

**MINUTES**  
**Swarthmore Co-op Board Meeting**  
**Monday, June 22, 2020**  
**Via Zoom Teleconference**

**In Attendance:** Donna Francher, President; Chris Galbraith, Vice President; John Moots, Treasurer; Mark Rossi, Secretary; and Greg Bockman, Stephanie Edwards, Jim Godderz, Kevin Kebea, Vibhat Nair, Ines Rodriguez, Lauren Shohet, Jennifer Smuts, Mike Litka, General Manager

*The existence of this member-owned market means that Swarthmore and its surrounding communities will be healthier and more vibrant, the local food system will thrive, and meaningful connections will be between member-owners, customers, and workers in a welcoming environment.*

**7:03 Call to Order / Agenda Review All**

**7:04 Approve Minutes of Annual Meeting**

Chris made a motion to approve the Annual Meeting minutes as written. Jenn seconded the motion and the motion passed unanimously.

**7:05 Member comments**

There were no members present. Owners are invited to attend all future Board meetings, whether in person or via Zoom. Board meetings notices will be posted to owners in “What’s Fresh”.

**7:06 General Manager Monthly Update Report Mike**

Mike’s report highlighted the continuing impact of COVID-19.

**Events/Donations/Outreach/Marketing:**

- The traditional outreach events continue to be postponed due to COVID-19 with new dates to be determined.
- The relationship with Philly Food Rescue has started up again. The organization is similar to Philabundance, but of a smaller scale that is a good fit for the Co-op.
- An owner appreciation day featuring 10%-off discounts is planned for late July (last owner appreciation day in March was cancelled due to the pandemic.)

**Facilities**

- The back door has been replaced and is now used as an emergency door only. An alarm system has been added.
- Three refrigeration motors on the compressor rack were replaced. The units dated to the 70s or 80s and were moved to the Co-op when the store was constructed. The new units are far more efficient than the ones they replaced.
- New lighting was strung in the produce/specialty area to replace the existing fixtures that are no longer made. The new lighting gives an attractive “farmer’s market” look.

- A small electrical fire occurred in an unused GFI outlet behind the kitchen line. The fire company noted that the wires in the outlet arched.
- We are looking for a new composting hauling service to replace the one we used that just went out of business.
- Floors have been stripped and waxed.
- The scale system is being updated to communicate with the point-of-sale system.

## Operations

- COVID-19 Response:
  - Over 4,100 orders have been fulfilled online.
  - \$15,000 has been placed in the “virtual tip jar” for the staff. \$11,000 was voted on by the staff to be distributed to the staff. The next disbursement will be made when the tip jar reaches \$5,000.
  - Volunteers who helped with instore shopping and delivery services have received 25% gift cards to use in July, August and September.
  - We continue to look for new volunteers in the coming months.
  - Safety measures will remain until we are advised otherwise by the CDC and/or state officials.
  - Mike is looking into adding more permanent signage for the corner door at Dartmouth Avenue (closed since COVID-19).
  - As shoppers return, communications to owners are continuing regarding what to expect in the store.
- Patti Demchuk hired as new specialty/produce manager

**Discussion:** Following Mike’s report, there were several questions/discussion from the Board:

Ines asked if Mike foresees store hours returning to normal.

Mike responded that we are looking week by week. Early and late hours are typically slowest in summer, so we are leveraging the staff accordingly. During the summer there is low basket size in the last hour we are open. We might keep the store closed a little later and close a little earlier.

John asked about the status of home deliveries.

Mike responded that we have seen the same people ordering but basket sizes are less. There is a need to continue home delivery service for this group. Delivery and pick-up orders are continuing overall at a slower pace as customers return. We start preparing around 7:30 in the morning and usually have orders filled by 10:00 to 10:15. We are now able to have everything done to open at noon on Tuesdays and Thursdays.

We are doing more sales with home delivery and pick-up than we would be if the store were open at these times. So it is better to open the store later, as we have been doing. Saturday curbside pick is bigger than Tuesday and Thursday. For example, there are 27 orders for tomorrow (Tuesday). We will probably end up with 45, but Saturdays are typically in the mid-60s. Our goal is to open by 11:00 on Saturdays. The curbside pick-up sales warrant the store being closed earlier on Saturday morning.

Greg asked if we can do both: be open and fulfill orders. Mike responded that the staff focusing on getting the orders processed for people to pick up, so it would difficult to having staff does both. All four cashiers are also filling orders

before the store opens. Hiring additional staff is difficult; we are doing the job with the staff we have and the volunteers.

Lauren noted that she sees people not sanitizing when they come in. Is that ok? Mike responded that the staff feels ok with current safety levels in the store.

The Board also acknowledged that with COVID-19 this summer will be strange since less people will be going away. This could lead to an increase in business. However, Mike noted that overall our customer count is only at 40 percent of what it was last year, including home delivery. Transactions are down from last year. We will need to know how the pandemic affects sales in the coming months.

Kevin asked about how the college is responding to the pandemic, and what this will mean for business. Mike noted that 40 students are there now with “one card”. They have not made a decision about what are they doing this fall. We don’t yet know what the mix will be of online/virtual vs. in-class courses, and so we don’t know how many students will be on campus.

Ines asked about whether we are reinstating the Sunday supper donations. Mike responded that there are nine people participating in the program and we would like to reinstate it in July.

**7:15**

**Finance Update**

**Mike**

Mike presented the summary to budget for May 2020 along with the monthly update from the monthly financial reports. Sales were up, gross profit was above budget and the net gain for the period \$15,764.

Overall sales are up and there is a net profit compared to last year.

Donna introduced John as the new Board Treasurer and Chair of the Finance Committee. The Finance Committee includes John, Donna, Kevin, Stephanie, Vibhat and Mike.

John noted that even with our concerns, we are in a good position overall and are now positioned to do more long-term capital planning and budgeting for major expenditures. The SBA PPP loan is helping us; we have a bit more capital that we can use for longer term planning.

**7:25**

**Transition of hazard pay to permanent increase**

**Donna**

Donna raised the issue of whether the hazard pay amount that was put in place during COVID-19 should be permanently increased and when. What are opinions and thoughts from the Board? This will be Mike’s choice but the entire Board should weigh in.

**Discussion:** This led to a lengthy discussion, highlights follow:

John noted that there should be a full understanding of the expected costs. Since we lost 25K last year, we have to think about whether we can increase payroll to this degree at this time.

The Board asked Mike for his perspective.

Mike noted that this is basically increasing our payroll costs by \$45,000. Is hourly pay an answer? In other industry segments there is a national push for hourly pay. Everyone agrees that the staff are “heroes”. So do we choose to take their money away from them? There are a lot of outward pressures. Our benefits are fine, but we should strongly look at keeping their pay at a good level. How do we stay competitive with other choices our employees would have? At the same time, the summer slowdown is beginning. People are starting to go out again. Sales were only \$4,500 today. We don’t know what the fall will look like.

Greg asked if we are suggesting that the hazard pay would permanently apply to everyone. It was agreed that everyone should get something.

Donna asked if we can we raise prices to help compensate?

Mike responded that he would be leery to do this since people already say the Co-op is too expensive. Other suggestions were that we could do more private label sales and lower margins to get people to buy more. Mike noted that lowering prices does not guarantee increased sales. Raising prices could anger people and we don’t want to price ourselves out of the market.

John asked if and when we should communicate that we are extending the hazard pay? Maybe we should we lock in just through 2020 rather than permanently. Can we extend the pay on a temporary basis?

Mike noted that we could consider extensions of 30, 60 or 90 days. Greg responded that many companies are extending hazard pay through 2020. At that time we can look at our financial position and have the option of a permanent increase at that time.

Stephanie noted that we can line up this decision with our budgeting for 2021 since we will have a clearer financial picture at that time.

Greg asked about overall employee satisfaction currently, and whether Mike is concerned about losing people. How critical are things in terms of losing people?

Mike responded that the current: staff is satisfied, but expressed concern about how we will attract candidates going forward.

Donna asked if we can extend the hazard pay until the end of the year and Mike offered the suggestion of 90 days, which will put it in October in the budget planning process. Other companies are starting to pull back already at the end of June. Everyone agreed that a 90-day extension would appeal to the staff.

**Next steps:** The Board approved a 90-day extension.

7:45

### **Cooperative Principle 3: Member Economic Participation.**

Donna presented the third cooperative principle:

*Members contribute equitably to, and democratically control the capital of the cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible, benefiting members in proportion to their transactions with the cooperative, and supporting other activities approved by the membership.*

**Discussion:** It was questioned about what happens if we start to run a profit. How and when do we allocate surpluses? We could consider allocating profits once we earn them.

Stephanie noted we haven't been able to do this historically. If we have a profit, in our case, we have to stabilize the store FIRST and then then give to the staff. Ines noted that it is a nice goal but lofty. Vibhat noted that we don't do much marketing, but maybe could increase our marketing efforts. Everyone agreed that these goals are aspirational and can be addressed in the future as we start to sell wine and beer.

**7:48 Board Monitoring C3: Agenda Planning and C4: Meetings**

Ines reported that the Board surveys say we are compliant with C3. It was noted that we should continue to limit the amount of time taken by Executive Limitations Monitoring reports. There were no issues otherwise. Greg made a motion to accept that the Board is in compliance, Donna seconded, and the motion passed unanimously.

Ines reported that the Board surveys say we are compliant with C4. Lauren made a motion to accept that the Board is in compliance, Donna seconded and the motion passed unanimously.

**7:50 GM Monitoring: A: Ends; B6: Staff Treatment and Compensation**

Mark made a motion to accept the General Manager is in compliance with A: Ends and B6: Staff Treatment and Compensation. Jenn seconded, and the motion passed unanimously.

**7:52 Discussion**

- **Election of Officers**

Mark reported that following the Annual Meeting on June 2 the Board voted unanimously via email to approve the appointment of the officers for the coming year:

Donna Francher – President  
Chris Galbraith – Vice President  
John Moots – Treasurer  
Mark Rossi – Secretary

- **Update – Standing Committees and Committee Members**

Donna reviewed the current slate of committees and invited participation from the new Board members:

- Policy Governance : Ines will chair. Donna, Mark, Lauren are members.
- Finance: John will chair, Donna, Stephanie, Kevin, Vibhat and Mike are members.
- Ownership/Community Engagement: Jenn will chair. Donna, Stephanie, Lauren, Mike are members
- Human Resources/Nominating Committee: Greg will chair. Donna, Mark, Chris, Mike are members.
- Additional Funding opportunities: Kevin will chair. Stephanie, Jim, Chris, Mike and Vibhat are members.

- **Future Board meetings in person or ZOOM**  
Due to COVID-19, the Board has not met in person since the February Board Meeting. Donna suggested that we consider meeting in person for the July meeting. It was agreed that we will meet on the Co-op patio on July 27, otherwise via Zoom if weather does not permit.
- **CARE PPP Loan**  
Mike reported that the Payroll Protection Plan (PPP) loan to continue to cover the Co-op's labor costs during the pandemic has been extended from eight weeks to 24 weeks. It is expected that the loan will be forgiven. We are staying in touch with PNC, which is responsible for letting us know when the loan will be due.
- **Community Engagement Committee – Upcoming Events**  
Donna and Jenn noted that we have a number of people who wish to remain involved as soon as we can start having events again. Jenn is organizing the next meeting of this committee tentatively set for Monday, June 29. Now that Pennsylvania is now in the “green” phase, we can consider reinstating large events, but they will be limited to 250 people.

**8:30 Review of Action Items**

- Updates to Committees/new members
- Community Engagement Committee meeting June 29
- Hazard pay extension

**8:35 Adjournment**

- Jenn made a motion to adjourn, seconded by Lauren, and oked by the Board.

**Next meeting: July 27, 2020**

**June 22 Meeting Documents**

Board Meeting Agenda – June 22  
 Annual Meeting Draft Minutes – June 2  
 General Manager Monthly Report – June 2020  
 B6: Staff Treatment Monitoring Report – June 2020  
 A-Ends Report – May 2020  
 2020 Budget  
 Actual vs. Budget Board Report – May 2020  
 Sales and Income Graphs – May 2020  
 Co-op Income Statement – May 2020  
 Co-op Cash Flow Statement – May 2020  
 Co-op Balance Sheet – May 2020  
 13 Month Rolling Income Statement, May 2020, parts 1 and 2  
 Co-op 2020 vs. 2019 Sales – May 2020  
 Board Process, C3 – Agenda Planning  
 Board Process, C4 – Board Meetings