

Medford Market gets extra time

Building owners will give the co-op a deadline extension but don't say how much

By [Meg Landers](#)

Mail Tribune

October 04, 2007 6:00 AM

The Medford Market's landlord is granting the co-op more time to make October's rent.

"We're going to give them an opportunity to stretch that out," said Bob Seus, who, with his siblings, owns the former Hubbard's Hardware building on Riverside Avenue and Main Street.

Organizers for the would-be Medford Market co-op grocery store have been leasing the space since November and rent is due Oct. 10. Seus would not disclose the amount of the lease, nor the amount of time he was willing to extend the due date, but said he and his siblings are doing everything they can to help them.

"It's in our best interest to make this work," he said.

Facing the possibility of shutting down before even opening, the Medford Market is making last-ditch efforts to gather the \$1.5 million it needs to open its doors. After 21/2 years of effort, the organization learned in August that its major lender, National Cooperative Bank, tabled the loan.

The store, which has pledged to bring another option for local and organic food to the Medford area, has been aiming to open its doors this fall. The board and volunteers are doing a fundraiser mailing, asking members and newcomers to pledge the full amount allowed — \$2,000 per household — which could raise up to \$2 million and prevent the organization from dissolving.

Erik Wallbank, board president of the Ashland Food Co-op who has helped advise the Medford organization, said starting up a food co-op these days is all about fundraising.

"Raising the money has to be the foremost issue — that's where all the concentration has to go," he said. "They needed to be raising money while they were saving money." He said the Ashland store has issues of its own, such as looking into buying more land for expansion, and beyond the continued support they've been providing, would not be able to bail out Medford's co-op, financially or otherwise.

"They may have to chart a different course for raising the money," he said, adding that the organization will need experienced people who can raise funds by contacting the community members who have money.

Velda Welch, president of the Medford store's board, said members have wondered if the store was too ambitious and should have started out smaller. She said a market study determined that Medford would not have supported a smaller store.

"The desire in Medford was to have an open floor plan with a wide variety," she said. A tiny place would only serve a small number of people, would be specialized and expansion would be difficult, she said.

The real problem is that the National Cooperative Bank stiffened its criteria for loans.

NCB recently added the requirement of a \$10,000 independent market study this summer and required the organization to qualify for loans at a local Medford bank.

The study showed the co-op would make \$4.3 million the first year, which would put it solidly in the black, however, the local loan requirement was a deal-breaker. Oregon banks don't lend without a government guarantee and such guarantees are not given to startup co-ops.

The organization has sold more than 1,300 subscriptions at \$100 each. In May the organization launched its owner loan program. Currently \$83,000 has been collected and is being held in an escrow account until \$300,000 is raised.

She said banks have looked at Medford's problems with school and library funding, exacerbating the difficulty in securing financing. She said bankers rate the region as having lower median income and lower median of higher education, and find such demographics will not support a co-op.

Welch said other food cooperatives get startup funds from coalitions of co-ops whose purpose is to raise and distribute funding to eligible startups. There are no such coalitions of co-ops in this region, she said.

The organization was incorporated as a co-operative in May 2006, and the status remains in effect until a resolution to dissolve it is voted on by the owners. The obligation to the store's lease remains in effect until the Medford Market has been officially dissolved.

Should the co-op dissolve, the \$100 subscriptions would not be returned to members, a risk subscribers were told about.

But Welch is optimistic that owners and investors will step up and save the store because Medford has shown strong support all along.

"It's still a possibility," she said.

Reach reporter Meg Landers at 776-4481 or e-mail mlanders@mailtribune.com.