



# **BUTTE FOOD CO-OP**

# **2024**

# **ANNUAL**

# **REPORT**



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# MESSAGE FROM THE 2024 BOARD PRESIDENT

Dear Butte Food Co-Op Member-Owners,



2024 was an incredibly productive year for the Co-Op...but it was also a very challenging one.

In October, our board of directors and location committee thought we had found our future home. We entered a buy-sell agreement, but it ultimately resulted in disappointment because it was located in a census tract that would have disqualified us from current and future state and federal grant funds (funds that we will need to capitalize our store). While we were heartbroken, it was a great learning experience for all of us on the board and location committee, and gave us the knowledge and belief that this will happen again in the new year.

As board president and board member, I serve on the Location Committee, the Member-Owner Outreach (MOO) Committee and assist when needed with writing grants. We also have a Finance Committee that manages our accounting and is working to put together an Offering Memorandum to raise funds for building/renovation when the time comes. These committees are comprised of board members and member-owner volunteers. We are incredibly lucky to have such an engaged and hardworking group who give their time, effort, and skills to keep this project moving forward.

In October, we received a \$150,000 Healthy Food Financing Initiative (HFFI) grant from the USDA for planning. We were the only organization in Montana to receive this planning grant. This grant and other grants that we've received pay for things like consultants, inspections, architectural drawings, etc. This year, we used grant money to update our proforma to reflect post-pandemic cost increases as well as to help pay for the costs of site due diligence work (environmental assessments, inspections, etc.)

The Location Committee has vetted over 80 properties to date, and works closely with the city planning department, our consultants, and board members to ensure we meet the criteria to have a successful business. In short, a feasible property requires an approximately 7,000 square foot building (for 4,500 square feet of retail space) with adequate parking and to be financially viable. There are other considerations, but these are the top concerns.

The MOO Committee has been hosting events to maintain our presence in the community and to grow our membership while we are searching for our "home". This past year, we hosted cooking classes at the Dishability Kitchen in partnership with the Harvest of the Month, made Friendship Soup Packages, tabled at the Farmer's Market with a scavenger hunt for the kids, and served hot cocoa with activities for the kids at the Christmas Stroll, as well as added new members. Our membership is close to 900 people. And we hope to break 1,000 this coming year!

Additionally, I am active with our monthly peer-group calls with the Food Co-Op Initiative, a non-profit dedicated to helping start-up food cooperatives develop. This is a national project which groups start-ups according to what stage of planning they are in. For us, that means that we are brainstorming with others who are close to having a location and some of whom have faced setbacks such as ourselves. In the spring of 2025, we will be starting our 6th year of planning, however, 2020 and 2021 were pandemic years that set us back. We have learned from this group that we are actually ahead of most, with one group being in year twelve of planning. I also meet monthly with our start up consultants.

This year, our main focus was to find a location and this will continue in 2025. Each property requires considerable due diligence and our committee members and board members volunteered up to 20 hours per week researching and considering all aspects before accepting or rejecting a site.

As we head into 2025, we will continue our search and hope to have our location by the end of the year. This is a much longer and more difficult process than I ever imagined prior to being elected to the board in 2022. We have accomplished a lot and have managed to stay focused and committed to our common goal of having a community-owned grocery store and community hub that provides local or regional food to our community.

We know this has been a long process, but feel that it will be worth it in the end to have a store that we own together are all proud of. Let's welcome 2025 and progress!!!

In Cooperation,

A handwritten signature in blue ink that reads "Debbie Galt".

2024 Board President

The Butte Food Co-Op Board of Directors

# 2024 AT-A-GLANCE



## JANUARY:

- Elected 2024 Board Officers: Debbie Smith (President), Kelli Schermerhorn (Vice-President), Krissy Krackowsky (Board Secretary) and Leo Prigge (Board Treasurer);
- Partnered with local businesses to organize food for SNÖFLINGA 2024; and
- Officially became part of the Harvest of the Month program to support and showcase Montana-grown foods in our community.

## FEBRUARY:

- Attended the Northwest Food Hub Network Summit in Spokane to continue to cultivate partnerships in the food hub, food co-op, and local food system space;
- Presented to the Butte Silver-Bow Council of Commissioners on progress to date;
- Began site due diligence on a few high prospects based on direction and insight from our site feasibility consultants, Seven Roots; and
- Hosted first Harvest of the Month cooking event featuring Montana-grown BEETS.

## MARCH:

- Hosted second Harvest of the Month cooking event featuring Montana-grown GRAINS; and
- Met with local fundraising expert (and member-owner!) Ray Rogers to discuss planning for a Capital Campaign.

## APRIL:

- Hosted third Harvest of the Month cooking event featuring Montana-raised BISON and BEEF;
- Began new market study for two possible locations to better understand sales forecasts; and
- Continued site due diligence process (summarized each potential site with Seven Roots to determine priority and feasibility).

## MAY:

- Received updated sales forecasts for two potential sites to determine financial feasibility.

## JUNE:

- Drafted preliminary site specifications and layout from Seven Roots on two potential sites; and
- Applied for Healthy Food Financing Initiative Planning Grant.

## JULY:

- Launched Farmer's Market BINGO at the July Farmer's market and partnered with local ice cream company, Black Dog Creamery.

## AUGUST:

- Opened Board Applications for 2024 elections;
  - Updated member-owners on Location Committee progress to date; and
  - Hosted fourth Harvest of the Month Event featuring Montana-grown HERBS: Canning 101 with member-owner Angela Lundwall (featuring Montana-grown DILL).
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# 2024 AT-A-GLANCE (CONTINUED)



## SEPTEMBER:

- Board Meeting Social to discuss the Board of Directors elections with the community;
- Deep dive planning session with Seven Roots on modeling buying vs. leasing a site in current market conditions; and
- Began negotiations for a potential site purchase.

## OCTOBER:

- Made an offer on a potential site for purchase with contingencies;
- Began targeted due diligence process for general building and land contingencies (structural, environmental, infrastructure);
- Began targeted due diligence for food co-op specific contingencies (sales market volume, site feasibility, parking, etc.);
- Applied for a \$250,000 Food Access Retail Expansion Grant through Healthy Food Financing Initiative;
- Awarded \$149,280 in Healthy Food Financing Initiative Planning Grants;
- Held 2024 Board Elections & Annual Meeting;
- Participated in Montana “Crunch Time” to Support Montana Farm to School Programs and Montana Farmers;
- Hosted fifth Harvest of the Month Event featuring Montana-grown APPLES.

## NOVEMBER:

- Continued targeted due diligence process for general building and land contingencies (structural, environmental, infrastructure);
- Continued targeted due diligence for food co-op specific contingencies (received updated market sales volume for the site, began updated pro forma review;
- Hosted sixth Harvest of the Month Event featuring Montana-grown POTATOES;
- Re-Elected THREE New Board Members – Clayton Elliott, Julie Jaksha, and Krissy Krackowsky; and
- Learned proposed site would not be eligible for current and future HFFI funding (as well as any other funding that uses USDA low income, low access (LILA) data to determine eligibility).

## DECEMBER:

- Held a “Hot Chocolate Bar” and FREE card making activity at the 2024 Christmas Stroll for community members;
- Worked with Columinate to update our pro forma (a financial model for our proposed site that projects key financial metrics based on certain data);
- Structural assessment, environmental assessment, and preliminary site feasibility plan reviewed for potential site by the Board;
- Appealed to state representatives and USDA Rural Development for a variance on our site for HFFI funding (it was not granted);
- Held special board meeting to determine feasibility for the site (the board voted 7-0 that due to future grant ineligibility, this site would not be financial feasible); and
- Began revisiting previous locations and pursuing new locations to prepare for our 2025 site search!

# 2024 BOARD OF DIRECTORS



**CLAYTON ELLIOTT**  
BOARD MEMBER



**JULIE JAKSHA**  
BOARD MEMBER



**KRISSY KRACKOWSKY**  
BOARD SECRETARY



**LEO PRIGGE**  
BOARD TREASURER



**HEIDI NOYES**  
BOARD MEMBER



**KELLI SCHERMERHORN**  
BOARD VICE-PRESIDENT



**DEBBIE SMITH**  
BOARD PRESIDENT

# SOUND BITE:

## AN UPDATE FROM OUR LOCATION COMMITTEE



The Detroit People's Food Co-Op in Detroit, MI opened their doors in May 2024 after 14 years of organizing.



The location committee, along with the Butte Food Co-op Board of Directors (BOD), has been working tirelessly behind the scenes to secure a location for our co-op. In October, we made significant progress by entering into a buy/sell agreement on a property located on Montana Street. We committed earnest money and worked out an agreement where the seller would carry the note for five years. This arrangement would have allowed us to fundraise and secure the necessary financing to renovate, build out, and open the storefront.

As part of our due diligence, we hired a structural engineer and conducted a Phase 1 environmental assessment on the property. Additionally, we scoped the water and sewer lines to ensure the building was viable. While some minor issues were identified, overall, the building was in good shape, with no signs of major water or sewer concerns.

During this time, we were thrilled to learn that we had been awarded a \$149,280 HFFI Grant. To ensure the property qualified under the grant guidelines, our grant team reached out to the program administrators. Despite persistent advocacy involving congressional representatives, city officials, and USDA representatives, we were informed that the census tract for the Montana Street property did not meet the eligibility criteria for the grant. This determination meant not only losing the nearly \$150,000 grant, but also being ineligible for future grants through programs like EDA or CDFI, severely impacting our ability to expand at this location in the future.

After extensive discussion with the location committee, the BOD made the difficult decision to terminate the buy/sell agreement. This was not an easy choice, but we are confident it was the right one for the future of our co-op and its financial sustainability.

The process, while challenging, has provided invaluable lessons, and we remain committed to securing a location that aligns with our vision and goals.

We are currently vetting two promising new locations within eligible census tracts and are optimistic that 2025 will be the year we secure our permanent site. However, we cannot do this alone. Now more than ever, we need your support — both as a volunteer and financially. Our goal is to raise \$2 million before we open our doors, and every contribution brings us closer to achieving that milestone.

Together, we can bring the Butte Food Co-op to life, creating a vibrant space where our community comes together to support local producers, enjoy fresh, sustainable food, and build a thriving local economy. Your continued commitment as a member-owner is the cornerstone of our success. Whether it's through financial contributions, volunteering, or simply spreading the word about our mission, your involvement makes a difference.

Thank you for standing with us as we navigate these challenges and pursue our vision. Let's make 2025 the year we secure our home and take the next step toward opening our doors.

**Together, we are building more than a Co-Op. We are building a stronger, healthier future for Butte.**

# 2024 COMMITTEE REPORTS:

## FINANCE COMMITTEE:

**CLAYTON ELLIOTT (CO-CHAIR), LEO PRIGGE (CO-CHAIR), KELLI SCHERMERHORN, JIM SUGAREK.**

The Finance Committee focused this year on learning more about offering memorandums (OM) for food co-ops in order to prepare for a second offering to sell preferred shares to investors. This year, the Committee learned more about what specific language and disclosures were needed for a successful OM. The Committee decided to do 90% of the work towards the OM development so it could be ready for legal review. The Committee identified a Montana-based law firms to provide both securities and cooperative business expertise for the OM review, and expects to have it reviewed by Q2 2025 so we can begin the next round of capital raising efforts. The Butte Food Co-Op enters 2025 with approximately \$85,000 in cash on hand, which is largely held in an interest-bearing money market account.

## LOCATION COMMITTEE:

**CHRISTOPHER BORTON, JULIE JAKSHA (CHAIR), RUSS O'LEARY, HEIDI NOYES, DEBBIE SMITH**

SEE **"SOUND BITE"** FOR AN UPDATE FROM OUR LOCATION COMMITTEE.

## MEMBER-OWNER & OUTREACH COMMITTEE:

**KRISSY KRACZKOWSKY (CHAIR), MATEJA LUND, BRIANNA PEET, KAYLA SHERIDAN, & DEBBIE SMITH.**

The Member-Ownership & Outreach had a very busy 2024. Thanks to some heavy lifting by MOO committee member Mateja Lund, the Butte Food Co-Op was able to host free in-person cooking classes this year as part of our Montana-grown food and local food system outreach this year. Using Harvest of the Month as a platform, we featured six cooking classes featuring locally- or regionally-sourced beets, grains, bison, beef, herbs (dill), apples, and potatoes. The goal of these classes is to introduce our member-owners and community members to Montana-grown foods and provide information and resources on how to both access them and cook with them. We are grateful to partner with our friends at the Butte Silver Bow Disabilities Council and use their commercial kitchen for our classes.



**Member-Owner Outreach (MOO) Committee members hard at work at the Butte Farmer's Market in June**

## GOVERNANCE COMMITTEE:

**CLAYTON ELLIOTT, KRISSY KRACZKOWSKY, & DEBBIE SMITH**

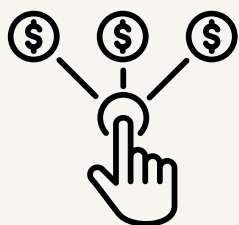
While most of the Governance tasks were taken on by the Board of Directors, the Governance Committee was tasked with reviewing and updating key 2024 Board Election materials, and ensuring the 2024 Board of Directors elections ran smoothly, fairly, and in accordance with the Co-Op's bylaws and policies. This was the Co-Op's third election cycle (three seats up for election) and there were three member-owners who applied for the Board (all current Board members whose term was up). Everything went very smoothly this year with the elections utilizing a hybrid voting approach (online software and hard copy ballots). We had 202 voters (23% of member-ownership base) which was slightly above last year (179 voters and 21% of member-ownership base).

# WHAT'S AHEAD *A GLIMPSE OF 2025*



## CAPITAL CAMPAIGN IMPLEMENTATION

OUR HFFI FUNDING HAS PROVIDED SOME KEY FUNDING (THAT WE DID NOT HAVE BEFORE) TO ASSIST US WITH OUR CAPITAL CAMPAIGN EFFORTS - INCLUDING HIRING A DEVELOPMENT DIRECTOR TO PLAN THE CAMPAIGN, LEGAL REVIEW OF OUR OFFERING MEMORANDUM, AND DEVELOPMENT OF CAPITAL CAMPAIGN MATERIALS.



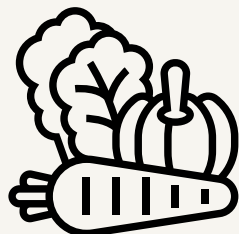
## ACCESS MORE CREATIVE CAPITAL

THIS YEAR, A BIG FOCUS WILL BE ON ACCESSING AND UNLOCKING AS MUCH CAPITAL AS POSSIBLE TO BUILD OUT STORE. WE PLAN TO PUT OUR GRANT COMMITTEE IN MOTION, CONTINUE TO APPLY FOR GRANTS, AND ENGAGE BUTTE SILVER BOW AND THE STATE EVEN FURTHER TO SEE WHAT FUNDING MIGHT BE AVAILABLE TO HELP US REACH OUR CAPITAL GOALS.



## SITE PROCUREMENT & PLANNING

OUR BIGGEST GOAL IS TO PROCURE A SITE THIS YEAR! WE RECOGNIZE THAT THIS IS A KEY PIECE OF OUR DEVELOPMENT AND ONCE WE HAVE A SITE PROCURED IT WILL REINVIGORATE THIS PROJECT. OUR HFFI GRANT PROVIDES FUNDING FOR FURTHER SITE-RELATED WORK, INCLUDING ANY PLANNING, DESIGN, LAYOUT, ENVIRONMENTAL ASSESSMENTS, INSPECTIONS, ETC. BEFORE A LEASE OR PURCHASE IS FINALIZED.



## MORE LOCAL FOOD SYSTEM EDUCATION & PARTNERSHIPS

WE WILL CONTINUE TO OFFER OUTREACH EVENTS (COOKING CLASSES, COMMUNITY SERVICE ACTIVITIES, ETC.) THAT FOCUS ON LOCAL FOOD SYSTEM ACCESS AND EDUCATION. AT OUR CORE, WE WANT TO SUPPORT OUR LOCAL FOOD SYSTEM AND OUR LOCAL PRODUCERS AND THESE EVENTS GIVE US THE OPPORTUNITY TO DO JUST THAT. WE WILL ALSO CONTINUE ALIGN OURSELVES WITH THOSE WORKING IN THE LOCAL FOOD SYSTEM SPACE AND STRENGTHEN OUR CURRENT PARTNERSHIPS.



## CONTINUE TO DEVELOP OUR INTERNAL POLICIES AND GOVERNANCE STRUCTURE

WELL-DEVELOPED INTERNAL POLICIES OUTLINE THE ROLES AND RESPONSIBILITIES OF THE BOARD, AND ITS FUTURE STAFF, AND MEMBER-OWNERS, ENSURING EFFICIENT DECISION-MAKING AND ACCOUNTABILITY. WHILE THIS WORK ISN'T EXACTLY OUTWARD FACING TO OUR COMMUNITY, IT'S BEING DONE BEHIND THE SCENES BY OUR VOLUNTEER BOARD OF DIRECTIONS TO ENSURE WE HAVE A STRONG COOPERATIVE GOVERNANCE STRUCTURE AS OUR CO-OP GROWS AND DEVELOPS.