PMICV Dinner Meeting – Thursday March 22, 2018

John Tashiro, Manager, City Market/Onion River Coop
"The Continued Evolution of the Co-op: Past, Present and Future"
City Market
Our Continued Evolution
By way of introduction...

• A community owned food cooperative celebrating its 45th year!
• Exist to meet the needs of our Members, but open to everyone through our Downtown and South End locations
• Offer a wide variety of local, organic and conventional products to serve the entire community
• In the community, we focus efforts on alleviating childhood hunger and supporting the local food system
Global Ends

- The Onion River Co-op will be central to a thriving and healthy community, where:
  - Consumers have local access to progressive environmental, social, and healthful choices;
  - Residents enjoy an enhanced quality of life;
  - The local food system is strengthened;
  - The cooperative model is supported;
  - Our owners have a sense of pride in their cooperative
Our History

• Started as a buying club in 1973
• In 1999, Price Chopper closed their downtown Burlington location
• The City solicited bids for a new downtown grocery store
• Onion River Co-op and Shaw’s put in competing bids
A BIG Move....

• Onion River Co-op won the bid in a City Council vote of 12-2
• The Co-op’s Downtown location opened its doors in 2002
• To address residents’ concerns, City officials added an addendum to the 100 year lease
A Significant Change

The Supermarket Principles

• The Co-op will meet the needs of low-to-moderate income, disabled and elderly residents

• Will offer a large selection of products, including conventional, to service the full range of residents

• Will support local agriculture and Vermont products
Last 7 Years of Growth...

Number of Employees increase by over 150%

Total Annual Sales increase by 40%

Local options up over 94% at over 2,400 products

Annual Donations exceeding 1,200% at over $170,000

Annual Member volunteer hours by 17% with over 17,000 hours
Currently

In FY2017 we had over $42 Million in total sales

69% of sales were to Members

40% of sales were Local Products

We now have nearly 13,500 Members
Why Expansion?

- Existing capacity constraints and concerns
  - Greater community impact
  - Strong financial position
Key Considerations

• General operations with multi-store format
  • Financials and expected unprofitability
  • People & culture
Expansion Approach

Best Practices come from our mission driven values

Sustainable Business comes from our efficient and effective operations

Fiscal Responsibility comes from financial management and budgeting

A Successful Co-op!
Expansion Timeline - South End

Discussions, Site Exploration and Preparations for Many Years Prior

Stage 1
Preliminary Planning
June 2015 - July 2016

Stage 2
Planning to Development
March 2016 - December 2016

Stage 3
Implementation
May 2016 - November 2017

Stage 4
Post Open & Settling
November 2017 - present
Stage 1 Preliminary Planning

June 2015 to July 2016

- 06/15  Sign P&S agreement for South End parcel(s)
- 08/15 - 01/16  Review plans with City, immediate priority: re-zoning
- 08/15-06/16  Conduct environmental assessments (Phase 1, Phase 2, CAP) & Determine remediation
- 12/15-03/16  Select Architect & Complete architect and fixture plan concept designs
- 12/15-1/16  Select partners: construction, traffic study, civil/mech engineering, storm/wastewater, landscape, others
- 12/15-06/16  Seek Member and South End Community input into design process
- 01/16-07/16  Determine financing partners and sources eg lenders
- 03/16-07/16  Complete architect and fixture plan preliminary designs
Stage 2: Zoning & Permits

March 2016 to December 2016

- 03/16-07/16 City confirms re-zoning, design plans reviewed, permits secured
- 06/16 Confirm 207 Flynn Ave land purchase and released from
- 06/16-09/16 Finalize fixture & equipment plans
- 06/16-09/16 Receive construction and equipment costs
- 07/16-10/16 Apply for building permits
- 08/16-11/16 Secure financing sources
- 07/16-10/16 Finalize construction and other operational schedules
- 11/16-12/16 Finalize and close on financing
Stage 3: Implementation

May 2016 to November 2017

- 5/16-11/16 Secure insurance, prep site
- 1/17-11/17 Commence construction and monitor
- 3/17-11/17 Internal staff considerations and adjustments
- 8/17-11/17 New staff hiring and training
- 09/17-11/17 Equipment, fixture, software and various product deliveries
- 10/17-11/17 Merchandise and set up various department areas
- 10/17-11/17 Operational checks and trials
- 11/17 Pre and Official Store Opening
Stage 4: Post Opening & Settling In

November 2017 to Current

- 11/17 – on-going Complete outstanding mini-construction projects and equipment installs, close out permits
- 11/17 – on-going Adjust/establish in-store full service offerings and general operations
  
  Continue staff recruitment, on-boarding and training

  Monitor sales impact and migration from Downtown, assess differences

  Make minor adjustments with organizational structure as needed

  Ensure support of management team across both locations

  Continue to engage and build relations with Members and neighborhood community
**Our People & Culture**

100 new positions estimated for the South End; adding to the existing 230 employees!

**Organizational evolution**
- Management staff committees
- Multiple all staff town hall meetings
- By Department level and 1:1 conversations

The Cycle of Change
- Explore
- Excite
- Examine
- Execute
- Evaluate
- Exit
The Value of Resistance

People are at their most creative in resistance

The three different types.....

• I don’t get it – Facts, Figures and Ideas

• I don’t like it – Emotions and Fear

• I don’t like you – Trust and Confidence
Board Involvement & Support

9 Members elected and representing the Membership
Ensure compliance through written governing policies that realistically address the broadest levels of all organizational decisions and situations.

- Fiscal stewardship
- Authorization of land purchase and/or sale
- Creation or dissolution of any subsidiary business
Some Unforeseen Challenges . . .

- Environmental remediation
- Aspects within the permitting process
- Design modifications during construction
- Hiring of staff
- Installation and operation of equipment
- Customer parking patterns
Problems with the video? View it on:
Settling In....
Settling In....
Member Loan Campaign Details

- Member loans finance South End store and offset bank loans
- Minimum investment of $2,500
- Investors must be Co-op Members and Vermont residents
- Offering deadline of March 31, 2018
- Over $575,000 raised of the $1.5 million goal

<table>
<thead>
<tr>
<th>Interest rate</th>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
<th>Class D</th>
<th>Class E</th>
<th>Class F</th>
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<td></td>
<td>1%</td>
<td>0%</td>
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<td>2.5%</td>
<td>2%</td>
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<td>Maturity date</td>
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<td>Dec 31, 2023</td>
<td>Dec 31, 2029</td>
<td>Dec 31, 2027</td>
<td>Dec 31, 2025</td>
<td>Dec 31, 2023</td>
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What’s next?

• Other locations? Outside Burlington?
• New business models?
• New business channels?
• New partnerships?

Stay tuned!
Thank you for your support!

Questions?
Additional Data...
Supporting Community

3SquaresVT & WIC Redemption

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
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<tbody>
<tr>
<td>Total</td>
<td>$1,156,687</td>
<td>$1,053,609</td>
<td>$851,152</td>
<td>$761,146</td>
<td>$825,848</td>
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Supporting Community

Food for All Member (FFA) Sales

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<th>Fiscal Year</th>
<th>Sales</th>
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<tr>
<td>FY 2013</td>
<td>$1,875,993</td>
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<tr>
<td>FY 2014</td>
<td>$1,927,147</td>
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<td>FY 2015</td>
<td>$1,792,289</td>
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<td>FY 2016</td>
<td>$1,815,534</td>
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<td>FY 2017</td>
<td>$1,965,580</td>
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Supporting Community

Chittenden Emergency Food Shelf

Our **Rally for Change** program allows customers to round up their orders at the register. This program has increased customer donations to the Food Shelf by 186% over its first 3 ¼ years!

### City Market & Customer Donations

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<tr>
<th>FY</th>
<th>Amount</th>
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<tr>
<td>2013</td>
<td>$59,800</td>
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<tr>
<td>2014</td>
<td>$64,235</td>
</tr>
<tr>
<td>2015</td>
<td>$83,799</td>
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<tr>
<td>2016</td>
<td>$108,679</td>
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<tr>
<td>2017</td>
<td>$125,535</td>
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Over 7.5 full-time volunteers working in the community year round!

- Burlington Area Community Gardens
- Burlington School Food Project
- Champlain Elementary School
- Chittenden Emergency Food Shelf
- Committee on Temporary Shelter
- Hunger Free Vermont
- Integrated Arts Academy
- Intervale Center
- The Janet S. Munt Family Room
- J.J. Flynn Elementary School
- King Street Center
- Local Motion
- New Farms for New Americans
- NOFA-VT
- Old Spokes Home
- ONE Community Dinner
- Pine Island Community Farm
- Salvation Farms' Vermont Commodity Program
- Sustainability Academy at Lawrence Barnes
- Vermont Community Garden Network
- Vermont Food Education Every Day
- Vermont Works for Women
- Vermont Youth Conservation Corps
Supporting the Local Economy

Co-op Patronage Seedling Grants

- Offers grants of $500 - $7,500 to non-profit projects strengthening the local food system
- In FY17, a Member Grants Committee selected 6 projects for funding of at least $30,000. Actual awards may be larger, depending on the amount of uncashed Patronage Refund checks.
- In the Grant Program’s first 3 years, the Co-op has supported 19 projects with over $170,000.
Internal plans

Cycle of Experience

Thinking Styles

- **Analytical**
  - Logic, data, and reasoning behind things

- **Conceptual**
  - Big Picture, visioning, and new ideas

- **Structural**
  - Process, rules, guidelines, consistency

- **Social**
  - People and relationships