

# CO-OP CONNECTIONS



A PUBLICATION OF THE CALIFORNIA CENTER FOR COOPERATIVE DEVELOPMENT

ANNUAL EDITION 2020

## Co-op Convenings

### Promoting Shared Wisdom Through Cooperative Connections Webinars

May-December 2020

An interactive webinar series dedicated to addressing the most pressing needs of co-ops. Webinars cater to both novices and experts with topics ranging from governance fundamentals and communication strategies to start-up basics and co-op financing.

### COVID-19 Recovery Support

Visit CCCD's website for a list of programs and resources to assist co-ops with COVID-19 business recovery.

### Agricultural Cooperative Directors and Executives Leadership Program

January 2021  
Sacramento, CA

A two-day seminar focused on marketing, finance, and governance for leaders of agricultural cooperatives.

## WORKER CO-OP SPREADS ITS WINGS

Yolo Eco-Clean Cooperative (YECC) celebrated a milestone in June 2019 by becoming a completely independent worker cooperative. When YECC opened in January 2017, the co-op had four part-time members. Today, membership has grown to 18 members who work mostly full-time. The cooperative was created as part of an economic development initiative of CCCD using the “build and recruit” model of development.

### Build and Recruit Model

In the “build and recruit” model of cooperative development, the business is completely formed by the non-profit, in this case CCCD. Well before business opening, CCCD completed a feasibility study and business plan, and drafted bylaws, policies, procedures, and training materials. The initial board was comprised of community volunteers, with workers eventually joining the board as they completed their candidacy requirements.

CCCD provided support to YECC during their first two years. YECC paid for business operating costs, while a cooperative facilitator, who was a CCCD employee, managed day-to-day operations of the co-op. The cooperative facilitator implemented



YECC participated in CCCD's 2019 California Co-op Conference in Sacramento. Two members, Ilithya Cortes and Ailin Flores (far right), presented a workshop. Photo credit: YECC

the business plan while providing management support and mentor-style education and leadership training for worker members. From the beginning of their time with the co-op, members are actively involved in making decisions about their pay, work organization, policies, and peer evaluations. This worker engagement is part of the “build and recruit” approach by promoting a cooperative work

(CONTINUED ON PAGE 2)

## DRIVING LOCAL OWNERSHIP OF OUR FOOD

When Tim Page felt the time had come to transition from his role as founder and owner of his Petaluma-based food hub, FEED Sonoma, there was no question as to who would take over. Tim spent the last eight years building a food distribution company committed to both providing market opportunities for regional farmers and deepening the Bay Area's connection to local, sustainably produced fruit, vegetables, meat, and eggs. As the staff and grower community increased, he expanded the operation to serve numerous corporate cafeterias and grocery stores across the Bay Area and even launched a CSA program known as the FEED Bin. Based on this mission and progress, the new ownership was an obvious choice: the farmers, ranchers, and employees who helped grow FEED into a thriving business.

Once Tim's decision was made, CCCD and another non-profit, Project Equity, began partnering on the conversion of FEED into a multi-stakeholder co-op that includes both producers and workers. A transition committee comprised of both membership

classes was assembled to work with us on finalizing the sale agreement and completing the design of the co-op. CCCD's focus entailed researching comparable food hubs and co-ops across the country, and developing relevant eligibility requirements, organizational policies, and membership materials for the growers. CCCD has also supported the transition committee in evaluating the sentiment of growers toward the co-op conversion and creating communications tools to promote member education.

FEED's transition to a multi-stakeholder co-op comes at a particularly critical time in the small farm sector. Increasing regulations around food safety as well as the predominance of large distributors and wholesalers make it challenging for small farmers and ranchers to compete. In the Bay Area particularly, the high cost of living and exorbitant land prices impact hiring and business costs, which in turn affect farmers' ability to remain competitive on pricing.

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## Worker Co-op Spreads Its Wings (Cont'd)



YECC members participate in a team building activity during their annual retreat. Photo credit: Maria Olmedo

culture and governance structure that prepares members to take over as the responsibilities of the facilitator are gradually reduced.

### YECC's Independence

YECC members recruited longtime worker-member, Eva Carrillo, as co-op manager. Eva worked alongside cooperative facilitator, Maria Olmedo, for three months before Maria ended her facilitation role in June 2019. Eva shares: "Being manager has been a great opportunity to grow as a person. The job comes with more responsibility through work with clients and members. Since I first started in cleaning at the co-op, it has made the job in the office easier."

Various non-cleaning roles were developed and divided among members. Along with Eva, Ilithya Cortes and Ailin Flores were trained in Quickbooks and now maintain accounting roles. Elsa Fernandez and Zulma Giron are involved with client estimates and scheduling member work hours. After reviewing ways the co-op

can reduce expenses, members decided to discontinue laundry services, and rotate doing laundry among members. They also decided that everyone at the co-op will be paid the same hourly wages.

YECC members earn hourly wages that range between \$15 to \$16 (night and weekend hours pay more). When combined with profit sharing, their wages average about \$20 an hour.

YECC board member Zulma Giron sees many member advantages. Zulma shares: "I really like working with the co-op--it's very flexible. You choose your own hours and, when there is an emergency, someone is always there to pick up your shift. Since we are a team, we resolve conflicts with each other's help."

Martha Tapia states: "One thing that motivated me to work here is the use of the eco-friendly products and the opportunity to become an owner."

YECC's newest member, Bertha Campos, shares, "I was nervous coming into the cooperative, but everyone is really friendly and has helped me with my training. I really enjoy it because it's flexible and it works with my family's schedule. There is also a lot of motivation to grow and become a business owner."

Yolanda Camolinga reveals: "...Yolo Eco-Clean Cooperative has changed my life positively. Every morning I thank God for so many blessings and one of them is for having this job that promotes every women's equality, dignity and the opportunity to learn."

### Economic Development Mission Continues

As an economic development initiative, CCCD's goals in creating the co-op were to support sustainable, living wage jobs and cooperative ownership opportunities for underserved community members through a small business contributing to the local economy. With the help of many funders, including support from the USDA's Rural Cooperative Development Grant, the Catholic Campaign for Human Development, and other foundations, these goals have been realized. But the progress doesn't stop here. Worker cooperatives continue to promote economic development as they grow and expand. Rather than hire employees and pay them less, the co-op welcomes new members and co-owners who share profits.

## 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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979 F Street Suite A-1  
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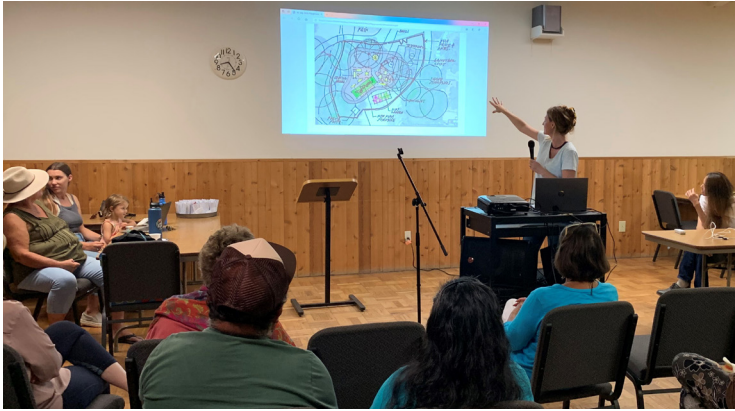
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530-297-1032

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E. Kim Coontz and Maria Olmedo

# RESTORATION THROUGH COMMUNITY COOPERATION

Nestled in a valley on the beautiful Malibu coastline in southern California is a mobile home cooperative: Seminole Springs Mobile Home Park. The site has a long and interesting history. From 1917 until about 1945 the property was a popular resort known for its natural hot springs, peaceful lake, and picturesque countryside. The property eventually became a mobile home community and, in 1985, residents purchased the property and established the cooperative that provided an enclave of 215 affordable homes in a region where home prices are unaffordable. The park includes a beautiful community room, swimming pool, and children's playground. Burrowed in the valley near the community room is a natural lake lined by trees that are home to a colony of wild parrots.



*Seminole Springs Playground Committee Chair presents plans for replacing the playground. Photo Credit: E. Kim Coontz*

The idyllic setting came to a screeching halt when it was ravaged by the Woolsey fire in November, 2018. The fire burned almost 97,000 acres and destroyed over 1,600 structures, among them 110 of the homes at Seminole Springs Mobile Home Park. Most of the remaining homes in the park were damaged. The intensity of the heat from the fire melted siding, charred structures, and caused horrific smoke damage. After the fire, record rainfall brought a rush of water and a deluge of mud down the barren hills into the valley of Seminole Springs. Clean-up included pumping all of the water from their lake. Recovery is complicated by a maze of challenges related to restoration, reconstruction, and reparations. Most co-op members have experienced insurance challenges. Ironically, the difficulties tend to be most challenging for those whose homes were not completely destroyed by the fire. Residents and insurers wrangle with a range

of issues, including whether the damage is fire or flood related and the extent of smoke and environmental damage. Many residents are under-insured.

Rebuilding the community includes two elements. Members individually own their mobile homes and deal with their insurance issues with personal agents, and look for programs that might help them with gaps. Members cooperatively own the land of the park through a corporation, so repairs to the grounds fall under the umbrella of the cooperative's insurance policy. Unfortunately, the insurance is not enough to cover the extensive damage.

While the most significant structures belonging to the cooperative--the community room and pool--were only minimally damaged, repairs for the park are extensive. Debris removal continued for more than eight months. Trees, ravaged by the intense heat of the raging inferno, required arborist research to discern how they could be safely felled. The long list of needed work includes underground and above ground infrastructure replacements and upgrades, lake reclamation, and playground replacement. Meanwhile there is a quagmire of regulations and related issues that challenge members and the cooperative. For example, new flood control regulations include barrier walls and grading that can reduce the size of lots to less than the area needed for a typical manufactured home.

The tremendous challenges faced by Seminole Springs are being tackled by leadership within the cooperative with the assistance of many agencies, community institutions, and non-profits. Board members of the cooperative volunteer ten to thirty or more hours each week to rebuilding efforts for the community. Cooperative members serve on committees: Donations and Grants, Signs, Playground, and others. CCCD is supporting the board, helping them update their Bylaws, policies and procedures, and to improve communication among members, community members, and others.

Progress in restoring Seminole Springs Mobile Home Park has been significant, particularly considering the extensive damage, regulatory issues, and funding. Displaced residents are anxious to return, particularly as temporary housing support is depleted. Despite the many frustrations and real pressures, the cooperative is showing resilience--members are working together and collaborating with other organizations to restore their community.

*E. Kim Coontz*

## BRIARPATCH SUPPORTS SUSTAINABILITY & LOCAL AG

California has 12 independent grocery stores owned by the people in their communities. Across the board, these food cooperatives have maintained a commitment to provide their members with local and sustainably produced foods. For most of the past 40 years, purchasing local and organic foods was the core purpose, but, as these values have become more widely adopted, cooperatives had to ask themselves "what other roles can we play in developing strong and resilient rural economies?"

BriarPatch Food Cooperative in Grass Valley has developed a sophisticated and thoughtful approach for engaging their local food producers. Produce Manager David Benson describes the evolution of the local purchasing program as one where they know pretty well what members want: "We send out our shopping list to farms and farms send their availability lists to us. Then we tell them what we want to source while putting out a 'gap' list for newer farms to fill. We go direct to our local farms before going to a distributor." This kind of planning and communication plays a role in greater food security for the region. As electricity was cut in October 2019 by PG&E to reduce the risk of wildfires, BriarPatch was forced to stop accepting deliveries in order to keep the cooler doors closed.



*The produce crew at BriarPatch Food Co-op. Photo credit: BriarPatch Food Co-op*

When power was restored, growers were informed immediately, and "locals came quickly to fill orders."

BriarPatch's commitment to local food producers involves more

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## BriarPatch Supports Sustainability & Local Ag (Cont'd)

than just purchasing what they grow and produce. They have elevated sustainable agriculture by supporting their supplying farms' growth, organic certification, and succession planning.

BriarPatch has helped make the conversion of farms to organic production practices easier with interest-free certification loans to cover their organic certification application fees. To date, four farms have received \$1,200 to \$2,200 for fees, and, since 2011, six farms and ranches have benefitted from BriarPatch's loan guarantee (sometimes several times over the years), which have funded expansions and value-added processing. These guarantees provide access to higher amounts of funding at a lower interest rate. BriarPatch also pays all loan fees on behalf of the farm.

With a strong community of organic farming pioneers who were growing organically for decades before the term 'organic' had a federally backed definition, farmland is starting to change hands between generations. These transitions don't happen automatically. Without an intentional plan, decades of work can disappear if a farmer needs to sell to someone who may not want to continue to farm, which is a real possibility in the Sierra foothills. BriarPatch has stepped up to help regional producers continue farming beyond the lives of their current owners.

In 2018, Benson learned that Riverhill Farm in nearby Nevada City was planning to change hands. The farm, which sells 90% of their crops within the county has been selling 35% of their harvest to BriarPatch since 2001. All of what the owners counted as retirement is invested in the farm, so a sale to their farm manager, Antonio Garza, had to be structured to make it feasible for both parties. California FarmLink developed the agreement and loan terms for the buyout, and then BriarPatch provided a loan guarantee, which reduced the interest rate on Garza's loan. BriarPatch's commitment to continue purchasing his crops also helped secure the deal. This is the second sale of a farm from a retiring grower to a next generation farmer that BriarPatch has supported with a loan guarantee.

As consumer owned grocery stores adapt to changing expectations from their members and the community at large, BriarPatch shows us how food cooperatives can address long-term sustainability by focusing on creative ways to help farms thrive and remain operational for the next generation. On top of all of this good work, BriarPatch aims to expand opportunities for local farmers and members by opening a second store in the Sierra foothills. The location is still being confirmed so stay tuned!

*Luis Sierra*

### STAFF

**E. Kim Coontz**  
Executive Director

**Luis Sierra**  
Assistant Executive Director

**Frances Andrews**  
Bookkeeper

**Gianna Banducci**  
Cooperative Development  
Specialist

**Jamie Duong**  
Cooperative Business  
Specialist

**Maria Olmedo**  
Cooperative Facilitator

**Raphael Flores-Jones**  
Tech Consultant

**Martin Pyka**  
Graphic Design Intern



### Why Wait? Become a CCCD Member or Renew 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.

#### What your contribution accomplishes:

- Promoting a democratic business model driving local economic development, equity, and community
- Increase in the reach of educational resources and information about all types of co-ops
- Delivery of co-op technical assistance and incubation across multiple sectors
- Ongoing advocacy for the unique legal, tax, and other needs of co-ops
- Annual local and statewide gatherings that offer networking and training to cooperators at all levels
- Expanding a statewide network of support for co-ops
- Providing match funds that are required by most grants

#### Membership benefits to you or your organization:

- Discounts on CCCD education programs
- Your name listed as a supporter on our website, if preferred, and in our annual report
- Being part of a dedicated community that's driving the cooperative movement across California

To join CCCD as member, head to the following page on our website: [ccd.coop/membership](http://ccd.coop/membership).

We look forward to having you as part of our community of cooperative changemakers!

# A COOPERATIVE SOLUTION TO THE SILVER TSUNAMI

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Tim Page, founder of FEED Sonoma, and producer member Will Holloway of Blue Leg Farms. Photo credit: FEED Sonoma

*A tsunami is hitting American shores. It's big, fast-approaching, and...silver?*

The "silver tsunami," as it's called, refers to the increasingly aging population in the U.S. The baby boomer generation (those born between 1946 - 1964) make up the largest share of the population; by 2030, every person from this group will have turned 65.

The effects of an aging population are being felt in many sectors of the economy but none as much as small businesses. Small businesses are particularly vulnerable due to the fact that baby boomers account for a majority of all owners in the U.S. (57%). Between now and 2030, an estimated 10,000 baby boomers are leaving the workforce every day. Succession planning becomes that much more essential for the survival of small businesses and yet the vast majority of all owners (85%) report that they do not have a succession plan.

That's where co-ops come in.

Co-ops offer a pathway to address this silver tsunami by transferring ownership of these small businesses to their employees. Co-op conver-

sions are already taking place across the country and CCCD is part of a national network of centers supporting them. In California, we are currently involved with the conversion of one particular co-op: FEED Sonoma. FEED Sonoma, located in the North Bay Area, is a food hub supporting local, sustainable growers and ranchers with reliable wholesale channels. Having been owned by a sole proprietor the past several years, the business is currently transitioning to a multi-stakeholder co-op to ensure that the enterprise remains in service of the regional agricultural community. To read more about FEED's conversion, see the cover story.

The benefits of selling and converting existing small businesses into worker-owned co-ops are numerous. The first is that jobs will be saved. An employee may not have the necessary capital to buy the business on their own but, as a co-op, workers can utilize economies of scale by pooling together their resources to collectively take ownership of the business. Not only does this provide small businesses with both a willing and ready buyer, but co-op conversions also enable workers to protect their jobs.

Another benefit is that co-ops keep small businesses local. As a worker co-op, the workers are the owners and, often times, these workers are also the same residents in the local community. This means that the economic benefits of the co-op are directly passed to the community. In fact, according to a report by Project Equity, local businesses circulate three times as much money back into the local economy. Selling locally ensures that small businesses stay local.

Without a succession plan in place, small business owners may find themselves ready to retire but no willing buyers to take over. Worker co-ops serve as a ready solution for transferring ownership, allowing the spirit and legacy of the businesses to thrive.

Jamie Duong

## Driving Local Ownership of Our Food (CONT'D)

As a co-op, FEED can continue to support local growers in overcoming these challenges and achieving economically viable farm businesses. Among the benefits offered, member-owner product is prioritized over non-members for sales, and all members possess profit sharing and decision making rights. Equally important, being a grower and employee-owned distribution company, the membership keeps profits in the community by ensuring that the people who benefit from FEED's business activities are the ones who shape it.

With an estimated 30 farmers who will seek membership, there's no questioning the importance of these benefits and the impact of FEED on North Bay growers' livelihoods. FEED's transition to a co-op renews the organization's commitment to the values that have propelled it to its current success; however, now it will be the collective membership preserving the mission and establishing the



Jesse Kuhn of Marin Roots Farm working his booth at the farmers market. Photo credit: FEED Sonoma

direction for the future. Learn more about FEED Sonoma at [feedsonoma.com](http://feedsonoma.com).

Gianna Banducci



# CO-OP CONNECTIONS

## Cooperatives Are an Answer to a Better Future

This newsletter was created before the COVID-19 pandemic. As I pen this, we are faced with uncertainty—how long will we wake up to the news of death tolls, job losses and tragedy? Will we be able to end the practice of social distancing and once again congregate, dance and share a simple hug?

I am awed by the immediate and sustained responses of the cooperative community to this crisis. The National Cooperative Business Association and cooperative associations across the country assured that co-ops were included in federal assistance programs. Funds to help struggling co-ops have been organized. Co-ops have struggled to maintain their businesses, as best they can, through ingenuity and creativity.

CCCD has been using our networks with other co-op development centers to ready ourselves to assist co-ops that need it. CCCD staff are engaged simultaneously in deep-dive education and applying what we learn to assist co-ops. This has included sharing information, assisting in preparing loan applications, and helping co-ops develop budgeting tools to weather financial distress.

We are also looking ahead. We will continue to assist existing co-ops while also enabling new start-ups. Cooperative enterprise offers a time-tested framework whereby individuals problem-solve issues by working together. CCCD will offer assistance to workers who want to start their own co-op businesses. We can offer support in the conversion of existing businesses to worker ownership. We will advise and help parents build childcare co-ops. And we will contribute technical assistance in the development of housing co-ops.

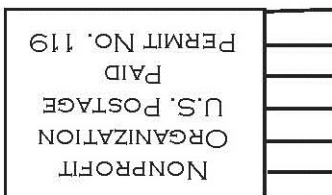


CCCD Staff & Interns (from left): Back Row: Frances Andrews, E. Kim Coontz, Luis Sierra, Rafael Flores-Jones, Martin Pyka; Front Row: Gianna Banducci, Cynthia Romero, Maria Olmedo, Maria Orozco, Aileen Yang, Connie Li, Brijida Valencia, Jamie Duong

Financial support through membership donations are fundamental to CCCD's work. Membership donations also create a co-op link with supporters who see cooperative enterprise as an essential part of creating a more just economy. Please support CCCD today by visiting [ccd.coop/membership](http://ccd.coop/membership) or mailing us a check.

*In Cooperation,*

*E. Kim Coontz, Executive Director*



California Center for Cooperation Development  
979 F St, Suite A-1, Davis, CA 95616  
T: (530) 297-1032 F: (530) 297-1033  
Email: [coops@cccd.coop](mailto:coops@cccd.coop) Web: [www.cccd.coop](http://www.cccd.coop)

