

CO-OP CONNECTIONS



A PUBLICATION OF THE CALIFORNIA CENTER FOR COOPERATIVE DEVELOPMENT

ANNUAL EDITION 2016

What's Inside:

CCCD Convenes Educational Summit for Refugee and Immigrant Farmer Training Programs

PAGE 1

Powering California's Backcountry

PAGE 1

Co-op Law Firm Adds New Member

PAGE 2

Exploring the World's Largest Worker Cooperative: Mondragon

PAGE 4

Crossword Puzzle

PAGE 5

Join the Cooperative Movement!

PAGE 6

CCCD CONVENES EDUCATIONAL SUMMIT FOR REFUGEE AND IMMIGRANT FARMER TRAINING PROGRAMS

In September 2015, the California Center for Cooperative Development organized a convening of several beginning farmer and gardener training programs working with immigrant and refugee populations. Participants included representatives from the International Rescue Committee's New Roots programs from around the country, Agriculture and Land-Based Training Association (ALBA) in California, Viva Farms in Washington and others involved in the fields of beginning farmer training and education for pre-literate, English language learners.



Luis Sierra reviews market research with Co-op members

Three of the New Roots programs – Phoenix, San Diego and Salt Lake City – have worked with their farmers to explore developing producer cooperatives. The Bahati Mamas, a group of Somali women in San Diego, are not formally incorporated as a cooperative but have run their diversified vegetable farming operation collectively since its inception, sharing in the profits and the labor of running the farm.

The Gila Farm Cooperative in Phoenix was started in 2011, with support from CCCD and IRC, to help a multi-national group of refugee farmers on rural land in Central Arizona access greater market opportunities to sell their produce. Farmers were selling their produce independently at farmers' markets, but forming the cooperative allowed them to aggregate their produce in order to start a Community Supported Agriculture

(CONTINUED ON PAGE 2)

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.



California Center
For Cooperative
Development

979 F Street Suite A-1
Davis, CA 95616-2258

www.cccd.coop
coops@cccd.coop
Ph: 530-297-1032

An equal opportunity
provider and employer.

POWERING CALIFORNIA'S BACKCOUNTRY

ELECTRIC CO-OP INVESTING IN MEMBERSHIP AND RENEWABLES TO KEEP THE LIGHTS SHINING



Amidst fir trees and pines, ranchland and the peaks of the Sierra Nevada range, sits California's scenic Sierra County. Located west of Reno, NV, Sierra County's population of just over 3,200 makes it the next-to-lowest

populated county in the nation's most populous state. With its sparse population density, serving the county would not be a high priority for most profit-driven utility companies. But it is a priority for a member-owned co-op.

Even the tri-county region of Sierra, Plumas and Lassen counties in northeastern California has a combined population of just under 55,000 (less than 0.2 percent of California's population of almost 39 million people). This very rural area of the state exemplifies the type of geography that America's rural electrification program – launched during the presidency of Franklin D. Roosevelt – was developed to serve, linking low-population rural communities to the power grid.

The Plumas-Sierra Rural Electric Co-op (PSREC) was formed in 1937, part of a wave of more than 1,000 other locally owned electric cooperatives started in rural areas all across the United States during the late 1930s. PSREC started with an initial membership

(CONTINUED ON PAGE 3)

CO-OP LAW FIRM REBRANDS AND EXPANDS



Sushil Jacob

Tuttle Law Group (formerly Tuttle & Van Konynenburg, L.L.P.) welcomes attorney Sushil Jacob to their firm. According to partner Therese Tuttle, "Sushil's experience

with cooperatives will complement our firm's specialization in legal services to consumer and agricultural cooperatives."

Sushil Jacob was formerly with the East Bay Community Law Center, where he started the Green-Collar Communities Clinic, a legal clinic for cooperatives. Sushil brings to the firm his expertise on worker cooperatives. He was a leader in and

counsel to the coalition that passed AB 816, the California Worker Cooperative Corporation Law, which goes into effect in January 2016. Sushil serves on the board of the Sustainable Economies Law Center (SELC) and the Cooperative Center Federal Credit Union in Berkeley, CA.

"Sushil's experience with cooperatives will complement our firm's specialization in legal services to consumer and agricultural cooperatives."

AGRICULTURE COOPERATIVE DIRECTORS & MANAGERS TRAINING

Program features full day seminars on culture and strategy, case studies in cooperative success, failure and transformation.

JANUARY 25-26, 2016
FRESNO, CA

CALIFORNIA CO-OP CONFERENCE

Multi-sector co-op event serves diverse interests through concurrent workshops from the co-op novice to co-op expert. Includes workshops for consumer and worker co-ops on a range of important issues, courses on starting a co-op, and on using the co-op model for community and economic development.

APRIL 29-30, 2016
SACRAMENTO, CA

CO-OP TOUR

Supplements the conference by offering a day touring co-ops in the Greater Sacramento region.

CO-OP DAY AT THE CAPITOL

Cooperatives and cooperative supporters come together to educate legislators and the public about the cooperative business model.

TBA, 2016

CCCD CONVENES EDUCATIONAL SUMMIT FOR REFUGEE AND IMMIGRANT FARMER TRAINING PROGRAMS (CONT'D)

(CONTINUED FROM PAGE 1)

(CSA) program, pursue restaurant sales and gain more affordable access to liability insurance.

In Salt Lake City, groups of Bhutanese and Somali producers at the Redwood Road Micro-Training Farm have received training on cooperative principles and the cooperative business model. The former group expressed some interest in the possibility of organizing themselves as a producer cooperative, and then later a worker cooperative.

This year marked the third annual Summit that CCCD has organized as a component of our work with small-scale, refugee and immigrant farmers funded through the USDA's Small and Socially Disadvantaged Producer Grant.

While the 2015 Summit focused on farmer training, previous years' Summits have focused on developing best practices in co-op development with underserved groups and have included participation from exceptional cooperative developers who work with low-income and non-English speaking populations. Brian Van Slyke with Toolbox for Education and Social Action (TESA) helped participants learn how to integrate popular education approaches into program and curriculum design. This approach centralizes perspectives and experiences that are often marginalized in mainstream social and education systems. In the words of one of the Summit participants, the popular education technique offered "... better tools for teaching, or more importantly, how clients can teach themselves and other clients."



An important aspect of any profession is learning and sharing in order to enhance effectiveness. CCCD is honored to play a role in facilitating the conversation around identifying best practices and programmatic structures for successful farmer training programs. During this year's Summit we were especially pleased to support the important work of ALBA, Viva and IRC New Roots programs in training refugee and immigrant farmers and gardeners.

Gwenaël Engelskirchen



COOPERATIVES ROCK!

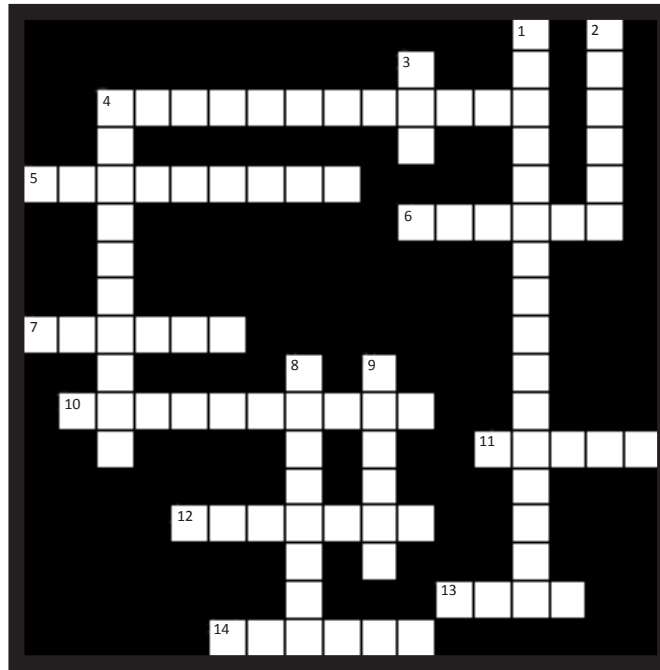
PUZZLE ANSWERS DRAW FROM ARTICLES IN THIS EDITION OF CO-OP CONNECTIONS AND FROM YOUR OWN CO-OP KNOWLEDGE!

Across

- (4) Phoenix-based producer cooperative providing a market outlet for refugee farmers (3 words)
- (5) Father of America's rural electrification program launched in the late 1930s
- (6) This internet _____ coop can only be legally used by cooperative businesses and is used to identify them and set them apart
- (7) AB816, the coop statute just passed by the legislature in California, will create a specific business entity for this type of cooperative
- (10) In what city will the 2016 CA Coop Conference be held on April 29 & 30?
- (11) This Mondragon cooperative business went bankrupt in 2013 but all of the member-owners were relocated to other cooperatives
- (12) Month of the year when cooperatives around the U.S. celebrate and educate the public about the benefits of the cooperative model
- (13) NCB is the acronym for what kind of cooperative entity?
- (14) Mondragon is located in this region of Spain

Down

- (1) An approach to teaching and learning grounded in political struggle where a high degree of participation is expected from everybody and unique perspectives are valued (2 words)
- (2) One of the three rural counties served by the PSREC
- (3) The non-profit international association representing 284 co-operative federations and organizations across 95 countries with the goal of advancing the co-operative social enterprise model
- (4) Type of energy being pursued by Plumas-Sierra Rural Electric through their pioneering loop lease program
- (8) International Rescue Committee program that helps recently resettled refugees to become self-sufficient and contribute to their new home in the United States through community gardening, nutrition education and small-business farming (2 words)
- (9) The type of product manufactured by the first Mondragon cooperative business in 1956



ANSWER KEY: 1) POPULAR EDUCATION 2) LASSEN 3) SACRAMENTO 4) (across) GILFARMCOP 5) ROOSEVELT 6) DOMIN 7) WORKER 8) NEWROOTS 9) STOVES 10) BASQUE 11) FAGOR 12) OCTOBER 13) BANK 14) BASQUE

Staff

E. KIM COONTZ

Executive Director

LUIS SIERRA

Assistant Executive Director

KALIM KHOGIANI-NGUYEN

Office Manager/Bookkeeper

GWENAËL ENGELSKIRCHEN

Cooperative Specialist

KALEENA BERGFORS

Office Assistant

BRANDEN OCON

Accounts Payable Clerk

HANNAH LEE

Graphic Design

CCCD has an ongoing student intern program. Interns enrich CCCD's programs with their vital contributions while learning about cooperatives.



Why Wait? Become a CCCD Member TODAY!!

CCCD is a 501(c)(3) non-profit that is supported by memberships, donations, and project-related grants. **Our goal is to have every cooperative and cooperative supporter in California be a member of CCCD.**

Why should you/your cooperative be a member of CCCD?

- 1) CCCD is California's only non-profit dedicated to providing information and education about all different types of cooperatives;
- 2) As a non-profit, CCCD is an independent, non-political voice to explain how cooperative businesses are unique and why they need special legal, tax and other considerations;
- 3) Members receive discounts on CCCD education programs for cooperative boards and staff;
- 4) CCCD is uniquely positioned to bring together different types of cooperatives for their mutual benefit;
- 5) CCCD is connected nationally and within the state, which enables us to help members address specific issues by linking them to appropriate resources;
- 6) CCCD's role in developing cooperatives brings more visibility to cooperatives and increased recognition of the positive contributions they bring to the California economy;
- 7) Your membership will be listed on our website (unless you prefer otherwise).

(Please Check Member Level on Appropriate Line)

CO-OP/ORGANIZATIONAL MEMBERSHIP (Based on Annual Revenue)

____ \$1 billion & above: \$750 ____ \$100 million - \$999 million: \$500 ____ \$3 million - \$99 million: \$350 ____ \$1 million - \$2,999,999: \$250
 ____ \$700,000 - \$999,999: \$200 ____ \$400,000 - \$699,999: \$150 ____ \$200,000 - \$399,999: \$100 ____ Less than \$200,000: \$50

SPECIAL MEMBERSHIP (co-op, organizational or individual)

____ Cooperative Champion: \$5,000 ____ Cooperative Leader: \$3,000 ____ Cooperative Innovator: \$1,000

INDIVIDUAL MEMBERSHIPS: ____ \$50-\$200 (self-assessed ability to contribute) ____ \$25 Individual Low Income/Student

Name: _____ Co-op/Org: _____ Telephone: _____

Email Address: _____ Mailing Address: _____ Enclosed please find \$ _____

Return this form via post: CCCD; 979 F St. Suite A-1; Davis, CA 95616; fax: 530-297-1033; or email: coops@cccd.coop. Please make checks out to CCCD. Credit card payments are accepted on our website at www.cccd.coop/get_involved. CCCD is a charitable non-profit; member subscriptions are tax deductible donations.

THANK YOU FOR YOUR SUPPORT!

POWERING CALIFORNIA'S BACKCOUNTRY (CONT'D)

ELECTRIC CO-OP INVESTING IN MEMBERSHIP AND RENEWABLES TO KEEP THE LIGHTS SHINING

(CONTINUED FROM PAGE 1)

of just 643. Gene Rowland, an early customer who is quoted on PSREC's website, describes what the start of the co-op meant to the community: "One of the greatest things was that the women had freezers and refrigerators for the preservation of food. Rural electrification was the turning point in many people's lives. We went from backwoods to modern living."

Committed to 'deeply rural' areas

Today, PSREC serves more than 6,500 member-owners and the importance of the co-op in Sierra, Plumas and Lassen counties still strongly coincide with the original objectives of FDR's rural electrification program. Within these deeply rural counties, the cities and largest towns are served by investor-owned and municipal utilities. Without the co-op, however, most rural customers would likely not be served.

"The co-op membership represents just over 10 percent of the population of those three counties," notes Jessica Nelson, manager for Golden State Power Cooperative – a statewide trade association for three California-based electrical distribution co-ops – and the former manager of member services at PSREC. "And that [percentage] reflects the people living in the most remote, least-accessible areas. If PSREC were a profit-driven company, as opposed to a nonprofit, they would not be positioned to serve the needs of our most rural communities in the same way."

Drawing from its long history of providing access to electricity, Plumas-Sierra Rural Electric Cooperative is now reaching into the future, continuing to respond to its members' needs. This includes meeting the demand for more renewable and affordable sources of energy, which it is pursuing through its geothermal and solar energy programs.

A geothermal pioneer

PSREC was a pioneer in developing one of the first successful geothermal heat pump programs in California. According to the California Geothermal Heat Pump Association: "A geothermal heat pump is a central heating or cooling system that pumps heat to, or from, the ground. It uses the earth as a heat source (in the winter) or a heat sink (in the summer)."

These ground-source heat pumps significantly reduce the use of fossil fuels, such as coal or natural gas, for heating. One of the biggest challenges for expanding geothermal power was the cost of system installation.

PSREC became part of an innovative solution to this cost challenge in 1993, when it launched a lease program. Under this "geothermal loop lease" program, PSREC paid the upfront cost of installing and maintaining a geothermal system while its member-owners had the opportunity to lease back the use of the system from the co-op. The program has been highly popular with the co-op's members and has resulted in PSREC having one of the nation's highest rates of geothermal installation.

"Since many of the GeoExchange installations are in vacation homes, customers are able to leave their heating on all winter," according to a co-op report. This reduces the odds of frozen pipes and for the need to "winterize" a summer home. "Since geothermal heat pumps are so cost-effective, the customer's heating bills remain relatively low even though they are operating throughout the winter months."

In one subdivision, 60 percent of the new homes built installed geothermal systems. According to PSREC General Manager Bob Marshall, the co-op has to date installed 450 such systems.

Investing in community solar

PSREC is also investing in solar projects, and is currently assessing bids to build a 100-kilowatt community solar farm. A community solar farm would allow customers who are unable to install solar panels on their homes to nonetheless "go solar." This approach also maintains affordable energy for member-customers across the system. By consolidating the solar arrays, the "energy farm" allows for increased efficiencies, due to the economy of scale and easier maintenance.

"Although there are many providers of solar power, we believe that cooperatively developed programs will fulfill the need for both security and reliability at more affordable costs," says co-op General Manager Bob Marshall. Additionally, PSREC participates in a solar rebate program that offers incentives for installing solar systems on individual homes and buildings.

Both of these renewable energy sources have helped PSREC weather the recent California drought, which has increased demand for energy while reducing the amount of power produced by hydroelectric sources (due to low water flow). In addition, the drought has killed many trees, some of which have fallen on power-lines during storms, resulting in higher costs for tree removal – both in repair and preventative situations.

"One of the major advantages of being a member of a cooperative," Marshall says, "is that you aren't subject to the whims of a for-profit utility deciding whether or not maintenance in your area is a priority. The Sierra Nevada is a tough place to run an electric utility; we make sure we groom our system, practice proper forestry techniques and build redundant power lines to the Nevada grid to keep the lights on in a tough winter...and we manage to do it at competitive rates."



Gwenaël Engelskirchen

EXPLORING THE WORLD'S LARGEST WORKER COOPERATIVE: MONDRAGON

Board of Directors

TIM HUET PRESIDENT

Association of Arizmendi
Cooperatives

LUCAS FRERICHs VICE PRESIDENT

Past President:
Davis Food Co-op &
Yolo Mutual Housing Assoc.

LEE RUTH SECRETARY

President Emeritus:
Agricultural Council of
California

TEREE CASTANIAS TREASURER

Chair of Legal,
Tax & Accounting
Committee: National
Council of Farmer Cooperatives

JESSICA NELSON

Golden State Power
Cooperative

KAREN TIEDEMANN

Housing Co-op Law
Goldfarb & Lipman, LLC

RICARDO NUÑEZ

Cooperatives Program Director
Director of Economic Democracy
Sustainable Economies Law Center



Professor Fred Freundlich and E. Kim Coontz

A cooperative is always formed in response to a need and this was the case for what is now the world's largest federation of worker cooperatives: Mondragon Cooperative Corporation.

When the young catholic priest, José María Arizmendiarieta, was sent to the Basque Country of Spain in 1941, his parishioners were impoverished and the region was ostracized because they sided against Franco and the Nationalists in the Spanish Civil War. The repression continued throughout Franco's reign. The region needed a long-time remedy to their predicament.

By all accounts, Arizmendiarieta was an intelligent "big picture" leader with a quiet demeanor. With a profound interest in philosophy, the priest was committed to social humanism, which ultimately guided him toward embracing the cooperative business model. He began with creating an infrastructure of technical education, which prepared five of his most committed students to temporarily leave the region to pursue engineering degrees. These men returned to form the first cooperative business, Ulgor, in 1956, which began by manufacturing paraffin stoves and quickly moved to making petrol-based heaters and cookers.

Arizmendiarieta was instrumental in creating Mondragon's infrastructure which encourages the growth of cooperatives through a cooperatively owned bank which loans start-up capital for new cooperative businesses. The infrastructure also includes insurance and medical facilities, and *Mondragon University* which provides research and education.

Over time, this infrastructure, combined with a strong economy through the 1960s and into the 1970s, fueled the emergence of new worker cooperative businesses. Today, Mondragon is network of 103 autonomous independent cooperatives with important manufacturing and engineering interests, as well as retail, financial, social and educational arms. Its supermarket arm, Eroski, is the largest Spanish-owned retail food chain and the third largest retail group in Spain.

The cooperatives of Mondragon are governed by a cooperative congress composed of delegates elected from across the individual cooperatives. The annual general assembly elects a governing council which has day-to-day management responsibilities and appoints senior staff. The members of each individual

cooperative business elect a workplace council, which sets policy and assists the manager in running the business on behalf of the workers.

Mondragon maintains worker parity through policies that limit the disparity between the highest and lowest paid people at the cooperatives; for most cooperatives the ratio is three to one; although a few of Mondragon's largest cooperatives have a ratio of nine to one. These ratios are remarkable when compared to the ratios of American and European for-profit corporations, which are typically 200 to one and higher.

As is the tradition in most worker cooperatives, Mondragon staff enter the company as an employee and must be evaluated and accumulate tenure before becoming a member. The time and specific conditions of membership can vary across cooperatives but generally it takes four or five years for an employee to become a member. Once this happens the member gains more than a stake in the business. They are assured employment through a Mondragon-wide policy that guarantees job and income security; in fact no member will be terminated for economic reasons.

This policy was put to test when one of the oldest Mondragon companies, Fagor Electrodomésticos, fell victim to a number of hardships, including the global financial downturn in Spain, and specifically the collapse of the construction industry. As the company struggled, Mondragon strove to help the cooperative, including providing a loan of more than 700 million Euros. Fagor Electrodomésticos ultimately filed bankruptcy and was bought by a German manufacturing company. But Mondragon remained true to its policy and 600 Fagor members were relocated to other cooperatives.

Fred Freundlich, professor at Mondragon University, Spain (which is also a cooperative) states: "A defining feature of the Mondragon cooperatives throughout history has been their ability to adapt their overall institutional structures to changing circumstances."

Mondragon remains a cooperative icon, not because it is perfect, but rather because of its imperfections. Mondragon operates in a challenging global marketplace. Indeed, an examination of the successes and struggles of Mondragon reveals that the company is conscious of the tough balance of financial and market realities with worker solidarity and rights. They openly discuss criticisms of low membership levels at their companies outside of Spain, and the failure of Fagor Electromésticos.

As the cooperative movement in the U.S. continues to build momentum, Mondragon can teach us many important lessons about business, people, and struggles to maintain a successful cooperative—especially that change and adaptation are fundamental to success.

E. Kim Coontz



Mondragon training facility



CO-OP CONNECTIONS

COOPERATIVES AS A TOOL TO ADDRESS INCOME INEQUALITY

There is little doubt that income inequality is growing both in the US and globally. In response, a groundswell of economic innovation focusing on the everyday person is emerging, and cooperatives are immersed in the strategies.

The very heart of cooperative enterprise is focused on member needs, not investor profit. All cooperatives are owned and controlled by their user-members: consumers, farmers, workers, small businesses—everyday people! These people-powered initiatives draw their strength from coming together to achieve power in the marketplace, be that market prominence, home for a product, healthy food, quality services, or better prices—things that could not be gained individually.

The growing movement to embrace and cherish locally sourced products and services has spotlighted an inherent characteristic of cooperatives. They are almost always community based businesses, enmeshed in their communities by serving their members, creating local jobs, fostering innovation, and building regional resources.

Legislation is starting to recognize the power of cooperation and cooperatives. New York City invested \$1.2 million into the development of worker cooperatives to “...address inequality...while strengthening our long-term fiscal health” (NYC Mayor Bill de Blasio). Madison Wisconsin will invest \$5 million over the next five years in establishing worker-owned business. Mayor Paul R. Soglin explains: “We know that worker-owned businesses are more likely to provide living wage jobs and profit sharing to their members, and are less likely to leave the community they are in.” Other large cities, including Austin, Texas and Oakland, CA are considering



CCCD Staff-Intern (from left) Back row: Kalim Khogiani-Nguyen, E. Kim Coontz, Kaleena Bergfors, Luis Sierra, Branden Ocon; Front Row: Edgar López, Jiwon Kim, Evania Robles, Hannah Lee

similar initiatives. In January, California legislation that strengthens the corporate statute for worker cooperatives takes effect.

In order to successfully use cooperatives to address inequality, technical resources to support their development is now more important than ever. One characteristic of the NYC and Madison initiatives is recognizing the importance of cooperative expertise in co-op development. Cooperative development Centers, like CCCD, are working together to share information, develop “best practices,” and expand resources through education programs.

Please become a member of CCCD today—let’s work together to support cooperatives and address inequality!

E. Kim Coontz, Executive Director

COOPERATIVE ENTERPRISES BUILD A BETTER WORLD