

Board of Directors' Meeting Notes for January 21, 2019

Board of Directors present: Stephanie Mood, Andi Briceno, Derek Casady, Lynn Wade, Steve Myrick, Merrin Muxlow, Jamie Decker, and Sarela Bonilla.

Staff: Tim Sullivan, Will White, and Gloria Isselhard.

Guests: Erin Eldred-Brown, Paul Maschel, Nancy Casady, Marcus Timmons, Jeanne Patton, Judith Starker, Tara Tipple, and Phillip Gianopulos.

Outreach and Education Committee

Andi read thank-you notes from the following recipients for donations that they had received from People's and from the customer donation boxes located the registers: San Diego Hunger Coalition, Ocean Beach Branch Library, Ocean Beach Woman's Club, and the Peace Resource Center of San Diego.

Andi asked for suggestions for improving the wording of People's Mission and Vision statements.

Stephanie suggested that People's adopt the BriarPatch Food Co-op's End Policies and build the mission statement from that. Andi said the matter will be brought up at the next Board of Directors' (BOD) meeting.

Andi distributed copies of a proposed letter that would be sent to organizations who submit donation requests that are more than \$300. She asked for feedback on the letter.

Andi circulated the committee's Donation Report for 2018 and noted that \$15,000 of the \$23,000 donation budget had been allocated.

Planning Committee

Stephanie reviewed the reasons for having the Board Study at the beginning of the BOD meeting each month. She discussed the example of addressing the difference between hydroponics and organics as a Board Study topic. Tim suggested that the Board Study subject at the next BOD meeting be a review of the fourth quarter of 2018.

Stephanie distributed copies of the results of the BOD Self-Assessment forms and reviewed the responses.

Tim said that policy governance could be used to keep policy in place. Stephanie said it strengthens the BOD's position in the Co-op. She reviewed the policy limitations for the various positions and committees. It was decided that a retreat to study and research board policy is necessary. A Sunday in February 2019 was suggested as a possibility. Merrin volunteered to coordinate scheduling the retreat with board members.

Stephanie distributed copies of Board Committee definitions

Stephanie reviewed the calendar for February 2019. Steve suggested that a search should be started for a speaker for the Annual Meeting, which will be held in April. Andi suggested a possible speaker, and she will make contact. Stephanie said she will be attending the Consumer Cooperative Management Association meeting in June, which will take place in Portland, Oregon.

Finance Committee

Steve reviewed the December 2018 Year End Financial Reports. Total revenue was down 5% year-to-date compared to 2017, and down 3% for the month compared to December 2017. Total cost

of sales was down 2 % for the month and down 4% for the year compared to 2017. Gross profit was +2% and -7% respectively.

Sales per paid labor hour were \$82.12 for 2018 compared to \$86.41 for 2017. Labor to sales ratio was 26.47% for December 2018 compared to 36.58% for December 2017. For the year 2018, it was 26.79% compared to 26.58% for 2017.

Electric usage is down and cost is up, gas cost is up, and water cost is down compared to December 2017. Total cost for the year was up 9.83%. The Co-op's duplex property had the usual income and expenses.

Nominating Committee

Jamie reported that there is one candidate applicant for the 2019 Board of Directors' election and that the applicant was not recommended by the committee. The applicant has received a petition, which according to the Co-op's bylaws must be "signed by 100 owners" in order to be an eligible candidate. Additionally, the signed petition must be returned to the committee by January 31, 2019. If it is not returned by that date there will not be an election and the two vacancies on the board will be filled by appointment.

General Manager's Operations Report

In January, People's Interim General Manager Tim Sullivan sent a letter to our owners regarding the fiscal state of Ocean Beach People's Organic Food Market. Over the past few years, we have seen declining sales, customer count, and basket size. The financials from January 2019 indicate that the letter made a difference between two of those metrics. We have seen an increase in sales compared to January 2018, as well as a small increase in customer basket size (the average transaction). This indicates to me that our core shoppers have responded in a very positive way. The one metric that did not increase was customer count, the number of people shopping with us during the month. While we appreciate the response from our loyal patrons, we need more foot traffic and more owner investment if we are going to remain a financially solid business, which enables us to live out our mission.

January:	2019	2018	% Change
Gross Sales:	\$1,149,221	\$1,089,668	+5.4%
Basket Size:	\$26.55	\$24.72	+7.4%
Customer Count:	43,881	44,794	-2.0%

Labor costs were also significantly lowered during the month of January, and while we are not quite at our target, we are heading in the right direction. If we can continue to grow sales and can increase our customer count, our labor-to-sales goals will be easier to reach. I commend the staff for stepping up and getting things done with a reduced number of hours.

In addition to the improved financial conditions, which showed our whole organization making a small profit in January, there are a lot of exciting things going on at the Co-op. We had a minor reset of our Certified Organic Produce Department, with more improvements planned. Owners may now opt out of paper receipts and receive them via email or not at all. We are making an effort to collect email addresses from our shoppers in order to communicate unscheduled special sales and more, including an owner survey in the very near future. Revised new-owner packets and language regarding owner investment are being finalized, and more events are being planned for both the market and café.

In order to further strengthen our business, we will be discontinuing the Bag and Box Raffle and evaluating our discount structure to be more equitable and affordable to all Co-op owners. 2019 will be a year when we make every effort to keep People's viable and growing, now and into the future.