



## September 2013 Board Meeting

Present: Doug Thompson, Matthew Stanley, Sam Seulean, Allie Evans, Libby Lawrence, Mark Albrecht

Absent: Merianne Myers, Tom Duncan, Norma Hernandez, Beth LaFleur

Doug Thompson started the meeting by filling the board in on the politics behind the “Monsanto Protection Act”, SB633, that is being considered in the upcoming Oregon State Legislature Special Session. The bill “pre-empts” city and county governments from regulating the cultivation of GMO crops and aims for a single state-wide regulation.

Doug told us of the bill’s origins in the ALEC lobbying organization (pro-big business/corporate interests) and how Betsy Johnson was induced to co-sponsor it. He told us how it was defeated in the Oregon House in the regular session, but that it was passed by a few votes in the Oregon Senate. Now the bill has resurfaced in the Special Session due to some political horse-trading that the Democrats have done with eastern Oregon Republicans. Doug wants the co-op to contact Betsy Johnson and let her know that we do not want this bill passed.

Allie stated that the co-op can take a stand on GMO issues.

Matt told us that Washington co-ops have a strong, united position on GMO labeling.

Allie suggested that Doug could come to an upcoming talk at the Fort George and tell people about this bill.

Since this issue is one that we've already decided is suitable for co-op involvement, Allie and Matt will communicate our position to our representatives.

Matt informed us that there really isn't a significant co-op lobbying presence. The NCGA does have a small one that's focussed on GMO labeling.

A motion was made to approve the July and August board meeting minutes. It was seconded and unanimously approved.

Allie noted that we do not have a quorum, so any substantive issue requiring a vote would have to be done via email.

Allie remarked that she is frustrated with the options available in Astoria to recycle the prepared foods containers. She personally drives her family's containers to New Seasons to recycle. Sam said that the existing containers are industrially compostable, but not in somebody's compost pile. They are looking at various options to replace the containers and be more recycle-friendly. It may be that a variety of container types are needed. Matt said that the deli is a "gateway" department for the co-op and so this is important to get right. Zetty wants to possibly incorporate recycling and composting into a bigger project with the city or WOW.

Matt said he's getting cold feet with respect to the offsite space acquisition, especially since we've had three quarters of (small) losses. Writing the check will not break the co-op, however. A number of LOI items are troubling, among them: an unexpected increase in rent (4 months of rent and utility payments without access), "trust them" on completion timeframes, little input into space design, etc. There was a lively discussion about the state of this option, but in the end, the board decided to continue to pursue the space if and only if the agreement could be made to closely resemble the proposal we voted on. This was decided because acquiring a suitable offsite space has already been communicated to staff and NCFW and it would be the best solution of all the possibilities any of us can see at present. Matt will communicate our position to the lessor. If the lessor doesn't substantially agree, we'll walk and start Plan B.

In the meantime, KMUN has offered the use of the board room and perhaps a small office on the second floor. Terms TBD, but cheap. The space could be used for board meetings, staff meetings, staff reviews, etc. Unfortunately, not for breaks. Matt will research labor law to see if breaks can be arranged so that staff have the option of leaving the store for their lunch.

The NCGA risk management team has identified a couple of areas that are negatively affecting the co-op's bottom line: labor costs and discounts. Last quarter's labor costs were almost 26% of sales. Discounts took about 5% off the bottom line. Member discounts cost 3%, should be 1.5%.

Total Q3 labor costs: \$152k. \$120K salaries & wages; \$10K staff discounts; \$14K payroll taxes; \$7K health insurance; \$1K dental insurance.

Allie asked about benchmarking labor costs with other co-ops.

Some possible changes: raise threshold of hours for health coverage to 30 hours; forgo raises for management; flatten hours (after adding Grocery Manager position); no raises after staff reach \$12/hour. Basically, try to keep labor costs constant while growing sales. Eventually increased sales will require more hours, but not for a while.

With respect to reducing the cost of discounts, the following options were approved: remove discounts on co-op deal items, starting with 10/3 sale. Discounts no longer will “stack” (e.g. staff discounts on top of floating discount, or board discount on top of floating discount).

We discussed reducing the number of floating discounts, but would need to do that in 2014 since advertising has already been done with the existing discount structure.

Matt mentioned that coupon redemptions were starting to return money: \$800 with last batch.

Although Matt asked for \$40K to implement Catapult, then found a lower-cost POS option, he now feels that based on a lot of advice from other co-op managers, adding a third checkout lane is highly advisable. This will cost an additional \$16K over the quoted \$24K POS project cost, bringing the cost back to the amount originally authorized by the board. The additional money buys a third checkout stand hardware, an additional S/W license, three new cabinets from Tim Kennedy and a hand-held scanner for

inventory management and pricing since the original plan of using the existing ScanGenius has proven not to be feasible. US Bank will loan the additional money and monthly payments will go from \$600 to \$800/month over the 5 year life of the loan.

Matt said that Zetty is working with the People's Co-op logo designer over a possible re-branding of the Astoria Co-op.

Allie asked for volunteers for the 9/26 RPFM, got none and so the co-op will have to skip that one.

Matt will see if Zetty can attend some or all of the Downtown Revitalization Conference starting on 10/2. Perhaps a board member or two can also attend.

The next meeting will be on 10/22 at 6pm at KMUN.

Respectfully Submitted,

Mark Albrecht