



Silver City Food Co-op *It's MAD!* Garbanzo Gazette

Volume 18

✦ Your Monthly Newsletter ✦

July 2018

Co-op Hours:

Mon. - Sat.
9 am - 7 pm

Sunday
11 am - 5 pm

575•388•2343
520 N. Bullard St.

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YOU
ARE
WHAT
YOU
EAT

Decision Time Draws Near!

A few weeks ago, the Co-op put the property at College and Pope under contract as we do our due-diligence with this project. If we want to move ahead we need to make a decision to purchase the building at our current deadline of the end of July.

It has been pretty much established now that we can afford the building through the revenues that we currently generate. But this leaves us little to renovate and move.

An architect has been hired to do preliminary renovation floor plans and obtain ballpark costs for construction. Equipment costs are also being determined. It has been found that to do what we would like would run us around 1.5 million. The current exercise is to see how much we can cut that down as while it seems doable on paper, the prevailing thoughts are to go as barebones as necessary. The goal is to see how close we can come to cutting this in half.

In addition to the costs, a preliminary draft business plan has been drawn up and is now undergoing completion and input from all Board Members. At the point we have a complete draft, it will be open to Staff input and then Member input. Of course it all depends whether the Co-op can afford to actually move forward with this.

How much we can actually borrow from a bank and should we get Member investment too are being looked at. There are good and bad characteristics to each scenarios. For example, we may be able to raise more dollars quicker through Member Loans but they also have a payout range of 3 to 10 years – much shorter than a bank loan.

A bank loan can be stretched out for 20 to 25 years but may be more difficult to get – especially if we need higher amounts.

The Board is also determining how much money outside our current cash flow we want to invest. If we do this, we need to include a revenue increase at the



new location in the calculations. The business plan currently projects a conservative 10% increase in revenues. But there is no way to know – despite careful analysis – if these projections will be met.

There is a possibility that we have maximized what is possible in our market and there will be no increase in revenue as the result of the move. In that case, massive cuts (mostly in payroll) would need to be made as well as a possible increase in prices.

There are those that believe – based on what other Co-ops realized from their relocations – that sales will increase 20% to 35%. Every market is different though and Silver is uniquely isolated, small with a dropping population and not that wealthy.

By next issue, we should know if we can move forward with this or not.

Joe Z ✦ ✦ ✦

2038 members/owners strong and counting . . .