

# Harrisonburg's Friendly New Neighbor

BY BEN SANDEL



PHOTOS COURTESY OF FRIENDLY CITY CO-OP

Above: The staff was just a bit excited for the grand opening. Lower left: Musicians playing at the entrance to greet shoppers at the grand opening.



In March 2006, about 30 people came to a meeting at the Little Grill Collective restaurant in Harrisonburg, Va., to talk about starting a cooperative. The Little Grill had opened a 600-square-foot health food store (called The Little Store) in a rundown plaza on the poorer side of downtown and had quickly learned that a restaurant and a grocery store were very different businesses to operate.

The Little Store hadn't been open long but had developed a small and loyal following. The Grill folks wanted someone to keep the store going, so a few of us started talking about turning it into a co-op. Delving into the finances, however, the store didn't seem viable, and the Grill decided to close it.

However, our group kept talking. On June 6, 2011, Friendly City Food Co-op opened its 6,100-square-foot store (4,100 square feet in retail) in a refurbished space a block and a half from where the Little Store had been.

## Member financing

We had hoped to get our co-op open years earlier and to be closer to 10,000 square feet, but as the economy crumbled and we got deeper into the costs of a store that



Top: General Manager Steve Cooke and Suzi Carter, manager of the Harrisonburg Farmers Market. Bottom: The gleaming bulk section.

size, we felt we wouldn't be able to raise enough money soon enough to keep from losing the community support we'd worked so hard to develop.

Of the \$1.664 million we needed to get the store up and running (including \$207,000 in operating capital), we generated almost \$250,000 from the sale of member shares: 1,250 at \$200 each (although some are not yet fully paid) and an additional \$725,000 from member loans, ranging from \$1,000 to \$140,000. Of those member loans, about \$145,000 were from self-directed IRAs.

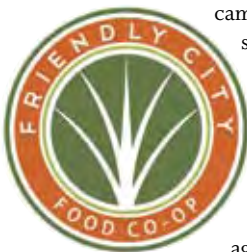
A local private individual was our principal lender and loaned \$584,600 at 6 percent for 10 years with the first year interest-only. \$100,000 came from two nearby loan funds and the rest came from small gifts and a few grants, including a Food Co-op Initiative grant, and \$7,500 from our local Resource Conservation and Development group.

Our trade area is about 162,000 people, of whom 44,000 live in Harrisonburg. Median income is \$44,054, and just under 20 percent are college educated. We have a diverse economic base that includes agriculture, education, medical, some manufacturing,

financial, legal, and tourism. This diversity kept Harrisonburg from feeling the economic downturn as much as many other communities have.

We were very lucky to get Steve Cooke to be our general manager, and we gave him the limited direction to make a store that looked great and felt warm and inviting. He, Suzi Carter, and the rest of the staff created a store that is modern and beautiful. We are projecting first year sales to be \$2.4M.

Bringing a food co-op to downtown Harrisonburg was an idea that, in the earlier stages, seemed like a long shot. A lot of hard work and great community support made it happen, and we hope will make it successful. ■



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