



Kootenay & Boundary Food Producers' Co-op

Feasibility Study
August 2014

Upper Columbia Co-operative Council
Nelson, BC

1. EXECUTIVE SUMMARY

Project Background: History, Purpose, Vision

History: In response to the need for farmers and secondary processors in the Kootenay and Boundary regions of southeastern British Columbia to scale up production to meet an increasing demand for locally grown produce and food products, a group of local producers and food systems supporters met with the BC Co-op Association to discuss the Association's Food Hub Co-op Project.

The group was committed to exploring ways of organizing to meet the above needs, while also addressing documented challenges to building a robust regional food system. The BC Co-op Association committed to support the group by funding a feasibility study to determine the market viability and local capacity to develop a producer-driven food hub co-operative. The feasibility study has been prepared by Zoë Creighton, of the Upper Columbia Co-op Council, in collaboration with the proposed Kootenay & Boundary Food Producers' Co-op (KBFPC) steering committee.

Purpose: The KBFPC Feasibility Study explores the viability of proposed business models that develop services and infrastructure to streamline transactions between growers and customers, in an effort to fuel agricultural production and economic activity in the region.

Vision: The proposed KBFPC envisions aggregation and distribution services as the beginnings of a multi-phased development project. The proposed co-op would begin by coordinating the distribution of local produce and food products, reducing members' time spent coordinating these shipments and driving them to market, and allowing them to spend more time on production and processing. The proposed co-op will pursue a stepwise approach to engage in consumer education, product and local brand marketing, brokering labour, business development support, and establishing a storage facility for value-added processing. These supplemental projects will over time serve the broader needs of the agricultural community, food entrepreneurs and customers.

Recommendations

The main finding of this feasibility study is that there is sufficient market opportunity and, if more committed producers are involved, group capacity, to merit advancing to the next phase of the co-op's development (i.e. business planning). The revenue potential of the co-op in its first years of operations will adequately cover expenses, if the co-op collaborates with existing food-related businesses, and reduces startup costs by utilizing their assets in its distribution services.

It is recommended that the steering committee adopt a low risk, flow-through model of operations to start, and prioritise immediate recruitment of more producer members. Ensuring tangible benefits to co-op members from startup will be essential to building a strong and engaged membership, and a sustainable enterprise. Convincing future members that the proposed co-operative will be more effective at performing the hoped for services than the members can individually will also be key.

By focusing on supplying a small number of established food retail businesses with high quality produce delivered from 15- 20 local producers, the co-op can build relationships and establish systems in the first year to expand both its membership, services and customer base in subsequent years. The co-op should engage in a phased development approach to mitigate risks, and focus on communicating clear goals and benefits to potential members and customers.

It is also advised that if the co-op model is pursued for this enterprise, steering committee members must steep themselves in co-operative values and governance practices, and heed the wealth of warnings about why co-operatives fail.

Project Impacts

There could be multiple positive economic and social impacts if the KBFPC begins operations in the region.

- Farmers and processors can access larger and more reliable markets by the KBFPC aggregating and marketing their products to meet consistent supply levels
- Reduction in “off farm” time for farmers.
- Consumers will have access to an increased supply of locally produced food and food products
- Economic leakage in purchases of imported foods will be reduced, keeping more money in the local economy
- Retail outlets will rely less on imported products to meet their consumer demands
- Increase in local farm employment opportunities
- Reduction of stress on small farm operators
- Local farms become more sustainable
- More efficient distribution and lower greenhouse gas emissions
- Improvements in how restaurants and potentially institutional buyers can access local food
- Additional opportunities for crop diversification

Why a food hub co-op?

There are two principle motivations to develop a food hub co-op in the area, which are seen in the greater context of regional food security and broader climate change issues. The first is a problem, and the second is an opportunity.

The problem is that farmers in the Kootenay and Boundary regions of British Columbia face a number of challenges, not the least of which being that farming is currently not economically viable.

Individuals who wish to farm and become food producers face challenges which include scarcity and price of land; lack of a formal distribution system for local products; lack of business training focusing specifically on farming and food production; lack of storage and processing facilities; competition in price and volume from imported foods; challenging market conditions; regulations and international agreements; and the continuing loss of regional farmers and biodiversity.

The **opportunity** is that \$266 million is spent annually on food by West Kootenay residents¹, who import more than 95% of the food consumed here².

FIGURE A: UNMET DEMAND FOR LOCALLY GROWN FOOD: \$252.7 Million Leakage per year



¹ p.4, *Towards a Regional Food System Alliance Development Strategy for the West Kootenay*, 2011.

² p.125, *RDCK Agricultural Plan Background Report*, 2011.

It has been well documented in reports and research analyses referred to elsewhere in this report, that in order for this part of the province to develop resilience in their local food systems against threats of climate change, increasing cost of petroleum, farm inputs and transportation, declining aquifers, the continuing loss of regional farmers and biodiversity, and all of the challenges mentioned above, **collaboration among food stakeholders is a key next step.**

Collaboration in the form of a food hub co-op has gained traction in the last year as a way to enable farmers and food producers of the region to work with supporters to tackle these threats and challenges. The versatility of the co-op model, combined with the track record of food hub initiatives across the continent, posits this producer-driven enterprise as a promising vehicle to address the region's need to produce more food locally, for local consumption. This scaling up of local producers will aid in reducing this leakage of 95% of local food consumption dollars, while making food production more economically viable, and benefitting both producers and the communities in which they live.