

## **Berkeley City Council Ad-Hoc Subcommittee on Small Business**

**Tuesday, September 18<sup>th</sup>, 2018  
10:00am – 12:00pm  
1947 Center Street, 3<sup>rd</sup> Floor, Magnolia Conference Room**

### **Subcommittee Members**

- Mayor Jesse Arreguin (Subcommittee Chair)
- Councilmember Lori Droste, District 8
- Councilmember Kate Harrison, District 4
- Councilmember Linda Maio, District 1

**Subcommittee Charge:** *On February 27, 2018, the Berkeley City Council established an Ad-Hoc Subcommittee on Small Business. The scope of Subcommittee is limited to examining the Office of Economic Development's work plan on small business development and exploring the feasibility of creating a new Fair Representation Ordinance commission for small business. The Subcommittee will report back to the City Council in September 2018.*

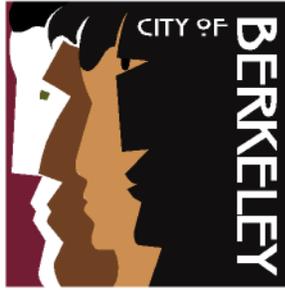
*Pursuant to the City Council Rules of Procedure and Order, Chapter II, Section H, meetings of the Ad-Hoc Subcommittee must be open to the public and held in accessible locations that are open to the public. Public comment is permitted on agenda items, however the Chair may exercise a one-minute speaking limitation on public comments if necessary.*

### **AGENDA**

1. Call to Order
2. Public Comment on Non-Agenda Items Related to Scope of Subcommittee
3. Approval of Minutes (Attachment A)
4. Neighborhood Conditions
5. Discussion and Action: Formation of a Small Business Commission or Advisory Council
6. Next Steps for Reporting Back to Council
7. Adjournment

### **Attachments:**

A: Ad-Hoc Subcommittee Minutes from August 6, 2018



## **Berkeley City Council Ad-Hoc Subcommittee on Small Business**

**Monday, August 6, 2018**

**10:00 - 12:00am**

**1947 Center Street, 3<sup>rd</sup> Floor, Magnolia Conference Room**

### **Subcommittee Members**

- Mayor Jesse Arreguin (Subcommittee Chair)
- Councilmember Lori Droste, District 8
- Councilmember Kate Harrison, District 4
- Councilmember Linda Maio, District 1

### **1. Call to Order**

The meeting was called to order at 10:06 AM. Mayor Arreguin and Councilmember Droste were present. Councilmember Harrison arrived at 10:15 AM, Councilmember Maio was not present.

### **2. Public Comment on Non-Agenda Items Related to Scope of Subcommittee**

- Manjul Batra from UAA requested for there to be a representative in their board. She highlighted how the association does not receive any funds.
- Heather Haxo Phillips from the Lorin Business Association advocated for the Planning Department to make change happen fast for new permitting rules.
- George from Adams Chittenden advocated for continued enforcement of the West Berkeley plan.

### **3. Presentation by Sustainable Economies Law Center and Discussion: Worker Cooperatives and Succession Planning**

Yassi Eskandari from the Sustainable Economies Law Center (SELC) explained that worker cooperatives provide numerous benefits and are important to their respective communities yet face technical and financial obstacles. SELC is working on a draft ordinance for worker cooperatives that addresses the barriers and solutions for existing and future worker cooperatives in Berkeley. She also highlighted the urgency of succession planning in Berkeley, as the City is facing an impending 'silver tsunami' in the next decade. Many small business owners will be retiring and potentially closing their doors, without education and outreach surrounding conversion to worker cooperatives or succession planning.

Allison Lingane from Project Equity shared that research has shown one in two Berkeley businesses are owned by baby boomers, demonstrating the need to help owners develop a plan so their business can carry on after they retire. She suggested continued work should focus on three aspects:

1. Help Berkeley better understand the scale of scope of baby boomer ownership.
2. Give information about succession planning to business owners, and get employee ownership on the menu of possible solutions.
3. Provide technical assistance during the transition to employee-owned business.

Sara Stephens from SELC continued the presentation, sharing that the OED Work Plan intersects well with their draft ordinance. There is still ambiguity about the Revolving Loan Fund, and how this would work for the cooperatives. Another important barrier is the permit application. She feels the city should help create markets for worker-owned goods and services.

Representatives from several Berkeley worker cooperatives were introduced, including Alchemy Collective Café, Cheese Board Collective Café, Mariposa Gardening & Design Cooperative, Three Stone Hearth, Drought Smart Cooperative, DIG Cooperative, Mandela Grocery Cooperative, Adam Chittenden and Arizmendi Construction Association. The following came up during a roundtable discussion:

- People with low income are not able to get loans, but can create cooperatives through kickstarting, crowdfunding and microloans.
- Cooperatives teach people about paths to ownership, financials, social skills, communication and participating in democratic decision-making.
- By being part of a cooperative, workers become invested in their workplace.
- SELC has been fundamental for the creation of cooperatives in Berkeley.
- Cooperatives make employees accountable to each other, not a boss.
- A franchise model could also be discussed.
- Cooperatives provide an opportunity for people of different backgrounds to own a business together.
- Cooperatives define Berkeley and should be highlighted as a “Berkeley’s thing”.
- The city should provide resources when a business transitions to a cooperative. They face unique challenges that can be normalized during business licensing.
- The Mayor remarked that Berkeley has many great cooperatives and that this reflects the City’s values.
- Councilmember Harrison asked how the Subcommittee could help with the ordinance. Eskandari replied, saying that they have been meeting with staff and getting feedback.
- Councilmember Harrison asked whether the ordinance is modeled on any other cities. Eskandari explained that this ordinance goes further than many other cities, including direct technical assistance and bid incentives. Berkeley would also be the first city to include succession planning, and other cities are now anticipating what Berkeley will do.
- Councilmember Droste requested more focus on the different obstacles for cooperatives.
- Funding from loans is difficult for cooperatives. Jordan Klein from the Office of Economic Development explained that they can look into making revolving loan funds available for cooperatives.
- The Mayor noted that these ideas also fit well with the Small Businesses Work plan of the Office of Economic Development.

#### **4. Update by the Planning Department on Items Relating to Small Business Support and the Implementation of the Small Business Package**

Timothy Burroughs, Director of the Planning Department, presented an update on work relating to the Small Business Package. He reiterated that the number one goal is to make the process more clear, consistent and efficient.

##### ***Zoning***

The following zoning ordinance amendments are being worked on now:

- Removing specific parking requirements when changing the use of a location
- Condensing the food service categories into a single category
- Removing unnecessary confusing requirements when changing the square footage
- Reducing the level of discretions to make it easier for the users
- Having the same level of discretion for commercial recreation centers across all zoning districts
- Looking into permits for selling beer and wine and how to make it easier

##### ***Operations of the Planning Department***

The Planning Department is working to ensure certainty and consistency on what to expect when applying for permits. In the future, there will be clearer milestones documented on expected turnaround times, as well as reporting on how the department is meeting these milestones. They will also provide more information to the public about the application process. The Buildingeye software is being used to reduce the number of calls and visits, and overall they are working to make processes easier to understand.

##### ***Discussion***

- The Mayor appreciated the work and leadership of Timothy Burroughs.
- In response to a question from Councilmember Harrison, Jordan Klein said that small businesses rely more on hybrid business models. This could lead to rejection of applications where the use is not listed.
- Councilmember Droste requested more stories from small businesses on obstacles faced.
- Staff is developing a new zoning language which should be approved by the end of the year.
- The Mayor stated that the City Council has made the Small Business Package the highest priority.
- There needs to be an opportunity to give feedback about small pop-ups that could be damaging to other businesses around.
- There should be a good balance between public input and discretion.
- There should be protection for uses, as a reduced level of discretion could have an impact on businesses located in buildings turned into residential buildings. Timothy Burroughs responded that a reduced level of discretion would not be one size fits all, and would consider different neighborhood characteristics.
- There has been extensive outreach to the business community, and not only with retailers.
- The Planning Department needs to make sure that hired consultants works with the same timeline as City staff.

#### **6. Mitigating Impacts to Businesses During Construction**

There is a lot of development going on in Berkeley, and Councilmember Harrison was hoping to discuss how to mitigate impacts through signage.

- City cars should be moved to other parking spaces to make sure that small businesses are not affected during construction.
- Bill Ashley from the Copy Central addressed concerns about construction on Shattuck between University and Berkeley Way. He thinks we should keep the sidewalk open and not allow contractor parking at the construction site.
- Construction murals have had success, can keep businesses alive.
- Signage should have larger fonts that make it easier to see when parking is allowed or not. Date and time should be as large as the “no parking”. Timothy Burroughs and Jordan Klein will discuss this further.
- The Planning Department, Public Works, Office of Economic Development, the Fire Department and more met last week to identify how to better coordinate during construction. They will meet regularly from now.
- Councilmember Harrison suggested to make a sign with “Berkeley is Open for Business” to make sure that small businesses do not hurt during construction.

### **3. Approval of Minutes**

Minutes were approved from the July 12, 2018 meeting.

### **7. Scheduling Future Meetings**

The next meeting was scheduled for early September.

### **8. Adjournment**

The meeting adjourned at 12:00 PM.