

Summary of Findings from Studies of Potential Futures for Plainfield Food Co-op

July 28 2023 compiled by Co-op Board

In June 2022 the Co-op was awarded a \$30,000 Rural Business Development grant from the USDA to explore the co-op's future options. The co-op hired a team of architects and a team of financial consultants to study the costs and financial feasibility of four potential futures:

- Co-op stays in place, no changes
- Co-op expands sales area by 660 square feet (from its current 1,200 sq ft of sales area to 1,860 sq ft of sales area)
- Co-op purchases Allenwood Horse Farm on Rt. 2 and constructs a new 4,750 sq ft building with 3,000 sq ft sales area
- Co-op purchases Plainfield Hardware on Rt. 2 and runs hardware, grocery & greenhouse

This is a summary of what we learned. Final reports from the consultants can be found on the co-op's website (*not yet available, our webmaster is a volunteer, we will email the link!*)

Updated Market Study: Debbie Suassuna of G2G Research Group updated her 2018 Market Study for the co-op. Her findings estimated future sales for two options:

- an expanded co-op with 1,860 square feet of sales area
- a co-op on a hypothetical Route 2 location with 3,000 square feet of sales area (*In-Office Sales Forecast Update April 18, 2023, will be on co-op website*).

In either case, and grab-and-go food is offered. Sales at the village location are forecast to drop 12% to 17% in 2028 due to the bridge closure.

Findings in a nutshell: The market area for Plainfield Co-op has an almost complete overlap with Hunger Mountain Co-op. Due to our rural population, we have a relatively small customer base. Vermonters patronize food co-ops at a higher rate than the national norm. Most co-op customers live in Marshfield and Plainfield.

Annual Sales Forecast Plainfield Co-op (from p. 2 of G2G report)

Year of Operation	On-site Store Expansion	Store Relocation to US Rt 2
First year (2026)	\$1.32 million	\$2.23 million
Second Year (2027)	\$1.42 million	\$2.39 million
Third Year (2028)	\$1.45 million	\$2.44 million
Fourth Year (2029)	\$1.48 million	\$2.49 million

Architectural Study: Coe & Coe Architects was hired to develop a conceptual design and to estimate construction costs for a 660 square foot expansion of the co-op building. This expansion has been partly vetted with permitting bodies. Drawings and the cost report will be on co-op website.

Findings in a nutshell: The cost of a 660 sq ft expansion would be ~\$1.52 M (\$1.68 M with an elevator added). This includes all deferred maintenance on the building plus the new addition, a new accessible stairway, a rebuilt external emergency exit stairway, a porch and double entry door facing the parking lot, and a deck facing the river.

Ten-Year Financial Forecasts (called pro formas) for Co-op Futures: Don Moffitt and Sarah Lebherz of Columinate Consulting (a group specializing in co-op assistance) created ten-year projections of expenses and income for our proposed four possible futures for the co-op.

We summarize below three futures that might be possible; the fourth future, purchasing the Horse Farm and constructing a new building, is financially infeasible. Another future, expanding the co-op, relies mostly on grants plus a small bank loan, but we still run out of cash in a few years. There is a list of assumptions for each scenario, described in *Plainfield Coop Feasibility Final Report July 26, 2023* (<https://plainfieldcoop.com/board-of-directors/> and scroll down).

Possible Future	Size of sales area in square feet	Project Cost (Includes cost of start-up)	Sales forecast for 2028	Funding Plan	Cash on hand at end of 5 years/ 10 years (2028/ 2033)
Stay in Place/No Build	1,200	\$0	\$1.08M	See first note below	-\$44K in 2027, insolvent in 2027
Expand Co-op (completion early 2026)	1,860	\$1.44M without elevator; (with elevator \$1.62M)	\$1.24M (13% decline from 2027 due to Main St/Rt 2 reconstruction)	w/o elevator: \$1.42M grants, \$10K donations, \$9K new member equity	\$131K in 2028; \$102K in 2033
Hardware Store (acquisition January 2024)	2,500 (size of <u>grocery/deli</u> sales area)	\$2.15M	\$2.3M for grocery/deli; \$3.7M for total sales incl. hardware & greenhouse	See second note below for details	\$607K in 2028; \$789K in 2033

Funding assumptions: all forecasts assume consistently achieving our target profit margin; maintaining a cap on personnel costs as a % of total sales; 2% annual growth rate in sales.

Plainfield Hardware funding plan: Member loans \$1M; owner financing \$850K; bank loan \$340K; cash reserves \$100K; donations & equipment sales \$100k; new member equity \$15K; personnel costs are 26% of sales.