

## CO-OP CONNECTION

### Spring Validates Board's Decision

By Tom Boland, President & CEO



I was raised in a small house with many people in it. Tied for the middle (I'm a twin) of 12 kids, we spent many of our waking hours outdoors — even in the frigid Minnesota winters. Our inside time was filled with board games and books. Both parents read a lot, and my father was an

educator. TV was kept to a minimum.

One of my favorites was chess, a game of strategy and long-term planning. From chess, I learned a concept that I've carried through an economics degree and into my working career — the idea of “opportunity cost.” In chess, I might give up a bishop to better position my knight and place my opponent's king in check.

In life, when I spend money on one thing, I can't spend it on another. When my kids do one activity, it may mean they can't do another. An opportunity cost of playing baseball might be that we can't run track. Or, as a family, we can't go camping because there is a baseball tournament that weekend.

The usefulness of opportunity cost is it enhances our focus on what's important. A young athlete and a growing family have to choose what's important and give their precious time to it. It's good to be forced to confront how we spend our limited resources.

Skagit Farmers Supply (SFS) is confronted with various opportunities. The board and management must consider the benefits of each opportunity and what the trade-offs (the opportunity costs) might be.

For example, in 2017, SFS made the decision to rebuild its agronomy plant in Burlington. The tired facility needed a major reinvestment, and our commitment to local agriculture helped us make that decision. At the same time, we would have liked to purchase the land and facility of our Stanwood business. For a variety of reasons, we could not do both. So, one of the opportunity costs of building a new fertilizer plant was forgoing the opportunity in Stanwood.

#### Burlington plant proves its worth

The new agronomy plant had the capacity to store dry fertilizer when we needed it and to enhance our ability to blend loads in season. We also automated the bagging line, which sped up the process and reduced the need for hand labor. In subsequent years, we've added more liquid fertilizer storage to the plant. Now, we can bring product in by either rail or truck, depending on the price.

The long-term strategy your board and management adopted in 2017 has benefited our owners in many ways. These benefits were made quite clear this spring as commodity prices rose, supply was scarce, and freight fell behind. Having the fertilizers our growers needed in season was of paramount importance. Thanks to the decision made by the board four years ago and the planning done by our agronomy staff prior to the current season, our inventory was adequate. Through May we moved more dry fertilizer than ever before. The new plant also allowed us to support the new business in Lynden and to keep on pace with our increasing fertilizer sales in Hawaii.

This spring, we also increased our fertilizer sales at our Country Store in Colville and through AFCO into northern Idaho, as the closure of a CHS fertilizer plant in Post Falls caused a disruption in that market. We were able to support those farmers even as our grower-owners planted the same amount of corn in Skagit and Snohomish Counties as they have in the past four years. Our fertilizer spreaders and sprayers kept pace with the demand.

The incredible story of agriculture in our country is told again each spring — one field at a time — with the support of suppliers and vendors who, like SFS, have engaged in considerable planning.

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Burlington plant employee Thomas Hickie operates a loader to send fertilizer up the blending tower prior to being spread on a farm field this spring.

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### Now it's Stanwood's turn

It's been four springs since our investment on Avon Allen Road resulted in a new agronomy plant. Thankfully, the opportunity to purchase the land and building in Stanwood is still here. Your board and management recognized that opportunity, assessed its cost, and completed the purchase late this winter.

As a result, SFS will be able to invest in our busiest Country Store in the way we'd like to. More on that investment in future newsletters. Of course, this also means there are other opportunities we'll pass on for the time being.

The strategy sessions preceding your board's decisions help us focus on the most important things we need to think about now — as well as prioritizing for the future.

We are creatures with imperfect discernment. Not all of our decisions will be the right ones. But it is always nice when your board and management, our employees and you, our grower members, glimpse the good fruits of previous years' decisions. During the hectic spring of 2021, when labor was at a premium, freight was delayed, and the supply chain was disrupted, our decision to build the Burlington plant proved to be the right one.

Your cooperative's mission continues: To preserve and enhance viability of the local agriculture economy. We wish you a healthy and happy summer! 🌱





# Port Congestion Impacts Our Export Business

By Tiffany Towne, LMF Brand Manager



If you've waited recently for something to be shipped, you may have noticed a delay in its arrival. That delay could be anywhere from a few days to a few weeks. Most of these delays are attributed to issues happening off the West Coast. There's a bottleneck of goods on container ships waiting to enter the U.S.

Currently, imports to the U.S. from China are three times greater than exports. According to experts, this situation has been brewing for a long time, but the rush of online shopping caused by the pandemic has finally brought it to a head. These extra e-commerce sales (with most goods coming from China) are causing a major backlog of ships waiting to unload at West Coast ports and a shortage of empty containers in China.

The impacts of the shipping crisis are far reaching and include goods of all types, from steel and building supplies to technology and computer chips. Another item that can be added to this list is horse feed. Currently a portion of our LMF branded horse feed for export is toll milled in Modesto, California and ships out of the ports of Southern California. Containers of LMF feed have been right in the middle of the traffic jam happening off the West Coast.

Delays of five-to-six weeks are now common and even expected for our product heading to feed racehorses in Hong Kong, Japan and China. This has thrown a curveball into sales numbers for 2021, with no relief in sight.

AFCO Milling and Distribution, owned by SFS, has worked with customers and shippers to develop a plan to manufacture and ship as much product as possible. Clear communication with customers about having safety stock on hand and being realistic about arrival times and delays have been critical in this now-standard way of operating which is projected to last at least the rest of the year.

## In-person events gain traction

Better news is available stateside, with some of the COVID-19 restrictions starting to ease. This is an exciting development for our domestic business.

LMF was able to have a booth at the Idaho Horse Expo in early April and sales representative Richard Premo was happy to speak face-to-face once again with customers and horse owners. Sales representative Katie Uetz hosted a "treat bar" for horses (with carrots, peppermints and Whinny Kisses) at

her outdoor booth at Devonwood's Heart of the Valley Show in Sherwood, Ore.

More in-person events including horse shows, clinics and expos across the U.S. are scheduled throughout the summer. While many of these events may look a little different, with social distancing and mask requirements in place, we know that any opportunity to talk to customers, explain our products and answer questions face-to-face is a key driver of continued and new business.

*LMF Feeds, Inc. is a horse feed brand wholly owned by Skagit Farmers Supply and manufactured by AFCO Milling and Distribution in Washington and Farmer's Warehouse in California. LMF is distributed to farm stores in the Western U.S. and to training farms and racecourses internationally. Sales of LMF products contribute directly to the bottom line of SFS.* ▲▲



A 2021 Idaho Horse Expo booth from April 2021 in Caldwell, Idaho. Sales representative Richard Premo was happy to speak face-to-face once again with customers and horse owners.



Mike Shriver, of Rents Due Ranch in Stanwood, in one of his bedding plant greenhouses.

## GROWER SPOTLIGHT: RENTS DUE RANCH MARKS 42 YEARS OF ORGANIC FARMING

By Brianna Hackler, Graphic & Multimedia Specialist

Mike Shriver perfectly exemplifies the saying “When you have a job you love, you’ll never work a day in your life.”

“Instead, you just work 24/7,” he says with a laugh.

Mike owns and runs Rents Due Ranch, an organic bedding plant nursery and vegetable farm in Stanwood, Washington. Since opening the business in 1979, Mike says the operations have become part of everyday life not only for him, but for his whole family.

His four children grew up attending farmers markets in Seattle, where they would sell the organic produce. For 25 years, Mike and his children spent Saturdays selling at these major markets, which Mike says gave them a great education. They learned about communicating with the public, financing and work ethic. They may no longer be involved in farming, but Mike said the skills his children learned had lifelong benefits.

“It really fit our program, our life,” Mike states. “Consequently, I’ve never had a job. On the other hand, I have a monster job.”

### Bedding plants and vegetable starts added

Rents Due Ranch started in 1979 as “an ambitious” 100' x 100' garden plot. Mike was looking for a way to feed his family and start making some money on the side by selling produce at farmers markets. For many years, the size of his garden plot doubled each year as demand for fresh, organic, locally grown produce increased. Eventually, Mike stopped working other jobs and dedicated himself full-time to farming.

“In the early days, I didn’t know jack,” Mike admits with a laugh. “I just figured it out myself.” He adds, “I learned the hard way.”

Now, Rents Due Ranch grows and sells bedding plants, herb and vegetable starts, and produce throughout Northwest Washington. The ranch has more than 60 acres in Stanwood, as well as several greenhouses. Everything is organic and has been from the farm’s inception, according to Mike. His biggest customers are community co-ops in Seattle and farmers markets, until they stopped during the pandemic last spring. He also sells to the Stanwood Country Store of SFS. *NOTE: Rents Due Ranch buys organic seed, fertilizer and pesticides from SFS, as well as using our organic fertilizer.*

### Pandemic demand continues

Mike has seen demand soar during the COVID-19 pandemic. While other businesses were shutting their doors last spring due to a stay-at-home order and reduced demand, Rents Due Ranch had to turn off its phone because the staff couldn’t fill all the orders.

People were eating at home more, and grocery stores suffered from panic buying and supply chain disruptions. Customers who normally bought produce from Mike at farmers markets started trying to contact him directly to get fresh produce.

“People started showing up in the driveway looking for food,” he says. “I’m not kidding. People were coming here trying to start group buys and all these different scenarios. It was really irrational.”

Due to the stay-at-home order, the team at Rents Due Ranch



also saw an increased demand in bedding plants and vegetable starts as well. Instead of traveling or doing social activities last summer, people began working on home improvement projects, such as landscaping or starting their first garden. Additionally, people started to pay more attention to where their food came from. At the grocery store, they purchased local, fresh produce and often chose the organic options.

High demand continued into 2021. The half-dozen greenhouses on the farm have been filled and emptied at least six times since March, due to continued demand for produce and gardening supplies. Rents Due Ranch has box trucks on the road every day, delivering vegetable starts to stores and nurseries. While he says he's pessimistic by nature and doesn't know if the demand will stay high, Mike is hopeful that the experience of gardening at home will help people appreciate the ability to grow their own food.

"Ideally, I'd like to see people try to help feed themselves," he declares. "The gardening thing is really big, bigger than I've ever seen it."

### Labor and retirement Mike's mind

Right now, the farm's biggest challenge is finding steady help. Like much of the country, Rents Due Ranch is having difficulty hiring employees to assist with increased demand. During the past year, Mike had eight to 10 steady employees — one of whom has worked for the ranch for more than 20 years. To keep up demand, however, Mike says he'll have to hire more people.

Besides that, Mike is getting ready to retire and wants to find the right person or group to take over Rents Due Ranch. He says he's had several inquiries, but nothing has panned out so far.

Over the years, Mike has seen the farming industry evolve. He started the ranch to sell fresh produce. He later introduced the bedding plant side of the business to keep employees working full time. However, he has seen the bedding plant business become an entity of its own, overtaking the fresh produce farm in sales and popularity.

He's also seen different aspects of the produce farm go in and out of style. Several years ago, the ranch was growing and selling 25,000 heads of lettuce per week. Now, with the invention of bagged lettuce and salad kits, the need for lettuce has drastically declined. Instead, Rents Due Ranch has shifted to selling other vegetables, such as squashes, celery, broccoli and cauliflower.

"Anything you see in the grocery store produce section, we've tried," Mike states. "The ones that stuck, we stayed with." 🌱



Employees plant seeds for vegetable starts.



Bedding plant greenhouse.



Vegetables being prepped to transfer to the field for growing.



# CO-OP SPOTLIGHT: WILCO IS FOCUSED ON KEEPING AG VIABLE

*Note to Readers: Cooperatives such as Skagit Farmers Supply (SFS) continue to grow, innovate and thrive. This new feature will shine a light on fellow ag supply co-ops in the PNW. In many cases, SFS shares information with, learns from and does business with these cooperatives.*

A sister cooperative to the south, Wilco's roots date back to the 1930s. The company was officially formed in 1967 when five cooperatives in Oregon's Willamette Valley joined together. Wilco is short for Willamette Consolidated.

Back then, the co-op offered its members agronomy services, farm store supplies, bulk fuels and other ag-services — all in one location. Since then, Wilco has divided its services into four distinct business units that are typically in separate locations.

1. Wilco is part of the Valley Agronomics Joint Venture serving farmers in Idaho, Oregon, Washington and Utah.
2. Wilco's energy division provides bulk propane and fuels in Oregon's Willamette Valley.
3. Hazelnut Growers of Oregon (HGO) provides processing and marketing of hazelnuts throughout the world.
4. The fastest-growing business unit is Wilco's Retail Farm Stores located in Oregon, Washington and, most recently, California.

While the businesses have evolved substantially over the years, being farmer-owned has always been at the cooperative's core. Its mission is to remain a cooperative committed to strengthening agriculture and rural lifestyles.



Glenn Gosche, who farms hops, small grains and wine grapes, is the chairman for Wilco's 12-member board of directors, which represents different districts and a diversity of farm operations, including grass seed, sweet corn, green beans, organic crops, vegetable seeds, hazelnuts, hops, wine grapes, cattle, mint, timber and more.

"Our board and 3,000 farmer-owners are committed to staying financially strong and growing a business foundation that can serve members and customers for generations to come," says Sam Bugarsky, Wilco's president and CEO.

Based on board direction, the co-op's profits and a member's percentage of business, the co-op pays out 40% patronage in cash every May. Every April, Wilco retires the 60% equity it retained 10 years prior. This spring, Wilco sent out \$1.5 million in cash patronage from 2020 business and another \$1 million from business done in 2011.

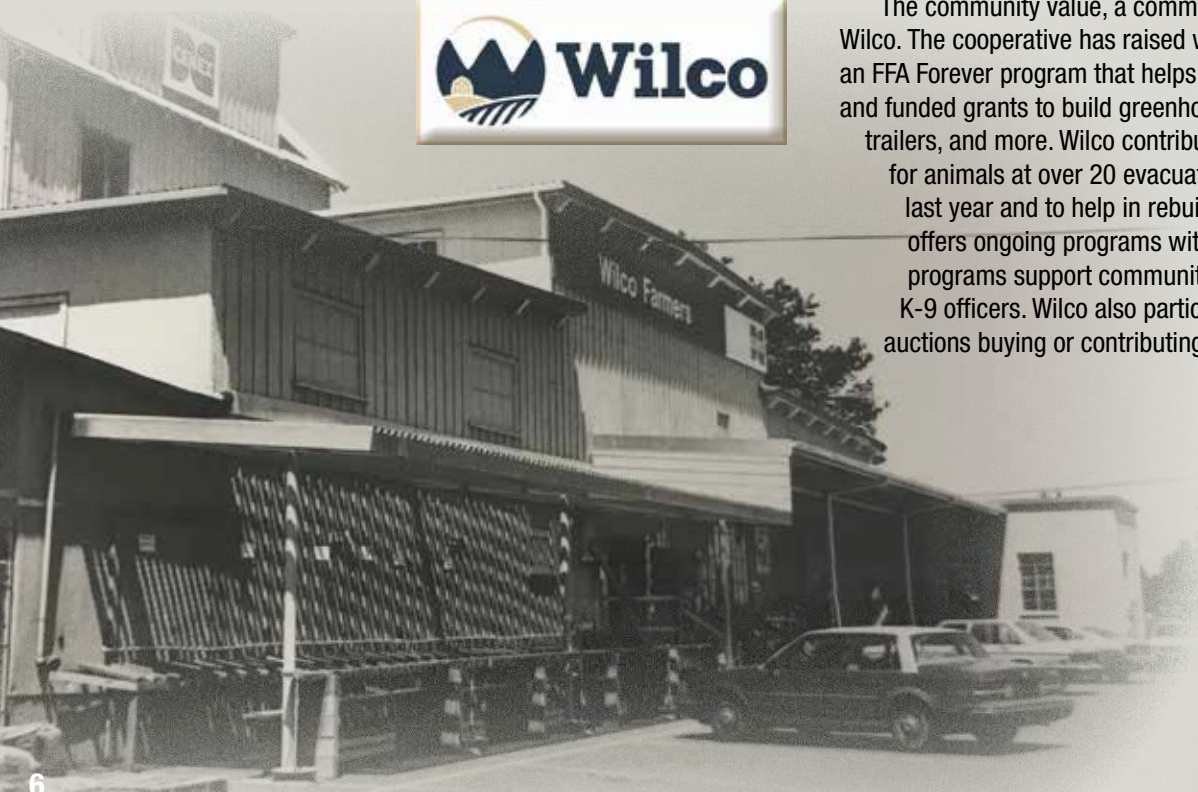
## Core values drive success

Wilco's success is driven by a values-focused team of employees that just crested 1,000. At a recent leadership conference, Chairman Gosche stated, "Wilco is nothing without our team; we have great employees who create a culture we want to nourish and protect."

This team effort resulted in the co-op receiving the Oregon and Southwest Washington Top Workplace award for nine consecutive years and two different CEO Leadership awards: one to retired CEO Doug Hoffman and one last year to current CEO Sam Bugarsky. Wilco's core values include Integrity, Respect, Excellence, Accountability, Community and Teamwork.

The community value, a common co-op theme, is a focus at Wilco. The cooperative has raised well over \$1 million through an FFA Forever program that helps maintain ag program support and funded grants to build greenhouses, livestock facilities, stock trailers, and more. Wilco contributed over \$100,000 to help care for animals at over 20 evacuation sites during the wildfires last year and to help in rebuilding efforts. The cooperative offers ongoing programs within their communities. These programs support community gardens and free dog food for K-9 officers. Wilco also participates in over 20 junior livestock auctions buying or contributing to over 100 animals each year.

In the 1970s, Wilco had only one Farm Store: Stayton, Oregon, pictured above. Today, Stayton is one of 23 Wilco Farm Stores that account for much of the cooperative's success. In 2020, online sales at farmstore.com exceeded 5% of total Farm Store sales.



“Our success is partially driven by our owners and team’s strong support within our communities,” says CEO Bugarsky. “Customers, employees, owners and our vendor-partners have combined to make a difference.”

## Online spurs Farm Store growth

The rapid growth of Wilco’s Farm Stores continues to be a cornerstone for the cooperative’s success with huge increases in online sales at [farmstore.com](http://farmstore.com) that exceeded 5% of total store sales in 2020, several years ahead of planned online sales growth. At 80%+ sales, the Wilco Family Rewards loyalty program has strong participation. The program provides valuable marketing insights, so customers receive messaging within areas they care about. This information also helps select the right new location sites to achieve a strategic plan opening of one to three new stores each year.

One challenge to the fast growth of the Farm Stores is the lessening percentage of cooperative member sales. Non-member sales are now over 70% of Wilco’s total sales. This is one reason Wilco merged with HGO, a producer-marketing cooperative, in late 2016. HGO brings a high percentage of member business and offers further business differentiation while directly relating to Wilco’s purpose: “To Strengthen Agriculture and Rural Lifestyles.”

Wilco’s 26% ownership in the Valley Agronomics LLC continues to benefit growers with more resources and better purchasing power from partners Valley Wide Cooperative in Idaho (54% ownership) and Winfield United, the agronomy division of Land O’Lakes (20% ownership).


Wilco’s former agronomy assets were leased to Valley Agronomics when the joint venture formed and now make up the Western Region of Valley Ag. Western Region Manager Dennis Roth and nearly all former Wilco agronomy employees continue to serve the unique needs of the very diverse farmers in Oregon and Western Washington. Wilco retains their agronomy equity from Land O’Lakes, receives annual patronage benefits from the regions portion of purchases, and includes those in their patronage distribution to member growers each year.

## Area co-ops work together

Wilco’s energy business consists of five tank wagon refined fuel routes and two semi transports serving the needs of members and others in the region. It also has a bulk lubricant route and it added bulk propane services in 2018 to round out offerings, mostly in Oregon.

“We are very grateful for the help we received from area cooperatives Skagit Farmers Supply and Valley Wide Cooperative when we started up the propane business. It really underlines that farmer-owned cooperatives are a system built to benefit farmers, not just independent and competing supply businesses,” Bugarsky emphasizes.

“There is a lot for members, fellow co-ops and all customers to be proud of in our past, and a bright future for Wilco,” Bugarsky concludes. “The successful addition of propane, record hazelnut harvests ahead, growth and on-farm help by Valley Ag, and tremendous farm store and online sales growth are signs we have the opportunity to strengthen agriculture and further the co-op’s mission for future generations.”

To learn more about Wilco, visit [wilco.coop](http://wilco.coop), or directly visit each business at [farmstore.com](http://farmstore.com), [hazelnut.com](http://hazelnut.com), [valleyag.com](http://valleyag.com) or [wilcofuels.com](http://wilcofuels.com). 



Wilco added bulk propane services in 2018. “We are very grateful for the help we received from area cooperatives Skagit Farmers Supply and Valley Wide Cooperative when we started up the propane business,” says Wilco CEO Sam Bugarsky.



Wilco Farm Stores purchase pet food, supplies and feed from AFCO and sell it to their customers. Wilco is the largest single account of AFCO Milling and Distribution of Spokane, Wash. AFCO is wholly owned by Skagit Farmers Supply.



Wilco leased its agronomy assets to Valley Agronomics LLC in 2006 and now co-owns 26% of the joint venture with Valley Wide Cooperative of Idaho owning 54% and Winfield United (the agronomy division of Land O’Lakes) owning 20%.





Left to right: SFS agronomy interns Mason Rutgers, Jessica Funderburke, Khalil Al-Wazan, Marina de la Cruz and Jon Jarvis.

## INTERNSHIP BASED ON INTERESTS, CAREER GOALS

By Brianna Hackler, Graphic & Multimedia Specialist

Skagit Farmers Supply (SFS) is excited to welcome four people to its agronomy internship program this spring. Mason Rutgers, Jessica Funderburke and Marina de la Cruz are all first-time interns, Khalil Al-Wazan is returning for his second summer with the program. All four started during May and will stay with the co-op until the fall. Our customers will probably see these interns at all our agronomy locations and out in the field as they shadow our agronomists, take soil and field samples, make deliveries and blend fertilizers.

This is the third year SFS has hosted its agronomy internship program, and the program continues to grow each year. Applicants can be in any level of secondary education, from a freshman in college through graduate school. They must be pursuing a degree in agriculture.

Throughout the growing season, interns in this paid program gain hands-on experience with more than 20 crops, as well as learning opportunities such as delivering

products, soil and tissues sampling, weed scouting, formulating dry and liquid fertilizer blends, mapping customer fields, managing records, assisting with custom planting and fertilizer application, assisting with customer events and more. Interns also have the opportunity to obtain industry licenses, such as the Washington State Pesticide Applicator License.

Jon Jarvis, SFS agronomist, said one of the best parts of the internship program is the flexibility it allows for both co-op members and interns.

“Our members are our owners, so the nice thing with this program is that it caters to both members and interns,” states Jon, who took over stewardship of the internship program this year. “We base what the interns learn off what their interests and career goals are.”

With co-op customers involved in all aspects of agriculture, from nurseries and greenhouse farming to conventional and organic farms, the interns can find areas of

agronomy they really enjoy, says Jon.

One of the 2021 interns, Marina de la Cruz, says that flexibility and the diversity of the co-op’s producers is the reason she chose to apply to the SFS program.

“I’m really hoping to widen my perspective on job opportunities in the agricultural field, and I think this internship is a great way to do that,” she says. “I think it’s really cool that they supply so many different types of farmers, and I get to learn about so many different things.”

Jon says the program is important because it helps introduce the next generation to farming.

“We’re trying to get new people involved in farming who are excited about farming and about the new technologies that are out there,” he remarks. “We’ve got a goal to feed the world and a growing population, and we need as many farmers as we can with diverse backgrounds to do that.”





## MEET SFS'S 2021 INTERNS:



### Mason Rutgers

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Mason is an agronomy major from Lynden, Wash. He'll spend most of his internship at the Lynden agronomy location. Mason will be a sophomore at University of Nebraska-Lincoln this fall. He hopes to spend the summer learning about different fertilizer blends and what each is used for. He also wants to understand terminology, common requirements and how to diagnose fields.

Mason hopes to pursue a career in a field relating to soil fertility. Some of his interests include soil science and conservation.

When not working, he enjoys hanging out with friends, traveling, and spending time in the mountains or at the beach.



### Marina de la Cruz

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Marina is from Lake Stevens, Wash. She's entering her final year at Washington State University's Everett Campus this fall. She will primarily be located at the Conway agronomy plant, working on a variety of jobs such as deliveries and blending fertilizer.

Marina says she's hoping this internship will help widen her perspective on job opportunities in the agricultural field. She said she's excited to work for SFS, as the co-op serves a wide variety of producers and farmers, giving her lots of experience across different sectors.

Marina is studying organic and sustainable agriculture. She hopes the internship will help narrow down what she wants to do after graduation.

When not working, Marina enjoys hiking and gardening.



### Jessica Funderburke

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Jessica is a native of Stanwood, Wash. She graduated this spring from Tarleton State University in Stephenville, Texas, where she earned a degree in agricultural studies.

Jessica will be working mainly at the Burlington agronomy location, shadowing the agronomists and helping with a variety of jobs throughout the summer. She hopes the SFS internship will help her explore different careers in the agricultural field. She says she is excited for the experience the internship will provide, giving her a strong foundation of hands-on experience to make her next career moves.

When not working, Jessica likes to be out on her boat, fishing for sturgeon.



### Khalil Al-Wazan

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Khalil is returning for his second summer agronomy internship with SFS. He grew up in Arlington, Wash., and will return to Washington State University in the fall for his final year. He's pursuing a degree in landscape, nursery and greenhouse management.


Khalil said he was excited by the variety of what he learned last year and hopes to continue to round out his hands-on education. While he didn't grow up in agriculture, he said working for SFS last summer helped open his eyes to everything the agricultural industry entails. It also helped him learn a lot in a short time about topics like fertilizer blending, the applications of field and soil samples, and how to make field recommendations.

In the future, Khalil hopes to operate his own nursery. When not working, Khalil is a big cinema buff, and enjoys watching movies.



## Cooperative Members Get Cash

At right, staff agronomist Torey Wilson (left) presents Blake Tevelte (center) and Diana Bedlington (right) of Cascade Farms with their 2020 cash patronage check. In June of 2021, SFS member-owners received \$3.2 million in cash. That's 50% of their patronage based on their fiscal 2020 purchases. The remaining 50% (also \$3.2 million) will go into retained earnings.

Currently, the SFS board has the membership on a 10-year revolve. In other words, members will receive the remaining 50% in 10 years. That 10-year revolve has been consistent for many years, and it is something the board looks at each year, based on financial results and the on-going health of the co-op. 



### MISSION STATEMENT

To preserve and enhance viability of the local agriculture economy through cooperative profitability.

### VISION STATEMENT

To be the premier cooperative in the Pacific Northwest by being:

- The producers' first choice
- The consumers' first choice
- The employees' first choice

### CORE VALUES

Customer Commitment - People - Integrity  
Performance - Quality - Safety - Community

### DIRECTORY

#### Main Office—Burlington

360.757.6053

#### AFCO Distribution & Milling

800.538.8700

#### Agronomy—Conway

360.445.5015

#### Agronomy—Lynden

360.755.3615

#### Agronomy—Burlington

360.757.7870

#### Energy—Main Office

360.757.6053

#### Petroleum & Propane Delivery

360.757.6053 // 888.757.6053

Emergency: 360.209.0310

#### Country Stores

##### Farm • Pet • Home

Burlington	360.757.4055
Coeur d'Alene (Idaho)	208.772.2715
Colville	509.684.2232
Freeland	360.331.1970
Mount Vernon	360.424.4207
Oak Harbor	360.675.2277
Oroville	509.560.7088
Sedro Woolley	360.856.6567
Spokane Central	509.534.1412
Spokane Valley	509.926.6603
Stanwood	360.629.7033
Stevensville (Montana)	406.777.5527