

June 15, 2015

Allied Community Cooperative

Selena Pettigrew, Secretary & Staff Coordinator

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Madison, WI 53711

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Submitted on Behalf of Allied Community Cooperative by: Kirsten Moore, Director of Cooperative Services, Willy Street Co-op, k.moore@willystreet.coop

Deliver as PDF to: rrohlich@cityofmadison.com

RFP 8422-0-2015/RR

Full-Service Grocery Store Verona Rd/Allied Dr Neighborhood

Allied Community Cooperative: A Vehicle for Innovative Community Investment

Allied Community Cooperative (ACC) was born out of a rich tradition of community organizing within the Allied Neighborhood. Incorporated in 2014, ACC is a project of residents of Madison's Allied Drive neighborhood and organizational partners. ACC is bringing together neighbors and organizations who work in the neighborhood to work together as partners in identifying and creating resources and activities that people want for their community. Some of the projects ACC has already helped facilitate include a container gardening project, and PowerTime II energy conservation projects.

Now ACC is focused on responding to the lack of access to healthy food in the neighborhood, on the heels of losing Walgreens years after the last full-service grocery store closed. One aspect of ACC's involvement with food access is facilitating ride-sharing to grocery stores. While ACC has no direct experience with retail operations, ACC is partnering with Willy Street Co-op and the UW Center for Cooperatives to create the Allied Community Cooperative Market (ACC Market). Ideally the ACC Market would be housed within a community or neighborhood center that could also house a pharmaceutical kiosk, community gatherings, and support other entrepreneurial and job building efforts within the neighborhood. Willy Street Co-op brings over 40 years of community organizing and grocery retail operations to the effort, and is committed to providing initial vendor and distributor connections to ACC while mentoring in the financial and operational activities of grocery cooperative development and retail sales.

According to the National League of Cities' Sustainable Cities Institute¹, "city and community leaders [nationwide] are promoting healthy neighborhoods by encouraging small food shops to provide nutritious, affordable option for residents living in food deserts." The ACC Market is an opportunity for the City of Madison to invest in and leverage neighborhood economic and business development, to be innovative in addressing the lack of access to healthy and affordable foods in an area where traditional store operations have not promoted the improvement of health outcomes, and to foster community through direct engagement with the Allied neighborhood, its many stakeholders, and citizens.

Principle Project Team

Cassandra Sonko, ACC Board President: Cassandra is a registered nurse, a neighborhood leader, and mother of four children.

Selena Pettigrew, ACC Secretary & Staff Coordinator: Selena is the president of Allied-Dunns Marsh Neighborhood Association and a board member for the Allied Wellness Community. She is also a member of the City of Madison Allied Task Force. Selena is a Community Ambassador with the Wisconsin Council on Children and Families, has operated the mobile food pantry in the neighborhood, started the Allied Neighborhood Watch, and is a strong advocate for neighborhood residents.

Stephanie Rearick, ACC Board Treasurer: Stephanie founded the Dane County TimeBank in 2005 and continues to serve as its director. She has also been the co-owner of Mother Fool's Coffeehouse since 1995. Past experience includes serving for six years with Greenpeace (serving as the local office director for two years), serving on the City's Alcohol License Review Committee from 2003-2008 (as chair from 2006-2008), and on the Timebanks USA board of directors from 2007-2011.

Anne Reynolds, UW Center for Cooperatives: Anne Reynolds is the Executive Director of the University of Wisconsin Center for Cooperatives. She develops courses, conferences and educational programs at the Center, and has led numerous workshops on board leadership, board roles and responsibilities and strategic planning. Anne offers education and technical assistance to cooperative start-ups, and was a founding advisor to the Allied Community Cooperative. Anne serves on the Madison Food Policy Council and the Madison Local Foods Committee, and is on the board of The Cooperative Foundation and the Northcountry Cooperative Development Fund.

Anya Firszt, General Manager, Willy Street Co-op: Anya has served 19 years as General Manager, and has been employed by Willy Street Co-op for 27 years total. The General Manager is empowered to oversee the cooperative within certain limits and parameters, subject to key decision points that involve the board of directors. The GM reports directly to the board of directors. She has served for 12 years as chair on the Blooming Prairie Foundation board.

¹ "A Snapshot of Healthy Store Initiatives," National League of Cities' Sustainable Cities Institute, www.sustainablecitiesinstitute.org/topics/food-systems/a-snapshot-of-healthy-corner-store-initiatives, (2013).

Kirsten Moore, Director of Cooperative Services, Willy Street Co-op: *Kirsten has managed the charitable, philanthropic, educational, and membership/cooperative development services at Willy Street Co-op since 2013. Previous experience includes food service, production management, administration, fundraising, grant writing, volunteer coordination, and executive services for nonprofit boards. She has also previously served on the board of directors for two nonprofits, and also for Nature's Bakery Cooperative, a well established worker-owned collective.*

Marc BrownGold, Director of Operations, Willy Street Co-op: *Marc, a Philadelphia native, is a newcomer to the Madison area. He has been involved in the operations side of the food business for 40 years as a butcher, trained chef, seafood monger, grocer and the owner of two small businesses. He currently oversees retail and production management, maintenance, and custodial services for Willy Street Co-op's two retail operations, the off-site kitchen and bakery, and central office.*

Paige Wickline, Interim Director of Finance, Willy Street Co-op: *Paige has worked at Willy Street Co-op for five years and is currently the Interim Director of Finance, responsible for budgeting, accounting, financial reporting and cash management functions. She has over 15 years of financial management experience and currently she also serves on the board of directors of Community Shares of Wisconsin as treasurer.*

Long-Term Success for the Neighborhood is Long Term Success for the City

ACC and the ACC Market is for the neighborhood and by the neighborhood. ACC's proposal, by design, is a partnership with the neighborhood and the City for the long-term economic development of the area. Our proposal not only creates a viable healthy foods store, but also an anchor for the community to be centered around—a physical space for the neighborhood to develop itself. As a consumer and possibly worker-hybrid cooperative, the ACC Market fosters both entrepreneurialism and job creation from right within the neighborhood. It will be entirely owned and managed at the local level, by the members of the cooperative and their selected staff.

ACC's proposal is fiscally conservative, with sales projections based on the demographics of the people who dwell within the neighborhood. We anticipate that residents will use the store for only a portion of their monthly food and wellness expenses, and that sales will grow minimally with the cost of living and inflation. As a cooperative enterprise bridging a market gap and located within a larger community or neighborhood center, the ACC Market will become a cornerstone of the neighborhood's success; central to the sustainability of a neighborhood Community Shared Agriculture drop-off, other business kiosks, gathering spaces and more. ACC will measure success for the ACC Market as a success for the City: growing neighborhood usage and support; neighborhood employment and management; and self-monitoring and resilience from crime and loss from theft. The plan is ultimately for the business' sustainability to mirror and become the model of the sustainability of the neighborhood itself.

Vision and Blueprint

ACC has no other operations that would have controlling interest in the proposed ACC Market. Furthermore, ACC does not have any agreements in place that show intent to lease. The success of this proposal will require entering into a partnership or lease with a developer who can offer the infrastructure for the storage, inventory, and distribution of food. The ACC Market is proposed for operating within the neighborhood or community center to be located in the Allied neighborhood within the City's RFP map titled "Allied Drive Area Map 2." A preliminary floor plan, while necessary, cannot be drafted without a location secured. However, the ideal location will boast 2000 total square feet for a healthy corner store.

Cooperatives are autonomous, self-help organizations and as such, products and retail options will be determined by the purchasing habits and requests of its core customers: the area residents. Product offerings will be determined by the membership of the ACC, and will comply with rules for offering SNAP (FoodShare) and WIC redemption. Bulk offerings and store brand products such as ShurFine or Natural Value (for examples) will be available. ACC will rely on the mentorship of Willy Street Co-op in offering these products and services, as Willy Street Co-op started as a retailer in a low-income neighborhood that is now considered of mixed-use and income. ACC will not be certified to provide pharmaceuticals, however, should a licensed pharmacy have interest in working with ACC to provide pharmaceutical vending via kiosk or rented retail space within the ACC Market or the neighborhood or community center, considerations will be made for accommodation. Delivery service is a possibility within the immediate neighborhood, and may be an opportunity for cooperative members to provide volunteer services.

Timeline for Completion

It takes, on average, two to three years for an established retailer to develop and implement citing of a retail operation. New operations, such as the ACC Market, can take, on average, 3-5 years. Planning, discussion and evaluation will begin right away, and retail operations as the ACC Market may be scheduled to open at the end of 2018.

- 1. July, 2015 - Stage 1A: Organizing and Research.**
 - a. Membership Drive, Community Organizing, Capacity Building
 - b. Completion of Hiring Outreach Staff
 - c. Retail/WIC/SNAP Licensing
 - d. Location ID
- 2. October, 2015 - Stage 1B: Organizing for Retail, working with UWCC, Food Co-op Initiative, Willy Street Co-op, and healthy corner store consultants to identify final budget for retail and cooperative development needs.**
 - a. Membership Drive, Community Organizing, Capacity Building
 - b. Consulting/Project Management
 - c. Location ID
- 3. October, 2016 - 2A: Feasibility Studies for Retail**
 - a. Membership Drive, Community Organizing, Capacity Building
 - b. Consulting/Project Management

- c. Market Analysis
- d. Financial Pro Forma
- e. Preliminary Store Design
- f. Governance Training
- g. ACC Board evaluates findings of feasibility studies and makes decision regarding whether to proceed with project.

4. April, 2017 - 2B: Planning for Retail Construction

- a. Membership Drive, Community Organizing, Capacity Building
- b. Consulting/Project Management
- c. Financial Pro Forma
- d. Preliminary Store Design
- e. Governance Training
- f. Staff Training
- g. Secure Lease
- h. Bond Drive
- i. Architect/Contractor Contracts
- j. Hiring General Manager
- k. Hiring Accountant
- l. Begin Marketing/Promotion of Retail

5. October, 2017 - 3A: Preconstruction for Retail

- a. Membership Drive, Community Organizing, Capacity Building
- b. Consulting/Project Management
- c. Financial Pro Forma
- d. Architectural, Engineering, Store Design
- e. Staff Training
- f. Architect/Contractor Contracts
- g. Financing
- h. Hiring/Staffing
- i. Accounting
- j. Continued Promotion
- k. Lease Deposit

6. April, 2018 - 3B: Construction/Renovation for Retail

- a. Membership Drive, Community Organizing, Capacity Building - Meet goal to prepare to open.
- b. Leasehold improvements
- c. Equipment
- d. Inventory
- e. Consulting/Project Management
- f. Final Design
- g. Training
- h. Financing
- i. Hiring/Staffing
- j. Accounting
- k. Continued Promotion
- l. Utilities

7. October, 2018 - 3C: Preparation for Opening Retail

- a. Leasehold Improvements
- b. Equipment
- c. Inventory
- d. Project Management
- e. Training
- f. Hiring/Staffing
- g. Promotion
- h. Rent
- i. Taxes/Insurance/Maintenance
- j. Utilities

8. November, 2018 - Retail Operations Open & Sustaining

- a. Inventory
- b. Professional Support
- c. Capital Allowance

Budget

Key Assumptions:

- Budget scenario will need to be tested with a financial pro forma to determine if plan is feasible, and the financial pro forma will project years 1-10 to determine if there is adequate cash flow and if the debt can be serviced.
- Costs are ballpark estimates, based on knowledge of prior projects and market rates, costs will increase over time.
- \$12=Lease Rate Per Square Foot including triple net expenses on top of base rent. ***This may be adjusted if space is donated within a neighborhood or community center.***
 - \$2.00/Square Foot Real Estate Taxes
 - \$0.50/Square Foot Insurance
 - \$1.00/Square Foot Common Area Maintenance
- 9 parking spaces (6 per 1000 square feet of retail space)
- Date of store possession: July, 2018
- Open for business: November, 2018
- Labor & Sales: We will estimate 32 hours/week for full-time employment, which may be split to part time positions as desired. We are using \$15 as our estimated base wage for year 1 with 2% COLA increases (employment benefits included or in addition are not considered in this projection). We are also estimating a 2% increase in annual sales yearly in the first 1-3 years.

HEALTHY CORNER STORE		
ITEM		NOTES
ROUGH DATA		
Sq Ft. Sales	1500	Corner Store defined as: 2000 square feet, 4 aisles, 1 cash register. ² 800 Sq Ft: Packaged, Bulk, Frozen Grocery 250 Sq Ft: Produce 100 Sq Ft: Register System, Secure Cash Handling 150 Sq Ft: Health & beauty 100 Sq Ft: Prepackaged meat & possibly seafood 100 Sq Ft: Dairy & refrigerated grocery
Sq Ft. Non-Sales	500	Backstock, receiving, admin.
Total Square Feet	2000	
Rough cost per square foot	\$300	Pre-opening wages, loan interest, consulting, permitting, build-out costs, marketing/PR, and capital allowance for cash-flow and losses.
Estimated Total Cost	\$600,000	
SALES/LABOR PROJECTIONS		
Year 1 Annual Sales	\$900,000	\$600 per square retail foot.
Labor % of Sales	25%	
Labor Dollars Available	\$225,000	
Hourly Wage	\$15	
Hours Available	15000	
Annual Hours FT Staff	1664	
#FT Positions	9	
USES		
Acquisition	NA	
Leasehold Improvements	\$140,000	\$70/sq.ft.
Equipment	\$130,000	\$65/sq.ft.
Inventory	\$80,000	\$40/sq.ft.
Fees	\$48,667	Consultants, architect/engineer, store design, legal, financing, environmental, misc.
Operating/Admin Prior to Opening	\$5,000	Basic expenses
Startup Promotion	\$4,500	Allows for promotion before opening day. Equivalent to 3 months of Year 1 advertising budget added on. 2% of Year 1 sales divided by 4.

² "Healthy Corner Store Initiative Overview," The Food Trust, thefoodtrust.org/uploads/media_items/healthy-corner-store-overview.original.pdf, (2014).

Startup Staffing	\$43,750	Initially estimated as 1/12 of Year 1 labor (25% of sales) + salary/benefits for general manager for 6 months (½ of \$50,000).
Holding/Site Costs	\$10,667	Lease deposit, if required, plus option rent/taxes/ins/common area maintenance/utilities before opening
Interest during project	\$600	estimated at \$50,000 of debt at blended interest of 7% for 4 months at 50% average draw
Post Opening Professional Support	\$15,000	set aside for consulting support to develop operating systems and provide support in Year 1
Working Capital, allowance	\$54,000	6% of Year 1 sales, to provide adequate cash flow to cover initial operating losses.
Subtotal Uses	\$532,183	
Uses Overrun Allowance	\$79,828	Initially calculated at 15% subtotal. Lowered to no lower than 10% as estimated costs become firm. Assumes overrun allowance is 50% leasehold improvements and 50% equipment.
Total Uses	\$612,011	
SOURCES		
Grants, cash from benefits, donations	\$50,000	Potential partners: Boys and Girls Club of Dane County; Dane County TimeBank; Willy Street Co-op; Joining Forces for Families; the Wisconsin Council on Children and Families; the UW Center for Cooperatives; Food Cooperative Initiative; Dane County Buy Local; Blooming Prairie Foundation; Dane Cooperative Alliance; USDA Food Security Grants; Summit Credit Union. A fiscal sponsor is highly recommended for ACC to have greater access to grants. By locating in the proposed neighborhood or community center, many partnerships may be leveraged.
Member Equity	\$6,250	250 members at \$25/member. All members are households (persons living in same dwelling). Member equity would need to be fully raised within 2-3 months of retail opening. 03/16 Stage 1A- 25 members - Buying Club 09/16 Stage 1B - 50 members 03/17 Stage 2A - 75 members 09/17 Stage 2B - 100 members 03/18 Stage 3A - 200 members 09/18 Stage 3B - 250 members
Cooperative Bonds	\$175,000	175 bonds at an average size of \$1000. Minimum size loan is \$1000-\$2000. Legal consulting is required. Length of term 4-10 years with blended interest rate of 3.5-4%. Bonds could come from ACC members or other Wisconsin cooperative members.

Landlord Contribution	\$35,000	25% of leasehold improvements provided by the landlord.
Vendor Credit	\$20,000	25% of inventory provided by manufacturers, accessed by working with distributor. Terms need to be established with vendors over time, and there is no guarantee of initial terms, they may be COD.
Free Fill	\$12,000	15% of initial inventory, provided by manufacturers, accessed by working with distributor.
City of Madison	\$300,000	Forgivable Loan, requesting 100% forgiven. Used for capital investments in the ACC grocery and as leverage for fundraising/grant efforts.
Bank Debt	\$13,761	2.25% total (Senior Debt) (First Position)
Total Sources	\$612,011	

Additional Considerations

ACC will need support in identifying a location, preferably where the neighborhood or community center will eventually locate and the neighborhood approves of (seeking walking distance from the center of the community).

Ownership: outreach to increase membership, capacity building and leadership development in ACC is a key aspect of this project. As a grassroots project, the ACC Market's immediate success is enhanced by the involvement in the neighborhood and from the neighborhood.

Incorporating the ACC Market as a consumer and possible worker-hybrid owned cooperative and seeking development support for the worker cooperative portion of the effort will be paramount to meeting the criteria of neighborhood and minority ownership.



Appendix 5 – Required Forms

Form A: Signature Affidavit

RFP #8422-0-2015/RR

This form must be returned with your response

In signing Proposals, we certify that we have not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise take any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit Proposals, that Proposals have been independently arrived at, without collusion with any other Proposers, competitor or potential competitor; that Proposals have not been knowingly disclosed prior to the opening of Proposals to any other Proposers or competitor; that the above statement is accurate under penalty of perjury.

The undersigned, submitting this Proposal, hereby agrees with all the terms, conditions, and specifications required by the City in this Request for Proposals, declares that the attached Proposals and pricing are in conformity therewith, and attests to the truthfulness of all submissions in response to this solicitation.

Proposers shall provide the information requested below. Include the legal name of the Proposers and signature of the person(s) legally authorized to bind the Proposers to a contract.

Alice Howard
NAME

Alice Howard U.P.
SIGNATURE

6-11-15
DATE



Appendix 5 – Required Forms

Form B: Receipt of Forms and Submittal Checklist

RFP #8422-0-2015/RR

This form must be returned with your response.

Proposers hereby acknowledge the receipt and/or submittal of the following forms:

Forms	Initial to Acknowledge SUBMITTAL	Initial to Acknowledge RECEIPT
Description of Services/Commodities	N/A	
Form A: Signature Affidavit	ah	
Form B: Receipt of Forms and Submittal Checklist	ah	
Form C: Vendor Profile	ah	
Addendum #: Title	ah	
Addendum #: Title	ah	
Addendum #: Title	ah	
Addendum #: Title	ah	

ALLIED COMMUNITY COOPERATIVE
COMPANY NAME



Appendix 5 – Required Forms

Form C: Vendor Profile

RFP #8422-0-2015/RR

This form must be returned with your response

COMPANY INFORMATION

COMPANY NAME (Make sure to use your complete, legal company name.) <i>Allied Community Cooperative</i>			
FEIN		(If FEIN is not applicable, SSN collected upon award)	
CONTACT NAME (Able to answer questions about proposal.) <i>Selena Pettigrew</i>		TITLE <i>Secretary</i>	
TELEPHONE NUMBER		FAX NUMBER	
EMAIL			
ADDRESS		STATE <i>WI</i>	ZIP <i>53711</i>

AFFIRMATIVE ACTION CONTACT

The successful Contractor, who employs more than 15 employees and whose aggregate annual business with the City for the calendar year, in which the contract takes effect, is more than twenty-five thousand dollars (\$25,000), will be required to comply with the City of Madison Affirmative Action Ordinance, Section 39.02(9) within thirty (30) days of award of contract.

CONTACT NAME <i>NA</i>		TITLE	
TELEPHONE NUMBER		FAX NUMBER	
EMAIL			
ADDRESS		CITY	STATE ZIP

ORDERS/BILLING CONTACT

Address where City purchase orders/contracts are to be mailed and person the department contacts concerning orders and billing.

CONTACT NAME <i>Selena Pettigrew</i>		TITLE <i>Secretary</i>	
TELEPHONE NUMBER		FAX NUMBER	
ADDRESS			

ADDENDUM: RFP 8422-0-2015/RR Allied Community Cooperative Market

Revised Budget to Specify City Funding Uses

Key Assumptions:

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Free Fill	\$12,000	15% of initial inventory, provided by manufacturers, accessed by working with distributor.
City of Madison	\$300,000	Forgivable Loan, requesting 100% forgiven. In addition to Uses outlined below, funds will also be used as leverage for fundraising/grant efforts. \$112,000 Leasehold Improvements (80%) \$ 75,416 Equipment (58%) \$ 10,667 Holding/Site Costs \$ 48,667 Fees \$ 5,000 Operating/Admin Prior to Opening \$ 4,500 Startup Promotion \$ 43,750 Startup Staffing
Bank Debt	\$13,761	2.25% total (Senior Debt) (First Position)
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