

ROOTSTOCK

ISSUE #31

MAR - APR 2019

The Official Newsletter of the **Belfast Co-op**

FINANCIAL FEASIBILITY

FROM THE DESK OF THE GM

THE BOARD OF DIRECTORS HOSTED A PUBLIC FORUM THIS PAST JANUARY TO UPDATE OUR OWNERS ON THE PROGRESS THAT WE HAVE MADE IN THE LAST YEAR TOWARD OUR GOAL OF EXPANDING AND GROWING THE CO-OP. The forum specifically covered looking at the financial pro-forma model that I have been working with our CDS Consulting Co-op partners to develop. A financial pro forma model looks at past and current financial performance to make predictions about how additional expenses and income will affect the long term financial health of the organization. The primary tools in the pro forma that help make educated assumptions about outcomes are a sources and uses document and the financial statements.

A sources and uses budget looks at what the costs associated with building a new store would be (uses) and where the funding would come from (sources).

For the purpose of the model, sources and uses must balance each other out. In our case the total for each was \$9.5M and was based on assumptions that came out of the most recent market study. To meet our future needs we are looking to increase our physical space to :

11,250 ft² of retail (current store has 6,000)
3,750 ft² of receiving and preparation area
3,000 ft² of second floor office area

Uses include new construction, equipment, additional inventory, interest, business interruption, and a number of other expenses. Sources include Belfast Co-op cash reserves, owner equity, owner loans, co-op loans, and bank debt.

What are we looking for in terms of outcomes over the first 10 years after completion of the new store that would make us confident that the project is feasible? For the purpose of the model, we are looking for:

Annual Cash Flow - positive after year 2

Cash, End of Year - minimum of \$200K at the end of any year

Days in Cash - at least 13

Profit (Loss) - become profitable somewhere between years 4 and 8

EBITDAP (Earnings Before Interest Taxes Depreciation Amortization and Patronage)
- positive after year 2

Debt/Equity Ratio - no greater than 3.5

Current Ratio - at least 1.25

Debt Coverage Ratio - at least 1.25 by year 3
....con't pg.2

in this issue

P2: DEMOCRATIC OWNER CONTROL

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When I received the first draft of the pro forma in October, I was pretty disheartened. The outcomes were not pretty. The projections 10 years out from finalizing the project put many of our key indicators way out of compliance, indicating that the project was not feasible. However, I was confident that we could make changes to the operation and to the association that could turn it around. By working through the refinement process with our consultants I was able to come to a draft that works, but it asks a lot from our owners and workers to make it a reality.

So what have I learned by going through the pro forma process thus far? I have learned that that small operational changes can have a large effect over an extended period of time, such as improving our margin performance by 1% or bringing our labor as a percentage of sales closer to national averages. I have learned that there are many areas of our operation that we have accepted as part of our culture that, if left unchecked, will lead to our ultimate failure, such as our previous equity structure and our current owner discount structure.

I have learned that the things that we can improve on to make expansion possible are also the things that we need to change to make our cooperative business sustainable, even if expansion were never to happen.

I have learned that there are no easy roads or quick solutions and that we will not get where we need to go without everyone working together. Ultimately I have learned that my hopes for the future of this association, as well as my faith in our workers as stewards of that future, are based in achievable goals. **We just have to get out there and make it happen!**

Doug Johnson
General Manager

Who is the Board?

The Co-op's board of directors is elected by the ownership and is made up of owners just like you. The entire group has a legal responsibility to ensure the Co-op's well-being. Board members work to keep the Co-op accountable to cooperative principles, adhere to the Bylaws and make sure that the Co-op remains a sustainable business. The Board supervises the General Manager of the store, who is responsible for carrying out Board policies.

who we are:

OWNERS:

4436

STAFF:

74

GENERAL MANAGER

Doug Johnson

BOARD OF DIRECTORS

Shannon Grimes, President
Andrew Watkins, Vice President
Ernie Cooper, Treasurer
David Gibson, Secretary
Alessandra Martinelli
Betsy Garrold
David Balicki
Heather Selin

BOARD COMMITTEES

Finance:

boardfinance@belfast.coop

Owner Engagement:

boardowners@belfast.coop

Board Development:

boarddevelopment@belfast.coop

Expansion:

expansion@belfast.coop

**WE'RE ALWAYS LOOKING FOR MORE PEOPLE TO JOIN OUR BOARD OF DIRECTOR'S COMMITTEES.
TO FIND OUT MORE PLEASE EMAIL: BOARD@BELFAST.COOP**

why we're here:

THE BELFAST CO-OP EXISTS SO THAT OUR OWNERS AND OUR COMMUNITY WILL HAVE:

- A thriving, just, and sustainable local food economy
- A source of healthy, nutritious, affordable food, and water
- An efficiently managed, democratically governed inclusive cooperative retail store
- A greater understanding of health, food systems, cooperatives and economic and environmental sustainability
- An invested, engaged, and empowered staff that thrive in a safe, respectful, inclusive, and equitable workplace



7 COOPERATIVE PRINCIPLES

1. VOLUNTARY AND OPEN OWNERSHIP
2. **DEMOCRATIC OWNER CONTROL**
3. OWNER ECONOMIC PARTICIPATION
4. AUTONOMY AND INDEPENDENCE
5. EDUCATION, TRAINING AND INFORMATION
6. COOPERATION AMONG COOPERATIVES
7. CONCERN FOR THE COMMUNITY

The Belfast Co-op adheres to the seven international cooperative principles which are guidelines by which cooperatives put their values into practice.

Principle 2: Democratic Owner Control states that Cooperatives are democratic organizations controlled by their owners, who actively participate in setting their policies and making decisions. People serving as elected representatives are accountable to the ownership. In primary cooperatives owners have equal voting rights (one owner, one vote) and cooperatives at other levels are also organized in a democratic manner.

The following is abridged from an article by Michael Healy, of CDS Consulting Coop, titled 'Democracy in Cooperatives'. In this article, he discusses the ways in which democracy and Principle 2 is utilized and exemplified by cooperatives, and as a microcosm of our society.

If we are to learn how to control something democratically, we must learn it through our participation in local self-help and self-governing organizations, specifically in our cooperatives. As consumer-owners of food stores, we must unlearn the lesson fed to us since infancy that we vote with our dollars. If we are nothing but consumers, the implication is that we have nothing but dollars with which to vote; and, like it or not, whoever has the most dollars gets the most votes. But in a cooperative, we are not just consumers; we are also owners. As such, we have not merely votes but our voices to add to the conversation. ... Cooperatives provide a place in society in which we can learn to use, and practice using, our voice.

...

Which of our community concerns do we believe we should address through this democratically controlled business?

P2 AT THE BELFAST CO-OP

...can't

In earlier years, cooperators debated whether earnings (a.k.a. profit) were a good or bad thing. Today, having recognized that earnings are part of a healthy business, maybe boards and owners will instead debate what is the highest and best use of those earnings. Should all the earnings of a cooperative business return directly to the member-owners in the form of patronage refunds or discounts? Can we use our earnings, our economic capital, to address other community concerns? Could or should we pool our capital with that of other co-ops to address the needs of a regional "neighborhood"?

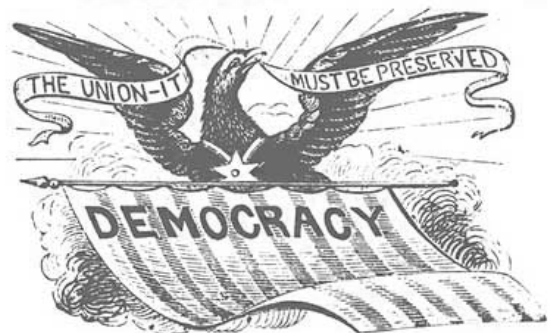
The answers to such questions can and will vary from co-op to co-op. In Carrboro, N.C., the member-owners of Weaver Street Market have used the wealth created by their business in an entrepreneurial manner, creating new businesses in their community that further their mission to create "a vibrant, sustainable commercial center." At Community Mercantile in Lawrence, Kansas, the member-owners have created a foundation to further their educational and outreach goals.

We have the potential, in any democratically controlled cooperative business, to engage our owners in a conversation about wealth: Do we more highly value common wealth or private wealth? How does the cooperative create and accumulate wealth? Should we use wealth to make our world a better place? If so, how?

In all such idealistic aspirations, we must recognize the necessity of the pragmatic work involved. In order to use democratic processes to change the world, we must learn to use the tools of democracy. We should make good use of our co-ops as gardens in which to germinate and nurture the seeds of democracy.

You help to decide the future of our cooperative. Through attending meetings, giving your feedback and sharing your ideas, and by electing your representatives- it is YOUR co-op, if you choose to participate.

ONE PERSON ONE VOTE.



NOT, ONE DOLLAR ONE VOTE.

Letter from the board

Dear Belfast Co-op Owners,

As owners of this co-op, we all have a stake in the Co-op's efforts to remain profitable. Under the patronage dividend model that the Belfast Co-op owners adopted in 1997, if the Co-op makes a profit at the end of our fiscal year, owners have the potential to receive a financial return based on how much they have purchased throughout the year. In recent years we have not issued dividends, partly because the growth in owner discounts has outpaced sales growth, leading us to give away profits before we make them.

In FY 2018, the Belfast Co-op ended with a loss of \$94,000 and gave out over \$280,000 in discounts.

Given this reality, at the January meeting of the Board of Directors, we elected to eliminate the senior discount and to bring the CORE discount to 10%, beginning April 1, 2019. The General Manager and the Board will review our discount structure over the next year to see if further changes may be necessary to remain sustainable.

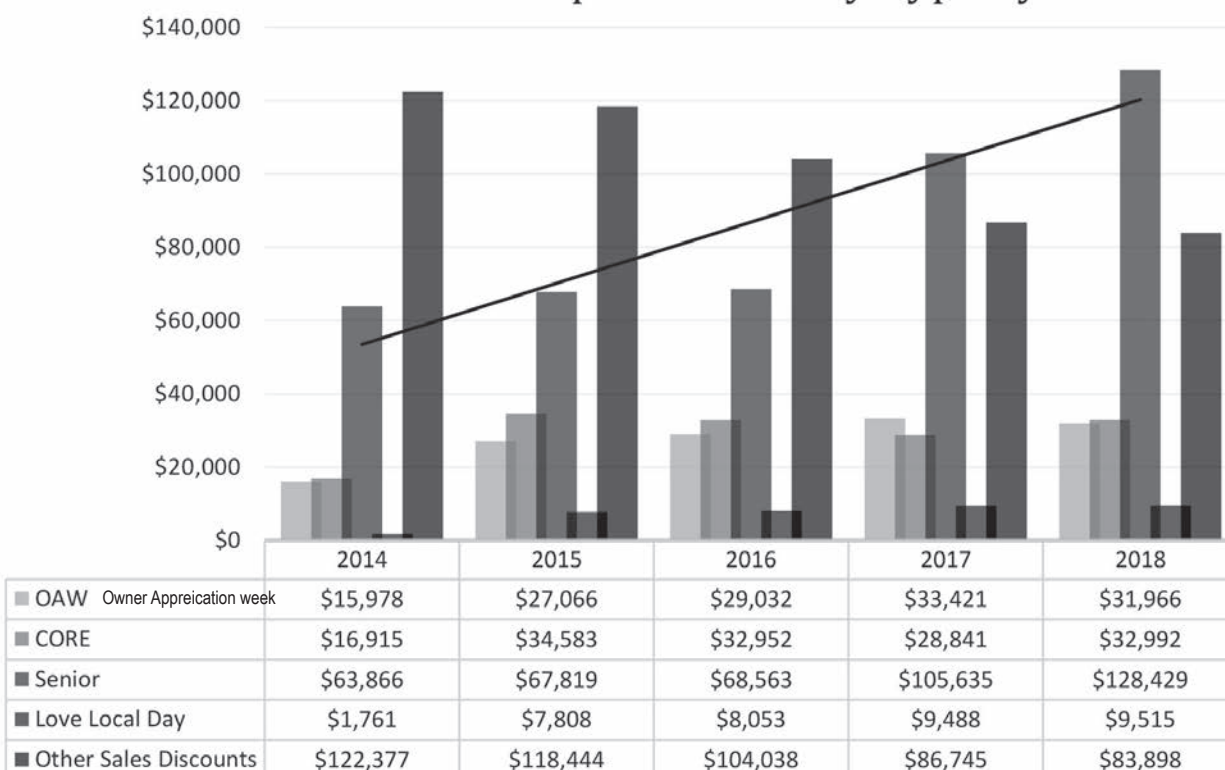
We believe that by restructuring our discount strategy, we will also be able to expand the reach of our **CORE** (Cooperative Ownership Reaching Everyone) program, which is designed to support more low-income residents in shopping at the Co-op. This program aligns closely with our values, providing us an opportunity to create positive impact in our community, and we would particularly like to invite any senior owners who may be eligible to apply for that program. (find out more about **CORE** at the Customer Service desk)

Recognizing the magnitude of this change, we will more fully present the rationale and invite owners to ask questions at this year's **Annual Meeting of Owners**, which will be held on **March 10, 2019 from 2:00-5:00pm at the United Farmers Market**. We believe that in addition to our increase in owner equity, this alteration to our discount structure is necessary not only for our short-term financial viability, but also to prepare our co-op for future growth.

Please contact
board@belfast.coop with questions, concerns,
or comments about this change.

Sincerely,
**The Belfast Co-op Board of Directors
and Doug Johnson, General Manager**

Belfast Co-op Discounts by Type by Year





**NEW HOPE
for WOMEN**



common cents
IN COMMUNITY WE TRUST

**Belfast Bay
Watershed
Coalition**



MARCH

NEW HOPE FOR WOMEN offers support to people in Sagadahoc, Lincoln, Knox and Waldo Counties affected by domestic violence, dating violence, and stalking, and provides educational resources to assist our communities in creating a safer and healthier future. Incorporated as a non-profit in 1981, **NHW** believes that the misuse of power to demean or control others fosters oppression and violence. This manifests itself as racism, sexism, classism, homophobia, religious bigotry, domestic abuse and other forms of violence. **NHW** believes that a just and peaceful society must commit itself to confronting and overcoming all forms of oppression and violence.

More info at www.newhopeforwomen.org

BELFAST BAY WATERSHED COALITION supports conservation and stewardship of natural and public resources of the Belfast Bay watershed through research, community building, and education. The **BBWC** is a non-profit, with all offerings free and open to the public. The **BBWC** offers engaging and educational workshops, lectures, and nature hikes. Local schools benefit from a number of different initiatives such as the "Natural Literacy" program and "Salmon in the Schools". Sessions are taught by local scientists, naturalists, and educators to better inform and engage our community in the natural beauty and diversity of our watershed region.

More info at: belfastbaywatershed.org

APRIL

ROUND UP AT THE REGISTER in support of worthy causes - each month at **#yourbelfastcoop**.

In January, co-op shoppers donated \$3,192.21 to Coastal Mountains Land Trust.

At time of printing (2/27), our community donated \$ 2,522.19 to Lincolnville Community Library.

UPCOMING EDUCATIONAL OPPORTUNITIES

hands-on workshop

SEED STARTING WORKSHOP

**HERON BREEN
OF FEDCO SEEDS**

**Wednesday,
March 27 | 6-7:30pm**
at the Unitarian Universalist Church,
37 Miller St. Belfast



lecture & discussion

CBD HEMP MEDICINALS 101

**BEN ROONEY OF
WILD FOLK FARM**

**Wednesday,
April 10 | 6-7:30pm**
at the Unitarian Universalist Church,
37 Miller St. Belfast



hands-on workshop

PROFESSIONAL SKILLS FOR THE HOME KITCHEN COOKING CLASS

**LISA MONTEITH OF
BELFAST CO-OP DELI**

**Wednesday,
April 24 | 6-7:30pm**
at the Unitarian Universalist Church,
37 Miller St. Belfast



WATCH OUR BULLETIN BOARDS & FACEBOOK FOR MORE INFO

Classes are free to attend,
please register in advance as space is limited.

If you are interested in signing up for one of these classes,
please call the Co-op @ 338-2532 and ask to sign up for a class
Additional questions may be sent to jamie@belfast.coop

Belfast CO+op
BOARD
of directors

Annual Meeting

OF OWNERS

VOTE FOR OUR 2020
COMMON CENTS RECIPIENTS
MEET THE NOMINEES FOR
THE BOARD OF DIRECTORS
ENJOY FOOD & DRINK WITH
FELLOW CO-OP OWNERS

2-5 PM

United Farmers Market of Maine
18 SPRING STREET, BELFAST.

SUNDAY, MARCH 10TH

**ELECTIONS FOR THE BOARD OF DIRECTORS BEGINS AT THE
ANNUAL MEETING AND CONTINUES UNTIL QUORUM IS REACHED**

meet the **BOARD** **NOMINEES**

Betsy Garrold has served on the BOD since 2012. She is a strong and passionate activist and facilitator who believes that cooperatives are a radical economic model that is desperately needed in these tumultuous times. As we hurtle toward irreversible climate change, the Co-op needs to be here to offer a safety net for the community. She is seeking another term on the BOD to be a voice of resistance against mainstreaming and corporatization that is the current trend in the cooperative world. She would like to see the Co-op continue to extend its service to all sectors of the community while becoming the best place to work in Waldo County and a model of sustainability. Betsy currently serves on the boards of Food for Maine's Future, the Cooperative Development Institute (CDI), and Fedco.

Andrew Watkins has been a participant in food co-ops since the mid 1970s and has served on the Belfast Co-op's Board of Directors for the past three years, two of those as Vice-President. During his time on the BOD he has been on the Owner Engagement, Board Development, and Expansion Committees, as well as attending many education events. Andrew studied Engineering and Environmental Studies and brings his perspective from those fields to the board process. He consistently has and will continue to listen to the voice of the Co-op ownership, bring theoretical methodologies to the attention of the BOD, and promote over-arching ideas gained through observation, reflection, and research. Andrew would like to see the Co-op fulfill its Ends more fully for more of the community, and add positive value to the economy and culture of Waldo County. He envisions the thoughtful expansion of the Co-op's physical space and deeper connections to our community.

Edward Sheridan has been involved in co-ops for more than 30 years, as an active member of seven co-ops throughout New England. He served as Board Chair for the Greenfield Area Community Land Trust, an affordable housing developer in western Massachusetts. In that role he managed directors, facilitated board meetings, and oversaw fund-raising activities. Edward has worked as a grant writer, and has served on the board of nonprofits. He currently runs a masonry company which specializes in historic restoration and Russian stoves. He has also joined the Belfast Co-op Expansion Committee. Edward is committed to working with board, management, and members to find and implement the most viable expansion option, which will keep the Co-op financially sound, and to fulfill our mission for years to come.

Crystal Howard-Doliber's passion for the Belfast Co-op comes from her understanding that people, including her family, need a place to get real food from trusted sources. She knows that supporting our local farmers, fishermen, brewers, and bakers is vitally important to the local economy and to the sustainability of our food sources. She would like to see the Co-op continue to evolve to meet the current and future needs of the member-owners while retaining the great underlying principles that have served to make it the longest-standing food co-op in Maine. This is a balance that can best be struck with consistent feedback from members and suppliers, forward-thinking decisions, delivering quality products and service, and respect for proven results.

Crystal has demonstrated her ability to bring people together to accomplish meaningful results through her 23-year career at Bank of America, primarily in Human Resources, and extensive volunteer work. Notably, she created and implemented a comprehensive, global LGBT+ training curriculum for Bank of America and helped the company launch its transgender framework to support its commitment to creating an inclusive workplace where every employee can bring their whole self to work. She has also served the community through her many volunteer positions in various organizations such as LEAD for Women, LGBT+ Pride Employee Resource Group, the Randall Collins VFW Post, and Jobs for Maine Grads. She is committed to focusing more of her efforts locally and will bring to the Board her focus on diversity of all kinds – from veterans to LGBT+ individuals, to those otherwise excluded, to those with diverse backgrounds, thoughts and perspectives.

Annie Bussiere is a self-proclaimed co-op nerd who believes wholeheartedly in the importance and value of the natural foods movement, small organic farms, regional foodsheds, resilient communities, and fighting corporatization within our food system. Over the past decade since graduating from Warren Wilson College, Annie has visited dozens of food co-ops, been an owner at 4, and is currently a Belfast Co-op employee as the Beer and Wine Assistant Buyer. She also serves on the Belfast Co-op Expansion Committee. Annie is passionate about our Co-op because she knows the unique location in a rural, seasonal area gives us a chance to reach a wide variety of people and shape our regional food system and local economy in a very real way – which is both a great and exciting responsibility that she would like to play a bigger role in. She would like to see the Co-op continue to and expand our ability to provide access to good food, educational opportunities, meaningful employment, and a community people can be a part of. Annie would join the Board with years of demonstrated experience in group process, decision making, and facilitation having worked for multiple nonprofits, schools, and small farms as well as two different food co-ops. She has an MS in Natural Resources: Residential Environmental Education, knowledge of the Midcoast area from the Penobscot Bay Stewards program, and strong connections to other co-ops that have recently gone through expansion projects from which to draw upon.

David Gibson was appointed to the Co-op's Board of Directors in June 2018 and has since stepped into the role of Secretary as well as the Chair of the Expansion Committee. He comes to the Board with over a decade of experience leading energy efficiency, clean energy and green building projects. He is also trained in permaculture design and has started a regenerative homestead farm in Morrill with his wife. David has been called a 'pragmatic visionary' due to his ability to set ambitious goals and develop a course to achieve them. David envisions the Co-op leading Waldo County to food self-sufficiency. He is enthusiastic about the Co-op and its mission because he believes together, we can provide healthy, local, organic food for all! When combined with transitioning Maine to 100% local clean energy, we can usher in a period of sustained local prosperity within the next decade.

The Board represents and acts for the Co-op's owners, whose votes imply trust that the Board is representing their interests. Board members are elected to three year terms and approximately one-third of the Board is up for election each year during a period that includes the Annual Meeting.

BOARD MEETINGS

March 28

April 25

6pm Social Time, 6:30pm Meeting

Unitarian Universalist
Church of Belfast

37 Miller St.

love
local
...DAY...

Everyone
saves 10% on
all local items
all day!
#lovelocalfood

SAVE THE DATE

Sunday, March 10th

ANNUAL MEETING

2pm United Farmers Market
Belfast

CO+OP CALENDAR

- 3/1-8.....Owner Appreciation Week
- 3/7.....Store closing early @ 5:30pm
- 3/10.....Annual Meeting -2pm
@ the United Farmers Market
- 3/13New Sales Cycle
- 3/27Co-op Class- Seed Starting
w/ Heron Breen of FEDCO
- 3/28.....Co-op Board Meeting, 6pm
@ the Unitarian Universalist Church
- 3/29.....LOVE LOCAL DAY -
Demo by Motherwort Farm @ 11:30am
- 4/3.....New Sales Cycle
- 4/10.....Co-op Class- CBD 101
w/ Ben Rooney of Wild Folk Farm
- 4/17New Sales Cycle
- 4/21...Store closed for Easter Sunday
- 4/24Co-op Cooking Class-
w/ Lisa Monteith of Belfast Co-op
- 4/25.....Co-op Board Meeting, 6pm
@ the Unitarian Universalist Church
- 4/26.....LOVE LOCAL DAY -
Demo TBD @ 11:30am

STAFF PICK



JOANN
WELLNESS

I picked **Herbal Revolution's Mushroom and Elderberry Elixir**. First of all, It does what it says it's going to! It has the time tested power of elderberry with the healing power of medicinal mushrooms. I love that it's crafted with Maine ingredients- by a great local company. It's just the thing to help make it through the rest of winter!