



## Recommendation for Action

**File #:** 23-1889, **Agenda Item #:** 13.

7/20/2023

### **Posting Language**

Authorize negotiation and execution of an interlocal agreement with the University of Texas Rio Grande Valley to provide training and coaching for cooperatively owned businesses, for a term of three-years in an amount not to exceed \$225,000.00.

### **Lead Department**

Economic Development.

### **Fiscal Note**

Funding in the amount of \$75,000 is available in the Fiscal Year 2022-2023 Approved Operating Budget of the Economic Incentive Reserve Fund. Funding for the remainder of the agreement is contingent on available funding in future years.

### **Prior Council Action:**

December 3, 2020 - Council approved a one-year Interlocal Agreement with the University of Texas Rio Grande Valley in an amount not to exceed \$75,000 to provide coaching and training for cooperatively owned businesses.

September 2, 2021 - Council approved a two-year Interlocal Agreement with the University of Texas Rio Grande Valley in an amount not to exceed \$150,000 to provide coaching and training for cooperatively owned businesses.

### **For More Information:**

Sylvonia Holt-Rabb, Acting Director, Economic Development Department, 512-974-3131; Xavier Zarate, Small Business Division Manager, Economic Development Department, 512-978-2502.

### **Additional Backup Information:**

This is the third Interlocal Agreement between the City of Austin and the University of Texas Rio Grande Valley (UTRGV) to provide training classes and coaching specific to the needs of cooperatively owned businesses (co-ops). A co-op is a business that is owned and controlled by its stakeholders and this program primarily serves two types of co-ops: worker-owned co-ops and housing co-ops. This supports City of Austin economic goals by:

1. Creating small businesses that pay higher wages, build workers' skills, and provide workers the opportunity to build wealth; and,
2. Growing affordable housing opportunities for Austinites at different income levels.

Starting a co-op is a lengthy process involving complex issues not encountered by businesses with standard ownership structures. Since 2021, this program has fostered the startup of two new worker-owned co-ops and two new housing co-ops, with five more worker-owned co-ops and one more housing co-op expected to start by the end of 2023. The program has also significantly assisted eleven existing co-ops in strengthening their financial management and operations. This represents 800 hours of coaching and 22 classes delivered by UTRGV.

The proposed agreement includes thirty additional classes on cooperative-specific topics, two cooperative-specific research projects, 800 hours of coaching, and 303 hours of outreach plus marketing services to create awareness of the program in Austin's diverse communities. UTRGV partners with two local non-profit organizations, the Austin Cooperative Business Association and Community Housing Expansion of Austin, to deliver services under the agreement.