

Swarthmore Co-op Board Meeting
MINUTES
Monday, August 24, 2020

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.

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

7:04 Call to Order / Agenda Review

7:05 Approve Minutes of July Board Meeting

Ines made a motion to approve the minutes of the July Board meeting as written. The motion passed unanimously.

7:06 Member comments

There were not members present. Meetings will continue to be publicized to owners. They can request to join via Zoom.

7:07 General Manager Monthly Update Report

Mike

COVID-19 Response and Board Discussion

Mike informed the Board that an employee tested positive over the past weekend. Immediate action was taken to isolate the employee at home along with a few other employees who work in the same area (produce). Nine staff members had been tested, one came back positive, but one individual did not receive results for 17 days, in addition to the 9 days from the last possible exposure to the original case. The individual had never experienced COVID-19 symptoms but agreed to self-isolate for another seven days and retest.

We are now six months into operations in the “COVID-19 world” and working in this stressful environment presents psychological challenges to the staff, as it would in any working environment. The goal of employee and customer safety remains paramount. CDC guidelines are followed to set the standard of the stores operations. If someone tests positive, the first steps is to identify anyone who may have been “close” to that person during the past 10 days and have them tested. Temperatures are tested daily in order to identify possible cases immediately.

Mike’s summary led to questions and discussion from the Board. John asked if we should be communicating individual cases to the public. Mike responded that it can be challenging because of the time it takes for tests to be taken and for results to come back. Mike noted that overall feedback to the efforts to address and respond to COVID-19 has been had mostly positive. We’ve notified

the public regularly of the steps that we are taking, and keeping everyone aware that staff and public safety is our primary goal.

Greg asked how staff is notified when cases occur.

Mike responded that we follow CDC guidelines and notify small groups “closest” to that person who may be at risk: the guideline is a minimum of six feet for 15 minutes without masks. Our operating standard is that everyone is wearing masks all the time, and contact between staff members is limited to a few minutes. There are group conversations and then individual meetings for staff who may have specific concerns. For example, we have someone whose grandparent is compromised. Privacy issues are paramount; the store is small and the staff members know each other. Kevin asked if action is not being taken with others until we receive results that a person tested positive. Mike replied that it is a delicate balance if we start isolating others too quickly. People become upset if they need to take time to be isolated from work, especially if it could start to cut into their vacation time.

Donna asked if there is anything the Board can do to help. Mike replied that the entire issue is sensitive as everyone is growing weary of the restrictions COVID-19 is placing on everyone. It’s getting harder to guide folks and encourage compliance as survival rates are increasing. We are working based on the science and following the CDC guidelines in this continuing fluid environment.

Events/Donations/Outreach/Marketing:

The Co-op has placed an ad in the SRS Student Directory.

The changes at Swarthmore College due to COVID-19 will impact our business. There is no “One Card” program this fall and students are not permitted to come into the Town Center. Only 700 students are on campus this fall. Conversations are ongoing with Swarthmore Town Center about ways that businesses can be supported at this time.

Facilities

The sound system, which is at least 17 years old, is completely shot and will need to be replaced.

The scale system is being upgraded to communicate with point of sale (POS) system.

Additional repairs have been made in the motor room for the refrigeration units on the roof.

Liquor License Application:

Mike reported that the liquor license application is now being reviewed by the Pennsylvania Liquor Control Board (PLCB).

The deadline for receipt of registered complaints to the “orange sign” posted on the window expired on August 20. It will stay posted another five days and any registered complaints have to be postmarked within the five-day period. There have been no registered complaints to date.

We should be hearing a response from the PLCB in 30 to 60 days from our mailing of the application, following a careful audit and review process within the PLCB. The Board meets twice a month. Part of the review process will be with the inspector's visit to the store along with individual interviews of all Co-op Board members. The PLCB requires organizations holding a liquor license to pay a fee every time there is a change in the Board membership. Because we have a volunteer Board in which members are leaving and joining annually, we have asked for an exemption of this charge.

Regarding changes to the store, PLCB will require that a solid partition is added between beer/wine and grocery items.

Following approval to our application there will be a six to eight-week period for receipt and install of refrigeration equipment; it is possible that we will be selling beer and wine by mid- to late October.

Another area of review is how the patio area could be utilized for sales of wine and beer. This patio area is owned by Swarthmore Borough, NOT the Co-op. There would need to be a separate application to charge for beer and wine sales on the patio. This restriction is similar to the provisions being made to sell beer and wine in the public sidewalk space where the "Parklets" are now located on Park Avenue. For now, the sales will be in the store only and discussions can commence in the future for how to deal with the exterior space.

Action: Donna and Mike will discuss with Swarthmore Borough and the Board can address future use of the patio space.

Hazard Pay Grant Update: The application for this grant was filled out on 7/20 and we did not receive it. Only two organizations received the grant.

7:30 p.m. **Finance Summary - July**

Highlights:

- July sales were up 15%
- Cost of goods were 1.55% under budget
- Gross profit was over budget by \$22,372. This includes the refund of \$3,000 to vendors for the cancelled truck-a-thon.
- Net loss for the period was \$34,837, \$3041 better than projected budget loss.

7:35 **Finance Committee Report**

John

John reported that the Finance Committee has been evaluating capital expenditures that will support the sale of beer and wine in the store, including shelving and refrigeration units. John believes we have a good "working capital" position to afford what is in the expenditure list that Mike will be sharing at tonight's meeting.

It will also be important to be in a good place for repayment of the loans received for the cost of the liquor license.

John noted that the focus of the Finance Committee and the entire Board will be to understand our expenses over the next five years. Our discussions will increasing focus on how to best use our capital for the long term.

One particular area of focus is the balloon mortgage payment that will come due in 2024. The committee is exploring options for refinancing our mortgage with PNC Bank. This will be addressed in the future.

We are also seeking loan forgiveness for the PPP pandemic loan we received. If that loan is forgiven it will inform potential strategies for the refinancing of mortgage.

7:47

Co-op Principle 5: Autonomy and Independence

Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public particularly young people and opinion leaders about the nature and benefits of cooperation.

Donna presented the fifth cooperative principle and noted that overall we are doing a good job. However, is there more we can be doing? What are the things that we would do to enhance education? Ines responded that there is always more we can do in the areas of education and training. Perhaps we can expand the use of Zoom for training sessions. This is an easy way to increase attendance and participation.

Ideas and Action Items: Ines noted that there is a presentation that teaches people about coops and ours in particular. She will send it to Jenn to determine if we can adapt and offer it. Jenn asked if we have ever done anything at the high school level. Steph noted that we used to do a program at the elementary level. Jenn will check with teachers and see if they want to do something by Zoom.

Another item suggested was to enhance engagement: maybe a cooking class that Chris (our resident chef!) could lead online. People could cook along!

Chris noted that from his perspective we could coordinate with Mike to bring a cooking event into the store. Mike noted that careful coordination is key and noted it is doable with time and resources to organize it.

Donna asked if we are doing enough to specifically better educate the staff. It was agreed that staff could take part in society meetings (CCMA and PACA) or via Zoom.

8:00

Board Monitoring, C7: Committee Principles

Ines presented the Board survey results that the board is compliant with committee principles with one exception: the Alcohol Committee does not currently have a charter. There was discussion of whether this is an “ad hoc committee”, which does not need a charter or if this is a standing committee, which does need a charter. John suggested and Board agreed that the work of the Alcohol Committee is part of our long-term operational strategy and should

be a standing committee. At the same time, we would not want this committee to conflict with Mike's operational responsibility for beer and wine sales.

Action: Donna called for a motion for Kevin to write up charter that reflects the mission of the committee and supports the operations of the store.

Mark made a motion that an Alcohol Committee charter be drafted and the motion passed unanimously.

8:05 GM monitoring: B3: Asset Protection

Lauren made a motion that the General Manager is in compliance with B3. The motion passed unanimously.

GM Monitoring: B10 Conflict of Interest

John made a motion that the General Manager is in compliance B10. The motion passed unanimously.

8:07 Beer and Wine Sales

Mike

Mike presented the proposal of the Finance Committee for the necessary investment to support the sale of beer and wine.

The proposal called for an upfront investment of \$271,888 to cover the following:

- License cost (already paid, \$131,766)
- ID Scanners
- Shelving and refrigeration equipment
- Wine sales "add on"
- Permit for Sunday Sales
- Required RAMP training
- Additional liability insurance
- Initial Inventory (\$30,000 for wine, \$30,000 for beer)
- Buyer and one part-time staff member

Mike noted that the Alcohol Committee and he would review specific products to offer. We would open with about \$30,000 invested in product and then add others.

Action: Donna made motion to approve the budget as present and for Mike to move forward accordingly. The motion passed unanimously.

Status of Hearing:

Donna reported that the Delaware County Court system has delayed the hearing of the three parties opposed to the sale of wine and beer at the Co-op due to the Biddle Tract deed restriction. The earliest the hearing will take place is November.

Kevin reported that a survey has been sent to 100 people on the "Swarthmore 21" list about what items should be carried in the store. 56 people responded. The Alcohol Committee will review and determine whether to seek input from

others with a broader survey from Swarthmore 21 or a general community survey. We would like to hear from the opinions of Co-op owners as well; this survey would go to the Co-op owner list.

8:15 Discussion

- **Closing on Labor Day**

Mike requested that the Co-op close on the Labor Day holiday as it did for the Memorial Day and July 4th holidays.

The Board approved this request unanimously.

- **Committee updates: Discussion of upcoming events and planning**

Jenn reported that the Engagement committee will meet tomorrow to discuss ideas for increasing engagement in light of pandemic restrictions.

8:55 Review of Action Items

- Jenn and Chris will discuss the idea of an in-store Zoom cooking session.
- Kevin will draft a charter for the Alcohol Committee as a standing committee.
- Donna and Mike will apprise the Board of the PLCB decision of our application to sell wine and beer; if approved Mike will immediately begin preparation for sales to begin in six to eight weeks.

8:20 Adjournment

Next meeting: September 28, 2020

August 24 Meeting Documents

Board Meeting Agenda: August 24
DRAFT Board Meeting Minutes – July 27, 2020
C7: Board Committee Principles
General Manager Monthly Report – July 2020
Beer and Wine start up “punch list”
B3 – Asset Protection Monitoring Report
B10 – Conflict of Interest Monitoring Report
Actual vs. Budget Report – July 2020
Sales and Income Graphs – July 2020
Co-op Income Statement – July 2020
Co-op Cash Flow Statement – July 2020
Co-op Balance Sheet – July 2020
Co-op 13 month rolling income statement, parts 1 and 2
Co-op 2020 vs. 2019 sales

