

**The Cooperative Alternative...**

The economy is bad, election politics have been ugly, and many Americans are facing troubled times. Cooperatives offer an alternative to business-as-usual. The cooperative business model combines the power of working together with democratic decision making to create fundamental needs like jobs, power in the marketplace, affordable housing, and healthy food. The California Center for Cooperative Development (CCCD) is expanding its cooperative education and development assistance and we need your help.

CCCD is helping to start new co-ops, providing board education and other training to help strengthen existing cooperatives, and expanding information and resource materials on the CCCD website: [www.cccd.coop](http://www.cccd.coop). You can support these efforts by making a tax deductible donation to CCCD and/or by making some adjustments to your shopping patterns so that large corporations will donate to CCCD.

We understand that many people who would like to support cooperatives are simply unable to donate to CCCD at this time. May we suggest that you try *Good Search*, which will donate to CCCD every time you search the internet? And if you are an online shopper, using *Shop for Good* will allocate a percentage of every purchase you make online to CCCD. Uploading the GoodSearch – CCCD toolbar to your computer will assure that contributions to CCCD will be made every time you search or shop online – and it won't cost you a dime. Please visit [www.cccd.coop](http://www.cccd.coop) for details.

This newsletter shares with you the many ways that supporting CCCD advances cooperative development. CCCD has an initiative in Richmond to stimulate jobs with worker cooperatives. The non-profit is helping to



CCCD Staff: Back row: Justin Ellerby, John Castelfranco, Kim Coontz, Lisa Pray, Luis Sierra; Front row: Rajdeep Bhaluru, Allyson Ujimori, Jessica Suarez

develop food cooperatives in diverse communities. Assistance from CCCD is helping farmers successfully respond to consumer needs and compete with large firms through cooperative marketing. CCCD provides education and information to keep cooperatives competitive. It is also a reliable source of quality information and resource for people who are interested in cooperatives.

Donations enable CCCD to endure as a cooperative resource, expand the cooperative business model and to leverage new grant funding. Thank you for your generous support of CCCD.

In Cooperation,



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Volume 3 Number 1

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**Mission Statement**

The mission of the California Center for Cooperative Development is to promote cooperatives as a vibrant business model to address the economic and social needs of California's communities.

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**California Food Co-ops See Resurgence**

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 was formed in 1867 in San Francisco. The Consumer Cooperative of Berkeley (CCB), 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 and urban communities like Sacramento, Ocean Beach,



Arena Market and Cafe on the Mendocino Coast serves the remote coastal area in northwest California.

Humboldt, Davis and Arcata. Most of the second wave food co-ops are not only still standing, but thriving, as strong cooperative businesses.

Despite these "waves" of cooperative development, there (continued on page 5)

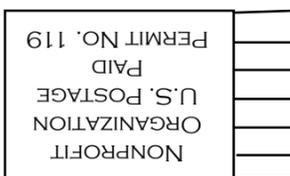
**Workers Take Leap in Richmond**

On August 27, I visited the *Eat Real Festival* for caterers and mobile food vendors in Jack London Square. I waited in the long line at the "Kung Bao" innovative Chinese bun food truck, hurried to a stand selling scrumptious Spanish Paella, and still had room for a gourmet taco. The California Center for Cooperative Development (CCCD) is helping a group of Richmond residents start a mobile food cart and catering cooperative, and I had taken the train down to Jack London Square to do research.

The cooperative project grew out of a class about starting a worker cooperative sponsored by the Richmond Public Library taught by CCCD's Director Kim Coontz. Using a "learn by doing" approach, the students examined their own interests and previous work experience, as well as consumer demand and start-up capital requirements. They researched what sort of cooperative business would work best for them. They also learned about

cooperative ownership and decision making and toured a demonstration hydroponic garden at UC Davis. The students' enthusiasm and motivation has led CCCD to continue assisting them in establishing a workers cooperative. They decided to start a food cart and catering cooperative because of the relatively low start-up costs and because several students have a passion for cooking and baking, and experience in food service employment.

The students are not the only Richmond residents enthusiastic about cooperatives. The current economic recession has brought Richmond's unemployment rate to nearly 20%, leaving 9,000 Richmond and San Pablo residents out of work. In September, Richmond Mayor Gayle McLaughlin toured the Mondragon Cooperative Corporation in the Basque region of Spain in search of new and creative approaches to Richmond's (continued on page 2)



**Upcoming Events**



**Cooperative Executive & Director Program**

Governance & Finance for Agricultural Co-ops  
November 8-9 2010  
Sacramento

**California Co-op Conference**

A multi-sector, statewide training event for cooperative decision-makers: directors, members, staff, and developers.  
April 2011  
Berkeley

**Western Worker Co-op Conference**

Conference for worker-owners of cooperatives throughout the Western United States.  
September 5-7, 2011  
Breitenbush Hot Springs, OR

**Co-op Spotlight: Plumas Sierra Rural Electric Co-op**

Since its founding in 1937, Plumas-Sierra Rural Electric Cooperative (PSREC) has been at the forefront of providing electric and communications services to people living in rural areas not served by existing public utilities. Today, in addition to electricity, the co-op provides cell phone, satellite television and high speed internet services to its members through its subsidiaries, Plumas-Sierra Telecommunications and Got SKY Unlimited.

Continuing its innovations to keep the residents of Plumas, Sierra and Lassen Counties connected to global technology, PSREC has been awarded a \$13.7 million grant to install a fiber-based high-speed internet from Reno, NV to Susanville and Quincy, CA. The co-op received a matching grant of \$1.7 million from the California Advanced Services Fund for the project.

Bob Marshall, PSREC General Manager noted, "Part of electric and telephone cooperatives' mission is to bring key services to Rural America. We are working together with several entities to improve the telecommunications infrastructure in our region with this project."

According to Lori Rice, Plumas-Sierra Telecommunications Chief Operations Officer and project manager, "Our region is severely lacking access to broadband. This project will include multiple interconnection points

and the abundance of bandwidth which will allow third party providers to reach far beyond their current boundaries to access the un-served and underserved portions of our region."

Marshall pointed out that a major goal of the project is to create jobs and boost the economy by allowing existing businesses to expand, while attracting new businesses to the region. "Completion of the project will



Scott Welch demonstrates electrical hazards to Austen Schiavone at PSREC's annual member meeting

allow for businesses, households and key community institutions to have access to higher data usage at a lower cost. Access to affordable broadband is a crucial component to arresting the loss of jobs and population in the region."

Lisa Pray

This newsletter is printed on recycled paper.

**New Foods, New Co-ops**

CCCD staff has been on the lookout for agricultural sectors where the cooperative model can serve growers. It's hard to think of a sector that doesn't already have a cooperative already representing farmers and setting fair market prices across the industry, including nuts, raisins, stone fruit, citrus, cotton, rice, tomatoes, wine grapes, and figs. Is it possible for California to create a new agricultural product in the 21st Century? Well, yes it is, but it takes reaching back at least a century to find it.

**Meat Goats**

While goat meat has been on menus of Mexican and Indian restaurants for as long as we've had birria and curry, until 1990 the meat used in these dishes was either from imported meat goats, or from culls from dairy breeds. It wasn't until about 1990 that the first true 'meat goats', known as Boer or Kiko breeds, were imported into California from South Africa and Australia. And they have taken off, due in large part to the demand of California's growing immigrant populations and a small but vocal community of the high dining food trend setters. Mexican, Indian, Pakistani, Middle Eastern, and African immigrants make up most of the demand. An added twist is that much of it is marketed as Halal, which means it has to be slaughtered according to Islamic traditions.

A year ago, CCCD got a call from Mary Pryde, the president of the Northern California Meat Goat Producers Association, a non-profit that provides its members with production and marketing education. She knew from her previous experience ranching in Montana that organized meat goat producers were selling to California buyers at better prices than she was getting offered as an independent seller after she moved to Redding. Could we help organize a bargaining or marketing co-op for Northern California producers? We spent the better part of the year trying to understand the market in California and figure out the most efficient way to reach the best buyers. To use a euphemism, the market is 'fragmented'. There are some real characters out there involved in buying and selling goats; it as if a little bit of the Wild West is stuck in 21st century California. And in the end, meat goat ranchers are barely making it. The need for a coordinated effort to get goats to market is clear and buyers want it as badly as the producers do.

A year later, the steering committee has been through the process of analyzing the feasibility of a marketing cooperative. They're

embarking on a recruitment drive to start the co-op, using its ability to muster volunteer coordinators to get it off the ground. The plans look promising, and with a little effort, they could be providing 150 to 200 goats per week to a few key buyers, and expect that number to grow quickly once they work out the kinks. CCCD has been supporting the efforts of the steering committee as they fine tune the operating plan and recruit members.

**Red Abalone**

In the late 19th century, Chinese immigrants made an industry out of harvesting abalone and canning it for export to China; this was followed by another wave of Japanese based businesses in the early 20th century. In the mid-50s harvesting became much more industrialized, and the abalone population sustained up to 5 million pounds harvest per year. That changed in the 70s when it started to continually decline until it a complete ban on harvesting was established in 1998. Today, there is no commercial abalone harvesting anywhere along the coast of California and only recreational harvesting is permitted north of San Francisco.



The California Abalone Association has been working hard to protect and monitor the waters around San Miguel Island, one of the Channel Islands off of Santa Barbara coast. They now believe, with science to back them up, that a limited commercial harvest is possible. But there are still a few hurdles to opening the area for harvest, one of which is that the Department of Fish and Game doesn't have the resources to monitor the population. In response, the CAA has proposed establishing a cooperative of divers to

monitor, protect, harvest, and market red abalone in this specific region. Under this model, the red abalone population could be better protected because the members have an interest in monitoring and protecting the grounds from poaching more so than if they were issued individual permits.

CCCD has supported CAA in this effort by helping them formally organize their cooperative so that the Dept. of Fish and Game has an organization they can negotiate with in earnest. Over the past year, CAA and CCCD has researched similar fisher cooperatives around the cooperative, which led to the incorporation of the California Abalone Marketing Association. Now the real work can begin to begin

Luis Sierra

**YES! I WANT TO SUPPORT THE CENTER TODAY!**

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

Donation Level  \$ 25  \$ 50  \$ 100  \$ 200  \$ 500  \_\_\_\_\_

Please make all checks payable to the California Center for Cooperative Development (CCCD).  
Mail to: CCCD, 979 F Street Suite A-1, Davis CA 95616 or you can donate by credit card at www.cccd.coop.

My primary interest(s) in cooperatives are :  Agriculture  Childcare/Education  
 Credit Unions  Energy  Food  Housing  Worker  \_\_\_\_\_

Thank you for your tax-deductible donation to support the cooperative movement!

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## Fresh Solutions for the Dairy Industry

If there was ever a time to cry over spilled milk, it would have been in the spring of 2008 through most of 2009, when dairy producers across the nation were beset by some of the deepest losses in the industry's recorded history. Dairy farms across the nation shuttered, including 100 closures in California in 2009. Dairy marketing cooperatives, which handle about 85% of the milk supply in the US, saw their net business volume decrease a whopping 26% over 2009. The impact of the crisis reaches far beyond the farm gate, as it is estimated that each on-farm dairy job supports 22 other jobs through distribution, retail, and supporting services.

CCCD entered this daunting terrain last year with two objectives: to consolidate the wide variety of long-term issues, remedies, and opportunities being explored by the industry into a single, accessible report, and to directly engage some of the key strategies identified. CCCD staff became familiar with the real-world impact of the crisis through providing direct technical assistance in financial analysis and grant management to several troubled small-scale dairy co-ops. Staff also interviewed stakeholders across the dairy value chain and academia and reviewed dairy economics literature. The resulting research report is comprised of a dairy industry overview and elaboration on the six following critical subjects:

1. **Supply management** creates systematic incentives by which individual dairy producers are encouraged to keep their milk production from increasing so much that it damages milk prices for producers as a whole. Novel proposals and extant programs are discussed and evaluated in light of analysis by the nation's leading dairy economists.

2. **Price risk management** is a critical and probably under-utilized strategy for dairy producers to survive and even thrive from persistent price volatility in milk, livestock feed, and energy. One major current industry proposal would scrap direct government

support of producers and instead provide a national program to insure their profit margins directly. The report considers this plan in comparison to the many existing tools for producers. In August 2010, CCCD conducted three workshops throughout the state on the separate but similar Livestock Gross Margin- Dairy insurance program, bringing discussion of the novel program to 130 dairy producers, crop insurance agents, and agricultural lenders.

3. **Value-added opportunities** are assessed based on conversations with marketers, retailers, and cheesemakers, as well as research provided by the California Milk Advisory Board. In addition, CCCD conducted a survey among all registered California dairy producers and others to learn about their needs and interests in developing farmstead and artisanal value-added dairy products, including growing product categories like specialty cheeses and drinkable yogurts.

4. **Dairy waste-to-energy biogas facilities** are investigated as a way to manage increasingly problematic manure and whey wastestreams, while also providing revenue from sales of energy and compost. Many possible applications of the cooperative model are explored, including "community codigesters" which beneficially combine dairy waste with food processing and municipal wastestreams.

5. **California dairy co-ops** are assessed for their capacity to provide value to their members in light of changing economic conditions and industry structure, and are compared to other successful dairy co-ops operating in other regions.

6. **Funding opportunities** for endeavors in the above subject areas are consolidated in an accessible reference chart.

For more information on our efforts on behalf of California's dairy families, visit <http://cccd.coop/events/DairyOpportunities>.

Justin Ellerby

## Workers Take Leap in Richmond

unemployment. Mondragon began 56 years ago in what was then a poverty-stricken region and has grown into a network of 120 industrial, financial, retail and education cooperatives which employ 100,000 people and have 16 billion Euros in annual sales. Mayor McLaughlin's exploration of Mondragon follows in the footsteps of Cleveland, Ohio, which in 2008 received help from Mondragon to launch the successful Evergreen Cooperative Initiative to revitalize low income neighborhoods.

CCCD hopes that the new food cart and catering cooperative will become a model helping more Richmond residents understand the benefits of the cooperative structure and supporting wider efforts to create good, sustainable jobs in Richmond.

John Castelfranco



Richmond Worker Co-op Class participants discuss the project during a commercial kitchen tour.

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## Food Co-op Resurgence Continued... continued from page 1

were no new consumer food co-ops formed between 1985 and 2000. Also during that time, the Consumer Cooperative of Berkeley dissolved in bankruptcy after almost a decade of bad decisions and bad luck. This chilled any prospective cooperative organizer's zeal for initiating a new food co-op.

Thankfully memory of that failure has faded and new initiatives throughout California, Nevada and the Pacific Northwest are gaining momentum and generating a third wave of cooperative development.

### Third wave of development

The third wave of cooperatives is reminiscent of their first and second wave predecessors. Some are using existing resources, some are starting out as food buying clubs using modern technology, and 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 build 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



James Bell, a Mandela Foods Cooperative worker-owner, runs the cash register.

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 relatively 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.



Food buying club delivery truck in Lake County.

### CCCD's Lake County effort

The California Center for Cooperative Development (CCCD) has helped 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 adapted from the Oklahoma Food Co-op by co-op consultant Roy Gusinger, who has also worked 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 endeavor in Placerville will retain a valued local natural food store that would likely close when the owner retires. CCCD and other food co-ops 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.

Luis Sierra and Kim Coontz

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