



Circle Food Store
the rebirth of the one stop shop

Circle Food Store

A Project Of

DWAYNE BOUDREAUX

A Collaboration With

THE TULANE CITY CENTER and the A.B. FREEMAN SCHOOL OF BUSINESS

And

NHS's 7th Ward Neighborhood Center and the New Orleans Food and Farm Network



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INTRO



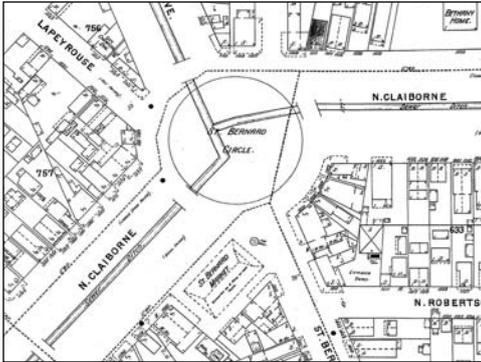
Interior view of the renovated Circle Food Store

Circle Food Store has served the 7th Ward and the greater New Orleans community as the ultimate one stop shop for years. Part grocery store and part bakery, pharmacy, dentist, bill payment center, school uniform shop, and community gathering space, this unique store has a history of adapting to the needs of the community while always providing access to fresh produce. This locally owned store has been shuttered since Hurricane Katrina, but the store and its owner are making a comeback. Circle Foods will be back to serve fresh bell peppers, veal, and Easter candy to the people of New Orleans.

HISTORY



Circle Food in 1954



The location of St. Bernard Market in 1896



St. Bernard Market in 1920



Circle Food in 1979 as seen from below I-10

The site of Circle Food was always an ideal location for selling groceries. As early as 1854, there was a New Orleans City Ordinance providing for a market house to be erected at Claiborne and St. Bernard Avenues, between Laharpe and Robertson Streets.

The current Circle Food building was designed in 1931 by Sam Stone, Jr., a prominent New Orleans architect at the time. The building was home to the St. Bernard Public Market until the Department of Public Markets in New Orleans was dissolved and its assets liquidated.

Circle Food Store was incorporated in 1938. It was the first African American owned and operated grocery store in New Orleans. Circle Food is named after the traffic circle that used to exist at the intersection of Claiborne Avenue and St. Bernard Avenue. The dynamic of the tree-lined community changed after the construction of the I-10 freeway, but the Circle remained the pillar of the community - both economically and socially.



Hurricane Katrina, August 29, 2005



Circle Food flooded after Katrina

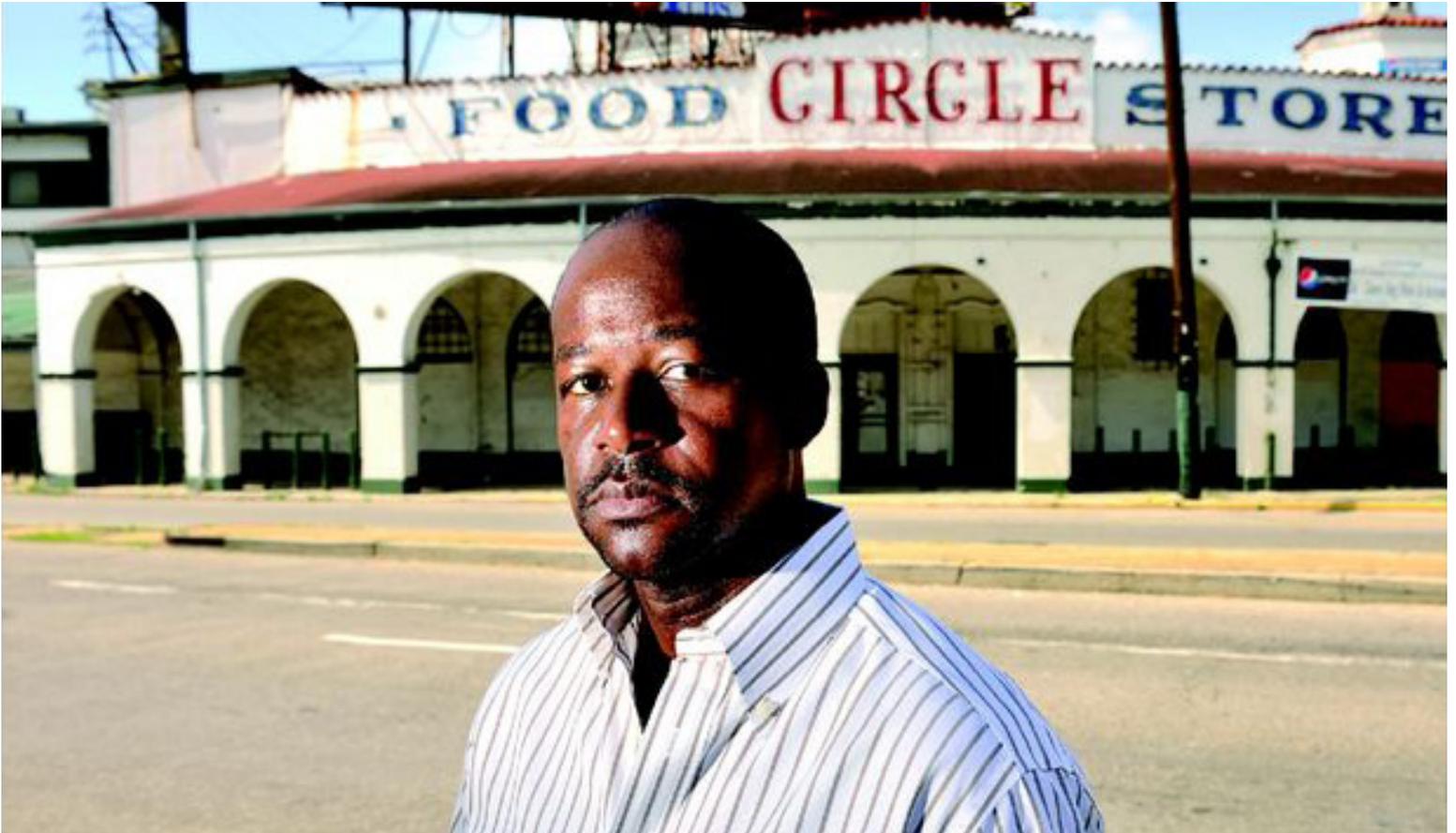


Circle Food 4Thought! Campaign Kick-off

Circle Food was more than a place to buy fresh groceries. It was an important meeting place for the community. The same people would come to the store every day or every week. Circle Food was known for its fresh bell peppers and Easter candy. The store also provided a pharmacy, a doctor and dentist, a chiropractor, a place for check cashing and banking, and a place to buy school uniforms. The store was a training ground for young people in the community, where learning to tie a tie became a rite of passage for many young men of the neighborhood.

The current owner, Mr. Dwayne Boudreaux, officially took over the store in 1991. Circle Food thrived until 2005, when Hurricane Katrina had a heavy impact on the store and surrounding neighborhood. As the residents have returned and repaired the damage to their homes, Circle Food has remained closed for lack of funding.

On August 5, 2009, the Circle Food 4Thought Task Force held a Campaign Kick-off to Re-Open the Circle Food Store in the Circle Food parking lot. The event was highly successful, attracting a large neighborhood turnout. People were happy to greet neighbors that they no longer saw regularly, and there was a wide array of vendors selling fresh foods. Local politicians attended in order to show their support and hear the community's strong desire to bring back Circle Food.



Circle Food owner Dwayne Boudreaux in front of the store *(image from People magazine)*

COMMUNITY

KENNETH BATISTE, 6TH WARD RESIDENT:

"I've been living here for 36 years, and I did all my grocery shopping there at Circle Foods. Me and my father used to go there all the time. You were family there, it was a neighborhood oriented store. People would come from all over - New Orleans East, Uptown, across the river. Yeah, I miss my fresh veggies and bell peppers, and mustard greens. It was a reasonable place for families, the prices were always good."



DEJONE REED, 7TH WARD RESIDENT:

"I live close to circle food store, but I have to go far to get groceries. At Circle you could get your groceries and pay your light bill. It would be great to have it open again; everybody would go to that store and we wouldn't have to go across town to Wal-Mart"





DORIS BURBANK, 7TH WARD RESIDENT:

“My name is Doris Burbank and I’m in the area of the 7th Ward, at Urquhart between Annette and St. Anthony. I’ve been here over 53 years and I love my neighborhood, and I have some very good memories.

This community which was around Claiborne and St. Bernard Ave. was a very vibrant, active, loving area...we had everything to make life pretty and pleasant.

Now we get to the Circle. The Circle had been such a big part of this community. It’s hard for those of us who have lived here for years to imagine going on without the Circle. That store was like glue, a community center. When you went in there to do your shopping you met people from all over. We deem it our neighborhood store, but actually this is a city store, people come from all over this city

and shop in this store. Everybody loved going in the Circle because you could find everything you needed, even down to school uniforms. When schools came to the decision to wear uniforms, they stocked the uniforms, and it made it so easy for parents to get their children’s clothing there. It was a household word, “going to the circle”

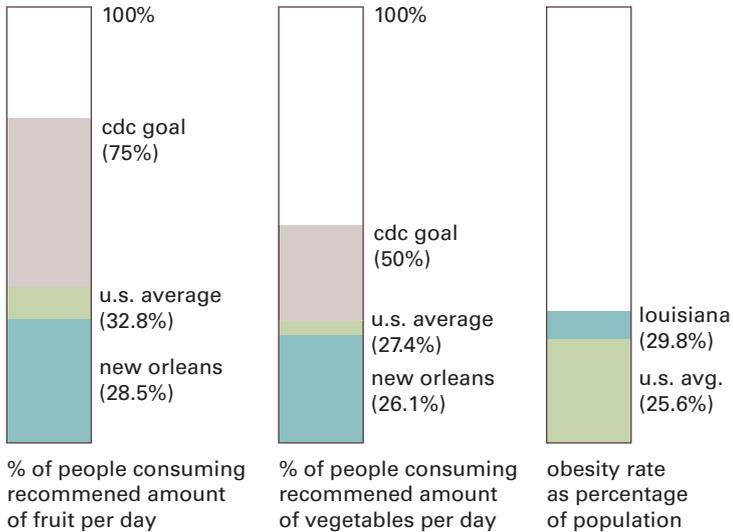
What is it going to mean to you when and if the Circle opens up?

“Oh I’ll be in 7th heaven when it opens, oh I’ll be ecstatic I can go from this house to the Circle with my shopping cart. I don’t have to ask anyone to bring me to the store; I can buy everything I want and need. Everything; there was a pharmacy in there. All you had to do was go.

CONTEXT (MAPPING FRESH FOOD ACCESS)



Neighborhood fresh food access in New Orleans (1/2 mile radius based on CDC's recommendations)



Circle Food Store



7th Ward corner store locations (corner store have recently been linked to obesity rates²)

New Orleans is a city rich with history and culture, but like many places in America is suffering from increasing rates of diabetes, obesity, urban blight and income disparity. Hurricane Katrina only exasperated the issue by shuttering stores and leaving many low income areas of the city with only corner stores selling unhealthy processed foods. As a result, residents of the Seventh Ward and surrounding neighborhoods have to travel many miles to access fresh produce, a distance difficult to cross for the young, elderly, and car-less. In a recent study the Centers for Disease Control and Prevention (CDC) recommends having a supermarket, grocery, or market within half a mile of communities as studies show that access to fresh food is directly related to fruit and vegetable consumption.¹

Pre-Katrina there were about 12,000 residents per supermarket in New Orleans

Today there are nearly 18,000 residents per supermarket

Nationally, there are an average of 8,000 residents per supermarket²

GOALS

The reopening of Circle Food Store will have both immediate and long term benefits for the greater New Orleans community. In the short term, the opening of the store will create jobs, bring revenue to the neighborhood, support a network of local growers, return a much missed community meeting place, and provide the residents of New Orleans with fresh food access. The store's return will mark a turning point for the St. Bernard corridor, one of the city's target recovery zones which is still battling blight and empty shops. In the years to come, the impact of a vital and active Circle Food Store will be evident by the number of young people trained for jobs, the revitalized neighborhood, the healthy population, and the re-established sense of community that comes with the presence of a historic neighborhood anchor.



DESIGN (SITE)





nearby community gardens could provide local seasonal vegetables to Circle Foods



Mardi Gras indians congregate annually near Circle Food Store under the I-10



The return of Circle Foods would signal a return of business to St. Bernard Ave.

DESIGN

The proposed design for Circle Food Store includes returning the historic market section of the building back to its original open mezzanine full of vendors and small local businesses. The large grocery space and surrounding mezzanine marketplace will be primarily lit by skylights, which were original to the building but have recently fallen into disrepair. The design of the historic rehabilitation and additional structures will provide ADA compliant shops, doctors offices, and food access for all the Circle's customers, increase opportunities for community interaction, more sustainable lighting and HVAC systems, and provide more efficient and generous service spaces (such as dry good storage).



Restaurants and shops on the mezzanine level will be rented out to local businesses. The store owner has allocated room for additional profit generating centers, including several small local restaurants, and extra retail space for local entrepreneurs to sell their goods. The goal is to elevate services beyond providing access to local foods, but more importantly to continue serving the community by providing for their needs. By providing the traditional goods and services and expanding upon those options Circle Food Store will again function as the community's one stop shop.

A restaurant on the mezzanine level will serve prepared food.

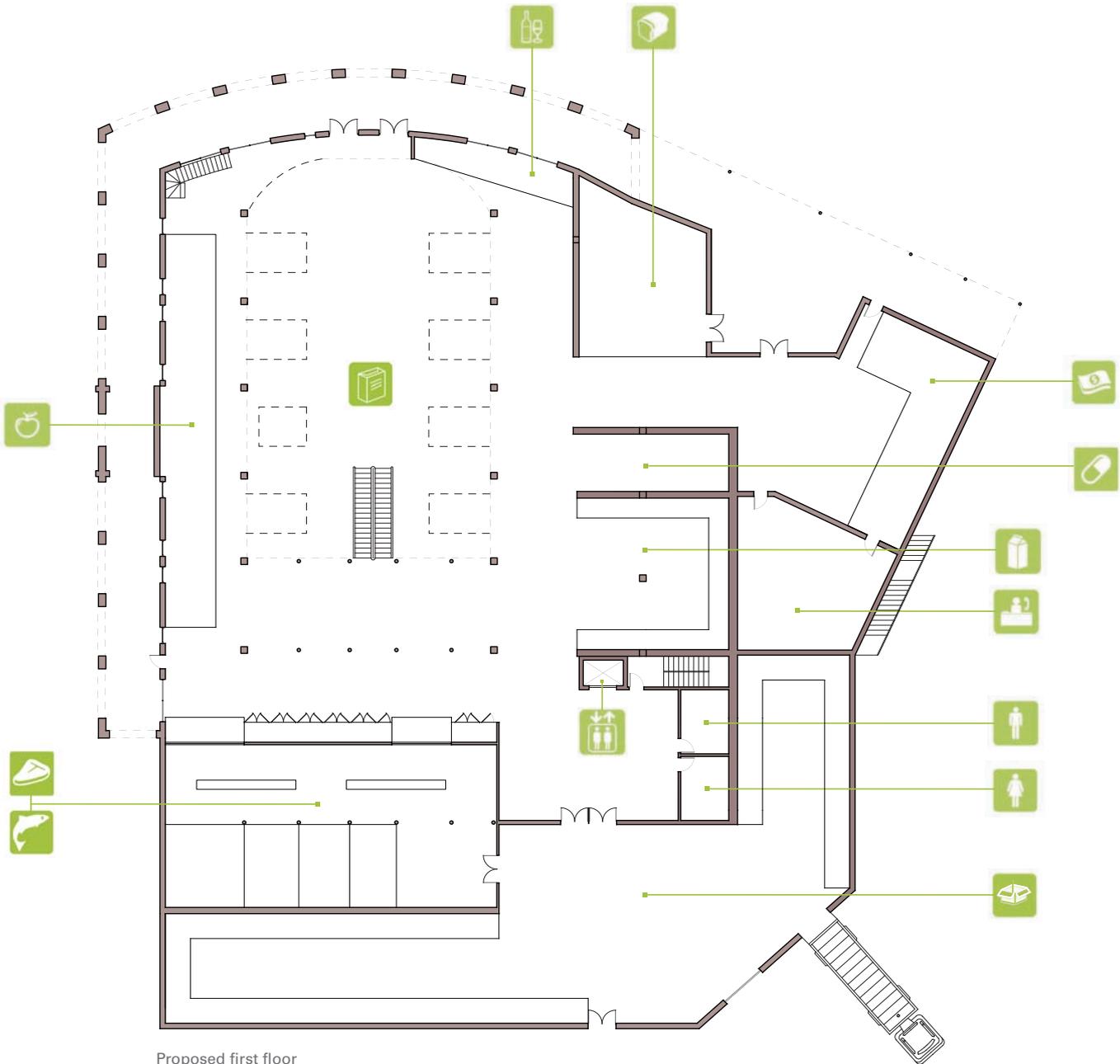


View of the ground floor at the registers

DESIGN (PLANS)

icon	program	square footage		
	grocery aisles	8150 s.f.		specialty shops 1100 s.f.
	fruits and vegetables	1300 s.f.		coffee shop 750 s.f.
	dairy	920 s.f.		bakery 800 s.f.
	meat department	1700 s.f.		liquor counter 190 s.f.
	seafood	1700 s.f.		restaurant 2800 s.f.
	offices	2300 s.f.		uniforms/appliances 3350 s.f.
	dry storage	5900 s.f.		doctor's office 1200 s.f.
	check cashing bill pay	1500 s.f.		pharmacy 350 s.f.
	 restrooms	500 s.f.		dentist 1400 s.f.

total sf: 38,000



Proposed first floor

DESIGN (PLANS)



The mezzanine provides additional space for small stores and services.

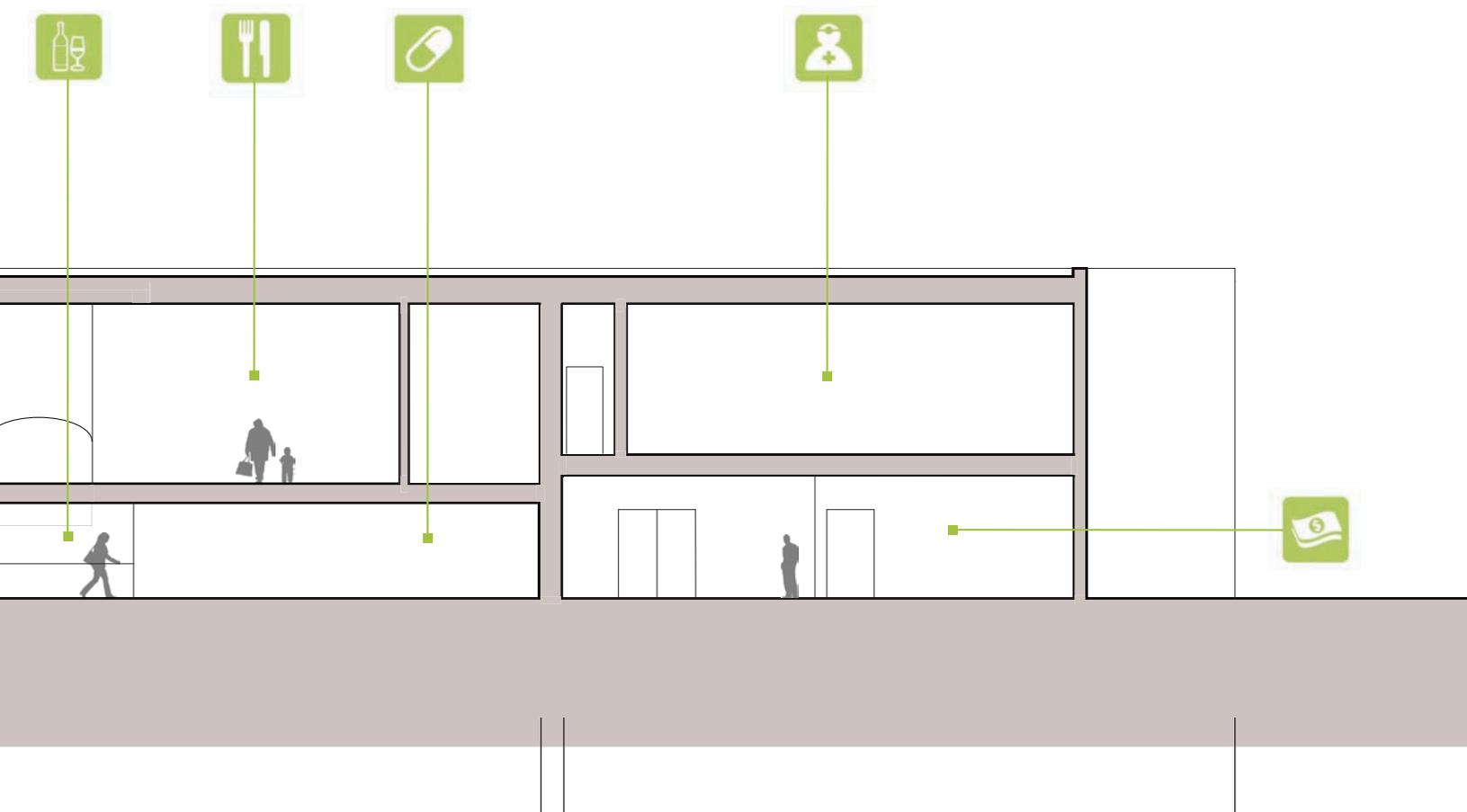


Proposed second floor

DESIGN (SECTION)



HISTORIC BUILDING



ADDITION

BUILDING REHABILITATION



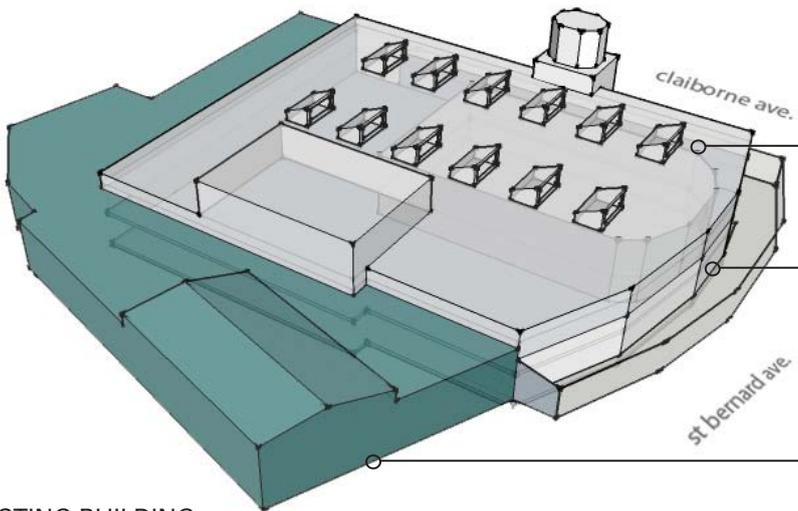
St Bernard side of building

ANCILLARY UNSOUND STRUCTURES TO BE REPLACED (buildings are additions to the original historic market)

HISTORIC MARKET TO BE RENOVATED



Rear of building

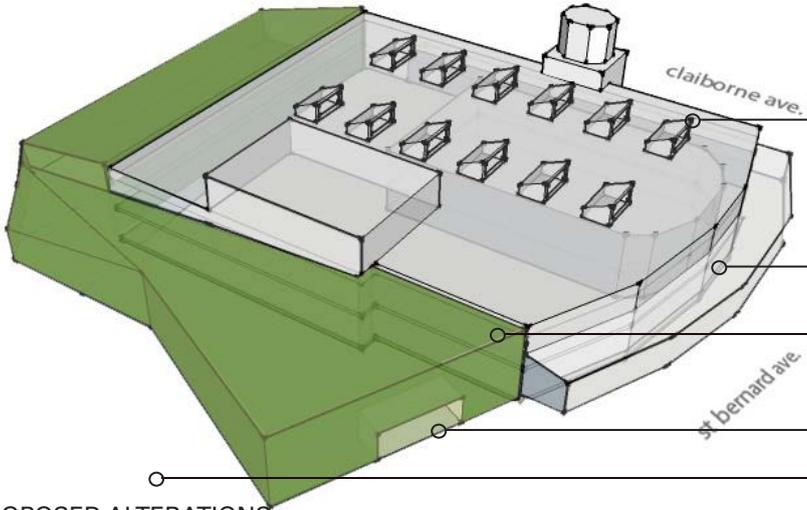


EXISTING BUILDING

historic parts of structure to remain (23,500 sf)

entry to building

antillary unsound structures to be removed (16,900 sf)



PROPOSED ALTERATIONS

skylights to be repaired allowing natural light into the building

traditional entry on st bernard ave to be maintained

additions to building for storage, offices, cash checking, and medical services (14,500 sf)

new entry for after hours services

parking and delivery behind the building additional parking could be added by aquring nearby vacant lots

Circle Food Store Project Timeline

circle food for thought
campaign kick off event

Circle Food Store
(entry view; october 2009)



schematic planning
(business and architecture)

schmatic pricing

2010

begin work on
permit drawing set
secure project funds

construction bid
process
construction
start date

2011

renovation of Circle Food Store 14-18 months

fresh market
(soft start outdoor market
in Circle Foods parking lot)

note: this timeline is an estimate based on projects of similar scale and scope, not to be used as the actual project timeline

stock store

2012

**Grand (Re)Opening
of Circle Food Store**

all rental spaces
occupied and open for
commerce

2013

one year anniversary
(store projected to break
even and turn a profit)



Circle Food Store
(projected view of store's entry)

COST ANALYSIS

Conceptual estimate by S.E.D. Services Inc.

01_General Requirements (cleanup, dumpster)	\$59,000
02_Site Construction (demo, foundation, site work)	\$175,000
03_Concrete work (slabs, colonade, etc)	\$133,000
04_Masonry (interior and exterior walls)	\$125,000
05_Metal (stairs, roof, structural reinforcing)	\$315,000
06_Wood and Plastics (general framing)	\$49,000
07_Thermal and Moisture Protection (roof, skylights)	\$338,000
08_Doors and Windows	\$89,000
09_Finishes	\$774,000
10_Specialties (security windows, etc)	\$13,000
11_Equipment (walk in freezers)	\$78,000
15_Mechanical (HVAC, plumbing, sprinklers)	\$645,000
16_Electrical	\$757,000
TOTAL	\$5,360,000

this total includes design fee, allowances for Genral Contractor's Mark-up on subs, General Conditions, Contractor's overhead and profit (10%), insurances, and a 20% design contingency



BUSINESS PLAN SYNOPSIS

*This is a summary of the Business Plan for Circle Food Store
a more detailed version can be given on request.*

Executive Summary:

The full business plan will be used to reopen the historic Circle Food Store at a rebuilding price of approximately \$5,600,000. The store is currently owned by Mr. Dwayne Boudreaux and is located in New Orleans' 7th Ward bordering the historic Treme neighborhood. The building that holds generations of memories has sat dormant since Hurricane Katrina nearly five years ago. To date, there are approximately 50,075 people in the surrounding five zip codes with no direct access to fresh groceries. The funding required will come from a mixture of grants, tax credits, and other debt services made available through several identified institutions. Located in a nationally recognized historic district, we will secure the maximum amount of tax credits on the State and Federal level for its Historic and New Market status.

Strategic Opportunities:

In its conception the Circle Food Store was a traditional market where farmers from the surrounding communities would meet and exchange their services. Over the years, the store evolved into a more contemporary supermarket, yet preserved its unique qualities. Circle provided a popular shopping experience attracting customers from as far as Baton Rouge. The store was a blend of industries, a one-stop shop for the community, offering fresh food access, banking services, doctor and dental services, and even school uniforms for local community schools. These multiple profit generating centers allowed Circle to offer fresh and local foods at affordable prices and presented a unique opportunity to provide goods not readily available at other supermarket chains bound by strict inventory guidelines. Moving forward, Mr. Boudreaux will maintain the unique store dynamic, and with this rebirth opportunity, he has redesigned the interior of the store to resemble a more traditional atmosphere. Using his past experience as a guideline, Mr. Boudreaux has allotted room for additional profit generating centers, including several small local restaurants, and extra retail space for local entrepreneurs to sell their goods. His goal is to elevate his services beyond those of a traditional grocery market by providing for all the community's needs.

Industry Challenges

The supermarket industry is widely competitive and presents many obstacles including: obtaining affordable insurance coverage, managing complex regulatory and zoning regulations, attracting and retaining dependable employees, and suppressing crime. However, Circle was able to overcome all these challenges. In 2005 Circle had a steady profit stream, a highly trained workforce with a low turnover rate, below industry average shrinkage rate, and no crime. While Circle was a thriving business in the 7th Ward, there were several strains on the operation that management was never

able to remedy before the store closed. In a given year, over half a million dollars were invested in building repairs. These “problems” present an opportunity for Circle to succeed where it had once lagged. With the anticipated retrofit project, Circle will incur fewer disruptions to its operations and drastically reduce its building repair costs. Circle now has the opportunity to better design a space customized to the needs of the community. Additionally, the level of executive salaries will be significantly lower when the store reopens. Circle will leverage its strengths and capitalize on the opportunity to remedy historical hurdles faced by the store.

Market Analysis:

With no existing or proposed competition in the area Circle will re-enter as the grocery leader. On average, the grocery industry is performing at about a 5-10% annual net profit margin. Due to debt service, Circle will operate at 1.34% net profit margin in year one. In year six, a major loan will be paid off and Circle will operate at 6% net profit margin. If competition happens to arise, however, no viable contender would hold the experience, dedicated following, or rich history of operating in the 7th Ward marketplace.

According to the Greater New Orleans Data Center, recent population density maps show that the 7th Ward is beginning to experience an increase in households per square mile closer to the levels seen in June 2005. For the last five years, our former customers have found new sources of fresh food. While we will have to regain their support and allegiance, the Circle experience conveniently offers more than your traditional grocery supplier. For over sixty years, the 7th Ward community remained a dedicated and loyal customer base. Circle played an active role in the lives of its typical shopper and therein their competitive advantage was created. As long-time 7th Ward resident Doris Burbank stated, “That store was like glue, a community center. When you went in there you met people from all over. We deem it our neighborhood store, but actually this is a city store, people come from all over this city and shop in this store.”

Differentiation from Competitors

Circle is highly differentiated from its competitors within the 7th Ward neighborhood. As a cultural institution, the store has the flexibility to tailor its products and services to the needs of the community. The iconic storefront and prime location has a historical affinity beyond the two mile radius and throughout New Orleans. Moreover, the pre-existing dedicated market base is a significant advantage that Circle has over other potential entrants to the local grocery market. The points of parity with its competitors are the affordable pricing and traditional staple products. Therefore, Circle will direct its marketing efforts towards communicating the unique customer experience and added values of convenience and selection. While the large product selection contributes to Circle’s competitive advantage, it presents a challenge when creating a targeted marketing strategy. Though the industry standard is to promote the product line of the grocery store, Circle may be more successful focusing on the one-stop shop dimension of the brand and the non-traditional product offerings.

SOURCES

- 1) Snacks sold at non-food stores may be fuelling obesity, Belinda Godsmith, Reuters Jan 2010.
- 2) Building Healthy Communities: Expanding Access to Fresh Food Retail, A Report by the New Orleans Food Advisory Committee (2006)
- 3) State Master (www.statemaster.com) 2009 Data derived from this state database website
- 4) U.S. Department of Health and Human Services, The Surgeon General's Call to Action to Prevent and Decrease Overweight and Obesity (2001) available at: <http://www.surgeongeneral.gov/topics/obesity/calltoaction/>
- 5) Neighborhood Groceries: New Access to Healthy Food in Low-Income Communities. Report by Ed Bolen & Kenneth Hecht January 2003
- 6) State Indicator Report of Fruits and Vegetables, Center for Disease Control, 2009
- 7) Louisiana's Report Card on Physical Activity and Health for Children and Youth, Pennington Biomedical Research Center, 2009



ACKNOWLEDGEMENTS

Dwayne Boudreaux , owner Circle Food Store

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Emilie Taylor

Danielle Abelow, Ryan Anderson, Ben Flatau

Matt Fox, Jennifer Gaugler, Meghan Hartney

Whitney Huver, Garrett Jacobs, Ana Jimenez

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The A.B. Freeman School of Business team:

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The 7th Ward Neighborhood Center:

Sarah Howard, Stephanie McKee,

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The New Orleans Food and Farm Network

The Levy-Rosenblum Institute for Entrepreneurship

Tulane Entrepreneurs Association

Pierre Stousse, Edifice Construction

Mondo Bizarro

The Porch

The Historic Districts Landmark Commission

The New Orleans Office of Safety and Permits

And the residents of the Seventh Ward



tulane city center



FREEMAN SCHOOL OF BUSINESS

