

## CO-OP CONNECTION

# Late Planting and Rising Prices

By Tom Boland, President & CEO



The spring of 2022 will be remembered for its cool wet weeks and the quick burst of activity in still muddy fields. Months of preparation by our agronomy department had our bins and tanks full and ag chemicals in stock. Our team added new talent and trained existing talent. We had new CDL drivers,

applicators, planters and sprayers available when the weather allowed. Compared to the average year, it took an extra month to get the fields planted. We ended up with very similar volumes to what we usually see. We planted more acres of corn, spread similar tons of fertilizer and bagged similar volumes of fertilizer for shipment to Hawaii and to our stores.

The only thing that wasn't similar was the selling price and the total sales dollars generated by the agronomy department. With high inflation boosting the price of fertilizer, fuel, and labor, it was an expensive year to plant a crop.

The higher costs are flowing through our operations and our financials this year. We delivered record propane gallons this winter. The high use and high price left the heating budgets of many homeowners upside down. A similar story played out at the gas pumps and, to a somewhat lesser extent, with pet food and feed. Ten and a half months into our fiscal year, we're on pace to set a sales record. We'll also have record expenses to pay this year. We're up in almost all expense categories, including wages, the cost of fueling our fleet, insurance, taxes, credit card fees, the cost of inventory, and more. We know that the same thing is happening across our economy and on your farm.

We're managing through this cycle, and we'll try our best to project where we go from here. Experts are telling us it could be a three-year cycle to rebalance supply and demand in ag inputs. Our energy policy, both for Washington State and for our nation, doesn't seem geared toward bringing the supply of our traditional energy (fossil fuels) in line to meet the increased demand. As a result, we can't hazard a guess on what the price of refined fuels will be over the next few years.



Skagit Farmers Supply participated in the Berry Dairy Days parade held in Burlington, WA on June 18, 2022.

One expense we are happy to see return this summer is our in-person events, starting in late July with our member appreciation picnic. This summertime favorite was canceled the past two summers, so we're bringing it back with all of the old favorites and some new treats as well.

In August, we are hosting our front-line employees with four employee retreats. The west side staff will join us for their choice between two Mariners games at T-Mobile Park. Our east side staff will have some amusement park fun at Silverwood north of Coeur d'Alene, Idaho. At these events, we present company updates from leadership, HR and safety, and personal and professional development. We break for lunch and then fun in the afternoon. In September, we'll have our managers join us in Spokane for our leadership retreat. We sorely missed these events the past two years.

Managing these expenses brings with it challenges, but it can be rewarding as well. In June, we passed out almost \$2.8 million in cash to our members. This was 50% of what was accrued in patronage for the 2021 fiscal year. This continues a long history of strong operations, reinvestment and success which blesses our customers with good products and services, our employees with good profit sharing, and our member-owners with cash patronage. We continue our 10-year revolvment of stock, and our track record is good. In the past six years, Skagit Farmers Supply has sent over \$29 million in cash to our members in western Washington.

We're proud to be a member-owned and farmer-directed cooperative.





Skagit Farmers Supply board of directors, left to right: Board Chair Nels Lagerlund, Vice Chair Spencer Fuentes, Board Secretary/Treasurer Mark Wesen, and Director Cristina Waltner.

**Despite the challenges, your co-op continues to succeed in growing real sales.**

## Your Co-op is Healthy

By Nels Lagerlund, Board Chairman

We didn't need a reminder, but we got one anyway. Mother Nature dealt us a long wet cool spring, and we were all reminded that there are no guarantees in farming. Some fields were planted as scheduled and some fields weren't. We planted some fields and now wish we hadn't. It's hard to get mad at the rain after the dry summer we had last year and the dry summer facing others across the western half of our country this year. Sometimes we persevere just because we must.

I have a few updates from the Skagit Farmers Supply board of directors. The first is that, despite the challenges above, your co-op continues to succeed in growing real sales—by that I mean growing unit sales not just dollars. We're also growing margins and mostly covering the higher costs.

Patronage checks for Fiscal 2021 were distributed in June. These checks totaled \$2.77 million for our members in western Washington and represented a 50% cash distribution. In March, we sent out \$2.42 million in stock retirement from 2011. We vote on those distributions each year, and the dollar amount and cash portion are based on the health of the co-op and evaluating upcoming capital needs.

We've mailed out ballots to fill the open board seat. The candidates have been vetted, and we look forward to seeing those results soon. We expect to announce a winner and seat the new board member by our September meeting.

It's not always just the weather that makes it hard to farm. Regulations continue to challenge us as well. We're proud to support the various agriculture-related groups that step in on our behalf. Those include the Western Washington Ag Association, Whatcom Family Farmers, the Skagitians to Preserve Farmland, the Skagit Drainage and Irrigation District Consortium and others. It's a struggle on most days to find the time to advocate, but so many of you do it and we appreciate that.

Thank you!



SFS Agronomist Jon Jarvis (left) holds a check for 50% of the cash patronage earned in 2021 by Legacy Dairy of Mount Vernon, WA. He presents this check to owners Chris Sybrandly (center) and Ashley Sybrandly (right). Skagit Farmers Supply provides Legacy with seed, fertilizer, and chemicals as well as custom spraying, spreading and corn planting.



Owner Jiwan Brar (left) receives from SFS Agronomist Jose Rivera (right) a check for 50% of the cash patronage earned by Kisson Berry Farm in 2021. Jiwan has been farming small fruit since the 1980's in Whatcom County. Currently, Kisson Berry Farm grows 300 acres of blueberries and raspberries. Born of parents who immigrated from India, Jiwan is a first-generation American farmer.



# Food Banks Need Dollars and Protein

By Michelle Schell-Muir, Director of Marketing

Earlier this spring, we checked in with our local food bank partners and they indicated that they were seeing more and more people in need—especially young families. Realizing that rising gas, food and commodity prices were greatly affecting low-to-middle income families, Skagit Farmers Supply (SFS) decided to help out the communities we serve.

This help came in the form of a fundraiser at our 11 Country Stores that collected \$32,000, plus another \$11,000 contributed by SFS—\$1,000 for each Country Store.

Also, we processed some of our market animal purchases at each auction and donated them to the food banks. One thing we have heard repeatedly, over the years, is that there is a lack of healthy protein available to the clients of these food banks. This year, with the avian flu plaguing much of America, the availability of meat for the food banks has been even more limited.

So far this summer, we've processed and contributed over 4,000 lbs. (two tons) of beef and pork to local food shelves, and WE'RE NOT DONE YET! The marketing team still has several livestock auctions to attend throughout the summer and will continue to support our local communities. Watch for a final recap in the fall newsletter!



**Rising gas, food and commodity prices were greatly affecting low-to-middle income families.**

## Our 2022 Agronomy Intern

Skagit Farmers Supply (SFS) is excited to welcome the newest member of our agronomy internship program. Elissa Nelson joined the program in mid-May and will spend part of the summer working for the SFS agronomy department. Customers will primarily see Elissa at the Conway agronomy location, as well as in the field. She'll be shadowing our agronomists, taking soil samples, making deliveries and blending fertilizers.

Elissa is in her senior year at Washington State University studying agricultural economics. In the coming school year, she will complete courses such as Advanced Farm and Ranch Management and Advanced Business Management. She hopes to pursue a career as an agronomist.

Elissa is from Carination, WA where she is living this summer. In her spare time, she enjoys spending time outdoors, cooking and baking, and crocheting.

SFS continues to help recruit and train young people for careers in agriculture. Applicants can be in any level of secondary education, from a freshman in college through graduate school, and must be pursuing a degree in agriculture.



Elissa Nelson in front of the Conway plant.





Hood River location



## CO-OP SPOTLIGHT

# Once Farmer Focused, Hood River Serves MORE

Top: Interior of Hood River Supply. The retail store sells items for farm and home, including tools, lawn and garden supplies, apparel and fencing.

Bottom: Hood River Supply values employee development and growth, according to Michele Jacobs, CEO. The co-op strives to provide higher wages, a cohesive benefits package and a positive working environment for its team.

By Brianna Hackler, Graphic & Multimedia Specialist

Nestled on the banks of the Hood River, at the base of Mount Hood, lies the community of Hood River, OR. The sweeping valley is home to one of the country's premier tree fruit agricultural centers, including apple and pear orchards, as well as a plethora of wineries. Serving the very precise needs of these orchards and vineyards is Hood River Supply, an agricultural cooperative.

Hood River Supply was founded in 1949 with the merger of Mount Hood Farmers Co-op and Hood River Grange Supply, two small local farming cooperatives. Hood River Supply gave farmers more buying power when it came to petroleum products, tractors and implements, tires, and other supplies.

Today, however, the co-op and its customer base are much more diverse, according to Michele Jacobs, CEO of Hood River Supply.

"It's morphed into much more of a consumer co-op since then," she states. "We still cater to the grower and the farmer, but we also serve the larger community." The cooperative has about 1,400 members, and the retail stores and fuel stations are open to non-members as well.

Hood River Supply has two retail locations in Hood River and Odell, OR. While the stores are close together geographically, Michele says the two communities are different and have different needs from the farm supply store. Odell has more locals and full-time residents, but the industry in Hood River is more tourism-based, so customers include other businesses such as hotels or property management companies.

The retail stores are associated with Ace Hardware, and sell home and farm supplies, including apparel, pet supplies, tools, fencing, supplies for lawn and garden, plumbing, electrical and outdoor living.

Additionally, both Hood River locations have on-site fuel and propane stations open to the public.



Hood River Supply was founded in 1949, when Mount Hood Farmers Co-op and Hood River Grange Supply merged.



## Still selling machinery

When it was founded, Hood River Supply helped provide tractors, implements, parts and supplies to farmers. Today, the co-op still plays a big role in the machine side of farming. The co-op is a dealer for Woods Equipment, and Air-O-Fan and Turbo Mist orchard sprayers, as well as a large selection of farm machinery and equipment. The co-op also offers a full-service shop, available to repair all types of tractors and power equipment.

Hood River is famous for its orchards and vineyards, and the co-op works closely with many of these producers to ensure they have the tools and supplies they need to run their operations. Many of the supplies the co-op sells are tailored to these industries, including items such as leaf spreaders, tree paint and orchard sprayers, as well as bulk fuel to run the equipment.

Michele says the orchard and vineyard industries have a lot of rules and regulations, which demands more supplies and tools. It has also led to some additional challenges for area producers that may be less of a problem elsewhere.

"They are generally small producers who have very detailed work," the CEO explains. "It's a whole different ball of wax."

Because the product at most orchards and vineyards must be hand-picked, instead of using a machine for harvest, Hood River producers are feeling a big squeeze related to wages and inflation. Michele says this has been the biggest challenge for area producers as they come out of COVID and try to return to normal.

## Working at the co-op . . . and more

One of the main benefits of working for a cooperative is the value co-ops place on their employees, according to Michele. For Hood River Supply, this includes higher wages, better benefits and an investment in the quality of the workplace. Compared with other Ace Hardware locations, she says Hood River Supply can offer more competitive wages and better benefits because it is a cooperative.

"We're really invested in making this a fun place to work where people can grow within the company," the CEO states. She adds that about 90 percent of employees are also members of the cooperative, so they are motivated to help the business succeed.

Hood River Supply is governed by a seven-member board, made up of five districts and two at-large members. Because Hood River Supply is a consumer cooperative, members don't need to be a producer to be on the board, Jacobs says, though many are. She says the current board is very dedicated with most directors having served for more than six years.

In 2012, the co-op demolished its original retail store and, in its place, built a new facility that is over four times bigger. At the same time, the co-op updated the fuel station and added additional parking. Michele says Hood River Supply will continue to look for growth and expansion opportunities in the future.



For more information about Hood River Supply, visit

[www.hrsupply.com](http://www.hrsupply.com)



# LMF Feeds: A Leader in Equine Nutrition

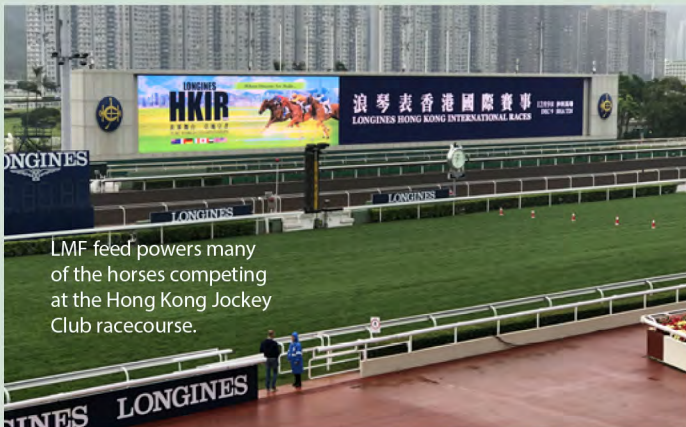
By Lloyd Campbell, Director of Wholesale Distribution & Milling, AFCO



We all know that proper nutrition and balanced diet are needed to live a healthy life. It's true for humans and it's true for animals. That understanding is behind the passion that started and still exists at LMF Feeds, a brand, wholly owned by Skagit Farmers Supply (SFS) and distributed by AFCO. LMF is an innovative line of feeds that spells out it's

values: Health, knowledge, success, research, and commitment. Horse owners can relate to these values and to our slogan: "We're in it for the life of your horse."

These values are important to a weekend ride, a quarter horse on the ranch or a thoroughbred at the racetrack. Expectations of each horse owner differ, but the research and technology in the feed serve a common purpose. Serve the horse the proper nutrition so they perform at their best and, at the same time, stay healthy.



LMF feed powers many of the horses competing at the Hong Kong Jockey Club racecourse.



KG Azure Winnin Chex (aka Finny) is a 12-year-old quarter horse stallion raised on LMF Feed. Finny produces top barrel horses.



Top: AFCO Distribution and Milling, distributes LMF equine feeds to farm stores throughout the Pacific Northwest.



Bottom: LMF Race is manufactured in Spokane, WA and exported to Japan and Hong Kong.

LMF has led the industry for over 40 years. The first to have separate formulas to balance grass or alfalfa hay (1983). The first to utilize recommended levels of yeast culture to stimulate digestive function and health in equine diets (1992). The first to utilize a sizable portion of trace minerals in a more bio-available chelated form (1994). The first to introduce organic selenium to feed at 50% inclusion (2004). In 2014, LMF incorporated 100% organic selenium. The first to add 100% natural vitamin E (2016). The first to add ButiPEARL™Z EQ which is a unique encapsulated form of butyric acid and zinc oxide to improve intestinal health and performance. These innovations were carefully researched and added to LMF, designed to make feeding your horse as easy as possible.

Such innovations are researched and formulated through our relationship with Drs. Stephen Duren (PhD) and Tania Cubitt (PhD) of Performance Horse Nutrition (PHN). The goal of PHN has always been to advance the "science" of feeding horses and to disseminate that science in the simplest way possible to their clients. At SFS, many of our Country Store customers who own horses have attended clinics put on by Dr. Duren and appreciate his knowledge and his ability to clearly communicate that knowledge to others.





Tony's Feed & Seed in Muenster, TX, Toll mill's LMF Feeds for the Texas market.

The newest innovations to LMF Feeds continue the goal of adding value to LMF feeders and health to their horses. KemTRACE® Chromium is the first product of its kind on the market. It provides supplemental encapsulated butyric acid and zinc to help strengthen the intestinal tract of the horse. The other innovation is Marine Derived Calcium which increases the availability to aid gut buffering and bone health. These will be available in all LMF Feeds beginning in August 2022.

LMF, in conjunction with PHN, continues to innovate while maintaining its original value proposition. The feeds are manufactured with the geography that the horses will pasture on in mind. LMF feeds in the PNW are formulated with our grass or hay in mind. LMF in California or Texas are formulated for their region. LMF also offers value to our customers because our feeding rates are lower than others. AFCO Distribution has been manufacturing and distributing LMF for over 25 years, and our team is proud to be at the forefront in equine health and nutrition.

To learn more about LMF Feeds or where you can purchase it, visit [www.lmffeeds.com](http://www.lmffeeds.com)

**LMF feeds are manufactured with the geography that the horses will pasture on in mind. Formulations are different from the PNW to California or Texas.**

## About PHN's Founder

Dr. Stephen Duren is a native of Soda Springs, ID. He completed his Bachelor of Science in Animal Sciences at the University of Idaho and his Master of Science and Doctor of Philosophy in Equine Nutrition and Exercise Physiology from the University of Kentucky.

Dr. Duren has experience as a consulting nutritionist for large breeding farms, and for Kentucky Equine Research. The latter gave him his first international experience working with feed manufacturers in Europe, Australia, New Zealand, Jamaica, and Canada. He founded Performance Horse Nutrition (PHN) in 2002 and has authored and co-authored books on equine nutrition. For more on PHN, visit <https://performancehorsenutrition.com/>



Dr. Stephen Duren visits with attendees at the 2019 AFCO Buying Show.

## Partner Summit Coming to Boise



Performance Horse Nutrition (PHN) annually brings together partners from across the United States to expand learning, share ideas and network.

In the photo left, our AFCO and LMF staff attended the 2019 PHN Partner Summit in Jay, VT. The summit included a tour of the Poulin Grain mill and warehouse in Newport, VT.

In 2022, the PHN Partner Summit 2022 comes to Boise, ID.





## GROWER SPOTLIGHT

# An Experimental Farm and Hiking Experience

By Brianna Hackler, Graphic & Multimedia Specialist



Paca Pride is a guest house located in a mountain meadow along the Mountain Loop Scenic Byway east of Seattle. The farm has several yurts, a guest room and a campground, as well as an alpaca herd and chickens.

David Capocci's background as a systems analyst working in the Seattle tech scene served him well as he transitioned to running an alpaca farm and guest ranch on the Mountain Loop Scenic Byway.

David, who owns and operates Paca Pride in Granite Falls, WA, says his approach to farming is very similar to the approach he took when analyzing a system in the IT industry.

"With regenerative agriculture or permaculture, you talk about the farm and the food source the same way a systems analyst would talk about a system," he states. "It translates well, because everything is about downstream processes; it's about cycles and flows, waste stream and how you manage that."

Paca Pride is a guest house located in a mountain meadow along the Mountain Loop Scenic Byway east of Seattle. The farm has several yurts (tents), a guest room and campground, as well as an alpaca herd and chickens.

One unique feature of the farm and livestock herds is David's alternative approach to feeding the animals. He is a proponent of permaculture to reduce the farm's footprint and expenses, as well as ensure his animals eat top quality food. In a 12' x 12' room in his barn, David sprouts barley that produces over 100 lbs. of food each day to feed the alpaca herd and chickens.

The process takes just nine days from planting to feeding. The system will produce up to 35 lbs. in microgreens from just 5 lbs. of barley seed.

"When we started, I thought a lot about how we could do this in a responsible way," David states. "I was looking at this thinking, 'Wow, this is really consumer-based farming. Did people really go to the store and get 50 lbs. of chick feed 100 years ago? What did they do?'"

This alternative approach to feeding has several benefits. Sprouting the barley helps unlock the nutrients, transitioning stored carbohydrates and starches into active proteins, and soluble vitamins and minerals, says David. The sprouts are also more than three times more digestible to the animals.





Additionally, David can store up to a year's worth of supply grain before using it; pellets or other feed types would go bad during that time frame.

David only buys raw materials, including barley, from Skagit Farmers Supply (SFS). He also buys hay, which supplements the alpacas' diet. Since he is buying less materials, he can save a significant amount of money.

From left, David Capocci, Tim Leingang, and Glenn Budlow purchased the land for Paca Pride in 2005. Since then they have created a basecamp for those exploring the Mountain Loop Scenic Byway, as well as those interested in permaculture and regenerative farming.

## Building Paca Pride

David Capocci and his husband, Glenn Budlow, and their business partner, Tim Leingang, purchased the land for Paca Pride in 2005. Before then, they lived in Seattle, but spent every summer weekend camping in their yurt in Mount Baker National Forest. During that time, David saw an untapped market in the tourists on the scenic byway.

"Many tourists have a dilemma in hiking versus camping," David states. "They may not want to leave valuables at their campsite for security reasons, but they don't want to take all that stuff hiking. So we wanted to marry the two and be a basecamp for the mountain loop experience."

According to David, there were some challenges in getting the farm up and running. The 17 acres they bought were blank, unused, so the two had to homestead the entire parcel, including pulling stumps, logging debris, adding fencing, roads and building a house and barn. However, David adds, this turned out to be a positive, because they could design the land in the way they wanted to use it.

"It made our job a heck of a lot easier, being able to start with a blank slate and design it with intent, rather than having to retrofit old facilities," he states. "We got to feel the energy of the land and the microclimate, and where the sun lay, so we could enhance the meadow."

For David, the real challenge came when it was time to rezone and permit the land, which took more than two years instead of the projected 120 days.

In 2010, Paca Pride opened as a campground. Even though the facility has an alpaca herd, David says, they don't want to be seen as livestock-centric. Instead, they wanted to be land-centric--a place for people to connect with the land, learn about permaculture and farming, and be a basecamp for exploring nature.

Today, Paca Pride has about a dozen alpacas, one llama and about 70 chickens. The farm mostly caters to tourists and outdoor enthusiasts such as families with young children or older people who may want a slightly nicer outdoor experience. Additionally, David says he gives workshops on his permaculture farm and feeding system.



Paca Pride practices an alternative approach to feeding the alpacas and chickens on the property, using permaculture to grow barley sprouts in a 12x12 foot room in the barn. This helps reduce the farm's footprint and expenses, as well as ensuring the animals eat top quality food.



Paca Pride is home to about a dozen alpacas, a llama and about 70 chickens.





1833 Park Lane // P.O. Box 266  
Burlington, WA 98233-0266

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## 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

Stanwood 360.629.7033

Stevensville (Montana)

406.777.5527