272

Innovations
While CoFED’s initial focus has been on working with students at 4-year bachelors-granting institutions, the organization is developing a program to reach more low-income and underserved students by working with community colleges and technical schools. CoFED has already run a pilot project in New Mexico, consulting with the Sostenga Center, a local food non-profit affiliated with Northern New Mexico College. The Sostenga Center includes a student-run farm and green house, a rentable kitchen space, a catering business, and a café. Instead of working directly with students, CoFED has worked with the manager of Sostenga, the Dean of Continuing and
Technical Education at the College, to evaluate the financial health of the operation and provide education curricula around student-worker empowerment.\textsuperscript{273, 274}

CoFED staff take a different approach to their work with students at 2-year than at 4-year schools. While students at 4-year institutions may have the time and interest in to engage in the process of developing a co-op from scratch, community colleges students often have one or even two jobs and are focused on gaining skills to enhance their careers. In the community college-setting, CoFED does not work to develop and incubate a student team, the organization works with the administration to bring their student empowerment/worker co-operative training to students at the same time as the students are developing job skills.

While CoFED has undertaken only one project in its community college program, the organization is working to develop a scalable model. CoFED is partnering with the Michigan chapter of Restaurant Opportunities Center (ROC), a national organization fighting for restaurant workers’ rights, to develop such a model. In conjunction with ROC Michigan, CoFED is considering creating and running a co-operative food enterprise that will serve as a training institute at a community college in Detroit.

Lessons and advice for Paul Quinn College
- Use the grocery store setting as an opportunity for education about student and worker-empowerment.
- Bring someone with retail/food business expertise into the business development process.
- Consider partnering with CoFED to start the program. CoFED has relevant knowledge and capacity and is interested in working with schools like Paul Quinn College.

\textit{E4.2. Bronco Urban Gardens – Santa Clara University – San Jose, California}

Launched in 2009, Santa Clara University’s (SCU) Bronco Urban Gardens (BUG) program provides environmental science and food justice education to several underserved neighborhoods in San Jose.\textsuperscript{275} AmeriCorps members manage BUG programs at four gardens – one on SCU’s campus, two at elementary schools, and the fourth at a community center.\textsuperscript{276} About 100 Santa Clara students each year complete SCU’s experiential learning requirement by helping BUG provide science enrichment education that is aligned with state standards for children, youth, and families.\textsuperscript{277} Housed within SCU, but with a distinctly community-oriented mission, BUG’s experience is relevant to Paul Quinn College’s efforts to start a college-affiliated, but community-oriented business in its neighborhood.

History and model
Reflecting the Jesuit mission of educating students “in solidarity with the poor and oppressed,” Santa Clara University established a core requirement for experiential learning for social justice in 2009.\textsuperscript{278} Professors may opt to include a community
placement as part of their courses’ curricula to explore issues of social justice both in and outside the classroom, and all students must complete a placement to graduate. Around the same time, SCU started BUG as part of a consortium of non-profits, the Silicon Valley HealthCorps, which hires AmericCorps members to address health issues in underserved communities in the area.

BUG has two simultaneous purposes. First and primarily, BUG provides garden-based education to elementary school students in low-income, underserved neighborhoods in San Jose. Second, BUG hosts SCU students for their social justice experiential learning placements. Professors who have an experiential learning requirement for their class are responsible for setting the educational goals for SCU students and ensuring that they connect their experiences in the community with the social justice issues taught in the classroom. While BUG is not responsible for the educational outcomes of SCU students, they do manage the placements of around 100 students per year, making sure that SCU students have a meaningful experience and contribute to the BUG’s garden education mission.

University environment
BUG is similar in concept to many small non-profits in the Bay Area, providing no-cost educational enrichment programs to underserved youth. However, as a program of Santa Clara University, BUG gains certain advantages. BUG benefits from the financial support of SCU; over 80% of the program’s budget comes from various departments or programs in the University. The large number of SCU students choosing placements with BUG allows the program to offer enhanced educational opportunities to the elementary school students it serves, such as one-on-one tutoring in its afterschool program. BUG program participants also benefit from interacting with college students who provide models for their own education. BUG also benefits from connections with faculty whose research in relevant areas helps shape BUG’s programming.

In turn, BUG’s coordinator Joanna Ahlum acknowledges that being housed in a university does create some problems. Because BUG is not focused solely on higher education or research, the program’s mission does not perfectly match SCU’s. BUG has yet to find the place where it fits best within the University. BUG is currently housed in the Environmental Studies Institute, which is set to be dissolved in June 2013. Ahlum believes that BUG would fit better in a more community-oriented office at the University. She is hoping the program can become part of SCU’s new place-based initiative that is focused on the San Jose neighborhood in which BUG already operates.

Challenges
In addition, BUG does not have the administrative staff it needs to continue to grow. Ahlum, who is a lecturer at the University, teaches fewer classes in exchange for coordinating the program, but she has little time for fundraising and planning for expansion. While BUG was started based on SCU’s strong existing ties with the community and is responsive to program participants’ and their families’ needs, Ahlum
wishes the program also had a full-time community organizer. This would help BUG be more responsive to the community’s needs through existing programs provide ideas for future expansion. Such a person would also build the relationships in the community that are so vital to the success of the program. Ahlum believes that BUG needs to find the right place in the University with proper staffing to become sustainable.  

Lessons and advice for Paul Quinn College

• Plan for the sustainability of PQC’s community-based food business in terms of PQC’s relationship with and responsibilities to the business.
• Build strong relationships with community-based organizations and community members to pave a smooth path toward starting the business and to ensure it truly meets the needs of the community.

E4.3. The Corp – Georgetown University – Washington, DC

At Georgetown University, The Corp is an entirely student-run – including its Board of Directors – non-profit business. The business donates its profits in the forms of grants to students and the community. The organization runs 8 on-campus businesses, including a full-service grocery store, Vital Vittles, and 4 internally-facing departments.  

History and model

The Corp just celebrated its 40th anniversary as an organization. After the University allowed students protesting Vietnam to be tear gassed, a group of students founded an organization independent of the University to advocate for students’ rights. To raise money for their efforts, the students started selling snacks to their peers. From these humble and radical beginnings, the Corp has evolved into the largest entirely student-run organization in the country. The University essentially treats the Corp like any other business on-campus. The Corp rents space from the University. 

In 2009 and 2010, the Corp began losing money, up to $72,000 per year, because it had over time become more of a venue for students to socialize than manage business. In 2010, new leadership worked to turn around the Corp businesses. They assessed the problems with each business and devised ways correct them. For example, at Vital Vittles, the prices of items in their system had not been updated in years to the point that they were being sold below cost. The new managers updated the prices and developed a system for ensuring they stayed up-to-date. The Corp’s previously poor marketing strategies have been greatly improved, with a professional look, consistent logos, and a strong social media presence. The Corp also has realized how valuable their philanthropy is for marketing, allowing them to build a brand around serving Georgetown students and distinguishing the Corp from other businesses on campus. Because the Corp is a popular student activity, with about a 6% acceptance rate, those not accepted end up with “a bad taste in their mouths,” which the Corp is trying to address with better marketing.
As a non-profit, the Corp gives its profit, over $75,000 last year, from the suite of Corp businesses as grants to individual students and student groups or community engagement efforts. While the mission of the Corp is educational, teaching Georgetown students job and business-management skills, student managers consider their philanthropy a focal part of the Corp and have worked hard to increase and improve their giving. In conjunction with its marketing efforts, the Corp now has each of its businesses give out grants associated with the “personality” of the business. For example, one of their coffee shops, which is located in the international building, gives grants to students for international travel. Vital Vittles, the Corp grocery store that has a “sports bro” personality, gives scholarships to exceptional club sports athletes. To give back more effectively to DC, the Corp has, for example, used its marketing and design skills to design and donate basketball uniforms to a youth team in the Anacostia neighborhood near Georgetown.  

Each employee of the Corp is paid DC minimum wage – $8.25 /hour – with differences in salaries based simply on the number of hours a position requires. Cashiers work 9 hours per week at most, while managers of each of the individual businesses work about 15 hours per week. Upper managers, such as the CEO, CFO, and COO, usually clock around 30 hours per week, but often work more than 40 hours per week. During the summer, in her first 3 months as COO, Stephanie Wolfram, worked about 70 hours per week.  

University environment  
Being a business on a university campus gives the Corp certain advantages, such as a relatively captive audience for its businesses. On the other hand, the University can be a difficult landlord, including inadequate maintenance. Being entirely student-run comes with its own difficulties. Simply put, all the employees and managers are also students with a full load of classes. Every position has built-in high turnover with a new student in each position each year. As a result, staff spend 3 months in the summer training for their positions, 6 months doing their jobs, and then 3 months ensuring that their replacements are prepared to take over.  

Spotlight: Vital Vittles’s sourcing  
To stock its on-campus grocery store, Vital Vittles, the Corp works with 55 different vendors. Vital Vittles purchases most of its main grocery items (soups, pastas, peanut butter, yogurt, etc) from the distributor AWI. Most of the vendors, which include vendors for different prepared foods, milk, eggs, bread, cigarettes, among others, take inventory and stock the shelves accordingly, leaving Vital Vittles staff to track inventory and place orders for food from the remaining vendors. For milk, eggs, bread, and with 2 of their sandwich vendors, the vendor incurs the cost of spoiled products, relieving the Corp of a some of the cost.  

Lessons and advice for Paul Quinn College  
• While the Corp believes in the value of being entirely student-run, it took them 40 years to get where they are. Because PQC is oriented not just toward students,
but also the community, full-time non-student employees and managers will be essential.

• Being on campus has its advantages. As Georgetown University, with its extensive resources, expands, building new facilities or renovating old, the Corp can expand too, moving into these new or renovated spaces.

• Marketing is crucial. People are attracted to and want to support businesses with social missions – use this to increase customer base.

• Include students in the process of creating the business. This will create buy-in and ensure that students feel invested. Consider including students in management positions. This is not only extremely educational for students, but can also contribute to student support.
APPENDIX F. MARKET STUDY MAPS AND TABLES

F1. Maps of Trade Area
Source for all maps: ESRI Business Analyst Online

Map F.1. Paul Quinn College with proposed grocery store site
Map F.2. Neighborhood south of campus (3.9 sq. mi.)
Map F.3. Highland Hills (7.5 sq. mi.)
Map F.4. Overview map with rings 1, 2, and 3-mile radius rings around proposed store site on PQC Campus.
Map F.5. Overview map with drive times 3, 5, and 8-minute drive times to proposed store site on PQC campus
Map F.6. Overview map with rings and drive times
1, 2, and 3-mile radius rings around and 3, 5, and 8-minute drive times to proposed store site on PQC campus
Map F.7. Dallas County
Map F.8. Dallas-Fortworth-Arlington Metropolitan Statistical Area
F2. Market Study Tables

The tables in this appendix provide detailed demographic information on the trade and comparison areas discussed in the market study section of this paper (Section 5). The appendix also includes information about the number of businesses and employees in the area by industry. While the most critical information from these tables has been provided in Section 5, the tables in the appendix provide a fuller picture of the trade area for those readers interested in the detailed statistics.
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<td>1.10%</td>
<td>88</td>
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<td>43</td>
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### Table F.2. Household Income for drive times and comparison areas

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<th>Metro Area</th>
<th>Texas</th>
<th>US</th>
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<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
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<td>Less than $15,000</td>
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<td>32.4%</td>
<td>3,529</td>
<td>32.0%</td>
<td>13.2%</td>
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<td>542</td>
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<td>1,558</td>
<td>14.1%</td>
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</tr>
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<td>1,401</td>
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<td>18.0%</td>
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<td>420</td>
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<td>295</td>
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<th>Metro Area</th>
<th>Texas</th>
<th>US</th>
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<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
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<td>3,679</td>
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<td>573</td>
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<td>1-mile radius</td>
<td>2-mile radius</td>
<td>3-mile radius</td>
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</tr>
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<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
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<td>1,654</td>
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<td>676</td>
<td>0.1%</td>
<td>1,539</td>
</tr>
<tr>
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<td>673</td>
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<td>1,318</td>
<td>0.1%</td>
<td>698</td>
<td>0.1%</td>
<td>1,581</td>
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<td>1,190</td>
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<td>963</td>
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<td>485</td>
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<td>1,149</td>
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<td>98</td>
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<td>3 minute drive</td>
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<td>Dallas County</td>
<td>Metro Area</td>
<td>Texas</td>
<td>US</td>
</tr>
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<td></td>
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<td>Percentage</td>
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<td>Number</td>
<td>Percentage</td>
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<td>Percentage</td>
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<td>0.0%</td>
<td>313</td>
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<td>33.9</td>
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<td>30,620</td>
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### Table F.5. Population by race for campus neighborhood and radii

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<th>1-mile radius</th>
<th>2-mile radius</th>
<th>3-mile radius</th>
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<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Population reporting one race</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
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<td>99.3%</td>
<td>16,263</td>
<td>99.1%</td>
<td>8,595</td>
</tr>
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<td>673</td>
<td>4.1%</td>
<td>222</td>
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<td>14,799</td>
<td>90.2%</td>
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<td>0.4%</td>
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<td>Some Other Race</td>
<td>291</td>
<td>3.2%</td>
<td>696</td>
<td>4.2%</td>
<td>237</td>
</tr>
<tr>
<td>Population reporting 2+ races</td>
<td>67</td>
<td>0.7%</td>
<td>150</td>
<td>0.9%</td>
<td>66</td>
</tr>
<tr>
<td>Total population of Hispanic origin (any race)</td>
<td>562</td>
<td>6.2%</td>
<td>1,292</td>
<td>7.9%</td>
<td>450</td>
</tr>
<tr>
<td>Total population</td>
<td>9,008</td>
<td>16,413</td>
<td>8,661</td>
<td>20,120</td>
<td>40,715</td>
</tr>
</tbody>
</table>

### Table F.6. Population by race for drive times and comparison areas

<table>
<thead>
<tr>
<th></th>
<th>3 minute drive</th>
<th>5 minute drive</th>
<th>8 minute drive</th>
<th>Dallas County</th>
<th>Metro Area</th>
<th>Texas</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>Population reporting one race</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>2,701</td>
<td>99.3%</td>
<td>9,865</td>
<td>99.2%</td>
<td>50,273</td>
<td>98.9%</td>
<td>97.2%</td>
</tr>
<tr>
<td>Black</td>
<td>44</td>
<td>1.6%</td>
<td>294</td>
<td>3.0%</td>
<td>1,854</td>
<td>6.1%</td>
<td>53.5%</td>
</tr>
<tr>
<td>American Indian</td>
<td>2,583</td>
<td>95.0%</td>
<td>9,147</td>
<td>92.0%</td>
<td>4,257</td>
<td>86.8%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Asian</td>
<td>10</td>
<td>0.4%</td>
<td>39</td>
<td>0.4%</td>
<td>99</td>
<td>0.3%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>3</td>
<td>0.1%</td>
<td>16</td>
<td>0.2%</td>
<td>36</td>
<td>0.1%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Some Other Race</td>
<td>0</td>
<td>0.0%</td>
<td>2</td>
<td>0.0%</td>
<td>10</td>
<td>0.0%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Population reporting 2+ races</td>
<td>61</td>
<td>2.2%</td>
<td>367</td>
<td>3.7%</td>
<td>1,702</td>
<td>5.6%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Total population of Hispanic origin (any race)</td>
<td>110</td>
<td>4.0%</td>
<td>636</td>
<td>6.4%</td>
<td>3,292</td>
<td>10.8%</td>
<td>38.3%</td>
</tr>
<tr>
<td>Total population</td>
<td>2,720</td>
<td>9,945</td>
<td>30,621</td>
<td></td>
<td>2,368,139</td>
<td>6,371,773</td>
<td>25,145,561</td>
</tr>
</tbody>
</table>
### Table F.7. Population by sex

<table>
<thead>
<tr>
<th></th>
<th>South of campus</th>
<th>Highland Hills</th>
<th>1-mile radius</th>
<th>2-mile radius</th>
<th>3-mile radius</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Male</td>
<td>4,184</td>
<td>46.5%</td>
<td>7,529</td>
<td>45.9%</td>
<td>3,930</td>
</tr>
<tr>
<td>Female</td>
<td>4,823</td>
<td>53.5%</td>
<td>8,883</td>
<td>54.1%</td>
<td>4,731</td>
</tr>
<tr>
<td>3 minute drive</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Male</td>
<td>1,264</td>
<td>46.5%</td>
<td>4,561</td>
<td>45.9%</td>
<td>14,295</td>
</tr>
<tr>
<td>Female</td>
<td>1,455</td>
<td>53.5%</td>
<td>5,384</td>
<td>54.1%</td>
<td>16,327</td>
</tr>
</tbody>
</table>

### Table F.8. Households by tenure and mortgage status for campus neighborhoods and radii

<table>
<thead>
<tr>
<th></th>
<th>South of campus</th>
<th>Highland Hills</th>
<th>1-mile radius</th>
<th>2-mile radius</th>
<th>3-mile radius</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Total occupied housing units</td>
<td>3,129</td>
<td>5,633</td>
<td>2,978</td>
<td>100.0%</td>
<td>7,083</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>2,248</td>
<td>71.8%</td>
<td>3,093</td>
<td>54.9%</td>
<td>1,558</td>
</tr>
<tr>
<td>Owned with a mortgage/loan</td>
<td>1,245</td>
<td>39.8%</td>
<td>1,621</td>
<td>28.8%</td>
<td>746</td>
</tr>
<tr>
<td>Owned free and clear</td>
<td>1,003</td>
<td>32.1%</td>
<td>1,472</td>
<td>26.1%</td>
<td>812</td>
</tr>
<tr>
<td>Average household size</td>
<td>2.80</td>
<td>2.78</td>
<td>2.72</td>
<td>2.77</td>
<td>2.75</td>
</tr>
<tr>
<td>Renter occupied</td>
<td>881</td>
<td>28.2%</td>
<td>2,540</td>
<td>45.1%</td>
<td>1,420</td>
</tr>
<tr>
<td>Average household size</td>
<td>3.09</td>
<td>3.05</td>
<td>3.07</td>
<td>2.91</td>
<td>2.95</td>
</tr>
<tr>
<td>Total vacant housing units</td>
<td>264</td>
<td>716</td>
<td>444</td>
<td>1,065</td>
<td>1,934</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>7.9%</td>
<td>11.3%</td>
<td>13.1%</td>
<td>13.0%</td>
<td></td>
</tr>
<tr>
<td>Total housing units</td>
<td>3,393</td>
<td>6,349</td>
<td>3,422</td>
<td>8,148</td>
<td>16,090</td>
</tr>
<tr>
<td>Table F.9. Households by tenure and mortgage status for drive times and comparison areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>3 minute drive</td>
<td>5 minute drive</td>
<td>8 minute drive</td>
<td>Dallas County</td>
<td>Metro Area</td>
</tr>
<tr>
<td>Number Percentage</td>
<td>Number Percentage</td>
<td>Number Percentage</td>
<td>Number Percentage</td>
<td>Number Percentage</td>
<td>Number Percentage</td>
</tr>
<tr>
<td>Total Occupied Housing Units</td>
<td>964</td>
<td>100.0%</td>
<td>3,415</td>
<td>100.0%</td>
<td>10,757</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>558</td>
<td>57.9%</td>
<td>1,842</td>
<td>53.9%</td>
<td>5,743</td>
</tr>
<tr>
<td>Owned with a Mortgage</td>
<td>244</td>
<td>25.3%</td>
<td>908</td>
<td>26.6%</td>
<td>3,070</td>
</tr>
<tr>
<td>Owned Free and Clear</td>
<td>314</td>
<td>32.6%</td>
<td>934</td>
<td>27.4%</td>
<td>2,673</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.57</td>
<td>2.72</td>
<td>2.76</td>
<td>2.90</td>
<td>2.90</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>406</td>
<td>42.1%</td>
<td>1,573</td>
<td>46.1%</td>
<td>5,014</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>3.07</td>
<td>3.10</td>
<td>2.87</td>
<td>2.53</td>
<td>2.48</td>
</tr>
<tr>
<td>Total Vacant Housing Units</td>
<td>125</td>
<td>12.2%</td>
<td>504</td>
<td>12.9%</td>
<td>1,587</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL Housing Units</td>
<td>1089</td>
<td>3,919</td>
<td>12,344</td>
<td>943,257</td>
<td>2,502,075</td>
</tr>
<tr>
<td>Table F.10. Population age 25+ by educational attainment for campus neighborhoods and radii</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>South of campus</strong></td>
<td><strong>Highland Hills</strong></td>
<td><strong>1-mile radius</strong></td>
<td><strong>2-mile radius</strong></td>
<td><strong>3-mile radius</strong></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Number</strong></td>
<td><strong>Percentage</strong></td>
<td><strong>Number</strong></td>
<td><strong>Percentage</strong></td>
<td><strong>Number</strong></td>
<td><strong>Percentage</strong></td>
</tr>
<tr>
<td>Total</td>
<td>5,649</td>
<td>9,313</td>
<td>4,744</td>
<td>11,784</td>
<td>25,158</td>
</tr>
<tr>
<td>No schooling completed</td>
<td>44 (0.8%)</td>
<td>116 (1.2%)</td>
<td>39 (0.8%)</td>
<td>165 (1.4%)</td>
<td>559 (2.2%)</td>
</tr>
<tr>
<td>Nursery to 4th grade</td>
<td>11 (0.2%)</td>
<td>16 (0.2%)</td>
<td>7 (0.1%)</td>
<td>53 (0.4%)</td>
<td>271 (1.1%)</td>
</tr>
<tr>
<td>5th and 6th grade</td>
<td>51 (0.9%)</td>
<td>162 (1.7%)</td>
<td>12 (0.3%)</td>
<td>322 (2.7%)</td>
<td>846 (3.4%)</td>
</tr>
<tr>
<td>7th and 8th grade</td>
<td>174 (3.1%)</td>
<td>331 (3.6%)</td>
<td>149 (3.1%)</td>
<td>436 (3.7%)</td>
<td>1,175 (4.7%)</td>
</tr>
<tr>
<td>9th grade</td>
<td>151 (2.7%)</td>
<td>267 (2.9%)</td>
<td>97 (2.0%)</td>
<td>406 (3.4%)</td>
<td>764 (3.0%)</td>
</tr>
<tr>
<td>10th grade</td>
<td>248 (4.4%)</td>
<td>397 (4.3%)</td>
<td>225 (4.7%)</td>
<td>521 (4.4%)</td>
<td>1,095 (4.4%)</td>
</tr>
<tr>
<td>11th grade</td>
<td>410 (7.3%)</td>
<td>723 (7.8%)</td>
<td>380 (8.0%)</td>
<td>926 (7.9%)</td>
<td>1,826 (7.3%)</td>
</tr>
<tr>
<td>12th grade, no diploma</td>
<td>251 (4.4%)</td>
<td>342 (3.7%)</td>
<td>213 (4.5%)</td>
<td>390 (3.3%)</td>
<td>774 (3.1%)</td>
</tr>
<tr>
<td>High school graduate, GED, or alternative</td>
<td>2,246 (39.8%)</td>
<td>3,712 (39.9%)</td>
<td>1,878 (39.6%)</td>
<td>4,611 (39.1%)</td>
<td>9,642 (38.3%)</td>
</tr>
<tr>
<td>Some college, less than 1 year</td>
<td>255 (4.5%)</td>
<td>469 (5.0%)</td>
<td>243 (5.1%)</td>
<td>540 (4.6%)</td>
<td>1,181 (4.7%)</td>
</tr>
<tr>
<td>Some college, 1 or more years, no degree</td>
<td>993 (17.6%)</td>
<td>1,432 (15.4%)</td>
<td>880 (18.5%)</td>
<td>1,711 (14.5%)</td>
<td>3,520 (14.0%)</td>
</tr>
<tr>
<td>Associate’s degree</td>
<td>326 (5.8%)</td>
<td>454 (4.9%)</td>
<td>255 (5.4%)</td>
<td>522 (4.4%)</td>
<td>1,239 (4.9%)</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>406 (7.2%)</td>
<td>766 (8.2%)</td>
<td>273 (5.8%)</td>
<td>990 (8.4%)</td>
<td>1,677 (6.7%)</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>73 (1.3%)</td>
<td>95 (1.0%)</td>
<td>80 (1.7%)</td>
<td>139 (1.2%)</td>
<td>467 (1.9%)</td>
</tr>
<tr>
<td>Professional school degree</td>
<td>11 (0.2%)</td>
<td>21 (0.2%)</td>
<td>12 (0.3%)</td>
<td>28 (0.2%)</td>
<td>65 (0.3%)</td>
</tr>
<tr>
<td>Doctorate degree</td>
<td>0 (0.0%)</td>
<td>11 (0.1%)</td>
<td>1 (0.0%)</td>
<td>26 (0.2%)</td>
<td>56 (0.2%)</td>
</tr>
<tr>
<td>Highest level of attainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below high school diploma/GED</td>
<td>1,340 (23.7%)</td>
<td>2,354 (25.3%)</td>
<td>1,122 (23.7%)</td>
<td>3,219 (27.3%)</td>
<td>7,310 (29.1%)</td>
</tr>
<tr>
<td>High school diploma/GED</td>
<td>3,494 (61.8%)</td>
<td>5,613 (60.27%)</td>
<td>3,001 (63.26%)</td>
<td>6,862 (58.23%)</td>
<td>14,343 (57.01%)</td>
</tr>
<tr>
<td>Associate’s degree</td>
<td>326 (5.77%)</td>
<td>454 (4.87%)</td>
<td>255 (5.38%)</td>
<td>522 (4.43%)</td>
<td>1,239 (4.92%)</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>406 (7.19%)</td>
<td>766 (8.23%)</td>
<td>273 (5.75%)</td>
<td>990 (8.40%)</td>
<td>1,677 (6.67%)</td>
</tr>
<tr>
<td>Master’s degree or higher</td>
<td>84 (1.49%)</td>
<td>127 (1.36%)</td>
<td>93 (1.96%)</td>
<td>193 (1.64%)</td>
<td>588 (2.34%)</td>
</tr>
<tr>
<td>Highest level of attainment</td>
<td>3 minute drive</td>
<td>5 minute drive</td>
<td>8 minute drive</td>
<td>Dallas County Metro Area</td>
<td>Texas</td>
</tr>
<tr>
<td>----------------------------------------------------------------</td>
<td>--------------</td>
<td>---------------</td>
<td>---------------</td>
<td>-------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Total</td>
<td>1,612</td>
<td>5,984</td>
<td>17,880</td>
<td>1,474,094</td>
<td>3,843,965</td>
</tr>
<tr>
<td>No schooling completed</td>
<td>15</td>
<td>70</td>
<td>287</td>
<td>1.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Nursery to 4th grade</td>
<td>4</td>
<td>11</td>
<td>136</td>
<td>2.2%</td>
<td>1.4%</td>
</tr>
<tr>
<td>5th and 6th grade</td>
<td>4</td>
<td>52</td>
<td>438</td>
<td>5.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>7th and 8th grade</td>
<td>32</td>
<td>190</td>
<td>841</td>
<td>3.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>9th grade</td>
<td>32</td>
<td>165</td>
<td>499</td>
<td>4.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>10th grade</td>
<td>51</td>
<td>264</td>
<td>785</td>
<td>2.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>11th grade</td>
<td>152</td>
<td>468</td>
<td>1,334</td>
<td>2.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>12th grade, no diploma</td>
<td>69</td>
<td>250</td>
<td>582</td>
<td>2.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>High school graduate, GED, or alternative</td>
<td>677</td>
<td>2,354</td>
<td>6,936</td>
<td>23.2%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Some college, less than 1 year</td>
<td>72</td>
<td>299</td>
<td>775</td>
<td>5.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Some college, 1 or more years, no degree</td>
<td>308</td>
<td>1,037</td>
<td>2,635</td>
<td>13.6%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Associate's degree</td>
<td>69</td>
<td>320</td>
<td>854</td>
<td>5.5%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>89</td>
<td>400</td>
<td>1,391</td>
<td>18.1%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Master's degree</td>
<td>32</td>
<td>80</td>
<td>308</td>
<td>6.5%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Professional school degree</td>
<td>6</td>
<td>18</td>
<td>37</td>
<td>2.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Doctorate degree</td>
<td>0</td>
<td>8</td>
<td>43</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Below high school diploma/GED</td>
<td>359</td>
<td>1,470</td>
<td>4,902</td>
<td>24.88%</td>
<td>18.14%</td>
</tr>
<tr>
<td>High school diploma/GED</td>
<td>1,057</td>
<td>3,690</td>
<td>10,346</td>
<td>42.24%</td>
<td>45.46%</td>
</tr>
<tr>
<td>Associate's degree</td>
<td>69</td>
<td>320</td>
<td>854</td>
<td>5.49%</td>
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## F.12. Businesses and employees in campus neighborhood

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<tr>
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<td>Percentage</td>
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<td>Agriculture &amp; Mining</td>
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</tr>
<tr>
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</tr>
<tr>
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<td>4</td>
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</tr>
<tr>
<td>Transportation</td>
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</tr>
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</tr>
<tr>
<td>Utility</td>
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<td>0.0%</td>
</tr>
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</tr>
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<td>Eating &amp; Drinking Places</td>
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</tr>
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### F.14. Businesses and employees in drive time areas

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<th>8-minute drive</th>
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<td>Employees</td>
<td>Number</td>
<td>Percentage</td>
<td>Businesses</td>
<td>Employees</td>
<td>Number</td>
<td>Percentage</td>
<td>Businesses</td>
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<td>5.7%</td>
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<td>2.2%</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Eating &amp; Drinking Places</td>
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<td>7.5%</td>
<td>5.8%</td>
<td>8.5%</td>
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<td></td>
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<td></td>
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<td>Finance, Insurance, Real Estate</td>
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<td></td>
<td></td>
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<td>1.9%</td>
<td>3.8%</td>
<td></td>
<td></td>
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</table>
G. FINANCIAL ANALYSIS TABLES

As discussed in Section 7, to understand whether or not a grocery store is financially feasible given the market potential in the community, I created scenarios for a basic grocery store income statement. Based on publicly available data and extrapolations from that data, I created a total of 27 income statement scenarios - 3 income statements each for 3 store sizes in combination with the 3 revenue per square footage scenarios.

Table G.1 shows the income statements of a 5,000 square foot under 9 different revenue-expense scenarios. While all these scenarios necessarily show profit, the table shows how a store with low revenue per square foot under a low-income store expense scenario, nets only $36,750 and it is easy to imagine how a small miscalculation in management could lead to spending an additional $36,750 on purchasing goods or paying personnel. In contrast, as shown in Table G.3, a larger store with 10,000 square feet of retail space that generates $600 in revenue per square foot has close to $150,000 of flexibility before the store loses money.
<table>
<thead>
<tr>
<th>Expense Scenarios</th>
<th>Low revenue per square foot</th>
<th>Medium revenue per square foot</th>
<th>High revenue per square foot</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low-income store</td>
<td>National supermarket average</td>
<td>Limited assortment format</td>
</tr>
<tr>
<td>Sales</td>
<td>1,750,000</td>
<td>1,750,000</td>
<td>1,750,000</td>
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<td>34.5%</td>
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<td>85,750</td>
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<td>Occupancy</td>
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<td>38,500</td>
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<td>38,500</td>
<td>42,000</td>
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<td>Net Margin %</td>
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<td>2.4%</td>
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<tr>
<td>Expense Scenarios</td>
<td>Low revenue per square foot</td>
<td>Medium revenue per square foot</td>
<td>High revenue per square foot</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------</td>
<td>--------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td></td>
<td>Low-income store</td>
<td>National supermarket average</td>
<td>Limited assortment format</td>
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<td>Sales</td>
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<td>Medium revenue per square foot</td>
<td>High revenue per square foot</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------------------------</td>
<td>-------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td></td>
<td>Low-income store</td>
<td>National supermarket average</td>
<td>Limited assortment format</td>
</tr>
<tr>
<td>Sales</td>
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<td>3,500,000</td>
<td>3,500,000</td>
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</tr>
<tr>
<td>Personnel</td>
<td>409,500</td>
<td>518,000</td>
<td>595,000</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>28,000</td>
<td>45,500</td>
<td>171,500</td>
</tr>
<tr>
<td>Occupancy</td>
<td>87,500</td>
<td>136,500</td>
<td>63,000</td>
</tr>
<tr>
<td>Marketing and Promotions</td>
<td>94,500</td>
<td>150,500</td>
<td>140,000</td>
</tr>
<tr>
<td>Operating Income</td>
<td>150,500</td>
<td>175,000</td>
<td>238,000</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>4.3%</td>
<td>5.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Interest</td>
<td>35,000</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Taxes</td>
<td>10,500</td>
<td>14,000</td>
<td>42,000</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>31,500</td>
<td>49,000</td>
<td>77,000</td>
</tr>
<tr>
<td>Net Income</td>
<td>73,500</td>
<td>77,000</td>
<td>84,000</td>
</tr>
<tr>
<td>Net Margin</td>
<td>2.1%</td>
<td>2.2%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
APPENDIX H. NEXT STEPS

H1. Sample Food Access Survey

Southeast Food Access: SEFA
Food Access Survey

Answer the survey to be eligible for a prize (by random drawing)

Dear Community Member,

Southeast Food Access (SEFA) is a collaboration of community-based organizations with support from City agencies. SEFA is working to improve fresh, healthy and sustainable food access in the Southeast part of SF. Please help us advise City agencies on what kind of grocery store you would like in the Bayview Hunters Point (BVHP) and Visitacion Valley (VV) by answering these questions:

1. Please check where you live:
   - [ ] Bayview
   - [ ] Hunters Point
   - [ ] Visitacion Valley
   - [ ] Other
   - # of years: ______

2. If you work in the Southeast part of SF, please check where:
   - [ ] Bayview
   - [ ] Hunters Point
   - [ ] Visitacion Valley
   - [ ] Retired
   - [ ] Other

3. How many people do you shop for? Circle one:
   - [ ] 1
   - [ ] 2-3
   - [ ] 4+

4. How many children do you shop for? Circle one:
   - [ ] 0
   - [ ] 1
   - [ ] 2-3
   - [ ] 4+ 67

4. Are you a food stamp or WIC participant? [ ] YES [ ] NO

5. What is your racial/ethnic background? ______


7. How often do you shop for food? Circle one:
   - [ ] 1x month
   - [ ] 2-3x month
   - [ ] every other week
   - [ ] other

8. How do you get to the store?
   - [ ] Car
   - [ ] Bus/Muni
   - [ ] Walk
   - [ ] Bike
   - [ ] Taxi
   - [ ] Get a ride
   - [ ] other

9. Where do you shop for food? Check all that apply:
   - [ ] Alemay Farms Market
   - [ ] BVHP Farmers Market
   - [ ] Corner Store (name) ______
   - [ ] Food Co
   - [ ] Front Door Farms (home delivery)
   - [ ] Good Life
   - [ ] Rainbow
   - [ ] Safeway
   - [ ] Smart & Final
   - [ ] Somethin Fresh (home delivery)
   - [ ] OTHER: ______

10. If you don’t shop at Super Save, why not? Check all that apply:
    - [ ] Quality/Freshness of food
    - [ ] Atmosphere
    - [ ] Prices
    - [ ] Location
    - [ ] Safety
    - OTHER: ______

    What would make you shop there? ______

11. If you don’t shop at Foods Co, why not? Check all that apply:
    - [ ] Quality/Freshness of food
    - [ ] Atmosphere
    - [ ] Prices
    - [ ] Location
    - [ ] Safety
    - OTHER: ______

    What would make you shop there? ______

continue on other side —
12. If you don’t shop on 3rd St., why not? ______________________________________________________________________________________________

13. What fruits and vegetables do you eat or serve most often? Circle all that apply:

<table>
<thead>
<tr>
<th>Apples</th>
<th>Bananas</th>
<th>Berries</th>
<th>Cherries</th>
<th>Grapes</th>
<th>Kiwi</th>
<th>Mangos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melons</td>
<td>Oranges</td>
<td>Peaches</td>
<td>Pears</td>
<td>Pineapple</td>
<td>Plums</td>
<td></td>
</tr>
</tbody>
</table>

OTHER: ____________________________________________________________________________________

<table>
<thead>
<tr>
<th>Avocado</th>
<th>Bok Choy</th>
<th>Broccoli</th>
<th>Cabbage</th>
<th>Carrots</th>
<th>Cauliflower</th>
<th>Corn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greens</td>
<td>Green beans</td>
<td>Lettuce</td>
<td>Spinach</td>
<td>Squash</td>
<td>Peas</td>
<td>Potatoes</td>
</tr>
</tbody>
</table>

OTHER: ____________________________________________________________________________________

14. Are there fruits or vegetables you like, but cannot buy in BVHP or VV? □ YES □ NO
If yes, what: ____________________________________________________________________________

15. Please rank 1-4, (1= most preferred; 4= least important)
How important is it to you that the food provided by stores:
- a) Is fresh
- b) Is affordable
- c) Includes healthy, prepared foods
- d) Is free of chemicals/pesticides & grown by local farmers who treat farm workers fairly

Please add any additional comments: __________________________________________________________________________

16. There are different types of stores that sell groceries, which type of market would you prefer?
Please rank 1-3, (1= most preferred; 3= least preferred)
- a) a Cooperative Full Service Market (worker or community owned, like Rainbow)
- b) a Supermarket Chain store (like Safeway)
- c) an independent grocery store (like Good Life or Super Save)

Please add any additional comments: __________________________________________________________________________

17. Other than produce, what services are important to you in a full service market or several smaller businesses? Please rank 1-5, (1= most important; 5= least important)
- a) Bakery
- b) Meat/Fish
- c) Dry Goods
- d) Flowers
- e) Food stamp/WIC

OTHER: ____________________________________________________________________________________

18. What would be the best way to make sure there is fresh, healthy food in the BVHP or VV?
Check one:
- □ one large grocery store
- □ a couple of smaller businesses and/or full service grocery stores placed in different locations

Please add any additional comments: __________________________________________________________________________

19. Would you actively support and shop at new food markets in your neighborhood?
□ YES □ NO

20. Are you interested in getting updates about the effort to bring healthy food options closer to you?
□ YES □ NO

Please provide a phone # or an e-mail address so that we may contact you if you are a winner for a prize: __________________________________________________________________________

If you have any questions, please contact Frances Wong at SFPDH: Phone 415-581-2427 Fax: 415-581-2490

H2. Market Research Survey Template

CoFED, profiled in Appendix E4.1, provides resources to students to start on-campus cooperative food businesses. Below is the survey template CoFED provides students in the process of starting cooperative food businesses on campus. I have copied and pasted the entire template here and it is available for download at http://www.cofed.org/resources/thegameplan/. The survey template in this section would need to be adapted to meet the needs of PQC. This market survey is directed at students and focuses on food options available to them on-campus. The survey is adapted from a group of students that started a café as opposed to a grocery store. Paul Quinn College might consider drawing from both this template and the example available in Appendix H1 in creating a survey for its community.

**Market Research Survey Template**

*This template was adapted from the Food For Thought Cafe market research survey conducted at Portland State University. You should modify it according to your most pressing concerns and the community landscape you are working in.*

**Tips for conducting market research with surveys:** You may also want to try making an online survey with these questions instead of or in addition to paper surveys. Try to reach as close to a random sample of students as you can by sending it to random email addressed from your campus’ database or asking your student government to help you access a large and broad base of recipients.

**[insert name of your co-op here if you have one]: A New [Café/Market] Concept**

Hello. We are a student group proposing a new [cafe/grocery market] on campus and would like to ask you a few questions. It will take about five minutes. Your feedback will be instrumental in helping decide the future direction of our campus food choices. Please select only one answer, unless otherwise specified. Thanks!

Are you a... student faculty member staff visiting scholar not affiliated with the university

What is your major/department? ________________________________

What is your age group?

<table>
<thead>
<tr>
<th>Under 18</th>
<th>18-23</th>
<th>24-29</th>
<th>30-35</th>
<th>36-45</th>
<th>46-55</th>
<th>56+</th>
</tr>
</thead>
</table>

What is your gender? Male Female not identified w/a particular gender

Where do you live? campus dorms sorority fraternity student co-op off campus

**How satisfied are you with current food options around campus?**

Very Satisfied Somewhat Satisfied Somewhat Dissatisfied Very Dissatisfied

How satisfied are you with...

Hours of food service Very satisfied Somewhat satisfied Somewhat dissatisfied Very dissatisfied
Quality of food service  Very satisfied  Somewhat satisfied  Somewhat dissatisfied  Very dissatisfied
Value for your money  Very satisfied  Somewhat satisfied  Somewhat dissatisfied  Very dissatisfied
Atmosphere  Very satisfied  Somewhat satisfied  Somewhat dissatisfied  Very dissatisfied

I purchase food at [insert name of a food court or eatery on campus]
Never  Less than once a month  Once or twice a month
1 to 3 times a month  1 to 3 times a week  4 to 6 times a week  7 or more times a week

I purchase food at [insert name of another food court or eatery on campus]
Never  Less than once a month  Once or twice a month
1 to 3 times a month  1 to 3 times a week  4 to 6 times a week  7 or more times a week

I purchase food from cafes/restaurants near campus
Never  Less than once a month  Once or twice a month
1 to 3 times a month  1 to 3 times a week  4 to 6 times a week  7 or more times a week

Which cafes/restaurants near campus do you regularly eat at? __________________________

When I eat on or near campus I usually spend...
Under $3  $3 to $5  $5 to $7  more than $7

On a scale of 1 to 5, how important are the following?
1 = very important (VI)  2 = somewhat important (SI)  3 = indifferent (I)
4 = Not important (NI)  5 = very unimportant (VU)

Livable wages for employees  1  2  3  4  5
Supporting the local economy  1  2  3  4  5
Organic and sustainable products  1  2  3  4  5
Reduced packaging, recycling  1  2  3  4  5
Atmosphere (art, music, culture, etc.)  1  2  3  4  5
Convenient, nearby location  1  2  3  4  5
Affordable food  1  2  3  4  5
High quality food  1  2  3  4  5
Student ownership of the cafe  1  2  3  4  5
Vegetarian Food  1  2  3  4  5
Vegan Food  1  2  3  4  5
A place to buy basic groceries on campus 1 2 3 4 5
A place to study 1 2 3 4 5
A place to hang out with friends 1 2 3 4 5
A place to listen to live music/poetry 1 2 3 4 5
Seasonal menu 1 2 3 4 5

*If there was a new café on/near campus featuring organic, locally grown food, how often would you eat there?*
Daily Weekly Rarely

*What kinds of items would you like to see at the new café? (check all that apply)*

<table>
<thead>
<tr>
<th>Hot dishes (stir fry, pasta, etc.)</th>
<th>Sandwiches</th>
<th>Soups / Stews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Salads</td>
<td>Breakfast Pastries</td>
<td>Bagels</td>
</tr>
<tr>
<td>Pasta Salads</td>
<td>Dessert</td>
<td>Burritos</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*How often would you like the menu to change?*
Daily Weekly Rarely

*Would you go to this new café? (check all that apply)*

<table>
<thead>
<tr>
<th>weekdays</th>
<th>weekends</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 am to 11 am</td>
<td>8 am to 11 am</td>
</tr>
<tr>
<td>11:01 am to 2 pm</td>
<td>11:01 am to 2 pm</td>
</tr>
<tr>
<td>2:01 pm to 5 pm</td>
<td>2:01 pm to 5 pm</td>
</tr>
<tr>
<td>5:01 pm to 8 pm</td>
<td>5:01 pm to 8 pm</td>
</tr>
<tr>
<td>8:01 pm to 10 pm</td>
<td>8:01 pm to 10 pm</td>
</tr>
<tr>
<td>10:01 pm to midnight</td>
<td>10:01 pm to midnight</td>
</tr>
<tr>
<td>Never</td>
<td>Never</td>
</tr>
</tbody>
</table>

*Do you have any comments or suggestions about the proposed [café/market]?*

__________________________________________________________________________________________
__________________________________________________________________________________________
__________________________________________________________________________________________

Thank you for taking the time to complete this survey!
If you have any questions or want to get involved, please feel free to contact us!

[insert an email, website and/or phone number]
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Gary Wozniak, interview with the author.

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Gary Wozniak, interview with the author.

Gary Wozniak, interview with the author.

Gary Wozniak, interview with the author.

Gary Wozniak, interview with the author.

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Huber, interview with the author.

Huber, interview with the author.

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Huber, interview with the author.

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