

Silver City Food Co-op

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Member-Owners: The Silver City Food Co-op Has Purchased a New Building

As you know, the need for expansion was determined during the strategic planning process in November, 2017. Ideally, and as laid out in the strategic plan, we would have done a marketing analysis, financial planning, and then a property search. Those tasks were reversed for the following reason; In April, the Lifequest building became available for purchase with a sell deadline of two months. At a purchase price of \$275,000, the building was offered to the Co-op at significantly below the asking price and tax value, as well as below the appraised value. The board felt that for the building's location, size, condition, and potential, the possible purchase presented a unique opportunity. There was a very short window to make a decision due to a number of back-up offers on the building. The previous owners asked us not to disclose the price extended to us, in case we turned down the offer. It is standard real estate practice to keep the price confidential so as not to create underbidding or interfere with later buyer offers.

We determined that at this price, the Co-op can easily afford the building within our current revenue at the current location, and we could choose to sell the property if it is determined that the renovation cost estimates prove to be too expensive. Also, the appraised value of the current buildings we own is more than what we paid for this new building. We have heard and understood some members' concerns that we did this too secretly and too quickly, but given the circumstances above, the board felt it was in the best interest of the Co-op to make a decision to purchase. We were unanimous in this decision.

Highlights of the new building and its potential benefit to the Co-op are;

- It would provide our own personal parking;
- It doubles our current square footage (when fully renovated);
- It allows us to remain downtown, yet improves visibility;

- It opens possibilities of grocery department expansions, new departments, office space for staff, increased storage and ease of delivery;
- It allows for meeting space.

As listed above, these improvements meet the majority of the criteria we laid out in the strategic plan regarding expansion.

We also want members to be aware that there are costs associated with remaining in our current building that could run into a couple hundred thousand dollars. Those costs will be unrecoverable if we decide to sell the building later, and will therefore impede our ability to move in the future.

At this point, having made a decision on the purchase of the Lifequest building, we will return to the original steps in our strategic plan. These steps include, but are not limited to, assessing the market by surveying and interviewing members, collecting financial planning information (such as assessing which grants are available), looking at member loans, and investigating traditional financing.

We have preliminary estimates of renovation costs, broken into stages, and over the next few months we will determine which is the best option for the Co-op. This will be based on our business plan and information gathered regarding costs and benefits of different approaches to renovation.

We will continue to keep you updated on this process and members who wish to know more, ask questions, or add to our information gathering, please come to any board meeting or send us an email at board@silvercityfoodcoop.coop.

We are looking forward to creating a new home for our Co-op that retains our values and is financially responsible and feasible. We will need all of your help to do it!

Sincerely,

Jennifer Johnston, President
Jean-Robert Beffort, Vice President
Laurie Anderson, Treasurer
Shanti Ceane, Member
Julianna Albershardt, Member