

# Board of Directors' Meeting Notes for October 21, 2019

Board of Directors Present: Stephanie Mood, Chair; Lynn Wade, Sarela Bonilla, Sarah Tipple, Steve Myrick, Merrin Muxlow, and Jamie Decker. Staff: Jim Kase, Amber Forest McHale, Rachel DeCaro, and Gloria Isselhard. Guests: Wade Robinson, Patricia Schantz, Peter Doft, and Phillip Gianopulos.

## **Board Study – Evaluation of Policy Governance**

Stephanie reviewed the intent of Policy Governance. She said that she will cover the Board Relationship to Policy Governance in November and the officers' roles in December as the subjects of Board Study. Steve had questions regarding how we follow up on items that are out of compliance and that we should also set a time limit to bring them into compliance. Jamie felt it should be brought up at the next board meeting. Stephanie suggested that (Board of Directors) BOD members discuss things that they may have learned since the last BOD meeting.

## **Outreach and Education Committee**

Lynn asked for suggestions of venues for the committee's outreach presentation. Jamie reported that People's will have an information table at the Point Loma Nazarene University Fall Festival and that we will be handing out information about People's, organics, and food sustainability, along with discount coupons to the Co-op and free organic apples.

Jim reported that the Ocean Beach Branch Library contacted him regarding a donation of pumpkins for their Pumpkin Carving and Seed Saving event.

Lynn asked BOD members to discuss the changes that they'd noticed since the adoption of Policy Governance. She said she felt that it had created more structure. Jamie said that the reporting process seems more organized.

Lynn asked if the board members had a clearer direction of their fiduciary duties. She said she felt it had created more efficacy. Jamie reported that due to Policy Government we are aware of what will be completed on a monthly basis. For example, we can update our safety programs in a timely fashion, etc. Jim said it leads to self-monitoring, as a result of the general manager reporting to the board and the board monitoring the general manager. Jamie said it shows what areas are in compliance and what we need to do when we are out of compliance.

Lynn said that the subject of the Board Study at the next board meeting will be Evaluation of Policy Governance. She asked that board members read portion C4, and that they bring their ideas about how the process is working for the Co-op. Jim will be reporting on E1, B1, as well as third quarter financial reviews.

## **Finance Committee**

Steve reviewed the September financial reports for the market and café. Total revenue for the market was up 1.25% for the month compared to September 2018 and up 1.30% year-to-date. Gross profit was up 14.39% and up 5.10% respectively.

Total revenue for the café was down 73.68% compared to September 2018 and down 23.98% year-to-date. Gross profit was down 71.96% and down 20.74% respectively. These figures cover the two weeks the café was open in September before it ceased operations mid-month.

Total revenue for the market and café was down 3.26% for the month compared to September 2018 and down 0.12% year-to-date. Gross profit was up 5.18% for the month and up 2.71% respectively. Sales per paid labor hour were \$82.98 compared to \$68.04 last year at this time.

Labor to sales ratio for the cafe was 237.65% in September 2019 compared to 94.85% in 2018. Year-to-date it was 87.45% in 2019 compared to 107.61% year-to-date as of September 2018

Steve made a motion that the BOD approve increasing the previously approved amount of \$2,500 for an interior structure survey to \$3,000. Stephanie seconded. Vote: passed unanimously

Steve made a motion that the BOD approve extending the General Manager's spending limit to \$1,000 for non-emergencies and to \$5,000 for emergencies. Jamie seconded. Vote: passed unanimously.

Steve made a motion that the BOD approve up to \$4,000 for the annual maintenance plan for the Co-op's accounting software. Jamie seconded. Vote: passed unanimously.

### **Nominating Committee**

Sarela reported they are looking into hanging a banner outside of the Co-op to promote the upcoming BOD election and the opportunity for Co-op owners to run for the BOD.

### **General Manager's Operation Report**

Sales were down 0.02% at the Co-op compared to October of last year. The Café had no sales and minimal expenses. Our organization posted a net loss of \$12,795 compared to a loss of \$40,788 last October. Year-to-date net income before depreciation was \$20,908 compared to a net loss of \$614,259 at the same point last year.

#### **Market**

	2019	2018	% Change
Sales	\$1,064,76	\$1,065,130	-0.02%
Basket Size	\$26.72	\$24.82	7.7%
Customer Count	40,356	43,486	-7.2%

Personnel costs at the market came in at 27.1% of gross sales. The increase occurred across all departments, and managers are reviewing schedules to bring labor closer to our target, 24.75%.

The Produce Department brought in over 24% of store sales for the second straight month, and is preparing for our annual organic certification inspection. Flash sales have been productive in the department and will continue.

Increasing sales will also help reach our labor goal, and we continue to email sales fliers, flash sales and Co-op business to our growing email list. Our Marketing and Membership Departments are continuing to refine the process for collecting emails to communicate with owners and non-owners. They are also reviewing the results of the recent owner/shopper survey, and will be helping management use the results to help improve owner services and the overall shopping experience.

Our hardworking deli oven has needed several repairs over the last month, and may be due for replacement. It is original to the building, and a similar model currently runs around \$11,000. A surveying company will be measuring the height of the main overhead ceiling beams in order to determine if the building has settled more than expected. This will help inform decisions regarding retiling the deli floor, leveling the mezzanine and possibly reroofing the building with modern solar. At seventeen plus years, it needs some attention.

The Board of Directors and general manager have been exploring all options for the future of the café property, with the intention of determining the best way forward for the organization as a whole.