

Board of Directors' Meeting Notes

for July 17, 2017

Board of Directors Present: Ofelia Alvarado, Andi Briceno, Stephanie Mood, Jamie Decker, Steve Myrick, Derek Casady, and Tasha Dewey. Staff: Jim Kase and Gloria Isselhard. Guests: Paul Maschel, Andre' Andersen, Benjamin Thompson, Mai Nguyen, and Phillip Gianopulos

Board Study

Mai Nguyen gave a presentation on the California Center for Cooperative Development. The organization is planning to hold their 2018 conference in San Diego.

New Business

Derek made a motion that People's send a letter to Mr. Reid at the Food Co-op Initiative (FCI) expressing strong support for Sun Coast Co-op Market's application for the FCI Urban Market Initiative Seed Grant. Sun Coast Co-op Market is the name selected by the Imperial Beach Healthy Grocery Initiative. Tasha seconded. Vote: passed unanimously.

Andi made a motion that the Board of Director's (BOD) accept Andre' Andersen as an interim board member, replacing Chris Young until the end of Chris' term. Stephanie seconded. Vote: passed unanimously.

Outreach and Education Committee

Mel Lions from the Wild Willow Farm and Education Center distributed a letter detailing the farm's program activities as well as an income and expense report. Stephanie made a motion that the committee refer to the Finance Committee a recommendation to donate \$500 a month for the next three months to the farm. Amber seconded. Vote: passed unanimously.

Colleen Dietzel presented an overview of recent activities and planned events at the Ocean Beach Green Center. Ofelia made a motion that the committee refer to the Finance Committee a recommendation to donate \$100 a month for the next three months to the center. Amber seconded. Vote: passed unanimously.

Stephanie distributed copies of a flyer featuring information about Solidarity Farm, a cooperative located in Pauma Valley that is looking for support. Stephanie suggested that she could present a report about the farm as a Board Study topic.

Planning Committee

Derek suggested that the board establish a policy for responding to the media when People's is asked whether we oppose or support a public issue. It was decided that a committee will be formed to make a communications policy.

Ofelia reported that the General Manager Search Committee has completed their search and that Jim Kase has been hired as People's new General Manager.

Jim reported that progress on the O.B. Garden Café is going smoothly. Vendors and menu selections have been made, major kitchen appliances have been installed, and the construction trailer has been removed.

Finance Committee

Steve reviewed the June financials. Total revenue was down 5.8% compared to June 2016 and down 3% year-to-date. Total cost of sales was down 6% for the month and down 3.6% year-to-date compared to 2016. Gross profit was down 5% and 2% respectively. Sales per paid labor hour was \$86.80 compared to \$89.80 in 2016. Labor to sales ratio was 26.75% compared to 24.69% in 2016; year-to-date it was 24.85% compared to 23.86%. Utilities were 3.2% lower year-to-date than in 2016. The Co-op's duplex property had income from tenant rent and expenses for insurance and utilities. The cafe' property had tax and water expenses and no income; total cost to date is \$17,000.

Steve made a motion that \$1,500 be donated to the Wild Willow Farm and Education Center for the third quarter of 2017. Andi seconded. Vote: passed unanimously.

Steve made a motion that \$300 be donated to the Ocean Beach Green Center for the third quarter of 2017. Andi seconded. Vote: passed unanimously.

Derek made a motion to increase the labor to sales target from 23.75% to 24.85% for the third and fourth quarters of 2017. Jamie seconded. Vote: passed unanimously.

Derek made a motion that the board approve the adjusted operating budget for the second half of 2017. Jamie seconded. Vote: passed unanimously.

Nominating Committee

Andi reviewed the committee's timeline for 2017 - 2018. There will be a call for owners to participate on the committee in the August and September issues of the Co-op's newsletter. Calls for candidates for the 2018 BOD election will begin in October with an announcement in the newsletter and signage in the Co-op.

Andi made a motion that Kylie Oliver be approved as a member of the Nominating Committee. Derek seconded. Vote: ayes - 7, nays - 0; abstained - 1. Motion passed.

General Manager's Operations Report

Sales in July 2017 were down about 1.3% compared to July of 2016 and year-to-date sales are down 2.9%. The gross sales margin for July was 37%, which is two points above our target, and the downward sales trend seems to be slowing. Thanks to department buyers for exercising discretion and ordering to meet sales levels, only two departments came in below margin.

Labor costs in July were up, mostly due to increased health care costs and an increase in the use of personal and vacation hours. Wage adjustments from the internal wage audit were implemented in the second pay period of the month, but the total dollar amount of salaries and wages was down slightly from July of last year. The decline in sales, however, caused them to be a greater percentage of gross revenue. Total labor hours year-to-date are within our projections, and scheduling adjustments are being made to reduce the amount of incidental overtime incurred.

People's Grocery and Wellness Managers attended the National Co-op Grocers Convergence Conference. This year's keynote address was given by Paul Hawken of Project Drawdown. Project Drawdown is an effort by researchers, activists, policy makers and industry professionals to develop a comprehensive thirty-year plan to reverse climate change by drawing down greenhouse gasses from the atmosphere.

Maintenance of People's fifteen year old building is ongoing. This month the Deli floor had a seal and partial grout replacement and the deck was repainted. The unusually high humidity in July also caused some minor refrigeration issues, but luckily no major repairs or equipment replacement was necessary. The grab and go freezer has struggled the most during the warm weather, and its location by the front door and against the front window is being re-evaluated.