

Board of Directors' Meeting Notes for May 20, 2019

Board of Directors Present: Stephanie Mood, Lynn Wade, Steve Myrick, Sarela Bonilla, Derek Casady, Sarah Tipple, and Jamie Decker. Staff: Jim Kase, Rachel DeCaro, Brenda Winkle, and Gloria Isselhard. Guests: Paul Maschel, Benjamin Thompson, and Phillip Gianopulos.

Board Study – Consumer Research Study

Jim presented a nationwide film research study conducted by the National Co-op Grocers that was compiled to determine attitudes, awareness, and beliefs about retail food co-ops.

New Business

Stephanie made a motion that the board certify Brenda Winkle as an employee member of the Board of Directors (BOD). Sarela seconded. Vote: passed unanimously.

Outreach & Education Committee

Stephanie distributed a suggested outline for future board work and activities. She feels that the committee should be broken up into sections with ad hoc committees including board education, outreach to owners, technology, governance, finance, and nominating and election.

Steve asked for clarification as to which format the finance documents should be reported in. Figures will be compared to last year, as they have been, and also to what is being projected. Jim said the proposed 2019 budget is available at the GM's desk and can be checked out for review.

Finance Committee

Steve reviewed the April Financial Reports for the market and café. Total revenue for the market was up 1.51% for the month compared to April 2018 and up 3.47% year-to-date. Total cost of sales was up 2.72% for the month and up 2.68% year-to-date. Gross profit was down 0.58% and up 4.86% respectively.

Total revenue for the café was down 25.91% compared to April 2018 and down 13.75% year-to-date. Total cost of sales was down 7.45% for the month and down 23.17% year-to-date compared to 2018. Gross Profit was down 37.33% and down 6.79% respectively.

Total combined revenue for the market and café was down 0.15% for the month compared to April 2018 and up 2.57% year-to-date. Total cost of sales was up 2.34% for month and up 1.75% year-to-date compared to 2018. Gross profit was down 4.19% and up 3.92% respectively.

Year-to-date sales per paid labor hour was \$88.96, compared to \$67.94 in 2018.

Labor to sales ratio for the café was 67.67% in April 2019 compared to 92.31% in 2018. Year-to-date it was 75.22% this year compared to 116.90% year-to-date in April 2018.

Store utilities for April 2019 were down 1.77% and down 1.03% year-to-date. Café utilities were up 1.19% for the month and up 1.23% year-to-date compared to 2018.

The Co-op's duplex property had the usual income and expenses.

Derek made a motion that we spend up to \$1,000 for the OB Street Fair & Chili Cook-Off Festival entry fee for the café. Sarela seconded. Vote: passed unanimously.

Stephanie made a motion that we approve \$1,800 for a Marketing Plan to be provided by the National Cooperative Grocers for the market and café. Sarah seconded. Vote: in favor – 6; abstained – 2. Motion passed.

Nominating Committee

Jamie reported that the committee proposed the following slate of board officers: President, Stephanie Mood; Vice President, Lynn Wade; Secretary, Jamie Decker; Treasurer, Steve Myrick. Jamie called for nominations from the floor. There were none and voting on the slate proceeded. All proposed officers were elected.

Policy Governance

B5: Stephanie made a motion that another policy be added to B5 as follows: The General Manager will not allow customer service and training of staff to fall below industry standards. Sarela seconded. Vote: in favor – 7; abstained – 1. Motion passed.

B7: Stephanie reported that communication to the board is due in June.

Monitoring Reports B1 and B6: Jim reviewed the current figures for the B1 and B6 for the month. Jim asked that if anyone has comments on B1 and B7 that they contact him as soon as possible so that he can complete his report by the deadline, which is three days prior to the monthly board meeting.

General Manager’s Operations Report

Sales were down 0.5% at the market compared to May of last year, and café sales down 12.4% over the same period. There was an Owner Appreciation Week last May, which contributed to the sales differential. The combined revenue for May was \$1,151,759, a decrease of \$12,334 from last year, which is a variance of -1.8%. Before depreciation, our organization posted a net income of \$22,985 for the month of May, compared to a loss of \$83,275 in May of 2018 May.

Market

	2019	2018	% Change
Sales	\$1,096,695	\$1,102,216	-0.5%
Basket Size	\$26.65	\$25.33	5.2%
Customer Count	41,661	44,286	-5.9%

Café

	2019	2018	% Change
Sales	\$55,065	\$62,877	-12.4%
Avg. Order Size	\$20.09	\$12.16	65%
Customer Count	2,706	5,180	-47.8%

Personnel costs at the market came in at 24.36% of gross sales, while personnel costs at the café were down 42.6% from the same period last year, and were 70.55% of gross sales.

Our refrigeration equipment continues to struggle with the lack of climate control in the market, and requires minor repairs almost weekly. We are also concerned about the main compressors on our roof, which have been operating continuously since the current location opened seventeen years ago. Our proximity to the ocean, as well as an increase in average humidity, have placed increased pressure on our equipment. The new grab and go cooler in the front of the market has shown robust sales and the convenience of having prepared food and drinks near the registers has been popular with customers.

Sales at the café have remained steady but down compared to last year. We are planning more events at the café, including hosting corporate meetings, fundraisers, and increased promotions and weekly specials. The café is popular with our owners, however the competition with our in-store deli continues to cause sales to be flat. Café management is also planning to revise the menu to reflect seasonal availability and to offer more variety.