Culver Grocery Market Feasibility Report

September 2026

Prepared for the City of Culver

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Executive Summary

During the City of Culver's 2026-2030 Strategic Planning process, Culver residents identified a new grocery store as a top priority for future investments. Not only was a grocery store at the top of the list of priorities for city improvements, the lack of options to purchase produce, meat and other fresh items dominated the survey as the key themes. Grocery store options in Culver are a Dollar General and convenience markets. For groceries, and particularly fresh, perishable groceries, residents travel to Madras, Terrebonne, Redmond and/or Bend. Culver is the only city of its size in Oregon without a full-service grocery store.

Culver's population has grown steadily during the last fifty years, averaging an annual three percent rate of growth. In 2000, Culver had 802 residents, by 2010 Culver's population had almost doubled to 1,365 residents and by 2020, Culver had just over 1,600 residents. By 2030, given the new Haystack Butte housing development, we estimate that Culver may reach nearly 2,300 residents. The Culver trade area comprises over 1,880 households with average incomes over $106,000 within the area north to the limits of Metolius, east to the edge of residential development, south to the Crooked River and west to include households in Grandview. We estimate that household spending on groceries within the trade area is over $11 million and can be expected to grow by about $5 million to $16.6 million by 2030.

The findings of this study indicate that there is strong market demand for a new grocery store in Culver. Given the number of trade area households and demographic composition in Culver compounded as well by expected growth, it is our conclusion that the trade area could support a grocery store in Culver, particularly one that differentiates itself from Dollar General and local convenience stores.

Even with the significant growth in household incomes in Culver since 2019, our research suggests that cost of living is a significant factor for many Culver households. It seems that the impact of mounting prices for housing, health care and transportation, has households actively seeking to reduce other household costs, including food costs. Since 2019 the cost of groceries is up by 33% nationwide and food costs contend with increases in prices for other household expenditures. As the USDA projects that food costs are expected to increase by an additional 2.5% in 2026, it does not appear that food price increases will be alleviated in the near future.

Food cost escalation is an important consideration for a potential grocery entrant to Culver as "affordable prices" will be a significant area of competition for a new grocer attempting to capture market share from existing regional grocery operators such as Safeway, Walmart and Dollar General.

Beyond the key component of price, a grocer's product offering could be geared towards local demand. Based on successful operators in other rural areas, this might include: a deli, grab and go options, café, wine sales, supplements and/or pharmacy as well as unique, hard to find items and local products.

Given market demand from residents and visitors to Lake Billy Chinook, as well as a sufficient candidate pool of potential grocery operators in Central Oregon, the challenge before the City of Culver is one of business recruitment and real estate.

Business recruitment can help fill a tenable space, but Culver lacks move-in-ready spaces. Due to this, development costs may create a challenge to potential grocers moving into Culver because return on investment may take longer than will meet a business owner's expectation.

Culver's lack of move-in ready real estate is a common challenge among small, rural cities. There are many resources and strategies that a community may choose to adopt that could create incentives for development. A few policy examples could include public private partnerships, main street programs and urban renewal loans.

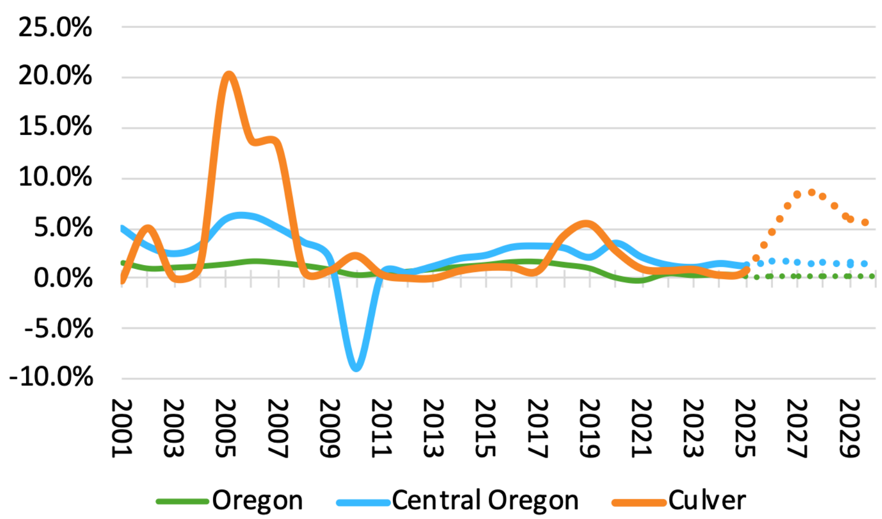
Culver and Its Vicinity

The population of Culver has grown steadily during the last fifty years averaging an annual three percent rate of growth. Between 2000 and 2010, averaging over five percent annual growth, Culver had one of Oregon's top three growth rates among rural cities. During the decade preceding the 2000s, Central Oregon began experiencing rates of population growth at least double the statewide average of between one and two percent.

In 2000, Culver had 802 residents, by 2010 Culver's population had almost doubled to 1,365 residents and by 2020, Culver had just over 1,600 residents. By 2030, given the new Haystack Butte housing development, we estimate that Culver may reach nearly 2,300 residents.

Within this analysis, both Culver and Central Oregon trends and data are referenced because for some businesses considering a location decision both the local and regional marketplace have an bearing.

Figure 1: Population Growth Rate, Oregon, Central Oregon & Culver



Source: Portland State University Population Research Center, Competinomics

Culver has about 700 households within the city limits and maintains the largest average household size of 3.28 people per household among cities in Central Oregon. Central Oregon, along with the State, averages about 2.4 people per household. Larger household size indicates higher expenditures on local goods and services like groceries and food products.

One explanation for the larger households in Culver is that it has a relatively high number of family households. Family households are characterized by households of more than one person. Among incorporated cities in Central Oregon, about 74% of Culver's households are family households compared to somewhere between 60% to 70% in other cities. Culver also has a relatively young population. More than 90% of Culver's population is under age 65. In Oregon, 79% of the population is under age 65 and in Central Oregon, 77% of the population is under age 65. About 65% of Culver's population is "working age", age 18 to 64 and 25% of the population is under 18. Demographic trends, such as these, strongly suggest Culver as an ideal location for a grocery store.

Central Oregon

Since the 1990s, Central Oregon has gained considerable importance in Oregon's economy. Beginning with revitalization efforts in Bend, the region has experienced sustained population and economic growth. Between 1990 and 2000, the population in Bend more than doubled and the region benefited. Regional growth has outpaced state growth by more than double nearly every year since. While the period of the Great Recession was the exception, which walloped the fast-growing area and prompted significant correction in housing prices, the region bounced back quickly.

Since 2020, Central Oregon has been responsible for 47% of population growth in the state. Employment growth of 1.6% has outplaced the state average of 0.3%. In fact, according to Economic Development for Central Oregon (EDCO), during the last decade the region was among the top in the country for growth in GDP, jobs and population. Further, in January 2026, the Bend-Redmond MSA was ranked among the top six of Best Performing Small Cities by the Milken Institute.

Central Oregon has a thriving food manufacturing industry which has averaged 6% annual growth since 2019. Its food manufacturers account for 7.3% of the state's total. The region has approximately 140 food and beverage stores of varying sizes, with most stores located in Deschutes County.

Culver has a high labor participation rate among its residents compared to the State and Central Oregon, likely due to its residential character. Among its working age population, nearly 75% of residents are in the labor force. In Oregon and Central Oregon, the labor force participation rate is 62%. Ninety-four percent of Culver's working age residents commute to jobs outside the City of Culver with Redmond, Bend and Madras the top destinations for work.

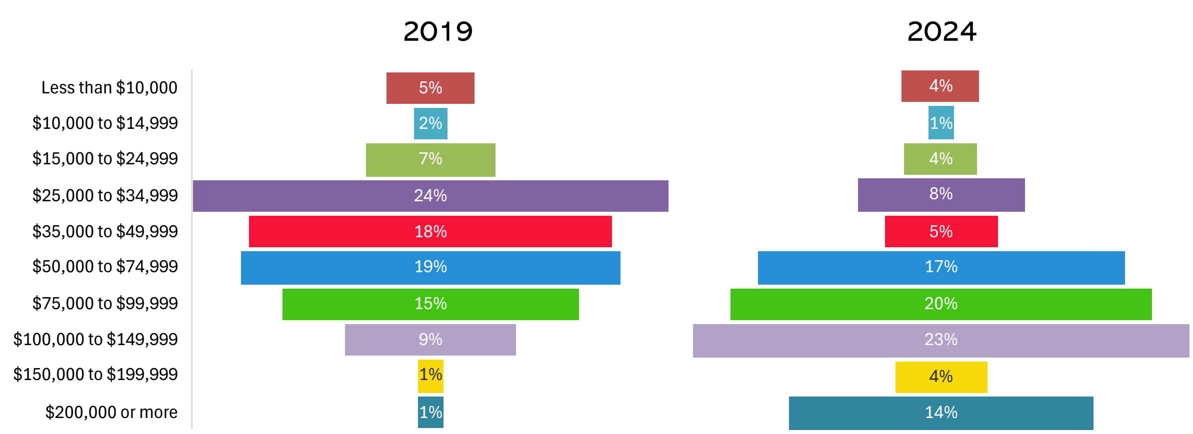
The top five industries that employ Culver residents are Manufacturing (accounting for *15%* of total employment), Health Care and Social Assistance (*13.4%*), Retail Trade (*11%*), Accommodation and Food Services (*9.7%*) and Construction (*8.7%*). These industries are among the largest industries in Central Oregon: Health Care and Social Assistance (*16.7%*), Leisure and Hospitality (*14.9%*), Government (*13.1%*), Retail Trade (*11.9%*) and Professional and Business Services (*11%*). Manufacturing accounts for *7.8%* of total employment and Construction *8%* of total employment. Central Oregon's economy grew by an annual average rate of 1.6% between 2019 and 2025, quite significant when considered alongside Oregon's annual average growth rate of 0.3% during the same period. Central Oregon employment accounts for *5.5%* of Oregon's total employment. Well-paying jobs and a high level of employment can be an indicator to potential new businesses of the level of spending power among Culver residents. Additionally, healthy regional employment prospects indicate continued growth potential for Culver.

Average wages in Central Oregon increased by 6.5% annually between 2019 and 2025. The industries driving growth in wages were Information, Professional and Business Services and Financial Activities as well as strong growth in Natural Resource industries. At the state level, despite weak employment growth, average wage growth was significant at 5% annually during the period. In Culver during this period, employment decreased by 2.4% annually while average wages grew by 4.2%. Again, a promising trend for local retail-oriented businesses looking for investment opportunities at a Culver location.

Growth in wages has contributed to a significant increase in median household income in Culver since 2019. In 2019, Culver's median household income was $46,477. By 2024, the most recent data available from the U.S. Census American Community Survey, it was $91,463, **almost doubling within a five-year period**. Another likely contributing factor to local income growth was a positive inflow of new residents. According to IRS Migration statistics for Jefferson County, between 2019 and 2023 the County added around 975 households with 47% of new residents migrating from Deschutes County and from other states. IRS data indicates that migrating households arriving with higher incomes have likely contributed to a sharp increase in average and median household incomes.

Figure 2 shows the change in the distribution of households by income between 2019 and 2024. While by 2024 Culver had approximately 130 fewer households with incomes below $50,000, it had **280 more households with incomes above $50,000 and 225 households with incomes above $100,000**. Household income in Culver is trending in a positive direction indicating more residents have more money to spend locally on consumer and retail purchases. According to U.S. Census data, Culver has a relatively low rate of poverty at 6.8%, compared to Oregon at 11.9% and Central Oregon at 9.5%.

Figure 2: Culver Households by Household Income, 2019-2024



Source: U.S. Census American Community Survey Five-Year Estimates

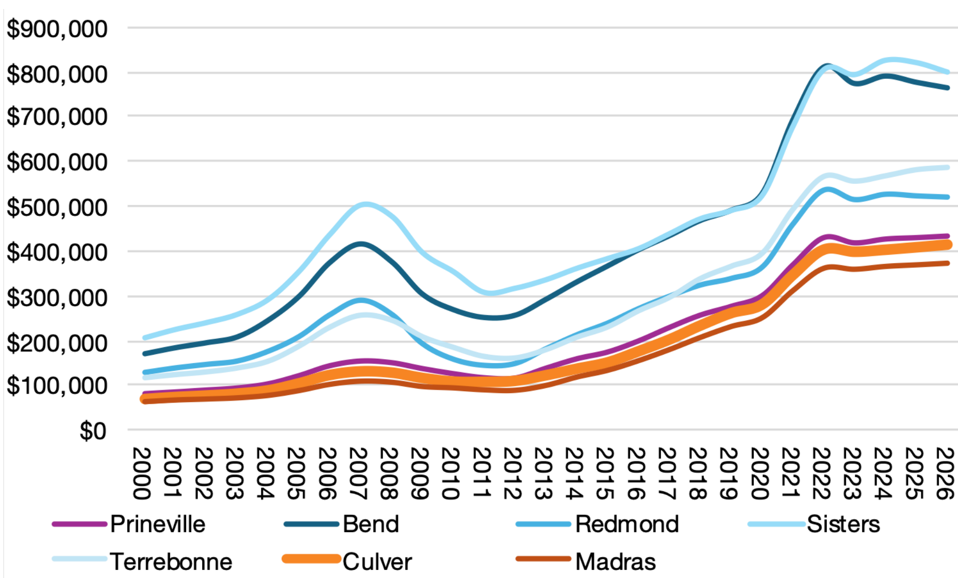
CENTRAL OREGON PROPERTY VALUES

Another factor to consider is the change in home values since 2019. The time series chart below tracks the annual average home value index compiled by Zillow for Central Oregon cities. A few regional trends stand out from the data:

Home values in Bend and Sisters have sizably outpaced average home values in the region. However, all cities have followed the general upward trend. Prineville, Madras and Culver experienced less home value volatility even as housing markets endured correction both after the Great Recession in 2010 and post Covid in 2023.

Further, home values in Central Oregon averaged substantial growth in 2021 and 2022 with home values in Bend and Sisters increasing by 30% while home values in the other cities, including Culver, grew by over 20%. In fact, between 2020 and 2021, the average income required for the typical home buyer of the average home in Culver increased by $15,000 and by 2025, the average home requires an income of about $90,000 for a home purchased with a standard 30-year mortgage. As remarked in the 2026-2030 Culver Strategic Plan, people who live and work in Central Oregon have observed that population growth in Central Oregon, and the corresponding increase in home values have influenced an increasing number of households to move to communities such as Culver, Madras, Metolius and Prineville.

Figure 3: Home Values in Central Oregon, 2000 - 2026



Source: Zillow Home Value Index (ZHVI)

CULVER TRADE AREA

Culver's trade area, the geography from which a new grocery store (or any similar retail focused business) would likely draw customers, contains more than double the households of Culver's city area. The City of Culver has 719 households and its trade area has 1,882 households. The trade area includes the following areas: north to the limits of Metolius, east to the edge of residential development, south to the Crooked River and west to include

Culver Community Survey

As part of the Market Feasibility Study, COMPETINOMICS conducted a consumer habits survey of residents. The survey focused on gathering information that a grocery operator may find enlightening when making a location decision. A total of 154 surveys were returned, representing eight percent of the Culver trade area and 20% of households in Culver.

The consumer spending portion of the survey included 10 questions focused on shopping behavior.

Question 3 of the Survey asked where respondents currently shop for fresh groceries. The majority (93% of respondents) listed visiting two or more different locations. Grocery store preferences are listed below starting from most often cited.

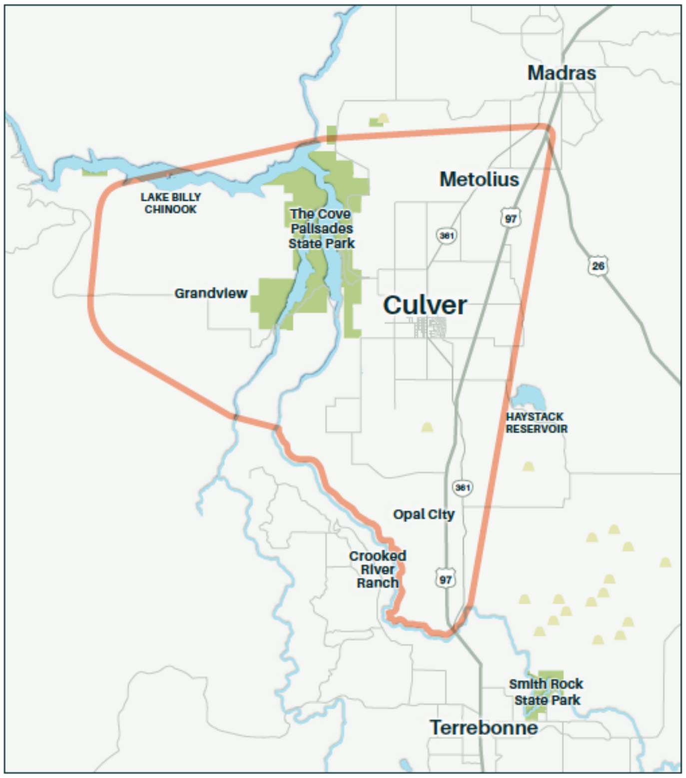
The Top Ten
(# of Reponses)

Safeway in Madras, Redmond & Bend (123)
Walmart in Redmond (72)
Costco in Bend (64)
Fred Meyer in Redmond (51)
Grocery Outlet in Madras (50)
Oliver Lemons in Terrebonne (25)
Winco in Bend (28)
Trader Joe's in Bend (16)
BiMart in Madras (2)
Culver Market & Gas Station (2)

Please see Appendix A for more survey results.

households in Grandview. About 37% of the trade area households who might be expected to shop in Culver live in unincorporated Jefferson County. In Figure 4, Culver's trade area is highlighted by the orange border.

Figure 4: Culver Trade Area



Within Culver's trade area, about 1,900 households earn on average $106,000 per year. Additionally, we estimate that household expenditures for households in the trade area total over $115 million with expenditures at grocery stores over $11 million.[1] Due to expected population growth in the trade area, we estimate that household spending at grocery stores will grow to over $16.5 million by 2030.

Grocery Stores: Where Residents Shop

Currently in Culver, grocery store options include a Dollar General and convenience markets, Culver Market and the gas station, Bulldog Pitstop & Feed. For groceries, and particularly fresh, perishable groceries, residents travel to Madras, Terrebonne, Redmond and/or Bend. Culver is the only city of its size in Oregon without a full-service grocery store.[2]

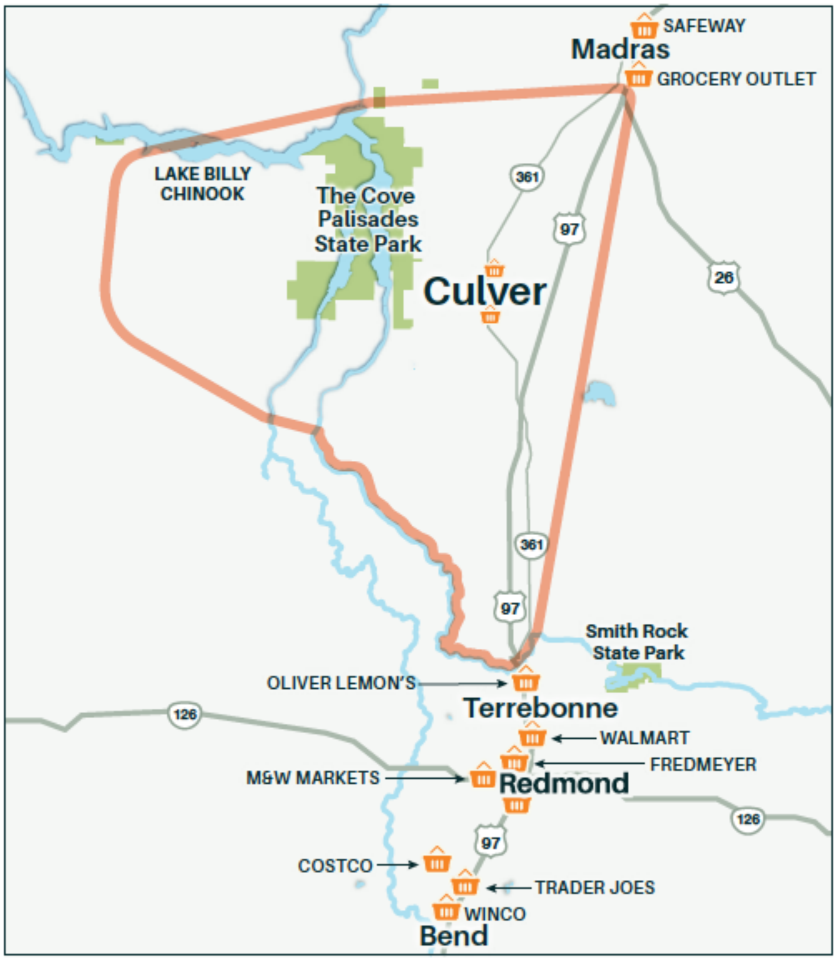
In response to a recent survey conducted by the City of Culver in support of their 2026-2030 Strategic Plan, Culver residents ranked a grocery store at the top of their list of priorities. Not only was it at the top of the list of priorities

[1] Household expenditure estimates are based on the Bureau of Labor Statistics Consumer Expenditure Survey estimates for households in rural areas.

[2] There are eighteen cities with populations between 1,500 and 2,000 residents based on 2025 counts from Portland State University Population Research Center: Cannon Beach, Gearhart, Clatskanie, Columbia City, Rainier, Lakeside, Canyonville, John Day, Hines, Culver, Depoe Bay, Brownsville, Vale, Bay City, Rockaway Beach, Elgin, Banks and Amity. Of these eighteen cities, only Culver does not have a grocery store in its city or in an adjacent city. Gearhart and Bay City do not have grocery stores in their city but have grocery stores in adjacent and connected cities. In the case of Bay City, the Fred Meyer located on the north end of Tillamook is closer to Bay City residents than to many Tillamook residents. In the case of Gearhart, services located in Seaside and Warrenton are within ten minutes. Of the eighteen cities, all but five have a Dollar General. In other words, cities in Oregon of Culver's size are supporting multiple grocery store options.

for city improvements, the lack of options to purchase produce, meat and other fresh items dominated the survey as the key themes.

Figure 5: Culver Grocery Store Landscape



CULVER GROCERY MARKET FEASIBILITY

An assessment of the history and recent demographic changes in Culver reveals that the area is, in many respects, experiencing the boons and pains of growth. With the exception of higher than normal population growth of 13-20% during the mid-2000s, Culver's population has grown at a consistent pace of around three percent per year. Importantly, according to survey respondents the community has maintained its small-town feel as well as a sense of shared values and connection. Recent community outreach conducted by the City of Culver during its strategic plan process as well as outreach conducted by COMPETINOMICS during this study indicate a strong community desire for a new grocery store in Culver. **Indeed, it was identified by 75% of the survey respondents as the top priority for the city in Culver's 2026-2030 Strategic Plan.**

Based on the 1,900 households in the Culver trade area, as well as average household incomes of $106,000, it is likely that Culver could support a new grocery store. Based on estimates of trade area household spending, we estimate residents in the trade area are spending over $11 million at grocery stores in Central Oregon with most grocery dollars from Culver residents being spent at stores in Redmond, Bend and Madras.

Further, due to the lack of local competition, we estimate that an outsized range of 20% to 25% of local food dollars are spent at Dollar General and convenience stores, the Culver Market and the Bulldog Pitstop & Feed. A new grocery store will likely reduce spending at these existing stores as well as capture dollars currently spent elsewhere by offering a wider product line including fresh foods. With a new grocery store, it is likely that Dollar General and the convenience stores will adjust their businesses. Culver Market and the Bulldog Pitstop, as convenience stores, will proceed as convenience stores while capturing fewer dollars that would otherwise be spent on fresh foods at a grocery store. Dollar General may respond by prioritizing Culver on their list for remodel as part of the company's "Project Renovate" or "Project Elevate" through which Dollar General is adding the capability within some stores to offer an array of fresh foods including produce. With such a remodel, Dollar General would meet some of the local need for the availability of fresh foods.

Given the migration data discussed earlier, it seems probable that a significant proportion of new households to Culver have migrated from Deschutes County.[3] Anecdotally, many of those households chose Culver due to its affordability relative to other Central Oregon communities, namely Bend, Sisters and Redmond. Survey results, likewise, reflect the sentiment that prices generally but food prices in particular, are a significant factor for Culver households. As households continue to face the pressure of increasing prices for housing, health care and transportation, they will seek to reduce other household costs, including food costs. **Notably, during their First Quarter 2026 earnings call, Dollar General reported that high income customers (those earning more than $100,000 per year) were their fastest growing customer segment during the quarter.**[4]

According to Federal Reserve and Bureau of Economic Analysis data, the cost of household expenditures is still elevated relative to the long running average before the pandemic. While the most acute inflation increases peaked at 6.5% in 2022, **annual year to year price increases for expenditures are still averaging between three to four percent.**

Since 2019 the cost of food is up by 33% and although less than wage growth for many households, rising grocery costs contend with significant increases in other demands for household expenditures. Further, according to USDA, food costs are expected to increase by 2.5% in 2026. It does not appear that food price increases will be alleviated in the near future. Food cost escalation creates an important risk for a new grocery entrant to Culver as "affordable" prices will be a significant area of competition for a new grocer attempting to capture market share from existing regional grocery operators such as Safeway, Walmart and Dollar General.

To compete, a new entrant will need to carefully consider and curate their product offerings. Based on survey results, an offering of high-quality basics

Market Analysis Assumptions

<u>Population & Households</u>
The count of trade area population and households was estimated using Jefferson County tax lot data and data from the U.S. Census Bureau. In the analysis, we assume a 5% vacancy rate, 25% second homes or vacation rentals (in other words, not full year residents) and a 50% discount of households in Metolius given proximity to Madras. We calculated the estimated number of households via multiple calculations to arrive at a range and adopted the lower estimate of households.

<u>Household Expenditures</u>
We used the Bureau of Labor Statistics Consumer Expenditure Survey for rural areas to estimate the percentage of household income spent on Household Expenditures and Food at Home. We consider our estimates of household expenditures to be a conservative estimate as Oregonians typically spend more than the U.S. average for household expenditures. According to the most recent data from the U.S. Bureau of Economic Analysis, Oregonians are spending three to five percent more than the U.S. average.

<u>Existing Store Market Shares</u>
We used industry/store averages to estimate local store market share except for Dollar General for which we used sales averages from their 2025 Annual Report.

[3] Between 2019 – 2023, just over 35% of new households to Jefferson County migrated from Deschutes County. Another 25% of new households migrated from different states. In both cases, new households arrived with higher incomes than existing Jefferson County incomes.

[4] Dollar General Corporation First Quarter 2026 Financial Results, June 2, 2026 at https://investor.dollargeneral.com/events-presentations

at prices that match or are not more than 10-15% higher than large competitors is critical.[5] For example, the following survey quotes reflect the sentiments of many respondents:

> "If overpriced I would likely only buy the bare minimum. If the quality is superior, I will support local even if I have to pay a higher price."
>
> "Quality of ingredients, especially fresh products like produce and milk will be important. I don't want to pay more for poor quality. I'll continue to fit grocery shopping around trips to Madras or Redmond if that is the case."
>
> "I would love the convenience and would buy a few items but would have to consider price when shopping for a large family."

Beyond the key component of price, a grocers product offering could be geared towards local demand. Based on successful operators in other rural areas, this might include: a deli, grab and go options, café, wine sales, supplements and/or pharmacy as well as unique, hard to find items and local products.

The figure below provides estimates through 2030 for Culver and Jefferson County households. Jefferson County data is included for context. Our estimates indicate that household spending at food stores will increase by about $5 million.

Figure 6: Trade Area & Jefferson County Household Estimates

Culver Trade Area	2025	2030	Jefferson County	2025	2030
Population	5,117	6,694	Population	25,768	27,294
Households	1,882	2,462	Households	9,439	9,998
Average Household Size	3.27	3.24	Average Household Size	2.73	2.70
Housing Units	1,976	2,585	Housing Units	10,602	11,497
Owner occupied	81%	84%	Owner occupied	72.0%	76.2%
One-Unit Structures	81%	85%	One-Unit Structures	73.3%	76.2%
Median Household Income	$94,590	$111,904	Median Household Income	$78,334	$89,581
Average Household Income	$106,025	$134,580	Average Household Income	$95,747	$110,193
Household Expenditures	$117,514,614	$175,421,794	Household Expenditures	$518,229,095	$626,359,548
Household Expenditures at Food Stores	$11,243,404	$16,629,838	Household Expenditures at Food Stores	$46,766,140	$57,129,950

Source: U.S. Census Bureau, U.S. Dept. of Labor, U.S. Bureau of Economic Analysis, Jefferson County, Local Interviews, COMPETINOMICS.
Note: Trade area Expenditures on Food at Home includes an estimate of Visitor Spending.

Trade area household expenditures include an estimate of visitor spending. Historically, the Cove Palisades State Park averages over 500,000 visitors with 2022 nearing 575,000. However, starting in 2023 visits to the park have dropped markedly, possibly due to wildfire conditions in Central Oregon during the summers. In 2025, Oregon State Parks counted 381,000 park visitors. Even so, according to data from Travel Oregon, visitors to Cove Palisades spent an estimated $14 million at grocery stores in Jefferson County in 2025. While likely conservative, we estimate that camping visitors to Cove Palisades account for about 50% of visitor spending at food stores in Jefferson County and that a new grocer in Culver could capture about 20% of camping visitor spending.

[5] Another way to consider the acceptable price differential, as many residents tended to do in their survey responses, is to consider the convenience minus the cost of driving (including gas and time) to alternative stores versus the cost difference between "the same" products at a Culver store and the non-Culver store. This calculation seems to be most relevant to a range of "the basics".

Based on our analysis, we find it likely that Culver could support a grocery store with the following characteristics:

1. Size: 5,000 to 10,000 square feet. We anticipate that a larger store may confront greater risks, startup costs, carrying costs and challenges with breakeven in years one through five. As a new store takes a minimum of two years to establish itself, a larger store may not meet minimum sales levels while it works to gain market share by enticing residents to change their current spending habits and shop locally. Existing consumer shopping habits include a preference for low priced groceries from large format stores.[6] The types of shopping behaviors that typically change slowly as a local store is established include habits such as shopping out-of-town after work or in tandem with errands in neighboring cities rather than at the new local store.
2. Product Mix: Our analysis indicates that many households pay close attention to food prices. A new grocery store may find it critical to carry a wide range of high-quality basic perishable and non-perishable items at competitive prices alongside a differentiated product. Among cities the size of Culver in Oregon, there are many successful models of grocery stores including Safeway, Grocery Outlet and independent chains such as Chester's Markets, M & W Markets, Oliver Lemons, Sunriver Markets and others. Further, aside from large distributors, many independent distributors offer competitive pricing and plans for small operators to carry high-quality products. Trends among successful grocery operators include delis, ready-made items, wine and beer, nutrition supplements and personal care products, household items, locally made goods and unique, hard to find items.
3. Site Requirements: Most modern grocery stores have specific power and water requirements. In addition, adequate staff and public parking is imperative. Lastly, stores will require loading space for delivery as well as areas for garbage and other debris. General considerations include:
   - Location and vehicle circulation for deliveries separate from the customer parking lot
   - A loading dock for at least one delivery vehicle
   - Full sewer, water, and three phase power
   - 15-25 employees for a full-service format grocery
   - Staff parking for 16-20 people during shift changes
   - 20-25 parking spots for customers
   - Odd hour (a.m.) deliveries create noise and light disturbance for neighbors
4. Development feasibility: For additional marketplace context, COMPETINOMICS calculated three hypothetical grocery development project scenarios. The three scenarios represent imaginary but potential situations in Culver and are meant to illustrate conceivable real estate challenges which a new entrant might confront if considering a site in Culver. Assumptions and scenario are described below. For more information, please see Appendix B.
   - *General Assumptions for All Scenarios:* At Year 3, a grocery store would reach a stabilized market share and after Year 3 revenue is assumed to grow at three percent. Industry averages are assumed for expenses and standard commercial financing terms are applied. A two-year build out is typical for a new facility.
   - *Development Scenario 1* assumes a new grocery operator purchases a building in Culver for a store size of 10,000 square feet. However, the building would need significant remodeling at 50% of the building cost. With building purchase and remodel costs along with relatively substantial startup costs for a grocery store of this size, breakeven under this type of development could be in Year 7 through Year 9 if the new store was able to capture 15% of trade area grocery spending starting in Year 1 with a Year 3 market share of nearly 30%.
   - *Development Scenario 2* assumes a new grocery operator purchases land and builds a new standalone building to open a 7,500 square feet store. The national average construction costs for this type of development are relatively low at $200 - $250/square foot. As Oregon's development costs trend

[6] Small format stores typically have a higher ratio of fixed costs which must be covered across products. It makes achieving lower prices for customers more challenging.

towards the high end nationally, we assume $230/square foot. Under this development model, a new grocer could expect to breakeven in Year 4 through Year 5, again with a 15% trade area capture in Year 1 growing to 23% by Year 3.

- *Development Scenario 3* assumes a new grocery operator secures a 5,000 square foot space in a newly developed or newly remodeled space minimizing tenant improvement costs. The relatively modest size of the space also reduces startup costs related to equipment and inventory and the grocer is able to breakeven in Year 3. Revenue in Scenario 3 represents a 12% market share in Year 1 growing to 17% in Year 3.

Figure 7: Development Pro Forma Scenarios Summary

	Scenario 1 Purchase Building with Complete Remodel 10,000 Square Foot Building			**Scenario 2** Build New Standalone 7,500 Square Foot Building			**Scenario 3** Lease Space, Tenant Improvements 5,000 Square Foot Building		
	Year 1	**Year 2**	**Year 3**	**Year 1**	**Year 2**	**Year 3**	**Year 1**	**Year 2**	**Year 3**
Revenue	$2,250,000	$3,500,000	$5,000,000	$2,437,500	$3,187,500	$4,125,000	$2,000,000	$2,500,000	$3,000,000
Cost of Goods Sold	$1,575,000	$2,450,000	$3,500,000	$1,706,250	$2,231,250	$2,887,500	$1,400,000	$1,750,000	$2,100,000
Gross Profit	$675,000	$1,050,000	$1,500,000	$731,250	$956,250	$1,237,500	$600,000	$750,000	$900,000
Total Expenses	$1,246,694	$1,395,303	$1,569,620	$1,044,217	$1,136,980	$1,249,026	$787,043	$838,510	$890,320
Net Profit	-$571,694	-$345,303	-$69,620	-$312,967	-$180,730	-$11,526	-$187,043	-$88,510	$9,680
Net Profit Margin	-25.4%	-9.9%	-1.4%	-12.8%	-5.7%	-0.3%	-9.4%	-3.5%	0.3%

Assumptions	Pre-Opening	Scenario 1 Notes	Pre-Opening	Scenario 2 Notes	Pre-Opening	Scenario 3 Notes
Startup Costs		① Breakeven Point: Years 7 through 9		① Breakeven Point: Years 4 through 5		① Breakeven Point: Years 3 through 4
Equipment & Fixtures	$200,000		$125,000		$60,000	
Inventory	$105,000	② Year 1 Revenue represents 14% of trade area grocery dollars growing to 28% by Year 3	$86,000	② Year 1 Revenue represents 15% of trade area grocery dollars growing to 23% by Year 3	$70,000	② Year 1 Revenue represents 12% of trade area grocery dollars growing to 17% by Year 3
Operating Capital	$350,000		$250,000		$150,000	
Total Start Up	$655,000		$461,000		$280,000	
Commercial Loan	$491,250		$345,750		$247,500	
Commercial Mortgage	$1,350,000	③ Estimated Startup Costs could be much higher.	$1,350,000			③ Scenario assumes that startup & operating costs are minimalized.
Building/Land Purchase	$1,200,000		$75,000			
Construction/Remodel	$600,000		$1,725,000		$50,000	
Employees	20		15		10	

CONCLUSIONS & POTENTIAL NEXT STEPS

The findings from our research and analysis indicate that there is strong market demand for a new grocery store in Culver. Given the number of trade area households and demographic composition in Culver compounded as well by expected growth, it is our conclusion that the trade area could support a grocery store in Culver, particularly one that differentiates itself from existing stores.

Given market demand from residents and visitors to Lake Billy Chinook, as well as a sufficient candidate pool of potential grocery operators in Central Oregon, the challenge before the City of Culver is one of business recruitment and real estate.

Business recruitment can help fill a tenable space, but Culver lacks move-in-ready spaces. As exemplified in the development scenario pro formas, this may create an impediment to potential grocers as total startup costs, including development, for a grocery operator moving into Culver may be greater than in other locations and return on investment may take longer than will meet a business owner's expectation.

Nonetheless, a reasonable first step would be to conduct a business recruitment campaign focused on raising awareness among the region's existing grocers. It may be the case that a grocery company can find local consumer demand to be adequate for their business model and may decide to locate in Culver due to natural market forces and their own profit driven expansion plans.

Next, Culver's lack of developed real estate, though nontrivial, is a common challenge among small, rural cities and there are many resources and strategies that a community may choose to adopt that could create incentives for development. A few policy examples could include public private partnerships, main street programs and urban renewal loans. To illustrate the more common strategies that cities have used to incentive development, COMPETINOMICS has provided a list of possible scenarios below.

ADAPTIVE REUSE DEVELOPMENT

To incentivize adaptive reuse development that updates an existing commercial space, the City of Culver could consider entering into a public private partnership with a property owner. A component of the partnership agreement could include an incentive for the property owner to recruit a rent-paying tenant.

Alternatively, the City could work with a willing property owner under an operating agreement that commits a defined amount of Urban Renewal funding (or other public funds including USDA funding) as a grant or very low interest loan to cover the cost of tenant improvements and equipment.[7] The funding as a grant or very low interest loan should be contingent upon a property owner signing a lease with a grocery tenant that meets the performance expectations of the City. The lease should meet the approval of the City, because the city is in fact operating as a financial partner to the property owner and business. The City should expect a business and marketing plan and two to three years of financials from the prospective business tenant. Public funding, in this instance, is typically set up as a match to private investment (25% to 50%) and set up on a reimbursement basis so the private property owner and business must make the capital improvement first.

For an existing commercial location with most of the features needed by a grocery operator, the City could leverage a business recruitment strategy to find an owner-operator. While it would be the responsibility of the grocery business to gain ownership of a site, the City could make a public investment in infrastructure and capital improvements such as equipping a property with needed features like alley drive access for commercial deliveries, cold rooms for merchandise storage or parking lot upgrades.

The public private partnership approach may help reduce startup costs for a grocery operator but only works if the property owner is a willing partner as investor in the property. The benefit in capital improvements to the space increase property values and improves the chances that the space can be quickly used by subsequent businesses if the first operator grows out of the space and leaves. [8] **For the various public private partnership examples here, the policy consideration in question for a City Council is whether or not public investment of tax dollars sufficiently leverages private investment, moves the private sector to action and outweighs the tax burden.**[9]

NEW DEVELOPMENT

In the event of a prospective grocery tenant looking for a large amount of space with the modern operating amenities inherent in that scale of operation, the City of Culver could ensure flexible zoning and land use rules that support a wide range of development apply to the existing vacant lots along First Avenue.[10]

Working with a willing property owner, the City of Culver could use Urban Renewal or other available funding to help reduce construction costs, contingent upon an agreement that the property owner builds out a space suitable for a grocery operator. In a more restrictive version of this approach, public investment could be conditioned upon the private property owner signing a lease with a suitable grocery operator or as a reimbursement for a defined amount of capital expense after a term of operation of the tenant that proves they have staying power. Under typical conditions, a developer would be relatively indifferent regarding the type of tenant and would be unlikely to go to the expense of outfitting a space for specific use by a grocery store.

A variation of this scenario avoids an outlay of Urban Renewal or other City funds. It uses the creation of Vertical Housing Development Zone (VHDZ). A VHDZ is used by several Oregon cities in their downtowns to incentivize mixed use multi-story development through a 10-year property tax abatement on new residential development built

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[7] Both of these expenses are allowed as capital expenses within Urban Renewal laws.

[8] Capital improvements in this case includes permanent equipment like a commercial kitchen hood or other mechanics that stay with the building.

[9] The policy applies similarly to an Urban Renewal Commission.

[10] Zoning should including mixed-use multi-story development, two to four stories, which would help Culver increase residential development as well.

above first-story street frontage commercial property. The VHDZ reduces the amount of property taxes collected for a defined period of time. The rationale is that it induces higher density mixed use development in places a city prioritizes - like a main street commercial area. A secondary benefit of this type of development is an increase in residents, or customers for a local grocery, with less development impact. One challenge is the six to eight month local process of creating a VHDZ. While many developers would prefer an outright and upfront taxpayer subsidy in the form of a grant, developers with experience in mixed-use (stacked residential and commercial development) understand how to leverage the multi-year property tax reduction benefit of a Vertical Housing Development Zone tax credit.

APPENDICES

Appendix A

Culver Consumer Habits/Spending Survey Results

Appendix B

Development Pro Formas

APPENDIX A

Culver Consumer Habits/Spending Survey Results

As part of the Market Feasibility Study, COMPETINOMICS conducted a consumer habits survey of residents to gather information that a grocery operator may find enlightening when making a location decision. Paired with general marketplace and trade area data, survey data provides a peak into customer sentiment, actual spending, and enthusiasm for a local grocery store.

The survey was accessible online and via written submission during eight weeks from June 23rd to August 23rd. The large majority of the 154 submissions were received digitally. About a dozen surveys were completed by hand - mostly by respondents indicating they were retirees. With about 1,880 households in the town of Culver, 154 submissions represent a response rate of just over 8% of households (and more than 20% within Culver city limits).

The consumer spending portion of the survey included 10 questions focused on shopping behavior followed by an open-ended question that invited participants to share their opinion.

Survey Questions

1. How many times a month do you or someone in your house visit a grocery store?
2. How much do you spend each month on groceries?
3. Where do you shop for fresh groceries (especially produce/vegetable, dairy and meat products)?
4. If you typically visit more than one grocery store, please rank your top 3 stores.
5. What influences your choice of grocery store (e.g., price, location, product variety, quality, customer service)?
6. What three to five items do you mostly frequently purchase during a store visit?
7. What day and time of day do you typically visit a grocery store?
8. About how many miles from Culver do you commute to work?
9. What other retail amenities or services (besides a grocery store) would you like to shop at locally?
10. To provide the convenience of having a grocery store in town, prices will likely be higher than those at large-format stores. The trade-off is that the store is located in town, so you don't have to travel to shop or remember to include it in another trip or after work. Support from residents will be key to a grocery store's success. Please provide your thoughts on this.

SUMMARY OF SURVEY RESULTS

Survey Question 1

When asked *how many times a month does a Culver shopper or someone in their house visit a grocery store*, responses ranged from **4 to 30** visits. The **average was 8** visits per month and the **most common number of visits per month was 4** visits.

Survey Question 2

When asked *how much a Culver shopper spends per month on grocery purchases*, responses ranged from **$100 to $2,500**. The **average monthly shopping expenditure from survey data is $737** and **the median expenditure is $700**, indicating shoppers with large grocery expenditures are pulling the average up.

When reviewed as four broad spending categories (quartiles) the 150 responses to this question show **forty one (41) households spend between $100 and $400 per month** at the grocery store. This represents 27% of consumers spending below the average for the State and likely indicates households with one person. **Thirty nine (39) households spend between $450 and $700 per month**. This amount is still below average for the State of Oregon for household expenditures on groceries and likely represents a smaller household. **Forty six (46) households spend between $790 and $1,000 per month shopping at grocery stores**. **Twenty four (24) households represent the largest grocery spenders in Culver spending between $1,100 and $2,500 per month**. Combined, these two groups of consumers spend more than average on groceries and represent about 47% of Culver's households.

Survey Question 3

Culver's grocery shoppers were asked *where they currently shop for fresh groceries including fruit vegetable, dairy and meat*. Survey recipients were invited to list more than one grocery store. The majority (93% of respondents) listed visiting two or more different locations. Grocery store visits are listed from most often cited to less frequently listed with the number of respondents citing that location in parenthesis (#).

Responses include: Safeway in Madras, Redmond and Bend (123), Walmart in Redmond (72), Costco in Bend (64), Fred Meyer in Redmond (51), Grocery Outlet in Madras (50), Oliver Lemon in Terrebonne (25), Winco in Bend (28), Trader Joe's in Bend (16), Bimart in Madras (2), Culver Market & Gas Station (2), Dollar General in Culver (2), Ray's in Sisters (2), Cinder Butte Meat Co in Terrebonne (2), Azure Standard (1), El Torito in Madras (1), Martins Produce and Greenhouse (1), Meat Locker in Madras (1), Oregon Beef in Madras (1), Target in Bend (1), Thriftway in Prineville (1).

Survey Question 4

Culver residents who shop at more than one grocery store were also invited to share *which grocery store they preferred*. When listing their top three preferred grocery stores, the following grocery were most often referenced by Culver shoppers:

1. Safeway
2. Walmart
3. Costco
4. Fred Meyer
5. Grocery Outlet

Question 5

This survey question asked respondents to share *what influences their choice of grocery store*. The question was open ended but (price, location, product variety, quality and customer service) were included in the question as examples. Most respondents referenced several themes in their answers. Out of 154 total responses, **price/affordability was the most frequent response** (referenced 117 times). **Quality was the next most common factor** (63 responses). **Location/proximity to Culver was the second most frequently cited factor** (referenced 60 times). Additionally, **variety of product offerings was referenced frequently** (41 times).

Question 6

When asked, "*What three to five items do you most frequently purchase during a grocery store visit*?" responses most often included: **milk, produce, meat, bread, and vegetables/fruit**.

Question 7

Residents were also asked to share *what time of day they usually visit a grocery store*. There was **no consistent trend** apparent in the 156 responses.

Question 8

Culver residents were asked *how far they commute to work*, based on an assumption that due to the distance from existing grocery stores, consumers in Culver were pairing grocery trips to their commute. Based on the variability of responses, this pairing does not to appear to be a consistent trend. Of the 150 responses to this survey, 64 of the responses indicate they do not commute outside of Culver for work. This indicates a surprisingly large number of residents who are retired, working from home, or stay-at-home residents. Of the respondents who commute to work (86 respondents), the **average commute distance they commute to work is 25 miles**. **Commutes typically range from 10 to 45 miles**. A few "super commuters" increase the average distance, a 20-mile drive is more typical - based on survey responses.

Question 9

When asked *what additional retail amenities or services residents would like to find locally*, common responses include: **clothing, hardware, bank, pharmacy, coffee shop, and bakery**. Even in this list of additional wants, **grocery store is cited 10% of the time - indicating it is a high priority**. This retail wish list is mirrored in the responses from Culver's community survey.

Question 10

This open-ended question invites survey participants to share their thoughts on the following question, *"To provide the convenience of having a grocery store in town, prices will likely be higher than those at large-format stores. The trade-off is that the store is located in town, so you don't have to travel to shop or remember to include it in another trip or after work. Support from residents will be key to a grocery store's success. Please share your thoughts on this."*

More than 130 residents took the time to consider and respond to this question showing a large majority of residents are enthusiastic and realistic about the cost of operating a local grocery store.

Responses below. Please note some responses were edited for punctuation and spelling.

1. We would be supportive as much as possible. We prefer to shop local.
2. We are getting more people moving here, so a store like this would be a big convenience for many people. However, if prices are too high, people will say "To Hell with that, we can use our points at Safeway".
3. We would love to have the option of groceries here in town. Much more convenient. Hopefully it is still affordable.
4. I don't mind a price increase as long as there is a good variety of things.
5. I would shop and support a local store so that they could stay in business and I didn't have to drive to town.

6. Having a kid with special needs makes it hard to travel for groceries. So convenience would top cost.
7. Price-consciousness isn't my primary concern. I do like to support local businesses, and really like the idea of a full grocer within walking distance. If pricing is too much higher than major grocers I can find in Redmond, it might limit my purchasing choices, however. Perhaps a 10% difference might not affect me too much, but likely anything higher might cause my current habits to remain unchanged. Also, as there was already a grocery store in town, I am wondering if it would be possible to work with the current owners to refurbish that location and bring it up to current maintenance and operations standards?
8. The convenience of shopping in town would offset the travel expense.
9. If you keep basics at a fair price, people will pay more for extras that they are able to check off their list.
10. I would shop locally, save time.
11. Agreed but worth the convenience.
12. All within reason not so high we can not afford being on a fixed income.
13. Value for money is important. Quality of product(s) & convenience would be very helpful here in Culver.
14. I'm willing to pay slightly more to not have to drive and burn fuel
15. Cost to Madras and back is about $5.00 to $6.00 x 4-5 times a month. The convenience of shopping in town would offset the travel expense.
16. I would rather pay more as long as I can shop local. It saves gas and when it comes to my kids it avoids the extra drive.
17. I don't mind a little higher price for the convenience and freshness of products. Plus I like to support local businesses. I always buy more than I intend if there are bargains or attractive items.
18. Trade off is local and we can support local business by keeping it in town so we don't have to go 10 or more miles away to shop.
19. There are enough stores already.
20. I am okay with paying slightly higher prices to avoid the time and cost of traveling to Redmond to shop.
21. Agreed 100%...Although pricing is a factor, quality and convenience is paramount. One must consider the time and fuel spent traveling elsewhere to purchase meats and vegetables…
22. Oliver Lemon's is a good example of this trade-off.
23. I understand the possible limitations, at least initially, until a grocery store becomes well-established and successful in Culver. But all we have right now is a dollar store and whatever business is on the corner of First and E. (Honestly, I don't know how they even make their rent. I was in there once—it was enough).
24. I would not fill a cart locally, but I would stop for things I forgot, needed on short notice or for items to support the success of the store.
25. Truth, if there was a good grocery store in Culver, (not a 7/11 type) where I could get a reasonable portion of my grocery list covered, I'd ideally love it to pieces! Yes, I'd be more than willing to pay additional FAIR prices for familiar brands. Been here 45 years and frankly been wasting time, gas and money being forced to shop in Madras or Redmond for groceries. Right now? We really don't have much choice, do we?!
26. I expected as much.
27. As long as the prices aren't a great deal higher I would shop in Culver.
28. Depends on what I'm buying, and the necessity of it for that day if planning hasn't happened in advance. Sure if I need milk for a baking project or cereal, I'd pay more to have it.
29. The only time I would need produce is in a pinch so I'm not sure how often I would use a store in town. Also Walmart has their delivery service and they do deliver to us here in Culver, they even deliver our medications.
30. A little higher is ok. But if too high, I would wait to get it on my way home from work the next day.
31. Safeway is expensive and the meat and produce is terrible I would pay more than f it was quality products.
32. As long as it's not that much higher. There is no need for it to be outrageous or people will drive the long haul.
33. Love it.
34. If over priced I would likely only buy the bare minimum. If the quality is superior, I will support local even if I have to pay a higher price

35. If quality is comparable to Oliver Lemons then I think I would be okay paying extra and staying local.
36. I would pay slightly higher prices for convenience.
37. I would love to have a grocery store.
38. I would be willing, provided the markup was not huge. Thank you for your efforts!
39. 40 miles to Redmond and back @ 20 MPG x $4.00 per gal = $8 per trip to purchase $40 in groceries = 20% (cost) increase + 1 hour of your time. Keep in mind - if you don't commute to Redmond for groceries. You might desire to also buy your gas in Culver and more frequently eat here also.
40. It would save gas PLEASE a grocery store would be amazing!! Currently Culver has nothing even close.
41. I'm okay paying a bit more for fresh produce, meat, etc. It evens out with gas $ to Redmond, saves time.
42. I have lived here for a long time and love the small community. We are well provided for here and don't need a grocery store. Thank you.
43. I pay $20 to shop in Madras, $50 + Lunch when I drive to Bend. $30 to shop in Redmond.
44. It would be very nice to have a larger grocery store here in out town. We need to support our town and our residents that get out to other stores that have miles to then travel. It (grocery) would be AWESOME.
45. Price is the most important. I shop sales. I'm on a budget and I don't shop much. I'm afraid I wouldn't be a very good customer.
46. I would only shop there if it was an emergency situation, since it would be more expensive.
47. You gotta be careful how much you raise the prices. The Oliver Lemons in Terrabonne is ridiculous. $11 for a 5 lb stack of potatoes. It's literally cheaper to spend the gas to go into Redmond. As long as the necessities and staples stay affordable especially with EBT, it should be cool. Be sure to have a grocery store with enough stuff to juice the out-of-towners. They could get lots of business if they offered things to do barbecues and cookouts in the summer when people are out at the lake. Might help offset cost for locals.
48. I think a grocery store is needed as Culver is going to grow with the new housing development. If you want the community to support local business, the community needs local business that actually serve value to the needs of the community. We do not need anymore restaurants, or bars. We need fresh produce and meat. Something along the lines of an Oliver Lemons. It could also provide more jobs in Culver where maybe some may not have to commute for work. As well as part time jobs for high schoolers.
49. I'm totally fine paying a higher price if the product is good and if there is good quality.
50. Willing to pay more, but need quality and variety of produce, meat, etc.
51. We love this idea. However we don't want anyone in town to be taken out of business. No big box stores. We love the small community vibe and would hate to see it lost. Getting a big box store would bring the wrong crowd to our small town vibe. That can stay in Redmond and Bend.
52. We love it here and hope to see this great community.
53. That's fine with me as long as the products are quality similar to a Safeway or Oliver Lemons.
54. When we lived in Terrebonne, that was a good trade off for Oliver Lemon's prices. It was a big motivator as well that they had great seasonal foods and the deli with grab and go food was great.
55. I'd probably still shop in Redmond, unless we found the quality was better.
56. I like the small feel here in Culver having a grocery store here in town would ruin this small town. We moved here for a reason and that's to get away from larger towns like Redmond and Bend.
57. Honestly, I think for stocking up of groceries and cooking supplies would still be a large box store. But if I'm in need of a handful of fruit and vegetables or a meat choice for a quick dinner, then I would certainly shop local.
58. Local saves gas.
59. Keep it simple. We don't need a health food store in Culver.
60. I think they could keep prices comparable as Culver is not far off the highway between Redmond and Madras. They use to have a grocery store here in Culver and it was a good store. I'm willing to pay more for convenience
61. Duh

62. Deal I won't spend it on gas.
63. I think it would be great to have a local grocery store that provides a variety of fresh groceries instead of just pre-packaged processed food. I think it would be great for the families of this community and the elderly, despite the predicted higher prices. I believe a store such as Oliver Lemons would do nicely here as they already have a small store in Sisters that would be a good template to what could serve us.
64. No problem.
65. We aren't very far off Hwy 97 and most stores already travel this highway to supply locations close by, so prices shouldn't be too much higher.
66. I would not shop there, I travel to Bend and Redmond for other things, it's worth it to save the money. Grocery prices are so expensive even at cheaper places and Dollar General has most things we need in a bind already.
67. Quality of ingredients, especially fresh products like produce and milk will be important. I don't want to pay more for poor quality. I'll continue to fit grocery shopping around trips to Madras or Redmond if that is the case.
68. As long as they balance out. I do not shop at Safeway due to the price.
69. I would pay a little more for the conscience of not having to drive to a different town
70. I don't think it needs to be fancy specialty items. just keep it simple.
71. It doesn't matter, I believe having something closer is better than having to drive 30 mins to an hour to get food.
72. Convenience and quality is important. Just don't make prices too high or nobody will shop.
73. I believe that having a store in town would help families and elderly who can't travel out and those families that have a lot on their plate and depend on delivery to help them survive.
74. Try getting a large format, even a Thriftway or Oliver Lemons would be wonderful to have…beef or chicken/meat would be great too. PS doing this for the town of Culver's as I had lived there for 20 years and parents still live there.
75. Sometimes it's good to have it local especially if need one thing and it's just in town instead of driving way out of town.
76. I toe in my grocery shopping with trips already planned toward Redmond or Bend. Depending how much higher prices in town would be, would determine if I shopped there.
77. I believe that a great idea, I hate going to Madras for groceries.
78. If the quality is comparable as well as a reliable source, I would gladly support a local grocery. I could see this becoming my first preference.
79. If the quality is high and the service is friendly, it would be supported! Remember The Store way back when?
80. Understood, but travel and fuel prices are an issue for retired, handicapped as well as support for local jobs.
81. It would be nice for convenience instead of relying on what Dollar General has or driving to Madras or Redmond.
82. Prefer prices closer to Safeway.
83. Wouldn't mind it for the convenience, few things needed from time to time but we would stick to Costco for our larger trips.
84. Depends on price difference. Large volume shopping that saves 10% or more would still make Redmond more desirable.
85. Living here 45 years I have gotten used to the travel.
86. I truly don't think I will shop entirely at a grocery store in Culver. Like Madras, Safeway is so expensive. If I need something on a whim I will go, but if I'm am shopping shopping, I'll make the drive to pay 1/2 the price.
87. I'd be willing to pay a little more for the convenience. If the owner of this store chooses to price gauge us because they think they can, then we probably won't shop there unless we need a few extra items. Also, there are plenty of Dollar General stores in this country that have fresh essential produce. Why doesn't ours?
88. Higher prices would be understandable, but it would depend partly on how much higher (for example, we currently pay ~$4.50 for 1/2 gallon of milk, so if it ended up being 2x the cost then we would most likely only purchase from a store in Culver occasionally). Another factor would be rewards and/or weekly sales on certain items (if everything is full price all the time, we'd be less likely to shop there regularly). Aside from that, if the quality of the food was comparable to other

grocery stores in Redmond/Madras and the staff was friendly, I could definitely see it becoming the main grocery store we use!

89. We are a family of three with one vehicle. Having a store in town would make life a lot easier. Especially when items are forgotten for the week.
90. I'd prefer to save gas money and be able to shop local.
91. I will still travel if the prices are anything like Oliver Lemons. There's no point to the grocery store if I'm spending hundreds more dollars on the food for the sake of convenience.
92. This needs to be considered carefully when weighed against the fact that stores like Walmart and Safeway have started to provide grocery delivery to homes. If I have to pay a small monthly fee to get my groceries delivered conveniently to my home that for me would be preferable to paying a high cost for groceries here in town. Convenience is a big factor but so is price especially for larger families who are struggling to put food on the table.
93. Reasonable but competitive. If I had to pay double, I would just go to Madras or a local farm stand.
94. Prices would need to be fair. If I felt we were being gouged I wouldn't shop there on a regular basis.
95. If the prices are unreasonable I would just continue shopping in Madras since I'm already there for work. Just like the gas station in Culver, it's overpriced so I get gas in Madras.
96. As long as it's not outrageous prices it would be ok.
97. I hope prices would be affordable, too much more than in town prices and people will continue to drive as they have always done. Dollar General and The Market have some good options already, and really lack the fresh produce, meat options only.
98. I think that is a fantastic idea. My and my family have been saying that this is the one true thing that Culver does lack/need. Every other type of retail store would just be extra, but I feel like people in the community shouldn't have to go out of their way to get fresh produce and meats it should be more accessible to everyone.
99. I can appreciate the additional revenue for Culver. May be more convenient to continue to shop in Madras as I work there
100. I will likely buy local. There's lots of older couples that will benefit on this. Three rivers and travelers through town will buy local.
101. I'm ok paying a little more for the convenience of having a store in town, when family visits we go to the store often and traveling to and from the store takes away from time with the family.
102. I'm okay with some higher costs, but if they are astronomical then I will skip items or make sure to make another stop. Oliver Lemons in Terrebonne is very high in prices and I once stopped for a bell pepper for dinner and when I realized one pepper was $6 I decided to skip it in my meal. I understand stand needing to be more expensive but $5 more than normal is not it.
103. While the convenience of having something like retail amenities locally would be amazing I'm not sure they would survive the competition with Dollar General. Also, as someone who has lived rurally for most of their life, you get used to being so far from these amenities and many learn to make do without things or to plan ahead so that they have everything. In addition, the cost for groceries currently is higher than it has ever been so it would be hard to justify a higher cost when people are already financially stressed.
104. I love the thought of a grocery store! My time is worth money. The gross store we have now I wouldn't trust anyone to go into.
105. Build a Winco in Culver.
106. I would gladly shop local for quality & selection.
107. I think, unfortunately, we don't have the volume in our small town of Culver to support fresh produce. We need the "grocery store" to be able to use the fresh produce before it expires in other prepared food options (e.g., soups, dinners, pot pie). I also think we already have two "grocery stores" in town: The Store and The Market. I think we should engage them and do what we can to support them to be the fresh produce market that seems to be what we want. We have low numbers of store front options; it does not seem like a good use of limited retail space to have 3 storefronts devoted to food retail. Perhaps this "fresh produce grocery store" is more of a deli / market that coops or works closely with local growers, farmers in the area. Maybe we have very specific hours at this location (e.g., Wednesday - Saturday) so food freshness can be managed.
108. As long as it's not too high.

109. If it’s cheaper than driving to Madras or Redmond, I'm all for it.
110. Just please don't let it be like Dollar General. Let it be something that gives not takes from community. Dollar Generals always make communities poorer. If it boosts or keeps the wealth of the community then it's worth the extra cost.
111. We understand the trade-off, which is why we usually wait until the weekend to cut our costs, as we are a one-income household and try to keep costs as low as possible.
112. It would be so nice to have a grocery store in town. The trade off of having prices a little higher is worth it.
113. I believe the demand is so high there won’t be a need to raise prices so much. But with inflation people will probably still travel to get cheaper food.
114. I live full time in Three Rivers Recreation Area but would use the store if fresh fruit and produce was available, I believe this would be the key draw. We frequently say if only Culver had a real grocery store.
115. I would love the convenience and would buy a few items but would have to consider price when shopping for a large family.
116. Worth it if there is fresh produce and meat
117. Some higher price would be expected but if the price is too high then I would still travel to nearby stores instead.
118. Agreed, it would be a similar situation to Oliver Lemons or M&W.
119. I think that the ideal grocery store would be one that is a supplemental store. Not somewhere where I would shop for my big grocery shopping once a month, but for the things that I forgot on my shopping trip.
120. After saving money on gas and the travel time we may even save money!
121. I would be ok with that.
122. Would be nice to pick up an item locally if I forgot something ...instead of driving to Madras for 1 or 2 items.
123. I would definitely use it for convenience but if the prices are that much more I would stick to my weekly Winco runs for the majority of things.
124. I typically buy a lot at once so I would travel to get the best prices. If I only need one or two items then I would shop local. But Dollar General provides the quick one or two items that I need.
125. I think that’s understandable and worth it but it would be great if we could also have a Saturday farmers market so locals can also have the opportunity to sell their items. Variety is great. Would also be great if the grocery store accepted WIC for moms with littles.
126. All depends what I’m needing- but helping local is top priority.
127. I have been waiting for a grocery store in Culver since we moved here! Not having a 15-30 minute drive for groceries would be amazing even if some prices were higher.
128. There are already 2 places in Culver that offer a variety of food selections. The items missing are fresh produce in my case. I go out of Culver for one thing or another at which time I get produce as needed.
129. If I'm already in Madras or Bend, I don't mind stopping to get what I need at a lower price. It'd be nice not to have to go to town to get an item or 2 but with a large family, price is important to me.
130. It’s all about convenience for me. When I get off work I don’t want to have to go out of town to grocery shop. I’m willing to pay a little more for the convenience of having a store in Culver.

APPENDIX B

Development Proformas

	Scenario 1 Purchase Building with Complete Remodel 10,000 Square Foot Building			
	Year 1	**Year 2**	**Year 3**	**Notes**
Revenue	$2,250,000	$3,500,000	$5,000,000	3% Increase after Year 3
Cost of Goods Sold	$1,575,000	$2,450,000	$3,500,000	70% of Revenue
Gross Profit	$675,000	$1,050,000	$1,500,000	
Operating Expenses				
Payroll	$786,967	$810,576	$834,893	3% Annual Increase
Other Operating Expenses*	$225,000	$350,000	$500,000	10% of Revenue
Other Expenses				
Commercial Loan	$88,971	$88,971	$88,971	7 years at 7% with 25% down
Commercial Mortgage	$145,756	$145,756	$145,756	20 years at 9% with 25% down
Total Expenses	$1,246,694	$1,395,303	$1,569,620	
Net Profit	-$571,694	-$345,303	-$69,620	
Net Profit Margin	-25.4%	-9.9%	-1.4%	

*Other Operating Expenses include: Insurance, Utilities, Permits & Licenses, Marketing, Supplies, Credit Card Processing, Leases, etc.

Assumptions

	Pre-Opening	Scenario Notes
Startup Costs		① Breakeven Point: Years 7 through 9
Equipment & Fixtures	$200,000	② Year 1 Revenue represents 14% of trade area grocery dollars growing to 28% by Year 3
Inventory	$105,000	
Operating Capital	$350,000	③ Estimated Startup Costs could be much higher.
Total Startup	$655,000	
Commercial Loan	$491,250	
Commercial Mortgage	$1,350,000	
Building/Land Purchase	$1,200,000	
Construction/Remodel	$600,000	
Employees	20	

	Scenario 2 Build New Standalone 7,500 Square Foot Building			
	Year 1	**Year 2**	**Year 3**	**Notes**
Revenue	$2,437,500	$3,187,500	$4,125,000	3% Increase after Year 3
Cost of Goods Sold	$1,706,250	$2,231,250	$2,887,500	70% of Revenue
Gross Profit	$731,250	$956,250	$1,237,500	
Operating Expenses				
Payroll	$592,092	$609,855	$628,151	3% Annual Increase
Other Operating Expenses*	$243,750	$318,750	$412,500	10% of Revenue
Other Expenses				
Commercial Loan	$62,620	$62,620	$62,620	7 years at 7% with 25% down
Commercial Mortgage	$145,756	$145,756	$145,756	20 years at 9% with 25% down
Total Expenses	$1,044,217	$1,136,980	$1,249,026	
Net Profit	-$312,967	-$180,730	-$11,526	
Net Profit Margin	-12.8%	-5.7%	-0.3%	

*Other Operating Expenses include: Insurance, Utilities, Permits & Licenses, Marketing, Supplies, Credit Card Processing, Leases, etc.

Assumptions

	Pre-Opening	Scenario Notes
Startup Costs		① Breakeven Point: Years 4 through 5
Equipment & Fixtures	$125,000	② Year 1 Revenue represents 15% of trade area grocery dollars growing to 23% by Year 3
Inventory	$86,000	
Operating Capital	$250,000	
Total Startup	$461,000	
Commercial Loan	$345,750	
Commercial Mortgage	$1,350,000	
Building/Land Purchase	$75,000	
Construction/Remodel	$1,725,000	
Employees	15	

	Scenario 3 Lease Space Requiring Minimal Tenant Improvements 5,000 Square Foot Building			
	Year 1	**Year 2**	**Year 3**	**Notes**
Revenue	$2,000,000	$2,500,000	$3,000,000	3% Increase after Year 3
Cost of Goods Sold	$1,400,000	$1,750,000	$2,100,000	70% of Revenue
Gross Profit	$600,000	$750,000	$900,000	
Operating Expenses				
Payroll	$382,218	$393,684	$405,495	3% Annual Increase
Rent	$200,000	$200,000	$200,000	$40/sf/yr
Other Operating Expenses*	$160,000	$200,000	$240,000	10% of Revenue
Other Expenses				
Commercial Loan	$44,825	$44,825	$44,825	7 years at 7% with 25% down
Total Expenses	$787,043	$838,510	$890,320	
Net Profit	-$187,043	-$88,510	$9,680	
Net Profit Margin	-9.4%	-3.5%	0.3%	

*Other Operating Expenses include: Insurance, Utilities, Permits & Licenses, Marketing, Supplies, Credit Card Processing, Leases, etc.

Assumptions

	Pre-Opening	Scenario Notes
Startup Costs		① Breakeven Point: Years 3 through 4
Equipment & Fixtures	$60,000	② Year 1 Revenue represents 12% of trade area grocery dollars growing to 17% by Year 3
Inventory	$70,000	
Operating Capital	$150,000	③ Scenario assumes that startup & operating costs are minimalized. Examples include used equipment purchases, less labor intensive product offering and/or simple tenant improvements.
Total Startup	$280,000	
Commercial Loan	$247,500	
Tenant Improvement	$50,000	④ This scenario could benefit from SBA Loans at lower interest rates.
Employees	10	