

SUPERVALU[®]

PROPOSAL

A communication of the
Surry County Economic Development Office

May 3, 2018

1



Presenters: Melissa Rollins & David Harrison

Discussion Points

- **Supervalu History & Brands**
- **Project Costs**
- **Project Funding & Financing**
- **Sample Layouts**
- **Project Timeline**
- **Community Support & Concerns**



- **One of the largest grocery wholesalers and retailers in the U. S**
 - annual sales - \$16 billion
- **Network of 3,324 stores (3,111 wholesale primary stores, 213 traditional retail grocery stores)**
- **Recently Announced - sell of 21 of its 38 Farm Fresh stores to three different retailers**
 - **Goal: to become the wholesale supplier of choice for grocery retailers across the U.S.**

SUPERVALU[®] operations

SUPERVALU currently operates five retail banners in seven states and the District of Columbia.

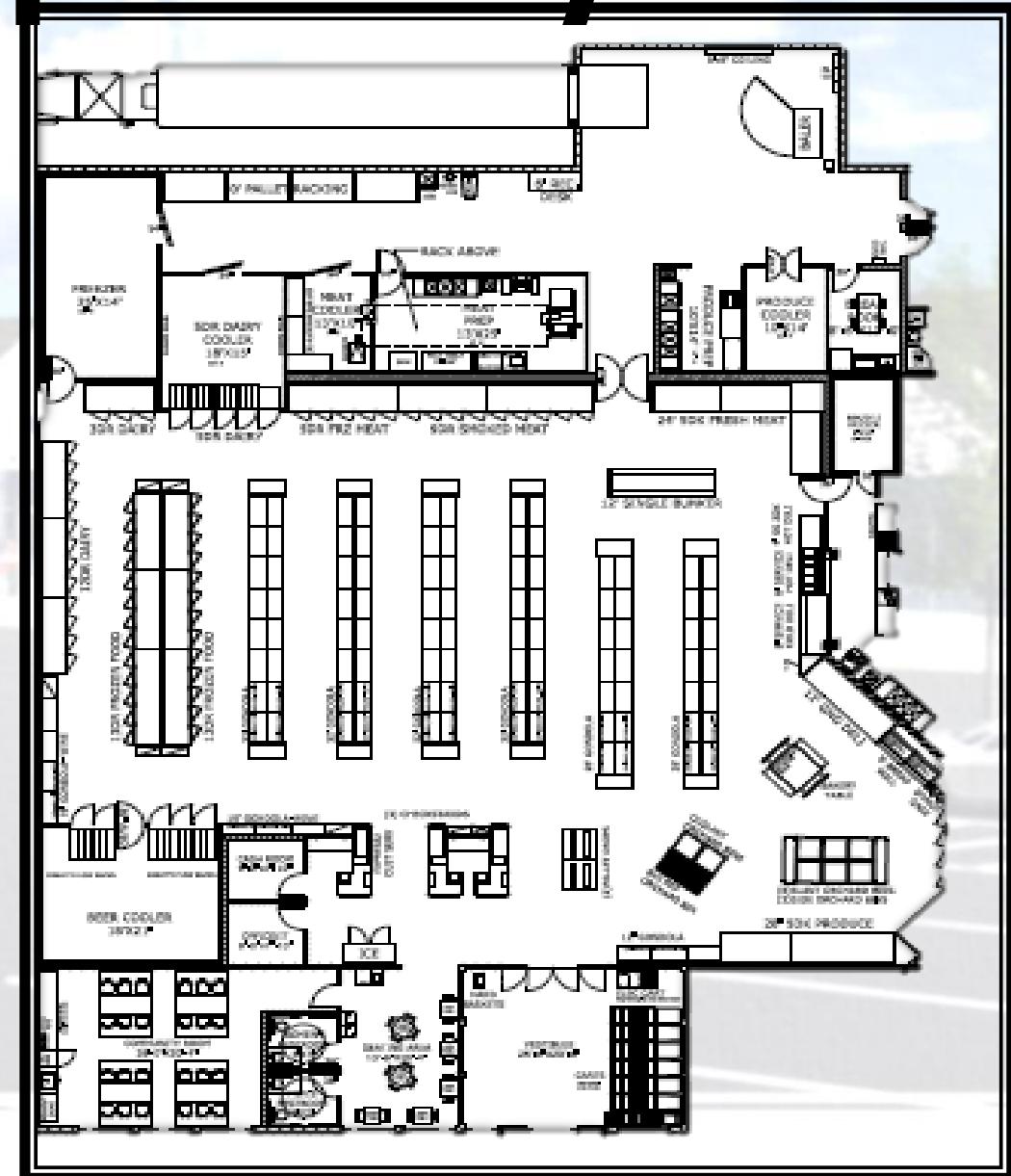
FARM FRESH[®], CUB FOODS[®], SHOP 'N SAVE[®], HORNBACHERS[®], and SHOPPERS[®].



SUPERVALU® Proposed layout



- 13,500 SQ.FT
- **Community Room**
- Seating Area
- Fresh Deli
- Hot Food Bar
- Ample Parking
- Central Location



SUPERVALU® Sample community room

- Group Meetings
- Healthy Eating & Nutrition Classes
- Partnership with Health & Welfare Agencies
- Wellness Education
- Rental Options
- Social Networking & Interaction



SUPERVALU[®] brands



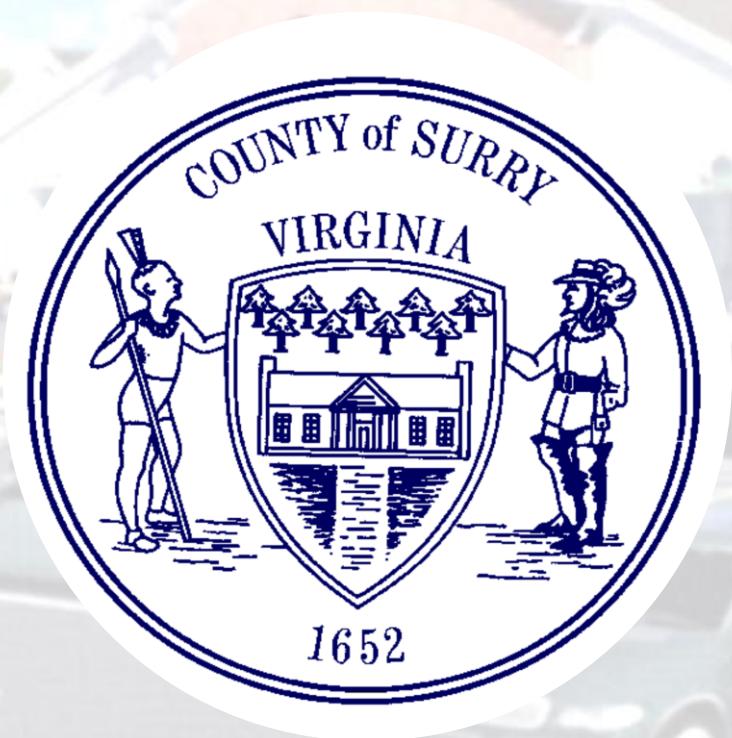
- Brand names consistent with community expectations

- Affordable pricing

- Quality Meats, Produce & Other Products



LOCAL FOCUS



- **Offerings tailored to the needs of the community**
- **Experienced in supplying stores in rural communities**
- **Branding partnership with county**
- **Opportunities for local producers**
- **Investment in community...jobs/business citizen**



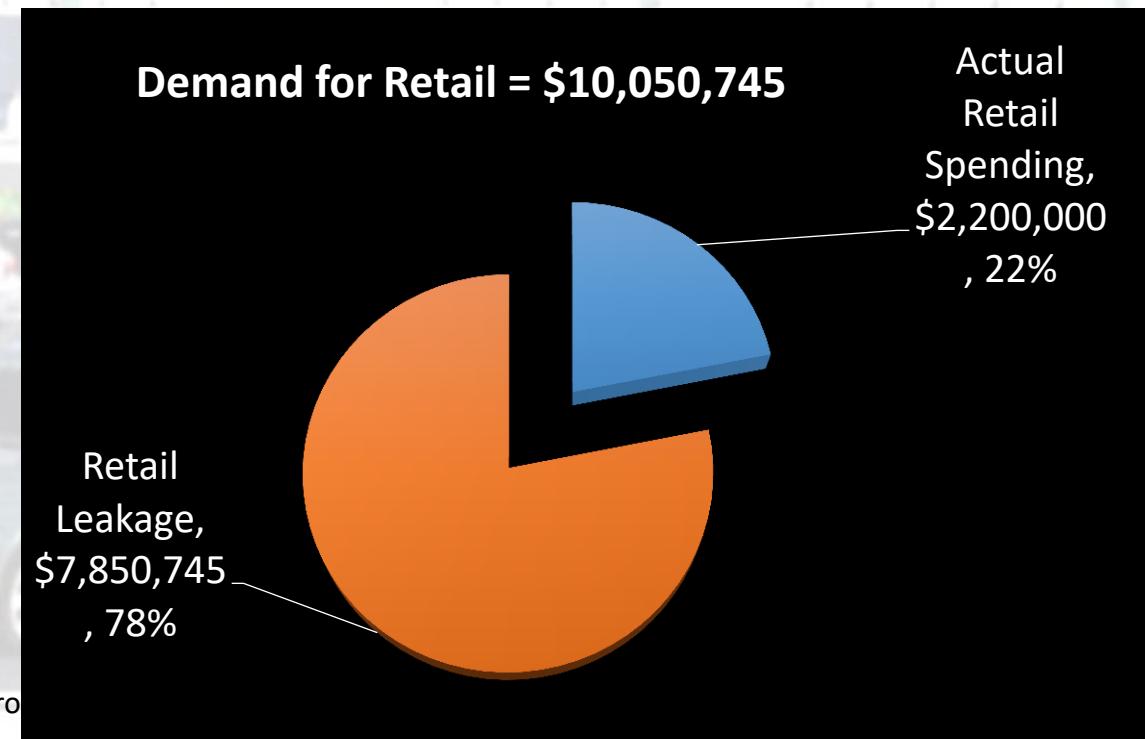
Community Benefits

- Job opportunities
- Improve access to fresh food
- Capture and retain demand for food in the County
- Use of Local suppliers & farmers
- Increase local property values
- Tax Revenue Creation

- Anchor for retail development
- Creates Partnerships (School Ag Programs)
- Reduce commute time to access needed grocery & other staples
- Promotes a Healthier and Revitalized Community (Quality of Life)
- Increase Marketability

SUPERVALU® Grocery Retail vs. Demand

Leakage - Surry's demand exceeds supply. In other words, retailers outside the market area are fulfilling the demand for retail products needed by Surry residents; therefore, demand is “leaking” out of the community.



SUPERVALU® Job Creation

- **# of Jobs = 8 Full Time & 20 Part Time**
- **FT Average Wage = \$23,123**
- **PT Average Wage = \$10,000**

Est. Economic Wage Impact

FT - \$184,984

PT - \$200,000

Total \$384,984

POSITIONS & ESTIMATED WAGE	
Butcher (Avg. Hrly \$15.30)	\$31,740
Meat Department Assistant (Avg. Hrly \$12.10)	\$25,000
Cashier (Avg. Hrly \$9.20)	\$19,000
Stocker (Avg. Hrly \$9.20)	\$19,000
Deli/Food Attendant (Avg. Hrly \$9.20)	\$19,000
Custodian (Avg. Hrly \$12.10)	\$25,000
TOTAL	\$138,740
Average Wage	\$23,123.33

Sales Tax Revenue

Store Size	13,500 sq. feet		
Average Weekly Sales (1) per sq. ft.	\$5.00	\$4.50	\$4.00
Weekly Sales	\$67,500	\$60,750	\$54,000
Avg. Annual Sales	\$3,510,000	\$3,159,000	\$2,808,000
Monthly Sales	\$270,000	\$243,000	\$216,000
Annual Sales Tax Revenue @ 1.0% to locality	\$32,400	\$29,160	\$25,920
Current Sales Tax Projection	\$379,000		
Percent (%) Increase	8.55%	7.69%	6.84%

- (1) Based on information received from Virginia Community Capital on industry average for proposed sized store in project area

SUPERVALU[®]



Potential Lease Payments

Buildout	Assumption	Annual Lease	Monthly Lease
Retail Store Space- 13,500 sq. ft.	\$4.00 per sq. ft.	\$54,000	\$4,500
(3) Smaller Retail Spaces – 2,000 sq. ft.	\$1.25 per sq. ft.	\$30,000	\$2,500

Source: Virginia Community Capital – typical lease arrangements for this prototype range from \$3.00 to \$5.00 per square foot.



Return on Investment of \$3.40 million

Average Weekly Sales (1) per sq. ft.	\$ 5.00	\$ 4.50	\$ 4.00
Projected Sales Tax Revenue	\$ 32,400.00	\$ 29,160.00	\$ 25,920.00
Projected Lease Payments (slide 23)	\$ 54,000.00	\$ 54,000.00	\$ 54,000.00
Job Creation Wages (Annually)	\$ 384,984.00	\$ 384,984.00	\$ 384,984.00
Projected Annual Return (Grocery Store Component)	\$ 471,384.00	\$ 468,144.00	\$ 464,904.00
No. of Years to Yield Return	7.21	7.26	7.31

(1) Based on information received from Virginia Community Capital on industry average for proposed sized store in project area

SUPERVALU® Retail Development Opportunities

Community Business Gaps

- **Pharmacy**
- **Dry Cleaners**
- **Laundry**
- **UPS Store**
- **Bakery**
- **Coffee Shop**
- **Food Retailer**

Retail development is a significant component of a community's economic development strategy, retail districts:

- generate property tax revenue
- draw people to a community
- paint a picture of economic vitality
- New retail development may provide competition for existing retailers, but it may also.....
- attract more shoppers to an area, thereby providing support for neighboring businesses.

Preliminary Project Costs & Resources

\$3.40
Million

Soft Costs	\$ 90,000
Site Construction	\$ 160,000
Building Construction	\$ 1,860,500
Equipment	\$ <u>1,286,100</u>
Base Costs	\$ 3,396,600

County Commitment of Fund Balance

Virginia Grocery Investment Fund

Obici Foundation

Virginia Community Capital (VCC)

Optional Project Costs

Cost = \$1,065,000



Cost = \$84,000



Grocery Store Component	\$3,400,000
Community Room	\$ 84,000
Retail Spaces	\$1,065,000
Estimated Costs (All Options)	\$4,549,000**

**Excludes A & E and other site work costs

County's Financial Health

- Excellent Financial Position

Projected Unassigned Fund Balance, 6/30/19

*

\$ 10,500,707

* As presented by County & Financial Advisor on April 17th

The Virginia Grocery Investment Fund



VIRGINIA
GROCERY
INVESTMENT
FUND

More than **1.7 MILLION** Virginians, including **480,000** children,¹ live in lower income communities with limited supermarket access.



28%
of Virginians do not think it easy to find fresh fruits and vegetables to buy in their neighborhood or community.²



88%
of Virginians are concerned that 480,000 of Virginia's children do not have access to fresh fruits and vegetables.³



More than half of Virginia's voters believe state and local governments should do more to improve access to neighborhood stores where people can buy healthy foods.³



Appropriated by
General Assembly



As a result, significant
private capital is
leveraged.



Virginia Grocery
Investment Fund is
created

Program Impact



Increased access to
healthy foods for
thousands of Virginians



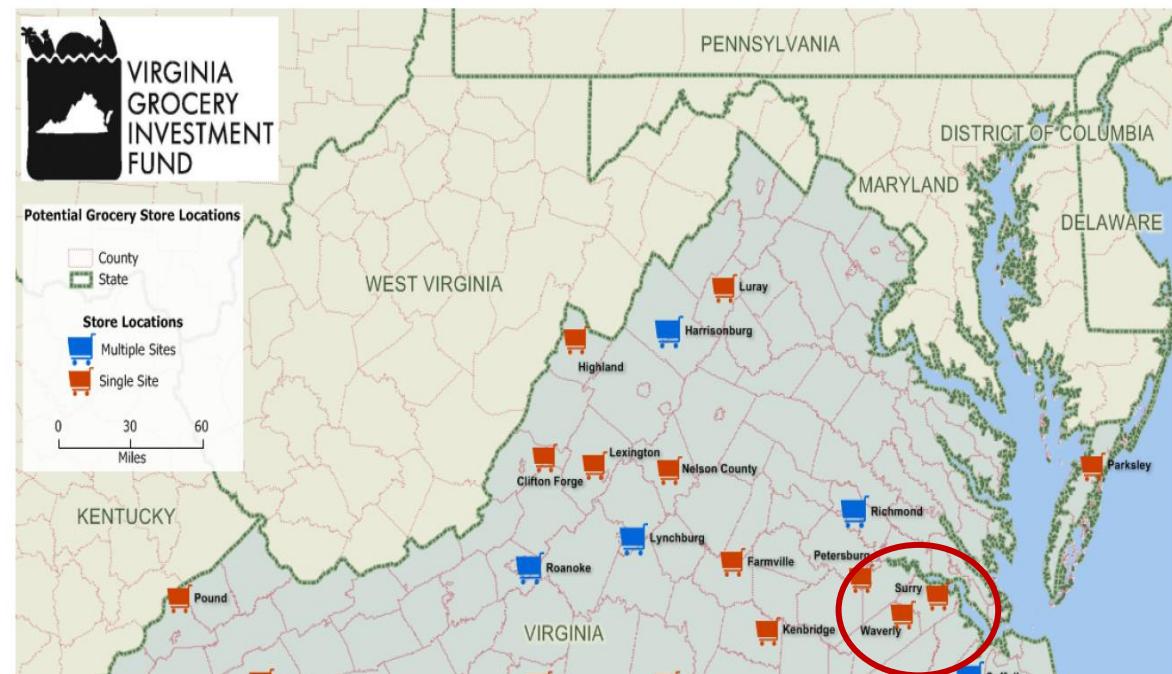
Healthy food retail
projects



Average estimated new
and retained jobs per
grocery store

Funding Opportunities

The following are potential pipeline projects that could be eligible for the Virginia Grocery Investment Fund that include new store development as well as existing store renovations:



The Fund would create a public-private partnership by providing flexible loan and grant financing to leverage private investments for the development of supermarkets and other healthy food retail stores.

Project Funding Opportunities



The Closer to My Grocer campaign is working to increase healthy food retail in underserved areas. Ultimately, the campaign seeks to establish a Healthy Food Financing Initiative, the Virginia Grocery Investment Fund.

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4 Dec 2017 | Kimberly Chidester

Stories from the Field: Fresh Food in Every Community

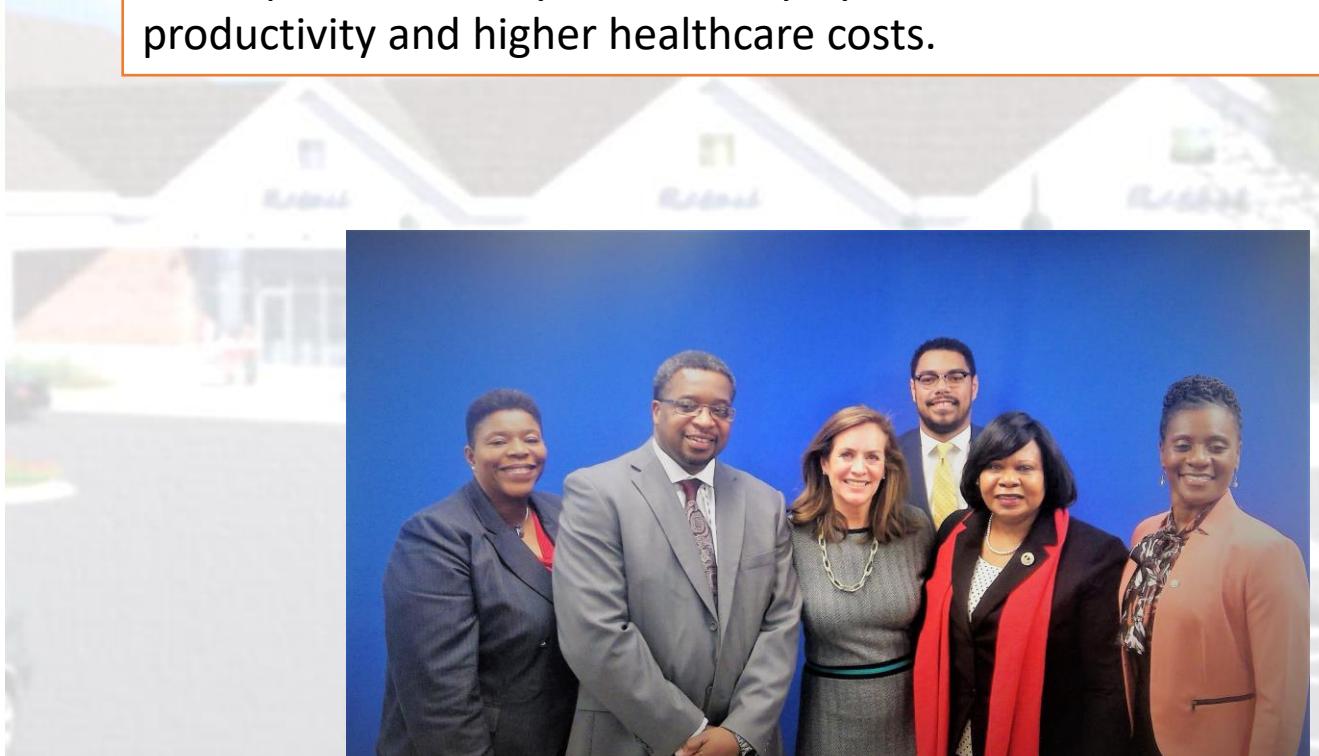
Across Virginia, from Roanoke to Danville to Surry County, more than 1.7 million Virginians are living in low income areas, with limited food access; this has real public health and economic development consequences.

[Read more](#)



"Across Virginia, from Roanoke to Danville to Surry County"

Without easy access to affordable and healthy foods, a nutritious diet and good health are out of reach, and as a result, diet related disease, like diabetes and heart disease – especially among children – are on the rise. And all Virginians are impacted directly or indirectly by decreased workforce productivity and higher healthcare costs.

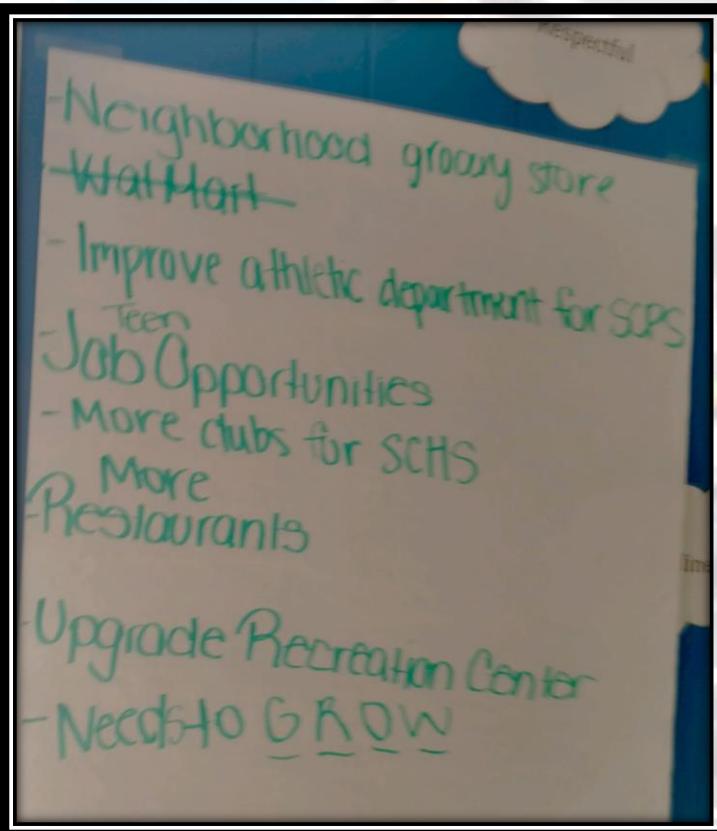


1-11-18
Legislative Press Conference on Virginia Grocery Investment Fund

Return on Investment

ROI

- Sales & Other Tax Revenue
- Lease Payments from Tenants
- Use of Community Room
- Reduction in Local Unemployment Rate (3.8% - Feb. 2018)
- Improved Perception of the Community



Display Courtesy of Surry Department of Youth & Family Resources - Jewels Program -April 2018

SUPERVALU® project timeline

- **Phase 1 – Retailer Kick off**
- **Phase 2 – Concept Plans – 5 weeks**
- **Phase 3 – Professional Services Proposal – 13 weeks**
- **Phase 4 – Planning & Design – construction document – 17 weeks**
- **Phase 5 – Bids issued, all costs finalized – 9 weeks**
- **Phase 6 – Build Out and stock store – 22 weeks**
- PHASE 7 – GRAND OPENING**

Hypothetical:
A Oct 1 start date could
result in a grand opening by
Spring 2020

**TOTAL 16 and 1/2
months**

SUPERVALU® Addressing Community concerns

- **Property Management Firm – How will the project and store managed once operational?**
 - Manage lease agreement including collection of lease payments
 - Market for leasing purposes & to retain and attract commercial vendors
 - Manage all aspects of facility/property maintenance
- **Tax Rate Implications – Will my taxes increase?**
 - County is financially stable
 - Commitment to use fund balance does not necessitate a tax rate increase
- **Other Concerns – Will it be patronized & supported?**
 - Community as stakeholders



FOR LEASE

**7,000 SF IN-LINE
20,618 SF OUTPARCEL
NOW AVAILABLE!**

Smithfield Square

SMITHFIELD SQUARE SHOPPING CENTER
1911 – 1940 SOUTH CHURCH STREET
SMITHFIELD, VA 23430

FOR MORE INFORMATION, PLEASE CONTACT:
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757.640.2205 (direct) | 757.627.8611 (main)
chucks@snusbaum.com

DEMOCRAPHICS (2017 ESRI):

	1 MI	3 MI	5 MI
Population	3,396	12,929	21,006
Households	1,287	4,934	8,134
Avg. HH Income	\$83,938	\$89,878	\$90,282

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SUPERVALU® Addressing Community concerns

- Potential to be Sold or Leased– Example: Jim's Market
- Community Support & Patronization
 - Shop Local campaign to boost the local economy and to support ALL local business

Piggly Wiggly will replace Jim's Local Market in Newport News

(Daily Press – April 25, 2018)



I SHOP LOCAL

I invest in my community

I LOVE MY LOCAL ARTISANS

I EAT FRESH

I CAN ASK AN EXPERT

I enjoy getting to know my neighbors

I CHOOSE QUALITY OVER QUANTITY

I VISIT THE FARM MARKET

I find value in the cost

I WORRY ABOUT OUR FUTURE GENERATIONS

I LOVE HANDMADE

I'M SAVING THE ENVIRONMENT

I support independent artists & crafters

I BUY FROM A FAMILY OVER A CORPORATION

IM PROUD TO KEEP OUR LOCAL ECONOMY GOING STRONG

Message from the Surry Economic Development Office



ecodevelopment@surreycountyva.gov



**Shop Smart
Shop Local!**

Questions or Comments

NEXT STEPS

- **May 3, 2018**
Board of Supervisors
Staff Presentation
- **June 20, 2018**
Regularly scheduled June Meeting
of the EDA, Staff will present an
update to the Authority on the
Proposed Project

