

CO-OP CONNECTION

The Sometime Futility of Planning

By Tom Boland, General Manager



“The best-laid plans of mice and men often go awry.”

— a saying adapted from a line in “To a Mouse” by Scottish poet Robert Burns.

We humans must find a level of comfort in planning. To try to bring stability to uncertain times by forecasting, preparing and scheduling.

When the management of Skagit Farmers Supply (SFS) met with your Board of Directors at the end of January in Vancouver, we focused on the future. Higher minimum wage, automation, growing sales and margins, and gaining efficiencies were central topics at our planning sessions. There is, however, much wisdom in the old Yiddish saying: Man plans, and God laughs.

In early February, our retail group met in Spokane with our AFCO wholesale and mill team. In March, we held our annual meeting. Then, our plans went out the window. Local and state governments enforced shutdowns to try to slow the spread of COVID-19. The slow reopening has changed our society and certainly the way we

do business. We are used to giving our board a yearly budget and then reminding them we are going to react to events as they come. Sometimes, as happened this year, it means we quickly move on from those assumptions to a new reality as it presents itself.

At the end of February, we were in good shape. All four SFS business units were at or ahead of fiscal 2019. Overall sales and margins were up, and our “plan” was on target. Since the shutdown, we have experienced several abbreviated business cycles which boosted sales and margins but caused much anxiety and stress along the way.

Panic buying in March was widespread, but it centered on feed and pet food. In April, we experienced a dramatic increase in the sales of everything from paint and fencing, to chicks and plants. Homeowners were told to stay home (with their kids) and shelter

continued on next page

A load of LMF feed being delivered to our Country Store in Sedro Woolley.



Interns Boost Services Provided Farmers

By Mike Hunsakor, HR Director

SFS is employing two agronomy interns again this summer. These interns will add value and volume to the services the cooperative is able to provide its farmer-patrons. In addition to benefiting from their hard work, SFS provides internships to support agriculture in finding, training and growing the talent pool in western Washington.

Now, let's meet our interns.



Melchor Aburto Estrada

Melchor Aburto Estrada

Melchor joined the SFS agronomy plant as our farmers entered the 2020 growing season.

He grew up in Morelia, Michoacán, Mexico, a city about three hours west of Mexico City. He moved to the United States in June 2019, settling in Mount Vernon to continue his professional development and grow his career in agriculture. Before moving to the U.S., Melchor studied at the Morelia Institute of Technology, primarily focused on raising cattle. He also has experience with various crops.

Our intern is currently pursuing his master's degree in business administration by taking on-line classes at IEXE University in Mexico City.

Melchor says he loves how beautiful the area is, and how easy it is to get around. He appreciates the diversity of agriculture and crops in the Skagit Valley, and how much there is to learn.

Welcome, Melchor!

Khalil Al-Wazan

Please also welcome Khalil to our agronomy department.

Khalil grew up in Arlington, Wash. He currently attends Washington State University,



Khalil Al-Wazan

and will return to school in the fall as a junior to pursue a degree in landscape, nursery and greenhouse management.

This summer, Khalil will be working with crop mapping, soil samples, tissue samples, deliveries and more for SFS.

In his free time, Khalil is a big cinema buff and enjoys watching movies. Welcome, Khalil! 🍿

The Sometime Futility of Planning

continued from previous page

in place. Through no fault of their own, people found themselves on unemployment and with no activities available to occupy their time. It was a do-it-yourselfer's dream-come-true! Home Depot and Lowe's — and to a lesser extent SFS — watched sales increase as consumers used their money and leisure time (previously spent on children's activities, outdoor hobbies or even eating out) to landscape, paint and fix old plumbing leaks. That cycle carried right through May.

Another result of the lockdown was the crash in crude oil, which led to reduced prices at the pump and off our bulk trucks. That cycle helped consumers who were still driving and our farmers, just as they were filling their fuel barrels and tractors for spring planting.

As a country, we are slowly reopening the economy, and our SFS planning session seems a long time ago. The crop is in the field. Our stores have remained open, but we are having a hard time getting them back to regular schedules, with some positions still unfilled. And, we're finding ourselves starting the budgeting process for fiscal 2021! Again, God laughs.

Our supply chains in agronomy, energy, pet food, feed and even in

our garden centers have been solid. Our mill stayed at least a week ahead of our national competitors. Our wholesale department had fill rates 20% higher than the competition. Our propane and refined fuel gallons delivered have increased this year. We will continue to have intermittent outages in some areas in our stores as demand will outpace supply. Our stores have had three months in a row (March through May) of record sales. Earnings are ahead of "plan" and well ahead of our strong 2019 numbers.

I will end with a note to the management and staff at SFS. We did not plan for what we experienced in March, April and May, but I don't think you could have performed any better if we had. It is a testament to all of you that things have gone as well as they have. Thank you!

On a personal note: our oldest son graduated high school this spring. Though it was not the traditional graduation ceremony, it was still a big milestone for him and for our family. Our youngest daughter has moved up to high school. All four kids struggled a bit with the new virtual learning that took place. As a family, we hope the kids are back in school in the fall. 🍿

Economic Shutdown Hit People Hard

Our Country Stores and Customers Shined Bright

"Before this all started, we always had the philosophy to serve people with respect. No questions — if you need food, come to us. And as all these other little agencies around the county, which are mainly supported by senior citizens, were having to close down, we as a board and with Rebecca's passion and heart, decided we would find a way to keep these food banks and services open. That's just been such a source of pride for our board." - Sue Nagel, board president for Helping Hands

"Last week, we fed 23,000 people. One box feeds a family of four, and this money will provide about 10,800 boxes," says Rebecca Larson, executive director of Helping Hands, after learning of Skagit Farmer's donation. "That will cover everything

we need for a full week."

"Right now, we are covering Marblemount, Concrete, Alger, Hamilton, Mount Vernon, Sedro Woolley and Anacortes. We do a mobile distribution; we do a life care center distribution, where there are 255 employees that get our food at different life care centers. Then we feed about 1,800 children through our backpack program. So, we are all over the county, in all types of programs."

"We are feeding COVID-positive patients who may not be able to leave their house and get food, as well as children who are not in school, the elderly and everybody who needs us. So, this money will go a long way."

\$100,000 Given to Local Food Banks

“ I had the extreme pleasure of calling each food bank to let them know how much money we had raised. It was quite possibly one of the most rewarding days in my career! **”**

—Michelle Schell-Muir




By Michelle Schell-Muir, SFS Director of Marketing

So many people were hurt following the coronavirus lockdown. At the beginning of April, the Country Stores of SFS decided to show support for their communities and began raising funds for local food banks. Each of our 12 stores was partnered with a food bank in their area, which helped ensure that the money raised in each store would directly impact a local food bank. In the beginning, we reached out to each food bank and told them what we were doing. They were very appreciative.

The month of April brought loss of income and uncertainty to many. During the height of the pandemic, however, our customers donated generously. Each week, a report would come out showing how much money was raised at each store. Each week, I was awed by the generosity of our customers. Even during such a difficult time, our customers and communities shined bright! By the end of April, we had raised \$50,000!

When the board of directors of SFS learned our customers had raised \$50,000 in just three weeks, they agreed to match the amount raised. That match, combined with the money raised during April, totaled \$100,000!

After tallying the numbers, I had the pleasure of calling each food bank to let them know how much money we had raised. It was quite possibly one of the most rewarding days in my career!

The donations SFS made to these food banks ranged from just shy of \$5,000 all the way up to \$27,000. The donations stayed local in each community where the funds were raised. There were many emotions expressed during these calls. They varied from disbelief to tears of joy to extreme gratitude. I was humbled and thrilled to be able to deliver such wonderful news on behalf of the cooperative during this time of such great need. 



MEMBER SPOTLIGHT — Spinach Bus Ventures

Three or four generations ago, many people would not have looked at visiting a farm as a weekend outing. The farming experience was more commonplace with the larger American public. Most people had relatives who farmed, and visiting a farm was like visiting family. Today, urban centers extend miles into suburban sprawl, and farmland is rarer in parts of our country. Related to those demographic trends is the desire of many consumers to better understand where their food comes from and how it is grown. Many consumers have become more discerning about their food consumption. Couple that with large population bases located to our south and north, and you can begin to see why Mount Vernon-based and locally owned Spinach Bus Ventures sees a big opportunity in value-added food and agritourism.

These five Mount Vernon High School graduates see the opportunity everywhere, which is why they are quickly expanding into a year-round business model that focuses on different crops and experiences. “People are craving authentic experiences and authenticity is one of our superpowers here in the Skagit Valley,” says Andrew Miller, CEO for Spinach Bus Ventures. “People are craving agricultural experiences because it’s how we connect with each other and our natural environment.”

The owners of this business grew up in Skagit County and had the common experience of working in the fields. Their business name, Spinach Bus Ventures, comes from that experience. They purchased

Tulip Town in Mt. Vernon last year, which immediately exposed them to the front lines of the largest agritourism event in western Washington. The colorful flowers of Skagit County have been visited by generations of people.

“We hope to make Tulip Town a place where people who want to connect with agriculture can do that safely and enjoyably all year long,” Miller explains. To draw people to their fields, they have added a five-acre corn maze and a U-Pick strawberry field and pumpkin patch.

The partners are incorporating the connection to Skagit Valley farms and the potential for locally grown value-added food with the purchase of Fairhaven Mill. “This fall, we’re launching a new product segment called Coastal Grains for consumers looking for locally sourced grain” added Miller. “We’re working with local growers to use research from the Bread Lab to make this happen.” Their first Coast Grain is a Skagit Valley-grown wheat made into a flour called Steelhead Red.

The business is centered on sharing the beauty and the bounty of the Skagit Valley with the larger public. They recently purchased Skagit Valley Gardens in south Mount Vernon and have plans to do a Sunflower Festival, an expanded menu featuring farm to table fare which will include breakfast at the café and a year-round public market with a beer and wine garden highlighting local beverages.

The coronavirus forced cancellation of the Tulip Festival this year,

Farm Experiences for All Seasons



Owners of Spinach Bus Ventures from left to right: Donnie Keltz, Angela Speer, Andrew Miller and Rachael Ward Sparwasser. Not pictured: Randy Howard.



Bulb harvest at Tulip Town, Mt. Vernon, WA.

Agritourism at Tulip Town.




“ The future of agritourism couldn’t be brighter as people are interested in where food comes from and how it gets to their plate! ”

so the partners quickly changed plans and brought the tulips to their fans. Using social media (and eventually mainstream media) they used donations to help distribute bouquets to essential workers, the elderly and hospitals.

“When life throws you a curveball, you keep swinging until you connect” added Miller.

One of those connections happened this spring when they hauled a sofa out into the middle of their tulips and did a live-stream event introducing themselves and their business to their internet followers.

“Agriculture is our culture and our friends and neighbors in urban areas want to connect with their food and the farms it comes from. Agritourism is the opportunity to do that in a way that creates value for farmers.” say the partners.

Editor’s Note: Skagit Farmers Supply provides Spinach Bus Ventures with propane, refined fuels, corn seed, fertilizer and chemicals. 

CO-OP RETURNS CASH TO CUSTOMERS



SFS CFO Gary Anderson displays \$2.9 million in checks (50% of 2019 patronage) mailed in June to co-op members.



B.J. Mobley (left) and Terry DeValois (right) display a large version of the check presented to DeValois Harvesting in June. DH was an early Whatcom County member of SFS.



SFS Sales Manager Steve Groen (left) presents a patronage check to Dwayne Faber of Faber Dairy.



GROWING OUR RELATION

Over the years, SFS has served farmers, businesses, and residents primarily in Skagit, Snohomish, San Juan and Island Counties with high-quality agronomy and energy supplies and services. At the same time, we've served many customers in Whatcom County to our north, although we owned and operated no facilities in the county.

That changed this past winter. With the exit of Elenbaas from the ag support business, SFS signed a lease on a location on Birch Bay - Lynden Road and began providing agronomy supplies and services there. This spring, SFS made an additional commitment to set LP tanks and begin supplying propane to farmers, residents and commercial businesses of Whatcom County.

To make SFS your propane supplier of choice, or if you have questions about our LP services, call 360-757-6053.

The ag history of our energy manager

Ryan Nootenboom, our SFS energy manager, grew up on a hobby farm in Skagit County. The family kept a few head of beef cows, chickens, turkeys, and each year they raised calves for the local fair. Ryan's dad, Larry Nootenboom, has worked for the last 43 years as a sales rep for All West Select Sires, a co-op which like SFS is based in Burlington. At a young age, Ryan would go on work trips with his dad, visiting local dairy and beef farms throughout Washington state.

Larry was a local 4-H leader in the early '90s. Along with other leaders like Dave Boon, he guided young people to a future in dairy and crop farming. Now, as Ryan calls on SFS farm accounts, he is renewing many of those friendships that began 30 years ago. As an example, Dave and his sons Steve and Jeff have been customers of the co-op for years.

Larry, with four decades service, is the first generation of Nootenbooms involved in local cooperatives. Ryan, who recently completed five years with the SFS energy department, is the second generation.

Larry has seen a lot of changes to farming over the years. He believes SFS and All West are both important to the support of our local farming communities.

Ryan is excited about the opportunity to provide Whatcom County propane users with the same quality propane service SFS has prided itself in providing for so many years in counties to the south. "It's a natural fit alongside the SFS agronomy department which has made a commitment to offer agronomic services through its new Lynden location.



At left, Larry and Ryan Nootenboom at Lagerwood Farms.



To make Skagit Farmers Supply your propane supplier of choice, call 360-757-6053.



To reach our agronomy location on Birch Bay - Lynden Road, call 360-757-3615.

SHIPS IN WHATCOM COUNTY

"Skagit Farmers Supply is using digital technology to support our great customer service with cellular tank monitors that send a tank reading to dispatch when the tank needs a delivery," says Ryan Nootenboom, adding that tank monitor technology has come a long way in recent years. "Tank monitors help SFS and our customers maintain adequate inventory levels throughout the year."

Our Whatcom County-raised sales manager

Steve Groen's paternal grandfather moved to Whatcom County just north of Lynden in the 1930s. Steve's maternal grandfather, a Vander Veen, migrated from Holland after the Nazi occupation.

Steve's dad, Gerrit, served in WWII. He worked as a carpenter as he recovered from a war wound and malaria, and then began farming near Everson, Wash. Steve was born on that 127-acre dairy farm and continues to own it. His wife, Sheri, is a Polinder. Her great-grandfather was a local pioneer and her family has been involved in agriculture as long as the town of Lynden has been in existence. Throughout their 36-year marriage, Steve and Sheri have managed their farming operation together, with Sheri holding down the fort when Steve was traveling for business.

For the past 12 years, Steve and Sheri's son Corby has managed the herd. Corby is the third generation on that farm and his children will be the fourth. *NOTE: Steve and Sheri's daughter Brielle was very active on the farm growing up. She is currently coordinator of athletic administration for the University of Oregon.*

While Steve Groen farmed, he also participated in several other businesses and ag careers. SFS initially employed him in 2012. Steve left for four years to pursue another position in support of agriculture and returned in 2017 as sales manager for the cooperative.

"I love the diversity of the agriculture in Whatcom County and the close relationships I have with the people who farm here," Steve says. "If I don't know someone, I probably know

who they are and their family."

Corby recently recovered from a life-threatening illness and the outpouring of support from the community was overwhelming and heart-warming.

"I've had the privilege to grow row crops, raise beef cattle and gain the confidence of so many growers by advising them over the years on various crops," states Steve. "I've worked for a North American fertilizer manufacturer, which broadened my scope of knowledge by allowing me to travel the country and learn a lot of things," he states. "I appreciate working for SFS because it is obviously passionate about ag and what it gives back to our communities."

Acknowledging that SFS has always had a market presence in Whatcom, Steve is excited that the cooperative now has a Lynden location with facilities for blending fertilizer, ag chemicals, seed and access to application services. He concludes, "It is fun to see the growth that is taking place as this farmer-owned company begins, in earnest, to serve my home county. 🌱"



From left to right: Corby, Jimena, Kenya, Ryan and Steve Groen on their farm north of Lynden in Whatcom County.



Larger Planter Reduces Costs

SFS purchased a 2014 John Deere 24-row corn planter this past winter. The cost associated with operating two smaller corn planters was becoming a problem with labor, support and maintenance.


This spring, using the newer corn planter, we planted the same number of acres with one person as we did with two people on the old corn planters. The new planter also

requires about one-third the support of the older ones and carries more seed and liquid fertilizer. We didn't have to break open bags and follow with our support trucks nearly as often.

We sold one of the smaller corn planters (a 25-year-old model) heading into the season and kept the other for backup and for smaller fields if needed. The new

The newer planter requires fewer people and less support to do the same work.

planter was used from Stanwood in the south to Sedro Woolley in the north.

We continue to look for ways to do more work with less people as the cost of employment rises and qualified laborers dwindle. 

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