

**Frederick County Consumer Cooperative
Board of Directors Meeting
August 25, 2022**

Board Members Present: Megan Schneebaum, Mary McKelvie, Toby Schermerhorn, Juan Ducos, John Beutler, John Clarke, Alecks Moss

Board Staff Liaison Present: Joe Asim

Board Member Absent: Armando Martinez and Joe Eastwood

Staff Members Present: Román Diaz, Sarah Lebherz, Harrison Kent, Mac Kio, Susan Schulman

Owners Present: Jim Wagner, Sibylle Magnum, Matthew Higgins, Julie Richards

Speaker: Kavonte Duckett, Frederick Religious Coalition with Andy Moss

The meeting was called to order at 6:05pm by Megan Schneebaum via Zoom.

Food for Thought: A Speaker Series

A 20-minute Ted Talk Style presentation was given about the emergency human needs in Frederick by Kavonte Duckett of the Religious Coalition whose mission is to prevent and alleviate the effects of poverty.

Approval of Agenda

The meeting agenda was approved.

Consent Agenda

The July 28, 2022, minutes were approved.

During the meeting, the Board approved refunds for Owners who are moving: 3993, 6145, 5118. Via email following the meeting, the Board approved Owner refunds for: 4955, financial distress and 10353 unhappy with clerk interaction – Román will follow up with 10353 to get more information and to personally discuss the situation.

Owner Services will update the refund form with contact information & messaging for Owners to contact the General Manager (GM) with further information or to discuss anything in person.

Owner Comment Period

None

GM Monitoring

B2- Financial Planning

Rt. 85 Store

For Fiscal Year 23, Zero growth has been budgeted at Rt. 85

A notable revenue driver is the Café which was closed for much of FY 22 and is now open part-time 5 days per week, with salad bar & soup bar open, and hot bar planned for opening this year.

Margin at the store ended at 36.5% representing an increase over last year's 34.75%.

Wages were up 15.4 %, this is positive because labor targets were missed last year meaning the store was short staffed.

7th St. Store

For Fiscal Year 23, 9.6% growth has been budgeted at 7th St. with projected steady continued growth. The Café is open every day, with shortened hours. Goal is to continue to hire so the café can stay open until 7 pm. (For both stores)

Margin at 7th St. ended at 36.79% and wages ended at 15.2%

Consolidated Fiscal Year 22 numbers show 5.9% sales growth over the previous year for the organization as a whole. It is generally expected that with expansion, it takes 3-5 years before an organization becomes profitable.

Employee Retention Credit is an expected payment of \$1.5 M and will help with cash flow.

C-share dividends will pay at rate of 4.5%.

Café commissary ending, production can now take place at both kitchens with current staffing levels, and this will help improve the margin. The Bakery is open at 7th and will produce for both locations. The Café is gearing up for the holidays with food tastings & preorders being planned.

The 2nd Anniversary for the 7th street store will take place on September from 12 – 5 PM. There are sales planned throughout the day.

Sarah discussed the projected growth for FY 24, 25, 26 assuming a 3% growth in those years.

She mentioned a goal of seeing the EBIDTA (earnings before interest, taxes, depreciation and amortization) at 4%.

Sarah mentioned for the record, that a new checking account was opened due to recent account fraud activity. The was done at the recommendation of the bank and the same signers are on this new operating account. The old account was closed.

Questions - Sibylle asked if inflation is a concern and how will inflation impact cash on hand, are sales impacted? Are customers getting more conservative, are basket sizes affected?

Román replied that we continue to see growth in Owner basket size. Other shopper baskets sizes have been even. With inflation, the Common Market is pushing value initiatives and product mix to generate customer loyalty. There is a continued push for Ownership growth.

Matthew asked about the number of PPP loans we have applied for, and Sarah replied 1 because that is what our organization qualified for.

Jim asked if the Common Market could consider refinancing loans? Sarah replied that our loans are fixed for 2 years, and we would pay restructuring fees on a refinance.

John B motioned to approve the presentation of the Monitoring Report, Juan seconded. All Board members present voted in favor to accept report.

Staff-Board Liaison

Joe A. reported that 4 new Owners this month are Staff members! He and Mac will continue to promote Staff engagement. Three Staff members have asked Joe about the possibility of a 401 K program. Román said he and Sarah are evaluating the possibility.

Active shooter training will be available either in person or online. Roger will have sign up forms at the Town Hall meetings. Roger has identified sections in the stores for safety and is creating a text response system. Román reported that managers just finished Narcan training and that will be made available to the Staff also.

Election Update

The Board election starts August 26th. Owners will receive a link from Simply Voting. Voting will be online. Each Service Desk will have a tablet if Owners need assistance. The election will close Friday September 16th at 11:59 PM.

Meet the candidates will take place on zoom on August 27th from 11 AM – 12 PM.

Staff Department Focus

Dennis Pick, Store Manager at the Rt. 85 store is new to Frederick and the Co-op industry but has worked in natural foods since 2009. His initial focus for the Rt. 85 store is customer service, running an organized store, and growing special orders. In his experience a store with organized conditions and cross merchandising is easier to shop and looks great. He knows the team takes pride in how the store looks. Co-op steward position – work in which ever department is needed. Cooperation between departments is important because it creates efficiency, smart ordering, product mix, & inventory, helps save in labor and frees up cash flow. Dennis thinks a unified Common Market will lead to success.

Questions – Megan, asked how the Board can help? Dennis suggested more Owner education and outreach, meetings attendance, shopping more frequently, special orders, etc.

Board Monitoring

D7- Board Relationship to Member/Owners

John C presented the D7 policy with no changes or revisions to the current wording. A discussion followed about what is being done well: making policy decisions, holding annual meetings. There are opportunities for improved communication, engagement, Owner benefits description, and direct interaction.

DEI Update

Next meeting September 12th @12:30pm via Zoom. All are welcome, register on the Common Market website to receive link.

Upcoming Food for Thought Speaker for the September 22nd Board Meeting is the Umbrella Project. The October 27th speaker is from Moon Valley Farm.

Odds and Ends

- Green Committee – made an introduction to a new trash vendor called Road Runner Roger and Sarah had an initial phone call and it appears we can save about 18% with them, plus they will evaluate our recycling program. Plastic bags won't be recycled anymore, not efficient – high labor, boxes expenses, trying to figure out what to do. We don't contribute to the stream. Moms has stopped recycling bags.
- Lunch with Leadership (Oct 13@ Route 85 store & Sept. 1 Juan; @ 7th street store Oct. 20 Toby)
- Instacart- Just signed contract- still will be doing curbside through WebCart at 7thstreet store.
- CX customer survey- data training will start early September.
- CBLD - Training Calendar (Board Presidents Roundtable - 7/10, CBL 101 - 7/16, Advanced Finance Topics - 7/27, Navigating GM Compensation & Eval Process - 8/10, Diversity: More than a Number - 8/17)
- Spoonful deadline Sept. 7th.
- Envision Frederick
- MAFCA - September 11 at the 7thStreet store.
- *The Beet* planning
- Good of the Order

The meeting was adjourned at 9:06pm