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Rural Grocery Summit

Re-Establishing Food Retail in St. John, Kansas

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RE-ESTABLISHING FOOD RETAIL IN ST. JOHN

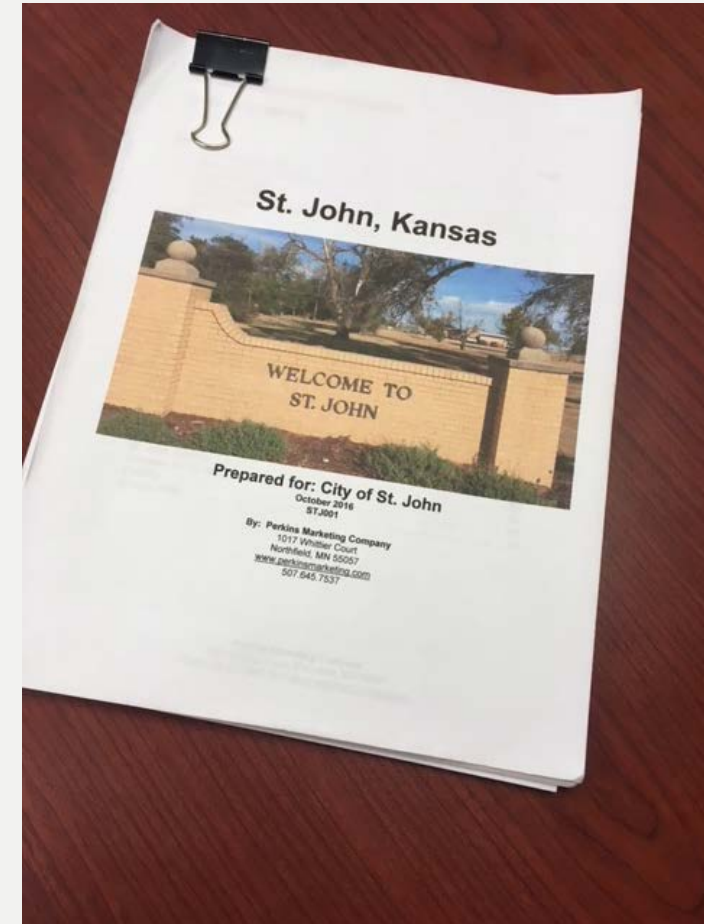
About St. John and what started this

- Town of 1,200 people
- County of 4,200 people
- January 2016 Dillon's closed
- 30 miles to Great Bend and Pratt, 48 to Hutchinson
12 to Stafford



What was the process and what were we learning along the way?

- Initial consideration was given to using the existing building.
- Stafford EcoDevo had the capacity to lead the project
- We did not want a citizen group running the store
- Professional market study done by Perkins Marketing Co.
- Cost \$7500 split between Stafford EcoDevo and City of St. John
- Spelled out – if the former facility was free (and it wouldn't be, because it would take investment of equipment) it would likely still not be profitable
- Need a facility has the space to offer the selection people want, so that they routinely shop there – which means a new, higher visibility facility
- That's a 3 million dollar + investment!



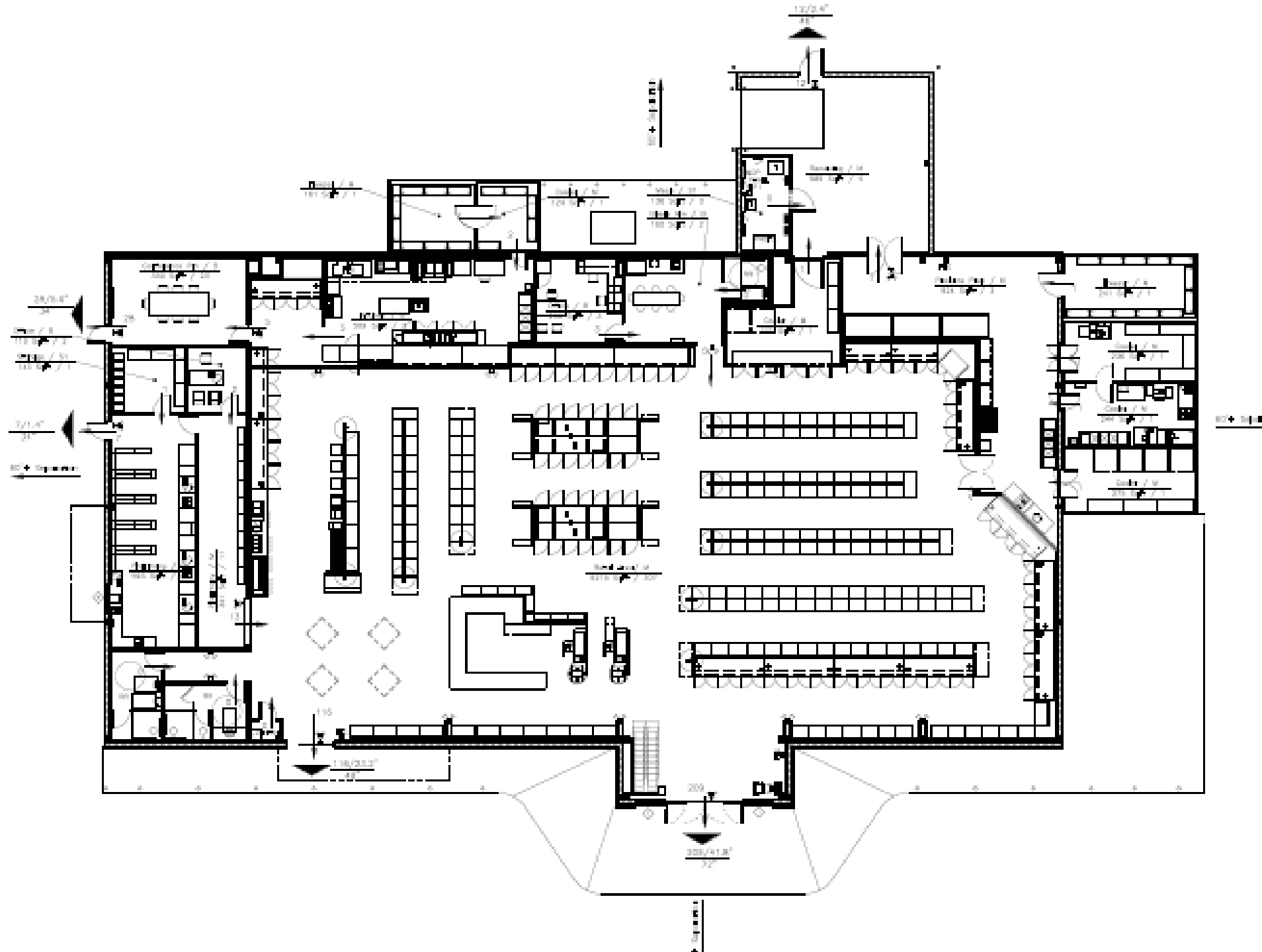
Is it feasible?

- Not for a private investor alone
- If the market isn't big enough to justify the investment we want from a public policy/town survival viewpoint, how do you compensate?
- Knew there would need to be grant applications and City of St. John support
- If there was going to be significant public investment, we wanted a partner with the knowledge and management to make this successful
- Incorporate more business into the project
 - *Pharmacy*
 - *Fuel center / convenience store*
- Two anchor donors gave us the ability to buy land and set the stage



Led to shared investment and multiple sources of finance

- EcoDevo was the entity with the legal ability and capacity to carry out a construction project, but there needed to be other contributors
- Private donations got it started and provided for purchase of land
- HERO grant December 2016 - \$15,000 technical assistance used for legal costs
 - *Set up Letters of Intent with White's and the pharmacy, development agreement with City of St. John ---including the Tax Increment Finance District*
- Citizen committee guided choices on general contractors
- Grant from US Dept of Health and Human Services - \$780,800



Stafford County Marketplace

Opening September 2018

White's
FOODLINER

Stafford *ecodevo*
stafford county, ks
Growing. Active. Stafford County.

**Stafford
County
DRUG**

J.A. KNIGHT & SONS, INC
GENERAL CONTRACTORS PRATT, KS

PROUD SPONSORS:

 **SJN Bank of Kansas**

 **Sunflower Foundation**
HEALTH CARE FOR KANSANS



CITY OF ST. JOHN



KANSAS
CORN



Jim and Cjbyl Ronen

Hullman Family

Finance summary

- Sunflower Foundation \$75,000 Phase I and II
- US Dept of Health and Human Services \$780,800
- NetWork Kansas - \$45,000
- City of St. John - TIF and \$50,000 per year payment for 10 years
- SJN Bank of Kansas – \$2.2 million loan @ 4% fixed for 20 years
- Kansas Corn Commission \$63,000
- IOOF \$10,000 per year for 10 years
- Kansas Healthy Food Finance - \$75,000 grant
- \$400,000 in individual donations
- Industrial Revenue Bond – saves \$200,000 in sales tax on materials





Perspectives gained through the experience

- Market Study!!!! I wish that had been our very first call after hearing Dillons' intent to close. I wish I had known where to go for this right away, because it 9 months later when we commissioned it.
- The real issue is population decline and job creation – is your town prepared to work on that?

Perspectives gained through the experience

- Think about what other businesses can be incorporated into the store – we have fuel (which was another feasibility study) but in other contexts it might be something else...we discussed laundromat, liquor store, cell phone provider, floral, car wash....
- The need for an experienced, established operator
 - *Was needed for local investor confidence*
 - *Absolutely would not have been able to capture the game-changing federal grant without the track record Whites have*
 - *This is a need statewide in Kansas!*

Long term, the initial investment is not the most significant aspect (20 year projections)

\$40,000 sales per week

- \$1,000,000 investment
- \$2,080,000 sales per year
- \$41,600,000 cumulative sales
- 25 Jobs
- Payroll estimate \$5,291,000
- Sales tax \$176,800 / \$3,536,000
- No new property tax

\$75,000 sales per week

- \$3.8 million investment
- \$3,900,000 sales per year
- \$78,000,000 cumulative sales
- 33 jobs
- Payroll estimate \$9,360,000
- Sales tax \$331,500 / \$6,630,000
- \$38,000 per year new property tax

Local ag production: Ethanol

- Blender pumps to offer E15 and E85
- 36,000 gallons / year would mean around \$54,000 locally produced product purchased for the store