

## Sustainability & Environment

At the Co-op, we're continuously looking for ways to lessen our impact and divert our waste from old-fashioned landfills. Initiatives vary from striving to make our Harvest Celebration a zero waste event to transitioning to an LED-based lighting system to creating more opportunities for Co-op departments and customers to compost.

Our Facilities Department works in partnership with Casella Waste Management and Chittenden Solid Waste District (CSWD) to continually improve our total waste diverted from landfills. Over the past three years, we have reduced the amount of our total waste sent to landfills from 31% to 25% to 20% (in FY 2013). Our compost jumped from 28% to 42% of our total waste as we continue to promote composting to our departments, our customers and staff. Through appropriate placement of compost bins, instructive signage and staff support, we continue to make great progress in diverting waste.

Last year, our Facilities Manager started working with a variety of other downtown businesses and the CSWD to partner on recycling film plastics. This category of plastics includes plastic bags, shrink wrap and a number of other plastics. This program has been up and running since February 2013. While we can't completely divest ourselves of the need for film plastic (that protects many of the pallets of food we receive), we can work with our partners to research non-landfill options, like recycling.

Free water from our Reverse Osmosis (RO) machine is one Member benefit that reduces waste in our community's waste stream. Members enjoyed over \$38,000 worth of free water in FY 2013. In total, the Co-op sold almost 102,000 gallons of RO water during the year. If this were water sold in 20 ounce bottles, which is our most popular size, it would represent almost 652,000 plastic bottles that our customers didn't use because they purchased their water in bulk.

The Co-op compares our energy usage year to year, based on kilowatt hours per customer. We have additional customers coming through our door each year, which means the freezer doors are open more often, the air conditioning and heating systems run a little harder, and in general we use more energy. In FY 2013, we used an average of 0.86 kilowatt hours per customer. This represents a decrease from 0.90 in FY 2012 and 0.91 in FY 2011. Installing solar panels in 2010 and new lighting systems in 2011 and 2012 have allowed us to continue to decrease our kilowatt usage per customer.

We continue to enjoy increased customer traffic with the same amount of limited parking. It makes sense for us to encourage customers to use alternate forms of transportation to shop, to keep our parking lot safe and to lessen our impact on the planet. We're currently partnering with Local Motion to become recognized as a "bike friendly business." In addition, we offer Bicycle Benefits which gives customers biking to the Co-op a 5% discount on their groceries. We also offer bike locks at our Customer Service desk to loan to customers who may have forgotten theirs.

Member Meeting 2012



## Caring for our Community

What a great community we live and work in – from local farmers and food producers, to non-profits working on a vast array of issues, our Members and employees, our vendors, and our community business partners. We cherish this community and do our best to support the great array of good work happening every day!

We highlight a few areas when we dedicate time and money to caring for community. First, we care about our neighbors who are most food insecure. To this end, we focus resources on partnerships with a variety of like-minded organizations. For example, we work closely with Hunger Free Vermont, supporting their organization with an annual \$10,000 donation, sponsoring their annual Hike for Hunger, partnering to train our employees on food insecurity, participating with the Chittenden County Hunger Council, and working to improve access to our Food for All program. We support organizations like the Boys & Girls Club of Burlington, the Chittenden Emergency Food Shelf and the Burlington School Food Project in many of the same ways.

The Co-op's educational focus also demonstrates how we care for the community. In recent months, about 50% of class participants are new to our educational offerings. This tells us that we're reaching new audiences within our community on topics that range from personalized store tours, sourdough bread, ethnic cuisine and lacto-fermentation to wild edibles, homemade skincare products and gluten-free diets. We offered 169 classes last year (a 13% increase over the prior year) with almost 1,700 total participants! We offer brochures and recipes both online and in the Co-op on a wide variety of topics and including a broad range of ingredients as well.

Our Co-op reflects the diverse needs of our community. Our delivery program assists those in the community who might otherwise have difficulty accessing groceries; we made almost 1,400 deliveries last year. In addition, our Food for All (FFA) program offers a 10% discount to community members who receive 3SquaresVT, WIC or Social Security Disability or Supplemental Income. FFA participants received over \$187,000 in discounts, giving those in our community who

are most food insecure that much additional buying power at the Co-op. Redemption of 3SquaresVT and WIC benefits also continues to grow, which tells us that we're continuing to meet the needs of a broad base of our community members.

We care for community and Members with our Member Worker program. In FY 2013, almost 50% of Member Worker hours were spent volunteering in the community for partner non-profit agencies. This is a 51% increase over FY 2012! In FY 2013 Member Workers volunteered over 8,700 hours with our Community Outreach Partners program. That's the equivalent of over 4 full-time employees working to benefit our fifteen local non-profit partners.

Co-op employees are a vital part of our community as well. That's why we offer our employees a livable wage, great benefits and opportunities to participate in training and wellness activities throughout the year (including walking and biking programs, Vermont State Park passes, and health screenings). We offered over 19 wellness programs and activities last year with a total of 435 participants.

In FY 2012, we started a new program called "Change for Local Non-Profits" that donates 5 cents to a local non-profit each time customers reuse one bag. In our first year, we donated almost \$14,000 to twelve area organizations. In our second year, FY 2013, we donated another \$14,000 to a new set of twelve area organizations. This program extends our reach into the community. While our major support and donations are focused on food insecurity and the local food system, our Change for Local Non-Profits program offers support to a much broader variety of our community's non-profits.

Harvest Run 2012



2013

Annual Report



## 2013 Year in Review

One of the responsibilities of the General Manager is to report back to the Members on a yearly basis about the performance of the Co-op for the previous year. I can tell you that with the support of our Members and the incredible work done by all of the staff, we had a terrific year in 2013. Part of what makes it so easy to present this report is that our success is not just about sales and profitability. It is about City Market and how every day we reflect the needs of our Members and the city of Burlington.

But let's begin with some numbers. Our sales for fiscal year 2013 (FY 2103) were \$36 million, a 9.0% increase over the previous year. Our Membership grew to 9,161 Members and I'm pretty sure we'll pass the 10,000 mark soon. Another amazing statistic is that 61.6% of the purchases made at City Market last year were made by Members. That is the highest percentage since the Co-op relocated in 2002.

For the fifth straight year, we will be distributing a Patronage Refund with checks going out in November. At our August meeting, the Board of Directors approved a Patronage Refund distribution of over \$873,000. We will be sending out over 9,000 checks with an average check of \$96. With this year's Refund, the Co-op will have sent over \$2.8 million to our Members in the form of Patronage Refund dollars to recirculate back into our local economy.

Providing access to local food is another major point of differentiation between the Co-op and our competition. This past year 34% of our sales (+\$12 million) were local products, with our Produce department having the greatest number of local products for sale. Our buyers continue to meet with the farmers we buy from to discuss purchases, new products and any new initiatives they might be looking to undertake. We have also been able to help fund some significant initiatives on a couple of farms that will allow them greater market access for their products.

Over the past two years, we have expanded the focus of our Member Worker program to be more impactful to our 15 non-profit community partners. I'm happy to report that last year almost 50% of all volunteer Member Worker hours were attributed to these partner non-profits. This to me is a great example of how City Market can provide even more support to our community partners. Within the next two years, we're planning for the vast majority of volunteer Member Worker hours to benefit the community.

The Co-op's Global Ends policy speaks to "progressive environmental choices" and we spend significant time, planning and energy reducing the negative aspects of our growth. In particular, replacing nearly all of the lights at City Market with LED fixtures has dramatically reduced our kilowatt hours per customer. Reducing landfill waste by diverting product to compost or recycling is another way we tread lightly. Our FY 2013 goal was to divert more than 50% from the waste stream. Waste tonnage accounted for only 20% of the total product picked up from City Market; the remaining 80% was composted or recycled.

This report covers July 1, 2012 through June 30, 2013. Until the end of March 2013, Clem Nilan was the General Manager of City Market. Much of the success of City Market this past year should be attributed to Clem's leadership. Since assuming the role of General Manager this past April, I have benefited tremendously from all of his efforts, the efforts of our Leadership Team and the efforts of all of the employees who work daily to make sure that City Market serves the needs of our Members and our community. I thank you for the opportunity to participate in such a great process.

J. Patrick Burns  
General Manager



## Board President's Report

Recently, someone asked me to describe how the Onion River Co-op invests in the community. I had to ask him to refine the question so I could decide where to begin. By "community" did he want to know about our Membership, the greater Burlington area, the network of other cooperatives we are a part of, Vermont's network of local farmers and food producers or all of the above? Was he asking about "investing" strictly in terms of dollar amounts, or did he want to know about product donations, Member Worker hours, wages and benefits to employees, Patronage

Refunds to Members, or other perhaps more intangible ways our community is enhanced by City Market being a thriving business? The point is, no matter how one chooses to define these terms, I can say with confidence that our Co-op is investing in our community.

Our Global Ends statement specifies that the Onion River Co-op will be "central to a thriving and healthy community." Indeed, I believe we are, and this Annual Report is full of some great examples of how we have made that true in the past year. It feels especially good to be able to say that in light of some of the transitions the Co-op has gone through recently. Since the last Annual Meeting, we have welcomed Pat Burns into the role of General Manager, I've stepped up as your Board President, and we've helped each other through the loss of Board Member Maura Finn. In the store itself, we have seen some improvements to the Front End, Produce, Wellness and Deli areas, all intent on making the best possible use of the existing store footprint (and thus a better shopping experience for our Members and customers) while we pursue the right opportunity for a second store. Cooperatives, like people, can respond to change in a lot of different ways. In our case, these changes have only added to the story of our success. The fact that our Co-op is as successful as it is, and can invest in our community in as many ways as we do, is to me a clear example of "doing well by doing good." It is a story I am proud to be able to tell, and I hope that more of our Members will join me in telling it.

Happy 40th Anniversary to City Market, Onion River Co-op, and here's to 40 more!

In Cooperation,

Molly O'Brien  
Board President

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City Market  
Onion River Co-op





INTERVALE COMMUNITY FARM CROP MOB  
photo by Alec Jacobson

## Global Ends Policy

The Onion River Co-op will be central to a thriving and healthy community, where:

- Consumers have local access to progressive environmental, social, and healthful choices;
- Residents enjoy an enhanced quality of life;
- The local food system is strengthened;
- The cooperative model is supported; and,
- Our owners have a sense of pride in their cooperative.

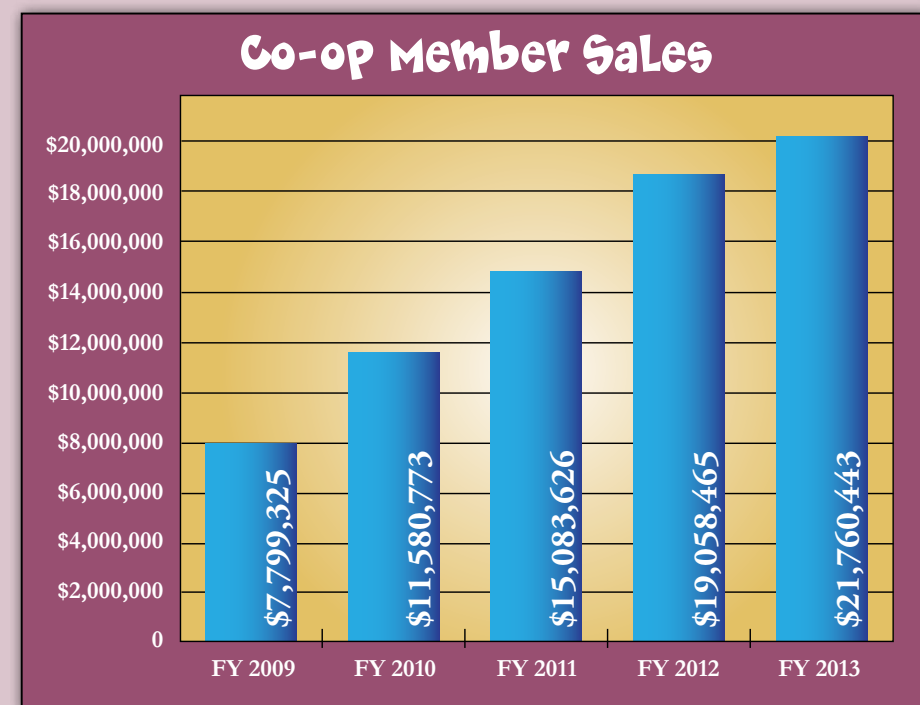
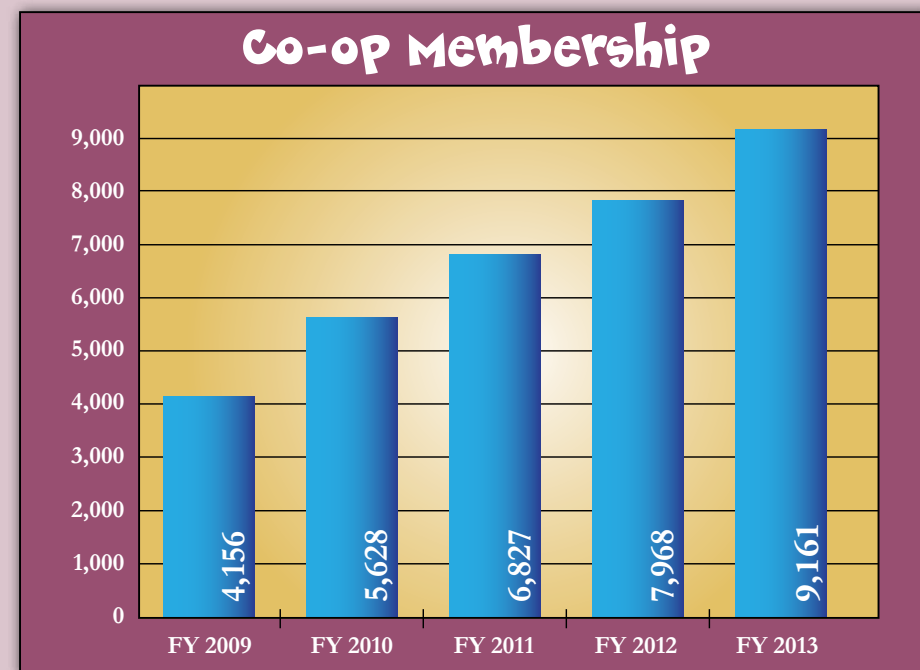


Harvest Celebration 2012

## Co-op Membership & Member Sales

We have frequent conversations about how to measure one particular Global End that specifies Members will have a sense of pride in our Co-op. While there are many intangible and anecdotal ways to think about cooperative pride, we often tie Member pride to data on Membership, Member sales and Member equity. By these standards, our Members continue to have pride in the Co-op and the cooperative business model.

Membership grew by 15%, to over 9,100 Members, in FY 2013! Since FY 2008, we've enjoyed a 241% increase in our Membership. This trend of increased Membership also applies to increases in Member sales. Sales to Members surpassed 60% of total sales in FY 2013, an increase of 22% from the prior fiscal year. Since FY 2008, sales to Members have increased 320%.



## Finances

Fiscal year 2013 was another financially successful year for the Co-op!

Net sales for the fiscal year were over \$36 million, a 9% increase over FY 2012. Sales to Members have continued to steadily increase each year, ending this fiscal year at over 61%. Our net income before taxes and patronage was 7.15% of sales compared to 6.74% last fiscal year.

The Co-op's balance sheet is healthy and shows strength to support our planned expansion to a second store. Our assets have grown to over \$12.6 million. From FY 2012 to FY 2013, Member's Equity grew over 20% to \$8.2 million.

| Statement of Earnings      | FY2013              | FY2012              |
|----------------------------|---------------------|---------------------|
| Net Sales                  | \$36,064,904        | \$33,080,430        |
| Cost of Sales              | \$22,464,150        | \$20,813,900        |
| <b>Gross Profit</b>        | <b>\$13,600,754</b> | <b>\$12,266,528</b> |
| Operating Expenses         | \$11,048,531        | \$10,054,689        |
| Other (Income) Expenses    | \$(26,389)          | \$(22,932)          |
| Patronage Refund Expense   | \$1,588,814         | \$1,287,056         |
| Provision for Income Taxes | \$402,520           | \$362,365           |
| <b>Net Earnings</b>        | <b>\$587,278</b>    | <b>\$585,347</b>    |

| Balance Sheet                                | FY2013              | FY2012              |
|----------------------------------------------|---------------------|---------------------|
| Current Assets                               | \$7,822,332         | \$6,618,655         |
| Property & Equipment                         | \$4,029,064         | \$4,068,728         |
| Other Assets                                 | \$822,218           | \$671,194           |
| <b>Total Assets</b>                          | <b>\$12,673,614</b> | <b>\$11,088,487</b> |
| Current Liabilities                          | \$2,656,690         | \$2,132,670         |
| Long Term Debt                               | \$1,470,334         | \$1,849,100         |
| Deferred Income Tax Liability                | \$276,400           | \$241,100           |
| Member's Equity                              | \$8,270,190         | \$6,865,617         |
| <b>Total Liabilities &amp; Member Equity</b> | <b>\$12,673,614</b> | <b>\$11,088,487</b> |

For any additional information regarding the Co-op's financial performance or to receive a detailed copy of the Annual Financial Statements, reviewed by Gallagher, Flynn and Company, LLP, please contact Jennifer Kennelly at [jkennelly@citymarket.coop](mailto:jkennelly@citymarket.coop).



Patronage refund donations to the Intervale Center

## Patronage Dividend

The continued financial success and stability of the Co-op as well as the increased Member sales allows us to declare a Patronage Dividend of \$1,588,814. This Dividend reflects an increase of over 23% from the FY 2012 Patronage Dividend of \$1,286,938 and a 56% from the FY 2011 Patronage Dividend of \$1,017,754.

In November, City Market will issue 55% of the declared Patronage Dividend in cash and the remaining 45% will be reinvested in the Co-op and our community. One noticeable way we're reinvesting in the Co-op is with our FY 2014 redesign of our Prepared Foods Department. Our carefully planned renovation work will improve comfort and efficiency for our staff and will provide a better shopping experience for our Members and customers.

Patronage Refund checks totaling over \$873,000 will be sent to over 9,000 Members (this represents a 20% increase in the number of Members receiving checks). The average check will be approximately \$96 and over 4 cents of every dollar eligible Members spent will be returned in cash. This is what the Board and our General Manager like to call the Co-op's own local economic stimulus program for our community. Since our first Patronage Refund back in 2008 and through FY 2013, we have recirculated over \$2.85 million back into the local economy with direct refunds to our Members!

## Cooperative Movement

In terms of sales, City Market is the largest single store co-op in the United States. While we're always in a position to learn and continuously improve, our size also means that we're in a position to share best practices and fiscal success with others in the cooperative sector.

In 2011, the Co-op embarked on a Cooperative Investment Plan as a way to reinvest at least 5% of our profits from the previous fiscal year to support the cooperative sector. As in prior years, we exceeded our 5% goal. Five percent of profits from FY 2013 amounted to almost \$30,000, yet the Co-op invested over \$130,000 in the cooperative sector. We continue to make investments with the Cooperative Fund of New England and the Cooperative Capital Fund, as well as food co-ops like the Brattleboro Food Co-op and the Monadnock Community Market.

In addition, the Co-op participates with a variety of cooperative organizations: the National Cooperative Business Association, the National Cooperative Grocers' Association, the Neighboring Food Co-op Association (NFCOA), and the Cooperative Board Leadership Development Program. The Co-op pays membership dues to many of these organizations, but also devotes staff time to partner and create resources for other co-ops. For example, this past year the NFCOA initiated the creation of a Healthy Food Access toolkit. This toolkit will assist other food co-ops in creating discount programs like Food for All at City Market. On this project, Co-op staff spent time sharing best practices and insights from our program with NFCOA staff and reviewing various draft iterations of the toolkit.

## Strong Local Food Systems

The Co-op partners with local farmers and food producers throughout the state to strengthen our local food system. In turn, the local food system forms the foundation of our viability as a strong community-owned food cooperative and helps to secure the Co-op's future. In FY 2012 the Co-op averaged over \$920,000 in monthly sales of local products. In FY 2013 this monthly average increased 12%, to over \$1,029,000. Local product sales, a total of over \$12 million in FY 2013, continue to average over 1/3 of our total sales volume with over 2,000 distinct local items for sale in the Co-op.

To highlight the value of our local farmers and producers the Co-op spends a significant amount of staff time and resources coordinating our annual Harvest Celebration, Eat Local Week and local recipe competition each year. Thousands of community and Co-op Members join us for Crop Mobs, Farm Tours and educational opportunities throughout the year.

Our summer 2012 farm tour group, "Plant Dyes and Bee Hives," visited Twin Pond Retreat and Weeping Pines Farm and Apiaries. This winter, Co-op staff took Members to visit Turkey Hill Farm and Neighboring Farms both in Randolph. Through these events, we celebrate our farmers, invite the community to learn about local food, and share the joy of eating locally. We also offer a variety of educational opportunities to staff about local food and farms to create relationships with the many partners in our local food system and to provide excellent customer service. We also continue to provide access to a variety of educational material at the Co-op and online through brochures highlighting the attributes of our local products like meat, yogurt and eggs to help customers learn more about their food choices.

The Co-op partners with the Intervale Center, the Northeast Organic Farming Association of Vermont, the Burlington School Food Project, the Northern Grain Growers Association, the Burlington Farmers' Market, the Old North End Farmers' Market and many more. We support each of these organizations financially as well as with in-kind donations of staff time and participation in events. For example, you'll find our staff under the City Market tent at every popular Summervale on Thursday nights at the Intervale Center. We offer fun and easy hands-on activities featuring local food to hundreds of weekly Summervale attendees.

This fiscal year City Market invested \$20,000 in Maple Wind Farm of Huntington, VT to further increase the local, pastured, and organic meat offerings at the Co-op. One of our current local food gaps in Vermont is pastured poultry and organic turkeys, so we collaborated with Maple Wind Farm to help them purchase their own on-the-farm, inspected poultry processing trailer. The trailer was delivered to the farm this summer, and they are starting to ramp up production.

In FY 2012, we added a new way for Members to support the Co-op's mission. Uncashed Patronage Refund checks are now donated each year to an organization that strengthens the local food system. Uncashed Patronage Refunds in FY 2013 totalled almost \$30,000 which we donated on behalf of Members to the Intervale Center. Over the past 25 years, the Intervale Center has transformed 350 acres in the Intervale, providing residents with delicious food and extensive open space for recreation and exercise, as well as preserving native wetlands and wildlife corridors in the heart of Burlington, Vermont.

Summer Inspired Vegetarian Cooking Class

