

## LVC Board Agenda for 10/28/20 Meeting 7 pm

Present: Danielle Barshak, Sam Black, Lise Coppinger, Ann Ferguson, Lori Lynn Hoffer, Jono Neiger, Martin Pittman

### Minutes of 10/14 Board Meeting Approved

#### A. President's Report (Sam, 5 minutes)

Agenda has changed so GM recruitment and Board Dynamics will be in executive session. Jono asked Sam to facilitate. Sam as President wants to apologize for errors in judgement in the recent issue over safety protocols in the store. He thinks we are a great team, enjoys working together, and hopes that in spite of past issues we can find a way to pull together. Sam announced that Martin would be the facilitator for the executive session part of the meeting after the public agenda tonight. Sam is still waiting to hear from the state about the revised application request he submitted for a Food Security grant, but it usually takes 3-4 weeks for MA to evaluate such grants. The grant proposal is for two coolers and one produce display. There are two other grant applications he submitted for generator and kitchen upgrades, and there were 1300 applications for those grants, so chances are uncertain whether we will receive one.

Unfortunately we are excluded from other grants that Sam has looked into because of our for-profit status as well as the fact that as a business with multiple owners we can't send our main income for members or tax returns that some business grants require. Sam did write to state regarding a hearing from state to include co-ops in such grants.

Martin asked whether our PPP loan can be turned into a grant. Sam said Yes that our GSB bank is supposed to open a portal for easy submission for less than \$50K. Jono says less than \$50K is automatically a grant, and our loan would meet technically meet this requirement

#### B. Committee Reports:

##### 1. Finance Committee presentation and discussion of Budget (Jono, 20 minutes)

Jono shared a screen re income statement for last year. Last year the total revenues/sales were 524,950. Highest were coffee, deli, groceries and together these departments are 1/3 of total sales. Cost of Sales as a percentage of revenue is 49%, but those costs do not include staff wages. In fiscal year 2018/2019 we had very high contract labor and staff wage costs compared to the previous year.

Jono shared a link to the LVC Cash Flow sheet for 2020. He also shared estimates from Cory Greenberg projecting sales for the 2020 year at 81% of 4 year average sales beginning Sept. 2020. Cory and Jono are estimating 50K a year additional costs for the new GM salary for 2021. There is also an additional staff cost for a part-time buyer position beginning in February.

Jono reported that Paul says currently our monthly expense for staff is 8K a month, where regularly it should be double that at 16K. Martin wanted to know in which departments it should be a priority to increase. Jono thought it should be to have all cashiers as paid staff. Then depending on demand, we could increase the kitchen staff. While Paul is now here volunteering everyday to help with closing, in ordinary times there would be two cashiers on closing shift, and not just one as we have now.

Ann asked confirmation that Paul thinks more cashiers is really important. Sam agreed that we need two cashiers at night because it is lonely and busy. The volunteer cashiers have been really important in saving costs but we need to segue away from this practice when we can. Regarding Profits and Losses we are making more profits than losses but in January it will go negative with the new GM salary and declining seasonal sales.

Jono then discussed the comparative revenues for September 2020 compared to September 2019. The store is way below last year in revenue. However, the percentage of revenue split overall between groceries and deli is still 80-20. So the key question is what can drive revenue up?. There has been a yearly decline in revenue from 2016, and revenues this summer were only 82% of average etc. Checking department revenues between this year and last between March and August reveals that the categories of Bulk, Pre-orders, coffee/tea, tobacco etc are down appreciably, mostly due to the Covid crisis as well as the lack of staff.

Question is what is our target in regards to future revenue to deal with our situation. Jono and Cory think we have to aim for 17% increase of sales, which we can do with more inventory, equipment etc. The key question is whether we can afford to offer 50K plus benefits for GM? The new GM needs to be a person that can create new revenue. Lori Lynn raised a question about what our target would be in increasing particular types of paid staff positions. Jono said he would try to come back with staffing charts from Paul. Martin pointed out that it will be important for the new GM to use Paul as a resource to get all this information to use for decision-making on new initiatives.

Communications/Member Outreach (Lori Lynn and Ann, 10 minutes)

Lori Lynn said communication group does weekly Mail chimp, and Jean and she are working on a membership brochure. The next drive proposed also by the Member Outreach Committee is a Member Winter Pledge campaign for monthly or seasonal spending and we could add names of those who pledge to the store Bulletin Board or list on website. Danielle thought the names should go out in every newsletter through the winter. Jono thought it would be good to have a Winter Pledge card but we should check with Paul on the idea. He noted that we are not getting a lot of new shoppers, but that is the challenge of winter, also that we need to expand our offerings. Martin thought it a good idea for people to fill out a pledge card: maybe the announcement could ask people to come into the store and fill out a pledge card which would go into a raffle for a prize, but names could also be listed on the bulletin board. Jono suggested that the Communications/Member Outreach Committee should meet to provide the Board with a specific recommendation to decide on for next Board meeting.

Infrastructure (Lise, 5 minutes) The existing proposal on the table with Eversource would divide the heating of the store into two separate heating systems, one for the original store and one for the addition (back store) The Eversource contractor proposes using the duct work for the kitchen but not the rest of the store. Lise is not confident that this Eversource contractor is competent, and in any case we would have to put 13K toward the project, so she is not sure it is the right fit. Jono asks how much a consultant would cost. Lise is hoping for a pro bono reference.

Another issue is whether the store would get added revenue if we agreed to have a drop off station for Amazon packages. The Amazon representative visited the store and though it would be an ideal site. Danielle talked to Paul about this idea and he had a really negative view of it because he thought Amazon food sales compete with Coop food sales. In any case, if we were to pursue this idea Lise and Jono agreed it should only be agreed to if it were no cost to the Coop. There is one line of thought which suggests it would just increase foot traffic and hence buying of other products. It would seem that has happened through having the store be a site for drop off for online Sunderland Farms Collaborative orders.

At 8:19 pm the public meeting was adjourned and the Board moved into executive session to discuss GM Search details and Board Dynamics (30 minutes+).

Respectfully submitted

Ann Ferguson, Clerk