



life in the heart

## Nelson Commons Redevelopment Project : F A Qs

Kootenay Co-op Member Update, June 2013

The past 6 months have been a very busy time for those involved in planning for the redevelopment and it seemed like a good time to pull all these threads together. In this update we'll cover important topics like:

- The difference between the Nelson Commons & the Kootenay Co-op
- The Co-op's role as project Developer
- Affordable Housing and the Nelson Commons
- Project cost and timelines
- Local labour & employment
- Member Loans
- Environmental considerations
- And more!

We hope you find this update helpful. And remember, we want to hear from you! We've included some contact information on the last page.

***Want to keep in touch with new developments?*** Sign up for Enews and you'll get the latest updates on the store, specials and our redevelopment project. Simply visit our website [www.kootenay.coop](http://www.kootenay.coop) or ask at Customer Service.



## What's the difference between Nelson Commons and the Co-op?

The Nelson Commons is the name of the entire project and the residential component. The Kootenay Co-op will be a commercial tenant within the Nelson Commons.

The residential component of the building will be managed by the Nelson Commons Strata Corp. The Kootenay Co-op will own our own portion of the building as well as some additional commercial space that we will lease out to other commercial tenants. There will also be additional commercial space that is sold to other occupants.

Users of both the new Co-op and the Nelson Commons will have access to seven thousand square feet of beautifully landscaped outdoor space.

### Funding:

Funding for the Nelson Commons project will be through a combination of equity investors, debt financing and residential pre-sale investments.

*It is important to note that this entire project depends on the success of our residential pre-sales. If we do not hit our pre-sale target within our time frame, we will reconsider the mixed-use development.*

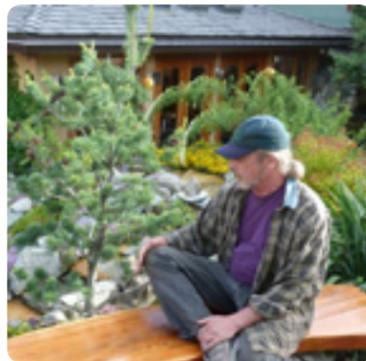
The Co-op store will be financed through our cash savings, debt financing and a member loan program (see *Let's Talk about the New Co-op Store* on page 7 for more on the member loan program).

### Leadership and structure:

Nelson Commons Holding LTD is simply a real estate holding company that is a wholly owned subsidiary of the Kootenay Co-op. It is a separate legal entity. Once the development project is complete, Nelson Commons will refer to the residential component of the multi-use facility.



Bob Patton, Deirdrie Lang & Russell Precious.



David Fisher.



David Dobie.

Nelson Commons is spearheaded by the Co-op's General Manager, Deirdrie Lang, and the redevelopment team, which includes:

**Russell Precious – Project Manager**

**Steven Kaup, Studio 9 Architecture – supporting architecture and planning**

**Ron Little, CA – proforma management and business planning**

**David Dobie – interior design**

**David Fisher – landscape design**

**Andrew Creighton – communications and marketing**

**Ray Letkeman Architecture – lead architect**

**ITC Construction Group – general builder**



The Kootenay Co-op store is lead by your Board of Directors, elected at the AGM. They are as follows:

**Abra Brynne, President**

**Paula Sobie**

**Susan Morrison**

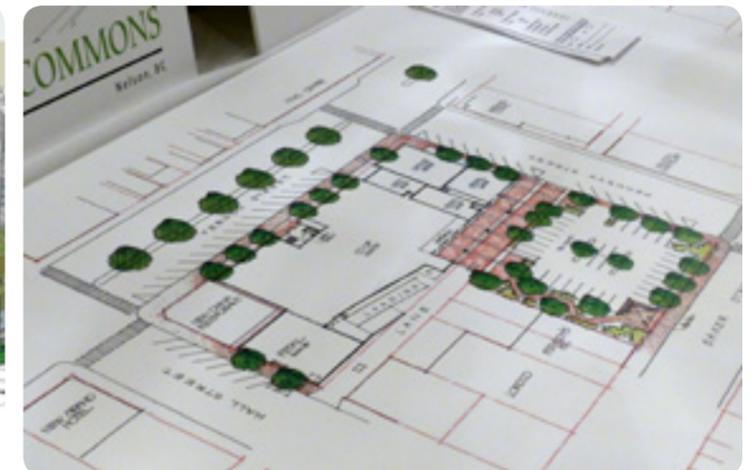
**Brian Kelsch, Treasurer**

**Leon Pigott, Vice President**

**Jon Steinman**

Also involved in a limited capacity are Paul Dawson (store financial planning) and Jocelyn Carver (marketing and member outreach). Marnie Christoffersen has taken on some of the marketing collateral design.

We have also engaged the services of Rob Brown of Mclachlan Brown Anderson as our attorney and Roque Hsieh a partner at KPMG as our tax accountant to help us structure the equity partnership. Many other consultants and firms are also involved during this pre-development and design phase: SNC Lavalin, Golder & Associates, Rocky Point Engineering, Jones Food Store Equipment, etc.



## Will we be offering affordable housing units in the Nelson Commons development?

In the early months of planning this development, affordable housing was certainly on our wish list. Our initial development plans included an additional 10,000 square feet of commercial space that would have helped to subsidize affordable units.

As the design of the property has developed, we were unable to incorporate that additional commercial space due to lack of required parking for the development. The high cost of the real estate, building and development costs meant that the 'for sale' units were going to easily become unaffordable. It is important to understand that non-market housing units are subsidized by both the commercial tenants, including the Co-op and the residential tenants. Including non-market units in this development would make the cost of the 'for sale' units unaffordable for many. In lieu of building non-market housing units, we have made a commitment to make a sizeable donation to the City's Affordable Housing Fund at the completion of our project.

## Is the Co-op taking on the role of developer for this project?

Yes! The success of the residential component of the Nelson Commons development will include a meaningful financial profit once successfully completed. The Board felt that this kind of profit should not be allowed to leave our community, but instead be reinvested in the Co-op as part of our long-term financial sustainability. So, instead of an outside developer profiting from this unique development project, the profit will belong to your community-owned food store and be used to help reduce the Co-op's long term debt burden!

The Co-op had already secured land and developed the vision/purpose for the land (a long term project, realized when we purchased 708 Vernon in June 2012).

As the process evolved, it also became clear that the Co-op as developer had a much greater commitment to this community-focused project than an external private developer would have. We care about a triple bottom line for the Co-op, the health of the community and the long term sustainability of both.

Feedback from our co-op development consultant and our equity partners has all been extremely positive. There is also a lot of excitement for this aspect of the project from our friends and allies in community economic development circles who feel that we are once again pioneers in a growing movement towards community-owned development! We are confident that we have the skills, commitment and capacity to be the best developer for this project. Another example of a 'made in Nelson' solution that will serve the Co-op and the larger community for many years to come.

## What does a developer do exactly?

- Secures land
- Develops the vision
- Finances the project/secures financing
- Oversees the development of the project



## What is the cost to the Co-op?

The new Co-op store will cost \$8-10M, this includes both the building and the fixturing. This cost will be partly subsidized by the sales of the residential and other commercial units, leaving the Co-op with a very manageable long term debt.

## What is the risk to the Co-op?

Any project of this magnitude carries risk. We plan to mitigate this risk by ensuring an adequate level of residential pre-sales before demolition of the existing building. If our pre-sale targets are not met, we will shift our focus to "Plan B" – either renovating the existing building or building only a new Co-op store.

## What is the timeline for the project?

We expect to be ready for residential pre-sales in September 2013. Once our pre-sale targets are met, we will demolish the existing building and prepare to begin construction early in 2014. We expect the Co-op to move to its new store in the summer of 2015 with the residential units ready for occupation later in 2015.

## Will we be hiring local builders?

The size and complexity of this project has prompted us to bring in a very experienced builder from Vancouver, ITC Construction. The founder of ITC was born and raised in the Kootenays. Local trades and labour will be used for much of this project.

## How green will the new building be?

We are very committed to an environmentally-sensitive development that takes the health of people and the planet to heart, from densification, use of quality materials & energy savings to green space and healthy living environments.

**Density with Artistry:** The primary environmental contribution of any building project (particularly in this time of exponential population growth) is 'density' or what is increasingly called 'eco-density'. Densification reduces our human footprint on the landscape, preserving farm land and wilderness, while making much more efficient use of existing infrastructure and services and reducing the tax burden for all. In the space that it would take for 5 to 10 homes in one of Nelson's residential neighborhoods, we will have 54 residences. On the same footprint we will have the new Co-op grocery store and other retailers.



**Individual Footprint:** Individual footprint is a related, but distinct aspect of 'green' building. Nelson Commons housing units require less heating, cooling and maintenance and fewer furnishings thanks to a thoughtful combination of design and size.

**Built to Last:** Our global economy has focused increasingly on price over quality. This includes a great deal of our housing and commercial space. Quality and craftsmanship are both environmentally sound and cheaper in the long run. A properly constructed building can last for generations and be relatively maintenance free. This will be a fundamental consideration in our construction choices.

**Energy Savings:** Energy saved means fewer green house gases. We are engaged in a full energy modeling with our LEED certified Mechanical Engineers (Rocky Point Engineering Ltd.) and their Nelson representative, Mark Harold. This will help us determine the most appropriate energy solutions.

Energy efficiency will include significant heat recovery from the Co-op's refrigeration system that will heat the Co-op, heat the Co-op water, heat the underground parking, and preheat water for the residential units (which will be a central hot water system with circulation pumps).

A building of this size also has a thermal mass significant enough that it can sustain a level of warmth or coolness with very low energy use.

Energy efficiency will also include good insulation and triple glazed windows. Appliances and the lighting in the common areas of the building will be high efficiency.

We will install the necessary components to have the building 'solar ready'; this will enable us to move to solar hot water when it becomes cost effective to do so.

Another big energy saver will be our state of the art refrigeration equipment in the Co-op's new store. There have been enormous improvements in energy conservation in the refrigeration units we are considering, as well as using 'ozone friendly' refrigerants.

And of course there are all the energy saving implications of living in a place that allows for a pedestrian and cycling lifestyle as well as plug in chargers for electric cars.

And of course, we will have ample bike racks and a designated parking spot for the Kootenay Car Share!

**Human Health:** The emerging paradigm of 'ecological medicine' asserts there is no enduring human health in an unhealthy environment. Nelson Commons will focus on building materials that are non-toxic. Paints and finishes will be low VOC. There will be 100% fresh air makeup, high efficiency exhaust systems for cooking ranges and a central water purification system. Sound proofing will be a very high standard and electromagnetic field reduction will be in place. Bathrooms will have dual flush/water saving toilets.

**Outdoor green space:** Landscaping for Nelson Commons is being designed by local resident David Fisher, who produced the beautiful Oso Negro courtyard. There will be a substantial public domain on the east side of the upper parking lot that will include a variety of plantings, water features, sculptures, places to sit and hang out and for kids to play. David has studied 'Xeriscape' landscaping which is a water-conservation approach that allows you to slowly decrease irrigation requirements as the landscape establishes itself.



## Let's talk about the new Co-op store...

While many of our members have been asking for new services and more space for many years, it's worth taking a moment (or a few paragraphs!) to reiterate our hopes and dreams for the new store. Our new store will have:

### 1. A bigger 'positive footprint' for local food and the local economy.

The Co-op already stands at the forefront of the movement for a progressive and more sustainable food system and economy. We take seriously our commitment to supporting 100s of local suppliers and food and health suppliers that have human health as part of their mission. We are very, very excited at the opportunity to provide you with more of these great products. Currently, bringing in new products almost always means dropping an existing product in order to create shelf space. In the new store, we'll be able to offer more great products from suppliers who care.

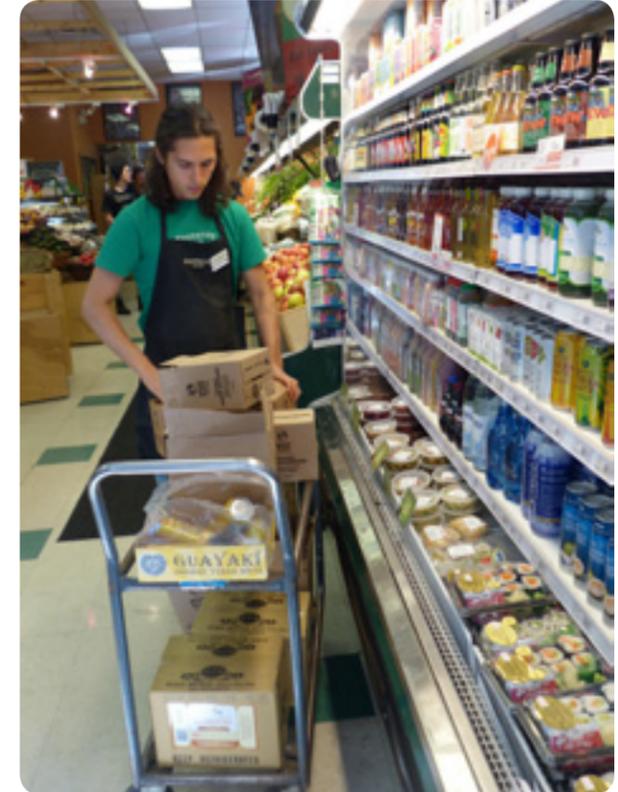
We'll also be providing more local jobs, both in the construction phase and as we hire new co-op employees.

**2. Better access, more room and more services for our members and shoppers.** We know many of you now have to think twice about when to shop at the Co-op because it's getting... um...a little stuffy in here (to put it mildly). We are looking forward to offering actual parking spots and a shopping environment that feels more comfortable, spacious and easy to navigate. We'll also have space for more tills, an indoor café, a better meat & seafood section, an accessible customer service area, a beautiful outdoor seating area and more.



**3. Better pricing and more products for a 'one stop shop'.** Having more space on the shop floor and in the warehouse will allow us to buy in larger quantities and take advantage of bulk purchasing deals that are currently unavailable to us. We'll also be able to stock products you may currently be purchasing elsewhere. Feel free to let us know what these products are for you!

**4. Owning our own home.** This is a big deal! Owning our own store provides us with a guaranteed, long term home. Similar to owning your own residential home, the Co-op's ownership of its own home provides both long term security and the knowledge that we will be controlling our occupancy costs for the long term. Plus, homeownership is an important source of financial capital for any business or individual.



## What kind of job opportunities will there be in the new Co-op?

We expect to hire an additional 20 – 30 people for the new store. Most of these will be entry level cashier, department clerk and food service positions. We are proud to provide more 'right livelihood' jobs at a living wage with excellent benefits (uncommon in most service industry environments).



## I love the Co-op as it is, will it lose its soul in a big new space?

The Co-op will always be your community-owned food store. We will be designing the store to have the same warm and inviting aesthetic as it has now, only with more space! We know this is important to our member-owners and it is important to us too!

## What is the member loan program about?

Want to invest your money locally and ethically? Get ready for our Member Loan program!

Members are owners of the Kootenay Co-op and co-op loans are an incredible opportunity to invest money locally and help the Co-op deliver on its mission to provide high-quality, organic, local products to our community while maintaining our triple bottom line.

Funds raised during this loan program will be used to purchase new, energy efficient equipment and other fixtures for the store.

This won't be our first loan campaign! Kootenay Co-op had a very successful member loan program in 1991 that helped us relocate to our current location.

We have a Member Loan Committee currently working on developing the program. We plan to launch the program October 2013.

## When will we be able to see what the development will look like?

We have preliminary drawings that can be viewed at [www.nelsoncommons.ca](http://www.nelsoncommons.ca). Also, be sure to come to the Co-op's AGM in September and sign up for Enews to receive ongoing updates about building design and new store plans.

### Contact Nelson Commons:

tel: 250 352 5847

email: [info@nelsoncommons.ca](mailto:info@nelsoncommons.ca)

follow the project on facebook

