

# 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

**City Market**  
Onion River Co-op

# By way of introduction...

- A community owned food cooperative celebrating its 45<sup>th</sup> 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



## Burlington residents discuss grocery store choices

### Co-op, Allen plans remain in the running

By Matt Sutkoski  
Free Press Staff Writer

Two competing proposals for a supermarket in the city's downtown received mixed reviews Monday

from a handful of Burlington residents. Some feared that one of the two choices, a market run by the Onion River Co-op, would offer items that are too pricey for low-income people. Some wondered whether the other proposed store operator, Sherman Allen, would provide a large enough variety of goods. Allen operates a

convenience stores elsewhere in Vermont. Finding someone to operate a downtown supermarket gained urgency in June when a Price Chopper on Cherry Street closed. That left many Burlington residents no source of reasonably priced food within walking distance. The nearest supermarkets to downtown Burlington and the Old North End are a few miles

### Supermarket hearing

■ **WHAT:** Public hearing with two proposals by potential developers of a downtown Burlington supermarket.

■ **WHEN:** 7 p.m. Monday.  
■ **WHERE:** Cortros Auditorium, City Hall.

away on North Avenue, Shelburne Road or in Winooski. A selection committee of

Burlington City Council on Monday, after discarding three other possible operators as being too big, too expensive, or too limited for

the proposed space on South Winooski Avenue. The site has a vacant building that was once Burlington's police station.

Levi Sanders, who works at the Chittenden Emergency Food Shelf, said he wonders whether the Onion River Co-op is too chic for people with limited incomes. "The co-op is very, very expensive," he said.

See MARKET, 5B

## Supermarket splits Ward 2 candidates

By Leslo Wright  
Free Press Staff Writer

Brad Baker campaigned for a Shaw's supermarket in Burlington. Bill Stahl voted for the Onion River Co-op.

If one issue defines the two Burlington City Council candidates vying for the Ward 2 seat, it's the supermarket debate.

Stahl, a Progressive, is seeking a second two-year term on the 14-member

### TOWN MEETING 2000

An ongoing look at the city ballot

■ Profiles, 5B

closed its Cherry Street store in June, city residents, including those in nearby

## Shaw's to fight grocery vote

### City Council expected to pick co-op proposal

By Leslo Wright  
Free Press Staff Writer

The Burlington City Council is expected to choose a supermarket for downtown Burlington tonight, and the winner likely will be the Onion River Co-op.

Shaw's plans to submit a petition with 2,500 signatures calling for a citywide election. If at least 1,000 of the signatures are from registered city voters, the council would be compelled to hold a special election as soon as next month, city attorney Joe McNeil said.

The prospect of a citywide vote, however, annoys councilors who fear Shaw's has the financial clout to win public approval. "Shaw's is out there, hitting people to get these signatures. They are trying to buy us off here. It's a contribution of this ad campaigning," Council President Jane

Knudell, PC-Ward 2, said. Citizens, welcome the chance to let voters weigh in on what has been a highly publicized and controversial matter.

"The mayor and progressives are off base with what the community wants," said Councilor Matt Gandy, R-Ward 2, referring to council supporters. "When you talk to the people on the street and the clerk, they want Shaw's."

While an election will delay the process, it is unclear whether a "citywide" vote would change the outcome when it comes to putting a supermarket in downtown Burlington.

Shaw's and the Onion River Co-op are vying to build a grocery store on a city-owned lot on South Winooski Avenue. This evening, the council is set to vote on a resolution supporting the co-op plan.

The resolution was sponsored by Knudell, Bob Jackson, PC-Ward 3, Andrew Monroth, D-Ward 6, Tom Smith, PC-Ward 5, and Chaplin Spencer, PC-Ward 1.

"That coalition along with Barbara Perry, D-Ward 6, and Bill Stahl, PC-Ward 2,

and Colin Campbell, PC-Ward 3, who have said they plan to support the co-op plan — make up a majority of the 14-member council.

A week ago, Mayor Peter Clavelle threw his support behind the co-op plan. The store appeared to ink a major because it is locally owned and its design could become a model for urban development, Shaw's, spokeswoman said. It too big for the lot.

Finding a grocery store for downtown Burlington became an issue after Price Chopper on Cherry Street went out of business in June. That left city residents without transportation, including an affordable source of grocery. ■ See GROCERY, 2B

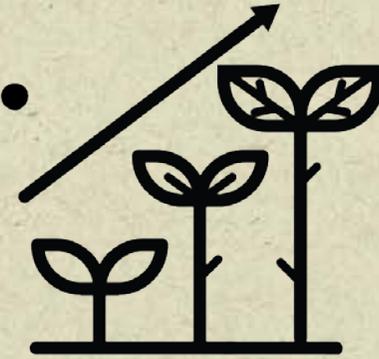
# A Significant Change

## The Supermarket Principles

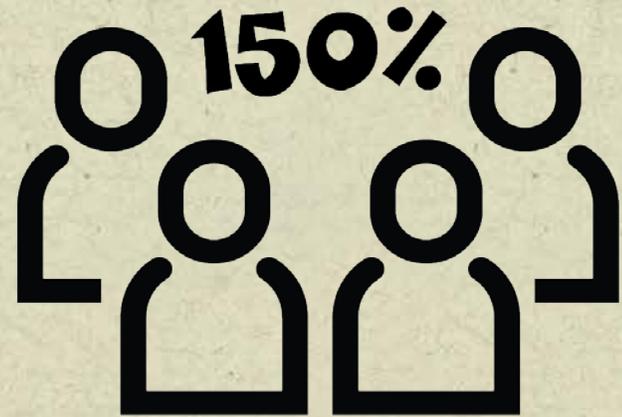
- The Co-op will meet the needs of low-to-moderate income, disabled and elderly residents
- Will offer a large selection of products, including conventional, to service the full range of residents
- Will support local agriculture and Vermont products



# Last 7 Years of Growth...



Number of Employees  
increase by over



Total Annual Sales  
increase by



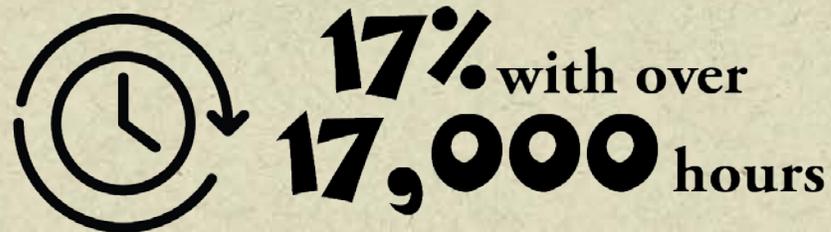
Local options up over



Annual Donations exceeding



Annual Member volunteer hours by



# 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**

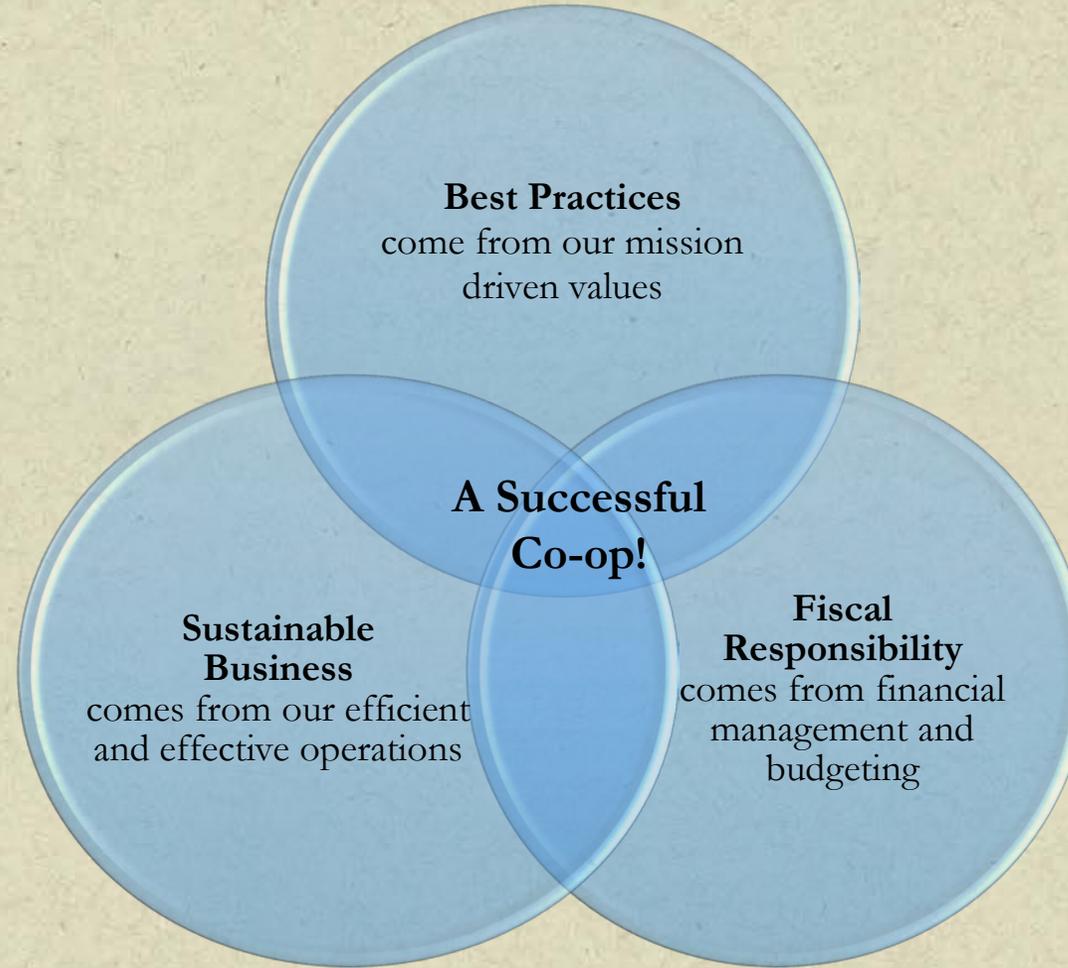
# Why Expansion?

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

# Key Considerations

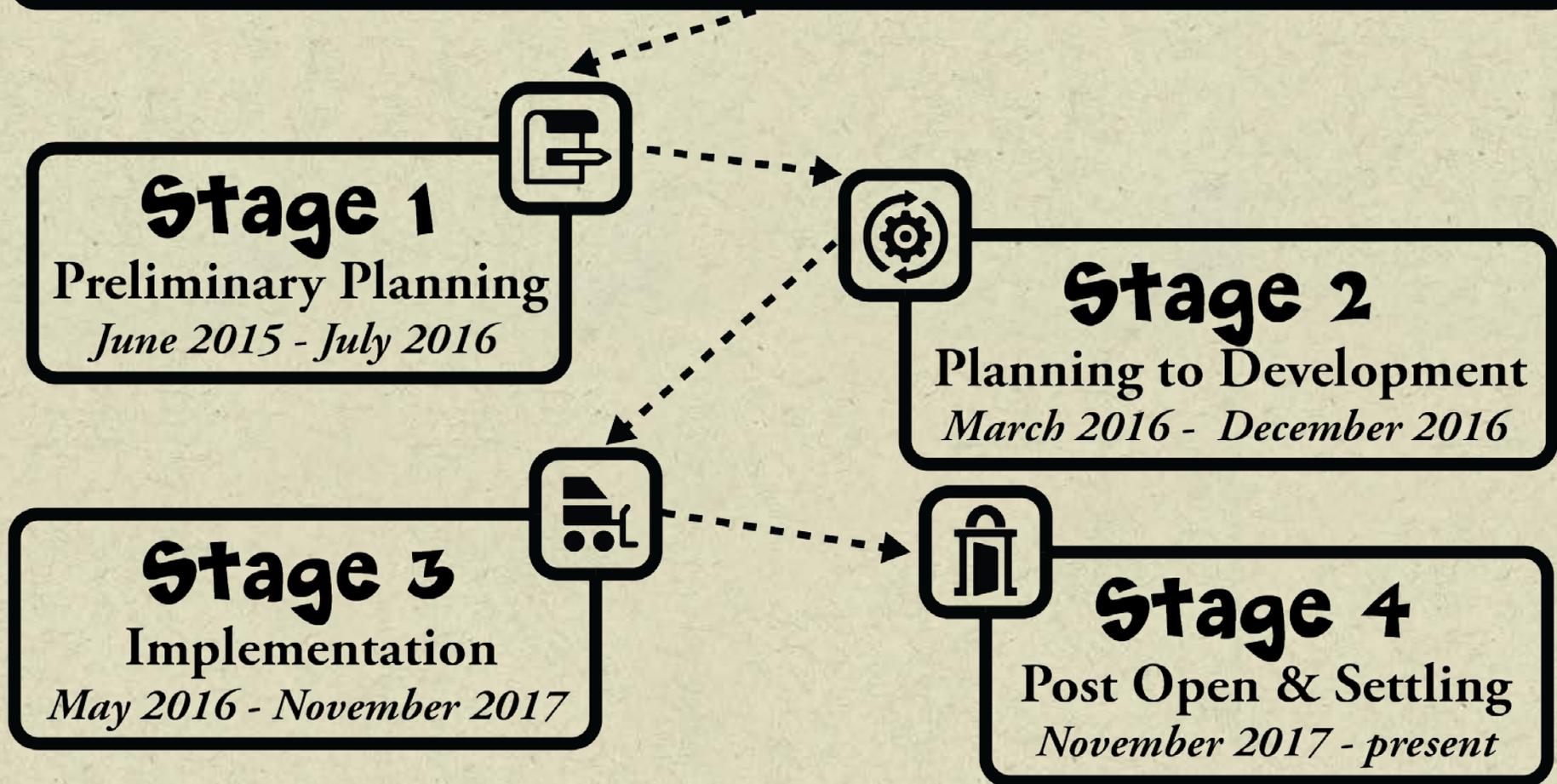
- General operations with multi-store format
  - Financials and expected unprofitability
    - People & culture

# Expansion Approach



# Expansion Timeline - South End

Discussions, Site Exploration and Preparations for Many Years Prior



# 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
- 8/16-11/16 Secure financing sources
- 7/16-10/16 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

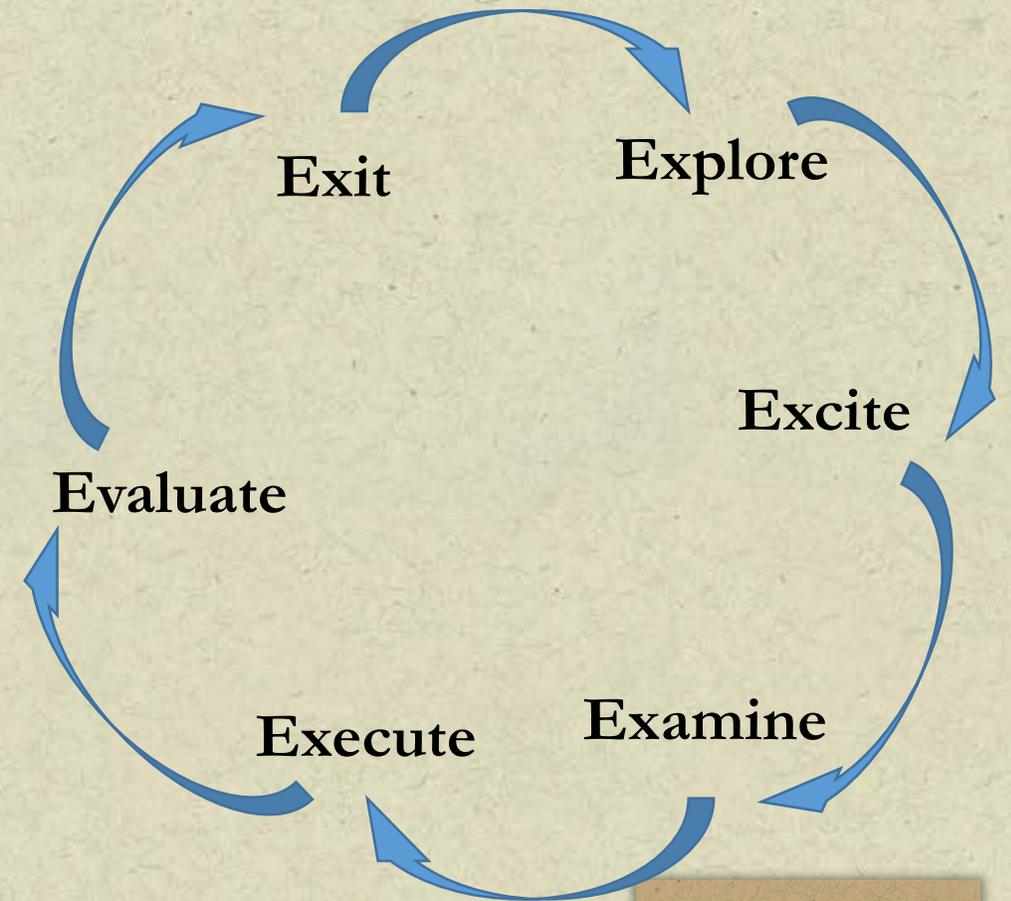
## The Cycle of Change

# 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 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

# South End Project Video



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

	Class A	Class B	Class C	Class D	Class E	Class F
Interest rate	1%	0%	3.5%	3%	2.5%	2%
Maturity date	Dec 31, 2029	Dec 31, 2023	Dec 31, 2029	Dec 31, 2027	Dec 31, 2025	Dec 31, 2023

# What's next?

- **Other locations? Outside Burlington?**
- **New business models?**
- **New business channels?**
- **New partnerships?**

**Stay tuned!**

A vibrant, painterly illustration of a town nestled at the base of a mountain. The mountain is covered in trees with autumn foliage in shades of orange, yellow, and green. The town features several buildings, including a prominent white church with a tall steeple. In the foreground, there are green trees and a winding path. The sky is a bright blue with scattered white clouds, and several geese are shown in flight, some in the foreground and some further away. The overall scene is bright and cheerful.

Thank you for your support!  
Questions?

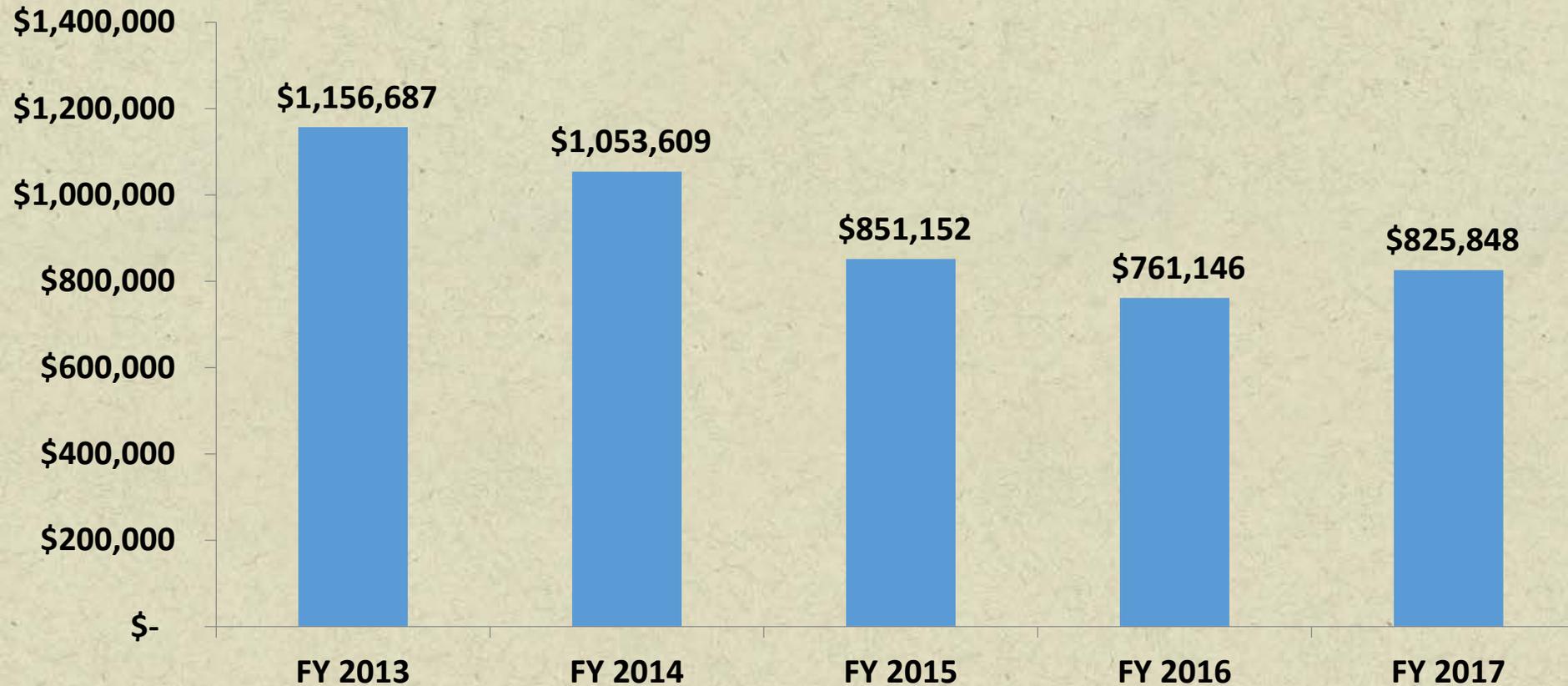
The logo for City Market Onion River Co-op. It features the words "City Market" in a large, black, serif font. To the right of "City" is a stylized green onion with a white root. Below "City Market" is the text "Onion River Co-op" in a smaller, black, sans-serif font. The entire logo is set against a light brown, textured background.

City Market  
Onion River Co-op

# Additional Data...

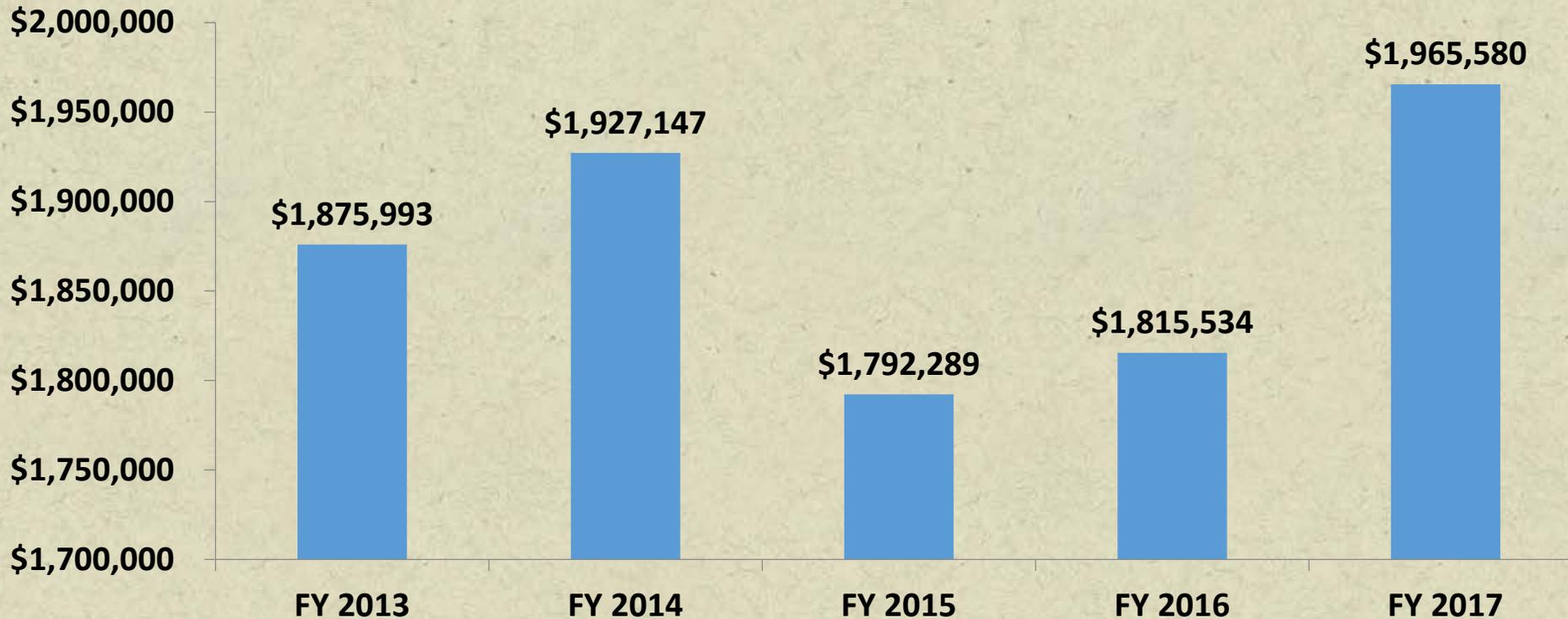
# Supporting Community

## 3SquaresVT & WIC Redemption



# Supporting Community

## Food for All Member (FFA) Sales



# Supporting Community

## Chittenden Emergency Food Shelf

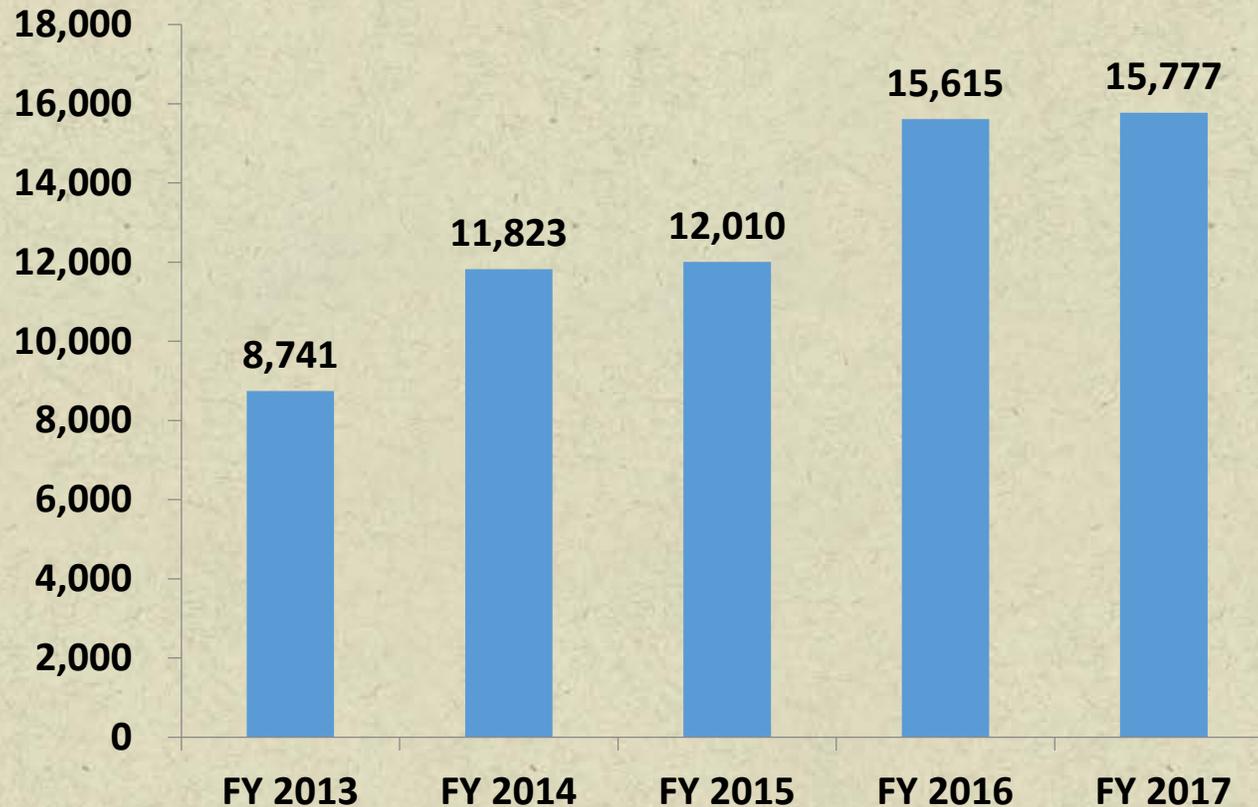
Our **Rally for Change** program allows customers to round up their orders at the register. This program has increased customer donations to the Food Shelf by 186% over its first 3 1/4 years!

## City Market & Customer Donations

FY 2013	\$59,800
FY 2014	\$64,235
FY 2015	\$83,799
FY 2016	\$108,679
FY 2017	\$125,535

# Supporting Community

## Member Work



**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

