

Publicly Owned Grocery Store Feasibility Study CR-092-2025

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County-Owned Fresh Food Supplier – The People's Market

CR-092-2025 - Feasibility Study for a County-Owned Grocery Store Pilot Program

For the purpose of authorizing the development and completion of a sixmonth feasibility study

To evaluate the potential for establishing a County-owned and operated grocery store in Prince George's County;

Assessing site selection, financial viability, operational models, and community impact;

 And ensuring the store operates on a cost-neutral basis to the County The study shall evaluate:

- a. Viable locations using Countyowned or easily acquired property;
- b. Capital and operational cost estimates;
- c. Funding sources (e.g., Community Development Block Grant); and
- d. Ownership and management models (public, nonprofit, hybrid);
- e. Projected revenue and operational expenses;
- f. Strategies for maintaining a costneutral operation;
- g. Community needs, input, and equity impact.

M-NCPPC Food System Study (Nov 2015)

Policy 6: Establish a food hub in the County to support local and regional food distribution and marketing.



Partner with the Southern Maryland Agricultural Development Commission to establish a regional food hub.



Convert the underutilized Cheltenham farmers' market/auction facility into a distribution and processing facility for the food hub.

Policy 9: Encourage alternative food retail models to improve healthy food access.



Allow and promote mobile healthy food markets, particularly in underserved communities. Allow and promote healthy prepared food trucks to provide healthy food options.

Policy 11: Launch a "mini healthy neighborhood grocery store" initiative to make healthy foods accessible within residential neighborhoods.

Policy 12: Looking through an equity lens, rethink zoning with food and health in mind to make access to healthy food easier.



Consider creating a floating grocery store zone and/or permit small-scale healthy food retailers in all residential zones.

Urban
areas
within
the
Beltway
and
along
the
Central
Avenue
corridor

In 2018 Prince George's officials have identified six areas that qualify as food deserts, or places where no affordable, high-quality groceries are available:

1. Zip code 20743 which includes areas like Capitol Heights and Seat Pleasant, population

4,769

- 2. Fairmount Heights
- 3. Forestville
- 4. Glenarden
- 5. Oxon Hill
- 6. Wheeler

Source: Washington Post 2/25/2018

The Health Department

Now has the Health Food Priority Area map tiskeeps track of food deserts and is updated regularly

There is a need for a resolution from the Council to release the updated map), which may provide a more upto-date look at food deserts in the County

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Efforts to Combat Food Deserts in Prince George's County

The Capital Market:

Agriculture and Food Security Innovation Center:

Policy Advocacy:

Food As Medicine Program:

- A community-based farmer's market that provides healthy, affordable food options to the Capitol Heights area
- CB-33-2018 provided \$200 thousand for a feasibility study of a County Food Distribution and Processing Center to facilitate getting locally grown foods to consumers in the County. The study is in the RFP phase, being led by the Revenue Authority on behalf of the Soil Conservation District
- Organizations like the <u>Food Equity Council</u> advocate for zoning changes to allow urban farms and for legislation to permit food trucks and farm stands to sell healthy foods in these neighborhoods
- Council Member Blegay recently introduced a bill to support the health of food insecure residents with chronic, diet related illnesses

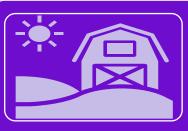
Publicly Owned Grocery Stores



Publicly owned grocery stores are operated for community benefit rather than profit, including government-run models like the U.S. military commissary system



Municipally owned stores in areas lacking access to healthy food, and non-profit cooperatives funded through community investments



These initiatives are expanding beyond rural areas to urban centers as a "public option" to combat food deserts and promote food justice, aiming to provide dignity, choice, and affordability in food access



"The blueprint is clear. With the commissary as a template, take a page from Costco: pile the produce high, staff the floor with union labor, stock the shelves with good food, offer home delivery, and make it as beautiful as the New York Public Library, because the working class deserve nothing but the best." Source: Op-ed: Public Grocery Stores Already Exist and Work Well. We Need More. BY RAJ PATEL AND ERROL SCHWEIZER

Challenges

Regulatory and Economic Landscape

Profitability

- o Operate at a loss for the first few years before turning a profit
- Due to a combination of high startup costs, establishing a reliable customer base, and learning to navigate a grocery store's thin profit margins

Logistical and legal challenges

o With permits, loans, and government resources due to lack of private ownership

Impact on Local Businesses

- Potential disruption to already struggling local grocery stores
- Private grocers in the vicinity might see public stores as a competitive threat.
- Need to examine how this affects small, private grocers

High Overhead

 Managing a grocery store involves significant operational costs and overhead, which can be a strain on public budgets

Case Study 1– Safeway – For-Profit Case Study 2– Good Food Markets – Non-Profit





- Addison Plaza Shopping Center
- Opened: August 6, 1986
- Closed: July 2016 (30 years)
- Causes:
- Financial Loss primary reason for the closure was that the store was unprofitable. Safeway lost \$1 million in 2015 alone.
- Lease Issues: Safeway also cited an inability to renegotiate a favorable lease with the owners of the Addison Plaza Shopping Center where the store was located.
- The closure created a food desert, leaving residents with limited access to fresh food options



Addison Plaza Shopping Center

• Open: September 2022-Nov 2022

• Causes:

- Shoppers expressed dissatisfaction with high prices and empty shelves
- The market experienced challenges w/ vendors, access to capital, and rising project costs
- A 2025 news report noted that the store's failure led some to question the model of publicly funded grocery stores
- County Funding:
 - >>\$1 Million coming from agencies such as the County's Economic Development Incentive Fund and the Revenue Authority
 - ➤ Additional support came from the San Francisco-based Low Income Investment Fund

operated , Partner Good Food Markets, o Oasis Community F (nonprofit) Profit

Food Desert Initiative Good Food Markets was part of a nonprofit effort to address food deserts, areas with limited access to affordable, quality fresh food

Delays and Challenges The opening of the grocery store in Seat Pleasant

 was significantly delayed due to funding issues and complications related to construction, licensing, and permitting during the COVID-19 pandemic

Financial Struggles

• When it did open, the store faced high prices and low profit margins, making it difficult to compete with larger supermarkets in a challenging inflationary environment

The market portion of its operations closed due to financial challenges

- ☐ The exact date of the closure of the market side of the business is not specified
- ☐ Likely around the same time as DC's Ward 8 location closure in mid-November 2022
- ☐ The café portion of the Seat Pleasant store remained open after the market closed

Case Studies 3 & 4: Still Running

St. Paul, KS

- Serves about 614 residents
- Has been city owned since 2008, operating now at about a 3% profit margin
- Has about 15 employees, offers delivery options, and accepts SNAP/EBT benefits
- Unique Features
 - Maintains a mobile app, weekly ads, recipes, and promotional offers to engage customers and enhance the shopping experience.

Tulsa, OK – Oasis Fresh Market

- Nearest grocery store 3 miles away
- \$7 million investment with both public and private funds
- Operated by a community-minded entrepreneur; site owned by TEDC Creative Capitals, a Community Development Financial Institution.
 - Attracted further investment due to solid foundation and partnerships
- Hosted community services (e.g., health, finance, home ownership classes)
- Supported by city efforts to reduce dollar store proliferation and encourage full-service grocers.
- Unique Features:
 - Demonstration kitchen for cooking classes.
 - Strong community engagement and foot traffic (~600 customers/day)
 - o 37% of sales from produce





Case Studies 5, 6 & 7: CLOSED

Kansas City, MO – Sun Fresh Market (Closed August 2025)



- Store opened in 2018
- City invested \$17 million
- Nonprofit (CBKC) took over operations in 2022.
- Rent of ~\$9,000/month continued until closure.
- Lost \$1.3 million in 2023.
- Challenges:
- Four competing grocery stores within 1.5 miles.
- Despite subsidies, store couldn't compete on pricing or maintain safe environment.

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Erie, KS (Closed August 2025)

- Initial cost of \$400 thousand to buy the local store.
- The store manager submitted a monthly report to the city about finances. The city only stepped in if the store slipped into debt. If the store went too far in debt, the city would add an additional charge to residents' utility bill (less than \$5 a month).
- Community-centered model with volunteer support and local businesses sourcing from the store.
- Challenges: Low clientele numbers
- Average monthly customer spent \$14; needed \$50 to remain viable.

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Baldwin, FL (Closed in 2024)

- Town of 1,400; next closest store with fresh food was over 8 miles away.
- All employees on municipal payroll.
- Started with a \$150,000 loan; used additional credit lines to stock inventory.
- Operated on store revenues but faced challenges providing affordable healthy food.
- Acceptance of EBT/SNAP was critical.
- Store closed in 2024 after continued losses averaging \$175,000/year in 2021 and 2022.
- Challenges:
- Unable to match low prices of chain retailers; low customer volume.

Case Study 8: Defense Commissaries

"We can look close to home to find a public grocery success story: the U.S. military. If it were a private corporation, it would rank among the top 50 chains in the nation."

Source: https://civileats.com

By law, Defense Commissary Agency (DeCA) operate on a cost-plus model, selling goods at what they pay for them, plus a 5% surcharge that covers the cost of store construction and modernization

DeCA leverages the centralized buying power of the Defense Department to negotiate low prices from suppliers

Commissary workers are federal employees, which removes labor costs from individual stores' balance sheets and ensures that providing affordable food isn't compromised by pressure on wages like in private groceries

The result is a system that delivers low prices and high-quality and is popular with service members

This demonstrates that a government-run, nonprofit grocery model can thrive <u>at</u> <u>scale</u>

Other Low-Cost Solutions to Combat Food Insecurity



Non-profit groups like the Capital Area Food Bank have over 150 partner organizations within the County that distribute donated, surplus, and purchased food to those in need.

Community Supported Agriculture (CSA):

 Allows residents to buy shares of a local farm's harvest, providing a steady supply of fresh, local produce and investing directly in the local food system.

Community gardens:

 Provide shared spaces for residents to grow their own fresh produce. They offer hands-on nutrition education and reduce reliance on more expensive, processed foods. Example: Empty spaces under power lines

Farmers' markets:

 Offer fresh produce directly from local farmers. Many markets accept SNAP and WIC benefits. Some programs, like Boston Bounty Bucks and NYC Health Bucks, offer matching incentives to help families afford more fruits and vegetables.

Gleaning/ ugly food programs:

 Collect and redistribute surplus food from grocery stores, farms, and restaurants that would otherwise go to waste. These programs connect excess food with local shelters, food pantries, and community meal programs.

Takeaways

"The grocery industry will claim that public groceries hurt small businesses, ignoring the fact that the greatest threat to those businesses is the unchecked proliferation of chains like Dollar General and the predatory pricing power of giants like Walmart and Aldi"

Raj Patel & Errol Schweizer

Critics are right to note that grocery is a business of scale

 Public groceries can succeed, but only with the scale and operational sophistication of proven models

"If the private market cannot or will not deliver affordable, nutritious food to all its citizens—and it has proven that it won't—then the public sector must"

Raj Patel & Errol Schweizer

The People's Market - HQ Hyattsville Maryland

Former County Employee/Resident Brandon Starkes left his full-time job to provide area residents with a healthy, fresh & affordable option

Healthy, Affordable & Scalable

The People's Market provide a home delivery service of fresh foods on a weekly basis



IS A SUBSCRIPTION **BASED FOOD DELIVERY** SERVICE THAT SOURCES FROM LOCAL FARMS IN DC. MARYLAND AND **VIRGINIA**

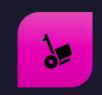


SELECT A HALF OR FULL PRODUCE BOX AND SELECT YOUR DELIVERY FREQUENCY (DELIVERY **EVERY I WEEK, EVERY 2** WEEKS OR EVERY 4 WEEKS)



YOUR ORDER.

YOU CAN ALSO ADD-NO DELIVERY OR ON OTHER PRODUCTS **UNNECESSARY FEES** LIKE EGGS, FLOWERS, EVER. **ALL-NATURAL** HANDMADE BODY SOAPS, BODY BUTTERS AND CANDLES TO



Partners



Curemore Farms

Curemore Farms is located in Upper Marlboro, Maryland. They believe that happy hens cared for with love and freedom. produce the best quality eggs one can find. Once you've tasted happiness, there's no going back. Their creamy eggs with their plump orange yolks make a flavorful addition to any



Sweet Love Flower Farm

The only thing that gives Jamilah, Founder and Operator of Sweet Love Flower Farm, more joy than growing flowers is sharing flowers with her community. With more than 15 years of agricultural experience, she finally decided to launch her own flower farm in Upper Marlboro, Maryland.

The name "Sweet Love" pays tribute to the Anita Baker hit song that she remembers her mother listening to on Saturday mornings.

Learn More



Botanical Bites and Provisions

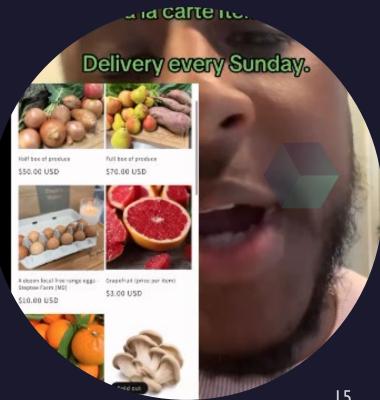
Botanical Bites & Provisions. LLC is a small, ten-acre certified naturally grown farm, nestled in Spotsylvania County (just outside of Fredericksburg, Virginia). As Army veterans, they are dedicated to producing naturally grown, flavorful vegetables, fruits, apiary products, and cut flowers all free of pesticides, preservatives, and herbicides. They strive to implement agricultural best practices to assure that their products are handcrafted and grown naturally in three high tunnels, in several fields, and in their small apiary.

Learn More



Farmer Tolu

Farmer Tolu is a peaceful, purposeful and passionate person based in Washington, DC. Tolu was first introduced to the urban agriculture movement in 2013 in Detroit where they were born. But it wasn't until 2020 that Tolu committed to a career in farming wholeheartedly after moving to the nation's capital. Since then, Tolu has been distributing, growing and having the most wonderful conversations about food with her newfound DMV community and hopes to continue to do so for years to come.





Thank you!