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# Rural COOPERATIVES

September/October 2016

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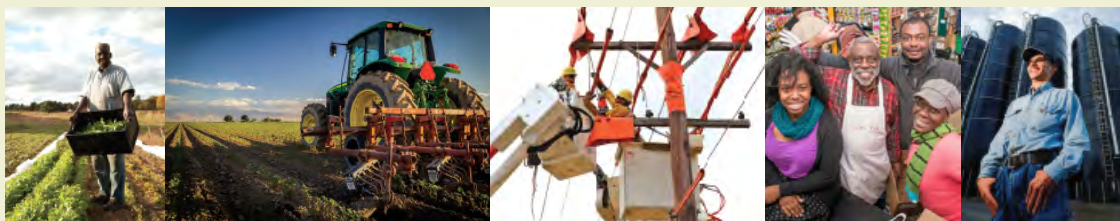


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CO-OP MONTH SPECIAL SECTION / Page 28

UNITED STATES DEPARTMENT OF AGRICULTURE

Office of the Secretary  
Washington, D.C. 20250



NATIONAL COOPERATIVE MONTH

*October 2016*

*By the Secretary of Agriculture of the United States of America*

**A PROCLAMATION**

**WHEREAS** “Cooperatives Build” is the theme for National Cooperative Month 2016, recognizing the many ways that cooperatives help to bring about a stronger rural America as they work to build the rural economy, rural communities, and rural jobs; and

**WHEREAS** cooperatives are user-owned, user-controlled businesses that are governed democratically for the benefit of users; and

**WHEREAS** the United States has approximately 29,000 cooperatives with 350 million memberships, generating \$650 billion in annual revenue and 2.1 million jobs; and

**WHEREAS** profits generated by a cooperative are either returned to its members or reinvested in the cooperative, keeping more dollars from the operation “close to home;” and

**WHEREAS** cooperatives play a major role in many sectors of the economy, including agriculture, utilities, credit and financial services, groceries, food hubs, housing, and worker-owned businesses, among others;

**NOW, THEREFORE**, in recognition of the vital role that cooperatives play in improving economic opportunity and the quality of life in rural America, I, Thomas J. Vilsack, Secretary of the United States Department of Agriculture, do hereby proclaim October 2016 as National Cooperative Month. I encourage all Americans to learn more about cooperatives and to celebrate cooperatives’ accomplishments with appropriate ceremonies and activities.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 14th day of September 2016, the two-hundred forty-first year of the Independence of the United States of America.

THOMAS J. VILSACK  
*Secretary*

# Features

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**ON THE COVER:** Raymond Smith, a delivery driver for Tuscarora Organic Growers Cooperative, carries boxes of fresh produce into the Each Peach Market in Washington, D.C. Employees such as Smith are a critical link between the growing network of food hubs and the marketplace. See page 4. USDA Photo by Lance Cheung





# A 'Natural Choice'

*Adoption of co-op business model by food hubs benefits producers and consumers*

**By Joe Eberly, James Barham and Margaret Bau**

*Editor's note: Eberly is with the U.S. General Services Administration and recently completed a detail to USDA to learn more about cooperatives; Barham is a local food systems specialist with USDA Cooperative Programs; Bau is a cooperative development specialist with USDA Cooperative Programs.*



Food hubs have emerged as a proven model for increasing market opportunities for producers through their coordination of aggregation, distribution, and marketing services. While food hubs may seem like a new concept, those in the co-op world know that collective marketing through producer cooperatives is a long-

standing tradition. It is fair to say that with food hubs and cooperatives, what was once old is now new again. Regardless of whether a food hub is incorporated as a cooperative or has another structure, co-ops and food hubs share a number of overlapping goals and values.

Food hubs strive to source their products from local producers, then distribute them locally or regionally. By



**TABLE 1**

Name of Food Hub Cooperative	Location	Members	Date Established (Youngest to Oldest)
Shared Ground Farmers Cooperative	St. Paul, MN	5 members	2013
Wisconsin Food Hub Cooperative	Madison, WI	41 members	2012
Fifth Season Cooperative	Viroqua, WI	70+ members	2010
Co-op Partners Warehouse	St. Paul, MN	16,000*	1999
Tuscarora Organic Growers Cooperative	Hustontown, PA	50 members	1988

\*(includes consumer-members)

*Food Hubs strive to source their products from local producers, then distribute them locally or regionally. Here, James Hall delivers fresh produce from Tuscarora Organic Growers Cooperative to Each Peach Market in Washington, D.C. USDA photos by Lance Cheung*

and services in a fair and equitable way.

This article focuses on examples of how local food hubs have put the cooperative business model to good use to accomplish their mission. Staff from several local cooperative food hubs were invited to discuss why their food hub chose the cooperative business model. They were asked how being a co-op has helped the food hub succeed, whether the cooperative model helps the food hub with supply-chain transparency and if it helps the hub serve the community.

“Supply-chain transparency,” for this article, will mean the ability to tell the farmer’s story to consumers, to identify the source of the products (which helps consumers make informed decisions), and to provide price transparency (which is very important to producers). The community that the food hub serves refers to everyone in the supply chain and the community at large, including producers, processors, aggregators, other co-ops, distributors, retailers, institutions and consumers. Our interviews included both new food hubs (those that have operated for less than five years) and older food hubs (those that have operated for more than 15 years).

Interviews focused on the reasons the food hubs were formed, the way the

cooperatives are structured, the age of the co-ops, the size of the operation (geographic area served, the number of members and producers) and the types of products offered. Table 1 provides background on the cooperative food hubs interviewed for this article.

### Overall findings from interviews

An overarching response of this group was the high importance of the cooperative model in serving the community — from the beginning to the end of the supply chain, including the greater community. Paying producers and processors a fair price for their goods and delivering a high-value product to consumers are considered more important to most of these co-ops than is maximizing profit.

Each co-op also recognizes that profitability is a goal that needs to be met eventually if the business is to be economically sustainable in the long run. Some lofty goals need to be moderated, at times, to ensure long-term financial viability.

Examples of this include the need to offer non-organic foods (sometimes from national distributors) to fill the gaps when local organic food is not available. This is especially true during

delivering high-quality, source-identified food to consumers, food hubs and co-ops both keep more food-derived dollars close to home, helping to create more jobs and to strengthen local economies.

A key area where co-ops and food hubs converge is that both strive to support local communities and economies, as well as serve their end consumers with high-quality products

the winter, when non-local foods are needed to maintain a diverse product line.

Another common theme was that the decision to use the cooperative business

model was “the natural choice.” In most cases, the new food hub co-op received assistance during its formation from an existing co-op. Indeed, it was often the

established co-op that first identified the need for a local food hub to help source local food.

Another common challenge the co-



## WISCONSIN FOOD HUB COOPERATIVE

The Wisconsin Food Hub Cooperative (WFHC), Madison, Wis., started operations in 2012 and now has 41 members, four of which are other co-ops. Each of those member-co-ops has an average of 20 farmer-members.

The WFHC is a producer-owned co-op that aggregates its producers' products, provides them with insurance and offers members discounted materials. It also provides member training, food safety assistance and marketing services. All goods are marketed as “local products” to consumers, 95 percent of which are sold through retail grocery chains. The rest is sold to major food service distributors and a few small independent grocery chains.

That the WFHC was formed as a cooperative reflects the role played by the Wisconsin Farmers Union in its launch. Farmers Union has a long history of supporting cooperative development. All of the founding members readily agreed with the concept of forming the



*Wisconsin Food Hub Cooperative's (WFHC) 41 members include four other co-ops, each of which averages about 20 members. Hoekstra Family Farm (above) is among the members. Photo courtesy WFHC*

food hub as a co-op.

USDA Rural Development provided the co-op with intensive technical assistance, in collaboration with the University of Wisconsin Center for Cooperatives. USDA's Value Added Producer Grant (VAPG) and the Rural Business Enterprise Grant (through partner organization Forward Community Investment) programs were a significant factor in helping the co-op cover many of the



## SHARED GROUND FARMERS' COOPERATIVE

The core business of Minnesota's Shared Ground Farmers' Cooperative is aggregating and marketing local vegetables grown by Latino, Hmong (from Southeast Asia) and beginning farmers. The produce of the co-op, which started three years ago, is marketed through a CSA (community supported agriculture) program, as well as through wholesale accounts, such as local restaurants.

The co-op's major markets are the Twin Cities (Minneapolis and St. Paul), as well as the surrounding 200-mile radius. The co-op has five member-farms and purchases additional produce from 15 other farms.

The farms of the immigrant farmers range from 3 to 20 acres, the average being about five acres. They currently offer about 100 products, with their top 10 products accounting for about 65 percent of sales. These include a salad mix, arugula, broccoli, cauliflower, heirloom tomatoes, lettuce, peas, green beans, Brussels sprouts and green-top carrots.

Sales for the last fiscal year were \$265,000. The co-op hopes to top \$350,000 this year. Sales have come pretty easily for the co-op, while production challenges account for most of their growing pains.

ops have faced is the long time it took to reach profitability. Most of the new cooperative food hubs either had only recently achieved a positive cash flow or

were still working to reach profitability.

Many of the co-op leaders expressed their appreciation for technical and financial assistance from USDA. Most

also actively seek grants from other sources (including state and local governments, nonprofit economic development foundations, etc.).

initial costs of the business. The WFHC helps mid-sized farms market their products and has played a significant role in helping farmers diversify their production.

The following is excerpted from the discussion USDA had with Tara Roberts-Turner, board president and general manager of the WFHC.

***Q. Is supply-chain transparency important to your food hub? Do you show producer information on packaging?***

**Roberts-Turner:** Absolutely, it is fundamental to running the co-op. The buyers require it. The buyers, including the vice presidents of produce for big chains and owners of the small grocery chains, come out and visit the farms. Several chains use signage that provides individual farm information about the produce on the sales floor. Right now, including individual farm information on the packaging for consumers is logistically challenging, but we would like to see it in the future.

The co-op model is fundamental to transparency. When the co-op started, it took a group of farmers that were once competing with each other and, over the past several years, has turned that same group of farmers into a cohesive team. Where they were once trying to show how their product was better, and were guarding their production [plans] and holding secrets closely, now they are trying to produce a uniform, high-quality product and sharing

production and packaging strategies. [This] helps the co-op as a whole deliver a quality, reliable product for their mutual benefit.

***Q. Is serving the community — including producers, consumers and the greater community at large — important to your food hub?***

**Roberts-Turner:** Yes. The farmers are seeing large growth in all of their farms, whereas in the past many were in a situation where they either needed to downsize or go out of business. The community now has access to local products that is fresher than produce coming from a great distance. Restaurants and hospitals are now able to serve local produce with ease, rather than having to work with many individual producers.

The open communication of the co-op model has assisted with this, as the newest producer-members are the ones who are growing their profits the fastest, thanks to the experience of the existing multi-generational knowledge [shared by] the other producer-members.

The Wisconsin Food Hub Cooperative has grown by 100 percent each year of the operation. It has three employees. If it grows by 50 percent this year, the co-op will be profitable. The partnership with the Wisconsin Farmer's Union, and financial assistance from state and national grants, has been crucial. ■

The following is excerpted from an interview with Aaron Blyth, Shared Ground Co-op's general manager.

***Q. Is supply-chain transparency important to your food hub? Do you show producer information on packaging?***

**Aaron Blyth:** Yes, it is. It is particularly important to Shared Ground's customers, as they want to know that their product is predominately from Latino growers. So, it is important to be transparent with this information. The website also shows the farmers' stories. The cooperative model assists with transparency, since the books are open and all farmers know what everyone else is doing.

***Q. Is serving the community — including producers, consumers and the greater community at large —***

***important to your food hub?***

**Aaron Blyth:** Yes, absolutely. The very work they do is serving the community. It is helping minority growers and other small- and mid-sized farmers make their operations profitable and providing a local, quality product to the consumers. Some of the farms have done a significant amount of community outreach, lobbied the government, worked in a food hub incubator and worked on food-access concerns.

The cooperative model is important to all of this because the Twin Cities region has a lot of food co-ops, and since cooperatives cooperate, Shared Ground gets a lot of support from them. The new farmers of Shared Ground...look at the business as being trustworthy, due to its cooperative structure. ■





## TUSCARORA ORGANIC GROWER'S COOPERATIVE

Tuscarora Organic Grower's Cooperative, Hustontown, Pa., has proven that "if you build it, they will come." The co-op got its start in 1988, at a time when it was considered unprofitable to grow and distribute vegetables in the Northeastern United States. Tuscarora currently has 50 producer-members and generates about \$3.5 million in annual sales.

Members' farms average 5-15 acres, with their major products being produce and, to a smaller extent, eggs and olive oil. The co-op's primary marketing region is Baltimore and Washington, D.C., with smaller markets being Philadelphia and



## CO-OP PARTNER'S WAREHOUSE

The core business of Co-op Partner's Warehouse, St. Paul, Minn., supplies local produce, cheese and other dairy products to natural food stores and co-ops, as well as to some mainstream retailers, food processors and bakeries. The co-op sources from about 300 small- to mid-size farms and delivers to 390 customers in seven states.

Originally formed as an adjunct of The Wedge Community Co-op, a consumer food co-op in Minneapolis, Co-op Partner's Warehouse (CPW) began distributing organic produce in 1999. The Wedge helped launch CPW to make more local foods available for consumer-members, other food co-ops,

and area restaurants.

CPW's annual sales recently hit the \$5-million milestone, at which point it became profitable. Attaining profitability was a challenge while the co-op only offered local foods during the short growing season of the Upper Midwest. The co-op learned that it had to add produce from outside the local area during the off-season.

The following is excerpted from a conversation with Lori Zuidema, the co-op's office and sales manager.

**Q. Is supply-chain transparency important to your food hub? Do you show producer information on packaging?**

**Lori Zuidema:** Yes, it is very important. There are a lot of organic distributors, so [CPW] is not unique for that. It tries to differentiate itself as a distributor by being transparent within the supply chain. Instead of buying from a big grower, it tries to purchase from smaller growers.

For example, CPW is willing to buy from growers who hand-harvest cherries rather than machine-harvest fruit. Co-op Partner's Warehouse's motto is to pay the farmer a

Pittsburgh, including their surrounding areas.

Most of the co-op's customers are restaurants, food co-ops and independent retailers. It does some business with individual Whole Foods grocery stores.

By providing a marketing and distribution vehicle for small-scale produce growers in the Northeast, the Tuscarora co-op has helped members diversify their crops while increasing their profitability.

Jim Crawford, the co-op's board president and founding member, says that a successful food hub must have a core of experienced farmers as members. New growers must work with the co-op for one year before becoming members, allowing them to learn from the other producers and to "prove themselves." The trial period also gives the potential member a chance to see if they like the cooperative business model.

Keeping everything transparent creates trust, encourages teamwork and makes the learning curve easier for new grower-members. Crawford stresses the importance of the co-op growing slowly while still making sure the food hub

*Serving organic produce is somewhat more expensive, "but quality is what differentiates us," says Dani Moreira, executive chef for Timer Pizza Co., seen here exchanging paperwork with Raymond Smith for a delivery of produce. Also see page 13. USDA photo by Lance Cheung*

has the strong network of growers to meet demand. He says a co-op food hub can definitely be launched and succeed without government loans and grants. Tuscarora did it, he notes, without one dollar financed by the government.

The following excerpt is from an interview with Crawford:

**Q. Is supply-chain transparency important to your food hub? Do you show producer information on packaging?**

**Jim Crawford:** Tuscarora's rule is that every case of produce is marked with three things: The grower-farm information, the organic certifier's information and Tuscarora Organic Growers brand labeling. This creates transparency which, in turn, [communicates] honesty and integrity of the product to customers.

Transparency of the co-op's books means that the growers see what everyone is growing; [they are then] less competitive with each other and help each other along the way. Every winter, the co-op spends significant time and energy developing its grow plans. This includes visits to each farm to discuss last year and the coming year. This helps reduce over-production and shortages and gives the growers evidence that they have a piece of the action, and that their production matters and there will be a market for it. It also gives the buyers an advanced look at what produce will be available (and when) in the coming year. ■

fair price. When it offers sale specials, it is because of over-supply, not to gouge the farmers.

Producer information is not currently shown on the packaging because the logistics are too difficult. Everyone agrees that it is a nice idea, but they do not have the infrastructure to do so.

**Q. Is serving the community — including producers, consumers and the greater community at large — important to your food hub?**

**Lori Zuidema:** They have been very successful at meeting their initial, primary customers' needs (The Wedge Community Co-op), and have taken on many new customers. It is in their mission to serve the community. ■

*Co-op Partners Warehouse (CPW) "tries to differentiate itself as a distributor by being transparent within the supply chain," says Lori Zuidema, the co-op's sales manager. Right, staff at the co-op warehouse. Photo courtesy CPW*





## FIFTH SEASON COOPERATIVE

Fifth Season Cooperative, Viroqua, Wis., recently celebrated its fifth year of operation, but has yet to attain profitability. Its launch was greatly assisted by a grant from the Wisconsin Department of Agriculture and by co-op development technical assistance from USDA Rural Development.

It relies on ongoing support from community investments (in preferred stock), USDA, and the Wallace Center while it seeks to become profitable. Fifth Season Cooperative is a multi-stakeholder co-op, with six membership classes: producers, producer groups, processors, workers, distributors and buyers. Core products are cottage cheese, yogurt, applesauce, fermented vegetables, coffee, maple syrup, honey and individually quick-frozen organic vegetables.

Among its producer members, the co-op has 40 vegetable farmers, 20-25 producers of value-added products, and five producer groups, including nearby Organic Valley (the nation's largest organic foods co-op) and several smaller producer groups. Primary customers are schools, hospitals and major food distributors, including Sysco, Reinhart and U.S. Foodservice.

Fifth Season Cooperative offers its producers and processors access to liability insurance, food-safety training and market-trends research, among other services. The co-op is helping to increase the business capacity of its members.

The following is excerpted from a conversation with Sue Noble, a member of the co-op's advisory board. In her role with the Vernon Economic Development Association, Noble helped launch the co-op and has secured other funding.

***Q. Is supply-chain transparency important to the food hub? Do you show producer information on packaging?***

**Sue Noble:** Definitely. Forming as a cooperative has been very valuable, especially since it formed as a multi-stakeholder model co-op. [Transparency] allows members from all along the supply chain to have input and opens communication with the other members on how best to serve each other and grow the business together. It helps the co-op set prices, understand the market and identify challenges and solutions.

The farmer story is told with point-of-sale flyers, posters and on the website. With funding from a Value-Added Producer Grant, Fifth Season has also developed two frozen blends for winter-root crops for which it is designing packaging with the farmer story on it.

***Q. Is serving the community — including producers, consumers and the greater community at large — important to your food hub?***

**Sue Noble:** Definitely. Fifth Season engages the community at large as much as possible. The annual meeting in February has an open invitation, and there is a Class B preferred stock investment share for the community to own equity in the business. This is a vehicle for the community to help grow a local food system.

The co-op performs about two facility tours per week to show the public its story. Using the cooperative model appeals to people's interest in something unique. They like local foods and are interested in knowing how you engage everyone in the food chain. ■

## Conclusion

As can be seen from the examples on the previous pages, there is a newly rising demand from consumers and food buyers who want to know if their food is locally produced and processed. Many consumers see an added value

in the freshness and the nutrition of local foods, and they want to support producers in their region through their purchases.

The cooperative model allows food hubs to aggregate products from small- and mid-size growers, establishing a

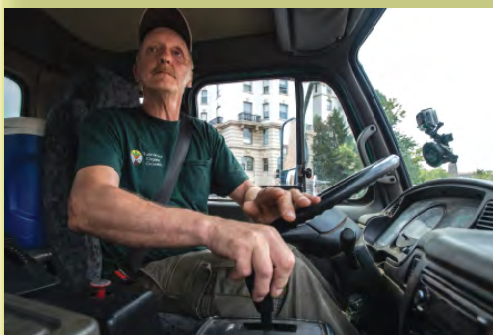
higher level of trust and helping to retain profits locally. Co-ops also help to sustain and create small farms in all regions of the country, not just those with optimal growing climates and favorable labor markets. ■



## TRANSPORTATION: THE CRITICAL LINK

*Editor's note: The following three articles were written by Dan Campbell, based on interviews conducted by USDA photographer Lance Cheung.*

**MEET** Raymond Charles Smith and James Hall, who represent a critical link between the organic vegetable farms of southern Pennsylvania and the restaurants and grocery stores of the Washington, D.C., area. Smith and Hall don't grow crops or milk cows. They don't slice, dice and sauté veggies in a restaurant kitchen or run the produce section of a local grocery store. But without Smith and Hall, all those crispy bell peppers and luscious red tomatoes grown by about 50 farmer-members of Tuscarora Organic Growers Cooperative would never be enjoyed by the good people of our nation's capital.



Smith and Hall are truck drivers who, several times each week, haul produce 2 ½ hours south from the co-op's packing facility in south-central Pennsylvania and deliver it to a variety of D.C.-area restaurants and grocery stores.

Smith has been driving for the co-op for about seven years, with a



*More than two hours after heading south from the co-op warehouse, James Hall makes the first delivery of the day. Below: Early morning traffic in Washington, D.C., "isn't too bad," says co-op driver Raymond Smith. But once rush hour kicks in, he adds, the job gets more challenging. USDA photos by Lance Cheung*

break in the middle when he temporarily went to work for another outfit. But he came back to Tuscarora, in part because he loves working closely with farmers and their customers, getting to know both sets of clients on a first-name basis.

"Tuscarora is a great company, and I like it because I am working for the hard-working farmers of the state of Pennsylvania," Smith says. About half of the co-op members are Amish, and Smith says he is always impressed with the abundant, quality crops they raise using only horse- and mule-power.

A typical work day for the drivers starts about midnight, so that they arrive in D.C. and are making the first deliveries ahead of rush hour, when the city's notoriously congested traffic becomes a factor. "Once you get into D.C., the delivery stops go fairly well. Early morning traffic is not that bad," Smith says. "But when you get into the morning rush, traffic becomes much heavier, and then you are also

dealing with pedestrians. You must be very careful."

Over the years, Smith has developed a friendly working relationship with the chefs of many of the city's restaurants, a market that is burgeoning in this area. *Bon Appetit* magazine recently named D.C. as its Restaurant City of the Year for 2016. Customers rave about the dependability of service and quality of the produce they get from the co-op (see related articles, pages 12–13).

In many respects, Smith and Hall are more than just drivers and delivery people. Like all good co-op employees, they become a face of the co-op to its customers. Same is true with the farmers, who have been known to provide their favorite drivers with a tip.

"When I pick up in the valley from Amish farmers, they will often say, 'Hey Ray, you want some peppers or tomatoes?' And they will just give a box to the driver — it's like a perk of the job." ■



## WORKING WITH CO-OP IS PEACHY FOR ORGANIC MARKET



“WHEN WE STARTED this business, we thought, naively, that we would be able to source individual products from individual farmers,” says Emily Friedberg, co-owner of Each Peach Market in the Mt. Pleasant neighborhood of Washington, D.C. But the logistics of buying produce from dozens of individual growers was not practical. “In the beginning, we were running around to farmers markets, picking up crates of apples or whatever — it was just logistically impossible to run our business that way.”

Instead, the small grocery store now buys most of its fresh produce from Tuscarora Growers Organic Cooperative. “Working with Tuscarora made a ton of logistical sense,” Friedberg continues. She and co-owner Jeanlouise Conaway say they both love the idea that Tuscarora supplies them with produce from more than 50 small, family-owned farms in Pennsylvania, all certified organic.

“They deliver twice a week to our door. We can count on them, and we’ve never had quality issues with them,” Friedberg says.

The variety of produce offered by the co-op is also important to them, Conaway stresses. “They have a wide line of beautiful summer fruit — we love their heirloom tomatoes, and their cherry tomatoes are super popular.”

Helping to cement the business relationship between Each Peach Market and Tuscarora was a trip the store owners took to Pennsylvania to visit some co-op member farms and

*Almost everything co-op members produce is shipped out to customers within 24 hours of receipt. “That’s an amazing logistical feat,” considering the number of farms and customers Tuscarora serves, says Emily Friedberg (left), co-owner of Each Peach Market. With her is co-owner Jeanlouise Conaway. USDA photos by: Lance Cheung*

the packing facility. Friedberg was impressed by the production schedule the co-op maintains with the members.

“They are not just an aggregator; they are also a production planner for all the farmers who participate in the co-op. That’s why we can get tomatoes from them through the entire summer. They tell Farmer X, we really need tomatoes from you in early July; then they tell Farmer Y, you need to have them ready in late August.”

They were impressed by the speed with which produce comes in from the field, is packed and shipped out to places like D.C. Almost everything the co-op produces is shipped out within 24 hours of receipt. “That is an amazing logistical feat, considering the number of farmers the co-op is working with and the number of customers they are going out to.”

They also enjoyed meeting a variety of co-op farmers. “They range from Amish farmers to ‘back-to-the-land’ hippies — just a real diversity of farmers all together in



one co-op — I thought it was very cool,” Friedberg says.

The store’s biggest market base is people who live within walking distance. It serves a very diverse neighborhood, “ranging from older, settled people, to younger go-getters who have moved to D.C. to pursue professional opportunities, and everyone in between,” she adds. “One of the great pleasures of being here is getting to know our customers.”

“One thing we are proud of is the size of our produce section for the size of store we are,” Friedberg says, noting that about 25 percent of the floor space is devoted to produce, much more than at most similar markets.

Maintaining a great produce section is the most challenging part of running a grocery market. “It is more difficult — you have to turn fresh produce over fast to avoid waste. It is a ‘high touch’ item, and you have to make sure it looks good all the time. But we have [a large] customer base coming in for produce, so we can turn it over. We largely credit that to Tuscarora as a quality supplier.” ■



## SERVING 'GOOD FOOD FROM AWESOME FARMERS'

AFTER SEVERAL YEARS of selling primarily at farmers markets and catering events, Pizza Timber Co. recently opened its first “bricks and mortar” location, a restaurant in the Petworth neighborhood of northwest Washington, D.C. Fresh, high-quality ingredients for its wood-fired, “Neopolitan-ish” pizza are vital for its success.

Opening the new restaurant meant Timber Pizza was suddenly facing the need for an even bigger, dependable supply of organic vegetables for pizza toppings, salads and appetizers.

The timing was thus perfect when Tuscarora Organic Growers Cooperative reached out to the company, just as the new location was about to open. Prior to then, “I didn’t even know who Tuscarora was,” says Andrew Dana, who describes himself and business partner Chris Brady as “co-owners, dough-boys, oven-boys and grinders.”

“We are constantly looking for new suppliers, new farmers, new partners,” Dana continues. “[Tuscarora] said they were an organic farmers’ co-op; I said that sounds pretty cool, we would definitely like to test you out.” They did, and Tuscarora passed the audition with flying colors.

Timber Pizza Co. was “built up from working at farmers markets,” Brady says, including the USDA Farmers Market, which operates on Fridays on the “doorstep” of USDA’s national headquarters. Even with the new retail location now open, it will continue to sell through farmers



*Timber Pizza Co. (TPC) was “built up from working at farmers markets,” says co-owner Chris Brady, preparing wood-fired pizza at the USDA farmers market. Top: A cook in TPC’s new restaurant prepares dough for crusts. USDA photos by Lance Cheung*

markets in the D.C. area.

There are three primary benefits to working with the co-op, Dana explains. “No. 1, you are working with all of these small, awesome farms. 2. The produce is amazing. Like the squash blossoms we get for our pizza are the biggest and best I’ve ever seen. 3. It is run more efficiently than your typical organic farm,” he says, pointing to the ease of using Tuscarora’s online ordering system.

“It is efficient and smooth. So, it’s like the best of both worlds, where you are getting this amazing produce

from awesome farms, and it’s a very efficient business, which helps us run an efficient business as well.”

“They helped us streamline a way of working with local farmers,” Brady adds. “The ability to do that through use of technology makes life easier for us. As business owners, you are dealing with a lot on your plate — phone calls, invoices, etc.,” Brady continues, stressing how time consuming it is to run a small business and to wear multiple hats.

“Having [produce ordering] streamlined in one place is super beneficial,” Brady says. “It allows us to work with local farmers, which is what we’ve done from Day 1. It’s a beautiful thing.”

Asked why the business pays more for local, organic food, Dani Moreira, the restaurant’s executive chef, says “Because that is the way to go. We care about what we serve, and we try to serve the best produce from the area. Financially, it is more expensive,” but then, “quality is what differentiates us.”

Moreira, who hails from Argentina and previously was chef at a top-rated restaurant in New York City, recalls the hassles of trying to procure the produce needed — including the quality and quantity — from farmers markets. The task would have been even harder with the added supply demands for the restaurant, had they not found Tuscarora. Now procurement is a snap, “and they deliver to us,” she says.

“It has been fun opening this restaurant and getting all the amazing produce. Right now, we are waiting for some beautiful squash blossoms, which we use on one of our pizzas. I’m also expecting basil, cilantro, zucchini and salad greens. Cooking is my passion — I like making people happy.”

And few things make people happier than “good food from awesome farmers!” ■

**By Alan Borst, Economist**  
USDA Cooperative Programs



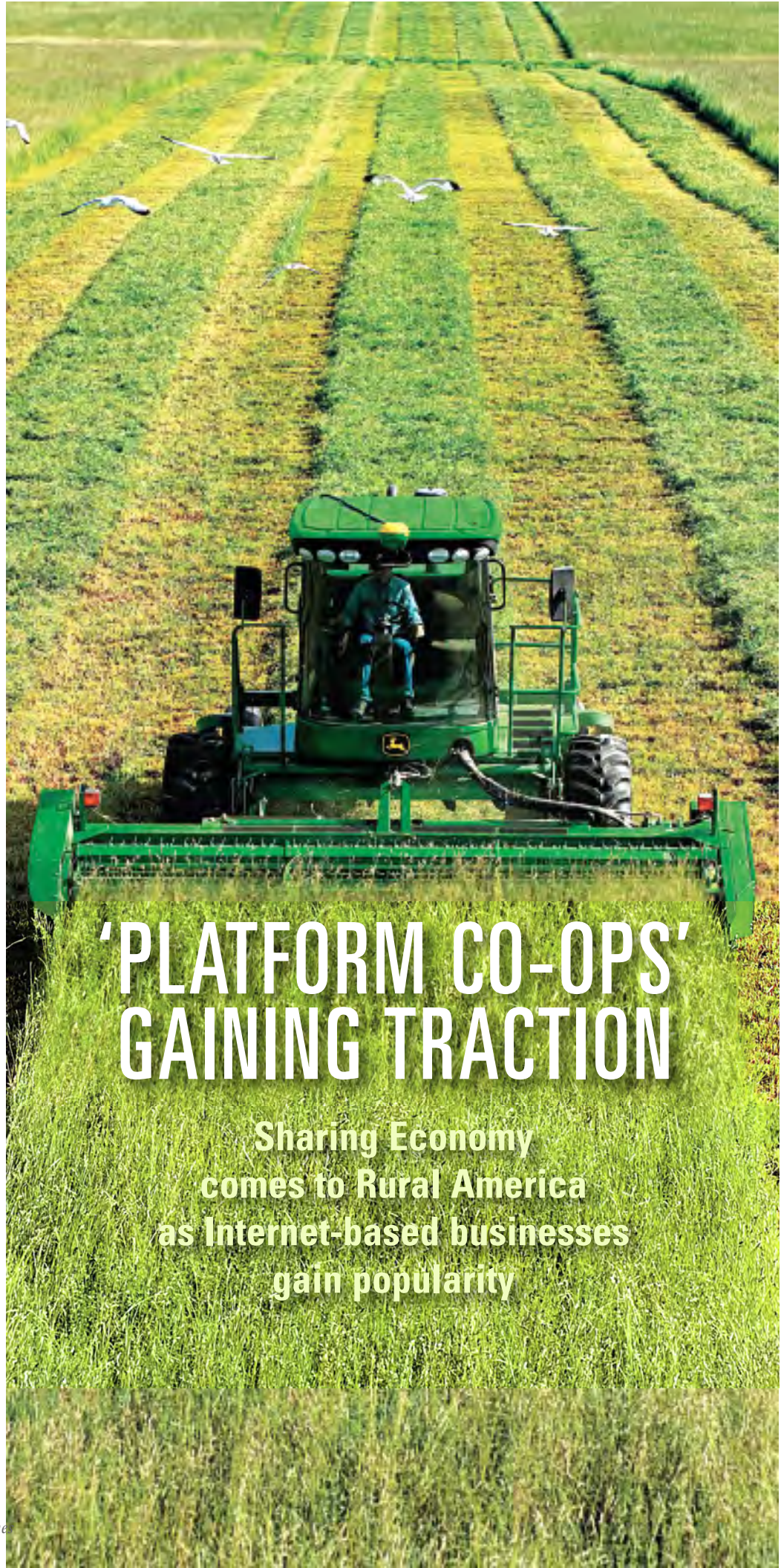
The “sharing economy” is taking root across rural America. This involves people renting

apartments, cars and other assets directly from each other, coordinated through Internet-based, peer-to-peer services. Technology has reduced transaction costs, making sharing assets cheaper and simpler than ever and, therefore, feasible on a larger scale. The big change is the availability of more data about owners and their assets, which enables consumers to rent those assets when they are needed.

Software developers have been designing Internet-based platforms to create these new markets. Software platforms have improved productivity and innovation in some industries, disrupted or destroyed others, and created entirely new businesses. Recent major examples include Uber and Lyft, which connect car owners with those willing to pay for rides while also handling all the payment details. Likewise, Airbnb pairs homeowners with those willing to pay for lodging.

These peer-to-peer platforms typically have a review or ratings system that helps people find an appropriate service or product provider, and which helps both seller and buyer build trust in each other.

Fans of the sharing economy note that owners earn money from under-used assets. Renters pay less than they would if they purchased the good themselves, or turned to a traditional provider, such as a taxi or hotel. Critics of the platform services, however, point



# ‘PLATFORM CO-OPS’ GAINING TRACTION

**Sharing Economy  
comes to Rural America  
as Internet-based businesses  
gain popularity**

*Co-ops that help farmers' reduce their costs by sharing machinery are among the new wave of "platform cooperatives" formed in recent years.*

to the concentration of economic power that the investor-owners of the software platforms have over the platform users.

"Companies like Uber and Airbnb are enjoying their ... (success) ... in the absence of any physical infrastructure of their own," says Trebor Scholz, a professor at the New School in New York City. "They didn't build that — they are running on your car, apartment, labor and, importantly, [your] time. They are logistics companies where all participants pay up the middleman."

Some platforms have been developed with a focus on creating such markets in rural America. These have the potential to increase the economic well-being of many rural Americans. Following are a few examples:

#### ■ MachineryLink Sharing

Founded in 2000, MachineryLink started as a combine leasing business that provides farmers with access to combines in 26 states, helping them reduce their operating expenses. Recently, it introduced a sharing platform for farmers called MachineryLink Sharing (MLS). This

and can match more distant users that have different production schedules. As with some of the other more successful software platforms, MLS uses community rules and a rating system to hold people accountable.

As reported by Bloomberg in 2015, some cooperatives are already taking advantage of MLS (<http://www.bloomberg.com/news/articles/2015-08-27/the-sharing-economy-comes-to-the-farm>):

*Three months out of the year, the 5,500 members of the Heartland Co-op push their sprayers and fertilizing machines to maximum capacity in hopes of getting the most out of a million acres of central Iowa farmland planted mostly with corn and soy. The rest of the time, the machinery typically sits in barns, idle until the next season, like most of the \$248 billion of equipment owned by farmers across the country.*

*MLS lets farmer cooperatives and agricultural retailers set rental terms. It also offers to transport heavy equipment, removing one major obstacle to sharing, and will help farmers secure secondary insurance as needed.*

*Heartland Co-op Executive Vice*

developed to connect local farms with agritourism consumers who want to arrange a visit for firsthand experiences with agriculture. Many small farmers are seeking other sources of income, and this platform will potentially offer this to those with the time and interest in hosting visitors.

Activities include classes, tours, fruit picking and meals at the farm. Farmcation is seeking to promote connections between consumers interested in how their food is produced with local farmers who grow it. One of the potential benefits of this platform is that participating visitors may become dedicated customers of the host farm.

#### Platform Cooperativism

Throughout the history of American rural cooperation, one of the major goals has been the creation of countervailing economic power for users against the concentrated, investor-owned corporations with whom they had to deal. The market imbalance between logistics companies, such as railroads and other "middlemen," has been a major driver for farmer cooperative organization. Similar

*"Growers must have access to data they own and they must devise applications and paths to bring the data back to their barn."*

sharing website is a nationwide marketplace built on trust and communication that aims to connect members with idle equipment with farmers who need it.

This platform can make expensive machinery available during the times producers need it most. After land, equipment is typically the biggest expense for farmers.

Farmers in the same area will typically need equipment at the same time, but MachineryLink Sharing expands the pool of available equipment

*President Marc Melbus says the pressure on farm profits makes the concept more attractive than it might once have been. Heartland is among the first co-ops to sign up for MLS's sharing program. "You wouldn't have thought you needed something like this 10, 15, 20 years ago," he says. "But if the concept makes sense, it seems worth trying."*

#### ■ Farmcation

While many small farms are economically struggling, a new software platform called Farmcation is being

language can now be heard among critics of the sharing economy, although with reference to the need for worker ownership, rather than farmer ownership, of such platforms:

"To date, the dominant economic narrative for the (sharing) economy has been one in which platform owners extract a share of the income generated from the workers who use their platforms," says Miriam A. Cherry of the Saint Louis University School of Law in her forthcoming publication: *The Rise of Platform Cooperatives*.



“Platform cooperatives, however, subvert the dominant economic narrative. If workers themselves owned the platforms, then workers would have control over important matters such as wages and benefits.”

Some user-owned software platform cooperatives have already been organized. One successful example is the stock photography and art agency Stocksy United. Grower Information Service Cooperative is a farmer-owned software platform cooperative. Both co-ops are examined below.

### ■ *Stocksy United*

Stocksy United is an artist-owned, multi-stakeholder cooperative based in Victoria, British Columbia. Stocksy was started in 2012 with a team of photo industry veterans whose mandate was to create a marketplace that would remain true to its core ideals of sustainability and authenticity, while ensuring that the bulk of its revenues is returned to the artist member-owners.

Stocksy recently announced that the company doubled revenue in 2015, to \$7.9 million, and paid out more than \$4.3 million in royalties to artists. It also paid its first dividends of \$200,000 to member-artists who sold imagery through the co-op in 2015.

Stocksy prides itself on offering a more modern, innovative library of images than do many of its competitors. The co-op selects all new artists from applicants who wish to join the co-op. It educates prospective members to ensure they understand and support the co-op business model. Contributing photographers receive some of the highest royalty rates in the stock photo/art industry, according to Stocksy.

Profitable almost from its inception, Stocksy employs 25 people in five countries and has more than 900 voting member-photographers. It counts over 100 Fortune 500 companies amongst its clients and it is the agency of record for some of the world’s most prestigious ad agencies.

### ■ *Grower Information Service Cooperative*

The Grower Information Service Cooperative was organized in 2012. This farmer-owned data cooperative has developed and deployed a data aggregating and integrating software platform for member use. As of November 2015, it had 1,300 members



*GiSC is a grower-owned cooperative founded to protect growers’ interests in controlling their farm data and ensuring ownership of that data, says Billy Tiller (left), co-founder of the co-op. Photo courtesy GiSC*

in 37 states. The following description is based on a March 2016 press release:

“GiSC is a grower-owned cooperative founded on growers’ interests in controlling farm data and ensuring grower ownership of that data. It was chartered with the vision to empower growers in the digital age by leveraging the value of the data from their farm operations. GiSC is governed by a co-op board made up of growers diversified by commodity and geography and committed to the principles of grower data ownership.

“GiSC brings growers together — from across the country, with different operations, commodities and farming practices — and provides members a free platform, AgXchange, that facilitates their ownership rights and allows them to realize the value of the data produced on their farms. GiSC members can use AgXchange to collect and store data and control what and

with whom information is shared. GiSC and AgXchange enable GiSC growers and their input providers and commodity marketing associations to synergize farm information through the multiple channels utilized to collect their data on one platform.”

Billy Tiller, co-founder of GiSC, testified in an October 2015 hearing before the House Agriculture Committee on the need for a grower-owned data cooperative:

“Farmers need a data aggregator and data integrator to help them reap all the benefits of big data and its implications to agriculture. We cannot just sit on the sidelines and wonder how it will all turn out, trusting that for-profit agriculture technology providers will use our information only for our good rather than for returns to their own shareholders. We need to be proactive by joining forces with groups such as GiSC to give farmers a voice.

“Growers must have access to data they own and they must devise applications and paths to bring the data back to their barn. We must remain vigilant as growers with the agreements that are currently being utilized by some vendors that take the rights to our data and our future data if we use the software or hardware of that particular vendor. We also need to realize that some of these agreements give these companies the right to a worldwide license to use our data in any way they please and, in most cases, for free.”

Rural Americans have been organizing cooperatives to develop countervailing economic power against larger investor-owned corporations for more than a century. This cooperative movement has now moved into the sharing economy that has been developing throughout the country.

Wherever investor-owners of software platforms are satisfying the needs of rural asset owners and users, the sharing economy will be welcomed. However, when need arises, cooperatively owned software platforms are proving to be a viable alternative. ■

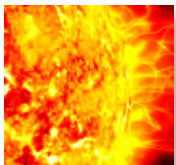
# Legal Corner

Leasing ag property to solar developers  
requires careful attention to details



## Renting the Sun

By David R. Cook Jr.  
e-mail: cook@ahclaw.com



As the cost of solar panels decreases, solar developers are seeking land and structures on which to install solar energy farms. These developers have been approaching more and more agricultural landowners with arrangements to lease their property. Many landowners have agreed to lease their property, believing they can generate more net income from solar leasing than from other uses of their property.

This article is intended to help farmland owners identify key issues they need to be aware of before entering into a solar lease. Cooperatives can play a role in helping to make sure their members are aware of these issues, and they are welcome to pass along this information.

### Typical solar lease

Under a solar lease, a landowner leases property to a solar developer for a long-term period in exchange for periodic rent payments. The solar developer installs solar panels and other equipment necessary to sell electricity to a utility or other “off-taker” under a

power-purchase agreement.

There are many ways to structure a solar lease transaction, but they usually have the same effective result. In some transactions, a landowner enters into an option agreement that gives the solar developer an exclusive right to enter into a lease for a limited time, called an option period.

Until the option period ends, the developer has very little money in the project and can walk away without penalty. In other transactions, the developer enters into a solar lease upfront, but retains the right to terminate the lease for a limited time, called the due diligence period.

*Editor's note: Cook is an attorney with Autry, Hanraban, Hall & Cook LLP, in Atlanta, Ga. His practice focuses on the construction and utility industries, as well as rural cooperatives.*

Under either approach, the developer uses the initial time period — the option period or due diligence period — to investigate the property and determine whether it is conducive to a profitable solar farm. Among other things, it will scope out the property, review options for ingress and egress, assess the cost of connecting to a substation and — most importantly — perform a solar feasibility study.

Additionally, if it has not already

greatly. Some leases grant the landowner an upfront payment upon execution of the option agreement or lease. During the option period, or due diligence period, the developer usually pays an amount significantly lower than the full lease rate.

Upon expiration of the initial period, the developer may pay an additional lump sum before moving forward with construction. During construction, some leases authorize increased rent,

lease usually extends decades into the future, and they typically grant the developer the option to extend the lease even further.

### **Important considerations for landowners**

Solar leases drafted by developers' counsel will contain many provisions that protect their rights. Many of these provisions are not in the best interest of landowners. While there are many



*Landowners should ensure their interests are protected by consulting with an attorney before signing a lease for solar development.*

done so, the developer ascertains the expected price and terms for the sale of electricity generated from the project.

If all goes well, the developer will exercise the option or permit the due-diligence period to expire, usually resulting in a long-term lease. At this point, the developer moves forward with project construction. It will clear the land, construct access roads, install solar panels and associated structures and wiring, and install or connect to a substation.

The compensation paid to the landowner for a solar lease varies

which may be the full lease rate or some amount slightly lower. When the project goes live, some leases authorize another lump sum amount and usually increase the rent to the full lease rate.

Lease rates will usually depend on the value and availability of property in the surrounding area, the landowner's negotiating power, the expected profitability of the solar farm, the price of the power-purchase agreement and many other factors. Some leases contain escalation clauses that periodically increase the rent during the lease term. Escalators are important because a solar

issues to be addressed, the following are common issues that should be considered to protect landowners' interests:

- Requiring the developer to commit to a full lease as soon as possible;
- Restricting the developer's ability to terminate the lease;
- Permitting the landowner's use of property not affected by the solar farm;
- Ensuring all compensation is paid for the full term of the lease;
- Avoiding negative impact on property not affected by the lease;

- Precluding the developer's misuse of the property and ensuring restoration after the lease ends; and
- Protecting the landowner against liability.

Solar leases should require the developer to commit to a full lease as soon as feasible. While there are many tasks the developer must complete before it will commit, as soon as these tasks are complete (or should have been completed), the developer must decide whether to proceed. It should not leave the landowner in limbo for an unnecessarily extended time. From the landowner's perspective, each day the property is encumbered by the option agreement or lease, the ability to use the property to generate income is limited.

As a result, the solar lease should limit the duration of the option or due-diligence period and permit the landowner to use the land until construction begins (with due regard for harvesting crops). The landowner can incentivize the developer to quickly perform due diligence by increasing the rent during these periods.

The solar lease should also require the developer to provide notice as soon as possible if it does not intend to move forward, and it could require the developer to provide regular updates on the solar feasibility study and any negotiations of the power-purchase agreement.

Developers prefer provisions granting them the right to terminate leases at any time, even after the initial periods have expired. These provisions are generally unfavorable to landowners, especially when landowners have made arrangements based on the anticipated stream of rent payments. Thus, after the initial period ends, the lease should preclude the developer's right to terminate, significantly restrict it, or require the developer to pay liquidated damages to terminate.

Typically, developers seek financing for solar projects from lenders that take a security interest in the solar

equipment. Lenders will require certain provisions in the lease to protect their security interest. These may include provisions allowing the lender or its designee to take over the solar equipment (but not the property) and provisions prohibiting the landowner from terminating the lease without first giving the lender or its designee the right to cure any default of the developer.

While the lender's concerns are certainly understandable, lease provisions should be restricted to measures necessary to protect the lender's security interest without impairing the landowner's benefits of the lease.

### **Ensuring compensation for landowner**

Perhaps the most important objective of landowners is to ensure compensation is paid over the full term of the lease. In addition to termination rights, discussed above, there are many other provisions and scenarios that could impact the payment of rent.

For instance, developers prefer provisions granting them authority to release acreage from the lease, which can result in surprise reductions in rent. To avoid this scenario, the lease could impose minimum lease payments, or calculate payments based on minimum acreage, or it could base compensation on an entire parcel of land at a flat rate regardless of the acres actually used by the developer.

Most leases authorize the developer to assign the lease to an assignee, purchaser or lender. As noted above, most lenders require such provisions. If the assignee is undercapitalized, however, the landowner faces a higher risk of nonpayment. To avoid this scenario, the lease could preclude assignment unless certain conditions are satisfied, such as a minimum net worth of the proposed assignee.

Landowners should avoid provisions that restrict their use of property not subject to the lease. If the developer desires to use or prevent the

landowner's use of other property, including access roads and buffer areas, it should include such property in the lease and pay rent.

The developer must understand that the landowner might use all other property for agricultural or other purposes. The lease could even set parameters that prevent the developer's operations from interfering with the landowner's use of other property. For example, the lease could require the developer to take precautions against impairing nearby crops and spreading invasive weeds and harmful substances.

### **Restoration of property**

At the end of the lease term, the developer should restore the property to its original state. Because the cost of restoring the property can be significant, landowners may want to secure this obligation by requiring the developer to provide a restoration bond issued by a reputable insurer or surety. If the developer fails to restore the property, the landowner can look to the restoration bond to be made whole.

As with any commercial operation, there is risk of third-party claims, such as personal injury, damage to neighboring property or environmental liability. To address these risks, the lease could include an indemnity provision that requires the developer to defend and protect the landowner against such claims. In addition, because these claims can be exorbitant, the lease should require the developer to procure and maintain adequate liability insurance, possibly even naming the landowner as an additional insured party.

While this article addresses some of the common issues involved in negotiating solar leases, there are many others. Because no two landowners or developers are the same, their interests are diverse, and solar leases should reflect these varying interests. Accordingly, landowners should ensure their interests are protected by consulting with an attorney before signing a lease for solar development. ■

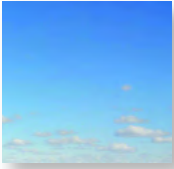
Among the producers who spoke on a Farm Credit panel about issues facing young and beginning farmers was Shane Tiffany (top photo, right), seen here with brother Shawn. They run a 15,000-head Kansas feed lot, Tiffany Cattle Ranch, in Herrington, Kan. Lower photo: Odessa Oldham, a Wyoming rancher, makes a point during the panel talk. Looking on is Adam Ingrao, an urban farmer and executive director of the Michigan Farmer Veteran Coalition. Photos courtesy Farm Credit



# Youth Movement

*Farm Credit lending to beginning farmers  
up more than 45 percent in past decade*

*Editor's note: this article provided courtesy Farm Credit.*



Farm Credit held a number of events in Washington, D.C., in June, marking its 100 years of supporting agriculture and rural communities as a producer-owned and directed cooperative. One of the highlights was a panel talk, featuring young, beginning and small farmers.

“One hundred years of providing affordable financing to our nation’s farmers and ranchers and our rural communities is truly something to be proud of,” Senate Agriculture Committee Chairman Pat Roberts of Kansas said introducing the panel. “What an accomplishment...our goal: another 100 years of success.”

A recent report reviewed by the Farm Credit Administration revealed that Farm Credit completed nearly 80,000 new loans, worth nearly \$13 billion, to beginning farmers and ranchers in 2015. The number of loans made to beginning producers increased by 12.2 percent — or more than 5,000 loans — since 2014. More than one in five Farm Credit loans was made to beginning farmers in 2015. On average, for every hour of every day last year, Farm Credit made well over \$1 million in loans to beginning farmers and ranchers.

Each year, Farm Credit lenders report their loan activities in support of beginning farmers, with the results reviewed by the Farm Credit Administration, the federal regulator that oversees Farm Credit activity. The results are also reported to Congress.

### **Stable access to credit**

“The significant increase in Farm Credit lending to beginning farmers demonstrates our strong commitment to provide stable access to credit across the agriculture industry,” said Todd Van Hoose, president and CEO of the Farm Credit Council. “Beginning farmers and ranchers have always been an integral piece of Farm Credit’s mission, and we

make specific efforts to meet their unique financing needs.”

Adam Ingrao, an urban farmer and executive director of the Michigan Farmer Veteran Coalition, was one of the farmers on the panel. He discussed the role gardening played upon his return from combat, and how he has built a business that provides mentoring and training to help veterans dealing with post-traumatic stress disorder (PTSD) and traumatic brain injuries.

Ingrao also shared some nuts and bolts for getting his business off the ground. “GreenStone [Farm Credit Services] offered a risk management workshop where I learned about the importance of a business plan and how to lay it out,” said Ingrao. “We developed our [plan] and revisit it often. It’s been invaluable — it’s a living document for us that sets out our guiding principles.”

The panel, which was moderated by Peyton Fair of Farm Credit Mid-America, also included Farm Credit borrower-owners Odessa R. Oldham, a Wyoming rancher; Shane Tiffany, a feedlot operator and rancher from Kansas; and Quint Pottinger.

Pottinger is a row crop farmer from New Haven, Ky., who grows corn and wheat for Maker’s Mark bourbon. He is one of the young farmers Farm Credit has helped get started in the past few years. Pottinger discussed the challenges young farmers face in starting and growing their business and the importance of being prepared.

“Unfortunately, there’s no single financial cash-flow system out there that will work for all types of operations,” said Pottinger. “I developed my own system of interlinked spreadsheets that lets me plug in my actual costs and revenues, then shows the impact of those numbers. It gives me the information I need to roll with the changes that occur.”

Oldham provided a summary of advice from the panel: “Do your

homework, don’t be afraid to ask questions, be conservative with your finances, and don’t give up.”

### **Lower commodity prices create challenges**

“As lower commodity prices put pressure on farmers, our commitment to all our customers will be especially critical as we continue to help them establish, maintain and grow their businesses,” said Van Hoose. “This ongoing commitment builds on Farm Credit’s 100-year history of providing the essential credit rural communities and agriculture, including beginning farmers, need to thrive.”

Even as concerns rise about lower commodity prices pressuring farm profit margins, Farm Credit made more new loans to beginning farmers in 2015 than ever before. Farm Credit’s experienced loan officers understand the unique challenges beginning farmers face from the cycles of the agricultural economy.

Making loans to beginning farmers requires deep knowledge of local agricultural conditions and the ability to tailor financing programs to meet the distinct needs of beginning producers. Most beginning farmers start conservatively, borrowing smaller amounts and working to build equity in their operations over time. Last year, the average Farm Credit loan to a beginning farmer or rancher was up slightly from 2014, to almost \$160,000.

More than 22 percent of the new loans made last year by Farm Credit were to beginning producers. Over the past 10 years, new loans made by Farm Credit to beginning farmers increased by more than 45 percent.

Senator Debbie Stabenow of Michigan, ranking member of the Senate Agriculture Committee, echoed Senator Roberts’ opening remarks, saying, “I don’t know where we’d be in the 100 years if not for the credit you provide.” ■



# RESILIENCE THINKING

## What is it, and why should it matter to cooperatives and their members?

*Prior to becoming part of the geological history of southern Italy, the star-crossed lovers of the 2014 movie Pompeii spend their final moments with a last embrace and kiss. Disasters such as the eruption of Mount Vesuvius provided fodder for the original Stoic philosophers of Rome (see page 25). Their teachings helped inspire the "resilience thinking" business strategy gaining popularity today in the face of factors such as climate change and drought. Photo courtesy TriStar Pictures*

**By Julie A. Hogeland**  
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Resilience thinking represents a new, more ecologically informed view of the world, which tackles topics such as climate change and decision-making during times of uncertainty in a more direct way than conventional economics. Resilience thinking encompasses a view of the world predicated on constant change and



unexpected events — surprises — where innate interrelationships between people and the natural world drastically limit the potential of change to be a circumscribed or isolated event.

Resilience thinking also provides a foundation for understanding how to intervene to protect and sustain environments. It focuses on how the results of intervention might be counter-intuitive, even surprising, and infers how close we are getting to a critical threshold in particular situations, more popularly known as a “tipping point.”

Critics of the cooperative business system sometimes charge that the Achilles heel of co-ops is that they are too slow to adjust to changing markets. Yet, with so many agricultural cooperatives and co-op institutions marking their 100th and 75th anniversaries, many would say that cooperatives are nothing if not resilient. A business will rarely last that long without a marked ability to anticipate and adapt to change.

Still, many other co-ops have fallen by the wayside or been absorbed by more successful co-ops or investor-owned businesses. Regardless of whether there is merit to the charge that co-ops are overly reactive rather than proactive, adopting resilience thinking practices might well help ensure the success and continued longevity of more cooperatives.

### **Endurance is key**

Economics has always been defined as a means of allocating scarce resources, but it doesn't, as a rule, emphasize scarcity to the degree that resilience thinking does. Rather, economics is rooted in a world view which assumes repetition, stability and predictability are possible. In turn, this assumption provides a rationale for the commodity market analysis and price forecasting familiar to co-ops and their producer-members.

Situations or variables that are not easily explainable or predictable through economic models may simply be dismissed or disregarded as anomalies or outliers. Resilience thinking offers a way of understanding the scope of change in a more encompassing manner than does applied economic analysis. With resilience thinking, risk and uncertainty are not the exception: they are the rule.

Resilience thinking is also about



endurance and renewal. From a business perspective, resilience thinking is a cooperative-friendly concept because it tries to identify ways that valued institutions can maintain and reproduce themselves despite perturbations in the institutional setting. That is, resilience thinking seeks to prevent a business system from moving into undesirable configurations so as to preserve the elements — such as family farming — that enable the system to renew and reorganize itself following disturbances. Resilient organizations foster resilient societies, which in turn provide essential functions, especially in times of crises (Beermann, 2011).

This article introduces cooperatives to an emerging field that is bringing an ecological dimension to economic decision-making. A brief overview of core concepts and assumptions of resilience thinking follows to show the way an ecological approach differs from the customary economic approach used by co-ops, members and advisors.

Discussion then turns to how the concept of a “guided transition” simplifies managerial adjustment to climate change. How northern German food firms evaluated the risks and opportunities associated with climate change illustrates this process.

### **Conceptual basis of resilience thinking**

Resilience thinking differs from economics in its belief that people (who exist within social systems) and nature (composed of various ecosystems) are interdependent. The actions of one invariably affect the other. Consequently, resilience thinking analyzes change according to its effect on various systems, notably the development and evolution of large-scale social-ecological systems (SES), which emerge through the interdependence of social and ecological systems.

Interdependency means that adverse environmental situations — such as resource depletion or environmental pollution — invariably have social consequences (i.e., somebody has to pay it). Since pollution typically affects many people, it represents a social cost (or an “externality”). The textbook solution to an externality is to “internalize” it, that is, ideally the entity or firm that caused pollution should assume the cost of environmental clean-up. In effect, conventional economics winks at these implications of externalities by regarding the natural system as something apart from, and independent of, the social system.

The persistent floods, droughts and forest fires prevalent in some areas of the United States represent economic shocks to the communities involved. Resilience thinking accommodates such shocks by rejecting the value and emphasis that mainstream economics



has placed on stability, predictability and equilibrium. Instead, resilience thinking seeks to find a balance within situations that are unstable or prone to shifting from one extreme to the other.

The economic focus on efficiency, markets and price determination is problematic in much the same way. Within this framework, “equilibrium” can be considered the “promised land” of economists. Equilibrium generally implies a distant future — or “long-run” outcome — where markets have settled down (or cleared) so that supply equals demand and prices have stabilized. In short, an equilibrium situation implies no more change is occurring, or needs to occur.

In fact, conventional farm management assumes a system of near-equilibrium (Darnhofer, et al., 2010:187). This has skewed — or, as economists would say, biased — economic studies in the direction of a one-sided emphasis on predictability and stability. Resilience thinking does not value or emphasize “stability” to the same extent because stable systems can be stultifying, prone to cutting off feedback or challenges which could foster long-term adaptability and survival.

Nor is the notion of equilibrium as straightforward as in economics.

Ecological systems can have multiple equilibria where, for example, the potential to thrive represents one equilibrium while extinction is another. Moreover, equilibrium can be a condition such as desertification (the process of deserts expanding across once-productive land), which may be almost impossible to reverse. Such “lock-in” to a particular ecological state reflects how the circumstances inducing equilibrium can be self-reinforcing. (Whether debt or desertification, both economics and resilience thinking seek to evade situations where “getting stuck or trapped” is a risk).

With resilience thinking, the social-ecological system (SES) is the basic unit of analysis, and change is considered to be the normal condition. Most of the

time, change will be the gradual, incremental change of the kind emphasized by economic historian Douglass North (1990). However, intervals of slow-paced change will inevitably be disrupted by shorter, episodic disturbances that, in their way, are as revolutionary as the technological revolutions economist Joseph Schumpeter called “*creative destruction*.”

Schumpeter believed capitalism progressed by eclipsing current technologies in a process of “creative destruction.” His view of capitalism as dynamic, ever-changing and unpredictable has resonated with ecologically informed economists. They likewise anticipate futures where “prolonged periods of relative stability and gradual changes will suddenly be interrupted by a shock, the timing and origin of which cannot be foreseen” (Darnhofer et al., 2011). The bovine spongiform encephalopathy (BSE) crisis was an upheaval which ultimately led to new regulations that restructured the European beef sector (Darnhofer et al., 2011:187).

### **Framework of constant change**

The emphasis on constant change in the SES framework suggests that the overall behavior of the farming system is perhaps best seen as contingent, emergent and adaptive, a “work in progress” reflecting how the multiple decision-makers within the panarchy (see below) develop the “rules of the game.” Since this results in complex interactions that make future developments unpredictable, here again is another reason to move away from “the analytical assumptions of equilibrium thinking, centered on linearity, predictability, optimization, homogeneity and simplification” (Scoones et al, 2007; Darnhofer et al., 2011:187).

The sweeping vision encompassed in resilience thinking goes far beyond conventional economic studies that focus on a single agricultural sector. Social-ecological systems are complex

systems that encompass actions across different temporal and spatial scales (local, national and international) and multiple domains. Domains are ecological (such as the balance between pests and beneficial insects, the water cycle), social (norms, expectations of rural populations), and economic (market pressures, quality standards) [Darnhofer et al.:2010].

The interaction of these multiple players, layers and temporal scales creates a cross-scale system known as a *panarchy*. A further complication is that the panarchy’s subsystems evolve at different speeds, so that spatial and temporal scales rarely match.

For example, global commodity prices can rapidly fluctuate within a short period while farmers typically absorb and process change much more slowly. Nevertheless, although social-ecological systems are affected by many variables, they are usually driven by only a handful of key, controlling (often slow-moving) variables which may represent the point of entry — and intervention — in the system. Slow variables, considered the foundation of resilient agro-ecosystems, include soil organic matter, hydrological cycles and biodiversity.

How panarchy works is not well understood because ecological economics is still developing. Nevertheless, distinguishing between fast- and slow-moving variables represents an important first step toward clarifying how and to what degree change occurs.

Likewise, panarchy also represents a potential first step toward an orderly sorting of threats and challenges. “Because of cross-scale interactions, the resilience of a system at a particular focal scale will depend on the influences from [various] states [of being] and dynamics at scales above and below. For example, external oppressive politics, invasions, market shifts or global climate change can trigger local surprises and regime [change of state] shifts” (Walker et al, 2012:5).

## Resilience thinkers: *all hail Marcus Aurelius!*



It has been suggested that Marcus Aurelius, Roman emperor from 161 to 180 A.D., can be looked to in some ways as a “father of resilience thinking.” The principal literary/philosophical work he is known for today, *Meditations*, applies the philosophy of Stoicism to a natural world over which humanity has little control.

Stoics taught that the chief end of humanity, and its highest good, is happiness. In their view, happiness was attained by “living according to Nature.” Here, Nature did not refer to a simple life or freedom from social constraints. Instead, Nature was seen as an evolutionary force that led to endless cycles of alternate creation and destruction. Such changes determined human destiny. To live a good life, one had to understand the rules of the natural order, since the Stoics taught that everything was rooted in Nature.

In an era much like our own, where volcano eruptions (e.g., Pompeii), earthquakes and other natural events were not under human control, people could at least

control how they responded to, or perceived, seemingly disastrous events.

Aurelius believed destiny should not be resisted as misfortune, but rather viewed positively as a test of character — a challenge to be overcome. He also recommended developing an attitude of equanimity and viewing natural events objectively, not as an expression of malign forces. His non-judgmental approach is evident in his observation that “For the thrown stone, there is no more evil in falling than there is good in rising” (p. 142, Penguin Classics edition of *Meditations*).

Other quotes from *Meditations* echo the emphasis on accepting constant change and the interdependency between the human and natural world emphasized by contemporary ecologists:

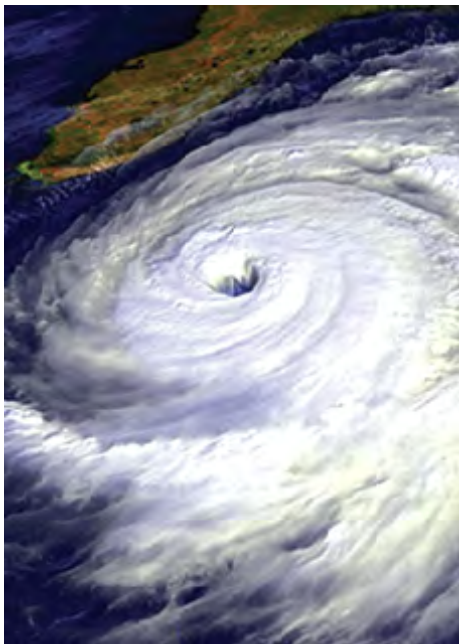
- Loss is nothing but change, and change is Nature’s delight.
- Think often of the bond that unites all things in the universe, and their dependence upon one another. All are, as it were, interwoven, and, in consequence, linked in mutual affection; because their orderly succession is brought about by the operation of the currents of tension [evolution] and the unity of a substance.
- Nature always has an end in view; and this aim includes a thing’s ending as much as its beginning or its duration.
- We shrink from change; yet again, is there anything that can come into being without it?

*☞ Time is a river, the resistless flow of all created things. One thing no sooner comes in sight than it is hurried past and another is borne along, only to be swept away in its turn.’*

— Marcus Aurelius

## Developing a proactive approach to environmental stressors

“Resilience thinking increases the awareness of complex systems, their various interacting parts, and their ability to cope with changes without having to predict with great accuracy what those changes will be” (Lin and Petersen, 2013). But how is resilience



thinking applied to everyday management? How can managers work within a framework encompassing slow-moving changes such as global warming punctuated with sudden, unexpected shocks, such as extreme climate events?

Realistically, managers who seek to strategically guide members and co-ops through specific environmental stressors will be faced with incomplete knowledge of those stressors or their effects. Climate change is creating novel systems which, in their intensity, may have little resemblance to previous drought, rain or forest fire cycles. Consequently, many (in agriculture and elsewhere) are taking a “wait and see” approach to climate and other profound ecosystem transitions. However, there is a risk that this could leave managers with little time to react and little control over the cumulative effects

of climate change.

Now, perhaps more than ever, managers are confronted with the basic economic problem of decision-making under uncertainty. Gradually, the field of economics is undergoing a reality check: acknowledging that it lacks appropriate and sufficient data to power (previously reliable) forecasting models. Indeed, “the vision of economics is changing from the study of infinitely bright agents in information-rich environments to a vision of economics as the study of reasonably bright individuals in information-poor environments” (Hodgson 2007:11).

This suggests that managers must go beyond economic models for answers by prioritizing specific functions in order to efficiently use limited

The goal is to manage system response in a manner which roughly maintains and protects the desired functionality of the system. “Guided transition thus provides managers with an opportunity to detail their management priorities among the many possible management choices by identifying specific functions and outlining a proactive approach to devote resources towards their protection” (Lin and Petersen, 2013:29).

## German food industry confronts climate change

Proactive adaptation is a subtle concept, concerned with changing in a manner that essentially retains the same organizational function, structure and identity while creating options for new

*With resilience thinking, risk and uncertainty are not the exception: they are the rule.*

resources to produce desired outcomes. For example, during the industrialization of the pork industry — a transformational event for U.S. agriculture — Land O’Lakes operated an experimental farm to show the cooperative community how industrialized, or factory-style, pork operations could be configured to be compatible with family farming.

Resilience thinking’s goal of bringing desired ecosystem attributes as close to their original form as possible is called “adaptive management.” “Guided transition” is a practical approach to adaptive management designed to be especially useful in systems which seek to retain specific functions for the sake of social, economic or environmental goals (Lin and Petersen, 2013).

Guided transition first requires identifying the threats that stressors such as climate change pose to the system. Next, the manager identifies specific functions which should be considered priorities in light of this threat.

and creative responses. Proactive change is illustrated by the systematic efforts of the northern German food industry to prepare for climate change via a SWOT (strengths, weaknesses, opportunities, threats) analysis (Beerman, 2011). The German food industry’s analysis illustrates how U.S. co-ops might begin to tackle climate change.

The analysis was conducted in 2009 and 2010 through two workshops. Workshop participants were either CEOs or the heads of quality management from businesses representing the fish, meat/poultry and produce sectors. On average, each workshop was based on the responses of 15 small- to medium-size businesses representing conventional and organic production.

The workshops began with a vulnerability assessment to identify how climate conditions could trigger dynamics that were problematic, risky and hazardous for each sector. Such risks are rarely known in advance.

Nevertheless, the weather scenario anticipated the following impacts for the Northwest region of Germany:

- A marginal average increase in temperature for the coastal region of the North Sea and Baltic Sea to the end of the 21st century;

- Drought and heat waves during summer;

- Increase in heavy rainfall during winter;

- Increase in gale force winds;

- Average North Sea level expected to rise between 8-24 inches;

- Storm tides may be 2 to 3 feet higher.

Participants then identified the opportunities or risks associated with climate change. Potential opportunities were:

- Need for intensified innovations to retain or increase market position;

- Acquisition of new business markets according to product, service, technological and institutional innovations;

- Preferential treatment of certain sectors due to changing weather conditions (e.g., certain agricultural sectors);

- Fostering new cooperative business ventures with countries that need technologies or services that have not been needed before (e.g. renewable energy or water-management systems).

Potential risks were:

- Changes in demand: Changes in societal and cultural preferences (e.g., eating habits, demand for certified products relative to carbon footprint, etc.);

- Economic exposure of regional firms: Increase in foreign competitors, anticipation of higher world prices for resources (e.g., energy, raw materials);

- Increase in production insecurities: Collapse of up- and down-stream production stages, insecurities concerning planning processes and logistics, long-term outsourcing of production lines;

- Fluctuations in product quality and quantity, plus increases in prices



and production costs due to higher energy and transaction costs, etc.

In this example, being proactive means that German food firms came together on their own initiative to identify for themselves how climate change could affect them. Since the impact of climate change would be widespread, it is likely that forecasting resources will be stretched to the limit. Consequently, it's highly likely that that U.S. co-ops, like the German firms, will need to act on their own initiative to enhance the odds of a favorable outcome.

Although adapting to change is the primary emphasis of resilience thinking, it also encompasses the possibility of *transformation* (i.e., a complete overhaul of the original system so that it becomes something entirely new). If a farming or marketing system is to persist, it must be capable of absorbing some degree of economic or ecological stress. Otherwise, the resources that maintain it might be put to better use.

Nevertheless, events may move so fast that it is hard for policy to answer key questions such as: "How does the productivity of the economic system affect the social system? How does

behavior in the social and economic systems affect the ecological system? Are current policies eroding, or maintaining, the resilience of SESs?" (Allison and Hobbs, 2004). Can agricultural policies aimed at price stabilization work well in situations predicated on constant change — the basic tenet of resilience thinking (Hammond, Beradi and Green, 2013)?

This article has provided a brief framework and vocabulary which may help to identify key questions that should be asked and resolved so that cooperatives and their producer-members can proactively respond to future changes. Discussion also highlighted how the economic emphasis on stability and equilibrium does not fit the world of complex and variable change encompassed by resilience thinking.

Although many questions about how to achieve resilience remain, it is important to point to the pivotal role of farmers within the system. Even though change occurs globally, "the readiness for adaptation and the response to threats and opportunities must be understood and managed at the local level, since farmers have most control of local social-ecological processes" (Darnhofer et al., 2010:193). ■

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# CO-OP MONTH

## SPECIAL SECTION

*People build cooperatives;  
co-ops build a better world*

In Nebraska, Montana and North Dakota, residents have banded together in cooperatives to save their town's last grocery store. In Maine, California, Colorado and West Virginia, ag co-ops have been formed to help a new generation of farmers from diverse backgrounds tap into the growing demand for local produce. In Kentucky, a traditional farmers' grain and farm supply co-op is delivering greater value to its members by also producing ethanol and offering financial services and crop insurance.

These are among the co-op stories you can read about on the following pages, as USDA joins the rest of the nation in observing national Cooperative Month in October. Each of these co-ops in some way reflect the theme of this year's celebration: Cooperatives Build \_\_\_\_\_. Build what? Jobs, trust, communities, opportunity and hope — just fill in the blank to create a better world.

## New generation of farmers forming worker cooperatives

By Mai Nguyen

Co-op Development Specialist

California Center for Cooperative Development

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**WITH THE MEDIAN U.S. FARMER'S AGE** being 59 and waves of farmers heading into retirement, who will grow our food? Who will maintain the United States' status as the world's largest agricultural producer?

There's a desperate need for young farmers in the United States. Many of those raised on farms are not returning home to farm when they finish their education. People interested in starting a farm or ag business face many hurdles, including the high cost of farmland and acquiring the necessary farming skills, experience and business acumen.

Enter the worker co-op model. Worker owners can pool their money to finance the operation, bring together different skills and strengths and bring multiple perspectives to farm planning.

While there's a long history of agricultural cooperatives, there aren't many well-established models of farms run by worker cooperatives. But that's changing.

### Growing local produce for San Diego

Ellee Igoe and Hernan Cavasos have been working for several years to grow healthy, affordable food and to build food justice in San Diego. Food justice means that everyone — regardless of class, gender or race — has access to healthy, culturally relevant food that is grown using ecologically sustainable means and with ethical labor practices.

Igoe and Cavasos were key organizers in changing local zoning regulations to allow for more community gardens. They initiated one of the first farmers' market-food stamp match programs and created a farm incubator to help resettled refugees farm, among many other projects that have increased availability of fresh, local food for San Diegans.

In the city, they addressed food justice from the

consumer side and now they are working the issue on the production side.

Two years ago, Igoe and Cavasos decided to look for a place to farm, eventually leasing a half-acre in Pauma Valley, an agricultural region of San Diego County that is a major producer of avocados and oranges. They wanted to keep their connections to the urban communities they served, so they started a community supported agriculture (CSA) service that offers people fresh, affordable foods.

For \$32 a week, a customer gets 13 varieties of quality, fresh produce weekly. In keeping with the ethos of their service to low-income customers and their dedication to fair labor practices, they called their operation Solidarity Farm.

### Business is booming

In just two years, the half-acre operation has now grown to six acres. The CSA subscriber base has grown from 20 to 80 members, and gross revenue has risen from \$3,000 a month in 2014 to \$12,000 per month in 2016.

Solidarity Farm is one of the few diversified farms in



*Co-op members of Solidarity Farm include (from left): Ellee Igoe, Hernan Cavasos, Ivette Vega and Steven Heslin.*

San Diego, so the name has spread quickly, along with increasing levels of public demand for locally grown food. The farm has a great opportunity to continue to grow to help meet the demand for local produce in the nation's seventh largest city. But growth is also creating a need for more employees.

The farm has been able to expand with the help of more hands, while it continues to adhere to the belief that

anyone working on the farm should have a say in working conditions and wages. They also see this approach as a way for farmers to access land that is otherwise cost prohibitive. These are among the reasons they wanted to form a cooperative.

The challenge for Solidarity Farm has been finding people with skills and a commitment to farming, as well as a dedication to working in a cooperative. Thus far, there have been some disheartening experiences with people joining the operation, expressing commitment, but suddenly leaving at the peak of harvest.

But there have also been positive experiences. Steven Heslin, their friend and co-worker, joined last year. He has a gift for working with animals, so he has been tending the growing herds of sheep and goats and a flock of chickens. Ivette Vega, who helped start the farm, recently returned to it and is taking an active role in many facets of the operation, from seeding to marketing.

"I get to help with everything, help each part flourish — and I never get bored. This is what I want to do for the foreseeable future," she says. Working together, the four co-op members cover all the tasks necessary to run a dynamic farm business.

### Help from USDA, CCCD

With assistance from a USDA Rural Cooperative Development grant, the California Center for Cooperative Development (CCCD) is helping to organize Solidarity Farm into a worker cooperative. The work includes educating the members about the new California worker co-op statutes (AB 816) and helping draft articles of incorporation and bylaws. CCCD also facilitates discussions and helps inform members about financing, patronage distribution, probationary period and business options. The co-op documents are being reviewed and are slated to be submitted in the coming months.

Its assistance to Solidarity Farm won't stop there. CCCD will host training on financial management and will provide member education about working in a cooperative. These sessions will help the farmers gain tools to manage their farm, integrate new members into the cooperative and help them sustain their work towards food justice.

A rising number of farmers are requesting assistance from CCCD to explore worker cooperative farms. Cases like Solidarity Farm may become a robust model for young farmers who are integral to the maintenance of our agricultural economy, rural communities, and society.

Find out more about Solidarity Farm at: <http://solidarityfarmsd.com>. ■

# Hopkinsville Elevator: A farmer-owned cooperative returning value to members

By Kati Brown  
www.kcard.info

*Editor's note: Brown is business development specialist with the Kentucky Center for Agriculture and Rural Development.*

**FOUNDED IN 1968**, Hopkinsville Elevator in Kentucky began when a group of farmers recognized that there would be more value in their grain if they had ownership in where they sold it. Since then, the cooperative has grown to 3,500 members and has annual revenue of more than \$600 million. While offering its members a place to sell grain is its core mission, Hopkinsville Elevator also owns an ethanol plant, a farm supply business, a finance company and a crop insurance company.

The growth of the cooperative is due to the vision of its members, according to Jerry Good, general manager of Hopkinsville Elevator. Good has worked at the co-op for 41 years and has served as the general manager since 2009.

"It has grown because of the patron-owners," says Good. "The farmers themselves are the ones who have made Hopkinsville Elevator as successful as it is today, along with a group of good, dedicated employees."

The co-op has members in 64 counties in Kentucky and about 30 counties in Tennessee. Good believes that returning profits to the co-op members has played a large role in attracting new members.

"Returning profits to members is the biggest reason the co-op has experienced growth," Good says. "This shows that the cooperative system really works and has attracted a lot of its new members. Over the last 20 years, we have returned over \$130 million in cash back to the farmers, and that money goes back into local communities."

## Milestones critical to co-op's success

Good cites two major milestones for sparking the growth and increased profitability of the co-op. First, in 1978, the co-op opened its river terminal facility in Clarksville, Tenn.

"Before we opened the facility in Clarksville, we were

just a rail facility here in Hopkinsville; we realized that we needed another market besides rail," explains Good. "Opening the Clarksville location gave us the ability to be more competitive with prices. This led to the biggest boom in membership and expansion into Tennessee and other counties in Kentucky."

The second critical milestone was the opening of Commonwealth Agri-Energy in 2004, an ethanol plant owned by the co-op. "A lot of the success and growth over the last 10 years has been due to the ethanol plant," says Good.

## Dedicated board points the way

No co-op will succeed without a strong board of directors, and Hopkinsville Elevator has benefited from a strong group of farmer-members on its board to provide direction and leadership for the co-op.

"The board has the best interest of the co-op and its members in mind," says Good. "As a group, they are all



*This facility is operated by Hopkinsville Elevator.*

looking in the same direction down the road. They might not be seeing the same thing, but they are all looking in the same direction, which makes it easier to make decisions."

Hopkinsville Elevator has turned to the Kentucky Center for Agriculture and Rural Development (KCARD) for assistance in researching the feasibility of possible expansions. "Working with KCARD has worked well for us," Good says. "It was very helpful to us to have KCARD compile the information and present it all in one package where it was easier for us to review and make an informed decision."

Good is not exactly sure what the future of Hopkinsville Elevator or agriculture will look like with the changing technology and regulations, but he is sure of one thing. "As a co-op, we will still do what we do best, which is to provide a service to our patron-members." ■

# Somali farmer co-op takes root in Maine

By Ahri Tallon

Cooperative Development Institute

**NEW ROOTS COOPERATIVE FARM** is the first immigrant-owned cooperative in Maine. It has become a shining example of how new Americans are succeeding in the mission to contribute to the local economy and community.

The four farmer-members of the co-op — Mohamed Abukar, Batula Ismail, Seynab Ali and Jabril Abdi — are all from Somalia. They migrated to Lewiston, Maine, more than 10 years ago to start a new life and to escape the ravages of civil war plaguing their homeland.

They come with a deep ancestry of farming and a community culture that is well suited to the cooperative business model. For the past 10 years, they have individually grown high-quality vegetables at Cultivating Community's New American Sustainable Agriculture Project in Lisbon, Maine. The farmers decided a logical next step would be to work together to start their own farm business.

Through New Roots Cooperative Farm, they will create a permanent home for their cooperative business while also providing healthy food to the community, creating job opportunities and helping to preserve working farmland in Lewiston.

A variety of organizations have recognized how critical it is that projects such as New Roots Cooperative Farm succeed. Maine Farmland Trust purchased 30 acres for the co-op's use, under a lease agreement with New Roots. As a result of this support, New Roots is doubling its production capacity. The members have big plans to raise goats and chickens and to eventually buy a second-hand tractor to increase the amount of land they are able to cultivate.

"We are a new generation of farmers; as new Americans, we want to bring our farming to a new level," says Mohamed Abukar. "We have received support from Cultivating Community, Cooperative Development Institute, Maine Farmland Trust, Land for Good, USDA and others to get to the point where we are. We want to develop support from other organizations and people to open the farm in 2017 and provide fresh, chemical-free vegetables to schools, hospitals, restaurants and people around the state."

New Roots Cooperative Farm is structured as a



*Members celebrate the creation of New Roots Cooperative Farm in Maine. Photo Courtesy Cooperative Development Institute*

producer cooperative in which each farmer owns a share of the business and shares the distribution of sales, equipment and land. The Cooperative Development Institute (CDI), based in Northampton, Mass., assisted in helping the farmers develop their cooperative structure and business plan.

"New Roots Cooperative Farm is a model for their community and the state," says Jonah Fertig, cooperative food systems developer at CDI who has assisted New Roots for the past year and a half. "The farm shows how to use a cooperative business structure to increase access to land and markets for farmers," he says. "Their cooperative is creating greater economic opportunity for new Americans and increasing food access in southern Maine."

New Roots is noteworthy not just because of its business success in a competitive market, but also because of the exemplary leadership of its members in showing how economic development can lift up their communities. Since Somalis began migrating to the Lewiston/Auburn area more than 15 years ago, a key question has always been how best to support their integration into the regional economy.

The establishment of the New Roots Cooperative Farm shows how that question is being answered by the immigrant communities. Between 2013 and 2015, the farmers produced more than \$217,000 of food to sell through their distribution channels. This income has transformed the lives of this small, but determined group.

By earning their own money through farming, the group's members have gained a new sense of independence. But their goals are not just to provide for themselves.

New Roots farmer Batula Ismail says: "Our aim is not only to grow food and run a business ourselves, but to help our community and to teach [our people] about how to run a business." ■



## Co-ops keep crucial businesses alive in tiny Montana towns

*Editor's note: This article provided courtesy the Montana Cooperative Development Center.*

**THE CONVERSION** of small, privately held retail businesses into consumer-owned community cooperatives appears to be a growing trend in rural Montana. A primary motivator is the need to retain essential services in small towns that have long struggled to support their Main Street businesses. Once these businesses close, many rural towns are left without a grocery or general store or a bar and café.

Facing the prospect of round-trip drives of 60 miles or more to the nearest market, rural residents are banding together to form consumer co-ops that will buy and operate these businesses.

Over the past several years, the Montana Cooperative Development Center (MCDC) has seen increasing interest in consumer co-ops that will sell food, beverages and hardware in very small towns. MCDC has recently provided technical assistance to a number of co-op conversion projects, including a grocery store in Neihart (population 51), a general store in Winnett (population 179) and a bar and café in Whitewater (population 64).

Many of these projects have gained inspiration from the Big Flat Grocery co-op, located in Turner, a small town (population 76) in northern Montana, close to the Canadian border. When Turner lost its only grocery store in 2013, concerned citizens joined together to develop a plan to establish a co-op.

“Without a grocery store, we were worried that our little town would fade away,” says Shannon Van Voast, a founding member of the co-op. “The importance and value of a community store was reinforced by this void

that we all felt. Our store has proven to be extremely successful in Turner, and sales have continued to increase during our tenure.”

Whitewater, another tiny town not far from Turner, was on the verge of losing its only bar and café after the owner announced plans to retire. Local residents quickly went into action to form their own co-op to keep open the North 40 Bar & Café, which serves as a central meeting place for community members. It has been an especially important place for senior citizens to meet for meals and conversation.

The town of Neihart, in Montana's Belt Mountains, faces a similar situation of losing a central meeting place: the Neihart Inconvenience Store. Current owners want to sell the business.

Susan Jordan chairs the steering committee that is studying the feasibility of operating it as a co-op. “The store has sold many essential items and has become a

place for people to grab beverages, snacks, chat and meet for community events,” she explains. “The area has also become a popular destination for year-round recreation.”

A co-op could continue to keep the doors open “to the only convenience store within a 40-mile radius,” says Jordan. The ranching community of Winnett is facing the potential closure of its only general store. Gary Gershmel, who has sold groceries and hardware there for the past 31 years, approached MCDC about how to sell to a co-op upon his retirement.

“For a small community like Winnett, I thought a co-op would make the business more

successful, as it would strive for more services the community needs,” says Gershmel. MCDC has agreed to meet with residents in Winnett who are interested in a co-op conversion.

The Montana Cooperative Development Center and its statewide network of cooperative development specialists continue to provide technical assistance to these communities as they develop their co-ops. Montanans interested in forming a cooperative business can find out more by visiting the MCDC website: <http://www.mcdc.coop/mcdc> . ■



*Community members watch a presentation that outlines the steps needed for opening a co-op grocery store. Photo courtesy Montana Cooperative Development Center*

# Nebraska town sees co-op store as best way to preserve community vitality

By Jim Crandall

*Editor's note: Crandall is a cooperative business development specialist with the Nebraska Cooperative Development Center at the University of Nebraska-Lincoln.*

**WHEN THE ONLY GROCERY STORE** in Stapleton, Neb., closed in September 2015, it was a serious blow to town's economy and vitality. Community members of this small rural town in western Nebraska immediately began looking for a way to bring an essential community service back to life. But no family members of the store owner were interested in keeping the grocery open, and no outside grocers could be found who were interested in coming to Stapleton.

Unfortunately, this same scenario is being played out in many towns across rural Nebraska and other states. Food access in rural towns is critically important. In the case of Stapleton, the next closest grocery store is now a 42-mile round trip away.

The extra expense and time needed to drive that far for food is bad enough. But the loss of a grocery store often means that a rural community also loses tax revenue and a primary social hub. The grocery store is where you see neighbors and friends. It's often the town's only source of food, school supplies and other items needed for community, family, church and social gatherings.

A grocery store helps bring people to town, who then patronize other businesses. It helps make a community a place where people want to call home.

## Co-op store idea gains traction

As Stapleton community members took stock of the situation, one idea soon gained traction with community leaders. That idea was to pursue community ownership of a cooperative grocery store. The idea also soon gained support from the Nebraska Cooperative Development Center (NCDC) at the University of Nebraska-Lincoln.

NCDC has worked with other rural communities facing similar struggles when an essential "main street"

business closes. NCDC Cooperative Business Development Specialists Jim Crandall and Elaine Cranford helped the effort by holding a continuing series of meetings with a community steering committee, which they provided with cooperative information, references and referrals. The Center also provided a "mini-grant" to help defray legal fees and other organizational costs.

The steering committee, which formed within a month of the store's closure, began its work by surveying the community and the surrounding area to determine how important people thought it was to have a grocery store in their town. The committee asked about the buying habits of households, and — if a store was reopened in the community — how committed would households be to "buying local."

Over the past 10 months, co-op organizers have done due diligence to create a plan for the community to own a cooperative grocery store. The existing building and its contents were placed up for sale after the closure. The



*Stapleton Hometown Cooperative Market board members tour an empty store in which they plan to reopen a community-owned grocery. Photo by Todd von Kampen, courtesy North Platte Telegraph*

facility subcommittee examined the building and equipment and issued a recommendation that the existing facility would be the best location for a co-op store.

The store operations subcommittee visited store owners in other rural towns and toured stores in communities of similar size to Stapleton. Those store owners were a great help, sometimes sharing their own confidential financial information to help the Stapleton group understand the challenges of operating a store in a rural, low-population environment.

The legal/finance/business plan subcommittee looked at what legal entities were available for a community-owned store and settled on a cooperative as its best bet. It created a financial plan, based on the information gathered from the community survey and from the

*continued on page 47*

# Initiative aims to help N. Dakota keep rural grocery stores open

By Mary Stumpf

*Editor's note: Stumpf is rural development assistant with the North Dakota Association of Rural Electric Cooperatives.*

**FOR MANY SMALL TOWNS** in North Dakota, it was once said that business was booming on Main Street if there was a post office, a gas station, a few small shops and a grocery store. But for many rural towns, maintaining even such a small business core has become a challenge.

When residents left for the “big city,” most seldom returned. The consequence was a shrinking population and fewer people left to patronize and operate businesses. Main Street suffered, stores closed and, ultimately, the town began to decline.

The United States Department of Agriculture (USDA) defines food deserts as parts of the country where fresh fruit, vegetables and other healthful whole foods are not readily available. These are usually located in impoverished areas that often lack grocery stores, farmers markets or other healthy food providers. According to the USDA Food Research Access Map, 17 North Dakota counties are highlighted as having potential food deserts; all are in rural areas.

Grocery stores are essential “business anchors” for rural communities. Without a grocery store, people in small towns may have to travel long distances to buy food, which can add significantly to food cost. Jobs and local tax revenues are lost. There may also be less charitable giving in communities that lack grocery stores, according to Karen K. Ehrens, the coordinator for Healthy North Dakota and the Creating a Hunger Free North Dakota Coalition.

The Rural Electric & Telecommunications (RE&T) Development Center — a cooperative development center hosted by the North Dakota Association of Rural Electric Cooperatives (NDARECs) in Mandan — has begun exploring ways to help keep rural grocery stores open. The Center’s work focuses primarily on providing technical assistance to emerging and expanding rural cooperatives and mutually owned businesses.

In 2014, a survey — modeled after one used by the state of Kansas — was developed and hand-delivered to

almost every rural grocery store in North Dakota. At that time, about 118 stores were identified. Results were compiled in 2015, and a report was written.

A taskforce, composed of four grocers and several technical assistance providers, invited the rural grocery store owners to attend a meeting at which the survey results were shared, and to learn about what Kansas has done to help its rural grocers. The attendees also participated in small group discussions, which gave grocers a chance to “network” and share ideas with their peers.

After hosting the first N.D. Rural Grocers’ Meeting in January, attended by about 25 rural grocers, the task force evolved into a steering committee, comprised of several grocers and a number of technical assistance providers. This steering committee has since named itself the North Dakota Rural Grocery Initiative (NDRGI), modeled after the Kansas Rural Grocery Initiative.

One of the challenges identified in the 2014 survey



*Kristin Schick and her children shop in the Main Street Market in Hazelton, N.D. Photo by John Kary, courtesy North Dakota Association of Rural Electric Cooperatives*

was the struggle the grocers have with availability and affordability of product. NDRGI’s next step is to conduct a transportation pre-feasibility study. The purpose is to help the taskforce make informed decisions related to changes in the way goods are distributed across the state.

With guidance from the RE&T Development Center, the NDRGI committee compiled articles for its first quarterly newsletter in May. The newsletter, sent to all rural North Dakota grocery stores, offered a variety of information pertaining to best practices, regulations and success stories. Planning for the 2017 N.D. Rural Grocers’ Meeting is underway.

The RE&T Center hopes to help rural communities to not only survive, but to thrive. ■

# Construction worker co-op emphasizes consensus decision-making, concern for community

By Kristy Keeley

Co-op Development Specialist  
Cooperative Development Center  
Olympia, Wash.

**THE NORTHWEST CONSTRUCTION COOPERATIVE** (NWCC) is a worker-owned general contractor that has been operating out of Olympia, Wash., since 2014. The co-op — which includes more than 15 workers in four divisions — operates using consensus decision-making and a collectively managed business structure. It places priority on workers' rights and well-being, as well as concern for community.

The cooperative arose from “the idea that we wanted to start a business that would create lasting careers for ourselves and members of the community,” says Jeremy Van Orman-Ballentine, an owner-member who has been working at the NWCC since its inception. “We wanted to create a long-lasting company,” he adds, one that could change members over time and remain operating for the benefit of those already in construction, as well as those trying to enter into the field.

Many different skill levels are represented in the cooperative, which is by intention, says Van Orman-Ballentine. A number of co-op members have been working in construction for 30 years and the co-op continues to look for additional members with that kind of extensive trade experience.

The cooperative also looks for less experienced workers who have initiative, are self-motivated and are interested in the potential of becoming a co-op member-owner. “Sometimes we hire people who have a little or no experience,” Van Orman-Ballentine says, to open doors for those who “don't generally get opportunity for experience” in construction and the other aspects of running a business.

Emma Thompson, who has been working at NWCC for about a year, was an entry-level worker when she started. She credits the co-op for having trust in her and



*All for one: members of Northwest Construction Cooperative, a worker-owned co-op.*

putting effort into teaching her new skills. “I was able to learn a really important skill,” Thompson says.

In just the two years of its existence, the co-op has expanded rapidly, which has given rise to a number of challenges while also creating opportunities to create more jobs doing more types of work.

NWCC wants its services to be accessible to many different people, regardless of income level. “We do jobs [for people with lower incomes] as they come up; we go out, take a look and evaluate. The bid is based on what they can afford,” says Van Orman-Ballentine. The co-op does “a handful” of these types of jobs each year.

Even workers who are not member-owners benefit from the quality of jobs the co-op offers.

NWCC offers a competitive starting wage, a comprehensive health plan and on- and off-the-job accident insurance to all full-time workers. It also has a tool-match program to help offset the cost of buying tools.

In an effort to further their collective vision of worker empowerment and a supportive work environment, the co-op also offers continual training on topics such as anti-oppression, consensus decision-making and how to deal with conflict.

NWCC is laying plans for a long-term future for the business. One struggle the co-op has been dealing with results from the business being entirely self-funded. Members “didn't start the cooperative with a huge capital reserve,” says Thompson.

Helping to make the co-op's long-term plans a reality is a loan recently provided through the Northwest Cooperative Development Center. The loan is helping to provide the business with a cash reserve.

Thompson notes that construction is usually “seasonal work, and it is standard for the work to fluctuate. We wanted a loan to be a buffer, so that we didn't have to lay people off and be consistently shrinking and expanding.”

The loan will help stabilize the cooperative while it builds a cash reserve, she says, making jobs more viable for the both the present and future generations. ■

# Capital Homecare Co-op expands scope to also help children with disabilities

By John A. McNamara

Cooperative Development Specialist  
Northwest Cooperative Development Center  
www.nwcdc.coop

**HOMECARE WORKERS** in Olympia, Wash., in August, incorporated Capital Homecare Cooperative (CHC), becoming the state's third homecare workers co-op. It expects to begin operations by the end of this year. In addition to the traditional market of helping senior citizens, CHC will provide service to children with disabilities.

When people talk about homecare, they are usually talking about elderly adults. However, families who have a child with disabilities experience a great need for homecare. In Thurston County, there are more than 17 homecare providers who help the elderly, but only 8 who work with children.

CHC, currently governed by five directors, believes that by expanding to provide services to disabled young people, it will gain a foothold in a slightly less competitive arena. It plans to form a unique partnership with a local caregiver registry to expand the market it serves.

Olympia provides a unique market for homecare in Washington, being the home of the state's only homecare registry: Care Connection. The registry, a project of the Olympia Senior Center, brings homecare providers into contact with clients and provides initial screening and intake interviews.

While homecare workers are notoriously underpaid (the industry average hovers around \$10 per hour), through the registry, workers earn \$17 per hour or more.

"I have been a caregiver for some 19 years across a three-decade span," says Lyn Quayle, a CHC director. "Fortunately, I have worked mostly through well-paying

agencies and been fairly treated by agencies in Seattle and Lakewood, and — most notably — by the referral registry of South Sound Care Connection."

This has led CHC to take a slightly different turn than most homecare cooperatives.

First, CHC decided to develop a business model which offers \$15 per hour from the first day of work. This encourages independent contractors to join (and also helps attract agency employees). Second, CHC, in partnership with Care Connection, will receive administrative support along with access to caregivers. CHC sees this partnership as part of a larger community strategy.

"As a caregiver, I experienced long, exhausting hours, unsafe work environments and sometimes unsupportive management," says Sarah DeStasio, president of CHC. "I decided it was time to help change the industry for the better. I hope the presence of a

worker-owned, democratically run homecare agency will help empower *all* caregivers and put pressure on other agencies to improve working conditions."

In addition, CHC will be looking to work in markets beyond the traditional homecare market of elderly consumers.

CHC's board envisions having an operational staff that can meet the needs of the entire marketplace, regardless of the age or ability of clients. It hopes not only to provide traditional homecare, but to provide service at group homes and to grow the cooperative by purchasing other existing care agencies.

The board of directors has been working closely with staff from the Northwest Cooperative Development Center (NWCDC) to develop the organization from the ground up. Since 2009, NWCDC has assisted homecare cooperatives, starting with Circle of Life in Bellingham, Wash.

CHC will be the fourth homecare co-op that NWCDC has helped to organize. NWCDC hopes to create more homecare co-ops in western Washington to build the capacity for a shared services co-op to further aid and strengthen homecare cooperatives and their members. Capital Homecare Cooperative provides a new development within the homecare cooperative community. Its collective entrepreneurial spirit is expanding options for this field of service. ■



*Sarah DeStasio, president of Capital Homecare Cooperative (CHC), and John McNamara show off the co-op's freshly printed certificate of incorporation. Photo courtesy CHC*

# Preston Growers Co-op helping to feed local schools

By Hannah Scott and Kimberly Roush

*Editor's note: Scott is the program manager for the Ohio Cooperative Development Center; Roush is program assistant for the Center.*

**A GROUP OF FARMERS** in Preston County, W.V., is working cooperatively to provide locally raised food to area schools and institutions. The recently formed Preston County Growers Co-op Inc., provides a variety of foods — including lettuce, potatoes, eggs, etc. — for the community.

The road to cooperation for Preston County Growers Co-op began in 2014, when farmers in the county were visited by representatives of the West Virginia Farm to School program to discuss the program and the potential of providing locally raised foods to schools. To supply institutions with a consistent quantity of quality produce, the producers quickly realized they would have to work together.

Many of the farms could not individually supply the school system with the volume of products needed throughout the school year. The group began coordinating production and the ordering process. Although they were working together, each farm remained independent, handling their billing and delivery individually.

Soon, the group explored other models of working together. Vital to the journey of becoming a cooperative was the information and support Preston Growers received from the Garrett Growers Cooperative, a co-op of nine vegetable farms based in Mt. Lake Park, Md. Discussions between the two groups provided Preston Growers with a background on the process of organizing and operating cooperatively.

In late 2015, Preston Growers decided to formally organize as a cooperative that would be owned and controlled by farmer-members. The motivation for embracing the co-op business model sprang from the need to simplify various processes and to create a sustainable organization that would market on behalf of its members.

The process of establishing the co-op was supported by a number of organizations, including West Virginia University Extension Service, the Value Chain Cluster Initiative, West Virginia Office of Child Nutrition's Farm to School initiative, and the Ohio Cooperative Development Center at The Ohio State University South Centers (OCDC).

OCDC helped the growers explore the co-op model, including the benefits of the business model, how money can move through a co-op, and the process of forming a co-op business in West Virginia. It also helped review foundational documents such as bylaws, membership applications and membership agreements. The Preston Growers Co-op Inc. was incorporated in the early



*Vested Heirs Farm in Aurora, W.V., seen here, is a founding member of the Preston Growers Co-op. Photo courtesy of Vested Heirs Farm.*

summer of 2016.

Members continue to coordinate production and marketing to local schools and institutions, working closely with partners from the West Virginia Office of Child Nutrition. The co-op also now sells and manages processes as a single business with a unified billing system. The five member-farms are currently working together to complete Good Agricultural Practices (GAP) certification and have created a partnership with the Mountaineer ChalleNGe Academy to provide hands-on educational opportunities on farms to cadets.

Members say they also gain value from the support and knowledge sharing that occurs among co-op members. Preston Growers Co-op President Joyce Shafer explains: "There are many ways we help each other in our group, from picking up produce and delivering for each other to sharing GAP tips...as we prepare for our GAP certification. Many times when we meet, we discuss best practices or packaging and labeling tips we've learned."

The group continues to expand cooperative activities, concentrating on cooperative production planning, consistent quantity, a commitment to quality and centralized billing. ■

# Mapping project will aid co-op development efforts

**By Megan Webster**  
Outreach Specialist  
University of Wisconsin Center for Cooperatives

**AS YOU READ** through the 2016 Cooperative Month edition of *Rural Cooperatives*, it is apparent that it is an exciting time to be involved in cooperative development. Cooperative developers are helping communities gain access to broadband, healthcare, groceries, transportation and markets for produce. Increased interest in the cooperative model as a tool to address economic inequalities and build community wealth has catalyzed cooperative development initiatives in urban and rural communities alike.

## The Need

Across the country, cooperative developers are at the heart of these transformative initiatives. Starting a cooperative is no easy task, and supporting cooperative start-ups is a labor of love that requires intense effort on the long, often winding, path from an initial idea to the launch of a new business.

Cooperative developers have found that sharing projects and best practices from their specific region or sector through CooperationWorks! and other peer groups is helpful. However, it is impossible to stay on top of all of the initiatives happening across the cooperative development landscape.

## Or is it?

The University of Wisconsin Center for Cooperatives (UWCC) staff started asking that very question. How can we capture what is happening across the various sectors and geographic areas in cooperative development? What can we learn from these activities and how can we use this information to increase the number and effectiveness of cooperative development initiatives around the country?

With limited time and resources, cooperative and economic developers need tools to help them identify the most promising cooperative development opportunities.

## The Project

UWCC received a four-year research and extension

grant for the “Collective Action in Rural Communities: Mapping Opportunities for Cooperative Conversion and Start-up” project. The Agriculture Food Research Initiative (AFRI), funded by the National Institute for Agriculture, will identify and analyze clusters of cooperative activity and create a suite of tools to help cooperative and economic developers identify the most promising opportunities for developing new cooperatives in their communities.

“Cooperative business activity varies widely across regions. We want to find out why cooperatives have been more successful in some areas and use that information to improve cooperative development performance on a national level,” says Anne Reynolds, executive director at UWCC.

The project is participatory and will engage stakeholders to create new tools to analyze community-level data to better understand and enhance



*The Art and Science of Cooperative Development participants show why they love co-ops! Photo courtesy University of Wisconsin Center for Cooperatives*

opportunities for cooperative entrepreneurship. By combining existing data sources with newly collected data, UWCC will map and create portraits of regional cooperative clusters. These “portraits” will also include descriptions of the cooperative development assets available regionally.

The first project activity is underway. UWCC recently surveyed cooperative development centers to collect data on cooperative start-ups and conversions that have occurred over the past five years. This information is critical to identifying clusters of cooperative activity and determining the environment that is conducive for cooperative development.

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# Colorado is fertile ground for co-op development and conversions

By Linda D. Phillips and Jason R. Wiener

*Editor's note: Phillips and Wiener are attorneys with Colorado Cooperative Developers.*

**AN UNPRECEDENTED** generational shift in business ownership in the coming decade means that business owners will be exploring options to sell their businesses. Many will find that employee ownership is an attractive fit for their goals. Growth in the “sharing,” or “gig,” economy is creating a renewed focus on cooperative ownership as an alternative to the conventional wisdom that business’ sole function is to maximize shareholder value.

Colorado is in the enviable position of having one of the most flexible and robust sets of cooperative laws in the country, as well as a connected network of capital providers, coupled with a thriving economy and an influx of people interested in cooperatives and non-traditional business models.

Helping to support this movement in the Centennial State is Colorado Cooperative Developers (CCD), a newly launched cooperative development collaboration between Colorado-based attorneys Linda D. Phillips and Jason R. Wiener. They created CCD to help meet the growing needs in communities of the region for purpose-built, mission-driven business formations and socially responsible business ownership succession.

With more than three decades of experience working in the cooperative sector, they provide a full range of business planning, financial planning and legal services. They have provided services to a variety of business sectors, including retail operations, service cooperatives, technology co-ops and agricultural co-ops. They have created or converted businesses into producer cooperatives, marketing cooperatives, worker cooperatives and multi-stakeholder cooperatives with several classes of member/owners.

## Business converts to multi-stakeholder co-op

An example of a recent “co-op conversion” is Mayu Sanctuary, a retail meditation products and services center which had been a single-owner, S-corporation. The owner, Cierra McNamara, wanted to create a more inclusive business entity and so worked with attorney Phillips to form a multi-stakeholder cooperative.

Member-owners include the employees of the cooperative, the vendors that provide services and the public consumers of those services.

The groups are all represented on the board of directors. In the past two years, membership has grown to over 700 members. McNamara remains as an employee-owner of the business. She has found that spreading out the responsibilities for the company



*Poudre Valley Community Farms members – (from left) Gailmarie Kimmel, Seth Jansen and Zia Zybko – share a laugh. Photo by Gabriele Woolever*

operations has been both rewarding and challenging.

The involvement of the community in the ownership of the cooperative has created a different relationship among the employees and their customers, as they are all owners and all have a stake in the success of the company.

## Taxi co-op represents 800 drivers

Another exciting example is the Green Taxi Cooperative. Organized with the assistance of Jason Wiener in early 2015, Green Taxi Cooperative was incubated by the Communication Workers of America, Local 7777, which helped organize more than 800 area

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# Imagining a new rural future through art

**By Michele Anderson,**  
Rural Program Director,  
Springboard for the Arts

*Editor's note: Anderson is a composer, creative writer and pianist. In 2015, she was selected by the Minnesota Council of Nonprofits for its Catalytic Leader Award.*

**COMMUNITY SUPPORTED AGRICULTURE (CSA)** — which is often conducted through a cooperative business structure — is one of the undeniable successes of the past 25 years. It has created new markets for local produce, spurred direct relationships between farmers and consumers, and has significantly raised awareness about where our food comes from.

Six years ago, from our office in Saint Paul, Minn., we had an idea: what if we took the CSA model and applied it to art? We would commission artists to create a series of works, sell “shares” to the public and then hold parties where people could come, meet the artists and get a box of locally produced artwork.

We called it Community Supported Art (CSArt). We started running the program in the Twin Cities, then wrote a toolkit for other organizations to follow to create their own CSArts. In the past six years, we've seen more than 60 replications across the country.

Now we are about to launch a new CSArt from our rural office in Fergus Falls, Minn., in partnership with the Kaddatz, a local gallery. This process of spreading the idea, sharing tools and supporting replications has been enormously exciting. We think it has great implications and promise for rural communities across America.

## Sharing local identity

Just as meeting local growers at a farmers' market can make you appreciate and be more intentional about the food you buy, so does meeting the artists in your community. The CSArt model stimulates a fun and meaningful conversation about how art is produced and valued in the region, bringing art out of intimidating gallery settings and into the hands of new patrons. The agricultural metaphor works particularly well here in west central Minnesota because of our farming history and the

economic shifts that it has brought to our communities.

Here's how CSArt works: A call for art goes out, then artists apply to be involved by sending photos of previous work, and a community panel of local leaders selects nine artists to participate. Those nine artists then receive a stipend, and create up to 50 pieces of art (depending on



*Twin Cities CSA is putting a creative twist on the community supported agriculture movement. This community supported art program sells shares in exchange for artwork to be created by local artists. The program has been replicated in almost 40 communities nationwide. Above (and facing page): Shareholders pick up their art. Photos courtesy Springboard for the Arts*

how many shares are available). Patrons pay \$300 per share. The shares are divided into three parts over the course of three months. “Pick up” events each month give buyers a chance to pick up their shares, meet their artists and enjoy a night celebrating local art, culture and food.

In Fergus Falls, the artists selected have created an assortment of ceramics, jewelry, photography, paintings, eco-prints, collage and woven baskets. We're having our three pick-up events at a local brewery and pizza place, the farmer's market and at the Kirkbride Arts & History Weekend (another event that we organize each year at a former mental hospital).

Community Supported Art is all about who is in your area. Artists tell the story of who lives in a place, who makes the place, who cares for it and who is inspired by it. We've seen CSArt programs specifically for folk artists in Philadelphia, Pa., and for craft artists in Flint, Mich., but a CSArt doesn't have to be discipline-specific. This program is about building relationships and serving as stewards of local identity.

Any farmer will tell you that you can't plant a field in one year and expect to keep harvesting it years later without proper care. Community Supported Art operates on the same principle: multiple iterations help build relationships and strengthen existing connections. Sharing the toolkit and allowing communities all across the country — from smaller towns like Durango, Colo., and Jackson, Wyo., to big cities such as New York City and New Orleans — to adapt and change it has strengthened our work here in Minnesota.

### Celebrating local talent

Our work with CSArts and other projects in rural communities has also revealed that there are people everywhere who make things and contribute to the character of their communities through their creativity, but don't necessarily call themselves artists. Similarly, many community members view "the arts" as something for the elite or the wealthy to enjoy.

The biggest challenge is dismantling those assumptions and demonstrating that the arts are for everyone, and everyone has the potential to be an artist — whether they create stained glass works as a hobby, perform in a rock band, or teach hula hoop classes (yes, we are currently working with a hula hoop artist!). We consider it a success whenever someone comes to one of our workshops and simply identifies themselves as "an interested community member," and leaves with an idea for a creative project and a new possibility of identifying themselves as an artist.

CSArts are also critical for helping artists develop the type of authentic, long-term partnerships they need to thrive in rural communities. Whether it is finding a gallery to host a show, a funder to award them a grant or a business person to commission a storefront sign, they know that for their work to have an impact, they need partners and relationships rather than impersonal or temporary transactions.

This creates all kinds of other needs and tensions for artists, such as how to negotiate payments and contracts while maintaining these relationships, how to manage their time wisely and more. *Our Work of Art: Business Skills for Artists* workshop series covers these business skills, but the conversation almost always comes back to how to create lasting and sustainable relationships, which is why we have also started creating resources for businesses or organizations that want to partner with artists.

### Creating new reasons to invest

Rural communities are places of economic uncertainty right now, and while this may intimidate certain types of

businesses from investing there, artists are often intrigued by, and drawn to, that uncertainty and can be a tremendous asset in addressing it. We talk to urban artists all the time who are looking for "on-ramps" to help them relocate to rural areas.

The combination of access to nature, the lower cost of living, and the shifting demographics make for a great environment to be wildly creative in. As rural towns struggle to attract new workers and residents, the potential they offer for artists to enjoy a sense of identity, share in the town's unique character and history, and build relationships like CSAs can offer a compelling reason for them to move or stay there.

From my office and home in Fergus Falls, I can tell you that the programs we've created at Springboard for the Arts are having an impact. By engaging artists more fully in their communities, we're able to facilitate new conversations, imagine a new future for our region, and



bring people together in new ways. What's even better is that we are sharing this work freely with everyone.

We launched Creative Exchange ([www.springboardexchange.org](http://www.springboardexchange.org)) in 2014 as a place to tell the stories of artists working in collaboration and share toolkits for replicating that work. If you visit the site, you'll be able to download toolkits for Community Supported Art, Work of Art, and other creative, artist-driven, community-focused initiatives for free.

More and more funders and policymakers are recognizing the power of rural creativity and investing in rural artists. If this movement continues, and rural areas develop the infrastructure for artists to make a life and a living so that they can also be leaders in their communities, I think rural America has an incredibly vibrant future that we wouldn't have imagined 5 or 10 years ago. ■

# Newsline

## Co-op developments, coast to coast

Send co-op news items to: [dan.campbell@wdc.USDA.gov](mailto:dan.campbell@wdc.USDA.gov)

### Cooperative Network announces reorganization

Cooperative Network and the Wisconsin Electric Cooperative Association (WECA) are now operating as distinct membership organizations. Discussions that led to the reorganization began early last year. Wisconsin's electric distribution cooperatives voted to reform as a stand-alone statewide association in March 2016.

The changes will only affect 25 of Cooperative Network's 400 or so cooperative business members in Wisconsin and Minnesota. Cooperative Network continues to provide advocacy, education, public awareness, and development services to a wide range of business sectors, including agricultural marketing and processing, credit unions, dairy, electric, farm credit, farm supply, health care, mutual insurance, housing, service, telecommunications and worker-owned cooperatives.

"Since its inception, Cooperative Network has established itself as a strong and steady organization that is a dependable and effective voice for all cooperatives and their member-owners," says Tom Liebe, Cooperative Network president and CEO. "Our mission-focused staff truly believes in the seven cooperative principles and is incredibly excited to continue sharing with public officials and consumers the powerful messages and compelling stories that all cooperatives have."

Questions related to the reorganization can be directed to Liebe at: [tom.liebe@cooperativenetwork.coop](mailto:tom.liebe@cooperativenetwork.coop) or (608) 258-4413.



Photo courtesy Farmers Cooperative Compress

### Cotton co-op dividends top \$1 billion mark

With its 2016 dividend payout, Farmers Cooperative Compress (FCC), Lubbock, Texas, will celebrate the milestone of having distributed \$1 billion to its producer-owners since its founding. The co-op plays a big role in making Texas the country's No. 1 cotton-producing state, where the industry has a \$3.5 billion impact on the state economy.

"The continued success of Farmers Cooperative Compress is a direct correlation to the hard work performed by our producer-owners," says Ron Harkey, president of FCC. "We are proud to be a part of such a significant achievement." Dividends returned to co-op producers help to "ensure the viability of farms across West Texas and show the strength of U.S. cotton in the domestic and global markets."

FCC receives cotton from 45 cooperative gins. It warehouses and delivers about 35 percent of the cotton ginned in Texas, which accounts for roughly 17 percent of the U.S. crop. Founded 68 years ago by producers who had a vision that they could accomplish more collectively than individually, FCC was established as a way to successfully and affordably house cotton domestically and distribute it globally from West Texas.

FCC collaborates with two other Lubbock-based cooperatives: Plains Cotton Cooperative Association, a producer-owned cotton marketing association, and PYCO Industries, a producer-owned cottonseed oil mill. The combined efforts of these three regional cooperatives, along with local cooperative gins, provide producer-owners with an effective means to process, market, warehouse and deliver/export millions of bales of cotton annually.

## U.S., Mexican dairy industry leaders pledge renewed cooperation at summit

Concluding a successful two-day summit in Denver, Colo., leaders of U.S. and Mexican dairy industry organizations pledged to work together to boost trade between the two countries, address mutual challenges and increase dairy consumption while also promoting milk production on both sides of the border. The dairy leaders signed a memorandum creating a U.S.-Mexico Dairy Alliance that will meet annually to exchange information, review industry trends and identify and seek solutions for problems affecting either side.

They will also work to further reduce trade barriers between the two countries and defend against efforts to reserve generic cheese names — such as parmesan, asiago and feta — for the exclusive use of some European producers.

Signing the memorandum for the United States were Jim Mulhern, president and CEO of the National Milk Producers Federation (NMPF), and Tom Suber, president of the U.S. Dairy Export Council. Signing for Mexico were Salvador Álvarez Morán, president of the Mexico Livestock Association (CNOG) and Juan Carlos Pardo, president of the National Chamber of Industrial Milk (CANILEC).

In other news, the Farmers Assuring Responsible Management (FARM) program, administered by NMPF, is assuming management of the Farm Smart Program, previously managed by Dairy Management Inc. Farm Smart, an environmental stewardship module for farmers to measure improvements they make in sustainability, will become the voluntary Environmental Stewardship component of the FARM Program.

The module integrates the methodology and science of Farm Smart, a carbon footprint- assessment tool created by the Innovation Center for U.S. Dairy.

## Farmer Co-op Conference to offer insight on key issues

The agricultural economy, impact of trade partnerships and privacy issues related to precision agriculture are just a few challenges facing farmer-owned cooperatives. The Farmer Cooperatives Conference provides a forum to gain insight into these issues and gives cooperatives the edge needed to compete. The Forum will be held Nov. 3-4 in Minneapolis, Minn.



Among the topics ag co-op leaders and industry experts will address are:

■ *Growth in Global Agricultural Trade* — This session will explore global market trends and the implications of trade partnerships on ag products;

■ *Policy Updates* — This session will offer perspective on the policy environment and issues for the next year.

■ *Strategic Development* — Will explore the complementary roles that the boards and management play in strategic development.

■ *Cybersecurity, Intellectual Property Rights and Privacy* — As precision ag technologies continue to evolve, what farmers will need to know to protect themselves and their data.

■ *Governance: Focus on Sodiaal* — An interactive Q&A session with the Chair of Sodiaal, France's largest dairy cooperative, about governance and its recent merger.

The keynote address will be delivered by Joseph Glauber, senior research fellow at the International Food Policy Research Institute in Washington, D.C., and former chief economist for USDA. He will focus on

global market trends and the implications that trade partnerships will have on agricultural products and commodities.

Jason Henderson, associate dean at the College of Agriculture and director of Purdue University Extension, will present the 2017 farm economy outlook. He previously served as vice president and Omaha branch executive for the Federal Reserve Bank of Kansas City.

For the entire agenda, registration and hotel information, visit: [www.farmercoops.uwcc.wisc.edu/](http://www.farmercoops.uwcc.wisc.edu/).

## U.S. coal industry shrinking, not dying

More than 20 percent of current U.S. coal production could be shuttered in the next few years, reflecting the ongoing woes of an industry dealing with environmental regulation, competition from natural gas and other factors, according to a new report from CoBank. Plant closures will further curtail coal consumption by another 47 million tons during 2015 alone, it says.

“The past five years have been extraordinarily taxing for the U.S. coal industry,” says Taylor Gunn, lead economist with CoBank’s Knowledge Exchange Division and the author of the report. “Market forces have coalesced to create significant headwinds for the coal producers working to keep their businesses sustainable in the future.”

Over that five-year period, dozens of U.S. coal mining companies have had to declare bankruptcy, including many of the nation’s largest companies. The number of operating coal mines has plummeted from 1,013 in early 2009 to fewer than 400 today.

The trend away from coal use reflects the seismic structural shifts occurring in the nation’s electrical power generation industry. The U.S. power industry accounts for about 95 percent of total domestic coal consumption, but it is now in the process of reducing its dependence on coal-fired plants. Rural electric cooperatives are among the

larger users of coal for power generation.

As the industry continues to downsize, those U.S. coal mining companies that have the financial flexibility and operational scale to respond to declining demand should emerge from the current downturn more competitive both domestically and globally.

“The U.S. coal industry is shrinking, not dying,” explains Gunn. “The U.S. power sector will continue to define the domestic coal industry, and the lowest cost and cleanest burning coal will remain in high demand, allowing Powder River Basin mining companies to hold an advantage over their counterparts that operate in other regions such as the Illinois and Appalachian basins.”

A video synopsis of the report can be found on YouTube at:  
<https://www.youtube.com/watch?v=GTeu4rsCY8E>.

### **Jim Matheson to lead NRECA**

The National Rural Electric Cooperative Association (NRECA) has selected former U.S. Rep. Jim Matheson to serve as the organization’s sixth chief executive officer. Matheson



Jim Matheson

will succeed Jo Ann Emerson, who was stricken by illness last year. He assumes assumed duties as CEO in July.

“Jim brings to the position a broad knowledge of the issues facing rural America and will be an inspirational leader for America’s electric cooperatives,” says NRECA President Mel Coleman. A former seven-term Congressman from Utah, Matheson most recently worked on public policy issues at Squire Patton Boggs, an international law firm based in Washington, D.C.

During his tenure in the House of Representatives from 2001 to 2015, he served as a member of the House Energy and Commerce Committee. Coleman says that the respect Matheson earned on both sides of the aisle, and his ability to bridge political and policy divides to find common ground, will serve NRECA and all member cooperatives very well.

“I am honored to be associated with this member-driven organization that has a strong reputation for quality and integrity,” Matheson says. Matheson worked in the energy industry for several years. He was a project development manager in the independent power industry. He worked at two consulting companies, including his own firm, providing services to large energy consumers.

Matheson attended public schools in Salt Lake City, received a Bachelor’s degree in government from Harvard University and an MBA in finance and accounting from UCLA.

NRECA is a national service organization that represents the nation’s more than 900 private, not-for-profit, consumer-owned electric cooperatives, which provide service to 42 million people in 47 states.

### **Women, minority groups account for increasing share of worker-co-op owners**

Since 2010, 60 percent of new worker-cooperative owners are minorities, and more than two-thirds of them are women, according to “Rooflines: The Shelterforce” blog. Those findings are included in “Cooperative Growth Ecosystem:

## **Still time to join Co-op Month celebration**

The reason Cooperative Month is celebrated every year in October is simple: people who understand the basic concepts of cooperatives are far more likely to do business with, and to join, cooperatives. Cooperatives have a great story to tell, and we all need to play a part in telling it.

Good news: it’s not too late to plan a Cooperative Month activity. Your effort could be as simple and non-time consuming as sending out a Tweet or e-mail blast with a special Co-op Month message to your constituents, or issuing a press release to your local/regional media. You can also place a Co-op Month poster on your website and/or get your local “quick print” shop to produce some hard-copy posters that can be placed around your business, at local schools, at your civic center, etc.

Whatever you choose to do, the [www.CoopMonth.coop](http://www.CoopMonth.coop) website is here to help you — think of it as your special Co-op Month buddy! It provides a wide variety of materials and ideas, including Co-op Month posters, print ads, logos, sample press releases, social media material, event ideas, sample proclamations, key messages, etc. The materials were developed under the leadership of the Cooperative Communicators Association (CCA), with the website hosted by the National Cooperative Business Association. Funding from the CHS Foundation supported the effort.

“Cooperatives Build” is the theme of this year’s celebration, and co-ops are welcome to modify

the theme as they see fit to best reflect what their co-op does. Some of the suggestions on the Co-op Month website include: “Co-ops Build a Better World; Co-ops Build Jobs; and Co-ops Build Trust.”

Another idea is to schedule a Co-op Month screening of the upcoming Public Broadcasting System Visionaries Series documentary highlighting the power of cooperatives, both in the United States and abroad. More information is at: [www.ncbaclusa100.coop/visionaries-documentary](http://www.ncbaclusa100.coop/visionaries-documentary).

### USDA events

At USDA, Co-op Month efforts include issuing a Cooperative Month proclamation, signed by Agriculture Secretary Tom Vilsack (see page 2), issuing a press release and blogs, holding a series of weekly webinars on

key co-op topics and sponsoring special events with guest speakers. These include:

■ On Oct. 13 at 2 p.m. (Eastern Time), USDA will host a webinar, “Cooperatives 101: Legal Basics for Entrepreneurs.” USDA’s cooperative legal advisor Meegan Moriarty will moderate a discussion with Todd R. Eskelsen and Marlis L. Carson, two nationally recognized cooperative legal experts, covering topics from capitalization and taxes to patronage and antitrust considerations.

■ On Oct. 18 at 2 p.m. (Eastern Time), USDA will host a webinar, “When the Last Grocery Store Closes — Exploring Cooperative Options.” USDA Cooperative Development Specialist Margaret Bau will moderate a discussion with David Proctor of the Rural Grocery Initiative at Kansas State University and Marnie

Thompson of the Fund 4 Democratic Communities. They will discuss how the cooperative business model has been used to bring grocery stores back into their communities.

■ On Oct. 27 at 10 a.m. (Eastern Time), USDA will hold an event celebrating cooperative diversity in the Whitten Building at USDA headquarters. The event will focus on the way cooperatives help meet the needs of minority producers and communities. Invited speakers include Cornelius Blanding of the Federation of Southern Cooperatives, Mai Nguyen of the California Center for Cooperative Development, and Karla C. Reyes of Prospera.

Details and web links to the Co-op Month webinars and other USDA events are listed at: <http://www.rd.usda.gov/programs-services/all-programs/cooperative-programs>.

*A wealth of co-op publicity/educational materials – including this graphic (for use in social media) and the back cover of this magazine – is available for free downloading at: [www.CoopMonth.coop](http://www.CoopMonth.coop).*



**Cooperatives BUILD JOBS**

**CO-OPS PROVIDE 2.1 MILLION JOBS IN THE U.S.**

- ▶ Co-ops create annual wages of over \$75 billion.
- ▶ Co-op farmers provide more than 190,000 jobs and annual wages over \$8 billion.
- ▶ Electric cooperatives employ more than 75,000 Americans and account for more than one third of the U.S. electric utility industry.

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Inclusive Economic Development in Action,” a report by Melissa Hoover of the Democracy at Work Institute (the nonprofit arm of the U.S. Federation of Worker Cooperatives) and Hilary Abell of Project Equity, a San Francisco Bay Area-based worker co-op developer consultancy.

Their report also finds that nearly a third of U.S. worker co-ops operating today have been formed since 2010, representing remarkable growth. Democracy at Work Institute data found that for the 100-plus worker co-ops founded nationally between the mid-1990s through 2010, fewer than 3 in 10 members were minorities.

Overall, worker co-op numbers remain modest, the blog reports. At present, Hoover and Abell estimate that there are 7,000 worker co-op member-owners. Yet, it is clear that cooperatives, once largely overlooked in the community development field are now an important part of the community wealth-building discussion.

## **GROWMARK sales top \$7 billion for 2016**

GROWMARK estimates its fiscal 2016 sales at \$7.1 billion, down from \$8.7 billion the previous year. Pretax income of \$103 million is down from \$134 million. CEO Jim Spradlin estimates the co-op will make \$52 million in patronage refunds to GROWMARK member cooperatives and farmer-owners.

“The ag economy is in a challenging cycle,” says Spradlin. “Many of our farmer-members and customers are feeling economic, regulatory and environmental pressures. While we do believe the economic cycle will end with a soft landing, it could certainly be a few years before stronger demand reappears. We remain very optimistic in the long-term outlook for food demand and production.”

Highlights for the co-op’s business units include:

■ **Energy Division:** earnings are likely to be the highest ever. While refined fuel volume sales were flat, sale

of high-performance diesel fuel (Diesel Gold) are up 12 percent. Propane volume fell about 30 percent, due to the lack of grain drying last fall and a warm winter.

■ **Seed Division:** seed corn sales were down 3 percent, offset by 4 percent growth in soybean sales.

■ **Crop Nutrients Division:** sales volume, similar to last year’s level, is close to a sixth consecutive year of record volume.

■ **Crop Protection Division:** sales were down 3 percent, but still the co-op’s third-best year for volume and net income.

■ **Retail Division:** internal income was up, with Seedway seeing a 15-percent increase in vegetable sales and setting a net income record.

■ **Retail Grain Partnerships:** lower net income was due to reduced drying and limited merchandising opportunities.

■ **FS Agri-Finance** had a record, \$800 million of approved loans in 2016.

In other news, GROWMARK plans to build a state-of-the-art fertilizer facility in Ayr, Ontario, to be managed by FS PARTNERS. The 15,000-ton facility will have nine bins to give flexibility for retail blending needs and will be capable of receiving products by rail and truck.

## **‘Co-op dynamics’ workshop focus**

The Cooperative Council of North Carolina will be holding a Cooperative Dynamics Workshop Nov. 30 in Raleigh, N.C. The goal is to help co-op employees, members and directors increase their understanding of co-op principles and issues, as well as the challenges facing co-ops in today’s competitive market economy.

This workshop will provide attendees with a greater understanding of the purpose of a co-op, the economic and service benefits of co-ops, and how they differ from other corporations. The program is geared for new co-op employees and new directors, as well as “seasoned professionals” who can

benefit from a refresher course.

Workshop leader is Bob Cohen, CEO of the Braintree Business Development Center, a nonprofit business incubator and entrepreneurship program based in Ohio. He previously spent 10 years working for an international cooperative development agency and taught a cooperatives course for Ohio State University.

For registration and other information, visit: [www.ccnc.coop](http://www.ccnc.coop), or call Emily Nail at: (919) 834-5544.

## **Nebraska co-op to acquire grain assets**

Country Partners Cooperative (CPC) has reached an agreement to acquire certain grain assets of Cooperative Producers Inc. (CPI), Hastings, Neb., according to the World-Grain.com website. Under terms of the transaction, Country Partners would acquire Cooperative Producers’ assets in the Nebraska towns of Anselmo, Arnold, Merna and Stapleton. Financial terms of the transaction were not disclosed.

“Country Partners approached us several months back about their interest in purchasing these locations,” says Jeff Loschen, chairman of CPI, the website reports. “As we look at the marketplace into the future, we feel confident that, given Country Partners’ footprint in that area, they will be able to serve the farmers in that market area more effectively than CPI has been able to do.”

Headquartered in Gothenburg, Neb., CPC is a full-service ag co-op that has provided products, services and expertise to 26 communities in central and west-central Nebraska since 1904. It has more than 250 full-time employees. CPI has facilities in 39 communities in central and south central Nebraska. ■

## Nebraska

*continued from page 33*

financial information shared by other rural store owners.

The marketing subcommittee kept people informed about the progress being made and planned community information meetings. It also planned the kick-off celebration to begin the process of encouraging member investment in the co-op and developed a marketing plan that will be needed if, and when, the store opens.

### Co-op incorporates

The Stapleton Cooperative Market and Deli was incorporated in July 2016, and a membership drive was

launched Aug. 12. The drive began with a community-wide meeting and supper at the Stapleton Community Center. Attendees were introduced to the full plan for the cooperative store and told how it would work.

The new co-op board of directors shared an overview of the work that had been done to date. Hundreds of hours of volunteer labor went into creating a viable business plan for the co-op store. This plan shows that, with a very attainable level of member investment in the co-op and patronage by the community, a cooperative store can succeed in Stapleton.

The future of the co-op store is now in the hands of the community. Organizers hope to have secured the needed financial commitment from community members by mid-September. If so, they then will put the business plan into action. After this, a new store could be opened within a matter of months. ■

## Mapping Project

*continued from page 38*

### Advisory group assisting effort

The project is fortunate to have an advisory group made up of regional cooperative developers who will advise and assess our research activities. The advisory group is comprised of: Thomas Beckett, co-executive director, Carolina Common Enterprise; E. Kim Coontz, executive

director, California Center for Cooperative Development; Kevin Edberg, executive director, Cooperative Development Services; Noemi Giszpenc, executive director, Cooperative Development Institute; Melissa Hoover, executive director, Democracy at Work Institute; Jim Johnson, co-founder and certified peer advisor, Democracy at Work Network; John McNamara, cooperative development specialist, Northwest Cooperative Development Institute; Roy Messing, director, Ohio Employee Ownership Center; and Stuart Reid, executive director, Food Cooperative Initiative.

For more information about the project, contact Anne Reynolds at: [anne.reynolds@wisc.edu](mailto:anne.reynolds@wisc.edu). ■

## Colorado

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taxi drivers.

After a rigorous and contentious regulatory proceeding, in June 2016 the Colorado Public Utilities Commission granted Green Taxi authority to operate 800 taxicabs throughout the Denver/Boulder metro area. The entire fleet of vehicles is driver-owned.

Green Taxi obtained regulatory approval and has launched its business exclusively by capital contributions from its dedicated driver-owners. Backed by a state-of-the-art digital dispatch backbone and an attractive website and mobile app, Green Taxi plans to compete with the incumbent taxicab operators and the newfound transportation network companies, Uber and Lyft.

At 800 member-owners, Green Taxi Cooperative is the

second-largest worker cooperative in the country, the largest taxicab cooperative in the country and the largest taxicab operator in the state of Colorado.

### Co-op pursues sustainable crop production

Poudre Valley Community Farms is a multi-stakeholder farmland cooperative that owns and operates working farmland in proximity to a consumer market that values local, organic, and fresh produce throughout the year. PVCF plans to buy prime farmland in close proximity to a populous semi-urban region to prevent it from being developed into a gravel mine, or suburban oasis.

PVCF will enter into long-term leases with member-farmers who will grow for household consumer and institutional wholesale members to create and operate a sustainable local and organic agriculture ecosystem.

The cooperative business model is being discovered by people from vastly different industries around the country. Organizations such as CCD are dedicated to helping this business model flourish. ■



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