

The Park Slope Food Coop  
Second Location Study Committee  
782 Union Street  
Brooklyn, NY 11215

November 22, 2022

## **Draft Report and Recommendations of the Second Location Study Committee**

Dear Coop Community:

The Park Slope Food Coop is unique in all our lives. It is also a very different type of business in the wider economy. For nearly fifty years we have been bucking the system and showing the world how we provide good food at low prices for working members. Our model challenges the status quo. To drive positive change in our food and farming systems you would be hard pressed to find a more effective vehicle than the Park Slope Food Coop.

The Food Coop is also very successful. We are emerging from the pandemic battered but not diminished. Thanks to committed members and staff and to an infusion of millions of dollars by the Federal government we are still here. In fact, once the IRS pays us for the tax credits that we are entitled to, we will have close to \$6 million in cash on hand -- \$1.8m more than when the pandemic started. And, with folks returning to work their shifts, and the Coop once again admitting new households at a rapid clip, we are rebuilding our membership and sales. We have grown the Coop by 3,000 members for a total of 14,693 over the past 11 months, and net sales are up 10% through week 36 compared to the same point last year.

Which leads us to the Second Location Study Committee and the release of our Draft Report and Recommendations. Approved by the General Meeting in 2016, we have been busy exploring whether we should open a new store in addition to the location on Union Street. The Coop members on the Committee and the General Manager of the Coop think it is now time to have a robust discussion about this important topic.

This draft report was prepared and readied for release just as COVID-19 took hold. The findings and recommendations are as relevant today as they were in 2020. In summary, our findings are that we should:

- (1) Long-term lease or purchase a building about the same size as the current store that would allow us to double our pre-pandemic membership and revenue;
- (2) Locate the building in a neighborhood near Park Slope where a critical mass of Coop members living close by could seed the new store as we recruit members from the neighborhood to join; and
- (3) Establish a realistic budget of up to \$20 million that would be raised through a renewed Coop member loan program and outside financing.

Our key recommendation is for a referendum of all members to: (1) form a new Second Location Steering Committee to prepare the Coop for this expansion; (2) authorize the

Officers of the Coop to approve the transactions and contracts necessary to implement the plan; and (3) allow the Steering Committee to abandon the project if it is unworkable or undermines the financial strength of the Coop.

We understand the impacts since March 2020 have appeared to threaten the financial foundation of the Coop. Yet, it is clear now that we will emerge from the pandemic financially solvent. With this in mind, we believe our study remains relevant to the future of the Coop for four key reasons:

- (1) Opening a second location is a multi-year process that requires significant advance planning. This report is the first step in that process. The Coop must prepare for its future and a second location is a viable way to expand our mission.
- (2) The membership drive is already demonstrating that the demand for joining the Coop remains strong -- *the* major key for success for a second location.
- (3) Other communities throughout the Northeast, including Buffalo, NY, Great Barrington, MA, Easthampton, MA, and Blue Hill, ME have seen impressive expansions of their food coops over the past several years.
- (4) The price of retail space has fallen significantly in Brooklyn and our financial projections indicate this presents more opportunity for a second location. On average, median asking rents along Brooklyn retail corridors went down by 19% over the 30-month period from mid-2019 to early 2022.

Please review our Draft Report and let us know what you think. You may find more information on our link on the PSFC website found here, <https://www.foodcoop.com/>; email us at [secondlocation@psfc.coop](mailto:secondlocation@psfc.coop), and write to the *Linewaiters' Gazette*.

The PSFC Agenda Committee has been asked to include a discussion of our Draft Report and Recommendations at an upcoming General Meeting. Feedback we receive at the General Meeting and through emails and letters from members will provide us with information to improve our proposal. After that, the next step would be to request a vote by a subsequent GM to approve a referendum of all PSFC members on whether to proceed on developing a second location.

We are proud of the Coop's long history of members and staff building on our core mission. The Coop is strong and resilient. Hopefully you are also excited by the prospect of expanding to improve food choices for a multitude of new members and to exercise an even greater positive influence on our community and food economy.

In cooperation,

The Members of the Second Location Study Committee