

CO-OP CONNECTIONS



Cooperatives: Proven Economic Development Strategy!

The United States followed the lead of the United Nations in declaring 2012 the **International Year of Cooperatives**. United Nations Secretary-General Ban Ki-moon supported the declaration by stating: *“Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.”*

This year, “developed” nations have never had a timelier reminder. These are times when many Americans are experiencing a taste of the struggles of our developing world cousins. Can there be a better time to realize the power of working together to address the economic challenges of everyday people? As “Occupiers” protest high-powered financial institutions, the cooperative model offers solutions that are grounded in the belief that problems are best addressed by working together, using democratic decision making and an egalitarian model to address shared struggles.

CCCD is pleased to be working on a number of projects that are using cooperatives to problem-solve tough times. Two California communities that CCCD is working with have some things in common: the rural community of Lompoc and the urban community of Richmond share unemployment rates approaching 17% and 18%, negative job growth, negative home appreciation, and cost of living and poverty rates that surpass the national average. CCCD is engaged in cooperatively-focused job creation projects in each of these communities. We are also working with small-scale farmers, helping them realize economic gain by working together. We are helping Laotian farmers in the central valley explore how forming a marketing cooperative can fortify their market power and with producers in Santa Maria, CA to cut costs by joint purchasing and sharing.

This year, CCCD began a non-profit membership program to build support



CCCD Staff from left: Kim Coontz; Lisa Pray; Luis Sierra; Kim Chavarria; Lexi Hudson

for cooperative development. Members receive the distinction of supporting cooperative development (and the work of this non-profit), discounts on CCCD purchases and conferences, and will soon have access to special information through member-only web pages. During 2012 CCCD will be working harder than ever to share information about cooperatives, support existing cooperatives, and engage in new start-up projects. Please consider supporting these endeavors by becoming a member or making a donation to CCCD—we would love to welcome you!

Cooperatively Yours,

E. Kim Contz
Executive Director

COOPERATIVE ENTERPRISES BUILD A BETTER WORLD

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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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Placerville: Co-op Principles in Action

After almost 3 years of concentrated work and lots of cooperative support, Placerville Natural Food Co-op opened its doors on November 4, 2011. The project converted a sole-proprietor natural foods store into a consumer cooperative. The transformation retained a community natural foods store, saved 14 local jobs and created at least 2 additional positions. The cooperative has substantially expanded sustainable food procurement practices and nurtured relationships with local producers to the betterment of the entire community.

Store manager, Melisa Clark, and a group of loyal shoppers initiated the cooperative development process through old fashioned grassroots organizing. In 2010 the group began working with the California Center for Cooperative Development (CCCD). CCCD was able to garner funds from a Rural Cooperative Development Grant (RCDG) to support fundamental business, education, and technical assistance. CCCD helped link the group to other cooperatives and resources, and Food Co-op Initiative (FCI) was able to contribute additional grant funding and lend their expertise. Fundraising events and well organized member share and loan drives contributed crucial funds to the endeavor.

The development of Placerville Food Co-op provides some good examples of cooperative principles in action.



Store Manager Melisa Clark cuts ribbon at opening ceremony for Placerville Natural Foods Co-op

Co-op Principle Six: Cooperation Among Cooperatives

The successful development of Placerville Co-op would have been difficult without the support of other food cooperatives. Number 6 of the 7 principles that guide cooperative business practices recognizes the importance of “cooperation among cooperatives.” In fact, many other food cooperatives in the region helped Placerville with advice and insights about how to operate a successful

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CCCD Joins Data Commons: Project to Create Accurate Co-op Database

Over the past year CCCD embarked on a project to collect verified current information about cooperatives in California, from large agricultural cooperatives to small parent participation preschools. This information will soon be available as a searchable database on www.cccd.coop and will be shared with the Data Commons Project and find.coop, a national endeavor to create a comprehensive database. In addition to basic information about each co-op, including addresses, phone numbers, website and email, the directory will also display a map giving the co-op's location. Searches based on geographical location, as well as co-op type will be available. For example, to locate

all the credit unions in a county, the user will be able to choose those options from menus, and all matching credit unions will be displayed.

Over 950 cooperatives are operating in California, from as far north as Humboldt County to Imperial County in the south. They are small, with just a few members, to huge, with hundreds of thousands of members. California co-ops range from worker-owned bicycle repair shops to limited equity housing co-ops. Co-ops add to California's economy in every community in the state.

Lisa Pray

Upcoming Events



Agricultural Cooperative Executive & Director Program

New Schedule of Speakers, Case Studies, Advanced Governance and Special Topics in Finance

March 14-15, 2012
Visalia, CA

California Co-op Conference

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

May 4-5, 2012
Oakland, CA

International Year of Co-ops Celebration

May 4, 2012
Oakland, CA

Nuts & Bolts of Cooperative Housing

September 2012
San Diego, CA

Co-op Spotlight: Promethean Biofuels

Pro-me-the-an • adj. daring or defiant, esp. in a creative or inventive way

Prometheus was the Titan of Forethought, credited in Greek mythology with giving fire back to mortals after Zeus took it away. Promethean Biofuels envisioned the future of biofuels, and created a business that generates local employment and converts waste material into environmentally-friendly fuel for the community.

Promethean Biofuels (PB) is a multi-stakeholder cooperative located in Temecula, CA. It was founded in 2007, and is composed of worker-owners and consumer- and supplier-members.

Promethean is not only the largest biodiesel facility on the West Coast, but also an innovative multi-stakeholder cooperative. Its finished biodiesel consumer-members include farms and individuals, while their provider-members of feedstock are restaurants, agricultural producers, and smaller oil collectors. It also receives and markets finished biodiesel from smaller biodiesel processors, whom PB provides with equipment, supplies, and training as both consumer- and supplier-members. The eight employees are worker-owners, and they are capitalized by founder-members.

Since there are two types of co-op members, how the



*The Promethean Promise:
To provide communities with
quality energy alternatives that
protect the environment, foster
positive relationships and enrich
the communities we serve.*

profits of the co-op are distributed differs. Consumer-members are rewarded based on the number of gallons of fuel they purchased during the year, while the worker-owners have an entirely different system of rewards based on incentives for reaching targets.

"We really value our human capital," says Todd Hill, Promethean's Managing Principal and Founder. The goal is that those who work hardest for the co-op are retained and rewarded. "Coopetition" is used by PB to both compete in the marketplace and work together for a common goal.

Lisa Pray

Placerville Co-op Principles in Action

(continued from page 1)

cooperative. BriarPatch Co-op, a natural foods cooperative in the neighboring rural community of Grass Valley, was especially generous. They facilitated cross-training to help key employees make the transformation to a cooperative business. Key Placerville staff spent time at BriarPatch shadowing their position counterparts and gaining crucial on-the-job training and advice. BriarPatch manager, Chris Maher and deli manager Tina Collins spent an afternoon at the Placerville store to complete a store audit; they shared their findings and suggested improvements. Placerville co-op manager, Melisa relates: "BriarPatch has been great help—they are experienced and knowledgeable. The process feels to us like we're a teenager and having someone tell us what we're going to be like when we're all grown up."

The steering committee and staff attended conferences organized by CCCD, and in June they attended the Consumer Cooperative Management Association conference. Melisa said: "The conferences we've attended have offered ideas and an opportunity to get into the co-op world; talking to people in that world has been very helpful. We used connections from conferences in our member outreach."

Co-op Principle Seven: Concern for Community

The development of Placerville Co-op nicely integrates the seventh cooperative principle: Concern for Community. The cooperative has germinated many projects that have produced positive community results and generated valuable support for the cooperative.

The co-op has a regular table at the weekly Farmer's Market where they promote healthy, locally grown food and share

information about the co-op. Co-op members created a farm to table exhibit that includes an interactive activity table for children from toddler to age 9 that helps them learn where food comes from and how it gets from farm to table.

The co-op recently received a grant from Food Coop initiative to convert a diesel van, donated by a community member, to run on biodiesel. Once complete, the "Veggie Van" will deliver local produce and other fresh foods to homebound seniors and to the local community college. It will also be used to promote sustainability in the community through education for elementary school children and by teaching others about the biodiesel conversion process.

The development of Placerville Natural Food Co-op incorporates the core cooperative principles usually associated with cooperative start-ups (open membership, democratic member control and so forth), but also incorporates what some may overlook as special about cooperative development. In what other type of business development would you have other businesses volunteering their time to support new business growth? And how many fledgling businesses actively integrate community development and education at the same time they are building a new store? Just a few more examples of the co-op difference!

E. Kim Coontz

Job Creation with Worker Cooperatives

As unemployment and despair set in on communities, it behooves us to think creatively about job creation strategies. Sometimes, creativity can simply include a fresh look at an existing strategy. Such is the case with worker cooperatives.

California's bay area boasts more than 45 worker cooperatives that have an average duration of more than 16 years. These worker-owned, democratically controlled businesses provide living wages, benefits and good working conditions for their members and serve their local communities by offering a broad array of goods and services, including groceries, baked goods, green housecleaning, pizza, bicycles and repair services, and more! While most of these cooperatives were not formed in connection a concerted economic development goal, they demonstrate the success and concrete benefits of the cooperative business model.

While the start-up funding for most bay area worker cooperatives was generated primarily through member generated funding, support for worker cooperatives as a job creation strategy will need to come from other sources. Private grant funding and public support is routinely used for projects that generate economic benefits to communities. Traditional businesses are lured to communities with the promise of tax breaks, guaranteed loans, and even financial support. Public and private funds support the development of some sole-proprietor businesses. Dollar-for-dollar, support for start-up and development of cooperative business is a more prudent use of resources.

Charitable and government funding to support job development with worker cooperatives is a good investment. As equitable business structures, worker cooperatives embody the values of democracy and self-help that Americans hold dear. Besides creating sustainable, good



Gloria and Rosa Menjavar, members of Liberty Ship Café, a worker co-op in Richmond, during one of their many recipe test cooking sessions.

jobs, worker cooperatives are local-based businesses that generate community economic development. And because worker cooperatives are formed to create jobs rather than capital accumulation for their member-owners, new worker-owners are welcomed when the business grows or members leave. This means there is a compounding value added to any initial charitable or public dollar investment; the funds are not tied to specific people at a specific time. Therefore, support for the start-up of a worker cooperative endures as new members are able to reap the benefits offered by the cooperative business.

E. Kim Coontz

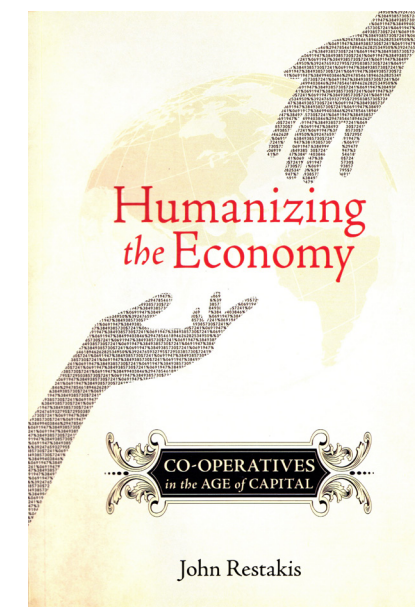
Can Cooperatives Humanize the Economy?

Book Review: *Humanizing the Economy: Cooperatives in the Age of Capital*, by John Restakis, New Society Publishers, 2010.

The economy is about business, right? The commonly-accepted framework is that any positive things from government can only happen on the back of a successful market (that is, capitalist) economy. So we are often chastened by stern voices representing business that we ought to be careful not to "kill the goose that lays the golden eggs." As much as we seek to make the world a better place, we have to accept runaway CEO salaries, fossil fuel addiction, financialization and tax cuts as preconditions for doing good. One way out of this is to change the game by not ceding business as purely the sphere of capitalist enterprise. John Restakis reminds us in his book, *Humanizing the Economy: Cooperatives in the Age of Capital*, that when it comes to business, capitalism isn't the only game in town. Indeed, at a time when inequality has reached alarming proportions (and the looming policy agenda promises to make them even worse) and climate change points to wrenching challenges for human civilization, we need a big break from business-as-usual.

"Cooperatives," says Restakis, "are enduring evidence of another way of living our lives." His thesis is that cooperatives show us an alternative model of economic and social

exchange based on cooperation and reciprocity. It is a very different path from the standard polarity between business and government, "a middle path that avoids the extremes of market rejection on the one hand (as in the case of Marxism) and the unbridled power of capital as expressed in neoliberalism on the other."



Humanizing the Economy book cover

Humanizing the Economy is a profoundly readable and accessible book in spite of its sweeping scope. Cooperatives read like a forgotten chapter in our economic history, Restakis points out the quiet and incremental revolution represented by the cooperative movement, which has emerged as a counter-force to capitalism in its own right, claiming 800 million members across 85 countries. By documenting the steps from early history of coops to modern examples in different industries and different parts of the world, *Humanizing the Economy* provides a long list of "yes, we can" case studies of the cooperative form, showing its versatility across different contexts.

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British Columbia

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Liberty Ship Café: Filling Bellies in Richmond Food Desert

Laughter fills the kitchen on a warm fall day in Richmond, CA as members of Liberty Ship Café taste-test almond and goat cheese empanadas still warm from the oven. This new workers cooperative café is in the final steps before launch. Before the end of the year, members will begin sales of healthy and hearty baked goods, coffee, soups, salads, and sandwiches from a farmers' market in the food desert of downtown Richmond.

For Richmond, a city in which more than 17 percent of its 120,000 residents face unemployment, the strengthening of a cooperative-based economy could mean employment, job security, and improved livelihoods for many. While the four members of the Liberty Ship Café are currently among that seventeen percent, worker-ownership in this co-op offers employment and autonomy. For sisters Gloria and Rosa Menjivar, this ownership is key. "This is not just about making money—it cannot be. Yes we need work, but that is not just it," says Rosa. "This cooperative is the chance to be empowered in our life choices and to give good food to our community."

The foundation for Liberty Ship Café was laid in 2010 in a course on cooperatives sponsored by the Richmond Public Library and taught by CCCD staff. Since then CCCD staff members have helped lead Liberty Ship Café co-ops through a process of "learning by doing" which included designing their own food service coop. When confronted with the difficulty of raising the capital needed to start a restaurant, students opted for the less capital-intensive mobile food truck. Members hope to have the funds for a down payment on this truck by springtime, and in the meantime will develop capacity and an understanding of how to operate as co-owners while selling food at the local farmer's market.

Julio Chavez was a teacher in his native Guatemala before coming to Richmond, where he now works part-time as an electrician. Since March of this year, Julio has joined



Liberty Ship Café member Beatriz Ortiz, applies egg white glaze to raspberry, goat cheese, and almond-filled empanadas

the other members of the Liberty Ship Café in engaging in small business trainings, cooperative education, and recipe testing. Like with the rest of the group, Julio is ready to begin this new chapter: "It's a difficult time, so one has to do different things, to search for options."

Liberty Ship Café is part of a worker co-op incubator project that CCCD is developing in Richmond. Funding for this project has been provided by East Bay Community Foundation, the CA Endowment, Y&H Soda Foundation, the Sparkplug Fund, and State Farm Insurance. The project is in need of additional funding for co-op start-up funding and overhead costs. Funding directed towards Liberty Ship Café will enter a revolving loan fund for cooperative development in Richmond, for which the Liberty Ship Café is the first recipient. The eventual repayment of this loan to the fund will enable the development of another yet-undetermined cooperative in Richmond. If you or your organization is interested in donating funds towards this project or the revolving loan fund in general, please contact CCCD.

Alexandra Hudson

Co-op Organizing Gets to the Heart of the Problem

Last week I spoke with Luis Martinez, one of the founders of Mexican Immigrant Laborers and Producers' Association (MILPA) about the barriers preventing member participation in the organizing activities for their marketing cooperative. It turns out that it's not marketing that's the problem- it's land.

The Santa Maria valley in Santa Barbara County has some of the most valuable agricultural land on the West Coast. It's valuable because of its high soil quality and almost semitropical climate, making year-round high value crop production possible. When MILPA farmers do find land, it's usually controlled by one of the shippers- the companies that buy in volume and distribute to wholesalers around the country and world. They either own or rent large tracts of land and then sub-lease it to farmers, which would be fine if it weren't for the agreements that stipulate that they must sell through them exclusively.

We discussed how difficult the situation is, and I concluded that purchasing land is practically impossible. Martinez responded:

No- we can't be satisfied with that. We can't just be satisfied with renting. I mean, I got here with nothing; I slept in the park the first month I got here; now I've got a farm, I hire people, I've got family, my daughter, and these were things I thought were impossible. This was just 10 years ago. We can't limit ourselves to think we can't buy.

This is the kind of vision and tenacity that makes cooperative organizing possible, even when the odds are stacked against us. MILPA members are Oaxacan immigrants- some speak Spanish as a first language, some speak Mixtec first and Spanish second, and all have limited English proficiency. They all came to work in the strawberry

(continued on page 5)

Co-op Organizing Gets to the Heart of the Problem (continued from page 2)

fields, but by their own sweat and resourcefulness, they've become independent business owners by renting land and growing strawberries for distributors. The catch is that they essentially have no control over their markets because the land they farm on is tied to shippers.

How do we help MILPA create their independence?

Cooperative development begins with identifying shared goals and objectives, and developing a shared understanding about how members carry out the farming and marketing process. In this process, CCCD led the group through identifying the steps and resources they use as they currently grow food and sell it today. This includes mapping out the whole process, from finding land to packing vegetables in a box, and delivering it to the buyer. While we expected this would be marketing cooperative project, we discovered that the first step, getting a piece of land, is the bottle neck. Having identified this and understanding the growers' reality, we begin to look for the solutions for getting past it.

The solution:

- Keep farming, but work on lowering the cost of production by using cooperative purchasing for supplies and services.
- Use the savings of all members to contribute towards a lease on a lot that's actually available to lease directly from a landowner- probably 100 acres or more.
- Divide it up large lot between MILPA members.

And then we're ready to think about marketing cooperatively.

Throughout this process, the members increase their organizational capacity and ability to understand and engage 'the market'- essentially finding the buyers they need to become truly independent. This project is one of the most challenging projects that we've taken on. It requires a long term commitment from the farmers and the supporting organizations. But in the end, the dream that Luis Martinez and his fellow farmers hold is the compass we use to get there.

Luis Sierra



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Receive a free 2012 International Year of Cooperatives Calendar with any donation or membership of \$100 or more

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Enclosed please find \$ _____

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

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