



Cooperative Solutions

Friday, December 9, 2011

10 AM to 12 PM

Delaware Valley Regional Planning Commission

Co-convened with Peggy Fogarty-Harnish and Bob Noble of the Keystone Development Center

Welcome and Introductions

Alison Hastings, Senior Environmental Planner at DVRPC, welcomed speakers and participants. She reviewed DVRPC's ongoing and upcoming projects, including the current Food System Implementation Grant program and future county-oriented work.

Opening Remarks

Peggy Fogarty-Harnish, of the [Keystone Development Center](#), gave a brief presentation about how cooperatives operate, their governance structure, and the various types of cooperatives that exist. She emphasized that cooperatives' ownership by users and democratic decision-making processes differentiate them from other forms of business.

Panel Discussion

Bob Noble, also of the [Keystone Development Center](#), moderated a panel discussion that featured:

- Peggy Fogarty-Harnish, from the [Keystone Development Center](#) and founding member of [Lancaster Farm Fresh](#);
- Dan Reynolds, President of the Board of Directors for [Creekside Co-op](#);
- Tina Johnson, General Manager for [Chester's Co-op](#) ; and,
- Glenn Bergman, General Manager for [Weavers Way Cooperative](#).

Bob posed two questions to the panelists.

“What motivated you to become involved in a cooperative?”

Glenn Bergman discussed his background prior to taking the position as General Manager at Weavers Way. His experience includes working in the public health sector, for a large food corporation, and at the Kitchen Commissary, as well as being a member of Weavers Way. Although he did not know a lot about cooperatives, Glenn accepted the position as General Manager at Weavers Way because he believed in the mission and saw that there was a lot more that could be done with the cooperative. He has been in this role for 8 years. Today, Weavers Way operates two stores with 135 employees and 4,900 member households.



Dan Reynolds' motivation comes from a lifestyle choice he developed while living in California as a consumer at small health stores. Prior to relocating to Greater Philadelphia, Dan was the General Manager of the East End Co-op in Pittsburgh. Dan became president of the Board of Directors for Creekside Co-op in 2011. The Co-op will break ground on its store in Elkins Park, Montgomery County in February 2012.

Peggy Fogarty-Harnish brings experience from the producer side. Prior to founding Lancaster Farm Fresh, Peggy and her husband ran a CSA, but found it challenging to operate by themselves. Lancaster Farm Fresh was founded as a producer cooperative in October 2005. By May 2006, the cooperative was in full operation, using CSA money as startup capital. Today, Lancaster Farm Fresh has 75 farmer members, a warehouse, several delivery trucks, and other assets.

After traveling abroad, Tina Johnson returned to Chester City and began thinking about how to viably bring healthy food to the community, which is without a supermarket. Tina originally thought of establishing a fruit stand, but after talking with others, the idea evolved into starting a cooperative. Chester's Co-op was established in 2006. Today, it operates out of a 3,000 square foot store with 300 members. Chester's Co-op provides affordable and quality food for its members, operating on the "Park Slope" model.

"Why does the community you come from see cooperatives as an important solution?"

Peggy Fogarty-Harnish commented on Lancaster Farm Fresh's unique situation- 98% of members are Amish, only 1 or 2 have driver's licenses, etc. Lancaster Farm Fresh developed out a need amongst farmers for access to the market, and a need from consumers to better access farm products. The founding members believed that this problem could be best solved collectively. Cooperative members continue to be committed to the group, agreeing to only sell products through the cooperative, and listening to what the consumer wants. Before Lancaster Farm Fresh was established, farmers were selling their produce at auction. Today, farmers in the cooperative get \$.75 on the dollar; nationally farmers are only getting about \$.09 on the dollar.

Glenn Bergman discussed the benefit of cooperatives from the consumer end. He described the cooperative as a solution for sourcing local products, recirculating money within the community, and allowing people an opportunity to be involved in something they own. Glenn described Weavers Way as having a triple bottom line. While there are high personnel costs, it is what members ask for. Weavers Way is committed to keeping finances open to staff and involve staff in decisions regarding pay increases and bonuses.

Tina Johnson sees a cooperative as something that is not necessarily started by an entire community. In Chester, there was an identified need for access and a search for a



solution. A small group decided to start the cooperative and there has been a long process of engaging and educating the community on cooperatives. The cooperative model may not satisfy a community need for a traditional market but it satisfies the personal desires of the members. At Chester's Co-op, only products requested by members are put on the shelves. The cooperative does not have a traditional board or board meetings. Instead, there is a general membership meeting. These meetings provide an opportunity to nurture the culture of the cooperative, which provides a voice and ownership opportunity to its members.

Dan Reynolds noted that starting a cooperative can be risky, but in the case of Creekside Co-op, it was a risk the community was willing to take. In Elkins Park, the community was locked into the memory of a store at a particular location. The cooperative was able to take the risk of opening a store there that others could not take.

Selected Questions & Answers

Bob moderated questions from the audience.

“Do you have open membership and how do you mark up prices?”

At Chester's Co-op there is a café in the front of the building that is open to everyone but only members can purchase from the store. The mark up is 21% above wholesale. At Weavers Way, anyone is allowed to purchase products but there is a tiered pricing system. Mark ups are between 30-35%. The Park Slope Food Coop is only open to members. It has \$40 million in sales annually, 65 staff, 16,000 members, and a 21% markup rate. That cooperative operates out of 6,000 square feet of space and has no debt, working on a principle of breaking even.

“What if you are working in a community that can't afford to pay membership fees?”

People can afford to pay what they want. Some cooperatives offer a payment plan for equity. Chester's Co-op has a revolving door fund to cover membership fees until members are able to pay. The most important thing for starting a cooperative is to have buy in and to create a system that works with your community.

“What resources are out there for startup cooperatives?”

Lancaster Farm Fresh got its start up financing from money from the CSA, a line of credit from a bank, and community investment from its shareholders. The cooperative decided to only invest in operating needs at first, no physical infrastructure. Today, money is loaned to farmers at the start of the growing season.

There needs to be more assistance in Philadelphia. Funding groups need to be brought together to help all types of cooperatives, not just food. The USDA's Rural Cooperative Development Grant program offers funding for cooperatives but only in rural



communities. Cooperation Works is a national organization of cooperative development centers that is working with Rep. Chaka Fattah to introduce a bill to help with technical assistance and funding for cooperatives. It is also important for cooperatives to collaborate and assist each other. Weavers Way has been very involved in starting up Creekside Co-op.

“Are cooperatives in Pennsylvania able to redeem Ag Market Vouchers?”

In New Jersey, agriculturalists are looking at this. From experience at Weavers Way, vouchers are able to be accepted by the non-profit arm of the organization but not the store. This seems like a policy area that could be pushed upon to help facilitate allowing acceptance.

“Who are your growers/distributors?”

Chester’s Co-op sources from within 5,000 square miles. The cooperative works with regional farmers and will also special order items for people that want specific things. While Creekside Co-op is waiting to open its store front, a farmers’ market has been set up in the interim.

Closing Remarks

Bob Noble provided closing thoughts on cooperatives. He described the Keystone Development Center as a regional cooperative center funded by the USDA. He noted that today is a historic juncture for cooperatives with people looking for alternatives. Cooperatives offer a mission driven, value-based solution. There are several new cooperatives that have opened recently in the region including those in Doylestown, Ambler, Lehigh Valley, and in the Kensington and South Philadelphia neighborhoods of Philadelphia. The Mid-Atlantic Food Coop Alliance unites 30 coops, buying clubs and start up efforts, offering pooled buying power and peer-to-peer assistance. The Philadelphia Area Cooperative Alliance includes many sectors of coops. They will be holding a kick-off event in early 2012 to celebrate the United Nations designated “Year of the Cooperatives.” In the United States, there were 30,000 cooperatives with \$3 trillion in assets, \$500 billion in revenue, and \$500 billion in wages in 2008. Worldwide, the top 300 cooperatives have \$1.6 trillion in sales annually. Over 1 billion people are members of a cooperative. The National Cooperative Development Act of 2011 is expected to be introduced to Congress by Rep. Chaka Fattah by the end of 2011. This legislation would provide increased support to cooperative business development.

One-Minute Reports

Stakeholder Committee members gave one minute reports on current activities and upcoming events.