

## BUSINESS

# Some small Minnesota towns push back against Dollar General

Residents, elected officials in two Redwood County towns successfully opposed construction of Dollar General stores this year.

By Patrick Condon (<https://www.startribune.com/patrick-condon/6370448/>) Star Tribune |

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Dollar stores have multiplied across the U.S. in staggering fashion the last few years — more, according to one recent count, than the number of Walmart and McDonald's locations combined.

Inexpensive food and steep discounts at stores like Dollar General, Dollar Tree and Family Dollar have proved a strong draw for customers in low-income, big-city neighborhoods and small towns alike. But consequences for local businesses, especially grocery stores, have locals in some places, including several small Minnesota towns, organizing to push back.

"It was a battle, but we won it," said Carol Atkins, the mayor of Wabasso, Minn.

Earlier this year, the City Council in the southwest Minnesota town of 765 people passed a one-year commercial development moratorium, shortly after declining a request by Dollar General to annex a piece of adjacent farmland where it wanted to build a new store.

"They just care about coming in and making money. They don't care about your town and your people," Atkins said. "The family that owns our grocery store, they make deliveries and they support our schools and do everything they can to support the town. Dollar General ain't going do that."

A spokeswoman for Dollar General, which is headquartered in suburban Nashville, said that the company "strives to be a positive business partner and a good community neighbor" and that "millions of Americans rely on Dollar General to provide convenient, affordable access to the everyday products they need and want."

Dollar General has more than 17,000 locations nationwide. Family Dollar and Dollar Tree stores, which are now owned by the same company, bring the total to well more than 30,000 dollar stores nationwide.

Wabasso residents still don't have to go far to find one. There are locations in numerous nearby towns, including Redwood Falls, Marshall, Cottonwood, Tracy, Springfield and Fairfax.



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Over the past decade, the retail landscape of small towns has been transformed by the expansion of Dollar General, like this one in

"We are seeing more communities around the country concerned about this over-proliferation," said Kennedy Smith, senior researcher at the Institute for Local Self-Reliance (ILSR), a nonprofit that fights corporate consolidation and which has an office in Minneapolis. "It's likely you already have a couple in your area. Do you really need more?"

Critics see not just threats to existing businesses but also a disincentive to prospective new retailers once a dollar store has set up in town. An ILSR report in 2018 on the spread of dollar chain stores cited studies that found local grocers typically see a 30% sales drop after a Dollar General opened, a decline that makes it tough for businesses that operate on thin profit margins.

A 2019-20 survey of Minnesota's rural grocers by University of Minnesota Extension found more than half of those who participated had a dollar store move into their community in the previous five years, and another 11% knew of plans for one. The survey found 80% of rural grocers knew of a dollar store within 15 miles.

Most dollar stores offer limited options, or no fresh-food options, in favor of high-calorie processed foods, salty snacks and sugary beverages.

While the grocers who participated in the survey "were concerned about a significant loss in profit when dollar stores move into the community, the most common wider community response to the presence of a dollar store is concern over the lack of healthy and fresh foods," read the survey report, which was led by Kathy Draeger of the Extension's Regional Sustainable Development Partnerships.

Dollar General has started expanding its fresh-food options in some places. The company now offers some fresh options at 1,300 locations with plans to eventually expand that to 10,000 stores, according to a July article in Forbes. The company won praise earlier this year when it became the first major retailer to announce it would give employees the equivalent of four hours of pay if they got vaccinated for COVID-19.

But more communities around the country have been moving to block the stores. This year alone, towns and small cities in Wisconsin, Iowa, Ohio, Tennessee, Maryland, New Jersey, North Carolina and Alabama have rejected dollar store development plans, according to ILSR's research.

Larger cities like Tulsa, Okla., also have passed ordinances that clamp down on the number of dollar stores that can be located in low-income neighborhoods, which often suffer from a lack of fresh grocery options.

Wabasso isn't even the only small town in Redwood County that has rejected Dollar General.

Just 20 miles east in Morgan, population 872, officials and residents banded together at the beginning of the year to persuade the Redwood County Planning Commission and Redwood County Board to reject zoning that would have let Dollar General build on farmland just outside city limits.

"I think what hit home here was what happened in Fairfax," said Daryl Seifert, who co-owns Becker Supervalu in Morgan, which has been in his wife's family for three generations. "Their grocery store didn't last six months after the Dollar General came in.

And that's a bigger town than we are."

A petition against Dollar General's plans to set up in Morgan drew several hundred signatures in a matter of days, said Mayor Jerry Huiras. He said Seifert's meat-cutting skills alone made it worthwhile.

"You'll never have a better steak," Huiras said. "And you're not going to get that at the Dollar General."

Not every local rebellion has been successful. In tiny Cormorant Village near Detroit Lakes, the Village Board in 2018 asked the Becker County Board to reject a rezoning request sought by Dollar General. The board went ahead with it.

"I haven't stepped foot in there," Steve Sorenson, a member of the Village Board, said of the store. "Nothing personal against it."

Paul Sobocinski is a hog farmer near Wabasso and a former Land Stewardship Project organizer who worked with residents of Wabasso and Morgan against Dollar General's plans. He said the Minnesota Farmers Union has connected some of the newly minted activists with the state Attorney General's Office about steps the state might take to crack down on dollar stores for anti-competitive practices.

While food products at dollar stores seem to carry less expensive prices, customers often end up paying more per ounce because dollar stores package food in smaller portions, said Smith, the ILSR researcher.

John Stiles, spokesman for Attorney General Keith Ellison, said he could "neither confirm nor deny" that the agency is investigating dollar store practices. But he provided a statement from Ellison.

"It's hard enough for Minnesotans to afford their lives and it's even harder for folks in rural communities, be it through higher prices or lack of access or competition in services, supplies and retail," Ellison said.

In Wabasso, the one-year moratorium on commercial development will expire early next year. In the meantime, Atkins said, the City Council is reworking the town's strategic development plan in hopes it can be used to encourage certain types of new businesses and discourage others.

"We want a Main Street with buildings that are not sitting empty," Atkins said.

Larry Thompson, the city administrator, said the opposition to Dollar General in Wabasso was not universal. "There were certainly people that wanted to see it come in as well," he said.

The Dollar General spokeswoman said the company has no plans to open new stores in Redwood County.

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