

Restoring Local Value: Rancher-Owned Cooperative Meat Processing in Southern Colorado

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Executive Summary

Southern Colorado produces large numbers of cattle, yet much of the economic value created by those animals leaves the region. Ranchers often sell live cattle that are transported hundreds of miles to large packing plants in other states. The beef is then shipped back to Colorado grocery stores and restaurants.

This paper proposes the development of rancher-owned cooperative meat processing facilities in southern Colorado. By restoring regional processing capacity, ranchers could capture more of the value chain, rural communities could gain new skilled jobs, and consumers could gain access to locally produced beef.

A cooperative structure allows ranchers to own the processing facility themselves, ensuring that the economic benefits remain in the region. Financing could combine rancher investment, cooperative loans, state programs, and federal agricultural development grants.

The goal is not government-owned meatpacking plants. Instead, public policy can help local producers build and own the infrastructure needed to strengthen southern Colorado's agricultural economy.

The Problem: Southern Colorado Exports Its Agricultural Value

Southern Colorado produces a substantial number of cattle, yet most beef processing occurs outside the region. Ranchers typically sell live cattle which are transported to large packing plants in Nebraska, Kansas, or northern Colorado.

When processing occurs elsewhere, transportation costs increase and the highest-value portions of the beef supply chain leave the region. Jobs tied to processing, packaging, and distribution are also lost.

The result is a system where southern Colorado exports cattle but imports processed beef.

The Missing Middle in the Beef Supply Chain

The modern beef supply chain generally follows this structure:

Ranch → Feedlot → Corporate packer → National distributor → Retail

Regional meat processing facilities once served as a middle layer in this system, connecting local livestock producers to regional markets. Industry consolidation and the rise of large corporate packing plants eliminated many of these regional processors.

Restoring regional processing capacity would rebuild this missing middle of the agricultural economy.

A Rancher-Owned Cooperative Solution

This proposal centers on the creation of a rancher-owned cooperative meat processing facility.

Under a cooperative model, ranchers purchase membership shares that provide partial ownership of the facility and voting rights in governance. Members commit to supplying cattle to the plant, ensuring consistent throughput.

The cooperative hires professional management to operate the plant, while a board of directors elected by the members oversees strategic decisions.

Agricultural cooperatives already operate successfully across the United States in industries such as dairy, grain, and farm supply.

Economic Feasibility

Southern Colorado produces a large regional cattle supply. Estimates suggest the region supports approximately 250,000 to 300,000 cattle.

A small regional processing plant handling 20–40 cattle per day would process roughly 5,000 to 8,000 animals annually. This represents only a small share of the regional herd, suggesting that supply would likely be sufficient to support the facility.

Workforce and Job Creation

A regional processing facility requires a skilled workforce including butchers, meat cutters, food safety personnel, refrigeration technicians, maintenance staff, logistics workers, and administrative staff.

A facility processing 20–40 cattle per day could employ approximately 40–80 workers. These positions represent stable skilled jobs that can support rural families and strengthen local economies.

Financing the Facility

Building a regional meat processing facility requires significant startup capital. A small plant may cost between \$10 million and \$25 million depending on size and equipment.

A cooperative structure allows costs to be shared across many producers. Financing could include several sources:

- Rancher investment through cooperative membership shares
- Cooperative loans from agricultural lenders
- State economic development or agricultural infrastructure programs

- Federal rural development and agricultural processing grants

Federal programs designed to strengthen rural economies and regional food systems may also provide important support for projects like this. The U.S. Department of Agriculture administers several grant and loan programs aimed at expanding independent meat processing capacity, supporting rural cooperatives, and strengthening regional food supply chains. By coordinating state leadership with federal agricultural development programs, southern Colorado could position itself to compete for these resources and bring additional investment into the region's ranching economy.

Regional Economic Benefits

Local processing creates economic activity beyond the plant itself. Additional benefits may include trucking and livestock transportation, cold storage and distribution services, equipment maintenance, packaging suppliers, and restaurant partnerships.

Regional processing also creates opportunities to market locally produced beef to grocery stores, restaurants, and consumers under a regional brand such as "Southern Colorado Beef."

Environmental and Land Stewardship

Healthy ranching operations play an important role in maintaining working landscapes across southern Colorado. Sustainable grazing practices can support soil health, water retention, and grassland ecosystems.

Maintaining profitable ranching operations helps preserve large open landscapes and prevents the subdivision or development of rangeland.

Generational Ranching and Rural Stability

The average American rancher is nearing 60 years old. Economic pressures often make it difficult for younger generations to continue family operations.

Improving the economics of ranching can help families maintain operations across generations and keep agricultural knowledge and stewardship rooted in rural communities.

Conclusion

Southern Colorado already produces a strong livestock industry. What it lacks is the regional processing capacity needed to capture more of the value chain locally.

Developing rancher-owned cooperative meat processing facilities could strengthen ranch economics, create skilled jobs, preserve working landscapes, and keep more agricultural value within the region.