

Alberta Cooperative Grocery November 1st, 2011 Board Meeting Minutes

Directors Present: Elliot, Heather, Jim, Jocelyn, Teryani (until 7:45), Anni, MerleAnn, Kayla, Mychal

Staff Present: Jason

Owners / Guests Present: Russ from Food Front

Meeting Commences at 6:01 PM.

Check Ins

Owner Comment Period

Russ is not yet an owner, but is a community member and a Board Director at Food Front. He serves as a liaison to other cooperatives and is interested in forging connections between Board Directors at ACG, Food Front, and Peoples. Russ has created a discussion group on Tribe.net called the *Cooperative Commons* and wants to encourage Board Directors to participate.

Approve Agenda

Any changes to the agenda?

Item 5 can be just Lease Discussion, not GM Report.

Item 6 should be GM Report / Quarterly Financials.

Item 7 can be just discussion of L-4, rather than a monitoring report.

Items 12 and 10 are switched.

Does the Board approve the amended agenda?

Approved by full consensus.

Consent Agenda

1. Authorize another joint board-staff meeting for November?

Does the Board approve the consent agenda?

Approved by full consensus.

Does the Board approve the October minutes?

Approved with 2 stand-asides.

New Business

Lease Discussion

Jason is seeking Board feedback on both the term of the lease and the cost.

Jason notes that an expansion and relocation typically takes 3 years. Given the management transition, Jason thinks ACG needs at least 4 years to expand and relocate. Therefore, the 5-year lease with 2 optional successive 5-year terms seems reasonable.

Do any Board members feel like 5 years is too long to commit to the current location?

Reactions:

- No one present has concerns. Board Directors appreciate a realistic timeline. Scott was hoping to move to a larger location in less than 5 years, but is not present.

Clarifying Questions:

- What happens if ACG wants to move in less than 5 years?

Response:

- ACG would be financially responsible unless they found a tenant who wanted to rent the space for the remainder of the lease.

Clarifying Questions:

- When would the new lease go into effect?
- Does Jason feel confident about renegotiating the cost within the next few weeks?
- Would there be an opportunity to re-negotiate after each 5-year term?

Responses:

- The lease would begin on January 1st, 2012.
- Jason feels capable of submitting a reasonable counter-offer within the next few weeks. Historically, ACG has paid a 3% increase, not the 5% the landlord is now asking. Insurance costs and property taxes are already accounted for.
- Property values have increased over the last 10 years in NE Portland. ACG is paying about \$1.50 / square foot / month, which is cheaper than a similar space costs in Ithaca, NY.
- Scott was reluctant to commit to a lease that assumed increasing property values into the future. However, most commercial leases include an annual increase. ACG would have the option of re-negotiating after each 5-year term.

Clarifying Question:

- Is the basement included? Is ACG responsible for mold issues?

Responses:

- The lease says nothing about not including the basement. If ACG is using the basement, they would be responsible for mold issues.

General Manager Report and Quarterly Financials

- ACG is very close to budget. We are about 0.8% above budget in terms of sales. Personnel expenses have been over budget, but non-personnel expenses have been under budget. This trend has persisted and will be reflected in future budgets. Nearly 100% (as opposed to 70% in the past) of eligible workers are now accessing elective health benefits.
- ACG's net income is under by about 0.3%, or 7,000. Net income is just over \$75,000 for the year so far.
- ACG now has 1,202 active owners. However, only 32% of September sales were to owners. Jason feels that 50% is an appropriate goal. ACG has a new Membership Coordinator and a new Marketing Coordinator.
- Owner Appreciation Day (OAD) was the biggest yet, with \$35,000 in sales.
- Grace will start work on November 7th.

L-4 Policy Reflection: Draft Budget

The budget assumes 7% sales growth, which is moderately optimistic, with gross sales at 3.7 million. Jason budgeted for a higher gross margin after re-working margins in certain areas. Personnel expenses are going to be affected by the collectivization process. In all likelihood, Jason and Grace will ultimately budget for more staff hours.

Clarifying Question:

- Would it be unwise to estimate lower sales? What happens if there is a surplus?

Response:

- There is more danger in being overly optimistic than being conservative. If the budget appears to be conservative after the first or second quarter, they might revisit it.

Clarifying Question:

- Please explain the margins in more detail.
- In the past margins were around 35%. In this draft budget they are closer to 37%?

Response:

- The margins are now more precisely budgeted for each department and include shrinkage. In the past, margins were flat across the board and did not include shrinkage.
- Margins have been off-target due to the arrival of new buyers and the expansion of the grocery department. New systems are now in place to help buyers achieve margins. 35% is very optimistic, whereas 37% is realistic and closer to industry standard.

BREAK

Jason's Last Meeting Check-in, Appreciation

Jason's involvement and input has been highly valued. Jason has demonstrated steadfastness, expertise, and leadership during a period of turmoil. Directors have deeply appreciated Jason's involvement.

Jason has appreciated his time at ACG and is committed to helping to ease the transition.

Link Discussion / Decision: Proposal Discussed at the Transition Meeting

No one e-mailed out policy or job description recommendations before the CMX. Teryani did research and drafted both, but was unsure what section of the Policy Register would be most appropriate. Do Board Directors have any feedback?

Comments:

- Portions of the pre-existing GM policies were grafted into this policy. In the past, the GM *was* the Link. In the future, it will be important to distinguish between the Board's relationship to the Link and the Board's relationship to the CM.
- It is important that the Link is not held accountable for anything other than serving as a liaison. If another co-manager fails to produce reports for the Board, this is not the Link's fault.

- According to this policy, the Link cannot miss more than 2 consecutive Board Meetings. However, workers are allowed to take a 3-month sabbatical after 3 years. The Link job description should not contradict staff policy.
- Part of the Link's job description overlapped with the Board Scribe's position.
- It may be necessary to have policies related to the Link in different sections of the Policy Register.

Responses:

- It was difficult to find other examples, but the Olympia Cooperative apparently hold their Link accountable for documents that are produced by other staff.
- It would be helpful to have the majority of policies related to the Link in one place.

Clarifying Question:

- Is the CMX charged with creating a Link job description, or just creating policies that will enable the CMSC to create a Link job description?

Response:

- The CMSC is looking for more guidance, but all job descriptions do need to be consistent with one another. The Board's primary role is to create policy.

Comments:

- The CM is accountable to the Board, and the Link is just the messenger.
- It seems like the Boards at People's and Olympia do directly evaluate the Link (unlike other co-managers) and hold them accountable, but ACG could do something different.
- It is useful for the Board to think about what it would mean to hold the CM accountable, and use that vision to help define the Link's role.

Commitments:

Teryani, Russ, Heather, and Kayla will look at this policy and work to develop it for the February meeting.

L-9: Policy Proposal Concerning Structure of the Collective

Russ has accepted feedback from the staff and revised the proposed L-9 language. In L-9.3, Russ removed the phrase "or to the community." In L-9.4, protected free speech is limited to store-related issues with the addition of the phrase "on matters of concern to the Cooperative."

Comments:

- Are there any instances where the suppression of communication would be permitted, outside of confidential personnel information? L-9.4 might be superfluous.
- It would be useful to add a statement excepting confidential personnel and financial information from L-9.4.
- If ACG strives to be a community institution, it is valuable to include the phrase "or to the community" in L-9.3.
- L-9.3 and L-9.4 were meant to ensure that non-management workers have a voice at ACG. The Board can assess whether the CM is upholding this policy. However, it would be difficult to assess whether the CM is providing mechanisms for all staff to participate in "the community."

- The Board could remove the specificity and simply state that non-management staff must be able to voice concerns.
- Is it necessary to include L-9.3 and L-9.4 at all? They are values statements, whereas the two previous statements are structural.
- Perhaps L-9.3 and L-9.4 belong in a separate section on workplace values.

Commitment:

The CMX Committee will bring L-9 back next month.

G-9.5: Board Decision Making

Kayla and Jim met with Tod from People’s to discuss the Board decision-making policy. They thought it might be useful to first formally adopt consensus decision-making and reference attachments, but wait to add more specific sub-sections to the policy as needed. There was a question of whether to detail a back-up decision-making process.

Comments:

- Rather than referring to a specify Bylaw reference number, just reference the content. Bylaw reference numbers are likely to change.
- Who is responsible for training all Board Directors on consensus decision-making? Will training happen right after elections? Does the policy need to specify?

Commitments:

Anni and Kayla will work on figuring out what kind of consensus training is needed, and whether this should be detailed in the policy.

Amendments:

G-9.5 will simply say “in accordance with the Bylaws. . .” and will not reference specific Bylaws.

Proposal:

G-9.5 with the above amendment and G-9.5.1 are adopted.

Approved by full consensus.

G-9.2, G-9.5.2.1, G-9.5.2.2, and G-9.5.2.3 are still up for discussion.

Concerns:

- It seems impractical to attempt to reach consensus twice within 48 hours. How is an “emergency” defined?
- The policy for reverting to majority vote must be consistent with the Bylaws.

Responses:

- Anyone can initiate the back-up decision-making process, but we should trust Directors to apply the policy responsibly.
- The Bylaws refer to consensus as if it were unanimous voting, rather than the whole process of building a consensus collaboratively. The Board can decide what constitutes a stalemate and what constitutes a lack of consensus.
- Consensus can result in stagnation, but it may be helpful if all the steps were under the same reference number (to emphasize that they must happen in sequence, rather than independently of one another).

- It would be appropriate to enshrine a values statement here, to emphasize the importance of building consensus by collaborating and including all voices.

Commitment:

The BMAD will bring different language to the Board in March, so that the policy will be in place when new Directors join.

Retreat Check-In

A sign-up sheet for the potluck was passed around at the beginning of the meeting. A working owner has been recruited to help warm up the food. A working owner will also help take notes.

Commitment:

Jocelyn will send out a revised agenda before the retreat.

Executive Session to Approve Transitional General Manager Contract

Proposal

The Board will go into Executive Session.

Approved by full consensus.

Meeting Evaluation

- It would be nice to have more time for discussion and fewer agenda items.

Meeting goes into Executive Session at 8:41 PM.