

SAVE THE DRAGON

Past Challenges, Current Crises, Future Opportunity...

Sky Dragon Community
Development Co-operative



Creating a better world, one
building at a time...

Presentation by Kevin Mackay (Exec Director)
March 29, 2010

Save the Dragon Community Meeting
Ricca's Furniture Building
(228 James St N)

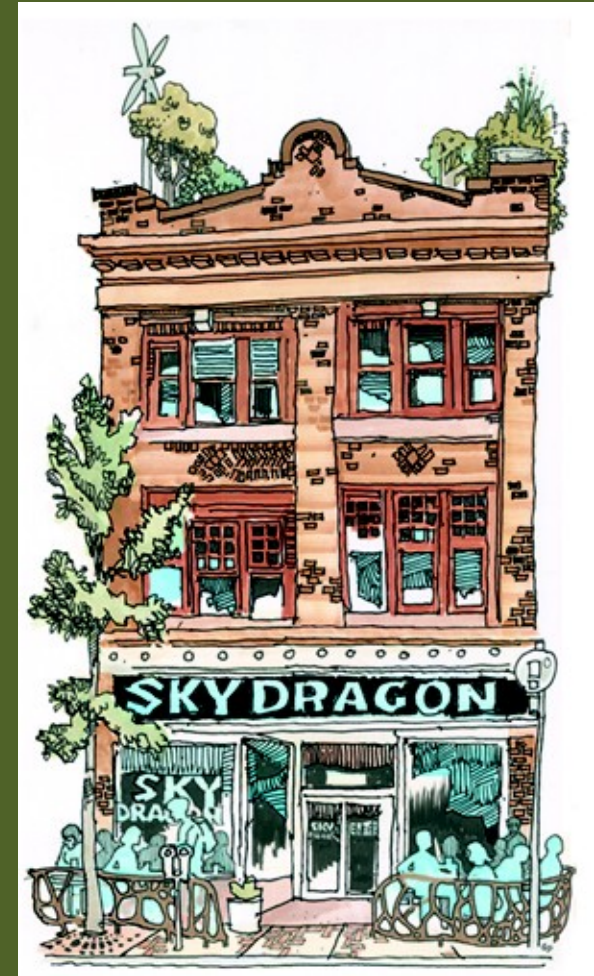
Presentation Objective

- To give a brief overview of the Sky Dragon Cooperative, it's vision and operations
- To briefly sketch the Coop's operating history
- To enumerate it's current challenges
- To present a new, viable, community-owned model



About the Sky Dragon Co-op

- Founded in 2002 by concerned local activists and community organizers
- Incorporated in 2004 as a non-profit co-operative, with the following mandate:
 - ★ to create employment for its members in the field of community development
 - ★ to research, design and implement innovative models of development that are socially, environmentally, and economically sustainable
 - ★ to encourage wellness, the arts, cultural diversity, egalitarianism, green business practices, and public education within the community
 - ★ to promote direct democratic participation in all aspects of life
- Established a multi-use community centre at 27 King William St.
- Project funded 100% by community investment



About the Sky Dragon Co-op

- The Sky Dragon Co-op operates the following initiatives:

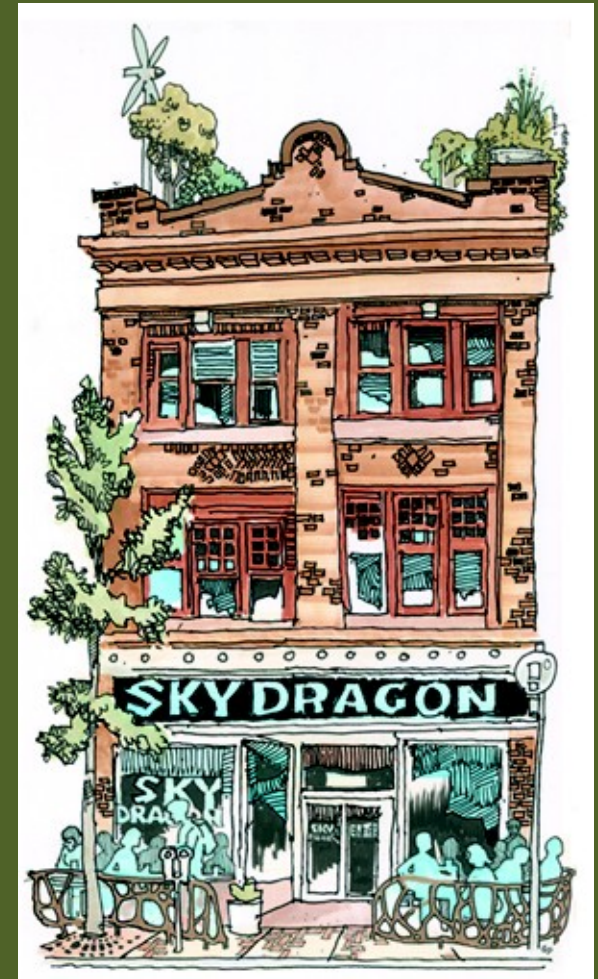
- The Bread & Roses Café
- Bread & Roses Catering
- Mayday Magazine
- The Sky Dragon Wellness Centre
- The Ethical Consumer's Coop
- The Mayday Festival
- The Sky Dragon Roastery
- Office and meeting space for community
- Office for the Well & Peace Cafe



- 2009 - Co-op named a “Zero Emission” business by Environment Hamilton as part of its Climate Change Champions program
- The Centre has hosted hundreds of talks, workshops, film-screenings, open mics, live music events, fundraisers, meetings
- A space explicitly devoted to peace, social justice, equality, ecological sustainability, organizing, direct democracy, local & ethical economy
- Greater goal of bringing different progressive groups together into a diverse, but unified movement capable of creating concrete, lasting and radical social change

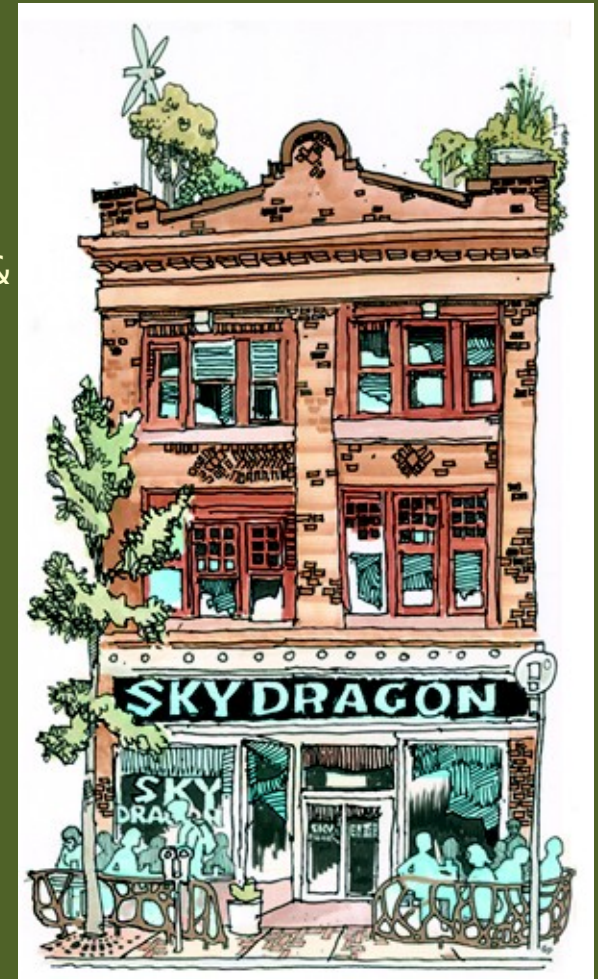
Financing and Structure

- Incorporated as a non-profit worker cooperative
- Goal of being self-sustaining & incubating ethical enterprises to fund social objectives
- In June 2005, rent-to-own agreement for 27 King William
- Sold \$100,000 in community bonds
- Renovated 4,800 sq. ft. over 3 yrs.
- June 2006 – purchased 27 King William for \$204,000, with mortgage from Teacher's Credit Union
- Received \$50,000 Line of Credit to finish renovations

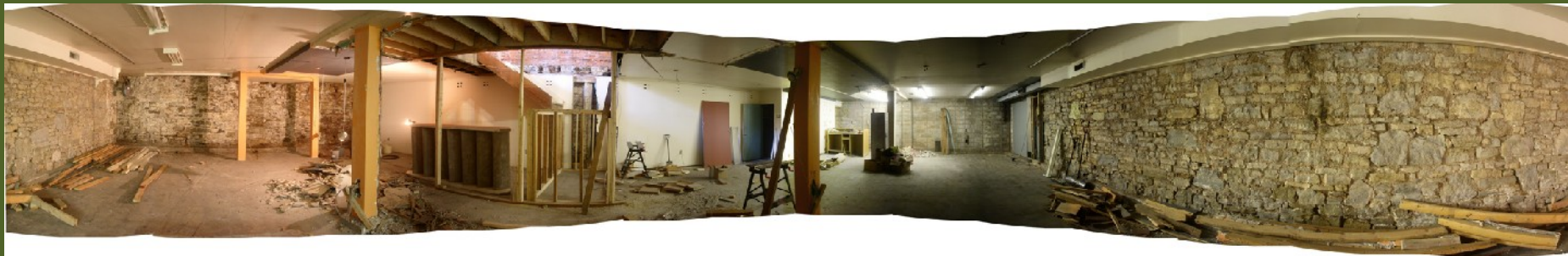
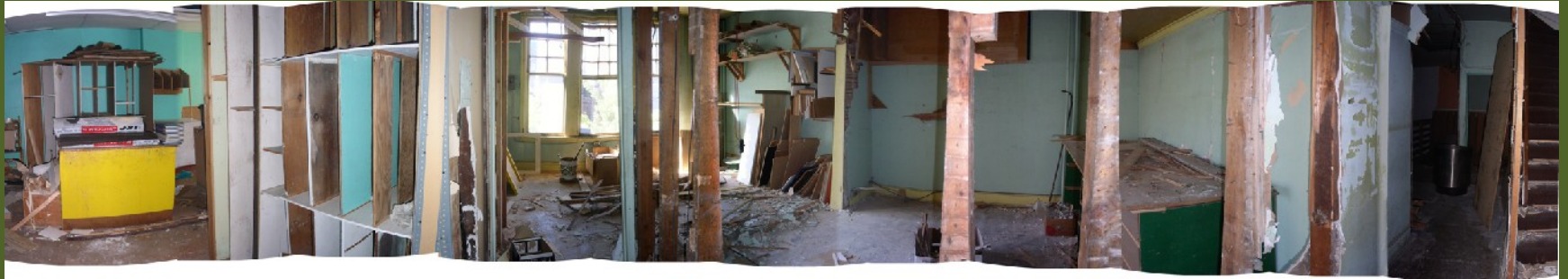


Creating a Community Centre

- The Coop performed extensive renovations on the building, conservatively valued at \$100/sq. ft.
 - Removed all existing drywall, wiring, plumbing & flooring; installed new drywall, new flooring, new wiring, new plumbing
 - Created five offices on three floors
 - Created four new washrooms, two kitchens
 - Installed new roof, two high-efficiency furnaces, new air conditioner, two high-efficiency water-heaters
 - Repaired flashing & eavestrough, re-pointed building façade
 - Moved staircase on main floor, reinforced structural faults on second floor



Creating a Community Centre



Creating a Community Centre

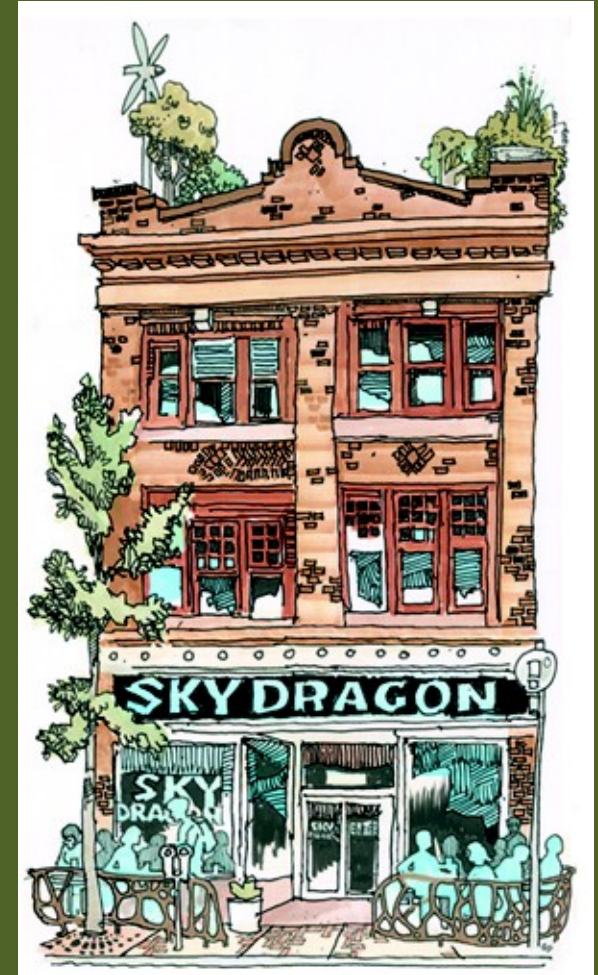


Creating a Community Centre



Early Challenges

- Financing and completing construction on time are serious early challenges
- \$100,000 in community bonds sold, but not all at once (from 2005 – 2008)
- Construction halts several times due to lack of funds
- Unable to develop 3rd floor
- Not enough power for café setup
- Construction done through sweat equity
- In summer of 2007 needed \$50,000 in charitable donations
- In summer of 2008 needed \$133,000 second mortgage, paid out \$100,000 in debt & deferred wages
- Paid Line of Credit down to \$30,000

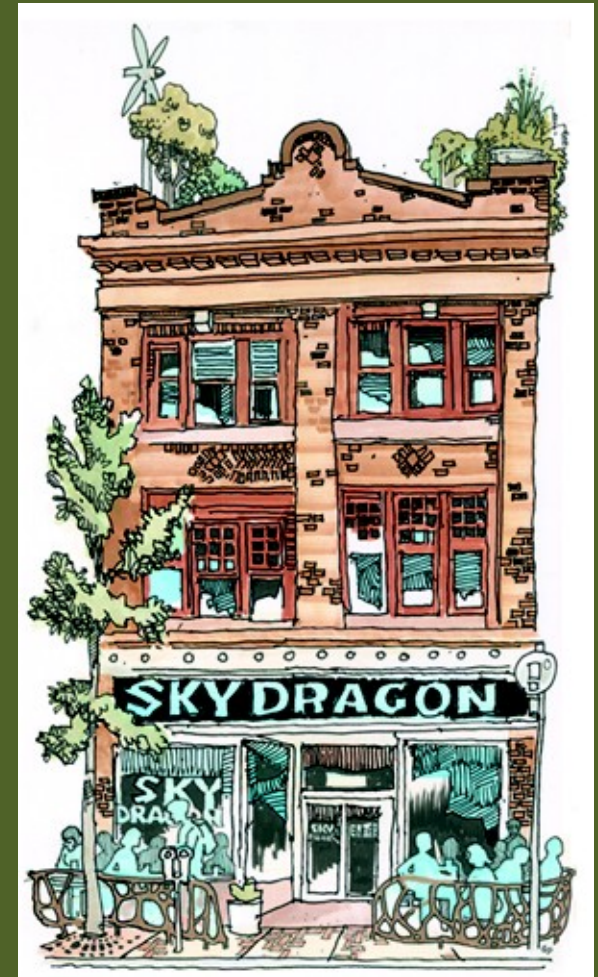


Construction Debt

- As of summer 2008, the Coop had the following debt:
 - \$204,000 first mortgage
 - \$30,000 line of credit
 - \$133,000 second mortgage
 - \$86,000 in community bonds
- = \$453,000 in debt (+ \$50,000 in donations)

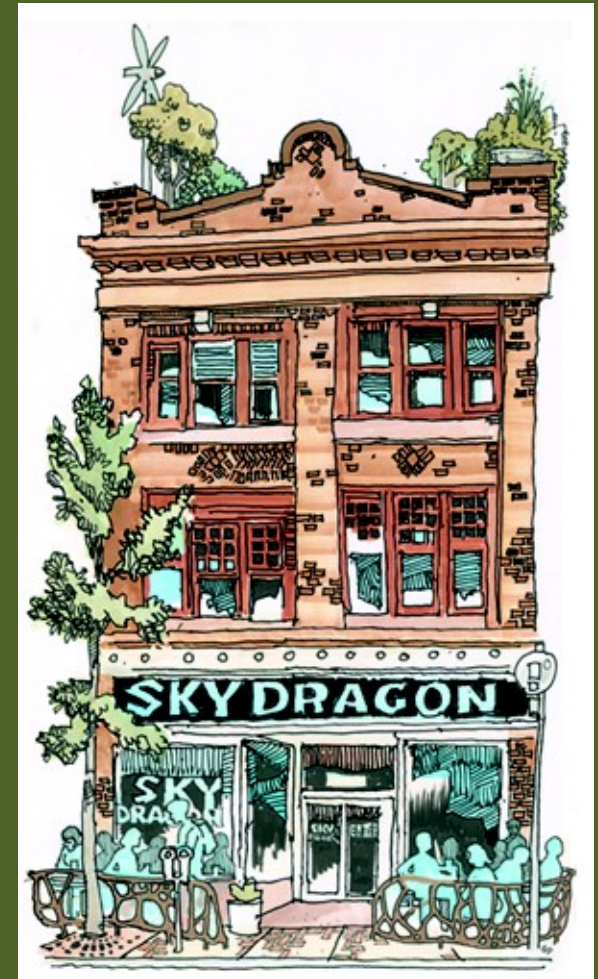
To accomplish:

- Building purchase + renovation
 $\$204,000 + \$480,000 = \$684,000$
- The Co-op has established the centre for an incredible \$181,000 LESS than the standard development cost



Operating Challenges

- The Coop originally planned to open a learning centre on the ground floor (key member leaves)
- The café starts as Plan B, with no equipment, capital or experience
- Starts with no license, small kitchen, insufficient power, no patio, no money to pay staff
- Despite this, director Karen Burson makes the Bread & Roses Café viable, wins national award
- Food costs high (fair trade/organic), no dishwasher, no proper equipment
- Coop realizes we need revenue generator, coffee-roasting idea emerges



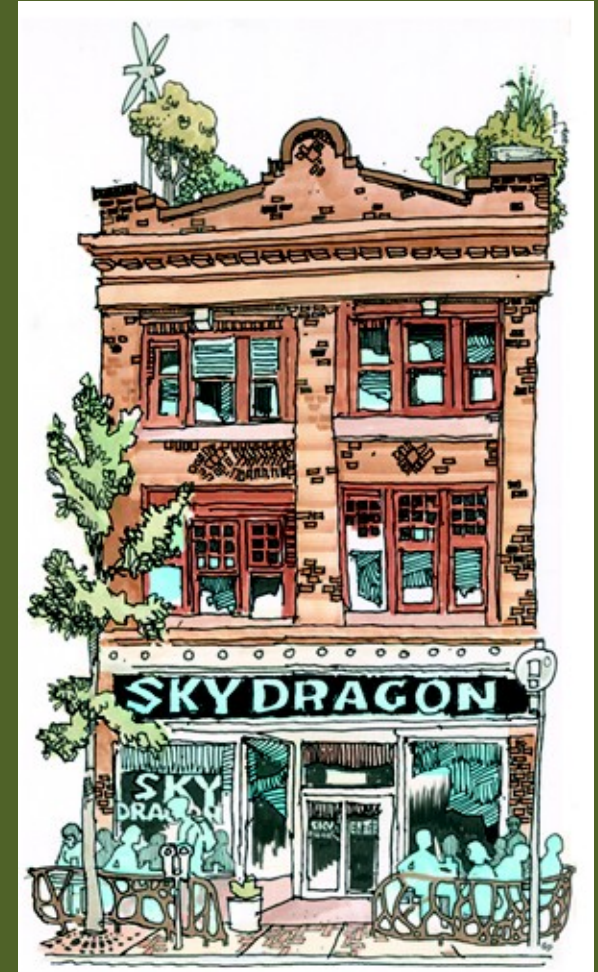
The Roastery Saga

- Fall of 2007 - Coop arranges deal with outside partner to have a coffee roastery in the centre
- Jan. 2008 - roastery is established, fails to produce
- June 2008 – deal falls apart (legal – we win)
- June 2008 – Coop purchases our own roaster
- Oct. 2008 – after delay, roaster arrives smashed in
- Nov. 2008 – July 2009 – lawsuit (we win again), nightmare delay in getting roaster operational
- August 2009 – Sky Dragon Roastery launched



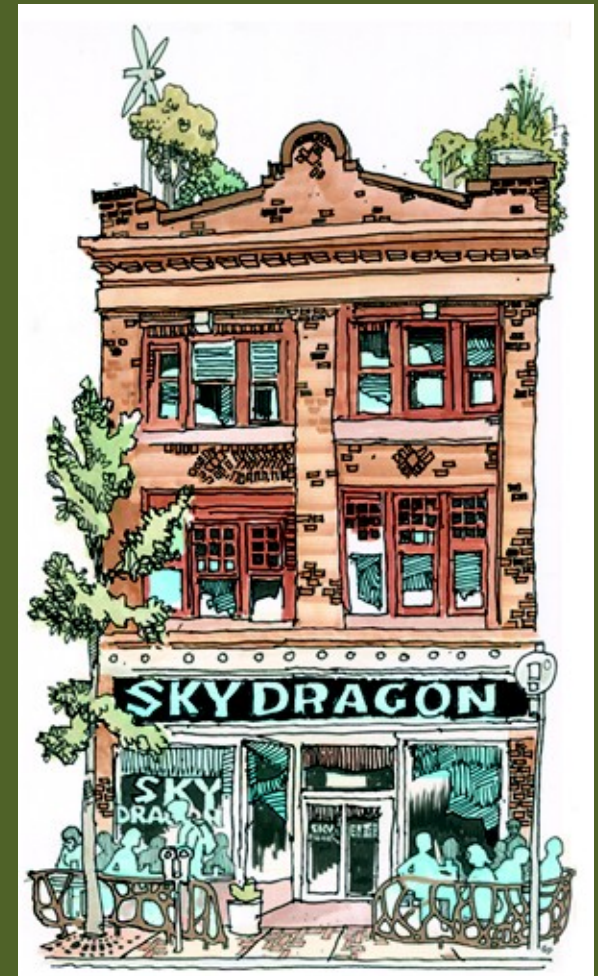
Operating Challenges: Lean Years

- From 2007 through 2009 the Coop runs in the red, but steadily improves
- Legacy debt from lean years includes Provincial sales tax and payroll tax
- For past 2 yrs. Teacher's Credit Union threatens to pull mortgage if numbers don't improve
- Members face overwork, burnout, no pay
- Due to tenuous financials, Coop requests for funding turned down repeatedly by Foundations
- Too much work & too few workers leads to administrative chaos, poor service, morale issues
- Collapsing buildings on King William St.
- Recession hits & business slows down
- Things start looking up: controlling café costs, renting offices, increasing catering, roastery starting
- 2010 sees Co-op approaching break-even



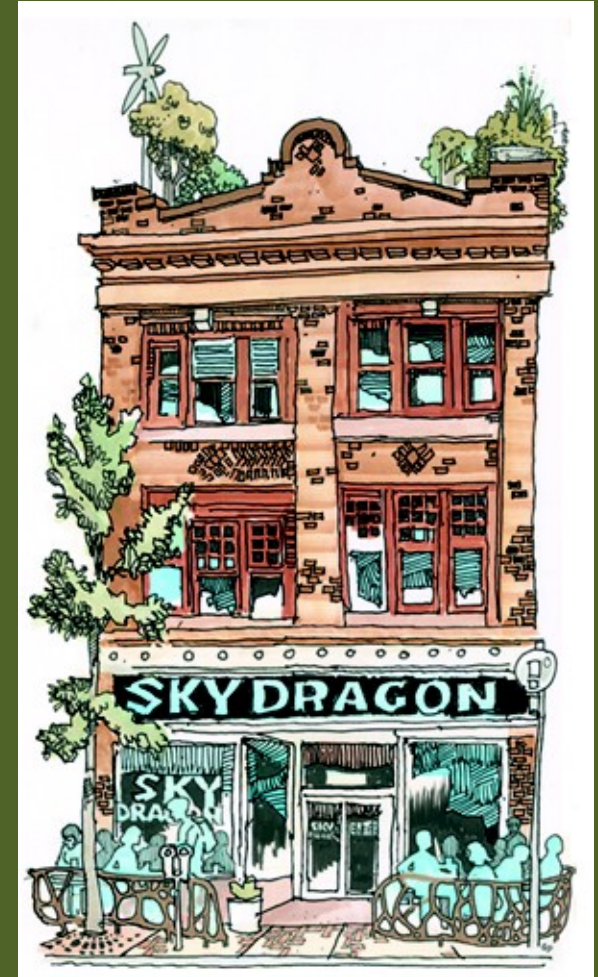
Current Crisis: Teacher's Walks

- In February the Province demands \$33,600 in tax arrears
- Same month Teacher's announces they will pull mortgage by April 18th
- An extension is gained from Province until May 31st
- An extension is gained from Teacher's until July 18th
- The Coop needs new 1st mortgage-holders
- The Coop needs to change its structure & to access ongoing community support



CRISIS + TRANSFORMATION = OPPORTUNITY

- The Coop members have brought this project this far
- Only the community can take it further
- We are proposing a new, multi-stakeholder model, comprised of the following groups:
 - Coop managers
 - Staff
 - Community members
 - Bondholders
 - Partner Organizations



What better time than NOW? What better place than HERE?

- We know what kind of world we want: Art, culture, green jobs, human rights, peace, compassion, creativity, inclusivity, equality, freedom, real democracy
- The Coop has created real value that can't be allowed to dissipate
- If we come together, we can transform our lives, our city, our world
- With many hands at the wheel this Coop becomes a vehicle for radical transformation

ARE YOU IN!?

