

# POUDRE VALLEY COMMUNITY FARMS

## EXECUTIVE BUSINESS SUMMARY

**Vision:** To create enduring working landscapes and viable agricultural livelihoods in Northern Colorado that conserve natural resources, preserve cultural and agricultural heritage, promote regional food security, and stimulate the local economy.

**Mission:** To cultivate innovative models for community ownership of land and water for food production by purchasing threatened agricultural land and providing long-term access to farmers and ranchers.

**Model:** Through cooperative member-ownership, investor-ownership, creative financing techniques, conservation easements, and community partnerships, the cooperative buys and owns farmland with the goal of providing long-term (10 years or more) ground or triple-net leases to local farmers at market rates. Poudre Valley Community Farms, A Land Cooperative (PVCF) is registered as an Article 58 Limited Cooperative Association in the State of Colorado. This is a multi-stakeholder cooperative, which means that producers, consumers and investors can work together and combine capital toward their shared goals.

The concept of local food generates a lot of support in the community. The cooperative mechanism allows local food consumers, producers, institutions and impact investors to support local food production from the bottom up by owning the land on which the food is produced. See Membership and Support Opportunities page for more information on how to get involved.

The land cooperative will use membership capital, donations, grants and other financing techniques to purchase properties. Beginning with the first parcel of land in the first quarter of 2016, PVCF intends to expand holdings into a portfolio of properties. Properties will be owned and leased out by the cooperative, and the lease revenues will be used to benefit all stakeholders. Member-owners receive dividends based on their patronage of producers, while producers find a community of consumers and gain long-term access to land.

**Identifying Land for Purchase:** PVCF will look for land by working with local transitioning farmers we meet through the CSU Extension, Colorado Land Link, local land trusts, farmers markets and word of mouth. Land will be vetted for its general suitability for production, water rights, soils, microclimate, previous farming practices, and other characteristics relevant to its long-term, sustainable productive capacity.



www.farmland.coop  
PO Box 26  
Laporte, CO 80535  
970-829-8535

**Finding Lessees:** Since the Cooperative aims to support the growth of a healthy and diverse local food economy, it will be vetting its farmers and ranchers—its leaseholder-producers—with as much rigor as the properties themselves. PVCF will be looking for producers with experience, a proven track record in operating an agricultural business, and a business plan that can support the type and scale of farming suited to the particular property. While requests for proposal may be issued to a wide geography to obtain qualified candidates, preference will be given to local producers—particularly those who have existing businesses with consumer-communities in the region.

In addition to vetting the lessees, PVCF will also consider the most appropriate types of production for individual properties and the types of production in demand in the local food economy. The producer portfolio will include vegetables, but may also include other agricultural products such as poultry and other livestock, dairy, orchards and other perennial production, and value-added businesses such as cheese production.

**Financing:** Each property will have a different fundraising approach. Some will require a mix of conservation easements that are either donated or purchased by interested parties (local governments, land trusts, or individuals), while others may require housing development or other revenue-generating infrastructure to subsidize a larger piece of prime agricultural land. In all cases, the goal is to bring together community capital through the sale of member shares (member-owners and investor-owners) and create a like-minded group of owners who will then support food production on the land. In addition, grants and donations from foundations, organizations and individuals whose missions include promoting agriculture, local food economies and local farmers will also play a role in financing properties.

**Pilot Project:** For a full description of the pilot project land and farmers see our projects page on [www.farmland.coop](http://www.farmland.coop). The projected cash revenues and expenses outlined below pertain to the first project only.

**Projected cash revenues and expenses for the initial property purchase are based on the following assumptions, over the first five years:**

- An initial offering of 171 memberships/shares are sold at \$2,500. Some households will purchase multiple shares.
- Additional funds will be generated through donations and grants.
- Dividends reflected below continue to increase from 2018 to 2023 and may eventually exceed \$50/year for the average patron-member (M-share). All dividend payouts are at the discretion of the board and calculated after reserves have been put aside.
- Conservation easement buys down 50% of the property value. Since the appraisal has not been finalized, all numbers including purchase price for property are subject to change.



www.farmland.coop  
PO Box 26  
Laporte, CO 80535  
970-829-8535

- Rent from property does not flow through to PVCF until 2019 due to the transition to organic certification. Rent is scheduled to increase until 2023 to reflect increased production capacity, after that rent increases based on market trends.
- Costs reflect the purchase and management of one property only. Each new property will have different requirements and financial projections depending on funding needs and any time needed for organic transition (if relevant). Administrative costs for new properties will be greatly reduced due to shared overhead costs.
- Some capital improvements are delayed until 2018 to reduce the property tax burden.
- Assumes conservative fundraising after first fundraising push in late 2015/2016.
- Assumes minimal administration by PVCF for a single property after years 2 and 3.

	2016	2017	2018	2019	2020
<b>CASH RECEIPTS</b>					
Incoming Membership	\$427,500	\$7,631	\$7,765	\$13,168	\$13,398
Donations/Grants	\$250,000				
Rent	\$0	\$0	\$0	\$15,600	\$17,940
<b>GROSS RECEIPTS</b>	<b>\$677,500</b>	<b>\$7,631</b>	<b>\$7,765</b>	<b>\$28,768</b>	<b>\$31,338</b>
<b>EXPENSES</b>					
Land acquisition (net of CE)	\$520,000				
Capital improvements (utilities, building)	\$29,000		\$50,000		
Property taxes	\$350	\$350	\$1,800	\$1,832	\$1,864
Exiting memberships	\$0	\$7,500	\$7,566	\$12,720	\$12,832
Operating (including legal, marketing, memberships, other)	\$16,400	\$8,150	\$7,650	\$7,650	\$7,650
Insurance (property and D&O)	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
<b>Total Expenses</b>	<b>\$567,750</b>	<b>\$18,000</b>	<b>\$69,016</b>	<b>\$24,202</b>	<b>\$24,346</b>
<b>Net Income</b>	<b>\$109,750</b>	<b>-\$10,369</b>	<b>-\$61,251</b>	<b>\$4,566</b>	<b>\$6,993</b>
% to Reserve	100%	100%	100%	30%	30%
Addition to Reserve	\$109,750	-\$10,369	-\$61,251	\$1,370	\$2,098
Cumulative Reserve	\$109,750	\$99,381	\$38,130	\$39,500	\$41,598
Average patronage dividend per M-Share	\$0	\$0	\$0	\$8	\$18

