Food

The rise of the modern food cooperative

By Jonathan Kauffman | March 16, 2017 | Updated: March 16, 2017 4:08pm

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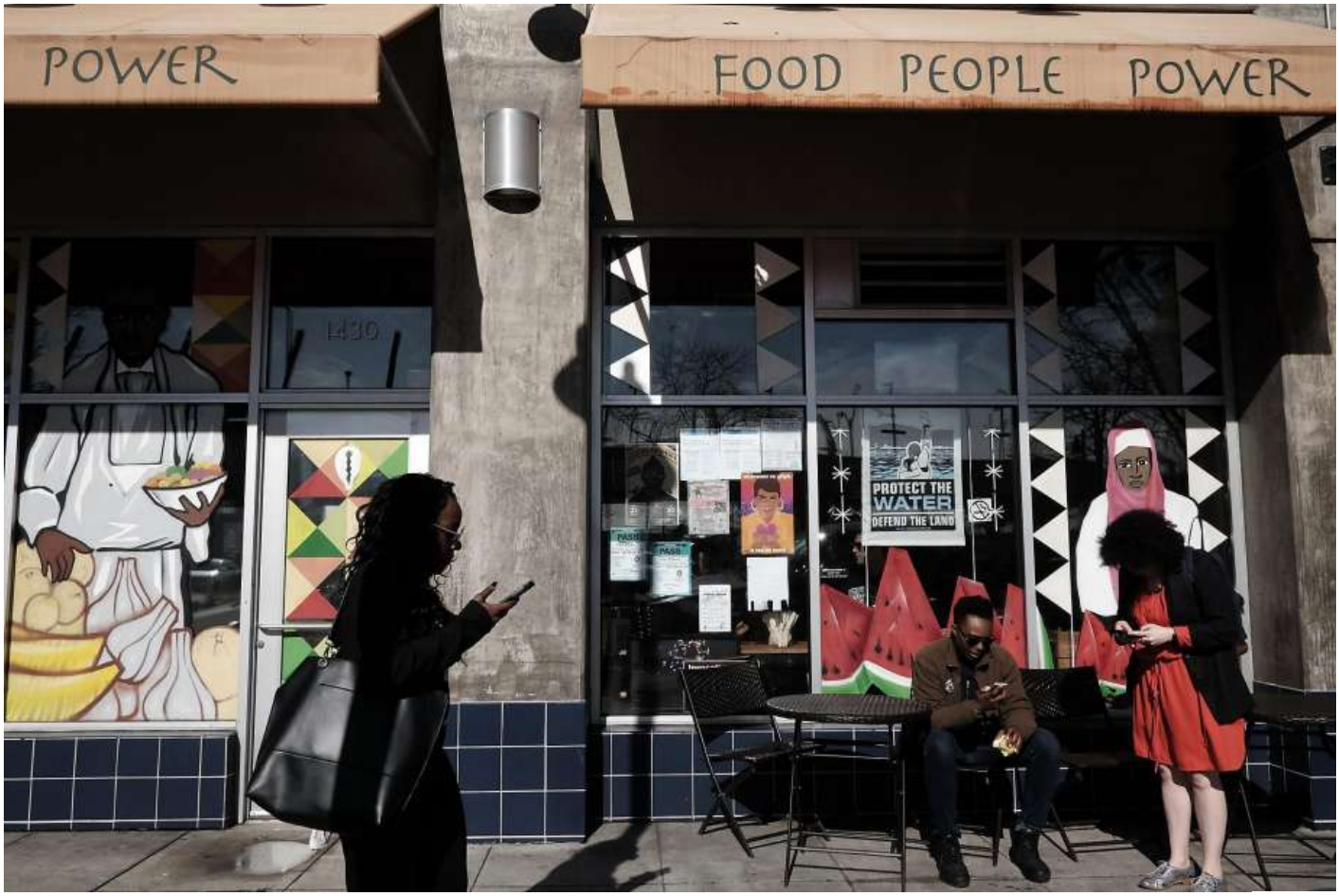

Photo: Michael Short, Special To The Chronicle

At Mandela Foods Cooperative in Oakland, people sit at tables in the sun.

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At last month's official meeting of the Cultivate Community Food Co-op Steering Committee in Benicia, 16 of its members were learning how to act like a cooperative.

Up until just a few months before, the co-op had existed only in the heads of a few organizers. It has no funding, no location and no paying members. In fact, at the start of the meeting it had a different working name: the Benicia-Vallejo Food Co-op. Piece by piece, though, the co-op was coming together. And now it was time for the first show of hands.

Wolfgang Hagar, a former Rainbow Grocery worker who moved to Vallejo last year, stood at an easel pad in instigator Paula Schnese's family room, laying out a process for the steering committee to make decisions. "We're building a structure on how to vote on proposals," Hagar told them. "We want to bake this into the structure of the organization."

The committee members, all with name tags taped to their shirts, gathered in clusters of chairs or leaned against the kitchen island. Glasses of red wine had dispelled the amiably respectful tone of the first 90 minutes, when representatives from each of the subcommittees reported on their progress.


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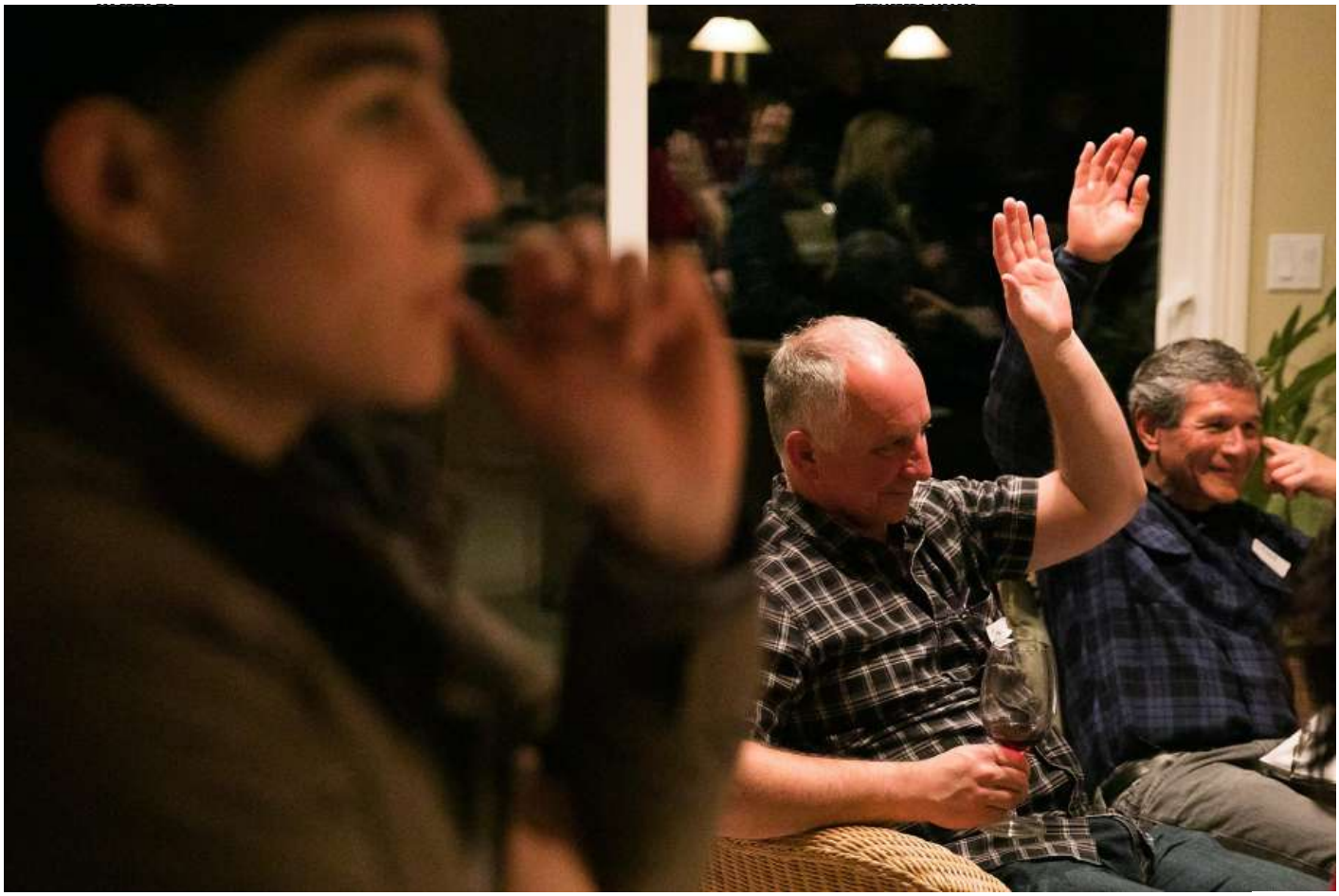

Photo: Mason Trinca, Special To The Chronicle

From the left, Bryant Acosta, Stan Zervas and Chuck Coleman participate on the first vote during Benicia-Vallejo Food Co-op's second meeting at Paula Schnese's house in Benicia.

Hagar walked the group through how to propose an action, debate it, suggest amendments and then vote, requiring only a simple majority to carry the day. Their first vote: Whether to adopt the process. Sixteen raised hands agreed. For all its insignificance, the group greeted the vote as an auspicious, unanimous start.

It has never been more complicated or more expensive for groups like Cultivate Community to start a food co-op, and yet co-op grocers are growing at the fastest pace since the 1970s, in rural towns and dense urban neighborhoods alike.

The National Co-op Grocers, an association of food cooperatives that buy collectively, has seen its membership rise from 106 to 151 since 2006, and natural foods co-ops that have been in

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Grocer magazine, but a significant growth nonetheless. An 11-year-old national organization called the Food Co-op Initiative has come up with a startup guide for groups to follow.

Photo: Michael Short, Special To The Chronicle

Fresh produce at Mandela Foods Cooperative in Oakland.

For Cultivate Community, help has also come in the form of Hagar, a real estate agent in Vallejo who worked at Rainbow Grocery in San Francisco for 15 years. His task, that night, was to help the steering committee navigate the inclusive and often tedious territory of collective decision-making.

Perils to the spirit of unanimity emerged the moment Hagar brought up the topic of abstentions. One member challenged him: Why would anyone abstain from voting? Wasn't that a cop-out? "We're all going to get close, but you might have to vote on kicking someone out of a

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It was as if he'd flicked on the theater lights at the end of a rom-com. The other 15 steering committee members suddenly became aware: This was going to get a lot harder.

Photo: Michael Short, Special To The Chronicle

Worker Erin Clark stocks the dairy case at Mandela Foods Cooperative in Oakland.

Over the course of the past 160 years, cooperatives in America have flared and died in 40-year cycles, each burst leaving its mark on the U.S. economy. We buy Land O' Lakes butter and Ocean Spray cranberry juice without realizing that we're supporting agricultural cooperatives. Some of us belong to housing cooperatives, mutual insurance companies and credit unions. Older Americans may remember shopping at grocery cooperatives founded in the 1930s, such as the Twin Pines stores or the Berkeley Co-op, whose 14 locations once spanned the Bay Area.

Most of us, though, think of co-ops as hippie holdouts: collectively run natural-foods markets

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Stokely Carmichael and Bob Moses particularly embraced the idea, promoting them as a way to give African American communities more economic independence.

As the 1960s gave way to the 1970s, the counterculture — predominantly young, white and college-educated — caught on.

In the Bay Area, starting in 1969, groups of young longhairs formed buying clubs that they called, in the spirit of the times, "food conspiracies": hundreds of groups that would pool their money to pay for runs to the produce markets and wholesalers of dry goods. (See accompanying story for more on food conspiracies.)

The "buying club" idea took off all across the country, in rural towns as well as metropolises. Cheap food was definitely a core goal, but starting in 1970 and 1971, the new clubs specialized in hard-to-find unprocessed foods: brown rice, whole-wheat flour, lentils, even fruits and vegetables grown without chemical pesticides or fertilizers, if the club could locate a willing farmer. The rallying cry was "Food for people, not for profit."

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As the buying clubs grew, they moved from garages and church basements into tiny storefronts and became member co-ops. To join, members had to pay monthly dues and volunteer their time in exchange for discounts on price. Most of the new co-ops operated along non-hierarchical principles, too, which allowed any member to have a voice in every aspect of the store's operations and required all decisions to be made by consensus. Meetings became tests of endurance.

The Cooperative League of the USA has estimated that upwards of 5,000 buying clubs and natural-foods co-ops opened in the 1970s. Their appeal spread far beyond counterculture circles once mainstream consumers discovered the low prices. (Funky ingredients, messy shelves and self-righteous volunteers turned off just as many.)

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Photo: Michael Short, Special To The Chronicle

Worker-owner Fekida Wuul weighs a customer's fruit at Mandela Foods Cooperative in Oakland.

Naivete and lack of financial expertise killed off most. Growing competition with mainstream grocery stores doomed many others, as did the fact that financial institutions and state governments offered little institutional support or financing.

The co-ops that survived, however, became professional operations. They paid workers (just) enough money to live and abandoned consensus in favor of strong management. They expanded the inventory on their shelves — even adding once-verboten products like vitamins and refined sugar — to become full-fledged grocery stores. They formed professional associations to share knowledge and increase their collective buying power.

When interest in co-ops resurged with the recession of 2008, the co-ops of America were ready.


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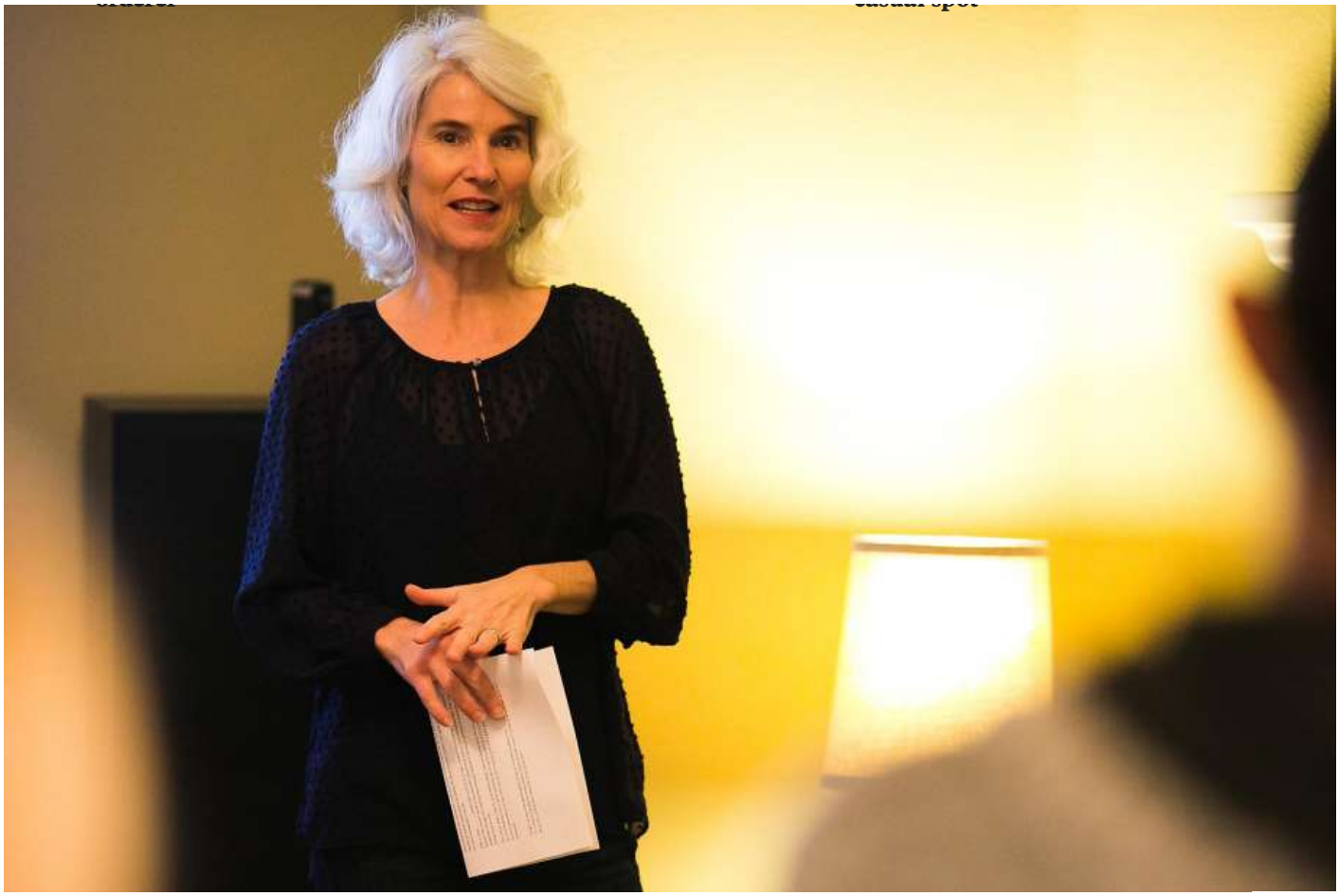

Photo: Mason Trinca, Special To The Chronicle

Paula Schnese, center, opens up the meeting by welcoming and thanking the committee on their first step toward becoming a cooperative in Benicia.

Paula Schnese, a fine-boned, decisive woman with a nimbus of prematurely white hair, is a professional photographer by training. Before moving to Benicia three years ago, she and her husband were living in Richmond, an easy car ride from the Berkeley Bowl and other great markets. Schnese was flummoxed to cross the Carquinez Strait and find herself with access to two big-box grocery stores and few local foods.

“I got here, moved in, got the kids settled in school, thought, I really need to do something about this,” she said. “I know there are a lot of people who think the same thing that I do.”

Last January, Schnese held a public meeting to talk about the idea, and 65 people showed up. She and three other women printed up fliers explaining what a co-op is and handed them out at the

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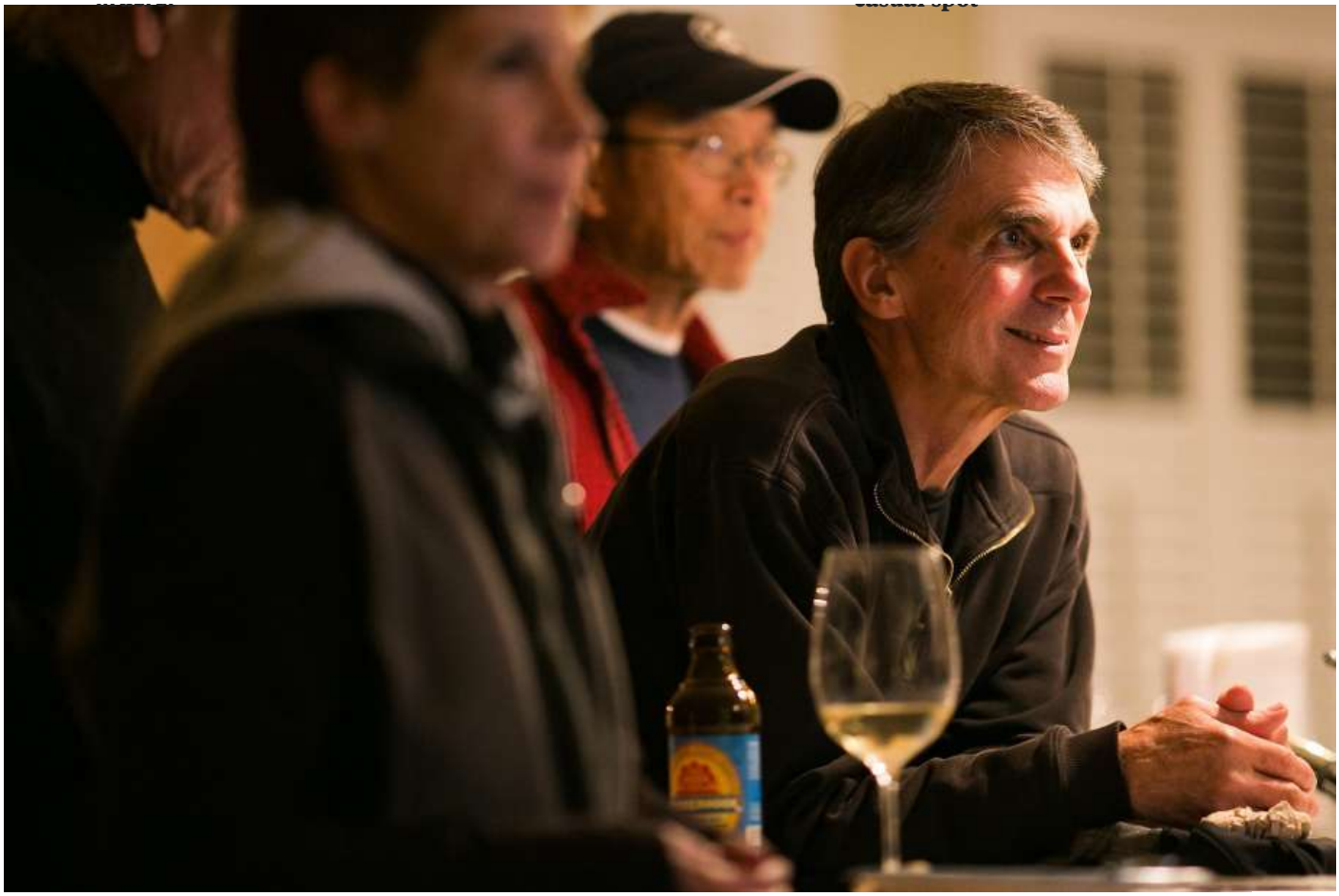

Photo: Mason Trinca, Special To The Chronicle

Steve Souza of Vallejo, left, listens to opening remarks during the meeting of the Cultivate Community Food Co-op Steering Committee in Benicia.

Through Facebook, Schnese also learned of a defunct effort to establish a co-op in Vallejo four years before. In the organizers' last, dispirited posts, they wrote that starting a co-op was a full-time job, not something that volunteers could do in their spare time. That galvanized Schnese. "You need a champion," she decided. "Somebody's going to keep this going." At this point in her life, she could play that role.

At about the same time, she attended a conference in Indiana organized by the Food Cooperative Initiative and discovered that the co-op community would help her along.

The initiative, an 11-year-old national nonprofit based in the Midwest, trains co-op champions like Schnese by offering conferences, webinars and print resources to give co-ops a blueprint for


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Executive director Stuart Reid sees several reasons for the new boom. Champions like Schenese have been inspired by the longevity of the co-ops that did survive the 1990s, he says. Many of the people he has worked with, like Schnese and Wolfgang Hagar, have moved from another city with a thriving co-op and want to re-create what they left behind.

The local food movement that began just before the recession has given the movement its emotional and intellectual thrust. According to the U.S. Department of Agriculture, the number of farmers' markets in the United States has almost doubled from 2006 to 2016 (from 4,385 to 8,669). Books like Michael Pollan's "Omnivore's Dilemma" and Barbara Kingsolver's "Animal, Vegetable, Miracle" have galvanized shoppers in the same way Rachel Carson's "Silent Spring" and Frances Moore Lappe's "Diet For a Small Planet" did in the 1960s and 1970s. "People were becoming more aware of the industrialization of the food they were eating," Reid said, "and there was a demand for more sustainable options for clean meat, for supporting local producers. All of that came together about the same time."


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shifted as well, said Reid's colleague, Jacqueline Hannah, broadening from the so-called "traditional" college towns and liberal enclaves to low-income neighborhoods in large cities as well as rural towns. "In the Southeast, Walmarts came in to close their grocery stores. Now the Walmarts are closing," Hannah said. People are "looking for solutions so they don't have to drive for an hour or more to get to a grocery store."

Photo: Michael Short, Special To The Chronicle

Juice and drinks at Mandela Foods Cooperative in Oakland.

The variability of the new food co-ops makes the new movement hard to characterize.

"We're not really a co-op culture in western Illinois," said Margaret Ovitt, founding member of the 4-year-old Macomb Co-op in Macomb, Ill., whose population of 20,000 is half college students. For years, a working group interested in local foods struggled to accrue enough money


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online?" The group bought an e-commerce program from Local Food Marketplace to embed on its website. Now, farmers and producers list their supply for the next week, and the co-op's 400-some members — who pay $100 a year in membership fees — place orders online and pick up their produce at a building owned by the local telephone co-operative, another holdout from the 1930s.

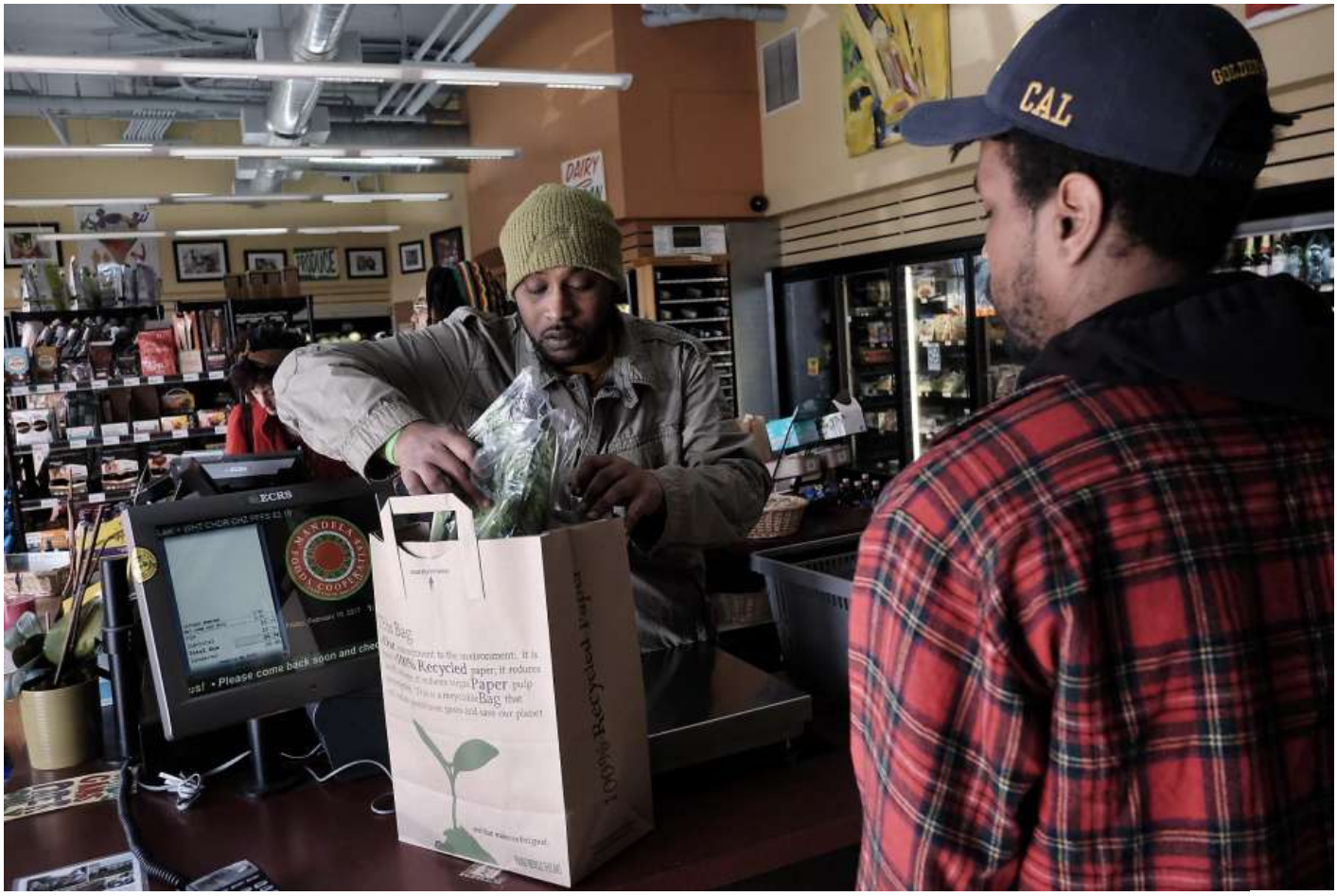

Photo: Michael Short, Special To The Chronicle

Worker-owner James Bell bags groceries for customer Bernard Bailey at Mandela Foods Cooperative in Oakland.

Online business, said Ovitt, has been good enough that the Macomb Co-op recently installed a few shelves and opened the storefront to the public a few days a week, selling regionally produced dry goods as well as hard-to-find products like fair trade coffee.

New co-ops are rethinking how to attract broader audiences as well. Durham, N.C., had lost its


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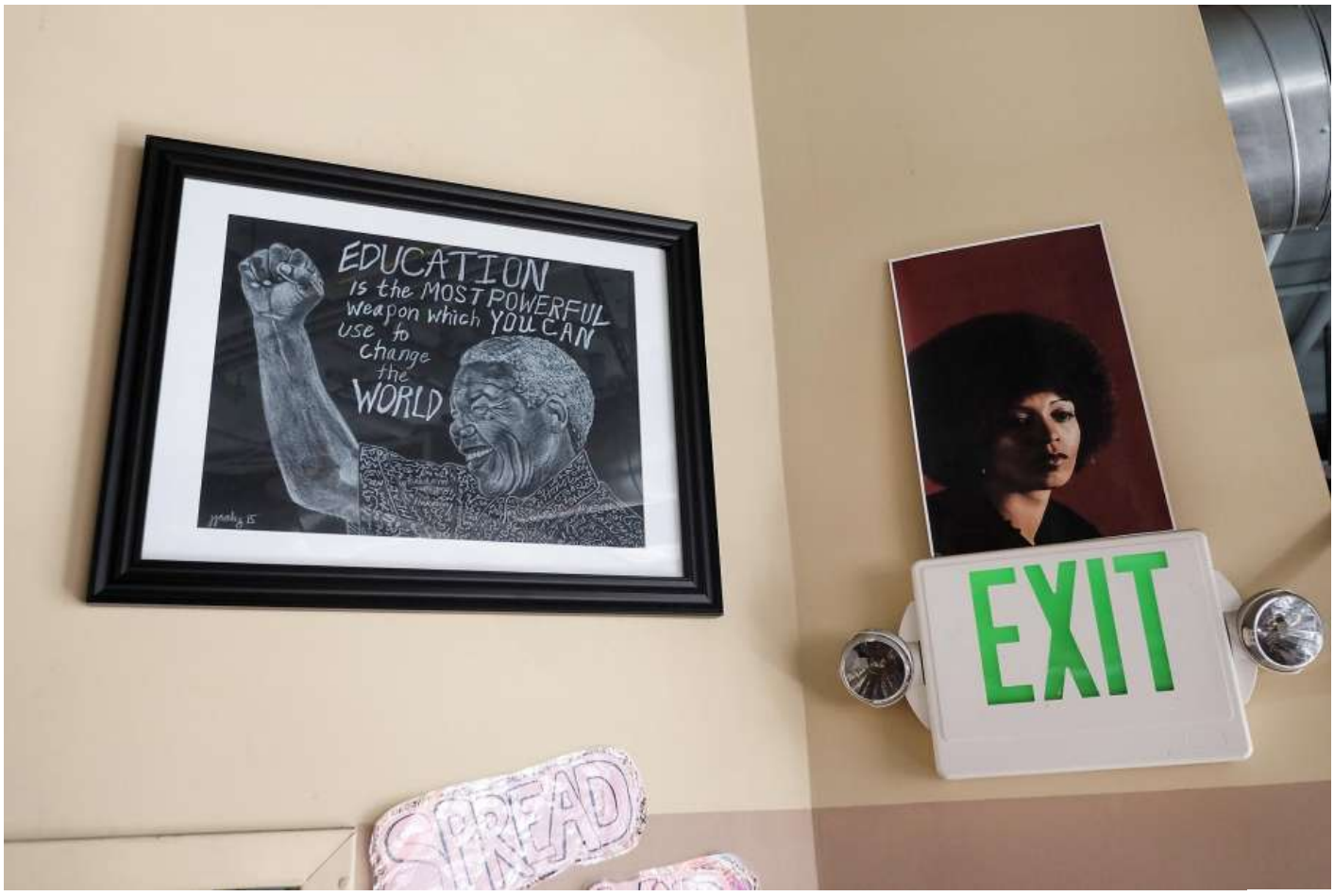
The old co-op, said general manager Leila Nesson Wolfrum, attracted an upper-middle-class, mostly white clientele despite being located in a racially and economically diverse neighborhood.

Key to changing that dynamic, Wolfrum said, was not to water down the store's focus on organic and natural foods, much of which are more expensive, although the store does find ways to subsidize members who use Snap benefits (food stamps). "We decided this was going to be a co-op where everyone felt welcome, and we wrote that over the door," she said. "We've done a lot of work to make sure our staff represents the community — I can say with some confidence that we're close to the most diverse staff in the country."

The strategy has worked. Wolfrum anticipated that the Durham Food Co-op would reach profitability in its seventh year, but it's already on track to do that in the coming year or two.



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Most of the new food co-ops in the United States are owned by consumers, said Reid, director of the Food Cooperative Initiative. The Bay Area is distinctive in that its only surviving co-ops, Rainbow Grocery and Other Avenues, both converted to worker-owned enterprises decades ago. However engaged the stores' customers are — and oh, are they — the staff makes all decisions and shares all financial risks and gains. It's much harder now, Reid specifies, for a group to gather the seed money to make their own employment.

That doesn't mean it's impossible, as the Mandela Foods Cooperative in West Oakland proves.

The 8,000-square-foot store, located across the street from the BART plaza, is heavily curated given its limited shelf space: a wall of fresh produce, most of it from a group of farmers in the Salinas Valley. Another of dairy, drinks and prepared foods. Dry goods stacked up on a bank of wire shelving, plus a small bulk-bin section. A separate business named Zella's Soulful Kitchen operates out of a kitchen in one corner, selling sandwiches, salads and Southern food, all for takeout.

A group of community organizers, including Mandela Marketplace, a nonprofit that brings healthy food to low-income East Bay neighborhoods, provided the startup support to open the store in 2009. Now, though, Mandela Foods Co-op is owned and run by a five-person worker collective.

The store's less-visible location in the middle of the block, as well as its small size and lack of a parking lot, have posed challenges. It took a few years for the cooperative to become profitable, which it achieved in 2015.


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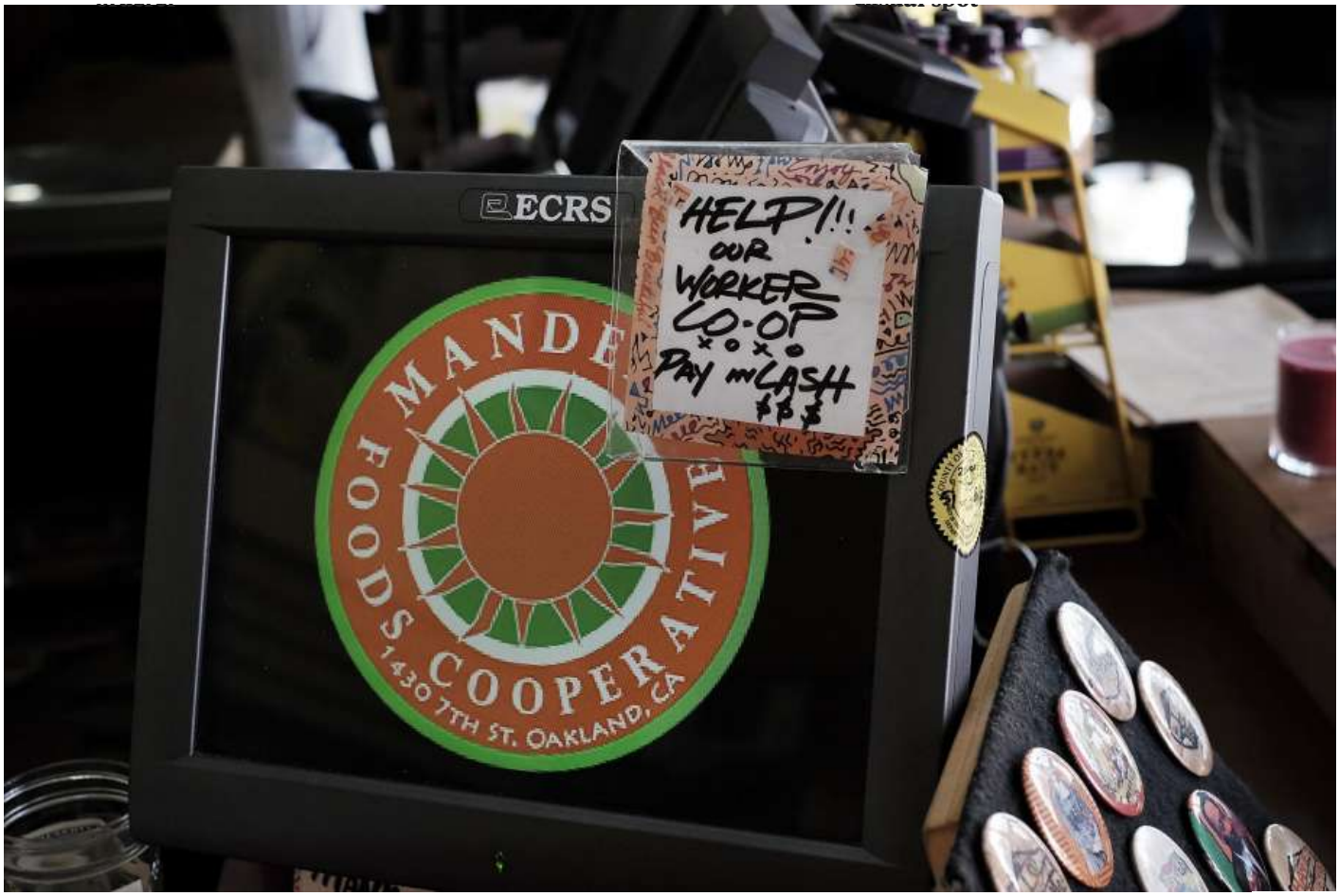

Photo: Michael Short, Special To The Chronicle

A sign asks customers to pay in cash at a register at Mandela Foods Cooperative in Oakland.

At the same time, the store has become rooted in the community in ways the larger 99-Cent Store next door never did; the discount chain recently announced it was pulling out of the retail complex. Last month, as worker-owners Adriana Fike, James Berk and James Bell sat outside the store with a reporter, the conversation was punctuated by greetings from passersby.

“The co-op is viable for the community here because it’s an asset, something that hasn’t existed here — not just in a grocery-store aspect but a cooperative aspect,” Bell said. “People can identify with it more than just coming to a Whole Foods because it feels like a family atmosphere.”

Fike recounted a recent conversation she had with a high school student who had never been


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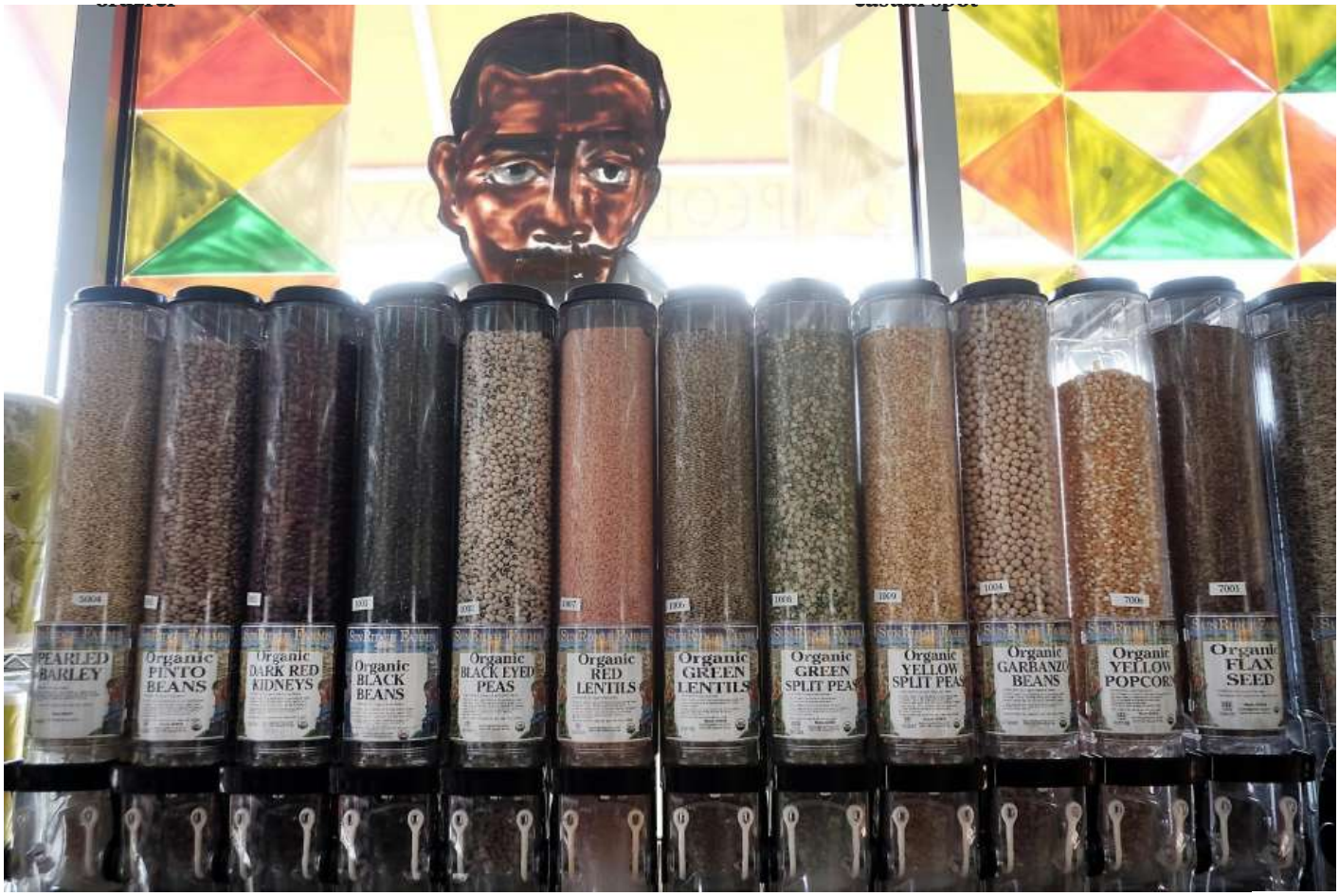

Photo: Michael Short, Special To The Chronicle

Bulk bins at Mandela Foods Cooperative in Oakland.

Mandela Foods' worker-owners reiterated the same themes that organizers in Illinois, North Carolina and Benicia have: Co-ops are a way for communities to sustain themselves. Local food. Local ownership. Self-direction.

"The one constant for all the co-ops I've been in contact with is equality — whether that be in pay or in profit-sharing or having a voice at the table, just a more equal distribution of the power of the business instead of funneling it all up to the peak," said Berk.

"Culturally, worker co-ops can have a huge impact," Fike added. "People really feel different when they come in (to work) and when they leave. My co-workers say, 'My vibrations is lifted!' Just by coming to work. That's revolutionary — coming to work, you can be your best self."

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its selection, adding housewares, herbs and books. The collective also plans to build three kiosks that it can rent to other cooperatively run food businesses.

Photo: Michael Short, Special To The Chronicle

Worker-owner James Bell stocks sweet potatoes in the produce section at Mandela Foods Cooperative in Oakland.

We will likely never see the grassroots food co-op boom of the 1970s and early 1980s repeated. At the same time, we are less likely to see the die-off that took place in the succeeding decade.

The continuing success of Northern California's existing co-ops, such as Rainbow Grocery, Other Avenues and the venerable North Coast Co-op in Arcata and Eureka in Humboldt County, has proven that collectively run markets with professionalism and financial savvy — those that made the passage from innocence to experience — are viable. In fact, the 33-year-old Sacramento Natural Food Co-op, a consumer-owned enterprise, moved into a 46,000-square-

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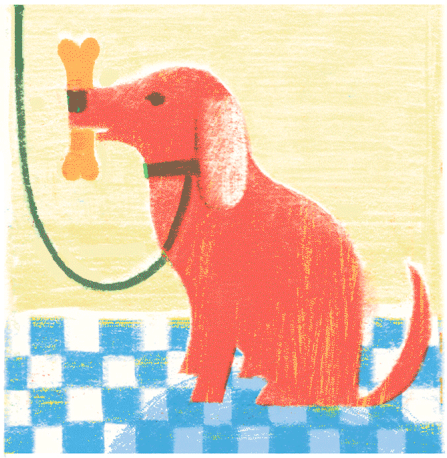
markets to compete against chains with buying power, and the profit margins in food never seem to get larger. Stuart Reid of the Food Cooperative Initiative says that 20 percent of the co-ops that have opened since 2006 have failed.



“Every year the cost of opening a grocery store increases,” said Luis Sierra of the California Center for Cooperative Development. He estimated that just 18 food co-ops currently operate in the state. The Food Cooperative Initiative tracks another nine in development, most of them in Southern California.

California efforts, Sierra added, are often stymied by the price of real estate and equipment. Endurance as well. “The organizing process can take five to seven years,” Sierra said. “That can be very taxing on community organizers. It takes a special kind of grit to be able to make it.”

Even as food co-ops of today have to compete on somewhat equal terms — price and selection — with regular grocers, they continue to offer additional, less tangible benefits like a sense of ownership and shared values that help compensate for hard numbers. Idealism alone won’t keep Cultivate Community in business. But it does have value.

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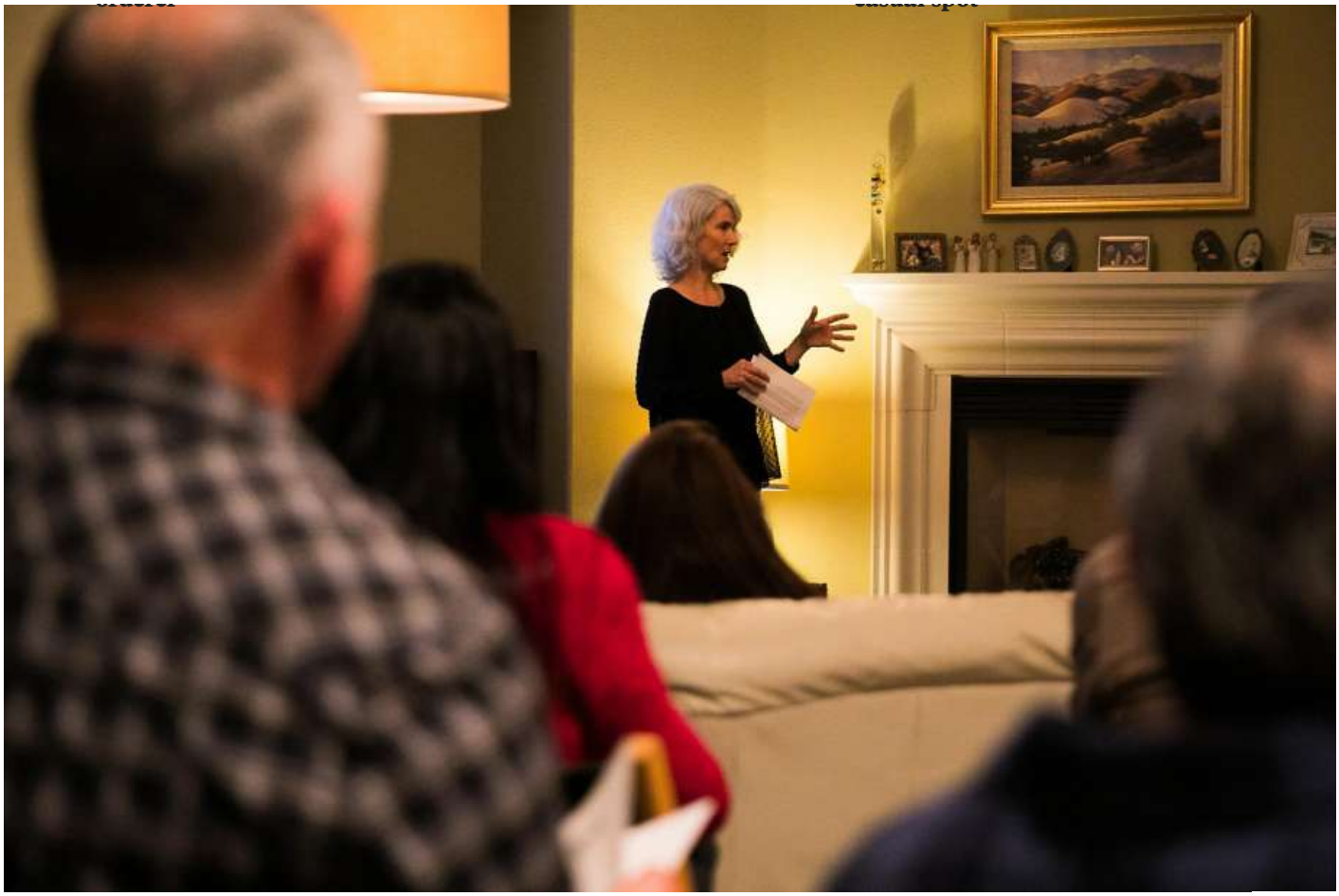

Photo: Mason Trinca, Special To The Chronicle

Paula Schnese, center, opens up the meeting by thanking and welcoming the Cultivate Community Food Co-op Steering Committee.

At the steering committee meeting, Paula Schnese laid out an ambitious plan, all based on the Food Cooperative Initiative playbook: For a 10,000-square-foot store — either in Benicia or Vallejo, another decision to come — they must raise at least $1 million. That means selling at least 1,000 member shares, at $300 apiece, and then asking their members to contribute another $400,000 in loans and preferred shares (the latter are paid back after the store goes profitable). Only then will they approach banks and cooperative lending institutions for business loans.

The events subcommittee is already organizing pub quiz nights and a movie screening. In April, the group plans to file papers of incorporation and start the membership drive, which means the marketing subcommittee has rushed to design a website, www.cultivatecommunityfood.coop, to give the fundraising some authority.

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the people who make food to become community celebrities, and for all that money to stay in Benicia and Vallejo instead of going to Safeway investors. “This is going to sound silly, but I want it to be a happy place,” she said. “Co-ops are by definition about building community, not just about the great food.”

Hence the name the steering group voted into existence at the end of its second meeting, after a vigorous discussion: Cultivate Community. Next, Cultivate Community will have to write — and vote on — bylaws. Then come the feasibility research, the market studies and the financial projections needed to write a business plan for prospective members and investors. If the Benicia-Vallejo group gets to that point, it will have to look for a site and begin construction, hiring and all the bureaucratic duties that come with opening a new business.

It’s a daunting amount of work. Yet Reid of the Food Co-op Initiative said that two-thirds of the groups that “get serious” about starting a co-op succeed: “The commitment and the investment that people put into them usually keep them going.”

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