

Board of Directors' Meeting Notes

for January 22, 2018

Board of Directors Present: Ofelia Alvarado, Steve Myrick, Derek Casady, Andre Andersen, Stephanie Mood, and Jamie Decker. Staff: Jim Kase and Gloria Isselhard. Guests: Laura Murray, Scott Murray, Paul Maschel, Liz Gary, Lynn Wade, and Phillip Gianopulos

Board Study

Laura Murray, an inspector with California Certified Organic Farmers (CCOF) spoke about organic farming and gave an overview of the requirements for being USDA certified organic.

Outreach and Education Committee

Coleen Dietzel submitted a donation request and gave an overview of the recent activities at the Ocean Beach Green Center. Stephanie made a motion that the committee refer to the Finance Committee a recommendation to donate \$100 a month for the first quarter of 2018 to the center. Derek seconded. Vote: in favor - 7; opposed 1. Motion passed.

Jim read thank you notes from San Diego Peace Corps and OB Friends of the Library for donations they had received from People's, and from the Feral Cat Coalition for donations collected from shoppers at the cash register donation boxes.

Andi reported that \$23,000 has been budgeted for donations in 2018. The General Manager's discretionary fund is still to be determined. Donation requests over \$300 must be submitted with a completed donation application form, which is available at the Co-op.

Andi reported that she, Stephanie and Andre will be sitting on a panel at the California Center for Cooperative Development Conference, which is scheduled for April 29 – 30 in San Diego. Committee members Ofelia, Jessie Lamb, and Chris Dupois volunteered to serve on an ad hoc committee to prepare for the event.

Planning Committee

Jim reported that there have been two published articles featuring the café, including in the "Peninsula Beacon" and the "O.B. Rag," and that Yelp and Google reviews have been positive. People's Marketing Director, Amber Forest McHale gave an overview of the plans for marketing the café, including a grand opening scheduled for Saturday, March 24 (see page 1 of the newsletter.) Jim reported that the café's alcohol license has been approved.

Finance Committee

Steve reviewed the financials for December. Total revenue for the month was down 3.8% compared to December 2016 and down 2.9% year-to-date compared to 2016. Cost of sales was down 2.6% for the month and also year-to-date. Gross profit was down 5.7% and down 3.3% respectively. Sales per paid labor hour was \$86.41 compared to \$88.24 in December 2016. Labor to sales ratio was 36.58% compared to 25.61% for December 2016, and it was 26.58% compared to 24.51% year-to-date.

The December utilities expense showed an increase in electricity and a decrease in gas

costs for a total increase of 19.12% compared to December 2016. The total for 2017 was up 3.42% compared to 2016.

The Co-op's duplex property showed normal income. Beginning in 2018 the café will have its own financial statements.

Steve asked that anyone who has questions on the proposed 2018 budget contact him before February 19th.

Steve made a motion that \$300 be donated to the Ocean Beach Green Center for the first quarter of 2018. Jamie seconded. Vote: passed unanimously.

General Manager's Operations Report

Sales in January of 2018 are down 5% compared to January of 2017 and the pressure of more brick and mortar competition is now augmented by grocery delivery services which have increased significantly during the last year. I have reached out to other food co-ops, particularly in the western corridor to see if any are partnering with delivery services. A few are, and it has been a revenue boost. While we love seeing the smiling faces of our customers in the Co-op, I believe we need to make ourselves relevant to the way many people shop today. We are gathering information from several delivery service companies to determine which one might be the best fit for us, with the intent of beginning a partnership in the next few months.

The Co-op's Wellness Days, held on January 13th and 14th, helped to increase sales in the Wellness, Body Care and the Bulk Herbs Depts., and kept sales strong throughout the Co-op on those days. The management team is working to implement more targeted promotions, in addition to our Owner Appreciation events, to create more excitement and offer more value to our shoppers.

The National Cooperative Grocers (NCG) Western Corridor winter meeting was held in Redondo Beach. The meeting included workshops on wage compression with relation to increasing minimum wage and executive presence as a General Manager. Meeting attendees also had a chance to tour the Co+opportunity Market and Deli's new co-op located in Culver City. With much more retail space than their Santa Monica location, the new store is building its business as new development is being completed in the area.

At our Co-op, department meetings have been scheduled and are centered on improving efficiency and our product mix, in order to stay current and be more competitive in an ever changing market.