



# It's **Time** to **Renovate** Our Hanover Co-op!

**Co-op Building Proposal Guide Inside**



Preliminary 3D architectural rendering for Co-op—February 27, 2014

**Read Now—Vote in April**

# Current Challenges



Most of the aging rooftop Heating, Ventilating, and Air-Conditioning (HVAC) equipment, is at or past its recommended service life.



Open cases on both sides of the Dairy aisle make this a particularly cold area of the store. Doored cases with at least some rear-load capability would make it more comfortable and efficient.



Uplighting from fluorescent lights on top of store fixtures is generally ineffective and energy wasteful.



Rusted first floor decking includes bar joists that are below capacity for the loads they support.



## Dear Member-Owner of the Hanover Consumer Cooperative Society,

If you shop regularly in the Hanover store, you know how much it needs a makeover—of its systems, its traffic flow, and its appearance. The Management and Board of the Co-op have been discussing and meeting for almost two years about needing to make renovations at our flagship store on Park Street. This project guide summarizes the scope, planning process, timeline, and financial plan.

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***Like so much of what we do at the Co-op, this change is driven by your desire for...fresh, wholesome, local food.***

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We have known for about five years that the Hanover store was in poor condition, but there were other projects whose urgency trumped a renovation for Hanover: making the service/gas station viable; the opportunity to open a store in White River Junction, Vermont; and the Hanover Community Market construction. Hanover's time has come. A renovated store will make your shopping easier and more pleasant and will enable the employees to meet your needs in more efficient and helpful ways.

One of the major design features making the renovation possible, while keeping the store open for regular business, is the bump-out

of the wall on the Park Street side of the store. The creation of this new space will allow each department to occupy the newly created space while that department undergoes renovation. The new space will have a rotation of departments in it until all are updated, and then—

wow! It will be a new venue for customers to enjoy. Won't it be great to have a small café in Hanover as well as in Lebanon? And there will be greater emphasis on freshly prepared

foods, made to your order, as well as a more complete line of ready-to-go foods. Like so much of what we do at the Co-op, this change is driven by your desire for as much fresh, wholesome, local food as we can provide.

Additional information about this project is in all Co-op stores, including a display with floor plans and models at the Hanover store. While you are in the Hanover store, please ask someone to talk with you about the plans and take you to see the displays. Steve Miller, the Hanover store manager, is always delighted to visit with folks over the great possibilities awaiting "his" store and yours.

Members must approve an expenditure not to exceed \$5.3 million for the renovation to take place. Our architects and engineers have assured us that the cost will be considerably higher if the work takes place in a piecemeal fashion. And you know that we simply cannot afford to close down the store to "fix" it.

We encourage you to learn all you can by visiting the stores and talking to folks who know the details of the renovation scenario; they will be delighted to speak with you. And look for Board members and Management team folks who will be in the stores to visit with you about this project. Your vote is critical—be sure to cast it during April.

~Co-op Board of Directors

### Co-op Board Members

[bod@coopfoodstore.com](mailto:bod@coopfoodstore.com)

Margaret Drye

Martha Graber

Tricia Groff

Tyler Kurasek

Kay Litten

Zeb Mushlin

John Rosenquest

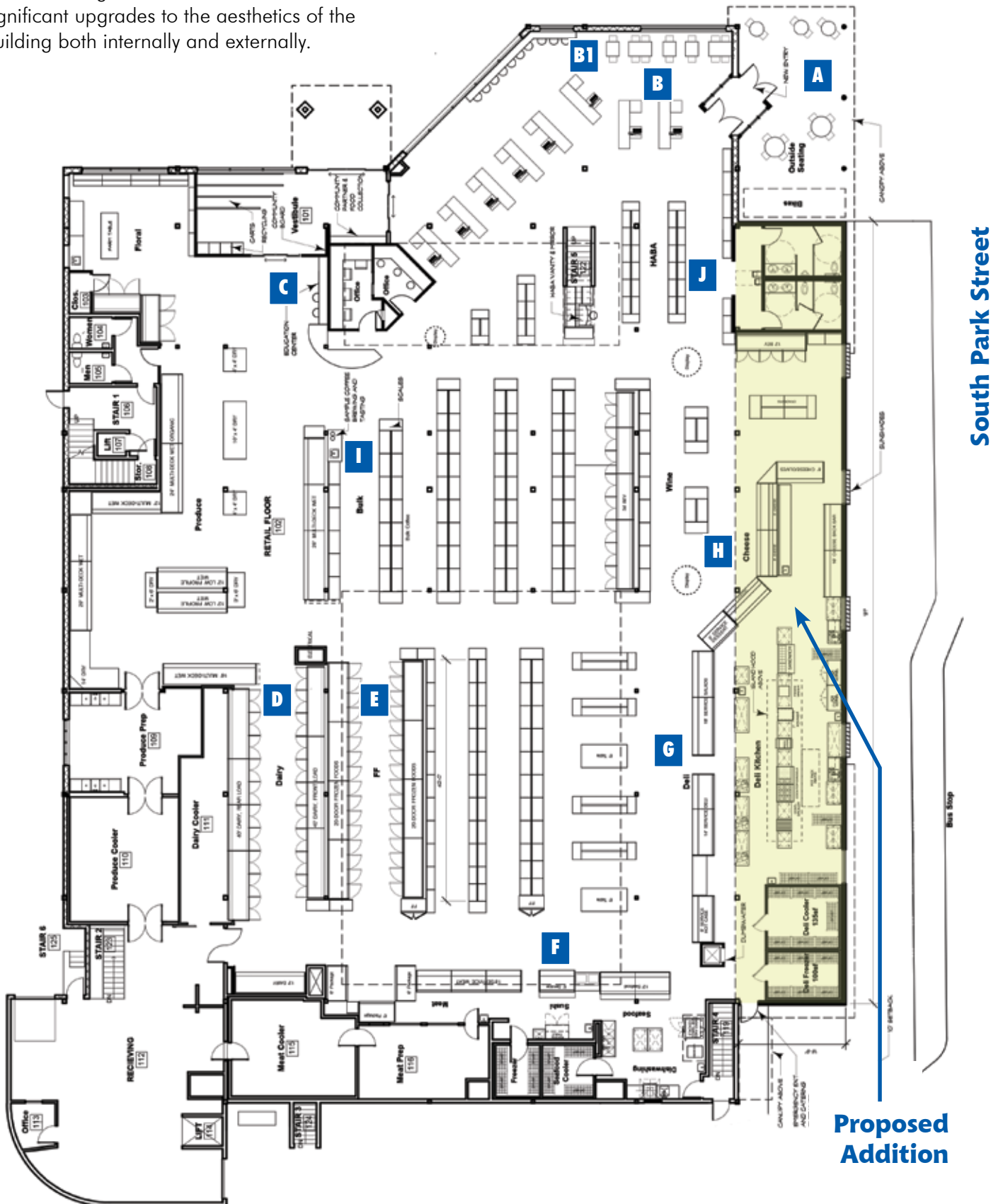
Susan Sanzone Fauver

Wynne Washburn Balkcom



## The Proposed New Floor Plan

The plan includes new construction of 2,700 sq. ft. and will address the findings of the building assessment. It will also make significant upgrades to the aesthetics of the building both internally and externally.





## Legend for new and enhanced features in Hanover Renovation

- A** New entrance onto Park Street, sidewalk, and Café seating
- B** New checkout stands for speedy Café checkout
  - B1** Inside seating for Café
- C** New main entrance configuration  
Straight view into produce area—no more bottleneck
- D** Dairy cases with doors—high energy efficiency
- E** Relocation of freezers—Frozen Department  
Wide aisle with room to open freezer door!
- F** Full-service Sushi Counter and in-house smoked meats program
- G** New full-service Prepared Foods Department  
Full-service kitchen  
Hot food bar  
Increased lunch and dinner options
- H** New Cheese Department with bright energy-efficient cases and customer-friendly design
- I** Enhanced Bulk Department  
New fixtures, lighting, and selection
- J** New customer restrooms

## What Will Change?

First of all, what we hope will not change is the “feel” of the store. The addition will not add much to the square footage, so the cozy feel will remain. We want to enhance your experience with smells, activity of a working kitchen, more interaction with the staff that our members love, and an even bigger exposure to more fresh foods. We have kept in mind serving our current members and customers, but we are also looking to our future members and customers and serving their needs as well.

We hope to add some new food products to our offerings. We plan to expand our aged beef program in the Meat Department. An in-house smoking operation that can offer smoked meats as well as smoked seafood will add to the products available to our shoppers. The addition of a Sushi Kitchen is expected to be as popular as the one in our Lebanon store. Seafood hopes to expand its house-made products with additional space and equipment. Most notably, the “more than cozy” bread aisle will move to a new space. (We don’t think anyone will miss the old one!)

## Energy Efficiency and “Green” Building

An important part of this renovation will be improving the environmental footprint of the store. When you walk into the upgraded store, you’ll notice some of the sustainability changes right away, like the new LED lights. Other changes, like the new refrigeration system, won’t be as visible but will significantly reduce our greenhouse gas emissions. This will be a better store not just for the Upper Valley, but also for our planet.

### CHANGES INCLUDE:

- New refrigeration system
- New cases (doors on many cases)
- New heating and cooling system
- Improved insulation
- New LED lighting
- Stormwater treatment

## Building Assessment and Solutions

To do nothing is really not an option. The real decisions are how to best address the issues in a manner that makes the most sense, has the least impact on our

customers, and works financially. Below is a breakdown of current issues and our proposed solutions.

CURRENT CHALLENGE	PROPOSED SOLUTION
<b>Narrow aisles</b> limit shopper mobility and access to products.	A simplified floor plan with wider aisles.
<b>Customers and staff with disabilities</b> cannot access all areas of the building.	Repair lift to second floor. Install accessible connection to the basement. Replace restroom fixtures and add grab bars.
<b>Improve sustainability of facility.</b> No significant commercial energy codes were in place at the time of construction or subsequent renovations.	Retrofit to current standards at a minimum. Bring critical systems and structures up to a higher level of sustainability. Decrease greenhouse gas emissions from refrigerants.
<b>Thermal envelope</b> is significantly compromised. Much of the exterior concrete block is completely uninsulated.	Caulk and grout joints between exterior block and steel frame walls. Improve the building's ability to retain heat.
<b>Windows</b> are 20 to 30 years old and are neither thermally broken nor coated to reduce heat gain.	Add double-pane insulated windows to the first floor store front.
<b>Roof</b> insulation values are significantly below efficiency standards.	Structurally reinforce roof to allow addition of insulation at a future date when roof membrane needs to be replaced.
<b>Deflection in the floor</b> due to first floor framing.	Improve the strength of the first floor.
<b>Worn building surfaces.</b> Interior wall and ceiling finishes are in fair/poor condition. Vinyl tile flooring is worn thin and is cracking.	Replace and/or repaint walls and ceiling. Replace flooring.
<b>Fixtures and equipment</b> are very energy inefficient. Light quality and levels are significantly below standards, especially in the basement.	Install LED lighting and make generous use of daylighting. To improve efficiency and effectiveness, combine product and ambient lighting into one fixture.
The <b>Heating Ventilation Air Conditioning/Refrigeration system</b> is at the end of its service life and does not provide the desired level of <b>indoor air quality and temperature control</b> . Basement has poor ventilation, as do areas of the retail floor.	Replace Heating Ventilation Air Conditioning/Refrigeration system.
The <b>refrigeration system</b> uses old, inefficient technology, has a high operating cost, and uses refrigerants that have a higher global warming potential. The 20-year-old system is energy inefficient and requires continual maintenance. In warm weather, the compressor needs to be hosed down to prevent overheating.	Replace the refrigeration system and equipment with a high efficiency system that utilizes energy-saving components and lower-impact refrigerants. Design of new system will have 70 percent fewer refrigeration gas leaks than current system.



## Farm-to-Co-op Fresh

Bringing you the freshest products available

### What About the Financial Side?

At \$5.3 million, the remodel and expansion of the Hanover store is in line with expected costs for a building and systems of this age. A major remodel of this store is long overdue, with replacement of the refrigeration systems anticipated at over one-third the estimated project cost. In addition, there will be significant costs for replacing other mechanical systems—heating, ventilation, and air conditioning—as well as upgrades to the building infrastructure.

The cost of the new build-out construction represents a small portion (approximately \$350,000) of the overall cost of the construction project and will, in fact, lower the overall cost of the complete project. How is this so?

#### Financials at a Glance

**\$5.3 million TOTAL PROJECT COST**

##### Sources

\$1.5 million Cash and Cash Flow  
\$3.8 million Bank Debt

**\$5.3 million TOTAL SOURCES**

NOTE: Co-op expenses related to developing the proposal (including preliminary drawings, site, energy audit, and community outreach) are approximately \$50,000 (actual).

The new space will be the first phase of the construction process and will provide a “swing space” for other phases of the project. The plan is to relocate existing

fixtures and departments, in a phased approach, into the new space while each department is under construction. Without the new construction, the disruption of our business will be significantly greater and may include periods of closure.

Can the Co-op afford the debt on this project? Yes. In analyzing this project, we developed a detailed financial model and pro-forma projections and have performed extensive what-if analyses in order to convince ourselves that the project is financially viable and will not jeopardize the Co-op. Without this, we would not be bringing this proposal to membership. This is not to say that the project is risk-free, as we will have to borrow a significant portion of the cost of this project. We are satisfied, however, that our operations and cash flow are strong enough to handle this level of debt.

**The remodeled store will provide space to expand our product lines in the fastest-growing areas.**

The remodel project will address many issues and will result in a store that will provide a better shopping experience for our members, and a significantly improved work environment for staff, and will function at a much more sustainable level. In addition, the remodeled store will provide space to expand our product lines in the fastest-growing areas. Typically, remodeled stores see good sales gains, and a growing, up-to-date Hanover store will benefit us all.



## How Did This Plan Come About?

The Co-op has taken steps to keep the Members informed during this planning process. We hope that you have read the Co-op News, postings on the Co-op web page ([www.coopfoodstore.coop](http://www.coopfoodstore.coop)), and Board meeting minutes. Information is also displayed at all Co-op

shopping locations and distributed through in-store handouts. The Co-op held three public forums to present the project, discuss ideas, and respond to questions and concerns.

### April 2012

The Co-op sustainability coordinator applied for a U.S. Department of Energy Energy Star rating for the Hanover Store building. The analysis revealed serious deficiencies in the mechanical and lighting systems.

### 2012-2013

A team of Co-op staff, architects, engineers, and potential contractors evaluated the feasibility of a remodel of the Hanover Store. The purpose of this team was to determine (a) the current status of the site and building, (b) possible options to further develop the site, (c) the options for remodeling the existing building, along with the desired outcomes of a remodel, and (d) programming recommendations for the store, schematic design, and cost estimates.

### April 2013

Many of these findings were presented to the membership at the annual member meeting.

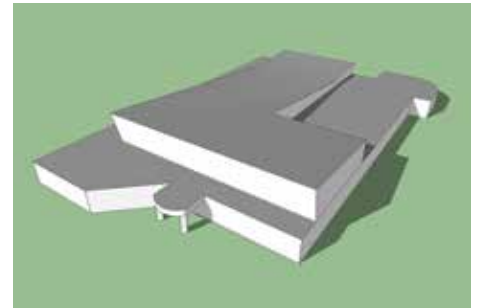
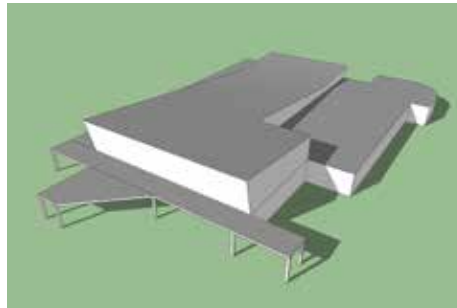
### September 2013

Management presented a proposal to the Board of Directors that featured staging the renovations in seven phases by area in order to minimize disruption to staff and customers. Priorities

included addressing the structural and mechanical issues, bringing in natural light, opening up the space, and improving the energy efficiency and appearance of the building envelope. Board members requested a project budget and timeline for each phase, along with consideration of renewable energy systems, efficiencies, safety concerns, and flexibility of the renovated spaces to accommodate future needs.

### December 2013

Jim Wasser (Studio Nexus Architects) worked with construction consultants to develop a project cost estimate and schedule which was then presented to the Board of Directors. Board members posed questions about aesthetics and reviewed the structural upgrades to the building envelope, windows, roof, basement, second floor office space, restrooms, and elevators. In response to a question concerning the level of sustainability and LEED rating, Jim Wasser said that while he understood that the Co-op wanted the building to be as green as possible, it would be cost prohibitive to bring the building to LEED level; the intention was to insulate and close leaks and to select mechanical and electrical systems that satisfy LEED standards. Board members asked about the criteria for selecting the project contractors, indicating a preference for hiring locally.



*Studio Nexus Architects created 3D models of the building footprints (1962, 1985, 1994) to keep the proposed renovations inline with the architectural style.*





*December 2013—3D model of current building footprint.*

## January 2014

- Schematic design and cost revisions.
- Communication about the project begins: schematic design shared with members via multiple avenues.
- Membership feedback on design.

## February 2014

- Plans with Town of Hanover planning staff.
- Final review of plans, change of scope/final cost estimates.

## March 2014

- Town of Hanover planning board hearing for site review.
- Final cost estimate.
- Application submission deadline with Town of Hanover.
- Construction management interview process and selection.

## April 2014

- Present project design/budget to members.
- Member vote on project.
- Zoning Board of Appeals hearing.

## May 2014

- Construction documents finalized.
- Town of Hanover planning board final plan review.

## August 2014

- Plan approval from Town of Hanover.

## October 2014-July 2015

- Start of construction.
- Substantial completion of project.

## Who Worked On This?

### Co-op Board of Directors

Margaret Drye  
 Martha Graber  
 Tricia Groff  
 Tyler Kurasek  
 Kay Litten  
 Zeb Mushlin  
 John Rosenquest  
 Susan Sanzone Fauver  
 Wynne Washburn Balkcom

### Facility

Terry Appleby  
*General Manager*  
 Tony White  
*Operations Director*  
 Amanda Charland  
*Sustainability Coordinator*  
 Tom Guillette  
*Facilities Director*  
 Steve Miller  
*Hanover Store Manager*

### Finance

Tony Alongi  
*Finance Director*

### Communications

Genie Braasch  
*Board Administrator*  
 Rosemary Fifield  
*Education and  
 Member Services Director*  
 Erika Gavin, April Turner-Girard  
*Graphic Design*

### Outside Expertise/ Project Consultants

Engineering Ventures  
 Bob Neeld (*Structural*)  
 Hussmann Refrigeration Design  
 (*Refrigeration*)  
 John Penney  
*Engineer (Mechanical)*  
 Tim Rockwood  
*Surveyor (Site Analysis)*  
 Studio Nexus Architects  
 Jim Wasser, Doug Sonsalla  
 (*Design and Project Management*)  
 William Bissel  
*P.E. (Electrical/Lighting)*

## Concerns

*The concerns that we've heard during the planning are summarized here.*

### **How well does the Hanover store function?**

As anyone who frequently shops the Hanover store knows, it is a tired facility in need of care. The traffic flow is difficult, the refrigeration systems are old and often break down, the tiles on the floor are cracked, the lighting is dim, and the building itself is drafty. Environmentally, the store functions very poorly. We are using refrigerants that will be phased out in just a few years and that leave a big, and very negative, environmental footprint.

The proposed remodel of the store will address a number of issues. It will open up the entryway of the store and make access into and through the produce section easier. All major mechanical systems will be upgraded, significantly reducing the environmental footprint of the store. Insulation will be added to the building to make the building more comfortable and energy efficient. Lighting will be upgraded to improve the level of light with a reduced environmental impact. Structural changes will be made to address current deficiencies, including enhancing the weight-bearing capacity of the roof to allow for more insulation.

### **What's in the expansion for the members?**

The remodeled store will be easier to shop. The entryway will be upgraded, and it will be more comfortable, as will be the checkout area (an added benefit for our cashiers!). The traffic flow will be improved when we eliminate the bottleneck in the produce area. The store will have better ventilation and upgraded lighting so you'll be able to see more products. We'll have more room for the fastest-growing areas of our product lines. The refrigeration will be replaced and will be more reliable. Café seating, outside seating, better street access, happier staff.

### **How long will the store be under construction?**

We hope to get member approval for this project in April 2014. If that happens, and we are able to get approval from the Town of Hanover in a timely fashion, we hope to begin construction in the fall of 2014. Construction phases should be completed in 10 months, which would mean completion by the late summer/early fall of 2015.

### **Will the cost of products go up due to the renovation?**

The construction project will not cause prices to increase. Pricing is based upon market costs and conditions.

### **How can members be involved?**

Remodel plans will be available in the stores and online at [www.coopfoodstore.coop](http://www.coopfoodstore.coop), and costs will be presented. Members will have the final say on the appropriation of funds for the proposed project through their vote during the month of April 2014.

Your involvement as a member and owner of the Co-op is crucial to the plan's success.

*Please join us at our Annual Meeting on Saturday, April 5, 2014, at the Richard W. Black Community Center in Hanover from 3:00 to 5:30 p.m., and be sure to cast your vote during the month of April.*

## A Few Proposed Benefits



Shoppers in Hanover can look forward to a full-service Sushi Counter.



Increased lunch and dinner options will be available as part of the Co-op's emphasis on freshly prepared foods.



Enjoy great sandwiches, like this Middle Eastern wrap, in the new café seating area.



Dairy cases with doors will provide high energy efficiency.



## Explanation of Ballot and Voting Process

In April, Co-op Members will be asked to vote YES or NO on the following question:

**I approve the Board of Directors decision to renovate the Hanover Store located at 45 South Park Street, Hanover, N.H. at a cost not to exceed U.S. \$5.3 million dollars.**

Voting will take place by paper ballot and online from April 1, 2014, through April 30, 2014. Paper ballots will be mailed to all voting members during the month of March and also will be available in the stores and at the Annual Meeting. Online voting will be available at [www.mycoopvote.com](http://www.mycoopvote.com) beginning at 7 a.m. on April 1.

Voting members of the Co-op will be individuals who own at least three shares in the Co-op. One vote per membership will be allowed.

**Join us for the Annual Meeting and cast your vote.**

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### ANNUAL MEETING

**April 5     3 p.m.–5:30 p.m.**

Voting April 1–April 30

**Richard W. Black Community Center**

48 Lebanon Street, Hanover

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