



NORTH DAKOTA GROCERS ASSOCIATION

200 EAST MAIN AVE. SUITE 101

BISMARCK ND 58501

MARCH 2018 NEWSLETTER



ASSOCIATION UPDATE

As I am completing this March Newsletter it is a beautiful sunny day, it reminds me that spring will soon be here!! My wife Julie and I attended the National Grocers Association Show in Las Vegas and followed that up with a short vacation in Arizona. If it is any consolation to those who have stayed here all winter we only had a couple of days in the 70's with the rest of the days in the 50's and 60's. The locals, who were dressed in winter coats, knew we were from up north because we wore t-shirts, shorts and laid by the pool.

The 2018 NDGA Show was another record-breaking show. Over 3200 independent retailers and over 350 companies were in attendance for the three-day event. The NGA Show has shown such dramatic growth over the last few years that it has outgrown the Las Vegas hotels convention space and is moving to San Diego next year.

This year's show featured over 40 educational workshops which covered topics from center store

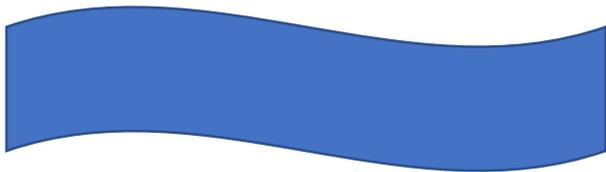
to self-driving delivery vehicles. Yes, there was an actual self-driving van equipped with separate compartments which the consumer could access by their cell phone when the vehicle arrived at their home. Interestingly, the van's frame and drive train are manufactured by Polaris in Minnesota. The van operates on batteries and has a range of 55 miles. There will be a day when you are driving down the road and will look over and will not see anyone driving!!! Click [here](#) to read NGA Blog about the tech trends. One take away I had from the tech sessions is that if you are not using social media to reach your customers you can be sure that your competition; local, regional or online, are.

Many of the educational workshops dealt with areas that independent grocers can do to "stay relevant" and compete with the hard discounters such as Aldi or online -Amazon. Harold Lloyd of Harold Lloyd Presents talked about reviewing all your departments and services and pick 5 to concentrate on and be the "Best". If you think your department is strong then work to become the BEST in your trade area. If you say that customer service is your strong suit make it the BEST.

The NGA released the findings of the 3rd annual [National Grocery Shoppers Survey](#), conducted by Nielsen and Harris Poll. I was surprised and pleased to learn that while independent grocers are under assault from multiple forces the Harris Poll found that 80% of consumers prefer to shop local and 7 out of 10 shoppers have no plans to switch from their

independent store. Click on the survey to view more about what your customers think about independent grocers.

Finally, two of our North Dakota Grocery Association retail members came away with top honors at the NGA Show. Kristi Magnuson Nelson was selected by the Women Grocers of America for its “Women of the Year Award”. Chris Coborn head of Coborn’s and Cash Wise stores chosen as the “Thomas F. Wenning Pinnacle PAC Award”. Both Kristi and Chris are featured elsewhere in this newsletter. Congratulations to both.



NDGA SUPPORTS ND DAIRY CONVENTION



left to right Kim Kessler, Allen Tellman, Tera Stiles, Tim Rhode, Scott Boll

Your North Dakota Grocers Association was well represented at the ND Dairy Convention in Bismarck. Kim Kessler -Bronson’s, Allen Tellman-Tellman’s Market, Tara Stiles-Dean Foods, Tim Rhode-Cash Wise and Scott Boll- Cass Clay participated in a panel discussion. Question centered helping the dairy farmers understand the issues facing processors and retailers and how as producers they can help retailers promote dairy products.

Your NDGA members did an outstanding job as expressed by Amber Boeshans, Executive Director-ND Livestock Alliance: **“The farmers were raving about the panel and the new perspectives you brought to their view of the dairy case. You are an integral part to keeping our cow’s employed, so we are grateful to you! We would love to assist in the development of**

dairy promotion events and other pro-dairy efforts in your stores. In my other role, I help with the Dairy Princess’s scheduling and have access to great dairy promotion signage and tools through the Midwest Dairy Association. So please keep in touch so we can work on some fun ideas!” You may contact Amber at amberboeshans@ndlivestock.org.

The National Grocers Association Honors Kristi Magnuson Nelson with Top Award

LAS VEGAS, Nev. (Sunday, February 11) – The National Grocers Association (NGA) recognized industry leaders with top awards during the 2018 NGA Show in Las Vegas.



Photo Credit: GF Herald

The Women Grocers of America (WGA) presented the Women of the Year Award to Kristi Magnuson Nelson, President and CEO of Hugo’s Family Marketplace. Kristi grew up working in the family grocery business in Grand Forks, North Dakota.

Since taking on the lead position of the family business, Kristi has lead Hugo’s expansion to include a total of ten grocery stores located in Grand Forks, East Grand Forks, Crookston, Thief River Falls, Jamestown, Grafton and Park Rapids and 5 liquor stores located in Grand Forks, East Grand Forks, Jamestown and Grafton. Kristi has been awarded the National Grocers Association Spirit of American Award, as well as the North Dakota Grocer of the Year Award. She was named one of Prairie Business Magazine’s Top 25 Women in Business in 2016.

“Congratulations to Kristi, who has proven herself to be a true leader throughout her career in the food industry,” said NGA President and CEO Peter Larkin. “Her vision and leadership have been an integral part of the success of Hugo’s Family Marketplace, and she is a steadfast champion for the independent supermarket industry.”

The Woman of the Year Award recipient must exemplify the true characteristics of a leader with passion for the independent grocery industry. Recipients are strategic thinkers, standout representatives within their company or organization, and have the perseverance to face almost any challenge presented to them.

CHRIS COBORN RECEIVES NGA AWARD

Las Vegas NV Sunday February 11, 2018



L-R: Rick Brindle, Mondelēz International; Chris Coborn, Coborn's Inc.; Peter Larkin, NGA

Fourth generation supermarket operator Chris Coborn was saluted with the Thomas F. Wenning Pinnacle PAC Award, in honor of his demonstrated advocacy for NGA government relations initiatives.

“Chris has been an active supporter of NGA’s Grocers Political Action Committee (PAC) and understands the importance of fostering relationships with candidates for Congress who will be supportive of the independent supermarket industry,” said Greg Ferrara, SVP of government relations and public affairs, NGA.

The Thomas F. Wenning Pinnacle PAC Award was established in 2014 to honor Tom Wenning for his 40 years of service to NGA and the independent supermarket industry, and is presented to an NGA member who helps advance the role and presence of the independent grocer and NGA in government and political affairs.

HOW DO YOU KNOW THEY ARE SERVICE ANIMALS?

Do you have animals entering your stores and wonder if they are really a Service Animal or just a pet! We all have seen them and they seem to be everywhere! Your NDGA is a member of the Food Industry Association Executives (FIAE). This organization represents most of the state Grocery Associations and gives us a chance to share issues and ideas. We use a service called List Serve where we can ask questions and learn how other states are dealing with issues that our industry is facing.

Jessica Elliott , Director of Government Affairs , Louisiana Retailers Association asked for help with: ***“We are working on legislation that will make it a crime to represent an untrained animal as a service animal. Many states have similar laws in effect, with at least one pending at this time. How is enforcement working for those of you that have laws in effect? With the limited questions that can be asked surrounding service dogs, when do businesses make the decisions to report someone to the authorities? Any pushback from law enforcement? Any input on these laws is appreciated!”***

Rob Karr, President & CEO of the Illinois Retail Merchants Association replied with : ***We have dealt a fair bit with issues around service animals. It is our understanding that under the Federal ADA, when it is not obvious that an animal is a service animal or what service an animal provides, only limited inquiries are allowed. Covered entities may ask two questions: (1) is the animal a service animal required because of a disability, and (2) what work or task has the animal been trained to perform. Staff cannot ask about the person’s disability, require medical documentation, require a special identification card or training documentation for the***

animal, or ask that the animal demonstrate its ability to perform the work or task.

Additionally, the ADA does not require service animals to wear a vest, ID tag, or specific harness. Covered entities may not require documentation, such as proof that the animal has been certified, trained, or licensed as a service animal, as a condition for entry. So, you can see the issue. The ADA does not require visual identification such as a collar, tag, or vest and basically prohibits any other inquiry. Unless the handicap is obvious, it is almost impossible to prohibit an animal, service or otherwise, from entering the premise without incurring an ADA complaint.

There are individuals and organizations that sell service animal certification or registration documents online. These documents do not convey any rights under the ADA and the Department of Justice does not recognize them as proof that the dog is a service animal. Mandatory registration of service animals is not permissible under the ADA. However, many communities maintain a voluntary registry that serves a public purpose, for example, to ensure that emergency staff know to look for service animals during an emergency evacuation process. Some offer a benefit, such as a reduced dog license fee, for individuals who register their service animals. Registries for purposes like this are permitted under the ADA. An entity may not, however, require that a dog be registered as a service animal as a condition of being permitted in public places. This would be a violation of the ADA.

A person with a disability cannot be asked to remove his service animal from the premises unless: (1) the animal is out of control and the handler does not take effective action to control it or (2) the animal is not housebroken. "Out of control" is vague, but the FAQ below does a good job of explaining common circumstances. When there is a legitimate reason to ask that a service animal be removed, staff must offer the person with the disability the opportunity to obtain goods or services without the animal's presence.

All of the aforementioned information can be found in the following links:

Revised Service Animal Regulations https://www.ada.gov/service_animals_2010.htm

ADA Service Animal FAQ

https://www.ada.gov/regs2010/service_animal_qa.html#exc

This site from Michigan State provides a chart for all states that have laws pertaining to service dogs.

<https://www.animallaw.info/topic/table-state-assistance-animal-laws>

Service Animals are here to stay and as retailers you need to know how to handle issues as they arise.

ND COTTAGE FOOD ACT

The 2017 Legislative session passed a bill called the Cottage Food Act which allows home production of certain foods for sale direct to the consumers. The law states: 23-09.5-02. Direct producer to consumer sales of cottage food products.

1. Notwithstanding any other provision of law, a state agency or political subdivision may not require licensure, permitting, certification, inspection, packaging, or labeling that pertains to the preparation or sale of cottage food products under this section. This section does not preclude an agency from providing assistance, consultation, or inspection, upon request, of a producer.

Grocery stores, bakeries and deli's will now be in competition with vendors who are not required to meet any of the regulations and laws that our industry has to meet every day. The groups promoting this law are very organized and vocal. The ND Department of Health is responsible for formulating the regulations for this new law. They have been working hard to ensure that the Cottage Food Industry provides products that are safe for the public. The Department of Health is holding hearing at 3 sites in the state to take comments on the proposed regulations:

March 22, 2018 (9 am to 11 am CST)
ND Dept. of Health
J-wing Room 212
600 E. Blvd. Ave.
Bismarck, ND 58505-0200

March 22, 2018 (1 pm - 3 pm MST) Southwestern District Health Unit
Training Room
227 - 16th Street West
Dickinson, ND 58601

March 23, 2018 (10:00 am to 12:00 pm CST) Fargo Cass Public Health
Oak Room
1240 - 25th Street South
Fargo, ND 58103-2367

For more information on the Cottage Food Act you may go to the [Department of Health web site](#)

For a copy of the proposed new regulations you may contact me at jiggsdyste@gmail.com and I will email you the information

SNAP PROGRAM AND THE ADMINISTRATIONS BUDGET

ARLINGTON, VA – Food Marketing Institute (FMI) Chief Public Policy Officer Jennifer Hatcher responded today to the [Administration's 2019 budget proposal](#) saying: "The section in the President's 2019 Budget entitled 'Reforming the Supplemental Nutrition Assistance Program (SNAP)' certainly makes major changes, but not changes that SNAP-authorized food retailers see as positive or even efficient.

"FMI and our members have worked with the House and Senate Agriculture Committees and the USDA over several decades to achieve a national system, utilizing existing commercial infrastructure and technology to achieve the greatest efficiency, availability and lowest cost. As we understand the proposal in the President's budget to create a USDA commodity foods box of staples, each of these achievements would be lost.

"Perhaps this proposal would save money in one account, but based on our decades of experience in the program, it would increase costs in other areas that would negate any savings. As the private partners with the government ensuring efficient redemption of SNAP benefits, retailers are looking to the administration to reduce red tape and regulations, not increase them with proposals such as this one."

NDGA, NGA as well as other food related organizations will be closely monitoring this proposal and will work with our Federal Elected Senators and Representatives to ensure that this does not happen.

TRUCKING SHORTAGES CAUSING COMPANIES TO CUT SHIPMENTS OR PAY UP

Jennifer Smith

The Wall Street Journal

A nationwide truck shortage is forcing thousands of shippers into a tough choice: postpone all but the most important deliveries, or pay dearly to jump to the front of the line.

Michelin North America Inc. cut its daily shipments of synthetic rubber from one plant by a fifth earlier this month and is at times paying double its usual price for temperature-controlled trucks, said Eric Stuch, a logistics manager at the tire manufacturer. Meal-kit service HelloFresh SE recently enlisted one of its produce suppliers to help move shipments to the airport in a snowstorm.

Several factors have converged to overwhelm the trucking market. Freight volumes in December hit near-record levels for that time of year, on the back of a strengthening economy. Retailers are replenishing stocks after one of the strongest holiday sales seasons in recent years. Manufacturers are also shipping more cargo; in December, industrial production had the largest year-over-year gain since 2010, according to the Federal Reserve.

What's more, bad weather and a new federal safety rule that took effect in December have crimped the supply of available trucks. Diesel prices are near a three-year high, adding to transportation costs.

In the spot market, where shippers hire trucks on short notice, there were about 10 loads waiting to be moved for every available truck in the week ending Jan. 20, compared with three in the same

week last year, according to online freight marketplace DAT Solutions LLC.

Spot-market prices for dry vans, the most commonly used big rig, are up more than 20% year-over-year. Analysts expect long-term contract rates that shippers negotiate with carriers to rise by between 5% and 8% this year.

Beer distributor [Constellation Brands](#) Inc. and food companies [Campbell Soup](#) Co. and the [J.M. Smucker](#) Co. have all cited rising freight costs in recent earnings calls.

“Literally every possible thing that could be going against a shipper is happening right now,” said Michael Redisch, a principal at Chicago-based freight broker Atomic Transport LLC.

Trucking fleets are adding capacity, but it can take months or even years to catch up with demand. Meanwhile, they are getting pickier about which manufacturers and retailers they work with. Companies sometimes find it hard to convince truckers to pick up cargo at warehouses known for long loading times or traffic jams at the gate.

Mr. Stuch, the Michelin logistics manager, said the company “hit a wall in December,” when some regular carriers didn’t want to haul its cargo because of wait times at a few plants.

Michelin pushed employees to speed up receiving and is prioritizing shipments needed to keep production running over less-essential freight. Orders are spread out to avoid overloading carriers at the end of the week.

The company can only do so much, particularly when it needs a temperature-controlled truck to keep the synthetic rubber from freezing in transit. For those trucks, loads outstrip available big rigs by a ratio of about 15 to one, according to DAT. In Louisville, Ky., Michelin is paying \$2,600 on the spot market for some of those trucks, roughly twice its long-term contract rates. Some nonrefrigerated loads are being shifted over to rail.

A new federal safety rule in December requiring drivers to track their hours behind the wheel with electronic logging devices, or ELDs, has exacerbated the problem. Prices shot up for some routes that now might take two days instead of one because of stricter timekeeping.

January is typically a quiet month for freight. But in the first three weeks of January, national average spot truckload rates were higher than during the peak season in 2017, according to DAT.

Extreme weather has made trucks even harder to come by.

During the “bomb cyclone” that closed roads and ports along the Atlantic seaboard this month, trucks were in such short supply that meal-kit company HelloFresh ended up asking one of its produce suppliers to help truck shipments from its Newark, N.J., warehouse to [FedEx](#) Corp.’s nearby regional air hub.

“We were unable to find trucks,” said Brett Banchek, the company’s vice president of supply chain for the U.S. “It was like trying to get a cab at LaGuardia.”

Lynch Logistics Inc., a Bangor, Me., trucking and logistics firm that hauls cargo for retailers and companies that make paper goods, is “turning down freight on a daily basis,” said Dana Burleigh, vice president of operations.

Former customers are calling back looking for capacity, and some Canadian companies are offering to pay round-trip prices instead of the usual one-way rates if Lynch sends trucks their way, Mr. Burleigh said. The company has raised driver pay and is stepping up recruitment, costs it will eventually pass on to shippers.

Analysts expect capacity to become scarcer in April, when produce shipments pick up and full enforcement of the ELD rule kicks in. Vehicles without the devices may be removed from the road.