

LA MONTAÑITA COOPERATIVE

By Ginger McNally, National Federation of Community Development Credit Unions

LA MONTAÑITA COOPERATIVE

Headquarters: Albuquerque, New Mexico

SECTORS: Food Aggregation and Distribution; Retail

WEBSITE: www.lamontanita.coop

OWNERSHIP TYPE: Cooperative

YEAR FOUNDED: Retail operations (1976), Cooperative Distribution Center (2004), Revolving Loan Fund (2010)

NUMBER OF STAFF: 217

TOTAL REVENUES: \$28.9 million in 2010

BARRIERS TO CAPITAL: Cooperative structure

STRUCTURAL LINKAGES TO CAPITAL: Multiple loans from NCB Capital Impact¹

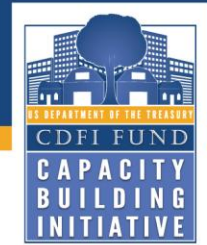
SOURCES OF CAPITAL: Income generated from operations, several loans from NCB Capital Impact, loans from a local community bank, capital raised through community investment initiative, loans to Co-op members serviced by state credit union.

SPECIAL INTEREST: Commitment to social equity, access for all to healthy food, and cooperative economic model.

IMPACT/OUTCOMES: Loans allowed for purchase and remodel of facilities, resulting in the expansion of the food cooperative, increasing access to healthy, low-cost food for low-income residents in New Mexico. The coop supports local farmers, ranchers, and producers. Loan capital supported the development of a regional food-shed production and distribution network, smoothing seasonal income for food producers and allowing for creation of food products needing refrigeration, storage, and distribution capability. Coop expansion help to create or maintain 217 jobs.

Started in 1976 with a single consumer cooperative retail food store, La Montañita Co-op is a community-owned, consumer cooperative which now has five stores serving approximately 14,000 members throughout New Mexico. All of the Co-op stores offer fresh organic produce, bulk foods, local organic meat and cheese, fair trade products, and a wide variety of natural and organic groceries and sundries. The Co-op estimates that they capture approximately 20% of total purchases and sales of local food in the state, and are explicit about their commitment to serving the larger community through education on

¹ Loan was made through the NCB Capital Impact affiliate, National Consumer Cooperative Bank, both of whom are part of the NCB Financial Group consists of National Consumer Cooperative Bank, a wholesale funding company; NCB, FSB, a federally chartered savings bank; and NCB Capital Impact, a 501(c)3 nonprofit and Community Development Financial Institution. (Source: www.ncb.com)



the importance of the cooperative economic model and the links between food, health, and the environment.

As Robin Seydel, Membership and Community Development Coordinator at the Co-op, explains, “There are a lot of poor people in this state and a lot of low-income Co-op members. Comparatively, New Mexico is one of the poorest states in the country. It’s important to us that low-income people be able to buy good food at good prices.” Based on the Co-op’s commitment to social equity, access for all to healthy food, and the cooperative economic model, they offer their members an 18% discount on all purchases once a week, at the member’s convenience, in exchange for one hour of donated time weekly.

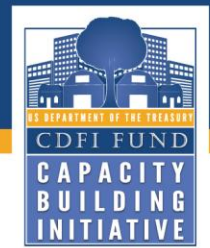
In a desire to expand their efforts to support local farmers, ranchers, and producers, as well as to bring high quality local and regional food to consumers, in 2004 La Montañita created the Co-op Trade Initiative’s regional food-shed production and distribution system. Designed to create wholesale markets and provide product pick-up and distribution, supply delivery service and refrigerated storage for local farmers and producers, the Co-op Distribution Center warehouse is the hub of the food shed initiative. Approximately 400 out of 900 producers and suppliers selling to the Co-op use the warehouse, which provides service within a regional watershed area defining a 300-mile radius of Albuquerque. The warehouse has had a strongly beneficial impact on local growers’ ability to store perishable items, and has resulted in the production of new value-added food items, such as product differentiation by a rancher who previously sold only goat milk to the Co-op. As a result of storage and distribution services provided by the warehouse, she is now able to make and sell goat cheese and yogurt, resulting in greater profits for her small goat ranch.

Another project of the Co-op Trade Initiative is the Beneficial Farms Eco Label. The Beneficial Farms Eco Label provides assurance to consumers that local foods that are not certified organic are produced in a manner consistent with sustainable farming practices, including strong environmental stewardship. A Co-op staff person, who has decades of farming experience in New Mexico, works with regional farmers interested in participating in the Co-op’s Beneficial Farms Eco Label to ensure that they meet all required standards.

The growth of the consumer cooperative stores and the Cooperative Distribution Center was financed through a combination of income generated from operations, several loans from NCB Capital Impact totaling several million dollars to assist with the purchase of facilities, and smaller loans from a local community bank. At the present time, the cooperative stores are sufficiently profitable to be able to continue to subsidize the warehouse operations which have not yet reached self-sufficiency.

In a new initiative, La Montañita developed an internal revolving loan fund (LaM FUND) to assist farmers, ranchers, and other food producers in the region. Using a novel grassroots community investment approach, La Montañita received approval in October 2010 to solicit investment from Co-op members living in New Mexico to fund the revolving loan program. Between October 15 and December 31, 2010, the Co-op raised over \$97,000 in investment capital for the revolving loan fund. All funds are held at the New Mexico Educators Federal Credit Union which also services the loans. Credit decisions are made by the Co-op, which is modifying its lending approach as it gains experience. Explains Robin, “The loans are \$250 to \$5,000 microloans. We originally thought that the loans would be made at the beginning of the season to finance crop-related expenses, have a one-year term, and then be paid off at the end of the year after harvest. We are finding out that isn’t what everyone wants, so now we work individually with each person and work out a term and payment schedule that fits their individual timing needs.”

Innovation, learning by doing, community investment, and passionate commitment to values of sustainable food systems, access to healthy foods, and cooperative models are enduring characteristics of



La Montañita. As Robin says, "It's an amazing group of committed people who have made it happen. Many of us have worked here for more than twenty or thirty years. Sure, we squabble and fight sometimes, but we share a common vision of a cooperative economy and that keeps us together and moving forward."