

RESOLUTION OF THE  
WHITE MOUNTAIN APACHE TRIBE OF THE  
FORT APACHE INDIAN RESERVATION

WHEREAS, the Commercial Center Manager, David Shadle, has proposed to the Tribal Council that the Variety Store in the Commercial Center be closed due to a declining and serious cash flow and profit loss problem that has existed since 1980 and continues to deplete the profit margin of the Commercial Center as a whole, and

WHEREAS, Mr. Shadle explains further to the Tribal Council that the Super Market is absorbing much of the goods now sold by the Variety Store, and

WHEREAS, Mr. Shadle advises the Council that the Manager of the Variety Store is in favor of its closure and that the number of employees presently working at the Variety Store will not lose their jobs, but will be assigned to similar positions in other areas of the Commercial Center, and

WHEREAS, the Tribal Council concludes that Mr. Shadle's proposal to close the Variety Store is well-documented by profit and loss records and that further loss should be avoided for the economic and welfare of the Tribe.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby authorizes Mr. David Shadle to take immediate steps to dissolve the Variety Store operation in the Commercial Center, to liquidate the present stock and to transfer the present employees to similar positions at the same rate of pay within the Commercial Center Complex.


BE IT FURTHER RESOLVED by the Tribal Council that it requests Mr. Shadle to explore all means by which the Variety Store space can be utilized in order to obtain the best economic return for the Commercial Center.


The foregoing resolution was duly adopted on June 7, 1984 by a vote of 5 for and 4 against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article V, Section 1 (i) of the Amended Constitution and By-Laws of the Tribe, ratified by the Tribe June 27, 1958 and approved by the Secretary of the Interior on May 29, 1958, pursuant to Section 16 of the Act of June 18, 1934 (48 Stat. 984).

RECEIVED

JUN 20 1984

FORT APACHE INDIAN  
TRIBE  
VICTOR W. WATZ

  
\_\_\_\_\_  
Chairman of the Tribal Council.

  
\_\_\_\_\_  
Secretary of the Tribal Council



Ronnie Lupe  
Tribal Chairman

# White Mountain Apache Shopping Center

P.O. Box 1149  
Whiteriver, Arizona 85941  
Phone: 338-4745

DATE: MAY 31, 1984  
TO: TRIBAL COUNCIL/COMMERCIAL CENTER BOARD  
FROM: DAVE SHADLE - COMMERCIAL CENTER - DIRECTOR  
SUBJECT: VARIETY STORE - FUTURE

IN LOOKING AT THE FUTURE OF THE VARIETY STORE, I WOULD LIKE TO RECAP THE RECENT YEARS, AND THEIR PERFORMANCES.

<u>FISCAL YEAR</u>	<u>SALES</u>	<u>\$</u>	<u>%</u>	<u>COST OF GOODS</u>	<u>PROFIT</u>	<u>CASH FLOW</u>
1980-81	\$376.6	\$333.3	88.5%		\$(61.7)	\$(60.1)
1981-82	213.5	198.1	92.8		(75.4)	(73.4)
1982-83	240.3	226.5	94.3		(54.5)	(52.5)
1983-84	194.0	197.2	101.6		(69.5)*	(67.4)*
*1983-84	194.0	197.2	101.6		(77.9)	(75.8)

THE ASTERIK INDICATES THE PROPER PROFIT AND CASH FLOW POSITION FOR THE VARIETY STORE AT YEAR END. THE G&A/INDIRECT COST ACCOUNT HAD NOT BEEN CHARGED DURING THE YEAR PER THE G.M..

IN 1983-84 THE THREE INVENTORIES TAKEN WERE:

SEPTEMBER 1983	OVERAGE	\$+58,724.45	
DECEMBER 1983	SHORTAGE	-92,006.08	
MARCH 1984	SHORTAGE	<u>-10,810.19</u>	
NET INVENTORY	SHORTAGE	-44,091.82	AT COST.

THE SHORTAGE FACTOR FOR THE YEAR WAS 22.7% OF SALES. AN ACCEPTABLE, EXPECTED SHORTAGE RATE SHOULD BE 2.0% OR LESS. THE FIRST PROBLEM IS THE AMOUNT OF THE LOSS, BUT THE SECOND PROBLEM IS THE UP AND DOWN NATURE OF THE INVENTORY RESULTS. A LARGE OVERAGE OFFSET BY A LARGE SHORTAGE, THIS INCONSISTENCY INDICATES PROBLEMS WITH INVENTORY TAKING, AND I BELIEVE THIS COULD BE CORRECTED.

THE OPERATING LOSS WAS \$33,809. BEFORE CONSIDERING INVENTORY SHORTAGE. SALES OF \$84,500 AT A 40% MARK UP WOULD HAVE TO BE GENERATED TO OFFSET THE OPERATING LOSS ALONE. ADDITIONAL SALES OF \$194,000 WOULD BE NEEDED TO COVER THE ENTIRE LOSS OF \$77,900.

FOR THE LAST FOUR YEARS, THE COST OF GOODS PERCENTAGE HAS BEEN 28.5% TO 41.6% TOO HIGH. WITH A GOAL COST OF GOODS PERCENTAGE OF 60%, THE FINAL RESULTS ARE NOT ACCEPTABLE.

THERE ARE MAJOR FACTORS TO BE CONSIDERED BESIDES THE FINAL RESULTS.

1) CREDIT SALES HAVE BEEN STOPPED, AND SALES HAVE DROPPED BY 48.5% OVER THE PERIOD SHOWN. IT WAS A PROPER DECISION TO DISCONTINUE CHARGES IN THE VARIETY STORE, BUT THE EFFECTS OF NO CREDIT WILL KEEP SALES DOWN.

2) MUCH HOME REPAIR IN THIS IMMEDIATE AREA IS DONE BY DEVELOPEMENT ENTERPRISE, OR TRIBAL MAINTENANCE. THE AMOUNT OF HOME REPAIR, REMODEL, AND UPKEEP HAS BEEN A SMALL PART OF OUR SALES, AND IS A MAJOR AREA WHERE WE CARRY A LARGE DOLLAR INVENTORY.

3) AN EVOLUTION HAS TAKEN PLACE IN THE GROCERY STORES OF AMERICA AND HAS CREATED THE "SUPER" SUPER MARKET. THIS HAS ALSO HAPPENED HERE IN OUR SUPER MARKET. WE NOW CARRY MANY CLASSIFICATIONS OF MERCHANDISE THAT DUPLICATES THE INVENTORY OF THE VARIETY STORE. I WOULD LIKE TO LIST THOSE FOR YOU BELOW.

\*\*\*\*\*CLASSIFICATIONS OF MERCHANDISE CARRIED IN THE\*\*\*\*\*  
\*\*\*\*\*SUPER MARKET THAT DUPLICATE THE VARIETY STORE\*\*\*\*\*

SCHOOL SUPPLIES	KITCHEN WARE	DINETTE ITEMS
BROOMS/MOPS	ELECTRONICS	WATCHES/CLOCKS
POTS/PANS	TRASH CANS	GARDEN ITEMS
OILS/LUBRICANTS	ICE CHESTS	GOLVES
SUN GALSSSES	CAMPING ITEMS	BATTERIES
TOYS/GAMES	GLUE	NUTS/BOLTS/NAILS
HAND TOOLS	SANDPAPER	EXTENTION CORDS
CASSETTE TAPES		

THERE ARE SOME AREAS OF HEAVY DUTY MATERIALS AND TOOLS THAT WE CARRY, AND HAVE FOR YEARS, THAT DO NOT SELL, AND SHOULD NOT BE CARRIED.

4) MAJOR COST SAVINGS COULD BE HAD IF THE SUPER MARKET CARRIED THE ITEMS FROM THE VARIETY STORE AS SHOWN AND MANNED THE STORE WITH ONLY ONE ADDITIONAL EMPLOYEE. (OTHER AREAS OF THE COMMERCIAL CENTER COULD ABSORB THE CURRENT VARIETY STORE EMPLOYEES!) CONCENTRATING THE SALES WITH LITTLE ADDITIONAL PAYROLL, OR OPERATING EXPENSE WOULD PROVE TO BE VERY PROFITABLE.

5) INITIAL INTEREST IN THE CURRENT VARIETY STORE SPACE HAS BEEN SHOWN BY A PROSPECTIVE TENANT, AND MANY OTHERS MAY BE DEVELOPED IF THE SPACE WERE PUT UP FOR LEASE TERMS BENEFICIAL TO THE TRIBE. I HAVE SPENT THE TIME I HAVE BEEN HERE TRYING TO IDENTIFY A BUSINESS WE SHOULD PUT THERE, BUT HAVE NOT FOUND ONE THIS COMMUNITY CAN SUPPORT.

I WOULD LIKE TO DO A PROFORMA OF THE VARIETY STORE IF IT WERE TO RUN AS IT DID THIS YEAR, AND IF THE SPACE WERE CLOSED, AND IF THE SPACE WERE LEASED OUT.

ITEM	1983-84 VARIETY	CLOSED VARIETY	SPACE LEASED	SUPER MARKET RESULTS
SALES	194.0	0.0	13.5	3,754.2
C of G	197.2	0.0	0.0	2,931.7
G. M.	(3.2)	0.0	13.5	822.5
EXPENSES	74.7	0.0	0.0	647.5
PROFIT(LOSS)	(77.9)	0.0	13.5*	175.0

THE BENEFIT TO THE COMMERCIAL CENTER OPERATION WOULD BE:

- 1) AVOID LOSS IN VARIETY OPERATION +77,900
- 2) INCREASE SUPER MARKET PROFIT +30,000
- 3) \*RENTAL OF 3600 SQ. FT. AT \$3.75 +13,500  
LEASE TO INCLUDE % RENT FOR EVEN  
MORE RENT, BUT THIS IS BASE AMOUNT

NET IMPROVEMENT ESTIMATE +121,400

WITH THE VARIETY STORE CLOSED, BUT NOT RERENTED THE COMMERCIAL CENTER COMPLEX WOULD BE +107900 AHEAD.

TO CLOSE THE VARIETY STORE A MAJOR SALE WOULD BE PROMOTED TO SELL OFF ALL ITEMS NOT TRANSFERRED TO THE SUPER MARKET. THEY HAVE \$135,800 IN RETAIL INVENTORY, A SALE AT 30-40% OFF WOULD NET CASH OF \$50,000. APPROXIMATELY.

WITH THESE FACTORS IN MIND I WOULD PROPOSE THE CLOSING OF THE WMAT VARIETY STORE, AND SEEKING NEW TENANTS.

WHITE MOUNTAIN APACHE TRIBE  
 COMMERCIAL CENTER COMPLEX  
 VARIETY STORE  
 INCOME STATEMENT  
 FOR THE MONTH ENDED APRIL 30, 1984

	CURRENT MONTH	YEAR-TO-DATE
SALES		
SALES - MERCHANDISE	\$ 15,599	\$ 194,028
TOTAL SALES	15,599	194,028
COST OF SALES		
COST OF SALES-MERCHANDISE	30,635	197,159
TOTAL COST OF SALES	30,635	197,159
GROSS PROFIT (LOSS)	( 15,036)	( 3,131)
OPERATING REVENUES		
TOTAL OPERATING REVENUES	0	0
OPERATING EXPENSES		
SALARIES - MANAGER	1,155	14,355
SALARIES - CLERKS	1,619	19,889
PAYROLL TAXES&BENEFITS	444	4,902
UTILITIES EXPENSE	184	4,376
TELEPHONE EXPENSE	0	538
OFFICE SUPPLIES EXPENSE	54	1,811
M & R EXPENSE	9,477	13,210
DEPRECIATION EXPENSE	172	2,066
ADVERTISING EXPENSE	690	1,678
TRAVEL EXPENSE	0	55
MISC. EXPENSE	38	98
CASH OVER & SHORT	( 35)	( 62)
FREIGHT EXPENSE	138	625
INVENTORY EXPENSES	0	2,755
RETURNED CREDIT CARD EXP	0	11
CREDIT CARD DISCOUNT EXP	4	68
TOTAL OPERATING EXPENSES	13,940	66,375
OPERATING INCOME (LOSS)	( 28,976)	( 69,506)
NET INCOME (LOSS)	\$( 28,976)	\$( 69,506)
	=====	=====
G&A/INDIRECT COST (NOT SHOWN IN 1983-84, BUT SHOULD BE CONSIDERED AS IT WILL BE THIS YEAR)		8,439
NET (LOSS)		( 77,945)
CASH FLOW		( 75,879)

WHITE MOUNTAIN APACHE TRIDE  
 COMMERCIAL CENTER COMPLEX  
 CONSOLIDATED INCOME STATEMENT  
 YEAR TO DATE THROUGH APRIL 30, 1984

\*\* ALL AMOUNTS \*\*  
 \*\* IN DOLLARS \*\*

	SUPERMARKET	THEATRE	STORE RENTALS	BUTANE	VARIETY STORE
SALES	3,510,495	49,796		860,404	194,028
COST OF SALES	2,865,003	14,687		553,374	197,159
GROSS PROFIT (LOSS)	645,492	30,109		307,030	3,131
OPERATING REVENUES	151	100,347	28,959	33,341	
OPERATING EXPENSES	499,745	136,899	36,024	139,811	66,375
OPERATING INCOME	145,898	6,443	7,065	200,560	65,506
OTHER INCOME					
NET INCOME (LOSS)	145,898	6,443	7,065	200,560	65,506

ADD G&A/INDIRECT COST 8,439

NET (LOSS) (77,945)

CASH FLOW (75,879)