



Board Meeting Minutes

11.22.2018

Attendance: Joanne McCaughn, Ben Witten, Jaime Rossman, Jim Hutcheon, Sam Green, Mo Tobin (*Fill in Staff Representative*), Alejandro Rugarcia (*Board Facilitator*), Fern Moore (*Board Coordinator*)

Absent: Peter Brown

Agenda

- Agenda Review
- Announcements
- Mission Statement
- Commitments Review
- Member Comment
- Deli Expansion
- Hiring Handbook Proposal
- Committee Reports
- Staff Report
- Break
- Board Budget 2019
- Board Roles and Responsibilities
- Board Staff Interviews
- Planned Giving Strategies
- Executive Session
- Commitments
- Meeting Evaluation

Announcements

- Peter is unable to attend tonight's meeting.
- Alejandro will be serving on the Yelm Food Co-op Board of Directors. He invited some Board members to observe our meeting.

Commitments Review

- *Joanne and Jim will draft Acknowledging and Listening items from the Board retreat next steps* Complete
- *Jaime will draft a policy regarding the bylaws pertaining to reviewing job Descriptions* Pending
- *Arwen will send the files to Fern for the notes* Complete
- *Everyone commits to writing Committee reports and sending them in for the November meeting* Complete
- *Fern will contact Robyn about contacting the candidates with an invitation to the Annual Meeting* Complete
- *Joanne will send out the draft of the Board report for the Annual Meeting to all for feedback* Complete
- *Grace will contact Bradley with the Board's approval of the RIT membership* Complete
- *Sam, Grace and Jaime will work on the Board budget* Complete

Member Comment

Chetty- Has been volunteering at the Co-op for 10 years. He tends to go wherever the need is greatest. He really enjoys his work there. If there is an open seat on the Board and the Board appoints, he is interested in serving. If the Board would consider him he would appreciate it.

Deli Expansion

SEE ATTACHED DOCUMENT #1

Staff Members; Arwen, Rafa and Harry attended to present the latest version of the Deli expansion business plan.

We clarified last time, that yes, the Deli wants to move forward with this opportunity. We need to make a decision very soon for the building owner and the tenants.

Is this a good idea? The Board requested more numbers and concrete projections. They have gathered many of those numbers. Arwen worked on compiling kitchen equipment and grocery infrastructure costs and building relationships with equipment suppliers. They gathered more concrete sales projections for Deli sales and are trying to project the sales for Grocery. They also included a Vehicle report and costs for parking, labor, mechanical fees for the truck.

They presented a drawing that shows there is plenty of space for everything we want and more, including ample space for shoppers and workers alike. They also prepared a Contingency report including what measures can we take to step in and reduce harm and back out if needed. Outreach and Advertising is also being developed.

Feedback

Joanne commented, Wonderful work. Was labor included?

It is included in the narrative. They need to work with Merchandising for labor projections for product management. The Labor estimate can be found in line ten this includes Deli and Grocery.

What are the projected business hours?

Monday - Friday 8 am- 8 pm Saturday and Sunday 9 am -7 pm

Was this work included in the 2019 Operating Budget?

If this project is approved it will be put into a Co-op Budget.

Loan estimate will Cover capital costs and renovations

Jamie commented, Thank you for the detail and clarity. He recommends possibly planning on a higher level of staffing, as it could be busier than we are anticipating. Joanne suggests having at least two registers.

Jaime would like to know that we have the ability to long term lease without the purchase option.

Mo shared that there are worries about the risk and expense as well as labor on Staff. There is overwhelming support for the Deli having a safer larger space to work in. Joanne asks how the Capital campaign plan intersects with this.

Right now it is separate. Jamie recommends that we keep them separate.

Ben supports the idea and it compliments the Co-op's Mission and Goals.

Next Steps

Harry will contact the Bank, Building and Business owners and negotiate the terms of the lease. Harry is happy to continue to play the role of communicating with the building and business owners.

The Deli will present to Staff at Collective meetings and will come back to the Board with an update. They will also work with Outreach to announce the project if the pieces line up.

Proposal

The Board consents to the Co-op Deli opening a small retail and deli prep location in downtown Olympia at the space currently occupied by El Guanaco detailed in the presentation to the Board on November 15th. The Board authorizes the Expansion Committee and the Deli to take all steps necessary and proper to implement this decision, while reserving final approval over the terms of the lease and any loans.

Consent

Stand Aside- Mo Tobin

Hiring Handbook Proposal

SEE ATTACHED DOCUMENT #2

Harry presented the proposal from the Hiring Committee. This proposal will update into the Hiring Handbook.

Proposal

The Board approves the Hiring proposal.

Consent

Staff Report

A lot of Staff time has been spent on the 2019 budget. There have been first and second drafts. The Elections end today. A process needs to be created for electronic voting.

The Annual Meeting was a success. A lot of this month is about turkey time. The Sales dollars tend not be high, nor high margin or high revenue, but it feels like the busiest month of the year. Today was the first big turkey delivery. Fewer shifts went uncovered in November. Overall Shifts have been getting more coverage.

Departments discussed hiring analysis. With the Deli expansion decision tonight that will surely affect our hiring analysis for 2019.

There was a second round of Collective discussions on a safer warehouse policy. This is a project coming from newer Staff that feel there needs to be a culture shift in the warehouses. Most concerns came from the Eastside store. The general concerns are for safety. There wasn't consensus about the policy but progress was made on it.

A Board Member requested an update on the work of the Anti Oppression CAT. Their recent work, has been creating budget projections and determining what projects can be completed this year. They are also creating work plans to go with those budget requests. In the first version of the 2019 budget, they had lofty goals of hosting numerous all Staff trainings and caucus groups. Those training plans, as well as other budgets including the Conflict Resolution team, were micro analyzed and trimmed. There are some trainings being planned before the end of the year. There is one and half days of training planned for Staff next year.

Committee Reports

Advocacy- Discussed future meeting dates. They reviewed the Charter and discussed the role of the committee and raised questions. They also discussed recruiting a general member to join the Committee. They committed to developing a work plan.

Co-Sound - No report.

Finance - Continued work on the 2018 Budget which will be coming to the Board for consent at the December Board meeting.

Expansion - Developing Capital campaign resources and leads. They reviewed the Deli floor plan and will be reviewing and discussing the business plan and the committees role in supporting the expansion. The Committee is also engaged in supporting the Remodel Implementation Team.

Eco Planning- They continued to discuss, How to help reduce the amount of disposable containers. They are currently developing plan. They are also researching other ideas such as: Reducing energy usage via painting rooftops to reflect heat, high efficiency toilets, solar panels, recycling head generated by refrigeration units.

Personnel- Staff and Board went to an HR training on November 2nd, to educate themselves further in HR policy. There were some insights given, though it felt as the purpose of the training was more to up sell us to their other products. There was some useful information given though, all of the Co op people who attended left with a sense that this approach to Personnel was almost an antithesis to the Co- op values. There would be benefit from additional training but more focused on the 'laws' and 'regulations' than the philosophy of how people are.

Member Relations-There was a discussion around some of the Member conflict issues currently happening. One in particular is of concern for the Member Relations committee which also includes a Staff Member. The concern regarding the dynamics when is it a personal issue between two people, that the Co-op has no reason to engage and when it is an act on Co op property that violates our conduct code. A part of this concern and inquiry for the Committee, is what appears to be a new role for Staff that advocate for a Member. The Committee has strong concerns if this is appropriate for Staff, especially since it appears as a unilateral decision on the Staff person's part, to be an advocate.

There was also discussion around the role of the Committee. The Charter was reviewed and discussed. There appears to be a need for more clarification within the Committee for what the mission is. An example that the Committee was surprised to learn is that we do not have access nor are given a summary of most of the emails/correspondences that are sent to the Member Relations Committee. The preponderance of the Committee members was surprise and a desire to revisit this editing of Member concerns and feedback by the Staff.

The Annual Meeting was discussed regarding the last minute details and filling the volunteer slots. Approximately 70 people were in attendance. Reports were given by representatives of several Committees. Speakers on the topic of "Community Resilience" gave brief talks on their areas of expertise and then conducted a round table discussion. The Committee will have a meeting at the end of November to discuss the logistics of organizing this year's meeting.

Local- Continuing discussion on the Spring Local Eats event.

Standing Hiring- Had an agenda item to add a recusal policy to the Hiring Handbook.

Community Sustaining Fund (CSF) Liaison- The Community Sustaining Fund Group has met several times in the last month to organize around the Fall grant cycle. Grants will be awarded to (an) organization(s) dealing with the growing homeless crisis in our community. This fall our funds available are much lower than in years past. However, it is hoped that the new reminder system at the Co-op cash registers will make a difference. It is now possible for those who request it, to have the cashiers ask if they want to round up each time they shop.

CSF is hoping to raise additional funds over the next month, and is presenting an informational event at Traditions on 11/25/18 from 4-6pm. We are asking prior grant recipients to drop by and give a short testimonial about their experience with CSF. We hope Board members will also drop in and show support for this effort.

Delta Force Subcommittee- No report.

Organizational Health - has an agenda item see, *Board Staff Interviews*

Board Budget 2019

Jaime, Sam and Grace worked with last years Board budget and made adjustments.

The Finance Committee reviewed the fourth draft of the budget. This draft shows \$47,000 in profit. Despite the fact that we have experienced 1% positive sales growth for 2019. The deli expansion will be combined into the operating budget. Margin projections have been steadily growing and hopefully the expansion will positively impact this.

The suggestion is to trim the Board Budget line item from \$19,000 to \$15,000. Year to

date our usage is \$12,000 -\$14,000. This leaves room in this budget for outside trainings.

The Board has been budgeting more than has been spendt for many years.

Proposal

The Board approves the proposed Board 2019 budget line item of a \$15,500.

Consent

Stand Aside- Mo Tobin

Ben would like to encourage an exchange with co-ops that have held capital campaigns and large expansion projects.

Board Roles and Responsibilities

Joanne, Peter and Jim have been developing ideas around this idea from the Board Retreat.

Ideas

- Board facilitating its own meetings (rotating or could be assigned)
- Creating and distributing the agenda
- We didn't specify officer duties
- Discussion about email account
- Training of new board members
- Assigning mentors for new board members

Feedback

Ben asked if this to reduce costs or increases Board involvement?

More about board involvement and board autonomy.

Ben would like to think about this more and sees advantages

Sam added, that if we are looking at incorporating duties it is doable and not without precedent in other organizations. His biggest concern is what happens if the Volunteer does not do it. Ben has had this happen, and its very frustrating. Without a lack of accountability there is a negative potential.

Mo adds that there can be agreements made when it comes to the Board email. Sam adds

that there are complications with everyone having access and responding without consensus of the Board. Sam suggests that we do this as a trial for three months.

Jaime likes the idea of formalizing the Officer roles more. It could increase Board engagement and less about having Staff support and more about supporting people in those roles.

- *Everyone will consider the Board Officer ideas and send feedback to Jim and Joanne.*

Board Staff Interviews

Jim, Joanne and Peter conducted interviews with 13 Staff Members who voluntarily came to open interview times at the Little House on the Westside. They attempted to keep the interview times relatively short. In an attempt to standardize interviews, participants were all asked the following questions:

1. Can you give a brief description of your experience of the accountability systems at the Co-op?
2. In your experience have the accountability systems been helpful?
3. What would you envision as different/better accountability systems?
4. What is the staff role and what is the BOD role in making this work?

In our opinion, there was no uniformity in the reactions of Staff given the diversity of backgrounds, experience, and opinion. Nonetheless, there are several common themes that can be found.

1 – Most Staff believe that accountability is important and that our current systems are not working. Reasons given for the systems not working vary, but the majority of respondents would like something to be in place

2 – A number of respondents would like the Board to do something. What that something is varied quite a bit. The most common response involved the Board either making suggestions or asking direct questions of the staff. Both of these were seen as having the effect of challenging the staff to attack these issues.

3 – Participants were glad to have the chance to about this to Board members

Moving forward we would like to suggest that there is a regularly scheduled “Talk to a Board Member” time that is publicized to Staff (and possibly members.)

Feedback:

Joanne wants open communication to the degree that is comfortable and helpful to support the organization.

Ben is shy in the stores. He would love an opportunity and to be introduced and reach out to them either formally or informally.

Joanne adds that it would be nice to have an invitation. Staff is fine with board attending, they would just like to be notified who is coming and when.

Planned Giving Strategies

Ben presented more information about planned giving within the Board and across the Membership.

Ben articulated his professional background and currently serves as a Merrill Lynch wealth management consultant. He represents predominantly high net individuals, families and small businesses to coordinate banking, estate planning, investments etc. He is a fiduciary, this is someone who is legally required to represent their clients. There is a possibility that he may profit from incorporating this work.

Within Estate planning, there is the process of anticipating and arranging the disposal of ones property at death. There are three buckets, probate assets (house, car bank account) passed on by a will and testament. The Co-op could be a recipient of someones probate assets. The 2nd bucket is retirement assets. They can also be passed down, it is much easier to transfer retirement assets. The third bucket is trusts. They are very sophisticated and complicated and could be incorporated later.

There are ways to ask. Most organizations use the Website, newsletters, and mailers. He does not think that they are very effective in estate planning. He showed examples from the Free masons and the Sons of Norway. Ideally organizations should ask with an party. There is the art of the ask. Its illegal to have that conversation with people. The way that is usually happens is that they have a series of conversations with their attorney, bank and family.

There is room for Co-op to be part of someones estate plan. It is not something that happens over night.

Next Steps

Start talking about the idea in publications. Expansion Committee could keep the concepts in mind and occasionally let the Membership know that we can be a part of their estate planning. One way is to suggest checking ones beneficiaries. If the organization proceeds with fundraising, its not a bad idea to have somebody have a conversation about estate planning and encouraging people to come up with a plan. If you don't have a plan the state will make one up for you.

The art of the ask. Host a big party! With people sharing positive stories and long range plans for the Co-op. At the end share that if these are values that you share and you would like to help the Co-op please donate and have conversations with your trusted advisors and keep us in mind for your estate planning.

Feedback

How does this incorporate into capital campaign?

He doesn't know. Ideally you let them know about both.

There are a lot of rules and regulations. The Co-op needs to be careful how they ask.

Sam adds it may be a separate 501c3, that buys and leases property to the Co-op.

Ben went to a great fundraiser for Community Youth Services and another one for the South Sound Farm Land Trust.

Commitments

- *Jaime will draft a policy regarding the bylaws pertaining to reviewing job*

Descriptions

Pending

- *Everyone will consider the Board Officer ideas and send feedback to Jim and Joanne.*

Decisions out of Meeting

1. Approval of October Meeting Minutes - Decision made via email

Consent

Next Meeting

Elections Results 2018
Deli Expansion
2019 Budget

Attached Documents

1. Deli Expansion

**Deli Expansion Business Plan
3rd Draft, September 2018
Compiled and edited by Rafael Ruiz**

Introduction to the 3rd Draft

For quick reference, these are the changes I have made to the third draft.

- *I ended the Project Vision with some sales info from the Bozeman Food Co-op's similar project (p. 3)*
- *The timeline has been changed to a generic format, rather than listing specific months (p. 3)*
- *Expansion Projections (p. 5) has been changed to reflect our deli dept proposed price increase.*
- *Capital Expenditures has been added and replaced the former section Start Up Costs (p. 6)*
- *The Project Coordinator section has been expanded with more details (p.7)*
- *Sections on Advertising/Outreach and Contingency Planning have been added to the business plan (p. 8-9)*
- *I am now including a separate spreadsheet that will illustrate final figures and projections and this section will include a list of assumptions that figures are based on for further information (p. 10-11)*

Project Vision

In 2018, the OFC deli has experienced phenomenal growth which is following a national trend of consumers buying more grocery store deli and prepared foods. The OFC deli has also shown

steady growth over the past few years through long time department members' hard work and through the creation of better systems and labor expectations. Though the demand has risen and staff have successfully responded, lack of space has been a serious roadblock in our ability to address that demand in our current kitchen. A downtown location can provide the OFC with a commissary kitchen, a modified retail space, complete the membership's goal to have a presence downtown, generate more revenue and serve more co-op members.

Along with increasing production for the Eastside and Westside stores, the OFC deli could offer prepared foods downtown. This could present itself as another refrigerated salad bar, a hot bar, soups, and grab-n-go packaged salads, entrees, and sandwiches. Space not utilized for the needs of the commissary kitchen and retail ready-to-eat offerings could be used as retail space for nonperishable grocery and beverage. As needs and requests are assessed from downtown residents and members, these items could be adjusted to include perishable items such as bread, eggs, dairy and produce. A downtown location could reach a substantial amount of people who would like to enjoy the OFC's prepared foods but don't have the time or means to travel to our stores. The most current figure for the downtown corridor population is about 4,100 (*city-data.com, most recent count 2014*). With downtown housing on the rise and Thurston county's population growing at a steady rate of +2.24% each year since 2015, we can make a safe assumption that in 2019 there are more people living downtown than ever before.

Salad bars and prepared foods in some form exist in most supermarkets, including Bayview Thriftway. OFC sets itself apart by being mission driven, having lower prices on natural and organics, having a loyal member base and seeking vendors who are in line with the OFC's values. Some features that can give a new deli an advantage over the competition are that the co-op deli:

- uses nearly all organic ingredients
- Provides and prepares gluten free foods
- provides accommodations and information for many diets
- Uses mostly local and regional produce during the northwest growing season
- All food is prepared from scratch

In a new facility the deli department plans on advertising:

- a dedicated space for gluten free and allergen free food prep
- more prepared chicken (which is a fast moving item that cannot currently be produced everyday to meet the demand. Prepared chicken is also a fast growing food category for grocery stores across the US)
- A hot food bar (also a growing trend in grocery)
- Expanded offerings of in house pickled veggies
- Cross merchandised food and ready to eat/easy to prepare meals
- Kombucha on tap as well as other trend items that can generate revenue

Recently, the OFC has been given the opportunity to explore two downtown locations 500 Capitol Way S (currently Little General) and 415 Water St SW (currently El Guanaco, EG, in the Traditions building). A deli dept team worked quickly to decide which option to explore further and put together a plan. Ultimately, the dept decided to settle on EG due to its layout, kitchen readiness and the building owner's support. Upon inspection, the deli dept concluded that:

- The deli kitchen can expand from the current 189 ft² to 600 ft², tripling our capacity for future growth
- The deli kitchen can be a safer and better ergonomic space for co-op staff to work in
- The deli retail floor space can expand from the current 112 ft² (salad bar east) to 200 ft²

- Deli storage for food and supplies would also increase and be dedicated to the deli dept
- Future development of the location could yield 1,200 ft² of retail space for grab-n-go and convenience grocery

Having a central kitchen facility means that the current kitchen would then only be used for maintaining the east side store's salad bar and its use can expand to other departments. The former kitchen could be used for:

- Cheese and meat departments could utilize the space in order to offer new products like prepared cheese plates and "charcuterie", the latest grocery trend
- Produce dept could use the kitchen in order to offer prepared and cut produce, also a fast growing category in grocery
- Bulk department could have an expanded space for packaging bulk nut and fruit, another growing trend

The deli dept is excited to explore this option. Cooperatives are often "ahead of grocery trends" such as organics, those cool ufo raver pants, and reducing plastic bag waste due to being "responsive to members" (*Kowitz, Fortune Magazine, 2017*). We can lead in the Olympia market by installing a convenient, cozy and inviting location to our member base, new "neighbors, last minute shoppers and thrillseekers looking for specialty products" (*Gleeson, smallbusiness.chron, 2017*). Currently, big box stores such as Target and Whole Foods are leading a national trend to open smaller neighborhood locations that offer an "intimate experience". Whole Foods' 365 Markets and Target's neighborhood locations are becoming more profitable and are generating higher sales than their big box counterparts (*Thau, Forbes Magazine, 2017*). Convenience stores across the US, especially those focused on healthy/natural foods are increasing their share of the grocery market. The convenience market is seeing higher sales in beverages, yogurt/kefir, refrigerated entrees, and alternative bars/snacks (*Blumenfeld, supermarketnews.com, 2018*). Even fresh prepared fruit and packaged salads are selling 41% and 37% more, respectively (*Devenyns, fooddive.com, 2017*). Our small scale project could open to these trends and high sales. The deli dept also realizes this may be a costly risk like any other investment and have determined that this may be the right time and opportunity.

We recently received spreadsheets from Bozeman Food Co-op detailing sales information that could be very useful in framing goals for our project. The average monthly retail sales/ft² in their new store ranges from \$850-900/ft². The national average for the latest "urban, fresh format/organic grocery" stores is \$507/ft². I have set our first goal at the lower number, and judging by the high sales/ft² of our stores generally, I believe that we may be able to reach the higher sales number if we can keep product on the shelves.

Planning/Staging Timeline

The following is the deli dept's logistical plan **if** this project is approved by the board. We will be compiling staff feedback that will also be submitted to the board.

Pre Expansion

Presentations to Staff for feedback (9/18,19)

Building Inspection

Appraisal of Equipment (Harry and Awren)

Quote on Initial Remodels (NW Construction Co-op is interested in working with us and will give us a bid before we sign a lease)

Board Approval

Month 1

Negotiate and sign lease
Consent to Project Coordinator
Purchase equipment from El Guanaco
Purchase co-op transport vehicle
Finalize kitchen remodel plan

Month 2

Kitchen remodel
Have space professionally cleaned
Finalize initial production plans
Assess deli dept needs and hire more deli staff if needed.

Month 3

Move in and start cooking
Plan for retail space! MerchCAT will take the lead and work with us and other dept managers, contractors, etc.
Outreach will let members know about the expansion

Month 4

Front retail space remodel
CATAPULT installation

Month 5

Open to Public!

Month 6-8: Evaluating expansion and labor processes. Making necessary changes and ensuring feasibility.

The Bozeman Food Co-op in Bozeman, Montana, recently opened a successful downtown “convenience” location. The OFC will seek support from Bozeman and strive to learn in order to minimize error and incorporate successful aspects.

Deli Dept’s Financial history

Since 2014, the deli department has continually grown and deli staff have continually innovated and improved processes, labor management and food production (ie recipes). Since 2014 the deli dept has:

- Introduced packaged salads for west side sales
- Advertised the use of specific local produce items that are used in the food
- Raised the price of sandwiches and coffee to keep up with wholesale costs
- Introduced cooked chicken thighs and raised the price without a negative impact on sales
- Introduced *float* and *prep* shifts in order to expand labor opportunities for non-deli co-op staff and keep up with demand

The following is the combined deli dept's sales and growth figures through the past five years for east and west combined:

2014	\$578,201	+10.58%
2015	\$649,286	+10.94%
2016	\$736,485	+11.83%
2017	\$767,595	+4.05%
2018 YTD	\$723,864	+10.37%
2018 projection	\$848,098	+9.49%

Co-op deli staff has discussed the potential for growth to stop or be hindered by size and structure of their current kitchen. Currently the kitchen measures **189 ft²**. In 2014, there was usually only 3 staff max in the kitchen at one time. Due to demand, we have grown to often have up to 5 kitchen staff on busy or training days. The opportunity to move would relieve this overcrowding and help us realize our goals and capitalize on the current deli food trends. If this plan is not approved, it is a blueprint for the next opportunity that we find or create.

Expansion projections

If the deli dept is given the opportunity to expand we can continue reaching for our five year growth average (+9.5 dept growth) or surpass it given the ability to produce new food items and generating new revenue downtown.

The dept also plans to raise the price of our soup/salad bar from \$6.99/lb to \$7.99/lb (a 13% increase) to keep up with wholesale cost and provide a cushion for the risk of expansion. If we were to not grow the dept at all in 2019 and sell the same exact amount of food, this alone could boost our sales **8.75%**. If we were to add the downtown outlet, we would produce more product to add to this automatic increase in sales.

To project another hypothetical sales figure (for the entire department) we can consider the deli dept's SPLH (sales per labor hour) **\$73.45** and the total hours the dept will work in the new kitchen and the east side location (362.75 hrs/wk*52 wks). This totals to **\$1,385,487.35** in the amount of sales we can produce for all three locations. After the price increase, **\$1,455,091.82**, is our new total dept total.

Construction and Remodeling

The deli dept believes that they can make this project successful through continual sales growth. The risk in this investment lies in the construction of a new kitchen and the remodel of a new retail space. The deli department discussed that if the board approves to move forward with this plan, we will have time to inspect the building and get construction estimates before signing a lease on the space. With this in mind, I will use the following figures to set a building budget:

- The NW Construction Cooperative gave us a roundabout estimate of retail aesthetic renovation of \$100-200/ft². At 1,200/ft² of retail space this could be anywhere from **\$120,000-240,000** in renovation costs. The NWCC I believe would help us stay on the low end of the spectrum.
- **\$20,000** avg (low end) US commercial kitchen remodel budget (*realtor.com, 2017*)
- \$150/ft² avg remodel cost for restaurants (*Aaron Allen Global Restaurant Consultants, 2018*) **total for 1200 ft²: \$210,600 for retail floor remodel**
- \$100/ft² low end of the spectrum US remodel cost; \$125,000 minimum suggested budget (*Toast Restaurant Blog, 2017*) **total for 1200 ft²: \$140,400 for retail floor remodel**

Median of suggested budgets for aesthetic renovation and \$20k kitchen remodel: **\$175,000**

Capital Expenditures

The following is a list of the costs that the deli dept knows about or can estimate in order to launch the initial deli operation.

Kitchen Equipment			
El Guanaco Eq	\$37,749.85	Misc Pots and Pans	\$2,000.00
2 Steam Kettles	\$4,300.00	Bakery Display Case	\$600.00
Prep Tables	\$1,200.00	Groc Gondolas	\$3,000.00
Meat Slicer	\$800.00	Salad/Hot Bar	\$9,000.00
Convection Steamer	\$2,300.00	Warmer	\$1,200.00
Dish Sanitizer	\$3,500.00	Nissan NV200	\$17,000.00
2 Door Freezer	\$1,500.00	MIN CATAPULT	\$18,730.00
Coffee Maker	\$400.00	Office Equip/Inst	\$2,500.00
Dry Storage Shelving	\$700.00	New Hobart Labeler	\$1,750.00
2 Grab n Go Coolers	\$6,000.00	TOTAL:	\$114,229.85

The total equipment costs for this project will likely come to about **\$115,000**. We suggest that the co-op take out a loan of **\$300,000** to launch this project.

Project Coordinator

The co-op will assign a temporary project coordinator that can:

- Work with the deli dept to fulfill their vision for the kitchen and their retail operation
- Work with Expansion Coordinators to make the best decisions in the interest of the co-op
- Work with Merch CAT to fulfill the vision of the retail space
- Keep attention to the entire scope of the project for 8-9 months
- Report progress to staff and board
- Track sales and sustainability
- Plan/strategize for poor sales and performance

On our current timeline, this could be a part time (20 hr/wk), 8-9 month position. Co-op staff can consent to a current staff member taking on this role. There is not currently a figure that can be used to estimate the pay for this position, so our average wage will be used. The total cost of this position at this rate would be **\$12,416.80** (+ or - depending on the staff that is approved)

Staffing/Labor

Initially, the deli dept will begin to cook and run the east/west depts from the downtown kitchen without opening the retail location. This can be a staging opportunity to work out any issues as well as to take time with remodeling the best space possible. Below is a labor chart showing the weekly hours needed for the deli dept as well as minimal hours that would be needed to run the store with one register, open Mon-Fri, 8am-8pm and Sat/Sun, 9am-7pm. This is just a sketch of the operation and it can be edited as we assess finances and/or needs of the downtown community and co-op members.

DELI HOURS	DT Deli Budget week	Store HOURS	DT Store Budget week
DELI CLEANING	8.00	Front End/Cashier	86.00
PRODUCTION	75.00	POS	10.00
SALAD BAR	86.00	IST	24.00
SANDWICHES	37.00	Sub-total	120.00
FLOAT	56.00		
ORDERING	3.50		

RECIPE/ COOKBOOK	2.00		
MISC MANAGEMENT	2.75		
DELI FACILITIES	1.00		
DELI MERCH	2.00		
Sub-total	273.25	Tot DT Labor	393.25

Advertising/Outreach

The co-op should try to, first and foremost, immediately inform the membership and get them excited about the new location upon the signing of the lease and the approval of a loan. The location of El Guanaco provides us with some critical advantages.

- Its proximity to Traditions Fair Trade, an allied business, and a yoga studio with customer bases that would likely embrace the co-op.
- Its proximity to Capitol Lake and the kids' fountain, we may see a boost of sales during the summer months
- Located downtown during municipal events would also boost sales; 2 Arts Walk, Procession of the Species, Oly Pride, Lake Fair, downtown parades, Olympia Film Fest, that downtown trick or treat event

One disadvantage/challenge will be the minimal storage space in the new location which will force us to strategize how to store back stock as well as transport high selling items from one of the other stores.

We can table at the Farmer's Market during its peak season, especially during the time immediately after opening. We may be able to design a walking route to the new location for folks to come get a kombucha or hot lunch to go with their market items.

We can canvass downtown retailers and the state capitol campus to inform downtown workers that there is a new meal option in the neighborhood. We can also include an advertisement for the "cheapest cup of organic/fair trade coffee downtown".

Our Spoonful flyer can offer a hot bar coupon, free coffee, or discount on new deli entrees to get shoppers to visit the new location.

We have also considered the importance of downtown residents that may not be able to afford food at our new location and will design a "happy hour" or sliding scale day/night as often as is feasible. We can even allow for folks to purchase meals for those that may not be able to during

those special times. We will also do our best to coordinate with homeless outreach and shelter organizations to give away excess food or donate resources.

These are some initial ideas that we can use to prioritize our advertising budget.

Contingency Planning

Our staff project coordinator can also be tasked with financial tracking and project sustainability after opening. If we remain on our proposed timeline, to get this project off the ground in 6 months, the last 2-3 months of project management can be spent on tracking and training downtown dept managers on keeping the location financially healthy. The project coordinator will re-view sales weekly for the retail floor and the entire deli dept.

The retail floor projection that we have made is based on our goal, the industry average of **\$507/ft²**. We can calculate this week to week. We hope to generate more sales than that but it is a good standard to begin with. I believe that we should act quickly if we fall below **\$350/ft²**. We can adjust store hours or cut some retail or management hours.

The first key indicators for the deli dept (who will be the primary driver of this project) will be weekly sales, compared to last year, and SPLH. The co-op tracks sales week by week and with the level of added production and potential for sales, we should ideally see a maximum increase of **41.7%** or about **\$27,000** in total sales for the entire dept. This may fluctuate week to week, especially at opening and depending on downtown events. We can plan to cut deli dept hours immediately in the first weeks in order to bring our SPLH up and even out our sales. At less than \$25k, we will cut 20-30 hours throughout the dept. At less than \$20k in sales for the dept, we will cut up to 50 hours and re-evaluate our labor and efficiency. We will also boost our outreach and advertising efforts. We can also source cheaper ingredients for maximum margin and scale down our production for the new location and focus on new products for east and west side locations. We will also listen to downtown patrons and plan to serve the regular customers better for higher sales.

We have been offered a 3 year lease on this project and it will take us 5 years to pay off our loan. If we have a terrible first year and don't bounce back during the second year, the bank will own our equipment and we can decide to let them reclaim it and terminate after three years. If we are doing well overall or do bounce back after a negative period we can move forward with a lease renewal or move to purchase the building as that has been floated.

Final Figures and Projections

I am concluding this 3rd draft with a five year spreadsheet. The spreadsheet will reflect the first year as half of a sales year, assuming we can open a location within 6 months, and 4 full calendar years. The 1000 ft² retail space has been calculated using \$507/ft², the national average sales/ft² for US "urban, fresh format" stores. (*progressivegrocer.com, 2018*). I think this is a great goal to strive towards in this location. (Side note; sales/ft² for the co-op is currently \$2446/ft², \$700 above the Trader Joe's average (*Progressive Grocer, 2017*)). I would like to conclude that these projections include the best case scenario as well as some less good case scenarios. Thank you.

Assumptions

The spreadsheet contains five sheets.

- Sheets 1-3, titled *Totals 1, 2 and 3*, respectively, show three different scenarios of how we can calculate our totals and varying sales figures
- *Totals 1* is based on an ideal total of deli dept productive output being factored into the value of the new location and a retail grocery goal of \$507 of sales/ft²
- *Totals 2* is based on the projected deli dept sales for the new location and the ideal grocery sales goal
- *Totals 3* is based on the total deli productive output and a lower grocery sales, \$350/ft²
- In each table, the first year's labor estimate and their corresponding categories (ie L&I, retirement, etc.) are based on the project coordinator's wages, and half a years wages based on the project timeline. Each year after is a full sales year.
- Annual loan repayment is based on the quote I was given by Heritage Bank for a \$300k loan
- In years 4-5, I raised the costs of our annual lease and utilities, imagining that it would likely go up after our three year lease is over
- I lowered the location's corresponding advertising budget year to year, under the assumption that if we succeed in meeting our goals we will need to advertise less

2.Hiring Handbook Proposal

Hello BOD,

The Hiring Team would like to add the following section to our hiring handbook. This addition is intended to make it clear when a person should recuse themselves from the hiring process. The Interview Team and the Standing Hiring Committee have both given input on this addition. According to the Hiring Handbook, additions to the handbook must get BOD approval.

Thanks for considering it,

Erin Majors

OFC Hiring Coordinator

When to recuse yourself from hiring decisions

What we mean by recuse, is that you will not participate in the application review, interview, or hiring of the applicant in question.

For the SHC and BOD:You may decide to recuse yourself from that entire active hiring, or you may choose to participate in the full review of other applicants.

You should recuse yourself if you answer yes to any of these questions:

Do you have a personal financial incentive in hiring or not hiring this applicant?

Do you have an emotional or social stake in hiring or not hiring this applicant?

Is the person a member of your household?

Is the person a family member?

Is the person a current or former sexual or romantic partner?