



TPSS Co-op
*growing community
thru food*

Answer to Request for Proposal at Takoma Junction

TPSS Co-op
201 Ethan Allen Ave
Takoma Park, MD 20912
301-891-2667

Executive Summary

Takoma Park Silver Spring Co-op (TPSS), which has been an important contributor to the financial strength and stability of Takoma Park since its beginnings in 1980, hopes to play a key role in the revitalization of Takoma Junction, our home since 1998. The very goals and principles upon which TPSS was founded reflect our role within the context of the larger Takoma Park community. TPSS Co-op is defined by our governance papers as “a sustainable cooperative enterprise that benefits the community at large consistent with community needs, financial viability, cooperative principles, healthful living, and strong environmental stewardship,” and our “customers have access to goods produced in socially and environmentally responsible ways, with an emphasis on local and organic foods, at reasonable prices and in welcoming community marketplace settings.” Unlike development companies, our ROI is not measured by the amount of money we make, but by how well we are able to meet our mission and give back to the community.

Food retailers often begin to think about expanding or moving when annual sales reach \$1000 per square foot. TPSS annual sales far exceed that industry standard, and we would better serve the community by doubling the retail space available to us. After a market study conducted by an outside consulting firm showed that the marketplace would accommodate an expanded TPSS, we commissioned an expansion feasibility study. Based on both of these studies, it is our plan to double our retail square footage. The Co-op expects first-year sales of \$11 million in an expanded store, rising to \$15.5 million in 2018. By expanding, we can increase our core service to our community and customers. Expansion will enable TPSS to purchase more products from local farmers and businesses, offer a wider range of products and price points, and provide more well-paying jobs with a great benefits package. We currently employ 46 FTE and expect to need a staff of 67 FTE when the expansion is completed. But our plans go far beyond sustaining our own store. The development we are proposing will bring more shoppers to the Junction not simply to take advantage of our greater selections, but to visit our new wine and beer shop, a coffee shop long desired by the community, possibly a credit union, and other small, local businesses that may have been looking for a home. All will be located in a pleasant environment that encourages foot traffic and invites shoppers and community members to linger.

Our plans incorporate the themes for development identified by the Takoma Junction Task Force in 2012: Community, Localism, Environment, and Heritage. Beyond increasing the number of shoppers in the junction, the expanded TPSS will offer a large, modern community gathering place. We currently use the store for a children’s weekly story hour and a variety of classes such as Herbal Tinctures, Eat It Raw, Laughter Yoga, Organic Body Care, and Drink Your Veggies. A larger space, complete with demonstration kitchen and devoted to community education and entertainment, will enable us to expand our class, film, and educational offerings and provide a venue for musical performances, dancing, and other activities. While we currently have one raised planting bed that we are using to teach local school children how tiny seeds becomes the vegetables they eat, having more space will enable us to offer more of these raised beds and provide even more green space to the area. We also hope to provide space for community gardens so that members of the community can grow their own vegetables, herbs, and flowers.

TPSS is dedicated to providing local products whenever possible; the product selection guidelines call for the prioritization of local products that are grown and produced within a 50-mile radius of the store

and regional products that are grown and produced within a 250-mile radius of the store.

As the TPSS Co-op looks to expand its operations and physical building, an impact on the environment is inevitable. The question at hand is this: How can we, while adding square footage to the built environment make, sure that the impact we have on our natural environment and local ecosystem is not only benign, but at its best beneficial to our environment? Our attempt to answer this question will be met by utilizing the philosophy of Sustainable Design and implementing as many of its principles as we possibly can. Sustainable design requires that decisions be made during the planning and design phases of a project, using both tested strategies and new and creative techniques. Coordinating our strategies as early as possible in the development process will allow us to mitigate many of the possible negative environmental impacts historically associated with building construction and site development.

The heritage of Takoma Park is a rich one. Founded by Benjamin Franklin Gilbert, who called the area a “sylvan suburb,” Takoma Park was also home to Benjamin Morrison, the first director of the US National Arboretum. We will honor and continue this dedication to the beauty and importance of nature by incorporating as much green space and as many plantings as we can. Takoma Junction falls within the Historic District, and our community has fought hard to retain the character and integrity of this area. All of our development is designed to continue this tradition.

Project Concept Plan

Our project will bring more people to the Junction, not simply to take advantage of the greater selections in our expanded store, but to visit our new wine and beer shop, a credit union, a coffee shop long desired by the community, and other small, local businesses that will find a home with us. All will be located in a pleasant environment that encourages foot traffic and invites shoppers and community members to linger and explore.

Design of all structures will follow the lines of existing Takoma Park buildings, with an eye towards the historic importance of the area and the need to modernize and address the potential impact on the local environment at each step. Using Sustainable Design principles, we will minimize energy consumption with a focus on eliminating those energy sources that are non-renewable; protect and conserve all water; provide the most healthy indoor environment possible for the occupants; and insure that during the building's life-cycle we optimize the operational and maintenance practices put in place, in an effort to both minimize energy use and maximize human comfort. We will utilize the following strategies:

LEED, Energy Star: Either apply for certification or commit to using these programs as guidelines toward building the most environmentally sensitive and energy efficient buildings economically possible.

Sustainable Site Design & Water Conservation & Quality:

- Participate in the Sustainable Sites Initiative™ (SITES™) program, or, at a minimum, incorporate some of their guidelines into the project. www.sustainablesites.org
- Utilize LID (Low Impact Development) to manage storm water at its source using both structural engineered systems and non-structural techniques such as vegetated, natural systems.
- Preserve the existing natural water cycle and design site and building improvements that closely emulate the site's natural "pre-development" hydrological systems.
- Minimize the unnecessary and inefficient use of potable water on the site while maximizing the recycling and reuse of water, including harvested rainwater to water educational public gardens at the site using both storm and gray water where possible.
- Install Bio Swales – Linear rain gardens planted with native vegetation that receive and absorb storm water runoff from impervious surfaces that can provide an alternative and/or supplement to traditional storm sewers.
- Montgomery County RainScapes Rewards Rebate Program - There are nine measures that one can apply for, five of which have a heat island mitigation focus: rain gardens, increased urban tree canopy, incorporation of permeable pavers, pavement removal, and green roof installation.
- Emphasize retention of storm water, on-site infiltration, and ground water recharging using methods that closely emulate existing natural systems.
- Investigate the probability and budgetary impacts of utilizing Green Roof Technology.

Energy & Environment (Efficiency): We will utilize timed lighting with occupancy sensors; LED lighting (most energy efficient lighting to date); smart thermostats to control the HVAC system; an air barrier and high R-value insulation system; thermal windows; and photovoltaic panels to minimize nonrenewable electric use.

Indoor Environmental Quality: We will use low VOC materials, formaldehyde-free building materials, and proper ventilation in conjunction with quality air filtration

Conservation of Materials & Resources: We will maximize the use of recycled products, renewable materials, and local materials to shrink the embodied energy footprint.

The developed former municipal lot will include the following: Expanded TPSS Coop (total of 15,000 square feet), non-TPSS commercial space (2,900 square feet), community multipurpose room (3,000 square feet), and three small footprint retail spaces (2,100 square feet total). The remainder of the site will consist of parking for at least 40 vehicles, green space, pedestrian walkways, and raised bed gardens. The sloped section of the property will be reserved for terraced community gardens and bio swales rain gardens.

TPSS Development Timeline

Awarding of RFP to TPSS Coop	November 2014
Finalize Development Plans/ gain all final approvals to move forward	November 2014-January 2015
<ul style="list-style-type: none">• Building plans and locations• Site development plan• Material choices• Provide green space• Initiate public development meetings• Receive input of Historic Takoma, Façade Advisory Board, and individual Takoma Park residents.	
Preparation of all Construction Documents	December 2014-May 2015
<ul style="list-style-type: none">• Architectural• Mechanical/Electrical/Plumbing• Civil Engineering	
Finalize and secure project financing	January 2015-April 2015
File for building permit	May 2015-June 2015
Begin construction	June 2015
Development complete	April 2016

Financing Plan

The Takoma Park Silver Spring Cooperative is in strong financial condition, with annual sales of approximately \$8 million and growing every year. With 4,260 square feet retail space, sales per square foot are about \$1878, more than 40% above the national average for similar organizations. Operations are profitable overall, with adequate working capital, good liquidity, and a strong balance sheet. TPSS also has a well-established Expansion Reserve Fund and no long-term debt.

The chart below shows the total expected development expenses:

	<u>Projected Cost</u>
Acquisition of Turner Building	*
Planning and Design Fees/ Project Management	\$ 495,000
New Construction of TPSS space	\$2,225,000
Renovation of current site	\$ 515,000
Equipment for expanded Co-op	\$1,112,800
Equipment for current space	\$ 274,550
Elevator	\$ 75,000
Additional Inventory	\$ 235,000
New Construction for Other Tenants (5,000 square feet total)	\$ 875,000
Start-up Promotion and Staffing	\$ 160,000
Business Disruption	\$ 233,750
Acquisition of Auto Repair Shop	\$ 500,000
<u>Acquisition of Municipal Lot</u>	<u>** (see next page)</u>
Total	\$6,701,100

*(no additional cost if long-term lease in lieu of sale is arranged)

Total including purchase of Turner Building at \$1,150,000	\$7,851,100
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****Acquisition of Municipal Lot**

The TPSS Co-op is dedicated to giving back to and enhancing our community. In an effort to help achieve that end, TPSS will reserve 3,000 square feet of space internal to our building expansion in addition to on-site open green space and gardens dedicated for community use. Recognizing the additional resources that will be required to include these spaces and better integrate our local community into the Co-op, we are hopeful that the City of Takoma Park will allow the municipal parcel to be integrated into our development at no additional development expense.

Considering the current community uses we now provide, unfortunately in limited space, we have plans and ideas of what some of the uses in the expanded format might be, but ultimately we would like these uses to be determined to some degree through community discourse and input. As an example, if we were to gain control of the municipal lot, we would, of course, continue to provide space, at no charge, for such historical usage as the selling of Christmas trees by the volunteer fire department. In an effort to pull the community space out of our financial projections of additional income as it relates to the expanded footprint of the building, we have calculated the value of the provided community space to be at least \$600,000 based on 3,000 square feet at a \$175/square foot unit cost, including a portion of the site development and renovation sections of the budgeted expenses. Each year, the cost to TPSS of providing this space to other uses rather than revenue generation would be \$75,000 based on a rental rate of \$25/square foot.

Projected Sources of Funding

Cash reserve	\$1,200,000
Cash from operations	\$ 339,200
Donations	\$ 20,000
New Member Equity	\$ 25,000
Member Loans	\$1,200,000
Vendor Credit ¹	\$ 58,750
Free fill ²	\$ 35,350
Co-op Loan Funds	\$ 600,000
<u>Bank Debt³</u>	<u>\$ 3,222,800</u>
Total	\$6,701,100

¹Vendors often extend the terms of payment, resulting in more cash-on-hand

²Vendors often give products to newly renovated or opened co-ops.

³Bank debt will rise to \$4,372,800 if Turner Building is purchased.

Ten-year Projected Sales

Current sales per square foot/retail year \$1,550

Current Total Annual Sales \$7,750,650

Projected Sales by Year after Expansion

Year 1	\$13,000,000
Year 2	\$15,340,000
Year 3	\$17,180,800
Year 4	\$18,898,880
Year 5	\$19,465,846
Year 6	\$20,049,822
Year 7	\$20,651,316
Year 8	\$21,270,856
Year 9	\$21,908,982
Year 10	\$22,566,251

Projected Rent Revenue

Total projected annual income from rent is \$125,000 based on \$25/square foot.

Qualifications and Experience

TPSS Co-op Staff

Abdi Guled

General Manager

Abdi was hired by TPSS in 1998 as a grocery stocker. He moved progressively through the ranks, from stocker to buyer, Grocery Manager, Produce Manager, Assistant Store Manager, and General Manager, a position he has held since 2011. He is responsible for overseeing the day-to-day operations of TPSS Co-op, with annual sales of \$8 million, with sales increasing annually.

Marilyn Berger, MBA, SPHR

Director of Administration and Expansion Project Manager

Marilyn came to TPSS in 2011 after serving as the Chief Operating Officer for a large national non-profit organization. She is responsible for the Co-op's Human Resources, Finance, Membership/Outreach, and Information Technology departments as well as serving as the Expansion Project Manager.

Bill Gessner

CDS (Cooperative Development Services)

Bill Gessner is our lead expansion consultant with over 25 years of experience assisting over 250 co-op expansion projects with all aspects from business and strategic planning to capitalization development (including member loans) through to implementation. Prior to becoming a consultant, he was a general manager of food co-ops at both the wholesale and retail levels. He is the author of **Relocation and Expansion Toolbox** and the co-author of **Member Loan Toolbox**.

CW Architects, Inc.

Clifford Walcott, R.A.

CEO, and Founder of CW Architects, Inc.

Cliff graduated from Howard University with a Bachelor of Architecture degree in 1974. After becoming a Registered Architect in 1987, he left CHK Architects and founded CW Architects, Inc. in 1990 in order to have even more opportunities to bring his unique personal touch to a wider range of prospective clients. Cliff has more than thirty years of experience in the fields of Architecture, and Construction. More than twelve of those years were spent as the owner of a design/build firm, responsible for the design and construction of several religious, residential and commercial projects. Mr. Walcott's hands-on technical and managerial skills are invaluable assets to his clients during conception through the final completion of their projects. He has received several commendations for his expertise in building design, construction administration and quality control.

Cliff is a member of the National Organization of Minority Architects (NOMA).

Michael Johnson, AIA

Principal in Charge at CW Architects, Inc.

Michael has a broad range of knowledge, and experience as an architect, in planning, design, and construction gained in over 20 years of practice. His experience bridges all phases of project development, in all facets, along the complete project timeline. A graduate of Virginia Tech's College of Architecture & Urban Studies in 1986, he has concentrated on the adaptive-reuse of our transitioning and aging built environment in an effort to slow the trend of building disposability. This focus has allowed him to gain proven experience on challenging project types, within all project development phases. He has provided site/building data analysis, detailed comprehensive programming, and pre-project assessments, to facilitate responsive, efficient, and economical design information, in an effort to allow clients to make informed decisions regarding property uses, building locations, and proposed budgets. He continues to use his experience and skills to help develop, design, and administer a wide variety of projects.

Michael Butler, R.A.

Expert in Constructability & Cost Estimating.

Mike is a Senior Project Architect who has been responsible for the direct management and oversight of all facets of the design, construction, and accounting operations process, while also maintaining oversight control of all contractual obligations and allocation of resources as appropriate in order to meet project obligations. He has been responsible for the coordination of all aspects of the design, development and construction process within all his targeted projects. Additionally he has supervised and directed a professional staff of project managers, estimators and superintendents, as well as requisite accounting and clerical staff necessary to successfully prepare and present periodic financial reports for client needs and project stability.

Mike is a Certified Professional Code Analyst and Administrator

Victor Chao

Senior Architect

Victor has over 35 years of experience in architectural design and construction administration related to commercial, institutional, and industrial, education, nursing home, senior assisted living and residential projects. His experience represents a broad knowledge base in building systems, functions and design priorities. His experience spans from his own small practice to being Design Principal at CHK for twelve years, five years for Design Collective and three years for the Design Development Group. Victor's knowledge and attention to detail have been instrumental to his continued success within the field.

CW Architect Projects

Hollow Creek Golf Club, Frederick MD

This project, is currently in Pre-Design, and Development phase and consists of the design of a new Golf Pro shop, Restaurant, and outdoor eating area at an existing golf course.

- Project Size – 10,000 Sq. Ft.
- Project Budget – \$2,000,000

BoMark Electric, Offices and Operations, Hampstead, MD

As their business continued to grow at a rapid pace the owners of this company purchased a building of over 15,000 sq. ft. in order to consolidate their business, and locate all aspects of their business at one location. They then gave us, CW Architects, the opportunity to design their new space in an effort to organize their operations to be as efficient as possible within the framework of their business model.

- Project Size – 15,000 Sq. Ft.
- Project Budget – Non-disclosed

DeMatha Catholic High School

Master Plan, and Phased Facilities' Upgrades, Hyattsville, MD

CW Architects, in conjunction with the Mulhern Group, were given the opportunity to create a phased Campus Masterplan for DeMatha High School. This plan was conceived in order to allow the School Administration an opportunity to prepare a timeline for their prospective growth, prepare and budget the appropriate resources, both financially, and otherwise, to allow the school to enter each phase of future development as smoothly as possible. This process has given the school a chance to adapt to the ever changing environment inherent in education, and upgrade their existing facilities, or add new, in a measured, methodical fashion. With the master plan as a guide we have been engaged to help the school facilitate the planning, design, and construction of the various phases of their campus improvements as they are commenced.

Convocation Center

New Multi-Disciplinary Athletic Building

- Project Size – 70,000 Sq. Ft.
- Project Budget – \$8,000,000

Brendan McCarthy Building

Renovation of the existing athletic building into a dedicated music facility.

- Project Size – 12,000 Sq. Ft.
- Project Budget - \$2,000,000

St. John DeMatha Hall

Conversion of the Monastery into a new School Administration Building.

- Project Size – 18,000 Sq. Ft.
- Project Budget - \$2,500,000

Hanley Science Wing - Laboratory Installation

Design and Installation of a new science laboratories within the main school building.

- Project Size - 10,000 Sq. Ft.
- Project Budget - \$1,200,000

River Hill Garden Center, Clarksville MD

This project, is currently in the Developmental, Pre-Design, phase and consists of the expansion of an existing Garden Center, and also providing new additional retail space.

- Project Size – 50,000 Sq. Ft.
- Project Budget – \$7,000,000

Kelley Press, Cheverly MD

This growing company, faced with the need of more than 6,500 square feet of additional office space at its location, and insufficient land available on its site to add to the existing building externally, this client needed an innovative solution. Our answer was to tap into its existing physical resources; we instituted a unique method of reorganizing the storage of its stock of existing materials to gain free floor space. The additional floor space allowed CW Architects to then design, a 2-story office building within the existing warehouse.

- Project Size – 12,000 Sq. Ft.
- Project Budget - \$1,500,000

Chester River Heights, Millington MD

This client saw an opportunity to add office space to a predominately industrial business location in order to give tenants the opportunity to have their complete operation; Fabrication/Assembly/Distribution/Sales all at one location.

- Project Size - 10,000 Sq. Ft.
- Proposed Project Budget - \$1,400,000

Kingdom Hall of Jehovah's Witnesses, Mitchellville, MD

New church construction, of an assembly hall, plus accessory rooms,

- Project Size - 6,000 Sq. Ft.
- Project Budget - \$900,000

Market Square, Gaithersburg, MD.

Design of a 150,000 sq. ft. shopping mall to include retail stores, restaurant, miscellaneous service stores, clothing stores, theater and food court.

- Project Size - 150,000 Sq. Ft.
- Project Budget -

North Forestville Elementary School Gymnasium, Addition, MNCPPC, Forestville, MD

Designing, planning, construction documents and construction administration for, addition to elementary public school. Project included offices, elevator lobby, meeting rooms, storage and gymnasium. Scope of work included construction management, construction testing, general construction inspections and CIP inspections.

- Project Size - 15,000 Sq. Ft.
- Proposed Project Budget - \$