



Office of the Mayor

CONSENT CALENDAR  
May 28, 2019

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín

Subject: Budget Referral: \$80,000 to Support Technical Assistance for Succession Planning, Worker Cooperative Conversion and Development

RECOMMENDATION

Refer to the budget process to extend the \$30,000 contract to Project Equity for two years and increase the amount to \$80,000 to support and build on the important work done to-date and expand the technical assistance beyond succession planning to include supporting new worker cooperative development.

BACKGROUND

In 2018, the Office of Economic Development identified funding for a pilot to support technical assistance for worker cooperative conversion and succession planning<sup>1</sup>. The contract moved forward and the work is being carried out by Project Equity. In February 2019, the council voted to “Refer to the budget process to continue the technical assistance process for Fiscal Years 2020-2021” but did not specify the amount<sup>2</sup>. The work currently underway is described below. Expanding this contract amount to \$80,000 would allow for a contractor to, not only provide support for succession planning but, also support the development of new worker cooperatives.

Beginning in January 2019, OED has engaging Project Equity, a nonprofit organization that is dedicated to advancing worker cooperatives, to provide technical aid to businesses looking to transition to a worker-ownership model. OED is also working to increase staff capacity and knowledge of issues that specifically impact worker-owned cooperatives to provide more targeted assistance going forward. Project Equity will take a multi-phase approach to support Berkeley businesses interested in the worker cooperative ownership model.

First, they will conduct a business retention data study, to provide a better understanding of which of the City’s businesses are at risk of closure and may be candidates for conversion to worker ownership. Second, they’ll perform broad outreach and direct engagement to educate business owners about the worker cooperative model. OED will then subsidize the cost of working with up to four businesses to transition to worker ownership, including a feasibility study and transition plan.

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<sup>1</sup> Jordan Klein ,[Economic Development Worksession: Small Business Support](#), January 16, 2018.

<sup>2</sup> [Annotated Agenda](#), Berkeley City Council Meeting February 26, 2019.

In addition, Project Equity will prepare a communications plan, outreach and intake materials, educational materials for economic development professionals and regulators, and training for City staff on the worker cooperative model. In February 2019, OED and Project Equity will host a free training for staff from the City of Berkeley, neighboring municipalities, and other partners on providing support for worker cooperatives and how traditional businesses can convert to co-ops. Particular attention will be paid to succession planning for business owners who are wishing to retire and may want to sell their business to their employees. The communications and outreach for the program has already benefited from local media coverage in the San Francisco Chronicle<sup>3</sup> and Huffington Post<sup>4</sup>.

#### FINANCIAL IMPLICATIONS

\$80,000 annually to support business development and retention focused on worker cooperatives.

#### ENVIRONMENTAL SUSTAINABILITY

No adverse effects to the environment.

#### CONTACT PERSON

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<sup>3</sup> Otis Taylor Jr., [Nonprofit helps employees take hold of reins as business owners retire](#), San Francisco Chronicle, November 29, 2018.

<sup>4</sup> Robert Raymond, [This City Has A Radical Plan To Get Rid Of Bosses](#), Huffington Post, May 2, 2019