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Works

Fall
2012

What's new



CooperationWorks!

is a member service cooperative of cooperative business development professionals working together to revitalize communities through effective cooperative enterprise development.

To learn more about CooperationWorks! contact:

Sarah Pike

E-mail:
info@cooperationworks.com

Web:
www.cooperationworks.coop

A news update from **CooperationWorks!** – the center of excellence for cooperative business development.

CooperationWorks Continues to Build on Successful Co-op Development Training

This past September, a new batch of students spent a week on the University of Wisconsin campus in Madison, Wis., for session one of the training for cooperative developers that is sponsored by CooperationWorks (CW). The training, which addressed the steps to start a new member-owned cooperative business, incorporated case studies of existing co-ops and tours to local cooperative businesses.

This year's tours were to Willy St. Food Cooperative, Arboretum CoHousing and WORT-FM, Madison's community-owned radio station. Participants also studied the Center Point Counseling Services Cooperative in

to learn how to start cooperative enterprises in their communities.

Some of these 23 students, as well as many from past sessions, were able to participate in this special training thanks to scholarships funded by the Ralph K. Morris Foundation and CoBank.

"The three-part training program that CW delivers is critical as more people turn to cooperatives to fill needs such as quality jobs, local foods, day care, housing and health care," says Malan. "In the last 25 years, there has never been a time in our country when the interest in, and the need for, cooperative solutions has been

Viroqua, Wis., and Union Cab, Madison's worker-owned cooperative, provided the transportation services.

In the past few years, the training has included a reception for



Participants and trainers from the September co-op developer training.

attendees to meet, network and celebrate with local, Madison cooperators. "This reception is our 'thank you' to the many cooperators in the Madison area who contribute to the ongoing success of the annual Madison training program for cooperative developers," says Audrey Malan, a member of CooperationWorks and an organizer of the reception. "It's also a great opportunity for local cooperators to get together to network and share their successes."

Organized and led by members of CW, "The Art & Science of Starting a Cooperative Enterprise," has been held in Madison for the last seven years. This year, 23 participants from across the United States gathered at the Lowell Center on the University of Wisconsin campus

a time in our country when the interest in, and the need for, cooperative solutions has been greater. We have

proven solutions to many of the challenges we face today. We thank our supporters for helping us share these co-op solutions with co-op developers across the country."

Trainers for the Sept. 17-21 training program included Anne Reynolds, University of Wisconsin Center for Cooperatives; Margaret Bau, Wisconsin USDA Rural Development co-op specialist; Dr. E.G. Nadeau; John Conowell, Madison Area Workers Cooperatives; Judy Ziewacz, previous director of the Wisconsin Office of Energy Independence; John Flory, Latino Economic Development Center; Harry Webne-Behrman; and Tom Pierson, former director of the North American Students of Cooperation.

For more information on the CW training program, contact Audrey Malan, cw@vcn.com.

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COOPERATIVE DEVELOPMENT INSTITUTE

For information, contact Noemi Giszpenc at 413-665-1271 or ngiszpenc@cdi.coop

The Cooperative Development Institute (CDI) increases economic opportunities and benefits for people in the Northeast by fostering the growth and success of all types of cooperative enterprises by providing education, training and technical assistance to existing and startup cooperatively-structured enterprises.

Cooperative Development Institute: Big Conversions and Program Expansion into Maine

On June 25, 2012, the residents' associations of 2 manufactured housing communities comprised of a combined total of 466 homes in Carver, Massachusetts purchased their communities, securing for themselves enduring control of the land their homes occupy. Cranberry Village Residents Association and the Pine Tree Village Residents Association closed in a 3-party transaction Friday afternoon after working together for 5 months toward the purchase. Notably, the purchase was without an increase in rent to the residents. With the total transaction exceeding \$23 million, it is the largest single transaction in homes and dollars closed within the ROC USA™ Network.

Cranberry Village, a 55+ community, and Pine Tree Village, a family community, were developed and operated by the Piper family since the 1970's. After the Pipers signed an agreement last December to sell the properties to a NYSE-listed Investment Trust, the communities' residents banded together to purchase under a right of refusal law in Massachusetts. They quickly contacted the Cooperative Development Institute (CDI), which served as their technical assistant through the process of establishing right of first refusal, incorporation, negotiations, due diligence, financing and closing. CDI, a member of the ROC USA Network, will provide technical assistance for the life of their mortgage loan.

"This is a place where we help each other — it's a close-knit neighborhood that got closer by forming the co-op and going through the purchase process," said David Tessier, president of the Cranberry Residents Association. "Now most people are concentrating on the rent stabilizing. We were worried, because in today's economy, some people are living on very slim fixed budgets and they can't afford the rent going up every year."

As quoted in the Patriot Ledger, Pine Tree board member Larry Erikson said: "It's like a new democracy.

The members decide, what do we want to do with surplus? We could reduce the rents or do tree work and fix potholes."

Financing for the project was provided by ROC USA® Capital, a 501(c)3 national community development financial institution that is certified by the Department of Treasury's CDFI Fund.

With these communities CDI's New England Resident Owned Communities initiative (NEROC) has assisted 7 conversions in 20 months—4 in Massachusetts (of which 3 are rural), and 3 in Vermont (all rural). CDI's ROC program began in 2009 in MA, CT, and RI, expanded into Vermont in 2010, and is now entering Maine thanks to a philanthropic two-year grant of \$60,000.



New of the newly formed ROC in Massachusetts

Beside assisting residents' associations to purchase and manage their parks as cooperatives, the NERO program facilitates obtaining financing for ROC needs such as improved infrastructure, rehabilitation and purchase of units, and maintenance equipment. In the coming year, CDI will be exploring in partnership with CW! member Center for Cooperative Forest Enterprises the possibility of installing a district heating system for a ROC that would use locally produced woody biomass, thus reducing costs and environmental impact (compared to individual homes using heating oil).

FOOD CO-OP INITIATIVE

For information, contact Stuart Reid at 507-664-2034

or stuart@foodcoopinitiative.coop
Food Co-op Initiative (FCI) is a non-profit foundation that was created to provide resources and support for communities that want to start new food co-ops.

Grants Build Co-op Economy

In September, Food Co-op Initiative announced grants to ten new start-up food co-ops. An additional four co-ops will receive scholarships for board and organizer training. All fourteen awardees have demonstrated a focus on local economy, community building, and healthy food options to their communities.

(Continues on next page)

Food Co-op Initiative is a 501(c)3 non-profit dedicated to building a support system for new food co-ops, particularly during the early stages before start-ups have access to capital. Our grants, free consultations, training, and extensive online library of educational resources have helped dozens of co-ops get their start since Food Co-op Initiative's inception as the Food Co-op 500 partnership in 2005.

Among those receiving funding this year is Capital City Food Co-op in Juneau, Alaska. Juneau residents began organizing in May, 2012 to bring a co-op to their remote northern city, which is accessible only by boat or airplane. "People are individualistic here," says organizer Evelyn Rouso, "But the frontier sense of looking out for one's neighbors is also a strong bond. Not many people could identify the Rochdale Principles, but, openness to all, democracy, honest business practices, benefits to those who participate, cooperation with others, and the good of the community are all things that really do resonate here, and are reflected in many, many ways in the daily life of our city."

Another grantee is Dorchester Community Food Co-op, located in one of Boston, Massachusetts's largest and most diverse neighborhoods. More than just a grocery store, in the words of organizer Jenny Silverman, "Dorchester will be a community and worker-owned market and food hub that provides economic opportunity, healthy affordable food access, and education around healthy food choices." The Dorchester Community Food Co-op hopes to be part of a network of social enterprises that reinvigorates their inner-city commercial district.

This is the second round of grants distributed by Food Co-op Initiative since it incorporated as a 501(c)3. In 2011, \$100,000 was awarded to fourteen rural co-ops. This year, both rural and urban co-ops were eligible, and \$50,000 was awarded in each category. However, Food Co-op Initiative Executive Director Stuart Reid says the financial support is only part of the package. "More important is the one-on-one mentoring we give our grantees. Along with regular contact through email and telephone, Food Co-op Initiative development specialists will make personal visits to each startup to provide educational workshops and organizational support." Food Co-op Initiatives grants are funded in part by USDA Rural Development and Blooming Prairie Foundation.

FCI 2012 Seed Grant recipients:

Capital City Food Co-op (Juneau, AK)
Detroit Black Community Food Security Network (DBCFSCN) (Detroit, MI)
Dorchester Community Food Co-op (Boston, MA)
Fuquay-Varina Community Market (Fuquay-Varina, NC)
Gateway Food Co-op (St. Paul, MN)
Granite City Co-op (Barre, VT)
Green Top Grocery (Bloomington, IL)
Hub City Co-op (Spartanburg, SC)
Many Hands Food Co-op (Binghamton, NY)
Wasatch Cooperative Market (Salt Lake City, UT)

FCI 2012 scholarship recipients:

Deerfield Community Co-op (Deerfield, WI)
Ellensburg Food Co-op (Ellensburg, WA)
Hudson Grocery Cooperative (Hudson, WI)
Local Roots Food Co-op (Buffalo, MN)

Interested in becoming a member in the largest growing co-op developer organization in the country?

Join CooperationWorks!

Contact Susann Mikkelsen at 719-648-9510 or susann.mikkelsen@co-ops.org to learn more about membership. Or, visit the CW Web site at www.cooperationworks.coop

Fund for Democratic Communities

For information, contact Ed Whitfield at 336-497-1854 or ed@f4dc.org

The Fund for Democratic Communities (F4DC), a private foundation, supports community-based initiatives and institutions that foster authentic democracy to make communities better places to live.

Southern Grassroots Economies Project Celebrates a Successful COOPECON 2012

People from across the Southeast gathered in Epes, Alabama at the Rural Training and Research Center of the Federation of Southern Cooperatives from July 27-29 to begin the hard work of building democratic ownership in our communities.

Those new to the world of cooperative business development learned what it takes to put together a business that is responsive to the community it grows from. People involved in functional cooperatives gained valuable insight into the steps needed to grow them, make them more sustainable, and contribute to region-wide development.

Open space technology sessions covered a wide spectrum of topics including worker-ownership, financial record-keeping, nonprofit and coop interaction, technology use, and many more.

The conference was deeply informed by Jessica Gordon-Nembhard's keynote address. Several panels featuring developers and current cooperators featured some of the most talented people in the movement from around the country.

Special thanks go to all of our great sponsors and supporters. Without you, this conference would not have been as successful. Special mention goes to the Federation of Southern Cooperatives who made their amazing facility in Epes available to us for this gathering. They are continuing to do the important work they began in the late 1960's, building self-sufficiency and liberation among historically oppressed people in the US South.

Conference materials, photos and more can be found on the SGEP website here: <http://sgeproject.org>



CoopEcon 2012 Participants, fired up!

INDIANA COOPERATIVE DEVELOPMENT CENTER

For information, contact Debbie Trocha at 317-275-2247 or dtrocha@icdc.coop

The Indiana Cooperative Development Center (ICDC) is committed to providing a range of innovative, results-oriented and cost-effective services to cooperatives and related organizations statewide.

Feed Mill, Key to Success for Amish Farms

One of the major limiting factors on growth of the nation's organic dairy and livestock industries is the availability of quality organic feeds at an affordable price. That's why a new co-op of dairy farmers in northern Indiana is pursuing the purchase of an organic feed mill to help ensure the future viability of their farms and communities.

The Indiana Cooperative Development Center (ICDC) was contacted in early 2011 by Wisconsin-based Organic Valley – the nation's largest organic cooperative – and asked to assist a group of 80 organic milk producers in northern Indiana form a cooperative to purchase a local organic feed mill in Wolcottville, Ind.

Most of these producers have small organic farms with fewer than 50 dairy cows. The majority of the milk producers belong to the local Amish community, a group which usually prefers to avoid public exposure.

Their leaders are mostly elders of the community (although there are also some younger producers in their 30s rising to leadership positions) and they typically do business on a handshake agreement, which can be problematic in today's business world.

Social responsibility is more than a buzz word for the Amish – it's a way of life for them. They are developing the cooperative

for “the community” – not only for their community, but for their neighbors as well. They look at the organic model as the best way to keep their small farms profitable and sustainable.

An initial two-day meeting of all interested parties was held in late March, 2011. A five-member executive committee was formed and funds were committed for initial expenses for the formation of a cooperative.

These milk producers were concerned about their ability to obtain a reliable supply of high-quality organic livestock feed and supplies – with a degree of price stability – for themselves and for future generations. The Wolcottville Organic Feed Mill is a major source of organic feed for their dairy herds. The continued operation of the mill is viewed as a key to the expansion of the area's organic dairy/livestock industry and the profitability of producers.

Following the initial meeting, ICDC staff worked with the co-op organizing committee to explore the possibility of purchasing the Wolcottville Organic Feed Mill. ICDC staff helped the steering committee review and understand the financial statements of the existing mill operation and to identify a firm that could provide a fair appraised value for the mill.

An attorney experienced in co-op law was identified and ICDC staff assisted in the development of the co-op's articles of incorporation and bylaws.

By 2012, the steering committee was meeting every two weeks to complete the co-op organizational documents. In April 2012, the cooperative – the W.O.L.F. (Wolcottville Organic Livestock Feed) Cooperative – was registered with the Indiana Secretary of State and its first board was elected. Because a number of producers in Michigan are interested in becoming members of the cooperative, incorporation in Michigan is also being considered.

Membership documents were then developed and the equity



drive began in mid-summer. It took only a few weeks for the co-op to reach more than 50 percent of its goal of raising \$250,000. The directors have established a goal of having a 50-percent equity stake prior to the purchase of the mill.

ICDC provided training in July for the board to ensure that members understood their fiduciary responsibilities to the co-op.

As of this writing, in early September, the co-op expects to purchase the feed mill by the first of the year, helping to ensure the future viability of organic dairy production among this community of farmers.

“Our producer members knew they wanted to form a cooperative from the beginning. Without the assistance from the Indiana Cooperative Development Center, WOLF Cooperative would not be at this stage of development,” stated Dan Mosgaller, Regional Coordinator for Organic Valley.

IOWA ALLIANCE FOR COOPERATIVE BUSINESS DEVELOPMENT

For information, contact Darren Jarboe at 515-294-2342 or jarboe@iastate.edu

The Iowa Alliance for Cooperative Business Development at Iowa State University initiates and strengthens producer cooperatives in Iowa by combining outreach and research programs that provide rural Iowans with viable alternatives for economic development.

Students Team with Cooperatives to Develop New Businesses

The Iowa Alliance for Cooperative Business Development (IACBD) and the Agricultural Entrepreneurship Initiative (AgEI) have developed an experiential learning program for Iowa State University students to work with Iowa’s rural cooperatives.

The program, funded through a U.S. Department of Agriculture Rural Cooperative Development Grant, is designed to team students and faculty with cooperatives to develop new businesses in rural areas.

Cooperatives are major drivers of economic development in rural areas and are positioned to help entrepreneurs. The

program combines the energy of university students, the technical knowledge of faculty, and the business resources of established cooperatives to create new businesses.

“The thought behind our program was that managers at rural cooperatives have business development projects that often are difficult to move off the back burner,” said Kevin Kimle, director of the AgEI at Iowa State. “Some of those projects can be moved forward by students and faculty teamed with managers from cooperatives.”

The program started in 2011 with three interns working at Farmers Cooperative Company in Afton, Iowa. The students conducted market research, financial analysis, and reviewed engineering processes for a new feed business Farmers Cooperative wanted to develop.

“With the high price of corn and alfalfa, farmers are looking for alternative sources of energy and fiber in their feed rations,” said Randy Pettit, Farmers Cooperative feed manager. “Developing a product at a lower cost is what the market is demanding.”

The three interns, all students in the College of Agriculture and Life Sciences at Iowa State, completed a plan for the new business.

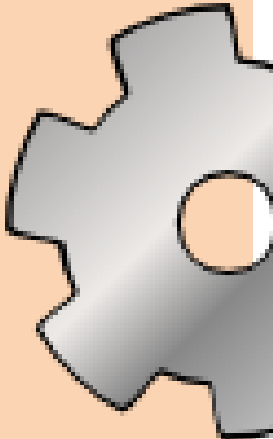


Student interns (l to r) Will Riley, Joy Tong, and Dillon Flynn at Heartland Cooperative.

In 2012, the AgEI and the IACBD placed three interns with Heartland Cooperative in central Iowa. Their objective was to develop a logistics model and business plan for Heartland’s fertilizer business. Marc Melhus, Heartland vice president of operations, served as the project lead.

“The purpose of this project was to compare and determine the best way for Heartland to provide custom fertilizer application services to our customers by looking at the two distinct models we currently employ,” explained Melhus. “The students were challenged with exploring the economics of each model and considering the other factors involved in consolidating the two models into one.”

After being briefed on the company’s goals and objectives for this project, the students conducted market research and financial analysis and made location visits to familiarize themselves with the fertilizer market and Heartland’s business structure.



Throughout the summer, the students collaborated with Iowa State faculty members Bobby Martens and Georgeanne Artz to evaluate the efficiencies of alternative facility strategies. Many factors were built into the analysis, including travel distances, building maintenance, fertilizer prices, and custom application costs. The interns were challenged with evaluating each of these factors and combining them to determine the optimal business model for Heartland's fertilizer business.

"The students gave us the jump-start the organization needed to pursue the best decision for further developing our fertilizer business," said Melhus. "It was also a great way for students to participate in a high-impact business development project at a cooperative."

The program's continuing goal is to partner with Iowa cooperatives and generate rural economic impact. The public/private partnership model creates valuable opportunities for participating cooperatives as well as the students and faculty from Iowa State.

If you are interested in getting involved with this program, please contact Stacey Noe, program coordinator, at 515-294-4945 or snoe@iastate.edu.

The IACBD is a USDA Rural Cooperative Development Center located at Iowa State focused on applied research and agricultural cooperative development. The AgEI provides training and guidance to students for the development of high growth agricultural businesses.

KENTUCKY CENTER FOR AGRICULTURE & RURAL DEVELOPMENT

For information, contact Larry Snell at 270-763-8258 or lsnell@kcard.info

The Kentucky Center for Agriculture & Rural Development (KCARD) fosters business success and growth by developing and delivering technical assistance and by providing education opportunities for agriculture and rural businesses seeking to enhance their economic opportunities in and around Kentucky.

Growing a Cooperative: Central Kentucky Growers Association

Central Kentucky Growers Association (CKGA) began in 1998 as a vegetable marketing cooperative when a small group of growers decided to diversify away from tobacco, which had been a mainstay on farms in the area. The new focus of their efforts was on horticulture production.

"I began growing pumpkins for the co-op in '98 or '99, I believe," says Kevan Evans, owner of Evans Orchard. "I had already begun transitioning away from tobacco into vegetable and fruit production, selling at farmers markets and from a small farm market.

Becoming a member of the co-op gave me another marketing option to expand my horticulture production before we really started to grow our agri-tourism business: Evans Orchard."

The co-op became a key marketing outlet for current CKGA president, Zeldon Angel. He began producing horticulture products as he saw the change looming for Kentucky's tobacco industry. As a co-op member, Zeldon has worked closely with the management to help identify new marketing opportunities for the co-op.



Zeldon Angel is the President and a long-time producer with the Central Kentucky Growers Association

"Over the years, we have tried almost every marketing approach that exists," says Zeldon. "Some have worked, and others haven't. But we have always been open to hear new ideas."

Currently CKGA is working with Castellini and Cabbage Inc. to market co-op products. The primary crops for CKGA are cucumbers and peppers – which can be packaged across the processing line at its facility – but it has also had success with green beans and producing cabbage under contract for Cabbage Inc., a fresh produce company based in Sheffield Lake, Ohio.

"In the early years our members had to step up financially to get the co-op going," explains Zeldon. "Over the years, we have seen that level of financial commitment from our members and the community. It has been that determination that kept us going even when other co-ops were closing the doors."

Seed money helps co-op expand

In 2001, CKGA received a boost when it was awarded nearly \$500,000 in Kentucky Agricultural Development Funds for the purchase of equipment and market development. These funds allowed CKGA to work with more growers and buyers.



Butch Case is the Vice President and a long-time producer with the Central Kentucky Growers Association



Soon, the growing co-op was in need of another expansion. In 2003, the group received an additional \$300,000 to update a production line, expand to year-round marketing, and to meet the needs of new and existing growers.

Kevan admits that the funds from the Ag Development Board were critical to the early development and growth of CKGA. But serving as current secretary and one time president of the co-op, Kevan also recognizes that there were challenges the group faced in those early years with inexperienced members, production, retaining buyers and general management issues that needed more than just money to fix.

“One of our biggest issues was the tobacco mentality,” said Zeldon. “The thought was that if we grow it, there is a market for it; but it is not that way in the vegetable business.”

Kevan and Zeldon both point to CKGA’s involvement with the Kentucky Center for Agriculture and Rural Development (KCARD) as the key factor to helping the organization overcome the challenges along the way.

“In 2005, we were struggling with several issues at the co-op and went back to the Ag Development Board for funding assistance; we received about \$121,000 as a forgivable loan to stabilize management and purchase necessary equipment,” explained Zeldon. “Yet, what made the difference with this round of funding was that we began working with Larry Snell [KCARD executive director] and KCARD to get a handle on financials.”

Zeldon explains that working with KCARD helped the CKGA board of directors realized what needed to be done each year to make accurate projections about how to run the business. They followed KCARD’s recommendation and brought in an outside company in 2006 to run the business for a year to give them ideas on management.

“When we began working with KCARD, we were in the red. But Larry and the staff just kept working with us on what we needed to do on the financial side to get a better handle on things and to make accurate projections so we could pull enough out to balance the budget,” says Zeldon. “Between the determination and willingness to sacrifice on our guy’s part and KCARD’s dedication to work with us we were able to pull out of the red.”

Strong working relationship with KCARD

Since that experience, the co-op has continued to work with KCARD periodically to review finances, policies and general management. Recently, the group had to turn to KCARD once again as it met with the Agriculture Development Board to review the

of the forgivable loan.

“If we hadn’t worked with KCARD during this evaluation of our agreement with ADB, then the deal probably wouldn’t have gotten done,” Zeldon says. “KCARD’s knowledge of the industry and the fact that they were working with us to address the terms of the agreement brought to the table a level of credibility that helped us to achieve a workable agreement.”

“The major strength of CKGA is the leadership and unwavering commitment of its board of directors over the years,” says Snell. “They are determined that the cooperative will succeed and provide a reliable market for commercial vegetable growers in Central Kentucky.”

Zeldon realizes there will continue to be challenges for CKGA. This year the major challenge has been the weather. Dry, hot conditions have made it difficult for the group to produce quality products to take to the market. But he believes that the commitment to the CKGA remains.

“As much hard work as we have all put into the co-op, I hope we are still going strong in five to ten years,” says Zeldon. “We want to make it self-sustaining and keep it going. It will work, but we just need to find a few more growers who are willing to make the sacrifices to produce a quality product for the market.”



KCARD is now one Facebook! Like us at
www.facebook.com/KentuckyCenterforAg

KEYSTONE DEVELOPMENT CENTER

For information, contact Cathy Smith at
 814-687-3937 or smith@kdc.coop

The Keystone Development Center (KDC) is a non-profit corporation dedicated to providing technical and research assistance to groups that wish to organize as cooperatives in the multi-state area of Pennsylvania, Maryland, New Jersey and Delaware.

Jersey shellfish co-op well situated for growth

One of the Keystone Development Center’s most exciting new projects involves oyster and clam growers in New Jersey. This group is employing state-of-the-art technology to raise oysters and clams in a controlled environment – first in laboratory settings, then in leased water areas off shore.

A major competitive advantage for these shellfish growers is the proximity of their production areas to roughly 40 percent of the U.S. population. The New York-Washington D.C. corridor also contains eight of the nation’s top 10 counties for median income.

Keystone Development Center (KDC) is helping the group to cooperatively develop its market through a variety of strategies. Rutgers Ocean County Cooperative Extension (Marine Extension), the New Jersey Sea Grant Consortium and the New Jersey Department of Agriculture are KDC’s partners in the development of the shellfish cooperative.

Shellfish farming creates environmental benefits

A growing body of scientific information is documenting the

environmental benefits of shellfish farming. These benefits include marine habitat creation, removal of excessive amounts of nutrients from water, carbon sequestration, shoreline and bottom stabilization, wave energy attenuation and reproductive contribution to natural shell-fishing beds.

Shellfish farmers pay permit and lease fees for the privilege of conferring these benefits to the public through the course of producing their product. There has been discussion aimed at generating revenue for shellfish growers in exchange for the environmental benefits that result from shellfish production. The growers hope that a valid strategy is to leverage these environmental benefits toward the goal of generating a greater connection with customers who value local food production. Access to new markets and price premiums is a positive business outcome of forging these local food connections.



Betsy Haskin holds a bag of clams she just washed as she heads to return them to her lease.

Eight to 10 clam growers and 12 oyster growers in New Jersey have begun the process to develop a marketing, purchasing and shared-services cooperative for their products. KDC is currently assisting the group with a logistics study for locating a shellfish aggregation center. KDC is also assisting its partners in the development of a survey that would gauge production volume and is examining the existing infrastructure and potential markets available to producers. The current transportation and distribution assets of shellfish growers are predominantly built to serve conventional sales to wholesalers in coastal and shore-oriented retail outlets, which are highly seasonal. One of their goals is to expand their year-round markets.



Bill Avery in his oyster hatchery in Atlantic City, NJ.

Forging links with food co-ops

In the next year, KDC will continue to assist the group with logistical plans for siting aggregation points, identifying area markets and developing transportation plans for efficient marketing. This includes connecting shellfish producers with food cooperatives in the area – a primary goal for the group.

The growers identified the development of effective, direct-marketing strategies that emphasize the local aspect of farm-raised shellfish as their most significant marketing challenge. Emphasis on local food production is, likewise, a viable strategy for shellfish growers in other regions. Currently, more than 85 percent of the seafood consumed in the United States is imported, so the market is open for local products.

The MidAtlantic Alliance of Cooperatives (MAFCA) is being used as one resource to help develop the connections to food cooperatives. MAFCA, in its third year of operation, is a network of food cooperatives in the Mid-Atlantic area. KDC has been instrumental in the formation of the organization and continues to support this important organization.

NEBRASKA COOPERATIVE DEVELOPMENT CENTER

For information, contact Jim Crandall at 308-995-3889 or crandall3@unl.edu

The Nebraska Cooperative Development Center (NCDC) builds a strong, engaged and sustainable network of people with access to local, state and national resources, dedicated to allowing people to prosper in rural Nebraska by helping them to work together to increase their incomes via cooperative development, and to help facilitate “value-added” opportunities.

NCDC Offers Social Media Training for Businesses

The Nebraska Cooperative Development Center recently presented two webinars on Social Media use for businesses. The webinar series was designed for business owners who are either considering starting to use social media and are unsure of the correct direction or for businesses who have social media and are unsure how best to use it. The need for this webinar series stemmed from several conversations with cooperative business owners who expressed an unease or unfamiliarity with social media and its uses. The webinars and additional information are presented by the NCDC graduate assistant, Amanda Bergstrom (University of Nebraska—Lincoln).

“Social Media sites are quickly developing and consumers are using the sites to find businesses and products for them, and becoming a ‘must-have’ for businesses as consumers use the sites to find, rate, and rave about businesses and products,” said Bergstrom. “However, using social media requires invested time and understanding, and for a business to get the most out of the social media they are using, they have to know how to use it.”

The first webinar, *Discovering Social Media Use for Your Business*, focused on the top five Social Medias (Facebook, Twitter, Pinterest, LinkedIn, Foursquare) by giving an overview of each site. This information included statistics for businesses, general information, user demographics, site limitations, consumer expectations, and example business pages. Viewers learned how social media can give businesses an opportunity to connect with current and potential customers, market their products/services, and track new business leads.

The second webinar, *Using Social Media for Your Business*, took a more in-depth look at the individual social medias and their uses. This information included how-to tutorials on acquiring extra tools, using merchant dashboards/business statistics, gaining new followers, dos and don'ts of posting, and example business pages & posts. Viewers learned more about how to work within the social media(s) they chose, how to attract or gain followers, and what to fix if the site is not working.



Logo for the social media page

Both webinars were attended by at least 25 listeners at the time of the presentation, including viewers from Colorado, Kansas and Iowa. The series is also still available for viewers and the two webinars have attracted more than 150 viewers at this time.

Along with the webinar series we have added a Social Media Training page to our website. This page has links to the webinar series and additional social media information for marketing, communicating, and learning on Social Media sites. Users can link to resources on specific social media site questions, read through a social media-wide “disaster plan”, or learn tips on to fix or update their current social media sites.

To listen to these webinars or take a look at the social media information NCDC has provided go to: <http://ncdc.unl.edu/social-media-training>.

Rocky Mountain Farmers Union Cooperative and Economic Development Center

For information, contact Bill Stevenson at 303-283-3549 or bill.stevenson@rmfu.org

The Rocky Mountain Farmers Union (RMFU) Cooperative and Economic Development Center provides technical assistance and funding to rural groups to create marketing, processing, or service cooperatives such as local food or energy programs.

Health Insurance Cooperatives, Lessons Learned

The birth of the Colorado Health Insurance Cooperative includes a number of very important lessons for future health insurance co-op developers and perhaps for those working on other co-op

development projects. Our experience suggests the following attributes among the core initial working group are critical: a passion for co-ops (of course!); an abiding commitment to rural health care; comprehensive health insurance and health care experience and knowledge; strong connections built on lasting trust – in a nutshell, all you have to do is find some really smart, passionate folks who know everybody and are willing to work for free!

The federal Patient Protection and Affordable Care Act (ACA) passed in 2010 after much controversy and acrimonious debate. ACA authorized the establishment of non-profit, private Consumer Operated and Oriented Plans (CO-OPs) for health insurance, under a start-up loan program administered by the U.S. Department of Health and Human Services (HHS).

In the spring of 2011, at an informational meeting sponsored by the health care community in Denver regarding CO-OPs, the Rocky Mountain Farmers Union Foundation (RMFU) sensed an exciting opportunity to make a positive difference for health care in the rural Rocky Mountain West, a very challenging problem we had been working on for decades. RMFU has been advocating for family farmers and ranchers and their communities for 100-plus years and is a strong believer in cooperatives.

Discussions followed among RMFU staff with extensive experience in rural health care, social issues and cooperative development, focusing on one issue in particular: Can a CO-OP realistically serve only *rural* health care needs in Colorado and Wyoming?

Those discussions led RMFU to invite a number of potential partners to the table, with such skills as Colorado rural health expertise, third-party health insurance administrator capabilities, health foundation expertise and funding, and savvy in cooperative formation and operations. A working group was formed in the fall of 2011, with a chairperson and at least some formality to its proceedings. This group considered adding technical expertise and identified the next steps necessary to build the health insurance co-op, including involvement of other institutions and funding sources. In the finest cooperative development tradition, a decision was made that a feasibility study with seeds for a business plan needed to happen. Can this co-op idea work, and if so answers were needed to how, what, who, and when?

We were very fortunate that the connections of the folks in our working group were long and deep, for a number of other individuals with expertise and even more connections offered to help, which led to an important February 2012 gathering of “interested persons” with a variety of interests and specialties who wanted to be kept informed and involved. The resources the working group was gathering were truly impressive by any measure within the Colorado health insurance, health care and rural advocacy communities.

The cost of the feasibility study (needs: actuary; statistical knowledge; provider network; claims; general administration; legal) was estimated at \$100,000-plus. After a budget was established by interviewing four actuary candidates and reviewing their cost estimates and securing cost estimates for statistical work and third party administrator work, the fundraising began. This ultimately yielded generous commitments from the Colorado Health

Foundation and the USDA to sponsor the feasibility study.

With the feasibility study underway, the working group began to plan for the co-op's HHS loan application, due April 2012. But what would the feasibility study reveal? The results finally arrived, with the important revelation that the health insurance co-op was viable and could be rural in focus, but that it also must include urban as well as rural residents to insure the number of members necessary for the company to survive and thrive.

The time had come for the health insurance co-op to incorporate in March 2012 as the Colorado Health Insurance Cooperative, Inc., a Colorado non-profit cooperative, with RMFU as the co-op's member and with five directors: a former rural healthcare expert in government, a prominent cooperative lawyer and developer, a former Colorado state insurance commissioner and state auditor, a former health insurance company CEO, and a former rural healthcare administrator. The co-op also needed to develop working relationships with Colorado's Division of Insurance. Shortly thereafter, in early April, the co-op applied for \$69,000,000-plus in start-up and solvency loans from HHS, with the voluminous and time-consuming application effort led by the co-op's interim third-party administrator and actuary. The need for technical savvy at this point was paramount.

As we waited for the HHS decision-making process to unfold, the co-op began to plan for the start-up, with a very qualified interim CEO hired (as a result of a knowledgeable and influential "interested person's" recommendation) and performing much of the detail work – at no charge!

Late April brought notice of the next step, which was an interview with Deloitte, HHS's counselor in the selection process, in Washington, D.C., in mid-May – first hurdle had been cleared! All five directors participated (paying their own travel expenses as needed), along with the co-op's interim third-party administrator, actuary, and CEO. The interview seemed to go extremely well, thanks to the group's careful "listening" to what Deloitte was expecting, thorough preparation (in Denver, then upon their arrival in DC the day before the interview), and the experience and wisdom of our experts (the interim third-party administrator, actuary, and CEO).

Mid-June: SUCCESS! HHS notifies the co-op Board president that the co-op has been accepted for ACA's CO-OP loan program, subject to successful "negotiation" of loan particulars. (The basic loan terms – such as interest rates and repayment requirements – were non-negotiable, while others, such as business plan milestones, needed further discussion or clarification.)

Just a short time later, the U.S. Supreme Court ruled in favor of ACA's constitutionality, and in late July the Co-op's loan documents were signed, the transaction closed, and the award was made public.

By mid-August, with the board now numbering seven (two more board members – a rural hospital administrator and a rural physician – having been added in May), the interim CEO (now being paid), a human resources consultant, a business planner, legal counsel, a regulatory compliance specialist, an accounting firm, and a communications/marketing/public relations firm were hired, all on an independent contractor basis. Also, interviews had begun for a full-time CEO (six candidates passed the initial review), and job

descriptions for the co-op's chief financial officer, regulatory compliance officer, and director of consumer services (all considered senior staff positions) had been posted.

Meanwhile, RMFU was planning to hire at least two outreach/education staff members, to assist in the essential community organizing, grassroots work necessary to promote and develop the co-op throughout Colorado.

There's truly an incredible amount of work to do to start an insurance company, but the co-op will begin marketing policies in only about 12 months (Fall 2013), with the first effective date January 1, 2014.

To reprise the themes mentioned in the first paragraph, the co-op's success has depended on enlisting amazing folks with a unique variety of interests: a passion for co-ops; an abiding commitment to rural health care; health insurance and health care experience and knowledge; strong connections built on lasting trust – in a nutshell (again), find some really smart, passionate people who know everybody and are willing to work for free! With that as a base, those who dream of dramatically changing the health insurance world for the better really can succeed.

Upcoming Events

November 1-2, 2012, La Crosse, WI

Food Co-op Trainers Conference

This unique training event starts with a full day of presentations and discussion for co-op development professionals to learn what consumer co-op specialists have found most effective in working with new food co-op organizers. Registration for the full event for co-op developers and development professionals is FREE!

Find more information at:

<http://cooperativetrainers.eventbrite.com/>

Friday, November 9, 2012, Indianapolis, IN

Indiana Cooperative Summit

For more details, visit: <http://www.indianasummit.coop>

November 2-4, 2012, Ann Arbor, MI

NASCO's Institute

This year's Institute will give participants an opportunity to envision a different economic future; to learn about grassroots people's movements fighting for economic justice, and to explore economic alternatives already under construction. Find more information at:

<http://www.nasco.coop/institute/>