



Agenda Report

21-1270

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Update on Worker Cooperative Initiative

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

The Worker Cooperative, or Employee Ownership, business model is values-driven and puts worker and community benefit at the core of its purpose. The two central characteristics of worker cooperatives are: 1) workers own the business and they participate in its financial success on the basis of their labor contribution to the cooperative and 2) workers have representation on and vote for the board of directors, adhering to the principle of one worker, one vote. Traditional economic development strategies rarely look at succession planning let alone providing resources to educate businesses about what options exist. Employee Ownership is an option that allows owners to retire well while keeping the business locally rooted. A majority of businesses in Santa Clara are small businesses and are the backbone of our community. This initiative will provide another tool in our toolkit to assist our businesses with succession planning with the hope of keeping them rooted and thriving in Santa Clara.

In July 2019 the City Council held a Study Session on the Worker Cooperative Business Model and referred the item to the Economic Development, Communications and Marketing (EDCM) Committee for review (Attachment 1 and 2). In November 2019, at the recommendation of the EDCM Committee, City Council allocated \$100,000 toward the effort (Attachment 3).

The City adopted a Resolution No. 20-8823 in Support of Worker Cooperatives (Attachment 4) in March 2020 and over the Summer of 2020 entered into a contract with Project Equity to conduct a Business Landscape Analysis to help the City understand the risk to business retention among established companies, the potential future impact on jobs, business tax base, priority industry sectors, and economic development goals. Further, Project Equity will execute a program to help the City retain interested businesses through an Employee Ownership (EO) transition or connect businesses to resources that support family succession or a locally committed buyer.

The City also released a Statement of Qualifications (SOQ) on September 30, 2020. The SOQ sought firms with direct experience educating and providing technical expertise to municipalities and businesses on the worker cooperative business model. The City received one proposal from Democracy at Work Institute (DAWI) and entered into a contract in December 2020. DAWI is an important partner in this initiative and will partner with Project Equity to help educate our businesses on available resources and help the City build a sustainable Worker Cooperative program. To help fulfill its scope of work, DAWI will work closely with its partners at Sustainable Economies Law Center

(SELC), which provide essential legal tools - education, research, advice, and advocacy - that support resilience and grassroots economic empowerment, and the US Federation of Worker Cooperatives (USFWC), the national membership organization for worker cooperatives, which has trained its members to act as ambassadors and advisors to share their experiences and tools with those contemplating worker ownership.

DISCUSSION

Staff will provide a brief introduction of the Worker Cooperative consulting team and Project Equity will briefly present the findings from its Business Landscape Analysis.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of a California Environmental Quality Act (“CEQA”) pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact associated with this item other than Staff time.

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>>.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. RTC 19-680 - Worker Cooperative Study Session
2. Post Meeting Material - Worker Cooperative Study Session
3. RTC 19-1208 - Referral from EDCM to City Council
4. Resolution No. 20-8823