

La Montañita's Co-op Trade

Building a regional food shed

BY ROBIN SEYDEL

The impetus for La Montañita's Regional Food-Shed Project grew out of a recognized need to keep our co-op vibrant, meaningful to members, and financially sound in an increasingly competitive market. From Wal-Mart and Costco to national natural foods and conventional grocery chains, many of the products we carry would soon be available everywhere, and in many cases at prices lower than we could meet while maintaining margins for a positive bottom line.

Both Albuquerque and Santa Fe are rife with retail competitors, many only a mile or two from our co-op locations. Redefining our marketplace niche was a survival imperative.

In annual member surveys, members overwhelmingly reported availability of local products as the primary reason they shop the co-op. A traditional SWOT analysis by the co-op's leadership team clearly pointed to local foods as an area in which we excelled and could expand.

Local food for local people

La Montañita's commitment to local food began nearly 25 years ago when produce manag-

ers, first Dianne Erickson and then Michelle Franklin, wanted more and fresher produce than was available on the weekly Tucson Co-op Warehouse truck. At the time, there was only one farmer's market in the area (Saturdays in the parking lot of the country western bar on Route 66). Co-op staff members took turns going there and encouraging growers to bring enough produce to deliver before market or to make an extra trip in mid-week with a load for the co-op.

Over the years the co-op continually expanded local product offerings. La Montañita, the only retail store in town that would buy from local producers, developed a somewhat legendary reputation as the local farmer's friend.

We eventually realized that to maintain and, if possible, expand local product sales, the co-op would need a multi-pronged approach that included:

- educating consumers on the benefits of buying local;
- providing support and service for family farmers and value added producers to keep them from going under; and
- helping influence policy supportive of local agriculture.

Reflecting this recognition, by 2004 the co-op was well into a consumer education program that included "Local Product" logo shelf tags, other in-store signage that "put a face with the food," articles in La Montañita's monthly *Co-op Connection News* highlighting producers and the benefits of buying local, and ads in community-wide publications. All of these activities helped build the co-op's Fresh, Fair and Local brand. Between 2004 and 2005, La Montañita saw sales of local products increase from 16 percent to 18 percent of store totals, topping out at 20 percent by 2006.

During the 2005-2006 fiscal year, La Montañita's leadership team, led by then general manager C.E. Pugh, worked to expand our relationships with local vendors; providing more support while gaining a better understanding of the litany of challenges farmers and producers face. In addition to weather woes, these issues include transportation, liability insurance, start-up or expansion capital, marketing expertise, and development of and access to markets.

During this period the first of our micro-grant/loan projects to local farmers and producers was approved. Over the last several years, a number

of small farmers and food businesses have received grants or no-interest loans from the co-op, including a local organic poultry producer, a startup traditional Mexican fruit and honey-based beverage known as *tepache*, and others.

Birthing a regional food-shed project

In response to a board mandate that Pugh chart the co-op's future development, the leadership team also began to study nationally published research, including the Vivid Picture Project, work at the Leopold Center for Sustainable Agriculture, and the organizational development writings of Jim Collins in his book *Good to Great*.

Spirited discussion at monthly leadership team meetings culminated in a 20-year strategic plan that birthed La Montañita's Food-Shed Project. The basic goals of the food-shed project are to increase the quantity, diversity, and availability of local foods and to provide support for producers and value for consumers. Strategies include the creation and expansion of a wholesale-based income stream for farmers and producers, the development of a distribution network for pick-up of product and delivery of farm supplies (livestock feed, packing boxes, etc.) and the opening of additional co-op locations throughout the food-shed region that serve both as grocery stores for underserved communities and as drop-off and pick-up depots for the distribution network.

The board of directors took several months to address the financial and community-building implications then approved the plan's initial investment of \$150,000 to lease a warehouse and trucks, install necessary equipment and pay staff. Budget projections had the new Co-op Distribution Center (CDC) and Food-Shed Project attain a break-even point in its third year. Not envisioned as a profit source, the real value of the initiative is as a service provider for both the co-op, supplying local/regional products requested by members, and for the local/regional, farming/producer community as a distribution network to build the local economy.

During the 2006 produce season the co-op leased its first refrigerated truck, and in conjunction with Beneficial Farm and Ranch Collaborative (BFRC), a group of 14 northern New Mexico farmers, truck routes were developed. An 11,000 sq.-ft. warehouse near the intersection of I-25 and I-40 (the main interstates) was leased in December 2006. Coolers and



WHAT IS "LOCAL"

The definition of "local" is much in discussion. In New Mexico's high desert environment, agriculture is dependent on mountain watersheds and traditional acequia irrigation. New Mexico's main watershed begins as the headwaters of the Rio Grande flow from the San Juan Mountains in southern Colorado, through the Rio Grande Rift Valley that slices New Mexico from north to south. This watershed, with the addition of other traditional agricultural trade areas—the Mimbres River in the Gila Wilderness, the White Mountain region in eastern Arizona and the valleys around the Organ Mountains near Las Cruces—defined the co-op's regional/local food-shed as a 300-mile radius around Albuquerque.

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DISTRIBUTION DATA

2007: First Year of Food-Shed Project and Distribution Center Operation

Total co-op local/regional food purchases	\$ 2,760,000
Co-op Distribution Center food-shed purchases	\$ 1,263,667
Local products (64% of CDC totals)	\$ 755,441
National products (36% of CDC totals)	\$ 424,936

Local Product Purchases by Category

Eggs and cheese	8%
Meat	22%
Produce	63%
Grains, nuts and beans	3%
Value added Items	4%

◀ freezers were installed, and La Montañita's administrative offices were moved to the building to help defray overhead. Michelle Franklin, long-time Nob Hill store manager, took on the job of CDC manager, and Steve Warshawer, organizer for the BFRF and owner of a 20-year old CSA (community supported agriculture) in Santa Fe was hired as the Enterprise Development Coordinator.

The BFRF soon ran out of grant money. To stay alive, it transformed into the Beneficial Farms regional eco-label under the co-op's umbrella. Part of the enterprise development coordinator's newly developed job description is to work with farmers, not yet certified organic, ensuring the use of sustainable practices by food-shed participants. Farmers can then use the Beneficial Farms eco-label when marketing their products at the co-op, at farmers markets, or with other retailers.

During 2007, its first full year of operation, the CDC obtained liability insurance for products that passed through the warehouse, more fully developed its distribution routes, and obtained vendor status with Whole Foods, Sysco, Raley's (now Albertsons), and a wide variety of small and medium-sized grocery stores. These routes included weekly deliveries to New Mexico's other co-ops: Mountain View in Las Cruces, the Dixon Co-op, and Silver City Co-op. The CDC also brought local products into cafes, colleges, universities, and small businesses throughout the state. In 2007, the CDC purchased \$755,441 in local products, just over 27 percent of the co-op's total \$2.75 million in local foods purchases during the year.

Co-op trade

By mid-2007, co-op staff recognized several challenges, including that breaking even is unattainable if the CDC has to depend exclusively on

local products. CDC Manager Michelle Franklin set about developing relationships with several national producers, the most successful of which was becoming a regional distributor of Organic Valley Co-op meat, eggs, and dairy products.

Much of what the CDC does is determined by the needs of the La Montañita storefronts. Big buys of national brand items specifically for co-op locations have included Natural Value paper products and maple syrup, Quality Plus Pet foods, and other items. These national products help provide margin points in support of CDC goals and offer better prices to storefront locations than is available from other distributors.

To alleviate the tension between store purchasers who had built the co-op's local products reputation with a product line of over 1,100 products from 350 vendors, a new internal and external branding and education program was launched under the "Co-op Trade" banner. Co-op Trade includes better in-store signage of food-shed products, along with educational brochures for staff, vendors and customers.

A series of team meetings between CDC and Co-op retail store staff resulted in clearer definitions of what is best received at co-op locations and what products should come through the distribution center. During the 2008 produce season, due to the limitations of the CDC facility and as agreed at the team meetings, leafy greens and other items with high moisture or cooling needs will go directly from farmer to co-op storefronts, while the CDC facility will focus on large harvest crops such as peaches, apples, other fruit, chile products, potatoes, squash, goat cheese, and other value-added products.

We also recognized that the co-op's Beneficial eco-label was creating confusion among consumers. A new "Co-op Verified" label and logo is being developed. Co-op Verified will link the co-op, which has gained community-wide consumer trust over the decades, to the verification process and become our regional eco-label.

Crafting creative solutions

The Food-Shed Project/CDC continues to see solid growth in the early part of 2008, with monthly sales averaging \$135,000. Preliminary figures show CDC sales in April 2008 at a record level of more than \$167,000. While most local product sales still go to co-op locations, sales outside of La Montañita's four storefront locations are also growing, averaging \$27,350 per month for the first three months of 2008.

Manager Franklin believes the "CDC will begin breaking even this produce season. More mid-sized farmers are contacting the CDC, and we expect a surge of local produce growth this year."

Thanks to CDC work with several local greenhouses, New Mexican consumers now enjoy locally grown tomatoes and cucumbers year-round, with the CDC moving 80 ten-pound flats of tomatoes and 30 ten-pound flats of

cucumbers each week.

La Montañita's CDC continues to look for ways to expand wholesale markets for area producers and to help local producers deal with seasonal "gluts." With four major goat dairies in the region, May and June generally generate more fresh goat chevre than can be sold through regular retail channels. In a special arrangement developed by CDC staff and the Flying Star Café, food-shed partner Old Windmill Goat Farm's Chevre is featured in recipes at the locally-owned restaurant chain. Bulk tubs of the fresh cheese are picked up on regular distribution routes and delivered to nine Flying Star Cafes throughout the region. This deal added substantially to Old Windmill Farm's income, positively helped utilize seasonal abundance, and added to CDC sales outside the co-op network.

The future

We look forward to a day when our food-shed trucks will run with hybrid or electric engines, and electricity will be metered into the grid, generated by a bank of solar panels hooked into the transformer installed at the CDC to provide electricity to run warehouse coolers. Meanwhile, creative problem solving to offset energy use is a pressing need. Increased fuel costs were budgeted but not at the rates currently occurring. The CDC developed a partnership with the New Mexico Network of Food Banks, sharing trucks routes and cross-docking around the state for greatest efficiency in fuel use and cost reductions for both organizations.

On the policy level, La Montañita has joined forces with the Middle Rio Grande Council of Governments to promote local agriculture and protect farmland and water rights. The co-op also participates in the New Mexico Agriculture Policy Council supporting local food/farming legislation at state and federal levels and with the University of New Mexico Biology/Sustainability Department and Sandia National Labs, La Montañita is a co-founder of the New Mexico Food-Shed Alliance. The Alliance's mission is to research what it will take to build a viable and diversified carbon neutral, regional food-shed.

As manager Michelle Franklin says, "We like to think of the CDC as a service for our stores and for our local farming community." Yet the Co-op Trade/ Food-shed Project could have an even bigger impact. If this fledgling distribution project is successful (and with due diligence we at La Montañita believe it will be), it can help recreate regional food autonomy so necessary in the age of peak oil, combat the ills of the global industrial food system and build our cooperatively based local and regional economy. ■

For background on La Montañita and its four New Mexico stores, see Robin's report in CG #132, Sept.-Oct. 2007.