

Chico Natural Foods
Board of Directors Meeting
Wednesday, July 29th, 2009
Chico Peace and Justice Center, 526 Broadway

July Action Box

Duty	Who	Deadline	Mark X if new policy
Do comparison of year to year and month to month in GM's report and inquire managers of trends	Liza	Report by 8/26 BOD Meeting	
Research about student discount and write a report for next month's meeting	Liza and Scott	Report by 8/5 Working Meeting	
Making a suggestion for coming up with specific timeline to achieve goals for the working meeting	All	Report by 8/5 Working Meeting	
Revise Ombudsman job description	Carolyn	A.S.A.P.	
Print old application to candidates	Liza	A.S.A.P.	
Approve scribe job description	All	Report by 8/26 BOD Meeting	
Send a revised budget	Liza	Report by 8/5 Working Meeting	

Attendees:

Luisa Garza, Peter Ratner, Nina Gregory, Carolyn Mullin, Dale Rudesill, Scott Richman, Liza Tedesco, Pamela Downer, Davin Finn, Richard Holmes , Piro Ishizaka
Absent – Mike Skram

Opening Procedures

Luisa reminded all Board members to turn in time logs. The discount is only good for hours logged and we are all putting in a lot of hours that will offer a working discount for years after serving on the board. Luisa also reminded those in attendance that our meeting rules state that issues will be first discussed with the board and then open to the public, then public forum is closed and issues go back to the board.

Approval of Agenda: Peter makes motion to add “consideration for Piro for appointment to our Board” to the new business portion of the agenda. However, Piro

does not yet have the board application. The current application is not chronologically correct. Luisa makes motion to amend the agenda. Carolyn and Nina second. All in favor.

Approval of B.O.D. meeting minutes from past months: Dale makes motion to approve June minutes. Peter seconds. All in favor; approval of minutes passes.

Decide on Facilitator and Process Guardian

Process Guardian: Dale

Facilitator: Carolyn

Comments from Public:

Davin: The board should think about programs of retaining good workers at CNF. This is a serious matter but it is not brought up. It's crucial because I predict if nothing is done (such as no wage increases), good workers will be leaving the store. This atmosphere is not cheery. When a recent employee left, he left a letter commenting on the atmosphere of distrust. The Board should look into what can be done because workers will slowly/quickly leave if nothing changes.

Employee liaison ombudsperson report: Mike Skram absent

Reports

GM's report

Attachment 1: June GM's Report

Attachment 2: Wage Proposal

Attachment 3: CNF Profit & Loss Jan 08 – Dec 09
– Maintenance

Attachment 4: CNF Facilities

Liza started with the June summary first. She welcomed comments and suggestions at the end.

Deli prices were raised recently, but Liza was not sure about the kitchen (why the monthly trend does not fit). The section “notably below” should all contain negative signs.

Various influences on sales: New farmers markets, internet, and TJ's (especially on perishables and frozen section).

Miller Bread stopped wholesale, and Tin Roof bakery sales are projected to decrease since Tin Roof opened its own store.

Liza wants to re-merchandise the bread section. She would like to get one unified bread rack, and new vendors and new products to make it uniform. Each vendor would have its own space, but it'll be more open and nicer. Grocery has been receptive to this idea.

Store promotion includes website and CNF clothing for sale.

Luisa asked if any benefits have resulted from “Think Local Chico”. Liza replied that she has emailed the organization 3 times to get the welcome packet and to post co-op distinction on website. She has not gotten any answers due to leadership and structural changes in organization.

Regarding the YTD (year to date) section, Liza apologized for not breaking it into 2

sections: June and YTD. She will refine that and work with Rick regarding this issue.

Produce case, cheese case, and back-stock freezer have required multiple repairs within the last 6 months.

Feedbacks on GM's report: Luisa says it's really good, and others agree. There are some things Luisa commented on: we need a price for a sprout cooler mentioned under Bryan's department mini summary, item number 5 under Grocery is not completed, and the professionalism Janae put forth on her front-desk report. Scott questioned whether department managers wrote each department report. Only one report was given in bullet points since that manager was going on vacation. There were some repetitive elements in the report.

Liza said the store inspection is done. It cost ~ 600 dollars, and we should expect results any day. Liza commented on the professionalism of the company. Scott informed the meeting that PG&E's inspection has also been investigating our electric usage and may soon report need for us to make upgrades.

Regarding facility update – Dale asked about the pest control problem and whether there will be a non-toxic solution to the problem. Liza said that an essential oil will be used and it is non-toxic; however, it is challenging because the dissipation of insects is fast. Luisa added that there are natural IPM methods and she can provide more information on that.

Liza and Scott's student discount report

Liza has not compiled her data into a report, she suggested postponing this report. Since Peter will not be attending the working meeting, he would like to hear it at the next B.O.D. meeting. Scott would like to notify the cashiers before the school year starts if we will be suspending student discounts and intends to prepare a report to review at the finance meeting this Friday 7/31 at 1:00 pm.

Luisa recommended the board to discuss the merit of student discounts since the school year is about to start. Liza reported that student members consisted of a small amount of sales, with the discount totaling \$2086. She's not sure how we can further quantify it.

According to Pam, Rick is getting the numbers from the POS system, which can lead to educated guesses. Scott said that there are also other factors we need to look at and will include them in his report on the subject.

Luisa suggested that discount holders should show their I.D.

Liza explained that large families can also share an economy discount, which only two people should use. Since CNF uses numbers instead of cards, there might be people receiving discounts inappropriately. There are BOD, senior, working, employee, student, and economy discounts. There will be a lot of sensitive issues tied into this. Swipe cards can be a solution, and they're not very expensive.

Dale said that a possibility is to show your card and ID if you have a discount.

Public comments

Piro: There are couple issues. We need to ask if the discount is working as incentives and is it working to attract members? Second, for those people who have joined, will they leave the co-op if we take that away? You can compromise without jeopardizing the incentives by eliminating the discount as a whole. The only way to check out the objectivity of the discount is to look at historical records and see if the percentage has increased. Maybe we can do a survey.

Richard: It sounds like these sales would happen anyway, and we are still making large margins. I think the students are willing to pay a little extra for membership so they can spend less throughout the year. We need to spread the word out to all colleges. If we make people to show their cards, that means we do not trust them. 61% of our sales are from members, and we have to treat them all the same. We need to have a feel of what our customers want. I think our students feel that this is a good program.

Peter added that this may be a question for membership. Carolyn thought this would be a good question for the Sutti/membership survey.

Committee Updates

Finance – Meeting has been rescheduled to July 31 at 1:00pm

Strategy

Update on Sutti/Teal – Liza said that we don't have much update on Sutti/Teal because we wanted to get the building inspection results before making these decisions. We are just waiting for the report. As for Visioning for Future Luisa said we want to put ideas into Visioning for Future proactively and we all need to work towards this visioning. Pretend we have 10 million dollars. Liza added that we can set one area for each week to focus on (see list from strategy meeting minutes).

Bylaws – We were supposed to meet for a meeting this month, but because Judith was not there to present to present report to the board. Pam said we probably can't amend the bylaws because the percentage needed to pass any changes is difficult with the number of members we typically get to vote. The number of members needed for a quorum to vote for approval of bylaw changes is 100. Carolyn believes we could get 100 people to vote. Dale said we still have much work to do on the bylaws before the membership vote would be scheduled.

Carolyn asked if this could go on the ballot in December. Luisa reminded the group that we put a date of the December election as a deadline for the bylaws reviews which should consider time with the legal department. It should be done at the same time we elect new BOD members. We will need more members to know about this issue because to change the bylaws, you need 5% or 100 members. You can't force people to participate, but you can create the environment of participation for people to choose participation because that's what the co-op principle is built on. We need to

focus on that in order to reach fruition. If we do this in a scattered manner, then the results will be scattered.

Luisa referred to Article 18.03.

BOD Manual Draft – Luisa and others have edited the draft and have been working right out of Carolyn’s draft binder since she made so many great comments throughout. Peter would like to get a copy of the draft that Luisa and Liza have updated so far.

Survey – Dale will run some ideas by everybody in the working meeting. He said we can do a bit more prep work, especially on getting this survey out to members. He wants to let people know why these questions were picked and to go into discussion about operation and policy. Our commitment of being clear about these separate issues should be reflected in the survey, we can even have two separate surveys.

Old Business

Ombudsman Job Description – Carolyn had incorporated everyone’s comments into the job description. She said the ombudsman may be required to attend all meetings if necessary. Scott finds the statement inconsistent: if the ombudsman misses two meetings, there will be a special election held to elect a new ombudsman. This, to him, contradicts a previous reference to missed meetings in the description. Pam agreed as she could not figure out who is responsible for the new election, even though staff can call a new election if existing ombudsman misses 2 or more meetings. The intent is that the Board and employees each have an oversight role in this regard.

The board decided to eliminate the second sentence of bullet 3.1 because it is a repetition of bullet 1.1. The addition of scheduling is needed so the ombudsman’s meeting schedule does not clash his/her working schedule. As for “follow through”, it means attendance and communication. The last two bullet points describe what the GM oversees. Luisa thought staff should be directed to the GM. GM then comes to the board for special election. Dale would rather have the staff come directly to the board. Carolyn reminded us of the board suggestion box that is open to staff.

Comments from Public

Davin: As to the voting system, I would make it a simple majority vote of whoever votes. If they feel so strongly about it, they will vote.

Scott suggested bullets under item 3 should be off on its own to clarify the GM issue since they do not describe the responsibilities of the ombudsman. We can have it in between number 2 and footnote. We should use “document” instead of “follow through”. The voting system is also changed to a simple majority. “Failure to attend all board meetings” in bullet 3.2 is redundant and not needed. Carolyn noted the changes to this job description and will email the changes.

Finding a new board member – Luisa said they should fill out the application since we have two candidates for the vacancy. The application needs to be revised since it is not up to date, but Liza stated if everyone is comfortable with the candidates filling out the previous application, she can print them. Nina makes motion to give old applications to new board candidates. Peter seconds.

3. Time Clock – Attachment 5: Time Clock Recommendation by Pam

Pam has narrowed her choices down to two time clocks (see attachment 5). They both have good refund policies, and she favors the cheaper one if it can meet our needs and link to Quickbooks. However, she asked for the approval to purchase the more expensive one, if needed, even though she will most likely purchase less expensive one.

Comments from Public

Richard really likes the hand written/punch card system, because department managers can check employees' hours. It would save the store a lot of money since we only have 40 employees and we can tally the number of employees. It will only work if we have good managers.

Pam and Luisa disagreed with Richard and state that the manual work on the time sheets is very consuming. The store is spending \$1600 a year on a time clock that doesn't work because 20 employees can't clock in. If employees manually clock in on a paper card, it would cost more because of labor (in counting hours) and wasteful (of papers). In addition, this system would be more accurate because it generates real-time reports to the software, thus projecting labor costs. The new time clock would not be biometric, and employees would simply have pins they would enter. The clock verbally confirms the entry and employees can simply check time clock entries online.

Dale motioned to approve the purchase of Lone Wolf Software, but if Pam chooses Quest, then the Board will conduct a vote by email for approval of the additional expense. Peter seconds. All in favor, motion passes.

4. NCGA Audit– it is in the GM's report. Liza additionally commented that she has received four questionnaires of how we brand ourselves, HR evaluation, staff evaluation, and competitor analysis. The NCGA audit team will do a really intensive overall evaluation and focus on the two areas: category management/merchandising and organization effectiveness. The audit takes place at the end of August and we should get results a week thereafter.

New Business

2009 Wage Proposal – Pam, Liza, and Rick have been calculating steps for increasing current wages and starting wages. There would be a net loss of income for the store under the proposed amount of wage increase. Carolyn asked if we could figure out the financial impact of the new staff position, separate from the wage increase, since both

are included in the proposal, and if we can just pick one of the two.

To answer Carolyn's question, Liza said yes and we would only have to compare how much employees are making to how much they would be making. This is a risk, and with the recovery plan and monitoring, we can say determine if it does not work out. Dale liked the recovery plan and thought this should be emphasized for public knowledge.

Comments from Public

Richard said: We're between walking and running. We don't have to add a lot of hours to get maximum service. We have the minimum amount of people we can have to run the store. Wage increase for existing staff and new staff is interlocked; you have to raise them both at the same time, maybe less if you can't afford it. Davin agreed.

Piro: This is something that retains employees. We can also raise the wages of existing employees to promote longevity.

Pam felt an acceptable base wage is needed to attract new hires. She added that the plan is based on full staffing. She felt the staff deserves this and the plan should start within this month. Luisa said we need to stimulate this right now, especially in the economy. She appreciated the recovery plan. Scott reminded us the only way to recover from this wage proposal is to reduce hours, which could be a problem when it gets busy. Another option, he suggested, was a large midyear bonus.

This will be discussed next Wednesday, where the board should set concrete goals for the marketing position (such as the number of new memberships per month), along with Liza's wage proposal. Scott will provide a report from this Friday's finance committee meeting which will have the wage proposal on the agenda.

Meeting adjourned.

Meeting Minutes by: Estella Lai
First edits completed on 7/31/2009.
Second edits completed on 9/30/09.