



## Direction to Pilot a Small Business Cooperatives Program

### *SD23: Economic Opportunity & Affordability*

#### **Why support Small Business Co-ops?**

Cooperative businesses are democratically owned and managed. Creating and expanding co-ops in Austin could create equitable, sustainable, locally-owned small businesses that support the community. Several major cities including New York City and Berkley, CA have taken steps to develop cooperative businesses and have been successful over the last 10 years. Austin should join these other cities in the development of co-ops to remain economically competitive and become a leader in small business development.

#### **Progress Toward a Small Business Cooperative Model**

In March 2017, a resolution was brought to council to discuss small business cooperatives funding initiatives that would provide training and technical assistance to create more co-ops in the city. In October 2017, the Economic Development Department (EDD) responded to the resolution with a list of recommendations for the Council to consider towards developing services and outreach for business cooperatives.

The following list is a summation of the October 2017 directive action requested by council for the City Manager which established a framework for the creation and conversion of small business cooperatives <sup>1</sup>.

#### **Summation of October 2017 Directions:**

**Directive 1:** The City Manager will provide recommendations for using community block grants and additional funding to support local worker cooperatives.

**Directive 2:** Ensure worker cooperatives can access small business loans on the same basis as other comparable businesses.

**Directive 3:** The City Manager is to include educational materials in small business programming resources on how to fund and start a business.

**Directive 4:** The City Manager is to develop recommendations for conducting small businesses in Austin encourage transitioning from a small business to a cooperative.

**Directive 5:** The City Manager is to review purchasing policies and identify the barriers that prevent co-ops from receiving City contracts.

**Directive 6:** The City Manager has 120 calendar days to provide council with a progress report of the listed recommendations.

**Directive 7:** Council directs the Economic Prosperity Commission to provide input to the City concerning implementation of the resolution.

#### **Current Direction to the City Manager for FY20:**

The City Manager will use EDD's operating budget to establish a small business cooperative pilot program and report to council on its progress by December 5, 2019.

<sup>1</sup>Economic Development Department's Worker Cooperatives Recommendations