

Minutes from the October 17, 2010 Membership Meeting of Honest Weight Food Co-op

Lynne Lekakis, President of the Board, introduced the meeting noting that quorum had not yet been reached. She outlined the agenda for the meeting and introduced Virginia McEwen, interim Chair of the GRC.

Ginny read the description of the GRC from by By-Laws and introduced the two candidates to fill the vacant positions, Ursula Adams and Jody Haggard.

Ursula introduced herself to the membership and spoke about why she was running. She also responded to a few questions:

- Q: Would the adversarial approach in which lawyers are trained affect the approach to work with the GRC?
- A: Her training took a different direction – training in advocacy and public interest law rather than in litigation.
- Q: Are there any specific issues of interest?
- A: No. She has experience at PCC Seattle in working with co-ops and is interested in a fuller involvement.

Lynne announced that the meeting had reached quorum and the introductions proceeded.

Ginny introduced Jody Haggard, noting that she has worked on the By-Laws Panel for the Co-op as well as the *ad hoc* committee on records retention. She is currently serving as an appointed member on the GRC.

Vote results for GRC positions: Ursula Adams received 106 votes, Jody Haggard received 112 votes. Both are now members of the GRC.

Karen Roth, Vice President of the Board, presented an overview of the Co-op's interest in being able to sell beer in the store. She presented both pro and con issues and offered members time to ask questions. David Aube, assistant manager for the Grocery Department, assisted in answering the questions.

Cons:

- Alcohol can be misused.
- Alcohol is involved in a majority of fatal auto accidents.
- Legal issues include the store would be subject to inspection, would have liability for sale to minors.
- Health issues include obesity, chronic alcoholism, interactions with medications, gout and hypertension.
- Costs include training and oversight for staff, licensing fees, handling returns, insurance issues.

Pros:

- Associated with home and eating (related food sales).

- Moderate intake has shown health benefits.
- Customers have requested that this be available, also the convenience of one-stop shopping.
- Co-op would have the opportunity to support local craft brewers.

Karen also noted that this initiative is based on member requests and that a vote for approval today is only approval to initiate the application process. Further voting will be held prior to implementation.

Discussion/questions:

- **Q:** What was the source of membership request? Was there a survey? **A:** Requests are anecdotal.
- Tri-Valley Distributors are the distributors for local craft/artisan brewers are already in place and are members of the Co-op.
- **Q:** What about the problem with unaccompanied young people (under 16 years old) in the store? **A:** Further study indicated on this issue.
- **Q:** Will there be on-premises consumption? **A:** No plans. That would require a different license which we are not applying for.
- Concern about the effect on customers from adjacent alcohol abuse treatment program (at present store location).
- Concern about purported health benefits claims.
- **Q:** Will we be competing with other small businesses? **A:** We will not be competing head to head with other full-on beverage distributors; we would compete with stores offering niche-market brewers.
- **Q:** Will the beers have natural and organic ingredients, sustainable brewing methods, support local suppliers of raw materials? **A:** Yes. This fits nicely with the mission of the Co-op.
- **Q:** Does the Co-op sell non-alcoholic beer? **A:** Not at this time, but formerly.
- **Q:** Will this include malt liquor, hard cider, lemonades? **A:** The license would cover that. It will be up to the store to decide.
- The granting of a license is not automatic, this is just an application process.
- Concern expressed over the risks of liability for illegal sales; suggested extra training for Front End staff. (Katie Centanni, the manager of the Front End, responded that in the new store, there will be “Service Management” personnel to oversee this process.)
- **Q:** Will it be possible to sell beer brewed by members? **A:** Yes, we would look into that.
- **Q:** How will you control the back-stock? **A:** The back-stock will be locked (in very small quantities in new store).
- With a separate locked area, could also sell wine – Co-op should consider this.
- **Q:** If there is a sales violation, who is liable? **A:** Will check that.
- Selling organic beer and other beverages will give the Co-op wider appeal.
- Uncomfortable with added oversight.
- Against idea – too many unanswered questions.

- Enforcement aimed at deliberate, repeat offenders of the willfully negligent. Liability is aimed at them.

The results of voting whether to approve the Co-op to proceed in applying for a license to sell beer were:

Yes – 89

No – 48

Member Labor Discounts:

Kyle Lawrence, Board Treasurer, presented an overview of the problem identified by the board and management regarding current member discounts. After the presentation, there was discussion and questions from members. Duke Bouchard, CFO, provided information during this section, along with others.

- **Q:** Has the Co-op worked out projections for 100% member participation? **A:** No but will do so.
- **Q:** Consider increasing hourly work required for discount? **A:** That is one possibility. Currently, board and management are brainstorming several options.
- **Q:** What is the ratio of sales to members with discounts to non-member sales? **A:** That has changed and is a contributing factor to the problem.
- **Q:** Has checking membership cards helped? **A:** No statistical evidence at this point. (Katie Centanni pointed out that checking the cards is more of an educational tool, hoping to remind members of their responsibilities) than an enforcement mechanism.
- Suggestion to take an annual survey of household members who are over 21 years old.
- **Q:** Have you projected the cost of 40 paid employees that member labor replaces? **A:** Thinking about it; looking at it in different ways.
- **Q:** Should you look at member labor in terms of “value” rather than “cost”? **A:** Agreed.
- Suggestion to look at a cap on member hours? Or a cap on amount of purchases eligible for discounts within a month?
- Perhaps there should be less emphasis on recruiting new members.
- **Q:** Does the Co-op make a profit on items sold with a 26% discount? **A:** It depends on the product. Some are still profitable, others are not.
- Suggestion to slide the percentage of discount tied to the previous quarter ratio of member discount sales to overall sales, adjust from quarter to quarter to maintain a fixed ratio. The CMT could make a decision temporarily on this as needed.
- Suggestion to cap member labor slots.
- Suggestion to revisit the free Senior Discount.
- Consider ways to cut “transaction charges” for use of credit/debit cards.