

**Oneota Community Co-op
Minutes for Regular Board Meeting**

July 25, 2017 6:00 PM

Kitchen Classroom, 308 W. Water St.

Board Members Present: Brita Nelson, Scott Hawthorn, Flannery Cerbin-Bohach, Maren Beard

Board Members Absent: Carl Peterson, Emily Neal, Bryan Stuart

GM Present: David Lester

Co-op Staff :

Member/Owners Present: Joan and Bill Carlisle, Jeanine Scheffert (Bd Admin Asst)

1. Call to Order

Nelson called the meeting to order at 6:03 p.m.

2. Board Learning - none

3. Member Comments - Joan and Bill Carlisle asked about the co-ops contract with the jail and wanted to make sure it is mutually beneficial for the Co-op and the jail. The Co-op makes one meal a day for the jail, providing 2 extra meals on Friday to be used Saturday and Sunday. It has mostly been extra food from the hot bar. Co-op gets notified of approximate numbers a day in advance. It guarantees the jail good food and is additional income for the Co-op.

Joan and Bill also brought up the high turnover rate at the front end. They suggested it may help to hire older women who might want to stay in the area. This would create consistency for customers and ensure the cashiers stay working long enough to learn more about produce, etc. They said they miss getting a "hello" when they walk in the door. Lester noted that our current front end manager will give us some much-needed stability. Our Mystery Shopper scores for the front end have already been going up. Look for cashiers greeting you, asking for your member number, and letting people know how to become members. The transient nature of the front-end positions tends to be true for all co-ops. We're looking for wage increases in the cafe in August and the front end isn't close behind. Both departments are stressful, fast-paced, and really important.

4. Disposition of Member Comments - No member comments

5. Agenda Review

Motion: Hawthorn moved and Cerbin-Bohach seconded to **Approve Agenda**. Agenda **passed** by a vote of 4 aye, 0 nay.

Revision: Nelson, not Stuart did D2.

6. Approve Minutes

6.1 June 2017 Main Meeting Minutes

Motion: Hawthorn moved and Beard seconded to **Approve June 2017 Main Meeting Minutes.** Motion **passed** with a vote of 4 aye, 0 nay.

7. Consent Agenda – none

7.1 D2: Accountability of GM

7.2 D3: Delegation to the GM

Motion: Beard moved and Hawthorn seconded to **Approve Consent Agenda.** Motion **passed** with a vote of 4 aye, 0 nay.

8.1 GM Report

Financial Snapshot:

June was a good month. April and May saw negative sales growth compared to last year. June is up +2.3% and July is looking similar. Our cash is down from paying member loans. We only have one member loan of \$2,000 left and we're going to pay it in October. Since 2007, we'll have paid off \$360,000 in member-loan debt.

We had 122 new memberships this year. That's not bad for half way through year. Our priority is to get front end staff involved in contests to build new members. At this rate, we may outpace last year.

Looking at our unloaded wages, you can tell wages have gone up throughout the year - this is a more expensive budget line this year: we've reduced the number of labor hours in the store, but labor cost is more. We're still down a couple of positions - we need a cafe cook and bulk buyer. We're hoping to take care of that soon. Our total labor through June is still below budget .9%.

Sales are below budget over 3%, so we haven't saved quite enough.

Community/Outreach/Other Store Happenings:

Our local sales were good this month. Toppling Goliath is still not counted as local - if we don't include Toppling in our comparison, we'd be ahead of last year. This is mostly in produce; we've had good sales in produce. In fact, produce is \$2,000 higher than last year. (Meat and fish are \$3000 higher than last year.)

Physical Store Update:

We learned what the problem was with the cheese cooler - the electrician wired the thermostat to the lights, so when we turned the lights off at night, the thermostat turned off. We now have a credit with our electrician.

Marketing/Special Projects:

Bulk sales have gone from -10% to +2.5%. We think the 30% postcard helped a lot and reminded people to come in and see what we've done.

Live on Water Street has been approved by the city and will be happening in September.

A market study showed that 80% of our member sales and 90% of our non-member sales are from Winneshiek County. This makes us wonder if tourism isn't as important as we thought, but it is hard to tell. We're not asking non-members their zip code to see if this is accurate.

8.2 L5: Financial

Motion: Beard moved and Cerbin-Bohach seconded to **Approve L5: Financial.** Motion **passed** with a vote of 4 aye, 0 nay.

This is the worst L5 Lester has had to report on since 2011 as far as net income. We lost a lot in April and May, but made it back to -.09% in June. (It was -2.5-3% before June.) The good news is that the trend has reversed due to a tourism bump. The average transaction is \$1.50 higher than last year, which means when we get people into the store, they are buying more. Our top 3 sales growth has been in produce, dairy, and nutritional supplements. Bulk is +2% in June, so we're getting good work there finally. We lost the most in frozen at -11.8. Cheese was at -5.2% this quarter and bulk was -6% going into June. People like wine, beer, fruits, vegetables, and refrigerated. We always see lower produce sales in the summer. That may have to do with Farmer's Market, but Farmer's Market actually gets more people coming in the store. Betsy tries to source things that are different from farmer's market too. She's had good sales. She's a great buyer with great staff. We're encouraging similar activity in packaged grocery - if someone wants to try cookies, we want to open cookies and have them try.

Our budgeted net income in frozen for the 2nd quarter was \$31,000. We came in at -\$10,000. We had a lot of spoilage.

We're trying to nail down our margins in meat. With new department heads, there is a learning curve and we have to balance out sales so our margins are where we want them to be. There is a lot going on in our business that we haven't had before - multiple layers of discounts and deals. We'll train more, including the necessity of knowing what is in the cooler and when things expire so we can minimize spoilage. Our in-house deals like Talenti at cost or less than cost didn't work for us because people were coming in just for that.

We're budgeted at 1% with an aggressive budget. It may make sense for us to budget for .5%, which is the NCG required budget, so we have more to put towards wages, benefits, and keeping stress levels down. We can operate store at .5% net income. As we get closer to renovation, we'll spend money on things to make them better. In 2019, parts of store will be closed as walls are moved for a month at a time, etc., so we'll need to budget for bigger losses at that time.

Our current ratio is good - it includes our inventory, so it looks good. Our quick ratio took dip because our inventory is higher than it should be.

Our debt-to-equity is great - we don't have a lot of debt. We're in a good position to fully fund what we want to do in couple years from bank.

The big surprise in our budget is in Maintenance and Repairs, where we were \$11,000 over. That includes the lost product, especially soft cheeses. We're excited about remodel for new equipment - we have too many compressors in that tunnel. We'll have some on the roof - it can hold it even with the solar array. At some point, we'll get the doors fixed as well.

9. Action Items - none

10. New Business

10.1 Membership Committee Update - Board Chat Schedule?

Nelson will be hosting a chat in the cafe in July, take August off from board chats, and then plan a larger meeting to elicit member feedback. We'll look at the timing according to the pro forma and move that conversation from September to October, after Live on Water Street. The advice we received from consultants was overwhelmingly against expansion and towards keeping the kitchen classroom as is - we have income from the above rental that almost pays for it. We thought was a good situation there, but we're not using space as we should yet. They said if they would advise any expansion, it would be café seating - we could have overflow seating into the kitchen classroom. We plan to discuss with members.

10.2 Electronic Balloting - Ad Hoc Committee Report and Recommendations

Will do Trout's recommendations another day.

10.3 Board Member Resignation

Carl Peterson resigned effective immediately, due to family illness. We're very grateful for his time on the board and appreciate his need to resign during this difficult time.

Our bylaws say we may appoint a person, we may hold a special election, or we may keep the spot vacant. Board discussed this question. Board feels strongly that we shouldn't leave the seat open; having a full slate of board members is important as we make big decisions regarding the remodel. Board decided against a special election in part because it would draw attention to a difficult family situation.

Board considered looking at past candidates and discussed the pros and cons of choosing experience or potential longevity. Alicia Trout is willing to fill in for the remainder of Peterson's term. She is a recent board member that has previously been voted in by membership. She is detail oriented, asks good questions, and is already trained in policy governance. If we were in a time of turmoil and there were split opinions on the board, we feel it should go to membership rather than board appointed. However, we are in a time of cohesion and things are stable. Board agreed to appoint Alicia Trout to serve the remainder of Carl Peterson's term.

Board also noted that in April, there will be 2 seats up. It would be ideal to find someone with a financial background to fill a seat on the board.

Motion: Hawthorn moved and Beard seconded to **Appoint Alicia Trout to Board, filling remainder of Carl Peterson's term, through April 2018.** Motion **passed** with a vote of 4 aye, 0 nay.

Board is really grateful to Trout for re-committing to serve on the Board for this limited term.

10.4 Board Chat

Brita will be in the café July 31, 2017 from 6PM-8PM to be available to membership.

10.5 Membership Survey Questions

2-3 questions that are specifically from Board of Directors

Board discussed possible questions to add to the membership survey. We have until September to come up with the questions.

11. Next Monitoring & Other

11.1 [G5: Board Committee Principles - Hawthorn]

12. Next Meeting - Tuesday, August 22, 2017 @ 6:00PM

14. Self-Evaluations - done via internet

15. Adjourn

Motion: Beard moved and Cerbin-Bohach seconded to **Adjourn Meeting**. Motion **passed** with a vote of 4 aye, 0 nay. Meeting adjourned at 7:26 p.m.