



PROSPECTUS FOR SOUTH STREET RELOCATION 2018

Blue Hill Co-op & Café

P.O. Box 1133
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Spring 2017

www.bluehill.coop

Goals: Relocate the Co-op and expand the local food economy.

Our Mission

We are a welcoming, vibrant community of owners guided by our belief in the importance of healthful, honest food options. Through cooperative principles we support our economy by sourcing locally, and by providing education on food, environmental and social issues.

History

Every community boasts a handful of institutions that define its character and shape its identity. On the Blue Hill Peninsula, the Blue Hill Co-op and Café is a center of commerce, social interaction, local self-reliance, and healthy living. The Co-op reflects and strengthens what we value about living in rural Maine.

The Co-op, like all living things, has grown and changed over time. Now in our 42nd year, we are one of the oldest food co-ops in New England. Having employed hundreds of people and supported numerous local producers over the years, we are now positioning ourselves to serve our growing number of owners and a community hungry for even greater offerings of locally grown and organic foods.

The Blue Hill Co-op's mission emphasizes the importance of supporting our local economy through local sourcing, as well as supporting our customers' health through organic sourcing. Our strong commitment to these core values has positioned us as a trusted source of quality, unadulterated healthy food, at a price that supports a living wage for farmers, vendors, and employees.

The strength of any co-op is in its cooperative ownership model. Co-ops return power to the people through voluntary and open ownership, democratic owner control, and concern for community. Co-ops have been less susceptible to recessions and better able to endure tough economic times because their shoppers have a stake in their survival and their investors are involved for reasons beyond making a profit; they are committed to the values of the co-op.

In 2016, the Co-op purchased more than \$766,000 worth of goods from Maine producers, up 6% from 2015. Store sales in 2016 reached \$2,948,172, up nearly 32% from 2009. Our continued success depends upon our ability to create, develop, and sustain trusting relationships with our owners, customers, and local farmers, producers and vendors. Through careful research, we have determined that in order to better support our local economy, we must grow our store.

This prospectus was written to showcase the opportunities for growth set before us.

Present-day Challenges

Our current location consists of 1,850 square feet of retail sales area, 16 café seats, and 19 customer parking spaces. Everyone who shops here gets a first-hand experience of the constraints the business is under. Deliveries from larger trucks effectively block traffic on the road and in our small parking lot. Getting in and out of the parking lot on a busy day takes nerves of steel. The cramped feeling extends into the store as well; there is barely enough room to maneuver around other customers. The size of the space limits the amount and selection we can stock, ultimately reducing our services and the customers' ability to purchase from us.

These limitations extend into the back of the store as well. The receiving area is small and cramped; on delivery days we can barely walk through the space, much less move products out to the floor. We lack storage space to buy more products when they are on sale in order to pass the savings on to the customer. There is also limited room for producing food in our café, despite growing demand from our community for food year-round.

And even with these challenges, the Blue Hill Co-op is made up of more than 1,600 dedicated owners and grosses nearly \$3 million annually. In the summer of 2016, our average weekly sales per square foot was \$43.85. That is nearly four (4) times what the average co-op does.

How much more could we do for our community, its farmers and producers, and its economy if we were not constrained by the size of our store?

Sustainability

Central to our vision is a store that is thoughtfully-designed to limit energy consumption. We will be utilizing daylight for interior lighting, recovering waste heat from refrigeration to provide building space-heat and hot water needs, and utilizing a roof-top photovoltaic system to provide electrical power generation. This results in a store that over the course of a year is estimated to use an equal amount of power as we currently use in our smaller store.

In addition to the energy saving aspects of the building, the new store will model systems to sustainably treat the stormwater generated from the parking lot and rooftop. An extensive underground catchment complex will collect the stormwater and settle out particulates. The water will then be directed to an area of the forest where it will slowly infiltrate into the ground, mimicking natural processes. This infiltration area will be deeded as an easement so that it will always remain a forested buffer, no matter who owns the site.

The Vision

In 2015, we commissioned an update to a market study from G2G Research Group, a consultant with years of experience working with food co-ops. Their updated study showed that the Co-op would thrive by relocating to a larger store. Since finding a place in downtown Blue Hill with enough parking was not possible, we purchased a 5.5-acre lot on South Street, just south of Mainescape and directly across from The Bay School.

Our new location will be more convenient to those who visit other merchants and will support the effort to develop a more pedestrian-friendly and attractive South Street. The new storefront, designed by a local architect, will enable us to sell more produce from local farmers, offer a wider variety of healthy products, support educational programs, and enhance the Co-op's role as a community gathering place, all while keeping the sense of familiarity to which we are all accustomed.

New Store Highlights

- New building size: 12,454 SF
- Café sales area: 1,166 SF
- Grocery sales area: 5,600 SF
- Total sales area: 6,766 SF
- Café seating: 40 seats inside, 48 seats outside
- Community meeting room: 350 SF
- Parking for customers and staff: 70+ cars

Changes & Improvements

- Double the produce area.
- New fish, meat and deli service.
- Spacious aisles wide enough to accommodate full-size shopping carts.
- Safe and professionally designed parking.
- More check-out lanes.
- Greater flexibility for store layout, based on seasonal and evolutionary growth.
- Handicap accessibility.
- Expanded product selection

Financing

After years of discussion and planning, the architectural plan for the new Co-op South Street store is approved. We have Phase 1 fundraising to complete by AUGUST 16, 2017. With the support of community, a bigger, more efficient, easier-to-navigate space full of healthy local food and products is in all our of futures.

We are approaching Co-op member-owners to invest through shares in the relocation project at a \$100 per share, with a first focus on potential investors who are Maine residents.

Two Ways to Participate

1) Purchase Investment Shares—starting at \$100.

The Co-op offers 4 classes of investment shares. Annual dividend return depends on length of retention.

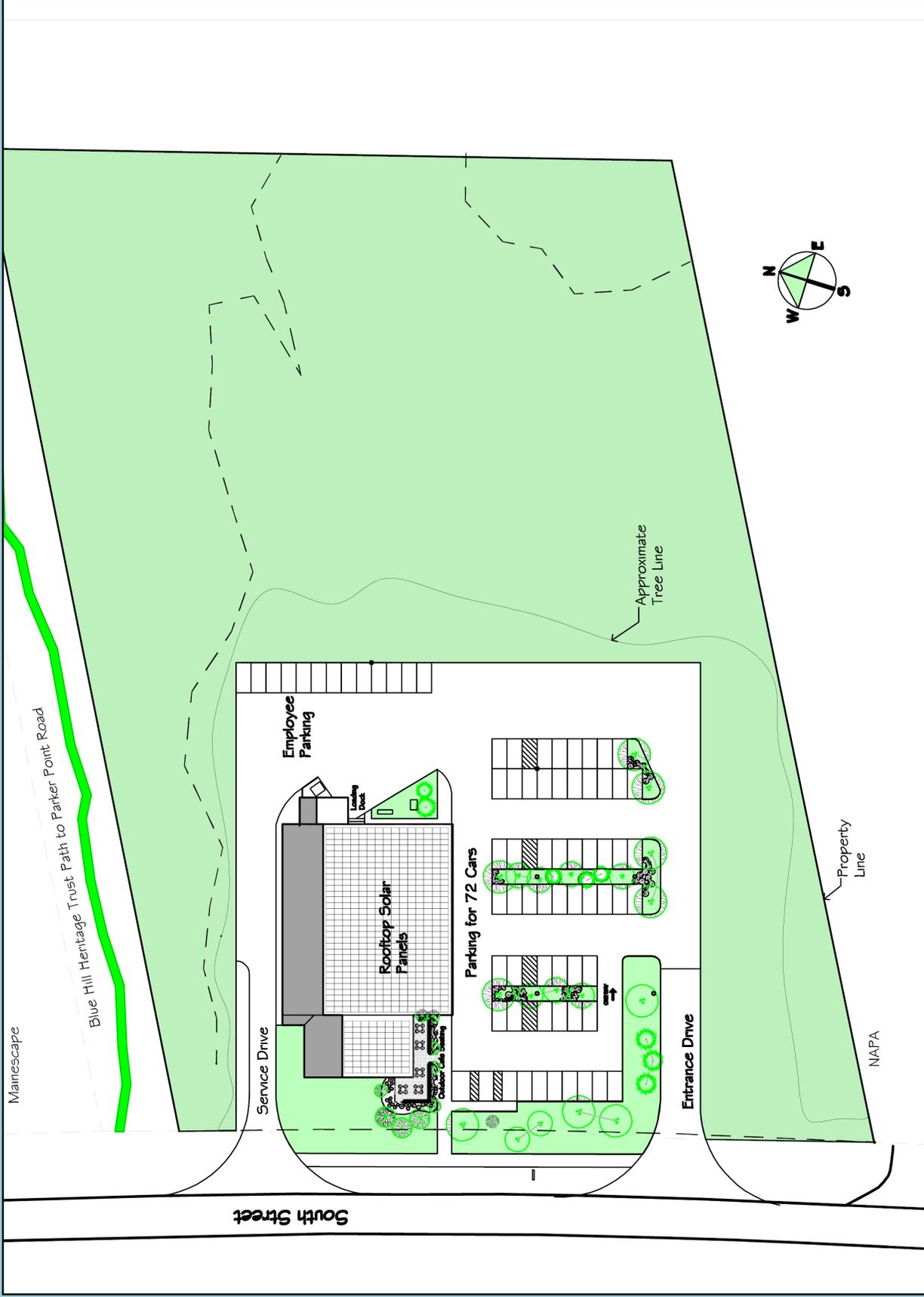
Returns on Investments				
Series	Cost per share	Number of shares available	Term	Annual Dividend Rate
A-1	\$100	1,000	3 year minimum retention	0%
A-2	\$100	3,000	5 year minimum retention	2.5%
A-3	\$100	3,000	7 year minimum retention	3.5%
A-4	\$100	3,000	10 year minimum retention	4.5%

2) You may also give a tax-deductible donation through Eastern Maine Development Corporation. You can direct your donations to Eastern Maine Development Corporation (EMDC), a 501(c)(3) non-profit organization (EIN 01-0281875) that has partnered with the Co-op to facilitate the expansion and relocation project. Donations to EMDC will be combined and granted to the Co-op at key points in the relocation process. As EMDC is a nonprofit, donations to them are deductible to the extent the law allows.

If the tax benefits are not important, you can donate directly to the Co-op, care of:
Kevin Gadsby, General Manager.

This document is not an offer to invest, nor is it an invitation to make an investment. This prospectus is for informational purposes only.

Site Plan Conceptual Draft



Stahnke + Kitagawa Architects

Blue Hill Co-op & Café

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Graphic Scale