

## Minutes

### Swarthmore Co-op Board Meeting

March 27, 2023

#### Swarthmore Borough Hall – Children’s Activity 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; John Moots, Treasurer; Mark Rossi, Secretary; Donna Francher, Kevin Kebea, Vibhat Nair, Ines Rodriguez, Lauren Shohet, Keith West; Kira Montagno, General Manager

**Absent:** Stephanie Edwards, Vice President

**Guest:** Sharon Mester, President, Swarthmore Town Center, Inc.

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

Greg called the meeting to order at 7:34 p.m.

#### **Review/Approve February 2023 meeting minutes**

The Board reviewed the minutes from the February 27 Board Meeting. Donna made a motion to approve the minutes as written. Vibhat seconded the motion and the motion passed unanimously.

**Member comments:** Member comments are included in Kira’s report.

#### **Community Presentation: Sharon Mester, Mural Arts Project**

Sharon Mester President of Swarthmore Town Center (STC), joined this meeting to present to the Board and update on STC’s Mural Arts Program. The initial mural project proposed for the wall adjacent to Ship Bottom on Park Ave. did not come to fruition. Sharon has invited the Co-op to be the first participant in the mural program. The mural would be painted on the side wall of Lincoln Way, near to Myers Ave.

Sharon shared the plan outlining proposed responsibilities of STC and the Co-op in working together. She indicated that the Co-op can have two representatives participating in the mural selection committee. This would assure that the Co-op would have active involvement in the selection of the artist to produce the mural, as well as the mural design. She also presented a timeline of key activities toward production of the mural, which would be in place in spring 2024.

**Discussion:** The Board asked several questions of Sharon regarding the process. The Board agreed that the process looks good with the involvement of the Co-op along the way. The timeline for creation of the mural was also favorably received.

**Action:** Keith made a motion for the Board to approve the mural project to move forward, Donna seconded the motion and the motion passed unanimously.

**Next steps:** The Agreement for the Co-op to work with STC will be spelled out in writing. Greg will contact Sharon to formalize the process. Keith will serve as Board Liaison for the project. It was suggested the committee participants are Co-op employees rather than Board members. Kira will investigate and suggest two Co-op employees who will serve on the mural committee.

**General Manager Monthly Update Report**

Kira presented the General Manager and Team Reports for discussion.

**Facilities:**

Remco has completed the installation of the heating unit. The project for installation of the new heating system is continuing.

**Personnel:**

There were two voluntary terminations: Ethan, Administration/Marketing and Tamika, Meat/Seafood. We are adjusting to the loss of Tamika by reworking staffing.

Breah is out new part-time employee in the Deli.

**Financial Results:**

The following is Kira’s summary of financial results for February:

Feb 2023	Numbers	Budget	Actual	LY 2022	Difference in \$ compared to 2022	% Change compared 2022
Sales		\$ 459,245.24	\$471,927.52	\$461,416.23	(\$10,511.29)	-2%
Total Cost of Goods		\$ 306,238.91	\$316,856.12	\$307,710.47	(\$9,145.65)	-3%
Gross Profit		\$ 149,420.33	\$151,843.88	\$150,120.23	(\$1,723.65)	-1%
Total Income		\$ 149,773.00	\$151,868.54	\$150,473.34	(\$1,395.20)	-1%

<b>Wages</b>	\$ 83,137.95	\$61,689.74	\$72,758.62	\$11,068.88	15%
<b>Store Supplies</b>	\$ 9,895.45	\$8,806.06	\$9,691.13	\$885.07	9%
<b>Marketing</b>	\$ 2,904.60	\$3,230.57	\$2,820.46	(\$410.11)	-15%
<b>Occupancy</b>	\$ 22,790.81	\$20,420.32	\$22,127.17	\$1,706.85	8%
<b>Administrative</b>	\$ 27,654.47	\$26,647.35	\$26,848.83	\$201.48	1%
<b>Profit or Loss</b>	\$ (13,122.31)	\$7,155.82	(\$23,781.43)	(\$30,937.25)	130%

### Summary:

February was a good month for sales, which were helped by Valentine's Day, Super Bowl, and Presidents Day. We ended the month with a cash position of \$669,000.

**Discussion:** John asked about how we can adjust margins, especially in areas where we are continuing to experience low sales. Can we lower the margins in Meat, Seafood and Produce to increase sales? Kira noted that margins in some areas are at 40 to 45 percent, and we can look at adjusting to 30 to 35 percent.

The Board thanked Kira for presenting the individual sales results for each department. This allows us to track results within each area/department.

Kira and the Board noted that staffing issues continue. We are adjusting to the loss of Tamika by reworking staff responsibilities. We have a new hire with cooking experience.

We are also focusing on implementing better controls to order fewer items; we are concentrating on having a better sense of what we have on hand, and what we will need to order.

John asked if we have adequate oversight systems in place. Perishables in particular are a big issue.

As we work toward hiring new folks, can we post openings on Next Door? We may be able to set up a business account with them. We will look into advertising on Next Door and driving folks to the website to apply on line.

John asked if we should consider asking for volunteers as we have done in the past to support the staff. Kira said there could be opportunities for volunteers to take care of tasks such as packaging items that are delivered to us in bulk.

Ines noted that there may be confusion from customers when there are changes in packaging, e.g. chicken. We want customers to understand that items are the same, even if they are packaged differently.

Vibhat asked how we can assure that we are not overcharging for items in the meat department. How can we track activity to make sure we are not making mistakes?

John asked Kira to focus on what steps can be taken to assure we are charging correctly.

Kira noted that we are taking steps to increase membership by “selling” the benefits of membership to non-owners. Shaina is working on capturing customer information at the register. We have seen an uptick in new members.

## **Finance Committee Report**

### **Budget Review and Discussion:**

John, Stephanie and Kira put together the operating budget for budget year April 2023 to April 2024. Stephanie created department level budget that can be increased and modified *as needed*, because we can monitor it day by day, and it can be broken down by department. This provides an excellent learning tool for the staff. We can also isolate margin goals. You can adjust it based on inflation by the month. The budget also enables us to monitor salary detail. We can prioritize and fill open positions as needed. Overall, we have a much more powerful tool with this new budget. The Board recognized the Finance Committee for its important contribution to budget monitoring.

John noted that as we look at the budget, we are in a good position to decide to upgrade everyone to from \$13 per hour to \$14 per hour. (This will help to address the concerns we have regularly heard about our low hourly wages.) We have about seven people who would be affected by this change, as well as any new hires.

A question was raised about whether there is a new Board budget within the overall Co-op budget. Donna replied that there should be a Board budget of \$3,500. It is used for various training and also pays for the annual member meeting in April. Action: John will check on exactly where the Board budget resides in the overall budget.

John noted that the budget assumes topline sales of \$6 million in 2023, compared with Highlights: Topline sales of 6 million, compared to \$5.9 million in 2022. We are assuming an inflation rate of 3 percent, and recognition that sales in larger departments (Produce, Meat, Seafood) are declining. During the second half of the year we hope to see these areas start growing again. Prepared foods and deli have bigger goals based on how they are growing overall. We are shooting for a healthy bottom line.

Kira will communicate the new budget to the staff.

There was also a question about whether there is a capital budget. John noted we have a capital budget and Karen Hamilton sets it aside every month.

**Action Item:** John noted that the Finance Committee will revisit how the depreciation policy is working, along with how we are depreciating expenses every month for items like the freezer installation. We should be setting aside moneys for things that can happen in the future. We also want to be sure we are setting aside funds for strategic investments.

John recommended that we vote on the budget now, and do a review in September. Funds sitting there from Covid can be strategic investments.

Greg reminded the big issue is the new entry level rate of \$14 per hour. Donna noted that the profit projection seems reasonable. We are adjusting to the loss of Tamika's salary and reworking staffing.

**Budget Vote:** John made a motion that we approve the budget for the coming budget year, with the provision that we will review it in September. The motion was seconded by Kevin. The motion was approved by seven Board members: Greg, John, Mark, Donna, Kevin, Lauren and Keith. Vibhat abstained. The motion carried: 7 "yes", 1 "abstained."

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

Vibhat reported that he and Kira are moving this committee's work forward. They will be meeting with Kevin and John in the coming weeks.

The committee will be setting up a meeting to present to the entire Board. There will also be a mention of the strategic plan at the upcoming owner meeting on April 20.

### **GM Monitoring:**

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

#### **B4: Membership**

#### **B9: Communications with Members, Customers, and Others**

Ines noted that we are not specifically compliant with B4.5, which outlines the process of tracking owners vs. non-owners. Kira is in compliance with the other items in B4.

**Action:** Greg made a motion that Kira is compliant with B4, with the exception of B4.5, Keith seconded the motion and the motion passed unanimously.

**Action:** Lauren made a motion that Kira is compliant with B9; Ines seconded the motion and motion passed unanimously.

## **Board Monitoring:**

**C2, The Board's Job:** Ines was not available to survey the Board on C2.

**Action:** The vote on C2 will be tabled until the May Board Meeting.

## **Old Business**

### **Heating Unit Replacement/Repair**

Kira noted that the first unit is completed. Installation of the new units will happen in August.

## **New Business**

### **Swarthmore Town Center Zoning Regulations**

Donna noted that the upcoming Swarthmore Town Center Zoning Regulations Meeting on April 11 provides a great opportunity for community involvement and input. The public is being asked to provide input on what is most important for the Town Center's future. Keith noted that the Co-op's primary interest should be having more people in town, translating to more business for us. Donna and Keith will attend this meeting.

### **Swarthmore Borough Council – Single Use Plastic Ban**

Ines shared with the Board communication from Scarlett McCahill of Swarthmore Borough Council on a proposed ordinance seeking to ban single-use plastics and Styrofoam. There was discussion on how this ordinance could affect our costs and budget in the future. This ordinance is in early stages and the Borough Council is seeking input from business owners and merchants.

### **Discussion:**

Kevin has deep experience with this subject from his work at ARAMARK. He noted that we need clarity; we need to understand how specific and deep this policy would go. We need to understand products that don't meet the criteria. We need to find out more details so this would not have to cost a fortune.

Lauren suggested that we reach out to other Co-ops to see how they are handling this issue.

Keith: noted that something like may take years to implement a policy and that there is more to learn. We support the concept but have of items that would need to be evaluated to see if they would fall under this policy. The Council is talking about requirements going into effect 60 days after the ordinance is passed. This may be very difficult, if not impossible, for us to achieve full compliance.

**Action:** Kevin will assist Kira in drafting a response to the request from the Borough. Others from the Board are welcome to provide feedback as well.

## **Annual Meeting**

The Annual Meeting will be at PACC, Thursday, April 20, at 7:30 p.m. Owners will receive an email encouraging them to register online to attend. There will also be an opportunity for owners to elect Donna for a new three-year term via the online ballot. (The Board elections do not take place at the meeting.) There are no other Board positions up for a vote.

Kira will deliver the presentation. Items for focus include:

- Presentation of the store financials.

- Comparison between 2022 and 2023 results

- Mention of the upcoming strategic plan

- Introduction of employees so that owners can meet them in person.

## **Adjournment**

The meeting was adjourned at 9:40 p.m.

**The next Board Meeting will take place on Monday, May 22.**

## **March 27 Meeting Materials**

- March 27 Meeting Agenda

- DRAFT Minutes, February 27, 2023

- Budget Template, 2023 version 2 with actuals

- Co-op Mural Project (STC Handout)

- Co-op Annual Monitoring Calendar

- General Manager Report, March 27, 2023

- B4, Membership Monitoring, March 2023

- B9, Communications Monitoring, March 2023

- Statement of Cash Flows, 2/25/23

- Side-by-Side, p. 1 and 2, 2/25/23

- Profit and Loss, 2/25/23

- Balance Sheet, 2/25/23