

**COVER PAGE  
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**Signature**

**Thomas Quinn Executive Director,**

**January 12, 2012**

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**Form A - Response required for Owner/Operator Candidates.**

**Please explain your interest and qualifications for the criteria below:**

- 1. Support the purpose and goals of the Dane County fresh market packinghouse project.**

This proposal is submitted by a partnership of Wisconsin Farmers Union and a number of local growers (list attached) from Dane County and surrounding counties. These partners have committed their support to the development of a cooperative business model, or a model that includes cooperative elements, for operation of a produce packinghouse in Dane County. The participants share a strong commitment to the goals of the packinghouse project and to the development of the local food system as a key economic development strategy for Dane County and the surrounding area. The packinghouse will provide an essential infrastructure base in the county that can support the development of a large scale and mutually supportive local food-related business sector. This sector will create jobs directly on local farms and within the packinghouse operations, and will provide a key resource to allow farms and businesses within this sector to reach a more efficient and sustainable scale of operation.

The project will build on the already strong base of local farm and food enterprises in the county – including work to initiate the Institutional Food Marketing Coalition. The packinghouse will further enhance the already strong identity of local foods within local and regional markets.

**2. Seek community and business partnerships that serve the long-term interests of Dane County, and the WI local food brand.**

The project partners have already taken significant initial steps to identify community partnerships and will continue to expand this effort. The partners recognize that the packinghouse project offers a unique opportunity to develop a mutually supportive business value chain in the Dane County area. We envision the packinghouse as a core business within a cluster development model that will create multiple partnership opportunities for local businesses and farms. Local food system development offers a unique format to foster cluster development strategies that link multiple partners that provide production inputs and services. We believe that the cooperative ownership structure and business strategy of the packinghouse should be designed to encourage opportunities for partnerships with local business and economic development initiatives. This will likely include exploring development of innovative models for financing, access to land and machinery, use of alternative energy systems, and connections to educational and community development programs. These efforts will incorporate direct partnerships with local government, financial institutions, social investors, support businesses, and wholesale consumers. Some of these potential partnerships will be on a modest scale (e.g. a part-time employment program on farms for high school youth) and some could be more complex in scale (e.g. a social and /or private investment fund to support expansion by both growers and ancillary private and cooperative enterprises).

**3. Work with Dane County and interested communities to locate the facility in Dane County.**

The partnership is committed to working with Dane County Economic Development Department staff and local communities to identify and establish a location within the county. The facility location will need to meet clear logistical and economic criteria, but it will also be important as a physical landmark that has a visible presence in a local community.

**4. Have 5 or more years of experience owning or operating a fresh market produce packing facility.**

While the partners do not have direct experience in operating a joint packinghouse facility, a number of the grower partners do have direct experience in operating on-farm packing facilities to serve their own businesses and are familiar with basic operating, storage, regulatory and distribution logistics. We recognize that the business planning process will need to focus on specific operational needs and that identifying an experienced operator and management team will be essential to the success of the packinghouse.

**5. Ability to network with all partners to establish a long-term environment of success.**

The partnership has secured a commitment of technical assistance from several key resource providers, including staff from USDA-Rural Development and the UW Center for Cooperatives. This initial network has met several times to discuss ways to coordinate services and support in the business development process. These initial discussions also provided the framework for a January 3 planning meeting that invited a broader group of partners, along with a group of interested growers, to discuss strategies for development of this RFI response proposal and to discuss resources to assist with the planning and operational development of the project. The project partners will maintain an ongoing connection with the Dane County Economic Development staff in developing and completing the project work plan and in further development of the business and ancillary projects. The partners convened a general planning meeting on January 3, 2012 that engaged over 25 growers and 20 business and economic development partners in a discussion and commitment to collaborate in project development.

**6. Provide a mechanism in which growers can also share in the profits of the business. For example, growers receiving a percentage based on the amount of product growers supply.**

The partners are committed to developing a business model that provides growers with access to a fair share of the business profits and asset accumulation. This model will likely include elements of a cooperative structure, either within a production cooperative, a cooperative ownership model for packinghouse ownership and operation, or utilizing a combination of both. Partners are open to exploring innovative options for engaging grower and community participation. The January 3 planning meeting provided a set of options for incorporating a grower ownership and profit sharing stake in the business. For discussion purposes, the meeting presented three broad options that included complete ownership by a grower cooperative, cooperative ownership of the packinghouse business with direct contracts to growers, and development of a grower production cooperative that could contract with a privately operated packinghouse business. Within these options there are a number of variations that can meet the goal of grower participation in profits generated by the business. All of these options can be explored during the formal business plan development.

**7. Have a strong commitment to attaining a fair price for growers.**

Providing a fair price and stable market for growers is the core shared business value of the partnership.

**8. Have knowledge of product branding and the ability to promote WI local brand and develop niche markets.**

There is a broad understanding of and experience with branding and marketing elements within the growers and the project resource partners. Most of the participating growers have significant experience in developing a market identity for their own farms and in identifying premium niche markets for their products. Resource partner staff have collaborated in organizing and sponsoring a number of regional local foods initiatives and regional local foods conferences around the state, and assisted in development of branding and marketing elements in various project business plans.

The packinghouse business, of course, will require a much more defined and focused branding and marketing strategy. The business planning process will have a strong emphasis on identifying the priority aspects of this strategy. It will be important to understand the unique challenges and opportunities for branding on both a regional and wholesale level. Building product and business awareness within niche markets will be essential, as will a strategy to integrate individual farm identity within a broader regional and cooperative business identity. The engagement of growers in the marketing and branding campaign will be essential. The project will contract for professional assistance in securing needed marketing and branding expertise.

**9. Knowledge of developing a Food Safety Plan and how to promote it as a marketing tool.**

A number of growers have direct experience in developing and using Food Safety Plans. Wisconsin Farmers Union staff have assisted DATCP's Buy Local program in organizing several regional grower training sessions that included food safety protocols. Again, this element will be a major aspect of business operations for the packinghouse. Wholesale buyers, and especially institutional buyers, will need to have well documented assurance that all elements of the packinghouse production, processing, and distribution system meet the highest food safety standards. The project will obtain professional support in developing plans for use in the operation of the packinghouse and for on-farm use by growers. The business model will include a plan for providing ongoing training to growers and a methodology for monitoring compliance.

**10. Extensive knowledge of wholesale produce markets, marketing and marketing channels.**

The project will contract for professional support in developing this element. It should be noted, however, that a number of the grower partners already have experience selling products wholesale to produce markets, specialty distributors, and institutional buyers. Farmers Union staff have provided business development assistance to several regional wholesale distribution cooperatives in Wisconsin (Six Rivers Co-op markets to restaurants in the Twin Cities and West Wind Cooperative markets to local institutions and a buying club market in NW Wisconsin). Members of the core technical assistance team (USDA-Rural Development & UW Center for Cooperatives) have provided direct support to development of the Fifth Season Co-op in Viroqua, which is serving primarily institutional markets, along with other food system marketing and distribution businesses.

Again, the partners understand the need to secure management expertise that has a strong base of successful experience in wholesale marketing and distribution.

**11. Access to a large number of buyers.**

The project will utilize the existing database of producers and marketing options that was developed during the Southern WI Food Hub Feasibility Study process. The feasibility study identified a broad range of interested buyers and recommended a plan to develop a core of niche buyers that are able to provide premium prices for reliable and efficient delivery of high quality produce. During the business planning process, a plan for developing a core group of buyers will be refined and business management will need to include a staff commitment to developing and expanding marketing agreements with these buyers.

**12. Be willing to work with growers on contract and not on contract.**

The partnership expects to propose a business plan that utilizes resources from both contract and non-contract growers, as is most advantageous to maintaining and expanding markets and increasing profitability. We expect that market demand, for at least some products and during some seasons, will exceed the capacity of cooperative members and contract growers. Non-contract growers will have secondary access to markets and will be primarily used to meet expanded market opportunities that are not yet able to be met by contract/member growers. The project will also explore providing packing and distribution services to growers on a commission basis if this will increase efficiency, reduce operating costs, and build profitability during the early years.

**13. Use and innovate technology and social media to promote WI grown local produce.**

The partnership will utilize professional support to identify and implement an integrated strategy to utilize innovative technology and social media. This will include both promotion of products and building direct awareness of growers and their farms. The project will contract for technical support in developing a social media strategy and for training and engaging growers and buyers in participation and support. The partnership will also employ the latest technology to manage packinghouse operations and create a traceability system that complies with food safety protocols.

**14. Extensive knowledge of wholesale distribution and networks.**

Project partners do have some significant experience in this area, but the partners recognize the essential need to secure professional assistance in developing and incorporating this knowledge into business operations. The project will identify and hire management staff and consultants that have extensive and successful direct experience in these areas. This may include contracting for some operational services or partnering with an experienced private operator when appropriate.

**15. Provide a brief outline of your vision for the packinghouse for years 1-3 including potential markets, grower engagement, product and proposed business structure. You may use additional space if necessary.**

**Year One**

Strategic Focus: Establish a business structure that includes elements of cooperative ownership by growers. Develop and implement a business plan that provides a scalable level of operation to successfully meet expectations of a core group of growers and buyers.

- Organize grower group in determining appropriate level and role of cooperative engagement, support participation by growers in business planning during initial year.
- Establish formal business planning committee and complete research and development of a 3-year business plan, including proposed business structure and plans for private business contracting or engagement in packinghouse operation. This committee will continue to function in advisory capacity during Year One.
- Identify Year One operational goals. For example, establish a plan to contract, process, and market a limited set of products to core buyers.
- Identify operational needs to meet Year One goals. These might include but are not limited to:
  - Identifying and securing contracts with growers that have the capacity to increase production and experience in addressing food safety regulations.
  - Identifying facility and equipment options.
  - Hiring initial staff for management and marketing needs.
  - Securing contracts for services not provided internally.
  - Securing financing to support Year One start-up operations and developing access to financing for longer-term operation and expansion.
  - Initiating a branding and marketing program.

**Year Two**

Strategic Focus: Expand production and marketing by number of growers, products, and buyers; volume of sales; and extended seasonality. Secure adequate facility and operational capacity. Implement full branding and marketing plan.

- Engage growers in planning for expanded production and contracts.
- Secure expanded contracts with a diverse set of buyers.
- Secure and develop permanent facility site, if not secured in Year One.
- Implement full market development and branding plan.
- Initiate technical assistance plan for growers in meeting food safety protocols and providing mutual assistance and training in production, season extension, equipment access, and financing. Explore using successful mutual assistance models adopted by grazing networks.
- Develop partnerships with ancillary businesses to provide services to support packinghouse and grower expansion and operations.
- Achieve a business scale that demonstrates sustained profitability. Monitor and demonstrate economic impact of business activities on growers and local foods sector.

**Year Three**

Strategic Focus: Continue expansion of growers, buyers, products, and seasonal availability. Establish program to provide technical assistance options to support grower expansion. Expand marketing and branding program and include branded processed products.

- Continue to support grower capacity for production and engagement in cooperative management decisions. Initiate planning for establishing new mutual assistance initiatives.

- Expand marketing and distribution capacity. Develop additional market reach (e.g. Chicago).
- Demonstrate sustained profitability.
- Research and initiate a pilot program to provide a limited number of high-quality branded processed products to wholesale markets utilizing products that are both minimally processed (cut, cleaned, and packaged) as well as fully processed and cooked items. Explore potential for both internal processing and use of contracted co-packing by business partners in the area.
- Initiate development of innovative community financing and investment option to assist growers with access to financing for expansion and season extension facilities.
- Expand program of product and business branding.

## **Form B - Response required for Partner Candidates**

Provide a response that states the nature of your partnership interest and the opportunity you present, as well as the qualifications you have to successfully fulfill this partnership/collaboration.

### **Wisconsin Farmers Union**

Wisconsin Farmers Union is interested in providing several areas of support for the Packinghouse project. First, we are partnering with a group of growers to request consideration in development of a cooperative business model for operating the business. In this role, we will provide organizational and financial support in developing and implementing a business model that includes options for cooperative ownership and participation. Within this framework, or within another framework should the Dane County choose to move forward with another option, Wisconsin Farmers Union is open to considering a variety of options for partnership support of the project.

Wisconsin Farmers Union is a statewide, membership driven organization with the mission of supporting the interests of family farms and rural communities. We are organized as a cooperative, and focus on three areas of program activity: state and federal policy development, education (including youth), and cooperative enterprise. Farmers Union has had an historic role in the development of rural cooperatives in Wisconsin. For example, in early years our local chapters were directly engaged in organizing of local Farmers Union Central Exchange supply co-ops around the state. These co-ops later consolidated as Cenex Cooperative, and over the years the connection to the Farmers Union organization has become less direct.

We currently are actively engaged as a ¼ ownership partner (along with state chapters in MN, ND and SD) in Farmers Union Industries (FUI). This LLC partnership operates several successful regional businesses in areas of feed by-products, bio-diesel, pet foods and specialty farm equipment. Farmers Union Enterprises is actively looking for investment opportunities in farm-related businesses in rural Wisconsin, and may be a source of an ownership or partnership investment for the Packinghouse project.

In addition, the Wisconsin Farmers Union board has made a commitment to re-establishing a cooperative development program for our local members and communities. We will be allocating significant investment capacity to support innovative cooperative development models with a focus on supporting the development of core infrastructure to support local food systems, alternative energy cooperatives, and community-based financing models. Our initial step in this direction was a modest \$50,000 investment in preferred stock and grant funding to the 5<sup>th</sup> Season cooperative in Viroqua.

The Wisconsin Farmers Union board has a strong interest in seeing the Packinghouse project succeed, and we are open to consideration of a variety of roles. We understand the need to develop new models for cooperative business development, including partnerships with private business, and would be interested in being part of discussions on how this project can move forward. We are currently partnering with the UW-Center for Cooperatives on a grant to research cooperative development options. We would be able to re-direct these resources over the next six months to help explore cooperative options for the Packinghouse project.

Tom Quinn

Executive Director

Grower List Attached