

Plainfield Co-op Board
Meeting by Zoom
June 8, 2020

Board members present: Cat, Les, Giordano, Sarah, Rose

Others present: Peter (GM), Gail (minute taker)

Cat, as vice president, prepared the agenda and chaired the meeting.

Participants were able to connect and to stay connected. No at-large members or members of the public joined the meeting.

Check-in. Cat reported that Roseanne Scotta is willing to join the Board but was unable to attend this meeting. Cat will invite her to the June 22 meeting.

Consent agenda: The minutes for the March 18 Board meeting were approved, subject to one correction (“July 15” should be “June 15”).

Member-Owner Input. No one called in. Sarah expressed appreciation for the publicity postcard that went out this week; she was pleased to see the strong emphasis on EBT. She said she has heard good things about the Express Window. Giordano suggested it be made permanent, at least during good weather.

General Manager’s Report: Prior to the meeting Peter distributed a written update to the Board. The report is included at the end of these minutes. In addition to the written report, Peter reported that the federal income tax was filed today and the Co-op will get a \$5,118 refund. The Co-op owes about \$300 in Vermont income tax. The Co-op will also be getting a \$1,304 refund from the Unemployment Insurance Fund.

Peter reported a call from Erbin Crowell of NCFCA (Neighboring Food Co-ops Assn.) asking Plainfield Co-op to sign on to a petition to Congress to increase SNAP benefits and other nutrition benefits for low income people. After a brief discussion, the Board agreed to support the effort, and Peter will sign on behalf of the Co-op.

Peter says he has not yet posted the job description for bookkeeper because of the Co-op’s precarious financial situation. He was looking for input from the Board about whether to proceed. There was a lengthy discussion about the pro’s and con’s of bringing on an in-house bookkeeper now. Cost of Naomi’s services now is ~\$860/month for 20 hrs. Stephanie, the recent financial assistant, worked 20 hrs/week. Peter thinks with an in-house bookkeeper we only need 12-15 hrs/week of someone’s time. Peter said he thinks it will save time, and thus money. He said it will be helpful to have a single point of contact for vendors and buyers. He also said the present patched-together system of payroll, processing vendor invoices, and budget documents is not working and that a single person will be an improvement. Sarah said she was worried about the costs of a transition period when both Naomi and the new staff would

have to be paid. Rose questioned whether the position entails two different skill levels: entering data and financial analysis. Giordano said that data entry is part of the usual responsibility of a bookkeeper. Giordano expressed concern that there be a second set of eyes on the books and suggested perhaps Naomi could do a monthly report to provide that second set of eyes. Les suggested asking Naomi the costs of a minimum monthly review (or a quarterly might be enough). Sarah reminded the Board that there were discussions in 2019 with Hunger Mountain about their helping with the bookkeeping. They were willing to help work out the financial management system, but this was left up in the air because of Jean's leaving and the virus disruptions. Peter will check back with Hunger Mountain. The Board agreed that the final decision whether to proceed with hiring a bookkeeper is a management decision that rests with the General Manager. Peter said he understands this but appreciated the feedback.

Peter said that April sales were 10% more than 2019 sales for the same month, but significantly below what was budgeted. Giordano pointed out that our sales were higher this year than last but the "cost of our sales" is 3% higher than last year. There followed a discussion about what Cost of Goods Sold (COGS) represents in the budget documents. Peter said that Naomi said it is being interpreted as Cost of Goods Received. Peter said that there had been no inventory since 1/1/2020 because of staff shortages. There is a Coop schedule for quarterly, annual and min-inventories. Peter will ask the buyers to do a "min-inventory" by the end of July. Giordano said that COGS should not be reported as Cost of Good Received; it should be adjusted to take account of inventory; otherwise, the bottom line is misleading. Les supported Giordano's definition of COGS. Giordano said he is not going to submit a Treasurer's Report to the newsletter this quarter because he is not comfortable submitting a report based on unreliable figures. Peter said the figures are not false if you understand they have not been adjusted with a current inventory. Sarah said that this issue has arisen repeatedly in the past; she wants the board to adopt an action plan to come up with a mutually satisfactory solution. She proposed a joint conversation among Naomi, Peter and someone external, who is not on staff, such as our loan officer or someone from Hunger Mountain, perhaps using the Columinate grant to focus on this issue; she said that she didn't think any other small groceries are able to do inventories at the level that would make monthly inventory adjustments possible. No one responded affirmatively that they would do this.

Cat asked Peter about plans for opening the store to the public; she said she is missing the store. Peter outlined steps he had taken to get closer to reopening (bringing cash back into the store, extended hours, express window). Staff have wide differences in their level of comfort with opening the store. If the store opens soon, some of the older, vulnerable staff who are on leave may not return. When the store opens to the public, the plan would be to continue curbside pickups for those who prefer to order online, probably by limiting this service to certain hours of the day. Peter said June sales are way down and predicts a \$40k gap in June if sales continue this way; it seems that customers are starting to shop elsewhere. It is crucial to open soon to tap into summer sales. There was a discussion of which hours were the busiest. Peter said the problem is how to comply with state guidelines about the number of people permitted in the store. Les said the state provides three different options; he will circulate the rules to the Board.

Peter said that the Co-op has already used up all the federal Payroll Protection Plan money, so the loosening of rules to give more time to spend the money is of no help to the Co-op.

There was further discussion about the slumping sales. Sarah said it was important to think about how to bring the conversation to the members. Gail will call Glenda to ask her to put the issue of sales front and center in the upcoming newsletter.

Policy Governance Training: Les said there are some good You Tube videos about Policy Governance (he mentioned Brown Dog Consulting) that are 5 or 10 minutes long. He suggested that training could be done by Zoom with Board members watching a short video and then chatting about it. He will send links to the Board.

Annual Meeting: A quorum for an annual meeting would be about 50 members, as our membership is close to 1,000. Is there a possibility of an outdoor annual meeting such as at the Twinfield recreation fields, using loudspeakers? To be discussed further.

Committee Reports: See General Manager's Written Report.

Next meeting: By Zoom, June 22, 6 pm. Agenda to include

- Policy Governance housekeeping
- Introduce new prospective Board member
- Annual meeting, and how to include members in problem-solving about sales
- Planning for store reopening
- Follow-up on budget definitions and practices (what is COGS?)

General Manager's Written Report

Chris Thompson: Chris has been out on leave. A great work day was organized at his farm, and thousands of transplants dealt with by a couple dozen people. He is going to be out for a while. In the meantime, Kevin and I have been dealing with any maintenance issues. I've reached out to Kate Hayes to see if she might be able to fill in for a bit.

Back Up Generator: John Draper has finished with all the wiring installation for the new back up generator. We will need the Building Committee (now short both Chris and Mike) to make some sort of housing to protect the generator. We will also need to do a test run, once we move the generator outside (it's currently taking up space in the staff break area).

Cooler Gaskets: When Alpine was here for their annual servicing of all our coolers, they pointed out that all the gaskets were torn and dried out and certainly not fitting properly. They ordered new ones and replaced them all this week. The units should run more efficiently. We have noticed the store is not as cool as before, so we were clearly wasting energy.

Zoning Permit: We received our zoning permit for the new large sign on the end of the building. It'll be just under 24 sq' (the max allowed without a variance). Matthew Denton is making the sign. We have a mandatory 14 day waiting period to allow for any public appeals (we don't expect any), so the sign should be up this month.

Plainfield/Marshfield Direct Mail: Quick work by the Marketing Committee to turn around this bulk postal patron mailing. Bob Fancher took input from committee members and designed the card, which was printed by VistaPrint. He sent them the file last Thursday, and we got the cards Wednesday. I did the necessary paperwork and bundling for the three Post Offices (Marshfield, Plainfield, and Montpelier – which handles the two Plainfield rural routes), and delivered them yesterday. Post Office boxholders got them yesterday; rural mailboxes are getting them today. We have seen an increase in the EBT card usage; hopefully, this will encourage even more.

Co-op Tax Return: Wegner's has completed our tax return for 2019 and is sending it to me for signing and filing. They tell me we will get a refund of about \$5,000, which was a pleasant surprise. When I asked how this could be, they replied, "Some years back, the co-op made estimated federal income tax payments to cover a possible income tax liability. Due to net losses of several years in a row, the co-op had no income tax liability, and the estimated payments just "sat there". Now, even though the co-op had a positive net income in 2019, most of it was offset by the patronage dividend, and the small remaining amount was covered by the prior years' net operating losses that can be carried forward. . . .so it seems unlikely that the co-op will experience an actual federal tax liability for at least the next several years; you may as well get that overpayment refunded.

Bad News: While the tax refund is good news, our sales numbers for May are the bad news. Our budget projected sales target was \$109,833; our actual was \$80,979. (Figures from CoPOS). That's a shortfall for the month of \$28,854. Combined shortfall for April and May is \$38,417. Another month and a half like that, and we'll use up all our cash and have to dip into our savings (equity) to pay bills, vendors, and payroll. There is a bit of good news on the PPP loan – the new Congressional action, which the President signed, gives more time and flexibility, making it easier to meet the forgiveness requirements. Regarding the Economic Injury Disaster

General Manager's Report, page 2

Loan (EIDL), the Small Business Administration has not re-opened for applications, except for agricultural enterprises. I've had multiple contacts with our Congressional delegation and their staff, so they are very aware of our situation, but no progress on breaking the logjam. At the state level, Governor Scott did announce EIDLs as part of his COVID stimulus package, which the legislature is reviewing. I sent a detailed message to our three Washington County State Senators and Rep. Janet Ancel, so again, they are aware of our situation. The Legislature is reviewing all those proposals now. Whether they put that into a separate bill, or include the COVID expenditures in the First Quarter of SFY 2021 Appropriations Bill remains to be seen. Regardless, it does not appear that anything will happen anytime soon on this front.

Re-opening to the Public: This is a challenge. We've been slowing "turning the spigot," as it were. We extended our curbside ordering to 8PM, added Thursdays back in, and have the Express Window open 7 days a week now. On Monday we put cash in the registers for the first time in two and a half months. While the Express Window is getting a fair amount of use, the overall sales numbers have dropped significantly, as mentioned above. We believe part of this is due to people being able to, and more comfortable with, shopping elsewhere. All staff has completed the mandatory state training. I am in the process of building Plexiglas sneeze guards for the front registers; they should be installed over the weekend. I have been meeting individually with all staff to gauge their comfort levels about re-opening, and also to solicit ideas about how to do it. There are many issues and details to work through which include: do we do phone and email orders at the same time the store is open? What about the Express Window? During busy times, a floor staffer could be on the phone filling and order, while a customer or three is waiting to cash out, and someone is at the Window ringing the bell. Suggestions range from only opening to the public certain days, to filling phone/email orders on other days, or setting aside certain hours of each day. There is a strong desire from staff NOT to have all three options running at the same time (frankly, we don't have the bandwidth to cover it). We'll have to educate our members and the public about wearing masks in the store (we will require it), hand washing as before, and not coming in if symptomatic. The state actually requires signage to that effect. The state social distancing requirements are for only 1 person per 200 square feet of retail space. Since our space is about 900 square feet, that means no more than 4 people in the store (not counting staff) at any one time. How do we control that? Just education through the newsletter/emails/signage? Staff locking the door if too full? Staff speaking to customers. Kevin and I were looking at the store traffic numbers for last summer. Virtually any day had 20-40 transactions per hour between the hours of 2:00 and 6:00 PM. With two people on register, that means checking someone out every six minutes (20/hr) or three minutes (40/hr). That simply won't/can't happen with only permitting four customers in the store at any given time. With today's mixed news from the Governor – more loosening of restrictions, but the outbreak in Winooski – comfort levels did not increase.

CoPOS: We've been dealing with a glitch, a bug, in CoPOS, which has been overwriting some member sales data in one program. CoPOS tells us that it doesn't affect any data anywhere else, so is just one report seems to be bad at this time. As I write this, I'm expecting a call back from CoPOS, so may have an update Monday.

Bookkeeper Position: We've asked Naomi to order the QuickBooks Online program through her business. This gets us an ongoing 50% monthly discount, as long as we're still working with her. I had a long phone meeting with Naomi, who was extremely helpful in counseling on what kind of language/skill sets to include in any recruitment ad we put out. I've got a draft at this point, and hope to send it out shortly. I have some hesitation, given our finances, and we should discuss this a little on Monday.