



# Feasibility Study Central Kinsman Food Cooperative

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## Executive Summary

From August 2019 to September 2020 a group of residents and representatives from local institutions researched the feasibility of a community- and worker-owned food cooperative in the Central and Kinsman neighborhoods of Cleveland, Ohio. Both are zones of food apartheid and ‘supermarket redlining,’ where 6 and 7 in 10 people, respectively, live more than a half-mile drive from a full-service grocery store. While the covid-19 pandemic has introduced new uncertainty into the grocery industry, we believe it is feasible to start and operate a small food cooperative in the Central-Kinsman trade area with leased sales space of 1,500 to 2,000 square feet and a conventional product mix. It will cost about \$760,000 to prepare the retail site and launch the business, and we project the co-op will be cash-flow positive by its third year of operations. We base this assessment on a preliminary market analysis completed in April 2020 by food co-op consultants Columinate, on a custom survey of 387 residents, on our analysis of the market potential in the trade area, and on a financial assessment also completed with Columinate. Those inputs and a strong core team of residents and local anchor institutions, including the City of Cleveland, Sisters of Charity Foundation of Cleveland, Burton, Bell, Carr Community Development Corporation, and The Ohio State University Agriculture Extension Program, and Little Africa Food Cooperative convince us to move to the next phase of planning – which includes comprehensive finance modeling, market analysis, and site design – for what would be Cleveland’s only food cooperative.



# Introduction

When the only full-service grocery store in the Central neighborhood closed in 2019, it made it harder for the more than 10,000 residents, most of whom are Black and have low incomes, to access healthy foods. In response, Environmental Health Watch (EHW), a local nonprofit with a strong history advocating for food access, and partner organizers decided to address the new reality of food apartheid in Central and Kinsman, another Black neighborhood nearby.

With support from Reinvestment Funds Healthy Food Finance Initiative (HFFI), EHW invited 14 people—6 current or former residents of Central or Kinsman, 8 representatives from local institutions—to join their staff and core group of consultants to form a steering committee to guide this effort. The group came together around three goals:

- 1) Engage low-income residents of Central and nearby Kinsman neighborhoods—especially people of color and women—to propose solutions to food access and economic needs of neighborhood residents
- 2) Increase capacity of organizations and residents within Central and Kinsman to provide for both economic and food needs, while simultaneously expanding market access for small-scale local farmers of color within the greater Cleveland area
- 3) Promote a comprehensive and economically sustainable response to local food access and nutrition challenges with support from residents, organizations, non-profit initiatives, and local farmers

This report is the result of the first year of working towards these goals. It summarizes what we have learned in the past year, the relationships we've built along the way, and offers a justification for our conclusion that it is feasible to build a small food cooperative. It provides historical context for the current state of food apartheid and deliberate disinvestment and poor population health in Central and Kinsman; it also highlights the legacy of resistance and resilience of Black residents of Central and Kinsman. This report explores the business case for a food cooperative in the Central or Kinsman, including a market analysis based on a proprietary database of food co-op sales and on the results of a unique survey of Central and Kinsman residents and other neighbors. It ends with a plan for what's next for the group as we deepen relationship in the community and build out a business plan.

## Figure 1 – Definitions

**Food apartheid** – The systems that produce limited access working class and Black communities and other communities of color in the United States have to nutrient-dense foods and to the means of producing food, such as capital, land, water, and other inputs.

**Supermarket redlining** – The practice of investors refusing to locate retail food stores in working class and Black neighborhoods, and the policy that enables such a decision. This practice reflects the racist maps produced by the federal government that marked with a red line the majority-Black neighborhoods as not worthy of federal support for home mortgages.

**Full-service grocery store** – A grocery store with a full suite of departments (e.g., produce, meat, dairy, bakery, etc.) that allow a shopper to realistically meet all their food needs without having to visit another location.

**Conventional product mix** - Conventional product mix is the assortment of food products you would expect to find at a grocery store that does not specialize in organic and natural foods. At stores with a conventional mix of products, more products are not organic and more products are heavily processed (e.g., snack foods). Many cooperatives founded in the 1970s and 1980s distinguished themselves from established vendors by offering organic produce and natural, unprocessed food. The competitive advantage of selling organic and less-processed foods has diminished since many traditional grocery stores have begun to carry those items.

# Context

## History of Central and Kinsman

Central and Kinsman, adjacent neighborhoods just east and south of downtown Cleveland, have been the heart of the Black community in Cleveland since at least 1908, when St. John's AME, a church founded decades earlier by formerly enslaved African Americans, relocated to East 40th and Central Ave, where it stands today. By 1930, during the height of the first wave of the Great (Black) Migration where Black southerners left behind the racial terror of the US South in search of more equal rights and job opportunities in northern industrializing cities, about 90 percent of Cleveland's Black residents lived in Central.<sup>1</sup> Due to federal policies related to public housing, or, as historian Richard Rothstein writes, the creation of a system of "state-segregation," all three of the early public housing complexes built in Cleveland during this time period were allocated either to Black families (Outhwaite Homes) or to white families (Cedar-Central Apartments and Lakeview Terrace, the latter of which displaced the Black community in Cleveland's West Flats).<sup>2</sup>

The history of shifts and fractures within Black neighborhoods in Cleveland mirror the experiences of many other cities across the United States. Policies of "slum clearance" aiming to reduce tenement housing and conditions of crowding, where a lack of sanitation or access to amenities led to extremely poor public health, gave way to the "urban renewal" policies of the mid-19th century. Cleveland was one of the first cities to experience urban renewal, which razed businesses, many of which were Black-owned, and low-income housing in poor conditions to build more updated housing (most often for middle-income Black families.) Its epicenter was in Garden Valley, or Lower Kinsman.<sup>3</sup> The Garden Valley Estates, which stood where Heritage Homes stands today, was built in the early 1960s to house middle-income Black families, and as an apparent urban planning strategy to house more of Cleveland's Black population as a way to stem the tide of white flight from other urban neighborhoods. This housing project was eventually demolished in 2009 after decades of debate and contestation over abysmal housing conditions that the predominantly Black and low-income resident population was experiencing.

Urban renewal policies, attached to the 1954 Housing Act, were designed to mitigate the housing shortage facing many areas of the nation. However, urban renewal often in fact "enabl(ed) the destruction of far more units than were built," and thus further contributed to poor housing conditions, including crowding, across many cities, including Cleveland.<sup>4</sup> Today more than 35% of Cuyahoga County's public housing is located in the Central and Kinsman neighborhood, providing housing for over 10,000 residents (almost all of whom are Black).

This area of Cleveland has an abundance of vacant land, due to both a recent demolition campaign paid for by the federal "Hardest Hit Funds," and to widespread arson and fires that destroyed hundreds of houses throughout the 1970s and 1980s.<sup>5</sup> In 1976, a fire in the "Forgotten Triangle" of Kinsman burned down over 60 houses, none of which had homeowners insurance (due to historical redlining practices.) The fire was left to burn, in part because of the slow response of fire departments that had been stripped of funding, and in part because of low water pressure in the hydrants that rendered them ineffectual. The Rid-All Green Partnership Urban Agriculture Training Center Campus and The Kinsman Farm, a six-acre incubator farm, are both currently located in the Forgotten Triangle in a 26-acre Urban Agriculture Innovation Zone, while numerous community gardens and side yard projects make use of the land that would otherwise lie fallow in these neighborhoods.

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<sup>1</sup> Central (Neighborhood), Encyclopedia of Cleveland History; Case Western Reserve University <https://case.edu/ech/articles/c/central-neighborhood> Accessed May 2020

<sup>2</sup> Rothstein, R. 2017. *The Color of Law: A Forgotten History of How ...* Liveright Publishing Corporation: New York.

<sup>3</sup> Michney, T.M. 2011. "White Civic Visions versus Black Suburban Aspirations: Cleveland's Garden Valley Urban Renewal Project." *Journal of Planning History* 10(4):282-309.

<sup>4</sup> *Ibid*, pg 285

<sup>5</sup> Kerr, D. R. 2012. "Who Burned Cleveland, Ohio? The Forgotten Fires of the 1970s." Pp. 332-352 in *Flammable Cities: Urban Conflagration and the Making of the Modern World*, edited by Greg Bankoff, Uwe Lübken, and Jordan Sand. Madison, WI: University of Wisconsin Press

## Central and Kinsman today: Resilience and Joy

In August 2020 members of the steering committee shared their experiences about the vitality and resilience of the Central and Kinsman neighborhoods where they have lived or worked, many for most of their lives. We include some highlights of those conversations here to share a sense of the love, hopefulness, and joy present in two neighborhoods too often defined solely by the material challenges residents face.

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From Dawn:

*“Central is a place of power. It’s been home to many inspirational people, including Jesse Owens, Langston Hughes, architect Robert Madison, and Judge Sarah J. Harper. There are people here today who connect with the nobility of those people and live out family values of unity, faith and service.”*

*“My mother was my first example of love and community service. She migrated to Central from the south in 1959 and landed on E. 46th street in the Outhwaite Homes. Brothers Carl and Louis Stokes, former mayor and congressman respectively, also lived in Outhwaite. Dr. King walked the grounds of the Outhwaite community, marching hand-in-hand with the people of Central.”*

*“Central is a place that compels me to remember the power of legends of the past, and to live out and envision the nobility they expressed. As a student at East Tech High School, I saw a variance in teacher-student relations that appeared to be shaped by differences. During my time, Black students from Central appeared to be less connected with some teachers compared to white students from Slavic Village.”*

*“I decided to excel academically in order to bridge that gap and to represent the excellence I knew I was capable of demonstrating on behalf of the community. As a result, I became friends with leaders of The Urban League, Cleveland Leadership Center, John Carroll University, and Case Western Reserve University, to name a few. I tutored my classmates and supported various committees. Today, I still live in Central, as do many people I grew up with. We stand on the principles of integrity, faith, and service, and are always willing to be a part of making a positive difference. Growing up in Central, I learned that while nestled in the depths of complexity, I can still rise like a lotus flower.”*

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In her work with community gardeners in Central and Kinsman through Summer Sprout, Cleveland’s community garden program, Maggie Rivera of Ohio State University Extension sees the deep “connection the gardeners have with the earth, with the history of agriculture.” They have a “pride in what they’re doing growing in those gardens” in Central and Kinsman. Below are a few images of the gardeners and gardens in Central.



*Figure 2: Gardeners at St. John’s AME in Central*



*Figure 3: The garden near St. John’s AME*



*Figure 4: Gardener Jin at Sugar Moon Blooms Garden in Central*

Members of the steering committee stepped in to lead food relief programs in Central and Kinsman in the early months of the covid-19 pandemic.

Just after the pandemic started, Central resident Walter Patton called six close friends. Together they set up a volunteer distribution network at Friendly Inn and Garden Valley Neighborhood House, social service agencies in Central and Kinsman, from which they delivered brown paper bags of rice, green peppers, and salami to nearby residents.

“This is a team effort,” said Patton, who was born and raised in Central. “I live here and I have to deal with this,” referring to the effects of the crisis. “So it’s an important thing for me to collaborate with people with the same passion. Speaking it into existence is dope.”

Walt also collaborated with Little Africa Food Cooperative and another steering committee member and former resident, Alesia Corpening, who founded food distribution program Feed The Soul in response to the covid-19

crisis. Little Africa distributed veggie kits and recipes to residents. “We are debunking the myth that low-income people in Central and Kinsman don’t like fresh foods,” said Angela Sayles of the Little Africa Food Cooperative. “We showed up in the neighborhood with fresh veggie meal kits. People sent back pictures of what they made back at home: veggie omelets, stir fry, soups, pasta.”

With Feed The Soul, Alesia set out to deliver food directly to residents who needed it. Through a grant from a local funder, Feed The Soul purchased a delivery van and delivered produce and hot meals to Cleveland area residents.

### Central and Kinsman today: Food access

While people across Northeast Ohio struggle with food insecurity at high rates, residents of Central and Kinsman face some of the most severe challenges in accessing quality food.

One in five households with children in the region surveyed in 2016 and 2017 reported having too little money to buy food the family needed at times over the previous twelve months.<sup>6</sup> Cleveland area households with children experience food insecurity at a rate higher than households in 70% of cities surveyed.

While most people in Cleveland live below 200% of poverty line, in Central and Kinsman, 90% and 73% do so, respectively. Nearly 8 in 10 Central residents are registered for SNAP, or food stamps, a percentage that has held steady for years. In Kinsman, the proportion in 2014 is closer to 55%, down from 65% 5 year earlier.<sup>7</sup>

And while 26 of 31 populated neighborhoods in Cleveland have a full-service grocery store, Central and Kinsman are among five that do not. Across Cleveland, 8 in 10 people live less than one mile from a full-service grocery store; however, most of the 17,750 residents of Central and Kinsman, collectively, live more than a mile from a grocery store. (See Figure 1.) Among 31 populated Cleveland neighborhoods, the percentage of residents living more than a mile from a grocery store in Central is the fifth highest, Kinsman, the tenth.

**Figure 5: Residents in Central and Kinsman by driving distance to nearest full-service grocery store**

Miles to grocery store	Central	Kinsman	Total
Less than 0.5	117	1,635	1,752
0.5 to 1.0	4,009	2,904	6,913
1.0 to 2.0	6,855	2,231	9,086
Total	10,980	6,770	17,750

Cuyahoga County defines food desert as a census block located more than a half mile’s drive from a full-service grocery store and in which more than 30% of residents have household incomes below 200% of the poverty level.

(While this report at times uses the term ‘food desert’ to be consistent with the phrasing of Cuyahoga County, we believe the best phrase is ‘food apartheid.’ Food apartheid clarifies that unlike a desert, there is nothing naturally occurring about neighborhoods with limited access to nutritious food. That state of being is the result of decisions made by people with names and addresses who have systematically withheld their capital, or set economic policy that results in residents of Central and Kinsman having limited access to nutrient-dense food.)

By the county’s definition, seven of ten populated census blocks in Central, and six of ten in Kinsman, are in a food desert. That is higher than the average in Cleveland, where over half of census blocks are in a food desert. In Cuyahoga County, excluding Cleveland, one in five census blocks are a food desert.

<sup>6</sup>Food Hardship in America: A Look at National, Regional, State, and Metropolitan Statistical Area Data on Household Struggles With Hunger, Food Research and Action Center, July 2018, accessed April 2020, <https://frac.org/wp-content/uploads/food-hardship-july-2018.pdf>

<sup>7</sup>Community Profile: Central, Cuyahoga County Board of Public Health, 2016



Figure 6 shows the 15 Cleveland neighborhoods where the percentage of census blocks that meet the County’s definition of a food desert is highest.<sup>8</sup>

**Figure 6: Cleveland neighborhoods ranked by percent of census blocks that meet Cuyahoga County’s definition of a food desert (2014 ACS data County analysis.)**

Rank	Neighborhood	Percent of census blocks that are a food desert
1	Cleve: Lee-Seville	92%
2	Cleve: Stockyards	92%
3	Cleve: Collinwood-Nottingham	91%
4	Cleve: Brooklyn Centre	87%
5	Cleve: Cudell	73%
6	Cleve: Central	71%
7	Cleve: Bellaire-Puritas	71%
8	Cleve: Euclid-Green	67%
9	Cleve: Union-Miles	67%
10	Cleve: Lee-Harvard	66%
11	Cleve: Fairfax	65%
12	Cleve: West Boulevard	59%
13	Cleve: Clark-Fulton	58%
14	Cleve: Detroit-Shoreway	58%
15	Cleve: Kinsman	57%
n/a	Cleveland average	55%
n/a	Cuyahoga Country, excl Cleveland	19%

A full-service grocery store, Dave’s, located on East 40th in the heart of Central, closed in 2019. Two years earlier, in a series of focus groups conducted by Sisters of Charity Foundation and the Cleveland Central Promise Neighborhood Initiative, 84% of 250 parents of school children who live in public house in Central said Dave’s was a primary shopping destination for their family. 7 in 10 residents cited ‘places for food/clothing’ as a top priority for the development of the neighborhood. When Dave’s closed, Central began to deal with the grocery redlining Kinsman had long experienced.

Limited access to food in Cleveland is well documented. The Prevention Research Center for Healthy Neighborhoods at Case Western Reserve University administered in 2015 the Behavior Risk Factor Surveillance System (BRFSS) to residents of Cleveland by neighborhood cluster. Central was grouped in the ‘East’ cluster with nearby neighborhoods including Downtown, Hough, Fairfax, and St. Clair Superior. Kinsman was grouped in ‘East/Southeast’ cluster with Union-Miles, Lee-Harvard, Slavic Village and others. When asked about food quality, food availability, and food prices, east side clusters were more dissatisfied than west side clusters, reflecting the broad trend of disinvestment from the mostly Black east side. 25 – 30% of East and East/Southeast respondents disagree or strongly disagree with the statement that ‘There is plenty of opportunity to purchase fresh, healthy food in my neighborhood,’ while 15-20% of West side respondents said the same.

Access to transportation is another key indicator for understanding the relationship between proximity to grocery stores and food access. Households in Central and Kinsman are much less likely to have access to a vehicle

<sup>8</sup> <https://countyplanning.maps.arcgis.com/apps/webappviewer/index.html?id=24e5f7595c1b47fd88ba1aeca112662a>, original analysis

compared with the city as a whole: While 75% of households in Cleveland have access to a vehicle, those rates in Central and Kinsman are 40% and 60%, respectively.<sup>9</sup>

Several RTA bus lines run through Central and Kinsman, including the 14 and the 16. The Red, Green, and Blue train lines also have stops in Central and Kinsman. 123 of 387 (33%) respondents to our survey cited the bus as a common way they travel to the grocery store. More details on the survey responses below.

### Central and Kinsman today: Public health status

Compared with residents in other parts of the City of Cleveland, residents of the trade area for this study, which is defined in detail below and includes Central and Kinsman, face worse health outcomes by almost every metric, including high blood pressure, obesity, heart disease, asthma, and diagnosed diabetes, according to a unique analysis of census tract-level projections from The CDC's 500 Cities Project.

The City of Cleveland, in turn, faces worse health outcomes than Cuyahoga County as a whole. And relative to state and national average, Cuyahoga County lags on 28 indicators of health and wellbeing. Cuyahoga County residents are more likely to experience fair to poor health than the US media (14% to 12.4%).<sup>10</sup>

Central and Kinsman, then, are at the epicenter of a public health failure: poverty, racism, violence, limited access to nutritious food due to supermarket redlining, and other social determinants of health have, over generations, harmed the bodies of residents. That harm shows up in the fact that life expectancy for a resident of Central is 68.6 years; 6 miles down the road in the wealthy suburb Shaker Heights, life expectancy is 88.6 years.<sup>11</sup> The numbers in the chart below further quantify that harm.

**Figure 7: Percentage of adults experiencing health outcomes in trade area census tracts, in census tracts in Cleveland other than those in the trade area, and in all of Cleveland<sup>12</sup>**

Measure	Trade area	Rest of Cleveland	All of Cleveland	% difference, trade area and rest of Cleveland
Stroke among adults aged	7.9	5.6	5.8	42%
Chronic obstructive pulmonary disease among adults	14.2	10.8	11.2	31%
Chronic kidney disease among adults	5.6	4.3	4.4	31%
Diagnosed diabetes among adults	22.6	17.4	17.9	30%
Physical health not good for >=14 days among adults aged >=18 Years	24.1	18.8	19.4	28%
Mental health not good for >=14 days among adults aged >=18 Years	23.0	18.2	18.7	26%
Coronary heart disease among adults	10.8	8.7	8.9	23%
No leisure-time physical activity among adults	47.9	39.0	40.0	23%
Current asthma among adults	14.4	11.9	12.1	21%
Obesity among adults	49.8	41.4	42.3	20%
High blood pressure among adults	48.0	40.3	41.1	19%
Arthritis among adults	32.3	28.9	29.2	12%
High cholesterol among adults who have been screened in the past 5 Years	34.2	32.8	33.0	4%
Cancer (excluding skin cancer) among adults	5.8	6.1	6.1	-5%

<sup>9</sup> 2018 5-year ACS data

<sup>10</sup> Community Health Needs Assessment, MetroHealth, 2017; metrohealth.org/community-health-needs-assessment, accessed September 8, 2020

<sup>11</sup> Research memo, Center for Community Solutions, https://www.communitysolutions.com/research/life-expectancy-race-ohio/ Accessed October 2, 2020

<sup>12</sup> Sources: CDC's 500 Cities Project - Better Health Through Local Data, which draws on data from the 2015 and 2016 CDC Behavioral Risk Factor Surveillance System; The Census Bureau 2010 census population; 2011-2015 and 2012-2016 estimates from the American Community Survey; author's analysis

## Our team

Our team - the 16 members of the steering committee - is motivated to address the daunting health challenges of people in Central and Kinsman. We are motivated to challenge the supermarket redlining that contributes to those outcomes. And we are motivated to build on the proud legacy of Black excellence in the neighborhoods, the legacies of Jesse Owens, of Judge Sarah Harper, of the Stokes brothers.

When asked what motivated them to support this project, a member of the steering committee said the food cooperative was a chance to 'give people the ability to stand strong and walk tall,' as their forbearers in Central and Kinsman have done before them. Another person said this project was a chance to 'dig deep in the community to get the diamonds polished up.'

For one member of the group, the expansive opportunities present in cooperative ownership opened a path to write 'a song for a future generation, to build generational wealth sustained over a long time.' Another member of the group captured a sense of the much larger project self-efficacy and self-determination in Central and Kinsman this project represents to our team when they said that his project creates 'an opportunity for people in the community to think of themselves as producers of their own food, and producers of their own destiny.'

These values animate our team, and reflect our vision for a food store with healthy, affordable options that serves as a hub for community building, education, and fun.

Almost half of the members of the steering committee are residents, experts in what it will take for this project to succeed at meeting the needs of the community, their needs. Residents have been at the center of decision-making and ownership – legal and psychological – of this project since the outset, and will keep that role for the life of this project.

In addition to the neighborhood-specific expertise residents bring to the steering committee, the members of the steering committee who work with local anchor institutions bring networks and additional technical skills to the team. These include networks in the public, nonprofit, higher education, and philanthropic sectors and associated skills such as research and analysis, project management, community engagement, and policy design. The capacity of the group to manage the technical process of designing a store, acquiring a site, selecting a product mix, accessing finance, and capturing the community's desires around governance and cooperative ownership, is high.

## Feasibility analysis

This section describes what we have learned about the trade area, the opinions of potential customers in that area, and the sites we are considering for the food cooperative. We integrate findings and a set of financial assumptions to produce a high-level description of what our store would look like.

### Market potential

#### *Trade area and revenue estimates*

A preliminary site analysis conducted April 2020 by Columinate estimates potential annual sales of \$400,000 to \$650,000. Columinate recommends an in-store sales area of 1,750 square feet, substantially smaller than 4,000 square feet, the minimum sales area of a full-service grocery store. The sales potential assumes a conventional product mix (e.g., not primarily organic) and optimum site conditions, such as visibility on a major roadway, proximity to public transportation, ample parking, and easy entry and exit from the parking lot.

Columinate assessed a potential trade area of 19 contiguous census tracts that include all of Central and Kinsman, as well as nearly all of Fairfax, and parts of Slavic Village, Union-Miles, and Buckeye-Woodhill. The trade area is roughly the shape of a rectangle 3 miles tall and 2 miles wide, with its center near East 75th and Woodland Ave. It includes most of zip codes 44104, 44115, and smaller parts of 44103 and 44127.

**Figure 8: The trade area used to assess the market potential. It contains 19 census tracts that include all of Central and Kinsman, and substantial parts of the Fairfax and Slavic Village neighborhoods. The yellow shaded area represents census blocks identified by the Cuyahoga County as farther than a half-mile's drive from a full-service grocery store, represented as block dots on the map.**

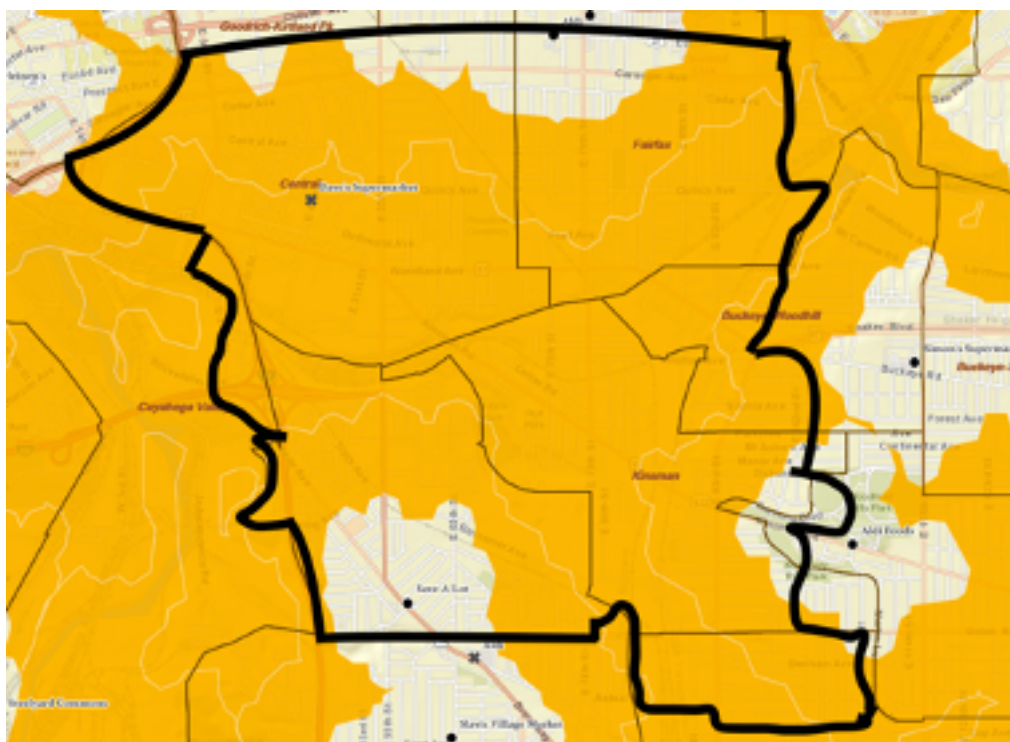


Figure 9: Zip codes in the trade area

Zip codes in the trade area	Cleveland Neighborhood
44115	Central
44104	Kinsman and southern half of Fairfax
44103	Hough and northern half of Fairfax
44127	Slavic Village

Several grocery stores lay just outside the trade area – Dave’s, two Simon’s, Aldi’s, Heinen’s. There are two grocery stores just inside the outer edges of the trade area: Save-a-lot on Broadway Ave is inside the southern edge of the trade area, and Aldi on East 79th is on the south side of street that forms the northern border of the trade area.

The core of the trade area is one of the deepest zones of food apartheid in the city, where most residents live in areas the County considers a food desert.

Compared with trade areas of food co-ops in Columinate’s proprietary database, many of which sell primarily natural and organic foods (a ‘non-conventional’ product mix), the proposed trade area for Central Kinsman Food Cooperative has substantially fewer residents (28,000 compared with 98,000) and lower per capita income (\$10,100 compared with \$33,800). This suggests it would be very difficult to financially sustain a full-service grocery of 4,000 square feet or more.

The revenue estimates from Columinate must be pressure tested with a bottom-up financial analysis of sales potential. Since the typical cooperative in Columinate’s database is located in a much larger, wealthier trade area, and has a much larger retail area than the expected retail area of the cooperative in Central or Kinsman, conclusions drawn from that data are at best tentative.

It is not clear the Columinate database offers an accurate view of the competitive environment in Central and Kinsman. While the trade area contains just two grocery stores at its far edges, for example, it does contain several quick service food stores – corner stores and gas stations. In our survey, described below, a substantial percentage of residents report getting groceries from those type of stores. To be financially viable, a cooperative selling nutrient-dense food in a retail area of less than 2,000 square feet will need to attract customers who today shop at these types of stores, as well as customers who shop at full-service grocery stores near the edge or outside of the trade area.

*Transportation patterns and their impact on sales a food cooperative*

A food cooperative in Central or Kinsman may receive a disproportionate boost in sales from people living outside of the trade area, due to the large number of vehicles, many of them commuters, who travel through the area each day. Heavy commuter traffic is set to decline, however, because Opportunity Corridor, a new road the State of Ohio and City of Cleveland have been planning for nearly two decades, will open in 2021 or 2022, and may reroute a substantial portion of traffic that today travels through Central through a narrow section of Kinsman instead.

A traditional rule of thumb says cooperatives can expect people traveling through the trade area to account for 15% of sales.<sup>13</sup> A prime location on a major commuting route may lead to more sales, as commuters stop off for purchases on their way home.

<sup>13</sup>Via Columinate, in email August 24, 2020

The many vehicles that pass through Central and Kinsman may be a boon for our cooperative, if it is at the right site. A 2012 count showed that in a single day more than 30,000 vehicles moved through Carnegie Ave, near the northern edge of the Central Neighborhood. Nearly 20,000 vehicles traveled along East 55th, a major corridor in Central. More than 6,000 traveled along Quincy Ave, which cuts through the Central Neighborhood. We do not have data for two other major thoroughfares, Woodland Ave and Kinsman Road, though both are heavily trafficked.

Half of respondents to the survey described below who live outside the trade area report getting groceries at quick service food stores in the trade area. This supports the idea that people who live outside the area, possibly commuters, are already coming into the neighborhoods to get groceries. Further analysis will attempt to quantify the impact of these commuters on sales at a cooperative.

Opportunity Corridor complicates our understanding the potential to sell to people who live outside the trade area. The 4- to 6-lane boulevard begins just south of Central at the end of Interstate 490, and will run northeast towards University Circle, a major job hub. It will cross through the northern section of the Kinsman neighborhood and intersect Kinsman Ave around East 65th. In a 2008 report, Opportunity Corridor planners estimate that once the Boulevard is complete, northbound and southbound traffic on East 55th during peak hours will decline by 42% and 62%, respectively.<sup>14</sup> They estimate traffic heading west from East 89th on Woodland will decline 38%, and that Opportunity Corridor will see as many or more vehicle during peak hours as any streets in Kinsman or Central today.

A cooperative located on a street other than Opportunity Corridor is likely to see sales to commuters decline once the Corridor is complete. A location on Opportunity Corridor, in contrast, would make the cooperative more attractive to commuters on that route.

#### *Vehicle access and public transportation considerations*

That Central and Kinsman households are less likely to have access to a car elevates the importance of a location near a public transit route. That is a primary consideration in site selections, described in more detail later in this report.

Several major bus lines and light rail lines operate in Central and Kinsman. Red, Green, and Blue rail lines go through the East 79th Rapid Station in the heart of Kinsman.

Limited access to vehicles may force more residents in Central and Kinsman to rely on food options that do not require a vehicle, compared with residents in low-income areas in the Columinate database. In low-income areas in the Columinate data, 2 in 3 households have access to a vehicle. Across Central and Kinsman, just over half of households have access to a vehicle.

However, the impact of limited vehicle access on sales, if any, is likely to be small, given low incomes in the area, and the fact that a majority of respondents to our survey say they use a vehicle to get groceries.

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<sup>14</sup>Noise Analysis, Opportunity Corridor, HNTB Ohio, December 2012, [http://www.dot.state.oh.us/projects/ClevelandUrbanCoreProjects/OpportunityCorridor/Documents/Part18\\_AppendixB.pdf](http://www.dot.state.oh.us/projects/ClevelandUrbanCoreProjects/OpportunityCorridor/Documents/Part18_AppendixB.pdf) Accessed August 2020

## Survey results

The steering committee wrote and distributed a survey in the summer of 2020 to 387 people. Overall, people who took the survey are enthusiastic about the idea of a community-owned, worker-owned cooperative. The vast majority is willing to pay or volunteer to become a member owner, and to consider the food coop as their primary shopping destination. Half of people who live outside the target zip codes already get groceries at outlets in the trade area, suggesting a new food coop would find a market beyond just the people who live nearby.

The covid-19 pandemic complicated our efforts to distribute the survey widely and to interpret the results. We had originally planned to begin distributing the survey in March, but delayed until May. We were reluctant to widely distribute the survey in-person, so just 100 surveys were completed on paper in person, while the remaining 287 were completed online. People who took the survey did so during the pandemic, when food sales at grocery stores nationally were just leveling off after a substantial spike in March and April as physical distancing policies went into effect across the country.<sup>15</sup> Unfortunately, residents of Central and Kinsman will likely feel the emerging economic impact of the pandemic – high unemployment, lost income, precarious work schedules and safety -- most severely, as they have with previous economic crises. Those impacts affected the results of the survey in ways that are hard to interpret, and affect the future state of the grocery industry in Central and Kinsman in ways that are even harder to predict.

Of the 219 respondents who live in one of the 4 zip codes of the trade area, the average weekly spend on groceries is \$103. That is a bit lower than the \$105 average weekly spend on groceries by 168 people who live outside of the of the trade area. This result may mitigate the fact that the average household income of respondents in the 4-zip-code trade area, \$25,000, is lower than the average income of \$42,000 of respondents from outside the trade area. Cleveland’s median household income in 2019 was \$29,000, for Cuyahoga County, \$48,000. One in five respondents from the target zip codes gets food at a pantry, another challenge for a food store in the area looking to achieve financial sustainability.

**Figure 10: Survey results summary**

Measure	Results of respondents in trade area	Results for respondents outside of trade area
Number of respondents	219	168
Average weekly spend on groceries	\$103	\$105
Percentage willing to pay or volunteer for membership to a cooperative	92%	98%
Average value (\$)	\$81	\$79
Likelihood to see coop as primary shopping destination	94%	96%
Average reported income (\$)	\$25,000	\$42,000

Nearly all respondents consider it very important to have a full-service grocery store in their neighborhood. And 9 in 10 respondents are ‘likely’ or ‘very likely’ to consider a community-owned, worker-owned grocery store in their neighborhood their primary destination for grocery shopping.

More than 9 in 10 respondents would be willing to volunteer or pay or both to join the co-op. The 7 in 10 respondents who said they would be willing to pay to join the cooperative suggested an average ownership investment of \$80.

<sup>15</sup>Redman, Russell, It’s a new scene for grocery shopping as pandemic changes behavior, Supermarket News, <https://www.supermarketnews.com/consumer-trends/it-s-new-scene-grocery-shopping-pandemic-changes-behaviors>, accessed October 2, 2020

3 in 4 respondents identify as women, 1 in 4 as men, and 1% of respondents as other or no answer. Men reported an average annual household income of \$36,500, women, \$31,000. 60% of respondent shared their name with us as way to keep in touch.

The respondents who live in trade area zip codes and get groceries at the five outlets included on the survey are most likely to do so at the Dollar General on East 55th, Paul’s Serv-rite on Central Ave, or a food pantry. One in five respondents from trade area zip codes do not get groceries at any of the five outlets in Central and Kinsman included in the survey.

Of respondents who live outside the target zip codes, one in three reports getting groceries at one or more of the six food outlets in Central and Kinsman on the survey. Dollar General on East 55th, Kinsman Eagle Supermarket, Paul’s Serve-rite and food pantries are the most popular destinations.

**Figure 11: Willingness to pay or volunteer (or both) to become an owner of a food cooperative, in trade area and outside of trade area**

Respondents	In trade area	Outside of trade area
Pay and volunteer	71	58
Decline	19	4
Pay only	70	61
Volunteer only	56	42
Grand Total	216	165

### Site selection

A site selection sub-committee of steering committee members that includes representatives from the local CDC, Burton, Bell, Carr, and the City of Cleveland has researched the sites listed below for the food cooperative. They are in the process of evaluating each potential site based on the following criteria:

- Located on a major road and/or bus line in the trade area (e.g., East 55th, Kinsman, Woodland, Opportunity Corridor)
- A site with highly visible signage
- Building footprint of 3000 to 5000 square feet (2/3 of that space is retail; 1/3 for inventory and back office)
- Option to grow building footprint over time
- A site that fits at least 17 off-street parking spots
- A site that allows truck access
- Vacant land or already-existing building (this criteria TBD)
- Accessible via bus



Here is a preliminary list of potential sites:

**Figure 12: Preliminary potential sites**

Site Name	Neighborhood	Major Intersections	Leasable Area	Current Owner	Visibility	Bus Line	Condition	On-Site Parking
Arbor Park Place (Fashion 216)	Central Kinsman	40	4600	Burten Bell Carr	High	14 +12	Good	
Paige Catering	Central	Central E 55Th	42379	Tom P	High	16	Good	Yes
Ali F	Central	Woodland 55Th	4,320	Ali F	High	14	Poor	Limited
Eagles Supermarket	Kinsman	Kinsman 75	4200	Kinsman Road Property Llc	High	14+2	Fair	15
Store on 55th	Central	55th and Woodland	5270	Kaur G/ WJ B, Inc	High	67R+16	Poor	Limited

### Financial projections

The market analysis, customer survey, and potential sites are clues to identifying the type of store we’re working towards – a cozy, friendly store in accessible area; nutrient-dense food that meet our customers’ needs; a neighborhood feel with plenty of community programming. We have many questions yet to answer, including a more detailed vision for product mix, promotion strategy, store design, even governance structure and staffing model. We also have yet to fully incorporate into these assumptions the effects the covid-19 pandemic will have on the grocery industry. Given our development timeline of 3-4 years, the crisis phase of the pandemic will be over (we hope!). As with so much in our nation, however, the post-pandemic grocery industry will be different than the industry we knew before the crisis. We will need to adjust our plans as we work to understand the pandemic’s impact on spending habits, product preference, retail strategy, and marketing.

We have, however, enough data to make early estimates of how the money would work at the store. With the help of an experienced industry professional at Columinate, we have created a financial model that attempts to pin down this initial vision. It gives us a good sense of our development budget and what it will take for the store to be financially sustainable.

We expect all startup costs for the project, including remodeling the retail space, buying equipment and inventory, paying a General Manager to prepare the store to open, to total \$758,600. Of that, building improvement and equipment and inventory account for about half. The other costs and other financial statements are in the Appendix.

While margins are tight for this store, we believe these projections demonstrate a viable path to financial sustainability. They show positive EBITDA and cash flow by year three. By the end of year five, the store is projected to have modest cash reserves of \$155,000 and member equity of \$403,000. Net income is negative for each of the first three years, largely due to depreciation.

These projections assume our store leases 1,750 square feet of retail space and achieves first year store sales of \$420,000, figures based on guidance from a preliminary market assessment by food co-op consultants Columinate. We assume sales will increase substantially each of the first 3 years of operation, and then level off to modest growth after that. We made conservative estimates of gross margins at 34-36% of sales and personnel expenses of 20-22% of sales to account for the smaller store size.

We assume a 3.5-year development timeline, and very modest rent per square foot of \$6 to \$7. The projections assume 500 member owners at the time of opening, rising to nearly 900 by the end of year five.

We've made some aggressive assumptions about our ability to keep overhead costs low during pre-development, expecting we'll be able to build out our leased space and buy equipment relatively inexpensively by purchasing used equipment and working with affordable local vendors. Our assumptions about ongoing labor costs to run the store are similarly aggressive, with room in the budget for only a few full-time equivalent workers, and likely require support from volunteers to adequately staff our store.

We assume a very modest debt load and sales of preferred shares by members totaling \$100,000 in revenue to help finance the project.

### Conclusions and next steps

Sustaining a food cooperative in the Central or Kinsman neighborhoods will be very challenging. Residents have much lower income than residents in other parts of Cleveland. Many residents get produce from local food pantries. A ring of full-service grocery stores surrounding the trade area are accessible by a drive of three miles or less.

Despite these substantial obstacles, we believe a small community-owned, worker-owned food cooperative is feasible in Central or Kinsman. Hundreds of people indicated their support for one through our custom survey, saying they are 'very likely' to consider a community-owned, worker-owned grocery store in their neighborhood their primary destination for grocery shopping. The survey respondents who live near Central and Kinsman reported spending over \$100 per week on groceries. Hundreds of commuters in cars or on public transit pass through both neighborhoods each day. Several available sites offer excellent visibility and parking. The professional site analysis by Columinate concluded a small co-op could be financially feasible.

To test this idea further, we must complete a thorough site assessment and test the assumptions in our financial model to improve our estimate of cost structure and revenue. We must get a deep understanding of our potential customers' food preference to build a marketing strategy that includes culturally relevant food mix, brand identity, and outreach and engagement campaign.

Most important, we must tend to our relationships with residents and institution to build the grassroots support necessary for this project to defy conventional ideas about what's feasibility for a cooperative, what Ed Whitfield of the Fund for Democratic Communities calls the essential 'movement' element of a successful food cooperative. That looks like deeper engagement with residents through listening sessions, cooking classes, open mic nights, and structured, high-stakes collective decision making so residents feel like the true owners of the project. It includes expanding our existing partnerships with funders and public entities, and building new relationships with other agencies, such as the City of Cleveland's Office of Community Development and City Council.

### Acknowledgements

This report was developed by Cleveland Owns and commissioned by Environmental Health Watch, lead organization of the Central Kinsman Food Cooperative Planning Initiative, and funded by the Reinvestment Fund Healthy Food Finance Initiative.

We give thanks to Morgan Taggert of Food Access Raises Everyone (F.A.R.E) for her review and input.

## Exhibits

### Exhibit 1 – Competitive analysis

Much of our analysis of corner stores in Central and Kinsman comes from members of Food Access Reaches Everyone (FARE), a local group that works with corner store owners to offer healthier options at their store. Several members of FARE are also on the steering committee for this project. These analyses are based on their qualitative research. We expect our partnership with FARE to grow as this project advances.

**Paul’s Serv-rite on Central Ave and East 46th** - Paul’s corner store has been in the Central Neighborhood for more than half a century, and today is a neighborhood hangout spot. It is a 1.5-story green building on Central Ave surrounded by grassy, vacant lots, popular hangout spots.

Paul’s sells hot food, cigarettes, beer and wine, and a mix of conventional food and a small selection of produce. It accepts EBT. It opens early and stays open until 10 pm. It has on-side parking for 5-7 cars. The current owner is Phil, the son of founder Paul, who has passed. Phil has explored with FARE ways to respond to the needs of the community members inside the store and outside. Inside, he will routinely allow people to purchase on credit. He hires people from the community to work in the store. He says he’s open to having a mural painted on a wall of the store, and to planting a garden in the empty lot next door. He lives outside the neighborhood.

**Kinsman Eagle Fresh Market on Kinsman Blvd and East 75th** – Eagle is a mid-sized corner store or small grocery store in a small shopping plaza with one other store and 15+ parking spaces. It serves conventional food and a selection of produce wider than most corner stores, as well as beer and cigarettes. The produce at Eagle is routinely older and less appealing: FARE reported that even with access to a gift certificate, customer rarely chose to purchase Eagle’s produce. Eagle’s offers check cashing services and accept WIC. As of Spring 2020, Eagle is building a hot food bar. The market for Eagle is presumably concentrated on the people who live directly across the street and nearby.

Eagle is under new ownership / management. The new owner lives in North Royalton. While he has never managed a food store before, he has shown an interest in working with FARE to improve the quality of the produce selection, and he has moved produce towards the front the store. He is working to build a relationship with Burton Bell Carr, the local CDC, to see about getting better signage.

**Dave’s Market on Chester Ave and East 61st** – Dave’s Market is a local grocery chain with 13 locations in northeast Ohio owned and operated by the Saltzman family since its founding almost 100 years ago. Most of their stores are in the City of Cleveland, which sets them apart from many of their competitors, who are more likely to link their strategy to high-income suburbs. The Chester Ave Dave’s Market, a custom-built store in the Midtown neighborhood next to Central, opened in 2019. With 55,000 square feet of retail and ample parking, it has expansive offerings, including a multi-station hot food section, a liquor store, a windowed indoor area with tables, outdoor seating, a teaching kitchen, a drive-through pharmacy, and aisles named after prominent Cleveland streets. It operates 7 am to 9 pm, 7 days a week.

Chester Ave and nearby East 55th Street see heavy traffic. Dave’s runs a shuttle to the Chester location twice a day on Wednesdays and Saturdays from Central that several survey respondents said they take. Several transit lines also run past the store.

Dave’s opened the Chester Ave location the same week they closed two near east side locations. One location was on East 40th Street in Central, 1.4 miles from the Chester location. The second store was in Asiatown, just north of Central, outside the trade area. Cleveland.com quoted Aaron Saltzman as saying about closing two and

opening one store, “We recognize that there was a customer base that could have transportation difficulties. We want every one of those customers that came to us over the years to have an opportunity to get to the new store.” In a sign of the financial wellbeing of the company, in April 2020 Dave’s bought at auction two stores in the Lucky’s grocery chain, which filed for bankruptcy just two years after opening their first stores in Ohio. Dave’s paid \$1.2 million for both locations, one on Cleveland’s far west side and the other in Columbus, Ohio.

**Dollar Generals on East 55th, East 91st, and Kinsman Blvd** – Dollar General and other ‘small-box’ budget retailers like Family Dollar thrive in low-income urban and rural areas traditional retailers and big-box stores like Walmart avoid. In addition to rapid proliferation of new stores, with 1,000 new stores planned in 2020, Dollar General is expanding its product offering at existing stores to include fresh produce through its 2019 initiative “DG Fresh;” today 9,000 of 16,500 stores nationwide sell dairy, cheese, deli meats, and fresh produce.<sup>16</sup>

Dollar General is a major competitive threat for a food cooperative in Central or Kinsman. The three Dollar Generals in or near the trade area are top destinations for groceries today, according to survey respondents, a trend that is likely to grow as their product offering expands.

In June 2020, The City of Cleveland, home to 70 small-box retail stores, passed a temporary moratorium on the development of new dollar stores, citing the need for “more tools to hold these businesses accountable.”<sup>17</sup> The law reflects broader concerns about the rapid proliferation of small-box retailers, which added more than 1,000 stores per year between 2010 and 2018 and today have more outlets than Walmart and Starbucks combined.<sup>18</sup> A 2018 report by the Institute for Local Self-Reliance concluded that Dollar General and other small-box retailers exacerbate economic and health inequality by offering low- wage work and low-quality food at higher prices per pound, and by staving off potential investments in higher quality food stores.<sup>19</sup>



<sup>16</sup> <https://retailwire.com/discussion/will-anything-slow-aldi-and-dollar-generals-roll-if-covid-19-didnt/>

<sup>17</sup> <https://www.cleveland.com/cityhall/2020/06/cleveland-mayor-frank-jackson-oks-ban-on-new-dollar-stores-while-city-considers-new-regulations.html>

<sup>18</sup> <https://civileats.com/2018/12/17/dollar-stores-are-taking-over-the-grocery-business-and-its-bad-news-for-public-health-and-local-economies/>

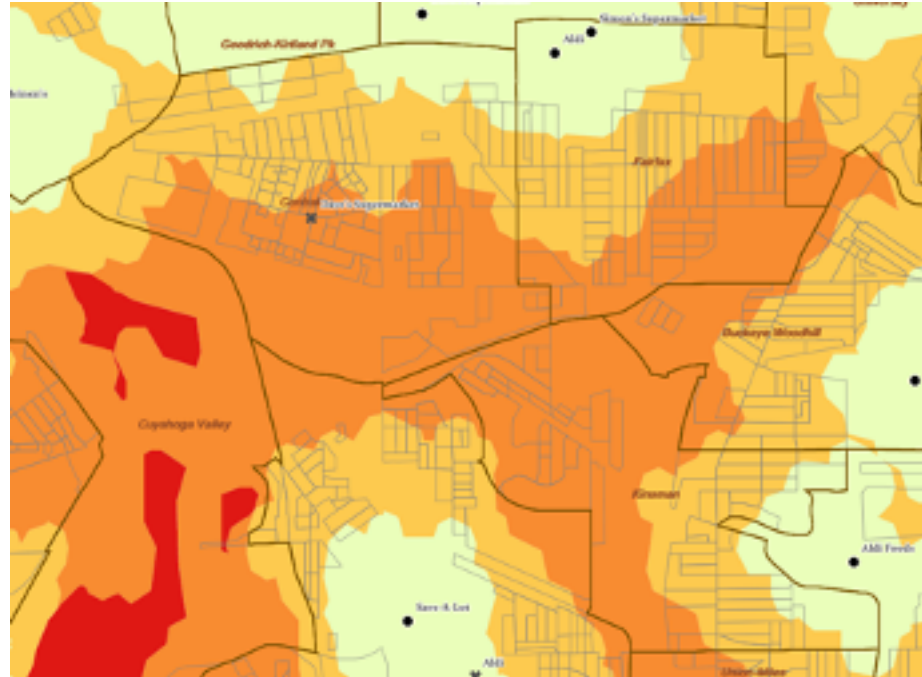
<sup>19</sup> Maria Donahue and Stacey Mitchell, Dollar Stores Are Targeting Struggling Urban Neighborhoods and Small Towns.

One Community Is Showing How to Fight Back, <https://ilsr.org/dollar-stores-target-cities-towns-one-fights-back/>, accessed September 13, 2020

## Exhibit 2 – Steering Committee Members and Affiliations

Name	Affiliation
Walter Patton	Central Resident, Artist
LaQueta Worley	Resident
Alex Harris	Resident
Alesia Corpening	Resident, Feed The Soul
Taleeyah O’Neal	Resident
Gwen Garth	Central Resident, Artist
Mikki Smith	Little Africa Food Coop
Angela Sayles	Little Africa Food Coop
Telia Badu	Little Africa Food Coop
Margaret Riviera	Ohio State University Agriculture Extension
Dawn Glasco	Sisters of Charity Foundation / Central Resident
Adrienne Mundorf	Sisters of Charity Foundation
Kim Scott	City of Cleveland Planning Commission
Sherita Mullins	Burten, Bell, Carr CDC
Jonathan Welle	Cleveland Owns
Kim Foreman	Executive Director, Lead Organization, Environmental Health Watch
Wyndi Moore	Environmental Health Watch, Coordinator
Justine Lindemann	Environmental Health Watch, Researcher
Erica Chambers	The Social Equity Collective, Researcher

**Exhibit 3 – Driving distance to nearest full-service grocery store<sup>20</sup>**



**Exhibit 4 – Financial projections**

<b>Uses of start-up funds</b>	
Building Improvements	188,000
Equipment	150,000
Inventory	61,250
Professional Fees	48,000
Pre-opening Marketing	6,000
Pre-opening Administration	80,000
Pre-opening Personnel	41,000
Site Holding Expense	10,000
Pre-opening Interest	350
Post-opening Professional Support	5,000
Working Capital	70,000
Overrun Allowance	99,000
<b>Total Uses of Funds</b>	<b>758,600</b>

<sup>20</sup>Source: Cuyahoga County Supermarket Access, 2019, Cuyahoga County Planning Commission, accessed June 6, 2020. <https://countyplanning.maps.arcgis.com/apps/webappviewer/index.html?id=24e5f7595c1b47fd88ba1aeca112662a>

<b>Income Statement</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$ 420,250	\$ 504,300	\$ 584,988	\$ 643,487	\$ 675,661
Cost of Goods Sold	\$ 275,264	\$ 326,534	\$ 374,392	\$ 411,832	\$ 432,423
<b>Gross Profit</b>	<b>\$ 144,986</b>	<b>\$ 177,766</b>	<b>\$ 210,596</b>	<b>\$ 231,655</b>	<b>\$ 243,238</b>
Direct Expenses					
Personnel	\$ 9 2,455	\$ 105,903	\$ 116,998	\$ 128,697	\$ 135,132
Occupancy	\$ 4 0,942	\$ 4 1,988	\$ 4 3,039	\$ 4 4,040	\$ 4 4,979
Depreciation	\$ 175,244	\$ 4 8,345	\$ 4 8,446	\$ 4 8,607	\$ 4 8,809
Operating	\$ 1 6,170	\$ 1 7,027	\$ 1 9,666	\$ 2 1,582	\$ 2 2,642
Administrative	\$ 1 1,295	\$ 6 ,889	\$ 7 ,991	\$ 8 ,790	\$ 9 ,230
Governance/Member	\$ 567	\$ 605	\$ 702	\$ 772	\$ 811
Marketing	\$ 1 0,506	\$ 1 1,347	\$ 1 1,700	\$ 1 1,261	\$ 1 1,824
<b>Total Direct Expense</b>	<b>\$ 347,179</b>	<b>\$ 232,103</b>	<b>\$ 248,541</b>	<b>\$ 263,750</b>	<b>\$ 273,427</b>
<b>Income from Operations</b>	<b>\$ (202,193)</b>	<b>\$ (54,337)</b>	<b>\$ (37,945)</b>	<b>\$ (32,095)</b>	<b>\$ (30,189)</b>
Other Revenue (Expense)	\$ (4,203)	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ ( 748)	\$ ( 715)	\$ ( 679)	\$ ( 642)	\$ ( 603)
<b>Net Income</b>	<b>\$ (207,144)</b>	<b>\$ (55,052)</b>	<b>\$ (38,624)</b>	<b>\$ (32,737)</b>	<b>\$ (30,792)</b>
<b>EBITDA</b>	<b>\$ (31,152)</b>	<b>\$ (5,992)</b>	<b>\$ 10,501</b>	<b>\$ 16,512</b>	<b>\$ 18,620</b>
<i>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</i>					

<b>Balance Sheet</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
Current					
Cash	\$ 7 0,196	\$ 6 9,750	\$ 8 5,489	\$ 104,065	\$ 122,158
Inventory	\$ 6 2,475	\$ 6 3,725	\$ 6 4,999	\$ 6 6,299	\$ 67,625
<b>Total Current Assets</b>	<b>\$ 132,671</b>	<b>\$ 133,474</b>	<b>\$ 150,488</b>	<b>\$ 170,364</b>	<b>\$ 1 89,783</b>
Fixed					
Equipment	\$ 199,641	\$ 200,349	\$ 201,056	\$ 202,187	\$ 203,602
Building Improvements	\$ 295,850	\$ 295,850	\$ 295,850	\$ 295,850	\$ 295,850
Accumulated Depreciation	\$ (48,244)	\$ (96,588)	\$ (145,034)	\$ (193,641)	\$ ( 242,450)
<b>Total Fixed Assets</b>	<b>\$ 447,248</b>	<b>\$ 399,611</b>	<b>\$ 351,872</b>	<b>\$ 304,396</b>	<b>\$ 2 57,001</b>
<b>Total Assets</b>	<b>\$ 579,919</b>	<b>\$ 533,085</b>	<b>\$ 502,360</b>	<b>\$ 474,761</b>	<b>\$ 4 46,784</b>
<b>Liabilities</b>					
Current					
Accounts Payable	\$ 1 8,854	\$ 2 2,365	\$ 2 5,643	\$ 2 8,208	\$ 29,618
Payroll & Payroll Tax Payable	\$ 1,778	\$ 2,037	\$ 2,250	\$ 2,475	\$ 2,599
Sales Tax Payable	\$ 438	\$ 525	\$ 609	\$ 670	\$ 7 04
Current Portion of LT Loans	\$ 640	\$ 676	\$ 713	\$ 752	\$ 7 93
<b>Total Current Liabilities</b>	<b>\$ 21,710</b>	<b>\$ 25,603</b>	<b>\$ 29,215</b>	<b>\$ 32,105</b>	<b>\$ 33,714</b>
Long Term					
Co-op Investment Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Distributor Loan	\$ -	\$ -	\$ -	\$ -	\$ -
Secured Debt	\$ 12,353	\$ 11,677	\$ 10,965	\$ 10,213	\$ 9,420
Member Investments	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Long Term Liabilities</b>	<b>\$ 12,353</b>	<b>\$ 11,677</b>	<b>\$ 10,965</b>	<b>\$ 10,213</b>	<b>\$ 9,420</b>
<b>Total Liabilities</b>	<b>\$ 34,063</b>	<b>\$ 37,280</b>	<b>\$ 40,180</b>	<b>\$ 42,318</b>	<b>\$ 43,133</b>
<b>Equity</b>					
Member Equity	\$ 6 1,000	\$ 6 9,000	\$ 7 7,000	\$ 8 3,000	\$ 88,000
Preferred Shares	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Preferred Share Dividends	\$ (3,000)	\$ (6,000)	\$ (9,000)	\$ (12,000)	\$ ( 15,000)
Retained Earnings	\$ 387,856	\$ 332,805	\$ 294,180	\$ 261,443	\$ 230,651
<b>Total Equity</b>	<b>\$ 545,856</b>	<b>\$ 495,805</b>	<b>\$ 462,180</b>	<b>\$ 432,443</b>	<b>\$ 403,651</b>



<b>Cash Flow Statement</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operations</b>					
Net Income	(207,144)	(55,052)	(38,624)	(32,737)	(30,792)
Noncash Revenues, Expenses, Gains, & Losses					
Depreciation	175,244	48,345	48,446	48,607	48,809
Change in Inventory	(1,225)	(1,250)	(1,274)	(1,300)	(1,326)
Change in Accounts Payable	18,854	3,512	3,278	2,564	1,410
Change in Payroll & Payroll Tax Payable	1,778	259	213	225	124
Change in Sales Tax Payable	438	88	84	61	34
<b>Total Cash Flow From Operations</b>	<b>(12,056)</b>	<b>(4,099)</b>	<b>12,122</b>	<b>17,420</b>	<b>18,259</b>
<b>Investments</b>					
	(141)	(707)	(707)	(1,131)	(1,414)
Building Improvements	0	0	0	0	0
<b>Total Cash Flow from Investments</b>	<b>(141)</b>	<b>(707)</b>	<b>(707)</b>	<b>(1,131)</b>	<b>(1,414)</b>
<b>Financing</b>					
New Member Equity	11,000	8,000	8,000	6,000	5,000
Preferred Shares (Dividends)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Long Term Debt Principal Payments	(607)	(640)	(676)	(713)	(752)
<b>Total Cash from Financing</b>	<b>7,393</b>	<b>4,360</b>	<b>4,324</b>	<b>2,287</b>	<b>1,248</b>
<b>Net Change in Cash</b>	<b>(4,804)</b>	<b>(446) 1</b>	<b>5,740</b>	<b>18,576</b>	<b>18,093</b>
<b>Cash, Beginning of Year</b>	<b>75,000</b>	<b>70,196</b>	<b>69,750</b>	<b>85,489</b>	<b>104,065</b>
<b>Cash, End of Year</b>	<b>70,196</b>	<b>69,750</b>	<b>85,489</b>	<b>104,065</b>	<b>122,158</b>

## Exhibit 5 – Survey

We distributed the survey below to 387 respondents online and in-person between May and August 2020.

### Central Kinsman Community-Owned Food Co-op Planning Survey (5 minutes) If you'd prefer, complete this survey online at <https://bit.ly/CentralKinsmanCoop>

Hello! Thanks for taking our brief survey to measure interest in a food co-op in the Central or Kinsman neighborhoods.

We're a group of residents and organizers in Central and Kinsman. We want to learn more about starting a food store here owned by the community and by its workers, with healthy and affordable options. This survey will help us understand what people in our community want. All Central and Kinsman residents are welcome to take this survey. Responses from people outside of Central and Kinsman are welcome too.

If you choose to include your name and address at the end of the survey, that information will be kept separate from survey results, and used only to update you on the progress of this project. This survey has two sections - please fill out both if you're able! Thank you!

In a grocery store owned by the community and by its workers, local residents have a say in how the store operates, and can receive discounts when they shop. Community and worker ownership also means that when we spend money at the grocery store, more of it stays in the community, building community wealth. Let's build together!

1. On average, how often do you purchase groceries and related household items? (groceries = produce, milk, eggs, cheese, meat, and packaged foods, like canned goods and dry goods) (check one)

Once a month	Every two weeks	Once a week	Twice a week	Three times a week or more
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Which of the following locations do you get many of your groceries at? (check all that apply)

#### In Central or Kinsman

- Paul's Serv-rite on East 46th
- Dollar General on 91st and Kinsman
- Kinsman Eagle Supermarket on East 75th
- Dollar General on East 55th
- Dollar General on Kinsman and East 90th
- Food pantry, such as Garden Valley Neighborhood House or Friendly Inn
- Other: \_\_\_\_\_
- Food pantry outside of Central / Kinsman
- Simon's on Buckeye Road
- Aldi's on Kinsman Ave and MLK
- Save-a-lot on Harvard
- Save-a-lot on Broadway
- Dollar Tree on Broadway
- Slavic Village Market on Fleet
- Family Dollar on East 116th
- Save-a-lot on Kinsman East 143rd

#### Outside of Central or Kinsman

- Dave's on Chester Ave
- Aldi on Euclid Ave and 75th
- Aldi in Steelyard
- WalMart at Steelyard
- Target at Steelyard
- Simon's on East 79th
- Broadway Sub Station
- Heinen's on East 9th
- Heinen's on Chagrin Blvd
- West Side Market
- Dave's on W 25th
- Grocery delivery via Instacart or other service
- Meal delivery via Blue Apron or other service
- Other: \_\_\_\_\_

3. On average, how far now do you travel to shop for groceries? (check one)

Less than a mile	1 to 2 miles	2 to 5 miles	5 to 10 miles	More than 10 miles
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. How far would you like to travel for groceries? (check one)

Less than a mile	1 to 2 miles	2 to 5 miles	5 to 10 miles	More than 10 miles
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. What are the most common ways you get to the stores you shop at for groceries? (check all that apply)

- |  |                                |
|--|--------------------------------|
| <input type="radio"/> a. Car           | <input type="radio"/> b. Bus   |
| <input type="radio"/> c. Rapid (train) | <input type="radio"/> d. Bike  |
| <input type="radio"/> e. Walk          | <input type="radio"/> f. Other |

6. If there were a grocery store in your neighborhood, how would you prefer to get there? (check all that apply)

- |  |                                |
|--|--------------------------------|
| <input type="radio"/> a. Car           | <input type="radio"/> b. Bus   |
| <input type="radio"/> c. Rapid (train) | <input type="radio"/> d. Bike  |
| <input type="radio"/> e. Walk          | <input type="radio"/> f. Other |

7. How important is it to you to have a full-service grocery store in your neighborhood? (check one)

Not at all important				Very important
1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. If a community-owned, worker-owned grocery store were built in your neighborhood, how likely are you to consider it your primary destination for grocery shopping? (check one)

Very unlikely	Unlikely	Neither likely nor unlikely	Likely	Very likely
1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. On average, how much money do you spend per week on groceries and related items? (check one)

Less than \$50	\$50-\$75	\$76-\$100	\$101-\$125	\$126-\$150	\$151+	Don't Know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. How much money would be willing to pay, or how much time would you be willing to volunteer, to be a founding owner of a community-owned, worker-owned grocery store in your neighborhood? (check all that apply)

Less than \$50	\$50-\$100	More than \$100	Volunteer one time	Volunteer consistently (e.g., monthly)	Nothing / not interested
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

