

# THE ROOT CONNECTION PO Box 267 Woodinville Wa 98072

www.rootconnection.com

(425) 881-1006

[root-coop@hotmail.com](mailto:root-coop@hotmail.com)

Oct 1, 2013

Dear Members

## **Reminder – Last pickup days are not until Oct 23 thru 26<sup>th</sup>.**

That's two more weeks after this one.

**Pumpkins** – all remaining pumpkins have been brought up front. These are reserved for those members who have not been able to get any yet. I hope there is enough. We had to cull out a lot of ones with rotten spots, thanks to the monsoon we had weekend before last. They just sat in water for a few days, not a happy experience for pumpkins!

**Winter share signups** are available – good way to keep up with your improved diet of organic fruits and vegetables. **Deadline to start in November is to have your forms in to me by Oct 22<sup>nd</sup>.** How does the program work? The signup form explains everything, so I won't repeat it all here.

**PRESEASON 2014 CSA** signups going on now! Prices for next year are up just a little over a dollar a week, which is less than our expenses have gone up, but we try to keep it as low as possible. You may have noticed that the credit prices are a little higher.

**Questions:** why so we have to charge more for credit? Why do we have Preseason signups? What does the money get spent on? How did the farm do (financially speaking) this year?

**Answers** to those and more in the budget report on the back of this newsletter.

**Crop report: Squash-** you will enjoy the Honey Boat, which is a type of Delicata. Easy to prepare, just cut in half lengthwise, and put whatever you want on top of the halves. The skin is tender enough to eat! **Carrots** – harvesting the last crop of carrots (the part the geese didn't get into!). They can best be classified as "baby" carrots. Still lots of **lettuce**, although smaller than usual. **Beets** looking good. **Leeks** will be given out again next week. Rest of the **winter squash** will be given out the last two weeks.

**Field report:** What are those green sprouts that look like grass growing all over the planting areas? That is annual Rye grain. It makes a good cover crop. The cool thing is it stays green all winter, making everything beautiful. If left in the ground until late spring, it would form heads of grain, but we till it in as soon as the ground is workable, beginning (in some spots) in February. The roots, I've heard, (of each plant!) are more than a mile long. They give out a substance that actually impedes the growth of quack grass, keep the soil permeable improving drainage, protect the soil from erosion, and along with the tops of the plants add nutrients to the soil after we till them in and they decompose. Quite a lot of benefit from a little plant!

## **The Ins and Outs of Running the Farm**

There's always a lot of curiosity about how the farm works and budget. About a third of our members actually own the farm business through investments in Roots of Our Times Cooperative (ROOT). Whether people are stock-holders or not, most think of the farm as belonging to them. This is the type of atmosphere we want to keep going, which is why we stick with the traditional model of CSA, where the members, through a season-long membership, support the expenses of running the farm, and providing produce to those members is the main business of the farm.

We were the first CSA in Washington, and as far as I know, the second one in the U.S. I suspect we are the longest successful CSA. Many CSA farms started after us, and now there are (I heard) around 300 or more farms in Washington who use some form of the CSA concept. But few stick to the traditional model, and the failure rate of new small farms has been high, unfortunately. The most significant reason is that no matter what business model a small farm uses, produce growing of organic mixed crops such as is necessary for a CSA is rarely profitable. Infrastructure, equipment and land costs generally require large capitalization loans to begin with, and maintaining all that eats up a good portion of the budget. – Read on if you are interested in more info.....

Many farmers use other means to bring in income to supplement the CSA shares they sell. One farmer related to me that when he started growing free-range beef, he made an actual profit. Farms may have fall pumpkin farms, corn mazes, etc. Some that started as true CSA now purchase nearly all the produce that goes into their "shares" on the wholesale market, which for the most part is cheaper than growing it themselves.

The Root Connection also supplements the expenses of growing for CSA by including other parts to the farm such as the tomato and plant starts sales in May, Winter shares and Fruit shares, and farmers market. We do not finance our business operations, so don't have any loan payments to pay each year. We keep a liquid reserve fund to take care of unexpected expenses, down-turns in business, etc. So how does that all break down? Below is an average approximation:

CSA memberships gross income	\$244,000 (includes Preseason and Regular signups)
Winter and Fruit shares gross	\$ 85,500
Store gross inc. nursery sales	\$ 35,200
Farmers Market gross sales	\$ 25,700
Other income (sales to restaurant, Farms for Life, contract farming)	\$ 21,400
Total Farm income all sources	\$411,800
Total all expenses	\$404,000

So it's clear from this that CSA memberships do not cover the cost of all expenses. Member participation in Fruit and Winter shares, distribution of food through Farms for Life, box sales and over the counter sales in the Farmstore, our Farmers market booth and Nursery sales provide critical income enabling us to run our main business, the CSA.

**What do we use the Pre-season signup money for?** Money coming in the fall is used to purchase supplies for next year as well as infrastructure costs, repairs, and labor costs (we have two employees year round, plus the regular crew that starts coming in late February) that we incur before more membership money comes in the spring. We also keep a reserve fund of at least \$42,000. This is usually gone by October, so we use some of this money to replenish that.

**What do we use the reserve fund money for?** Unexpected expenses, short-falls in income (our CSA income in 2013 was down 12% from 2012), equipment and building repairs, etc. Expenses (over our normal budgeted amount) this year included: \$4,000 in credit fees (this is what we are charged when people use credit cards), \$7,000 in tractor repairs (both tractors needed expensive repairs), \$950 for two new tractor tires (thank goodness, they were the small front tires!), \$6,000 in unexpected property repairs, \$29,000 to the operating budget to cover the decreased income from CSA

**Why are we now charging more for credit card payments?** When we first started taking credit cards, it was a somewhat minor expense, but over the past two years, since credit card use has become very popular, it has ballooned into a major expense that we can't cover all of in the budget. So unfortunately, I have to charge more, which will cover at least 60% of that expense, and maybe encourage people to pay their memberships by check since they will save money. The expense we incurred this year was nearly equal to our whole budget for fuel, or more than we paid for raises to employees, for example.

**Why is the CSA model so expensive?** There are lots of parts to the answer, but the main thing is that it takes a lot more planning, labor time, etc. to plant crops in succession in little patches than say, 10 acres of 3 or 4 crops. In a CSA, each crop is important, and has to be timed just right. If something requires extra care, we will do it, regardless of labor cost. Certain crops don't make sense from a time/cost standpoint, such as the cherry tomatoes, so if I was just selling for regular market, I wouldn't grow them. Corn that costs us around \$1 an ear to grow wouldn't be feasible, but it's important for a successful CSA to have as wide a range of crops as possible.

Since we ended up with basically the same amount of members, why was the CSA income down so much this year? Although we did end up with nearly the same number of members, we were way down in June, at the beginning of harvest. There seems to be a trend of members wanting to signup later in the season, like mid-July or later. According to my analysis, we would have made \$28,000 more in income (for hardly any more expenses) if we had a full membership by the end of June at least. So we will launch a "spread the word" campaign in the spring. Word of mouth is still the best way for people to find out about us. More later.....