

DNF staff asked La Montanita questions about the merger, these are Terry Bowling, General Manager of La Montanita's responses (with additional clarification comments from Kimberly Wiggins, DNF Co-GM):

1. You said we will have autonomy, what exactly does that look like for a store where decisions come from a centralized remote location?
Our Pricing, Promotions, Marketing, Outreach, Finance, HR is done from our central offices, all stores work under the same policies but each location makes decisions of products, local sources, who they hire etc. The everyday tasks of operating the store are the responsibility of the Store Manager. Any major changes would require discussion such as if a store decided they wanted all their products to be GMO free. We want our stores to have their own personality and reflect their community.
2. Cheaper prices seem to be the main sale point for customers, our current cost plus is 14.5%, what will our new cost plus be with UNFI?
Our cost plus is 8.75%.
[Note this does not say OUR cost plus would be 8.75%. The NCGA (National Cooperative Grocers Association) states our cost plus is not guaranteed to be 8.75%. There are a lot of factors involved such as our distance from La Montanita, the UNFI (United Natural Foods Inc) distribution warehouse as well as our purchases. An answer will be obtained next week from the NCGA on what this number is.]
3. Are there other vendors LM has access to that we will benefit from a better price point?
Our warehouse buys direct and has many direct vendors whose product would be available after we establish that we can efficiently deliver to Durango.
4. A lot of our center store and perishable items are not through UNFI so the pricing will not be affected. What will be LM's stance on these items?
We encourage you to continue to carry these items as long as they sell, they would have to be set up in our system and pricing set and tags produced, all this is done at the office.
5. What will be our policy on bringing in new products?
All new items are submitted to Pricing Manager, she sets up the items, assigns price and sends out tags.
6. With produce what policies will our vendors have to comply to?
We ask all vendors to fill out a new vendor form, and complete a food safety information form, we prefer to pay by check that is issued by the central office, we cut vendor checks weekly which are usually \$300,000 to \$350,000 a week and this does not include UNFI. The process is not hard.
7. Can we still purchase from all of our small farmers?
The more the better!
8. Would you give us your deli standards?
My operations manager is on vacation but our delis are organic, not really sure what you mean by standards but will have Bob follow up after he returns Monday.
9. Would you also provide your product policy and non-GMO policy

Almost of our products are organic/natural. We source GMO free when possible, we have supported the GMO labeling financially for years.

10. What will a livable wage scale look like for Durango?

Our pay scale is the same for all stores except Santa Fe that has different laws; I would need a wage scale from DNF to compare.

11. Would you provide a benefits package and expense to staff for us to review

I will send in a few days, our HR manager is expecting her first grandchild and has this file.

12. What will happen to those positions that would be redundant, i.e. price and scan, finance, marketing

Those positions that are redundant would not be needed, however as staff moves on, these open positions can be filled with staff that currently serve in these roles. In other words they would be offered other positions at DNF.

[Note that although staff will be offered positions internally, these positions that are redundant are highly trained positions that these individuals went to college for, if asked to leave their current position and not being guaranteed a position that offers the same, these individuals may leave the coop.]

13. If these positions are no longer necessary where would these individuals fit into the co-op?

Please see 12.

14. In the La Montanita employee policy handbook it states there is a 90 day probationary period, would our staff be subject to that upon becoming La Montanita staff?

The DNF staff would be credited with length of service and converted to La Montanita, if you have worked at DNF for year, you would be considered to have a year service at La Montanita. The 90 day period would not apply.