

Medford Food Co-op Board of Directors July 15, 2019

Present: Pres. Kellie Hill, Vice Pres. Patty Casebolt, Treas. Roger Noyes, Fran Batzer, Sarah Calhoun

Absent: Sec. Debi Boen, Verne Underwood

Staff Present: GM Anne Carter, Café Manager Andrea Warfield

1. Called to order at 5:28
2. Minutes for previous meeting: Fran Batzer moved to accept, Roger Noyes 2nd. Carried by voice.
3. Anne introduced our guest, Andrea Warfield, the new café manager since about 2.5 weeks ago. She has been working to introduce more variety into the café offerings and hot bar. Andrea has hired a new cook to take the pressure off existing staff. Morale has been improving since she has been able to address the staff shortage that existed prior to her arrival. Asked what she saw that has been done well already in the café, Andrea answered that the employees are outstanding; there is a lot of dedication and good will. As to what opportunities she sees for improvement, Andrea believes that training should be standardized. She would like to be able to post the hot bar schedule soon at the front door, and also sees a return to regular hours very soon. A decision must be made regarding what "regular hours" will be, and whether it makes sense for the café to stay open until 9:00 in the evening. The new POS system will allow for tracking of sales by time, so they will be able to tell what is selling at what time of day to see whether there is enough traffic at night. There was also discussion regarding the exploration of alcohol sales to increase evening interest. GM Carter noted that MFC has the permit for alcohol sales, but there has to be a manager on-site in the café, not just in the store. This issue will be further explored once all the other changes Andrea is making have been put into place.
4. GM report: GM Carter

June sales are down over last year and are at 92% of budget. GM Carter said they are thinking this has to do with the weather, as the decline started as soon as school was out. People may have moved their vacations up because of the smoke last year, wanting to enjoy the air while they could.

The net operating loss of \$13K is concerning. The loss was mainly in Grocery and Cooler. They re-counted the inventory that same night just to make sure the count was correct, as it seemed like a lot to lose. In the first quarter inventory those same areas were higher than projected, and so the budget was adjusted upward to reflect that. Now GM Carter is thinking perhaps the first quarter figures were incorrect; there was a new person on the counting team that quarter, and that may have introduced some error. GM Carter noted that if you remove the 1st quarter figures, the projections from January to June look much more normal -- which points toward an inflated count in March. The January to June projection indicated sales are 99% of projected, and COG at 102%. This means we would only be short by \$2K, not \$13K, which is a lot easier to account for, given changes to the store, layout, shelving, et cetera. (For example the loss of the coffee display could account for such a loss.) Asked if shrinkage was a potential answer, GM Carter replied that she is sure that is not the case, as the 6-month figures are on track, and because they recounted in June to double-check the figures. Since it is not possible to re-count the March inventory, GM Carter is comfortable waiting until the next regularly scheduled inventory to make sure sales are still on track. The alternative would be to do a monthly inventory but this costs \$750.00 to \$800.00 and seems unwarranted, given that a \$2K loss between January and June is explainable. Another option would be to use the new POS system to run a "perpetual inventory"; this would require scanning in each item when it arrives. This is possible in larger operations that have

uniformity among their distributors in their inventory systems, but we have over 50 distributors and some of them have only paper inventory systems, which would mean having to key in all the information. Most operations of MFC's size do not do perpetual inventories as it is too challenging.

Café sales in June were 80% of budget. The loss of a cook meant the menu options decreased; just the hot bar and grab'n'go sandwiches were available. Sales have started to trend up in the last week or so since Andrea's arrival, and have often reflected 10% of sales. Andrea plans to have new things on the hot bar every two days and a better variety of options. There are requests daily for the sandwich menu so that is another area for expansion.

Some new items that have come in since the written GM report was distributed:

GM Carter received a request from the Rogue Riverkeepers to be able to collect signatures on a petition while they are tabling at the store in August. The petition is to the Board of Forestry to increase riparian areas in Southern Oregon. The consensus was to deny this request because of not having enough information about the situation. Collecting signatures while tabling is only allowed by specific approval of the Board. It was suggested that GM Carter tell groups that they have to make this request with an in-person presentation to the Board. The possibility of late meetings was noted. This issue was not resolved except to deny the Rogue Riverkeepers' request to petition at their table in August.

Public events: the Rogue Valley Farm Tours on Sunday seemed to have a lot participation, and there were two bus transportation options for people who did not want to make the drive.

5. Updates:

(1) \$ transfer: GM Carter talked with our RCU (Rogue Credit Union) rep who confirmed that moving a large chunk (e.g., half) of our assets out of the credit union could affect our creditworthiness to them because they look at things like assets, how much is on deposit, length of business relationship, etc. when making any loan decisions. GM Carter will talk with the rep from the development co-op and see if there is another option to moving that money. We would prefer to delay the move if possible

(2) Positional pay range: Anne distributed a handout summarizing the pay scale for store employees. This is part of the B6 staff policy changes previously discussed.

6. GM monitoring:

B9 emergency GM succession: not much has changed from last year. MFC maintains its succession policy (each co-op manager is to take responsibility for some area of operations should Anne be incapacitated or unavailable).

A Ends (global ends): summarized on Monitoring Report (memo distributed by GM Carter prior to meeting). New owners and # of customers are increasing, there is not a lot of member feedback, the survey done last year is a baseline but there are as yet no comparison figures. The plan is to repeat the survey every other year. In terms of a thriving local food economy, there has been a decrease in the # of growers we purchase from, but the \$ amount has increased. Smokey summers mean there are fewer farmers. There is no definitive count of how many local organic growers there are; the RVFSN (Rogue Valley Food System Network) is discussing taking this on. For providing economic and environmental benefits to members, the Positive Change program is increasing the

co-op's social impact; the environmental footprint has not improved due to fewer items that can be recycled, although we still divert a lot of cold food waste from the landfill, with programs for farms to come pick it up for animal feed and compost.

7. Policy reviews:

B9 succession: no questions re wording.

A Ends: no questions re wording.

D4: this policy was revised Feb 18, regarding a change of due dates for certain report items.

There are no additional changes at this time.

8. Secretarial role; replacement: GM Carter will ask Sandra about her availability to cover the "reminders" portion of Debi's duties as an expansion of her current hours. Sandra has been able to organize a lot of existing paperwork and scan it, and Anne thinks she would be open to it, and good at it. Anne will also explore whether she would come take notes at the meeting; we will revisit this topic in the coming meeting.

9. Dinner with Todd: Fran invited the Board to have this dinner at her home. GM Carter will ask Mucho Gusto to cater. Starts at 6 pm. Also a reminder re Saturday's retreat, 9 to 3 in the Carpenter Room in the main library.

10. Training ops: there was some question about whether the line item in the budget for Board travel includes lodging and meals or just mileage. It is an annual allocation not confined to individual quarters, so it is adequate given that we do not travel each quarter.

11. Participation report: Part of the purpose of the report is for NCG (National Co-op Grocers) to make members aware of what services are available. MFC does not participate in the inventory services (have continuity with a less expensive local option) and the credit card processing fee makes sense to keep with ECRS with the new POS system because there is an additional fee if some part of the system gets handed off to another entity. There was a request for NCG's "Business 101" document; GM Carter stated that she would take a look and see if it is relevant to our operation.

12. Board budget: Directors had previously agreed to leave the Board budget categories as-is even though we don't use some of them, in case expenditures needed to happen from them in the future, e.g., for a campaign. GM Carter noted that she had not projected the addition of admin support services (for Board secretarial services) in all four quarters, for a total of \$480.00 per quarter instead of having no costs in Q1 and reduced in Q2. Fran Batzer moved to accept the budget with this change, and Patty Casebolt seconded. Passed by voice.

13. Expansion updates: The latest work on expansion was discussed.

14. Next Board meeting 8/19/19 at Medical Eye Center (1333 E. Barnett, Medford).

15. Adjournment moved at 7:43 p.m. by Patty Casebolt, second by Roger Noyes. Unanimous.

Submitted by Sarah Calhoun and Secretary Debi Boen