



Slocan Valley

THE SLOCAN VALLEY CO-OPERATIVE ASSOCIATION

GENERAL MANAGER'S REPORT

62nd ANNUAL GENERAL MEETING
September 20th, 2020



As you are aware, the current challenges that we face with the Covid-19 Pandemic that delayed the reporting of the 2019 fiscal year can make the information I'm presenting somewhat confusing. It's important to remember that the information in my report is based on an operating year that ended almost 11 months ago, at the end of October 2019. It was, by nearly every measure, the most successful year ever for our Co-op.

We found ourselves breaking records, once more in our combined sales and litre volume. Last year, sales increased over the prior year by 7.5% totaling over \$18 million. The distribution of total sales was nearly \$6.9 million, or 38% from the Slocan Park Department, and over \$11 million, or 62% from the Castlegar Bulk Petroleum Department.

Total petroleum sales were over \$14.7 million, which makes up just over 81% of our total revenue, which was the same percentage as the prior year. Looking back in 2017, we reached a milestone of 10 million litres sold; 2018 saw over 11 million; and last year, total litres sold was above the prior year by 10%, or over 1.2 million for 12.6 million litres total. While all petroleum output was up, whether Slocan Park Gas Bar, or Castlegar Bulk – Cardlock – or Tempo Gas Bar deliveries, the majority of our volume increase over the prior year was between Commercial Bulk Petroleum deliveries, and the increase from the Castlegar Cardlock, each experiencing a 17% increase.

In our Slocan Park department throughout the year, all major commodities experienced healthy sales. Foods, consisting of Dry Grocery and Produce, produced good results with sales over the prior year by 3.1%. A major initiative by the Store Manager, Tina Andersen was focusing on ways to deliver the ready-to-eat and grab-and-go products that were in greater demand by shoppers. Healthy products were identified as the most sought for, so we saw a lot of sales increase in fresh sandwiches, salads, and prepared vegetable stir-fry trays.

Non-Foods, consisting of Tobacco, Automotive Merchandise, Lottery, Liquor and Pumps was over 2.8% above the prior year. For fuel, there was little change to the overall average price of fuel compared to the prior year, so sales increases were largely based on more litre volume pumped. Gas Bar fuel made up over half of combined store sales, and the Slocan Park Department was 2.9% above the prior year.

Our Castlegar Bulk Petroleum Department closed the year continuing the pattern of extremely positive results. Once more, significant gains were made in bulk petroleum delivery and cardlock volume, satisfying more new members in the Kootenay region's commercial fuel market.

The Tempo Gas Bar resellers we deliver to in Christina Lake, Robson, Genelle, and Winlaw had slightly more than the same volume of the prior year. Overall commercial fuel market prices were not very stable, and when fuel market prices dropped earlier in the year, we suffered some loss in inventory value that was not recovered in the summer when market demand and price increases are normally expected. Unfortunately, this is an aspect of the petroleum industry that everyone in the fuel business is at the mercy of.

The challenges of the market conditions were offset by the excellent year had by Federated Co-operatives Limited, our wholesaler. They also closed their best recorded year ever, which led to a healthy patronage return.

Before the FCL patronage rebate, we closed the year with a net savings at just over \$15,000 short of break-even, which was very close to our goal. After the patronage rebate from FCL, we came to a positive net savings after income taxes of over \$1.1 million. This healthy result enabled us to eliminate nearly all long-term debt earlier than scheduled, saving us thousands in future interest; provide another healthy Equity Allocation return to our members; set aside resources for investment in future opportunities; and to position our Co-op to become an even greater contributor to the communities where we operate.

Our Mission and Vision include maximizing benefits to our members, employees, and communities. 2019 saw the highest ever member equity return at over \$466,000. Our Co-operative Member Equity and Cash Back program provided our members an additional average savings of 5.2¢ per litre on their fuel purchases last year, which is an extremely important item to our members; especially those whose commercial operations have fuel as one of their highest operating expenses.

The Co-op made further investment to its greatest asset, its employees, by enhancing its already excellent health benefit package, expanding the employee pension plan to all eligible team members through the Co-operative Superannuation Society; a plan that is utilized by many Co-operatives and Credit Unions throughout Canada. Through the defined contribution pension plan, the Co-op is providing a 6% matched contribution to employee plans. The Co-op wished to make a difference in the lives of the employees by investing in their future retirement needs.

The community benefited from over \$9,500 in financial and in-kind product donations last year. Notable contributions included:

- Kootenay Slocan Lions Club “Jump to the Pump” fundraiser providing 5¢ / litre and food items for \$577
- Mount Sentinel and Stanley Humphries graduation bursaries to 2 recipients of \$500 each = \$2,000
- School District and Organized sports and event sponsorships of over \$1,000
- Slocan Valley Recreation Commission with our Co-op for Kids bulletin board fundraiser for over \$896
- Co-op Week thanking our members and customers with free coffee, offering a value of over \$1,000
- Fuel Good Day fundraiser providing 10¢ / litre of all fuel sold on September 17th from the Slocan Park Gas Bar, and the Castlegar Cardlock to the W.E. Graham Community Service Society, and the Castlegar Food Cupboard, each Food Bank receiving a donation of over \$750.

We expect to enhance contributions in future years through our Community Development Fund the Co-op has been generating over the last few years. The fund was created for resources that can be committed to community groups and organizations; as well as to enhance the Co-op’s sustainability efforts with planned investment toward items like reducing energy consumption, waste reduction, an integrating consideration for environmental protection in future projects.

Notable changes that were being investigated last year included reducing plastic waste. Planning was set in motion to eliminate the use of plastic bags, which the Co-op implemented in 2020. Other plans were being organized to reduce the use of plastic packaging before the pandemic created additional challenges in the food-safe environment. As a result, providing secure packaging to reduce the risk of contamination led to the increased use of plastic packaging in the retail environment, and the Co-op was no less affected by this. We will continue to review our options to best accommodate our goals for eliminating plastic waste.

The most important element of our success comes from our delivery of service to satisfy our members and customers. While we can’t be all things for every person, our Team recognizes that everything we do is to offer the best experience possible to each person that comes into our store, or greeting our fuel delivery drivers. There are a lot of daily pressures and circumstances each of our Team Members face which can challenge their ability to provide the service every member deserves. The grand majority of the time, the Team succeeds and excels at doing what’s necessary to exceed the expectations of our customers. The notes of positivity and appreciation that we receive are a continuous reminder of what the Team is good at; and at the same time, a reminder of the high standard of service that can sometimes be a challenge to maintain. For our cashiers, clerks, and fuel drivers, it almost comes naturally. I ask that our members be sure to thank them from time to time for the fantastic work they do. Being recognized by the people we serve really makes all the difference.

I would also like to recognize the achievements of our Team Leaders, our Slocan Park Store Manager, Tina Andersen; and our new Castlegar Petroleum Manager, Juli Hussey, having come aboard at the end of this last January. Their knowledge and experience in their field to lead their Teams is one of the biggest factors of our success. There’s a level of excitement and motivation that comes from them as we discuss options and goals for the future, despite the challenges the current Pandemic has brought us.

I would like to close by thanking the Co-op team for their vast contribution to our success; to the Directors for their work in helping shape the future of the Co-op each year; to the members for their continued support of their Co-op; and to FCL and the CRS for their collaboration, valuable guidance and advice to the benefit of our Co-op.

Chris Sapriken
General Manager
Slocan Valley Co-operative Association