

park slope
FOOD COOP

SECOND LOCATION STUDY

March 2020

park slope **FOOD COOP**

1. OVERVIEW

2. THE CO-OP TODAY

3. SURVEY RESULTS

4. CASE STUDIES

5. FINANCIAL ANALYSIS

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WHAT IS THE PURPOSE OF THE STUDY?

The study examines the feasibility of creating a second location for the Park Slope Food Coop (PSFC) in the context of the COOP's current operations and finances.

This study was produced by the Park Slope Food Coop Second Location Committee. The membership convened this committee of members and general coordinators in November 2016 to study the feasibility of establishing a second location.

COOP TIMELINE

COOP opens upstairs in what is now the middle building of the three that we now occupy. The COOP sub-rented from the Mongoose Community Center. One of the Mongoose co-founders was also a COOP co-founder. The COOP opened with just a few shopping hours on Saturdays only.



COOP signs a 2 year lease on 782, the middle building, with an option to buy before the end of the lease.



1973

1976

1976/77

1978

1979

1980



First walk-in cooler is built on the site of where we currently have a staff office upstairs.

The Mongoose Community Center ceases to exist and the COOP pays for the space directly with the landlord.



Historic cleaning of rough basement floor by a multitude of volunteer member cleaners in preparation for the coming pouring of a new top to the concrete floor. The COOP moves into the entirety of the middle building after installing our first conveyor between ground floor and the basement. Second floor converts from a shopping space to an office space. A new much bigger walk-in cooler is built by members' labor in the basement. The door is from a refrigerator in the South Street Seaport.



Shopping hours are established that last for at least 4 years: Tuesday's 5 to 7, Thursdays 7:30 to 9:30, Fridays 11:30 to 9:30 and Saturdays 9 to 4

Coop exercises its option and buys the first building.

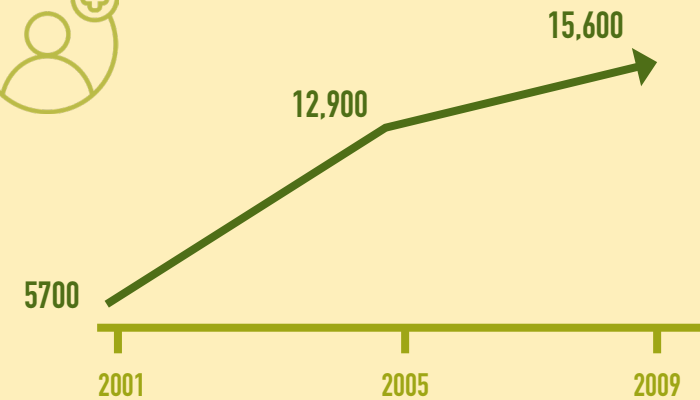
*** This information predates the COVID-19 pandemic.**



Coop buys its second building, the twin of its first, the one closer to Sixth Ave, but does not start using it for shopping for more than 2 years.



The COOP buys its third building, the one next to the firehouse thereby increasing the sidewalk frontage from 44' to 84'.



Membership Growth of the 2000s

1988

1991



The coop mostly finishes renovating the second building. The shopping space doubles, the storage space doubles and shopping hours expand to Monday thru Thursday's, 3:30 to 10:00, Fridays 9am to 10PM, Saturday's 9am to 7:30PM and Sundays 9am to 5PM. Air conditioning is added. Shopping carts are added. Frozen food is added. Chicken is added.



1999

2001

The integration and renovation of the third building is completed. This once again doubles the shopping areas, storage areas and the office/childcare/meeting room areas.



2007

The Coop starts accepting debit cards which vastly increases checkout area capacity and allows for more membership growth in the late 2000's.

COOP pays off mortgage in 2008.

2009

The Coop deliberately holds back membership growth by requiring pre-registration for new member orientations, reducing the size of orientations and reducing orientations per week by 25%. This size control remains to date.

2017



Target size is about 17,000.

The coop expands Sunday shopping to 8PM bringing weekly shopping hours to 100.



HOW IS THE STUDY FRAMED?

The study establishes general parameters and assumptions for a second location.

Case studies, based on potentially viable sites illustrate these parameters and depict hypothetical expansion models.

Specific sites for a second location are not proposed.

PRESENTATION OUTLINE

This report includes a discussion of:

1. ANALYSIS OF CURRENT MEMBERSHIP HOME LOCATIONS AND SPENDING PATTERNS
2. ANALYSIS OF BROOKLYN NEIGHBORHOODS
3. SURVEY RESULTS OF COOP MEMBERS AND OTHERS
4. REAL ESTATE CASE STUDIES AND PROJECT BUILDING TYPES
5. FINANCIAL ANALYSIS

What does this report not cover?

1. REPLACEMENT OR SALE OF EXISTING LOCATION

The study did not consider any scenario in which the existing COOP would be sold or replaced by a single new location.

2. BROADER FINANCIAL FACTORS

The report looks at the COOPs finances within the context of a second location and is not intended as an broader assessment of the COOP's financial situation.

3. SPECIFIC SITES

The study uses case studies to explore various parameters and assumptions. It does not identify one specific site or neighborhood.

Why consider a second location for the COOP?

1. The COOP has limited its membership for the last 10 years due to our current space constraints. We are aligned with the International Cooperative Movement. International Cooperative Principles #1 states that cooperatives be “open to all persons”. Having the ability to increase our membership for the first time in years aligns us better with the International Principles.
2. We should share our success with others by aiming to double our current membership and spreading into in a new neighborhood;
3. We can build on our already tremendous support of local farmers and suppliers;
4. We can increase convenience for existing members by giving them another location to shop and work;
5. We can develop operational efficiencies and (potentially) larger sources of revenue; and
6. We can build resiliency that two stores provide in case of a disruption or emergency at one location.

RISKS

What are the risks of a second location?

1. Greater pre-planning and build-out costs than originally anticipated
2. Difficulties achieving in projected membership growth to sustain the second location.
3. Changes in wider trends in supermarket shopping that may affect overall COOP membership.

These four parameters & assumptions were considered during the study.



LOCATION

Distance from current location and anticipated membership uptake



COSTS

Acquisition, construction, etc. (not to exceed \$20 million)



SIZE

Operational needs and anticipated membership



MEMBERSHIP

Membership uptake assumptions



EXISTING MEMBER PROXIMITY

Sufficient members nearby. At least +/- 3,000 members closer to the proposed location than current location.



POPULATION DENSITY

High population density within a ½ mile radius and within a 1-mile radius.



DISTANCE FROM EXISTING LOCATION

Consider locating the new store at least 1.5 miles from the current location. Choose a location that reaches new members yet is close enough so that PSFC employees can travel between stores. Keep travel times within 45 minutes based on mass transit.



MASS TRANSIT ACCESS

Access via mass transit for members. The new location is within a 10-minute walk of a subway station and within a 5-minute walk of a bus stop.



NEW MEMBER INTEREST

Sufficient interest from potential new members and pledges of at least 500 people to join by the time the site is selected.



MIXED INCOME COMMUNITY

Community around the new store is mixed income.

SECOND LOCATION PHYSICAL CRITERIA



The new location should satisfy the following physical and operational criteria.

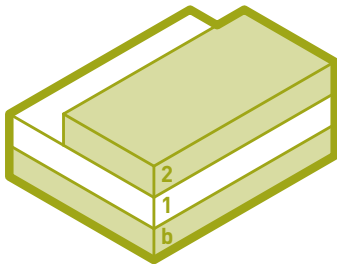
Stories:	1 to 2	Second Floor:	Not required
Ceiling Height:	15'+ preferable	Loading:	Loading dock(s) present
Lot size:	TBD	Parking:	Not required
Tot Gross Size:	15,000-20,000 sf	Zoning:	FRESH Zone (not required) designation in certain areas would allow a residential development to add roughly an extra floor of development rights or to receive financial assistance.
Basement:	Open floor plan basement		
Ground Floor:	Potential for additional services, such as coffee shop or food preparation facility		

The new location should be 15,000–20,000 sf.

It should devote a majority of space to selling. Spaces 10,000 sf and smaller would not allow the COOP to achieve significant operational benefits.

Current

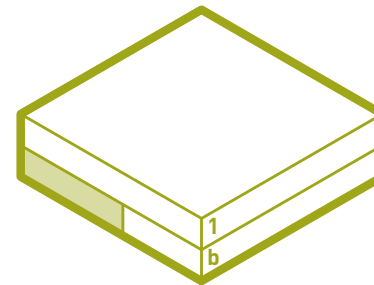
Future – Second Location



Current Location

14,000 sf operations

6,000 selling space



20k sf Location

10,000 sf operations

10,000 selling space

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MEMBER ANALYSIS

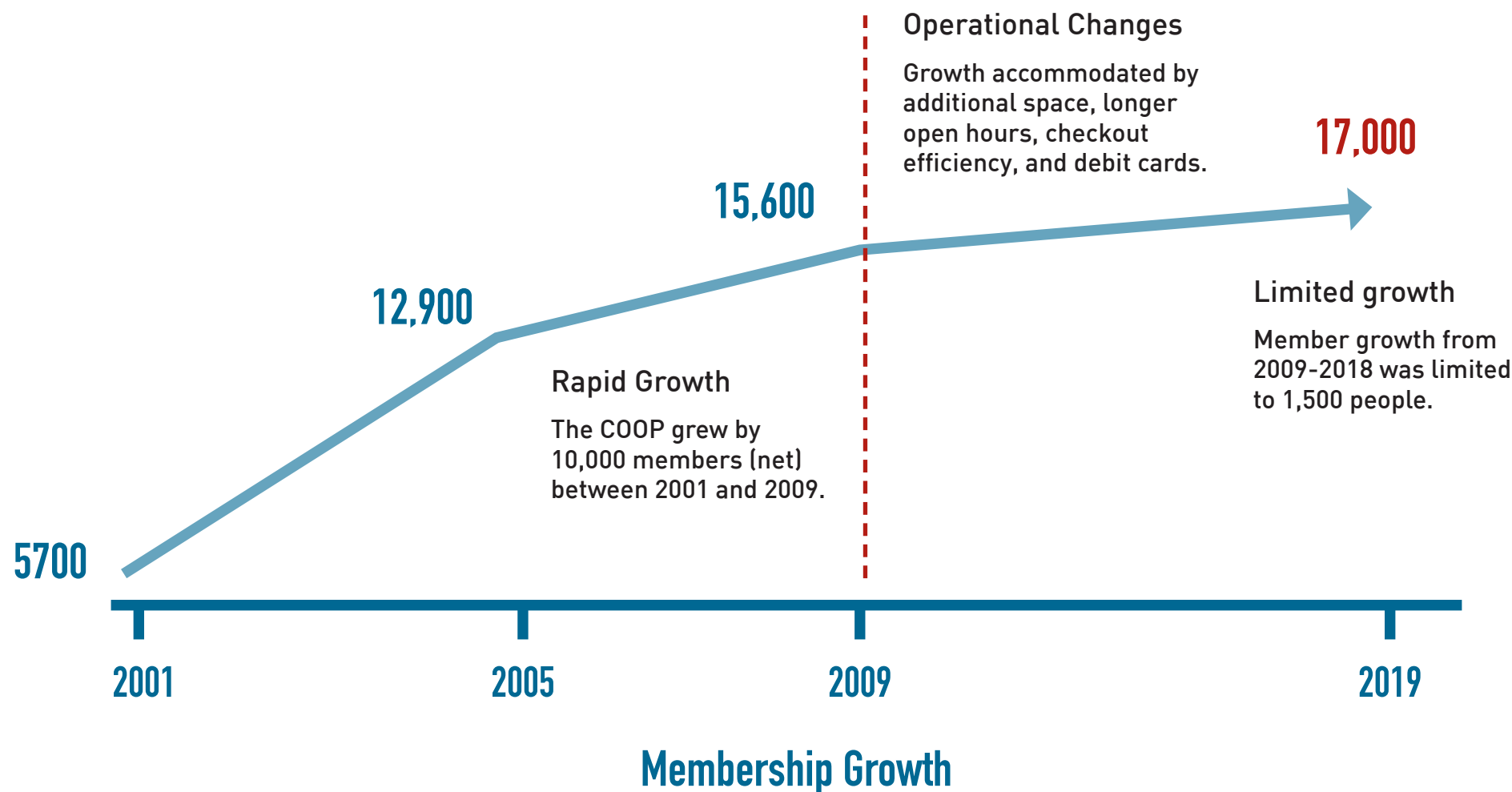
The PSFC Second Location Committee conducted extensive research on existing membership data and trends to better understand how existing members might relate to a second location.

MEMBERSHIP GROWTH

* 2021: 11,750 members
2022: 15,000 (projected by EOY)

DRAFT

Over the past twenty years the COOP tripled its membership by improving operational efficiencies. We reached our membership capacity in 2009 and demand for membership remains very high.

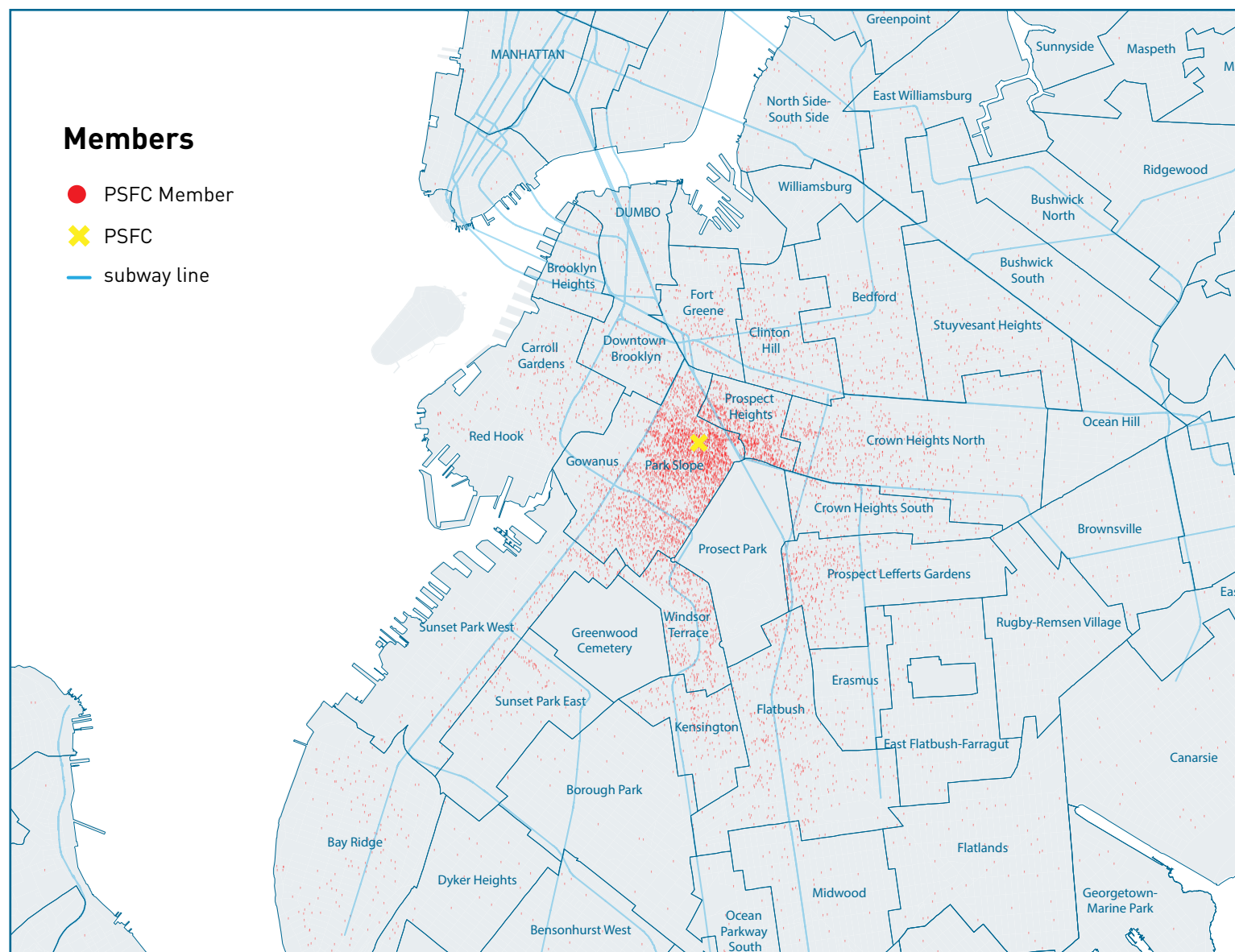


MEMBER DISTRIBUTION

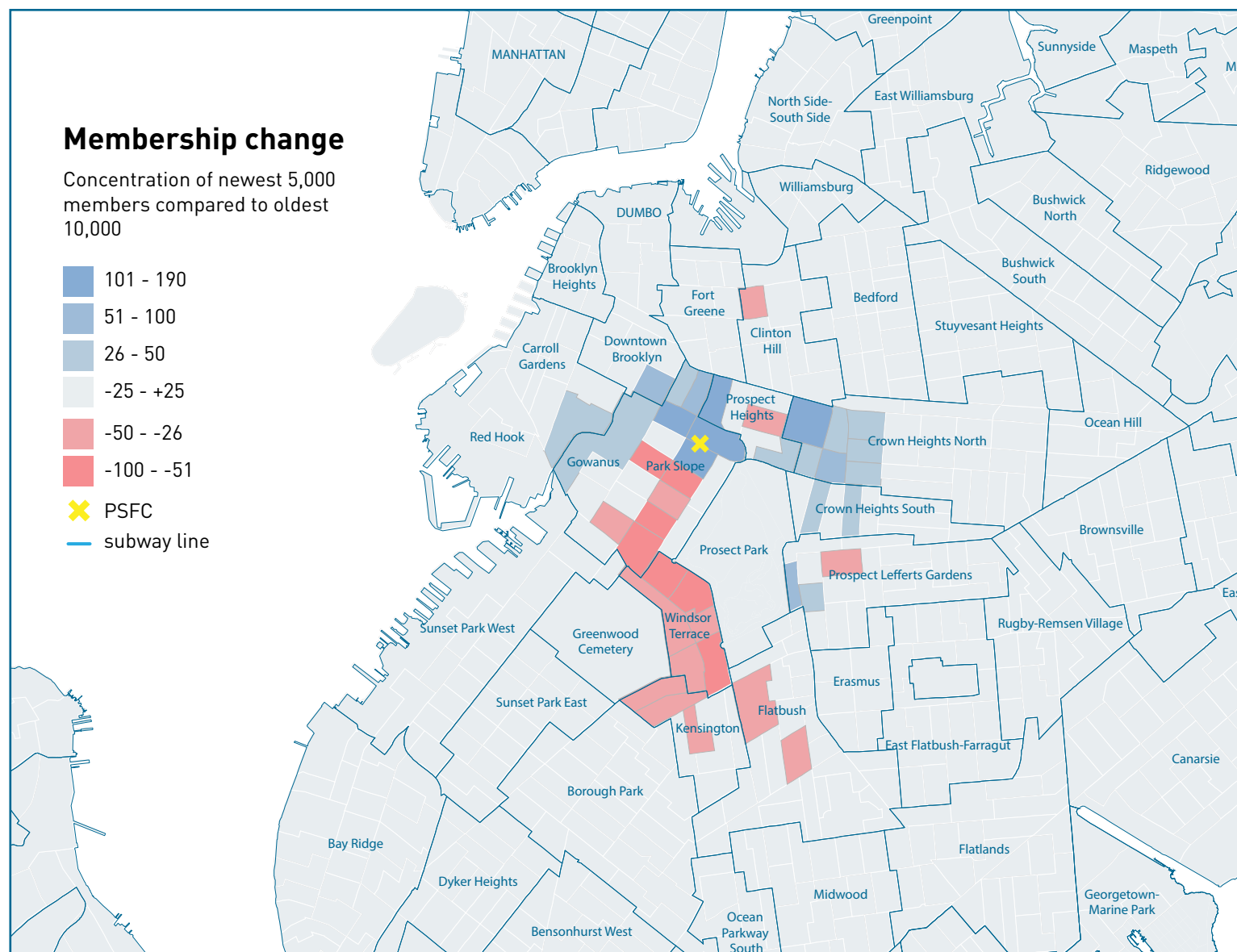
DRAFT

Current members are widely distributed.

About 30% live within ½ mile of the Coop. 51% live within 1 mile. 49% of current members live greater than one mile from the COOP.

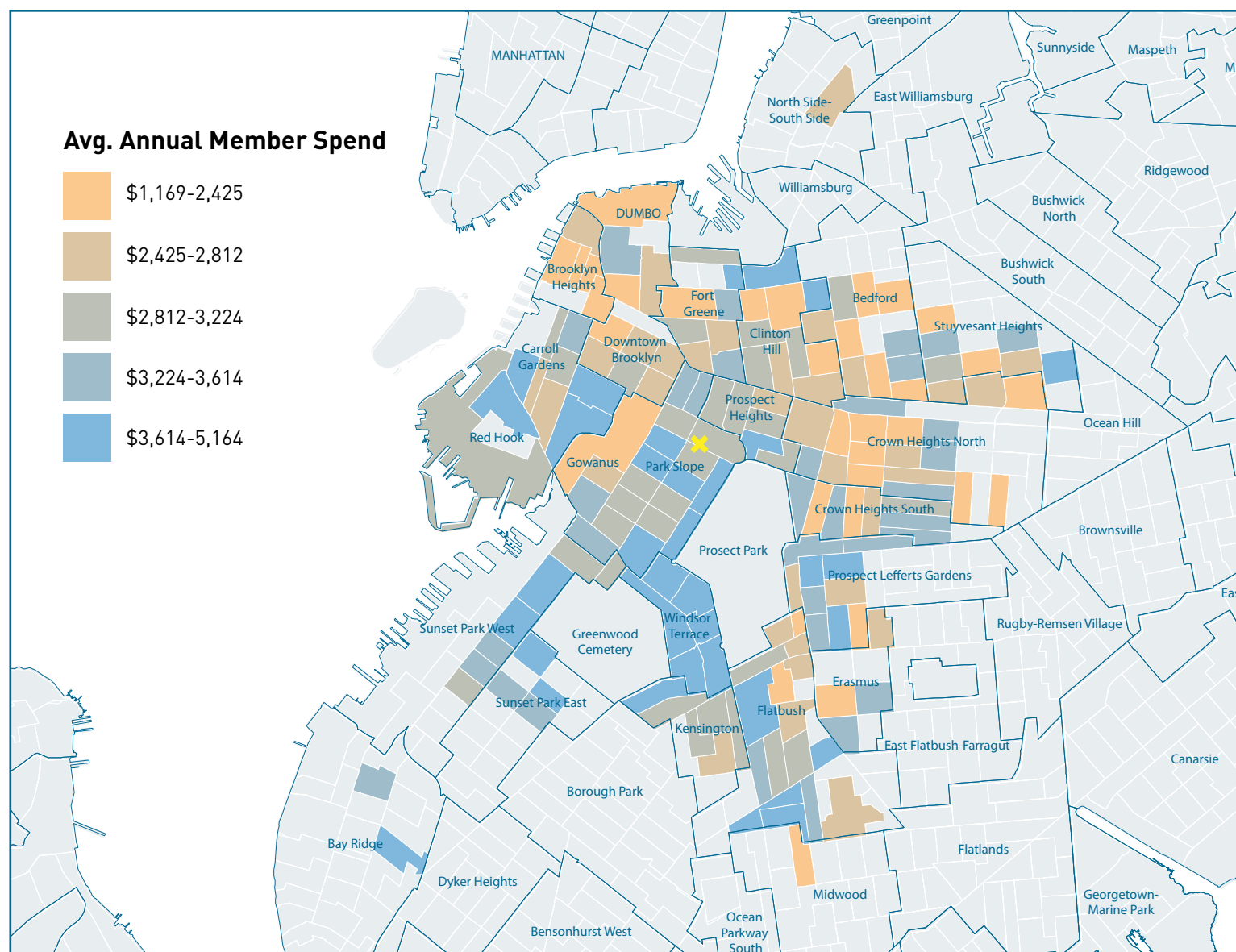


Some areas display a higher than average incidence of new members, while others have a lower than average incidence of new memberships.



MEMBER DISTRIBUTION

Members spend around \$3500 on average annually at the COOP. Areas as far as two miles away from the COOP generate significant member revenue. the overall per coop member spending amount.



Note: The map above only shows data for census tracts where 10 or more active members live. Data is for members who were active for all of 2016 and 2017, and are adjusted to match.

EXISTING LOCATION

Stories: 2 plus basement

Lot size: 7,980 sf

Tot Gross Size: 20,300 sf

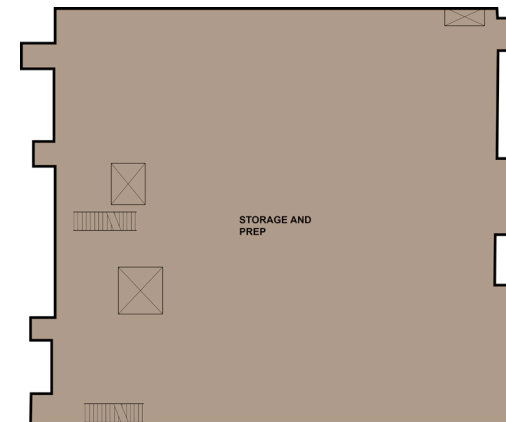
Ground Floor: 7,670 sf
(6000 sf selling)

Basement: 7,670 sf

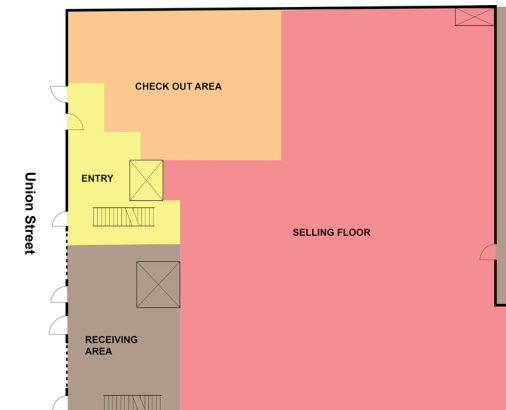
Second Floor: 4,960 sf

Loading: Curbside

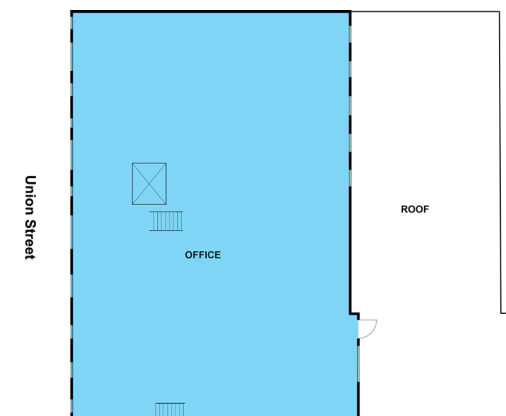
Parking: None



BASEMENT



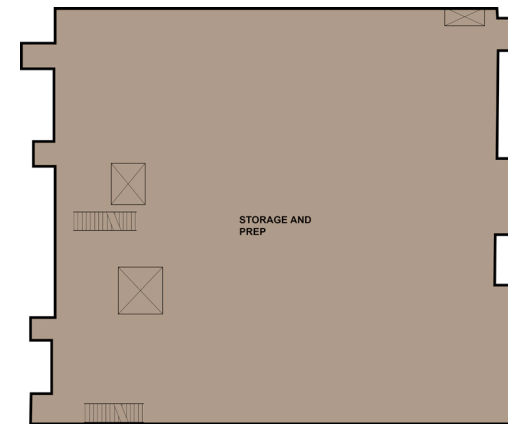
GROUND FLOOR



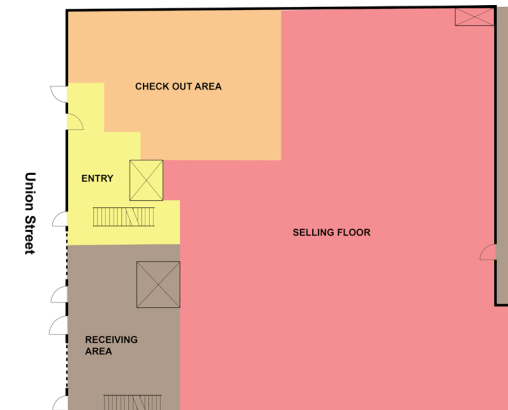
SECOND FLOOR

The current location lacks several modern amenities that could increase efficiency, including:

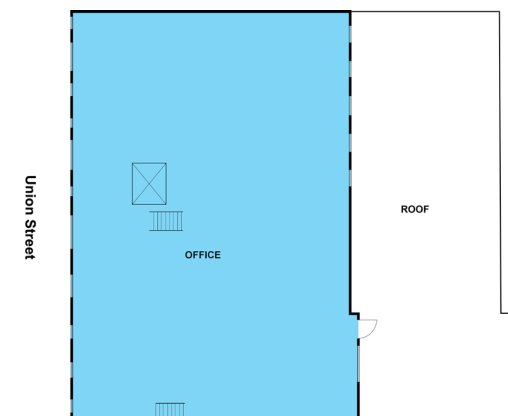
- loading dock
- adequate selling space
- efficient basement layout



BASEMENT



GROUND FLOOR



SECOND FLOOR

Current & Planned Operations & Information Technology

1. The COOP's operations rely on four central applications: applications: Inventory, Point of Sale (POS), Membership, and Accounting.
2. Because of its specific needs, the COOP developed their own proprietary applications from scratch for inventory and membership
3. The existing underlying technology (language) limits the evolution of the IT system and may not be supported soon. Today, these applications do not allow for second location to be added.
4. The Coop should not acquire a second location until the IT systems have been adequately implemented and tested to accommodate the expansion.
5. The COOP's IT department has started developing a version 2.0 of these applications from scratch. *** completion by 2024**
6. The GCs expect to roll-out IT improvements over the next few years and complete the project by October 2022.
7. Inventory, Store and Membership Version 2.0 will allow the COOP to operate across multiple locations, alongside many other benefits.

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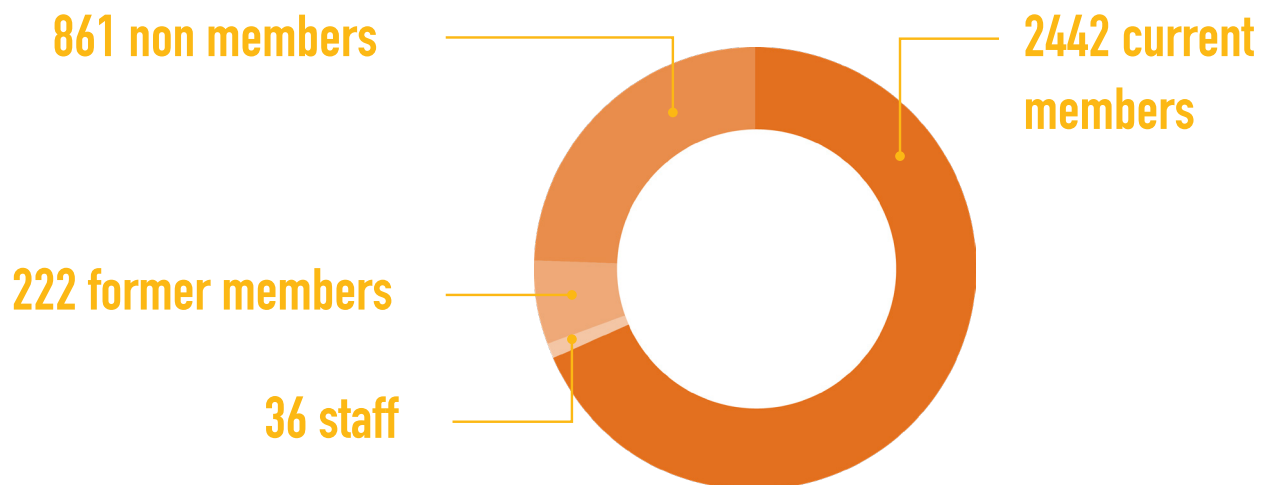
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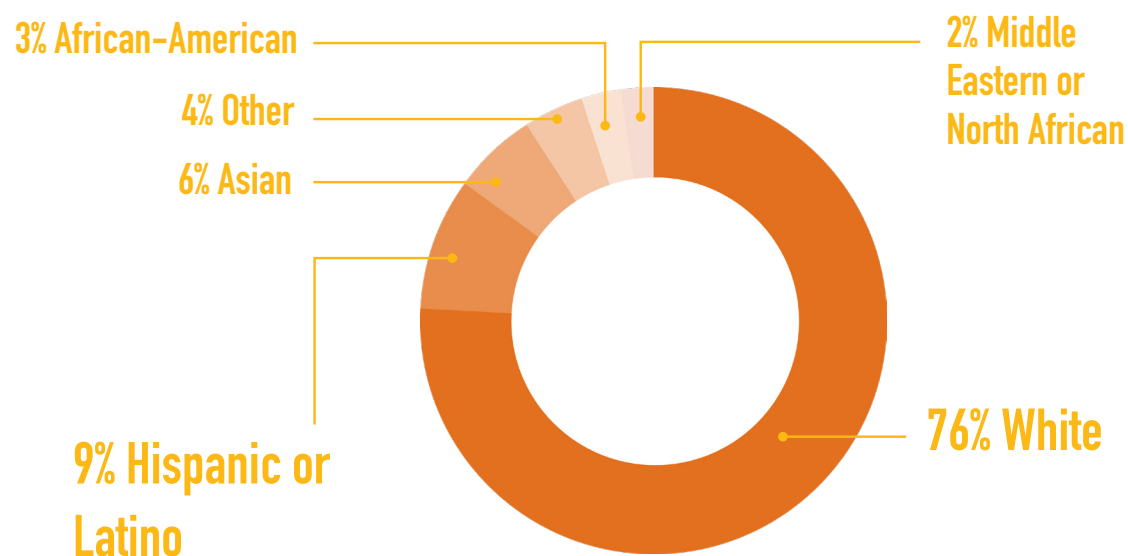
SURVEY

Between February and April in 2018, the PSFC Second Location Committee conducted a survey of 3651 current and former COOP members, staff, and non-members to understand potential receptivity to a second location.

MEMBERSHIP



RACE / ETHNICITY

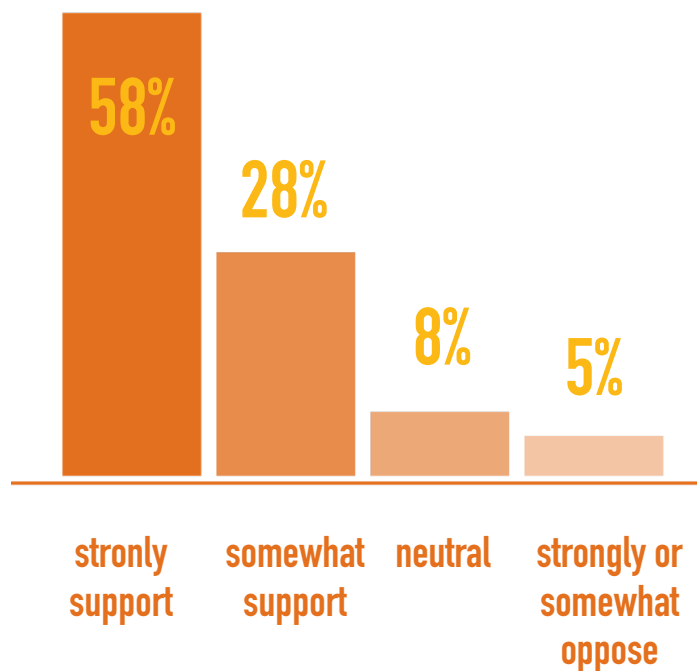


3561 TOTAL
70% COMPLETED
35-44 AVERAGE AGE

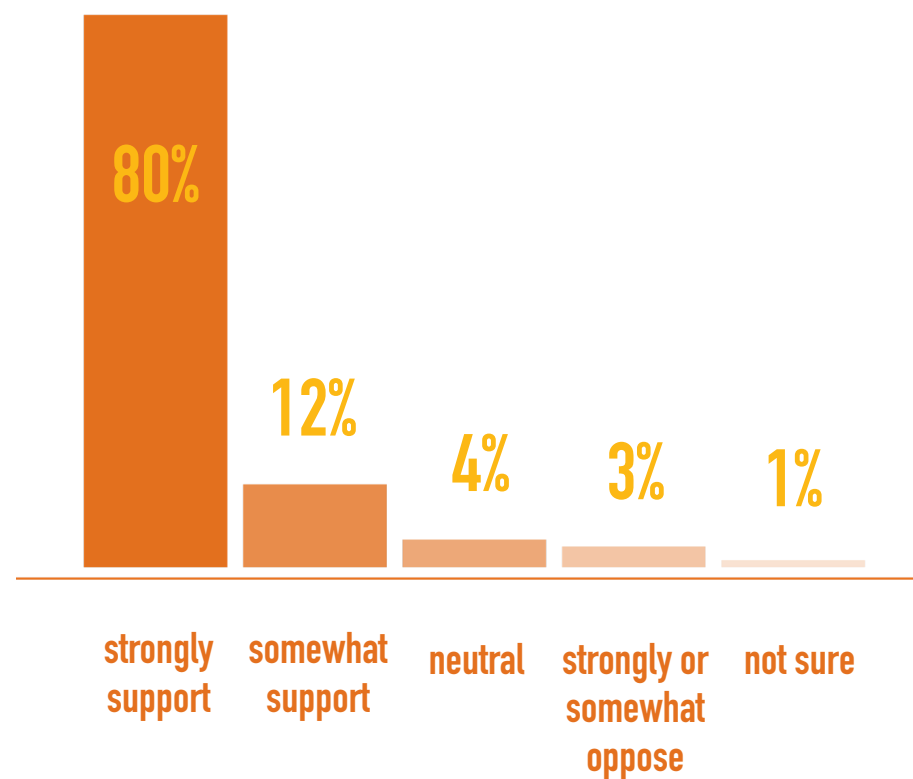
GENDER
62% female
30% male
2% non binary
5% no answer

Median respondent joined
COOP 2005 to 2009

MEMBER SUPPORT




NON-MEMBER / FORMER MEMBER SUPPORT



↑ 64% of respondents ranked reduced crowding as a high priority.

↓ 61% of respondents reported off-street parking as a low priority.



HIGH	<ul style="list-style-type: none">• Reduced crowding in current location• Stronger regional and organic farmers<ul style="list-style-type: none">• Fresh produce availability• Proximity to mass transit
MIDDLE	<ul style="list-style-type: none">• Spread the COOP model<ul style="list-style-type: none">• Financial stability• Wider aisles• Closer to home
LOW	<ul style="list-style-type: none">• Space for more amenities• Dedicated off-street parking• Broader product selection



MASS TRANSIT ACCESS

64% more likely to shop

36% no expected change



ONLINE SHOPPING FOR DELIVERY / PICKUP

48% interested in online shopping for delivery

45% interested in online shopping for pickup

43% not interested in those models



PARKING LOT ACCESS

30% more likely to shop

12% opposed to parking lot

58% no expected change

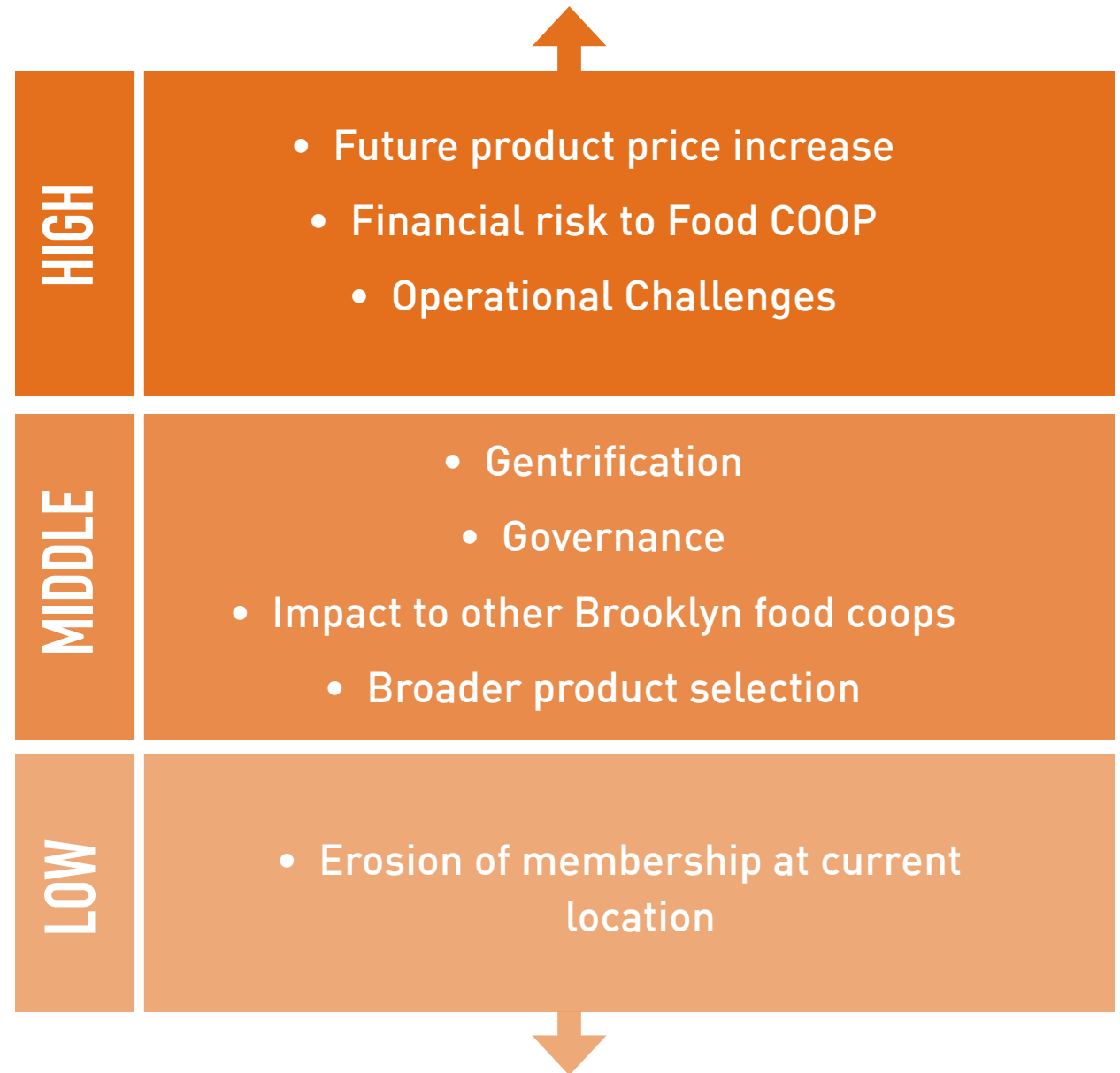
MOST ENCOURAGING

- Closer to home
- More comfortable shopping experience

LEAST ENCOURAGING

- More store amenities (26% of members)
- Easier to access via car / vehicle (23% of members)

Future product price increases ranked among the highest concerns to members.



COOP members ranked their preference for a second location from low to high.

HIGHEST

Prospect Heights
South Slope
Gowanus

MIDDLE

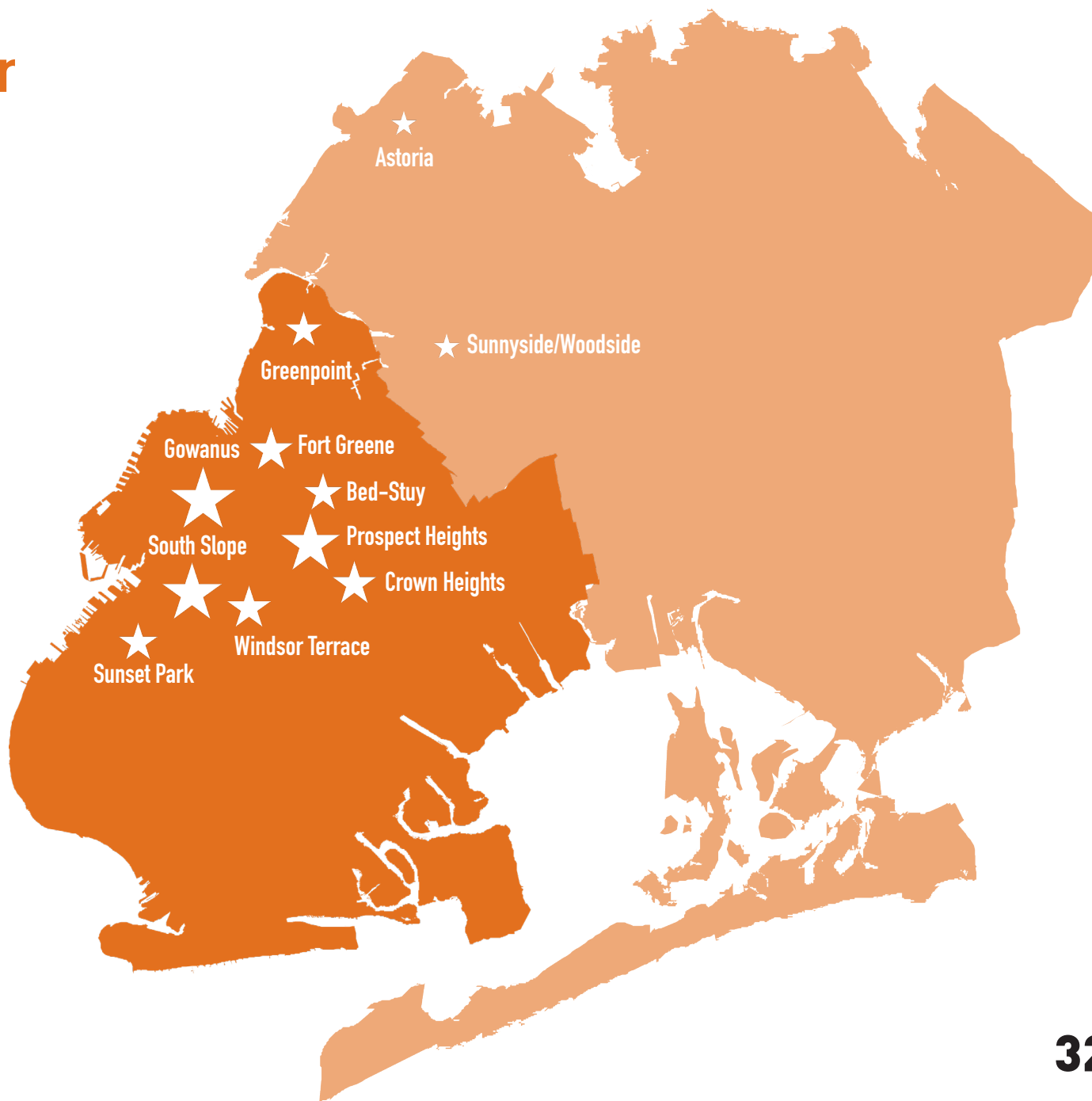
Crown Heights
Fort Greene
Windsor Terrace

LOWER

Bed-Stuy
Sunset Park

LOWEST

Sunnyside/Woodside
Astoria



POTENTIAL LOCATIONS

Non-members also ranked their preferences for a second location.

HIGHEST

Bay Ridge

Sunset Park

Kensington/Ditmas Park

South Slope

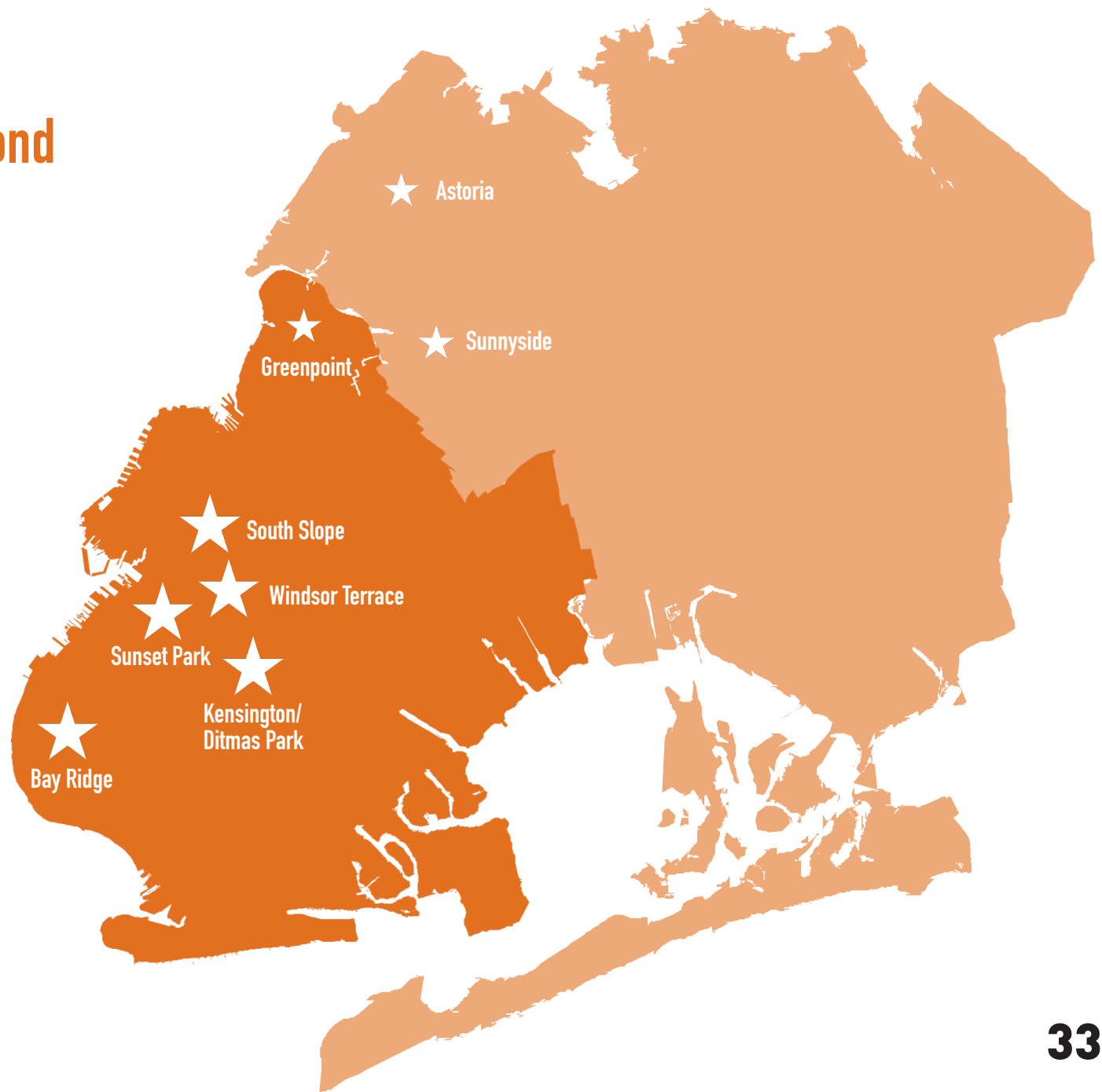
Windsor Terrace

LOWEST

Greenpoint

Sunnyside/Woodside

Astoria



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CASE STUDY APPROACH

Based on existing data and trends, the committee selected four hypothetical sites to illustrate the different parameters and assumptions that would go into choosing a second location for the C00P.

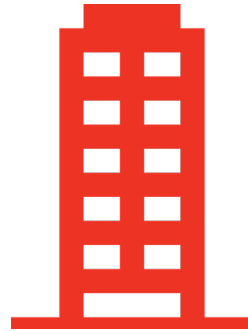
Neighborhoods with greater purchasing power tend to have higher retail real estate values.

The challenge is to open a second location in an area with low enough real estate values to be affordable for rent or purchase, but with enough purchasing power to offset the risks of a opening second location.



**OPTION 1****Single-Purpose Retail Space**

**A standalone retail space,
either in an existing building
or
built new**

**OPTION 2****New Construction**

**A ground-floor retail space in
a new mixed-use building**

**OPTION 3****Reuse of Industrial Building**

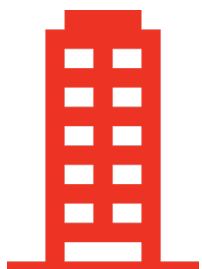
**Adaptive reuse of one- or two-
story building plus basement in
a non-residential zone close to a
dense residential population**

CASE STUDIES



SITE PURCHASE

- ï Bushwick (Manufacturing Zone)
- ï Sunset Park (Manufacturing Zone)

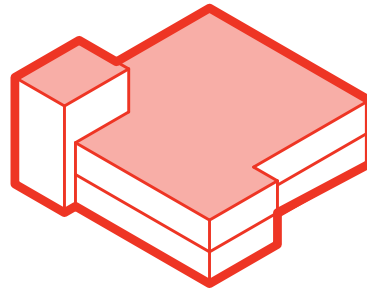


CONDO PURCHASE /JOINT VENTURE

- ï Fort Greene (Commercial Zone)
- ï East Flatbush (Commercial Zone)



CASE STUDY 1: BUSHWICK



Rehab construction



NEIGHBORHOOD:	Bushwick, BK
SPACE:	22,500 sq ft; ground floor; 3,000 sf second level
FRONTAGE:	276 ft on two streets
CEILING HEIGHT:	up to 16 ft
ASKING PRICE:	approx. \$40/sq ft for rent or \$530/sq ft for purchase
LOCATION:	close to Morgan Ave. L Station
TYPOLGY:	adaptive reuse
ZONING:	M District /FRESH Zone,
PROS:	good population density nearby, loading docks and outdoor space, rent or purchase options, area in need of a good full-service market
CONS:	low spending power of local residents, mass transit close by is fair zoning action for special permit would be required.



Within 45 mins of existing location



Accessible by mass transit



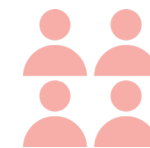
Mixed income community



New member interest

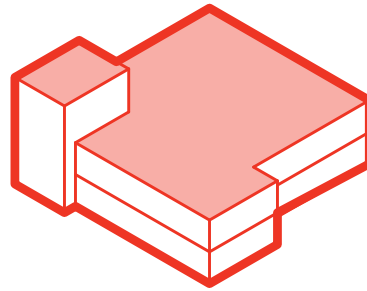


Sufficient population density



Member Proximity

CASE STUDY 2: SUNSET PARK



Rehab construction



NEIGHBORHOOD:	Sunset Park, BK
SPACE:	16,577 sq ft; ground floor
FRONTAGE:	125 ft
CEILING HEIGHT:	unknown
ASKING PRICE:	approx. \$407/sq ft for purchase
LOCATION:	close to Prospect Ave. R Station
TYPOLGY:	adaptive reuse
ZONING:	M District
PROS:	Through lot
CONS:	small site, industrial area not in close proximity to high density residential area, low spending power of local residents, mass transit close by is fair CPC action for special permit to allow for use



Within 45 mins of existing location



Accessible by mass transit



Mixed income community



New member interest

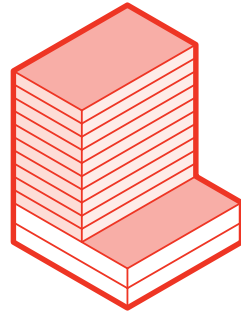


Sufficient population density



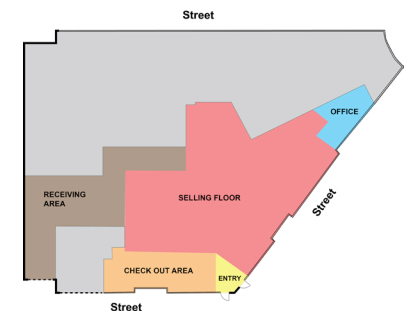
Member Proximity

CASE STUDY 3: FORT GREENE



New construction

NEIGHBORHOOD: Fort Greene, BK
SPACE: 33,325 sq ft; ground floor (divisible)
FRONTAGE: 510 ft wraparound
CEILING HEIGHT: up to 18 ft 7 in
ASKING PRICE: approx. \$60/sq ft for rent
LOCATION: close to Clinton-Washington C Station
TYPOLGY: new construction
ZONING: C District
PROS: loading dock; 133 car parking garage
major visibility in strong commercial area; good population density nearby with high spendable income; proximity to transit
CONS: difficult column spacing; higher price



Within 45 mins of existing location



Accessible by mass transit



Mixed income community



New member interest

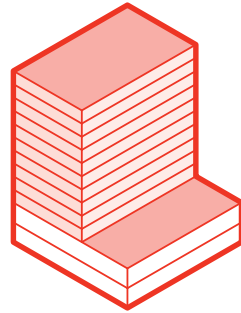


Sufficient population density



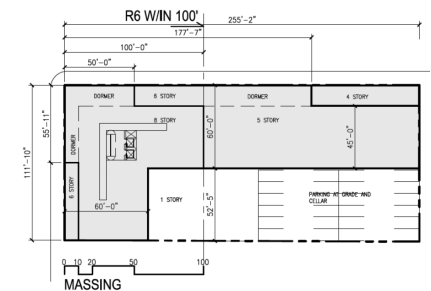
Member Proximity

CASE STUDY 4: EAST FLATBUSH



New construction

NEIGHBORHOOD: East Flatbush, BK
SPACE: 20,000 sq ft ground floor and cellar
FRONTAGE: 200 ft on two sides
CEILING HEIGHT: 10-12 ft
ASKING PRICE:
LOCATION: close to Church Ave 2/5 Station
TPOLOGY: New construction
ZONING: C/R District / FRESH Zone
PROS: proximity to retail corridors at Church/Flatbush potential for parking
CONS: not close to high density residential area, low spending power of local residents



Within 45 mins of existing location



Accessible by mass transit



Mixed income community



New member interest



Sufficient population density



Member Proximity

park slope

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FINANCIAL ANALYSIS

The Second Location Committee built a financial model to analyze the financial feasibility of developing and operating a second location, testing core variables that shape financial performance, including real estate costs, buildout, membership growth and spending, operational savings, and a member loan program.

HOW DO WE PAY FOR IT?

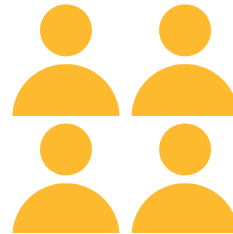
We tested the viability of a range of sizes and budgets for the construction of the new location, each supported by 3 potential financing sources.

15,000-20,000 SF | \$12-16 million for purchase [\$6-8 million for lease]



Bank Loan

- Ideally 60% or less of project cost to minimize bank debt
- Interest rates likely in 6-7% range
- Loan Term: 10 years, with balloon payment due (at which point the loan could be refinanced)



Member Loans

- Direct loans from members to the PSFC. Successful history of raising member loans at PSFC.
- Would pay interest in the 3-5% range, with a fixed term of up to 7 years. (Leased space could potentially avoid a bank loan)
- Would be raised immediately following the referendum through the first few years the new store is up and running.



PSFC Contribution from Cash Balance

- Limited to \$3 million maximum over life of project
- Requires growing cash balance of PSFC
- Some PSFC cash paid into project could be replaced by member loans as they are raised

CORE DRIVERS AND ASSUMPTIONS

The analysis identified four critical drivers of project economics.



Space Buildout & Acquisition/ Lease Costs

Size:

15,000 SF

Rent	\$6M
Acquisition	\$12M

20,000 SF (preferred)

Rent	\$8M
Acquisition	\$16M

(\$100 psf)



Acquisition vs. Lease

Baseline Costs

Acquisition Scenario

Acquisition & Buildout:
\$500-650 psf

Lease Scenario

Lease	\$30-40 psf
Buildout	\$175 psf

after landlord allowances



Membership Growth & Spend

Membership growth

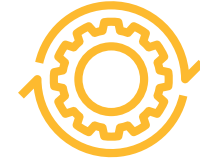
**14,500 new members
by Year 5**

Membership Spend

**\$3,530/year for Year 1
Escalating at 2%/year**

Income Projections

**Discounted by 10% for
conservatism**



Operational Savings & Mark-ups

Operating Expenses

**75% increase in staff
across the two stores based
on General Coordinator
calculations
Costs escalate 5%/year**

ACQUISITION VS. LEASE

Significant differences exist between site acquisition and leasing in terms of financing, siting, execution and control.

	ACQUISITION	LEASE
Financing	<ul style="list-style-type: none"> ï Higher upfront costs ï More favorable debt load 	<ul style="list-style-type: none"> ï Lower upfront cost ï Higher ongoing payments
Siting	<ul style="list-style-type: none"> ï Harder to site, particularly in higher-value areas 	<ul style="list-style-type: none"> ï Easier to site ï Potentially greater flexibility in selection of neighborhoods
Execution	<ul style="list-style-type: none"> ï Greater financial risk short term ï Greater burden of project execution ï Better choice long-term 	<ul style="list-style-type: none"> ï Costs and execution risk limited to space fit-out ï Greater financial risk long term

ACQUISITION & LEASE COSTS

* Information has not been updated since the COVID-19 pandemic but rents overall are 19% lower across Brooklyn in the first half of 2022.

DRAFT

Asking rents vary greatly across – and within – neighborhoods. PSFC would look for sites with lower quality and less visibility within these areas.



MEDIAN ASKING RENTS FOR RETAIL SPACES (PSF)

Source
REBNY, LoopNet

Caveat
Large retail spaces are in limited supply, which should impact pricing.

PRECEDENTS



Berkshire Food Coop

Great Barrington MA
9,800 sf + parking lot in purpose-built space on ground floor of apartment building
Opened 2019



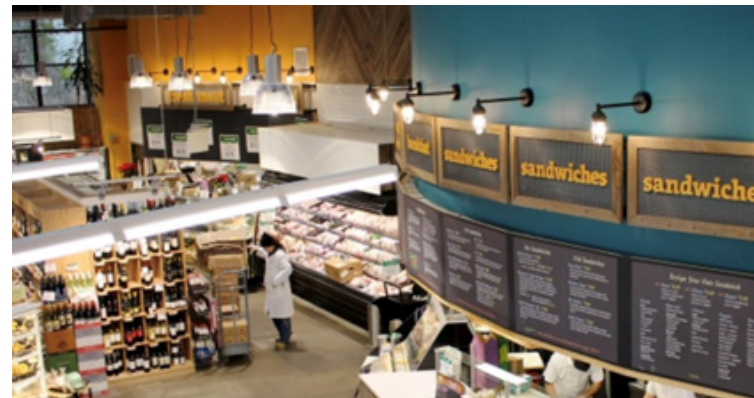
Blue Hill Coop

Blue Hill, ME
New store opened - 2019



Lexington Cooperative Market-

Great Buffalo NY
Second store opened 2017
Rehab and expansion of vacant CVS pharmacy site



River Valley Coop

Easthampton/Northampton MA
second store opened 2022
23,000 square foot - standalone purpose built facility

ISSUE	RISKS	MITIGATING MEASURES
Member recruitment	Success of project is sensitive to attracting an adequate number of new members	<ul style="list-style-type: none"> Begin membership recruitment immediately following referendum and aggressively recruit new members after acquisition Select location that will draw some members from existing location, though not to its detriment (e.g. $\leftarrow 2,000$)
Financial performance	Member spending and retention must meet targets to meet debt obligations and staffing costs	<ul style="list-style-type: none"> Budget to allow for a conservative period of ramp-up (e.g. 4 years), test model against lower income projections Assess additional operational efficiencies achievable between the two stores
Financial backstop	If the second location fails, any unpaid debt would fall to the PSFC, and financial institutions may require guarantees from the PSFC to lend for the new location.	<p>PSFC can limit its financial exposure by:</p> <ul style="list-style-type: none"> Taking out a mortgage that is far below the collateral value of the property Having subordinated member loans cover the gap Only agreeing to a limited guarantee
Construction management	Management of a construction project is time intensive, challenging, and require timely decision-making	<ul style="list-style-type: none"> Hire a professional project manager, who would report to a streamlined leadership group to facilitate decision-making Budget conservatively for the length of the construction process

park slope
FOOD COOP

APPENDIX

FINANCIAL ANALYSIS DETAILS

The PSFC Second Location Committee conducted an in-depth financial analysis of the current location's operations and finances.

CURRENT FINANCIAL STATE

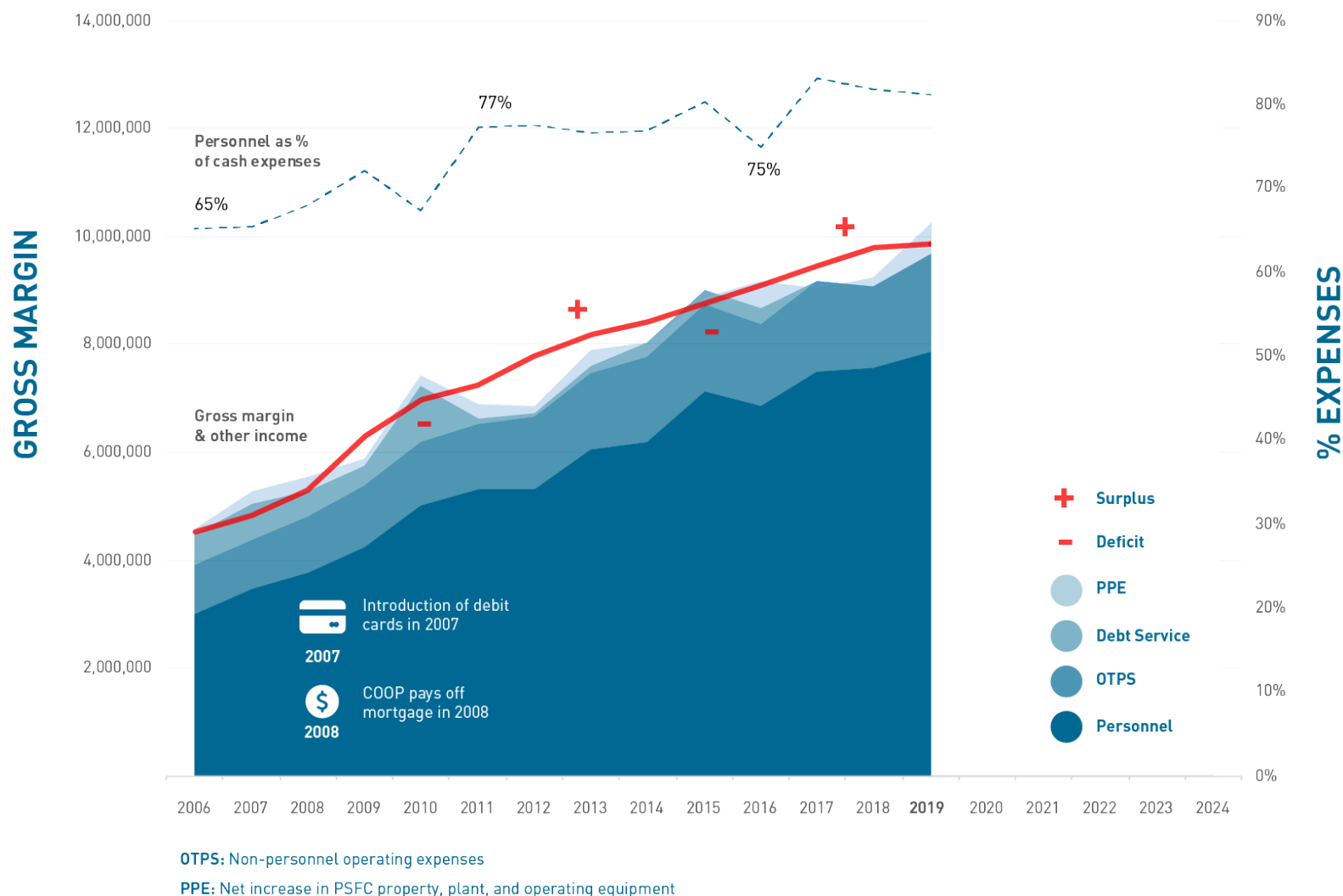
* Information has not been updated since the COVID-19 pandemic and this analysis informed PSFC financial strategies during the pandemic. **DRAFT**

Since 2006, the COOP has witnessed periodic surpluses along with growing expenses.

Average Annual Growth

	2006-2012	2012-2019
Income	11.9%	3.9%
Expenses	8.5%	7.1%

GROSS MARGIN VS EXPENSES



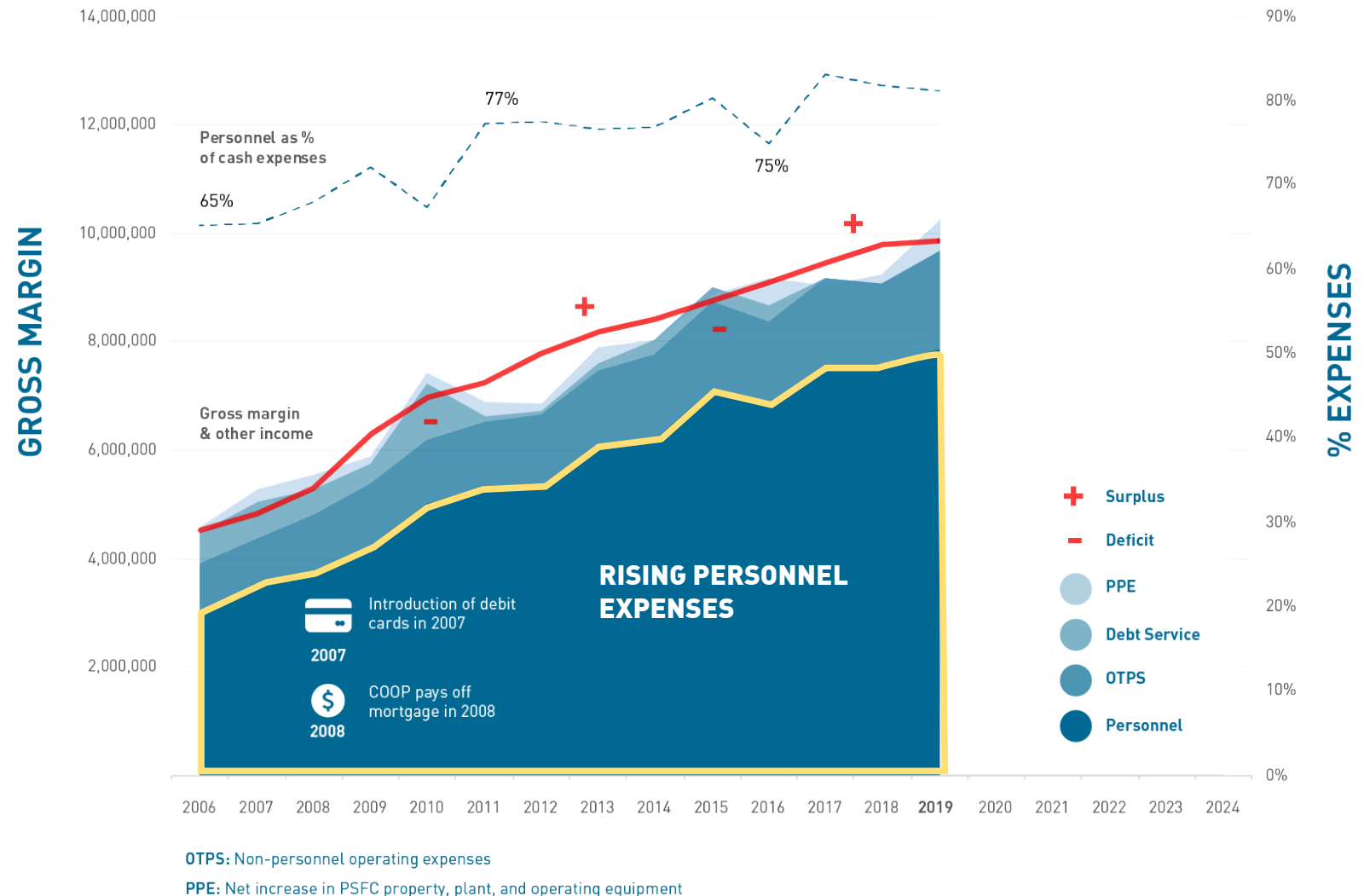
CURRENT FINANCIAL STATE

* Information has not been updated since the COVID-19 pandemic and this analysis informed PSFC financial strategies during the pandemic. **DRAFT**

The COOP has managed to keep its budget in line over the last several years, even as staff costs have grown, without increasing the mark-up for members.

Personnel now accounts for 81% of total cash expenses (2/2/2020), as opposed to 65% in 2006. As should be expected, labor costs increased much faster than fixed expenses as revenue increased from \$27m in 2006 to \$58m in 2019.

GROSS MARGIN VS EXPENSES

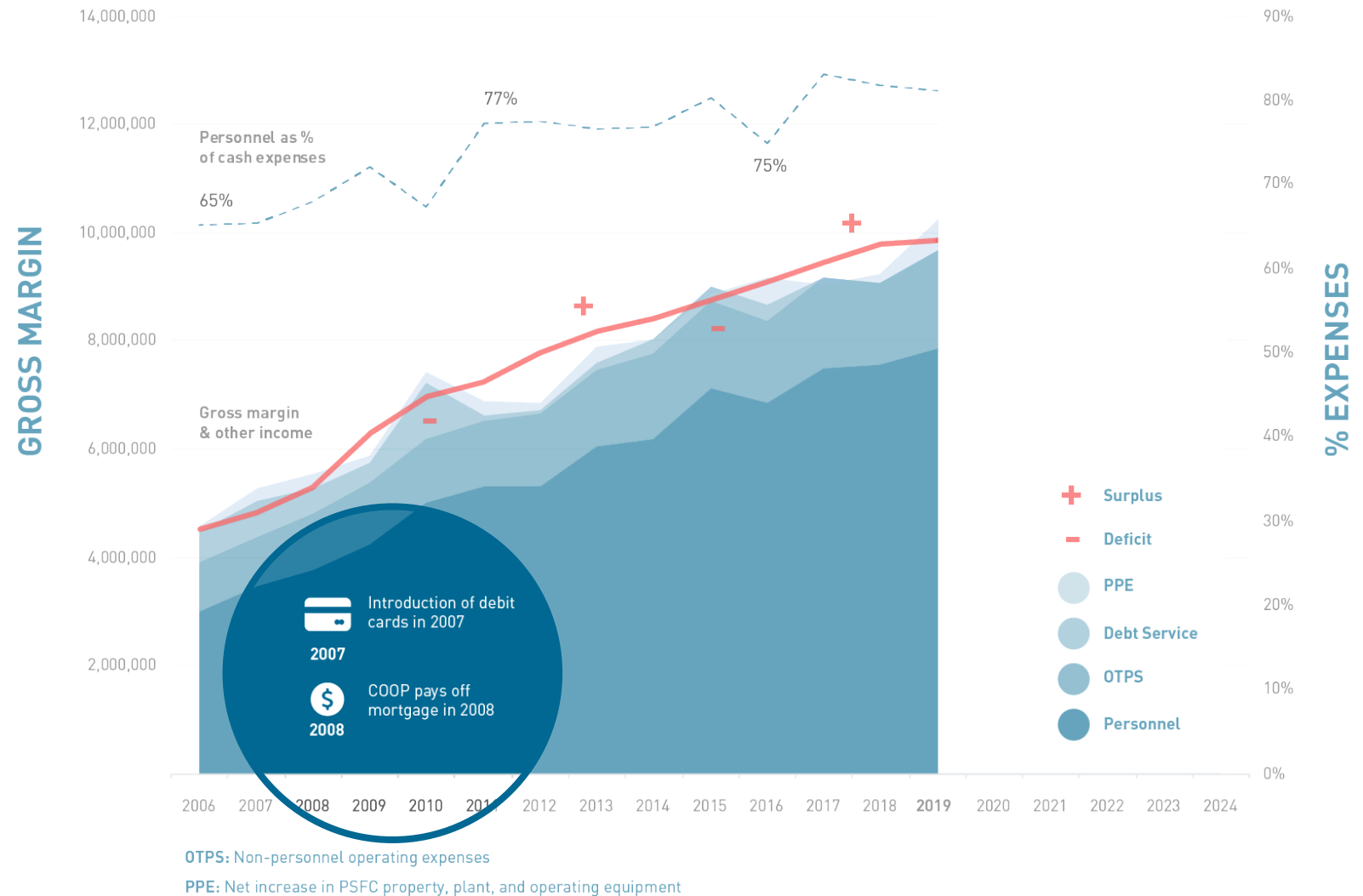


CURRENT FINANCIAL STATE

* Information has not been updated since the COVID-19 pandemic and this analysis informed PSFC financial strategies during the pandemic. **DRAFT**

Since 2007, the COOP has expanded by increasing operational efficiencies, such as the introduction of debit cards and several redesigns of the checkout process.

GROSS MARGIN VS EXPENSES



CURRENT FINANCIAL STATE

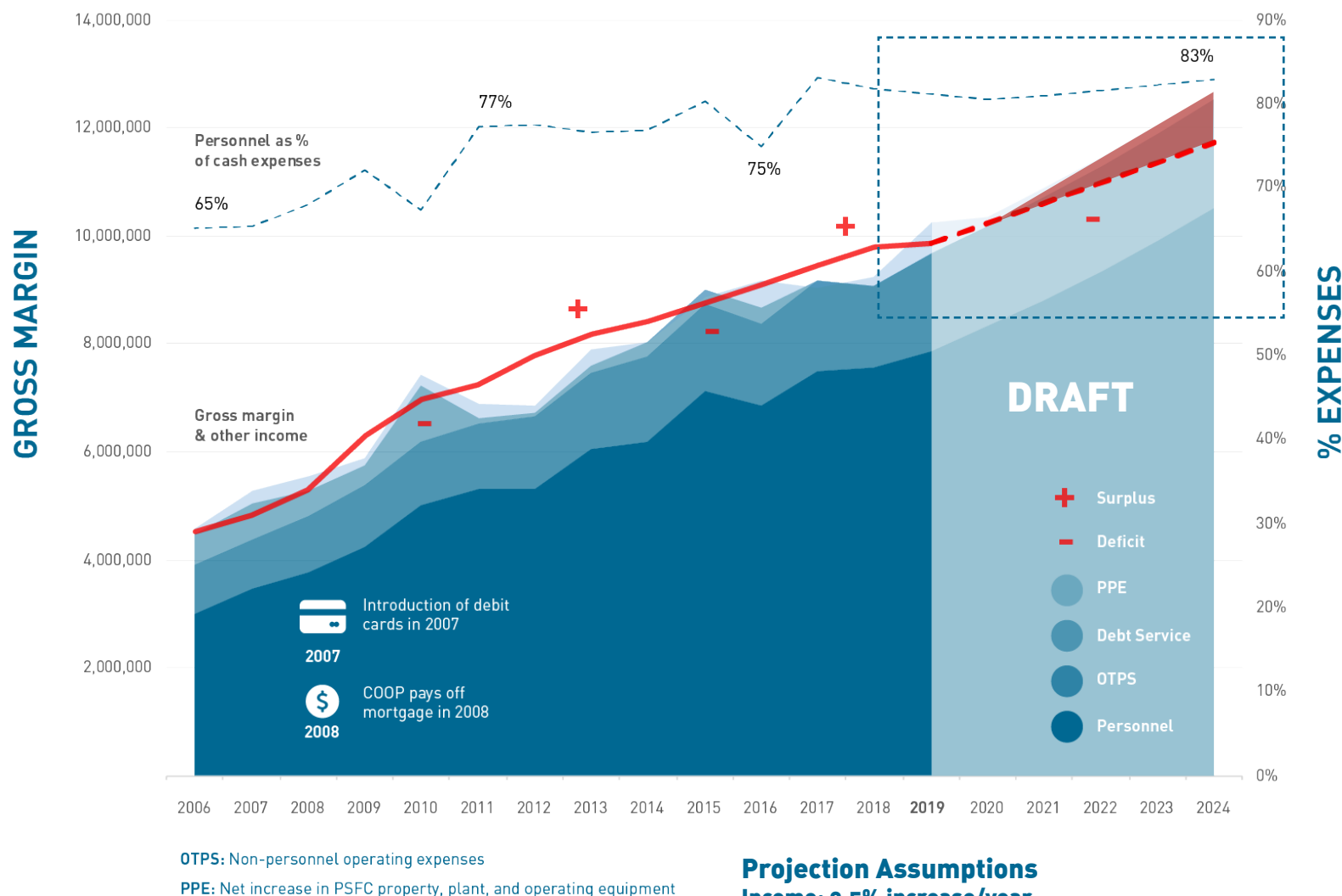
*** Updated Expenses:**
2020: \$11.1m (85% personnel)
2021: \$10.9m (86% personnel)

DRAFT

Within the next few years, expenses could outpace revenues,* resulting in:

- Regular deficits without containing costs and/or increasing the gross margin
- Limited funds for capital improvements
- *However, in the current year (ended 2/2/20) the COOP had posted positive cash flow of over \$600k.

Gross Margin:
2020: \$7.8m
2021: \$8.5m



OTPS: Non-personnel operating expenses

PPE: Net increase in PSFC property, plant, and operating equipment

Projection Assumptions

Income: 3.5% increase/year

Personnel: 6%/year

Non-personnel: 2%/year

Average Capital Investment: \$150,000/year

OPTIONS NOT PURSUED

Expand to School Site

- Requires acquisition and zoning variance, not likely to be approved by the city.
- School backyard is owned by the Diocese and has been leased to the NYC Department of Education.

Build up on current site

- Requires zoning variance (unlikely to be approved by the city) and interruption of current operations.

Sell current store and purchase new site

- Likely highly disruptive to PSFC membership

PROCESS

The following recommendations outline the overall referendum process and prospective next steps.

OUTREACH ON DRAFT REPORT

Recommendations

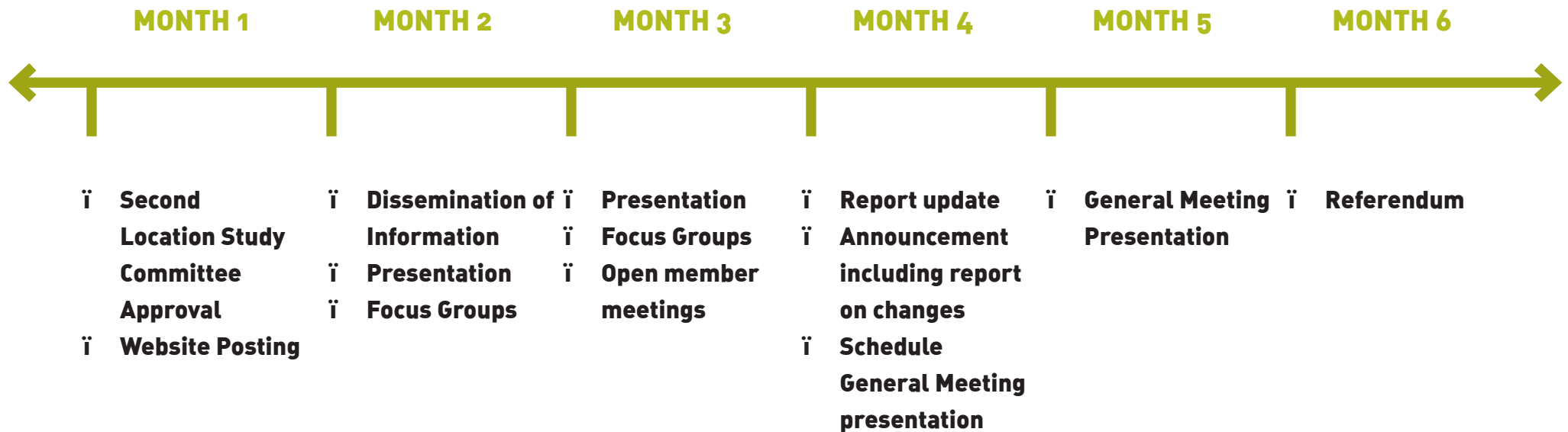
4-month effort

- ï A Staff presentation**
- ï Focus groups**
- ï Open meetings with members**

Promotion

- ï A SLC ìmicrositeî**
- ï Flyers**
- ï Social media information**
- ï Focus group materials**
- ï Linewaiters' Gazette articles**

OUTREACH TIMELINE



The Second Location Study Committee

- 1. The Second Location Study Committee (Study Committee) was approved by a vote of the General Meeting (GM) in November 2016 to examine the feasibility of creating a second location for the Coop in addition to the store on Union Street.**
- 2. The measure was first introduced by Coop member Jonathan Farber as a GM agenda item in February 2015 and again in 2016 in conjunction with the General Coordinators.**
- 3. The stated purpose of the Second Location project is to study the viability of adding a second location in order to grow the Coop for the benefit of our members and future members, and to increase our potential impact on the foodshed.**

Recommendations on Feasibility

- 1. The Study Committee has determined it may be feasible to open a second store in addition our location on Union Street pending a site search that meets both our budget and operational requirements.**
- 2. The second store should be approximately the same size as the current store, with an aim to double our membership and sales.**
- 3. A second store should be in a neighborhood close enough to the current store to establish a base from current members but far enough to avoid taking away too much of the current membership away.**
- 4. A second store would require a budget of up to \$20 million in either leasing or acquisition scenarios, with related costs for pre-planning, build-out, and absorbing costs of the initial membership growth period**

Second Location Committee Recommendations

The General Meeting will vote on whether to approve holding a subsequent up or down referendum of all PSFC members during May/June 2020 on the following block of five recommendations.

- 1. Disband the Study Committee immediately following the referendum;**
- 2. Form a Second Location Steering Committee (Steering Committee) consisting of members, general coordinators and staff to administer all aspects of the project from acquisition through build-out and new member recruitment to opening day;**
- 3. Establish a budget of \$20m for all project related costs;**
- 4. Create a member loan program to raise funds for the project; and**
- 5. Authorize Coop officers to execute legal documents related to the project including all contracts leading up to acquisition through build-out to opening day.**

Recommendations on Next Steps

- 1. Publish report on the Coop website.**
- 2. Present the Study Committee Recommendations at a General Meeting soon after the report is on the website.**
- 3. Vote to authorize the referendum of members at the General Meeting**
- 4. Hold the referendum about 3 months after the report is on the website, with the results reported to the Board of Directors after the count is finished.**
- 5. If the referendum is approved by the members and the Board, disband the Study Committee and Form a Second Location Steering Committee**

Referendum Item #1

Disband the Study Committee immediately following the referendum

- 1. Study Committee members worked (for credit) for three years on the project to develop their recommendations and final report to the members.**
- 2. The Study Committee report is published on the Coop website at <https://www.foodcoop.com/>**
- 3. Study Committee members will remain active up until the referendum ballots are counted, to discuss their work with members, answer questions and provide supplemental information.**

Referendum Item #2

Form a Second Location Steering Committee

- 1. Members will be selected by a group consisting of two PSFC Directors, members of the Study Committee and general coordinators.**
- 2. The Steering Committee will include approximately 20 members working for credit, three GCs and three staff members (at least one each from membership and receiving).**
- 3. Two Steering Committee members will be designated by the Selection Committee to serve as a Chairperson and a Secretary.**
- 4. The Steering Committee will be a diverse group of members with skills in real estate development, real estate law, business and project management, finance, community organizing, public relations, marketing, store design, planning, architecture, landscape architecture, engineering, training, and more.**
- 5. The Steering Committee will establish subcommittees of its members which may include acquisition; financing trainig, and the member loan program; member relations, community organizing, and marketing; Coop operations; and more.**
- 6. The Chairperson may add and replace Steering Committee members; at least 2/3 of Committee members must agree with any such recommendations.**
- 7. The Steering Committee will report to the GM at least bi-monthly and meet at least monthly with the GCs.**
- 8. The Steering Committee is not obliged to develop the second location and may instead recommend the membership cancel or postpone the project; at least 2/3 of Committee members must agree with any such recommendations.**

Referendum Item #3

Establish a Project Budget of \$20m

- 1. Includes all costs, including, building acquisition; soft costs such as project manager and consultant fees; operations-related costs such as advance hiring and staff training; community organizing and marketing costs; construction and build-out costs; and more**
- 2. An escalator of 3% per year will be applied to the \$20m budget to compensate for the duration of the project.**

Referendum Item #4

Create a member loan program to raise funds for the second location project

- 1. The loan program will be administered by a subcommittee of the Steering Committee.**
- 2. The program will start as soon as practicable after an approved referendum.**
- 3. The member loan program for the previous Coop expansion in 2001 raised \$1.8m**
- 4. The project will not move forward unless enough member loans come in that will lower the cost of the project so that it has a high degree of financial success.**

Referendum Item #5

Authorize Coop officers to execute legal documents related to the project

- 1. Includes all documents and contracts related to financing; building acquisition; soft costs such as project manager and consultant fees; operations-related costs such as advance hiring and staff training; community organizing and marketing costs; construction and build-out costs; and more.**
- 2. This same authorization was in place for previous Coop expansions.**