

co-op connection

Fall
2018

The Co-op Business Model in Action



by Tom Boland, General Manager

One of the most enjoyable parts of my job is in the everyday interactions with our staff at Skagit Farmers Supply. It takes place in the office, our agronomy plants, our stores and in many other areas, and helps me understand our everyday successes and challenges. These interactions are formalized each year with our annual employee retreats. This year, our east side employees met at a very beautiful lake side venue in Idaho.

At our employee retreats in Coeur d'Alene, Idaho, I spoke with our staff about why Skagit Farmers Supply has been so successful and why we are optimistic for the future. Prior directors and managers of this diversified ag supply co-op strategically chose to invest and expand while other businesses were leaving the area.

Thirty-five years ago, this co-op expanded from refined fuel delivery into a brand new business for us at the time; propane marketing. It also started what would eventually become a full-service agronomy department.

It wasn't until the mid-1980s that Skagit Farmers Supply started blending fertilizer. As other suppliers were leaving western Washington, our leaders stepped up to support local agriculture.


First, they acquired the local assets of Wolfkill Feed and Fertilizer. Then, Ken Kadlec and the board made a major investment in our Conway, Washington, fertilizer plant. Later on, they purchased the UAP plant in Burlington. Skagit Farmers Supply recently rebuilt this plant at a cost of \$6.5 million. The

new agronomy center has state-of-the-art technology and the largest storage of crop nutrients in western Washington.

These major investments and many others in people, equipment and facilities would not have been possible without our core businesses kicking in cash flow and strong earnings, and helping to attract talented people.

But the heart of our success is found in the cooperative business model. As they consolidate, larger private companies may choose to stop investing locally. Local co-ops, however, make decisions similar to those made by the farmers who founded Skagit Farmers Supply over 80 years ago. A local board, made up of western Washington farmers, chooses to invest locally to provide agriculture with much-needed support.

That is the message of optimism I shared at our employee retreats and that I share with you in this newsletter. Farmers CAN make decisions, through the cooperative lens, to support agriculture and return cash locally. In the last three years, \$12 million in cash patronage and stock retirements have been returned to members of Skagit Farmers Supply by a board of directors who live and farm in the same environment as you.

Speaking of the board, I mentioned in our summer *Co-op Connection* newsletter that director Rick Williams was retiring after 14 years of service. I'm happy to announce that Spencer Fuentes has been appointed to fill out Rick's term. Read more about Spencer on page 5. We look forward to his contribution to this farmer-owned business. 



Dean Van Dyken round-baling alfalfa for Dykstra Dairy, north of Burlington.



The Co-op & Farmers Continue to Adapt and Succeed

“We’ve gone from frozen processing of peas, sweet corn, broccoli, cauliflower, carrots, celery, strawberries and raspberries to now having no processor in the valley for these crops,” says Ron Hawkins, retiring Burlington Agronomy Plant manager. “At the same time, we’ve seen an increase in fresh market potato and cauliflower acres, as well as broccoli and Brussels sprouts.” This growth supports one of the co-ops main demographics; those that want to live a healthy sustainable lifestyle. Our growers have compelling stories to tell about where fresh and healthy food comes from and how to grow it.

Ron says there has also been real interest and growth in organic crops in the valley and berry acreage has increased in recent years. “Skagit Farmers Supply has become the sole supplier of organic inputs,” he notes.

“With the new automated bagging line and computer-operated plant at Burlington,” continues Ron, ***“the co-op has clearly committed itself to the support of the local farm community.”***

“It is my belief that the future of agriculture is strong, thanks to the wide diversity of crops grown in the area,” he concludes. 🌱

Reflections After 45 Years in Ag

Ron Hawkins retired September 30, 2018, after 24 years as manager of the Burlington Agronomy Center, and four and one-half decades in the field of agronomy.

Someone once told Ron he would never get rich working in agriculture, but that he would never starve. “Those words have been true to this day,” states Ron. “I have enjoyed every working day over my career here in the bountiful Skagit Valley!”

Ron grew up on a diversified crop farm west of Mount Vernon. After graduating from Washington State University with a degree in agronomy, he served in the U.S. Air Force and then went to work for Niagara Chemical out of Wasco, California.

In 1973, Ron came back to Skagit Valley to work for Stokley-Van Camp, Inc., until they closed their doors in 1979. “I was head field man when the Mount Vernon facility closed,” he recalls. In a story that would play out several more times, an ag based company left western Washington

After eight months working as a field superintendent for American Stores Dairy in Fairwater, Wisconsin, he once again returned to Skagit Valley to work as a sales representative for Agrichem, Inc., in 1980. Agrichem was purchased by United Agri Products. “They made me plant manager at

their Burlington location in 1994,” states Ron, who also managed Alaskan and Hawaiian wholesale business that continues to this day.

Besides his day job, Ron served on several boards, including the Northwest Ag Research Foundation Board, the Washington State Weed Association, and the Western Washington Horticultural Association. He is past president of the latter.

Skagit Farmers Supply purchased the plant from UAP in 2007 as the consolidation trend in agriculture continued to play out.

“I enjoyed working for the local farmers over the years, making recommendations for the numerous crops we grow in this area,” says Ron. “I would also like to thank every one of my co-workers that I have had the pleasure of working with over the last few years.”

“When I started in 1994, our plant was 25 years old. I’ve stayed around long enough to see that plant torn down and replaced by a state-of-the-art fertilizer facility, now operational. It’s been a very rewarding experience,” he continues.

“I want to wish Skagit Farmers Supply and all of its current employees nothing but success in the future,” concludes Ron. “I have no doubt this company will be a success for many years to come.” 🌱

The Future of Agriculture

by Raelene Smillie, Company Administrator



Support of our youth has always been important to Skagit Farmers Supply. It's one way to help ensure the continuity of agriculture and instill an appreciation of the rural lifestyle in upcoming generations. There are 70,000 job openings each year in ag-related fields but only 40,000 students graduate with associated degrees. That is not news to anyone hiring employees for those positions. This shortage of qualified candidates is likely to remain a key issue for all of us in agriculture.

Your board of directors initiated our scholarship program in 1991, and last year the cooperative awarded its 100th scholarship. It has been encouraging to see former recipients complete their education and return to local farming operations or begin careers in agricultural teaching, business, or research.

This year we saw an increased number of applications. In May, four students enrolling in ag-related studies were selected to receive scholarships for the 2018-2019 school year. Awarded \$1,000 scholarships were Megan Greene, Derek Littrel, Gabrielle Sexton and Alyssa Sybrandy.

— MEGAN GREENE —



Megan Greene, daughter of Brian and Yvonne Greene, completed her high school career at Sedro-Woolley High School. She began studies this fall at Washington State University in the animal science/pre-veterinary medicine program.

— DEREK LITRELL —



Derek Littrel, son of Scot and Stephanie Littrel, finished his senior year at Deer Park High School. He is continuing his education at Northeast Iowa Community College this fall, majoring in dairy science, with future plans to manage his family's dairy farm. *NOTE: Derek Littrell was selected as the Washington FFA Star Winner in Agribusiness, the highest FFA achievement for a person pursuing a career in agribusiness.*

— GABRIELLE SEXTON —




Gabrielle Sexton began her freshman year this September, studying agriculture education at Montana State University. This follows her high school graduation from Seeley-Swan High School in Lake Seeley, Montana.

— ALYSSA SYBRANDY —



Alyssa Sybrandy, daughter of Richard and Melissa Sybrandy, graduated this year from Mount Vernon High School. She is attending Western Washington University to study organic agriculture and business.

From Montana to Eastern Washington to Western Washington, Skagit Farmers Supply is proud to be able to assist these students in their education through our "Careers in Agriculture" scholarship program. Students can qualify for a scholarship each year of their two- or four-year education by submitting an application by April 1 of each year. Applications may be obtained from their school or www.skagitfarmers.com. 

Skagit Farmers Goes To The Fair(s)!



by Michelle Schell, Director of Marketing, Country Stores

As part of our Youth Rewards Program, representatives from the Country

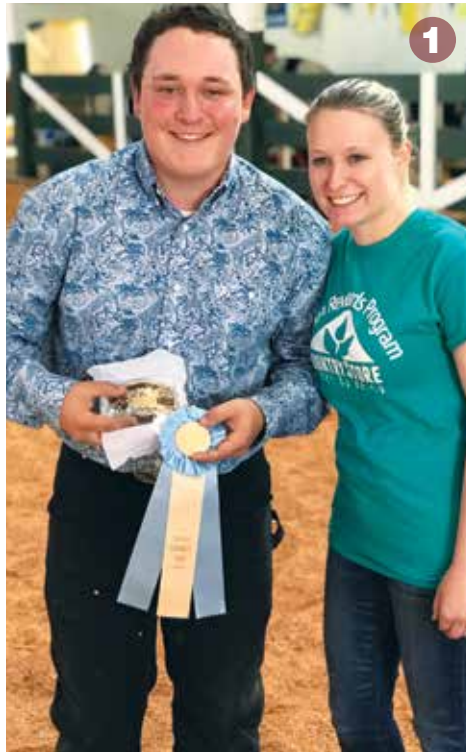
Store team attend fairs and livestock shows across the Pacific Northwest each summer. They support youth in agriculture by providing add-ons (additional monetary support) and by purchasing market animals from qualifying program participants.

We had a great time, during the Summer of 2018, getting to know our Youth Rewards Program members in Washington, Idaho and Montana! This year, we supported nearly 100 youth at 10 fairs, giving back nearly \$35,000 in add-ons or livestock animal purchases.

We purchased some amazing animals, including a hog from our Youth of the Year Essay Contest winner, Gabby Sweetser, at the Spokane Junior Livestock Show. Gabby also received \$800 to raise her project hog. Many of these animals were raised on Skagit Farmers Supply manufactured feeds.

Our Youth of the Year Essay Contest runs from October to January. The Youth Rewards Program member who writes the best essay on the given topic will get their entire project sponsored by the Country Store! See your local Country Store for details, or read about our Youth Rewards Program online at www.countrystore.net/youth.

Don't forget to sign up every October. See you at the fair. 🏡



- 1) Skagit Fair Round Robin winner.
- 2) Hayden Main fed Aslin-Finch and showed the Grand Champion hog at the Skagit Fair.
- 3) Bethany Thompson showed the Reserve Champion rabbit at the Skagit Fair. She fed our Aslin-Finch brand feed.
- 4) Belt Buckle presentation at Interstate Fair, Spokane.
- 5) A little time to show off before the livestock show at the North Idaho Fair.
- 6) Country Store team at Skagit Fair.

Co-op Works With Us Like Family

Hazel Blue Acres at Silvana, Washington, raises and sells blueberries and hazelnuts. Proprietors Spencer Fuentes and his wife Karen Wolden-Fuentes both grew up on dairy farms. Spencer grew up on their present farm, and Karen grew up on a Fir Island farm.

Today, the Fuentes family farms about 310 acres of owned and leased land. They raise 10 1/2 acres of certified organic blueberries and 19 acres of hazelnuts. Half of the hazelnut trees bear fruit and half were planted just 1 1/2 years ago. The rest of the ground is planted to wheat, barley and orchard grass, haylage or hay that they sell.

“We have a few beef animals of our own and the kids have two jerseys as their 4-H project,” says Spencer. The Stanwood Country Store helps with those projects.

The Fuentes sell most of their blueberries and hazelnuts through the store on their farm where you can pick, or they will pick the fresh fruit. They also sell blueberry and hazelnut chocolate ice cream, blueberry jam, syrup, blueberry sorbet made from their fruit by local businesses—and Alaskan salmon which Spencer brings back from his summer fishing business.

From the beginning, Spencer and Karen decided to grow the blueberries organically, both because of the market potential and because they believed it was a good thing.

“Growing up on a dairy farm,” says Spencer, “I mostly knew how to grow grass and corn, but perennial crops have different issues.” For one thing, he notes, perennial crops are hard to weed, and the labor required to do it organically has

been one of their biggest expenses.

Spencer says he has tried a variety of organic weed killers and suppressants with limited success. But this year he used Weed Slayer, a new organic alternative to Roundup®, which he purchased through Skagit Farmers Supply’s Conway Agronomy Plant. First, he applied it to a test patch and then to his whole 10 1/2 acres of blueberries, and he is happy with the results.

“We actually got only one application on the blueberries, and it worked pretty well,” he states. Spencer noted that it effectively controlled the grasses, as well as the dandelions and Canada thistle—but only stunted the sand rush a little.

“Next year, we’ll try to get it on earlier and do a couple of shots,” says Spencer, who hopes Weed Slayer will work as a burndown for the suckers in his hazelnuts, too.

As he looks for organic solutions like Weed Slayer, Spencer appreciates the expertise available at the Agronomy Centers. “David Youngquist and the other agronomists are more than willing to help,” he states.

“As a small farmer, the equipment and custom services Skagit Farmers Supply offers make it possible for me to keep farming,” says Spencer. “I depend on them for advice, product and application.

“I wouldn’t be able to do what I do without my wife and kids helping me, and Skagit Farmers Supply is like a family that works with us,” adds Spencer. “It’s a local company with the interests of local people at heart.”

Editor’s Note: On August 16, 2018, the Skagit Farmers Supply board of directors appointed Spencer Fuentes to finish the term of retiring director Rick Williams. ▲▲



Spencer in his hazelnut grove.



The Fuentes at their blueberry store.

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 North	509.466.1300
Spokane Valley	509.926.6603
Stanwood	360.629.7033
Stevensville (Montana)	406.777.5527



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Employee Retreats Held in Coeur d'Alene

by Mike Hunskor, Human Resources



Skagit Farmers Supply annually sponsors retreats for its employees, alternating between staff who work at locations east and west of the Cascade Mountains. These retreats serve as an opportunity for employees to learn about company operations outside of their "home" location. They also give employees from multiple locations an opportunity to gather and share ideas for company improvements. During two one-day sessions, employees network with fellow employees and participate in team-building exercises while enjoying time together before returning home.

In August, over 70 employees from operations based in eastern Washington, Idaho and Montana gathered at The Coeur d'Alene Resort. Each day began with updates from representatives in wholesale, feed manufacturing, retail, safety, marketing

and human resources and then transitioned to this year's team-building exercise: DiSC assessments conducted by Meisha Rouser, an organizational and leadership development specialist.

DiSC is a behavior assessment which centers on four different personality traits. Participating employees had taken online assessments, and based upon their answers, their personalities were categorized into one of four traits.

Many years ago, we introduced DiSC training to our employees. It's very revealing, both to the employee and to others with whom they share their results. Most employees agree with their assessments and react to the training with a high degree of positivity. It really helps with understanding self-motivation and how each person best responds to a variety of communicative styles.

Afternoon plans to tour Lake Coeur d'Alene by boat were cancelled due to poor air quality but spending extra time at the resort is not a bad day at work! Thanks to all of the employees who attended and provided great suggestions on how we can improve the company and the service we provide to our members and patrons. We look forward to the retreats for employees in western Washington in 2019. 