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Rural COOPERATIVES

USDA / Rural Development

September/October 2010



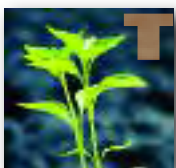
Co-ops: New Crop Taking Root

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Commentary

Co-op Movement Gaining Momentum

By Dallas Tonsager, Under Secretary
USDA Rural Development



These are exciting times for the cooperative movement in America. There is a groundswell of grassroots interest in forming new cooperative enterprises.

Almost weekly, it seems, we hear of a new co-op being formed to meet the growing demand for local food or for organic/natural foods, to operate farmers markets and to develop new community-supported agriculture networks. Other co-ops are being formed to produce renewable energy, to provide in-home care services for the elderly and handicapped, to build senior housing, to establish community gardens and to help workers operate their own businesses as co-ops, to cite just some of the sectors where we are seeing co-op development action.

What a great background this is, and an extra cause for celebration, as we observe Cooperative Month in October!

This issue of *Rural Cooperatives* includes a Co-op Month special section (see page 14) spotlighting the nation's network of cooperative development centers, a number of which are featured in this issue. These co-op development centers are playing an important role in stimulating interest in, and facilitating the development of, new cooperatives. In addition to the men and women who staff co-op development centers, we should also recognize the many established cooperatives and co-op organizations that sit on the boards and offer other assistance to the centers.

Usually working with small staffs and limited resources, these co-op centers nonetheless are seeing more results for their efforts. As you will read in this issue, the types of projects these centers are involved with show that the co-op business model is flexible enough to address almost any need.

The work of the Montana Cooperative Development Center underscores this diversity of co-op applicability. Two projects it chose to highlight underscore both the “macro” and “micro” aspects of cooperative development. Regarding the former, the Montana Center has helped to form a new transportation cooperative created to improve bus service across a three-state Rocky Mountain region. On the “micro” side, you can't get more rural and local than the work the Center did to help reopen the Last Chance Café as a co-op.

Of the latter effort, some people might scoff at expending effort on a business that created only three jobs. But as Brian Gion, the Montana Center's executive officer, notes, every job is crucial in small rural towns, and the continued operation of at least one café can be so important to a rural town, where it often serves not only as place to get a meal away from home, but as a social center of the community.

In the article submitted by the Keystone Development Center, you'll read about a Pennsylvania co-op of Amish and Mennonite farmers — formed to supply organic produce to Philadelphia and New York City — that has seen its sales soar from \$300,000 to \$6.5 million in just the four years it has been in operation. In Nebraska, the Omaha Farmers market, which reopened in the mid-1990s after being closed for nearly 30 years, now attracts 10,000 shoppers each season. In Maine, a co-op was formed — with a big assist from the Organic Valley cooperative — to reopen the state's only organic feed mill, which is a vital source of feed for the state's organic dairy farmers.

These are just a few of the examples you will read about in this magazine. There are so many more promising new co-op stories to tell, but all we can offer here is a small sampling.

And while the focus of this special section of the magazine is largely on the co-op development centers and some of the start-up co-ops they are involved with, I would be remiss if I didn't also use this space to salute the nation's well-established co-ops. These include conventional farm marketing and supply co-ops, farm credit co-ops and credit unions, rural utility co-ops and the many other types of co-ops that deliver such crucial services for their members and the public. It is their successes, and the roads they followed, that serve as a model for today's new co-ops.

As the theme of this year's Co-op Month says, co-ops really are: Local, Trusted and Serving You. Experience the Co-op Difference. ■



Dallas Tonsager

Features

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AG CO-OP SALES AND INCOME SECOND HIGHEST ON RECORD

Editor's note: Information for this article was compiled by the Cooperative Programs statistics staff of USDA Rural Development: Katherine C. DeVille, Jacqueline E. Penn and E. Eldon Eversull.



Farmer, rancher and fishery cooperatives had their second highest sales and income in 2009, trailing only record 2008 levels. With lower commodity and energy prices, gross business volume of \$170 billion in 2009 was down 11 percent from the record \$192 billion in 2008. Sales increased in 2009 for farm supplies, crop protectants, seed and feed. There were also increased marketing levels for rice, processed fruits and vegetables, sugar and tobacco. All other sales of supplies and crop/live-stock marketing fell from the record levels of 2008.

Dairy products sales had the largest declines, down more than \$9 billion from 2008, followed by declines in grain and oilseed marketing of almost \$3 billion; cotton sales declined by more than \$1 billion. Dairy products and grain/oilseed sales were lower due to price declines, while cotton experienced lower prices and a large decline in production. In the farm supplies sector, petroleum products sales declined by almost \$7 billion due to a combination of lower prices and demand.

Net income (before taxes) of \$4.4 billion was also the second best showing ever for farmer co-ops, although down almost 9 percent from the record \$4.8 billion in 2008. This minor downturn in net income breaks the string of four consecutive years where the nation's agricultural cooperatives set a record for net income.

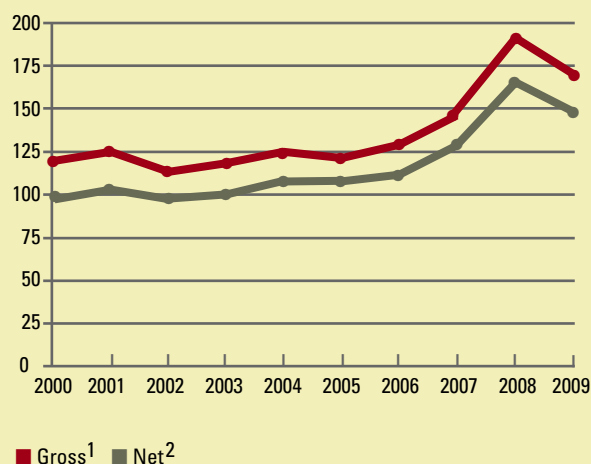
"These sales and income figures for 2009, while down slightly from records posted in 2008, show that the nation's agricultural cooperatives remain strong

Table 1—U.S. cooperatives, comparison of 2009 and 2008

Item	2009	2008	Change
	Number		Percent
Sales (Gross, Billion \$)			
Marketing	102.1	116.8	-12.60
Farm supplies	63.2	70.2	-10.07
Service	5.0	4.8	3.40
Total	170.2	191.9	-11.27
Balance sheet (Billion \$)			
Assets	61.2	69.1	-11.41
Liabilities	37.3	46.1	-18.96
Equity	23.8	23.0	3.71
Liabilities and net worth	61.2	69.1	-11.41
Income Statement (Billion \$)			
Sales (Gross)	170.2	191.9	-11.27
Patronage income	0.9	0.9	4.63
Net income before taxes	4.4	4.8	-8.86
Employees (Thousand)			
Full-time	122.6	124.4	-1.47
Part-time, seasonal	57.8	53.8	7.45
Total	180.4	178.2	1.22
Membership (Million)			
Cooperatives	2,389	2,473	-3.40

Figure 1 — Cooperatives' Gross and Net Business Volumes, 2000-2009

Billion dollars

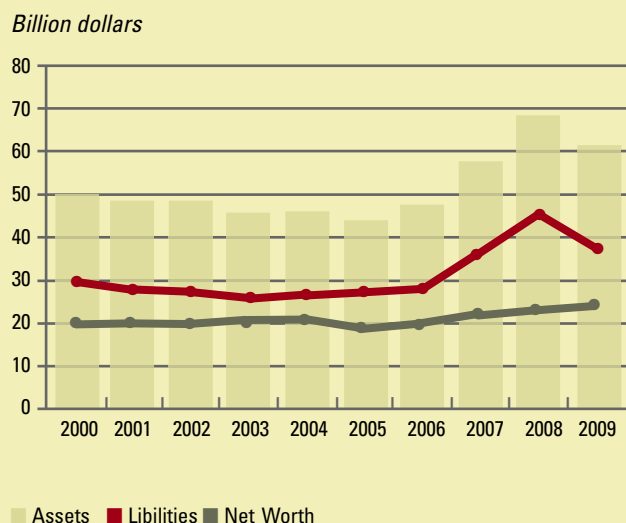


¹ Includes inter-cooperative business.

² Excludes inter-cooperative business.

Table 2—U.S. cooperatives net business volume, 2009 and 2008

Item	2009	2008	Change
	Billion \$		Percent
Products marketed:			
Beans and peas (dry edible)	0.167	0.191	-12.5
Cotton	2.022	3.332	-39.3
Dairy	27.894	37.817	-26.2
Fish	0.197	0.208	-5.5
Fruits and vegetables	5.481	5.233	4.7
Grains and oilseeds	43.899	46.222	-5.0
Livestock	3.025	3.240	-6.6
Nuts	0.835	0.832	0.3
Poultry	1.171	1.457	-19.7
Rice	1.686	1.395	20.9
Sugar	4.220	4.092	3.1
Tobacco	0.168	0.135	24.1
Wool and mohair	0.006	0.006	-2.5
Other marketing	4.471	5.615	-20.4
Total marketing	95.241	109.776	-13.2
Supplies purchased:			
Crop protectants	5.452	4.497	21.2
Feed	8.826	9.277	-4.9
Fertilizer	10.659	9.941	7.2
Petroleum	15.844	19.247	-17.7
Seed	2.518	2.396	5.1
Other supplies	4.225	5.320	-20.6
Total supplies	47.522	50.677	-6.2
Services and other income	4.978	4.814	3.4
Total business	147.741	165.267	-10.6

Figure 2 — Cooperatives' Assets, Liabilities, and Net Worth, 2000-2009

and viable and are a crucial business structure in the economy of rural America,” says Dallas Tonsager, under secretary for USDA Rural Development. “Dairy prices remain low in 2010, but livestock prices are rebounding and the economy is moving forward, pointing to increased sales.”

Net business volume hits \$148 billion

Marketing of food, fiber, renewable fuels and farm supplies by cooperatives in 2009 all declined by about 11 percent from 2008 (table 1), according to the Cooperative Programs office of USDA Rural Development. Net business volume of \$148 billion (which excludes sales between cooperatives) was also the second largest ever, halting a general upward trend in sales that started in 2002 (figure 1 and table 2).

The value of cooperative assets fell in 2009, mainly as a result of decreased inventories and receivables due to lower prices of products marketed and sold (figure 2). Liabilities fell by 19 percent while equity capital held by cooperatives increased almost 4 percent, to nearly \$24 billion. Equity capital still remains low but is 6 points higher than last year and now represents 39 percent of all assets.

Patronage climbs 5 percent

Patronage income (refunds from other cooperatives due to sales between cooperatives) grew almost 5 percent, to \$904 million, up from \$864 million in 2008.

Farmer, rancher and fishery cooperatives remain one of the largest employers in many rural communities, with 180,000 workers. The number of full-time employees decreased slightly in 2009, to 123,000 (down 1,800 from 2008), while the use of part-time and seasonal employees increased 7 percent, to 58,000.

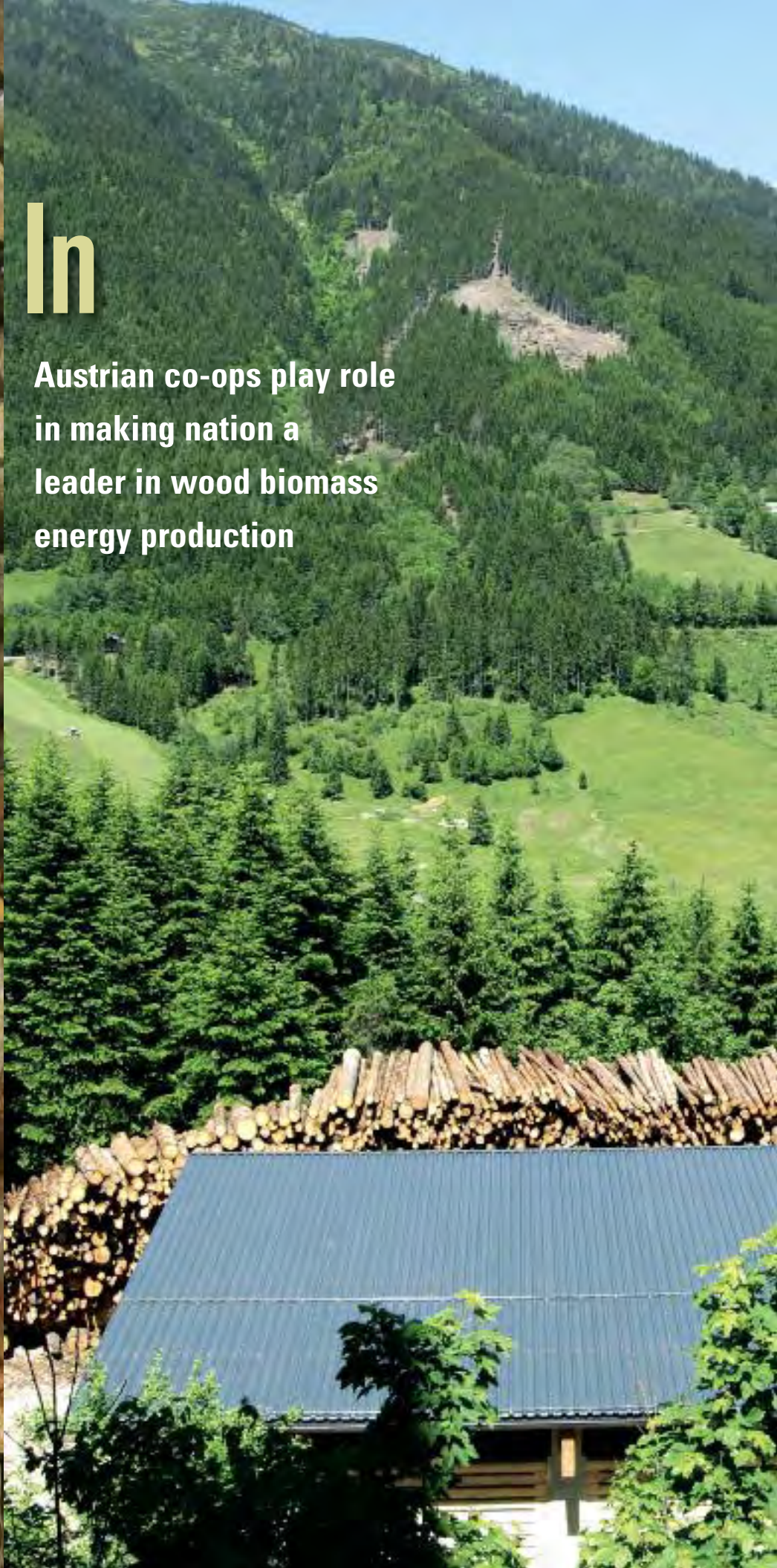
Farm numbers continue to decline, with USDA counting 2.2 million in 2009, losing less than 100 farms from 2008. The number of farmer cooperatives also continues to decline — there are now 2,389 farmer, rancher and fishery cooperatives, down from 2,473 in 2008. Mergers account for most of the drop, resulting in larger cooperatives.

Producers held 2.2 million memberships in cooperatives in 2009, down 6 percent from 2008. The number of U.S. farms and cooperative memberships is now about equal, but this does not mean that every producer is a member of an agricultural cooperative. Previous studies have found that many farmers and ranchers are members of up to three cooperatives, so the decline in farm numbers and cooperative memberships is not strictly comparable. ■



Chipping In

**Austrian co-ops play role
in making nation a
leader in wood biomass
energy production**





By Scott Bagley,
Center for Cooperative Forest Enterprises

Bob Parker,
Oregon State University Extension

Editor's note: This article is based on a report Bagley and Parker produced for the Center for Cooperative Forest Enterprises, which is part of the National Network of Forest Practitioners, based in Athens, Ohio, where Bagley is a Program Director. He can be contacted at: scott@nnfp.org, or 740-593-8733. Parker is an associate professor and Extension forester based in Baker County, Oregon, and can be reached at bob.parker@oregonstate.edu or 541-523-6418. For additional details of the trip and photos, visit: <http://nnfp.org/Resources/Biomass.php>.



Last June, we traveled to Europe to attend a symposium on small-scale forestry. Before the meeting, the National Network of Forest Practitioners organized a tour to visit some of Austria's innovative cooperative biomass-related projects, which we had been hearing much about.

We read as much as we could about these operations in advance of the trip, but the opportunity to see biomass facilities and talk to the people involved in establishing and operating them provided us with a much better feel for what was happening and of the significant progress the Austrians are making in this area of renewable energy, often through the use of producer-owned cooperatives.

First stop: Linz, Upper Austria

Our first stop was in the city of Linz, in the state of Upper Austria. The primary purpose of this visit was to meet Christiane Egger, deputy manager of the O.Ö. Energiesparverband (the Upper Austria Energy Agency). OOE was founded in 1991 by the regional government to promote energy efficiency, renewable energy sources and innovative energy technologies by targeting residential households, municipalities and businesses. She is also the manager of the Ökoenergie-Cluster, a network of 150 companies active in renewable energy and energy efficiency.

Egger was recommended as someone we should talk to by the U.S.-based Biomass Thermal Energy Council (BTEC), a nonprofit association dedicated to advancing the use of biomass for heat and other thermal applications in the United States.

In advance of the trip, we had asked our contacts at BTEC and the U.S. Forest Service for any leads and/or contacts that could help improve our understanding of the Austrian wood-biomass system. Egger had been in the United States several times to discuss the Austrian experience in diversifying their energy mix, most recently last April to address the "Heating the Northeast with Renewable Biomass" conference in New Hampshire.

During our meeting, we talked about the work of her agency in Upper Austria, focusing on some of the specifics pertaining to wood-based biomass. While Upper Austria has taken a comprehensive approach to energy

This district heating facility (left) in Austria is located just down the hill from a historic cathedral. Above: Bins of firewood dry prior to use in the high-efficiency, wood-gasification boilers that are common in Austria. This creates a good market for split logs produced by farmers and forest owners. Above (right): The Pölstal Biomass Logistics Trade Center (BLTC). Photos courtesy the authors

diversification, it has demonstrated significant advances and leadership in the field of biomass heating.

More than 40,000 wood chip and pellet heating installations can be found in Upper Austria, along with some 300 district heating networks and 12 biomass power stations. All of this is occurring in an area the size of Vermont with a population of 1.4 million. These accomplishments owe much to targets having been set early on by the regional government, and further advanced by the availability of comprehensive information, energy advice, awareness-raising activities and financial incentives. Or, as the Austrians like to note, by a combination “carrot-stick-tambourine” approach (the tambourine is a metaphor for the awareness-raising activities underwritten by the state).

The steep upward trend in biomass heating generation in Upper Austria is impressive, but there is still a long way to go before meeting the government’s target of producing 100 percent of the region’s space heat and electricity from renewable energy sources. That is the goal set for 2030, which — if met — would be quite a feat, considering that Upper Austria is a highly industrialized region with an extensive manufacturing base.

Second stop: Hartberg, Styria

From Linz, we headed southeast to the Austrian state of Styria, also known as Steiermark. Here, we met Christian Metschina of the Austria Chamber for Agriculture and Forestry. He gave us a tour of a new facility near Hartberg, known as a “biomass logistics and trade center” (BLTC).

The Hartberg BLTC was opened last fall by the Maschinerring Hartbergerland (Hartberg-area Machine Ring), a cooperative of farmers originally organized to share farm machinery, such as tractors, and to trade labor. We were also hosted by Franz Schieder, managing director of



Christian Metschina (center), of the Styrian Chamber of Forestry and Agriculture, and Franz Schieder (left), managing director of the co-op that owns the Hartberg BLTC, explain their operation to author Scott Bagley. The Styrian Chamber was instrumental in supporting the establishment of the Hartberg center, similar to the way USDA-supported Rural Cooperative Development Centers serve cooperatives in the United States.

the Machine Ring cooperative and who oversees operations of the BLTC.

The BLTC in Hartberg provides a staging and sales outlet for firewood, enabling local customers to have the peace of mind of knowing that they will have a readily available supply of suitable quality wood for their heating needs.

Later in the visit, we toured a pellet mill, but in general, a surprising amount of biomass material consumed in Austria is used as wood chips and firewood. The Austrians have developed some astoundingly sophisticated technologies that have enabled them to engage in large-scale use of these less-processed forms of wood-based biomass. As a result of their technological advances, some of the common arguments against wood heating systems — i.e., that they are inefficient, polluting and a hassle to manage and maintain — are no longer valid, at least where these technologies (and technicians to install and maintain them) are widely available. The Austrian systems are highly automated, so they do not require much attention

once they’re up and running.

Also noteworthy is that the less-processed forms of wood-based biomass require less energy during production, meaning a smaller carbon footprint and a better score on the “carbon neutrality scale.”

While at the Hartberg BLTC, Christian Metschina gave us a short presentation on the development of the facility and described how it fits within the overall cooperative. He also outlined the broader, multi-country learning network and support program from which the Hartberg project emerged. This has involved partners in Finland, Sweden, Germany and several other European countries.

At the time of our visit, the Hartberg facility was the newest BLTC, although another one was launched this past August. The network of BLTCs is expected to operate under certain guidelines to uphold standards. Each BLTC, though owned and operated by independent cooperatives, collaborates with one another for branding and marketing purposes, including

“Wood is not only a crisis-proof and cheap energy source, but also a home-grown raw material that adds local value by creating and securing jobs and income within regions.”

— T. Loibnegger (author of: *Telling the Story in Austria: Sustainable Wood Energy Supply*)

use of a common logo.

Stop 3: Hartberg-area wood energy contractor

Our third stop was at a small farm near the village of Hartberg, where we visited a farmer who is a member of a cooperative that provides energy services — in other words, he is a “wood energy contractor” who sells heat. The cooperative built a heating system and woodchip-storage facility at a member’s farm, which delivers heat (in the form of steam) to neighboring customers through a system of pipes.

The cooperative signs contracts with customers, making it responsible for all aspects of their heating. The cooperative also serves other groups of customers through arrangements that involve renting a cellar or outbuilding to hold the heating systems and for wood chip storage. It then sells heat to the user or owner of the building (and adjacent buildings if they are part of a “district” or network of facilities). Similar systems are in place for heating other groups of buildings and multi-tenant structures.

Stop 4: Weinbach Biomass Logistics and Trade Center

We then drove a couple of hours to Weinbach, also in Styria, where we met Christian Schnedl, the director of the Styrian Forest Owners Association, which has also been helpful in supporting the cooperatives in gearing up as biomass and heat sellers. Our first visit with Schnedl was at another BLTC that provides processing and is a distribution point for wood chips and firewood.

Stop 5: Weinbach-area wood energy contractor

We next visited another wood energy contractor with a set up similar to that

of the farmer we had met earlier. In this case, however, the farmer delivers services through the equivalent of a U.S. limited liability corporation-type business structure, making him a diversified farmer who has added “heat seller” to his resume.

He made it very clear, however, that handling the energy part of his operation is not even close to being a daily task. Once his system was set up, it proved to be extremely low-maintenance and a mostly “hands-off” operation. The system automatically feeds chips to the boiler and sends him updates on his mobile phone and a few times each year indicates when ash needs to be disposed of (which he does by spreading it on his garden).

Stop 6: Pölstal Biomass Logistics and Trade Center

Next we took an unguided tour of the BLTC in Pölstal, which opened in 2007, the first such operation in Styria. Like the other BLTCs, it is cooperatively owned, in this case by 13 farmers. It produces wood chips for use in small-scale heating systems and district heating plants, as well as firewood for residential customers.

Reflections

There are some good reasons why Austria has invested so heavily in support of wood-based biomass and renewable energy. Kicking its dependence on imported oil and avoiding natural gas supply disruptions are two of the major incentives for pursuing renewable energy development. A clear policy framework in Austria on greenhouse gas emissions is another incentive, which has led to an interest in reducing coal use. The opportunity of providing additional markets for Austrian farmers and forest owners is another motivating force.

We also sensed a pride and seriousness within the citizenry in trying to do their part to contribute to climate change mitigation. The alignment and comprehensive nature of their “carrot-stick-tambourine” approach has proven to be an effective way of developing renewable energy industries for the benefit of rural producers. In the United States, we have important programs, such as the USDA Value Added Producer Grants, that can help incentivize cooperative efforts along the lines of Austria’s Biomass Logistics and Trade Centers. But the scale of public and private investments in biomass energy development is overwhelmingly higher in Austria than in the United States, as are resources dedicated to spreading information and awareness of biomass energy to complement and bolster the efforts of private enterprise.

Investigating “best practices” emerging from the cooperative developments in Austria, as well as the programs and policies that are supporting them, can help fine-tune and deploy frameworks for enabling renewable energy to expand biomass energy production in the United States. We met many great people in Austria who are more than happy to share information about their progress and help others, including cooperatives in America interested in developing similar enterprises that are distributed and scaled to more readily benefit rural producers and communities, while also encouraging sustainable land use practices.

As we move forward with our wood biomass industry, we must balance our enthusiasm for expansion of biomass-to-energy developments with a determination that we don’t deplete the resilience and future productive potential of forests and woodlands. ■

Utility Co-op Connection

NRCO helping rural electrics
pursue renewable energy



The 35 wind turbines of the Stony Creek Wind project can produce a combined 52.5 megawatts of power. Southern Maryland Electric Cooperative and Old Dominion Electric Cooperative in Virginia are purchasing power from the project. Photos courtesy Stony Creek Wind

By Anne Mayberry
Public Affairs
USDA Rural Development
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any electric
cooperatives have
embarked upon
significant changes in
the way they provide

electricity to rural members. One of the more significant changes is the growing use of renewable fuel to produce electric power.

To assist with the development of renewable energy, rural electric cooperative utilities across the country have joined forces to form a new cooperative: The National Renewables Cooperative Organization (NRCO).

This new co-op for cooperatives was established in 2008 to find ways for rural electric cooperatives to access a diversified, renewable-power portfolio. Because renewable resources are not evenly distributed throughout the country, gaining access to wind, solar, geothermal and biomass fuel resources is much harder for co-ops in some regions.

Most states now require electric utilities to establish renewable portfolio standards and supply electricity from renewable-energy resources by a specific date, so many rural electric cooperatives are looking for reliable and affordable sources of “green energy.” This is where NRCO plays a role.

Cooperative members of NRCO can either purchase power from, or invest in, renewable energy projects. This helps cooperatives without access to renewable resources to tap into renewable energy. As the rate of development of renewable resources increases, NRCO can help cooperatives meet government requirements.

Initial agreement delivers wind power

NRCO recently announced its first agreement to provide wind power to two member-systems: Southern Maryland Electric Cooperative Inc. (SMECO) and Old Dominion Electric Cooperative (ODEC) in Virginia. NRCO is making this happen through an agreement with E.ON Climate & Renewables North America, a subsidiary of E.ON AG, one of the world’s largest energy companies.

Under the purchased-power agreements, the two cooperatives (SMECO and ODEC) will purchase wind power from the Stony Creek Wind Project for the next 18 years. Located in Somerset County, Pa., on a surface mine that once produced coal, the 35 Stony Creek wind turbines have a total possible output of 52.5 megawatts.

“The Stony Creek Wind project will help SMECO meet Maryland’s renewable portfolio standard,” says Joe Slater, SMECO’s chief executive officer. “This agreement will provide a long-term source of renewable power at a competitive cost. It is an innovative way



to use the cooperative business model — which has been successful in delivering electric power to rural areas for nearly 75 years — to help rural electric cooperative utilities participate in renewable energy projects, benefitting rural communities.”

In addition to benefitting the environment, increased use of renewable resources represents a major economic opportunity for rural areas, adds Jonathan Adelstein, administrator of the Rural Utilities Service of USDA Rural Development. “Rural America has the ability to supply this nation’s growing energy requirements,” Adelstein says. “By 2025, rural America is likely to provide 25 percent of our total energy needs. Renewable energy development promotes energy independence and creates jobs in rural communities. It is no surprise that rural electric cooperatives are leading the way.”

According to data from the National Rural Electric Cooperative Association (NRECA), nearly 90 percent of the nation’s cooperatives offer renewable energy options to consumers. About 11 percent of the electricity that cooperatives distribute is generated from renewable fuel sources, including hydropower.

Aggregating demand

The idea for a renewable energy cooperative originated with discussions

on how to address a fairly new, but quickly growing, industry issue.

“NRCO is the result of discussions among generating and transmission cooperative utilities that wanted more access to renewable projects. This has grown as an issue — driven both by consumer requests and, more recently, renewable energy and (potential) carbon legislation,” explains Todd Bartling, NRCO director of renewables development. “As a cooperative entity, we are promoting the use of renewable projects and facilitating their development. Our role is to aggregate demand.

“You need critical mass for financing these projects and to get them built,” Bartling continues. “Ultimately, we look for projects that make sense for our members. The long-term benefit is the potential for us to own and develop projects to meet member needs.” Bartling says that wind projects are popular because they can be constructed within a year, while woody biomass projects take several years to build.

In addition to developing renewable power, SMECO’s goal is to offer a diversified energy portfolio, which can help reduce the volatility of power prices by offsetting fluctuations in fuels such as natural gas. The cost of power represents the biggest portion of rural electric cooperative utilities’ operating expenses.

Power-purchase contracts that expire at the same time traditional fuel costs increase can pose affordability issues for both business and residential consumers. “We look for ways to diversify our energy portfolio in keeping with our risk-management policy and keeping our rates affordable,” Slater says. “The Stony Creek Wind agreement does that.” ■

Canadian farmers see benefits of local farm machinery co-ops

By Colette Lebel

Director Cooperative Affairs

La Coop fédérée

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Editor's note: this article is slightly condensed from the July-August issue of Le Coopérateur agricole, the member publication of La Coop fédérée, based in Montreal, Quebec.

Photo courtesy La Coop fédérée



It's true, our farm machinery cooperatives (FMCs) are new and relatively few. But they still deserve attention and support because they help to focus our vision on sustainable development. The notion of sharing naturally leads to a logical way of farming in terms of economics, environmental conservation and maintaining good neighbor relationships.

Not surprisingly, economics is probably what motivates most farmers to subscribe to an FMC. The beneficial impact of an FMC on a farmer's budget can easily be proven. By sharing the equipment's ownership, the cost of purchasing and operating the equipment is reduced for each member. This boosts profitability and thereby helps members to meet other budgetary obligations.

In terms of the environment, farm machinery cooperatives also encourage responsible consumption of resources. The equipment's "life cycle" begins with the consumption of a huge amount of energy when it is manufactured. When obsolete and discarded, farm equipment can become a blot on the landscape. Limiting individual consumption by sharing material is therefore a responsible gesture for the environment.

FMC fills gap when sawmills close

Several sawmills in the Abitibi region of northwestern Quebec used to supply farmers with inexpensive, good-quality livestock bedding (litter). For the past few years, the forest industry has been experiencing a crisis that has resulted in the shutdown of several of these plants. The La Sarre and Macamic hospitals, in the Abitibi region, have also endured the loss or reduction in waste wood to supply their biomass boiler, which heats their buildings.

The FMC of Abitibi-Ouest has, since 2007, been involved in a pilot project that is helping to offset the lost residual wood supplies

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La Coop fédérée: a strong network for farmers and consumers

By its nature as a cooperative – rooted in Quebec's agricultural industry – and by its key role in the greater agri-food chain, La Coop fédérée and its network are natural partners to those who take to heart the harmonious development of the country's rural and semi-urban areas.

La Coop fédérée now represents some 90,500 members divided among 109 cooperatives of all types, from agricultural supply

cooperatives to consumer cooperatives to processing cooperatives. These cooperatives meet a wide range of needs for agricultural producers and consumers who have joined together to gain access to competitively priced, high-quality products and services.

The cooperative employs 11,336 people in Quebec, Ontario and Alberta, and generates sales nearing \$3.9 billion [Canadian] annually.

As a wholesaler, La Coop fédérée provides agricultural producers from Quebec, Ontario and New Brunswick with the goods and services essential to operating their businesses, including oil products. Via its subsidiary, Olymel I.p., La Coop fédérée processes and markets pork and poultry to local and international markets. It also oversees other activities with the help of co-enterprises, such as merchandising pork genetics and soybeans for human consumption.

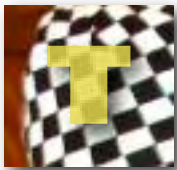
La Coop fédérée is also responsible for keeping the agricultural cooperative movement's community life alive, as well as promoting the interests of its members to various public authorities and to the general population. ■

The camp co-op store was popular with camper-members, who voted to donate the proceeds to charity. Photo by Bob Kjelland



Student-run supply co-ops short-lived, but the concepts they teach live on

Editor's note: article courtesy National Farmers Union



he business cycle may be speeding up these days, but consider the case of a supply cooperative that is capitalized, patronized and then liquidated all in the space of a week. Does this sound improbable? Yes. Educational? Definitely, and — in the end — that is the reason the co-op existed, if only briefly.

To introduce youth to the concept of cooperative businesses, summer camps hosted by state and national Farmers Union organizations guide campers through the business of cooperatives by having the students actually begin their own co-op. Based on a proven business model that meets an obvious need, these co-ops sell the “essentials” campers need: soft drinks, chips, ice cream, sunscreen and souvenirs. More

recently, the offerings have come to include a wider choice of healthy snack foods.

On the first day of camp, staff or education directors explain how cooperatives work and why they are different from other types of businesses. Campers are given the choice of forming their own snack supply co-op.

Given the market need, this choice results in youth investing some of their pocket change in shares in the new cooperative. It doesn't stop there. They also elect a board of directors, hire a manager and prepare a marketing plan.

Time and money on the line

“Encouraging youth to form their own camp co-op stores incorporates all kinds of learning opportunities,” says Maria Miller, education director for National Farmers Union. “Our curriculum focuses on leadership for rural America. When young people put their own time and money into their

own cooperative, they become more serious about being actively involved in a project. And, they employ the organizational and leadership skills that they can use when they return to their hometown communities or college.”

Gina Dethlefsen of South Dakota was president of the co-op board elected by youth attending All-States Camp July 11-16 at National Farmers Union's Education Center at Bailey, Colo. She found that this “learn-by-doing” approach really connects with the participants. “I have learned all the necessary parts that it takes to have a fully functioned cooperative,” Dethlefsen says. “I have also learned that it takes a lot of responsibility to have a successful cooperative that people want to buy shares in.”

At the end of camp, the co-op board gives the financial report. This includes shares sold, overall sales and profits to members. The campers — make that

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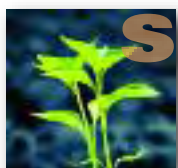


Taking Root

The nation's network of cooperative development centers are a primary force in the creation of new cooperatives and support for existing cooperatives. The centers also play a major role in helping to spread knowledge of the cooperative system of business. Through its Rural Cooperative Development Grant (RCDG) program, USDA Rural Development is a supporter of these centers, a number of which are featured on the following pages, along with examples of some of the cooperatives they have helped launch or otherwise provided support for. As we observe Cooperative Month in October, it is fitting that we recognize the important contributions that these centers are making to the nation's cooperative business system.

Northwest Cooperative Development Center

Olympia, Washington



Services provided and area served:

Northwest Cooperative Development Center (NWCDC) acts as an advisor and provides facilitation and access to information and tools that promote effective cooperative business governance and management. Specific services include feasibility assessment and analysis, organizational development, cooperative education, business planning, strategic planning, market research, board training and grant writing. NWCDC is a nonprofit 501(c)(3) organization, working with co-ops in Hawaii, Idaho, Oregon and Washington.

Center history:

Founded by cooperatives in 1979, NWCDC has grown into the

Northwest's leading provider of co-op business development services. Formerly known as Puget Sound Development Foundation, the Center's mission is to promote and strengthen cooperatives in the region. In the spring of 2000, NWCDC was reorganized and renamed to include a broader geographical area. To maximize resources, skills and expertise, NWCDC works collaboratively with community, government and economic development agencies, as well as established cooperatives.

Noteworthy project:

NWCDC works in a variety of sectors involving consumer, producer and worker cooperatives. The Center endeavors to provide consistent quality services to its clients. NWCDC recently entered into the ROC USA

Network as a certified technical assistance provider to residents of manufactured-home communities seeking to purchase their property. As a member of the ROC USA Network, NWCDC has access to 100 percent commercial financing with reasonable terms and conditions through ROC USA Capital. The Center's professional staff can efficiently determine community residents' interest in purchasing a property. Staff can help them form a cooperative corporation to purchase the community and manage it on their behalf.

Impact of project on community/area:

ROC USA supports homeowners in their desire for economic security

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Cowiche Growers: dedicated to producing quality fruit and spreading co-op concepts

Since 1923, Cowiche Growers has packed and shipped some of the finest Washington apples and pears, which it grows in the fertile soils of the Yakima Valley. As a grower-owned cooperative, it is committed to the preservation of the family farm. As a supporter of NWCDC, it is also committed to helping to promote the development of new cooperatives in the Northwest.

"Grower-owned cooperatives give small family farmers the unique ability to compete with large commercial growing operations," says Mike Sliman, the co-op's president and general manager. "Over the years, the value of the Northwest Cooperative Development Center has been invaluable to our success. The opportunity to go to one source to get assistance for planning, education and training on cooperative matters has been especially helpful."

This grower-owned cooperative currently consists of more than 65 members who farm about 3,000 acres, where they produce apples, pears and cherries. The volcanic and alluvial soils in the valley are rich and the growing season is long. The warm days and cool nights naturally enhance the color, crispness and quality of the fruit.

Cowiche Growers provides cold storage and packing facilities for its members. Modern, state-of-the-art packing facilities and controlled-atmosphere storage enable the co-op to provide high-quality fruit to its customers year round.

Its facilities, situated on 27 acres, are centrally located to

the farms, allowing for quick and functional procession from the tree to the packed box. The co-op's fruit is sold through Domex Superfresh Growers, one of the top fresh fruit marketing firms in Washington state. The co-op packs about 1.5 million boxes of apples per year.



Top: Antonio Artega and his son, Carlos Lopez, and the Chuck and Debbie Turner family (above) are members of the Cowiche Growers cooperative, which packs about 1.5 million boxes of apples annually. Photos courtesy Domex Superfresh Growers and Cowiche Growers



through resident ownership. Goals are to: preserve and improve affordable communities; build individual assets; and foster healthy, mutually supportive communities and leaders. NWCDC is currently in the process of assisting the conversion of five manufactured-

home communities in Washington and Oregon that represent more than 600 households.

Quote from staff member:

"The moment is transformational when residents recognize that they are moving

from a rental relationship — where they had no control over their home security — into an ownership position with their neighbors." — *Ben Dryfoos-Guss, Manufactured Home Cooperative Development Specialist* ■

Paradise Home Care Co-op meets critical need

Services provided and area served:

Paradise Home Care Cooperative (PHCC) is a worker-owned business with a mission to be the premier home care provider in Hawaii County (on the Big Island). PHCC represents professional, compassionate worker-owners devoted to helping their clients live comfortably and independently. The members are dedicated to enhancing the well-being of others through innovative, loving care and commitment to serve the community.

Cooperative history:

PHCC has been six years in the making. Beginning with a 2004 USDA grant from the Rural Home Care Cooperative Demonstration Program, the Big Island Community Task Force was formed to establish a home care co-op in East Hawaii County. Results of the feasibility study, completed in 2006, were favorable.

With the assistance of the Northwest Cooperative Development Center (NWCDC), charter members completed a business plan and

secured a working-capital loan. The loan came as a result of an application by NWCDC to USDA to establish a revolving loan fund through the American Recovery and Reinvestment Act of 2009.

Growing need:

The need for businesses that can retain a workforce of caregivers is crucial for the growing population of people needing in-home care, which this co-op will help to address. In an industry plagued with high turnover, the cooperative business model supports an environment where workers have incentives to stay on the job for the following reasons:

- The majority of workers are co-op members, and, as such, own the business;
- Owning the business — with hired professional management — enables worker-owners to do what they do best: provide care.
- Profits go back to co-op workers via higher wages and patronage dividends for members.
- Benefits worker-owners receive include health insurance and someone to offer back-up care for clients when workers are ill or on vacation.

Impact on community/area:

PHCC represents a major employer in the sparsely populated Puna District of Hawaii County. In its first year of operation, it will employ about 15 caregivers and support staff; it expects to grow to 50 caregivers over the next five years. ■



Tim O'Connell, of USDA Rural Development's state office in Hawaii, explains the steps required to form a worker-owned cooperative during a workshop held prior to the formation of the Paradise Home Care Co-op.

Kentucky Center for Agriculture & Rural Development

Elizabethtown, Kentucky



When Larry Snell was asked in 2002 to head up the then-new Kentucky Center for Agriculture and Rural Development (KCARD), he never imagined the organization would become a leading resource for entrepreneurs and established businesses in Kentucky and beyond.

"I knew the business development services that KCARD was designed to provide to the community were needed in Kentucky," says Snell, KCARD executive director. "That is what intrigued me about the job. But we have gone far beyond what I originally envisioned when the organization was first beginning."

Today, KCARD has clients across the commonwealth, ranging from individuals or producer groups with only an idea for a new business, to established cooperatives or businesses looking at ways to become more profitable in a challenging economy. The KCARD staff provides a wide array of services to assist clients at all levels.

"KCARD is dedicated to facilitating the development and growth of agricultural and rural business throughout our state," explains Snell. "We have an experienced and professional staff to help analyze a business idea, to help structure and incorporate the business and to assist with capitalizing, management, marketing, accounting and legal concerns."

Fostering business success

KCARD is a nonprofit 501(c)(3) organization. Its mission is to foster business success and growth in rural Kentucky by developing and delivering technical assistance and by providing educational opportunities for agricultural and rural businesses seeking



Chaney's Dairy Barn near Bowling Green, Ky., has found success with agri-tourism, including a giant corn maze, homemade ice creams and crafts. Debra Chaney (above) discusses the corn maze with Kentucky Ag Commissioner Richie Farmer.

to enhance their economic opportunities. As a cooperative development center, KCARD is dedicated to improving the economic conditions of rural Kentucky by promoting new cooperatives and continuing efforts to improve existing cooperatives.

KCARD's staff is familiar with various types of incorporated agribusinesses and consults with groups on critical questions related to organizing, incorporating, financing, management, marketing, accounting and legal concerns. It networks with other cooperative development centers and state and national organizations to assist with all aspects of agribusiness development.

One important business service the Center offers is Strategic Profitability Planning & Implementation (SPPI), a very intense, hands-on service. During the SPPI process, KCARD helps the

business identify opportunities to improve profitability, develop steps to address and follow up on these opportunities, and monitor and guide the implementation of the action steps outlined. SPPI includes many strategic planning components, but it focuses more on short-term actions to improve profitability.

KCARD plays a much larger role than just acting as a facilitator in the group's planning. KCARD is also very involved in the implementation of the action plan developed and stays involved after the initial implementation.

SPPI can be a very effective tool for a business to improve its operations, but the SPPI requires a strong commitment from the business' management team members if it is to have a positive impact on the business' bottom line. SPPI requires a series of working group meeting about six to eight weeks apart.

BMOA reveals strengths, weaknesses

The Business Management and Operations Analysis (BMOA), a comprehensive study of a business' operations, is another support service offered by KCARD that is growing in popularity. Snell explains that the objective of the BMOA is to provide management and the co-op owners and board of directors with information and materials that will help in planning and decisionmaking. During the analysis, the strengths, weaknesses, opportunities



and threats facing the business are identified. At the end, KCARD staff provides the business with benchmark materials from which to measure progress and growth during the next few years.

“This is really a hands-on process,” says Snell. “It is an intense, week-long study of the business’ operations.”

During the BMOA, KCARD interviews key business personnel (board members, manager, and key staff), members/owners, customers, suppliers and community leaders to identify common themes in the business operations. KCARD also conducts a detailed investigation into the financial condition, recordkeeping and legal documents of the business. A verbal report is given to the business immediately after the completion of the BMOA and is followed by a written report.

“A BMOA is an intensive process where you not only work with the client, but also with their staff, suppliers and customers,” says Snell. “To make the BMOA successful, it takes the commitment of the business owners not just during the evaluation, but to implement recommendations once the analysis is complete.”

Partnering for success

“Over 70 percent of the agribusinesses that KCARD has worked with since 2002 are still in business today, and many of them have experienced significant growth,” Snell says, noting that these businesses create many jobs.

Snell is quick to say that this success would not be possible without the Center’s board of directors and other agriculture organizations that collaborate with it. “They are critical to the daily operations and continuing support of the organization,” he says. Snell also points out that it would not

be possible to operate without the financial support provided by the Rural Business-Cooperative Service of USDA Rural Development and the Agricultural Development funds provided by the Kentucky Agricultural Development Board.

“We owe any success that KCARD has had in working to grow and improve our state’s rural economy to these individuals and agricultural partners,” says Snell. “They deserve the credit for any accomplishments that KCARD has had in developing successful, sustainable agribusiness across our state.”

KCARD was incorporated as a nonprofit in February 2001 by a group of Kentucky agricultural leaders representing the University of Kentucky, the Kentucky Council of Cooperatives, Kentucky Department of Agriculture, Kentucky Farm Bureau, CoBank and others. ■

Campbell County Beef co-op members deliver processed beef to customers; it all starts with members’ herds grazing on rich Kentucky pastures.



Campbell County Beef Association

The Campbell County Beef Association (CCBA) is a cooperative of beef producers who are jointly marketing naturally grown “freezer” beef. CCBA incorporated as a cooperative in the winter of 2010 and began operations early in the summer of 2010. Kentucky Center for Agriculture and Rural Development (KCARD) attended numerous meetings of the steering committee, provided educational resources on the

cooperative business structure, assisted with drafting the articles of incorporation and bylaws and developed a comprehensive business plan.

CCBA expects to market 50 head of beef produced by nine local farmers direct to local consumers this year. The co-op has already asked KCARD for further assistance in developing a more comprehensive marketing plan in the near future. ■

Indiana Cooperative Development Center

Indianapolis, Indiana



The Indiana Cooperative Development Center (ICDC) is a nonprofit organization founded in 2003 to fill a void in services for cooperatives in Indiana. The Center is committed to providing a range of innovative, results-oriented and cost-effective services to cooperatives and related organizations.

The Center provides technical assistance and education to help start-up and emerging cooperatives across a wide variety of industries. Drawing on the skills and expertise of an experienced and knowledgeable staff, ICDC has participated in the development and launch of cooperative organizations of all kinds, including retail food cooperatives, community supported agricultural associations (CSAs), aquaculture, farmers markets, renewable energy, childcare and housing, among others.

Four years ago, the Center hosted the first Cooperative Summit in Indiana, which has been held annually since then. The mission of this day-long event is to provide a forum for networking, to promote cooperative businesses and to increase opportunities for cooperative business-to-business relationships. This year's Summit is scheduled for Nov. 5 and will focus on the theme of "communications."

"We have a stellar line up of speakers," says Debbie Trocha, ICDC executive director. Summit speakers include: Martin Lowery, executive vice president for external affairs with the National Rural Electric Cooperative Association; Roberta MacDonald, senior vice president of marketing for Cabot Creamery Cooperative; Susie Hinkle, cofounder of Direkt Approach (a training and consulting company) and David Cain, president of MediaSauce.

This year will mark the introduction

Laughery Valley Co-op meeting need for local food

Laughery Valley Growers Cooperative (LVGC) in Batesville, Ind., serves as an aggregator of fresh fruits, vegetables and produce for its grower-members to supply their Community Supported Agriculture (CSA) association. The CSA has many local subscribers around Batesville, but the primary customer base is in Cincinnati, Ohio. A partnership with the Greater Cincinnati Healthcare Council (GCHC) and Christ Hospital, less than 50 miles away, helped increase the CSA's subscriptions.

Cooperative history:

LVGC was formed five years ago by several area growers to better market their produce. ICDC helped in the formation of the co-op and with director training. The number of grower-members continues to increase and the customer base has tripled since the early days.

As their partnership with the GCHC continues to grow, LVGC will need to increase the number of growers to keep pace with the increase in CSA subscribers. LVGC plans to form an educational arm to educate new subscribers, many of whom are from the urban sector, about co-ops. Due to the increase in subscribers, the LVGC is experiencing growing pains as it struggles to identify new facilities for the packaging and processing of the food boxes for its subscribers.

Impact on community/area:

Now that the member-producers have a steady and growing demand for their produce, these predominantly small farms have become economically sustainable. The growing demand for local foods has also created a heightened interest among new and beginning farmers.

The local farmers' market has highlighted the co-op and its success, which in turn has led to increased success for the farmers' market. Increased consumer demand for local foods has helped increase the viability and sustainability of the region's small farmers.



Produce from the Laughery Valley Growers Co-op is boxed for delivery to its CSA subscribers.

"The Indiana Cooperative Development Center has played a significant role in the evolution of our local initiative to empower family farmers in our area to create direct markets for their produce," says Sister Claire Whalen, executive director of the Laughery Valley Growers Cooperative. ■



of new awards that will be presented during the conference: the Cooperator Community Service award and Cooperator Heroes award. "We want to recognize the outstanding

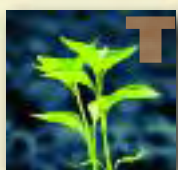
contributions made by cooperators to both their cooperatives and to their communities, says Trocha. Details about the summit can be found at: www.icdc.coop or www.indianasummit.coop.

Assistance from the ICDC has led to the successful development and launch of a number of cooperatives in Indiana

which, in turn, have helped to anchor and improve the economic stability of their rural communities.

According to Trocha, "The cooperative model is a sustainable form of business that empowers people and enhances the economic stability of the communities in which they operate and grow." ■

Rural Electric and Telecommunications Development Center Mandan, North Dakota



The Rural Electric and Telecommunications Development Center serves all of rural North Dakota by providing technical assistance to emerging and expanding cooperatives and mutually owned businesses. Hosted by the rural electric and telecommunications cooperatives across the state, the Center has been operating since 1994. Its mission is to: Add new wealth to the economy by creating, retaining and expanding rural cooperatives and other primary-sector business enterprises.

Services provided:

The staff works with farmers and other rural residents to assist them with the development of ventures such as agriculture processing facilities, manufacturing companies, rural housing, grocery stores and supply cooperatives. The Center staff guides projects through all the steps of business development, from start to finish.

It provides assistance with:

- Developing the organizational documents;
- Fundraising for development work;
- Completing feasibility studies;
- Business planning;
- Selecting qualified consultants;
- Conducting equity drives;

- Developing finance packages;
- Providing start-up administrative services.

The Center also brings innovative



Hayrides were part of a dairy social held at the recently expanded Kenton Holle farm.

ideas to rural North Dakota by organizing semi-annual Rural Developers' Roundtable Talks. These events feature an innovative development concept that can easily be replicated in other rural areas, while providing rural developers and resource providers with an opportunity to network.

Noteworthy endeavor:

Many dairy farmers are being pushed out of their current locations by urban sprawl. In response to a rapidly declining dairy industry in North Dakota and a regional dairy processing cooperatives' desire for a supply of

locally produced milk, the center launched a program to help increase the number of dairy cows in the state. This was accomplished by helping producers expand their operation and by relocating displaced farmers from other states to North Dakota.

Through this program, the Center has helped to attract six new dairy farm families to rural North Dakota. These families milk 3,700 head that generate \$26.9 million in milk sales annually — a critically important new source of economic wealth for their

rural areas.

Quote from director:

"As rural populations continue to decline in North Dakota, more communities are seeking the assistance of the Center to help them work together to provide for their area's needs, whether by organizing cooperatively owned grocery stores, housing or daycare centers. Through our connections in the state's economic development community, our Center is poised to assist a wide variety of business development projects." — *Lori Capouch, Center Director* ■

Nebraska Cooperative Development Center

Lincoln, Nebraska



The Nebraska Cooperative Development Center (NCDC) at the University of

Nebraska-Lincoln is Nebraska's center for cooperative-based businesses development. It provides education, training and technical assistance to developing and existing user-owned business — including cooperatives, limited liability companies (LLC) and other business structures. The Center is committed to creating sustainable communities in Nebraska in which people work together to meet their needs and reach their goals.

Among specific services offered are: strategic planning; group facilitation; access to outside professional services, such as legal and accounting services; assistance with feasibility studies; market analysis and business plan development; financial projections and budgeting assistance; project management; assistance with membership development and development planning and training.

Center's mission:

To build a strong, engaged and sustainable network of people with access to local, state and national resources; that is dedicated to assisting people in rural areas by helping them to work together to increase their incomes via cooperative development, and to help facilitate value-added opportunities.

Center goals:

- Create and/or expand successful group efforts, including cooperatives, that promote value-added agriculture, local food systems, renewable energy and “main street” businesses, as well as other types of entrepreneurship;
- Increase cooperation and sharing among producers, especially those



Staff members of Community CROPS (Combining Resources, Opportunities and People for Sustainability) help grow healthy food on 16 community gardens around Lincoln. Photo courtesy CROPS



- who are interested in exploring the possibility of transitioning to a new type of agriculture;
- Provide customized and continuous service to organizational groups throughout the life of relevant projects;
 - Facilitate and support favorable public policy by increasing the awareness of rural people's needs and the role of cooperative development.

Buy Fresh, Buy Local Nebraska

"Buy Fresh, Buy Local Nebraska" is an outreach and marketing initiative to promote and support local foods. The initiative began in 2006 after much research by a group of consumers, farmers, nonprofits and small local businesses that were seeking ways to benefit all Nebraska communities.

The Buy Fresh, Buy Local Nebraska initiative includes

media outreach and public events to raise awareness of the benefits of eating locally and the diversity of local food options available, and to increase the visibility and viability of a locally based food system. Members of the effort include farmers, restaurants, institutions and groceries.

"Anyone who meets the criteria is welcome to join," says NCDC Cooperative Business Development Specialist Elaine Cranford. "There's a place for

Everything under the Nebraska sun



From early May through mid-October each year, more than 10,000 shoppers visit the Omaha Farmers Market in the city's Old Market for fresh produce, smoked meats, jams, gourmet baked goods, flowers and everything else under the sun. It is one of dozens of farmers markets, CSAs (community supported agriculture) and other local farm operations that are working together under the marketing umbrella of Buy Fresh, Buy Local Nebraska (visit: www.buylocalnebraska.org for more information).

Even chefs from nearby restaurants frequent the market to stock up on just-picked tomatoes, salad greens, berries and more. Two Saturdays each month, they share their tricks-of-the-trade (and offer delicious samples) for customers in the

The Omaha Farmers Market attracts more than 10,000 shoppers annually.





everyone at the table...farmers, restaurants, groceries as well as friends of Buy Fresh Buy Local Nebraska" (see sidebar). This collaborative effort was founded by the University of Nebraska-Lincoln's Nebraska Cooperative Development Center, the Nebraska Sustainable Agriculture Society and Great Plains RC&D.

The national partner in the effort is the FoodRoutes Network, established in 1997

to foster and promote sustainable food systems in regions of the United States by using state-of-the-art communications techniques and public policy innovations. In 2000, FoodRoutes Network became a nonprofit, 501(c)(3) organization focused on having an impact on the public policy arena, generating marketplace opportunities and stimulating partnerships around sustainable food systems. There are currently 75 Buy Fresh Buy Local chapters in the United States. ■

market's demonstration area.

The market traces its roots back nearly 100 years, to a farmers' market that operated on the corner of 11th and Jackson Streets. Until 1964, this was where growers came to sell everything from fruits and vegetables to herbs and honey. After a hiatus of 30 years, the Omaha Farmers Market was revived in 1994 on the very corner lot where the original market thrived.

CSAs also join in

Another organization active in the "Buy Fresh" effort is Community CROPS (Combining Resources, Opportunities and People for Sustainability), a community gardens project based in Lincoln, which helps people work together to grow healthy food and live sustainably.

Community CROPS, which started with one community garden in 2003, has grown to become an organization of 16 community garden sites, a training farm, a successful Community Supported Agriculture program and a regular stand at the Old Cheney Road Farmers' Market, among other efforts. It currently has five full-time staff positions, three AmeriCorps members and numerous volunteers who help with projects, as well as a group of farmers and gardeners.

"Our gardens provide the opportunity to share knowledge, educate, experience personal growth, and provide green spaces for mental, spiritual and physical healing and well-being," the group's website says. "We are creating a resilient system where people can earn a living by feeding our community and conserve precious resources for future generations." For more information, visit: www.communitycrops.org.

Family farm direct marketing

Farm families with their own direct marketing efforts are also members of the Buy Fresh network, including Doug and Krista Dittman, owners of Branched Oak Farm. As the stewards of a 230-acre dairy farm 15 miles north of Lincoln,



Krista Dittman and Charuth Loth with an array of their specialty cheeses.

Doug Dittman says "We take pride in knowing that our products are made with sustainable, certified organic methods and with a positive impact on the environment.

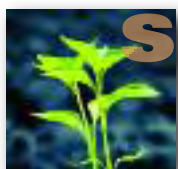
Branched Oak Farm, in the hills of eastern Nebraska known as the Bohemian Alps, was started by Doug in 1991. When he married Krista in 1999, they began raising grass-fed beef and free-range chickens. Customers began asking for milk, which led them to buy some Jersey cows, build a dairy facility and start milking.

They then joined forces with friends Charuth and Kevin Loth and started making cheese. Charuth Loth had produced goat cheese under the ShadowBrook Farm's Dutch Girl Creamery label, while Krista Dittman produced cow-milk cheese under the Branched Oak Farm name. Through this collaboration came Krista and Charuth's own corporation: Farmstead First LLC, which NCDRC provided technical and other assistance in forming. Farmstead First, LLC Branched Oak Farm is now a fully functioning, certified-organic, grass-based dairy specializing in creating farmstead cheeses. ■



Cooperative Development Institute

South Deerfield, Massachusetts



Services provided and area served:

The Cooperative Development Institute (CDI) provides education, training, networking and technical assistance, including organizational development, feasibility assessment, business planning, strategic planning, marketing, communications, financial systems and board training. Clients are existing and start-up cooperatively structured enterprises in New England and New York. These clients come from all business sectors: food, housing, energy, agriculture, arts, health, forestry, fisheries, retail and more.

Center history:

In 1994, a broad range of

cooperative leaders from the agricultural, telecommunications, worker-ownership and financial sectors who shared a vision of a thriving cooperative economy in the Northeast came together to form CDI. The Institute has been a leader in cooperative development in the region and as an advocate that works with partners throughout the country.

Noteworthy endeavor:

At the 2010 National Cooperative Business Association annual conference, "Co-ops Seeding Co-ops," CDI presented an analysis of the ways that existing cooperatives can meet more member and community needs by investing in new cooperative enterprises, through spin-offs, supply-chain management or diversification.

The presentation was inspired, in part, by CDI's participation in the development of Maine Organic Milling. This effort involved the Organic Valley/CROPP Cooperative helping its Maine dairy farmer-members to purchase and operate an organic feed mill as a farmer-owned cooperative (see sidebar). In the coming year, CDI plans to leverage its cross-sector co-op expertise to bring multiple benefits to new manufactured-home park cooperatives in the region, including helping them to form energy and food-purchasing co-ops.

Impact on area:

Since 1997, CDI has worked intensively with well over 150 start-up and established cooperatives to launch

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Opposite page: Bill Andrews Jr., left, delivers a load of organic grain to Maine's first organic feed mill, where he is met by Gregg Varney. Left: Jason Jordan of Lewiston loads a truck. Photos by Daryn Sloven, courtesy Sun Journal

Milling co-op crucial to Maine's organic dairy farms

Maine Organic Milling in Auburn is a farmer owned cooperative, organized in response to the closure of Maine's only organic feed mill.

"When the mill in Auburn stopped operations, it left many Maine organic dairy farms with limited options," says Steve Russell, an Organic Valley/CROPP Cooperative farmer-owner and member of the Maine Organic Milling's board of directors. "As local, organic dairy farmers, it is essential to our businesses — and, frankly, to the survival of our farms — to source the highest quality organic feed for our animals at prices that keep us profitable. We need this feed mill right in our own backyard. Our cooperative model and the attitude of banding together is what made this come together."

Discussions among farmers began in June 2009 about whether it would be feasible to buy and operate the former Blue Seal feed mill. These talks were joined by a team of resource people, including: cooperative specialists from the Cooperative Development Institute and USDA Rural Development; a business counselor from the Small Business Development Center at the Androscoggin Valley Council of Governments; an agricultural business management specialist from the Maine Department of Agriculture; an agriculture and real estate business consultant; and the farm resources manager from Organic Valley/CROPP Cooperative.

Together, farmers and their advisors worked through the complex feasibility study, business planning, organizational development and financing needed to leverage the commitment and capital to buy the mill. Papers to seal the deal were signed in January 2010.

Along with member equity, the new cooperative received

financing assistance in the form of donations and preferred stock purchases from supporting organizations, as well as loans from the Maine Rural Development Authority and the Agricultural Marketing Loan Fund. The co-op is partnering with Organic Valley/CROPP for ingredient sourcing, inventory, technical support and logistics.

"The relationship between Maine Organic Milling and Organic Valley represents a unique cooperative partnership," says Lowell Rheinheimer, CROPP's farm resources manager. "It offers an example of two cooperatives cooperating together for mutual benefit in fulfillment of their common mission."

Maine Organic Milling, or MOM, began selling high-quality, competitively priced complete organic dairy concentrate in May 2010. It didn't take long for rave reviews to come back from the initial buyers. Dairy producers reported that cows took to the new feed very well and maintained good production.

Surprisingly, the butterfat and protein components of their milk shot up even as their cows spent more time on pasture, compared to past years. Since dairy producers get paid according to their milk components, they are a happy bunch.

Indeed, "this new cooperative business is happy news for all Maine's organic livestock and poultry farmers," says Lynda Brushett of the Cooperative Development Institute. "As their operations evolve, these farmers will have access to locally milled and mixed feeds and to grain farmers, who will have a new market." ■



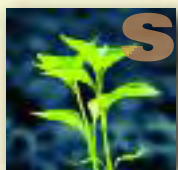
new businesses, expand existing operations and address critical business issues. These cooperatives collectively serve more than 10,000

members; employ more than 150 people (not counting their contribution to the livelihood of many small producers); strengthen the region's local food system; expand clean energy choices and provide good homes and jobs.

CDI's vision is to help promote "a

cooperative economy centered on an inter-dependent, dense network of enterprises and institutions that meet their members' needs through principled, democratic ownership; they will care for the community, combat injustice and inequity and promote conscious self-governance." ■

Montana Cooperative Development Center *Great Falls, Montana*



Services Provided and Area Served:

The Montana Cooperative Development Center (MCDC) provides cooperative education and project management; assists with feasibility studies, business and marketing plans; provides assistance in the development of articles of incorporation and bylaws; and provides clients with access to local, state and federal funding sources. It also analyzes resources, assesses project eligibility, structures financial packages and develops applications. MCDC, which covers all of Montana, offers grant writing assistance and provides direct financial assistance for legal costs.

MCDC history:

Since its inception in 1999, MCDC has provided hands-on, cooperative education and project management assistance to 123 entities. It has managed and directed 44 feasibility studies and managed and directed 58 business and marketing plans. The Center has also provided legal assistance to 41 projects, provided financing for 37 projects and provided 21 entities with applied research. The Center has provided training for 75 projects and guided the formation of 34 cooperatives.

Noteworthy projects: Linx Regional Transportation Cooperative

Linx Regional Transportation Cooperative was formed to maximize the use and integration of transportation resources to close service gaps through the creation of a tri-state (Montana, Idaho and Wyoming) bus service. The cooperative's service area covers more than 73,992 square miles, which includes many under-served areas. Because of the vast area, it required a well-coordinated planning effort involving several entities.

The cooperative has engaged interested riders, stakeholders and public and private transportation providers in Idaho, Montana and Wyoming, as well as state transportation officials and federal land management agencies.

The co-op will provide:

- A trip planning and ticketing system



The Linx Regional Transportation Co-op is attempting to improve bus service in three states.

- with multiple customer touch-points;
- Improved marketing of existing and emerging services;
- Coordination of route schedules and transfer points;
- Innovative technology applications that benefit both transportation operators and their riders;
- A centralized location for information on all modes of mobility.

The project area encompasses 28 counties in Idaho, Montana and Wyoming that surround Yellowstone and Grand Teton national parks. Presently, it has 20 members with a projected impact of \$10.8 million annually, providing 197 jobs in 28 counties in three states.

Riverside Crossing

The senior housing cooperative model is new to Montana. Housing available to seniors has generally come in the form of assisted living, low-income housing or nursing homes. The cooperative model offers an opportunity for seniors looking to "downsize" to be free of yard work and other home maintenance. The cooperative model also offers a way to build an affordable housing complex, allowing seniors to stay in their community – which is important for maintaining the economic stability of rural Montana communities.

Riverside Crossing, Montana's first

housing cooperative for active adults age 55 and over, offers a unique retirement opportunity in the community of Hamilton, in the middle of a broad valley banked by the Bitterroot Mountains to the west and the Sapphire Mountains to the east. Riverside Crossing is an affordable alternative to homeownership, complete with tax benefits, community oversight, economic security and the elimination of interior and exterior home maintenance.

Last Chance Café Co-op

Having at least one good café or restaurant can play a critical economic and social role in keeping a small rural community viable. So when the previous owners closed the only café in Sunburst, Mont., about 18 months ago, it sparked an effort to reopen it under new ownership. Sunburst is a small community on Interstate 15, about 10 miles from Canada. It is the last place to stop to get something to eat for many miles, hence the name: Last Chance Café.

MCDC worked with a steering committee from the community of Sunburst, and the café has reopened as a cooperative. The café created three full-time jobs in an area where every job is needed. More workers could be



Service with a smile: the staff of the Last Chance Café co-op.

hired in response to wind-power development in the area, some of whom may look for a place to get a good, home cooked-style meal. A catering business may also be launched to serve jobsites where workers don't have the time to drive into town for meals.

"It may seem trivial to some to talk about a project that creates only three jobs," says Brian Gion, MCDC's chief executive officer. "But, we also have to look at the impacts it brings to the other businesses in the area. When people stop and eat, they may also fill their vehicle with gas or shop at other stores."

Midwife Co-op

Underscoring the broad scope of co-

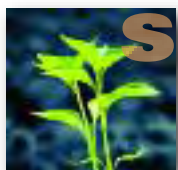
op projects MCDC is working on — and the flexibility of the co-op business model — the Center is also in the process of forming the Montana Midwives Cooperative. It plans to open a birthing center that provides quality childbirth care in Northwest Montana. There is a demand for safe, professional care from qualified staff from those who are seeking an alternative to a hospital for childbirth. This co-op will help medical entrepreneurs, nurses and midwives) to start their own business and increase their earning potential. The co-op will create up to 10 professional positions.

Quote from Center CEO:

"To stabilize our rural communities and keep them thriving, we need to maintain and build our base businesses," says Brian Gion, MCDC's chief executive officer. "These are local businesses that provide the necessities which keep our rural communities functioning. Without a strong base, communities cannot survive, cannot grow and cannot attract new businesses. The cooperative business model has provided opportunities to maintain and grow businesses in Montana."

To find out more about MCDC, go to: www.mcdc.coop or call 406-727-1517. ■

Value Added Agriculture Development Center Pierre, South Dakota



Services provided and area served:

The Value Added Agriculture Development Center (VAADC) uses a "hands-on" approach for providing technical and executive services to new and existing agricultural businesses across the state of South Dakota. Consultation with cooperatives, entrepreneurs and organizations results in an individual work plan from the

Center's menu of available services, which include: project management, feasibility assessment, business planning, education, funding access, applied research and networking. The VAADC also provides educational outreach opportunities to heighten interest and awareness of cooperative and agribusiness development.

Center history:

VAADC is a not-for-profit

The South Dakota Oilseed Processors plant.



organization formed in 1999 by a contingency of 17 rural-based agricultural commodity groups, trade organizations and co-operatives committed to providing entrepreneurs and business owners with assistance necessary to help rural cooperatives



grow and prosper. The VAADC is established as the state's "go to" place for customized service delivery of support stemming from testing the concept to carrying out business development phases

through accomplishing online company expansions.

Noteworthy projects:

South Dakota Oilseed Processors is a state-of-the-art oilseed expeller facility producing high-quality natural oil and meal products. The VAADC assisted with various business development aspects resulting in commencement of plant operations in December 2008. It is currently supporting a proposed expansion into a multi-feedstock processing facility by collaborating with the cooperative to outline strategy options and develop a business plan.

The \$17 million project employs 40 people and uses 4.1 million bushels of

locally grown soybeans. Additionally, it is spurring economic growth of ancillary businesses in surrounding small communities.

VAADC also provided support for Natural Gold LLC, a soy-oil processor that opened in Aberdeen in 2008. The plant has the capacity to crush 5 million bushels of soybeans annually. The chemical-free, soybean crush process used by Natural Gold lends itself to multiple applications. The refined, all-natural vegetable oil is available for use in products for human consumption, livestock feed, industrial and technical uses, as well as renewable fuels.

Some of its soy oil is being used for making Dakota Ag Additive, which the company says can be blended with ethanol and biodiesel for enhanced engine performance and mileage. Soy meal, a co-product of the production process, is made into a high-value livestock feed ingredient for area producers.

VAADC provided technical assistance to foster the business development, teamed up with the

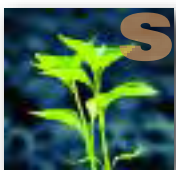
Governor's Office of Economic Development to use the Value Added Ag Subfund to help fund a feasibility study and collaborated with the Region III Small Business Development Center on developing financial projections for the business plan.

Quote from board president:

"Agriculture is the foundation of South Dakota's economy. The support of our agricultural community and USDA's Rural Cooperative Development Grant program allows the VAADC to provide services needed to start and grow cooperative businesses in our rural communities," says VAADC board president Merlin Van Walleghen. "Delivery of VAADC services has played a significant role in starting or expanding more than 130 endeavors. Our client base will continue to grow as our resources assist the next phase of value-added agriculture that includes not only traditional commodities, but also co-product processing, new commodities, global markets and increased entrepreneurialism." ■

Keystone Development Center

York, Pennsylvania



Services provided and area served:

Keystone Development Center (KDC) serves Pennsylvania, Maryland, Delaware and New Jersey. It provides a "one-stop shop" for cooperative development services. These include feasibility studies, incorporation, bylaw development, business plans and conflict resolution.

Center history:

The Keystone Development Center is in its 11th year of operation and is approaching a cumulative total of 100 clients who have been provided significant technical assistance in

support of their cooperative. The Center's nine-member board represents organizations such as Adams Electric Cooperative, Pennsylvania State University Extension, Pennsylvania Association for Sustainable Agriculture and the Center for Rural Pennsylvania. One of KDC's greatest strengths is its involved, "hands-on" board, which is committed to cooperative development and whose members have a broad range of expertise.

The Center provides complete development services and regularly does feasibility studies and business plan development. Feasibility studies have been conducted for nearly 40 groups.

Lancaster Farm Fresh Cooperative

The Lancaster Farm Fresh Cooperative (LFFC) serves Amish and Mennonite farmers in the Lancaster, Pa., area and is considered one of the Center's greatest success stories. Started by seven farmers, the co-op has grown to more than 50 farmer-members. The co-op's high-quality, mostly certified organic products are marketed in Philadelphia and New York City, among other locations.

Cooperative sales have grown from about \$300,000 in its initial year of operation in 2006 to well over \$6.5 million in 2010. The Keystone Development Center helped LFFC



Produce from Lancaster Farm Fresh Cooperative members, including David Fogarty-Harnish (left), has proven to be a hit with consumers in New York City and Philadelphia. Below: About 30 food co-ops, with \$99 million in annual sales, have formed a federated co-op: the MidAtlantic Food Cooperative.



incorporate, develop bylaws and hire employees. The co-op currently has eight full-time employees and is conducting interviews to hire two additional full-time workers. It also employs five full-time or seasonal drivers and about 10 part-time office staff and warehouse packers.

Two spin-off businesses of the co-op have also been created: a trucking company and a co-packing business. Several farms have become certified organic operations based on membership in LFFC. As a result of the cooperative, the farmer-members have seen a significant increase in their net farm income.

The development of the cooperative has made a tremendous impact on the farmer-members economic viability. To learn more about the co-op, visit: www.lancasterfarmfresh.com.

Quote from Center director:

"Lancaster Farm Fresh is an excellent example of the power of cooperation. The farmers who helped form LFFC and those who joined later are able to access markets and to earn prices that would have been impossible without cooperation." — *Cathy Smith, KDC Executive Director* ■

MidAtlantic Food Cooperative

One of the newest initiatives KDC is involved with is the MidAtlantic Food Cooperative Alliance (MAFCA). MAFCA represents the beginning of what is hoped will grow into a federated cooperative of food co-ops in the region. This effort is aimed at developing the local food system by organizing the consumer end of the food system by helping them more easily find sources of local products.

The group has met several times and currently has 30 member-cooperatives involved. These food cooperatives have an estimated total membership of about 43,000 individuals or households, with current aggregated gross sales of nearly \$99 million (this does not include the projected sales from the start-up co-ops). It is estimated that MAFCA members are already purchasing \$16 million of local products annually.

The current membership includes 12 start-up businesses, most of which KDC has been advising throughout their launch process. These start-up businesses have already benefited a great deal from exposure to mature co-ops in MAFCA.

The objectives of the Alliance are to:

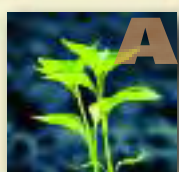
- Establish a regional network of consumer food co-ops, businesses and farmers;
- Promote a marketing brand for regional co-ops;
- Publicize, promote and enhance resources for established and start-up co-ops;
- Promote the principles and values of the cooperative movement.

The group has selected a steering committee and currently has four work groups: Food System Development, Regional Network, Cooperative Economy/Education/Marketing and Start-ups. ■





California experiencing surge in food co-ops



A desire to support regional economic development and locally grown food — coupled with a

reduction of small- and mid-sized grocery stores — has fueled growth of cooperative food stores in California. Interestingly, rural communities and inner cities are the locales for this resurgence of food co-op development. California's inner city "food deserts" and rural communities both have trouble attracting mid-sized grocery stores that offer a variety of fresh produce and foodstuffs.

Historical overview:

California's first cooperative (the United Workingman's Boot and Shoe Manufacturing Co.) was formed in 1867 in San Francisco. The Consumer Cooperative of Berkeley, the state's most prominent food cooperative, started in 1937 and opened two additional stores during the depression years. During the 1960s and 1970s, CCB grew to include 12 stores serving various cities just outside of the San Francisco Bay area.

In the 1970s, a second wave of independent food co-ops grew around California. This wave included rural communities such as Quincy, Grass Valley, Chico, Humboldt and Arcata.

California Center for Cooperative Development Davis, California

The California Center for Cooperative Development (CCCD) promotes cooperatives as a vibrant business model to address the economic and social needs of California's communities. CCCD fulfills this mission by:

- Educating the public, community institutions and government agencies to foster and promote the understanding of cooperatives;
- Identifying and disseminating information about successful practices and models for cooperatives;
- Encouraging cooperation and coordination among various types of cooperatives;
- Providing technical assistance and education for the development of cooperatives to best address economic and social needs. ■



Coffee time at the Arena Market and Café in Mendocino.

These rural food co-ops are not only still standing, but thriving, as strong cooperative businesses.

Despite these "waves" of cooperative development, there were no new consumer food co-ops formed between 1985 and 2000. Also during that time, the Consumer Cooperative of Berkeley dissolved in bankruptcy. This chilled any prospective cooperative organizer's zeal for initiating a new food co-op.

As memory of that failure faded, new initiatives throughout California, Nevada and the Pacific Northwest are

gaining momentum and generating a third wave of cooperative development.

Resurgence of cooperative development

The third wave of cooperatives is taking shape in many of the same ways as their first and second wave predecessors. Some are using existing resources, some are starting out as food buying clubs using 21st century tools, such as the Internet and software tools, while others are pioneering new strategies. In each case, cooperative

development is responding to community desires, such as a fundamental need for a grocery store with fresh, healthy food or to make locally produced foods accessible and



James Bell rings up a food purchase at the Mandella Food Cooperative, a worker-owned co-op in Oakland.

create a sustainable local economy.

During 2009, two new California food cooperatives opened their doors, and at least four more cooperatives are in the development process. One of the new co-ops is Mandela Foods Cooperative, a worker-owned co-op in a designated “food desert” in Oakland, which saw its major supermarkets leave the area throughout the 1980s and 1990s. The cooperative also benefits rural farmers through its concerted effort to purchase from minority farmers in the Salinas Valley and Fresno County.

The co-op works closely with

Mandela Marketplace, a charitable nonprofit that assists the community through a host of community programs that have a healthy foods theme, including links with local farmers.

The second new food cooperative, Arena Market and Café, sits on the coast of Mendocino, a beautiful, rugged, and isolated community. Without a grocery store for more than 40 miles in any direction, the residents up and down the nearby coast rallied with their committed memberships and member loans to establish the community co-op in a renovated building on the main road where Highway 1 runs through town. The store reaches out to local farmers by featuring their produce and products.

CCCD's Lake County effort

The California Center for Cooperative Development (CCCD) has been helping rural residents in Lake County strengthen their buying club and prepare a feasibility study for a retail food cooperative. Lake County is a rural area that is home to the largest lake entirely within the state. The 50-mile, two-lane road that runs around the lake creates access challenges of many kinds.

The core members of the buying club (which has about 200 total members) were burdened by the size

and breadth of the club. CCCD helped link members to the Internet and use software programs that were adapted from the Oklahoma Food Co-op by co-op consultant Roy Gusinger, who has also been working with similar food-buying clubs across the Pacific Northwest.

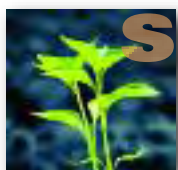
The board of the buying club is reviewing a recently completed feasibility study to evaluate whether it is the right time to develop a retail food co-op.

Other food cooperatives currently in development are divided among urban and rural areas. One rural endeavor is attempting to retain a valued local natural food store that will likely close when the owner retires. CCCD and other food cooperatives in the region are helping the steering committee with this cooperative development process. Another urban endeavor has been receiving telephone advice and referrals from CCCD.

Recent development projects are drawing on lessons from the failures of previous cooperatives, the best practices of successful co-ops, and the resources of cooperative development professionals. These resources are more essential in today's climate than they were in the past. — *By Luis Sierra and Kim Coontz (CCCD staff members)* ■

Ohio Cooperative Development Center

Piketon, Ohio



Services provided and areas served:

The Ohio Cooperative Development Center (OCDC) enhances rural economic development in the Appalachian and other rural areas of Ohio and west-central West Virginia, as well as for some multi-state and nationwide cooperatives. OCDC has been providing technical training and

support for new and emerging cooperatives since 2000 at the Ohio State University South Centers (OSU-SC). OSU-SC is strategically located within rural Appalachia, which provides maximum integration with the targeted geographic areas and audiences.

OCDC is also well-positioned to work closely with all programs based at OSU-SC and statewide with the Extension Service in providing a strong network for clients.

OCDC is integrated with the OSU-SC Business Development Network, which provides services that include a business incubator, one-on-one technical assistance, training/workshops and a network of resources to help business owners and entrepreneurs. The team operates the region's Small Business Development Center and Manufacturing and Technology Small Business Development Center. The personnel of



the Business Development Network provide valuable technical assistance in financing, marketing and management.

Center history:

From 2007 to 2010, the OSU-SC Business Development Network assisted 1,448 businesses/clients with one-on-one assistance. Some 227 training sessions were conducted, which attracted more than 2,500 attendees.

During this same time period, OCDC assisted in the legal incorporation of 16 cooperatives, eight 501(c)(3) business and one limited liability company. OCDC accomplished this by investing more than 4,560 hours of directed client services, which included more than 610 face-to-face sessions with 68 potential new/emerging cooperatives. OCDC staff

provided 48 presentations/workshops for more than 1,591 participants.

Impact on area:

The businesses assisted acquired nearly \$19.5 million in loans and

invested \$12.7 million in equity. Gross sales of these businesses exceeded \$18.8 million, which includes \$5.47 million in government contracts. The Center says these businesses retained 510 jobs and created 540 new jobs. These businesses also received more than \$1.4 million from Ohio's Internship Program, which offset half the wages of technology-based interns.

Quote from director:

"From 2000 to 2010, OCDC has worked closely with many agencies and community partners to achieve its mission." — *Tom Worley, Director, OSU-SC* ■



Horizon communications and Adena health services are both members of the SCMN purchasing co-op. Horizon recently received a \$66 million grant under the federal Broadband Technologies Opportunity Program (BOTP) to extend and enhance broadband service to 34 counties in southeastern Ohio. Photo courtesy SCMN

Purchasing cooperative provides savings for members

The United Regional Purchasing Cooperative (URPC) is a purchasing/marketing partnership between the South Central Manufacturing Network Inc. (SCMN), in Chillicothe, Ohio, and Benefit Unlimited Inc. (BUI), in Marietta, Ohio. It contracts with vendors for core-business supplies and services, as well as for employee benefits.

SCMN was formed in 2007 to provide training and purchasing services for its 10 members, which are local manufacturers with more than 7,000 employees. Skilled-trade and "soft-skills" training was the first service provided by SCMN. Its second major effort was to provide preferred-vendor purchasing services for members involved in both manufacturing and non-manufacturing businesses. This cooperative service leverages the power of numbers, helping to obtain best prices.

As a major local preferred vendor, Benefits Unlimited Inc. (BUI) was selected as a contractor. BUI was formed in 2007 to provide cost-effective healthcare benefits and to promote a consumer-driven approach to healthcare with a system that addresses most of the current healthcare issues.

The cooperative business structure addresses some of these challenges and gives patients and physicians more of a

voice in the system. After the pilot project in Ohio, it is hoped that the effort can be expanded nationwide as BUI develops multi-state infrastructures.

SCMN and BUI went "live" with URPC services in May 2010. Since then, new URPC membership applications have been received, representing more than 500 small businesses and 2,000 employees.

The cooperative saved \$1.1 million in annual healthcare plan premiums for one company that employs more than 200 employees. The co-op saved a small chamber of commerce more than \$10,000 in annual premiums for its three employees. Many businesses are currently in the process of reviewing this option for their employees.

It is estimated that URPC will save up to \$5 million annually for its members.

"The United Regional Purchasing Cooperative is making a significant difference in reducing operational costs for our members and making an impact on the businesses' bottom line," says Tom Markley, SCMN board president. ■

La Montañita Food Co-op

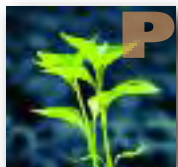
Albuquerque, New Mexico

Editor's note: The National Cooperative Grocers Association (NCGA) is a business services cooperative for natural food co-ops throughout the United States. Its 114 independent co-op members operate more than 145 storefronts in 32 states with combined annual sales of nearly \$1.2 billion. NCGA helps unify natural food co-ops, optimize operational and marketing resources, strengthen purchasing power and, ultimately, offer more value to co-op owners and shoppers.

A noteworthy trend in recent years has been the growing cooperation and alliances between food co-ops, farmers markets and local/regional farmer's co-ops. In observance of Co-op Month, NCGA selected the two co-ops featured on the following pages as examples of outstanding, member-owned food stores.



La Montañita Co-op Natural Foods launched the Co-op Trade/Food-Shed Project to help farmers such as Tomas Apodaca (above) of Tijeras, N.M., and the state's cherry farmers (below).



Products or Services:

Retail groceries and wholesale delivery of natural, organic and local foods with two stores and a distribution facility in Albuquerque, one store in Santa Fe, N.M., and one store in Gallup, N.M.

Number of members and annual sales:

More than 15,000 members; annual sales of \$27 million.

Co-op history:

La Montañita Co-op Natural Foods Market was incorporated in 1976, when it had about 300 member-owner families. The co-op added a second store in 1999, added two additional stores in 2005 and warehouse in late 2006.

Noteworthy innovation or new endeavor:

In late 2006, after much study and the creation of a strategic business plan, La Montañita Co-op embarked on a Co-op Trade/Food-Shed Project. This project is designed to provide farmers, ranchers and value-added producers a much needed wholesale outlet for the distribution of their products. It serves a 300-mile radius around Albuquerque.

Impact on community/area/farmers:

The Food-Shed Project was an untested idea; there was no prior business model to use as guidance. In four years of operation, the Food-Shed Project and the 7,000-square-foot Cooperative Distribution Center (CDC) have increased the number of local producers served from about 300

to nearly 700. The co-op's stores currently carry more than 1,100 local products in all grocery categories, which comprise 20 percent of its local purchases and sales.

Quote from board member:

"We have unique challenges serving the fifth largest state with a small facility and communities separated by hundreds of uninhabited miles. I'm very proud of our staff — despite many challenges they have achieved significant progress in the development of local food production. — Martha Whitman, Board President ■



Co-op builds community around food

The Marquette Food Co-op (MFC), in Marquette, Mich., is an organic and natural retail food cooperative that also serves as an information hub for "all things food." The co-op has about 2,500 members and is growing, predominantly in Marquette and Alger Counties of Michigan's Upper Peninsula. MFC had 2009 sales of \$3.6 million and will top \$4 million in sales for 2010.

Founded in 1971 as a natural foods buying club for a few families, MFC grew into a small storefront that was run by one paid staff member and some volunteers throughout the 1990s. Eventually, the store became a full-service organic and natural grocery store and joined National Cooperative Grocers Association. It expanded into its current store, which has 3,200 square feet of retail space. The co-op employs 26 full-time and 16 part-time staff.

Noteworthy innovation or new endeavor:

Lower Michigan is known nationwide for its agricultural abundance, but farming contributions made by Upper Peninsula farmers are overlooked, due to its geographic remoteness.

MFC stepped in to give Upper Peninsula farmers the recognition they deserve. By publishing the Upper Peninsula Farm Directory, sponsoring farm tours, assisting farmers' markets, carrying local food in its retail store, creating a communication network among farmers and cultivating relationships with diverse businesses and organizations, the Marquette Food Co-op has given the area's farmers a venue for selling their goods and a voice in Michigan's agricultural community.

Simultaneously, MFC runs an outreach department that educates Upper Peninsula communities about healthy eating, nutrition and the economic benefits of "buying local." The co-op has positioned itself as the driving force behind a vibrant local food network in the Upper Peninsula.

Impact on community/area:

MFC provides a market for locally grown and produced goods, financially supports five area farmers' markets and fills a retail gap for organic and natural food. Through its payroll and purchases of local goods, the co-op accounts for at least \$1.5 million in annual economic impact in this rural and economically struggling area of Michigan.



Aleut Hatfield helps with his family's produce stand at the Marquette Co-op's annual open house.

MFC provides employment, promotes agricultural expansion, entrepreneurialism and community ownership of a thriving business. In 2009, in the midst of a severe recession, MFC paid \$60,000 in patronage to its members.

"Beyond providing access to healthy foods, the Marquette Food Co-op serves to 'connect the dots' of a whole and vibrant local food system in an area previously dependent on food imports," says Matt Gougeon, MFC general manager. ■

Co-op Development Centers

State Center

- AL** Federation of Southern Cooperatives ■ <http://www.federationsofcoops.com>
- AK** University of Alaska Anchorage Center for Economic Development ■ <http://ced.uaa.alaska.edu/>
- CA** California Center for Cooperative Development ■ www.cccd.coop
- CO** Rocky Mountain Farmers Union Cooperative Development Center ■ <http://www.rmfcu.org/co-op/>
- IN** Indiana Cooperative Development Center ■ <http://icdc.coop/>
- IA** Iowa State University ■ www.isucoops.org
- KY** Kentucky Center for Agriculture and Rural Development ■ <http://www.kcard.info/index.php>
- MA** Cooperative Development Institute ■ <http://www.cdi.coop>
- MI** Michigan State University / Product Center for Agriculture & Natural Resources ■ <http://www.aec.msu.edu/product/index.htm>
- MT** Montana Cooperative Development Corporation, Inc. ■ <http://www.mcdc.coop>
- MT** Mission Mountain Cooperative Development Center ■ <http://www.lakecountycdc.org/mission-mountain-coop-development-center.html>
- NC** North Carolina State University ■ leah_chester-davis@ncsu.edu
- ND** North Dakota Association of Rural Electric Cooperatives ■ <http://www.ndarec.com/aboutUs.htm>
- ND** Common Enterprise Development Center ■ <http://www.cooperationworks.coop/about/members/common-enterprise-development-corporation>
- NE** Nebraska Cooperative Development Center ■ <http://ncdc.unl.edu>
- OH** Ohio Cooperative Development Center ■ <http://ocdc.osu.edu>
- OH** Kent State University OEOC Ohio Employee Ownership Center ■ <http://www.oeockent.org/>
- OH** National Network of Forest Practitioners ■ <http://www.nnfp.org/index.php>
- PA** Keystone Development Center, Inc. ■ www.kdc.coop
- SD** Value-Added Agriculture Development Center ■ <http://www.sdvalueadded.coop>
- VA** Virginia Foundation for Agriculture, Innovation & Rural Sustainability ■ <http://www.vafairs.com>
- WA** Northwest Cooperative Development Center ■ <http://www.nwcdc.coop>
- WI** Cooperative Development Services ■ <http://www.cdsus.coop>

eXtending Co-op Knowledge



Farm fields and classrooms are traditional settings for the work of Extension Service agents, but its expertise will now also be available on a new website designed to promote understanding and use of cooperatives. Photos courtesy Cornell Cooperative Enterprise Program

By Lynette Spicer

eXtension News Coordinator



Professionals from state Cooperative Extension services, industry and USDA are collaborating to provide a new, web-based source of educational information about cooperatives. The team is using wiki software

— which allows users to collaboratively create and edit web pages using a web browser — to write and review information about cooperatives. The team is working to improve and expand the available resources and to reach new audiences with information on cooperatives.

The platform being used is eXtension, an educational partnership of 74 land-grant universities that provides research-based information and learning on one website: www.eXtension.org. eXtension complements the “on-the-ground” work of the nationwide Cooperative Extension system.

eXtension resource areas are created by “communities of practice” that contribute content in Mediawiki, the same software that Wikipedia (an online encyclopedia) uses. A wiki is a website that allows the creation and editing of interlinked web pages using simple “mark-up language.”

An eXtension community of practice is a virtual network of faculty, professional and para-professional staff, county and regional educators, industry experts and federal government representatives with expertise in a given subject matter — cooperatives, in this case. They share knowledge through educational articles, programs and electronic interactions. eXtension facilitates peer review

Phil Kenkel, director of the Bill Fitzwater Cooperative Center at Oklahoma State University and a member of the cooperatives eXtension community, notes having peers review information before it's published on the web is an important component of eXtension.

“eXtension is a well-respected national forum that allows us to increase the visibility of the cooperative business model and gives people looking for information confidence in the educational materials they find,” says Madeline Schultz of Iowa State University and a co-leader for the cooperatives community of practice.

The leadership team hopes its work will have an impact in three areas:

- More citizens will value and use the cooperative business model;
- More youth will be engaged as cooperative businesses members, employees, board directors and managers;
- Communities will achieve greater economic and social improvements.

Cooperatives on eXtension will launch on Oct. 5, during the USDA National Cooperatives Month celebration in Washington, D.C., with six content areas: 1) basic cooperative principles; 2) cooperative development; 3) youth and cooperatives; 4) management and marketing; 5) cooperative finance, and 6) board of director strategy.

60 communities of practice involved

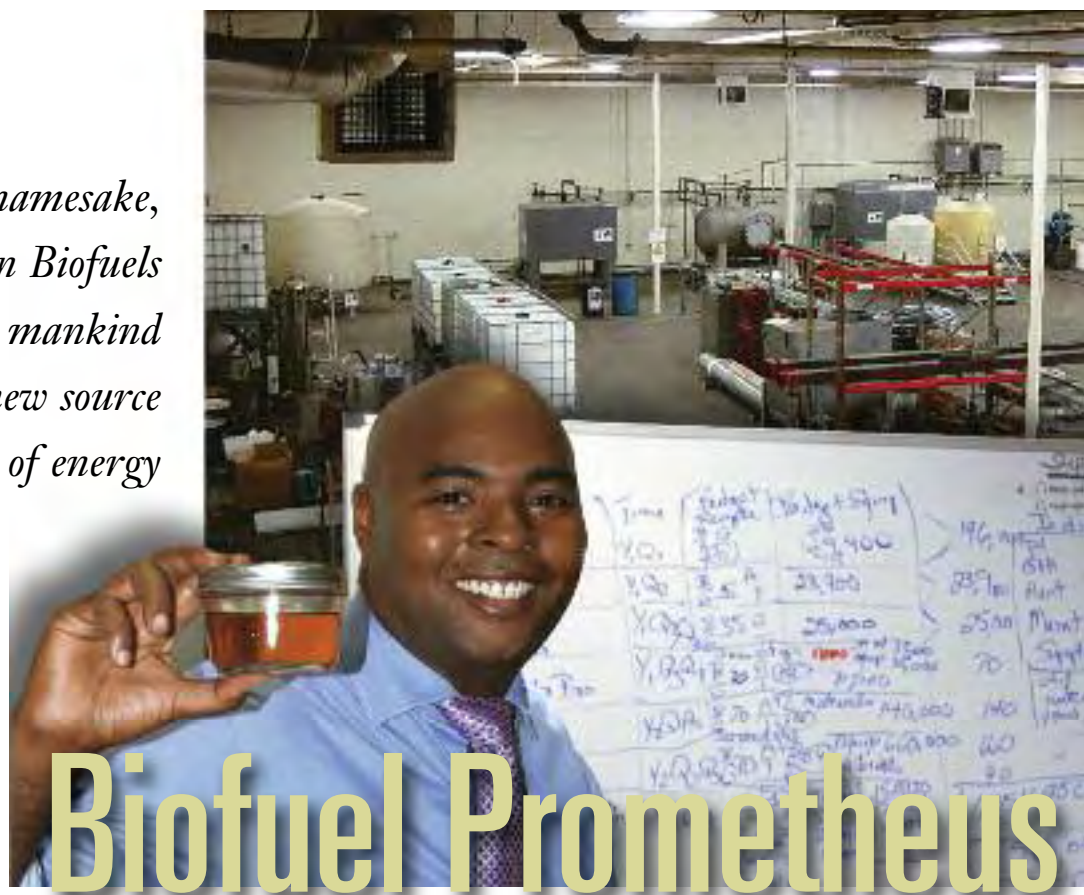
eXtension has nearly 60 communities of practice, more than half of which have published content on the website. Each community of practice develops articles and frequently asked questions and hosts an “ask an expert” section, a calendar of events and news. eXtension was launched in early 2008 with 16 resource areas. Today, eXtension has more than 200,000 unique site visitors each month.

The cooperatives community of practice is working to maximize public outreach about cooperative principles and functions. It is also sharing decision tools, case studies and other research-based information. “Our audience is broader, and interest in cooperatives grows, when economic times are tough,” says Brian Henehan of Cornell University. “People

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*Like its namesake,
Promethean Biofuels
hopes to better mankind
with new source
of energy*

Todd Hill, holding a sample of the co-op's biodiesel, says goals of the co-op include developing alternative markets for local farmers and creating employment opportunities. Photos courtesy Promethean Biofuels



By Stephen Thompson, Assistant Editor



California's wine country isn't the first place you'd look to find a biodiesel operation. But in the town of Temecula, a new cooperative has begun operating with the goals of providing local farmers and vintners with ways to cut energy costs and add value to their products, while simultaneously advancing the development of alternative energy sources.

Promethean Biofuels cooperative may be relatively modest in size, but it is the largest biodiesel operation on the West Coast. Unlike most other biodiesel production co-ops, the co-op members include farmers, restaurants looking for an outlet for waste cooking oil, consumers and even people who want to make their own biodiesel (but need a little help).

The co-op was started by local

entrepreneur Todd Hill. He started the cooperative after his previous business, an electronics-recycling firm employing 60 people, went out of business.

"I wanted to encourage the development of alternative energy sources, create markets for local farmers and create employment without having to maximize short-term profits at the expense of long-term sustainability. And I also wanted to encourage other people who want to expand opportunities."

The cooperative is named after Prometheus, the titan of Greek mythology who stole fire from the gods to give to humans, and was then chained to a rock.

The facility began running in April with a capacity of 2.25 million gallons per year. Hill says that the plant is designed to be profitable running at about half that pace, giving the co-op a bit of leeway for expansion. Currently, it's producing at a rate of about 1.5 million

gallons per year, using restaurant grease and oil from other local sources.

"Right now, the availability of feedstock is our limiting factor," he says. With a large number of vintners in the area, Hill sees grape seed as a potential major source of feedstock, which would give wine growers a new value-added source from a byproduct. Both employees and customers are members of the cooperative, which operates on a full-service, business-to-business model. Oil is purchased from producer-members and collected from restaurants — which are also members — and finished biodiesel is made available for their operations at a substantial discount from market rates for petroleum diesel.

Members only

Only members may buy the co-op's products, and they receive a share of any profits. The cooperative also uses its market power to supply ingredients of production — such as methanol and caustic chemicals — at a discount to "home-brewers," members who prefer to produce their own biodiesel. The co-op also provides an outlet for them to market their surplus.

The main byproduct of biodiesel production, raw glycerin, can be a problem for small producers to dispose of. The co-op can also take care of that.

Technical help is also available from the co-op. An in-house laboratory provides research and development services to members. Home-brewers dealing with fuel-quality problems can also get help. All such assistance is free to members.

The cooperative bylaws recognize three kinds of members: founders, who invested a total of \$500,000 toward start-up costs; employee-members; and consumer-members. Employees vote to establish work rules. Wages, hiring and promotions are overseen by Hill, in his position as manager.

Consumers pay \$50 annually for their shares in the co-op. The bylaws give them voting rights on issues affecting distribution of the product.

Founder-members have limited input into management decisions until their contributions have been repaid.

The board of directors consists of three of the five founders, Hill (as the managing principal) and an open spot for an attorney. Hill wants to see the founders paid back with a "reasonable" return on their investment.

Hill says that most of the consumer-members are actively involved in running the cooperative beyond the roles laid out by the bylaws. "They're enthusiasts," he says. "They enjoy helping the cooperative to succeed." The cooperative structure allows for regular distribution of profits to the consumer-members, as well.

Grower-member makes own biodiesel

One of those consumer-members is Isaac Moore, the proprietor of Morningstar Ranch. Moore grows grapefruit, avocados, persimmons and organic produce for local retailers. He makes his own biodiesel using a 200-gallon reactor and used oil collected free from local restaurants.

Moore buys his methanol and caustic chemicals from the cooperative at a discount. He says he finds the co-op's glycerin-disposal service very helpful. "It works really well," he says.

He's exploring the idea of growing his own oilseeds as a winter crop, which the cooperative would crush for him to extract the oil. "I'm looking forward to expanding our relationship. You know, you don't go into business, you grow into it."

Hill would like to see Promethean's full-service approach expanded into what he calls "full-circle integration."

"We have local restaurants that make a point of supporting local farmers," he says. "I'd like to see the cooperative supply cooking oil to the restaurants at a discount brokered by the co-op, then collect the used oil to make biodiesel, some of which would be used by the farms to run their equipment. The profits would be distributed to the members." He says that some major

fast-food chains already use a similar system.

The cooperative is currently working toward meeting the certification requirements of both the ISO 9000 standard — which addresses product quality and meeting customer needs — and the ISO 1400 standard, which sets environmental performance goals.

"When we've got those certifications," he says, "they'll support continuity in the organization when we have personnel changes. We'll have a foundation of standards that'll help us maximize value to our members."

Launch problems

Getting the cooperative up and running posed special problems, including more legal and regulatory issues than he had imagined, as well as his own inexperience in the field.

"Biodiesel has been around for 100 years," he says, pointing out that Rudolph Diesel originally saw his invention as allowing farmers to grow their own fuel. "I thought that it would be something you could set up like a McDonald's. After all, they were doing this kind of stuff in the 1940s during the war."

In fact, he discovered that each biodiesel plant is unique, with a bewildering number of variables affecting the final design. "That really affected our budgeting," he says. "We went over budget by maybe 150 percent."

Although the city of Temecula agreed to accelerate the granting of permits, challenges still cropped up. Plans had to be approved by the fire department and environmental standards also had to be met. The expiration of the federal tax credit for manufacturers of biodiesel is another concern, although Hill says the operation can survive without it.

"We have to get out of the 'build' mode and into the 'how do we service our members' mode," he says. Meanwhile, the co-op is looking for more members who want to be part of the biodiesel movement. ■

Newsline

Co-op developments, coast to coast

Send co-op news items to: dan.campbell@wdc.USA.gov

Northwest Dairy merges with Country Classic Dairies

Northwest Dairy Association, Seattle, Wash., and its marketing subsidiary, Darigold Inc., have announced a merger with Country Classic Dairies, a Montana dairy cooperative. Under the agreement, approved by the members of both co-ops, current Country Classic members will become part of Northwest Dairy.

The two businesses noted that they have a long, cooperative working relationship. Country Classic at one time even used the “Darigold” trademark on its products.

Formed in 1932 as Gallatin Valley Creamery Cooperative, Country Classic began by processing cream into butter in Bozeman, Mont. The co-op’s 33 members produce between 13 and 14 million pounds of milk per month, representing about 55 percent of the state’s milk supply. Its Bozeman processing plant will now become a Darigold plant.

“Combining the two business operations, especially given the historical relationship between the two cooperatives, will benefit all parties,” says Northwest Dairy Association President and CEO John Underwood. “We will be able to provide our new Montana member-owners with a secure market for their milk while maximizing its value.”

Northwest Dairy Association is owned by more than 500 dairy producers. Its members ship 7.2 billion pounds of milk annually from farms in Washington, Oregon, Idaho, Northern California, Utah and now Montana. Its Darigold subsidiary operates 12

processing plants throughout the Northwest for its dairy farm families.

Co-op community mourns passing of Rod Nilsestuen

Rod Nilsestuen, one of the nation’s most respected cooperative leaders, died July 21 in a swimming accident in Lake Superior. At the time of his death,



Rod Nilsestuen

Nilsestuen, 62, was Secretary of the Wisconsin Department of Agriculture, Trade and Consumer Protection.

“We are saddened to learn of the passing of Secretary Nilsestuen,” U.S. Agriculture Secretary Tom Vilsack said. “He was a tireless advocate for the farmers and ranchers of Wisconsin and provided steady leadership and guidance during a time of great challenge.”

Wisconsin Governor Jim Doyle

called Nilsestuen “a warm, humorous and wonderful husband, father and friend. Under his incredible leadership, Wisconsin has seen the greatest and most beneficial transformation of agriculture in generations.

“Among many other accomplishments,” Doyle said, “Rod’s legacy includes dramatic increases in milk and cheese production, dynamic growth in organic farming and grazing operations, protecting our state’s farmland through the working lands initiative, promoting the development of biofuels and bioenergy to generate homegrown renewable energy in Wisconsin, connecting consumers to local farmers through the ‘Buy Local, Buy Wisconsin’ program and strong support for investments in America’s Dairyland.”

Nilsestuen was elected to the National Cooperative Hall of Fame in 2003 and was the founding chairman of the National Rural Cooperative Development Task Force. He won the Cooperative Builder award in 2007 from the Wisconsin Federation of Cooperatives and led the effort to unify that organization with the Minnesota Association of Cooperatives, a task that began in 1998 and was finalized in 2004 (the name was changed to Cooperative Network in 2009).

“The State of Wisconsin and the cooperative business movement nationwide have lost a leader whose

contributions will live on through the people and institutions grown and strengthened by his work,” Cooperative Network President and CEO Bill Oemichen added. “It would be hard to name an individual more responsible than Rod Nilsestuen for the vision and focus that have energized and unified cooperatives in Wisconsin and Minnesota. The member co-ops of Cooperative Network and their member-owners have all benefited from his single-minded commitment.”

Nilsestuen helped create the Wisconsin Milk Marketing Board, the Wisconsin Corn Promotion and Soybean Marketing Boards, Cooperative Development Services, the Center for Dairy Profitability, Wisconsin Rural Leadership Program and the Midwest Dairy Marketing Initiative.

Growmark reports sales of \$6 billion

Growmark, Bloomington, Ill., had estimated sales of \$6 billion for its fiscal year ending Aug. 31. Senior Vice President of Finance Jeff Solberg said the co-op had net income of about \$81 million.

“Fiscal 2010 was another good year in a series of good years,” Solberg said. “The result of this strong performance is a very strong balance sheet with a sound equity base built on a substantial layer of retained earnings. This minimizes the stock investment required of members, which is supplemented by a prudent level of long-term debt.”

An estimated \$55 million in patronage refunds will be returned to Growmark member cooperatives.

• **Agronomy/Seed Divisions** — The Plant Food Division staged a strong comeback after a relatively weak prior year. Gross income is the second highest on record, and volume rebounded significantly from 2009 as prices declined and product became more affordable for farmers. The Crop Protection Division had a third consecutive strong year, and the Seed Division will pay patronage for the



Growmark's Agronomy/Seeds Division sales were the second best on record last year, helping the co-op return \$55 million in patronage to its members. Photo courtesy Growmark

fifth year in a row.

- **Energy Division** — This division saw volume increases for all products, with propane volume reaching nearly 310 million gallons, an all-time record.
- **Grain Division** — The co-op made significant investments in its retail grain business, which produced \$800 million in sales and pretax income of \$16 million. All four retail grain units were profitable.
- **Facility Planning and Supply Division** — This unit expanded its scope and offerings in 2010, with heavy demand for bulk-seed installation and many new farm and commercial grain dryers. Grain bin sales and construction continued at a strong pace, as did sales of facility equipment products.
- **Retail Operations** — Growmark's retail supply business segment enjoyed another good year, producing \$1 billion in sales and \$18 million in pre-tax income.

“Change has been the strategic theme for this decade,” Solberg said. “More change has occurred in this decade than in any other in our history, and that change has produced record levels of success and profitability for the Growmark System.”

Florida Farm Credit associations pursue merger

The boards of directors of Farm

Credit of North Florida and Farm Credit of Southwest Florida have approved a merger with Farm Credit of South Florida, effective Dec. 31, 2010. The associations are in the process of obtaining regulatory approval of the merger from AgFirst Farm Credit Bank and the Farm Credit Administration. If those approvals are received, a member-borrower vote on the proposed merger is expected to occur in late October, with results reported in November.

In a letter to members, the boards said the merger would result in advantages from greater risk-bearing capacity due to a larger capital base, improved loan portfolio diversification, enhanced operating efficiencies and a greater ability to attract and retain key team members. No branch office closings are anticipated and reduction in staff will be minimal, the letter said. The three boards have also agreed on a plan to downsize the number of director positions after a merger, but are committed to assure regional and agricultural commodity representation on the new board.

Don Rice, the current CEO of Farm Credit of South Florida, will serve as the CEO of the merged association. Both Charles Thompson, CEO of Farm Credit of North Florida, and Jimmy Knight, CEO of Farm Credit of Southwest Florida, have announced their intent to retire at year-end after many years of Farm Credit service.

Farm Credit launches new website

Farm Credit has launched a national, online presence at the FarmCredit.com website. It has also revitalized its national giving and sponsorship program, and established a dedicated communications team to build awareness of Farm Credit and its unique mission. While Farm Credit has served rural America for nearly a century, the launch of FarmCredit.com marks the system's first centralized online resource.

Visitors to the website can: find local Farm Credit System associations; research and apply for Farm Credit career opportunities; apply for grants or sponsorships through Farm Credit's \$2 million national contributions program, and access photos and videos about Farm Credit, among other features of the website.

Farm Credit is a borrower-owned cooperative system that was created through an Act of Congress in 1916. It is comprised of nearly 90 specialized financial service organizations that help more than a half million American farmers, ranchers and agribusinesses produce food, fuel and fiber.

Biofuels not a major food price factor

The National Biodiesel Board says that a recent World Bank report indicates that production of biofuels is not having a big impact on food price increases. "Biodiesel plays an important role in cutting greenhouse gas emissions and reducing our dependence on fossil fuels. Attempts to perpetuate a myth of 'food vs. fuel' are invalidated as the World Bank identifies energy costs as the true price-driver," National Biodiesel Board CEO Joe Jobe says.

The recent report, "Placing the 2006/08 Commodity Price Boom into Perspective," drastically reduces estimates of the impact of biofuels on commodity prices, he notes. World Bank economists now say that initial estimates were too high and that "this paper concludes that a stronger link between energy and non-energy

commodity prices is likely to be the dominant influence on developments in commodity, and especially food, markets." The report also points out that biofuels only account for about 1.5 percent of global grains and oilseeds use.

Jansen to lead Blue Diamond

Mark Jansen has been selected as the new president and CEO of Blue



Mark Jansen

Diamond Growers, the Sacramento, Calif.-based almond growers' cooperative. He will succeed Doug Youngdahl, who is retiring at the end of this year after a decade at the helm of the co-op. Jensen is scheduled to address the cooperative's grower-owners at their centennial annual meeting in Sacramento on Nov. 18.

Jansen was most recently president of Schwan's Food Service Inc., a division of the Schwan Food Co., based in Marshall, Minn. The family-owned frozen foods company employs 22,000 people in 50 countries worldwide. Prior to joining Schwan, he worked for Pillsbury Co., Edison Brothers Stores Inc. and General Mills.

"Mark brings to Blue Diamond a unique understanding of retail and consumer brands," says Board Chairman Clinton Shick, an almond grower from McFarland, Calif., and a 27-year veteran of the board. "He led a profitable turnaround of the Schwan Food Service Division and is a proven

brand-builder who influenced substantial growth for Haagen-Dazs, Betty Crocker, Totino's, Pillsbury, Red Baron, Freschetta, Wolfgang Puck, Tony's and Minh." Jansen received an MBA degree in marketing and finance from the Kellogg School of Business at Northwestern University.

"In addition to pure, unadulterated brand strength, our ability to open new markets, develop new products and foster enduring customer partnerships are strengths that will ensure Blue Diamond's global reach remains unmatched in the industry," says Youngdahl.

Blue Diamond is owned by more than half of California's almond growers. The crop is worth an estimated \$3 billion annually.

Swiss Valley acquires Faribault Dairy; Forms cheese venture with Swiss firm

Swiss Valley Farms Cooperative, based in Davenport, Iowa, has acquired Faribault Dairy Co., in Faribault, Minn. The sale includes Faribault's blue cheese manufacturing facility and its line of branded cheeses, the most



Amblu is a cave-aged blue cheese that is now part of the Swiss Valley Farms family of products.

popular of which is Amablu, a cave-aged blue cheese.

"This acquisition marks a significant step in our efforts to grow in the blue cheese category," says Don Boelens, CEO of Swiss Valley Farms. The Faribault facility will allow for an immediate increase in blue cheese production and serve as an excellent companion operation to Swiss Valley's other blue cheese plant in Mindoro, Wis., he notes.

The sale brings together the history, talent and resources of two of America's most experienced blue-cheese makers, Boelens says. "It promises to be a good marriage," adds Jeff Jirik, one of the owners of Faribault Dairy. Jirik, who will take on a new role as vice president of the co-op's Blue Cheese Division, believes becoming part of the Swiss Valley Farms family is the best way to continue the legacy of the Amablu brand. The acquisition is part of a long-term plan to expand the focus on retail branded cheeses, including Swiss Valley's Mindoro brand.

In another move to strengthen its position in the cheese market, Swiss Valley and Emmi-Roth Käse USA have announced the creation of White Hill Cheese Co. LLC, a joint venture that will manufacture cheese in Shullsburg, Wis. The Shullsburg site has been owned by Swiss Valley Farms since 2005.

The joint venture will allow the two entities to increase production of Baby Swiss, No-Salt-Added Swiss and other cheese varieties. Capital improvements at the site are underway, with cheese production expected to begin in February, 2011. The new plant is expected to employ about 30 people.

Farmers market numbers soar

The number of U.S. farmers markets jumped 16 percent in 2010, from 5,247 in 2009 to 6,132, according to the



Dallas Tonsager (at podium), under secretary for USDA Rural Development, hosted leaders from a broad cross-section of cooperatives in July for a series of roundtable discussions on the future direction for USDA's Cooperative Programs office. The recommendations are being weighed for possible future directions for the agency, which supports cooperatives with educational materials (including this magazine), research, statistics, co-op development and technical assistance. USDA photo by Bob Nichols

National Farmers Market Directory (using USDA data), which reports the greatest surges in the Midwest. There are 886 farmers markets open during the off-season. This is the first year USDA has tracked winter markets.

"Seeing such continued strong growth in the number of U.S. farmers markets indicates that regional food systems can provide great economic, social and health benefits to communities across the country," Agriculture Secretary Tom Vilsack said. "Farmers markets provide fresh, local products to communities across the country while offering economic opportunities for producers of all sizes."

Farmer Co-op Conference in Colorado, Dec. 6-7

For over a decade, agricultural cooperatives have looked to the Farmer Cooperatives Conference as a source for innovative thinking about current cooperative issues and trends. This year's conference theme is:

"Cooperatives: Looking Forward."

The conference will be held Dec. 6-7 at the Omni Interlocken resort in Broomfield, Colo., (between Denver and Boulder).

Sessions will examine current trends affecting the business of agricultural cooperatives. Presentations and panel discussions will include:

- An update on the global economy and the economic, legislative and policy implications for agricultural cooperatives;
- A closer look at the domestic legal landscape and the issues that have been raised around agriculture and antitrust enforcement;
- Innovative financing, joint ventures and a global scope as strategies for growth;
- Sustainability in the food industry, its role in future profitability and possible cooperative competitive advantages.

The conference provides a unique opportunity to learn and exchange ideas with CEOs, cooperative directors and others doing business with agricultural cooperatives. Visit www.uwcc.wisc.edu/farmercoops10 for conference program updates, online registration and links to the conference hotel website. For questions about the conference program, contact Anne Reynolds at

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Newsline

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atreynol@wisc.edu or (608)263-4775.

Co-op testimony stresses need for trade programs

Programs that promote agricultural exports put money in the pockets of America's farmers and help boost the wider U.S. economy, says Brent Roggie, general manager and chief operating officer of National Grape Cooperative and a board member of the National

Council of Farmer Cooperatives (NCFC). Roggie's remarks came during a Senate Agriculture Committee hearing to examine U.S. agricultural trade policy and the 2008 Farm Bill's trade title.

"Farmer cooperatives across the country give farmers a vehicle to market their products and compete in a global marketplace," Roggie testified. "The earnings from these sales are returned to the farmer-owners as patronage dividends and help to provide market-based income from beyond the farm gate. USDA export promotion

programs, such as the Market Access Program (MAP) and the Foreign Market Development Program, play a vital role in helping farmers and their co-ops capitalize on these opportunities overseas."

Roggie said National Grape's growers have used the MAP program to increase the co-op's exports to Japan by 46 percent in three years. Roggie said Welch's juice is now on the shelves of 92 percent of Japanese food retailers.



Canadian farmers see benefits

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from the sawmills — and is turning a profit — by collecting tree bark and other tree remains from the region's parks. This is certainly a great example of an FMC creating an environmental benefit.

There are social, as well as economic and environmental reasons, for forming a farm machinery-sharing co-op. FMCs unobtrusively cut through the obstacles of isolation and create a network of assistance. They can become gathering places for members and incubators for

the exchange ideas. They can result in neighbors lending a hand to each other more often, and to sharing useful information or contacts among members.

When you're part of an FMC, you don't have a choice: you need to talk to each other, make compromises on equipment-use scheduling and be respectful and responsible toward other members of the co-op. It's a learning process that is part of a member's personal development and which also serves the group as a whole. The FMC can respond to other needs that have yet to be met within the community.

Obviously, this increases everyone's quality of life.

Most of these comments could also apply to any other cooperative, because cooperation means sharing. Let's be realistic, sharing a mill or a hardware store is great, but in terms of member proximity, sharing farm machinery takes us into another dimension of cooperation. It requires a very strong capacity to practice cooperation on a daily basis. That is the challenge to be met by some 1,750 member-farmers in our FMCs when the sowing season begins each spring. ■

eXtending Co-op Knowledge

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are looking to cooperatives to stimulate the economy or meet needs."

People coming to the eXtension website to learn about the cooperative business model will have various levels of business and community development knowledge. A rural electric cooperative member, for example, may want to know what makes an energy cooperative different from a privately owned power supplier. A board member in that same rural electric cooperative may be seeking better understanding of strategic planning processes and implementation methods required to meet future energy needs.

CHS Foundation supporting effort

The cooperatives community of practice received a \$25,000 start-up grant from the CHS Foundation. "CHS and the CHS Foundation have a long commitment to cooperative education and value the ongoing collaboration among industry, the USDA and academia," says William J. Nelson, president of the CHS Foundation. Many universities, programs and individuals are providing in-kind services and travel expenses.

eXtension's cooperatives team is co-chaired by John Park from Texas AgriLife Extension Service and Madeline Schultz from Iowa State University Extension. Leadership team members are: Brian Henahan from

Cornell University; Chris Peterson from Michigan State University; Phil Kenkel from Oklahoma State University; Gregory McKee from North Dakota State University, and Dixie Watts Dalton from Virginia Polytechnic Institute and State University.

Michael Duttweiler from Cornell University is the evaluation leader and Elizabeth Gregory North, of Texas AgriLife Extension Service, is the communications leader. John Wells, director of co-op development for USDA Rural Development, is the national program leader. Edward Smith from Texas AgriLife Extension Service and Mary Holz-Clause from Iowa State University Extension are the administrative advisors. ■

Look Who's Minding the Store

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"members" — then discuss how to distribute the earnings and retire stock.

To teach one of the co-op principles — Concern for Community — Farmers Union encourages the youth to contribute their profits to a charity of their choice. Each recommendation is made by motion, open for debate, and then voted on.

Even "co-op kids" benefit

"Though my father has worked for both Cenex and Farmers Union cooperatives for years, without my experience at Farmers Union camp, I would not have understood the basic structure of what makes a co-op so unique," says Stephanie Barnhart of North Dakota. "My favorite part of our

camp store is that the members literally own the co-op. This fact allows me to say, 'this is my business.'"

"One of the most important and favorite aspects of our leadership camps is the co-op store," adds Sonny Harrell, education director for Montana Farmers Union. "This allows the campers to become acquainted with cooperative principles and business methods."

These camp co-ops are organized all across the nation every summer at junior and senior camps sponsored by Farmers Union. The focus on cooperative education is not surprising, considering that Farmers Union's symbol is a triangle comprised of the words: "Education, Cooperation, Legislation."

The general farm organization's founders were leaders in forming credit unions, rural electric cooperatives and farm supply and marketing

cooperatives. This included the Farmers Union Central Exchange and Farmers Union Grain Terminal Association that were forerunners of Cenex and Harvest States, which merged to become CHS Inc.

Farmers Union has a long and storied history of developing and promoting cooperative businesses. Annually, the general farm organization also presents a conference on cooperatives in Minnesota's Twin Cities. The event attracts college ag students and their instructors.

Barnhart says teaching campers to open their own co-op store encourages youth to discuss the principles of cooperatives and the value of a united membership. "The pride I have in owning something collectively with so many other members definitely influences me to do business at co-ops."

To learn more, go to www.nfu.org. ■

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SOCIAL RESPONSIBILITY • OPEN & VOLUNTARY MEMBERSHIP • NON-DISCRIMINATION •
COOPERATION AMONG COOPERATIVES • SERVICE TO MEMBERS • ON-GOING EDUCATION
• DEMOCRATIC CONTROL • DISTRIBUTION TO MEMBERS • BUILDING FINANCIAL STABILITY