July, 2007
To: Sam
CC: Mark, Louise
Re: Proposal for a Winter CSA Share

Encl: Additional figures regarding share production, start up costs, revenue, pricing and implementation timing.


The goal of starting a winter share program is to increase our ability to attract and retain customers by offering consistent, year-round service, as well as to leverage our existing infrastructure investments—like the recently constructed hoop house—for greater overall production and revenue. Maysie's can serve its existing customer base well by offering produce to them throughout the year. A winter share serve Maysie's well by expanding the months of the year in which the CSA program generates revenue. A winter share can also provide secondary benefits to farm partners, such generating winter shareholder contact with the farm, encouraging purchases of local products from Ben Stoltzfus at Pleasant Pastures Organic Acres.

The winter share produce would come primarily from in-ground plantings in the hoop house and greenhouse, supplemented with crops from outside under row cover, on the margins of the winter season. Pickup would be once per month, as it is typical of most CSAs that offer winter shares. Mike Baki, farm manager at Genesis Farm CSA, Blairstown, NJ, an early developer of the winter CSA idea, noted in a presentation about winter CSAs (NOFA Summer Conference, 2004) that he strongly regretted the initial decision to offer weekly shares, and considers it a large flaw in the design of his winter CSA. Crops for a winter CSA are either storage crops, or slow growing hoop house crops which can be distributed less frequently, with significant labor completed earlier in the season, thus generating winter revenue while still providing for cyclical "down time" and planning time on the farm.

The labor needed during distribution months of winter CSA can be provided primarily by the farm manager. Initial prepping, composting and planting for the winter share will take place during the months of August and September and can completed with the help of all CSA staff.

Costs incurred by the winter CSA can be covered by the share sales. Yearly reoccurring costs will be primarily seed, fuel for the greenhouse, and regular greenhouse and hoop house infrastructure maintenance. Year one costs include bed prep and tillage equipment specially appropriate for

creating a profitable operation at the hoop house scale. In addition, harvest totes that fit the bed and path size, also recommended for this particular hoop house system, row cover, wash station and temperature monitoring equipment are included in the year one budget. These costs for initializing the winter share program can be covered by the share sales. Equipment acquired for improved profitability for winter production will, in addition, be used year round to benefit other aspects of planting, harvesting, washing and distributing for the CSA.

In researching pricing for a winter share, I found the following eight prices charged by other CSAs (listed below). The going share price in regional markets varies, as well as the number of pounds that CSAs distribute per shareholder dollar spent. However, these figures offer a basis for comparison.

Jericho Settlers Farm, 5 distributions, $380 large/$220 small
Charlestown CSA, about $50 to join "Market" then items by the piece
Genesis Farm, 22 distributions, $376
Waltham Fields, 2 distributions, $100
Garden of Eve, 4 distributions, $140
Winlock Meadows, 4 distributions, $140, 10 distributions $325
The Food Project, 2 distributions, $100
Primrose Farm, 7 distributions, $215

The chart in the "Revenue" section below shows revenue possible for combinations of total shareholders, and cost per share. I recommend targeting sales of a minimum of 30 shares and a maximum of 40 shares in the first year. I recommend a price per share of $252.

Based on this preliminary analysis, I estimate that projected revenue could be $7,560 for 30 shares, $8,820 for 35 shares, and $10,080 for 40 shares. Expenses for year one are projected to be $3,857. Thus, selling 30 shares would provide a projected operating profit margin at roughly 49%. Further, given that many of the costs included in this analysis are not annually recurring costs, future years could have higher percentages of profitability. A table in the "Revenue" section below shows preliminary estimated financial highlights for years one and two.

The recommended production amount is 9-12 lbs per share per week, for a total of 54-72 lbs of produce over 6 distributions. The monetary value to the shareholder is produce at $3.50-$4.67/lb depending on the exact pounds produced. The projected pounds per share is 62 lbs, or an average of 10.41 lbs/wk, at a value of $4.06 per pound of produce. (See chart "Monetary Value of Share to Shareholders" below).

Enclosed are charts outlining: (1) distribution crops and quantities; (2) revenue; (3) expenses; number of shareholders, distributions and share price; (4) the monetary value of the share to shareholders and; (6) a timeline for implementation, including decision making, production, and assessment of year one.

Distribution Crops and Quantities

December	lbs	January	lbs	February	lbs
Mesclun	1.5	Mesclun	1.5	Mesclun	1.5
Spinach	1	Arugula	0.5	Arugula	0.5
Carrots	3	Carrots	3	Carrots	3
Beets	2	Beets	2	Turnip	1
Scallions	0.5	Watermelon Radish	1	Scallions	0.5
Leeks	2	Leeks	1	Pac Choy	1.5
Kale, Collards, Chard	2	Kale, Collards, Chard	2	Kale, Collards, Chard	2
TOTAL	**12**		**11**		**10**
March	**lbs**	**April**	**lbs**	**May**	**lbs**
Mesclun	1.5	Mesclun	1.5	Mesclun	1.5
Arugula	0.5	Arugula	0.5	Spinach	2
Carrots	3	Carrots	3	Carrots	3
Turnip	1	Turnip	1	Turnip	1
Leeks	1	Radishes	0.5	Asparagus	1
Scallions	0.5	Scallions	0.5	Scallions	0.5
Kale, Collards, Chard	2	Kale, Collards, Chard	2	Kale, Collards, Chard	2
TOTAL	**9.5**		**9**		**11**

Revenues

Recommended target range for number of shares and recommended share price

Number of Shareholders	Number of Distributions	Cost Per Week	Cost Per Share	Total Revenue
25	6	$37	$222	$5550
25	6	$42	$252	$6300
25	6	$45	$270	$6750
30	6	$37	$222	$6660
30	**6**	**$42**	**$252**	**$7560**
30	6	$45	$270	$8100
35	6	$37	$222	$7770
35	**6**	**$42**	**$252**	**$8820**
35	6	$45	$270	$9450
40	6	$37	$222	$8880
40	**6**	**$42**	**$252**	**$10080**
40	6	$45	$270	$10800
45	6	$37	$222	$9990
45	6	$42	$252	$11340
45	6	$45	$270	$12150

YEAR 1	**Revenue (30 shares/$252)**	**$7560**
	Expenses*	**- $3857**
	Revenue After Expenses	**= $3703**

	Gross Revenue	Expenses*	Revenue after Expenses	Profit as a Percentage
YEAR 1	$7560	$3857	$3,703	48.98%
YEAR 2	$7560	$2000	$5,560	73.54%

** For expenses detail see "Expenses" section below*

Monetary Value of Share to Shareholders (expressed as price per pound)

Projected average lbs per week

Range of expected lbs per share per week	Total lbs per share	cost per share	Average produce price per lb
12 lbs	72 lbs	$252	$3.50
11 lbs	66 lbs	$252	$3.82
10 lbs	60 lbs	$252	$4.20
9 lbs	54 lbs	$252	$4.67
10.41 lbs	**62 lbs**	**$252**	**$4.06**

Expenses

Production Purpose	Item	Cost
Bed Prep	Tilther	$366
Bed Prep	27 inch Broad Fork	$174
Seeding	6 Row Seeder	$472
Seeding	Seeds (estimated)	$1,000
Harvest	Harvest Totes (estimated)	$300
Winter wash station	Wash Tubs	$150
Winter wash station	Salad Spinner	$205
Daily temperature monitoring and automated record keeping	Max/Min thermometer weather station	$160
Crop protection and warmth	Row Cover	$115
Row Cover supports	9-10 gauge wire (2 bundles)	$130
33° crop temperature maintenance in greenhouse	Fuel (estimated)	$600
Crop protection and processing	Mouse traps, produce bags, incidentals	$300
Expenses Total		**$3,857**

Timeline for Implementation

Date	Task or Process	Responsible Parties
July 25-August 8	Decision making regarding winter share program	Sam, Benneth, Board
August 9-10	Finish completion of winter planting plan and seed order	Benneth
August 11	Order seeds	Benneth
August 12-15	Develop shareholder advertising	Benneth
August 15	Begin seeding winter crops with borrowed seeder	Benneth Interns
August 20 – Sept 20	Advertise and obtain shareholder signups	Benneth Distribution room workers
Sept 20- 25	Assess shareholder signup goal	Board
Sept 26	Purchase equipment as outlined	Benneth
Jan 15	Assess production: evaluate success of production to date	Benneth – monitor crop growth, temperature, etc…
April 15	Assess production: conduct shareholder satisfaction survey	Benneth – construct and conduct survey Board – type and tally responses, evaluate responses