

Adopted Minutes
East End Food Co-op Board Meeting
Hybrid Meeting held in EEFC Conference Room and via Cisco WebEx
October 16th, 2023

In attendance:

Board Members: Laura Valentine, Secretary; Tom Pandaleon, Marty Seltman, Brian Alderman, Tyleda Worou, Carlos Gasca Yanez

Management: Maura Holliday, General Manager; Jeff Guererro, Marketing and Member Services Manager; Tyler Kulp, Store Operations Manager

Member-Owners: Mark Bowers, George Mongell, Nick, Fran, Nico, David, Barbara, Courtney Pellegrino, Nicholas

Board Clerk: Jessie Ryan

Absent Board Members: Ariel Barlow, President

Introduction

Tom called the meeting to order at 7:04 pm and read the Ends Statement aloud.

The East End Food Co-op exists to enhance physical and social health in our community.

To these ends, we will create:

1. A sustainable member-owned business open to everyone
2. An ethical and resilient food infrastructure
3. A vibrant, dynamic community of happy, healthy people
4. A creative vision to transform the future

Check-In

Those in attendance checked in to express their feelings and any needs.

Amend/Approve Agenda

Decision: Laura requested time before the Member-Owners Open Session to read the FAQs and comments regarding Expansion and Relocation. The amended meeting agenda was approved without objection.

Amend/Approve Minutes

Decision: The September meeting minutes were approved without objection.

Member-Owners Open Session

Nico took a moment to say hello. He is a new member who is running for the Board and just wanted to observe a meeting and meet everyone.

David took a moment to say hello as well.

The Board sent out an email with frequently asked questions regarding relocation. Laura took some time to read some of the comments and questions that were received to get more answers out there. The types of comments that were received were about parking, bus line access, moving further from population centers, locations, the need for a natural food source in the east end, and the Café.

Questions:

- What is the primary reason for the move and is there one particular area that is being focused on?
 - We have been outperforming our current location. Our lease expires at the end of January 2026. We have been focusing on the East End area, ideally 2-3 miles from the current store, but we have looked as far as 5-6 miles. The goal is to stay as close to this location as possible for our staff and members. We are trying to look for at least as much space as we have now, and we could possibly go smaller

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but at least we could right-size our operations with a larger sales floor. The space that we occupy was not designed to be a grocery store.

- Would it be beneficial to build from scratch to make it meet our needs?
 - Yes, it would be a benefit. Other good options are spaces that were originally designed for retail. Ownership is ideal, but it depends on what presents itself.
- Is it easier to find existing space that might be in a smaller building?
 - Potentially yes. It has been an option we have considered recently. We have also talked about the possibility of moving offices to a different space if the building was right otherwise.
- Do you have a broker or accountant in-house?
 - Taxes are all operational. We do have a Finance Manager. Our finances get audited yearly. We have engaged with brokers in the past. We are signing an engagement letter with a new broker this week.
- Is the Co-op moving to grow or survive or somewhere in between?
 - We have had a significant amount of sales growth with the pandemic. It's going to start flattening out because there is only so much we can offer and sell at our current location. The goal is to do both, offer us an opportunity to continue to be a Co-op and offer our services to our community, but also that should lead to growth. We would like to at least maintain what we are doing.
 - There are some members who would prefer the Co-op not get too big.
 - Is that thought entertained by the business side of the Co-op?
 - There are a number of ways a Co-op can stay small without getting too large. We could do multiple smaller locations that serve more communities, but we need to have at least one secure main location.
- Aren't these issues the same drivers that moved the Co-op out of Oakland? If you look at the history, it repeats itself.
 - The number one thing Brian pointed to is when we moved from Oakland to the East End, organic foods were not a thing. We were the only players in town. Now it's become commoditized. Everyone has a health food section but not as extensive as ours and does not include a bulk section. It's become a lot harder to compete in that marketplace. That makes our costs show. We are a little more expensive than other stores because we can't play the games that the big corporations play. That is slowly breaking the Co-op model. Pittsburgh itself has changed for who and where our customers are. The cost of living in Pittsburgh has also changed and our staff are feeling that.
- How do you gather data on your customers and who is spending money at the Co-op?
 - Every few years we do a member engagement survey. We also have a customer satisfaction survey that folks can participate in that is randomly selected through our registers. What is nice about that survey is it includes non-member data, so we can see if we are meeting customers' needs and where we can approve.
- Do you have a target audience for profit?
 - Probably not that specifically. We can gather members' transactions and see how much a household spends on an annual basis. That might not be a complete picture because we can't guarantee they use their member card each trip. It does give us an idea of who is shopping. Around 60% of sales are from members, 40% are from non-members.
- Is there a group, like vegans, that spend more?
 - We have not gathered that specific data.

October Working Meeting Report

Laura provided an update on the meeting where the Board discussed expansion/relocation, a timeframe, and the FAQ email.

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GM Update

Maura provided the following update to the Directors before the meeting:

This report is in addition to monthly monitoring reports. This update expects to give additional information to the Board of Directors that may not be included in the month's monitoring report. This report aligns with parts of sub-policy B7: Communication to the Board.... 'The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work.'

Membership:

Current total Member-Owners: 16,404

- fully paid Member-Owners: 14,078
- Member-Owners are given a payment schedule when they sign up, and there is no reminder system in place to make payments after the initial installment when on the payment plan

New Member-Owners: September – 45 (5 Refunds)

Total Member Equity: September - \$1,646,360

Total Member-Owner sales: September - \$635,419 (\$1,008,512 total sales – 63%)

Register Round-Up Total:

October-December Recipients: currently raised - \$158.58

DeafStone Servies – <http://www.deafstone.org/>

Three Rivers Waterkeeper – <https://www.threeriverswaterkeeper.org/>

Operations Update:

- The Fall BULK SALE is this week! 20% off of all bulk foods (not including bulk herbs/teas)
- We are in the process of transitioning our online communication platform, beekeeper, to paylocity which has a very similar communication feature called Community. This will be the final step in the path we have been on since switching to paylocity, to streamlining our different applications in the store.
- Holiday pre-order for turkeys and café items will be opening up here in the coming weeks!
- The hoods in the café were just cleaned, this is done regularly throughout the year.
- The bi-annual employee satisfaction survey is underway. The data from this survey inform progress or areas for improvement in the B6 Staff Treatment and Compensation Report. The data in the past has helped us form plans for improvement over communications and wages. The B6 will be reported on in January 2024 this fiscal year.
- We are beginning our kick-off process for switching our member-owner database system to a cloud-based system. We have an anticipated go-live date for the new platform of February 2024.
- Annual Report preparations are underway and should be sent to the printer in the coming week so that it is ready for the annual meeting on November 8th.
- John Guerra is in town the week of 10/16 for expansion-related work and is meeting with the board on Wednesday 10/18 at 7pm.
- Q1 of the FY24 is in the process of being closed up and should be a much smoother and quicker process than the past year has been!
- YTD sales week ending 10/8/23: \$3,336,745, which is 7.2% above PY sales.

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Updates and Clarifications:

- Maura followed up about non-fully paid members. There isn't a specific process but Leslie does give a payment schedule out when someone becomes a member. There isn't any formal follow up unless someone comes into the store and asks.

Questions/Comments:

- So we don't know how many of the 2,000 or so folks are active in any way?
 - Probably not. In our current system, all new members receive the same temporary card number. In the new database system, we have the option to not follow that same practice it will be more easily managed. We will have a better process for reminders.
- Can you speak to sales? They seem to be doing good.
 - Maura can't speak to what is contributing to it per say, but almost every department is up besides a few outliers which are nominal.
- Are sales reflecting inflation?
 - It could be because the 7.2% sales growth is in line with inflation. Produce had a weird year last year. We budgeted for what we thought wasn't overly ambitious but bombed it. One big surprise that we had last year was that we thought we were going to have around 5% sales growth in Produce but we actually had around negative 2% sales growth for the year. What we didn't anticipate was how much the return of farmers markets would cause our sales to drop. This year Produce is back up. There are enough complimentary items that we offer here that are not offered at the farmers market. We also have our Food Bucks program, which helps a lot of our Produce sales because that program grew a lot this year. Folks are able to get money back from the money that they are spending to use for future shops.

Management Report

Jeff Guerrero took a moment to share his experience with the Co-op over the years. He is happy to be here.

Committee Updates:

Resilience

The Committee has not had a meeting but Resilience and Expansion has been primary on everyone's mind. It has been general Board work.

Finance

The Committee has not had a meeting in a while. The B1 should be on schedule for December. Brian didn't have a chance to ask about the Board budget v. actuals for this month.

Board Perpetuation and Elections (BP&E)

We have seven declared candidates for seven open seats, but unfortunately, we do not have a declared candidate for the one-year staff seat. Elections will start on October 22nd. Jeff is working to put the candidate brochure together.

Member-Owner Participation (MOP)

The monthly committee meeting is scheduled on Wednesday at 7:00 pm but that is going to conflict with the meeting with John G. The Conference Room is double booked. The meeting with John G. can be moved to the GM Office at 5:30. Marty asked for assistance from directors and staff for the Annual Meeting: tabling before the meeting, participation at the discussion tables, and help with set up and take down. While debriefing last year's meeting, a note was made to talk to staff about ways they might participate in the meeting in a coordinated way to avoid surprises. Last year the Union came in a challenging way. Perhaps there can be a table where members can speak with Union staff members. A short Union President report could also be an option. Tom will be covering for

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Ariel at the meeting. The tentative agenda would include a President's report, a GM report, a financial report, and the candidate forum.

Labor and Team Relations

There was no update to provide.

Executive

There was no update to provide.

Action Items

Directors and managers reviewed progress or lack thereof on action items from previous meetings.

Appreciations

Those in attendance took a moment to share their thanks.

Closing

Next Meeting: Monday, November 20th, 2023

Packet submission due: Monday, November 13th, 2023

The meeting adjourned at 8:43 p.m. without objection.

The Board and General Manager entered Executive Session at 8:43 p.m. to discuss relocation.
