

Minutes

Swarthmore Co-op Board Meeting

June 26, 2023

Swarthmore Borough Hall

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: Donna Francher, Vice President; John Moots, Treasurer; Mark Rossi, Secretary; Kevin Kebea, Vibhat Nair, Ines Rodriguez, Lauren Shohet; Kira Montagno, General Manager

Absent: Greg Bockman, President (illness); Keith West

Call to Order / Agenda Review

Donna presided for Greg and called the meeting to order at 7:38 p.m.

Review/Approve May 2023 meeting minutes

The Board reviewed the minutes from the May 22, 2023 Board Meeting. Lauren made a motion to approve the minutes as written, Kevin seconded the motion and the motion passed unanimously.

Member comments:

There were no members present.

John reported that he received a question from an owner/member asking about the volume of fund raising activities that take place outside the entrance, and the member noted that fun-raisers are often too close to the door. Kira noted that fund-raisers have permits but everyone agreed that they should move away from the door. Some of this activity is a bit assertive, and shoppers may be uncomfortable with it. Donna noted that once we have signed the contract for us to formally assume management of the patio area we will be able to provide guidelines for when/how the patio can be used for fund-raisers. Donna noted that we should discuss this with Bill Webb, Borough Manager. Other events may also be impeding shoppers. For example, the street in front of the Co-op was closed for a recent 5K event.

Next Steps: The Board will continue to address this issue once the patio agreements are completed.

General Manager Monthly Update Report

Kira presented the General Manager and Team Reports for discussion. Following are the highlights of her presentation:

Operations:

- The patio lease is undergoing a final review to make sure we have the insurance pieces in place.
- The PNC Bank Account information is being updated to move toward the Money Market “Sweep” Account. (See May 2023 meeting minutes for details.)
- The staff successfully executed the following events during the past several weeks:
 - Cinco DeMayo, Easter/Passover, Mother’s Day, Farmer’s Market opening, Memorial Day, Father’s Day.

Facilities:

Roof Repairs: Kira reported that we have contracted with our roofer, McCabe and Sons, to deal with ongoing roof leaks. The Board asked for clarity on whether we are doing just repairs and if/when a complete new roof may be needed. McCabe is providing a proposal to patch the roof in certain areas as well as to unclog the gutters and clear puddles from the roof. McCabe will also provide an estimate for complete replacement of the roof based on its present condition.

Ines asked if we should consider adding solar panels and whether we need a structural analysis do so. We can consider this once the roof is patched by having a structural engineer evaluate the condition of the roof for the installation of solar panels.

Donna recommended that we should hire someone to make periodic inspections of the roof to determine its condition in the months following the patching work that will be completed soon.

New Heater: Kira reported that the new heater installation should still be on schedule for August, but we are waiting to hear from Remco to confirm. There will to be a crane placed outside the building for one day in order for the installation to be completed. The Board suggested that we should consider having an annual maintenance plan for the climate systems, and John asked if there is a warranty for the heaters. Kira will check on these items and let the Board know.

Personnel Changes/New Hires

There are significant changes underway that will help address staffing issues/concerns that we have been discussing since Kira became General Manager last October:

John Adams has joined the store full-time as Fresh Foods Manager for the Deli, Prepared Foods, Meat and Seafood areas.

Taylor is the new full-time staff member in the Deli.

Krista is the new part-time member of the produce team, and is working nights.

These additions, along with Vlad taking over Produce, are expected to improve our overall operations and financial results in these areas of the store.

Following is Kira's summary of the financial results for May, 2023:

May Numbers	Budget	Actual	LY 2022	Difference in \$ compared to 2022	% Change compared 2022
Sales	\$495,217.13	\$482,347.63	\$484,436.00	\$(2,088.37)	0%
Total Cost of Goods	\$313,927.42	\$319,808.74	\$308,020.00	\$11,788.74	4%
Gross Profit	\$178,178.71	\$158,942.69	\$173,402.00	\$(14,459.31)	-9%
Wages	\$84,921.31	\$62,687.81	\$65,874.00	\$(3,186.19)	-5%
Store Supplies	\$8,530.00	\$5,601.73	\$8,391.00	\$(2,789.27)	-50%
Marketing	\$2,498.78	\$3,088.86	\$2,426.00	\$662.86	21%
Occupancy	\$19,215.68	\$15,199.10	\$18,656.00	\$(3,456.90)	-23%
Administrative	\$38,234.63	\$37,349.30	\$37,121.00	\$228.30	1%
Profit or Loss	\$7,922.21	\$25,036.39	\$29,509.00	\$(4,472.61)	-18%

Financial Summary:

Kira noted that May felt like a much better month for the store and staffing, compared with March and April. By the middle of May, we were finally able to meet most of our staffing needs. Our sales were a little short of last year's numbers and the cost of goods were higher than we would like to see. Kira is continuing to work with department heads on controlling spending as we enter the slower months of the summer.

We still benefited from low labor costs for most of May and we should see an increase in labor going into June. The next step is to strategize with the manager team to find creative ways to boost sales. The next areas of attention and the biggest areas of opportunity will be in Grocery and at check-out.

We ended the month with a cash position of \$ 764,000.

Discussion:

The following areas were discussed following Kira's presentation:

Increasing Sales: The Board noted sales in Grocery have remained flat, and asked if there are specific steps to deal with this. Kira noted that she taking an approach to involve Dave, Shaina, John Adams and Vlad as a team to come up with ways to push sales, including price reductions in certain areas. Another area of focus is in how we can increase basket size along with customer counts. Kevin asked how often we do resets, and Kira noted that we don't and this can be part of the focus on how to increase sales. Kira mentioned that Spratty is very good at merchandising and we will increase our attention in this area.

The Board noted that the store generally looks cleaner and brighter....thanks to the contributions of the staff. In particular, the produce selections are showing improvement.

Check-out issues with STCR Point of Sale System: The Board expressed concern that cashiers are not engaging with customers by asking owner numbers in order to track owner sales from non-owner sales. It was suggested that we have a prompt at the register that will pop up on the screen to ask the cashier if the customer is a member or not. However, if a cashier enters the member number incorrectly at the prompt, STCR does not allow them to re-enter the number, and therefore the cashier would need to cancel the transaction and start over. This could create ill will between the customer and cashier.

Next steps: Everyone agreed that we have to do whatever it takes to always capture owner numbers, and to capture them correctly. More broadly, we need to look closely at the entire checkout process. What is working? What is not working? Where are mistakes being made? How can we avoid mistakes that can result if an owner number is not correctly entered? The store team will continue to look into this issue and will keep the Board updated.

Finance Committee Report

The following topics were presented by Kira and John:

Authorized Account Signatories

We need to address changes in the authorized signatories on our bank accounts. Mike Litka is still listed as an authorized user, and this obviously needs to be addressed. We can continue to use the Pinnacle finance system, and Karen Hamilton, our bookkeeper, can use the system, but she cannot access the accounts. Kira has access to the accounts, but the Board needs to authorize who else can have access to our accounts. We cannot have a situation where no one else can get into the accounts.

The Board agreed that the combination of the GM and one Board representative would make sense for giving two people access. Furthermore, it was agreed that the Board Treasurer should have access with Kira. John indicated that he would be happy to take on this responsibility. If John leaves his position as treasurer and a new treasurer is elected, that person would receive account authority in place of John.

Action: Mark made a motion for the treasurer to be given access and serve as signatory along with Kira, Donna seconded the motion and the motion passed unanimously.

Lauren noted that there should be a Board “to do” list of processes/steps in place in the event that GM position needs to be filled. The signatory process is a perfect example of the kinds of steps that would need to be taken when there is a new GM appointment.

Next Steps: The Board will work with Kira to develop this list.

Sweep Account: John followed up from last month’s discussion of the new bank account structure that is being set up with PNC. He noted that moving the capital campaign account into the sweep account (the main banking account) will make the most sense.

Loans Maturing: The loans for the freezer project and liquor license are now maturing. We will give owners the opportunity to convert their loan payback into store equity. There are five owners remaining to be paid back.

GM Monitoring:

B6: Staff Treatment and Compensation

B6 was shared by Kira with the Board for compliance.

Action: John made a motion that the General Manager is in compliance, Ines seconded the motion and motion passed unanimously.

Board Monitoring:

C5: Directors Code of Conduct, Conflict of Interest Statements

Mark reported that the next policy area for Board Monitoring is with C5, Board of Directors Code of Conduct. Specifically the Board members will need to disclose any conflict of interest of potential conflict of interest with their Board Service.

Action: Mark will send Board members the conflict of interest disclosure form to be completed before the July Board meeting.

Old Business

Patio Lease Update

Donna reported that the final step for the patio lease is ensuring that we have adequate insurance, and she and Kira are working on providing information to Bob Scott, Borough Solicitor. There is \$2 million in coverage and separate coverage for expansion of the liquor license to cover the patio. We had to authorize workers comp and insurance for the coop van. We will need to be compliant with the regulations for parklets, although ours is slightly different since the parklets are off the road.

If we want to add a retractable awning we will need to clear this with the Borough. We do not want to obstruct sightlines.

The lease will need to be renewed every January. The borough would need to provide us with 60 days notice if it does not want to renew the lease.

Action: Greg will sign the lease as soon as all the final work with the insurance is completed. We may be done as soon as the end of this week.

Additional Items: Donna noted that we should be able to start selling beer and wine on the patio as soon as everything is signed. Vibhat noted that we can start to think about designing the patio area (as outlined in the Strategic Plan.) Donna will also confirm the minimum number of seats that we will be allowed to have.

New Business

Website Updates

Mark reported that we are going to help Kira and Jason with updating the content on the website. This process will begin with updating the Board member bios on the Board page. We want to be sure that owners know who the Board members are. Mark, Lauren and

Donna are going to help with content development and suggestions for improvements to the website navigation. We also want to use “What’s Fresh” for improved communication from the Board to the owners.

Next steps: Mark will email the Board members requesting their biographical information.

Adjournment

The meeting was adjourned at 8:45 p.m.

Next Meeting: Monday, July 24, 2023

June 26 Meeting Materials

June 26 Meeting Agenda

DRAFT Minutes, May 22

Balance Sheet, May 27

Profit and Loss, May 27

Side by Side, 1 and 2, May 27

Statement of Cash Flows, May 27

B6: GM Monitoring, June 2023

GM Report, June 26, 2023