

## **Minutes**

### **Swarthmore Co-op Board Meeting**

**February 27, 2023**

**Swarthmore Borough Hall – Community Room**

***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 forged between member-owners, customers, and workers in a welcoming environment.***

**In Attendance:** Greg Bockman, President; Stephanie Edwards, Vice President; John Moots, Treasurer; Mark Rossi, Secretary; Donna Francher, Kevin Kebea, Vibhat Nair, Lauren Shohet, Keith West; Kira Montagno, General Manager

**Absent:** Ines Rodriguez

**Guest:** Joshua Graff, Treasurer, Kensington Community Food Co-op

#### **Call to Order / Agenda Review**

Greg called the meeting to order at 7:32 p.m.

#### **Review/Approve January 23, 2023 Meeting Minutes**

The Board reviewed the minutes from the January 23, 2023 meeting. Donna made a motion to approve the minutes as written, Vibhat seconded the motion and the motion passed unanimously.

#### **Member/Owner comments:**

There were no member/owners present, and no comments shared by member/owners with the Board.

#### **Community Visitor: Joshua Graff, Treasurer, Kensington Community Food Co-op**

The Board welcomed Joshua Graff, who shared the recent experiences of the Kensington Community Food Co-op. Joshua also asked the Co-op about our recent experiences with adding beer and wine sales to the business. Joshua and the Board will continue to stay in touch in the future and share insights and strategies.

#### **General Manager Monthly Update Report**

Kira presented the General Manager and Team Reports for discussion.

#### **Facilities Update:**

Kira noted that the heating system failure is still an open issue. We are awaiting parts on the rebuilding of the back unit. The Board will also be discussing the cost of the entire heating system replacement at tonight's meeting.

One of the heater repairs was recently completed by Remco to hold us over.

**Personnel/Staffing:**

We've had several voluntary terminations of key staff members but fortunately we have a number of new hires jumping in. We also have promoted Carl and Spratty to MOD positions. Vlad has been promoted to Produce Coordinator and is working with our new onsite consultant, Ed Farace.

**Financial Results:**

The following is Kira's summary of financial results for January:

	Actual	LY	Difference in \$	Perchange change compared to 2022
<b>Sales</b>	\$418,199.17	\$480,124.24	\$61,925.07	13%
<b>Total Cost of Goods</b>	\$276,864.97	\$298,297.79	\$21,432.82	7%
<b>Discounts</b>	\$3,118.25	\$3,389.08	\$270.83	8%
<b>Gross Profit</b>	\$138,215.95	178,437.37	\$40,221.42	23%
<b>Other Revenue</b>	\$198.53	\$319.46	\$120.93	38%
	\$138,414.48	\$178,756.83	\$40,342.35	23%
<b>Wages</b>	\$65,510.30	\$54,644.83	-\$10,865.47	-20%
<b>Wage taxes and Benefits</b>	\$20,149.96	\$15,871.11	-\$4,278.85	-27%
<b>Store Supplies</b>	\$7,941.85	\$10,611.61	\$2,669.76	25%
<b>Marketing</b>	\$2,583.39	\$2,835.22	\$251.83	9%
<b>Occupancy</b>	\$21,139.62	\$17,285.89	-\$3,853.73	-22%
<b>Administrative</b>	\$28,680.93	27,412.15	-\$1,268.78	-5%
<b>Profit or Loss</b>	(\$27,891.57)	\$50,096.02	\$77,987.59	156%

**Summary:** We issued \$20k in bonuses to the staff in January which is reflected in the loss of \$27k from the bottom line. (This is similar to Feb 2022, \$19k of bonuses were issued to the staff and there was a loss of \$23k for that month as well.) The month of January was particularly slow month for the Co-op. The Swarthmore students were on winter break, and we are realizing how much they contribute the overall sales for the store. We are still seeing diminishing sales in the Meat and Produce Departments.

Comparing Wages for Jan '23 vs. Jan '22, we are up \$10k this month; however, last year we had several confirmed Covid cases the store and we had reduced store hours to 10:30-6:30 pm every day from Jan 7-22. Full time staff members were prioritized over part-timers, which caused a significant reduction in wages and labor hours.

We ended the month with a cash position of \$643k.

### **Board Discussion:**

Board members expressed some concern with the loss of \$27,891.57 compared with the profit in January 2022. However, it is understood that staff bonuses paid in January affected our results compared with January 2022 (2022 staff bonuses were not paid until February.) Produce results in January were also disappointing. These results support the steps that we are now beginning to take with Ed Farace working with the team to improve the Produce section.

Kira also noted that overall February is off to a very good start compared with January, with strong sales around the Super Bowl, Valentine's Day and Presidents Day.

The Board also asked what the pay is for the four new employees. Kira replied that they are all at \$13 per hour and reiterated that \$14 would be more competitive for us in the future.

The Board also asked Kira if the monthly reports can break out sales results by department/section of the business, as well as the total. In this manner we can readily see which areas are impacting overall sales both positively and negatively.

**Action:** Kira will build the financial results by department into future monthly Board reports.

John asked if beer sales are decreasing more than wine sales. Kira answered yes, and said the team is looking at ways to continuously improve our offerings based which beers are attracting customers and driving sales.

### **Finance Committee Report**

John noted that the Finance Committee did not have a meeting in January but will be meeting in March to prepare the budget for the Board's review at the March Board Meeting.

**Heating Unit Replacement/Repair:** Kira noted that we unable to get a second quote for the heater replacement. Everyone agreed that Remco is our best choice to do the complete

job since they are very familiar with our equipment and our needs in the store. We will need to allocate \$65,000 to \$70,000 for this expense. The new installation cannot take place immediately due to materials delays, so it is important that we arrange to approve this expense as soon as possible.

Stephanie suggested we take this expense out of our capital plan. It was also suggested that we have a maintenance budget to fund future large expenses when they occur. Kevin asked if the blower system is the same as the AC system. Kira replied that it is separate, and this expenditure applies to the heating system only.

**Action:** Greg made a motion for the Board to approve the allocation of \$65,000 to \$70,000 to replace the heating system, noting that this is *not* just a repair. Lauren seconded the motion, and the motioned passed unanimously.

John and Stephanie also noted that we can use the depreciation line item for this expenditure and the freezer replacement project. John will check with our accountant, Karen Hamilton, on how this should be handled.

### **Strategic Plan Ad-Hoc Committee**

Vibhat reported that the ad hoc committee (Vibhat, Kira, Greg, Kevin, Keith, Donna, John) Has been meeting and is making the recommendations from the January meeting more specific and adding numbers so we can prioritize decisions. The committee expects to have numbers in the next two weeks or so, and Vibhat will share this with the entire Board.

Lauren asked if the ad-hoc committee and the entire Board can address sustainability as things like the heater and freezer fail. Donna suggested that we can implement a capital improvement plan that allows to us to consider sustainable replacements.

### **GM Monitoring:**

Kira provided the following policy statements for the Board to confirm if she is currently compliant:

#### **B5: Member and Customer Relations**

#### **B11: Succession**

**Discussion:** Regarding B11, Item 1, Greg asked if it is correct to have two co-managers (Shaina and Dave) in the back-up GM role if Kira has a planned or emergency absence. Kira replied that both of them are confident to make decisions if they were needed to do so. Kira noted that she giving them guidance and entrusting them to make decisions. Keith asked if we can depend on these two individual being there in the future if Kira were to step down. It was agreed that having two back-ups makes sense. Stephanie asked if we should be cross-training them now. The Board encouraged Kira to think through this carefully and noted it will be important to strengthen the roles of the co-managers.

**Action:** John made a motion to confirm that the GM is compliant with B5 and B11, Keith seconded the motion and motion passed unanimously.

## **Board Monitoring:**

### **C1: Governing Style**

Although Ines was away this month and could not survey the Board in advance of tonight's meeting, Greg shared C1, Governing Style, and asked the Board for its opinion on whether the Board is compliant.

**Action:** Lauren made a motion that the Board is compliant with C1, Kevin seconded the motion and the motion passed unanimously.

## **Old Business**

### **Solar Canopy**

The Board agreed that the Solar Canopy proposal presented to the Board at the January Board meeting is not feasible and the Co-op is not interested in participating at this time.

**Action:** Greg will notify the team that presented the proposal in January.

### **Mural Arts Project**

Greg reported that the Mural Arts Project, which was due to debut with the mural painting on the side of Ship Bottom Blendery and Barrel House, will not be proceeding as planned. As a result, the mural arts organizers are inviting the Co-op to step forward and be the first location for a mural. (We were originally slated to be invited to participate with the second mural in late Summer 2023.)

The Board discussed that we need more information to understand the issues. We also would like to receive a specific proposal for the Co-op's support of this project, including the specifics of how we would work with the designated artist.

**Action:** Greg will invite Sharon Mester of the Mural Arts Project team to our March Board Meeting, and to provide us with the RFP for the project.

## **New Business**

### **STC Sponsorship Opportunities**

Kira shared a list of sponsorship opportunities for events being planned by Swarthmore Town Center. The three main events are: Food Truck-A-Thons, Nights in the Ville, and Home for the Holidays. The Board agreed we should sponsor all of the events. We will need further discussion on specifics of how we would use the patio space for these events, since we do not own the patio.

**Action:** Kira will tell Swarthmore Town Center we are on board sponsoring all three events, and will begin to explore how the Co-op can maximize its presence and visibility during each of these events.

### **Annual Meeting**

The Board discussed arrangements to confirm the annual meeting in April. It was agreed that the Park Ave. Community Center would be the preferred location, based on the success of the 2022 meeting. The preferred dates for this year are April 27 (first choice) or April 20.

**Action:** Mark will contact PACC to reserve the space and confirm logistics and arrangements.

### **Adjournment**

Lauren made motion to adjourn the meeting, Keith seconded the motion and the motion passed unanimously. The meeting was adjourned at 9:20 p.m.

**Next meeting: March 27, 2023**

### **February 27 Meeting Documents**

February 27 Meeting Agenda  
Draft Minutes – January 23 Meeting  
General Manager Report – February  
B11 – Succession, February 2023  
B5 – Member and Customer Relations, February 2023  
C1 – Governing Style  
Profit and Loss, January 28, 2023  
Balance Sheet, January 28, 2023  
Statement of Cash Flows, January 28, 2023  
Side-by-Side, Part and Part 2, January 28, 2023  
Co-op Strategic Plan Proposal, January 23, 2023  
2023 STC Sponsorship Opportunities  
RFQ for Mural Artists, September 7, 2022