City Feed and Supply is a small-format (4,000 sq. ft. or less) retail food business combining local foods grocery, convenience, healthy options, and food service models in a way that is innovative and unique within the current food retail market landscape. We differ from standard specialty grocery and convenience models in four important ways.

- We are full-service on a small scale, with all the basics that folks are looking for in every category, from flour, sugar, milk, and eggs to fresh produce and fresh proteins.
- We specialize in sourcing local and regional products, in every category we offer, throughout the year.
- We focus on healthy options, locally sourced, and do not sell cigarettes or lottery tickets.
- Our revenue is a balanced and sustainable combination of food service and grocery, providing more stability than traditional food service models and higher margins than traditional grocery models.

Our model is proven, repeatable, and self-sustaining as an entrepreneurial for-profit. In 12 years we have grown to two stores, 49 employees, and $4.7 million in sales with an average EBITDA of over 3 percent for the last three years.

We currently operate two stores in the Jamaica Plain neighborhood of Boston, and are positioned to expand our model into additional neighborhoods in the Boston metro area. We have the support of thousands of existing customers and over 100 suppliers as well as a talented and experienced management team that is up to the task.

**INVESTMENT OPPORTUNITY**

We are seeking $500,000 in investment funds, which will allow us to open an additional location, as well as expand our existing operation. City Feed and Supply is profitable and well-managed with seasoned systems and menus. We are strongly positioned to put investment funds to work and deliver an attractive return to our investors. With investment funds we will:

- Develop additional locations in the Boston area on sites we have already identified
- Invest in necessary upgrades and additions to existing operations, such as expanding our refrigerated storage capacity and expanding our kitchen production capacity
- Continue to build community through service and support of local and regional food producers
City Feed and Supply is incorporated as an S-Corp in the state of Massachusetts. Co-founders David Warner and Kristine Cortese are the only shareholders. David Warner is the president and CEO. Kristine Cortese is the creative and marketing director. They are supported by a team of five managers, two for each store and one marketing/community manager.

**Company History**

City Feed and Supply was founded in the year 2000 by Kristine Cortese and David Warner when they posed this simple question: “What if the corner store had food you actually wanted to eat and a good cup of coffee?”

In answer to that question, they have built a business with two locations in the Jamaica Plain neighborhood of Boston, $4.7 million in revenues, and 49 employees. Our Boylston Street store, opened in 2000, generated sales of $1,300/sq. ft. in 2012, well above the industry averages of $500–$600/sq. ft. for grocery and convenience stores. Our Centre Street store, opened less than one mile away in 2008, achieves comparable results. Together, our stores generate more than 1,300 transactions per day at an average ticket price of about $10.

From just coffee and natural foods on a convenience scale, our model has evolved into a unique combination of food service and grocery. We offer local or organic options in every category that you will find in a full-service supermarket, from fresh produce and fresh proteins to staples like milk, flour, and eggs. We also have a full-service café serving only fair trade and organic Equal Exchange coffee as well as a full-service deli serving a sandwich menu that has won the Boston Phoenix reader’s choice award of best sandwiches in Boston two years in a row.

Our customers love us: we support the local economy and local food suppliers, and we serve a great cup of coffee!

**Financial Sustainability**

City Feed and Supply benefits from its competitive advantages:

- Our small footprint allows us to be closer to our customers’ urban home base and thus more convenient for “small basket” shopping, as opposed to the “big basket” shopping they may do at a supermarket.

- We are able to sustain a higher gross margin partly because we are competing in the convenience and specialty sectors of food retail, as opposed to the supermarket sector, and partly because half of our sales are food-service related and so come at a higher margin.

In the last 12 years, we have posted an average growth rate of more than 15 percent. Since 2009, we have posted an average growth rate of 6.3 percent, this in response not only to the recession, but also to increased competition. In 2010, a Whole Foods opened less than a mile from both City Feed and Supply stores. In addition, the local CVS pharmacies continue to expand into the grocery market with their offerings, and the local convenience stores continue to expand into the food service market through the addition of coffee and sandwiches. Our revenue for both stores combined for 2012 was $4.7 million with growth of 4 percent over the previous year. We expect to post similar growth for this year, putting us at $5 million in revenue, and proving the durability and robustness of our local shopping model.

We believe that local, convenient, walkable shopping will grow substantially in urban areas over the next decade, gaining share in the overall grocery market. Our 10-year history of growth and profitability in a broad range of competitive and economic environments has shown that our model will remain sustainable for the long term and will earn an increasing role in this growing market.