

Notes from Plainfield Co-op Community Forum II

August 1, 2022

Plainfield Recreation Field, 6:10-7:40 p.m.

Number in attendance at start of meeting: 33, including board members and facilitator.

Notes taken by Rose Paul.

Call for Volunteers

Facilitator Sharon Fialco calls for volunteers to join the Co-op board and three advisory groups: to draft changes in the bylaws, to consider and assess real estate opportunities, and to create a nonprofit for the Co-op building.

Board of Directors: Claire Dumas and John Cleary intend to run for a seat on the Board at the annual meeting. Celina Barton may like to help on the Board at a later date.

Bylaws Advisory Group: Michael Billingsley, Steve Farnham, and Brian Tokar had previously volunteered. No additional members signed up at this meeting.

Real Estate Advisory Group: Giordano Checchi, Paula Emery, Gail Falk, and Peter Youngbaer had previously volunteered. Celina Barton volunteered at the meeting.

Co-op Building Nonprofit Group: Annie Coughlin and Alice Merrill had previously volunteered. Anne Van Couvering and Betsy Ziegler volunteered at the meeting.

Proposed Bylaw Changes: Straw Poll

A straw poll was taken on three proposed bylaws changes:

1. VOTING ACCESSIBILITY

“We want to offer other ways to vote besides voting in person. The exact language would have to be drafted, but in principle would you be in favor of changing the Co-op’s current in-person voting method to a system that allows members to vote in person, online, or by mailed-in (or dropped-off) paper ballot?”

Yes/No/Abstain (not sure or no opinion)

No actual count was taken but most hands were raised in favor of voting accessibility.

Two people abstained. Discussion followed. One person said they were uncomfortable because this would take away the opportunity for discussion. Someone asked, how many informational meetings would we have before we voted? Another person said relationships are so important to the Co-op.

2. GENDER NEUTRALITY

“In an effort to make the language of the bylaws more gender neutral, would you be in favor of changing ‘he’ to ‘he/she/they’?”

Yes/No/Abstain (not sure or no opinion)

Most people were in favor of gender neutrality, one abstained. One person said that although they would not be opposed to this change, they thought it would be cumbersome to say “he/she/they” in print, and the abstainer said that that was their concern, too.

3. VOTING METHOD BY ISSUE TYPE

“A Co-op member suggested having a 2- or 3-tier voting plan. A 2-tier system might address small and big decisions. So, for example, electing a board member might fall into the “small” category, and deciding whether to move or expand might fall into the “big” category. Small decisions could be made by a simple majority vote, and big decisions could be made by consensus or, in the event a consensus cannot be achieved, they could be made by a 2/3 majority vote. The exact language would have to be drafted, but in principle would you be in favor of a 2- or 3-tier voting plan?”

Yes/No/Abstain (not sure or no opinion)

- Approximately the same number of people were in favor (14) as were opposed (13), and there were several abstentions (5). Discussion followed.
- Comment: There are two or three questions rolled into one.
- Comment: Who gets to decide what’s small, what’s big?
- Someone explained that at last year’s annual meeting, the consensus process was cumbersome, people were out of practice because we hadn’t used it for a while, and people were coming and going from the meeting so it was hard to track whether we had the numbers for the consensus quorum.
- Another person agreed that it was a cumbersome process.
- Someone asked, what authority does the Board have now? A lot of co-ops allow the board to make a lot of decisions. Answer: Our board can hire and fire, set the budget, and other things, but member voting is needed for real estate buying and selling and for dissolving the Co-op, all of which could be in our near future.

- The bylaws spell out which issues need a member vote, and someone suggested that every member read the bylaws which are available on the Co-op website (see under “Governance” at the top of the home page).
- How many members in good standing do we have now? About 600.
- Someone pointed out that a 2/3 majority of 50 members in a meeting is a very small number of people to make big decisions, it isn’t enough.
- Someone pointed out that our Co-op operates by “Policy Governance,” which adds a tier of guidelines on the relationship between board and staff, and it is important (most co-ops use this.)

Updates on finances, real estate, and a recap of the 6/29/22 community forum.

Board Treasurer Rose Paul provided the following information.

A. Finances

As you can see on your handout, for the YTD from January to June we have lost \$63k. Two contributing factors are low sales, and not hitting our target profit margin of 35%. Low sales are every member’s problem; profit margin is an internal problem that has to do with coordination & communication among staff, and keeping up with rapidly changing prices.

To break this down into our fiscal quarters (three-month periods) we lost \$42k in Q1 and we lost \$20k in Q2. Sales were up in Q2 over Q1 by \$20k. Our biggest seller was produce, followed by grocery (canned and boxed goods, for ex). *However*, Q2 sales are down by \$46k compared to Q2 of last year.

In April we had to take out money on our bank line of credit because we were getting behind in paying our vendor bills in a timely way. We took out \$30k, on top of our existing \$13k loan, making our total outstanding loan \$42k (I’m using round numbers.) I’m telling you this because there is a measure of financial health called the solvency ratio and we look at this measure every quarter. It is a debt to equity ratio; you divide the total equity by the total debt. You want the ratio to be 1.0 or higher. As of the end of June (the end of Q2) our solvency ratio had fallen to 0.63. We had \$108k in total equity and \$122k in total debt.

B. Real Estate Update

Some of this is also a recap. We were awarded a \$30k USDA small business development grant to look at real estate options and analyze the financial feasibility. Our administrative partner is the Central VT Regional Planning Commission and we’re grateful to them for their help. We won’t have a grant agreement in place till late Aug or Sept, so we can’t get started till we have the agreement. The grant will allow us to compare the financial feasibility of staying in our current building and doing a 600 sq. ft. expansion versus moving to a larger location on Rt. 2.

The board has been looking at possible Rt. 2 locations. We took an after-hours tour of Plainfield Hardware with owners Gaye and Rich Christiansen, and we've had a professional accountant examine their finances. The property is listed for \$1.5 million plus ~\$200k to \$250k in inventory. The Christiansens would love to sell their store to us; they like that as a possible future for the business they built up.

The board recently took a tour of the Allenwood Horse Farm; it is listed for sale at \$895k and includes two dwellings, 3 barns in various conditions, a riding ring building and 50 acres of land including 37 acres of woodland that is enrolled in Current Use. The woodland has a network of trails through it. The real estate agent is willing to hold an open house for the Co-op community if folks are interested in touring the property.

The board is looking at a smaller property too, but it isn't listed and we don't know enough about it yet. It is on Rt. 2 in the village district. Some folks have asked, if our finances are so bad, how could we afford to move to a bigger place? A financial consultant we hired just for the day we toured the Hardware store told us that lending banks tend to look toward future predicted profits rather than a look back, and most businesses have been depressed during the COVID period.

C. Recap of Breakout Groups at June 29 Community Forum:

At the 6/29 meeting the board wanted to hear what our members thought about the Co-op's strengths and opportunities and how to take advantage of those as we move forward. Here's a brief snapshot of the feedback received, and you can read the full notes on the Co-op website's home page.

- Our present location is an asset because it is loved and contributes to village vitality. The building is paid for. We have local suppliers. There is canoe access. It is walkable for villagers, it is part of the community. We have a long history there, and it is in a historic village district.
- The building is also a liability as it lacks visibility and suffers from deferred maintenance. It is drafty and expensive to heat.
- It is also less convenient for those who live outside the village, and some think it is cramped and dark. It is not very accessible for those with mobility issues.
- Could we reduce the store hours, reduce variety of goods sold to cut costs? Or curtail hours in winter? Focus on what sells the best. Do more pre-buying. Or go back to bulk orders/once-a-week pickup, possibly with a larger location on Rt. 2.
- If we move, we'll have more buying power in a larger store, this will support our farmer/growers. There will be more parking and accessibility. But can we afford the cost of moving? Melding with the hardware store and hardware goods is a challenge and an opportunity. We might offer more conventional goods as Buffalo Mt is doing to better serve a wider sector of our community.

- Interest in the idea of a building group nonprofit to raise grants to repair the building, including historic preservation grants.
- A couple of breakout groups wondered if we could switch buildings with the town offices to give us more visibility?
- Can we pick both choices by moving to Rt. 2 *and* keeping a smaller store going in village. Run a volunteer shuttle program for those in the village who don't drive. AND changing some of the uses or offerings in the Co-op building to bring arts vibrancy, raising more money through renting the space for classes, etc. Reimagine what could go on in the current building—the community center could be more vibrant.
- Can we develop more effective marketing outreach to increase shoppers from neighboring towns?
- Turn our building into a wellness Co-op.
- Don't lose our heart and soul in the interest of chasing grant money. Stay grassroots and low debt.
- Shepherd the Co-op into a conscious death process?
- Rent a portion of the hardware store before buying, to try it out. We want to save the Co-op, AND we want our local hardware store too.

Discussion on the informational presentation: “Based on the strengths and opportunities shared at the last community forum, what do you see as the big picture we are moving towards?”

Q. If the co-op purchased the Allenwood Farm, would we have to build a new building?

A. One barn is 1,300 sq. ft and is in good shape, perhaps that can be converted.

Q. Does Allenwood have land that could be used for community gardens?

A. Yes, and trails through the woods too.

Q. Does Plainfield Hardware have land that could be used for community gardens?

A. Yes, and the soils are excellent. It is the open land behind and to the right of the store.

Q. Have we met with the Cooperative Fund of New England?

A. Yes, they are our lender and their new name is the Cooperative Fund of the Northeast; we have made our lender aware of the possibility that we might need to take out a real estate mortgage.

Q. Would the historic village or historic building designations at Allenwood Farm limit us?

A. Alice Merrill said it is private property and we could do what we wanted unless we accepted historic preservation grants, and then we would be bound by their rules.

Comment on finances: I think we should deal head-on with our financial situation. Can we cut our expenses to meet our current sales income?

Comment on bylaws: We are throwing the baby out with the bathwater. The point of a meeting is to sit through the conversation and hear how your vote might affect other people. There's nothing in the proposed changes that says people have to attend a meeting before voting.

Comment: I moved to Plainfield village partly because the Co-op is there. Don't forget about climate change. I like to do errands on foot. I'm privileged to be able to do this, I don't want to lose the Co-op in the village. Plainfield needs more community gathering space, a place to have a cup of coffee and a sandwich that isn't a slice of pizza. Can we revamp the Co-op space to meet these needs? Do we really need a children's play area, I've never seen kids there. The horse farm is more interesting to me than the hardware store because it is walkable. There could be a café in one of the horse farm buildings.

Comment: Nothing has been said about the two episodes of bridge disruption that we're going to have, one this summer and another in a couple of years. Both will negatively affect the Co-op and we can't control them. Regarding the bylaws, realistically you will only ever get about 20% of the members really involved in the Co-op, the rest just want to be shoppers. I look around at this group, and to paraphrase someone else, "We are the people we've been waiting for." We should make it easier for people to participate, even though some won't.

Comment: I live near the hardware store and I like walking to it. They've been upgrading their grocery selection and they sell a lot of the same things as the Co-op. They have more variety on some things such as beer. The old Riverbend Store closed due to two things: the rebuilding of the Rt. 14 singing bridge, and the opening of Plainfield Hardware on Rt. 2. Can there be a Plainfield Co-op section in the Hardware Store and we provide staffing for that? This would begin to address our financial problems. When the Co-op had the opportunity to buy the Blueberry Hill building years ago (where the senior center is now on Rt. 2), the members were split and nothing happened. We could have a café in the Co-op building we own now, and a bigger store on Rt. 2, for example. The Co-op shouldn't do everything on its own. To build a new building is a challenge, and Plainfield Hardware is already set up and running. Talk to Pete Coleman. He bought an expensive building in downtown Barre, but there are three businesses housed within it, and he's making it work. Plus we still need a local hardware and feed store. How much space does the Co-op need? There's already a deli at the hardware store. We should find a business partner for purchasing the hardware store. And for those of us who don't live in the village, it is sometimes an effort to get down into the village!

Comment: I've lived in this area for quite a while. It doesn't seem like having the Co-op stay the same is an option. The both/and choice is intriguing. Both the hardware store and the horse farm would have a collaborative aspect.

Comment: This community needs a hardware store! If we could work out a collaborative venture, great, and there is land there too. Maplefields is a nearby convenience store, if we turn our Co-op into a convenience store, that is competition that is too close. If someone else buys Plainfield Hardware, that will just continue to be a competitor to the Co-op.

Comment: I've come around to thinking that Plainfield Hardware is an incredible opportunity. The grocery industry (which I'm in) is all about scale: can you buy a case or a pallet? We need to be bigger to survive. Building a building at the horse farm seems like too much. Plainfield Hardware is already set up. People will lend you money for an existing business that has good cash flow.

Comment: I (Kevin) was a past general manager of Plainfield Co-op. It is possible to be profitable at its present location, and it was during my tenure, but it took me working 50-70 hours week on salary and cutting my salary several times to make ends meet. Right now there's only one full-time person, just like in my time. You have to manage the expenses—the number of staff—and I had to lay off staff. Most staff only work one or 2 days per week. Members don't even know the Co-op bylaws, that shows the challenge in getting people involved. The Co-op isn't in competition with Maplefields convenience store, as we sell really different products. Our competition is Hunger Mountain, Buffalo Mountain, and Adamant Co-ops. Our building is deteriorated and our appliances are old, and we're floating on the fact that we own the building and don't have a mortgage. We need to cut back on expenses. I also think that missing out on the opportunity to buy Plainfield Hardware would be silly.

Comment: I recently went on a retreat with the Co-op board chair and another member to learn about nonprofit ownership of retail businesses, like some general stores are doing. Would Plainfield Co-op benefit from nonprofit status for the building? And either the nonprofit owns the building or leases it to the Co-op. Also the financial analysis that will come out of the USDA grant will take a year to produce and what do we do in the meantime?

Comment by board member Jess Taylor: I think a move is beneficial. The horse farm is a beautiful property, you have to be on it to appreciate it, not just see it from Rt. 2. The buildings are well insulated, the two dwellings could be rented, or one could be offices. If we have an open house, please go! The Health Center and the Post Office are right across the road. And the owners of the Hardware store aren't going to wait forever, the property is listed. This is one reason we want to change the bylaws, we want to give everyone an opportunity to vote.

Question: Is there any chance of developing a delivery capacity for people who don't want to drive into the village?

Comment: I agree that we are the people who have to make something happen. But our members' average age isn't young, and I for one don't have the energy I used to. Buffalo Mountain Co-op's

move took a lot of effort and fundraising. Who would do that for us? Please remember that eventually our village will have a new intersection and it will be easier to make all those turns on and off Route 2.

Summary by facilitator Sharon Fialco:

I normally ask the group to reflect what they've heard, but we're out of time, so I'm going to try to do that to help the board that convened this meeting. This is a really brief summary.

- Two locations for the Co-op are possible.
- How? Collaborations and partnerships can make it possible, the co-op doesn't have to do it all by itself.
- Discussions are important for members to make informed decisions when voting on issues.
- Look at what needs to be done in the current year because it may take a year for information and funding to come in. Repairs? Staffing? How not to bleed money?
- There is more to come: the grant is not yet in hand, although approved, yet real estate options are popping up now, so what should we do about that?

Notes respectfully submitted by Rose Paul.