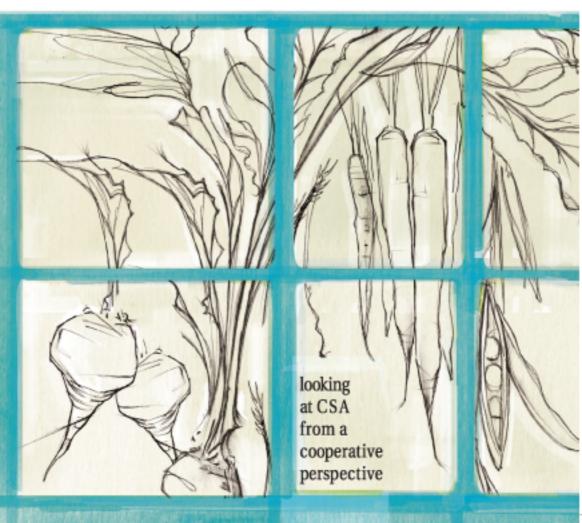


LOCAL HARVEST

A MULTIFARM CSA HANDBOOK

JILL PERRY SCOTT FRANZBLAU



Local Harvest

A MULTIFARM CSA HANDBOOK

Jill Perry Scott Franzblau The opinions and information expressed in this publication do not necessarily reflect the opinions of SARE or USDA. Mention, visual representation, or inferred reference of a product, service, manufacturer, or organization does not imply endorsement by USDA or SARE. Exclusion does not imply negative evaluation.



Produced in cooperation with the Northeast Region Sustainable Agriculture Research and Education Program (SARE)

Revised 2010

Cover design by Adam Walko

Printed in the U.S.A. Signature book Printing, www.sbpbooks.com

CONTENTS

1	What is Multifarm CSA?			
	From CSA to Multifarm CSA: The Story of Local			
	Harvest			
	Where Did CSA Come From? A Brief History			
	Seeds are Sown			
	 Philosophy in Practice 			
	 Coming to America 			
	 Becoming a Movement 			
	 Teikei & the Agrarian Myth 			
	Multifarm CSA or Cooperative CSA?			
	 Cooperative Principles 			
	Works Cited			
2	BENEFITS OF MULTIFARM CSA			
	Growers			
	 Up-Front Payment 			
	 Guaranteed Market 			
	 A Direct Link 			
	 Control Over Pricing 			
	 Specialized Crop Production 			
	Convenience			
	 Low Risk Participation for New or Small Growers 			
	 Community Building Among Growers 			
	Safety Net			
	Members			
	 Healthy, Safe Food 			

	 Competitive Pricing Buying Local Reconnecting to the Land Decreased Risk for Members Convenience
3	THE BIG PICTURE35
	Cooperative Board of Directors
	Meetings
	Positions
	Produce Distribution
	 Pickup Site Selection
	 Pickup Day Structure and Schedule
	CSA Staff
	 Administrative Staff
	Site Staff
	Budget
4	Chang thin Ping
+	CROPS AND BIDS
	Crop Coordinator Position
	Bidding for Crops in Year 1Retail Price List
	Squaring the Bid Sheets & BudgetPacking Standard
	 How Many Shares & at What Price
	 Bidding by Crop & Leaving Room in the Budget
	 Before the Growing Season
	Growing Season
	 Weekly Call-In & Mid-Season Changes
	 Late Season Changes
	 Dividing the Membership for Distribution
	Gray Areas: High Value Crops whose Values Change
	Over the Season
	 Buying Products from Non-Local Harvest Growers
	Fairness in Bidding

5	Legal Framework68				
	 Legal Framework 				
 Decision to Incorporate as a Cooperative 					
	 Cooperative Board 				
	 Articles of Incorporation 				
	Bylaws				
	 Marketing Agreement 				
	 Cooperative Profits 				
	Works Cited				
AF	PPENDIX A:				
Mt	JLTIFARM CSA AROUND THE COUNTRY79				
	The Food Basket				
	Highlights				
	 A Well-planned Project 				
	 The Food Basket System 				
	 Challenges Moving Forward 				
	Grown Locally				
	 Highlights 				
	 A Unique Bidding System 				
	 Direct Marketing: Online Ordering 				
	Grow Alabama				
	 Highlights 				
	 Incentives to Conventional Growers 				
	Outreach Efforts				
	Rolling Prairie Farmers Alliance				
	 Highlights 				
	Chequamegon CSA				
	Highlights				
AF	PENDIX B:				
Dc	OCUMENTS RELATED TO LOCAL HARVEST CSA92				
	o First 5 Weeks Planning Sheet				
	o Example of Crop Totals				
	o Marketing Agreement				
	o Packing Standards				

- Articles of Incorporation for State of NH Local Harvest CSA By Laws

WE WOULD LIKE TO THANK three groups of people for making this project complete:

Inspirers

The farmers of Local Harvest CSA who keep on keeping on and have inspired the many requests nationwide for a book to explain just how they are getting it done.

Collaborators

David Trumble, for his contributions to each stage of the project: approaching us with the idea, supporting the grant proposal, serving as a listener, reading many versions of each chapter, and writing the foreword.

Pamela Angulo, for her editing work, meticulously examining the style, organization, grammar, and syntax of our first draft.

Dale Riggs, our SARE advisor, for her patience and guidance throughout the project.

Adam Walko, for his beautiful interpretation of our concept.

Supporters

Our friends and families, who will be relieved to receive their copies.

THIS BOOK OFFERS YOU A CHANCE to become a part of the future of agriculture. CSA farming has taken hold in the US and around the world. The connection between the consumer and the farmer is so genuine that what was once considered a "fad" has developed real respectability. In many ways, CSA farming has sown the seeds for an entire movement, bringing us back to our roots, which are embedded in local agriculture.

The question for CSA farmers is not how do I get one started, but how do I keep it going? The amount of work and the level of responsibility to your CSA members can be tremendous. A lot of CSAs have dealt with that responsibility by adding more acreage and more customers to get to the point where they can have two or three full-time year-round farmers. This book provides you with another option. You can work together with other farmers (experienced and beginners) to create a cooperative CSA. This will allow you to remain a one-family farm and in the process, build a community of farmers.

Farming is sometimes a solitary occupation and having CSA customers interested and sometimes assisting in your daily tasks can make it more enjoyable. Working together with other farmers to create a second layer of community is deeply rewarding and fulfilling in ways that transcend being appreciated. It creates a brotherhood and sisterhood of like-minded souls. It can make you and your farm stronger by giving you new opportunities to work together, share ideas, and help each other out.

This book will give you the how-to's and nuts and bolts of setting up and operating a cooperative CSA. It is a clear and

comprehensive work on cooperatives and CSA farming. The authors, Scott Franzblau and Jill Perry, have seen this from multiple sides. They have both been farmers in the Local Harvest CSA (an eight-farm cooperative CSA) and have worked for the CSA as site managers. They have also researched several other cooperative or multifarm CSAs in the United States. This book will give you the ability to turn your ideals for agricultural reform into working realities.

This book will also be of interest to anyone who runs a one-farm CSA. There is a wealth of perspective and thought about the many decisions that every CSA farmer faces. I know you will learn a great deal from this book. It will hopefully lead you to a fresh outlook on community-based farming and inspire you to reach out to your farming neighbors and together begin to build a new and lasting community.

David Trumble Good Earth Farm Weare, New Hampshire

1 What is Multifarm CSA?

What is the definitional core of a CSA? Is it people coming to the farm, or is it the commitment between farmers and consumers? Whether you work off half your share or pay it in full, it is the essential equal sign of committing to one another.

—David Trumble, Local Harvest CSA grower

COMMUNITY-SUPPORTED AGRICULTURE (CSA), an arrangement whereby customers pay growers in advance of the growing season for a guaranteed share of the season's harvest, is a concept that has taken many different forms. Since 1985, when the idea was planted in North America, CSA has grown in ways as varied as the growers and community members who pioneered it. The idea that first grew from the rocky soils of New England has adapted to meet the needs of farms and communities throughout the United States and around the world. As it has spread and flourished, one thing is for certain: CSA has a quality that resonates in communities.

Local Harvest CSA—a multifarm CSA that consists of eight growers who have joined together—was born from this energy and versatility. Diligence, commitment, and overwhelming community support has made Local Harvest what it is today, and these features are common to several multifarm CSAs in other parts of the country. These operations have been profitable for growers and supported by local customers. As CSA evolves into multifarm CSA and other variations, the dialogue between growers and customers continues, carefully examining the motivations and circumstances that compel CSAs to exist.

As we set out to prove, multifarm CSA is a profitable way for growers to make a living, but it is more than that. It also is a unique and creative way for farms and communities to become more sustainable. It is an excellent way for people to support local farms and get the freshest food in return. It is a way for children to learn about where food comes from. It is a way for growers to benefit from each other's knowledge.

It is all of these things and more, and they can all be boiled down to the "essential equal sign" that David Trumble talks about. Multifarm CSA is a connection between a group of growers and local customers. It is the union of two basic concepts: cooperation among growers, and commitment between growers and local customers.

From CSA to Multifarm CSA: The Story of Local Harvest

I don't think we could have skipped over those hard early years. The only way to get around that is to have a single leader who makes all the decisions. That would not have been a true cooperative. So, looking back, I'm glad that we spent a year coming up with the paperwork and making rough plans, and also feel that the first three or four years of "discussion" have paid off. Now, we have all agreed and bought into the system that we have created, and we all have a sense of ownership. That has been the glue that has held us together.

—Dave Trumble

In 2004 I was the site coordinator for Local Harvest CSA. I would arrive early at the site where members pick up their vegetables to set up tables, make signs, and arrange bins before the growers arrived with their produce. I would prop open the doors of the cool dark hall, allowing sunlight to stream in. Reliably, a silhouette would soon appear in the doorway, carrying a sensibly sized box and trailed closely by two smaller forms.

Even before their faces became visible, I knew the figures were David Trumble (a grower from Weare, NH) and his two children. Trip after trip, David would bring in his produce while the children played, their clear voices echoing in the hall. Just before they were to depart, David would say, with an appreciation that I didn't quite understand, "Wow, this looks great; this is really great."

I now realize that for David those CSA pickup days represented the culmination of years of time and effort. The taste was sweet. He finally had a market that was profitable and secure, afforded him the efficiency required to be a grower *and* a full-time parent, and provided a community of growers from whom to draw knowledge and friendship.

Jill Perry, 2006

In the late 1980s many organic farms in the United States embraced the CSA concept. Coast to coast, farms launched all kinds of CSA programs. Some memberships were small, others large; some CSAs required a deep commitment from members, whereas others required only payment; some had several growers working together, and others were operated by a single grower or family farm. As it happened, many of these early CSAs—and many that exist today—are in the latter category: a single grower or a family farm. Because the CSA concept was developed in the United States by two different *groups* of growers *working together* to maintain a CSA, it may have been hard to predict the unique challenges faced by someone who wanted to start one alone.

Trumble formed a CSA in 1989. As a wholesale grower for the Deep Root Organic Truck Farmers' Cooperative, he already had years of growing experience when he heard about CSA. He was eager to try the system because it promised up-front payment for produce. That year, his 56-member CSA was a success. Reflecting, Trumble says, "I began to see the CSA as a better alternative financially than wholesale growing. I had more control over pricing and was not at the mercy of the huge wholesale market."

Trumble's Good Earth CSA grew to 120 members, of which approximately half were local and half were from Boston. Each week, Trumble made deliveries to several locations so members could conveniently pick up their food. "The members really liked the idea of taking part in a farm," he says. "Even if they never came to the farm, they liked supporting it." Trumble also liked growing for the CSA; he was making a living doing what he loved most and felt that the members appreciated his efforts.

But after several years of this pace, things began to change. In the late 1990s he and his wife built a new farm and welcomed two children. By 2002, with his wife working off the farm, they had scaled the CSA back to only 25 members so that Trumble could be the stay-at-home parent. "We had reached a tough point," Trumble explains. "From a high of five sites, we began eliminating deliveries to drop-off spots. We dropped Manchester and then Concord and then the two in Boston. We were down only to pick up at the farm. The economics of it were not making a whole lot of sense. I still had the stress of growing six crops of broccoli, 12-plus crops of lettuce, etc., but not enough volume to make much of a profit. I'm not sure what we would have done."

Looking back, Trumble reflects, "We were dealing with a broken system." The labor of successive plantings and daily harvests, combined with the care of two young children and the isolation of being a grower, was not sustainable for him. He was doing too much work for too little money. Thankfully, he did not give up. Rather, these challenges prompted the creative ideas that would eventually become Local Harvest CSA.

In 2001, Trumble read about a cooperative CSA in *Growing for Market*, an agricultural publication from Kansas. Featured was the Rolling Prairie Farmers Alliance: a growers' cooperative that ran a CSA-style vegetable subscription service. For the small growers of Rolling Prairie, this cooperative multifarm CSA was a solution to marketing difficulty in an area where "get big or get out" agriculture was the at the forefront. For Trumble, who wanted to reduce the number of crops and successive plantings he was growing as a single-farm CSA without entirely giving up a relationship with his

food customers, it seemed like a great idea. From his experience as a member of the Deep Root Organic Cooperative, he also knew that a community of growers could share knowledge, friendship, and even farm implements.

Wasting little time, Trumble called Lynn Byczynski, editor of *Growing for Market* and a member of Rolling Prairie, who offered lots of encouragement and was willing to share information about how the group got started. Trumble says that Byczynski also gave good advice: "Sit down in advance of actually selling anything and work out all of the rules, including how to deal with growers who don't fit in the group. Take a year to do this, and it will pay off in the long run."

Yet what Byczynski was suggesting was a huge investment of time and energy without any guarantee that New Hampshire growers and customers would be interested. So, Trumble enlisted the help of Elizabeth Oblenus, program and membership coordinator of the New Hampshire chapter of the Northeast Organic Farming Association (NOFA-NH). NOFA-NH, and Oblenus especially, was a great resource for Trumble, who recalls, "I had some definite ideas about how to organize the co-op, and Elizabeth had great people skills to work on finding growers and customers."

With the help of NOFA, Trumble applied for a Sustainable Agriculture Research and Education (SARE) grant from the U.S. Department of Agriculture (USDA) Cooperative State Research, Education, and Extension Service (CSREES) that would allow them the necessary planning time. In the spring of 2002, Trumble and Oblenus were awarded \$7,200 to spend the next year finding interested growers; working out legalities, such as the articles of incorporation; and creating a cooperative structure, complete with agreements about marketing and crop production.

Over the next year a small group of interested people gathered monthly at the NOFA office in Concord. Although only a few members of the original group ended up participating in the CSA, their ideas shaped the structure of the cooperative that exists today. The group debated everything from cooperative and CSA philosophy to practicalities such as taxes and insurance. As the year progressed, it became clear that the system was not for everyone. Oblenus recalls, "A couple of them were very small growers, and I think they thought it would be too much for them. I was a small grower too, but Dave convinced me that this was the perfect way to get started."

The final group heading into the 2003 season was an eclectic group of growers, farming varied lands, with a range of experience: Jennifer Ohler and Bob Bower of Kearsarge Gore Farm, who had been growing on the slopes of Kearsarge Mountain for 20 years; Steve Fulton of Blue Ox Farm, who had been taking advantage of the fertile Pootatuck soil of Enfield for 4 years; John Hermann, farm manager of the long-standing Nelson Farms in Strafford; Roger Noonan, a pilot-turned-grower tending the fields and pastures of Middle Branch Farm in New Boston; Elizabeth Oblenus, a self-proclaimed "new" grower, carving her quarter-acre Serenity Garden on a hillside in Meredith; veteran gardener Larry Pletcher of the Vegetable Ranch on Tory Hill in Warner; Eero Ruuttila and Lianna Eastman, experienced and savvy managers of the nonprofit Nesenkeag Cooperative Farm on the banks of the Merrimack River in Litchfield; and David Trumble, former co-op and CSA grower, minding the rocky upland loam of Good Earth Farm in Weare.

Initially, the group had hoped to recruit 60 members, but membership quickly expanded as the CSA received positive feedback in the Concord area. By the first produce pickup day in June 2003, there were 128 members and a considerable waiting list forming for the next year.

The 2003 season was very successful overall. As members learned what CSA was all about, it became clear that some families were a perfect fit, whereas others were not. Many exclaimed week after week, "This is just like Christmas!" or "These carrots are so sweet my kids eat them instead of cookies!" Meanwhile, others were wearied by "worms in the broccoli," and one woman lamented, "I

just like shopping too much; I miss going to [the] farmers market and picking out whatever I want."

Over the 2003–2004 winter, growers regrouped at monthly meetings, using member surveys to evaluate their successes and failures and formulate goals for 2004. Together they decided to expand to 180 members and discussed many issues, including which crops to provide more of and less of, employee accountability, pricing, vegetable packing standards, long-term visions for the coop, and whether to enter the technology age by adding a Web site and cell phone.

The 2004 season consisted of fine-tuning the practices begun in 2003. For growers, the crop bidding process was clarified as they became accustomed to the CSA's expectations of produce quality, packaging, and delivery time. For members, those who returned knew the idiosyncrasies of the pickup site and were able to assist new members. Also, the employees managing the pickup site (who were also growers for the CSA) made modifications that streamlined operations on pickup day.

After the 2004 season, the CSA's cooperative board of directors (the growers) began planning for 2005 while considering the long-term goals of the group. At a winter retreat meeting, growers came prepared to share ideas about how they wanted to see the CSA progress. Most agreed that healthy, realistic growth was ideal; however, ideas of what constituted healthy, realistic growth varied. Some growers expressed concern that the CSA would soon outgrow its pickup site, suggesting that they would like to see the CSA operate its own distribution site in the future. Others wanted to work on improving the business and marketing plans, whereas still others thought the priority was to improve cooperation and decision-making skills among growers.

For the 2005 season, the growers decided to aim for 280 members. The feeling among the group was that this goal was ambitious, but one that growers could handle. Like in past years, memberships trickled in during early spring and finally picked up in June, as the first CSA pickup date neared. The final count was 244

members, and after the season began, most growers felt that that was plenty.

A few big changes were made between 2005 and 2006. One was that two growers decided not to return. Although the group was sorry to see them go, these losses opened the door for other growers to take on more crops and for two new small growers to join. This change has been seen as positive as the new growers bring new talents and energies to the CSA.

Another change was that the CSA decided to forgo expansion and stay with approximately 250 members. This decision reflected the growers' primary goal during that time: for the CSA to "become a well-oiled machine," as grower Bob Bower put it. Trumble added, "We are trying to get good and stay good at what we do. This means that everyone is willing to have a similar vision and then execute the plan."

During these years, Local Harvest was getting better at what it did. Member retention from 2005 to 2006 increased substantially from around 50 percent to more than 65 percent, for two reasons, according to Trumble. One was that the CSA was trying hard to match the selection of crops with the preferences that members had indicated on surveys. Another was that it found the "CSA folks—people who like the scheduling and eating with the seasons."

In the years since 2006, the CSA has fine-tuned its methods. Sticking with the same distribution site, and solidifying a group of five evenly balanced (in terms of percentage of the co-op) larger farms and three smaller ones, Local Harvest has been able to seamlessly expand to 300 members, while retaining between 60 and 70 percent of members year-to-year. After the 2009 season, Trumble noted that, "Size does matter. When we were 200 members, we were just barely able to pay our bills. At 250 members, we ran smoothly and ended up with a small profit (patronage dividend). At 300 members, we are able to run the business and not have to worry about whether we can afford a site assistant, or to pay an employee who has worked a few hours over time."

The future for Local Harvest CSA is bright. The considerable time and effort that everyone involved has put into the CSA is truly worthwhile. Growers spend more time in the fields and with their families because meetings are shorter and logistics are clearer than in previous years; members seem happy to benefit from a system that has undergone trial and error, vision and revision.

Where Did CSA Come From? A Brief History

CSA is not the conception of any one person. It is a response and a solution to the disconnect that industrialized societies face from the land that feeds them. At a time when markets are almost always "super," and "fresh" means flown from halfway around the globe, it is not easy to find a connection between the field down the street from you and the dinner on your table. CSA changes that. CSA unites people who are passionate about farming with people who are passionate about healthy food, healthy families, and a healthy earth.

Seeds Are Sown

Rudolph Steiner was a European philosopher who developed many ideas in his lifetime, including two concepts that contributed to the formation of CSA: anthroposophy and biodynamic agriculture. Born in 1861 in what is now called Slovenia, Steiner took part in the peasant agriculture that shaped the countryside when he was young. During his lifetime, Steiner watched as much of this earth-aware peasantry moved to the cities to work in factories. Although he spent most of his life in academia, Steiner carried with him the identity of a peasant farmer: "I beg you to consider me as the small peasant farmer who conceived a real love for farming; one who remembers his small peasant farm and who thereby, perhaps, can understand what lives in the peasantry, in the farmers and yeomen of our agricultural life" (Moore). This identity allowed Steiner to apply his education in a unique way. As a student, Steiner studied the scientific writings of Johann Wolfgang von

Goethe, the German poet whose less-known approach to science is holistic, rather than mechanistic (Holdredge). This experience and others provided Steiner with the fodder to develop his own spiritual and agricultural ideas. Steiner's anthroposophist and biodynamic theories laid the foundation for the CSA system used today.

Anthroposophy, defined as "wisdom of the human being," is a nonreligious philosophy that seeks to access and guide human spirituality toward a kind of universal spirituality via the path of modern arts and sciences (Goethanum). For Steiner, this philosophy was manifest in some very pragmatic ways, including the development of Camphill Communities, Waldorf education, and associative economics (Brown, p. 4.1.3).

Biodynamic agriculture is a system of farming that extends the principles of organic farming to create a farm that is managed as a living organism. In order to manage a farm this way growers must mimic natural principles of sustainability as observed by Goethe and Steiner (Background). Community-supported agriculture builds upon this idea of the farm as a whole organism by integrating the customer of the farms goods: by educating and involving the farm customer in the work of the farm, the customer helps to regenerate the farm in a way that is more meaningful than simply providing monetary support.

Philosophy in Practice

Associative economics, an approach that "fosters interaction among producers, traders, creditors, and consumers where appropriate price, true human needs, the eradication of poverty, greater social equity, and environmental impacts are explicitly addressed," was a natural precursor to CSA because, in its most general sense, CSA aims to accomplish these goals as well. In Germany in the late 1960s, three men developed a land trust based on associative economics that included a farm. The farm was supported by loans from a group of nonfarming community members that they called an "agriculturally cooperating

community." One of these trust developers was Trauger Groh, who eventually moved to the United States (Brown, p. 4.1.4).

Because of the overlapping nature of Steiner's theories, many people who were interested in associative economics also became interested in biodynamics, and vice versa. When Jan Vander Tuin, an American, went to western Europe in the early 1980s to study agricultural systems, he found a dedicated and rich culture forming in response to Steiner's ideas. While in Switzerland, Vander Tuin helped to start a producer—consumer food co-op in Zurich. The Zurich co-op was a blend of Steiner's associative economics and inspiration from Chile's cooperative movement during the 1970s. Using what he calls "an ancient Swiss farm" and a store front in town, Vander Tuin and others created a system whereby members of the co-op could pick up a share of vegetables twice a week and could shop for other locally produced foods, such as olive oil and citrus fruits, while there (Vander Tuin).

Coming to America

Groh and Vander Tuin effectively brought the CSA concept to the United States in the early to mid-1980s. Groh met and wed a woman from New Hampshire and moved there to be with her. He found fertile ground for his agricultural ideas in the likes of Lincoln Geiger and other families in the New Hampshire towns of Temple and Wilton. In Farms of Tomorrow: Community Supported Farms—Farm Supported Communities, Groh discusses the evolution of the Temple—Wilton Community Farm. He quotes Geiger: "Many people don't want to use the land they have, but they would like to see it farmed. They make their land available so that growers without land can care for it in their name. Under such an arrangement no one gets rich, but then again, no one starves either."

A year and a half after Vander Tuin returned to the United States, he met Robyn Van En (1948–1997). Van En and her son had moved to Massachusetts from northern California in 1983, and by 1985 she was growing all the winter vegetables for a local foodbuying club. Van En was dissatisfied with the arrangement, though,

because she was investing all her money and labor into the crops and hoping they would be successful so she could get paid for her work. To her, the risk was problematic. In *Sharing the Harvest: A Guide to Community Supported Agriculture*, she writes, "In the middle of my second growing season, as I pondered this agricultural conundrum, Jan Vander Tuin visited the farm. ... After talking only a few minutes, Jan and I knew that we should do [what Vander Tuin had done in Switzerland] at Indian Line Farm" (Henderson, p. xiv).

At that point, the concept that Vander Tuin and Van En were talking about had no universally understood name. The first season, they called their system "share the costs to share the harvest," and as Van En notes, "No one had ever heard of being paid for vegetables in advance." It was 1985. A group that included Van En and Vander Tuin as well as Susan Witt of the E. F. Schumacher Society; John Root, Jr., of a local group home for handicapped adults; and grower Hugh Ratcliffe met that winter to discuss and formulate the concept. Of this, Van En writes, "We didn't take any step of this process lightly. We discussed and debated long into the nights the necessary policies and procedures, besides the possible names for the project that would convey its full intent and purpose." They understood that language is loaded and sought words that would honor the concept and still be accepted in our society and others. Together, they decided on community-supported agriculture, which could be inverted as agriculture-supported communities. "CSA to ASC," Van En writes, "was the whole message" (Henderson, p. xiv).

By 1986 both Indian Line Farm and the Temple–Wilton Community Farm had developed systems that radically altered the relationship between grower and consumer, whereby a local consumer commits to a local grower for a given period of time and shares the inherent risks throughout that period. Yet, beyond this commonality, these two farms developed CSA in different ways. In a 2003 article written about the origin of CSA, writer Steven McFadden quotes Anthony Graham: "The folks in western Massachusetts had their approach, and we had ours."

At Indian Line Farm, CSA developed many of the attributes that we associate with the concept today: Members pay a fixed amount up front, members may help with labor, and members get a fixed amount of produce (a "share") each week of the growing season.

The Temple–Wilton farm, greatly influenced by Groh's experience in Germany, developed a system in which each member *pledged* an amount toward a share of the community farm rather than paying a fixed cost. In this way, member expenses were determined by the amount of food they would take and their ability to pay (Groh, p. 44).

Becoming a Movement

Thanks to the dedication of the founding farms, the CSA concept spread rapidly in North America. In 1990, representatives of both of these groups published literature about CSA. Groh and neighbor Steven McFadden co-authored Farms of Tomorrow, the aforementioned text in which Groh contributes essays on agricultural philosophy and McFadden chronicles the stories of several extraordinary farms, including the Temple–Wilton Community Farm, Indian Line Farm (originally called the CSA Garden at Great Barrington), the Kimberton CSA Garden, and others.

Van En wrote *Basic Formula to Create Community Supported Agriculture*, a manual that discusses the philosophy and basic parameters of CSA. Around this time she also founded CSA North America (CSANA), a nonprofit organization that aimed to network and support CSAs, and traveled widely to give speeches and lead discussions about CSA.

In the 1990s, U.S. farms from Orcas Island, WA, to Tampa, FL—small and large growers and community members who were committed to sustainable agriculture—tried out the CSA system. Although thrilled with the development of CSA in the United

States, both of the originating groups kept a close watch on the evolution of their ideas.

In 1998, Groh and his neighbor, writer Steven McFadden, published Farms of Tomorrow Revisited, which recounts their own growth of ideas as well as the range of diversity within the CSA movement. Van En had already begun updating her text when she died tragically of an asthma attack in 1997. Grower and writer Elizabeth Henderson took over the project, and the resulting book, Sharing the Harvest: A Guide to Community Supported Agriculture, is a premier text for anyone interested in CSA.

Teikei and the "Agrarian Myth"

Teikei is an inspirational movement that began in Japan in the 1960s around the time that associative economics was developing in Europe. There is no originating link between the concepts, and teikei appears to have been born from a unique set of Japanese circumstances. The literal translation of *teikei* is "partnership" or "cooperation," but as Van En points out, "According to teikei members in Japan, the more philosophical translation is 'food with the farmer's face on it" (Henderson, p. xvi).

In the 1960s Japanese citizens were beginning to feel the effects of industrialization on their lives. In a climate of Minimata disease (methyl mercury poisoning) and food scares, the Japanese housewives who were traditionally responsible for feeding their families united to discuss food safety and community issues. Together, the women appealed to local growers for organically grown, additive-free food. The system became known as Teikei. (Brown, p. 4.1.3)

In an article published by the Rodale Institute, Steven McFadden gently takes issue with the fact that teikei is constantly misrepresented as the origin of the CSA movement. The most blatant example of this happens to be the 2003 *TIME* magazine article that elevated CSA into the national dialogue. The article

stated that, "The CSA movement began in Japan some thirty years ago with a group of women alarmed by pesticides" (McFadden).

As McFadden reveals and research into the matter supports, the members of the founding U.S. CSA farms—including Groh and Vander Tuin—were not aware of teikei when they began their endeavors. McFadden quotes Anthony Graham of the Temple—Wilton Community Farm: "We all went to a conference in Kimberton, PA, as well as a group from South Egremont including, I believe, Robyn Van En. This was after both of our farms had started, maybe a year later. A speaker at the conference mentioned what was going on in Japan, and that was the first any of us learned about it."

Philosophically and practically, teikei and CSA have many features in common. Once this commonality was discovered in the 1980s, the door opened for the Japanese and North American communities to learn from one another. Indeed, since that time, many speakers have visited colleagues on the other side of the Pacific. Even though teikei and CSA developed independently, it is compelling and affirming that two different cultures, thousands of miles apart, sought a direct connection to growers and agricultural land as a solution to problems that arose from conventional agriculture and an industrialized world.

Multifarm CSA or Cooperative CSA?

CSA has evolved into many different structures—several kinds in New England alone. In some cases, the difference may appear to be simply semantic; "multifarm" and "cooperative" could mean the same thing. Yet some very real differences exist.

Local Harvest is a multifarm CSA because several farms contribute to its operation. It is also a cooperative CSA because the participating farms are joined in a cooperative arrangement. More than growers simply working together, the group is guided by cooperative principles and exists within an established legal framework.

Cooperatives have existed in Europe and the United States since the mid-18th century. Attempting to leverage power against an overbearing mill company, a group of textile workers in Rochdale, England, developed the structure and cooperative principles that Local Harvest uses today. Growers formed many early American cooperatives for purchasing supplies such as feed, equipment, and seed; large-scale marketing; or processing foods such as grain.

In 1926 the U.S. Congress passed the Cooperative Marketing Act, which authorized government support for cooperatives in the form of research, funding, and technical assistance. Even today, the Rural Business–Cooperative Service division of the USDA aims to provide assistance for the improvement of existing rural cooperatives and the development of new ones. (Applicants should send a formal letter requesting assistance to the state or national Rural Development Office. More information can be found at www.rurdev.usda.gov/rbs/coops/csdir.htm).

During the Great Depression cooperatives became popular as citizens joined together to increase food security. Due to provisions of the New Deal, technical assistance to urban cooperatives became available, enabling many consumer cooperatives to form. One of these was the Hanover Consumer Cooperative Society in Hanover, NH, which has grown to represent more than 30,000 individuals (Zimbelman).

A unique feature of cooperatives is that they are owned and controlled by their members. They can be formed by groups of consumers, workers, businesses, or producers. Local Harvest CSA is a producer cooperative. Each farm has a member on the volunteer Board of Directors, and several growers are also employees.

New Hampshire law allows for incorporation as an agricultural cooperative; many states have similar laws. Legally, the cooperative is unique because it "is viewed as an extension of the producer-members' own farming operations. A cooperative operates at a cost by funneling earnings to its patrons. That way, the cooperative has

no real income to be taxed. As such, patrons should realize these cooperative earnings are taxable income (Cook)". The legal options for multifarm CSAs are described in detail in Chapter 5: "Legal Framework."

Yet multifarm CSA can take many other shapes. Both of the founding U.S. CSAs were multifarmer operations, with several growers working together on a shared piece of land. In at least two cases (the Temple–Wilton Community Farm and Cold Pond Community Land Trust of Acworth), a land trust was formed in order for the land to be shared and legal. In one case in Alabama, a single grower acted as a broker, buying produce from several farms to support a large CSA. (For detailed information about some other multifarm CSAs, see Appendix A: "Multifarm CSA Around the Country.")

The legal structure that a multifarm CSA takes depends greatly on the values and beliefs of the growers and potential members. For Local Harvest CSA, navigating the cooperative structure has been a challenge, but from this successful navigation has come deep friendships among growers and a thriving community of CSA members.

Cooperative Principles

(As identified by the International Co-operative Alliance)

- Voluntary and open membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, behavioral, racial, political, or religious discrimination.
- Democratic member control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal

voting rights (one member, one vote) and cooperatives at other levels are also highly organized in a democratic manner.

- Members' economic participation: Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperatives. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of or all of the following purposes: developing their cooperative, possibly setting up reserves, part of which would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
- Autonomy and independence: Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
- Education, training, and information: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature of the benefits of healthy cooperation.
- Cooperation among cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

• Concern for community: Cooperatives work for the sustainable development of their communities through policies approved by their members.

Many have argued that in order for us to know where we are going we must first understand where we have been. Chronicling the evolution of the CSA concept is useful for those interested in the philosophical underpinnings of a cooperative or multifarm CSA. Yet it is also essential for anyone considering growing for or joining a multifarm CSA to consider the benefits that come from this involvement. The following chapter, Benefits of Multifarm CSA will discuss the benefits of this marketing model for both growers and members.

Works Cited

- "Anthroposophy." Goethanum Homepage. Goethanum, Dornach, Switzerland. 27 Jan. 2005 http://www.goetheanum.org /87.html?&L=1>
- "Background." Demeter USA Website. 2006. Demeter United States Branch. 20 Feb. 2007. http://demeter-usa.org/?page_id=6
- Brown, Martha, and Albie Miles, eds. <u>Teaching Direct Marketing</u>
 and Small Farm Viability: <u>Resources for Instructors</u>. Santa
 Cruz: Center for Agroecology and Sustainable Food
 Systems at the University of California, 2005.
- Groh, Trauger M., and Steven S.H. McFadden. <u>Farms of</u>

 <u>Tomorrow: Community Supported Farms, Farm Supported</u>

 <u>Communities</u>. Kimberton, PA: Bio-Dymanic Farming and

 Gardening Assiciation, 1990.
- Henderson, Elizabeth, with Robyn Van En. <u>Sharing the Harvest:</u>

 <u>A Guide to Community-Supported Agriculture</u>. White River Junction, VT: Chelsea Green Publishing, 1999.

- Holdredge, Craig. "Seeing Nature Whole: A Goethean Approach."

 Home page. The Nature Institute. 27 Jan. 2005.

 http://www.natureinstitute.org/nature/index.htm
- McFadden, Steven. "Community Farms in the 21st Century: Poised for Another Wave of Growth?" <u>The New Farm</u>. 2005. The Rodale Institute. 27 Jan. 2005. http://www.newfarm.org/features/0104/csa-history/part1.shtml
- Moore, Hilmar. "Rudolph Steiner: A Biographical Introduction for Farmers. Biodynamics. Nov. 1997. Biodynamic Farming and Gardening Association. 8 Jan. 2005. http://www.biodynamics.com/steiner.html>
- Zimbelman, Karen. "History of Cooperatives." Cooperative Life Homepage. Cooperative Life. 30 Jan. 2005. http://www.cooplife.coop/coophist.htm
- VanderTuin, Jan. "Zurich Supported Agriculture." <u>Rain Magazine</u> Winter/Spring 1992: 6

2 BENEFITS OF MULTIFARM C.S.A

There are advantages to sharing the work and sharing the risk ... once a solid group of farms has formed, the possibilities... are limitless. Networks of small and medium-sized farms, whether farmer-, consumer-, or organizer-instigated, can become the backbone of a sustainable local economy.

—Elizabeth Henderson, Sharing the Harvest

ELIZABETH HENDERSON IS RIGHT. When farms work together they can have a profound impact on the local food buying economy. Within the past few years the discourse surrounding sustainable food has shifted somewhat from "organic" to "local." In this way CSA and multifarm CSA have become even more relevant, and with greater numbers of people thinking hard about their food choices, the interest in local food will surely continue to grow. As growers take on more of the responsibility for feeding the community, a multifarm CSA could be an attractive way for both growers and members to work together to foster a healthy local economy.

The following chapter discusses the essential benefits of a multifarm CSA as cited by the growers and members of Local Harvest CSA. The first section of the chapter examines benefits for growers and the second section examines benefits for members.

Growers

We'll continue to work with the CSA because we believe in both direct to consumer sales, and the notion of farmers working in cooperation.

-Roger Noonan, Middle Branch Farm

Multifarm community-supported agriculture (CSA) is beneficial to growers because it unites the most important attributes of CSA with the unique advantages of partnering with other farms or growers. As evidenced by David Trumble's story in chapter one, a multifarm CSA can make CSA more manageable and profitable by spreading the burdens and risks associated with raising dozens of crops among several growers. Yet this is only one of several benefits we have identified.

Certain benefits of multifarm CSA are inherent in the CSA concept: Upfront payment, a guaranteed market, a direct link to customers, and control over pricing are all benefits of CSA that are not lost in a multifarm model. The other benefits we have identified—focused crop production, convenience, low risk participation for small or new growers, community building among growers, and the sense of a safety net and possibility of market preservation during difficult times—we believe are unique to a multifarm CSA.

Up-Front Payment

For many growers, payment in advance of the growing season is a strong advantage of CSA. The average person may not realize how much preparation is required to produce a bright red locally grown tomato that reaches the dinner plate, but growers know it all too well.

Each crop requires time and money, starting weeks—even months—before it is harvested. A grower's preseason costs might include a seed order, potting soil for starting seeds, trays and pots for seedlings to grow in, compost, fertilizer, heating for a greenhouse, and hours of labor transplanting seedlings as they grow. In addition to these preseason costs, most growers have fixed year-round costs, such as those of raising animals and maintaining farm equipment (tractors, trucks, and greenhouses) that must be paid with their seasonal incomes. These costs add up quickly, especially for growers in northern climates, where the growing season is short.

For many growers, CSA has successfully balanced the equation. Ideally, CSA members sign up and pay—a deposit, or in full—for their share months before they will receive produce. Thus, growers have support early in the season to invest the time and money it takes to have a plentiful, successful growing season.

Multifarm CSA does not change or hinder up-front payment in any way. A multifarm CSA can structure the up-front payment scale to the needs of the group or particular growers. At Local Harvest CSA, growers can choose to receive an "advance" (preseason funds) or not, and they can choose how much they want to receive (e.g., 10 percent, 20 percent). This way, growers get some help with start-up costs and still get paid for fulfilling their produce obligation. Yet, this is only one approach, and many options are feasible (see Appendix A: "Multifarm CSA Around the Country," for some other examples of multifarm CSA).

Guaranteed Market

Another benefit to growers is a guaranteed market of an approximate size, so growers can plan their crops accordingly. Determining how much to plant can be difficult because markets change, often dramatically, from year to year. Every grower has been burned at one time or another by under-planting a crop that is suddenly in high demand or, more commonly, over-planting and watching beautiful produce go to waste. (Even a soup kitchen has limits as to how much arugula it can take!)

With CSA and multifarm CSA, the guessing game can be eliminated when it comes to planning. CSA growers can estimate

how much they need to plant to yield a crop that will meet the demands of the group's members. They can also rest assured that much of what they grow will be eaten. When growers have a guaranteed market, they are motivated to become better at what they do. Having someone counting on you can create a feeling of responsibility and obligation; this can be excellent motivation for anyone, and growers are no different. Growers consistently rise to the challenge of a guaranteed market while learning planning and organization skills and increasing their profits.

A Direct Link

Direct grower-to-customer relationships have proven beneficial for both parties, because the cost of a middleman is removed. Growers receive higher prices for their goods than they would if they sold wholesale to a restaurant or a grocer, and members also may pay lower prices without the retail markup.

Control over Pricing

A CSA must offer competitive pricing; members will not pay twice the price that they can pay for organic foods at the grocery store or food co-op. However, growers can assign true value to the crops they produce on the basis of the difficulty of growing that crop.

For example, a CSA may want to offer a salad mix to its members every week. Yet salad mix is a fickle, labor-intensive crop. Greens require planting under the right conditions, healthy soil, and plenty of (but not too much!) sunlight and water. At harvest, the greens must be carefully cut, washed, dried, bagged, and refrigerated. For these reasons, a CSA can assign a higher price to greens than to crops that are less difficult to grow. Thus, growers may find growing for a CSA worthwhile, because true costs are more likely to be compensated.

Specialized Crop Production

Specialize? Is diversity not a mantra among people practicing sustainable agriculture? Don't worry; diversity remains a good idea for many reasons, and we are not discounting its value in the least.

In contrast to a single-farm CSA, a multifarm CSA allows focused crop production—this is to say, relative individual specialization within a diverse whole-farm system. A single-farm CSA may grow 30 to 70 crops to satisfy its members' demand. Yet some farms do not have the land, labor, ability, or knowledge required to successfully grow so many crops. This wearying and surely limiting factor may prevent many growers from seriously considering single-farm CSA.

With multifarm CSA, each grower can grow as many crops as desired without the responsibility for growing *all* the crops and successive plantings; this responsibility is shared with other growers. The actual amount of crops a particular grower grows for a multifarm CSA depends largely on the organization's crop bidding process (see Chapter 4: "Crops and Bids," for a discussion of how Local Harvest structures this process). The objective is not for one grower to grow all of one crop for the CSA (as in *all* of the beans, or *all* of the tomatoes—that would be too risky), either, but for growers to focus on the crops they are good at and enjoy growing.

"Each one of us can specialize in six crops and grow a lot of them and grow them well," explains Dave Trumble of Good Earth Farm and a grower for Local Harvest CSA. "This allows each farmer to make a decent return. I took in \$12,000 in 2003 from my (part of the) CSA, which provided root vegetables and greenhouse tomatoes. My whole labor bill for that year was \$800." Although most Local Harvest growers plant more than six crops, the basic idea is wise: Grow larger quantities of fewer crops.

And Trumble practices what he preaches. His farm has two different operations: a highly diversified spring greenhouse business and CSA crops (which include large amounts of early greenhouse tomatoes, carrots, beets, and onions and smaller quantities of greenhouse cucumbers, leeks, and garlic). He chose the CSA crops

carefully to fit his lifestyle and equipment. Two greenhouses support the bedding plants, and one has well-built soil that is perfect for early tomatoes. Trumble's early tomatoes are valuable to the CSA because members expect to have them. Only one other grower can support early greenhouse tomatoes, so these two growers fulfill an essential niche for the cooperative.

The other crops Trumble grows are root and storage crops; these too, are chosen to make best use of his land, time, and energy. He likes carrots, beets, and onions because they can be harvested in large quantities and stored in the barn until sold. These crops are also forgiving when handled, and they allow his young children many opportunities to help.

Many Local Harvest growers grow crops for other markets as well as for themselves, but they focus on their specialties for the CSA. Most are known for growing a particular crop well, but two or three other growers also grow that crop in case of failure. In this way, the arrangement honors specialty, shares responsibility, and maintains diversity.

Convenience

For some growers, convenience is the most important benefit of multifarm CSA. Because Local Harvest has a once-weekly afternoon pickup, growers can harvest one day before or on the morning of pickup day and then deliver their goods to the pickup site. At the pickup site, growers or CSA employees facilitate the transfer from growers' box to members' bag.

From the start, Local Harvest growers opted to pay a percentage of their sales to run the cooperative; part of this administration includes a small pickup staff. Thus, growers are required only to harvest, clean, portion, and deliver produce, as they would for a wholesale order. The difference, of course, is the direct-to-customer relationship, which allows growers to earn more than they would wholesale.

Larry Pletcher of The Vegetable Ranch and vice president of Local Harvest CSA says, "Local Harvest is a guaranteed sale that easily fits into the rest of the week." For growers who deliver to several growers' markets and wholesale outlets with minimal outside help, a quick delivery of substantial quantity at fair prices is convenient and profitable.

Low-Risk Participation for New or Small Growers

Ideally, a multifarm CSA can promote new or small organic farms by allowing them to participate with minimal risk. Growers can agree to grow crops and amounts of crops that they are comfortable with and match their abilities. "I had been gardening for only 2 years when [Local Harvest] formed, and ... Dave [Trumble] encouraged me to become a producer member," says Elizabeth Oblenus of Serenity Garden and a grower for Local Harvest CSA. "I was very unsure about how I could perform, but I was determined to learn how to produce for market, and he was confident that I could contribute something."

Unlike if they started single-farm CSAs, new or small farms will not disappoint members if they are unsuccessful, because other growers usually can make up the difference. In turn, a successful small grower can take some pressure off the larger growers who may fall short during part of the season or simply prefer not to grow certain crops. Oblenus adds that the community of farmers involved in a multifarm CSA can be an important resource for less experienced growers: "I have worked with some amazing growers, and it's rubbing off on me."

The learning opportunities can reap benefits for new and experienced growers alike. One season, an opportunistic small grower agreed to grow a large quantity of broccoli because few other growers were interested; she figured that at a decent price per head, she could make a profit. In the spring, she purchased seedlings from two other Local Harvest growers, did some worthwhile research, and planted 400 plants. During the season, she asked questions and received advice from experienced growers,

who seemed happy to help. After all, her success would mean that the CSA would be able to provide broccoli—a crop that few growers wanted to grow but most members expected to find in their shares.

In this way, the CSA helped a new grower learn about a crop, gain confidence in her abilities, and take the responsibility off of the growers who did not want to grow it. It was a win—win situation. As long as the process of crop bidding (i.e., deciding who will grow what) remains fair and just, these complementary relationships should remain possible.

Community Building Among Growers

No one would say that farming is easy—backaches, 16-hour days, fussy equipment and mischievous animals, early blight nightmares, and lonely days spent searching for little green carrots under big green weeds—yet, some aspects of a multifarm CSA can make it all easier.

One particularly important resource is having a network of people to fall back on for advice, help with a big project (like building a barn or replacing greenhouse plastic), borrowing equipment, and even help in the fields in times of emergency. Dave Trumble finds the value in having made friends with whom you share both practical skills and a passion in life: "In the end, ... I feel that I have made some real friends. That is a true blessing."

Safety Net

Local Harvest recognized this important benefit only recently. If one grower takes a season off for any reason, the infrastructure of the CSA can remain completely intact, because so many growers support it. As long as arrangements are made to everyone's satisfaction, the grower can return to the CSA later without having lost his or her market and customers.

Members

The wonderful veggies and fruit are definitely the main draw to the CSA, but my reasons for staying run much deeper. I was taught at a young age to always give back more than you take. I feel really good about knowing that the food grown to nourish my family is not causing any further destruction to our environment; in fact, it is probably healing the land, water, and air, one small farm at a time.

-Cindy Taylor, Local Harvest Member

Members of a multifarm CSA enjoy many of the benefits associated with the traditional CSA model. It is important that these benefits—healthy, safe food; competitive pricing; guaranteed organic produce; buying local; and reconnecting to the land—be retained, otherwise the distinction between the CSA and a farmers market or food cooperative may be lost. For example, a multifarm CSA operation will require the produce pickup is in a central location convenient to its growers and members. In order for this to happen the pickup may not be able to be held on a farm. If this is the case, growers may have to make a considerable effort to create a connection to the farms and land, especially for members who seek that connection.

Healthy, Safe Food

CSAs, farmers markets, and local food co-ops are among the best ways to acquire healthy, safe food. CSA membership is a guarantee to receive the freshest, highest quality foods. Such is the reciprocal benefit of committing to the grower before the growing season: The grower then is committed to providing members with the choicest share of the harvest.

Another aspect of food safety is that members can seek out farms and growers whose growing practices (e.g., sustainable, organic, biodynamic, etc.) they support. Although this choice also can be made at retail and farmers markets, CSA offers the added

benefit that members have access to the farm(s). Many single-farm CSAs offer members the opportunity to do some garden work in exchange for a food share, and many CSAs of all kinds plan potluck dinners and farm tours for interested members.

One additional benefit of CSA is that of food security. Whereas grocery stores are full of foods that have traveled thousands of miles from where they were grown, knowing that dinner was grown locally is comforting. If the corporate food system were to break down, then CSA members would be better insulated against the risks of food scarcity. Of course, one would rather not think about such a terrifying scenario, but the majority of the U.S. food supply is based on assumptions that may be more fragile than they appear.

Competitive Pricing

CSAs can offer prices lower than retail organic food stores because of the direct grower-to-customer relationship. The middleman is eliminated because the customer pays the grower directly for the food, and the grower distributes the food directly to the customer.

Certainly, a multifarm CSA involves several farms and many members, and the exchange of produce from grower to customer requires a lot of time and energy. Thus, growers can decide whether to do the work themselves or use a certain amount of profits to pay employees—which could be growers (or their families) acting as employees or other people altogether—to manage the logistics of food distribution.

Buying Local

CSA members are investing directly in the local economy. In this way a CSA member can know the grower whose livelihood he or she is supporting. The connection between food customer and grower is an essential way to encourage healthy communities, both socially and environmentally. In a healthy community with a strong local economy growers and customers know each other; this relationship creates a sense of responsibility for the other's well being. In this situation the food, the land, and the people are all treated with greater respect.

Many communities across the United States are advocating buying local campaigns. These kinds of campaigns focus on supporting and encouraging patronage of local growers, craftspeople, and businesses. Regardless of whether your community has an official campaign, taking part in a CSA or multifarm CSA is an excellent way to contribute to any local economy.

Reconnecting to the Land

CSA truly offers its members the opportunity to reconnect to the land that provides their nourishment. By making farms available for members to visit and possibly participate in (through sweat equity), CSA puts its members in direct contact with the land. During Local Harvest's first season one member was so inspired that she decided to volunteer at a local farm. She and her family became very close with the farmers, their animals, and their land, and eventually came to be seen as one of their most trusted, capable helpers. Several years later she still visits and helps out at the farm several times a week.

Decreased Risk for Members

"For our family the most important thing is the quality," says an anonymous Local Harvest Member. "I like supporting local farmers, but on a practical level, my kids will only eat veggies when they are this fresh. And, I feel like with this many farmers, we're bound to get a good bag of produce every week. So far, we definitely have." This Local Harvest member surely speaks for many others when they speak of the practical benefits. It is true that with more growers, the members are more likely to receive a well-rounded share each week.

Convenience

Local Harvest member Cindy Taylor says, "I like the central pickup location because I'm working in Concord every Wednesday. Otherwise, I probably would not have joined. Going to the farms would be fun, but I couldn't do it every week." A central pick-up location can be beneficial for members like Taylor, who have busy schedules. Instead of driving miles out of her way, Taylor is able to pick-up her CSA share during her lunch break or after work on her way home. In this way she is able to support her value of small farms without spending her precious free time in the car.

It is true that all these benefits do not come without some hard work. In the next section we will focus on the practical details: how does this all come together? From details about pickup site selection to a full chapter on how to coordinate the growing schedules of eight farms, the remainder of the book aims to convey all that Local Harvest has learned in the past several years.

THE BIG PICTURE

THUS FAR, WE HAVE EXAMINED the conceptual roots of multifarm CSA, including the history and benefits of the concept. Now, it's time to get practical.

We wrote this book for growers and customers interested in multifarm CSA who could benefit from our experience. Local Harvest CSA has evolved through trial and error, long board meetings, and professional advice. Each season is an opportunity to make new mistakes and to learn new lessons. In the rest of this book, we explain how Local Harvest CSA is organized and operated so that you will know how and where to begin.

In this chapter we attempt to give the big picture: who does the work, where the work gets done, and how Local Harvest spends its money. The major sections of the chapter mirror the two basic events of the CSA: board meetings and the produce distribution. A copy of an early budget is included at the end of the chapter to share all the details of how the system initially worked.

Cooperative Board of Directors

Under the CSA's cooperative structure, each Local Harvest grower holds a spot on the board of directors. Board meetings, (initially monthly, but now less frequently) are held year-round at the administrative office of the Northeast Organic Farming Association, NH chapter (NOFA-NH). The board makes major decisions about the CSA according to the cooperative principles detailed in Chapter 1 to ensure "democratic member control;" thus, board members make decisions by a democratic vote.

Some issues that the cooperative board of directors must address include the following:

- **Membership:** How many members should the CSA have each year?
- **Crops:** Which crops should the CSA grow, who should grow them, and what should the prices and packing standards be?
- **Work:** Who will do the administrative and distribution work that makes the CSA operational?
- **Policies and procedures:** How should the above decisions be implemented?

Positions

The time that board members spend at meetings and visiting the pickup site is entirely unpaid. This situation is not unusual though; most cooperative and nonprofit board positions are unpaid.

Officer positions (president, vice president, treasurer, and secretary) rotate by casual nomination from year to year and also are unpaid. The officers' specific responsibilities are listed in Article 4 of the bylaws in Appendix B: Documents Related to Local Harvest CSA. In general, the Local Harvest president sets the agenda for and facilitates meetings, serves as a spokesperson to the media, and may help make small administrative decisions between meetings (e.g., issues with employees or with the crop coordinator [see description below]). The vice president serves in a similar capacity. The treasurer works as a liaison to the bookkeeper (see description below), tracks finances and bank statements, creates a proposed annual budget, and works with the bookkeeper to submit monthly reports to the board. The secretary writes and distributes meeting minutes and stores all CSA records.

Produce Distribution

Every Wednesday during the growing season (usually from the third week in June through the second week in October), Local Harvest growers deliver their freshly harvested produce to CSA members. This distribution is referred to as the *pickup*. All of the hard work that goes into operating the CSA—meetings, marketing, crop planning, and work in the fields—culminates in approximately 18 pickup days when growers bring their produce to a central location called the *pickup site*. There, CSA employees, or *site staff*, organize the produce so that CSA members can come pick up their *shares* (i.e., portions of each farm's weekly harvest for which members have paid in advance of the growing season).

Pickup Site Selection

Many single-farm CSAs host pickup days at the farm. This situation can be ideal because it is convenient for the grower and allows CSA members the opportunity to visit the farm and know precisely where their food comes from. However, a growing number of households are interested in eating fresh, sustainably grown food but cannot commit to working on a farm or driving half an hour (or more) out of their way to pick up a weekly share. Even a multifarm CSA may not have a centrally located farm able to handle the volume or traffic of a large membership. As a result, pickup site location is an important consideration for the convenience of CSA members as well as growers.

All of the Local Harvest farms are located within approximately 50 miles of Concord, NH, which is a small state capital. Concord is a geographically central location for growers to meet, and it makes economic sense to focus marketing in an area with a relatively large population (of residents and commuters). Thus, Local Harvest chose Concord as the centralized distribution location. As it turns out, many Local Harvest members live in the small towns surrounding Concord but commute into the city daily. To narrow the search for a pickup site within Concord, Local Harvest growers

prioritized locations that were affordable and that were aligned with and supportive of CSA values.

Since the CSA began in 2003, the Local Harvest pickup site has been a large hall at the Concord Unitarian Universalist Church. The church has been willing to work with Local Harvest on several issues:

- Storage: Each year, the growers construct a shed at the rear of the church parking lot to store the bins, produce boxes, whiteboards, and so on that are used on pickup days.
- **Refrigeration:** The CSA originally kept a small freezer in the church hall to freeze the ice packs necessary for cooling produce and sometimes uses space in a large refrigerator in the kitchen abutting the hall to cool particularly sensitive vegetables.
- **Cost:** The CSA originally received a discounted rate for the hall rental.

The church location has been reasonably convenient and the space sufficient, though certainly not roomy, for Local Harvest's 250 members. Moreover, the church has been supportive by allowing the CSA to advertise to its members and welcoming the CSA staff on pickup days.

When choosing a pickup site, Local Harvest considered several important features of each location:

- Convenience: How convenient is the location for growers as well as CSA members? How close is it to major roads? Are roads nearby congested during rush hour, when many members will be picking up their shares and hurrying to get home?
- **Short-term storage:** What refrigeration and cooling options are available for pickup days? (This important quality-control issue must be addressed because tender produce wilts rapidly on hot summer days).
- Long-term storage: What storage options are available for CSA supplies used on pickup day?

- **Possibility for expansion:** Does the site allow room for CSA growth? If 20 more members join the CSA, will the site be at maximum capacity? (A site that will enable growth for at least 2–3 years will prevent later site changes that may confuse or frustrate returning members).
- Availability: Is the site available for other organizational functions, such as annual meetings or community building potluck dinners? (A site that offers the possibility of multiple uses can help foster and maintain community between CSA growers and members).

Pickup Day Structure and Schedule

Each pickup day, growers deliver their produce to the pickup site during a two-hour window while the site staff are setting up tables and signs. The site staff unpack the boxes of produce and arrange items according to share size.

As detailed in the Local Harvest CSA brochure at the beginning of this chapter, Local Harvest offers two produce share sizes: single and family. A single share is enough produce for a couple or one hungry vegetarian for one week. A family share is approximately one and a half times the size of a single share and aims to supply a family of four or five with enough produce for a week. Local Harvest also offers a bread share, which includes a loaf of artisan bread from a local baker.

Members may pick up shares over a four-hour period (2–6 p.m.). On arrival at the pickup site, CSA members check in with the *meeter–greeter* (whose role is described below, under Administrative Staff) and collect the weekly newsletter. Members then gather their shares, buffet style, from bins in one of two lines (single share or family share). During the first season, members were given canvas bags to transport their produce; however, members have since been responsible for bringing their own bags.

After gathering their shares, members may check out the week's *market table* offerings, which usually include breads and baked treats from a local baker and grower specialties, such as fresh or dried

flowers, maple syrup, apple cider, or fruit. Members also can order from a list of items that growers will offer in bulk quantity (e.g., seconds tomatoes, pickling cucumbers, and fruits for canning and preserving) at the following week's pickup.

Although Local Harvest attempts to schedule pickup hours that are convenient for all of its members, a couple of options are available for instances where a member cannot make it to the pickup: A friend or relative may pick up the share, or the member may pick up a share early or late at the discretion of the *site coordinator* (whose role is described below, under Administrative Staff). If a member has a recurring schedule conflict that cannot be solved with a compromise, the member may withdraw his or her membership for a partial refund.

At the end of most pickup days, some produce is left over (from miscounts, members who were unable to pick up their shares, and members who chose not to take particular items). Local Harvest donates this surplus to a local food kitchen, whose volunteers have been generous enough to come collect the produce at the pickup site. After the food kitchen volunteers depart, the site staff cleans up the hall according to the standards of the church rental contract.

CSA Staff

The cooperative board of directors and two categories of paid staff (administrative and site) sustain the CSA through the work that they perform.

Administrative Tasks

Crop Coordination

This year-round part-time position is described in detail in Chapter 4: "Crops and Bids." Working with the bookkeeper, the crop coordinator oversees the annual crop bidding, determines the weekly crop schedule, and ensures that growers get paid for what they sell to the CSA. He or she is in constant contact with administrative staff as well as growers and makes many small but important decisions for the CSA. This position is allotted approximately ten hours per week during the growing season.

Bookkeeping

In the past, a Local Harvest grower handled bookkeeping duties for the CSA. However, Local Harvest now subcontracts payroll duties and farmer payments to a local bookkeeper. The crop coordinator calculates growers weekly totals and subtracts whatever advance payment they may have received in the spring; the bookkeeper simply writes the checks and keeps track of what money enters and leaves the CSA account. The bookkeeper also manages payroll for CSA administrative staff and prepares a monthly financial report.

So far, this arrangement is working well. It seems better to have a dedicated staff person (or contractor) do the books because the growers get so busy during the growing season. Local Harvest discovered the hard way that if you fall behind, it is difficult to reconstruct what happened.

The general functions of a small business bookkeeper are to:

- Pay the bills;
- Track deposits;
- Maintain the budget;
- Supply financial reports or financial information for financial reports to those running the business;
- Prepare taxes (ideally) or supply the relevant information to a tax preparer.

The functions of the Local Harvest bookkeeper follow:

Paying growers:

- prepare and distribute preseason cash advances;
- write weekly checks during the growing season;
- make payments for baked goods, bulk produce, and other specialty items sold on the market table (*Note:* this cash flow has been challenging to manage; however, after several years, the organization has found a system that works well);
- patronage dividends (see Chapter 5: "Legal Framework" for more information about this).

Payroll:

- prepare and distribute paychecks to Local Harvest staff;
- calculate and pay quarterly income taxes, Social Security fees, and NH state unemployment taxes for the CSA; and
- prepare and distribute or submit tax-related forms and reports annually (e.g., W-2, W-3941/943, 990-C).

Accounts payable:

- pay monthly rent for pickup site, insurance premiums;
- over see for petty cash; and
- reimburse staff and consultants for out-of-pocket expenditures.

Reporting to growers:

- maintain the budget created by the board; and
- generate monthly financial reports (e.g., how much money the CSA has in the bank).

Note: The Local Harvest bookkeeper charges \$20 to generate each report, but the board has decided that this information is well worth having at meetings; it saves everyone time and enables the board to make educated decisions).

Membership Coordination

In 2006, Local Harvest combined the tasks of the following four job descriptions into the part-time, year round position of *membership coordinator*. Most importantly, the start-up multifarm CSA has to be cognizant of the following sets of tasks:

Office Management:

- maintain the membership database;
- updates membership literature and coordinates mailings
- maintain a website;
- collect payments and makes bank deposits;

Meet and Greet:

- delivers a warm greeting to all members;
- informs members of announcements or upcoming or pastdue payments;
- collects payments
- helps new members or substitutes (non-members picking up a share for a member) understand how pickup works;

Marketing:

• responsible for coordinating all efforts to achieve the CSA's target membership.

Newsletter:

• edits a weekly newsletter

Professional Help

Local Harvest has a contract with the Farm Credit Service of America (formerly the Farmers Home Administration) and pays an annual fee to be able to receive advice on legal and financial issues.

Site Tasks

Note on site staff: When Local Harvest began, enthusiastic community members often volunteered to help with produce distribution. Although this support was greatly appreciated, Local Harvest CSA chose to create paid positions in order to understand

the fixed costs assigned to these necessary functions and determine the true cost of operating the CSA. Further, the board created several positions as "employees" to ensure that everyone working at the pickup site is covered by the CSA's worker's compensation policy and to obey IRS laws regarding the difference between employee and subcontractor.

Site staff work together to distribute the produce from growers to members on pickup day. These part-time employees work only one afternoon per week, and only during the growing season. The only exception is the membership coordinator (described earlier under Administrative Staff), who works part time year-round.

As the people who coordinate pickup, site staff became the face of the CSA to the community. For this reason, site staff must be friendly, professional, and knowledgeable about produce. Because these positions are so important to the CSA yet require so few hours, they are often filled by growers (or friends or family of growers). This arrangement usually works out well and further strengthens the connection between members and growers.

Site Coordinator

The site coordinator essentially manages the pickup site, arriving well before the growers to set up tables and pickup lines. When the growers arrive, the site coordinator briefly checks the produce for quality and quantity, then signs three copies of an invoice provided by each grower: one copy for the grower, one to be sent to the crop coordinator, and the other to be sent to the bookkeeper.

Realistically, because the site coordinator does not have time to check and count each unit as the growers arrive—on average 3,250 units of produce pass from growers to members on a pickup day!—problems with produce (e.g., undersized bunches or insufficient quantity) are discovered late in the day, after more boxes are opened. If problems with produce are found during the pickup it is essential that the site coordinator make note of the extent of the problem and from which grower the produce originated and then pass this information along to the crop coordinator. The crop

coordinator will then speak with the grower and decide how payment should be adjusted.

The site coordinator makes sure that produce is arranged so that members can easily and quickly collect their respective shares. While members are at the pickup site, the site coordinator's primary responsibility is to answer questions and address any problems. If a problem does arise, the site coordinator usually consults with other site staff to find a solution. After pickup, the site coordinator oversees cleanup and ensures that food kitchen volunteers collect the leftover produce.

The growers generally give the site coordinator the freedom to make changes or implement new systems to streamline pickup. Some changes might include purchasing whiteboards to communicate to members, creating new signs for the produce, or improving traffic flow by re-organizing tables.

In addition to the desirable skills mentioned above for all site staff, the site coordinator should have strong organizational and interpersonal skills. This position also has a minimum-lifting requirement because it involves moving heavy boxes of produce.

Site Assistant

The site assistant's primary priority is to ensure that the bins remain full during pickup. His or her secondary priority is to assist the site coordinator in answering questions and interacting with members. This person usually assists with cleanup as well.

Market Table and Bulk Goods Coordinator

This person runs the market table and bulk goods orders, as described earlier (see Pickup Day Structure and Schedule). Specifically, this person is responsible for taking payment for market table items, and taking and distributing bulk orders.

It should be clear from the job descriptions that a great deal of work is done by board members and CSA employees at other times of the week and during the off-season. The membership coordinator and the crop coordinator are both involved positions that require a substantial investment of time and very specific skills. The crop coordinator in particular works closely with the growers to ensure that they will be able to sell the crops they have bid on while maintaining a diverse bag of produce each week for CSA customers. For this reason a detailed description of the responsibilities of the crop coordinator is the focus of the next chapter, Crops and Bids.

Budget

We have included the 2006 Local Harvest draft budget and projected income because how an organization earns and spends its money says a lot about how it operates.

Local Harvest is designed to have as low an overhead as possible. Although the goal is to keep operational costs at or below 20 percent of the growers' commissions, the CSA faces many challenges. Just as the pickup day requires a great deal of planning and organization, so does the monetary exchange from 250 members to the CSA's growers and employees. It requires a great deal of administrative oversight.

Example of Local Harvest Budget

(23 week season = 18 regular season + 5 fall share)

Item	Expense	Explanation
Job &/or Category		
Administration		
Bank Fees	170	
Office Supplies &	1200	
Expenses		
Cell Phone	500	
Distribution		
General Liability	500	
Maintenance	200	
Site Rental	3220	140/week
Site Supplies &	600	Produce Tubs, Towels,
Expenses		Ice, Tablecloths
Income Tax	0	
Marketing		
• Brochures	1000	
• Ads	500	
Mailings	500	
Newsletter Costs	500	
Potluck Dinner	100	
Personnel		
Workmen's Comp	900	
Unemployment	300	
Comp		
Payroll		
Newsletter Editor	1437	5 Hrs/ Week @ 12.50
Site Coordinator	2300	8 Hrs/ Week @ 12.50
Site Assistant	1325	7 Hrs/ Week @ 10.50
Site Assistant	472	5 Hrs/ Week @ 10.50
Helper		
Site Greeter	1437	5 Hrs/ Week @ 12.50
Bookkeeper	3000	250/ Month

• Production	2500	4 ½ Hrs/Week@ 10.50
Manager		
Office Manager &	2000	167/ month
Membership		
• Marketer	1700	136 Hrs/Year @ 12.50

Summary of Income & Expenses

Projected Total Income	155, 275
o 20 % Commission	31, 055
Total Expenses	29, 068
Profit	1,987
o Co-op Retains 80 %	1,590
o Returns to Farmers in Patronage	397
Dividend	

4 Crops and Bids

THIS CHAPTER ADDRESSES THE not-so-simple task of coordinating and distributing the freshest, healthiest food produced anywhere in the world. We use the term "crops" explicitly and the term "bids" to refer to the contract made between growers and the CSA. This contract is developed before the season and is a map to follow as weather and unanticipated surprises add to the flavor of the season.

Crop Coordinator Position

As board members, the Local Harvest growers set policy and are consulted with the major crop decisions. However, a paid, part-time crop coordinator makes the important day-to-day decisions. The crop coordinator conducts a great portion of the administrative work: overseeing the annual crop bidding, determining the weekly crop schedule, and ensuring that growers get paid for what they sell to the co-op.

In practice, the crop coordinator is where the interest of the individual growers meets with member interests, the cooperative spirit, and a limited budget. The crop coordinator is also a crucial hub of communication. The crop coordinator must know how much money there is to spend (according to the budget), what the produce quality and customer attitude have been (according to the site coordinator), what the CSA will offer to shareholders each week (according to the the planned schedule and to the seasonal reality reported by growers), and where Local Harvest growers are in their progress of meeting a bid.

A broad range of experience is helpful to the person who holds this position of crop coordinator:

- growing and selling market vegetables;
- operating a CSA;
- eating fresh, local foods; and
- knowing consumer preferences.

Organizational skills are crucial, because the crop coordinator tracks the progress of each grower toward his or her bid. These records have to be up to date and usable at midseason meetings. Local Harvest CSA has consistently used its bids as a platform for the growing season but has seen many changes during the regular season due to human error and environmental reasons beyond our control. The only way to harmonize all the changes and keep all the growers happy is to have on hand, each week, the necessary records to make good purchasing decisions.

The Local Harvest crop coordinator originally kept all the first-year records on hand-written spreadsheets. This system worked fine, but switching to Excel spreadsheets enabled quick and easy e-mail transmission to the rest of the group so everyone could have a copy before meetings (and without the time and expense of photocopies and mailings). In the not-so-long run, computerizing these spreadsheets saves a lot of time.

The crop coordinator encourages all growers to call in each week at a designated time, on Monday between 7 and 9 a.m. The purpose of these calls is for growers to communicate when crops might be ready for harvest, even if they have nothing to offer that week. This advance notice helps the crop coordinator plan a few weeks ahead for the customers' benefit and to help managing growers to meet their bids.

If in a particular week the CSA is short on the expected crops, the crop coordinator may ask a grower to harvest a crop earlier than expected (e.g., baby beets vs. storage beets). After crunching the numbers, the crop coordinator e-mails the week's "crop list" to most of the growers and calls those who don't have e-mail by noon of the same day.

The crop list for the week must be established regularly so that growers can have reliable advance notice of what crops they will be selling to the CSA. A grower with other markets will constantly be making spur-of-the-moment decisions about whether to sell a particular, time-sensitive crop to the CSA.

The Local Harvest CSA crop coordinator has been especially keen to report throughout the season on the group's progress toward meeting each bid. This helps growers who supply many crops for the CSA, because the growing season does not allow much time for collating all the information to track bids.

Bidding for Crops in Year 1

Several months before Local Harvest went public soliciting membership in July of 2002, the crop coordinator mailed a "Preliminary Crop Bid Sheet" to Local Harvest growers asking four questions:

- What crops would the grower like to supply (in order from most to least desirable)?
- How many weeks could the grower supply of each crop?
- What are the weekly volumes of crops the grower would like to sell?
- In sum, what would be the growers' total volumes to be sold for the year?

Example responses:

- Carrots, one delivery in the fall, 400 pounds total;
- Tomatoes, 11 weeks from mid-July to end of September, 40 pounds/week, 440 pounds total.

Retail Price List

The Local Harvest CSA crop coordinator started a price list based on his knowledge of local organic retail prices and asked growers to write down the prices they had in mind. Before the bidding, each crop was discussed and prices agreed upon. Decisions about price increases and decreases were made on the basis of shareholder feedback and fairness to all the growers. Included in the back of this chapter is a sample of Local Harvest crop totals by pounds and value. Comparing values with a successful local CSA is always a good place to start creating your own realistic bids.

Local Harvest CSA originally intended to adjust prices to growers' demands during each off season and then, once prices were in line, give an across-the-board percentage price increase each year. However, it seems as if that time of perfect price harmony will never come. Instead, the CSA responds to grower demands in response to real-world conditions (e.g., changes in seed supplies, pests, and markets) and matches prices to the free market. This approach usually means raising prices by groups of crops to prices somewhere between retail and those of the farmer's markets (for more information see Appendix B: "Examples of Crop Totals").

Squaring the Bid Sheets and the Budget

Tough decisions have to be made in this area. After the prices are set, the Local Harvest crop coordinator creates a list of potential quantities (Again, see Appendix B: "Examples of Crop Totals"). From this list, the percentage of gross sales for each crop is determined.

For example, Local Harvest decided to offer one type of lettuce each week—head or salad mix. The cost of these two options differed significantly (by \$5 per customer, per week) because salad mix is a higher-value item than head lettuce. The CSA had to come up with the optimum proportion to please both growers and customers while keeping within the budget (i.e., the gross sales expected from 100 members). In this case, the solution was to provide 10 weeks of head lettuce, 6 weeks of salad mix.

After this process was completed with the other major crops (e.g., tomatoes, potatoes, eggplants, and peppers), bids were

prepared (see *Gray Areas* near the end of this chapter for a discussion on crops whose values change during the season).

Local Harvest asked growers to "bid conservatively but realistically." Later, the bidding motto became, "bid conservatively, plant liberally." Growers were told that there would be opportunities to sell "bumper" crops to the CSA when other crops failed to come in at the expected bid. This flexibility became apparent as the season unfolded.

Packing Standards

Local Harvest CSA made a serious mistake in its first year in not setting packing standards until after prices had been set and bidding completed. Because farmer's markets and wholesale accounts do not necessarily have packing standards, each grower has his or her own method. However, a CSA requires one standard for distribution and accounting, and post-harvest handling can have a substantial impact on the cost of crop production.

For example, Local Harvest CSA decided to mandate the bagging of certain crops, to either maintain crispness in the refrigerator over the week or distinguish one share unit. A good "share unit" example is peppers. Most growers have never bagged a pepper, but experience indicates that that weighing and bagging on the farm is necessary to ensure even shares for all members. If not, cumbersome scales must be set up next to each crop during pickup. This function adds substantially to the labor cost of growing peppers.

Cooling standards have evolved as well. Whereas Local Harvest used to keep a chest freezer on site stocked with icepacks to keep vegetables cool during the three-hour pickup, crops still wilted because they hadn't been cooled properly beforehand; in other words, field heat had been retained. Now the CSA mandates that crops arrive pre-cooled, and when they have been, icepacks have a negligible effect on temperature. As a result, a freezer is no longer

kept on site; it is up to the grower to bring cooled vegetables (see Appendix B: "Packing Standards").

How Many Shares, and at What Price?

There is no one method for determining how many shares to offer in your first or subsequent years. Many factors affect this choice for Local Harvest CSA:

- how much each grower wants to "gross" in sales;
- distribution site limitations;
- desire to not exhaust all potential consumers too quickly;
- desire to find the proper balance of risk vs. potential success; and,
- plan to use the first year as a trial to work out the kinks in the system.

The prices of CSA shares vary tremendously from one region of the country to another. Local Harvest CSA set its price on the basis of regional prices plus a convenience factor (conveyed by locating centrally in Concord, offering a wide range of produce, and ensuring a bountiful harvest from a diversity of growers). Local Harvest membership and share prices for 2003–2005 are listed in the following chart.

Breakdown of Price & Total Sale			
2003	107 x \$425	21 x \$635	\$58,810
2004	180 x \$435	23 x \$650	\$93, 250
2005	250 x \$445	25 x \$665	\$127, 875
2009	264 x \$494	41 x \$737	\$160,633

Local Harvest CSA has a relatively simple system for projecting income because only two plans are offered. A single share is counted as one equivalent share, and a family share is counted as 1.5 equivalent shares. The sum of both is called "total equivalent shares." The ratio of single to family shares has been greater than expected. In 2003 it was 107 single to 21 family shares. In 2004, 73

new single memberships but only 2 family memberships were added. This trend has continued.

Determining "Equivalent" Shares			
Year	Single Share	Family Share Total Memb	
	members	members	(Total Equivalent
		(Equivalent Shares)	Shares)
2003	107	21 (x 1.5 = 32.5)	128 (139.5)
2004	180	23 (x 1.5 = 34.5)	203 (214.5)
2005	250	25 (x 1.5 = 37.5)	275 (287.5)

The Local Harvest family share price is a function of the single share price (i.e., single share price multiplied by 1.5). The actual quantity of produce in the family shares varies; it may be double that of the single share for some items but one-and-a-half times the quantity of or the same quantity as other items.

Bidding by Crop, and Leaving Room in the Budget

The Local Harvest crop coordinator works according to two axioms:

- 1. We bid by the crop, not by the dollar.
- 2. We bid by the year, buy and sell by the week.

This approach may seem simple, but many issues arise from these two concepts with so many farms trying to meet their bids simultaneously. Therefore, after three years of experience, Local Harvest CSA decided to build in a 10 percent discretionary fund for the crop coordinator.

In practice, a membership goal is established midwinter, and bids are based on 90 percent of that value. Local Harvest accidentally stumbled upon this system in 2005, when membership grew 10 percent after the grower bid contracts had already been finalized.

Local Harvest asks growers to "bid conservatively, plant liberally." Growers are aware that there are opportunities to sell "bumper" crops to the CSA when other crops fail to come in at the expected bid.

Before the Growing Season

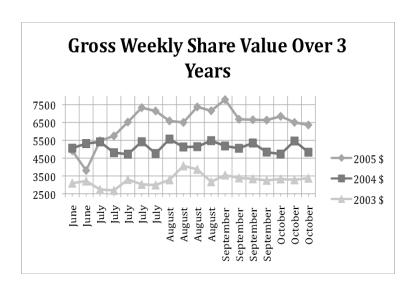
Midwinter, the Local Harvest crop coordinator e-mails growers a list of the crops to be provided to members during the first five pickup weeks. Planning for those first weeks is difficult because:

- produce options are limited and complicated due to the not so predictable transition of winter, spring and summer;
- many produce options are similar or redundant (e.g., lettuce, lettuce mix, braising mix, chard);
- the CSA gets only one chance to make a first impression. With proper planning, members can have tomatoes, cucumbers, carrots, potatoes, peas, and beets in addition to an abundance of fresh greens.

At the board meeting following the e-mail (in 2005, it was held in January), Local Harvest CSA works out a close approximation of the first five weeks of harvest so that growers and the production manager have a good idea of what is expected and the growers can plan as early as possible for the early season (see Appendix B: "First Five Weeks Planning Sheet").

Growing Season

Local Harvest CSA expected weekly purchases to look like a bell curve, similar to that of a small single-farm CSA. However, this expectation was far from correct.



As the graph shows, weekly purchases were fairly consistent across each season. Fluctuations represent the crop coordinator's decisions (e.g., offering an extra item one week, then cutting back the next) and one particularly tough June in 2005. This limited weekly and overall fluctuation is a function of the resiliency of a multifarm CSA. Shareholders will reap the fruits of a strong start and a strong finish for the season.

The ability to provide a steady amount of produce seems to keep the customers happy, because they are unlikely to receive a glut of produce that will end up as waste.

Weekly Sales vs. Average, 2003

Week	Actual Total Sales (\$)	Average(\$)	Balance(\$)
18-Jun	3095	3267	-172
25-Jun	3215	3267	-52
2-Jul	2741	3267	-526
9-Jul	2689	3267	-578
16-Jul	3301	3267	34

23-Jul	3026	3267	-241
30-Jul	2991	3267	-276
Total to			
Date			-1811

This is the chart that the Local Harvest CSA crop coordinator maintains as a guide for making purchasing decisions. The "Balance" column indicates how the CSA is faring by comparing the *actual* weekly sales with the seasonal average. This chart reveals that the CSA is consistently, slightly below average early in the season. The reason is due to lack of available crops but also to be conservative with the budget early on. The trick is that Local Harvest CSA attempts to do this without the customers feeling that they ever get a very lean weekly share.

Weekly Call-In and Midseason Changes

Each season is a new roll of the dice. The growers bid by the year, but the CSA buys by the week, and each week presents its challenges for the crop coordinator. Furthermore, the crop coordinator's buying focus changes over the season. In the early season, the focus is on providing good shares from what is available. A cold, wet spring in which growers can't produce the planned early-season crops leads the crop coordinator to make purchases that were not planned or even imagined. Herein lies the advantage of a multifarm CSA: It can come up with a good variety of crops despite less-than-ideal seasonal conditions.

Even under ideal conditions, very little off-season planning can be specified to the week. One complicated scenario is when one crop is split between growers A and B. Grower A may be ready for harvest before Grower B. Still, another Grower C may offer some extra crop to make up for the supply deficit. Whether to accept the third grower's offer depends on how expensive the crop is and how crucial it is for members to receive that item at that time. If this situation arose during the first week and the crop was an extra halfpound of spinach at \$2.50 per customer to provide a full pound of spinach per customer, then the crop coordinator would buy it. Spinach would be considered timely—this very popular green is highly coveted and is not too expensive to overbuy with the built-in budget flexibility. However, if it was mid-season and the crop was raspberries at \$4.50 a half pint, the crop coordinator would have to carefully consider the budgetary consequences of over-committing to that very expensive item.

The following extract is taken from the Local Harvest Marketing Agreement.

Crop Coordinator will base <u>weekly crop decisions</u> upon the following criteria:

- (1) The "bid" or production estimate of each grower;
- (2) Providing the customers with a balanced mix of vegetables each week;
- (3) The weekly average value of the box and any surplus or deficit in the running total for the year of this amount;
- (4) In situations of excess production, preference shall be given to growers who have already bid to deliver a particular crop—and if two or more members have bid on a particular crop, in proportion to their bid;
- (5) Members who reliably deliver produce;
- (6) Superior quality of the produce.

Late Season

Later in the season, the focus changes to meeting grower's target bid per crop. This focus can entail a lot of uncertainty, and it is important to have fair systems in place to adapt to an unexpected situation.

At each weekly call-in, growers continue to communicate to the crop coordinator whether crops are coming along as expected. The crop coordinator fully expects that each year some crops will not come in due to natural causes (e.g., deer, frost, insects, and disease).

The major exception to excusing crop shortages is when a grower chooses to sell product to another market. The crop coordinator is entrusted to stray from bid-on crops when necessary and beyond that is expected to bring a questionable issue to the next meeting. Every year presents situations for which there are no clear solutions.

Crop coordinator decisions are highly dependent upon when each specific crop is desired. For example, timing is important with alliums—members of the onion and garlic family. Scallions come before green onions, which come before storage onions. So, Local Harvest stipulates that the green onions must be delivered by a certain date or will not be taken. The agreement provides incentive for green onion growers to harvest and also allows enough time for the storage onion growers to sell their crops.

At one midseason board meeting, the crop coordinator distributes lists of each grower's "unmet bids" and "overbids." Growers are asked to look at the "unmet bids" and realistically estimate what bids they will not make. Because Local Harvest bids by crops, not by dollar value, this process equates to giving up a guarantee to a dollar value per crop but adds the cumulative benefit of allowing other growers to pick up unfilled bids. For example, if one grower cannot meet her bid on beans, she should say so at the midseason meeting. If this honest, timely communication is spread throughout the growers, then growers can re-bid on a fair amount of crops and thus enable them to reach their target bid values by covering for other's losses.

Local Harvest CSA has discussed swapping crops in the past, but people felt that it was not fair and that everyone should have an equal opportunity to get in on a dropped crop. So, although that could be a seemingly simple solution to some problems, it is not the best idea in a cooperative market such as this one.

Inherent to the multifarm CSA is that early-season crops are low risk and late season crops carry a much higher risk because the CSA can run short on funds by the end of the season due to unplanned events. The crop coordinator must track bids midseason and make sure that growers are aware of where they stand toward their target bid values.

For example, a grower who has early-, mid-, and late-season crops but missed several early- and mid-season bids will not be able to meet the original total dollar value with extra late-season crops, because other growers have equal priority to meet their late-season bids.

At the other extreme, growers who meet their early- and midseason bids and have many late-season crops while several other growers fall behind may gross more than contracted for because the CSA will honor late-season crop bids. In an ideal multifarm CSA world—where the farms are in it for the long run—growers accept that each year some growers make more than their bid and other growers make less but that the profits should eventually even out.

Dividing the Membership for Distribution

In Local Harvest's third year, the single shares were split into two groups, alphabetically. Therefore, members organized themselves in three distinct lines at pickup: Family, Single A–J, and Single K–Z. Because so many members send a substitute person to pick up their shares, the pickup site procedure must be as straightforward as possible. It is also crucial for pickup site to be organized well for the site coordinator. Local Harvest requires that growers label their boxes of produce by name, date, crop and group(Family, Single A-J, Single K-Z).

There are several good reasons for dividing the membership into subgroups.

• Ripening: Most vegetables do not initially ripen in large numbers, and a grower's announcement of a new crop (e.g., field tomatoes) naturally signifies that the majority of the crop won't be ripe for several weeks. The Local Harvest protocol in 2003 was to offer first-week crops to the 21 family shares and

the next week to the remaining 107 individual shares. Once our CSA grew in size we needed more options for dividing the remaining individual shares.

- Small, diverse farms: In 2004 the membership suddenly increased 54 percent to nearly 200 shares and this presented challenges for the crop coordinator. Growers were not accustomed to such large plantings of many crops. In order to provide members with a share of cucumbers, for example, the crop coordinator had to match growers who had the same crop to fill bins at the pickup site. Often, combining growers on the same crop still did not equal the number of members we needed to supply.
- Labor: Harvest and post-harvest handling of large quantities of perishable crops can exceed the capacity of labor supplies on a small farm. Dividing the membership helps these growers by making the large harvest a little lighter.
- Members Choose: If Local Harvest does not divide the membership, the crop coordinator must come up with "members choose" items many times throughout the year. This approach works conveniently in some situations for equally matched crops (e.g., arugula, tatsoi, and mizuna as one group at the pickup site) but can be a CSA member relations disaster if combinations are perceived by members to be unequal (e.g., blueberries and potatoes).
- Complexity: When we offer several vegetables in a group choice it makes the jobs of the crop coordinator, bookkeeper, and site coordinators difficult and time-consuming. An established, alphabetic system is a template for record keeping and communicating.
- Human error: In the past, Local Harvest CSA would make up for shortcomings in volume per crop by combining unlike items and offering a choice. However, experience has shown that whenever the pickup process is complicated by offering a choice between bins, shareholders make mistakes. Because the CSA buys an exact amount of each crop, if 5 percent of the

shareholders take a bag of basil *and* cilantro instead of *either/or*, amounts are exhausted before all members have collected their shares.

Gray Areas:

High-Value Crops That Have Changing Values During the Season

At farmers' markets and wholesale accounts, vegetable prices vary over the season in response to supply and demand. Because most of its growers participate in these markets, Local Harvest CSA must respect those crop values. In the case of tomatoes and potatoes, the price difference is so extreme that for fairness, it must be built into the bidding system.

Tomatoes

To account for added production expenses, Local Harvest offers a range of prices for tomatoes. They are categorized as winter-heated greenhouse tomatoes that ripen in late June, high-tunnel tomatoes that ripen by late July, early field tomatoes, and late field tomatoes.

Another complication is that nothing about field tomatoes can be predicted. In some years a grower who bid on late July/early August tomatoes may not have any to offer while a grower who bid on later tomatoes may. In this situation, the crop coordinator guarantees the *quantity* purchased to the first grower who missed his shot at the earliest tomatoes. This earlier grower loses the high price but still has a market for those tomatoes when they do ripen. The second tomato grower who sold theirs early will get the higher price but have to give up the later tomatoes originally bid on.

Potatoes

"New potatoes" are a nice crop to offer in the early summer because they allow growers to bring in early-season income and provide shareholders with a crop that's different from all others available. The liability of harvesting potatoes early means losing weight and therefore giving up value. A graduated system seems to work well for Local Harvest CSA.

Potato Price Changes During the Seaso	Potato	Price	Changes	During	the	Season	n
---------------------------------------	---------------	--------------	---------	--------	-----	--------	---

	Weeks	\$ Per Pound
Early Potatoes	4 thru 6	3
Mid- Potatoes	7 thru 8	2.50
Late Potatoes	9 thru 18	2
	Average Price	2.30

Although field summer squash and field cucumbers also might change slightly in value, Local Harvest CSA rewards in price only the extremely early crops (e.g., greenhouse cucumbers in June) that have an associated heating fuel cost.

Buying Produce from Non-Local Harvest Growers

Local Harvest CSA's bylaws allow for the purchase up to 50 percent of total sales from outside the cooperative. During the summer of 2003, 2 percent of produce was bought outside, and that percentage has remained steady. However, in fall 2003, chilly weather in late October forced the purchase of a large amount of potatoes and cranberries from outside the co-op to fill the supply gap. It reduced the CSA growers' profits to a degree but kept shareholders happy. This is an important right to preserve in CSA bylaws.

The 2 percent purchased during the summer of 2003 included wholesale organic sweet corn and snap peas bought from the nearest organic grower. Total expenses (including the grower's trucking costs for pickup and delivery) were just under what it would have cost to pay one of the CSA growers to produce it. Because a major goal of the CSA organization is to develop farm efficiencies, Local Harvest will still occasionally buy sweet corn,

peas, fall potatoes, and cranberries from growers outside the co-op. The reason for not bringing in more outside producers is that the higher price points for difficult-to-grow crops (e.g., \$3.00 per pound for broccoli or peas) are more attractive to CSA growers and encourage them to gamble on such a crop.

Fairness in Bidding

A push–pull relationship exists between growers trying to achieve a degree of crop specialization and those who would rather not specialize at all. At one point Local Harvest CSA's second-largest grower (21 percent of the gross value of the CSA) raised 37 crops, whereas its third-largest grower (19 percent) raised only seven crops. The issue is not diversity on the farm; everyone's farm is diverse. Some of our farms' diversity is raising livestock, timber, maple sugar, and greenhouse seedlings, whereas others offer diverse vegetable crops. The question for growers is, "Do I want to offer a large amount of crops to the CSA?"

However, one of the challenges Local Harvest CSA faces as it continues to expand is growing enough of each item as individual farms. There is an inherent benefit for the crop coordinator (in terms of simplicity) when each grower produces enough of each crop to provide for an entire CSA line in a given week. For example, if one grower can provide enough beans for Single A–J and another can provide beans for Single K–Z, then there is no need to coordinate with five bean growers to determine when beans will be offered. This simplicity allows the crop coordinator to focus on other complicated crop equations.

Of course, some crops are too risky for one grower to take on exclusively. Broccoli is risky because of deer browsing and root diseases, whereas peas and beans are extremely labor intensive. The goal of Local Harvest CSA is for each farm to be able to achieve its maximum profitability and for the cooperative to provide the best and fairest shares to its members while honoring the survey feedback. Local Harvest wants each grower to achieve its goal, whether it is specialization or diversification.

Not until after Local Harvest CSA's third year had been bid did it become apparent that the system did not reflect the best balance of those values. The current system is based on past performance with the added feature of fairly dividing up new unmet bids. This extra step rewards growers who have done a good job with certain crops but also gives chances for everyone to try new crops and expand their businesses. Note: there is no penalty for bidding on a large variety of crops.

This list reflects bidding guidelines that have evolved through Local Harvest CSA. Every multifarm CSA may have a different interpretation of fairness to their growers.

Local Harvest CSA Bidding Guidelines

- 1. Calculate how many units of a crop can be sold.
- 2. Start a list of the grower's average units sold over the past three years (for that crop) as the base figure.
- 3. Add up all the growers' base figures and determine whether there is any extra room for increased bids (what Local Harvest calls "new bid potential").
 - 4. Divide up the new bid potential by using the new formula.
- 5. Everyone who wants to bid on the new bid potential (old and new growers to that crop are welcome) gets one point.
- 6. Extra points are awarded based on past performance. A spreadsheet developed by the crop coordinator shows a grower's past production. For every year that the actual total was within 90 percent of the bid, the grower gets an asterisk next to his or her total. Each asterisk is worth one more point.
- 7. Divide the total number of points into the total amount of new crop bid potential, and award that amount of the crop to each point. Multiply that amount by each grower's total points.

Consider an example in which Local Harvest CSA wants to increase bean production by 100 pounds. All bean growers (three old and two new) get one point. If Grower A never met his bid, then he gets no more points. If Grower B had met his bean bid all three years, then he gets 3 more points. If Grower C met her bid twice, then she gets 2 more points. The end tally is:

Grower A	1 point
Grower B	1 + 3 = 4 points
Grower C	1 + 2 = 3 points
Grower D	1 point
Grower E	1 point

Divide the desired amount (100 pounds) by the total number of points (10) to arrive at the point value. In this scenario, each point is worth 10 pounds of increased bid for the coming year. So, Grower A is awarded 10 pounds of new bean production, Grower B is awarded 40 pounds, etc...

The basic idea behind this system is that it rewards good performance, adheres to Local Harvest's creed of "bid conservatively and plant liberally," allows new growers into the coop and allows for existing growers to switch into new crops.

5 Legal Framework

THIS BOOK IS PRIMARILY ABOUT multifarm CSA, secondarily about how Local Harvest has succeeded with the cooperative model. In this chapter, we discuss the options for cooperatives and hopefully offer adequate advice on other options based on our own research and interviews conducted with other multifarm CSAs. Of course, we are not accountants or lawyers, and because business laws vary greatly by state, this chapter is meant to be only a guide; you should seek specific, up-to-date advice from local professionals.

The Local Harvest CSA began with a series of planning meetings in 2002, where growers had the chance to get to know one another and lay out the basic framework: articles of incorporation, organizational structure, basic goals for the upcoming season, distribution site selection, and so on. Following the advice of veteran multifarm CSA growers, Local Harvest took a full year to plan the organization and begin marketing. The time spent was well worth it.

Local Harvest sought advice from UNH Cooperative Extension, the U.S. Department of Agriculture (USDA), the New Hampshire Department of Agriculture, the Small Business Administration, and other university professors. Few people knew much about cooperatives. The person with the most expertise specifically about agricultural cooperatives was Senior Extension Associate Brian Henehan from Cornell University's Department of Applied Economics and Management (202 Warren Hall, College of Agriculture and Life Sciences, Ithaca, NY 14853-7801; voice: 607-255-8800; fax: 607-255-9984; e-mail: bmh5@cornell.edu; web:

http://aem.cornell.edu). Henehan also has coauthored an excellent resource entitled <u>Considering Cooperation</u>: A <u>Guide for New Cooperative Development</u> (Henehan and Anderson). Much of the information that follows is summarized from this paper.

Legal Framework

The legal framework of your multifarm CSA may take one of several forms. It is advisable to incorporate as a Limited Liability Corporation (L.L.C.) or a Cooperative in order to eliminate individual liability. The following options are available to the multifarm CSAs:

- Sole proprietorship (one-person business). Not recommended because of its fundamental disadvantage: unlimited liability. Many small farms fit into this category;
- **Partnership** (two or more individual owners). Owners provide labor, capital, and management;
- "C" Corporations (separate legal entity from their owners). Allow greater freedom to do business with nonmembers, more flexibility in business transactions with members, no limit to amount of dividends paid on capital stock. Associated risks include different treatment under antitrust and tax laws and the need to comply with Federal Security Acts. May be desirable for any individual, small group interested in organizing a multifarm CSA. The added flexibility of being able to run the business by oneself may work in many situations. It is ideal if you are considering seeking outside investors;
- Cooperative. Provides service at cost to its members. As an incorporated cooperative, individual liability is limited to member's equity in the cooperative; and,
- Not-for-Profit. In most states this status would hinder the normal process of doing business as an agricultural marketing cooperative (e.g., distributing earnings, retaining member equity, and having the option to be involved in legislative activities).

Decision To Incorporate as a Cooperative

Before choosing the cooperative legal framework you should ask yourself these basic questions:

- Do you have a group of growers willing to dedicate time to managing and overseeing the many details of operating as a cooperative?
- Can the growers willing to become "members" of the cooperative produce at least 50 percent of the product needed to satisfy potential markets (exact percentage may vary by state)?
- Are there social/cultural/historical barriers that you perceive as obstacles to establishing a cooperative with your local growers?
- Are you willing to dedicate the time and patience to cooperate with other growers who will have different ideas?

Growers tend to have strong feelings about cooperatives based on prior experience. One multifarm CSA grower and local organic pioneer from Alabama, Jerry Spencer, chose an LLC strictly because the growers in his area have had bad experiences with grower cooperatives. He tries to create win—win relationships with his grower-neighbors. Spencer contracts to buy anything they grow organically, and he pays them on the day he picks up the produce. The contract is important, because it guarantees growers state-subsidized loans. If Spencer had insisted that growers join a cooperative, these relationships might never have had the chance to grow. Spencer shoulders the burden of administrating the CSA but can do his work without consulting a board for review and permission. Instead of managing volunteers or part-time staff, Spencer hires professional subcontractors for bookkeeping, marketing, and website development.

Cooperative Board

Local Harvest CSA incorporated as a cooperative because of the associated concept of shared ownership and responsibility. Some founding members' prior experience had included bonding and forming lifelong relationships as a result of working with others in a cooperative. Since the goal of Local Harvest was to maximize strengths, efficiency, and profitability on all the participating farms, it made sense to put each grower at the table on an equal footing. It has taken considerable time for Local Harvest growers to get to know each another's strengths and weaknesses and develop trust but it does appear to be working.

According to Henehan and Anderson (2001), a successful startup relies on two key ingredients:

- at least two potential growers must agree that a common economic problem exists; and,
- the proposed cooperative must be more effective at performing the services than a grower could do independently.

The beauty of cooperative CSA is that it can be designed to be a low overhead business and therefore, many of the obstacles that traditional farming cooperatives have to deal with can be avoided. Local Harvest asked for no up-front financial investment from its growers.

Getting started as a multifarm CSA does have costs but start-up ideas tend to be of interest to grant organizations and foundations. Further, collaborative agricultural marketing is a highly fundable grant prospect. A start-up grant should include funds for labor (e.g., the legwork to get the project going), consultant fees (legal, business planning, and accounting advice), and marketing costs for the first year. Local Harvest's start-up grant from the Sustainable Agriculture Research and Education program was for \$7,200.

Local Harvest CSA holds monthly meetings throughout the year. These meetings are necessary to respond to the changing demands and guide the executive officers and employees throughout the year. Local Harvest is fortunate to be comprised of growers that all live within 40 miles of our central distribution point where they hold their meetings.

In between meetings Local Harvest empowers its employees to make decisions, but asks that all decisions of significance be communicated to the President. They have found that this system of requiring communication with the President and not the entire board simplifies the decision making process.

Local Harvest has an executive board (as written in the bylaws and mandated by state law) that does a lot of work between meetings. In Local Harvest, it is recommended—but not required—that the growers with the most financial stake take on the executive positions (president, vice-president, secretary, and treasurer). However, as part of a cooperative, members recognize that each person has skills and circumstances that need to be taken into consideration when choosing officers, and these may not correspond to who has the largest financial stake.

A CSA cooperative that extends over a larger area would require a greater commute for meetings and so might decide to meet bi-monthly, create subcommittees, or use phone and e-mail for making decisions. Organizers of a new multifarm CSA should be sensitive to the group's general attitude and try not to overburden growers who want to be in the cooperative but cannot attend monthly meetings. If a local farmer was not interested in making the commitment to the board and was not interested in decision-making or priority bidding, that grower may be a non-voting member with no bidding seniority. Local Harvest does have the option of buying produce from such a non-member.

Surveyed Local Harvest CSA growers have mentioned that drawbacks to the cooperative are lengthy meetings and learning how to run a cooperative organization can feel like reinventing the wheel. However, after a few years of working out the kinks in the system, Local Harvest has evolved to a point where most growers are selling a lot of produce through the CSA proportional to the time spent at meetings.

Local Harvests recommends that you develop a steering committee early in the process of forming your cooperative. Committee members are selected after the group has spent some time together and leaders who can be trusted have emerged. Local Harvest had been reluctant to do this as an organization; as a result, certain members took on extra administrative work yet lacked clear decision-making authority. Additionally, many small matters were unnecessarily brought before the entire board. This resulted in longer meetings.

Articles of Incorporation

Articles of Incorporation are filed with the state delineating rules of management of the organization. Henehan and Anderson (2001) state that the articles of incorporation include provisions that spell out eight points:

- purpose for forming the cooperative;
- activities the cooperative will be involved in;
- names of the incorporators;
- legal powers and limitations of the cooperative;
- membership requirements and voting rights;
- capital structure;
- if stock, explanation of capital stock authorization (e.g., stock classes, amount of stock issued, value, and purchase requirements); and,
- process for dissolution and distribution of assets upon dissolution.

Bylaws

The purpose of bylaws is to flesh out the details and address issues not mentioned in the Articles of Incorporation.

Local Harvest had copies of bylaws from three other agricultural cooperatives—Rolling Prairie, (a multifarm CSA), Deep Root Organic Co-op, and Merrimac Valley Growers (both non-CSA marketing cooperatives)—for reference when formulating its own. Growers sat down together as a group, reviewed the examples, and decided which issues to include in the legal documents. After considering changes proposed by an attorney,

several were adopted. Finally, the bylaws were sent to the NH Attorney General, who required changes for legal issues related to the NH Statute of Agricultural Cooperatives.

Henehan and Anderson (2001) offer some inspiration for taking time to write thorough bylaws:

Well crafted articles of incorporation and bylaws provide a solid legal organizational foundation upon which to build the cooperative business. In the haste to form a cooperative, some steering committees copy a charter or bylaws from some other cooperative which may not be applicable to the cooperative being formed. It is advisable to proceed with care in developing these important documents even though the process can be slow and tedious. A well written set of documents can help eliminate possible confusion among members and provide a good introduction to the cooperative for new members, directors, officers and management.

Marketing Agreement

The Local Harvest bylaws mandate the use of annual marketing agreements that spell out each grower's commitment to his or her bid ("production estimate") and the process to be followed if a bid is not met. These agreements are also crucial for informing members of what will be done with excess funds (profits)—whether profits will be returned as a patronage dividend or held back for a revolving equity fund or permanent equity fund.

If you choose not to have separate marketing agreements, then the bylaws should specify each member's obligation.

Other operational rules are clearly laid out within a marketing agreement, such as those for adjusting crop prices, fulfilling weekly pickup obligations, varying from bids and buying in from nonmember growers. Also included are quality standards and bulk or "extras" sales. Post-harvest handling is mentioned, but "Packing Standards" (see Appendix B) covers this issue in a separate

more detailed agreement. Finally, a "Marketing Agreement" (see Appendix B) gives the board discretion to resolve any disputes.

Cooperative Profits

This section summarizes from *How Agricultural Cooperatives Are Taxed* (Cook, Ratchford and Griffith) and *Income Tax Treatment of Cooperatives* (Frederick and Reilly). These two documents are a great source of additional information on the subject. However, because federal laws change each year and states may have different laws, you should consult guidelines directly from the IRS and USDA or consult with an accountant or attorney.

The cooperative's goal is to enhance the financial well being of its owners as growers, not as investors. A cooperative is viewed as an extension of a producer-owner's farming operation or as a funnel. Cooperative net margins (profits) may be distributed as cash patronage refunds, retained patronage refunds, dividends on capital stock, or unallocated equity. Local Harvest has determined the best way to manage grower's equity is with the *qualified notices of allocation* and a *revolving equity fund*.

- Cash patronage refunds are the most direct way that cooperatives implement the "service at cost" principle. This amount is determined by the percentage of gross business conducted by each member. The cooperative may deduct the cash patronage refund from its net income in the year it is earned, but the patron (producer-owner) must include the patronage refund in his or her taxable income in the year it is received.
- Retained (noncash) patronage refunds are a way for cooperatives to keep profits for cash flow and capital projects but avoid double taxation. The cooperative retains the actual dollar amount by allocating profits to its equity account. The grower is apportioned a percentage of this equity account on paper according to the percentage of business conducted

toward the gross total, and this equity is considered "allocated savings" or "allocated equity." The purpose of this arrangement is to ensure adequate capital cash flow for the co-op but still allocate the profits of each year to the rightful grower (e.g. If a grower is 25 percent of the cooperative that year it is determined what percent of the profits they earned). Note: The board of directors must determine that the cooperative is in the financial position to be able to redeem equity to members. If the cooperative only generated a profit one year and cash flow remains low forever after, it does not have to repay the grower. There are two types of retained (noncash) patronage refunds:

- Qualified notice of allocation. The grower technically receives a full refund but then reinvests 80 percent of that amount. Therefore, the cooperative can deduct the full amount of profits while the grower pays the taxes on their portion of the non-cash refund for that year. This approach gives the cooperative the financial stability it needs, and the grower accrues equity in the cooperative over time. Two requirements for this type of patronage refund are that (a) the cooperative must pay at least 20 percent of the total cash and non cash patronage refund as a cash refund (thereby enabling the producer-member to pay the taxes claimed in that year); and (b) either the cooperative must allow the grower to cash the total refund within 90 days, or the grower must consent to having the allocation distributed to him or her, then reinvested back into the cooperative. This contract can be legally agreed to in three ways: in writing (marketing agreement), by membership in the cooperative (if the bylaws state it), or by the grower endorsing and cashing a qualified check.
- Nonqualified notice of allocation. This system allows for the cooperative to delay tax liability on dividends owed to a grower without forfeiting the

single tax status of a cooperative. The grower is not responsible for the taxes in the year of a nonqualified notice. This system is designed for cooperatives whose growers are on the margins high income tax brackets. This allows the grower to receive the dividend and associated tax liability in a year that they can afford it. The cooperative must pay taxes in the year of allocation. In the year that the grower redeems the equity as a patronage dividend, the grower must pay taxes on the equity and the cooperative treats the equity as tax-deductible. This system allows

- Unallocated equity is a legal way for the cooperative to pay no refund to its growers. However, it removes the tax exemption status, thereby making the cooperative fully taxable at corporate tax rates and subject to "double taxation" if they return equity to co-op members later. In large cooperatives with considerable capital expenses this tax liability (15 percent) is often planned with the intention of breaking even with investment tax credits.
- Revolving equity fund is a good way to establish an equity fund (or a "rainy day" fund) for the co-op and to ensure that the capital reflects the active growers. The cooperative should record in the bylaws and in the marketing agreements how long (how many years) to grow the fund.

Example:

Year 1: 20 percent returned; grower pays taxes on all 100 percent of your percentage of co-op net margins

Year 2: (same as in Year 1)

Year 3: (same as in Year 1)

Year 4: (same as in Year 1)

Year 5: (same as in Year 1)

Year 6: 20 percent of current year returned, remaining 80 percent (tax-free) of Year 1 returned

Works Cited

- Cook, Michael, C. Brice Ratchford, and Brian Griffith. "How Agricultural Cooperatives Are Taxed." Agricultural publication G903. Department of Agricultural Economics, University of Missouri, Columbia, MO, 1995
- Frederick, Donald A., and John Reilly. "Income Tax

 Treatment of Cooperatives." Cooperative Information
 Report 4, Section 1., USDA Rural Development,

 Washington, D.C. 2005
- Henehan, Brian M., and Bruce L. Anderson. "Considering Cooperation: A Guide For New Cooperative Development." Paper E.B. 01-01. Cornell University, Cornell, NY, Feb 2001. http://aem.cornell.edu/outreach/extensionpdf/eb0101.pdf
- Rathbone, Robert C. "Managing Your Cooperative's Equity.

 Cooperative Information Report 56. Rural BusinessCooperative Service, U.S. Department of Agriculture,
 Washington, DC, October 1997.http://www.rurdev.usda.gov/rbs/pub/cir56.pdf>

APPENDIX A: MULTIFARM CSA AROUND THE COUNTRY

The Food Basket

The Food Basket is a multifarm workplace CSA operated by the Intervale Center in Burlington, Vermont. Pioneered in 2008, the Food Basket functions as a multifarm CSA that packs and delivers shares comprised of produce from 15 area growers to seven workplaces in the Burlington area. Conceptually, The Food Basket was not designed as a marketing strategy to compete with other onfarm CSAs; rather, its goal is to reach out to customers who would not ordinarily seek out a CSA-style relationship with a local farm.

Highlights:

- aims to expand markets for local food by moving beyond traditional CSA farms and customers;
- produce is packed into shares and delivered to members at local businesses by Food Basket staff;
- members choose from a menu of produce options, meat options, and a cheese, egg, flower, or maple syrup option;
- growers are enthusiastic about their involvement with the program, and some have expressed interest in taking over the administration of the program in the future; and,
- the Food Basket had 110 members in year one and 200 members in year two; growth is expected to increase steadily to 400 members by 2012.

A Well-planned Project

In order to fully understand and appreciate the Food Basket, it's essential to understand its origins. Twenty years before the launch of the Food Basket multifarm workplace CSA, the Intervale Center was founded by Will Raap as a means of revitalizing the 350-acre floodplain that winds through Burlington around the Winooski River. The historic farmstead had degenerated into a weedy deposit of urban refuse. Raap hoped that one day the Intervale could produce at least 10 percent of Burlington's fresh food. Today, considering the multifarious projects and services offered by the Intervale Center, including a successful farm incubator program, it is likely that it does.

One of the Intervale Center's initiatives is its Agricultural Development Services (ADS), which aims to support and promote sustainable farms and local food systems in Chittenden County, Vermont (the county Burlington is in). ADS is responsible for the Farms Program, the farmer incubator program which makes Intervale lands available to beginner farmers; Success on Farms, a financial resource for small farmers; and most recently the Food Hub, which focuses on innovative marketing arrangements for farmers. After compiling research on market potential in Chittenden County and farmer interest in new marketing arrangements, and carefully examining other innovative marketing programs for farmers, the staff of the Food Hub decided that the greatest potential for growth was in the area of collaborative marketing, or multifarm CSA. Once this was identified, the staff set to work planning the Food Basket multifarm workplace CSA.

The Food Basket System

The Food Basket is run by a manager who sets operational procedures, decides on weekly shares, maintains relationships with growers, and works on strategic planning (such as applying for grants) for the organizations future. The current manager of the Food Basket and the Food Hub, Sona Desai, is a multi-talented woman with experience in farming, food-buying and environmental

law. According to colleagues, her breadth of knowledge and range of skill make her an ideal person to spearhead this kind of organization. Desai agrees that a manager with strong interpersonal and organizational skills, as well as a working knowledge of growing and buying produce is essential.

The weekly schedule of the Food Basket looks like this: On Monday, growers call Desai to offer the produce they have available. Desai takes into account what each grower has to offer and sets the shares for the week. On Tuesday morning, growers deliver produce and other food to a central location that has a walk-in cooler and packing space. Two Food Basket employees immediately pack food into share baskets, and by 2:00 two delivery vans are out delivering shares to members at local businesses. On Wednesday morning, all remaining shares are packed into baskets and delivered to the remaining businesses in town.

Desai emphasizes that since baskets are simply dropped off at most locations, there is no room for error in packing; otherwise the reputation of the organization is tarnished.

The Food Basket currently has a somewhat informal crop bidding system. At some point between growing seasons, the growers and Desai get together for a crop-planning meeting. Desai runs the meeting using a list of suppliers from the previous year to set the baseline for bidding. Generally if the grower supplied the crop during the previous year, and would like to continue doing so, then the grower has precedence and can continue supplying that crop.

Legally, the Food Basket is currently embedded into the Intervale Center's 501 C3 nonprofit tax status. If and when growers decide to take over the administration of the Food Basket, it will be up to them to decide whether to enter into cooperative ownership, or to pursue a Limited Liability Company (LLC).

Challenges Moving Forward

The major challenge for the Food Basket moving forward is that the overhead cost is too high for the organization to be solvent without additional grant funding that the Intervale Center acquires for the project. The overhead cost that growers' pay is now approximately 30 percent, which is reasonable considering that the growers responsibility is similar to that of a wholesale market. However, Desai says that the actual overhead of all the administrative and organizational work that goes along with delivering packed share to workplaces is closer to 60 percent. Yet, with growth at the current rate, Desai hopes that the Food Basket will reach self-sufficiency by 2012, at which time it would be possible for growers to take over the administration of the organization.

Learn more about the Food Basket and its growers by visiting www.foodbasketvt.com.

Grown Locally

A limited-membership northeast Iowa community farming cooperative, Grown Locally was founded in 1997 with 9 growers and currently has 15. Its goals were and are to find an equitable way to reimburse growers, provide a guaranteed market for crops, share specialized equipment and labor, sell produce to institutions, and thrive as a co-op in a rural area. The co-op currently offers farm products for sale as shares (a season-long commitment, paid for in advance or in monthly installments) or by the piece (ordered as needed, with per-unit pricing; preordering, weekly online or phone ordering, and monthly billing are available) and features a unique bidding system for growers.

Highlights

- Founding grower-members spent 1 year meeting and planning to develop a legal structure and marketing methods.
- Growers decided against requiring organic certification to eliminate an extra expense that customers were not demanding and to include more local growers (who may have their own reasons for not seeking certification).
- Growers developed and follow standardized packing requirements.
- Customers include institutions (nursing homes, hospitals, schools, and restaurants), individuals, and families; all can browse and order products via the co-op's online store.
- Delivery is local only—within a 40-mile radius.
- Customers can request weekly home delivery (\$60) or drop-site pickup (\$45) for a flat fee paid at the beginning of the season.
- Customers receive individual attention.
- Co-op built and maintains a state-licensed processing and kitchen facility at one member farm.
- Growers share specialized equipment and pool labor.
- All growers are paid monthly throughout the season to ensure adequate cash flow on their farms. A contingency fund (e.g., 2 percent of gross) covers growers who fill in for other growers.

- Co-op overhead is 25 percent of gross total of projected income (includes 2 percent contingency fund that is refundable to growers who meet their bids).
- In addition to vegetables, additional items offered may include flowers, chicken, turkey, eggs, apples, baked goods, berries, honey, beeswax candles, hand-made soap, goat cheese, pasture-fed pork, grass-fed Angus beef, and a cookbook (*Asparagus to Zucchini*).

A Unique Bidding System

Bidding takes place over the course of two meetings: The first round is for growers to bid, and the second is to make adjustments. After the preseason compensation planning is completed, growers "agree to agree."

Grown Locally has eliminated the traditional per-unit price system. The difficulty of producing each crop is rated from 1 to 10, where 1 is least challenging and 10 is most challenging; crops must be ranked in the extreme ranges for the system to be accurate. The sum of the difficulty of all co-op crops together constitutes the Total Crop Challenge of the co-op. Grower prices for individual crops are then extrapolated by first determining each crop's percentage of the Total Crop Challenge, then multiplying that percentage times the co-op's projected income for the season.

For example, if the difficulty of Crop x is determined to be 28 and the Total Crop Challenge is 560, then Crop x earns 5 percent of the total gross income (28 ÷ 560 = 0.05). If the co-op's projected income is \$60,000, then Crop x is valued at \$3,000 (0.05 × \$60,000 = \$3,000). If more than one grower grows a certain crop, then those growers split the income for that crop.

The variables considered in determining the level of difficulty required to produce each crop (and then a reasonable price for each crop) are:

- seed cost per unit produced;
- seed quantity required to plant or harvest the crop;

- amount of land needed to grow the crop;
- labor requirements from planting to harvest;
- post-harvest handling;
- time from planting to harvest (i.e., how long land is otherwise unavailable); and,
- number of times crop is included in a share.

According to Michael Nash, proprietor of Sunflower Fields Farm and member of Grown Locally, the Total Crop Challenge eliminates the hundreds of hours of bookkeeping that would be required to track per-unit prices every week for all growers. Most of the work is done before the season starts. This approach is especially helpful for growers who are their own bookkeepers. With less hours demanded, it also allows the group to assign the bookkeeping job to a grower-member as a paid task.

Direct Marketing: Online Ordering

With the help of grants from SARE and the Iowa Department of Agriculture, Grown Locally created an online system that allows custom ordering of weekly shares. The co-op has been a pioneer with its direct marketing of farm goods to individuals and institutions via its website. Farmers upload lists of their available crops to the password-driven site twice a week, and customers can browse product availability and place orders online.

The customers are individual "cooperators" (members who purchase shares of seasonal produce), individuals who purchase by the piece, and institutions. Each of these customers has a different price structure, and password-protected accounts ensure that each customer sees prices and crops specific to his or her buyer category.

Grown Locally charges institutions a higher price than traditional wholesale brokers but offers a higher quality, fresher product in any quantity, whereas wholesale distributors often require excessively large minimum orders.

By delivering directly to buyers, Grown Locally eliminates the need to process electronic payments and therefore the extra costs that would be incurred in adding sophisticated shopping cart functionality and security to its website.

Grown Locally Cooperative: www.grownlocally.com

Grow Alabama

The organization that would become Grow Alabama began in 1998 as an offshoot of Jerry Spencer's single-farm community-supported agriculture (CSA) operation and now is the first statewide multifarm CSA in the United States. Spencer buys produce from other growers (almost 100 percent in state, and all certified organic or working toward organic certification) and manages its distribution. The CSA provides year-round delivery of fresh produce from local family farms to homes and central pickup sites across Alabama.

Highlights

- Distribution is statewide—in some cases, door to door for a minimum fee of \$5 per week.
- Most CSA shares are distributed out of a pull-behind trailer outfitted with bulk bins. For certain locations and when he can get the vegetable boxes to the UPS depot by 7 a.m., Spencer uses UPS same-day shipping.
- CSA growers are paid by check for crops when they are picked up.
- Growers eventually will be offered a 10 percent bonus based on previous-year sales.
- Bookkeeping, web design, and public relations tasks are outsourced.
- Spencer has invested over \$5,000 in website development, believing that the Web is a key link between CSA growers, CSA members and the general public.

Incentive to Conventional Farmers

When Spencer's single-farm CSA reached 200 members, Spencer knew he had to make a major change: increase his own production, or teach other Alabama farmers organic management principles. He decided on the latter approach and started the Get One over the Bridge program. He encouraged current conventional

growers to grow 1 acre or more according to organic standards in return for a free consultation with him (an experienced organic grower, which is rare in Alabama) and a contractual agreement to buy whatever was produced on that organic plot. (Such a contract allowed growers to get state-subsidized loans.) This program has enabled Grow Alabama to increase its membership to 500, and Spencer's goal is to be able to supply 1,000 members within the next few years.

Outreach Efforts

The distribution and marketing arm of the CSA is a limited liability company (LLC) for which Spencer has a business plan to attract investors. Spencer also is starting OrganiCorps, an educational program for training current and would-be farmers in successful organic practices that will have tax-exempt 501(c)(3) status. OrganiCorps will be funded by grants and tax-deductible contributions.

Grow Alabama CSA: www.growalabama.com

Get One over the Bridge Program: www.growalabama.com/oneoverthebridge.asp

OrganiCorps Program: www.growalabama.com/organicorps.asp

Rolling Prairie Farmer's Alliance

The six small farms that make up Rolling Prairie Farmers Alliance, a pioneer multifarm cooperative in the hills of northeastern Kansas, first met in 1993. The alliance calls its special form of CSA a produce subscription service and offers regular shares and smaller "economy" shares at one drop site. The story of the alliance (Subscribing to Change: Starting and Sustaining a Vegetable Subscription Service) was published by the Kansas Rural Center.

Highlights

- The alliance organizes the cooperative purchase of seeds and fertilizers to obtain quantity price discounts for growers.
- Each of four distribution sites has a paid production manager, accountant, and site coordinator.
- Alliance started with a SARE grant to implement the idea of a multifarm CSA.

Rolling Prairie Farmers Alliance: www.rollingprairie.net

Chequamegon CSA

A multifarm CSA, Chequamegon CSA has provided affordable shares to a rural area of northern Wisconsin since 1995.

Highlights

- Bidding is done at a preseason meeting in the spring.
- Which growers get first choice of crops is determined by the number of years of CSA membership.
- Most CSA members are natives to this area and signed up because they know the value of fresh food, not for "organic" or "gourmet" labels.
- Shares are delivered to five rural sites. Delivery to the drop sites takes all of one day, and the route extends 100 miles.
- Half of the total membership consistently changes annually.
 Many members who leave the CSA have been inspired to start their own gardens.

APPENDIX B: DOCUMENTS RELATED TO LOCAL HARVEST CSA

First 5 Weeks Planning Sheet

Crop	Units	Weeks
Lettuce	1 head	3
Salad Mix	1/2#	2
GH Tomato	1 1/3#	5
Greens	1 bunch	5
Broccoli	3/4#	2
Carrots	1 bunch	2
Garlic, Scall	1 bunch	1
Garlic, Fresh	1 bunch	1
Strawberries	1 pint	1
Peas, Shell	3/4#	2
Peas, Snap	1/2#	2
Peas, Snow	1/4#	1
Pea, Tendril	1/2#	1
4" seedling	1 pot	1
Scallions	1 bun	1
Potatoes	1 1/2#	1
Brais Mix	1/2#	1
Herb	1 bun	1
Spinach	1/2#	4

Example of Crop Totals (Based on 275 Equivalent Shares)

Crop	Unit	Price/Unit	Total	Total
_		\$	Units	Sales \$
Arugula	Bunch	1.75	451	790
Basil	Bunch	1.75	701	1,227
Beans	Lb.	2.70	1375	3,713
Beets, Cut	Lb.	1.40	548	767
Beets, Bunch	Bunch	2.00	610	1,220
Beets, Greens	Bunch	1.75	277	485
Blueberries	Pint	4.00	276	1,104
Braising Mix	Lb.	6.00	334	2,004
Broccoli	Lb.	3.50	1200	4,200
Broccoli Raab	Bunch	1.75	100	175
Brussels	Pint	3.50	102	357
Sprouts				
Cabbage	Head	2.50	549	1,373
Cantaloupe	Each	3.25	651	2,116
Carrots,	Bunch	2.50	824	2,060
Bunch				
Carrots, Fresh	Lb.	2.00	1801	3,602
Carrots,	Lb.	1.50	1377	2,066
Storage				
Cauliflower	Lb.	3.00	451	1,353
Celery	Bunch	2.00	100	200
Chard	Bunch	1.75	1004	1,757
Cilantro	Bunch	1.75	275	481
Corn	Dozen	5.00	275	1,375
Cuke, Field	Bag	2.00	1378	2,756
Daikon	Lb.	2.50	100	250
Dill	Bunch	1.75	54	95
Eggplant	Lb.	2.80	550	1,540
Escarole	Head	1.75	100	175
Fennel	Bunch	1.75	275	481
Garlic	Lb.	7.00	551	3,857

Garlic, Fresh	Bunch	2.75	276	759
Garlic,	Bunch	5.00	275	1,375
Scallion				
Kale	Bunch	1.75	492	861
Kohlrabi	Head	2.50	100	250
Leeks	Bunch	2.50	550	1,375
Lettuce	Head	1.80	2458	4,424
Lettuce Mix	Lb.	6.00	144	864
Mint	Bunch	1.75	50	88
Mizuna	Bunch	1.75	100	175
Onions,	Lb.	1.70	825	1,403
Green				
Onions,	Lb.	1.70	2200	3,740
Storage				
Pac	Bunch	2.00	401	802
Choi/Tatsoi				
Parsley	Bunch	1.75	494	865
Parsnip	Lb.	2.00	280	560
Pea, Shell	Lb.	5.00	406	2,030
Pea, Snap	Lb.	7.00	282	1,974
Pea, Snow	Lb.	8.50	60	510
Pea, Tendril	Lb.	3.80	180	684
Peppers,	Lb.	3.00	1099	3,297
Green				
Potatoes	Lb.	2.35	4031	9,473
Pumpkin, Pie	Each	2.00	276	552
Radicchio	Lb.	5.00	99	495
Radishes	Bunch	1.75	52	91
Sage	Bunch	1.75	50	88
Salad Mix	Lb.	10.00	1153	11,530
Scallions	Bunch	2.00	550	1,100
Shallots	Lb.	15.00	0	
Soybeans	Lb.	3.50	500	1,750
Spinach	Lb.	6.00	823	4,938
Strawberries	Pint	3.30	275	908
SS/Zuke	Lb.	1.60		

wk.1-5				
SS/Zuke wk.	Lb.	1.40	2014	2,820
6+				
Thyme	Bunch	1.75	50	87.50
Tomato,	Pint	3.00	557	1,671
Cherry				
Tomato, Field	Lb.	2.00	3198	6,396
Wk 11+				
Tomato, GH	Lb.	4.00	2600	10,400
Wk 1-7				
Tomato,	Lb.	2.75	1254	3,449
Tunnel Wk 8-				
10				
Turnips	Bunch	1.90	299	568
Winter	Lb.	1.10	3849	4,234
Squash				
4" Pots	Each	2.00	276	552
			TOTAL =	128,712

Marketing Agreement

- 1. The undersigned hereby applies for and accepts membership in the Local Harvest CSA Cooperative (hereinafter called the "Coop") incorporated and doing business under the laws of the State of New Hampshire. The undersigned assents to the Articles, Bylaws, any rules and regulations of the Coop, this Marketing Agreement, and any amendments made to this agreement by the Board of Directors in consent with the affected members.
- 2. Conditional upon the approval of this agreement by the Coop, the undersigned agrees to deliver the produce listed in the attached Production Estimate. The <u>Production Estimate</u> may include:
 - (a) Quantity listed in pounds, heads or bunches,
 - (b) Weeks of delivery as a total number of weeks, or by season or listing specific weeks for delivery,
 - (c) Price per pound, bunch or head.
- 3. The Coop will charge a flat 20% fee for sales.
- 4. Net Earnings/ Patronage Dividends.

Any excess funds left after all expenses are paid this year will be placed into a Revolving Equity Fund. The Board shall decide what amount of that fund will be returned to the members each year as patronage dividends. The Coop may choose to return all of the net earnings back to the members in cash based on the proportions of the member's total sales with the Coop for this year. If the Coop chooses to retain some of the net earnings in the Revolving Equity Fund, then it will treat those net earnings under the IRS rules for Patronage Dividends. Patronage dividends are to be returned in proportion to each member's

percentage of total Coop sales for the year. By law, the Coop must return at least 20% of the patronage dividend to the members as a cash refund and may retain up to 80% of the Patronage Dividend to pay for the smooth and continued financial operation of the Cooperative. If a member leaves the Coop, the member may petition the Coop to return his/her entire patronage dividend before the natural end date of the revolving fund. The Coop retains the option of returning the money upon the member's leaving the Coop or keeping the money until its natural end date, at which time it will be returned to the member in its totality. Signing this contract shall be considered as granting the Coop <u>consent</u> to keep any net earnings/income for the equity fund and treating its return to the members as a patronage dividend.

- 5. The Coop may choose to adopt a <u>Permanent Equity Fund</u>. If it does so, the Coop, through the Board, will create written rules and guidelines for the handling of these funds. The adoption of such rules will be considered as granting consent by the members.
- 6. If the Coop should end up in a <u>deficit</u> situation, the Coop, through the Board, will have the right to adopt a necessary fund raising mechanism. The member agrees that the Board may choose one or more of the following options:
 - (a) use funds in the Revolving Equity Fund;
 - (b) implement a surcharge to the members based on percentage of total sales this year; and,
 - (c) any other fund raising mechanism agreed to by the Board

7. Prices.

The Coop will set base prices for all produce and these prices will be included in the Production Estimate. These prices may be adjusted plus or minus 10% by the Production Manger during the season to reflect growing conditions, the weather and other related factors. Any changes in prices will be agreed to between the Production Manger and the farmer. Such changes will be noted to the Board of Directors at the next Board Meeting. Price adjustments that are greater than 10% must be approved by the Board. Any disputes over price will be resolved by the Board.

8. Weekly Process.

The member agrees to call the Production Manager each Monday morning during the season and let him know the availability of produce for that week. The Production manger shall have the right to negotiate actual delivery schedules for each week with members. The Production Manager will notify the members of crops to be delivered each week by the end of the day on Monday. Such notice to the members may come on Tuesday if a decision cannot be reached due to extenuating circumstances, such as growers being uncertain as to actual marketable yield that they can harvest.

9. <u>Variations from Bid.</u>

If a member decides to forgo one crop that was bid upon and this serves the interest of the Coop as a whole, then such an agreement may be made between the member and the Coop, without penalty to either party. Members may also provide items that they had not bid upon if this serves the interest of the Coop as a whole. Such arrangements may be made between the member and the Production Manager. These bids are based upon the Coop attaining its goal of 275 members (250 single and 25 family) for the 18-week summer season and 100 single share members for the 5-week fall season. If the Coop falls short of these goals, the bids will be proportionally reduced.

- 10. Production Manager will base <u>weekly crop decisions</u> upon the following criteria:
 - (a) the "bid" or production estimate of each member;
 - (b) providing the customers with a balanced mix of vegetables each week;
 - (c) the weekly average value of the box and any surplus or deficit in the running total for the year of this amount;
 - (d) in situations of excess production, preference shall be given to growers who have already bid to deliver a particular crop and if two or more members have bid on a particular crop, in proportion to their bid;
 - (e) members who reliably deliver produce; and,
 - (f) superior quality of the produce.

11. Quality Standards.

- (a) All produce must meet the packing standards approved by the Board. The Coop reserves the right to refuse any or all produce that it judges unacceptable due to lack of quality, packaging, cleanliness or for any other valid reason.
- (b) The Coop may accept part of an order and pay for it at full price and deem the other portions of the order to be seconds and buy them at a lower price.
- (c) Members may be charged an extra fee for any extra effort required by the Site Coordinator to sort out the "seconds." Members will be notified at the site at the time of delivery if at all possible. If such a determination is not made until after the member has left the pickup site, then the Production Manager will notify the member as soon as possible.
- (d) The Production Manger will notify members of any problems with quality of produce as noted by the Site Coordinator.

(e) If customers complain about produce, the Production Manger will attempt to determine the source and notify the member. The Production Manager and the member may come to an agreed upon resolution. The member may choose to bring in replacement produce another week or offer some other means of satisfying the customer or forgo payment by the Coop. The Coop will make good faith efforts to satisfy the customer.

12. Delivery to Site.

- (a) <u>Delivery Time.</u> Members will deliver their produce and other goods to the site at least 30 minutes before the start of the pickup time. This year pickup begins at 2:30 p.m., so members agree to bring their goods by 2:00 p.m.
- (b) One-week Grace Period. Everyone will be granted one week per year when they may show up late with their goods and not be penalized.
- (c) <u>Financial Penalty.</u> Beginning with the second time that a member is late, members will pay a \$25 late fee for showing up between 2:00 and 2:30. The late fee will be increased to \$50 if the member shows up after 2:30 p.m.

The Site Manager will be responsible for noting time of delivery on invoices.

The Board can, in its discretion, waive any penalty in the event of lateness due to circumstances beyond the member's control.

(d) <u>Crop Replacement</u> the following week. The grower will either: (1) bring in an equivalent number of substitute crops the following week for each customer who showed up before the late delivery, or (2) if the grower cannot replace the crop the following week, then the grower will not be paid for that number of units delivered late on the first week.

(d) <u>Board and Member Will Meet and Work Out Agreement.</u>

If the grower has been late three or more times in one year, the Board will meet with the member to discuss what actions can be taken to assist the member in meeting their total bid for the year and also insure that the co-op is receiving the goods ordered on time. If the Board is not satisfied with the proposal of the member, then the Board may elect to adopt stricter measures. The Board will reserve the right to place a limit on the amount of goods purchased each week from the member until the Board is satisfied that such a limit should be lifted.

(f) <u>Deliver to table on site</u>. Members agree to deliver their goods to the specific table on the site where the goods will be sold. The Site Manager will be responsible for directing members where the goods will go.

13. Bulk Items.

The Coop shall permit the sale of <u>bulk items</u> on a separate table at the pickup site. Members shall let the Production Manger know what crops they are offering for bulk sale when they talk on Monday morning. The Members and the Production Manager shall agree on fair prices for these items. The Production Manager will include such items and their prices in the weekly notice of crops sent out by the end of the day on Monday. The list of bulk items that will be available will be made available to the customers either by sign at the pickup site or in the newsletter. Bulk items must come in quantities at least 5 times the average amount that is provided in the weekly vegetable box. Bulk items must meet the

quality standards of the Coop. All payments for these items will be made by the consumers directly to the Coop. They Coop will take a 20% fee and pay the remaining 80% to the members.

14. The Coop shall permit the sale of <u>extra items</u> on a separate table at the pickup site.

In general, all baked goods, fruit, maple syrup, flowers, plants, eggs, jams and preserves all qualify as "extras." Any other items (e.g., vegetables) to be sold as extras must be presented to the Board and approved prior to their sale. Extras must meet any applicable quality standards of the Coop. All payments will be made directly from the consumer to the Coop. The Coop will take a 20% fee and pay the remaining 80% to the members.

- 15. The undersigned member agrees that all produce and goods sold to the Coop must be <u>Certified Organic</u> in accordance with the USDA National Organic Program, unless otherwise agreed to by the Board. All non-certified organic goods must be labeled as non-organic. Proof of such certification must be on file with the Secretary at the time of the member's initial sale of the current season.
- 16. The undersigned member agrees to make good faith efforts to meet his/her Production Estimate.
 - (a) Low sales due to either crop failure or a change in delivery agreed to by both parties (see section 9 above) do not constitute a lack of good faith by the members.
 - (b) If total sales for a particular crop to the Coop fall below 70% of a member's bid for that crop, and this is found to be due to the members selling that crop to other market(s), instead of the Coop, then the Coop may seek liquidated damages as described below.

- (c) If sales to the Coop by a particular member fall below 50% of that member's total production estimate, and this is found due to the member selling crops to other market(s), instead of the Coop, then the Coop may seek liquidated damages as described below.
- (d) Liquidated damages may include the following:
 - 1. limiting the member's right to bid on crop(s) the following year;
 - 2. removing the member's preference in the bidding system for crop(s) for the following year; and,
 - 3. charging the member for any expenses incurred by the Coop in locating and picking up replacement crops. This money may be withheld from money due for produce already delivered to the Coop.
- 17. The Coop may make contracts with other producers that differ in terms from this one, but are consistent with the By-laws, without invalidating this contract.

18. Storage.

Growers of all crops agree to provide storage of their own crops until the crops are needed by the Coop. The Coop agrees to take reasonable steps to keep the produce in good condition until it is picked up by the customers.

19. Any <u>disputes</u> will be resolved by the Board.

In good faith the parties have signed:	
Date	Date
Name President Local Harvest CSA	Member

Packing Standards (2006)

CROP	PACKAGING	SIZE	COMMENTS
Beans, green	Vented plastic bag		Must be dry Should pick dry Not muddy Must have snap Not over filled out
Beans, soybeans	Vented plastic bag	200 or fewer pods per pound	Must be dry Should pick dry Green color 90% with 2-3 beans/pod
Beets, bunch	Bunch	3-7/bunch Golf ball to tennis ball size beets Approx. 1 # /bunch	Good quality greens Washed
Beets, cut	Vented plastic bag	Handball to baseball size beets	Not woody
Bread	Bagged		Not bagged before it has time to cool. Fully cooked on inside.
Broccoli	Vented plastic bag		No yellowing No worms Mature, but non- flowering, or bagged as side- shoots

Cabbage			No splits
Gassage			Solid head
			No worms
Carrots, Baby	Bunch	8-9 pencil	With full tops
		sized	Washed
		carrots,	,, morroa
		about	
		3/4#	
		lb./bunch	
Carrots, Fresh	Vented plastic	,	No tops
	bag		Finger/thumb
			sized
			No forks
			Washed
			Not woody
CROP	PACKAGING	SIZE	COMMENTS
Carrots,	Vented plastic		No tops
Storage	bag		Thumb sized &
			up
			No forks
			Washed
			Not woody
Cauliflower			No browning
			No pinking
			No worms
Corn, Sweet			
Cukes, Euro	Non-vented		Not fat
	Plastic bag, or		Not "U" shaped
	wrap in plastic		Washed
Cukes, Field	Vented Plastic	Approx	Not fat
	bag	1#/bag	Washed

		0.37.1	
		2 X-Large	
		3 Large	
		4 Medium	
Cukes, Pickling	Vented Plastic	Approx	Not fat
	bag	1#/bag	Washed
	0	4 or 5 cukes	
Egg plant	Vented Plastic		
	bag		
Garlic	Mesh bag or	10 or less	Cleaned
	Paper Bag	per#	
Garlic, Fresh	Bunch	3/bunch	Cleaned &
			Washed
Garlic, Green	Bunch	6/bunch	Cleaned &
			Washed
Greens,	Vented plastic	1/4#	Washed & drip
Arugula	bag		or shake dry
Greens, Brais	Vented plastic		Washed & Spun
Mix	bag		dry
Greens, Kale	Vented plastic	3/4#	Washed & drip
	bag		or shake dry
Greens,	Vented plastic	At least:	Washed & dried
Lettuce	bag	1/2# for	No pools of
		Bibb	water inside the
		3/4# for	lettuce
		Leaf	
		1# for	
		Romaine	
Greens,	Vented plastic		Mix of 5
Lettuce Mix	bag		lettuces
			Mix of colors
			Washed & Spun
			dry
Greens,	Vented plastic	3/4#	Washed & drip
Miscellaneous	bag		or shake dry
Greens,	Vented plastic	3/4#	Washed & drip
Mizuna	bag		or shake dry

CROP	PACKAGING	SIZE	COMMENTS
Greens, Salad	Vented plastic		Mix 3-5 lettuces,
mix	bag		and 3-5 other
			ingredients
			Washed & Spun
			dry
	77 . 1 1		W. 1 10 D
Greens,	Vented plastic		Washed & Drip
Spinach	bag		dry
			Not soaking wet
			in the bag.
			Generally hand-
			picked, but
			chopped is
			allowed as the
C C :	X7 , 1 1 , '	2/44	exception
Greens, Swiss	Vented plastic	3/4#	Washed & drip
Chard	bag		or shake dry
Herb, Basil	Loose or bunch	4 oz.	Ideally dry
	in Plastic bag		Not washed
			No seed tops
			Prefers 50
11 1 0'1	T 1 1		degrees
Herb, Cilantro	Loose or bunch	4 oz.	Washed & drip
	in Plastic bag		or shake dry
Herb, Parsley	Loose or bunch	4 oz.	Washed & drip
1 brit	in Plastic bag		or shake dry
Herb, Thyme	Bagged	2 oz.	
Leeks	Bunch	About 1	Trim roots &
		#/bunch	leaves.
		5 medium	No brown
		or	Washed
2.5.1		3 large leeks	
Melon,		min. 3#	Wiped clean,
Cantaloupe			may be dusty.

			No splits
Melon,			Wiped clean,
Watermelon			may be dusty.
			No splits
Onions, Fall /	Mesh bag or		Cured, dry,
storage	Paper Bag		clipped (no top)
Onions,		1#/bunch	Trim roots and
Summer			leaves.
			Washed
Pac Choi	Vented plastic	About 1#	Clean &
	bag	1 large	Washed
		2 medium	Drip dry
		4 tiny	
Peas, snap	Vented Plastic		Wash if dirty
	bag		Full pods, not
			tough
CROP	PACKAGING	SIZE	COMMENTS
Peppers, Sweet	Vented Plastic		Washed
	bag		No holes
			No black spots
Potatoes, All	Paper Bag or	No marble	Clean & dry
	Vented plastic	sized	No rot
	bag	potatoes –	No wire worms
		1" diameter	No blight
Pumpkins,			With stem
Jack O'Lantern			Good color
			Washed or
			wiped
			No soft spots
Pumpkin, Pie		Min. 2#	With stem
			Good color
			Washed or
			wiped
			No soft spots
Scallions	Bunch	6/bunch	Trim roots &

			leaves Washed
Squash, Patti Pan	Vented plastic bag	Max 5" diameter	Hand picked or cut Wiped or washed
Squash, Yellow	Vented plastic bag	Max. 8" length	Hand picked or cut Wiped or washed
Squash, Winter All			With stem Washed or wiped No soft spots Dry
Squash, Zucchini	Vented plastic bag	Max. 10" length	Hand picked or cut Wiped or washed
Tomatoes, Cherry	Pint container	Pint	No splits Near ripe to ripe Not over ripe No punctures No soft spots
Tomatoes, Greenhouse or Field	Vented plastic or Paper bag		Near ripe to ripe Not over ripe No stems No punctures No soft spots

Statement on Cooling (2006)

- 1. The goal is to have quality vegetables for our customers. Vegetables should not be wilted and should be able to stay fresh and firm until 6 p.m.
- 2. Last year we did on-site measurement of core temperatures and found that greens that were picked on Tuesday and washed and cooled overnight were averaging in the mid 40s degrees. The same types of greens that were picked on Tuesday night or Wednesday morning and not put into a walk-in cooler were averaging in the mid 60s degrees. The coop has not made a determination that this proves that cooling is necessary.
- 3. If we have problems with vegetables (especially salad or lettuce mix) not staying fresh throughout the pickup period, the coop will reserve the right to not order these greens from growers without coolers during the hot weather periods and will wait until cooler weather later in the season or cool rainy weeks to purchase these greens from those growers.

Articles of Incorporation for State of NH

(Organizational Certificate of Local Harvest CSA)

The undersigned, being persons of lawful age, associate under the provisions of the New Hampshire Revised Statutes Annotated, Chapter 301 by the following:

Article I. The name of the cooperative is Local Harvest CSA.

Article II. The purpose for forming the cooperative shall be to promote the common interest of its members by:

- 1. Jointly marketing organically grown produce, organic meat and organic dairy products.
- 2. Jointly marketing other local farm and bakery products with a preference for organic.
- 3. Educate growers and consumers to broaden their knowledge of organic farming and local food production.
- 4. Such other objectives as permitted by NHRSA 301 relating to the purposes of an agricultural marketing cooperative.

Article	III.	The				office	e, 1	ocate	d	at
			will	be	the	initial	locat	ion (of	our
may be o The actu	rative offi designated al site for ed annual	l from tii distribut	me to	tim	e by	the Bo	oard c	of Dir	ect	ors.
Article Γ cooperat	V. The fo	llowing p	erson	s ass	ociat	ting tog	ether;	to for	m	this
_ _ _										

The governing body of the cooperative shall be the Board of Directors, whose number and duties shall be defined by these

articles of incorporation and the by-laws. The board of directors shall be drawn only from member farmers or producers. All of these directors shall serve a term of one year. The Board of Directors may also appoint advisory non-voting members of the Board for one year terms.

	Article V.	The clerk	of the	cooperative	shall be
--	------------	-----------	--------	-------------	----------

_	_	_	_	_	_	_	_	_

Article VI. Voting priviledges and property rights of members if organized without capital stock. **N/A**

Article VII. Voting privileges and property rights of members if organized with capital stock:

- A. The cooperative shall authorize the creation of 30 shares of common stock, valued at \$1 per share. Each member of the cooperative (including future members) shall be required to purchase one share of stock. Each member may own no more than one share of stock. Only farmers or producers who sell their goods through the cooperative may become members of the cooperative. Only members of the cooperative may own stock.
- B. The stock will entitle the member to one vote at all meetings. Only members will be permitted to vote.
- C. If a member leaves the cooperative, they must return the stock to the cooperative. The stock will be non-transferable and will yield no actual dividends.

Article VIII. Statement of number of shares of stock to which a preference or one or more classes of stock apply.

No shareholder shall have any preemptive or preferential rights to subscribe to or otherwise acquire any shares of stock in the corporation, whether now or hereafter authorized and whether unissued or whether held by the corporation as treasury stock, other than such rights, if any, as the Board of Directors in its discretion from time to time may grant.

Article IX. The property rights and interests of each member shall be equal, except as set forth in the by-laws with regard to any equity funds and/or patronage dividends.

Article X. The cooperatives shall be permitted to raise financial capital through an equity fund, charging members a fixed or variable percentage of their sales through the cooperative. The board members shall determine the details of the equity fund.

Article XI. The Board of Directors may establish a system of patronage dividends in compliance with federal and state laws regarding cooperatives.

Article XII. These articles may be amended by a vote of two-thirds (2/3) of the members voting thereon at any regular meeting or at a special meeting called for that purpose. A written or printed notice of the proposed amendment and of the time and place ofholding such meetings shall be delivered to each member, or mailed to his or her last known address as shown by the books of the association, at least 30 days prior to any such meetings. Any amendments will be submitted for approval to the NH Attorney General's Office and upon approval will be filed with the NH Secretary of State's Office.

Article XIII. This certificate shall be subscribed by the President and a majority of the directors.

Local Harvest CSA By Laws

Article 1. Offices

Section 1. Business Office.

The principal office of the Cooperative shall be at any place within the State of New Hampshire. The Cooperative may have such other offices either within or without the State of New Hampshire as the Board of Directors may designate or as the business of the Cooperative may require from time to time. The Cooperative shall maintain at its principal office, a copy of certain records, as specified in Section 2.11 of Article 11 herein.

Section 2. Registered Office and Registered Agent

The Cooperative shall maintain a registered agent and a registered office in this state. The registered office shall be in New Hampshire and shall be the business office of the registered agent. The registered office may be, but need not be, identical with the principal office. The Cooperative may change its registered agent and/or its registered office from time to time in accord with the procedure set forth in RSA 292-A:5.02.

Article 2. Membership

Section 1. General

Only farmers or producers who sell their goods through the cooperative may become members of the cooperative. All persons who are signers of the articles of incorporation will be granted automatic membership so that the cooperative may begin its work. In the future, individuals may apply for membership at any time. Membership status will be granted by the Board of Directors. All individuals who are granted membership (including the initial members) must purchase one share of stock.

Section 2. Voting Rights.

All members will be entitled to vote on all issues at all member meetings. Each member shall have one vote. Each individual farm or producer will be limited to one membership and therefore one vote.

Section 3. Property Rights.

The property rights and interests of each member shall be equal, except as set forth in the by-laws with regard to any equity funds and/or patronage dividends.

Section 4. Responsibilities

Members must pay all dues and fees as established by the Board of Directors. Members must sign and comply with the annual marketing agreement in order to maintain their membership in the cooperative. Members must agree to pay any penalties as set forth in the marketing agreement and imposed by the Board of Directors. Members must abide by the by-laws. Members must attend the annual meeting, unless a reasonable excuse is offered for not attending. Attendance at special meetings of the members is desirable but not required.

Section 5. Termination of Membership.

Members who stop selling goods through the cooperative for more than on e year will cease to remain members of the cooperative an must return their share of stock of the cooperative. They may reapply for membership at any time if they choose to begin selling their goods again through the cooperative.

Section 6. Expulsion of a Member

If the Board votes by a ³/₄ majority, a member may be expelled from the cooperative. Such expulsion may only occur in the member has acted with gross negligence towards the cooperative, repeatedly violated the marketing agreement and/or

the by laws, or in any other way has acted to the serious detriment of the cooperative as a whole.

Section 7. Non-members.

Non-members may sell goods through the cooperative at the discretion of the Board of Directors. Such sales from non-members may not account for more than 50% of the sales of the cooperative as a whole for any given year. Non-members may be charged a different fee structure than members. Non-members may not vote at meetings. As a general rule, the cooperative will give to the sale of goods by members over those of non-members, so long as the goods offered by members meet the minimum criteria for quality.

Section 8. Members Right to Inspect Cooperative Records

The Cooperative shall keep as permanent records, minutes of all meetings of its members and of its Board of Directors. Also, a record of all actions taken by a member at the request of the Board, the Board itself or a Committee on behalf of the Board. These records shall be kept with the Organizational Certificate, Bylaws and all other cooperative documents at the offices of the Cooperative. A member shall have the right to inspect and copy any documents of the Cooperative if notice is given to the Board at least five business days before the date he wishes to see the documents.

Section 9. Financial Statements.

The cooperative shall furnish its members with an Annual Financial Statement, including at a minimum: a balance sheet, an income statement, and a statement of changes in member equity.

Article 3. Board of Directors.

Section 1. Election of the Board.

The members shall elect a Board of Directors each year at the annual meeting. All of the directors must be members of the cooperative (i.e.- producers or farmers who sell their goods through the cooperative). The size of the Board shall be determined by the members at the annual meeting. The number of directors shall be at least five.

Section 2. General Duties of the Board.

All Cooperative powers shall be exercised by or under the authority of the Board of Directors. The Board shall be responsible for the oversight and management of the business of the cooperative. The Board shall deal with administrative tasks such as the allocation of produce among farms, establishing a bidding the allocation of production facilitate growers/producers, negotiating and arbitrating any disputes between producers and the cooperative, finding a location for distribution and pickup, handling all financial matters, drafting the marketing agreement between the producers and the cooperative, setting prices for the year and dealing with any price adjustments as they arise during the season, deal with customer complaints, and all other actions necessary for the efficient and responsible operation of the cooperative. All monies of the cooperative shall be in the custody of the Board of Directors, which shall disburse them in keeping with the policies and goals of the organization as outlined by the Articles of Incorporation and the By-Laws.

Section 3. Conduct of Board Meetings.

The Board shall attempt to govern by consensus. If a member of the board chooses to sit out a decision so as not to deny consensus, they may do so. If consensus is not attainable, then a vote shall be employed, with majority rule (51%) governing.

Section 4. Term of Office.

The Directors shall serve a term of office of one year. Directors may serve more than one year, if re-elected by the members.

Section 5. Compensation

Compensation shall not be provided to the Board of Directors for their general duties as Directors.

Section 6. Advisory members.

Advisory non-voting members of the Board may be appointed by the Board at the Board's discretion to serve a one year term.

Section 7. Committees.

The Board may create and delegate responsibility to such committees as it sees fit and appoint members to those committees from the membership at large.

Section 8. Quorum of the Board.

The Board may not take official action on behalf of the cooperative unless a quorum of the Board is present- a quorum shall be 51% or more of the Board.

Section 9. Removal from Board.

A member of the Board may be removed from the Board if they have acted to the serious detriment of the functioning of the Board. Also, failure to attend three meetings in a row may justify removal from the Board. Under either case, it will require a majority vote of the entire Board to so remove a person from the Board.

Article 4. Officers.

Section 1. Election of Officers.

The Board of Directors shall elect from their number a President, Vice President, Treasurer and Secretary to each serve a term of one year, or until a successor is duly elected and qualified.

Section 2. President.

The President shall be responsible to prepare an agenda and run meetings. The President shall also represent the cooperative in its dealings with outside individuals and organizations. The President shall be available to the employees of the cooperative as their contact person to bring issues to the attention of the Board. The President shall have the power to sign checks and all other legal instruments which the Board has authorized to be executed. The President shall, with the Secretary, sign all certificates of stock issued by the Cooperative. The President shall assume any other duties as assigned by the Board.

Section 3. Vice President.

In the absence of the President or in the event of his death, inability or refusal to act, the Vice President shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 4. Treasurer.

The Treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the Cooperative; (b) make an annual financial report to the members at the annual meeting, (c) have the power to sign checks and (d) such other duties from time to time as may be assigned by the Board.

Section 5. The Secretary.

The Secretary shall (a) keep notes from all of the members' and Board of Directors' meetings and keep them in a file; (b) authenticate such records of the Cooperative as shall from time to time be required; (d) provide notices of meetings; (e) be custodian of the Cooperative records and of the seal of the cooperative; (f) keep a member list together with a mailing address, phone number and email address for each member; (g) keep general charge of the stock and records of stock issued; and (h) other such duties as assigned by the Board.

Article 5. Meetings.

Section 1. Annual Meeting.

The members shall hold one annual meeting each year to discuss the major business of the cooperative and to elect the Board of Directors for the coming year. The Board shall be responsible to schedule and notify members of the date and location of the annual meeting. The Boards shall provide at least 14 days notice to all members of the time and place of the annual meeting. A quorum of 51% of the Cooperatives's members shall be required at the annual meeting to take action on behalf of the Cooperative.

Section 2. Member Meetings.

The Board may also call meetings of the members if there are important decisions to be made and the Board seeks the input of the entire membership. The Board shall be responsible to schedule and notify members of the date, location, and purposes of such meetings. Notice will be mailed to each member at least 10 days prior to the meeting. The Board also may call special meetings of the members to consider proposed amendments to the by-laws. Such meetings are detailed in Article 11 of these by-laws. The Board shall provide an agenda for all member meetings and the President shall either run all member meetings or appoint someone to serve as moderator of such member meetings. A quorum of

51% of the Cooperative's members shall be required for such member meetings to take action on behalf of the Cooperative.

Section 3. Board of Directors' Meetings.

The Board may establish a regular meeting schedule as it deems necessary. The Board may also call special meetings with the approval of two-thirds of the board members, provided that each board member is given at least 36 hours prior notice. The Secretary shall be responsible to schedule and notify members of the date and location of all Board meetings.

Article 6. Employees of the Cooperative.

The Board shall be responsible for the hiring and oversight of all employees of the cooperative. The Board will establish a minimum of four positions, which may be filled by one or more persons at the discretion of the Board. The following are general job descriptions. Specific job descriptions shall be promulgated by the Board. The Board may require the following employees to attend the regular Board meetings.

- 1. Site Coordinator. The Site Coordinator shall be responsible for coordinating activities on the day of delivery and pickup (receiving goods from the farmers, dealing with issues of quality control of goods received, coordinating the actual pickup of good by the customers, and dealing with customer relations, suggestions and complaints of referring them to the Board). Also, the site coordinator shall communicate to the production manager exactly what items an in what quantity did go in the boxes on the day of pickup and also provide the production manager with a report on the quality of the produce received.
- 2. <u>Production Manager</u>. The Production manager shall be responsible for coordinating member production of goods sold through the cooperative (coordinating the farmers' crop bids, deciding what will be offered to the

customers each week during the season, ordering crops from the farmers each week, providing a list of crops that will comprise the boxes each week to the site coordinator, establishing prices/price adjustments for the crops, providing the bookkeeper with information to allow payment to the producers).

- 3. <u>Bookkeeper</u>. The Bookkeeper shall be responsible for maintaining all bank accounts and other financial instruments, receiving money from the customers, paying the producers, and providing a monthly accounting of all of the cooperative's funds/ accounts to the Board. The Board may seek special accounting reports from the bookkeeper if it deems necessary.
- <u>4.</u> <u>Marketer.</u> The marketer shall be responsible for the development of the customer base and marketing opportunities.

Article 7. Indemnification and Compensation.

Section 1. Board of Directors.

The Cooperative may indemnify any individual made party to any suit, action or proceeding by reason of the fact that they are or were a Director of the Cooperative, against liability incurred in the proceeding.

Section 2. Officers, Agents and Employees.

The Board of Directors may indemnify and advance expenses to any officer, employee or agent of the Cooperative who is not a Director to any extent, consistent with public policy, and specifically authorized by action of the Board.

Article 8. Equity Fund.

The Board shall establish an equity fund to provide for the smooth and continued financial operation of the cooperative on a year-round basis. The equity fund may be financed by charging members annual dues and/or fees based upon sales of goods. The

Board shall determine the amount of the equity fund each year and to set the schedule of dues and/or fees.

Article 9. Patronage Dividends.

The Board shall comply with all state and federal laws in the allocation of patronage dividends. The goal shall be to return as much money as possible to the producers and withhold enough money for the secure financial operation of the cooperative. Any commitments for long-term capitalization of the cooperative shall be approved by the membership as a whole at the annual meeting.

Article 10. Certificates for Shares.

Section 1. Certificates.

The Board shall be empowered to create Thirty (30) Certificates, each representing one share of the Cooperative. The certificates shall at a minimum, state on their face: the name of the issuing Cooperative, the name of the person to whom the share is issued and that it represents one (1) share. The certificate shall be in such a form as may be determined by the Board. Each certificate shall be signed by the President and Secretary and may be sealed with a cooperative seal.

Section 2. Recording.

The name and address of the person(s) to whom each share is issued, with the date of issue, shall be recorded on the stock book of the Cooperative. The person(s) named on the share shall be deemed by the Cooperative to be the owner of the share for all purposes.

Section 3. Restrictions on Shares.

The shares are non-transferable. If the member leaves the cooperative, they must return their stock to the Cooperative. The shares shall yield no actual dividends.

Article 11. Amendment to the By-Laws.

These by-laws may be altered or amended by a vote of two-thirds (2/3) of the members voting thereon at any annual meeting or special meeting of the members. If to be done at a special meeting of the members, any proposed amendment to these by-laws must first by submitted to the Board of Directors signed by at least 25% of the members. The Board of Directors then will schedule the special meeting and provide notice of the meeting date, location as well as the proposed amendments to all members at least ten (10) days prior to the meeting. That meeting must take place within 30 days of the proposed amendment being presented to the Board. Such a meeting must have a quorum of at least 51% of the members to make any by-law amendments effective. Members may vote by proxy on by-laws amendments if they have a serious personal conflict which prevents their attendance and their absence is excused by the Board.

Article 12. Bond.

Pursuant to RSA 301:23, each officer, employee and agent handling funds or negotiable instruments or property of or for the association shall give to the association a bond, satisfactory to the board of directors, for the faithful performance of his or her duties and obligations.

The foregoing Bylaws were duly of Local Harvest CSA Inc. on	 5
effective date of	
Date	Signature Printed name
State of NH	

Multifarm CSA is the union of two basic concepts: cooperation among growers, and commitment between growers and local customers.

The recent discourse surrounding sustainable food confirms what growers and customers involved in community-supported agriculture (CSA) have long known: local is best. As small growers take on more responsibility for feeding their communities, multifarm CSA emerges as an attractive way for growers and customers to work together to foster a healthy local economy.

The question for CSA farmers is not how do I get one started, but how do I keep it going? The amount of work and the level of responsibility to your CSA members can be tremendous. Many CSAs have dealt with that responsibility by adding more acreage and more customers to get to the point where they can have two or three full-time, year-round farmers. This book provides you with another option. You can work together with other farmers (experienced and beginners) to create a cooperative CSA. This will allow you to remain a one-family farm and in the process, build a community of farmers.

-- David Trumble, from the Foreword

FUNDING FOR THIS PUBLICATION WAS PROVIDED BY THE USDA SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION PROGRAM