

Silver City  **Food Co-op**

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Latest Co-op Information and Opportunity for Comment.

Greetings Members of the Silver City Food Cooperative,

As the Board of Directors and General Manager of the Silver City Food Cooperative (SCFC), we are reaching out to the membership to request your support as we prepare to move forward with closing on a loan to complete the relocation of the Co-op to 907 Pope Street. This move has been a long time coming, and we are at a critical point in the process. Having completed a member survey in 2018 , we know that the vast majority of the membership is supportive of this move. But, given recent events, we are reaching out to ensure that those 90%+ of members are still supportive. An incredible amount of energy has been devoted to moving this process forward and in order to continue, we must have membership support; not only of the project, but of the Board, managers, and staff.

Positive Developments

We would like to take this opportunity to share some of the many positive developments at your Co-op. We intended to present the bulk of this information at the annual General Membership Meeting, and provide a video of the event, but the weather and other circumstances did not allow us to share information as we had planned.

It's been a busy several years for the Board of Directors and General Manager at the SCFC. In the past few years, the Board has implemented new governance policies, which are posted on the Co-op website, in order to better hold accountable the Board and General Manager. The General Manager has completed a number of tasks that have been long term goals of the Board. The Employee Handbook has been rewritten, and contains a raft of improvements. Employees and managers have received multiple training sessions. The Co-op now contracts with an HR consultant and has an Employee Assistance Program that offers a range of help with personal and work related issues. The General Manager has just finished a complete wage structure study to ensure we are paying fair compensation to our employees. The new wage scale will be implemented by the first of the year. A staff survey, requested by several members of the staff and several members of the Co-op was completed. The results are available on

the front page of the Co-ops website, www.silvercityfoodcoop.coop The Co-op has also made strides towards greater inclusion and diversity of staff, including an increased presence of WNMU students.

One important question is, “what is the financial condition of the Co-op?” It is stronger than ever. The combined impact of strong sales, operational improvements, and COVID related fiscal boons, have transformed our balance sheet. The Pope Street building was paid off in March and we are currently debt free. We are in a much stronger position to take on an expansion. Every employee received bonuses based on the performance and incredibly hard work they’ve done, and stress endured, in recent times. These employees toughed it out with the Co-op through COVID, and sacrificed to keep the Co-op open during the hard times. They have been open to new growth and change, and their resiliency and dedication is what will drive our Co-op to new heights. The fruits of all of our efforts can be seen in our balance sheet. The latest version of this report can be found on the front page of our website.

Even with the positive movement, and changes made, the continuing pandemic has left its mark. It has taken an incredible toll on individuals, local communities, and the world. Our community is feeling stress in a way it never has before, and that continuing stress and unease has at times made effective communication difficult. We are working to improve the frequency and clarity of our communication, and hope that this email is helpful in that effort.

Response to the Protests

It is also important that we rebut the misinformation shared recently in protest signs and an article in the Daily Press. This misinformation has been targeted at the General Manager, his family, and the Board of Directors and threatens the future and stability of the Co-op. It also affects the morale of our incredibly valuable employees and managers, and is exhausting for the Board.

During the gathering near the Co-op on Thursday, October 14th, there were a number of accusations against the Co-op management that were printed on signs, and published in the Silver City Daily Press. The article contained a misquote from a board member regarding staff morale and stated that the General Manager “declined to comment”, which is untrue. The reporter was provided with contact information and did not call for comment. While it has been our policy to maintain discretion in responding to employee concerns, and member concerns regarding employees, the time for silence has passed. Among the accusations of mismanagement:

Bullying, Sexism, Harassment: Since coming on board, current management has set the tone and implemented a clear policy of zero tolerance for harassment in the workplace. The Co-op has partnered with a third party Human Resource Consultant as well as labor attorney. The HR Consultant has been utilized for human resource issues, including being contacted in every case where potential disciplinary action for employees may result. The Co-op has completed a sexual harassment training for all employees and managers. This training is not required in New Mexico, but was engaged as a proactive step for the benefit of all employees. All of these

changes in approach to HR management have been instituted since the arrival of the new manager. The internal environment of the store, in terms of the expectation for polite, courteous, and respectful communication has never been stronger. In the staff planning for the new store, a Human Resources manager is included in the plan. This HR Manager will be hired imminently, and will participate in the hiring for the new location.

Overworked, Overwhelmed and Underpaid: While labor percentage has gone down over the last 1.5 years, average wages for sustaining, non-salaried employees has risen significantly in the same time period. Here are the numbers: 2019 = \$14.15 per hour. 2021= \$15.03 per hour. In addition, over the last 14 months, \$49,064 in employee appreciation payouts have been paid out to employees, with another \$30,000 planned for December. This compares to \$4,500 paid out annually in both 2018 and 2019. The Co-op maintained wages as a percent of sales at 18.1% in 2020. The average Co-op wages as a percentage of sales for the same period was 17.4%. That being said, the Co-op has become leaner, and maintains a few less employees. Becoming more efficient and resourceful in the build up to the new location was a necessary part of our growth. In terms of overwhelmed, 2020 was possibly the worst year in recorded history for retail morale, and turnover. National Co-op Grocers Human Resource Manager Dawn Sheridan estimates national Co-op turnover at 40-50% for 2020. The turnover rate for Silver City Food Co-op in 2020 was 40%. The focus at our Co-op has been to keep the Co-op safe, and show our appreciation to those who have stayed to work through an intense year with multiple resiliency payouts. The average payout was \$400, and they have continued into 2021. At this point, there have been zero recorded COVID cases in the Co-op. This has been the result of dedicated focus on employee safety.

Discrimination: The new General Manager has made strides towards increasing diversity, and creating a workplace that is welcoming to all and reflects the broader community. The efforts to formally ingrain diversity, equity, and inclusion into our Co-op will continue.

This is not to say that there can be no complaint from employees; the past year has been incredibly difficult, and no employer achieves perfection. However, it is still important that we address these inaccuracies and have honest conversations about how we can strive to do better. There is always room for improvement and we believe that we can make great inroads toward that goal. The Pope Street project and expansion of the store will be a significant part of that effort.

Share Your Voice

How might this impact the Pope Street Project? We'd all like to see our new, larger, beautiful store with more healthy food offerings, more local products, an expanded grab and go, and community gathering space, just to name a few of the benefits. We have a list of some of the benefits that will be part of the completion of the design process on the front page of the website www.silvercityfoodcoop.coop But, our real excitement and focus has been to improve working conditions, compensation, and benefits for the employees in the long run. As mentioned previously, we are literally days away from signing a loan with the New Mexico Finance Authority with very favorable terms. This

includes an annual payback rate that never rises above 1.5% of projected store sales. For the first seven years, the payback is below 1% of projected store sales. This is a substantial savings when compared with other Co-op expansion projects. One cooperative had a similar loan amount, however, their monthly mortgage was 2.5 to 3.0% of gross sales. We have an incredible opportunity to build the Co-op you all deserve, at a price that we can afford, with the risk minimized as much as possible. This opportunity may not return, which is why so much work has been done to get to this point. This is by far the best avenue to allow us to proceed with construction of the new store. But, we need to know that the membership of the SCFC is with us... that you support your board, General Manager, and staff and are prepared to proceed with the project and see the benefits that will come as a result.

We'd gratefully appreciate your vote of confidence. Please respond to this email with your support and/or questions. Comments can also be dropped in the suggestion box at the front of the store or by emailing board.scfc@gmail.com or please feel free to attend a board meeting or volunteer for a committee.

Our bylaws also support special meetings if you have concerns that are not being addressed. #3.2 Allows members to call for a Special Membership Meeting with 10% of active member-owners, or a majority vote of the board. Please let us know if you would like to attend such a meeting.

Thank you for your time and patience.

In appreciation,

The SCFC Board of Directors and General Manager

Shanti Ceane, Board President
Kevin Waters, General Manager
Gwen Lacy, Board Vice President
Scott Zager, Board Treasurer
Julianna Albershardt, Board Secretary
Tuan Tran, Board Member
Susan Golightly, Board Member