

CO-OP connection

Summer
2019

Planting Conditions Vary across the U.S.



by Tom Boland, General Manager

The early spring weather we enjoyed in March helped to take some of the pressure off late April and May, and we had good planting conditions this year.


In late May, I happened to be in the Red River Valley of North Dakota, visiting with cooperative leaders. It was apparent the wet weather cycle that set in across the Northern Plains this winter hadn't moved out in time for everyone to experience similar planting conditions. Eastern North Dakota was 90% planted when I was there, but eastern South Dakota wasn't even 15% planted.

Some co-ops struggled with fertilizer supply as barge traffic was stopped south of St. Louis until late spring, due to high water. Others couldn't unload railcars because their fertilizer plants were still completely full with no spring planting in sight. It appears, as common wisdom goes, that no amount of good planning beats dumb luck. We'll take any kind of luck we can get.

Skagit Farmers Supply came through our third quarter in pretty good shape. Overall sales are up about 6%. Propane gallons were flat, with a milder fall and early winter; otherwise, we're up in refined fuels, agronomy, wholesale and retail.

We need to keep growing sales to cover the higher cost of doing business in Washington, and our staff continues to engage and achieve those goals. These optimistic trends helped the board make the decision to send back 50% in cash from fiscal 2018 patronage. That is the first time we've returned 50% in cash (that amount changes each year at the discretion of the board.)

Our frenetic spring business mimicked the busy end of the school year with concerts, graduations and final track meets and baseball games. We've moved right into summer. Hopefully, your fields are productive and your summer is enjoyable.

We appreciate your continued support. 



A fresh market potato field being spread with Yara Tropicote calcium nitrate in Skagit County.

The “3 Sisters” Brand: Local and Personal

When Ron Muzzall returned with his bride Shelly to Whidbey Island after Ron earned an ag degree from Washington State University, the couple expected to spend their lives in the dairy business.

There were 10 dairies on the island in 1986 when Ron and Shelly came back to a farm that had been in the family for 76 years.

But the island’s population had already begun to change. In the following years, tourists, active and retired military, and corporate retirees began to populate the once-rural landscape. Milk prices rose and fell, the processors moved inland and operating a profitable dairy became more difficult.

A tipping point came in '04 when fuel prices shot up. Shelly, who manages the books, received letters from their feed supplier and their milk hauler stating the dairy would need to pay surcharges to cover the rise in fuel prices. On top of that, the farm itself had to pay more for fuel to run its equipment. “It’s a triple whammy,” she remembers saying to Ron. “They’re making us pay for the higher fuel prices in three different ways.”

“Shortly after that,” recalls Ron, “we reached the conclusion that we had to do something over which we had more control.” So the Muzzalls sold their milking herd in 2006. They were the second-to-the-last dairy left on Whidbey Island. Today, there are none.

The Muzzalls had already created a brand called “3 Sisters” which had been first used when the couple’s three daughters Jennifer, Jessica and Roshel financed their college education by raising and selling beef animals. They decided to expand the brand. The “3 Sisters” Brand: Local and Personal. “Our great taste comes naturally.”



Today, 3 Sisters Family Farm markets grass-fed beef and lamb, barley-fed pork and open-floor, free-nested eggs to the residents of Whidbey Island through direct orders of quarters and halves. Their meats are also packaged and offered in their 3 Sisters Market, the old fire house in unincorporated San De Fuca — north of Penn Cove.

The 3 Sisters-branded meats are also available in other grocery stores on the island and through various catering companies, restaurants and distributors. In recent years, their meats have been included by

distributors in container shipments from the Port of Seattle to southeastern Alaska. The farm raises and processes about 250 head of cattle, swine and sheep per year. All the beef, pork and lamb are USDA-inspected and processed on site by a mobile unit of Island Grown Farmers, a farmer-owned cooperative.

Two of the sisters, Jennifer and Roshel, are partners in 3 Sisters Family Farm with their parents, Ron and Shelly. Jennifer is herdsman for all the animals and Roshel manages 3 Sisters Market.



3 Sisters Family Farm consists of 600 acres of land overlooking scenic Penn Cove on Whidbey Island.



Ron Muzzall walking through a herd of beef cattle on 3 Sisters Family Farm.

“Our customers have a level of trust that we are doing the things they want.” —Ron Muzzall

Shelly and Ron Muzzall in front of 3 Sisters Market on Highway 20 in San De Fuca, WA.

Ron says the 3 Sisters brand really took off during the recession. “It was a time of general mistrust and negativity, and what we offered our customers was a positive experience along with a local product,” he states. Today, customers enjoy connecting with 3 Sisters Farm on Facebook and Instagram, in the store and at special events sponsored by the farm, like Farm Day. In 2015, 2,500 people poured onto the farm to pet the animals and climb on the machinery. Island Grown Farmers brought their processing truck to that event and many parents asked the operator to explain to their children how meat is grown, slaughtered and packaged for consumption.

Because they can go face-to-face with the Muzzalls at the store and on the farm, 3 Sisters customers have a loyalty to the brand that transcends their loyalty to the supermarket meat counter. “They have a level of trust that we are doing the things they want,” Ron states.

When they produced milk, Ron says neighbors used to complain that trucks delivering feed to their herd traveled the backroads of Whidbey Island too fast and kicked up too much dust. “Now, when they see our trucks, they say, ‘Oh, there goes some feed for 3 Sisters,’” says Ron. “They realize now that the feed is going into animals whose meat comes back to the store where they can go to purchase it.”

“Are we getting rich?” asks Ron. Answering his own question: “Certainly not, but at least we have some control.”

Editor’s Note: For more about 3 Sisters Family Farm and the 3 Sisters brand, visit www.3sistersbeef.org or 3 Sisters Family Farm on Facebook. 

A Co-op Promotor




Ron Muzzall served on the local Skagit Farmers Supply board for 15 years — 2002 to 2017. He also served on the board of Land O’Lakes from 2006 to 2014.

“I’m passionate about the value of the cooperative,” says Ron. “A co-op benefits all producers whether they are members or not.”

“A co-op is the economic yardstick that keeps all businesses relevant,” he continues. “Whether you are dealing with a co-op or some private outfit, the co-op is what sets that level — either the price you get for your product or the price you pay for your inputs — because the member-owned co-op is what keeps everybody honest.”

The 3 Sisters Family Farm continues to purchase agronomic, animal nutrition and energy products and services from Skagit Farmers Supply.

“The local co-op is extremely important to us, and in a lot of cases, we get service out of the co-op we can’t from others,” says Ron. “Their employees have a desire to see that, as owners, we are taken care of at a level entirely different from somebody they would be serving if they worked for a private company.” 


Megalab™ for In-Season Solutions

by Steve Groen, Agronomy Sales Manager

Skagit Farmers Supply (SFS) is excited to again offer one of the most innovative plant nutrition monitoring tools available: Yara Megalab. This will be the second year SFS has participated with Yara to improve yield and quality in our local crops. Agronomist Molly Pershing will be spearheading this year's petiole and plant tissue collection and analysis with the help of our agronomy interns, Austin Lenssen and Blake Carson.

In 2018, Yara Megalab proved helpful in determining what, when and where foliar and soil nutrients needed to be applied for optimum results. As growers, we cannot control a lot of variables such as weather, diseases and pestiferous insects; however, we can control timely and proper nutrient applications.

Megalab is a Yara software program which converts soil, leaf and fruitlet analysis results into crop-specific recommendations for products. Agronomists and growers are provided a timely, written solution to a deficiency on a field-by-field basis. What is unique and innovative about Megalab is that Yara maintains the largest privately-held plant analysis database in the world! This continually-growing, global database ensures growers have access to the best plant nutrition advice available today.

Feel free to contact our staff if you choose to participate in Megalab. 



SFS intern Blake Carson (left) works with intern Austin Lenssen (right) to collect tissues samples for analysis as part of the Megalab program.



Director of Wholesale Operations Lloyd Campbell and AFCO Warehouse and Transportation Manager Brad Servatius lead customers through the Distribution Center in Spokane, WA.



Mill Manager Kyle Morgan and LMF Feed Brand Manager Tiffany Towne greet customers at the AFCO Buying Show.


The 2019 AFCO Buying Show

By Lloyd Campbell, Director of Wholesale & Milling

When you distribute over 5,000 products weekly to almost 800 dealers in seven states, there are lots of moving parts. The logistical challenge of buying and taking delivery of all these farm, pet and home items can make it hard for store owners to keep current on new products or even understand the range of programs that vendors offer.

Our AFCO wholesale team constructively addresses these concerns each year with an annual buying show. We bring dozens of our top vendors together and host our great store owners/customers at the Spokane Double Tree by Hilton. The AFCO Wholesale and Distribution Buying Show gets busy store owners out of their stores and lets them interact with our vendor partners to get the best deals of the year.

Our 2019 buying show was held June 13-14 and saw over 150 dealers purchase \$1.5 million in merchandise in one day! These products will be delivered over the next 90 days.

Many of these are independent dealers, but from our office in Spokane and distribution centers in Spokane and Burlington, we also service over 50 cooperative business locations across the Pacific Northwest — including the Country Stores of Skagit Farmers Supply. 

Agronomy Welcomes Summer Interns

To continue its mission of supporting the future of agriculture, Skagit Farmers Supply (SFS) welcomed two interns to the agronomy department this spring. Austin Lensen and Blake Carson, both from Whatcom County and currently studying at Washington State University (WSU), will work closely with SFS agronomists and local producers to further their agricultural education outside the classroom. Both are set to graduate in December.



Austin Lensen

Austin Lensen grew up in and around the farming community. As a result, he has developed a deep passion for agriculture. Prior to working for SFS, Austin worked at Western Wheat Quality Lab as a lab technician, where he ran a variety of tests on wheat flour for the USDA and WSU in Pullman. His studies focus on plant physiology, crop science, soil science, entomology and related subjects. Austin will graduate with a major in WSU's Integrated Plant Sciences program and a minor in Horticulture and Agricultural Systems.



Blake Carson

Blake Carson grew up on a small farm. At a young age, he learned how to operate equipment to till corn and pea crops. He later joined Hawley Farms in Ferndale as a production manager. Blake supervised fieldwork and planting operations for 300 acres of seed potatoes. His job included overseeing strategic irrigation planning and implementation. Blake will earn his Bachelor of Science in Agricultural and Food Systems, with a major in Agricultural Technology and Production

Management and minor in Business Administration. He obtained his pesticide applicators license and performed spraying and drenching operations during the first month of his internship with SFS.

"We're excited to bring Austin and Blake into our internship program," said Mike Hunsdor, Human Resources Manager. "It's an excellent opportunity to expose them to a wide variety of agronomic services and products, and directly supports our mission of preserving and enhancing the viability of the local agriculture economy. It's a win-win situation; they gain knowledge and experience beyond the text book and our growers benefit from their involvement."

Austin and Blake began their internships during the upswing of the co-op's spring season. They stepped in to help with deliveries, which quickly enabled them to understand the local geography and extent of services SFS offers. They are extremely valuable, servicing customers in a timely manner and pitching in where needed. Other tasks have included conducting tissue samples, data management utilizing Agworld farm management software, collaborating with agronomists to monitor plant growth and health in fields, and riding along with sales staff, truck drivers and applicators — all geared towards understanding as much of the operation as possible.

This summer, each intern will be responsible for projects in field growth observation and trial work. SFS is continually exploring ways to support the future of agriculture, including hosting an annual Youth Day at its agronomy plant in Burlington, and engaging with FFA and 4H clubs. In addition, the company co-hosted a leadership seminar with Land O'Lakes® in Leavenworth this past winter. The seminar was geared towards young producers.

There are many challenges facing farmers today, but SFS remains optimistic that there are solutions for these concerns and the future looks bright. 🌾



SFS corn planters in action this spring.

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—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	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



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Profitable, Stable and Local

By Your Board of Directors

In a cooperative like Skagit Farmers Supply (SFS), it is important to make a profit. At the end of the year, part of the patronage earned from purchasing goods and services from the cooperative is returned to our customers in cash. In June 2019, \$2,675,000 or 50% of our declared patronage for the previous year was returned to our customers.

The balance of the patronage was retained as equity in Skagit Farmers Supply (SFS) and is used to finance operations and expansion of the cooperative. It is important to return that retained equity to our customers on a short cycle.

In March of this year, SFS retired the retained equities earned by our members in 2008, so we continue a 10-year equity retirement cycle. The 2018 cash patronage payment, together with the 2008 equity retirement, means that just this year SFS has returned \$4.4 million to farmers,

businesses and residents of western Washington.

The consistent return of equities and payment of 50% of 2018 patronage in cash indicates you own and do business with a very stable organization. Please note the percent of patronage paid out can change every year, based on the co-op's current needs.

While SFS is owned and operated by farmers, it is worth noting that our energy, retail and wholesale divisions have a big influence on the health of our balance sheet. These three divisions provide significant revenue to operate and grow the business, as well as the means to return retained equities on a timely basis.

Again, we are proud to remain a locally directed, member-owned cooperative, and we're pleased that all of our earnings remain in the same local communities where we live and do business. 



The people and equipment of the Skagit Farmers Supply energy division.