

# MARCH GENERAL MEETING VOTES TO KEEP INCREASED MARK-UP

May 2, 2023



*By Walecia Konrad*

At the March 28, 2023, General Meeting (GM) held on Zoom, Park Slope Food Coop (PSFC) members voted on two agenda items and discussed a wide range of issues.

General Coordinator Joe Holtz gave the financial report, during which a new idea for home delivery was discussed.

Membership also voted to elect one new member to the Dispute Resolution Committee (DRC) and reelect four existing members. Attendees also heard reports from two General Coordinators and two member committees.

Importantly, after much discussion, members voted to maintain the Coop's 25% retail

price markup (which began during the onset of the pandemic) through fiscal year 2024. Attendees also heard from the sole candidate running for the Board of Directors.

## OPEN FORUM

Chairperson David Moss began the meeting with a 15-minute open forum. This is the portion of the meeting dedicated to questions and concerns from members.

Ben Matusow posed the first question, asking how the PSFC supports other coops and asking if we could help other coops by providing our members' labor to them.

General Coordinator Joe Holtz responded that PSFC has a long history of giving members work credit for working at other coops that use our member labor model, including Greene Hill and Windsor Terrace. Currently no Coop is asking for this help, said Holtz, adding, "We take it seriously to try to help other coops."

"COVID MADE ME REALIZE HOW INACCESSIBLE OUR SPACES ARE FOR IMMUNOCOMPROMISED PEOPLE."

—MEMBER GEORGE OLKEN

Several members brought up the issue of the recent change in Coop policy to end mandatory masking for shoppers and workers. "My perspective is it is an important accommodation for some members, including the elderly and physically disabled, and I think it should be discussed," said Coop member Kishi Taryan-Kigel.

Member George Olken agreed. "COVID made me realize how inaccessible our spaces are for immunocompromised people," he said. As a result, he suggested the Coop institute certain days or hours when masks are mandatory, "so folks can shop and work

their shifts safely.” He said that others are bringing a proposal to the agenda committee with that idea and that he is circulating a petition in support of designated masking times.

Members Gary Winter and Bhakti Sondra Shaye both agreed with the idea of designated times for masking. Sondra Shaye also spoke for a friend who couldn’t be at the meeting who works the food-processing shift. Her friend is concerned about being in a confined space near food without masking.

“WHAT ARE THE PROCESSES OR POLICIES TO MAKE SURE OUR COOP LEADERSHIP IS DIVERSE AND REPRESENTATIVE OF THE COOP?”

—MEMBER CHEYENNA WEBER

Holtz responded to these concerns. He said the coordinators changed the masking policy after conducting two member surveys and after considering that “we are no longer in an emergency situation.” However, he said that the coordinators assumed that the General Meeting would become a forum for deciding a different masking policy and that members were encouraged to submit an agenda item on this topic.

The final question of the open forum came from member Cheyenna Weber: “What are the processes or policies to make sure our Coop leadership is diverse and representative of the Coop?” She added she had heard a rumor that a staff person of color was asked to remove their application for the Board of Directors and was wondering if there is something in the bylaws that says staff can’t join the Board.

Holtz addressed the question saying he knew the person being referred to. The staff member wanted to run for the board then later withdrew their nomination, Holtz said. He added that not having staff on the board is probably something that should be in the bylaws. The board votes on what happens in the General Meetings, and the GM

votes for members on the Personnel Committee (PC). The PC is a group that is authorized to review the General Coordinators, and the General Coordinators have been authorized to supervise the rest of the staff. It might be strange for a person to be on the board and be a staff member, he explained. Holtz also pointed out that the Coop can't require staff members to work for free according to New York state labor rules, and the board is not a paid position.

## COOP FINANCES

Next, Holtz gave the treasury report. He pointed out the following highlights from the financial summary for the four-week period ending February 26, 2023:

- Sales are substantially higher year over year in the first four weeks of the fiscal year, \$4.1 million, versus \$3.6 million.
- Expenses for the same period were similar year over year—\$782,000 versus \$792,000
- Operating income was back in the black at \$25,107 versus a loss of \$44,701 the previous year.
- Cash presented the biggest difference. Cash was \$7.1 million in the first four weeks of this year, compared to \$4.3 million during the same period last year.

Holtz then explained why there was such a big difference in cash. Government aid of over \$6 million over the course of the pandemic is the main reason. That money does not have to be paid back. Members voluntarily increasing their equity investment and the increase in markup are two other reasons for the jump, said Holtz.

Looking at the Coop's cash position raises a crucial planning question, Holtz said. "How much cash do we want to have to weather the next pandemic?" He pointed out that because most grocery stores made record profits during the pandemic, it's unlikely the Coop would get government aid again if another pandemic hit. "Is \$7.1 million

enough? I don't have the answer—what we can do is make sure we're better prepared."

To that end, Holtz reported that the General Coordinators are developing a home-delivery system and that the Coop has signed a contract with a company to get the system started in the near future.

## HOME DELIVERY DISCUSSION

The question period after the treasury report focused on the home-delivery announcement. Holtz explained to questioners that the outside company the General Coordinators hired is developing a software package that would put all of the Coop's inventory online and deal with remote payments. Members would use that software to order from home. Member labor would then pick the food items from these orders. A third party would gather the orders at the front and deliver them to people's homes.

"WE GOT A LOT OF CALLS FOR HOME DELIVERY DURING THE PANDEMIC; WE HAD A LOT OF CRITICISM AND WE TOOK THAT TO HEART."

—GENERAL COORDINATOR JOE HOLTZ

The cost of home-delivered groceries would include the Coop food, the cost of the third-party to deliver, and the cost of the credit card transaction. "This would be the only time we'll accept credit cards," Holtz added. All members would be eligible for delivery, but those who live farthest from the Coop would pay more for delivery. He also said that the system would be sensitive to the fact that the Coop wouldn't want member workers to gather food at times when the Coop is busiest. "Not everything is figured out" he said. "We're going to have a trial and see how it goes. We got a lot of calls for home delivery during the pandemic; we had a lot of criticism, and we took that to heart," Holtz added.

During her report, General Coordinator Elinoar Astrinsky gave a shoutout to staff who were preparing for the spring holidays. She also commended the staff member who has been dealing with getting enough eggs on Coop shelves at different price points, despite bird flu and other problems. By the way, Astrinsky explained, if you're wondering where the Grindstone eggs are, due to distributor issues, they are coming only every two weeks.

## WHAT'S NEW IN FOOD

She recommended several produce and gardening items to Coop members: fresh organic horseradish; Thai chili peppers; local greens; Dominican mangos; a new variety of Del Monte pineapples called Honey Glow; and, for gardeners, gardening gloves and organic soil and seeds.

## MEMBER COMMITTEE REPORTS

The meeting chair reminded attendees that a vote last year limits committees to giving only three general meeting reports per year to the GM.

Jonathan Farber, who is part of the Second Location Study Committee, reported that the group will have two informational Zoom meetings in April. It has also applied to the Agenda Committee to submit an item that would ask members to authorize a referendum vote to decide if the Coop should expand to a second store.

Farber was asked if he thought the home delivery-proposal would impact the need for a second location. He answered that he had not considered it because the meeting was the first he was hearing about it.

Next Teresa Santamaria gave a brief report on the Hudson Valley Farm Coop Committee. The committee is looking for help finding a pro bono lawyer and is reaching out to the membership for any ideas.

The Hudson Valley Farm Coop Committee is dedicated to acquiring, improving, and

operating 15 farms in the Mid-Hudson Valley by raising funds through a direct public offering. Members interested in helping with pro bono legal work, or helping the committee find someone who is, should email [info@hvfarmcoop.com](mailto:info@hvfarmcoop.com).

## DISPUTE RESOLUTION COMMITTEE ELECTION

The meeting then moved to the first agenda item concerning the Dispute Resolution Committee (DRC). After introducing themselves, stating their qualifications and telling attendees why they want to be on the DRC, five Coop members were elected to three-year terms.

Christopher Cox was the only new member elected with a vote of 59 in favor and 13 against. In addition, four existing DRC members were reelected to three-year terms. The four reelected members were Karen Kramer (winning by 68 votes to 4); Helen Koh (winning by 73 votes to 2); Michael Szeto (winning by 70 votes to 2); and Daniel Weiss (winning by 70 votes to 3).

Daniel Weiss reminded GM attendees that the DRC's purpose is to protect the Coop, its members and the Coop's fiduciary interests in a fair manner. It is responsible for reviewing and investigating reports of member misbehavior. He also said that there are still several openings on the DRC and the committee is actively seeking more members.

## MARK-UP PROPOSAL

During the next agenda item, General Coordinators Joe Holtz and Joe Szladek gave a presentation encouraging members to vote for a proposal that would maintain the Coop's current 25% mark-up through fiscal year 2024. The mark-up was increased from 21% in August of 2020—through fiscal year 2024, which ends on January 28, 2024. The full proposal said:

Maintain base markup of 25% through FY2024, with the following exceptions:

- Starting on 5/1/23 a lower base markup of 21%, only available to members who qualify for reduced member owner equity investment (MOEI).
- In subsequent years, each year at October GM, General Coordinators will report on markup plans to lower or maintain the 25% markup for the next fiscal year. GM approval is required for a markup above 25%.
- Passage of this proposal makes void the August 2020 markup decision.

During the pandemic, members with financial need were allowed to pay the 21% markup without requiring proof of any kind of assistance, explained Holtz. Prior to the pandemic, low-income members applying for the \$10 member owner equity investment (compared to the customary \$100) qualified by showing proof of some kind of income assistance, including Supplemental Nutrition Assistance Program (SNAP) benefits, Section 8 housing, Supplemental Social Security Income, Medicaid, the Metropolitan Transportation Authority (MTA)'s Fair Fares, and other programs. Under the proposal, members would show similar proof of income assistance to qualify for the lower markup.

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—GENERAL COORDINATOR JOE HOLTZ

Holtz explained that by keeping the 25% mark-up, the Coop can continue to keep its strong cash position and remain prepared for the next pandemic. The coordinators are making those cash projections based on an estimated \$53 million in annual sales and a 6% increase in operating expenses as the Coop continues to transition out of the pandemic.



“We can give ourselves more breathing space by helping to ensure as best we can that our cash doesn’t go down this year. If we lower the markup, then we won’t have that cash,” Holtz said.

Next, Joe Szladek explained several reasons why the Coop needs to continue the increased markup, most having to do with staffing.

For instance, because the Coop continues to face supply-chain challenges, the staff is spending more time on purchasing than before the pandemic to find different vendor sources or similar items for products that are out of stock long term. On a related note, the Coop continues to have issues with suppliers arriving on time, he said. “Instead of coming at 8 a.m., when we have an army of lifters, they come at noon, and the staff ends up doing all the lifting,” he explained, adding that this is putting a huge physical burden on staff.

Staff leaves have also increased substantially, and the Coop is experiencing periods of member-labor shortages as the Coop continues to transition to a 6-week work cycle. “We do think these shortages are temporary,” Szladek said. “We haven’t quite nailed it yet, but we’re close.”

All of this adds up to the need for the Coop to hire more staff, which has a financial impact on the Coop.

Szladek then listed several improvements the general coordinators want to make, including upgrading the Coop’s outdated ordering and inventory system, converting to a more efficient electronic shelf-labeling system, and testing the online ordering and home-delivery feature discussed earlier in the meeting. “Keeping the markup higher allows us to explore those things more thoughtfully,” Szladek said.

During the discussion period, members showed concern that showing proof of income may add an unnecessary burden to low-income members. The coordinators responded that this can be as easy as showing a Medicaid card or the New York State app

used for assistance and that such proof is part of qualifying for the lower member investment and that has not seemed to be a problem in the past.

There were also two amendments proposed by members. One dealt with putting a specific date on when the markup would revert back to 21% and one concerning approval for the suspension of member labor. The first was voted down by the membership, 46 against and 26 in favor. The chairperson refused to recognize the second amendment, saying it was unrelated to the topic.

A vote was taken and the markup proposal passed as written, 63 in favor and 27 opposed.

## BOARD OF DIRECTORS CANDIDATE

Earlier in the meeting, Timothy Hospodar, a candidate for the upcoming Board of Directors election, introduced himself to the membership.

Hospodar said he has been a Coop member for 15 years and joined when he heard about the PSFC at Brooklyn College. He said he has worked “upstairs, downstairs, inside, outside, offsite” and during the pandemic. He admitted he was currently suspended with a grace period until April 8, explaining he sometimes falls behind with childcare and work responsibilities, but he is looking forward to serving as a Board member. When asked what he could bring to the process, Hospodar answered: “Per the bylaws, I’m interested in echoing the majority or the consensus of the members at the general meetings,” adding that he understands his opinions will be left at the door. “I want to bring some levity. I feel like absurdity as an antidote to cognitive bias could benefit all of us,” he said.

The Board of Directors votes to approve the advice of members who attend the monthly GM. There are five seats on the board and terms last three years. Hospodar is the only candidate for one open slot on the Board. Members can vote in the Board elections online via a Coop-wide email that will be sent in late May. Results will be an-

nounced at the Annual Meeting on June 27. For more information on Board elections, read the Coop's bylaws.