

Restoring Local Value: Producer-Owned Agricultural Processing in Southern Colorado

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Executive Summary

Southern Colorado produces some of the finest agricultural products in America. Our ranchers raise cattle. Our farmers grow corn, wheat, melons, onions, peppers, beans, and many other crops. Yet too much of the economic value created by that work leaves our region before the final product reaches consumers.

Whether it is cattle shipped to large meatpacking plants, grain processed by distant corporations, or produce sent elsewhere for packaging and processing, southern Colorado often exports raw agricultural products while importing finished goods.

This paper proposes expanding producer-owned agricultural processing throughout southern Colorado. Ranchers and farmers should have greater opportunities to own the facilities that process, package, and market the products they produce. Keeping more of the value chain in local hands would strengthen family agriculture, create skilled jobs, encourage new businesses, and keep more wealth circulating within rural communities.

This is not a proposal for government-owned agriculture. Instead, government should help local producers build the infrastructure needed to compete while ensuring ownership remains in the hands of the people who actually produce our food.

The Problem: Southern Colorado Exports Its Agricultural Value

Agriculture has long been one of southern Colorado's greatest economic strengths, but much of the value created by that industry is captured somewhere else.

Ranchers frequently sell live cattle that are transported hundreds of miles to large packing plants before the beef eventually returns to Colorado grocery stores and restaurants.

Many grain producers already belong to successful agricultural cooperatives, yet the grain marketing and processing system has become increasingly concentrated in the hands of a small number of multinational agribusiness companies. As a result, much of the value created after harvest leaves rural communities.

Farmers growing vegetables, fruit, and other specialty crops often face an additional challenge. While they may have local markets for fresh produce, they frequently lack nearby facilities for washing, grading, packaging, freezing, dehydrating, canning, or other forms of value-added processing. Those activities—and the jobs they create—often occur somewhere else.

The result is a system in which southern Colorado exports agricultural commodities but imports finished agricultural products.

Building the Missing Middle

Agriculture once depended on a stronger network of local processing businesses that connected producers directly to regional markets. Over time, industry consolidation eliminated many of those facilities.

Today, many agricultural supply chains look something like this:

Producer → Large Processor → National Distributor → Retail

Every step removed from the producer represents another opportunity for economic value to leave the region.

Rebuilding local processing capacity restores that missing middle. Instead of simply producing raw commodities, southern Colorado can also process, package, and market more of what it already grows and raises.

A Producer-Owned Cooperative Solution

The most effective way to strengthen local agriculture is to expand producer ownership.

Agricultural cooperatives have served American farmers successfully for generations. Grain cooperatives, dairy cooperatives, and farm supply cooperatives demonstrate that producers can work together to build businesses that are too large for any one operation to develop alone.

Southern Colorado should build on that successful model.

For ranchers, that may mean cooperative ownership of regional meat processing facilities.

For grain producers, it may include expanding producer ownership into additional processing, milling, feed production, and other value-added businesses.

For fruit and vegetable growers, cooperatives could develop shared facilities for cleaning, packaging, freezing, dehydrating, canning, or preparing products for wholesale markets.

Each cooperative would be owned by the producers themselves. Members would purchase ownership shares, elect their governing board, and hire professional management to operate the facilities. The economic benefits would remain with the people who create the products rather than leaving the region.

Economic Opportunity

Southern Colorado already possesses the most important ingredient for agricultural processing: agricultural production.

Rather than attempting to recruit outside corporations through tax incentives, Colorado should help local producers build businesses they own themselves.

Expanding producer-owned processing would create skilled jobs in food processing, refrigeration, equipment maintenance, transportation, packaging, logistics, food safety, administration, and distribution. These are stable jobs that support families while strengthening rural communities.

New processing facilities would also create opportunities for related businesses, including cold storage, equipment suppliers, trucking companies, packaging manufacturers, and local restaurants and retailers.

Financing Local Ownership

Developing agricultural processing facilities requires significant capital, but cooperative ownership allows those costs to be shared among many producers.

Financing may include producer investment through cooperative membership shares, cooperative lending programs, state agricultural infrastructure initiatives, federal rural development programs, and public-private partnerships designed to strengthen rural economies.

The objective is not permanent government support. Public investment should help local producers build lasting businesses that become financially self-sustaining while remaining locally owned.

Stronger Communities Through Local Ownership

When producers own more of the value chain, more of the profits remain in rural communities.

Those profits support local businesses, strengthen county tax bases, create employment opportunities, and make it easier for younger generations to remain in agriculture.

Regional processing also creates opportunities to market products under recognizable local brands that reflect the quality and reputation of southern Colorado agriculture.

Keeping more agricultural value at home makes communities more resilient during market disruptions while reducing dependence on distant processing facilities.

Preserving Agriculture for Future Generations

Many Colorado farmers and ranchers are approaching retirement age. Rising costs, industry consolidation, and narrow profit margins make it increasingly difficult for younger generations to continue family operations.

Improving the economics of agriculture is one of the best ways to preserve working farms and ranches.

Strong family agriculture also helps protect open space, supports responsible stewardship of land and water, and preserves an important part of southern Colorado's heritage.

Conclusion

Southern Colorado already produces extraordinary agricultural products. What we often lack is the local infrastructure needed to capture more of the value created by that production.

By expanding producer-owned agricultural processing, we can strengthen family farms and ranches, create skilled jobs, encourage entrepreneurship, and keep more of our agricultural economy here at home.

Colorado has never lacked hardworking producers. We should make sure they have every opportunity to own a larger share of the businesses that process, market, and sell the food they work so hard to produce.