



## Agenda Report

20-413

Agenda Date: 3/24/2020

### REPORT TO COUNCIL

#### SUBJECT

Action on a Resolution in Support of Worker Cooperatives [Council Pillar: Promote and Enhance Economic and Housing Development] Continued from March 17, 2020

#### BACKGROUND

Council held a study session on Worker Cooperatives at its July 9, 2019 meeting. Worker Cooperatives are values-driven businesses that put worker and community benefit at the core of their purpose, meaning worker members at worker cooperatives participate in the profits, oversight, and often management of the business using democratic practices.

Following the study session, Council expressed interest in learning more about how the City could support this business model. Council referred the item to the Economic Development, Communications and Marketing (EDCM) committee for further discussion.

Staff developed possible next steps based on review of actions taken by other cities throughout the country to support worker cooperatives. These findings were presented to the EDCM Committee on September 18, 2019. The EDCM Committee referred the proposed next steps/work plan to the full City Council for review and direction.

At the October 29, 2019 Council meeting, Council approved next steps on Worker Cooperatives, which also included direction to staff to return to Council with an allocation of \$100,000 in funding for this effort. On November 5, 2019, as part of the Budgetary Year-End Report, Council approved a budget amendment in the amount of \$100,000 to support Worker Cooperatives.

Phase 1 of the work plan includes the following items:

1. Develop a Resolution supporting Worker Cooperatives in Santa Clara.
2. Develop a Worker Cooperative Resource webpage on the City's website.
3. Work with the Chamber (or other 3<sup>rd</sup> party organization) to identify legacy businesses and develop an outreach strategy.
4. Outsource training on worker cooperatives with outside agency.

Phase 2 of the work plan includes:

1. Research options for technical assistance and conversion funding.

#### DISCUSSION

Consistent with the approved Phase 1 work plan, a Resolution in Support of Worker Cooperatives (Resolution) has been prepared for Council consideration (Attachment 1). This Resolution outlines

the importance of business retention in Santa Clara and the steps the City will take to implement the worker cooperative initiative. Worker Cooperatives face a unique set of challenges simply due to a lack of familiarity with the cooperative business model. Businesses wishing to start a cooperative, or employees seeking to become worker-owners of their current business, require specific support that most traditional business development offices are unable to provide because they don't have experience with the model. Local governments can help increase familiarity with the worker cooperative business model by publicly recognizing the value in this business model and supporting them. Adoption of a Resolution in support of Worker Cooperatives is a first step in this effort.

The remaining items listed in the Phase 1 work plan are moving forward as well. Staff has begun assembling the information needed to establish a webpage on the City's website. The information will be dedicated to informing the public about Worker Cooperatives and the steps the City is taking to support this business model.

Staff is finalizing an agreement with a third-party organization to conduct the initial data research and analysis on the existing business landscape in Santa Clara. It is anticipated that this contract will be executed within the next 30 days. The analysis to be delivered to the City under the terms of the agreement will provide valuable information on what businesses to target for education and outreach on the worker cooperative business model. The proposed contract will also include initial outreach and education sessions with the business community. Following the execution of this contract, Staff anticipates issuing a statement of qualifications seeking firms with expertise in:

1. Advising cities on the development of successful worker cooperative programs;
2. Conducting educational sessions on how to transition to a worker cooperative; and
3. Performing feasibility studies for businesses interested in potentially converting to worker-ownership model.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

### **FISCAL IMPACT**

There is no fiscal impact to the City other than staff time.

City Council approved the allocation of \$100,000 toward this effort and should there be a need for more funding to support the approved phased steps, staff will return to City Council with a request for additional funding.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Adopt a Resolution in Support of Worker Cooperatives.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Resolution in Support of Worker Cooperatives