

# Anacortes Food Co-op

## Board Meeting

SaviBank Community Room, Anacortes

August 8, 2023

### Attending in person

- Braxton Cox – Guest, “wants to get involved,” gave an excellent overview near the end
- Phil Cohen, Shawn Bell, Sara Holohan, Tim Heiner

### Attending by Zoom

- Deborah Craig, Gloria Shelton

Started about 7:15, after resolving zoom issues

Approved previous minutes

### Manager report, Sara

- About break even for July soft open, after adjusting for huge inventory write off of product that expired during extended closure
- Received grant reimbursement, now in position to repay loans
- Loan from co-op
  - o Considering paying in full, to establish/enhance credit rating, waiting on Sam for interest amount (background on Sam/loan assumed, not covered)
  - o Sam suggested rolling loan over
  - o Dialog started about 3 weeks ago, last communication was about a week ago
  - o Deborah – maybe wait a few more days, he (Sam) might be out of the office (?)
  - o Sara – if we repay, and need to re-apply, we will be looking at 2 – 3 months
  - o Sara – need for loan is for cash to spend grant dollars, which will be reimbursed
  - o Deborah – recommends rolling loan over
- There is about \$30k left in the grant, which has been extended to next March
  - o Ideas include a back-up generator for the coolers and freezers, a walk in cooler (more ideas were identified later, see below)
- Gloria – Payroll is running at 29% of sales right now – High
  - o Inventory charge was non-cash / actual COGS was about \$10k

- Shawn – Margins are running about 35% (may have mis-heard, please correct if I have wrong number, Tim), some categories are higher, some lower...
  - o High payroll is expected because we have new staff, requiring training hours and extra back-up
- Phil – can we take out the one-time inventory write off and create a P&L that reflects our cash flow (not his exact words, but that was his question, after discussion that was rapid fire – Tim)
  - o Tim – we need a cash flow statement
  - o Sara – we can't do that directly in QuickBooks, but we can export it to a spreadsheet and create a statement
- Gloria – asked about membership purchases
  - o Sara – included in Sales
  - o Gloria – that skews the margins
  - o Sara – yes, but there is not an easy fix in the QuickBooks that we have
- Someone(?) – question about the quantity of discount sales of product that was close to the expiration date
  - o Shawn – some, but a small percentage of the total

#### Manager report – Shawn

- Daily sales are higher than our old location, but not where we need them to be
- We are not yet fully stocked, have been ordering very conservatively
- Still training new staff, there is overlap and higher cost
- Judas is fully trained, and performing exceptionally well, and has insights that are making our POS system even better
- Avery is doing well
- (previous – both Judas and Avery do not want max hours) we will need to hire at least one more, and we are getting interest in possible openings daily
  - o We really, really need experience in Produce, and, Grocery Management, especially conservative purchasing (cash flow management)(we are looking at a unicorn in wanting both in the same person)
- There may be grant or loan opportunities to seek the people we need
- We are looking into adding new distributors, which would require minimum orders
- UNFI recently raised their minimum, and we missed a delivery because we did not get the announcement; they are still working through the aftermath of closing their Washington delivery hub / now running all product out of Oregon, and have decided to charge the highest delivery fees to those farthest away – us included!!!
- Kayhee (sorry, did not ask for a spelling to clarify the entity, Tim) may raise their minimums, we may still qualify under the last rates known, have not applied because it would mean dropping UNFI – can't do both
- Customers are putting messages on the white board daily, and a big ask, day after day, is for sandwiches and salads

- Charlies sandwiches and salads are an option that many co-ops are having success with, but - not local, not guaranteed organic, might be an interim option?
  - Avery is very interested in producing these products, requires clear recipes
- We are receiving many positive comments, from members and walk-ins
  - Product
  - Opportunities
  - Appearance
    - Building (Tim additional comment– paint, appearance of dilapidation)
    - Parking
- Gloria – when could we make in-house sandwiches?
  - Shawn – would need a new hire, they have to be done early, and the person doing them can't be doing anything else, Avery could be ready in a week, but a new hire needs at least two weeks, so three weeks minimum to start
- Phil – Banana flag donor flag (a donor will pay for banana flags, just specify!!!) could give us a sign that promotes sandwiches and salads
  - Shawn – we have a board that does that that we can put out (it was implied, but I did not ask... about providing such product in the past, but that the board worked well, Tim)
- Deborah – yes to Charlies, as an interim step?, and we need to do a cost analysis to compare Charlies to what we could make with local, organic ingredients
  - (discussion now, and later, about what Charlies and other non-local product suppliers bring to co-ops, customer response/acceptance/enthusiasm/distaste, along with cost/profit margins)
  - Agreement that we would like to know what the cost comparison is between Charlies, and doing it internally with known local (and organic) ingredients
    - Obvious implied marketing opportunities... assuming they will buy!
    - Other discussions emphasized that we are not, and cannot be, a full service organic deli, which is what some really want
- Shawn – the fridges and freezers are now fully stocked – sandwiches and salads would displace some of our current offerings; dairy is popular, but one of the lowest margin products we have
- Gloria – the store looks very good
- Shawn – we are waiting to learn what options can be delivered
- Sara – people want a deli
- Shawn – we can't match Skagit Co-op Deli, but they are NOT local, or organic, though people have the impression that they are... (Shawn commented that he had worked there, and knew well..., Tim commented that he had purchased from the deli, and asked questions, and his impression was that Shawn was correct.)
  - Shawn – if we exactly matched that deli, we would deny our mission statement of local and organic
- 3 Sisters meat – (did not catch who said what, alas) – a Skagit co-op member had commented about being happy that we had the product, an AFC board member noted that the product, at least for a time, was available at Skagit

## Old Business

Sara – we are live today with EBT! The signs are up. Staff has to do a four-step training; Shawn and Sara have done so

Shawn – a member that only wants to order beer called (we are a work in progress)

Sara – wondering why a change of address and closure for the duration is affecting the liquor license for beer and wine; was told that there was a multi-week delay in the process just because before asking the city of Anacortes for comment...

New health requirements (that duplicate existing requirements, but with extra costs that go to private, for profit entities) – Judas has agreed to take the training and tests (not specified, will require extra payroll cost), the fee is \$78, the extra pay cost is unknown

## Phil – Future meetings

- The Anacortes Library would mean no guarantee of times beyond a three month period, repeated, and loss of solid, guaranteed date/time
- Deborah – we, and our members, need consistent date/time commitments for our meetings
- Shawn – we could ask the co-housing folks if they have a common room
- Annual meeting – looking at September 25, 26, 28 at the Library
  - o Chose Thursday, 28 September
  - o Phil will book the big meeting room
  - o Will have musical guests
- Meet w/o Phil on 9/12 (last Board meeting at Savi)
  - o Plan 9/28

## New Business

- Phil thanked Deborah for the input and documents, Gloria also thanked Deborah
- Gloria – do we have insurance for Board members?
  - o Phil – no, we can add it for about \$1,200 a year, or Board members can look after themselves with an umbrella policy, which not everyone will be able to qualify for
- Phil – our insurance costs, per RIS (our carrier/agent) will rise 2x to 3x soon; we have 60 days after opening in our new location to finalize, Phil will get new numbers, and issue is tabled until 9/12 (technically 4 days late – Tim, doing the numbers while typing this up)
- Sara – we have four documents regarding recruiting new Board members – how should we use them?
  - o Deborah – the letter – send to potential candidates, the two-page – hand out
  - o Sara – how can we target this?
  - o Shawn – what about sending the letter to other (co-op) organisations?
  - o Deborah – yes, do it, and make a different letter (customize) for other groups
  - o Phil – is in another group that is aligned with us on a number of issues, thinks a letter would be well received (might even get a positive response!)
  - o Deborah – email me names of organizations and people, will work with that

- Phil – hand out at (Anacortes) Farmers' Market?
- Deborah – yes, that's a good idea (personal Tim note – I teach at 2-3 schools in King County on Saturdays, and cannot participate at the Farmers')
- Sara – good, would like input from all on editing and improving the documentation
- Deborah – Yes! Would love input to make the docs better!
- Sara – will send docs around in Word format – easy to edit/comment
- Phil – has anyone conversed with Sheri Munteen?
- Deborah – not yet, all the old/original docs are on the shared drive – a good resource
- Phil – the official Board email on the website is full of spam, are there any volunteers to weed through this?
  - Deborah – yes, I will
  - Password is (not included here)
- Phil – Marketing - Promotions and Membership under the Grant?
  - Sara – Promotions may be ok under the Grant, depending on how defined, have not asked about updating the website, perhaps as a sub-allocation?
  - Phil – need to set a budget and define the request
    - Need to set a time, various schedule conflicts..., settled on 8/22 at the Library 10 am – noon (Tim note – did not have my calendar with me, won't be back from my Bitterroots MT trek until late in the day, 8/23)
- Phil – a donor will give us one or two flag signs for the street front, what designs do we like?
  - Shawn – “Everyone Welcome” – answer to a VERY frequent question (no, you don't have to be a member!)
  - Sara will send design for flag that we were fund-raising for at the old location
- Shawn – received quote from CINTAS for cleaning of towels and rugs
  - \$35.70 per week, 25 towels and 3 rugs
  - Already have our own towels and rugs
  - Will need service when we are doing better, and will be required when we add Deli options

Guest – Braxton Cox

- Interested in including co-op for a number of ideas
  - Cosmic Vegis, maybe share/partner on orders for sandwich ingredients, possibly offer their sandwiches?
    - Shawn, good idea, note that they order way more volume than we do
  - Look at cross promotion
  - Wants to promote direct connections with Farmers, on Guemes and elsewhere, possibly as a hub
  - Phil – what are the economics?
    - Braxton – haven't looked at that yet, still exploring what might be possible for Farmers, Seed Banks, Plant Starts, growing and distributing local food, moving compost back to farmers, working with food banks
  - Gloria – Guemes farmers used to come to the Anacortes Farmers' Market
  - Braxton – ferry and other costs are rising, looking for ways to coordinate

- Braxton – working with Miracle Food Network, also wants to work with organizations on Orcas Island
- Gloria – the Salvation Army in Anacortes does some of this
- Braxton – there are lots of ideas – looking to coordinate with like-minded people/groups
- Gloria – a problem in the past for organizations such as ours has been the unpredictable Quality and Quantity of product
- Braxton – Sara at the 41<sup>st</sup> Street CSA has expressed an interest in working with us, and also would like soup
- Sara and Shawn – we can cut and process produce, but we do not have license for cooked products

Motion to Adjourn passed about 9 pm

Minutes Approved September 12, 2023

Phil Cohen

Deborah Craig

Tim Heiner

Gloria Shelton