

Swarthmore Co-op Board Meeting

MINUTES

Monday, October 26, 2020

Via Zoom Teleconference

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

7:03 Call to Order / Agenda Review

7:05 Approve Minutes of September Board Meeting

Ines made a motion to approve the minutes of the September Board meeting as written. Chris seconded, and the motion passed unanimously.

7:10 Member comments

There were no members present. Meetings will continue to be publicized to owners. They can request to join via Zoom.

Discussion: Donna shared that a request has been received from David Dee, and owner and volunteer with the Co-op's online orders/home deliveries. David asked if there was a way that we could reward the Co-op staff at Thanksgiving to acknowledge their hard work and dedication throughout COVID-19. There is currently a "Tip Jar" in the store. Donna suggested that we could maybe use the tip jar for something special and asked the Board for ideas and suggestions. Lauren asked if there is anything on site in the break room that they don't have currently. Mike noted that they have a refrigerator in the break room. There is no radio or TV since they all use their i-phones. Jenn suggested that subscription to a meditation channel or Spotify might interest them. Greg asked if providing them with additional time off might be possible. Chris suggested that perks appeal to employees of restaurants. Should we tie a gift to the business? Give them a pie or turkey? Maybe a Co-op gift card? Should we give them a lunch to recognize their contributions? Mike noted that the virtual tip jar brings in about \$100 per week, so asking people for money here may be too much. Is there a way for owners to do anything? Lauren asked if people would just rather receive a

cash award from the tip jar. The Board discussed that the input of Mike's management team could provide some guidance before we go back to David.

Action: Mike will discuss the various ideas with his team and relay input to Donna so we can respond back to David.

7:15

General Manager Monthly Update Report

Mike

Beer and Wine Sales

Mike and Donna updated the Board on the pre-trial hearing that took place between Fintan McHugh, our attorney, and the parties that were opposed to the Co-op's desire to seek relief from the Biddle Tract restrictions. Both parties presented their case and the judge used this pre-trial session to determine if this case could be settled without going to court. The opposing parties agreed to provide written agreement to the Stipulation of Facts that Fintan will present to the judge to support the Co-op's request to quiet the title restriction of the sale of alcohol. This, along with the final walk through by the PLCB, are the final steps in the preparation to sell beer and wine.

Thanksgiving Sales

Mike reported to the Board that COVID will have an effect on our traditional Thanksgiving business. Arrangements are being put in place for online ordering of Thanksgiving dinners. We will need volunteers to support pick-ups of orders. Social distancing is a concern with the logistics for picking up orders from tents outside. There is also concern about crowd control in the store on Tuesday and Wednesday. We will need volunteers at the door to control numbers of shoppers entering.

Mike is working on communication for that and for communicating beer/wine.

As in previous years, a small team of volunteers is needed to travel to the turkey farm on November 21. Jenn offered to help.

Health Insurance Premiums

Mike noted that there will be a 10 to 12 percent increase in health insurance premiums in 2021. We will continue with Independence Blue Cross since their plans were favorable to those of other health care insurance companies.

Financial Highlights

Mike reviewed the September financials, noting that sales, cost of goods, gross profit, wages, and taxes and benefits were under budget. The net gain for the period was \$10,840.

Sales for the year-to-date are up \$466,725 and net profit year-to-date is \$53,931.

Greg asked about the lower sales numbers in September. Mike responded that as the COVID spike is diminishing people are going back to their old habits. He noted that some weeks are up, while others are down. What is consistent is that basket size is dropping. The customer counts are holding but “average shops” are going down.

Greg asked if we’ve considered expanding hours to help counter this. Mike responded that we are now open until 8 p.m. at night. Mornings have always been very quiet, so we are staying with later morning openings on Tuesday, Thursday and Saturday and continuing to support the online order fulfillment and delivery on those days. Online delivery continues to be higher than it was pre-COVID. We also use these mornings to do sanitizing and deep cleaning in the store. On Sunday, Monday and Friday the store opens early.

7:30

Finance Committee Update

John

John updated the Board on the meeting of the Finance Committee last week. An agenda item at the meeting was the preparation and timing for beer and wine sales. Now that we know things will be moving forward, we can complete purchases, fulfill inventory and prepare to support Mike in the launch of beer and wine sales. Knowing that we will have wine and beer sales will help us with our financial planning

John also reported that PPP loan forgiveness through PNC Bank will take longer than originally expected. Applications will go out to us by end of October or early November. It will take a number of months to hear anything after we submit the application. However, PNC Bank should have everything by the time we do the 2020 financial audit.

The Finance Committee is also beginning to explore with Bob Long of PNC Bank the various options for our mortgage, including refinancing and obtaining a line of credit to tap into as we would need to for capital expenditures and repairs. The line of credit option may be the best one for us to look at since mortgage rates are so low right now.

7:45

Co-op Principle #7: Concern for the Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Donna presented the seventh Cooperative Principle and asked the Board for thoughts on what this means for us? How would we define concern for community? Ines replied that this principle should focus on social issues in the geographic area a coop serves, such as social justice and demographic diversity. It depends on the particular community. For example, we have the Sunday suppers. Does that work for us? Can we be doing more? Are we doing enough to educate our employees? Our ends statement say we are a community hub....welcoming to all...It can take on many different looks.

Donna asked if there something more we should take on. Should we form a new committee?

John asked if we feel like our approach, “fresh, friendly, local”, supports this principle. We do support local sources. Vibhat asked if we are responding to environmental needs and concerns. Donna noted that we do focus on sustainability but asked if there is anything more that we can do? Should our owners take on something bigger for the community?

It was suggested that we can we collaborate with the borough Environmental Advisory Council (EAC) or the “A Few Steps” organization. Maybe can we reengage with these initiatives. Jenn offered to explore this possibility with the EAC.

Ines brought up whether we can do something with composting? Can we promote sustainability across Swarthmore? Mike mentioned our new composting partner: “Back to Earth”, and noted that we have Best Practices for composting already. Mike noted that if we were to advance composting that space for storage would be the issue.

Vibhat asked about solar panels as another item to embrace. Mike said the roof is not load bearing for solar panels, so it is a wish list item for a future attention, and perhaps a grant.

8:00

Board Monitoring: D1, Unity of Control

Ines presented the board survey results that the Board is in compliance. There is a high level of participation between the Board and the General Manager and the Board deals with the General Manager appropriately.

Mark made a motion that the Board is in compliance with D1. The motion passed unanimously.

8:05 GM monitoring: Business Planning and Financial Budgeting, B2

Lauren made a motion that the General Manager is in compliance with B2. The motion passed unanimously.

8:06 Co-op 2021 Operational Plan and Budget

In keeping with the schedule for the annual Co-op Budget to be presented at the October Board Meeting each year, Mike prepared and posted the full budget along with a budget summary document for 2021.

John and Mike presented the Budget Summary to the Board.

Mike noted that the budget was benchmarked against 2019, and would assume a three percent sales decline without the sale of beer and wine. Mike and Finance Committee have taken the point of view to be realistic rather than optimistic without the sale of alcohol.

The one question mark that will need to be monitored will be hazard pay. We don't know how long we will need to be paying hazard pay as we move forward, and we don't know how much that will be.

The introduction of alcohol sales is assumed to be about eight percent of sales in 2021. Mike noted that the PCLB will require a \$750 renewal of the license this fall for calendar 2021 (due end of November 2021), and will earn two percent of gross wine sales.

Kevin noted that the addition of wine and beer sales should be monitored to see how it affects our overall sales in the fourth quarter and may help to predict what happens in 2021.

Vibhat asked about what about overall capital that may be needed for unforeseen expenses. Do we know what needs to be done first so we can prepare? Should we be setting money aside from sales of beer and wine?

John noted that if the PPP loan is forgiven, we would have some money toward capital improvements.

John summarized the order of priority for the 2021 Budget:

- Employee compensation
- Repay member loans
- Capital investments

We will see how beer and wine is contributing to meeting these priorities.

Related to other expenses, Mike noted that have already paid for the new security system in 2020 and the new insurance costs and increases are reflected here.

Donna asked for any additional concerns and comments, and the Board decided that we should proceed with approving the budget.

John made motion to accept the 2021 budget and the motion passed unanimously.

8:20 Discussion

- **Engagement Committee:** Jenn reported that the committee met to brainstorm ideas while we cannot do big in-person events due to COVID. Use of social media was proposed, e.g. an “Instagram takeover” to involve owners and create interest from the owner perspective: “What’s in my grocery basket? What did I cook that I bought at the Co-op?” We want to do more direct owner communication and invite their participation in communication to owners.

8:40 Review of Action Items

8:45 Adjourn

Jenn made a motion to adjourn the meeting. The motion passed unanimously.

Next Board meeting: November 23, 2020

October 26 Meeting Documents:

Board Meeting Agenda: October 26
DRAFT Board Meeting Minutes – September 28, 2020
B2, Business Planning Monitoring
D1, Board Management Relationship, Unity of Control
General Manager Monthly Report, October 2020
Beer and Wine “Punch List”
2021 Budget
Actual Vs. Budget Board Report, September 2020
Sales and Income Graph, September 2020
Co-op Income Statement, September 2020
Co-op Cash Flow Statement, September 2020
Co-op Balance Sheet, September 2020
Co-op 13-month rolling income statements, parts 1 and 2
Coop 2020 vs. 2019 sales, September 2020