



EVOLUTION TO A THRIFT STORE MINISTRY

# FEASIBILITY STUDY HIGHLANDS THRIFT STORE

Adapted from 'Feasibility Study: Social Enterprise Thrift Store'  
Conducted by Stacey Corriveau, BC Centre for Social Enterprise  
for Ishtar Women's Transition Housing Society 2010

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## EXECUTIVE SUMMARY

Highlands United Church is committed to being a community-focused, inclusive, welcoming, and a safe space for all. With a heart for justice, a commitment to environmental protection and a desire to create deep community connections, Highlands builds programs, ministries and outreach that deepen these commitments.

For over 60 years, a group of Highlands volunteers (primarily seniors) has met weekly to work toward a one-day annual Flea Market Sale, requiring 200 volunteers on that day, and generating as much as \$40,000 annually. Many of these dedicated volunteers no longer have the physical capacity for this work. Although those still involved find value in the camaraderie and the sense of making a difference in the church's life and ministry, HUC has found the capacity to recruit 200 volunteers to spend a week on set-up and operate a major annual event day, no longer exists. In Fall 2022 the last Flea Market Sale was held, with a loss in Highlands annual revenue. Responding to our Five Year<sup>1</sup> Ministry Plan that calls us to respond to growth and change intentionally, a decision was made to re-vision the Flea Market.

Highlands leadership, staff and current flea market volunteers are exploring how to transform an annual sale into a viable social enterprise: a Thrift Store that can support and sustain the ministry, vision, values, and outreach of Highlands, and serve as a meaningful area for engagement, connection, service, and community. Initial research in Fall of 2022 involved conversations with Mt Seymour UC, West Van UC, and Northwood UC, as well as Broad View United (in Victoria), who have each expressed support and provided information and encouragement for the Thrift Store plan. The Leadership Board has approved, in principle, moving forward, and a steering committee has been struck to provide HUC with a more sustainable and dependable revenue stream, to support the work of the church, funding for outreach programs and to enhance community connections and engagement. An initial \$6500 has been secured for consultation and feasibility work from Highlands, the Provision Fund and a donor. In the Spring of 2023, Stacey Corriveau of the BC Centre for Social Enterprise <sup>2</sup>(BCCSE), was contracted to provide guidance on Thrift Store development.

Within the North Shore of Vancouver there are at least 8 community-based thrift stores, and over 20 United Church thrift stores within the province. Thrifting has become a cultural norm. Studies show that 85% of Canadians like to shop at thrift stores and the secondhand economy is valued at \$28.5 billion dollars. Currently there are no stores selling recycled goods in Edgemont Village. In surveys sent to Edgemont Village Business Association (EVBA) members, there was enthusiasm in general for a Thrift Store in the Village. The bus stop adjacent to Highlands makes the store accessible to all of the North Shore. While traditional retail stores often seek competitive advantage, in the case of Thrift Stores, an abundance-based environment makes the addition of new thrift stores add to the vibrancy of those around it, and all benefit.

'Going Green' has become a national and global slogan. People will not only patronize, but also donate items to thrift stores. All thrift stores are positive environmental contributors, and selling used items diverts them from landfills, reduces the need for creation of new items, and sells locally sourced items.

BCCSE emphasized the dual marketing targets for thrift stores - donors and shoppers; and the need for hiring a branding consultant to design a package for consistent use in signage, webpage, social media and a thrift store logo that can be used on materials created in-house.

The Thrift Store will be physically located on the Lower Level of Highlands in the existing Outreach Room and utilizing a bay of the adjacent Lower Hall, with renovations required. It will not impact existing renters or users of the Lower Hall, and renovations will improve the space for others. Initially, the Thrift

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<sup>1</sup> [https://www.highlandsunited.org/downloads/sb\\_highlands/brochure\\_five-year-ministry-plan-2019-FINAL.pdf](https://www.highlandsunited.org/downloads/sb_highlands/brochure_five-year-ministry-plan-2019-FINAL.pdf)

<sup>2</sup> <https://www.centreforsocialenterprise.com/>

Store will be open 3 days per week, including one evening and one weekend time; opening in 2024; and will be operated by volunteers with one paid part-time Store Manager, to oversee retail operations and recruitment, training and scheduling of the volunteers. Initial renovation estimates are underway to secure financing. Start-up expenses will further include store fixtures and equipment, marketing, volunteer training and staffing.

The Thrift Store project involves developing this retail store (classified in BC building code as Commercial Use) in the Lower Hall area of HUC (classified in BC building code as A2 Assembly Use). Construction scope will include:

- 1) building the rated perimeter walls for the retail area and augmenting the existing ceiling construction to create the necessary 1-hour separation between Assembly and Commercial uses.
- 2) demolishing the existing north wall separating the existing Outreach Room from the Lower Hall and supporting the existing structure.

Additional elements will include airflow and heat loss prevention, electrical and plumbing upgrades, hardwired computer connections, LED lighting and accessibility upgrades. BCCSE also recommends well-signed street frontage for thrift store patrons.

An initial review of the CRA's guidelines on businesses within charitable structures, indicates that Highlands will be legally able to operate a Thrift Store while retaining charitable status. A careful review of the CRA document Policy Statement CPS-019 for a clear understanding of the HUC Thrift Store's CRA status is critical now. Once renovation and startup costs are determined, a full business plan needs to be developed.

In any venture such as this there exists potential risk: credibility or reputation risk and financial risk. Because the launch of the store relies on a cash outlay from Highlands, donors and/or lenders, these dollars are at risk. If the investment is not made, Highlands faces a potential lost opportunity cost: future earning power, control over a funding source, optimal use of an existing donation stream, and a potential venue for supporting community members. Reputation risk in the case of a charity operating a social enterprise, could occur if the business fails for any reason. Both Liability and Risk mitigation measures are should be carefully considered - with a legal opinion - particularly in the case of the Leadership Board. This group's fiduciary duty must be clarified, as it is critical that this group understands their responsibilities.

## INTRODUCTION

Highlands United Church (HUC) is community-focused, inclusive, welcoming, and a safe space for all. With beliefs in justice, environmental protection and deep community connections, Highlands builds programs, ministries and outreach that deepen these commitments. Highlands Vision Statement describes the ethos of this Community of Faith.

### **Highlands Vision Statement:**

*As followers of Jesus, we want to be a community that gathers and takes risks:*

*To receive and engage a diversity of people*

*To celebrate life-giving worship*

*To love and be loved*

*To know and be known*

*To serve and be served*

*To learn, pray, and grow together.*

*Trusting in God, we want to be people who scatter:*

*To live out faith in action*

*To seek peace, justice, and healing*

*To share time, ministries, and money.*

*Led by the Spirit, we are continually transformed on this journey.*

*Guided by a Five Year Ministry Plan, the staff and leadership, proposals, programs, ministries and goals are continually weighed against this vision. The Thrift Store Feasibility Study is offered in this spirit.*

## CONTEXT AND RATIONALE

Highlands has a long history of being generous in its donations to Mission & Service, to local and global outreach, and supporting innovative ministry. With good fiscal management, committed staff and volunteers, a clear vision, enthusiastic fund raising, generous donors and judicious use of church and municipal and federal grants, Highlands has sustained its mission and ministry well.

In 2022 Highlands increased both its ministry and program staff, with a focus on rebuilding post pandemic. We understood that this might create some additional pressure on the operating budget along with increased cost of living and expenses in all areas.

For over 60 years Highlands has had a group of volunteers (primarily seniors) who have met weekly to plan for, sort and organize an annual Flea Market that has generated as much as \$40,000 annually toward these operating and outreach expenses. But many of these dedicated volunteers no longer have the physical capacity to do this work, and since the closures of the pandemic in 2020/2021, some have not returned. Those who are still involved find value in the weekly gatherings, the opportunity to connect with others, and the sense of making a difference in the life and ministry of the church, but they are no longer able to actually carry through to holding a single major annual event (requiring the coordination of nearly 200 volunteers to operate, a week to set up, and the use of the entire building!) As we look at the challenges to organize the gigantic annual sale and the weeks of time required to coordinate, it is apparent that we no longer have the multitudes of volunteers and capacity needed to host such a massive community event.

We do, however, have energetic and enthusiastic people who are willing and capable to volunteer for weekly sorting and drop-off, and who are open to a discussion about new ways to evolve the beloved

Flea Market, while maintaining a strong community spirit and ensuring ongoing financial stability.

In Fall 2022 the last Flea Market was held. The loss of the annual flea market income is a significant reduction in Highlands annual revenue, particularly as we face increasing costs in other areas, and this is reflected most noticeably in a decrease in the funds available to go to the heart of our ministry...mission and outreach. Our Five Year <sup>3</sup>ministry plan states that “we grow as we purposefully move forward. God calls us to be attentive and responsive to the world round us, changing our plans as community finances and as the needs of the world change. We are called to respond intentionally.” <sup>4</sup> In response to this call, a decision was made to revision the flea market and draw on some of the experience of other communities of faith who have found ways to retain the mission of the annual sale, the community connection, and engagement the sale engenders, and increase the reach of the church, while decreasing the reliance on aging volunteers and systems that no longer work.

To this end, Highlands leadership, staff and current flea market volunteers have enthusiastically embraced exploring how it may be possible to transform an annual sale into a viable social enterprise: a Thrift Store that can support and sustain the ministry, vision, values, and outreach of Highlands, and serve as a meaningful area for engagement, connection, service, and community.

Initial research into the possibilities and opportunities of this model was conducted in Fall of 2022, and conversations were held with Mt Seymour UC, West Van UC, and Northwood UC as well as Broad View United (in Victoria), who have each expressed support and provided information and encouragement to Highlands taking this step. The Leadership Board has approved in principle moving toward a Thrift Store, and a steering committee has been set. The primary goal of this work is to provide Highlands United Church (HUC) with a more sustainable and dependable revenue stream, to support the work of the church, funding for outreach programs and to enhance community connections and engagement.

The Finance Committee approved a transfer of \$2,000 from the Ministry Initiatives Fund for consultation fees and the ProVision fund granted \$2,500 for a consultant & feasibility study. Additionally, we have received an anonymous donation of \$2000.00 giving \$6500 for initial exploratory work. So, in the Spring of 2023, Stacey Corriveau of the BC Centre for Social Enterprise<sup>5</sup>, was contracted to provide information and guidance on a process to create a Thrift Store, and has provided foundational research and information for this feasibility study.

## **THRIFT STORE AS A SOCIAL ENTERPRISE**

“Social enterprises are revenue-generating businesses with a twist. Whether operated by a non-profit organization or by a for-profit company, a social enterprise has two goals: to achieve social, cultural, community economic and/or environmental outcomes; and, to earn revenue. On the surface, many social enterprises look, feel, and even operate like traditional businesses. But the defining characteristics of the social enterprise is that mission is at the centre of business, with income generation playing an important supporting role” (from The Centre for Community Enterprise). “A social economy enterprise operates like a business, produces goods and services for the market, but manages its operations and redirects its surpluses in pursuit of social and environmental goals.” (From Western Economic Diversification).

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<sup>3</sup> [https://www.highlandsunited.org/downloads/sb\\_highlands/brochure\\_five-year-ministry-plan-2019-FINAL.pdf](https://www.highlandsunited.org/downloads/sb_highlands/brochure_five-year-ministry-plan-2019-FINAL.pdf)

## What is necessary for social enterprise success?<sup>4</sup>

- Dedicated staff/board/volunteer time
- A 'champion' of the enterprise to make sure it remains a priority for Highlands.
- Clarity on the mission (people first or profit first?) so that staff, board, volunteers, community, and other stakeholders understand the intent behind the social enterprise.
- Openness to and patience for 'partnership weaving' including tireless and robust community connection activities.
- Willingness to spend time on planning and venture launch/operations.
- Reasonable understanding and knowledge of the time commitment required and actual follow through on this activity.
- Willingness to be flexible and adaptive when faced with new information/ changed environments/competitive opportunities/ market changes
- Willingness to make mistakes and learn from them.
- Adequate financing
- Realistic timelines/expectations

## Common Social Enterprise Pitfalls

- Burnout/lack of resources to complete the work required.
- Being married to a certain concept even when research is against it, or when there is no need demonstrated.
- Organizational inertia and/or resistance to change.
- Mission drift – spending so much time and energy on making the social enterprise work that the initial mission/work of the parent organization is diluted or suffers from neglect.

## Social Enterprise as Job Training

A separate focus of social enterprise involves training businesses: 'social enterprises that build both capacity and income for the marginalized: empowering and including people that traditional market forces may exclude, lessening their reliance on the social safety net and adding a human 'face' to those who have been excluded from community in the past'<sup>6</sup> While this is not part of the initial plan for the Highlands Thrift Store, should we later move into this area, additional references and papers on employment and training businesses, and potential funding/granting opportunities are available. This could be a means to provide meaningful work experience and employment to youth, those with mental health needs or disabilities or refugees and newcomers to Canada.

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<sup>4</sup> Feasibility Study: Social Enterprise Thrift Store for Ishtar Transition Housing Society BC Centre for Social Enterprise Sept 2010. P.11-14

## **PROPOSED HIGHLANDS THRIFT STORE DESCRIPTION AND OPTIONS**

Highlands Thrift Store, as a social enterprise, addresses two key goals and priorities of the Five Year Ministry Plan:

1. "Broaden and deepen our leadership and relationships with the wider community" and
2. "Understand the everchanging ways people give their time and financial resources, and the variety of new models of funding and support of the church."

### **Location**

The Thrift Store will be physically located on the Lower level of Highlands in the existing Outreach Room and utilizing a section of the adjacent Lower Hall. Renovations will be required including updating electrical and lighting, installing fire separations and changing 'traffic' flow. Several preliminary drawings have been reviewed with one drawing selected for modification and implementation. Architectural drawings will provide more detail.

The Thrift Store space would not impact existing renters or users of the Lower Hall, and renovations would, in fact, improve the flow, accessibility and esthetics of the space for others users including Highlands Seniors Connection Program. One storage space for textile murals will need to be relocated.

### **Hours of Operation**

The initial proposal is that the Thrift Store be open 3 days per week including one evening and one weekend time. This may be adjusted once the store is operational, and we have staffing and volunteers in place. While it was initially hoped to open the store in Fall 2023, a more realistic opening will be in 2024, once renovations have been completed.

### **Staffing**

Initially the Thrift Store would be operated by volunteers with one paid part time Store Manager. The paid manager would oversee the retail operations and the recruitment, support, training and scheduling of the volunteers. As revenue and need increases, additional part time staff may be hired.

### **Expenses and Revenue**

The major expenses initially will be for the renovations required to have the store ready for operations. Estimates are being gathered at time of writing so that financing can be secured. Additional start-up expenses will include exterior signage, fixtures, display cabinets, computer system, point-of-sale technology and related fees, marketing, volunteer training and staffing. It is noted that staffing and 'soft' costs (eg. volunteer training, hospitality, marketing) may be covered in part by United Church grants (ProVision, Seeds of Hope). Once estimates for construction are completed, a business plan with projected revenue/expenses will need to be created.

### **Additional Highlands Thrift Store Services**

1. Pop Up sales: Until the opening of the Thrift Store, and potentially once opened, seasonal 'pop up sales' will be offered. These sales will
  - a. continue to generate energy and enthusiasm for the Thrift Store and its mission.
  - b. provide additional revenue while Thrift Store is in its development and growing stages.
  - c. allow for regular turnover of goods.
  - d. continue to draw the community into Highlands.

While these sales require additional volunteer capacity, they require far less work (fewer volunteers and less set-up time) than a flea market yet retain some of the energy and collegiality of the larger flea market.



2. Hospitality: Once open, the Thrift Store will serve not only as a place for the buying and selling of donated goods, but it will provide a community gathering place, where people can visit, enjoy a cup of tea or coffee and baked goods, and find meaningful connection.
3. Online Store: An online store was created 2 years ago as a pilot project and is ready to re-launch with a few updates. The site uses the Square platform which has been used successfully at arts and crafts sales and recent pop-up Thrift Sales. This Online Store could develop into a platform for specialty items including antiques, collectibles, silver, fine china, jewelry, vintage treasures etc. If the online store is successful and volume warrants an upgrade, we would transition to Shopify, a more stable and robust platform. It is possible this task could be taken on by a dedicated volunteer who receives a commission for sales, allowing someone to earn a small income, while not requiring an outlay of expenses.
4. As the Store becomes established, other opportunities to draw in the community include offering upcycling and repair workshops, intentional training and work experiences for refugees, newcomers or those with barriers to employment, special events and special shopping nights. It is important to note however, that even if the store ONLY serves to bring in revenue to support the church's mission and outreach, this is a sufficient goal.

## **THRIFT STORES: INDUSTRY SCAN**

The thrift store 'industry' can be roughly separated into two sectors: community based and for-profit (such as Value Village, a US based chain). Community based thrift stores are the focus here as Highlands would belong to this grouping. Donations are solicited from the community (primarily clothing) with profits flowing back to the mission of the parent organization. Most of these stores are supported by primarily volunteer workers. Free inventory and free labor are features that make community-based thrift stores particularly profitable. Within the North Shore of Vancouver there are at least seven community based thrift stores. A quick google search found over 20 United Church Thrift Stores within the province. This is not a new ministry.

Thrifting has become a cultural norm. Studies show that 85% of Canadians like to shop at Thrift stores. The second hand economy is valued at \$28.5 billion dollars. Thrifting has become a way of life for many and has gained in popularity particularly among younger people. Clothing is 31.8% of thrift store revenue.

As the price of everything and cost of living continue to rise, people are desperate to find ways to save money.

There have been a number of recent articles on the culture of thrifting, its value and how to do it well – some links to browse are included here:

<https://finance.yahoo.com/news/7-things-always-buy-thrift-180506261.html>

<https://scoop.upworthy.com/woman-redesigns-thrift-store-to-encourage-secondhand-buying-613435>

<https://retail-insider.com/retail-insider/2023/08/salvation-army-thrift-store-in-canada-faces-unprecedented-donation-slump-amid-consumer-shift-interview/>

<https://www.ellecanada.com/fashion/best-thrifting-tips-2023>

## MARKET INSIGHTS

(ANALYSIS OF LOCAL 'COMPETITION')

Currently there is no store selling recycled goods in the Edgemont Neighborhood, yet there are many families and seniors residing in this area for whom we anticipate thrifting and recycling of goods is a priority.

Community thrift stores currently operating on the North Shore include:

- West Vancouver United Church Treasure Trove
- Mount Seymour United Church Thrift Store
- two Salvation Army shops (Fell and Lonsdale)
- SPCA Thrift store on Pemberton
- Lions Gate Hospital Thrift Store
- The GoodStuff Connection Thrift Shop on 3<sup>rd</sup> near Chesterfield

Highlands is conveniently located at a bus stop making the store accessible from all parts of the North Shore. Feedback from the Edgemont Village Business Association (EVBA) shows that in general a thrift store would be a welcome addition to the village and business owners are willing to provide advice and support to this fledgling enterprise.

### Summary of Thrift Store Interviews Conducted

	West Vancouver UC	Mt Seymore UC	Northwood: UC
Location	Meeting room and part of the Gym stage area	Portion of main floor	Separate Building
Size	1,000 sq ft plus storage in basement	1,600 sq ft plus exterior cabins	1,200 sq ft plus a garage
Open Since	2020	1989	2005 ~
Revenue	unknown	225,000 ~	varies from 50-90K
Staffing	All volunteer	- Full time paid Manager - 2 Assistant Managers - 100 volunteers	Shared by volunteers
Days Open	Tues, Thurs, Sat: 10-3 Pop up sales: 12:30 Sat	Thurs-Sat: 11-4 (8pm on Thurs) and online sales Craigslist	Tues & Thurs: 9:30-3pm Sat: 9:30am-2pm
Reason for Store	Work of the church and outreach	Outreach funding and community benefit	Community benefit and fundraising
Goals	1. Three Rs 2. Affordable items for	1. accessible community 2. affordable goods	1. Fundraising 2. Goods for the poor

	community 3. Fundraising for the church	3. a place for friendship 4. charity	3. Recycling
Previous FM	yes: 2020 shifted	Started as a garage sale	No previous Flea Market
Reno budget	Minor Renovation to adjust the entrance	Part of a \$250,000 renovation project	No Renovation costs
Key Partners	Hollyburn house, Westerly, Community Center	Cedar Springs Seniors living, Salvation Army, Diabetes Assoc.	Cloverdale food bank, Resource center, Options,

Broad View United in Victoria has also shared with us their balance sheet and revenue/expenses from the previous year and is willing to meet with us regarding their operations.

**SWOT ANALYSIS**

Surveys have been distributed over the previous several months to current ‘Tuesday sorters’, the Edgemont Village Business Association (EVBA), and the Highlands congregation. A total of 99 responses have been received (54 congregation members, 32 flea market ‘sorters’ and 13 EVBA), with primarily positive feedback and thoughtful comments. This SWOT analysis has been summarized from that feedback, and all comments have come from survey responses.

Primarily supportive and encouraging, some survey responses have also brought up important considerations and possible community concerns. As planning proceeds, it will be important to be mindful of and address these issues.

**Strengths**

- Highlands continues to receive regular donations from congregation and community members
- Key volunteers are willing to be engaged
- Support of the leadership and staff
- Space that is not fully utilized and can be modified for store
- Some minimal financial support in place for consultation and feasibility study

**Weaknesses**

- Highlands operating with deficit budget; anxiety around costs
- Diminishing pool of volunteers
- Developing a solid business plan
- Ongoing challenges around sufficient storage
- Need for coordination with other areas of building and ministry to keep big picture goals in mind
- Lack of financing for capital expenditures

**Opportunities**

- Less pressure on volunteers
- More people from community through church doors with opportunities to connect formally and informally

- Ongoing source of funding/sustained revenue stream
- Opportunities to offer training, experience, references to newcomers to Canada
- Meaningful opportunities for volunteering with possible volunteer opportunities for customers
- Reduced stress on storage with more turnover of goods
- Keep stuff from landfills and reduces our impact on the environment
- Opportunity to offer workshops, training and special events.
- Increased funds for outreach/ministry programs including Shelter to Home
- Employment for a manager/part time staff
- Allows people to shop within their budget and more regular availability of items for people in need
- Consistency and less disruption to other renters
- Opportunities to develop partnerships with other organizations focused on greening initiatives (e.g. Green Coast Rubbish and Urban Repurpose)
- Opportunity to raise funds creatively
- Edgemont NEEDS a thrift store; will be a wonderful addition to the community.
- People power and goods distributed throughout year rather than just one week
- Retains the collegial, social culture of 'Tuesday Sorters'
- Renovations to the space for the Thrift Store enhance the whole Lower Level

### **Threats (challenges)**

- Volunteers burning out before we open
- Community and merchants may not be supportive of a store
- Financial considerations – may not make enough initially; may cost us
- Leaving all the work to the 'sorters' with fewer volunteers for more work
- Cost to set up/renovate space
- Increasing age of current volunteers
- Finding the right person to run it
- Will the potential buyers and the community take up the offer?
- Getting buy in from current volunteers
- Effect on church programming
- Building security during opening hours
- Parking and traffic in village
- targeted customer for a thrift store is different from the Edgemont Community....do we want that here (Edgemont)?"
- Viability and sustainability long term
- Making donors feel needed and appreciated as our success depends in large part on them
- Being able to cover TS operational expenses while still generating revenue
- Limits of only part time hours
- Garbage disposal and accumulation of unwanted items
- Funds that are lost in first year
- Resistance to change
- Staffing
- Site accessibility
- Letting emotions and sentiment cloud the goal of meaningful fundraising
- Are we brave enough to do this?
- Leadership that will stay the course to see this launched.

## COMPETITIVE ADVANTAGES – A DIFFERENT CONTEXT<sup>5</sup>

In a traditional business feasibility study, an analysis of potential competitive advantages is ordinarily undertaken. This is an overview of what differentiates the concept at hand from the competition. The unspoken intent is to attempt to draw clients from other businesses and/or to capture new customers before the competition does.

In the case of Thrift Stores, by contrast, we have an abundance-based environment, where the addition of new thrift stores actually adds to the vibrancy of those around it. The community-based thrift stores interviewed by BCCSE (and those contacted by Highlands) all seem to suggest, 'the more, the merrier'.

Theoretically, a thrift store could develop competitive advantages based on:

- ✓ Location
- ✓ Quality of offerings
- ✓ Quality of service
- ✓ Store design
- ✓ Window appeal
- ✓ Hours of operation
- ✓ Additional value-adds (e.g. on-site café & workshops)
- ✓ Ease of parking for shoppers
- ✓ Ease of donation drop-off
- ✓ Price (not recommended)

Note that competing on price is not recommended, as it would not only decrease Highland's profit potential, but could negatively impact the sales of other thrift stores, which would dramatically erode the goodwill that currently exists among them. So rather than competing head-to-head with fellow thrift stores in these ways, the above list could instead be used as an internal scorecard. In order to reciprocate in the sharing of best practices that Highlands has enjoyed from existing stores, Highlands could share its learnings / improvements in the above areas with others, as it moves forward in building its own successes.

'There has never been a better time to open a thrift store than now, when 'going green' has become a national slogan. Thrift store owners are being called green-collar workers, and they are proud to be in an industry that is so obviously in tune with a movement to preserve our natural resources. The 're' words are everywhere you look: reuse, reduce, recycle, and words such as repurpose, refashion, and redesign are being put into practice every day by the resale industry. This is why people will donate items to your thrift store, and other people will purchase those items and use them again and again.'

All thrift stores are, by their very nature, positive environmental contributors. Selling used items diverts them from landfills, while reducing the need for the creation of new items (resulting in a lighter ecological footprint). In addition, selling items that are sourced locally reduces greenhouse gas emissions by negating the need for long-distance transport of the inventory. Promoting eco thrifting, while still marketing to budget and boutique shoppers is key.

Elements of a store that would appeal to all groups include bright and clean surroundings, aesthetically pleasing product arrangement, high quality inventory, friendly and helpful staff, spacious change rooms, convenient parking, and a good range of operating hours.

Name choice could incorporate the green angle, but should not do so at the expense of 'losing' the

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<sup>5</sup> This section copied in full (with some rewording) from Feasibility Study: Social Enterprise Thrift Store for Ishtar Transition Housing Society BC Centre for Social Enterprise Sept 2010. P.34-36

regular shoppers. For example, a name like 'Treading Lightly' or 'A Greener Choice' would have huge resonance for the green folks, but no meaning for the traditional thrift shoppers.

Activities that would appeal specifically to the environmentally conscious group include:

- preparing press releases that educate with respect to landfill diversion, reuse, upcycling<sup>20</sup>, ecological footprint and energy reduction, etc.
- hosting 'green' shopping nights, where like-minded folks can socialize, learn, and 'walk the green talk'
- tracking pounds of goods diverted from the landfill, and posting these in the shop and on the website
- resisting the tendency to use plastic bags (unless reusing), and promoting the use of cloth bags (and perhaps extending a small discount to those who do)
- linking the thrift store webpage to green websites
- creating an Eco Thrifters' Club, in which members can benefit from an online blog where they can share their own experiences and best practices
- flowing profits to green projects in the community, and spreading this news far and wide
- supporting and promoting local environmental organizations

A trend emerging in Eastern Canada is that of taking pre-loved clothing and redesigning it into a new piece of clothing<sup>22</sup>. This activity requires much more time, equipment, and expertise than creating cloth bags from donated clothing, but might be considered once the store is established, and if volunteers or trainees with suitable skills sets present themselves.

It is important to note that in the Survey sent to the Edgemont Village Business Association, responses were overwhelmingly positive and supportive, and included wise advice on marketing, branding, opening and curating collections. Mt Seymour United Church has not only offered to share its learnings with Highlands but is interested in creating a network of UC Thrift Stores to share best practices, challenges and resources.

## **MARKETING APPROACHES<sup>6</sup>**

The most common promotional efforts among the local thrift stores are:

- word of mouth: passive and relies on existing client base
- drive by traffic: can be optimized with attractive displays and signage
- promotion through Highlands programs: attracts both shoppers and donors
- web page on existing HUC website
- dedicated Thrift Store website
- printed flyers and postcards and print media
- social media blogs, posts, reels and campaigns
- instore events; grand opening, special sales

It is noteworthy that the marketing targets are two-fold: donors and shoppers. In most cases, separate marketing efforts must be undertaken, since each target seeks different information. The donor needs to know that the item is appreciated, going to a good cause, and that donation is easy. The shopper needs to be assured of value, variety, and convenience. A positive shopping experience is a plus!

For drive-by traffic, nothing is more effective than attractive frontage and professional signage. In many

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<sup>6</sup> This section copied in full (with some rewording/revisions) from Feasibility Study: Social Enterprise Thrift Store for Ishtar Transition Housing Society BC Centre for Social Enterprise Sept 2010. P.40-42

small thrift stores, the creation of the signage of the thrift stores seemed more of an afterthought, screaming 'charity!!!'. The BCCSE recommends that time and money be devoted to a tasteful yet eye-catching brand package, which would manifest consistently in storefront signage, the webpage, through social media, brochures, etc. This can be undertaken with an advertising and brand specialist.

While a webpage can technically be an extension of Highlands own website, it should be regarded as marketing a different business, as opposed to an additional program. A separate URL (website) is recommended but not essential. Whatever the decision, a professional web designer should be secured to ensure that the resulting web manifestation contains enhanced interactivity (e.g. blogs, events calendars), search engine optimization (e.g. SEO increased exposure to web crawlers, use of strongest key words), design (e.g. more sophisticated visual appeal), than traditional documents, and financial sustainability (e.g. adding a PayPal section to encourage possible charitable donations to Highlands). Through this medium, a database of followers can also be developed, representing an easy way to communicate with the most loyal shoppers and donors.

With a budget line devoted to brand development, the thrift store will have a logo and tag line that can be used on brochures, flyers, signage and electronic media that can be targeted to the store's growing email database.

In-store and offsite events will also prove a solid way to build a following, although these take more time to plan and implement. Opening the store with a strong launch event is an essential first step.

In today's on-line world, targeting customers through social media posts, reels and stories, together with email promotions, blog posts etc. should all be part of the overall marketing plan. Targeted and intentional social media campaigns can increase "likes" and "shares" thereby increasing followers and views. In addition to promoting sale events and special promotions, campaigns can highlight recycling/upcycling, thrifting, greening education and church/community programs that are benefiting from the store and highlight local partners funders, granting bodies and supporters.

For donation attraction, some thrift stores make arrangements with rental storage companies, and, in exchange for space clean up and payment of rental arrears on a specific space, can claim all contents. Many thrift stores benefit from new donations from retail stores - it is worthwhile to spend time cultivating these relationships. Some thrift stores offer to haul away larger items from households and businesses. Highlands already has in place some partnerships for donations including Urban Repurpose and Green Coast Rubbish.

There exists an American association for thrift store operators. The National Association of Resale and Thrift Shops<sup>7</sup> (aka NARTS) boasts over 1,100 members, and 'serves thrift, resale, and consignment shops of all types by providing educational and professional development for future owners and current store owners/managers. NARTS also promotes communication within the industry and builds public recognition of the industry.' Annual fees are \$120 US and membership is open to those from Canada.

In addition to marketing, building and maintaining positive relationships with surrounding businesses, particularly the Edgemont Village Business Association, will be critical. Once plans are in place for the renovation and a target date for opening is determined, an open house and launch for the village will be planned. An update (follow-up to the survey) will be sent to businesses a few months prior to opening.

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<sup>7</sup> <https://www.narts.org/i4a/pages/index.cfm?pageid=1>

## SITE CONSIDERATIONS

The Thrift Store project involves developing this retail store (classified in BC building code as Commercial Use) in the Lower Hall area of HUC (classified in BC building code as A2 Assembly Use). The costliest construction scope in developing the Thrift Store is two-fold:

1. building the rated perimeter walls for the retail area and augmenting the existing ceiling construction to create the necessary 1-hour separation between Assembly and Commercial uses
2. demolishing the existing north west wall separating the existing Outreach Room from the Lower Hall and supporting the existing structure.

Mechanically, the renovation requires adequate airflow and a mechanical unit at the entry foyer to prevent heat loss, as well as plumbing for a coffee preparation counter. The project's Electrical scope includes outlets at new walls and at the coffee counter, 2 hardwired computer connections, and LED lighting replacement of fluorescent lighting within the Thrift Store and Lower Hall.

Important Accessibility upgrades include:

1. a new accessible concrete ramp and exterior entry level landing;
2. a new exterior aluminum door and storefront and accessible door operators;
3. 2 new interior door and window assemblies with accessible operators.

We will explore ways to create a safe and accessible pedestrian access through the main parking lot. Although beyond the HUC Thrift Store's immediate scope of work now, given the proposed Thrift Store's obscured location, the Steering Committee recommends that the Building Management Team and Steering Committee engage a Landscape Architect to design a safe, pedestrian ramped route from the street through the parking lot, to the Thrift Store.

In undertaking this project, it will be necessary and important to consult and collaborate with the Building Management Team and other users of the Lower Hall on all aspects of the design, upgrades and renovation.

## LEGAL CONSIDERATIONS <sup>8</sup>

The CRA's Policy Statement CPS-019 'What is a related business?' (March 2003) details the nuances of when a social enterprise can be operated within a charity, and when another structural option (a taxable corporation) must be chosen. This document is 'must' reading for charities considering or engaged in social enterprise.

'Social enterprise' has, as yet, no legal meaning in Canada. The CRA guidance therefore refers to 'related' and 'unrelated' business. Related businesses can be operated within a charity. Unrelated business cannot. The difference between the two is a great source of misunderstanding for social enterprise operators. Most believe that they are operating a related business. Many times, they are not. The differences between the two are clarified below.

The CRA does not consider as business (i.e. social enterprise): soliciting donations, selling donated goods (without modifying them), and fees charged for charitable programs and services. These activities can

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<sup>8</sup> *Feasibility Study: Social Enterprise Thrift Store for Ishtar Transition Housing Society BC Centre for Social Enterprise Sept 2010. P.17-19. At time of writing (2023) Policy Statement CPS-019 remains as described here.*



absolutely happen within a charitable organization.

If Highlands were to start modifying its donated goods (e.g. turning scrap fabric into bags for sale, assembling gift baskets, arranging multiple dried flower donations into a bouquet for sale), then we would have to determine whether this activity is a Related or Unrelated Business.

An unrelated business is easiest to define by examining what it is not, that is, a 'related business'. The Canada Revenue Agency (CRA) defines 'related businesses' as two kinds: 1) businesses that are run substantially by volunteers<sup>8</sup>; or 2) businesses that are linked to a charity's purpose and subordinate to that purpose.

If the goods are modified, but the work is done substantially by volunteers:

If the social enterprise is 90% volunteer-run, then the venture is automatically delineated as a related business by CRA. The tests below for linkage and subordination need not be considered. This would likely be the case with Highlands.

If the goods are modified, but the work is NOT done substantially by volunteers: To expand on the second definition of related business above, 'linkage' cannot be claimed merely by the fact that the profits from a social enterprise are directed to a charity.

'Linkage' to the organization's charitable purpose means that the business must meet one of the following tests:

1. Be a usual and necessary concomitant of charitable programs (e.g. a hospital parking lot, a university bookstore, a museum gift shop);
2. Be an offshoot of a charitable program (e.g. a church that records and sells choir recordings);
3. Represent a use of excess capacity (e.g. charging for parking lot use during hours of closure, or renting out event tents when not being used by the charity); or
4. Involve the sale of items that promote the charity and its objects (e.g. calendars, T-shirts, etc.).

All of the examples given above are CRA's own examples. With respect to item #3, excess capacity, it is of interest to note that CRA's examples are of excess assets, and not staff time... so we have no clarity on what percentage of staff time would be considered an acceptable 'linked' use for social enterprise activities.

Many organizations define 'linkage' far too loosely. They assume that if the social enterprise relates to the clients that they serve in some way, then the enterprise is a related business that can therefore be operated within the charity. This is not the case - at least one of the four areas of linkage outlined above must be demonstrated in order for the charity to use the linkage argument.

'Subordination' means that the business activity must:

1. Receive a minor portion of the charity's attention and resources;
2. Be integrated into the charity's operations, rather than acting as a self-contained unit;
3. Not dwarf the charity's decision making so that charitable goals take a backseat to the enterprises;
4. not involve private benefit.

All four of these areas of subordination must apply to the social enterprise.

If the social enterprise is not substantially run by volunteers, and if linkage and subordination cannot be demonstrated, then the charity is operating what CRA calls an unrelated business.

## **Unrelated business**

In the case of 'unrelated business', the charity is advised to establish a separate legal entity (usually a taxable corporation<sup>9</sup>), which must operate at absolute arms' length from the charity.

To err on the side of caution, many 'unrelated businesses' have their own Board of Directors, and staff teams. The separate legal entity that holds the social enterprise cannot benefit in any way from the charity that owns it. Again, to err on the side of caution, some charities enact absolute separation of staff, equipment, and sundry supplies (or a clear paper trail that shows the corporation paying fair market value for use of the charity's resources, such as rent and staff).

An unrelated business cannot be run as a 'project' of the charity, but must be established as a completely separate legal entity, remitting corporate taxes on net income derived from social enterprise activity. The corporation is allowed to donate up to 75% of its net profits to the charity, and only pays income tax on the remaining net profit after the donation is made.

## **Training businesses**

Should Highlands enter the area of training, it is worth noting that 'Training businesses' are viewed by CRA as charitable activities, and are therefore considered to be legitimate operations of registered charities. In other words, projects that fall under the definitions of training businesses can operate within the auspices of the charity.

## **RISK MANAGEMENT**

In general, **there exist two discrete types of potential risk**: credibility or reputation risk, and financial risk.

### **Examples of financial risk:**

Because the launch of the store relies on a cash outlay from Highlands, donors or lenders, these dollars are at risk. Minimal assets (e.g. store equipment) will secure a portion of this investment.

Organizationally, Highlands must be stable enough to potentially 'lose' this money, in the event of store failure. On the other hand, if the investment is not made, Highlands faces a potential lost opportunity cost: a successful store represents earning power down the road, control over a funding source, optimal use of an existing donation stream, and a potential venue for supporting community members.

Note that investment in equipment depreciates dramatically upon disposal of those assets. In the event of the need to liquidate due to business failure, the market value of any equipment (e.g. computers, industrial clothing steamers, electronic cash registers) could drop to below 30% of original value. Leasing equipment lessens the need for start-up capital, but increases cash flow drain, and does mean greater total costs over time. One might lease, then move to equipment ownership as sales grow, and the business stabilizes, depending upon the specific costs of these items. These costs can be explored in the business plan.

### **Example of reputation risk**

Reputation risk in the case of a charity operating a social enterprise, could occur if the business fails for any reason. This is only a remote possibility. In research carried out by the Centre for Social Enterprise, there is anecdotal evidence of for-profit thrift and consignment stores moving away (and in rare cases, shutting down), but no examples of local thrift stores described as failing.

To mitigate liability:

- Ensure that Highlands United Church's Directors and Officers insurance covers the social enterprise;
- Obtain property / contents insurance for the store;
- Explore the need for liability insurance; and
- Obtain/ensure there is appropriate WorkSafe BC coverage.

To mitigate risk:

- Complete a business plan prior to launch;
- Widen target markets by adding the Eco Thrifter to the traditionally targeted budget shopper;
- Consider adding additional elements (training/ workshops) only after the enterprise is stable; and
- Ensure strong store management is hired, with business and volunteer/ donation coordination experience.
- Continue to establish and build strong relationships with the Edgemont Village Business Association and delegate representative to attend meetings.

### **A note on fiduciary responsibility**

Highlands Leadership Board is responsible for safeguarding the assets of the social enterprise, and directing its operations to fulfill enterprise goals (as long as the venture remains as a project of the charity). The importance of Directors understanding their responsibilities cannot be overstated. This is an area for further research and clarification.

## **GENERAL FINANCIAL MODELLING**

In the materials received from BCSSE, is a spreadsheet that will allow us to posit cash flow projections based on funding received (including loans, grants and revenue) and all expenses. This section cannot be completed until initial estimates for construction are in and Highlands has recommended sources of funds for capital costs. The spreadsheet template is included as appendix D in excel format.

### **Assumptions**

- Aggressive branding and marketing efforts are undertaken.
- Store plans are finalized utilizing existing space in Lower Hall.
- There is a dedicated budget for store design and enhancement.
- Employment of 1 Store Manager at approximately \$25.00/hr (Contract or employee TBC)
- Revenue projections will be conservative and based on thrift store interviews and Highlands experience of sales
- Highlands handles higher level bookkeeping functions on an ongoing basis, as 'project of the parent'.
- A formal employment training program is not introduced in first two years.
- No significant seasonal fluctuations exist in sales.
- Telecommunications costs are included in the 'supplies' line.

### **Estimates (to be sharpened in business plan):**

- Construction/renovation
- Brand development
- Insurance
- Store enhancements including racking, industrial clothing steamer, cash register(s) and POS units to accept plastic payment
- Signage
- Store design
- Telecommunications costs including Internet and web maintenance.
- Website development

## **ANALYSIS AND NEXT STEPS**

We gratefully acknowledge the amount of work that has been contributed pro bono (design drawings, consultations, grant writing, surveys, estimates) to move us to this stage in the Thrift Store Plan. All the work undertaken to date provides a clear indication of feasibility.

Thrift stores interviewed suggest that there exists an abundance of donations and a shopper base that only grows over time. Trends such as more intentional consumerism, going green, and shrinking disposable income will only increase demand for thrift.

Highlands can leverage its positive community reputation into a successful profit- generating venture.

Key will be the procurement of funds to renovate the Lower Hall space along with adequate resources for store design and brand development. A deliberate and professional marketing program will add to the store's success.

It is important that the project not launch without appropriate skilled human resources and that time be taken to attract good leadership with both business and volunteer management experience. Once this leadership has been attracted, the best 'training' would occur shadowing staff and volunteers for a week or so in an established thrift store.

It is recommended that other than perhaps the availability of coffee and tea, additional add-ons such as workshops or a training function be delayed until the store has launched and had time to become established.

We expect more donations and fewer volunteers than envisioned (as suggested by those stores interviewed in this study), so developing a strong volunteer recruitment and retention program will be critical.

### **Next:**

1. Confirm and finalize preliminary design drawings for Thrift Store
2. Obtain estimates for completion of work.
3. Secure financing for renovation and all capital expenditures.
4. Create projected cash flow for year 1 (and year 2)
5. Contract the development of a business plan.  
The business plan will include a more detailed marketing plan, more precise costing, and launch timelines.
6. Continue to search and apply for capital funding grants
7. Secure funding for year one operations (staff, training, administrative fees etc.)
8. Create job descriptions and terms for paid and volunteer staff
9. Create marketing plan
10. Launch store

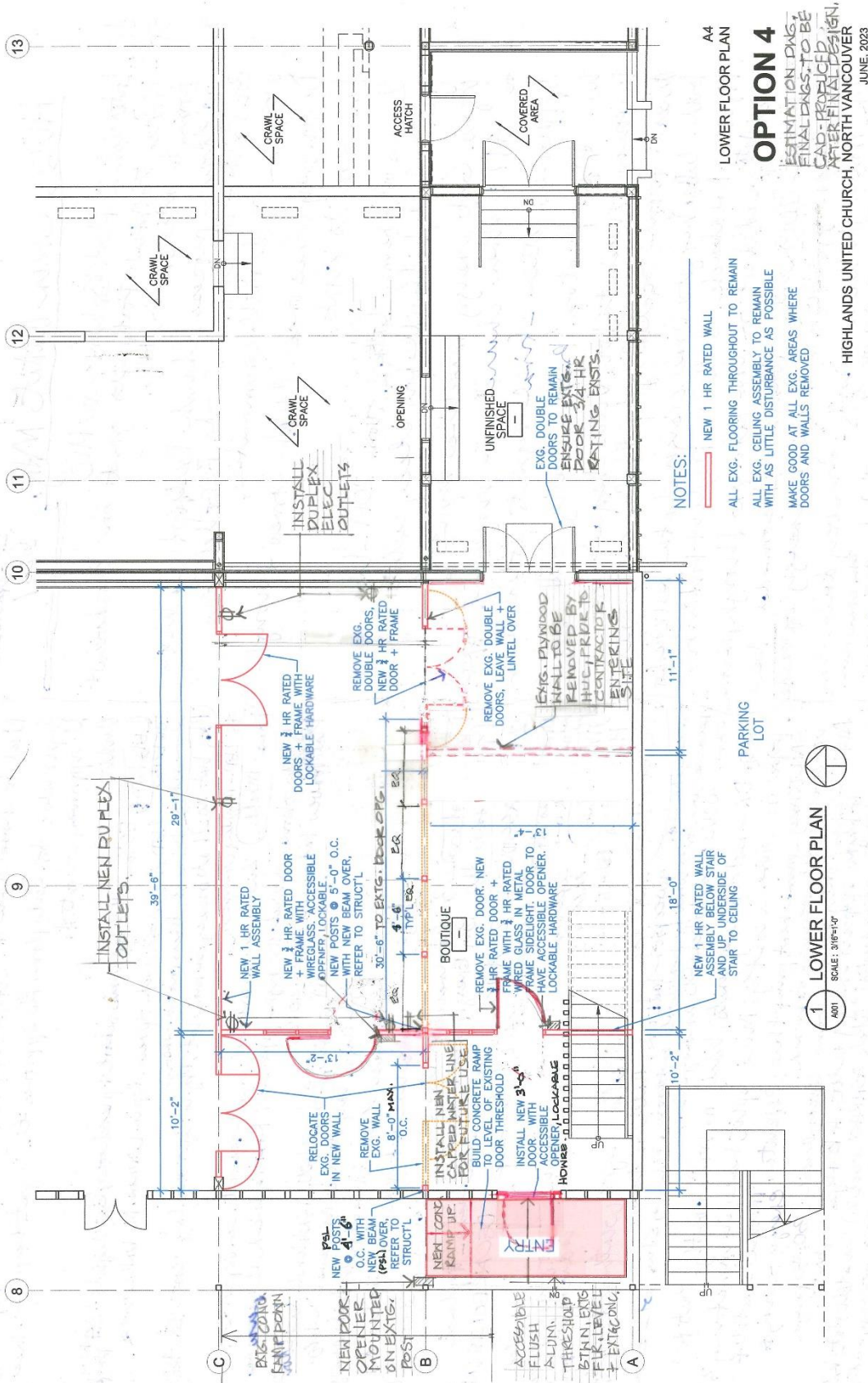
## Appendix A: Funding/Financing Opportunities

- **Canada.ca Small Business Loans:** (<https://ised-isde.canada.ca/site/canada-small-business-financing-program/en/find-loan-your-small-business/helping-small-businesses-get-loans>) Can apply through our financial institution
- **New Horizons for Seniors** <https://www.canada.ca/en/employment-social-development/services/funding/new-horizons-seniors-community-based.html> New grant cycle will open in Sept. Deadline to be confirmed. Up to 25000, must meet certain criteria.  
**Application submitted Sept /23, notification will come in February 2024.**
- **Enabling Accessibility Fund** (application period currently closed) for small projects <https://www.canada.ca/en/employment-social-development/services/funding/enabling-accessibility-fund-small-projects.html>
- **Community grants VanCity** <https://www.vancity.com/community/grants/community-partnership-program/> Closes Oct 31. Although eligible, Highlands does not fit their priority target groups.
- **VanCity Enviro Fund** (accepting applications now) <https://www.vancity.com/community/grants/envirofund-program/application/>
- **Seeds of Hope:** (no capital expenditures) applications accepted July 31 – Oct. 15. We have applied before and it is worth applying again for help with 1st year operations <https://www.unitedchurchfoundation.ca/grants/seeds-of-hope/>
- **ProVision:** 3 x year : Oct. 31, Feb 28 and May 31 Can apply for first year operating expenses but NO capital expenditures <https://form.jotform.com/222304732374248>
- **Canada Social Development:** For accessible doors/ ramps etc <https://www.canada.ca/en/employment-social-development/services/funding/enabling-accessibility-fund-small-projects.html> Not currently accepting applications but will check in September.
- **Faithful Footprints** for Greening and carbon reduction initiatives <https://www.faithfulfootprints.org/faithful-footprints-grants> Ongoing intake but requires consultation first. 20,000 for greening; additional 10,000 if carbon reduction (eg. switch gas stove to electric) **Consultation and application in progress under HUGG leadership.**

Most grants do NOT fund capital expenditures or renovations. All granting bodies expect the organization to contribute funds toward the project.

Typically if granted, most funders provide about 50% of the ask.

# Appendix B: Draft Floor Plan Design for Proposed Thrift Store



A4  
LOWER FLOOR PLAN  
**OPTION 4**  
ESTIMATION DWS  
FINAL DWS TO BE  
CAD-PRODUCED  
AFTER FINALS DESIGN

HIGHLANDS UNITED CHURCH, NORTH VANCOUVER  
JUNE, 2023

- NOTES:
- NEW 1 HR RATED WALL
  - ALL EXG. FLOORING THROUGHOUT TO REMAIN
  - ALL EXG. CEILING ASSEMBLY TO REMAIN WITH AS LITTLE DISTURBANCE AS POSSIBLE
  - MAKE GOOD AT ALL EXG. AREAS WHERE DOORS AND WALLS REMOVED

1  
4001  
SCALE: 3/16"=1'-0"  
**LOWER FLOOR PLAN**

**Appendix C: Preliminary Construction Costs**





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www.daggandco.com

**September 26, 2023**  
**Thrift Shop #4**  
**Highlands United Church**  
**3255 Edgemount Boulevard**  
**North Vancouver, B.C.**

**Catherine Alkenbrack,**

It was a pleasure to meet with you and review the renovation for the new Thrift Shop location at Highlands United Church August 22. Thank you for the updated drawings that you sent in late August.

This estimation is an updated estimation reflecting discussions in mid September and will show estimations for accessibility requirements. At this time, I don't have estimates on door and window units.

**Prep Site Work.**

- Construct protective hoarding around the site and work area with enough space for material storage.
- Block off access stairs to upper church area from thrift store construction area.
- Approval of church staff before demolition work begins.

**Demolition Work.**

- Support partition wall on both sides along 'B' line in plans then remove existing partition wall along 'B' line, approx. 40' linear feet.
- Dispose of all material.
- Door assemblies in removed wall to be saved and relocated to new partition wall assemblies.
- Clean up and remove materials at completion.

### **Partition Construction.**

- Construct new 1 hour rated partition wall along dwg 'C' line between '8' and '10' from issued drawings. Approx. 40 linear feet.
- Construct new 1 hour rated partition wall with wall opens for (2) rated door and window assemblies. Approx. 30' linear feet. (Between entry area and thrift store areas,
- New wall partitions to have 'safe and sound' batting for increased sound and fire protection.
- On line 'B', with provided Engineering spec's, provide and install new PSL beam along ceiling with PSL post supports at 4' -6" intervals. Approx. 40' linear feet.
- Posts to be bolted to floor and new ceiling beam using spec'd Simpson strong ties.
- Approval by Engineering at completion.
- Included 5/8" drywall on ceilings to upgrade fire separation between Thrift area and Church upstairs. Approx. 1200 square feet.
- All drywall work to taped, sanded and painted to complete
- Clean up and remove materials at completion.

### **Electrical and Plumbing Work.**

- Alter existing electrical work to accommodate new and removed wall partitions.
- Add new lighting and switching as required. Lighting fixtures to be determined.
- Convert existing light fixtures to LED lighting.
- Add new wall receptacles as shown in drawings.
- New exterior entry door to have exterior and interior mounted opening buttons. (See accessibility work below)
- Work to be permitted and inspected and done by Licensed Electrician.
- Provide new rough in drains and water lines for new utility type sink with cabinet. Fixtures and finish to be determined. As per plan location.
- Clean up and remove materials at completion.

### **Door and Window Work.**

- Using door assemblies from removed wall, re install (2) double doors in new partition wall along 'C' line. (See accessibility work below)
- Provide door hardware and locks as required. (See accessibility work below)
- Using Commercial Door/Window sub trade, provide and install (2) new 3/4hr rated door and window assemblies in new wall between entry and Thrift areas. (See accessibility work below)
- Provide trim and hardware as required.
- Remove existing entry door to exterior and replace with new 3' glass commercial type door with accessible opener. (See accessibility work below)
- Provide trim and hardware as required.
- Provide trim and hardware as required.
- Clean up and remove materials at completion.

### **Accessibility Work.**

- Rough up existing concrete new entry area and provide and install new sloped concrete ramp to new entry door to allow wheel chair access.
- Concrete pad to have mesh type re bar and tied into existing concrete pad as required. Follow spec's for proper slope, turning and landing requirements.
- Provide and install painted pipe rail around entry area including ramp area as per drawings. Height and size set according to accessibility guide lines.
- Provide and install over height exterior alum. door with side panels as per issued drawings with push button opener and locking hardware.
- Provide and install (2) sets of  $\frac{3}{4}$  hr rated interior alum. doors with side panels as per issued drawings with push button opener and locking hardware.
- Provide and install a pair of  $\frac{3}{4}$  hr rated solid core doors as per issued drawings with push button opener and locking hardware in Thrift shop area.
- Provide and install new push button opener and locking hardware on relocated entry area double doors, as per issued drawings.
- All new door and window assemblies to be painted as per issued spec's.
- Clean up and remove materials at completion.

Labour and Materials, \$32,000.00 + GST

### **Finishing Work.**

- Provide and install base and door/window trim as required.
- All new work to be filled, chaulked and painted as required. Colour and finish types to be determined.
- Re finish all exterior windows and doors on the inside as required.
- Construct change areas with side walls and curtain type privacy screens. Location and details to be determined.
- Flooring affected by construction work to be made good.
- Existing floors to remain, though protected through course of construction work.
- Clean up and remove materials at completion.

**Estimated Labour and Materials, \$90,000.00 + GST**

### **General Notes;**

- This is a rough outline of work discussed and could easily change as per site conditions and client needs.
- Estimated PSL post and beam work at this time. Engineering spec's to follow and could alter pricing.
- Does not include permits.
- Contractor insured for liability and Work Safe BC
- Window/door assemblies, Electrical and Plumbing work done by licensed and insured sub trades and supervised by general contractor.
- Estimated work duration, 5 weeks depending on extend of work.

**Included Cash Allowances;**

- Includes \$15,000.00 for Commercial grade door and window units
- Includes \$6,000.00 allowance for 5/8" drywall ceilings in new Thrift areas.
- Includes \$2,000.00 allowance for (2) changing booths with curtain privacy screens. Location and finish to be determined.
- Includes \$3,000.00 allowance for utility type sink with cabinet as per location on issued drawings. Fixture and finish spec's to be determined.
- Includes \$3,000.00 allowance for existing lighting upgrade to LED fixture types

**Labour Rate,**

Principal                                 \$75.00/hr.  
Labourer Rate,                         \$45.00/hr  
Purchased Materials + 25%.

Thank you, it is a pleasure to be of service.  
Yours truly,

Geoff Dagg, Principal DAGG + CO.  
GST # 897306825RT

## **HUC THRIFT STORE ESTIMATE DEVELOPMENT**

10 October 2023 - Catherine Alkenbrack

### **CALCULATING PROJECT COST**

#### **Preliminary Construction Estimate**

The routine method for calculating a commercial, institutional or residential project's full Project Cost, in order to establish a Project Budget and prior to having a full set of working drawings to tender to General Contractors, requires a Cost Consultant (CC), also called a Quantity Surveyor (QS). The CC/QS reviews any preliminary project documents that the client has, to develop a Project Budget. If there is not yet project documentation, the CC/QS develops an estimate using a construction cost unit rate, based on the built area the project requires. The unit rate per square meter or foot is derived from costs of similar building types recently completed in the area, and then adds both design and construction contingencies for unknowns. As more information becomes available on the project, these contingencies, included in the Project Budget will diminish; for Design Contingency - as all design and materials' decisions are made. The Construction Contingency will likewise diminish as the project's construction proceeds, as it is primarily for unknowns, such as asbestos removal costs or costly routes required to develop plumbing drainage or vents in an existing building. These needs may only be uncovered/clarified while the project is underway.

Dagg + Co has developed a Preliminary Estimate based on preliminary drawings.

**Preliminary Construction Cost Estimate: +-\$90,000**

#### **Preliminary Project Estimate**

The Thrift Store Project Budget contains attendant Project Costs as well Construction Costs.

- Project Contingencies (DesignContingency at 10% of estimated Construction Cost and Construction Contingency at 15% of construction cost) +-\$22,500
- Development Permit +- \$1,000
- Building Permit +- \$1,500
- Taxes +- \$5,000
- Fittings Fixtures and Equipment (FF+E) consisting of various required store fixtures +- \$10,000
- Project Consultant Fees +-\$25,000

## **Additional Project Cost Estimate +-\$65,000**

**TOTAL Preliminary Project Cost Estimate (\$90,000 + \$65,000) \$155,000.**

For smaller projects such as HUC Thrift Store, these Additional Costs often run at a much higher percentage of Construction Cost than larger projects, as there is no economy of scale for Fees and Contingencies in small projects.

### **Tools Used in This Calculation**

With no available fee for a CC/QS, at this point the HUC Thrift Store's preliminary estimate is based primarily on a General Contractor's (Dagg + Company) estimate of likely renovation costs. This estimate was developed from a preliminary drawing, including building component functions and descriptions - a hybrid of a design drawing and very preliminary working drawing - developed to give the contractor enough information to arrive at a preliminary estimate.

If a more specific (to provide and lower HUC risk) Project Estimate is required, a Cost Consultant can be commissioned; however, this will entail a fee (+-\$5,000). It will be helpful and important, at very least, to get electrical and mechanical reviews at this point - without Engineering Fees, at least we need an electrician and plumber on site to review. We have had a pro bono Structural Engineer's review (from the Engineer on the last HUC renovation) early on, knowing the likelihood of removal of a major load bearing wall. Jim Mandelli has reviewed and approved the wall removal on plan.

### **Issues Requiring Resolution**

**Change Room Configuration** - There are a few ways to configure these on the east wall; exact layout yet to be decided. A Cost Allowance for this work has been included in the Preliminary Construction Estimate.

**Future Coffee Bar Sink Installation** - The plan envisions a future coffee/lunch counter service adjacent to the entry foyer at the Thrift Store wall junction. The drawing shows a capped water rough-in on the Thrift Store wall for a future sink. The counter and sink itself will not be a major future cost, however the infrastructure for this future installation (accessing drainage and venting to re-route through the building) could be complex and very costly, so should be mechanically reviewed for that strategy now. It may be more sustainable to prepare food and coffee in the Small Kitchen and roll urns and food by cart to the future coffee/lunch counter adjacent to the Thrift Store foyer.

**Question of Project Volunteer Construction Labour** - Volunteer labour was originally projected as a partial function for Thrift Store construction. Given the need to remove a major bearing wall and separate the Commercial use from the Assembly use with a rated wall, it is necessary to hire a General Contractor (GC) to complete this work. Given job site insurance carried by the GC, the volunteer labour must be completed before the GC's forces enter the site to begin their scope of work (volunteer removal of plywood wall at Outreach Room) and after the GC's scope of work is completed (volunteer painting the Thrift Store).

Accessibility costing only



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**September 26, 2023**  
**Thrift Shop #4b**  
**Highlands United Church**  
**3255 Edgemount Boulevard**  
**North Vancouver, B.C.**

**Catherine Alkenbrack,**

This estimation is an updated estimation outlining the accessibility requirements for the Thrift Shop Renovation.

**Accessibility Work.**

- Rough up existing concrete new entry area and provide and install new sloped concrete ramp to new entry door to allow wheel chair access.
- Concrete pad to have mesh type re bar and tied into existing concrete pad as required. Follow spec's for proper slope, turning and landing requirements.
- Provide and install painted pipe rail around entry area including ramp area as per drawings. Height and size set according to accessibility guide lines.
- Provide and install over height exterior alum. door with side panels as per issued drawings with push button opener and locking hardware.
- Provide and install (2) sets of ¾ hr rated interior alum. doors with side panels as per issued drawings with push button opener and locking hardware.
- Provide and install a pair of ¾ hr rated solid core doors as per issued drawings with push button opener and locking hardware in Thrift shop area.
- Provide and install new push button opener and locking hardware on relocated entry area double doors, as per issued drawings.
- All new door and window assemblies to be painted as per issued spec's.
- Clean up and remove materials at completion.

Labour and Materials, \$32,000.00 + GST



**General Notes;**

- This is a rough outline of work discussed and could easily change as per site conditions and client needs.
- Does not include permits.
- Contractor insured for liability and Work Safe BC
- Window/door assemblies, Electrical work done by licensed and insured sub trades and supervised by general contractor.

**Labour Rate,**

Principal	\$75.00/hr.
Labourer Rate,	\$45.00/hr
Purchased Materials + 25%.	

Thank you, it is a pleasure to be of service.  
Yours truly,

Geoff Dagg, Principal DAGG + CO.  
GST # 897306825RT

## Appendix D: Cash Flow Spreadsheet - Template

	Start-Up	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
<b>CASH IN:</b>														
Sales														0
Item 2														0
Item 3														0
														0
<b>Total Cash In:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH OUT:</b>														
Advertising														0
Bank charges														0
Brand development														0
Business license														0
Owner's draw														0
Insurance														0
Office supplies														0
Rent														0
Travel														0
Small tools														0
Supplies														0
Inventory														0
Wages														0
Website														0
<b>Total Cash Out:</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening Balance		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash In	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Closing Balance</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0