



CO-OP
MONTH

New co-op 'hubs' help meet need for local food in Wisconsin

By Courtney Berner, Cooperative Development Specialist, University of Wisconsin Center for Cooperatives



Wisconsin is one of the nation's leading agricultural states and home to many local food co-ops. Photo by Bill Berry, courtesy American Farmland Trust

FOOD HUBS are popping up across the country as communities strive to rebuild their regional food systems. Over the past few years, the University of Wisconsin Center for Cooperatives has worked with two new food hubs that are using the cooperative business model in unique ways to aggregate, distribute and market local foods.

Fifth Season Cooperative

Fifth Season Cooperative is a multi-stakeholder cooperative headquartered in Viroqua, Wis. It was established in 2010 to provide the infrastructure and coordination needed to move locally grown products into local institutions, such as hospitals, universities and school systems.

The co-op includes six different membership classes: producers, producer groups, processors, distributors, buyers and co-op workers. Each class has a representative on the seven-member board of directors. The founders hoped that including representatives from the entire supply chain would facilitate the trust and dialogue needed to negotiate difficult issues such as pricing, seasonality and shared risk.

Now in its second full year of sourcing regional foods, Fifth Season has 41 voting members and is on track to hit its sales goals for 2013. Fifth Season was launched with a \$40,000 Buy Local, Buy Wisconsin grant from the Wisconsin Department of Agriculture, Trade and Consumer Protection and support from Organic Valley, the nation's largest organic food cooperative.

Since then, however, nearly all of the co-op's capital has been raised through the sale of preferred stock to community members. One of the keys to the co-op's success so far has been through the use of existing infrastructure.

Thus, instead of purchasing trucks to distribute co-op products, Reinhart Foodservice was recruited to be the primary distributor member. Instead of investing in food processing equipment, Fifth Season has built relationships with several existing processors. The glue that holds all of this cooperation and coordination together is the combination of a strong manager and the co-op's set of core values that stress openness, honesty, fairness and sustainability.

Wisconsin Food Hub Cooperative

The Wisconsin Food Hub Cooperative, headquartered in Madison, incorporated in 2012 and is currently in its first year of sales. Like Fifth Season, the Food Hub has different types of members that represent a range of stakeholders in the food system and have different equity requirements and board representation. The four membership classes are: producers, founders, organizational partners and community supporters.

Producers elect seven directors, founders elect two directors and the remaining groups each elect one director. The goal of this structure was to include outside expertise and support while maintaining grower control of the business.

The original idea for the project emerged from Dane County's Institutional Food Market Coalition (IFM), an effort by the county to connect local farmers and food processors with institutions, such as hospitals, schools and other large-volume buyers. IFM found that there was significant interest from both growers and institutional buyers, but

the infrastructure to aggregate product was lacking.

Responding to this, the county commissioned a study to determine the feasibility of opening a fresh produce packinghouse in Dane County. The feasibility study, which was completed in 2011, indicated demand for local produce ranging from \$18 million to \$26 million per year.

Next, the county put out a “request for information” (RFI) seeking an owner/operator for the food hub. The selected candidate would receive \$28,000 for business planning services, detailed information from the feasibility study and technical assistance from the county.

In response to the RFI, a unique partnership developed between Wisconsin Farmers Union (WFU), which had been looking for opportunities to support new



Carolyn Austin boxes jars of elderberry jam produced by Austin's Rush Creek Farm in Ferryville, Wis. Her jams and jellies are marketed through Fifth Season Cooperative, among other channels. Photo courtesy Austin's Rush Creek Farm

cooperatives, and a small group of vegetable farmers. The WFU/grower partnership won the contract and spent the next several months writing a business plan and fleshing out their vision for the business.

Like Fifth Season, the Food Hub decided to focus on developing relationships with growers and buyers and leveraging existing infrastructure, rather than investing in a building or major equipment.

With 11 members and projected sales of \$3 million in its first year of operation, the Food Hub is far from meeting the region's demand for local produce. However, with the goal of recruiting 30-40 new farmers members in the next few years and relationships already in place with several key distributors and grocery chains, they are well on their way. ■



CO-OP
MONTH

From food hubs to brewpubs, cooperatives are growing in Ohio

By Christie Welch, Program Manager, Ohio Cooperative Development Center, The Ohio State University

COOPERATIVES are alive and well in Ohio. Thanks to state laws regulating cooperatives in Ohio, any type of business can choose to be a cooperative — and many are so choosing. The Ohio Cooperative Development Center (OCDC) at the Ohio State University has been assisting new and emerging cooperatives throughout Ohio and West Virginia. During the past five years, OCDC has assisted in the formation of more than 30 cooperatives, nearly 75 percent of which are involved with local foods.

Highlights of OCDC assisted cooperative successes include the following co-ops.

Our Harvest. This co-op was formed in

2012, modeled on the co-ops of the Mondragon region of Spain (home to the world's largest network of worker-owned co-ops). Our Harvest leaders believe it is the world's first unionized, worker-owned cooperative. Our Harvest is a rapidly growing food hub serving the Cincinnati area, where it supplies local foods produced by its worker-owners, as well by other local growers. The co-op recently received funding from CoBank and Farm Credit Services to help expand production, aggregation and distribution of locally produced foods. In addition, Our Harvest is working to increase the number of new growers through an apprenticeship program that includes hands-on training on a farm. As participants of the program graduate,

they can then become worker-owners of Our Harvest, ensuring future generations of farmers for the region. For more information about the co-op, visit: <http://ourharvest.coop/>.

Fifth Street Brewpub Cooperative.

Ohio's first cooperative brewpub, which formed in the St. Anne's Hill Historic District in Dayton, held its grand opening Aug. 3. The founding members of this cooperative had goals of creating a place where neighborhood residents could come together in a relaxed and enjoyable atmosphere to create a sense of community. It is hoped that the co-op will have a positive economic and social impact on the neighborhood. Fifth Street Brewpub currently has 2,050 members and

continues to grow. In July, the co-op received the Preservation Award from Dayton History. For more information about the co-op, visit: <http://www.fifthstreet.coop/>.

Uni-Serve USA. This cooperative is a national network of commercial hood-cleaning companies that clean

BizUnite and Employee Perks. For more information about the co-op, visit: www.uni-serveusa.com.

Farmers Market Management

Network. This is a cooperative of Ohio farmers' markets managers, vendors and producers who have come together to provide networking, shared services and

consistent messaging with regulators. Formed in 2008, FMMN has worked to provide information and training for the rapidly increasing number of farmers' markets throughout Ohio. FMMN works with many groups throughout the state to help educate managers and producers on food safety regulations, best marketing practices, and

shared services such as access to insurance for Ohio farmers' markets and their vendors/producers. For more information about the co-op, visit: www.fmmn.org.

In addition to those listed above, OCDC is working with groups exploring the cooperative business model. These include: Goodness Grows, a faith-based incubator/training farm in the Youngstown area; the Mid-Ohio Valley Growers Cooperative, a group of producers working together to market their produce to Charleston and Parkersburg residents in West Virginia; and many more.

OCDC works with The Ohio State University and West Virginia University Extension Educators to provide technical assistance to groups exploring the development of cooperatives in the two-state region. ■



restaurant vent hoods, especially for fast-food restaurants. The cooperative allows its members to enjoy the convenience of centralized billing and reporting. It also helps them to provide improved customer service, with immediate response from a local service provider. Uni-Serve USA currently has 20-plus companies as cooperative owner/members and maintains a preferred vendors list that reduces the cost of doing business by helping its members act as one company. Uni-Serve USA cooperative also joins with other cooperatives to offer additional benefits and services to owner/members, such as the ability to participate in benefits offered through the United Regional Purchasing Cooperative (URPC),



Tending plants that will eventually produce food to be sold through the Our Harvest Cooperative in Ohio, which is structured based on the worker cooperative model used in the Mondragon region of Spain. Photo courtesy Our Harvest Cooperative