



Rochester's Market Driven Community Cooperatives Corporation

A Feasibility Analysis & Implementation Plan

Jessica Bonanno, Violeta Duncan, and Ted Howard
with research support from Keane Bhatt



DEMOCRACY
COLLABORATIVE

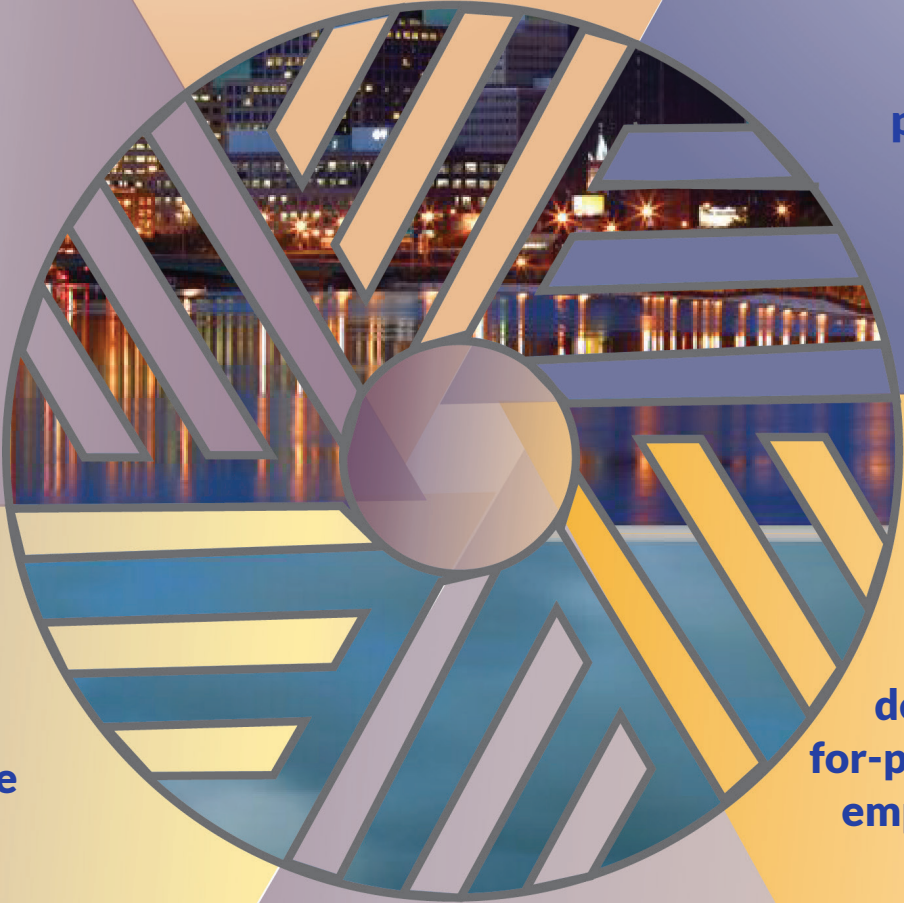
Submitted to the City of Rochester
February 5, 2016

The Six Functions of Rochester's Market Driven Community Cooperatives Corporation

Engaging in strategic partnerships

Furthering cooperative principles and national best practices

Acquiring financial and in-kind resources



Overseeing the ongoing development of for-profit, majority employee-owned businesses

Ensuring success of the workforce development mission

Measuring and reporting outcomes

Rochester's Market Driven Community Cooperatives Corporation: A Feasibility Analysis & Implementation Plan

Reducing Poverty and Building Wealth Through a Community-Owned,
Cooperative Business Development Corporation

Table of Contents

Executive Summary	5
Project Background	5
Feasibility Study	5
Designing for Impact	6
Recommendation & Implementation Plan	6
Section I: Feasibility Analysis & Research Report	8
Project Background	8
Why Cooperatives?	9
Methodology: Assessing Feasibility of the Market Driven Community Cooperatives Corporation	10
Feasibility Evaluation: Detailed Discussion Of Findings	10
Project Champion	10
Anchor Institution Support	12
Viable Business Opportunities	15
Business Development Resources And Industry Expertise	16
Available Financing	18
Political And Community Concurrence	20
Workforce Development Capacity	22
Wrap-Around Services	22
Community Loan Fund Incubator	23
Complementary Strategies And Programs	23
Feasibility Assessment: Summary	24
Recommendation	25
Conclusion	25
Section II: Implementation Plan	26
1. Introduction	26
Vision Statement	26
Mission Statement	26
Executive Summary	26

Core Customers & Value Proposition	26
Proposed Organization of the MDCCC	27
2. Operations of the MDCCC Corporation	28
Core Functions	28
Overseeing development of viable employee-owned businesses	28
Engaging in strategic partnerships	29
Acquiring financial and in-kind resources	29
Ensuring success of the workforce development mission	30
Measuring and reporting outcomes	30
Furthering cooperative principles and best practices	30
3. Launch & Growth Plan	31
Year One Launch Plan	31
Year One Launch Plan Timetable	31
Staffing and Management Growth Plan	33
Ideal Leadership Traits	33
Start-up Costs: Cooperative Business Development Corporation	34
Risks	35
Potential Impact	35

Appendices

Appendices	36
Appendix A: Prospect Report—Potential Business Development Opportunities	36
Introduction	36
Business One: Local Food Processing/Ingredient Preparation	36
Business Two: Transportation/Van Pool/Shuttle Service	38
Business Three: Energy Efficiency & Green Construction Company	39
Potential Opportunity One: Cooperative Of Independent Childcare Centers	41
Potential Opportunity Two: Community Health Worker Program	42
Full Table of Suggested Business Ideas	44
Appendix B: About Worker Cooperatives	46
Overview	46
Legal Structure	47
Worker Cooperative Ownership, Nuts And Bolts	47
Management and Governance	47
Tax Benefits	48
Financing For Worker Cooperatives	48
Worker Cooperatives In Economic Development Programming	49
The Seven Cooperative Principles (Rochdale Principles)	50
Appendix C: Cooperatives In Rochester	51
Appendix D: Interviews and Focus Group Participants	52
Appendix E: The Democracy Collaborative Firm Bio	56

Endnotes

57

Executive Summary

Project Background

In the spring of 2015, the City of Rochester under Mayor Lovely Warren retained The Democracy Collaborative (TDC) to assess the feasibility of developing a network of for-profit, employee-owned businesses, linked to sources of high demand, as a strategy for job creation and wealth-building in high-poverty areas of Rochester. After evaluating the program's feasibility, TDC, which is known for leadership in similar place-based community wealth building initiatives across the country, was also asked to design a strategy for implementation. This report contains the results of that study and a detailed implementation plan.

Feasibility Study

To evaluate the feasibility of this approach and learn about the specific challenges and opportunities facing cooperatively-owned businesses in Rochester, TDC conducted a nine-month study to survey the Rochester context for the presence of several key success factors. Our methodology consisted of both primary and secondary research, including interviews with nearly 100 diverse Rochester residents as well as attendance at community meetings, presentations to key stakeholder groups, and facilitation of focus groups.

Based on this research, we find that the opportunity for employee-owned businesses to flourish as an economic development tool in Rochester is considerable. We confirmed the presence of many critical success factors, including strong local leadership; support from large institutional buyers; viable business opportunities that would not displace existing community businesses; industry expertise and resources for business development; a strong likelihood of available financing and appropriate fundraising vehicles; political and community concurrence; as well as substantial workforce development expertise and other wrap-around services to prepare disadvantaged workers for success. The levels of anchor institution support, urban and cooperative business development expertise, political and community concurrence, and complementary strategies are particularly high. In addition, we found that considerable enthusiasm and resources for cooperative business development are present in the area.

We also came to understand that cooperative business is a particularly culturally-appropriate tool for Rochester. The Finger Lakes Region has a deep heritage of creating and nurturing innovative ideas that are democratic in nature and have gone on to benefit society well beyond the region. In contemporary times, this character is exemplified by the dense concentration of highly-talented social entrepreneurs, non-profit organizations, faith-based

institutions, and community organizers who work tirelessly each day to build a stronger Rochester from the ground up. Fortunately, many of these community members share our enthusiastic outlook about the potential for employee-owned businesses to succeed as a tool for job creation, community wealth building, and economic stabilization in Rochester.

Designing for Impact

After confirming the viability of this approach, we sought to identify unique local challenges, opportunities, and cultural contexts that could inform the design of an implementation strategy built for maximum impact. Through consultation with existing cooperative business owners in Rochester, we found that this sector shares a common need for technical assistance, professional services from providers who understand employee ownership, and access to start-up or growth capital and other resources.

We also surveyed best practices and successful examples from multiple cooperative development initiatives nationally and internationally, including some established and other very contemporary projects. What is clear from multiple case studies is that investing in capacity-building infrastructure, rather than diving into one-off business development projects, is critical both to protect the community's investment and, more importantly, to ensure long-term mission continuity and overall sustainability of the project. Therefore, we focused our recommendations and implementation plan on building this capacity in a way that would address stated local needs.

Recommendation & Implementation Plan

To capitalize on the tremendous opportunity in Rochester in a way that incorporates national best practices and meets local needs, The Democracy Collaborative recommends the creation of a community-owned, cooperative business development corporation, whose purpose is to build wealth in low-income communities by developing, promoting, and supporting a diverse portfolio of employee-owned businesses in Rochester.

We recommend that the institution be established as a non-profit holding company, led by experienced, professional management, whose mission is to create and retain jobs and build wealth in low-income communities by developing, promoting, and supporting worker-owned business in Rochester. We propose that the institution be responsible for six primary functions:

- Overseeing the development of for-profit, majority employee-owned businesses, both by incubating new businesses linked to sources of high demand and also by providing support for existing cooperative businesses or other private businesses that wish to transition to an employee-owned structure.

- Engaging in strategic partnerships with anchor institutions, local government, social service agencies, and other community stakeholders to energize supporters, identify opportunities, and mobilize resources that support its portfolio companies.
- Acquiring financial and in-kind resources to fund start-up and growth investments, and to sustain other essential non-profit-generating activities.
- Ensuring success of the workforce development mission, by supplying training in appropriate industry and cooperative business ownership principles, and by connecting employees to existing social support services to address existing barriers to employment.
- Measuring and reporting outcomes.
- Furthering cooperative principles and national best practices.

We call this entity the Rochester Market Driven Community Cooperatives Corporation (“MDCCC” or “MDC3”) and have offered a detailed plan for its development, in this report.

From the multiple high quality efforts to address poverty and build a stronger economy in Rochester, it is evident that the community understands there is no silver bullet solution to the challenges it faces. However, we believe that a network of community-based, employee-owned businesses developed to benefit a disadvantaged workforce has an important role to play among the many other investments that are being made. The strength of this network lies in creating employment opportunities for individuals facing the greatest barriers to traditional employment and whom macro-economic policy investments are least likely to benefit directly.

We encourage the City of Rochester to invest in the creation of this market driven, community-owned cooperative business development corporation as the first step toward making this network of broad-based business ownership a reality.

RECOMMENDATION:

Create a community-owned, cooperative business development corporation, whose purpose is to build wealth in low-income neighborhoods by developing, promoting, and supporting a diverse portfolio of worker-owned businesses in Rochester.

Section I:

Feasibility Analysis & Research Report

Evaluating the feasibility of developing a network of for-profit, employee-owned businesses, linked to sources of high demand, as a strategy for job creation and wealth-building in high-poverty areas of Rochester

Project Background

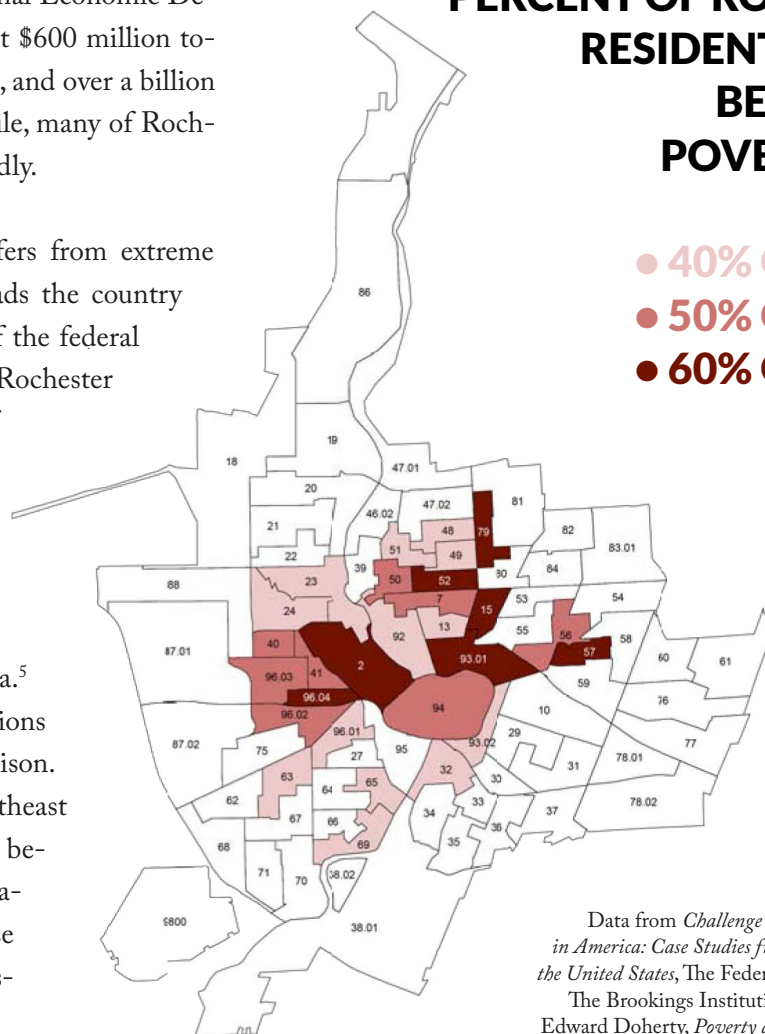
“The Finger Lakes is at a decisive moment in its history,” remarks CEO Danny Wegman and University of Rochester President Joel Seligman in the opening letter of the region’s revitalization plan.¹ Indeed, the region stands at a pivotal moment. The Finger Lakes Region and its urban core, Rochester, have seen an enormous influx of resources and investments including more than \$300 million in state support through the Finger Lakes Regional Economic Development Council, in addition to almost \$600 million toward area health systems and institutions, and over a billion dollars toward manufacturing.² Meanwhile, many of Rochester’s largest employers are growing rapidly.

At the same time, the region suffers from extreme and concentrated poverty. Rochester leads the country in households that are subsisting on half the federal poverty level.³ Second only to Detroit, Rochester also leads in child poverty, with half of all children impoverished.⁴ And in many areas, poverty has become deeply entrenched. In the city’s Northern Crescent neighborhoods, for example, the median income is less than half that of the metropolitan area.⁵ These areas are also the principal destinations for men and women returning from prison. In the 14621 neighborhood in the Northeast Quadrant, “one out of every 3.9 males between the ages of 20 to 49 is either on parole, probation, incarcerated, or otherwise under the supervision of the criminal justice system.”⁶

Until the early 1990s, Rochester residents looked to the “Big Three”, Xerox, Bausch + Lomb Inc., and Eastman Kodak, as their employer. These companies employed 62,000 people in 1980s, about 60 percent of the local workforce, and supported countless civic and charitable causes. But by 2012, those companies had dramatically reduced their presence in the area and their combined employment had plummeted to just six percent of the workforce.⁷

PERCENT OF ROCHESTER RESIDENTS LIVING BELOW THE POVERTY LINE

- 40% OR MORE
- 50% OR MORE
- 60% OR MORE



Data from *Challenge of Concentrated Poverty in America: Case Studies from Communities Across the United States*, The Federal Reserve System and The Brookings Institution. Map adapted from Edward Doherty, *Poverty and the Concentration of Poverty in the Nine-County Greater Rochester Area*.

Today, the University of Rochester, Wegmans Food Markets, and Rochester Regional Health System stand in as the new big three, employing a total of 42,000 people and serving as anchors of the local economy.⁸

Since the decline, economic strategy in Rochester has centered around two issues; 1) reducing poverty and 2) economic revitalization for the city as a whole. And it seems that everyone is aligned around these common goals. Over the past year, the Rochester-Monroe Anti-Poverty Initiative (RMAPI) and the Upstate Revitalization Initiative have brought together some of the brightest minds in the region around these issues and have secured significant financial resources. At the same time, the city's courageous entrepreneurs, non-profit organizations, faith-based institutions, and community organizers have worked day by day to rebuild Rochester from the ground up.

As part of this effort, municipal leaders have been intentional about learning from the examples of other cities facing similar challenges. After studying the example of the Evergreen Cooperative Initiative in Cleveland, Ohio, which has created approximately 120 jobs in some of the city's most disinvested neighborhoods by developing social enterprises linked to the supply chain needs of large institutions, Rochester community leaders sought to understand if a similar model held promise for Rochester. In 2015, the City of Rochester under Mayor Lovely Warren retained The Democracy Collaborative (TDC) to assess the feasibility of developing a network of for-profit, employee-owned businesses, linked to sources of institutional demand, as a strategy for job creation and wealth-building in high-poverty areas of Rochester.

In this work, the City of Rochester joins a growing number of innovative cities including New York, Cleveland, Oakland, Madison, Austin, and others, which have recog-

nized the role that employee ownership can play in creating strong, resilient local economies by improving economic outcomes for low and moderate income workers.⁹ Like Rochester under Mayor Warren, these cities have strong progressive leadership determined to make a meaningful impact on generational poverty.

In this work, the City of Rochester joins a growing number of innovative cities which have recognized the role that employee ownership can play in creating strong, resilient local economies by improving economic outcomes for low and moderate income workers.

Why Cooperatives?

Interest in employee-ownership as an economic development tool has been rising as more people come to understand the benefits of broad-based ownership models like worker cooperatives. Worker cooperatives are a form of values-driven,

for-profit business, which are democratically-governed and owned by the people that work in them. A 2014 Democracy Collaborative report identified the following benefits of worker cooperatives:¹⁰

Benefits for Employees (usually referred to as “members”)

- Above-market pay and benefits¹¹ (plus profit-sharing)
- Access to shared business ownership and asset building
- Skill-building and professional development
- A voice in key decisions and enhanced control over working conditions

Benefits for Businesses

- Enhanced growth and productivity¹²
- Reduced employee turnover¹³
- Longevity¹⁴ (i.e. more stable jobs)

Benefits for Society/Communities

- Better business practices and social innovation
- Democracy training, i.e. development of citizenship skills
- Access to business ownership
- Correlation with other social benefits

Many of these documented benefits directly counter some of the consequences of economic disinvestment and offer hope for breaking cycles of poverty.

Methodology: Assessing Feasibility of the Market Driven Community Cooperatives Corporation

To determine the viability of using for-profit, employee-owned businesses, linked to institutional demand, as a strategy to create employment and build wealth in high-poverty areas of Rochester, The Democracy Collaborative conducted a nine-month feasibility study. Through interviews with nearly 100 diverse Rochester community members (see list in Appendix D) as well as attendance at community meetings, presentations to key stakeholder groups, facilitation of focus groups, and review of relevant secondary literature, TDC sought to verify the presence and robustness of 10 key success factors, including:

- Strong leadership in the form of a project champion
- Support from large anchor institutions
- Viable business opportunities that would not displace existing local companies
- Business development resources and industry expertise
- Available financing
- Political and community concurrence
- Workforce development capacity
- Wrap-around services to support disadvantaged workers and prepare them for success
- Community loan fund incubator
- Complementary strategies or programs

This set of success factors was developed based on TDC's on-the-ground experience in designing and developing similar community wealth building initiatives, most notably, the Evergreen Cooperatives Initiative in Cleveland, Ohio, which resulted in a network of three employee-owned businesses that currently employ over 120 residents from six targeted neighborhoods in living-wage jobs with equity ownership. (The table on the next page illustrates these ten success factors and their integrity to developing this long-term, partnership-based initiative.)

Our implementation plan was based on the following design principles:

Multistakeholder Initiative

- Design an initiative that can bring multiple stakeholders together under a common goal

Community-driven solutions

- Emphasize primary research to leverage local intelligence
- Design for Rochester's unique challenges & opportunities

Design for Long-term Sustainability

- Identify long-term project owners
- Build relationships
- Integrate national best practices

Complement Other Development Initiatives

- Work with existing organizations—don't duplicate services
- Complement other anti-poverty & asset building strategies

Feasibility Evaluation: Detailed Discussion of Findings

Through our research, we confirmed the presence of all of the ten success factors listed above. The levels of anchor institution support, urban and cooperative business development expertise, political and community concurrence, and complementary strategies are particularly high. As a result, we are highly encouraged about the potential for employee-owned businesses to succeed as a tool for job creation, wealth building, and economic stabilization in Rochester. The following is a discussion of our findings in each area.

Project champion

Because of its comprehensive basket of business and economic development resources and high level of commitment at both the senior and departmental levels, we believe that the City's Department of Neighborhood & Business Development (NBD) is the ideal "project champion," which can oversee the development and incubation of the MDC-CC initiative, with appropriate community partners, until that initiative becomes self-sustaining and community-controlled.

As NBD's Deputy Director Kathleen Washington noted, the department has "a complete mix of resources to not only launch but sustain" the effort.¹⁵ The department has staff responsible for real estate development, neigh-

Success Factors	Description	Impact and Importance
Project Champion	An institution with the convening power, resources, political will, and passion to drive a business development strategy forward and protect the continuity of the mission. Project champions work to develop an ecosystem of support that fosters collaboration amongst diverse actors in a community.	A project champion convenes stakeholders and works to assemble resources for initial staffing, development costs, etc., until the initiative becomes a self-sufficient, lasting community-owned institution.
Anchor Institution Backing	Anchor institutions (hospitals, universities, government, and other large non-profit entities which are unlikely to relocate) agree to patronize proposed cooperatives and are willing to participate throughout the development process.	Anchor institution contracts can provide a stable revenue stream that helps new businesses withstand the challenges of the start-up phase, until they diversify their customer base.
Viable Business Opportunities	A business idea with a well-articulated potential for long-term profitability that can employ significant number of entry-level workers.	The corporation creates jobs for the target population and becomes a vehicle for building individual and community wealth.
Business Development Resources & Industry Expertise	Experienced industry professionals are available to manage, act as consultants, or serve on the boards of new businesses. Resources such as a business association, business schools, or cooperative business specialists are available to support business design, launch, and operation.	Success in the mission of this initiative absolutely depends on developing and managing sustainable, competitive, for-profit businesses. This requires high quality industry and business development expertise.
Available Financing	A combination of public, private, and philanthropic funds is available to finance pre-development work and initial business capitalization.	Initial pre-development funding pays for research, business planning, legal filings, etc., for the initiative, while initial business capitalization funds the launch of businesses.
Political and Community Concurrence	Elected officials and other community leaders (faith-based institutions, neighborhood or community organizers, private enterprises or non-profits, etc.) express interest in participating or, minimally, do not object to the initiative.	Community and political concurrence improves the likelihood of mission success by enhancing access to talent federal resources (such as CDBG), and other funds. It also fosters accountability and helps overcome challenges (zoning constraints, etc)
Workforce Development	There are trusted non-profit intermediaries that can screen, recruit, and train potential employees from targeted neighborhoods plus cooperative business development experts to train employees and managers in cooperative governance.	Workforce development partners who understand the communities in which they operate can work most effectively with neighborhoods to recruit and develop a workforce that is prepared for success.
Wrap-Around Services	Employees have access to support services that mitigate common barriers to employment and prepare them for success. Services may include childcare, financial education, legal, mental health, re-integration support, or access to transportation.	Wrap-around services support employees with personal challenges so that they are better able to manage the responsibilities of employment and business ownership and less likely to fail.
Project Champion	An institution with the convening power, resources, political will, and passion to drive a business development strategy forward and protect the continuity of the mission. Project champions work to develop an ecosystem of support that fosters collaboration amongst diverse actors in a community.	A project champion convenes stakeholders and works to assemble resources for initial staffing, development costs, etc., until the initiative becomes a self-sufficient, lasting community-owned institution.
Anchor Institution Backing	Anchor Institutions (hospitals, universities, government, and other large non-profit entities which are unlikely to relocate) agree to patronize proposed cooperatives and are willing to participate throughout the development process.	Anchor institution contracts can provide a stable revenue stream that helps new businesses withstand the challenges of the start-up phase, until they diversify their customer base.

borhood revitalization, business development, housing production and rehabilitation, environmental programs, workforce development, and city planning, making them well positioned to see this initiative through the design phase until it can become independent. This mix of resources proved to be invaluable during the pre-development phase of the MDCCC, in which the NBD supervised this feasibility study and initial MDCCC program design, in partnership with the Mayor's Office of Innovation and Strategic Initiatives.

Anchor institution support

Anchor institutions are nonprofit institutions like hospitals, universities, and government agencies that, once established, tend not to move location. Because they are so deeply rooted in their communities, many anchor institutions adopt what TDC calls an anchor mission, meaning that they consciously apply the long-term, place-based economic power of the institution, in combination with its human and intellectual resources, to better the long-term welfare of the community in which they are located. One way that anchor institutions can fulfill an anchor mission is through deliberate local sourcing of goods and services. In this way, they can support community-based businesses and help create jobs and prosperity just by buying things that they already need.

Rochester's anchor institutions, which spend over \$1.7 billion a year on goods and services, have shown an almost unprecedented level of enthusiasm and support for the pre-development work of the MDCCC initiative. All of Rochester's "Big Three" anchor institutions, (RIT, the University of Rochester, and Rochester Regional Health System), as well as many smaller colleges and government agencies, have supported our feasibility research by designating key staff to work with our team, sharing information about

how they engage with vendors and suppliers, or by participating in initial conversations about the goods or services that they might potentially consider purchasing more of, locally. Rochester Regional Health System even convened

a half-day workshop to introduce the MDCCC initiative to key department heads. These efforts are significant, by national standards, and we believe that they reflect a deep level of commitment that these institutions have to the broader Rochester community.

This support is consistent with the generally

progressive supply chain policies at each of the big three anchors. The University of Rochester, for example, has adopted aggressive local food sourcing goals, using job creation as one of its primary metrics and, over the past ten years, has increased their New York-grown food purchasing from 1 to 56 percent. And they continue to target further increases.¹⁶ Other institutions, such as R.I.T, seek "suppliers that consistently demonstrate sustainable and socially conscious business practices."¹⁷

Based on our analysis of supply chain practices at major Rochester anchor institutions as well as conversations with representatives from each institution, we found that Rochester's largest anchor institutions are not only serious about fulfilling their anchor mission but that they also have the flexibility necessary to engage in targeted local sourcing. The same can be said for several smaller private colleges, who expressed notable interest and willingness to support. The table on the following pages illustrates some highlights from this analysis.

Secondary anchor customers: In addition to the anchor institutions described above, several smaller private colleges in greater Rochester have the interest and flexibility to become customers of MDCCC companies. Other anchors may desire to support the MDCCC but have less flexibility in their

Because they are so deeply rooted in their communities, many anchor institutions adopt an anchor mission, consciously applying their long-term, place-based economic power, in combination with their human and intellectual resources, to better the long-term welfare of the communities in which they are located.

Selected Rochester Anchor Institution Procurement Spend & Policies

Institution	Est. Annual Spend (\$M)	Relevant Strategic Objectives of the Institution	Notable Procurement Policies
The University of Rochester	\$733.8¹⁸	<p>Fostering a purchasing culture where environmental considerations become an integral part of the procurement evaluation process.¹⁹</p> <p>Campus Dining Services strives for “fresh, local, flavorful” food.²⁰</p>	<p>Only publically-funded projects have MWBE quotas. However, Carl Tietjen, Associate Vice President for Purchasing and Supply Chain is actively looking for opportunities to support local and/or minority-owned business.</p> <p>The University has aggressive local food sourcing goals and has increased local sourcing from 1 to 56% in the past 10 years.</p>
Rochester Regional Health System	Estimate unavailable	<p>Community benefit is part of the central identity of RRHS. Beyond delivering excellent patient care, the health system is focused on a variety of mission-aligned community development programs, including a farmers market created to promote access to nutrition. The system also assists with employee housing, is involved with neighborhood revitalization, and is investing in sustainability and energy efficiency, among other efforts.</p>	<p>Under the leadership of Dr. Bieber, supporting the MDCCC and the City's broader Community Wealth Building initiative will be a key priority.²¹</p>
Rochester Institute of Technology (RIT)	\$120-140²²	<p>“The RIT campuses will serve as living laboratories for and international models of campus sustainability, with infrastructure and operations designed to reflect our leadership in sustainability, adaptation, and resiliency.”²³</p> <p>“RIT will strive to conduct its activities in an ecologically and economically sound manner and will promote responsible consumption and environmentally sound practices among all members of the university community. We recognize that sustainable purchasing is a critical component of preserving our natural resources, lowering operating costs, and minimizing waste.”²⁴</p> <p>RIT’s objective is to increase its business with minority business enterprises (MBEs) via affirmative action to promote procurement of goods and services from minority suppliers.²⁵</p>	<p>Only publically-funded projects have MWBE quotas. However, Debra Kusse, Executive Director of Procurement Services is actively looking for opportunities to support local and/or minority-owned business.</p> <p>Agreements > \$5K annually require bidding and evaluation for value. All value being equal the MWBE supplier is selected.</p> <p>As a private institution, RIT has flexibility in its procurement decisions to ensure alignment with the University's strategic plans and mission.</p> <p>RIT encourages the use of MWBE companies as 2nd tier suppliers.</p>
City of Rochester	\$204²⁶	<p>Reduce greenhouse gas emissions 20% by 2020.²⁷</p>	<p>For all public works/construction under \$20K and all office supply/printing under \$10K, the City directly solicits quotes primarily from WMBEs where possible. For professional services, restrictions are fewer—preferencing local is permitted. City Council must approve any professional service contract over \$10,000. Preferred workforce incentive program for hiring residents residing in certain zip codes for public works contracts over \$50,000 (not Section 3). City pays incentive equal to 20% of gross payroll and this benefit also passes through to subcontractors, who may be more likely to hire from this target population already.²⁸</p>

Institution	Est. Annual Spend (\$M)	Relevant Strategic Objectives of the Institution	Notable Procurement Policies
<p>Monroe Community College</p>	<p>\$21.9²⁹</p>	<p>“Cultivate community, business, and industry partnerships in order to anticipate workforce needs and promote regional economic vitality.”</p> <p>“Develop and integrate programs and best practices that are environmentally responsible and sustainable.”³⁰</p>	<p>MCC efforts are focused on the following steps to ensure support to the local business and industry communities:</p> <ul style="list-style-type: none"> • Ensure that the College complies with all New York State laws which govern purchases of goods and services with public funds. • Procure the highest quality goods and services at the lowest possible cost to the College. • Support SUNY MWBE initiatives and goals. • Be fair and give all vendors an opportunity to do business with the College; especially local vendors <p>Many steps are taken through product purchases as well as construction projects to support our sustainability efforts. The last 3 major projects have all received LEED certification. All paper and cleaning products purchased are certified environmentally friendly.</p>
<p>Upstate New York College Collabor-ation (UNYCC)</p>	<p>\$400³¹</p>	<p>The Upstate New York College Collaboration is committed to enhancing the educational effectiveness of its member institutions through serving as a catalyst for collaboration; a channel for joint procurement; and a vehicle for implementing other joint initiatives, operations and programs as appropriate.³²</p>	<p>Each member institution has different procurement policies, constraints, and cultures. There are significant differences among the private and public member schools.³³</p> <p>This collaboration has just begun to explore joint purchasing. In the future, joint purchasing is likely to increase.</p>

procurement practices. For example, the City of Rochester and Monroe Community College are prohibited by state law from showing preference to any local vendors. However, these institutions could become customers of MDCCC portfolio companies provided that those companies prevailed in a competitive bidding process. For that reason, we recommend that these anchor institutions should be thought of as potential secondary customers, to be revisited at a later time when MDCCC portfolio companies’ are developed and their capacity are understood.

An unexpected “anchor” customer: In addition to the “eds and meds” discussed above, we have identified the forthcoming targeted public investment area known currently as the Pathways to Prosperity Pilot District (working title) as another potential driver of development. Over the next few years, that program is expected to concentrate a significant infusion of public and philanthropic investments for childcare, transportation, and other workforce development priorities into the Marketview Heights/CONEA/Beech-

wood/EMMA neighborhoods to pilot and refine poverty-interventions that can eventually be expanded citywide. We see strong alignment between the objectives of the Pathways to Prosperity Pilot District (working title) and the MDCCC and propose that some MDCCC portfolio companies could act as the job creation entity of that initiative, leveraging those public and philanthropic investments to create jobs that directly address needs of community members.

As a result of our research, we believe that Rochester more than meets the threshold level of anchor institution backing necessary to recommend developing employee-owned businesses around anchor institution supply chain needs. During the next phase of development, when the MDCCC is engaged in formal business planning, organizers will need to work closely with these institutions in a deeper exploration of the exact volumes, pricing, and other details required to do business with each institution.

Viable business opportunities

Through conversations with anchor institution leaders and other community stakeholders, corroborated by our own basic market scan, we have identified several potentially viable employee-owned business development opportunities that could make suitable early portfolio companies for the MDCCC initiative (see Appendix A for detailed discussion). We also found opportunity to build a diverse portfolio of businesses by extending MDCCC membership to existing cooperative businesses or private businesses that wish to transition to employee-ownership.

Three of the most attractive options we uncovered for new business development include:

1. Local Food Processing Facility

We propose a food processing facility that could produce a diverse product mix, custom tailored to the demand of institutional customers and developed to complement (and not duplicate) what is already available through the local food ecosystem. Some functions could include juicing, dehydration of apples, peaches, or berries, chopping of fresh meats, frozen food preparation, or production of finished goods.

2. Workforce Transportation Provider/Vanpool/Shuttle Service

We propose a Transportation/VanPool/Shuttle service to connect low-income city residents with job opportunities at large institutions, construction sites, or agricultural jobs that are located outside of the city and are hard to access. Eventually this business could expand to serve a wider market by offering additional anchor institution-related transportation services including student or patient transportation for hospitals and universities or courier services for those same institutions.

3. Energy-Efficiency/Green Construction Company

We propose development of a light construction company, which focuses in energy efficiency and “green” construction services including LED retrofits, solar installation, weatherization, asbestos abatement, home re-

furbishing, neighborhood greening, light construction, etc.. Such a program could employ entry-level workers in projects that help improve environmental sustainability in Rochester while preparing workers for apprenticeships in skilled trades programs.

Though any business development ideas must be thoroughly vetted before investment is made, we believe that the above business ideas warrant serious consideration including formal market research and business planning. For a detailed discussion of these opportunities, as well as a description of other potential new business development opportunities, please see Appendix A.

Beyond developing new start-up cooperatives, there are other opportunities for the MDCCC to help create and retain jobs and spread the benefits of employee business-ownership to Rochester communities.

Supporting the Growth of Existing Cooperatives

One way to increase impact and complement new business development is by opening membership in the MDCCC network to existing cooperative businesses who wish to join the portfolio in exchange for access to technical assistance, professional and back-office services, benefits from partnerships with anchor institutions and other key service providers, and participation in a mutual support network with other cooperatives. Opportunities for the MDCCC to increase the capacity of these existing worker cooperatives or link them with institutional contracts might be a strategy for early wins.

Through conversations with existing cooperative business owners in Rochester, we found evidence that there is demand for such an option. Rochester is currently home to a handful of cooperative businesses, spanning multiple industries and stages of growth (see map in Appendix C). In addition, a small but very passionate and talented group of community members are already mobilizing to develop more cooperative businesses in Rochester. Almost all of the cooperative business owners and developers we spoke to expressed interest in a central community resource that could offer a basket of support services to cooperative businesses and their employee-owners (see the box on the next page).

Many named technical and professional services, assistance with accessing capital, and business development support as key needs. These are precisely the services that will be concentrated in the MDCCC corporation, as proposed.

By creating a pathway to membership for these existing cooperatives businesses, the MDCCC could accelerate the growth of employee-ownership in Rochester, while strengthening its own portfolio and reducing overall risk.

Promoting Employee Ownership Transitions for Existing Private Businesses

Another opportunity for the MDCCC to diversify its portfolio and achieve greater impact is by offering a membership option for existing businesses in the process of becoming employee-owned, as part of an exit strategy for private owners.

Conversion to employee ownership has been found to be an increasingly popular exit strategy for many retiring private business owners³⁴ in part because employee buyouts provide access to substantial tax incentives while offering a means to ensure an enduring legacy.

Although MDCCC leadership would need to develop screens to ensure that supporting employee buyouts would benefit the target population of low income workers, we feel confident that promoting employee ownership through conversions is consistent with the MDCCC's mission of building a strong, resilient, and participatory local economy.

Research has demonstrated that employee ownership offers communities greater protection against layoffs, and keeps companies rooted locally over the long term—since employee-owned companies are, to a very large extent, locally owned. And many economic studies over the last decade have shown that about three times as much revenue recirculates locally when spent at a business that is locally owned.³⁵ For these reasons, this mode of portfolio growth and diversification could constitute a win-win-win. Owners who sell 30 percent or more of their stock to their workers can defer capital gains, as stated in Section 1042 of the IRS tax code.³⁶ The converted business is able to continue on and protect existing jobs. The MDCCC portfolio is strengthened through

membership by an established and stable business, avoiding several of the challenges experienced by start-ups. The new cooperative business also has the benefit of being able to carry-over of worker-owners' industry knowledge.

Nationally, there is a huge opportunity for employee ownership transition strategies, driven by the forthcoming wave of baby boomer retirement. Over 76 million boomers, born between 1946 and 1964, will reach retirement age between the years 2012 and 2030³⁷ including at least 7 million owners of privately held businesses,³⁸ many of whom will want to sell or liquidate their businesses within the next two decades.

Our focus group of Rochester business owners revealed that there is a segment of Rochester business owners that may be underserved and could benefit from support. This strategy would be best suited for smaller firms, which have difficulty accessing professional services that support exit planning such as financial valuation.³⁹ To these companies, the MDCCC could provide referrals and light support services to help local owners considering employee ownership as an exit strategy. Once converted, these companies could become part of the MDCCC portfolio. Once the MDCCC identifies potential partners, it should limit its partners to those who have expressed commitment to a cooperative conversion and that are in strong financial health. These two factors have been identified as prerequisites for successful cooperative conversions.⁴⁰

Business development resources and industry expertise

Rochester has an abundance of business development resources and is particularly strong in the area of urban business development, cooperative business development, and availability of experienced professional mentors. We find that the community has more than enough business development resources necessary to support the development of a network of anchor-linked, employee-owned businesses. Some of these include:

General business development resources

Greater Rochester SCORE, which partners with the SBA, provides counseling, mentoring, and workshops to assist

small businesses.⁴¹ The city is also home to the Simon Business School at the University of Rochester, the School of Business at St. John Fisher College, and the Saunders College of Business at R.I.T., which all regularly support community service initiatives.

Industry Expertise

For professional mentors and industry experts, The Greater Rochester Chamber of Commerce is a tremendous resource with a highly talented membership base. Fortunately, the Chamber indicated willingness to help recruit leading industry experts for board positions or pro bono consulting engagements with the new MDCCC businesses.

Urban business development resources

The Business Development Center at the Urban League of Rochester assists minority and women entrepreneurs, veterans, dislocated workers, the poor and other microbusiness owners to start and grow their businesses via business development training in a classroom setting, on-going one-on-one technical assistance and mentoring, including: help in the development of business and marketing plans, business financials, identification of sources of funding and loan applications and other required tools, as well as adjunct services which include in-depth assistance with completing the NY State application for Minority- and/or Women-owned Enterprises. RIT's Center for Urban Entrepreneurship (CUE), offers business workshops, a capacity building program, consulting, and customized trainings, in addition to arranging mentorships and helping businesses attract investment for urban businesses in Rochester.⁴²

Both CUE and the Urban League of Rochester have expressed willingness to provide business-planning resources to MDCCC portfolio companies and have offered to develop and/or administer training programs for worker-owners, provided that adequate funding is available.

Focus Group: Rochester Co-op Entrepreneurs Outline Their Visions for a Strong Co-op Sector

The Democracy Collaborative conducted a focus group discussion with five members of Rochester's worker-cooperative community. Using a human centered design approach that emphasized personal experiences, participants were asked to discuss successes and challenges they have encountered while launching or running cooperative businesses and to brainstorm opportunities for supporting the development of more worker cooperatives in Rochester. The participants included one long-time cooperative worker-owner, one worker-owner from a cooperative that has been operating around five years, a team that is currently developing a new worker cooperative, and a community developer who promotes cooperatives and other inclusive economy strategies. Below are their summary visions of how the City of Rochester could support and help grow a thriving cooperative business community in Rochester.

Vision 1: The City of Rochester will have an Office of Cooperative Development that supports cooperative developers. The City will prioritize purchasing from worker-coops and will be awarded 50% of economic development subsidies to worker-cooperatives. In addition, the City will secure commitments from Rochester anchor institutions to purchase from cooperatives and will support cooperative conversions from retiring business owners and in city services. The public schools will create a school to worker co-op pipeline building opportunity.

Vision 2: The City of Rochester will provide funding for a grassroots organization composed of multiple stakeholders, including representatives from the business community, government, and the community. Modeled off a co-op, the organization would be supported by its members, which may be cooperative entities or individuals that support cooperatives. The organization will have a lawyer on staff and have paid staff dedicated to organizing and providing technical assistance for cooperatives. Rochester's existing cooperatives will charter and found this organization. The City will also develop law, zoning, and policy that will "water the soil" to help cooperatives grow. It is important for the City to adopt the cooperative culture itself and allow existing cooperatives to lead.

Vision 3: The City of Rochester will hire and empower someone with knowledge and experience working with worker-cooperatives to facilitate the development of worker-cooperatives. The city will also help establish and fund a newly created 501(c)(3) that coordinates local worker-cooperatives and identifies additional sources of funding for area cooperatives. The City will also create cooperative districts that offer tax abatement to cooperatives. Furthermore, the City will support public service announcements on the values and impact of cooperatives, empower existing cooperative developers and worker-owners, as well as empower neighborhood residents to form worker cooperatives.

Vision 4: The City of Rochester's Office of Neighborhood and Business Development will focus on business creation. For example, they could set aside space in an East Main Street building for cooperative start-ups, free of charge. The City of Rochester can support a revolving loan fund that distributes microloans as well as creates a worker co-op accelerator. The incubator would support a business development specialist that focuses on creating connection amongst people as well as connecting people with capital. The City will also adopt a cooperative purchasing preference and public data based for purchasing needs.

Cooperative business development resources

In terms of cooperative and employee-owned business development, Western New York has a high concentration of cooperative development expertise. Rochester is also able to benefit from a growing body of New York City-based cooperative developers with experience in municipal partnerships. Spurred in part by the City of New York's recent \$3.2 million investment in the cooperative sector and ongoing assessment of a citywide program to promote city procurement from worker cooperatives, these cooperative experts are increasing their capacity in a number of important areas⁴³ including capacity to advise on municipal procurement strategies, incubate cooperatives targeted toward low-income communities, and support cooperative conversions.⁴⁴

Below we include a partial list of New York-based cooperative development resources that could potentially support development of the MDCCC. The Democracy Collaborative is proud to have relationships with these and many other national cooperative development experts.

- Joe Maraffino of The Democracy at Work Institute (DAWI), a nationally-recognized cooperative development facilitator, is a resident of Ithaca and regularly supports cooperatives throughout Western NY. DAWI offers trainings for cooperative managers and employers, and consults on project management, as well as legal and the financial needs of worker cooperatives.⁴⁵
- Just an hour away from Rochester, Andrew Delmonte of the Small Business Development Center at SUNY Buffalo State offers specialized counseling services for social entrepreneurs in social business planning, financing strategies, and cooperative corporation filing. This site is one of the only SBDC centers in the country with this specialization.⁴⁶
- Chris Michael, Executive Director of The New York City Network of Worker Cooperatives and General Counsel of the ICA Group, has been active in the New York City cooperatives initiative and has followed the Rochester and Buffalo cooperative efforts with great interest. ICA group provides consulting services to clients working in or seeking to start worker-owned

and community-based businesses and has developed a specialization in conversion of traditional businesses to democratic, employee-owned firms.

- Matthew Keesan is a Rochester native who is currently a Board Member of The New York City Network of Worker Cooperatives. A successful serial entrepreneur, Keesan now offers cooperative business development consulting services in New York and beyond.
- LIFT Economy, a consulting firm that specializes in development and business coaching for a variety of social enterprise models including cooperatives, also has a presence in the area. Principal Shawn Berry is also a Rochester native currently based in New York City, who regularly advises on a wide range of cooperative business development topics.

In addition to the above named cooperative business development experts, Rochester is also home to several professionals, from lawyers to business appraisers, who specialize in Employee Stock Ownership Plans (ESOPs), which are a more common form of employee business ownership. These professionals, which include Empire Valuation Consultants and ESOP Plus, regularly support employee buyouts of existing businesses and have experience with democratic governance structures as well as legal and technical needs of employee-owned business.

Available financing

Worker cooperatives sometimes face greater barriers to capital access than businesses with more traditional ownership structures (see also Appendix B). One benefit of the MDCCC structure as proposed is that, as a hybrid of non-profit and for-profit entities, the initiative can access a broader mix of private, philanthropic, and public financing.

The Evergreen Cooperative Initiative in Cleveland is a good example of this. That initiative tapped a wide range of funds to help capitalize its portfolio companies. Subordinated debt provided by the revolving loan fund was leveraged to acquire many times more financing from sources like Community Development Block Grant (CDGB) Section 108 guaranteed loans provided through the City of Cleveland, New Markets Tax Credit investments provided through a major

CDFI NDC and through banks, a loan from the Commonwealth Revolving Loan Fund, which was established by the Ohio Employee Ownership Center to promote employee ownership, and also traditional bank loans.

Although it is too early to define an ideal capital stack, we believe that assembling a combination of funding from diverse sources will be essential to finance MDCCC portfolio companies and fund the non-profit-generating activities of the MDCCC corporation itself. Fortunately, we believe that this will be possible due to the wide variety of available funding currently aimed at addressing poverty in the Finger Lakes Region. Some potential sources of financing are described below.

Public capital

Rochester is experiencing an influx of financial resources from the New York Upstate Revitalization Initiative (URI), which seeks to stimulate workforce development and poverty reduction investment in higher education and entrepreneurship. The URI is expected to leverage over \$740 million to these “economic enablers”, making it a potential source of funding for the MDCCC. In addition, the City of Rochester offers low interest loans up to \$250,000, tax credits, interest rate subsidy grants, and pre-development matching grants, as well as U.S. Small Business Association and HUD Section 108 loans.⁴⁷ Furthermore, the City has managed almost \$30 million in Section 108 loan guarantees, since 2000, to create and retain jobs, remediate brownfields, rehabilitate housing, and finance a business loan program.⁴⁸

Rochester Gas and Electric (RG&E) has a number of assistance programs, partially financed by the New York State Energy and Research Development Authority (NYSERDA), which help businesses make electric-related infrastructure improvements, in excess of several hundred thousands of dollars. These funds may be available to assist with financing of energy efficiency investments.

Private investment

Rochester also benefits from a high-density of community investing institutions. For example, Rochester is home to more than 10 Federal Home Loan Bank (FHLB) own-

er-members. These privately owned banks have access to a number of grants, subsidized and reduced-rate advances, and Letters of Credit, which better enable them to serve community needs.⁴⁹ Rochester's FHLB members include M&T Bank, The Upstate Bank, Family First of NY Federal Credit Union, The Summit Federal Credit Union, Genesee Regional Bank, Ukrainian Federal Credit Union, ESL Federal Credit Union, Advantage Federal Credit Union, The Summit Federal Credit Union, and The Genesee Co-op Federal Credit Union.⁵⁰

Rochester also has a number of community development financial institutions (CDFI), lenders that exist to serve those whose financial needs are unmet by traditional banks. Former Federal Reserve Chair Ben Bernanke once noted that, as community-based organizations, CDFIs “can play critical roles ... because of their detailed knowledge of neighborhoods' economic needs and strengths and because of their commitment to their mission of community development.”⁵¹ WIT Federal Credit Union, Lexington, Rochester and Monroe County Employees, The Genesee Co-op, and the Ukrainian federal credit unions all maintain a CDFI designation, and thus have greater flexibility to engage in business lending than traditional credit unions.⁵² The CDFI PathStone Enterprise Center completed the first New Market Tax Credit (NMTC) deal in Upstate New York. NMTCs were a critical funding source for the Evergreen Cooperatives in Cleveland.⁵³

Philanthropic capital

Rochester is also home to many active foundations whose grant-making aligns closely with the goals of the MDCCC. The Farash Foundation, which maintains a \$1.2 million Entrepreneurship Ecosystem Fund, holds \$266 million in assets and supports social entrepreneurs who focus on workforce development for teenagers, opportunities for people in recovery, neighborhood development, and similar concerns.⁵⁴ In 2015, the Rochester Area Community Foundation, which holds \$257 million in assets, awarded its largest quarterly grant distribution, dedicating over \$1 million to programs that create “an equitable community,” one of RACF's primary areas of grant making.⁵⁵ The Greater Rochester Health Foundation, which holds assets of more

than \$245 million, works to improve neighborhood health by supporting “asset-based, grassroots efforts” that work to address health consequences associated with poverty.⁵⁶

The convener of Rochester-Monroe Anti-Poverty Initiative (RMAPI), United Way of Greater Rochester, holds \$145 million in assets and distributes over \$6 million in grants at programs directed at reducing child poverty.⁵⁷ The foundation recently updated its strategic plan, in which it articulates its intentions to connect grantmaking and investment strategies with RMAPI.⁵⁸ The Wegman Family Charitable Foundation, which funds community and economic development, holds \$56 million in assets. Collectively, these five mission-aligned foundations control almost \$1 billion in assets which they leverage to fund programs similar to the MDCCC.⁵⁹

In recent years, a number of national philanthropies have also begun funding the research and development of cooperatives and other forms of employee ownership and social enterprise as key strategies to decrease poverty. In addition, many foundations are focusing on the revitalization of older industrial cities like Rochester. TDC works closely with a number of these national foundations, and we believe there may be an opportunity to leverage these two funding interests to find funding support for the MDCCC through grant-making and for portfolio cooperatives through program related investments (PRI).

Political and community concurrence

We found that there is strong support for the MDCCC initiative from both elected officials and other key community stakeholders including the existing cooperative business community as well as faith-based institutions, neighborhood or community organizers, private enterprises, other non-profit organizations, and residents of low-income Rochester neighborhoods.

Local Political Support

The MDCCC has strong political backing from multiple City offices. The project, which was originally conceived by the Department of Neighborhood and Business Develop-

ment, has received critical support from the Mayor’s Office of Innovation and Strategic Initiatives, and is a key priority of the Mayor Lovely Warren, who resolutely noted that the MDCCC initiative “cannot sit on the shelf.”⁶⁰ She shares this resolve with many of her constituents, who see this ownership model as a critical enabler to an equitable and prosperous Rochester.

Statewide Political Support

In addition to local support, our research uncovered additional political allies for the MDCCC in other parts of New York. For example, the official policy of the New York State legislature promotes cooperatives as a tool for economic stability, saying:

“Worker cooperatives provide a means by which enterprises may be democratically controlled and operated by their own workers. It is expected that such cooperative ownership will result in increased job satisfaction and increased productivity and will enable workers to receive the fullest economic benefits from their endeavors. It is also expected that the establishment of cooperatives under this article will result in the creation of new jobs in all economic sectors, will offer greater economic stability in the communities of this state and will discourage the movement of capital and jobs out of this state.”⁶¹

There are also greater New York efforts to broaden support for worker-cooperatives. State Assemblyman Sean Ryan of Buffalo (District 149) has introduced pro-cooperative policy proposals into the legislative process and has shown interest in Rochester’s MDCCC initiative.

Cooperatives in Rochester may also benefit from the strong momentum coming out of the administration of Mayor Bill de Blasio (New York), which has allocated a total of \$3.2 million over fiscal years 2015–2016 to fund the development of worker cooperatives, created the nation’s first Worker Cooperative Day on June 21, and is paving the way to worker cooperative procurement targets through new legislation which requires the Department of Small Businesses Services and the Mayor’s Office of Contract Services to report on the number of contracts awarded to worker owned

cooperatives and the amount of worker owned cooperatives that are receiving assistance from the city. There is clearly a growing acknowledgment throughout New York State that cooperative businesses are a legitimate tool for community economic development and a crucial element of an inclusive local economy.

Community support

There is a very high level of neighborhood and grassroots support for the MDCCC initiative. Each of the neighborhoods we have engaged with have been highly supportive of the initiative and many other community members expressed general support for the idea and confidence in its feasibility. For example, Bill Daubney, president and CEO of Hope Initiatives, a social enterprise which hires the formerly incarcerated to complete work for Monroe County told us, “There is no reason why we can’t do this—the only limitation is in our head.”

Many neighborhood leaders we spoke with also expressed enthusiasm for the MDCCC. In speaking about combining various efforts to revitalize the Beechwood-EMMA community and the role that the MDCCC could play, The Rev. Marlowe V.N. Washington, of the Historic Parsells Church and board member of the resident-empowered collaborative known as Connected Communities noted, “Worker cooperatives change the game. It adds another layer where people are owning their community and have a stake in their community again.”⁶²

Melissa Marquez, CEO of Genesee Co-op Federal Credit Union, which participated in Rochester’s Worker Cooperative Forum held at the historic Parsells Church, made similar remarks. If the cooperative model “takes hold, it can help break out of the low-wage model” of development.⁶³ Cooperatives, she added, offer not only a job, but opportunities to develop self-sufficient families.

Even members of the community not typically involved in enterprise development are encouraged by the potential of this shared ownership model sustain community investments. The Rochester Housing Authority, for example, is broadening its aims “beyond providing decent, safe,

and sanitary housing—good housing,” to looking to see how it can help “residents to become self-sufficient” and uplift their families.⁶⁴ This question, Interim Executive Director Shawn Burr, told us, has led Rochester Housing Authority toward investigating opportunities for residents to generate income and to grow its services toward meeting its HUD Section 3 obligation, a set of statutes that attempts to utilize existing federal funding streams for low-income housing and community development to provide economic opportunities for low-income individuals that reside in the proximity of HUD-funded projects.

The housing authority is currently engaging resident councils to assess interest in developing resident-owned business, which as potential Section 3 certified businesses, would gain preference for HUD-funded contracts. Former HUD Deputy Secretary Ron Sims once described the Evergreen Cooperatives as “brilliant” and suggested that HUD look for additional ways to encourage cooperative development linked to HUD subsidized housing.⁶⁵

Cultural Fit

We also came to understand that cooperative business is a particularly culturally-appropriate tool for Rochester. The 2013 Finger Lakes Regional Sustainability Plan contains a rich exploration of the region’s historic context and how that should influence investment in a resilient future. The document emphasizes that the region has a deep heritage of creating and nurturing innovative ideas that are democratic in nature and have gone on to benefit society well beyond the region.⁶⁶ In contemporary times, this character is exemplified by the dense concentration of highly-talented social entrepreneurs, non-profit organizations, faith-based institutions, and community organizers who work tirelessly each day to build a stronger Rochester from the ground up.

Community concerns

We found no known sources of significant opposition to the MDCCC, although we did hear two common concerns that should inform MDCCC leadership. Rochester community members felt strongly that:

- The MDCCC initiative and any future cooperative development should take particular care to avoid displacing existing Rochester businesses with new (and potentially subsidized) business development.
- The MDCCC initiative and any future cooperative development should continue to be developed in consultation with the community.

Workforce development capacity

RochesterWorks!, Workforce Development Institute, and PathStone are three of Rochester's leading workforce development programs. RochesterWorks!, a public-private partnership, provides grants for on the job and customized training and hosts recruitment events. In 2014, RochesterWorks! served more than 17,000 people.⁶⁷ The statewide Workforce Development Institute also provides tailored workforce development programs, concentrating on manufacturing and energy businesses.⁶⁸ PathStone, a community development corporation and human service organization, offers training, in addition to coursework that is tailored to farm workers and those who speak English as a second language.⁶⁹ There are also industry-specific resources available through the Monroe Community College Economic Development and Innovative Workforce Services Division and through trade union apprenticeship and pre-apprenticeship programs. Monroe County Department of Human Services maintains two subsidized employment initiatives as a means to broaden opportunities for on the job training and assists employers hiring new employees.⁷⁰

There are also ample financial literacy training resources, which could support future worker-owners in managing the responsibility of business ownership. The Empire Justice Center offers financial literacy training through its C.A.S.H. program, organized by a community coalition that was convened by the United Way, which is working to improve life for low-income working families in Monroe County.⁷¹ Through the Save for Success individual development accounts program, developed by PathStone, Monroe Community College, and ESL Federal Credit Union, students can receive one-on-one financial counseling.⁷² The West Advisory Group also provides a tailored workplace financial wellness program.⁷³

Wrap-around services

With the support of appropriate wrap-around services, worker-owners can better manage responsibilities of owning a business and attend to personnel challenges that can impact one's ability to succeed in a job. The availability of critical wrap-around services, is described below. Although we see that Rochester does meet the threshold for wrap-around service offerings to support MDCCC employees, our research also revealed a need for additional support in some areas, particularly with regards to affordable childcare and transportation.

Affordable childcare

The Workforce Development Institute offers a Child Care Subsidy Facilitated Enrollment Program for working families with children under 13 years of age.⁷⁴ Monroe County also provides childcare subsidies.⁷⁵ But overall, as noted in the Rochester-Monroe Anti-Poverty Initiative progress report, the city lacks affordable childcare. However, per our recommendations, we believe that the MDCCC might look at this combination of a market gap plus available subsidies as a business development opportunity.

Reliable transportation

As identified by the Rochester-Monroe Anti-Poverty Initiative progress report, Rochester lacks affordable, efficient, and accessible public transportation to get residents to key destinations such as places of employment and childcare centers. Many jobs are out of walking and biking distance of Rochester residents.⁷⁶ However, per our recommendations, we believe that the MDCCC might also look at this market gap as a business development opportunity.

Re-entry support services

Rochester has approximately 12 agencies that specialize in helping individuals and communities affected by prison experiences.⁷⁷ For example, Smart New York offers a Prison Reentry Ministry in which individuals receive transportation, housing, mentorship, and financial literacy classes.⁷⁸ Through its New Directions program, Action for a Better Community offers services in recovery management, re-

lapse prevention, and work readiness assessments.⁷⁹ Delphi, a non-profit behavioral health agency, provides prevention and case management services and assists in job placement.⁸⁰

Legal aid

Rochester has a number of free legal services for worker-owners with diverse needs. The Monroe County Legal Assistance Corporation supports persons disputing issues related to public benefits collection, employment rights (particularly for persons with criminal records), and fair housing.⁸¹ The Legal Aid Society of Rochester New York assists on family law, housing, and immigration cases, and helps families advocate for their children in the school setting.⁸² The Volunteer Legal Services Project primarily assists in immigration and family law cases.⁸³

Community loan fund incubator

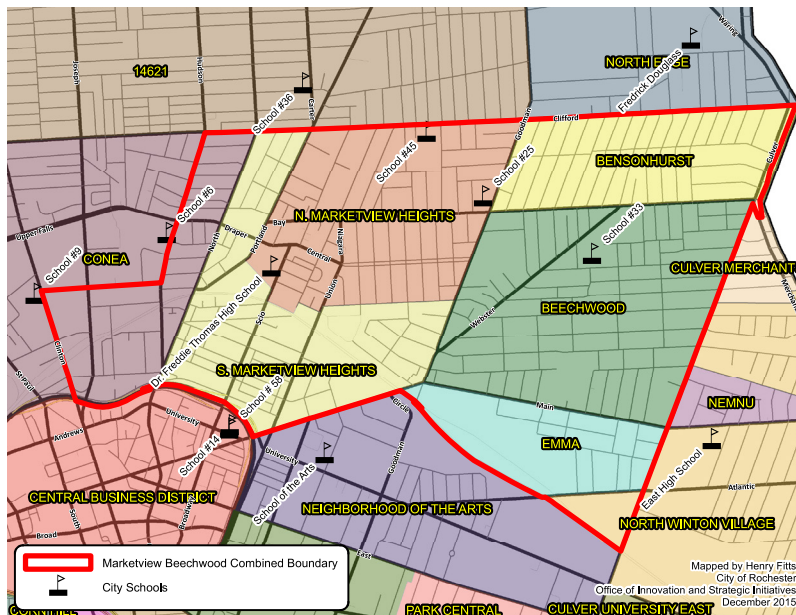
Because of its low-income wealth building mission, its cooperative identity and rich understanding of cooperative business structure, legal issues, and financing conventions, we believe that Genesee Co-op Credit Union could be a valuable financial partner for the MDCCC. In this role, GCCU can potentially host a revolving loan fund and could also provide other MDCCC-related financing, such as financing for employee buy-ins. The Credit Union has a history of financing worker-owners of cooperative businesses, an area not well understood by many traditional lenders.

Another excellent potential partner could be the PathStone Enterprise Center. As a Community Development Financial Institution (CDFI) and a Community Development Entity (CDE), PathStone can offer a wide variety of

financing options including New Markets Tax Credits opportunities and an existing revolving loan fund. According to its official website, “the Enterprise Center carries out its mission by making loans to small and micro businesses, and by accompanying those loans with a strong program of pre-loan and post-loan technical assistance and training programs designed to support our clients growth. The Enterprise Center’s loans range in size from \$1,000 to \$500,000, although most loans are in the \$20,000 to \$50,000 range.”⁸⁴

Complementary strategies and programs

We believe there is a very exciting opportunity to align the MDCCC initiative with a complementary new anti-poverty program. The Mayor’s Office of Innovation and Strategic Initiatives (OISI) and the Rochester-Monroe Anti-Poverty Initiative, which has named the creation of worker-owned cooperatives in impoverished neighborhoods as a key anti-poverty strategy, have formed a new partnership that will concentrate investments around an ambitious poverty reduction goal in a targeted area of Rochester.



Pathways to Prosperity Pilot District

EMMA neighborhoods,⁸⁵ which were selected through a rigorous analysis that compared neighborhoods on the basis of need, available resources, and other factors to identify neighborhoods that could effectively leverage anti-poverty investments.

This initiative, which is currently being referred to as the Pathways to Prosperity Pilot District (working title), is designed to pilot and refine a basket of anti-poverty interventions that can eventually be expanded citywide.

The program will aim to catalyze a major transformation in the Marketview Heights/CONEA/Beechwood/

Key priorities of the new neighborhood-focused approach include:

- Workforce development in your neighborhood
- Early childhood support
- Youth empowerment
- Housing
- Transportation

These focus areas will receive considerable resources, indicating potential business development opportunities.

Currently, no more than six percent of residents of the target neighborhoods hold jobs in their neighborhood and over half of residents commute to the suburbs.⁸⁶ This indicates a need for job creation strategies as part of the Pathways to Prosperity Pilot District (working title)'s basket of programs. We believe this is an opportunity for the MDCCC initiative. By partnering with this focused investment strategy, the MDCCC cooperatives could benefit from synergistic investments while playing a crucial role in the neighborhood development strategy and developing businesses that serve a key community need in an area where the need for accessible jobs is clear. For example, a childcare or transportation cooperative that is located in, owned by, and staffed by neighborhood residents would be a powerful way to leverage investment in a strategy of neighbors helping neighbors.

Feasibility Assessment: Summary

Based on our research, we believe that Rochester not only possesses the ingredients necessary for a network of employee-owned businesses to succeed but has the opportunity for employee-owned businesses to flourish. We have found strong local leadership; support from large institutional buyers; viable business opportunities that would not

displace existing community businesses; industry expertise and resources for business development; a strong likelihood of available financing and appropriate fundraising vehicles; political and community concurrence; as well as substantial workforce development expertise and other wrap-around services to prepare disadvantaged workers for success. In addition, we found considerable enthusiasm and resources for cooperative business development. In summary, we are highly encouraged about the potential for employee-owned

businesses to succeed as a tool for job creation, wealth building, and economic stabilization in Rochester.

Designing for Impact

After confirming the viability of this approach, we sought to marry what we learned about unique local challenges, opportunities, with national best practice

research to inform the design of an implementation strategy built for maximum impact.

Leading cooperative developer Hilary Abell in her report, *Worker Cooperatives: Pathways to Scale*, notes six factors integral to the success of worker-cooperatives. These include:

- ongoing training and cultivation of cooperative culture
- design for business success
- effective long-term support
- patient capital
- strong management and social entrepreneurial leadership
- good governance.

And, through consultation with existing cooperative business owners in Rochester, we found that this sector shares a common need for technical assistance, professional services from providers who understand employee ownership, and access to start-up or growth capital and other resources.

What is clear from both of these sources is that investing in capacity-building infrastructure, rather than diving into one-off business development projects, is critical both to protect the community's investment and, more importantly, to ensure long-term mission continuity and overall sustainability of the project. Therefore, we focused our recommendations and implementation plan on building this capacity in a way that would address stated local needs.

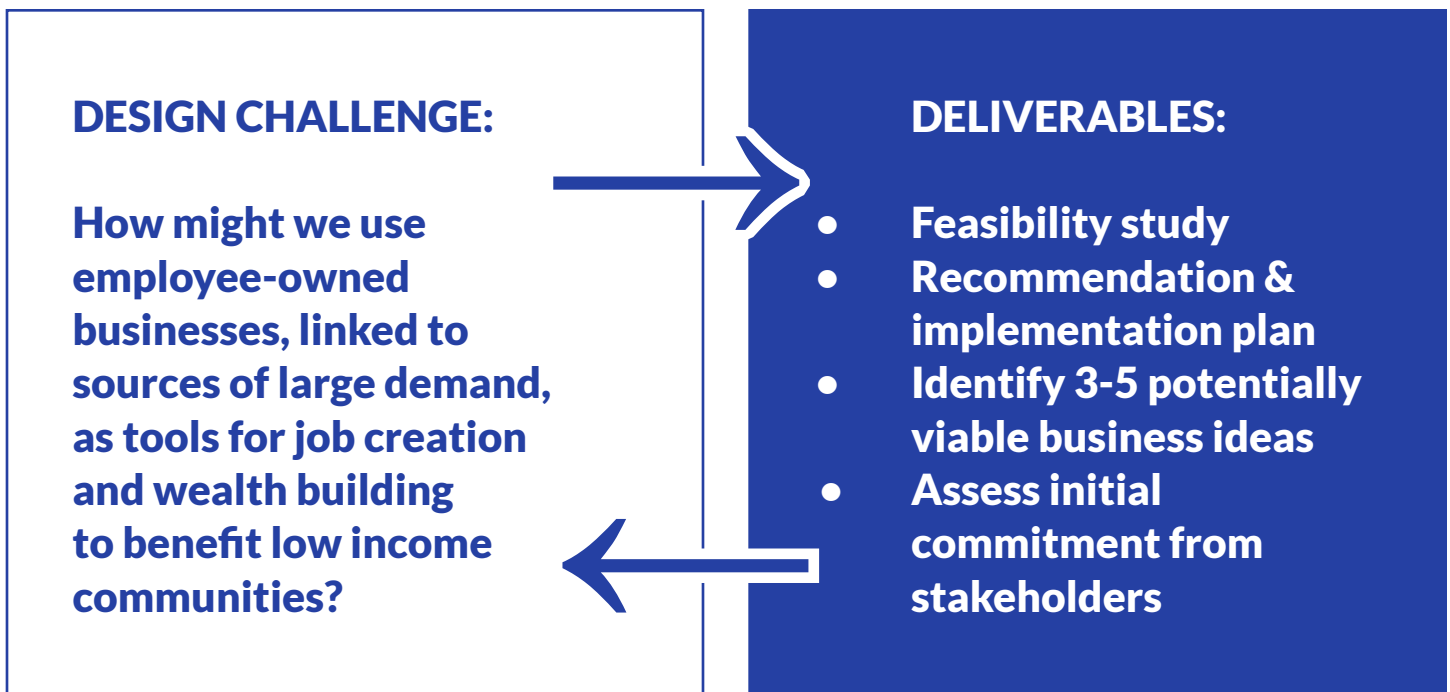
Recommendation

To capitalize on the tremendous opportunity in Rochester in a way that incorporates national best practices and meets local needs, **The Democracy Collaborative recommends the creation of a community-owned, cooperative business development corporation, whose purpose is to build wealth in low-income communities by developing, promoting, and supporting a diverse portfolio of employee-owned businesses in Rochester.** Details about this recommendation as well as a step-by-step implementation plan are included in the following section.

Conclusion

From the multiple high quality efforts to address poverty and build a stronger economy in Rochester, it is evident that the community understands there is no silver bullet solution to the challenges it faces. However, we believe that a network of community-based, employee-owned businesses developed to benefit a disadvantaged workforce has an important role to play among the many other investments that are being made. The strength of this network lies in creating employment opportunities for individuals facing the greatest barriers to traditional employment and whom macro-economic policy investments are least likely to benefit directly.

We encourage the City of Rochester to invest in the creation of a market driven, community-owned cooperative business development corporation as the first step toward making this network of broad-based business ownership a reality.



Section II:

Implementation Plan

The following is a mini-business plan for the creation of a community-owned, cooperative business development corporation to build wealth in low-income communities by developing, promoting, and supporting a diverse portfolio of worker-owned business in Rochester.

1. Introduction

Vision Statement

The Rochester Market Driven Community Cooperatives Corporation (MDCCC) envisions a strong and resilient Rochester economy in which all residents have access to dignified employment and opportunities for building wealth.

Mission Statement

The mission of The Market Driven Community Cooperatives corporation is to create and retain jobs and build wealth in low-moderate income Rochester communities by developing, promoting, and supporting worker-owned businesses.

Executive Summary

The MDCCC Corporation will be established as a community-controlled, not-for-profit corporation, whose purpose is to build wealth in low-income communities by developing, promoting, and supporting a diverse portfolio of employee-owned businesses in Rochester. It will operate as a non-profit holding company which provides the organizational infrastructure to develop and support a portfolio of mutually-supportive cooperative businesses in Rochester. We propose that the institution be responsible for six primary functions:

- Overseeing the development of for-profit, majority employee-owned businesses, both by incubating new businesses linked to sources of high demand and also by providing support for existing cooperative businesses or other private businesses that wish to transition to an employee-owned structure.
- Engaging in strategic partnerships with anchor insti-

tutions, local government, social service agencies, and other community stakeholders to energize supporters, identify opportunities, and mobilize resources that support its portfolio companies.

- Acquiring financial and in-kind resources to fund start-up and growth investments, and to sustain other essential non-profit-generating activities.
- Ensuring success of the workforce development mission, by supplying training in appropriate industry and cooperative business ownership principles, and by connecting employees to existing social support services to address existing barriers to employment.
- Measuring and reporting outcomes.
- Furthering cooperative principles and national best practices.

A discussion of potential early business development opportunities is included in section 1 of this document and also in Appendix A.

Core Customers and Value Proposition

The MDCCC recognizes four core “customers” that it will seek to serve:

- Member businesses
- Investors and funding partners
- Rochester anchor institutions that require goods and services which can be supplied by MDCCC businesses
- The Rochester community generally, including especially low-income neighborhoods

The core value propositions of the MDCCC are:

- For its portfolio companies, the MDCCC will create value by providing operational, managerial, and strategic

advisory services to help accelerate growth and reduce risk of failure. This could include connecting each business with existing workforce development, social service, business development, and/or employee ownership conversion resources in the community, helping businesses acquire financial and in-kind resources, facilitating the exchange of mutually supportive information between portfolio companies, and supporting company management in ongoing business and organizational development projects and problem solving.

- For its public, private, and philanthropic funders, the MDCCC will add value by leveraging investments to achieve superior outcomes in job creation, wealth building, and community health in the most cost effective way, in addition to generating economic returns on investment.
- For Rochester's large anchor institutions, the MDCCC will create value by developing local businesses tailored to the unique supply chain needs and specifications of each institutional customer, making it easier for the institutions to meet their local, WMBE, and sustainable sourcing goals while

reducing supply chain disruption risk.

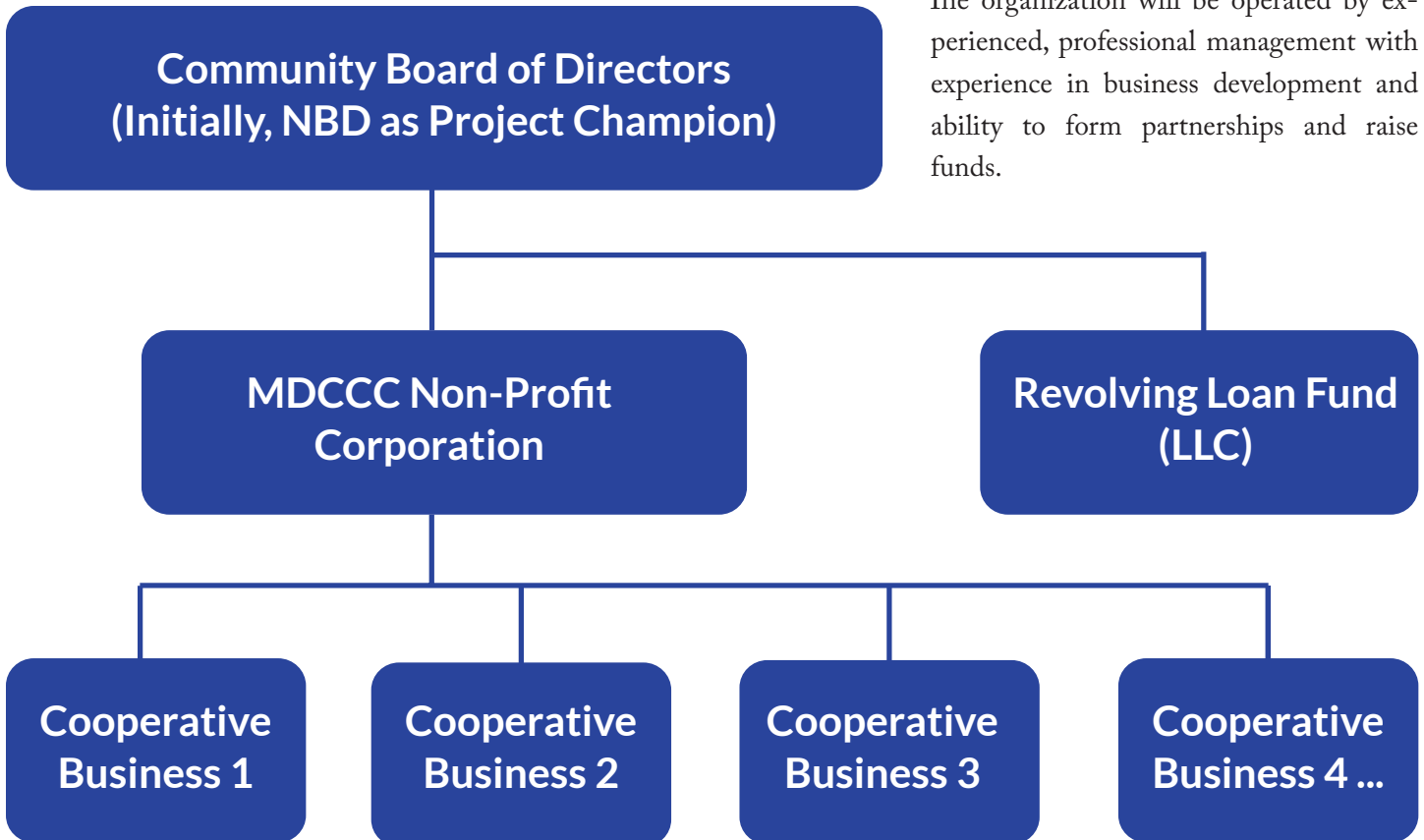
- For the Rochester community, the MDCCC will create value by increasing employment and professional development opportunities for low-moderate income residents, strengthening partnerships between neighborhoods and other resource-rich stakeholders, and by developing businesses that address unmet community needs.

Proposed Organization of the MDCCC

The MDCCC will be governed by a community board of directors, with representatives from major stakeholder groups including:

- Anchor institution partners
- Funders/foundation partners
- Local government
- Neighborhood residents
- Members of the business community
- Social service or workforce development agency partners

The organization will be operated by experienced, professional management with experience in business development and ability to form partnerships and raise funds.



II. Operations of the MDCCC Corporation

Core Functions

The MDCCC Corporation will be responsible for six primary operational functions. These are explained in detail in the following section.

1. Overseeing development of viable employee-owned businesses

The primary service to be provided by the MDCCC will be to oversee the development of for-profit, majority employee-owned businesses, both by incubating new businesses linked to sources of high demand and also by providing support for existing cooperative businesses or other private businesses that wish to transition to an employee-owned structure. In this role, it will function somewhat like a business accelerator.

Services Provided

The MDCCC will support business development by identifying opportunities for new business development or contracting; providing operational, managerial, and strategic advisory services; connecting portfolio companies with existing workforce development, social service, or business development resources in the community; helping businesses acquire financial and in-kind resources; facilitating the exchange of mutually supportive information between portfolio companies; and supporting company management in ongoing business and organizational development and projects and problem solving.

MDCCC Interest

Although MDCCC portfolio companies will be majority employee-owned, the non-profit corporation will have a minor ownership interest in each member business. The roles, responsibilities, and benefits of this ownership stake shall be defined in the by-laws of each member business. While the exact parameters of this relationship should be determined under the guidance of appropriate legal council,

we recommend an ownership stake that gives the MDCCC 1) a portion of annual net profits (10% might be a good guideline), 2) seats on the board of each co-op, (per NY statute these cannot exceed 49%) and 3) veto power over sale & acquisition of the business by outside interests. This will preserve the mission and ensure that the community's investment does not leak outside the area.

Building the Portfolio

Over time, we propose that the MDCCC develop the capacity to support multiple employee-owned businesses that may be sourced in one of three ways: launching new businesses, helping existing worker-owned businesses grow, and facilitating transitions of existing companies into worker-owned companies.

Launching New Businesses: The MDCCC will pro-actively create new cooperatives, according to self-identified business opportunities and stated supply chain needs of large institutional customers.

Supporting the Growth of Existing Worker-Owned Businesses: The MDCCC may incorporate existing, viable cooperative businesses who apply to become part of the network in exchange for access to technical assistance, professional and back-office services, assistance forming relationships with anchor institutions and other key service providers, and participation in a mutual support network with other cooperatives. As discussed in Section I of this report, many cooperative business owners in Rochester expressed a need for these services.

Supporting the Transition of Existing Private Companies into Worker-Owned Companies: The MDCCC may provide basic assistance in the form of referrals and light support services to existing private businesses that wish to convert to employee-ownership as an exit strategy. Due to the complexity of selling a business, most of the technical work of conversions would be handled by outside professionals. However, once converted, these companies could become part of the MDCCC portfolio and receive support building and maintaining a democratic culture and governance structure.

Ideal Target Companies

In section one of this report, we identified some potential early business development opportunities based on our initial analysis. Over time, the MDCCC will identify new opportunities for starting up or scaling up employee-owned businesses, according to the emerging opportunities and changing market conditions. In evaluating potential opportunities for viability and fit with the desired outcomes of MDCCC the following criteria should be considered:

- Potential for sustainable profitability (as demonstrated by formal market analysis & business planning process, etc.)
- Consideration of start-up costs/payback period
- Potential number of local jobs created (employee-ownership fits best with labor intensive businesses)
- Low barriers to entry for workforce
- Demand from multiple anchors & potential for diversification
- Ability to generate community wealth
- Room for new entrant in local market—business unlikely to displace existing business
- Model has been proven successful in other cases
- Availability of career ladders for employees
- Availability of community partners and industry experts to support development

2. Engaging in strategic partnerships

The second role of the MDCCC will be to build and maintain strategic partnerships with anchor institutions, local government, social service agencies, and other community stakeholders to energize supporters, identify opportunities, and mobilize resources that support its portfolio companies.

Anchor Institution Partnerships

Building upon initial pre-development conversations with Rochester anchor institutions, MDCCC leadership will be responsible for maintaining and deepening the relationships with those crucial partners through ongoing engagement and support of their efforts to align more resources to benefit the broader Rochester community. Chief among the

goals of this partnership will be working to identify business development opportunities and connect and capacitate portfolio companies with procurement opportunities at large institutions. But the relationship could grow to encompass much more. For example, Cleveland's anchor institutions have been more than just customers to the Evergreen Cooperatives. Seeing their involvement as more than just a business relationship, representatives from the institutions serve on the boards of those companies and have even become investors through Evergreen's revolving loan fund. Rochester anchors may similarly be interested in a broader role with the MDCCC.

Community Partnerships

The MDCCC should also foster and encourage strong partnerships with a variety of local government and non-profit agencies, from social service providers, to educational programs, to faith-based organizations, to business development resources, and others. Section 1 of this report details many potential partners who have already expressed interest in supporting the MDCCC. In a community as well-resourced as Rochester, it is important that the MDCCC avoid duplicating services which already exist in the community. Partnering with existing agencies is the most cost-effective and inclusive way to connect portfolio companies and employees of those companies with critical support resources in the community, from workforce development programs to business development support and beyond. In this role, the MDCCC will be a conduit to help channel existing resources to areas of need.

3. Acquiring financial and in-kind resources

Another function of the MDCCC corporation, once fully established, will be fundraising to support the entire initiative, including assembling a pool of capital for start-up and growth investments in portfolio cooperatives and raising money to fund its own ongoing operations, until such time as profit-sharing from the portfolio companies may allow it to become self-sustaining.

By relying on creativity and strong partnerships, it may also be possible to support some of the functions of the

MDCCC and its member companies by raising in-kind resources such as land or buildings, equipment, and pro bono consulting services.

4. Ensuring success of the workforce development mission

Working with appropriate industry, social service, and workforce development partners, and cooperative business experts, the MDCCC must ensure that current and prospective members of its portfolio cooperatives have the tools they need for success as employees and as owners. These needs will be different throughout the lifecycle of employment. A recent hire who is newly overcoming barriers to employment may require soft skills training, legal support, case management, or other wrap-around services to be successful. More experienced employees should have access to industry training and professional development opportunities. Employees who become cooperative member-owners have additional training needs including education in business and financial decision-making.

Some of these trainings may be provided directly by MDCCC leadership, while others may be best provided through community partners or cooperative development professionals. In both cases, the MDCCC would have ultimate responsibility for overseeing a comprehensive workforce development program.

5. Measuring and reporting outcomes

As a community-owned initiative, the MDCCC should be accountable to measure and report outcomes to the community, in addition to its funders and partner agencies. Tracking and reporting on social impact metrics takes time and resources and may not be appropriate to expect from the for-profit portfolio businesses. But, as a non-profit organization charged with ensuring mission continuity, measuring and reporting progress is an appropriate role for the MDCCC.

MDCCC performance should be measured against program objectives. Some potential metrics to track across the entire program include the following:

- Number of jobs created
- Number of cooperative members (employees with ownership shares)
- Equity accumulated in member capital accounts and retained earnings
- Cumulative salary & benefits paid to employees
- Local & state taxes collected from MDCCC portfolio business
- Number of returning citizens employed

6. Furthering cooperative principles and best practices

Hiring experienced management with a proven track record in the industry of interest is critical for the success of MDCCC businesses. But oftentimes, managers with the most industry experience may not have experience leading worker cooperatives or any other form of democratic company.

Helping cooperative businesses establish effective democratic management practices and connecting managers and owners with the rich body of best practice literature and cooperative development professionals who specialize in effective cooperative governance and management is a role that the MDCCC can play throughout the lifecycle of the business. A list of many of these professionals is provided in section one of this report.

In addition, The MDCCC can work with cooperative developers to create “learning journeys” in which management staff visit to other worker co-op networks and form relationships with other co-op managers. The MDCCC can also help connect cooperative managers and employees with high quality national training programs. The Ohio Employee Ownership Center, for example, runs training for managers, as does the Cooperative Development Institute and the ICA Group, which are both based in Massachusetts. Other potential partners include the Paraprofessional Healthcare Institute in New York City, the Praxis Peace Institute in California, the Democracy at Work Institute, the New York City Network of Worker Cooperatives, and the U.S. Federation of Worker Cooperatives.

III. Launch & Growth Plan

Year One Launch Plan

To ensure the successful launch of the MDCCC corporation, we offer the following implementation plan built around five key steps that can be undertaken over the next 12 months. These include:

- Creating a non-profit holding company
- Formalizing partnerships
- Forming a funding vehicle and raising capital
- Formal business planning
- Developing and launching the first cooperative business(es)

We describe these process in further detail below.

Step One:

Create a non-profit holding company

The first step in the MDCCC implementation plan will be to incorporate the non-profit holding company and apply for 501(c)(3) tax exempt status with the Internal Revenue Service. Until such time as the MDCCC receives its non-profit status from the Internal Revenue Service, (typically a 9-12-month process) and becomes operationally ready to operate independently, we recommend that the City's Department of Neighborhood and Business Development (NBD) should remain responsible for incubating the company, with appropriate community partners and professional service providers.

Key activities of this stage include the following:

- Applying for 501(c)(3) tax exempt status
- Filing MDCCC's articles of incorporation in New York
- Creating and adopting by-laws
- Securing funds to support the essential non-profit-generating activities of the MDCCC
- Beginning to recruit a multi-stakeholder board of direc-

Year One Launch Plan Timetable

		1	2	3	4	5	6	7	8	9	10	11	
Phase 1	Form & fund non-profit holding company	[Red bar spanning months 1-11]											
	Formal business planning	[Red bar spanning months 1-5]											
	Create funding vehicle		[Red bar spanning months 2-5]										
	Site selection			[Red bar spanning months 3-7]									
	Capital raise					[Red bar spanning months 5-9]							
Phase 2	Business development					[Red bar spanning months 5-11]							
	Site development						[Red bar spanning months 7-9]						
	Hire management							[Red bar spanning months 8-9]					
	Recruit/hire									[Red bar spanning months 10-11]			
	Launch											[Red bar in month 11]	

tors, which may include representatives from Rochester's anchor institutions, community groups, local government, the business community, and philanthropy, who will assume leadership of the MDCCC post-incubation

- Hiring an experienced chief executive. An ideal candidate will be mission-aligned and entrepreneurial, with business development experience and ability to raise money.

Step Two:

Formalizing partnerships

Section I of this paper identifies many potential partners for the MDCCC, from multiple sectors. During the pre-development phase of this project, some of these anchor institutions and community groups have already expressed interest in working with the MDCCC on an on-going basis. During the implementation phase of this project, those partnerships should be formalized and roles and responsibilities should be clarified.

Anchor Institution Partnerships:

With anchor institution partners, one of the first things that MDCCC leadership must obtain is more detailed information about previously identified supply chain opportunities to inform formal business planning. Crucial questions include:

- What volumes and pricing must businesses meet to effectively serve institutional customers?
- What operational practices are necessary to do business with each institution (e.g. electronic invoicing, net30 payment terms, etc).
- What does each institution require from vendors in the way of licenses, bonding, and other requirements?
- What would it take for institutions to make a commitment to purchase?
- What if any additional roles might each institution want to play beyond simply purchasing goods and services? Is there an appetite among anchor institutions for mentorship? Board leadership? Investment?

- How else can the MDCCC help the institutions meet their goals?

Other Community Partnerships: The MDCCC should also formalize partnerships with other community organizations such as workforce development programs, social service agencies, and cooperative development organizations. By this stage, MDCCC leadership should work to identify exactly what services can be offered by partner agencies, when, and at what cost. At this stage, it would be appropriate to sign contracts and for partner agencies begin any pre-development work necessary to support launch.

Step Three:

Forming a funding vehicle and raising capital

As discussed in Section I of this report, we believe that assembling a combination of private, philanthropic, and public funding will be essential to finance MDCCC portfolio companies. MDCCC leadership, with support from the NBD as

project champion, should work to identify and apply for all available public funding sources as early as possible and then begin to engage with both local and national philanthropies to raise a capital pool that will support start-up investments in portfolio companies. If raised

early, these monies can potentially be leveraged to access debt capital from other sources.

Assembling a combination of private, philanthropic, and public funding will be essential to finance MDCCC portfolio companies.

To assemble financing for the initial capitalization of new MDCCC portfolio co-ops, we recommend the creation of a revolving loan fund, patterned after the Evergreen Cooperative Development Fund in Cleveland. This vehicle, which may be set up as an independent LLC (please consult legal advisors), enables the holding company to receive philanthropic and public monies and channel these funds to portfolio businesses in the form of long-term, low-interest subordinated loans. Funds raised in this way can be leveraged to secure additional debt financing from other sources.

The benefit of this model is that there is a greater return on investment for philanthropic contributions. As the funds are repaid, they can be re-invested in additional cooperative businesses, thus creating more jobs. MDCCC leadership may look for a CDFI or other financial institution to host this loan fund. Section one of this report identifies potential community financial institutions which could potentially do so.

*Step Four:
Formal Business Planning*

At this stage, MDCCC leadership should retain experienced, local industry experts and professional service providers to perform extensive market research and use realistic estimates of demand, prices, supply inputs, and other variables to create a formal business plan for each new business. Business plans should include extensive financial analysis and forecasts for several potential scenarios.

*Step Five:
Developing and launching the first cooperative business(es)*

Following incorporation and staffing up of the non-profit corporation, successful establishment of partnerships with

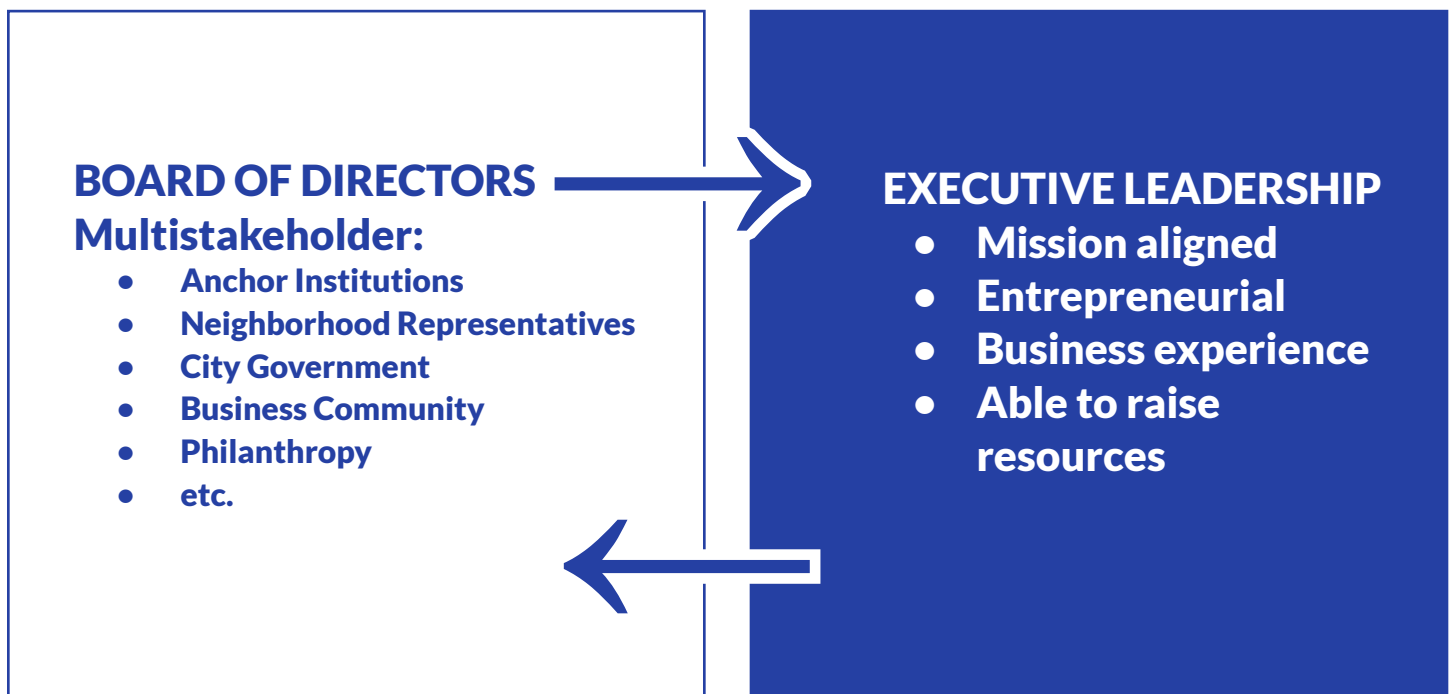
anchor institution customers, formal business planning, and a successful capital raise, the MDCCC can look to develop and launch its first cooperative business. For each business, key developmental steps include:

- Selecting and developing an appropriate site (which can take up to several months)
- Recruiting experienced management
- Recruiting and hiring employees from target neighborhoods
- Signing contracts with initial customers
- Initial pre-launch advertisement
- Training of employees

Staffing and Management Growth Plan

Though the scope of its mission is ambitious, the MDCCC's reliance on community partners and outside experts will allow it to start lean and grow organically, with the growing needs of its portfolio businesses. It would be possible for the MDCCC to begin as a single staff person, possibly hosted by the Mayor's Office of Innovation and Strategic Initiatives or potentially one of Rochester's existing urban business development centers. With access to appropriate

Ideal MDCCC Leadership Traits



Start-up Costs: Cooperative Business Development Corporation

	Item	Cost		
		Year One	Year Two	Year Three
Human Capital	Executive Director	\$100,000	\$100,000	\$100,000
	Chief Financial Officer	—	\$90,000	\$90,000
	Human Resources Mgr	—	\$70,000	\$70,000
	Administrative Asst.	—	\$40,000	\$40,000
	Fringe benefits @ 25%	\$25,000	\$75,000	\$75,000
	Legal & Professional Services	\$20,000	\$20,000	\$20,000
	Pool of funds for consultant services	\$100,000	\$30,000	\$15,000
	Total Human Capital	\$245,000	\$425,000	\$410,000
Office	Office Rental & Utilities	—	\$36,000	\$36,000
	Furniture	—	\$15,000	\$2,000
	Computers & Software	\$3,000	\$15,000	\$9,000
	Telephone, telecommunications	\$2,500	\$15,000	\$15,000
	Supplies	\$2,000	\$5,000	\$5,000
		Total Office	\$7,500	\$86,000
Other Variable Expenses	Travel	\$5,000	\$5,000	\$5,000
	Marketing Collateral	\$5,000	\$5,000	\$5,000
	Professional Memberships	\$500	\$1,500	\$1,500
	Research & Educational Resources	\$2,000	\$2,000	\$2,000
	Web Development & Maintenance	\$10,000	\$2,000	\$2,000
	Total Other	\$22,500	\$15,500	\$15,500
	Total Start-Up Costs	\$275,000	\$526,500	\$492,500

consultants and community resources, the MDCCC could sustain pre-development activities in this way until such time as portfolio businesses are launched or brought into the network.

By year two, it will be important to fully staff up to form an effective cooperative incubator capacity so that the portfolio continues to grow over time. As portfolio cooperatives come on line, the MDCCC will need to be hiring staff to provide professional services to the cooperatives including human resources, book-keeping and financial planning, and administrative support. At this time, it may be necessary to secure a physical headquarters, ideally

located in the target neighborhoods. This team is expected to be able to support between 3-5 businesses before more infrastructure is needed.

The table above illustrates projected costs for start-up and first three years of operating expenses for the MDCCC holding company. Please note that these costs do not reflect capital needed for business development investments—these costs must be estimated during a formal business planning process. Please also note that the costs projected above are sensitive to a wide variety of market conditions and represent only one possible scenario based on currently available information.

Risks

As with all investments, development of a cooperative business development corporation offers tremendous potential upside but also carries risk. Some key risks to consider include:

- *Business failure risk*—Any cooperative business that the MDCCC launches or incorporates into the network is at risk of failure. Factors such as market conditions, supply chain issues, changes in demand, workforce availability, competition, disruptive technologies or regulations, cashflow constraints, and many other factors impact business performance. This means that financial and in-kind investments made by the MDCCC into its portfolio companies will always be at risk.
- *Risk of mission failure*—As with all social enterprise strategies, mission success is ultimately dependent on success of the for-profit businesses, which can never be assured.
- *Funding risk*—The model presented in this report relies on external funding of MDCCC expenses for at least the first three years and likely much longer. There is always a risk that funds will cease to be available.

Potential Impact

Though the exact social return on investment of the MDCCC is unknowable, we can study similar initiatives to understand the potential range of outcomes. Similar investments in organizational infrastructure to promote cooperatives, in contrast to one-off business development projects, have generated strong social and economic re-

turns. For example, a recent \$1.2 million investment made to several cooperative business incubators and developers by the City of New York, through its Worker Cooperative Business Development initiative, helped to create 21 new cooperatives and 141 jobs in one year alone.⁸⁷

Other notable cooperative business development case studies include Prospera, which has created at least 5 cooperatives and 100 jobs since 1995, The Evergreen Cooperative Initiative, which has created 3 cooperatives and 120 jobs since 2009, and the Center for Family Life, which has created at least 5 cooperatives and 120 jobs since 2006.

The best example for the potential of cooperative business development over time is the Mondragon Cooperative Corporation of Spain. From a single coop employing a handful of people in the 1950s, Mondragon has grown to an integrated network of more than 120 businesses, employing 85,000 as worker-members, and generating more than \$20 billion in revenue annually.

The keys to success, leaders of Mondragon have told us, are: first, making a long-term and enduring commitment to continue to expand and refine the cooperative business model; and second, establishing a structure whose purpose is developing, promoting and supporting a diverse portfolio of employee-owned businesses.

We believe that if the City of Rochester makes such a long-term commitment to MDCCC, this city can become a hub of innovative cooperative development that will produce substantial benefits for the city's residents.

We believe that if the City of Rochester makes such a long-term commitment to MDCCC, this city can become a hub of innovative cooperative development that will produce substantial benefits for the city's residents.

Appendices

Appendix A: Prospect Report—Potential Business Development Opportunities

Introduction

Through primary research, our team catalogued several dozen business development ideas suggested by anchor institution representatives and other community stakeholders with insight into local market needs or opportunities.

Per our project deliverables, we reviewed these suggestions to identify a shorter list of business development opportunities which we believe could make suitable early portfolio companies for the MDCCC initiative. In evaluating these opportunities, we considered the following criteria, which are linked to the desired outcomes of MDCCC:

- Potential for sustainable profitability (initial assessment)
- Consideration of start-up costs/payback period
- Potential number of local jobs created
- Low barriers to entry for workforce
- Demand from multiple anchor institutions & potential for diversification to other customers
- Ability to generate community wealth
- Room for new entrant in local market—business is unlikely to displace existing business
- Model has been proven successful in other cases
- Availability of career ladders for employees
- Availability of community partners and industry experts to support development

Based on currently information available, three business opportunities stand out as having a strong initial business case. Though any business development ideas must be thoroughly vetted before investment is made, we believe that the following business ideas warrant serious consideration including formal market research and business planning:

1. Local Food Processing Facility
2. Workforce Transportation Provider/Vanpool
3. Green Construction Company

A detailed description of each opportunity is included in the pages below.

In addition to these three stronger opportunities, we also identified two additional business development ideas that we believe could be a good fit for the MDCCC initiative, provided that demand can be further validated. We recommend that additional research be conducted to further evaluate the opportunity for the following two business ideas:

1. Cooperative of independent childcare centers
2. Community Health Worker service

Some information about these opportunities is also discussed below.

In addition to detailed descriptions of these five potential business development opportunities, we have also included the full table of all suggested business ideas, for consideration by future MDCCC leadership. These leads have not been vetted by our team, however each suggestion includes a preliminary rationale as provided by our interview subjects, and many of these ideas may justify further consideration.

Business Idea One: **Local food processing facility**

Business Opportunity

Agriculture and food production is a core industry in the Finger Lakes region, which produces approximately a quarter of New York State's total agricultural output. The region possesses a robust infrastructure covering the full value chain, from agricultural research, to diverse farms and crops, to food processing and packing, to sustainable waste management.⁸⁸

In addition to a robust food supply and infrastructure, Rochester is home to a consumer base that increasingly demands fresh, locally-sourced and produced ingredients. The local grocer Wegmans has reported a growing consumer preference for buying locally and willingness to pay more in order to do so. In response, the grocer has developed a sustainability program which includes a commitment to sourcing locally.⁸⁹ These local preferences are a part of a larg-

er national trend, as identified by the market research firm Mintel, which found that one out of six Americans will go out of their way to buy local products, particularly locally sourced fruits and vegetables.⁹⁰

Hastening industry transformation toward healthy, natural, sustainably grown and produced foods, the New York Upstate Revitalization Initiative will direct what many estimate as \$75 million in investment to develop new production sites, increase access to capital for food processing and production, and to grow the workforce pipeline.

Of particular interest for the MDCCC, Rochester's universities are making very strong investments in locally-sourced food, driven by demand from their students. For example, in the past ten years, the University of Rochester increased its local sourcing from 1% to over 50% and is actively seeking to increase local sourcing of raw goods, ingredients, and finished products. Procurement officers at other anchor institutions report a similar interest in purchasing more local food.

Rochester is also home to a growing cluster of food production, processing, distribution, and retailing organizations that have an explicit workforce, or community development mission. On the production side, there is a lot of energy around multiple urban farm initiatives, such as Seedfolk, a non-profit organization that uses "multi-site urban farm based in Rochester, NY to engage youth in project-based learning."⁹¹ Further up the value chain, social enterprises such as Headwater Food Hub have successfully "connected local farmers with grocers, institutions and food service professionals looking to source fresh, local, sustainable food", while The Good Food Collective offers a similar service direct-to-consumers. Meanwhile, Foodlink, the regional food hub responsible for distributing over 4.5 million lbs. of produce annually to a network of over 500 agencies, is building on the success of popular programs such as the Curbside Market and Cooperative Purchasing Program to expand its food processing and workforce development capacity. The organization has already raised over \$4 million in private and public funding to develop a large-scale commercial kitchen that will serve as a workforce development program designed to benefit low-income city residents. The

combination of excess anchor demand plus a collaboratively operating cluster of socially oriented local food entrepreneurs presents an opportunity for new entrants into the healthy, local community food space to work synergistically with other community partners.

Overview

We propose a food processing facility that could produce a diverse product mix, including potential functions such as juicing, fruit dehydration, preparation of meats, frozen food preparation, or even production of finished goods. An exact product mix for this business would need to be developed in consultation with institutional customers and custom tailored to their demand. Ideally, this product mix would also be developed to complement and not duplicate those provided by other socially responsible local food businesses.

Potential Community Partners

Chris Hartmann of Headwater Foods and the Good Food Collective is a prominent social entrepreneur in the Rochester food industry. He is currently developing value added processes and has completed a feasibility study, with funding from the USDA to assess opportunities to expand Headwater Foods into a food hub, which would coordinate the aggregation, distribution, and marketing of locally or regionally grown food products from primarily small to mid-sized producers. A fan of cooperatives and vendor to the University of Rochester, Chris has expressed interest in becoming supply chain partners, co-located businesses, or possibly even participate in business development with the MDCCC.

Another potential partner for this business is Foodlink. As a mission-aligned leader in the local food space with experience in food production, processing, distribution, and institutional food service, the 40-year-old non-profit organization would be an invaluable partner to support a fledgling cooperative. Fortunately, Foodlink has a history of supporting complementary initiatives and organizations throughout Rochester and has gone out of its way to identify potential partnership opportunities for the MDCCC. For example, the company suggested a wide range of collaborative possibilities, from their willingness to share freezer space or

commercial kitchen space with a start-up cooperative to the more compelling vision of aligning their growing workforce development programs with the MDCCC, with Foodlink's program serving as a feeder program which could provide much-needed talent to MDCCC cooperatives. Beyond that, there are additional product-specific supply chain synergies that could also be realized between these organizations.

The cooperative can also access research and business development assets through Cornell University's Agriculture and Food Technology Park (Technology Farm), Cornell Cooperative Extension, RIT's Food Processing Industry Cluster Initiative, RIT's Center for Sustainable Packaging, the New York State Pollution Prevention Institute at RIT, the Wegmans Organic Farm, and Cornell University's New York State Agricultural Experiment Station (NYSAES), whose Food Venture Center, in 2014, helped entrepreneurs to create 397 new jobs.

Potential Anchor Customers

Hospitals, universities, and small colleges.

Jobs Created

Depending on the size of investment, this could create a high number of quality jobs. According to a recent University of Wisconsin-Madison study, 2.2 jobs are created for every \$100,000 in local food sales.⁹²

Start-up Costs

Food processing facilities can be a multi-million dollar endeavor, depending on the scale and equipment required. Start-up costs for this business cannot be reasonably estimated until a product mix has been determined.

Case Study: The Western Mass Food Processing Center

In 1989, the Franklin County CDC, purchased and renovated a 36,000 sq. ft. industrial building and began operating as a small business incubator. The incubator launched The Western Mass Food Processing Center in 2001, which helped a number of local businesses including the worker co-op Artisan Beverage Cooperative, gain access to food

processing equipment, at an affordable hourly rate. There are currently more than 20 members of the food processing center, which includes freezer and warehouse facilities.⁹³

In 2009, the FPC launched the Extended Season program in order to increase the region's capacity to lightly process fruits and vegetables (freezing and canning) in order to make local food accessible year-round. In addition to adding new equipment to our processing line, The Western Mass Food Processing Center is working closely with farmers and wholesale and retail purchasers to develop a regional value-chain for frozen and canned products that offers a fair price to farmers and a competitive price to purchasers. Its first purchasers have been local schools and hospitals. The Western Mass Food Processing Center has also worked with Massachusetts Farm to School program and local CSAs to process produce for winter shares and markets.

Business Idea Two:

Transportation/Van Pool/Shuttle Service

Business Opportunity

Multiple large Rochester employers reported that they would like to hire city residents but that those residents lack access to transportation to reach those opportunities. This is of particular concern in the agricultural industry and construction trades. According to sources in those industries, many jobs go unfilled for this reason. According to one city government source, this issue has also received attention from the Rochester Transit Service, which is ultimately interested in contracting out this vanpool service to a private provider. This may indicate an opportunity to develop a neighborhood-based business to supply this service to the RTS.

Overview

We propose a Transportation/VanPool/Shuttle service that will connect low-income residents with jobs opportunities at large institutions, construction sites, or agricultural jobs that are located outside of the city and are hard to access. Mobile app technology could be employed to plan and manage transportation logistics. Eventually this business could expand to serve a wider market by offering additional

anchor institution-related transportation services including student or patient transportation for hospitals and universities or courier services for those same institutions.

Potential Anchor Customers

Rochester Transit Service (based on reports from one government source), trade unions, Headwater Food Hub, large agribusiness, hospitals and universities.

Jobs Created

We estimate that the company would initially employ three to five drivers from the onset of operations that will operate three vehicles on a nearly round-the clock-basis. Although this is not a lot of direct jobs created, there is also a much larger indirect job creation benefit which comes from connecting job seekers with employment they are currently unable to access. As the company adds new routes and customers, the potential for direct job creation will also grow.

Training Required

Operation of a passenger van transporting 8 or fewer people does not require a Commercial Driver's License in the State of New York.

Estimated start-up costs: Transport service	
Initial lease payments and deposits	\$15,000
Working capital	\$35,000
Inventory	\$25,000
Leasehold improvements	\$7,500
Security deposits	\$12,500
Insurance	\$5,000
Vehicle deposits	\$50,000
Marketing budget	\$17,500
Miscellaneous and unforeseen costs	\$7,500
Total start-up costs	\$175,000

(Based on analysis of actual business plans in similar industry)

Estimated Start-up Costs

The startup costs for this business will likely be well under \$500,000. The greatest start-up costs will be for the immediate acquisition of van-type transportation vehicles that will make ongoing routes on a 24-hour basis. The calculation below is based on acquiring three vehicles.

Case Study: Delancey Street Paratransit
DelanceyStreetFoundation.org

Founded in 1971, Delancey Street is a San Francisco residential self-help organization for former substance abusers, ex-convicts, homeless and others who have hit bottom. Since 1972, Delancey Street has created 12 successful ventures that have trained residents in marketable skills, created positive interactions between residents and customers in the community, and helped support the organization financially.

Delancey Street Paratransit provides van service for handicapped, elderly and disabled residents who are unable to use public transportation. Through this program, they converted what began as a volunteer service into an actual skills training and income generating training school.⁹⁴

Business Idea Three:
Energy Efficiency & Green Construction Company

Business Opportunity

Energy efficiency is a growing market in Western New York, thanks in part to large public investments. Large institutions with multiple properties are investing in energy efficiency projects that will cut their costs over the long term. In addition, there has been strong public and philanthropic investment in solarizing Rochester as well as greening its neighborhoods and addressing an aging housing stock. For example, PUSH Buffalo has been able to claim money from NYSER-DA (which creates a utility tax to fund energy efficiency efforts) to develop an energy efficiency business in Buffalo.

A company that could serve multiple light construction and energy-efficiency needs would be able to capitalize on this market, while providing entry level jobs that could

serve as a workforce development platform and a potential springboard into skilled trades apprenticeship programs.

Overview

We propose development of a light construction company which focuses in energy efficiency and “green” construction services including LED retrofits, solar installation, weatherization, asbestos abatement, home refurbishing, neighborhood greening, light construction, etc..

Community Partner

Dr. Susan Spencer founded her organization ROCSpot, a solar advocacy organization, with one of its primary goals being the development of such a business as a worker cooperative, as a tool for workforce development to create a supply of qualified workers in Rochester who can help drive a large-scale solarization campaign. As of the date of this writing, she and ROCSpot have made a tentative commitment to the Mayor’s Office of Innovation and Strategic Initiatives to partner with the MDCCC to develop this cooperative, should it pass further vetting.

Potential Anchor Customers

Large hospitals and universities, The City of Rochester, The Pathways to Prosperity Pilot District (working title).

Jobs Created

Over a five-year period, a similar business, Evergreen Energy Solutions in Cleveland, OH created approximately 40 jobs.

Training Required

Candidates would go through job readiness, STEM foundation courses, solar power fundamentals, installation fundamentals, as well as pre-site and on-site training, per the curriculum developed by partner ROCSPOT. That program includes:

- Immersive involvement for the P3 cohort including:
 - Initial job readiness assessment and action plan for building life and job skill sets

- Hands-on participation and wraparound support in:
 - the design/installation process
 - college applications and resume-writing
 - fundamental solar education
- Networking opportunities through both INSTALLER and ROCSPOT
- Balanced classroom/on-site time
- Developed business model for nonprofit/for-profit collaboration to train a workforce for the solar industry focused on disadvantaged workers
- Stipend for the P3 cohort
- One-on-One weekly mentorship from members of ROCSPOT and INSTALLER during the program
- One year of bimonthly ROCSPOT mentorship check-ins after end of installation
- Final Pilot Program report detailing clear steps to replicating it for a variety of City-funded projects

Financials: Workforce Development Estimate

Start-up costs for this business will likely be well under \$500,000. Some of the highest costs include materials and funding for the training program.

Case Study: Evergreen Energy Solutions

Evergreen Energy Solutions (E2S) is a single-source contractor for residential and commercial energy-saving needs, in Cleveland, Ohio.⁹⁵The worker-owned cooperative is dedicated to helping customers save money and the planet, one project at a time.

Though they began exclusively as a solar installation company serving large anchor institutions, E2S now has a diversified service offering, helping manufacturers, large institutions, residential developers and others save energy—from installing solar panels to outfitting offices or parking lots with energy—efficient LED lighting. They can weatherize properties to keep cool air inside when it’s warm outdoors and heat inside during the winter months and ensure safety through lead-abatement projects. They also do some general construction and rehab/remodeling projects.

In addition, E2S adheres to a local-first hiring and procurement policies help build a stronger and more secure community. E2S also works with other new cooperatives across the country, who are looking to adopt a similar model.

**Potential Opportunity One:
Cooperative of Independent Childcare Centers**

Business Opportunity

Although we have not yet validated whether existing childcare providers in Rochester would be interested in forming a cooperative, we believe there is a strong initial rationale for creating a cooperative of independent childcare centers.

Childcare is central to the economic well being of families, businesses, and communities, and especially to communities seeking to boost employment. Researchers have found that adequate childcare helps to reduce turnover, absenteeism, training and recruitment costs, project delays, and employee inefficiencies.⁹⁶ They have also found that high quality care for young children directly affects the productivity of both the current and future workforce. These findings have precipitated a proliferation of preschool-age programs. For example, federal and state spending on child care subsidies has more than tripled (1997-2007).⁹⁷ Despite these trends, most communities still face problems with inadequate supply of quality, affordable child care. The average annual cost of full-time care in a center is over \$10,000, with some centers topping \$16,000.⁹⁸ In 2003, the market prices of full-time, mediocre-quality child care exceeded the costs of public college tuition in 49 states.⁹⁹

Fortunately, a growing number of economic and community developers recognize the need to integrate economic development and child care solutions. As a result of the RMAPI process, significant investments will be made in early childhood education in upcoming years. The principle challenge they will seek to solve is to improve quality, particularly for home-based daycare centers, which lack economies of scale. We see this as an opportunity for a slight variant on the worker cooperative development model. The

MDCCC could in this case create a producer cooperative of independent childcare centers, which would help those centers cut costs and improve quality. The coops would share business management training and collective management strategies (pooled purchasing, shared recruitment and training), which can enhance efficiency and increase profitability, enabling providers to focus more on direct care to children.

Overview

We propose forming a cooperative of independent childcare providers. The cooperative would add value to member centers by helping them cut costs and reduce the time that daycare operators spend on routine, non-educational tasks. The cooperative would perform back-office functions such as book-keeping, enrollment, curriculum development, and other services. The cooperative would add value to payers by ensuring standards for safety, health, and curriculum, evaluating and reporting on performance, organizing professional development for staff members, and bulk purchasing. It could also serve as a strong centralized sales unit, helping to negotiate volume contracts with large institutions who may be interested in supporting childcare as an employee benefit.

Potential Anchor Customers

Monroe County Government (based on reports from one non-county government source), Pathways to Prosperity Pilot District (working title), large hospitals and universities.

Jobs Created

Initially, only 1-2 direct staff hires. Although this is not a lot of direct jobs created, we expect an indirect job creation benefit which comes from helping daycare centers cut administrative costs as well as developing and helping bring new daycare centers online.

Training Required

The cooperative director should have a college degree with a background in early childhood education and, ideally, educational leadership.

Case Study:

Early Childhood Centers in Unison

Early Childhood Centers in Unison is a shared services cooperative of early childhood education centers in New Orleans, Louisiana. They currently have 5 member childcare centers.¹⁰⁰

EECU was created to “increase the quality of education through shared services to fuel the growth and development of early learners” in response to rising costs that have arisen from new state regulations. EECU believes that, “by sharing services, childcare centers can cut costs, pay their teachers what they are worth, and spend time on providing quality care to children at or below the federal poverty level.”

Estimated start-up costs: Co-op of Childcare Centers	
	Year One
Human Capital	
Executive Director	\$65,000
HR/Finance/Admin Staff Person	\$50,000
Fringe benefits @ 25%	\$28,750
Legal & Professional Services	\$20,000
Total Human Capital	\$163,750
Office	
Office Rental & Utilities	\$20,000
Furniture	\$10,000
Computers & Software	\$6,000
Telephone, telecommunications	\$2,500
Supplies	\$2,000
Total Office	\$40,500
Other Variable Expenses	
Mileage	\$3,000
Marketing Collateral	\$3,000
Research & Educational Resources	\$2,000
Website Development & Maintenance	\$10,000
Total Other	\$18,000
Total Start-Up Costs	\$222,250

**Potential Opportunity Two:
Community Health Worker Program**

Business Opportunity

Although we have not yet confirmed sufficient demand for in Rochester, we believe there is a strong initial rationale for creating a Community Health Worker program. Readmission penalties established under the Affordable Care Act have provided a strong incentive for hospitals to ensure that discharged patients have a successful transition back into their homes and communities. In conversations that another Democracy Collaborative feasibility team has had with hospital supply chain officials in Richmond, Virginia, they have found three major causes of hospital readmissions:

- Failure to take medications as indicated
- Failure to attend follow-up doctor appointments
- Observance of inappropriate diets

In our conversations with Rochester hospitals, we found similar challenges. In addition, the Rochester community is home to an aging population who will have increased need for home-based care. A Community Health Worker business could provide a comprehensive suite of community health services, designed to improve outcomes in these areas.

Overview

A community health worker is “a frontline public health worker who is a trusted member of and/or has an unusually close understanding of the community served. This trusting relationship enables the worker to serve as a liaison/link/intermediary between health/social services and the community to facilitate access to services and improve the quality and cultural competence of service delivery. A community health worker also builds individual and community capacity by increasing health knowledge and self-sufficiency through a range of activities such as outreach, community education, informal counseling, social support and advocacy.”¹⁰¹

Potential Anchor Customers

Hospitals.

CHW Business Case

The following excerpt from Peers for Progress' *Community Health Worker Toolkit* discusses the business case for Community Health Worker programs:

Many studies have identified health care cost-savings associated with CHWs. CHWs contribute to overall health system savings through their impact on (1) improved prevention and chronic disease management, which reduces costly inpatient and urgent care costs; (2) cost-shifting, with increased utilization of lower cost health services; and (3) indirect savings associated with reallocation of expenditures within the health care system, e.g., by appropriate team allocations within the patient-centered medical home. The return on investment method has been used to assess the contribution of CHWs to a reduction in Medicaid charges or health system total costs. CHW programs for which the return on investment has been calculated fall in the range of savings or returns of \$2.28 to \$4.80 for every dollar spent on CHWs. For example, CHWs working with underserved men in the Denver Health system were able to shift the costs of care from costly inpatient and urgent care to primary care, achieving a \$2.28 return on investment for every \$1.00 spent and an annual savings of \$95,941. Several studies have documented the reduction in emergency care or inpatient services associated with a CHW intervention, with savings ranging from \$1,200 to \$9,300 per participant in programs with CHWs. In Baltimore, African-American Medicaid patients with diabetes who participated in a CHW intervention had a 40% decrease in emergency room (ER) visits, a 33% decrease in ER admissions, a 33% decrease in total hospital admissions, and a 27% decrease in Medicaid reimbursements. The CHW program produced an average savings of \$2,245 per patient per year and a total savings of \$262,080 for 117 patients.¹⁰²

A NYS Health Foundation study offers similar statistics:

Another study based in Maryland compared health service utilization rates between two groups of clients with similar socio-demographic backgrounds and who differed in their use of CHWs. ... [T]he study found that each client served by a CHW cost an average of \$2,700 less per year than a client who was not served by CHW. The evaluators estimated a projected

savings of \$50,000 per year for each CHW employed, assuming that CHWs had a caseload of approximately 30 clients.¹⁰³

Jobs Created

As reported above, a 2010 report from the New York State Health Foundation described an average CHW caseload as being around 30 patients. Thus, when analyzing the business opportunity for the Rochester business, we can assume one CHW job could be created per 30 patients.

Training Required

As of March 2015, the Association of State & Territorial Health Officials reported that the State of New York has no statutory credentialing requirements for Community Health Workers but it does have a state led training/certification program. One provider of training is The Community Health Worker Network of NYC. They offer a 35-hour and 70-hour course of study that covers "core competencies, training in disease-specific topics is available in modules of up to 35 additional hours. The disease-specific training includes Diabetes, Asthma, Hypertension, Cardio-Vascular Disease and Nutrition."¹⁰⁴ In addition, the Community Health Workers Association of Rochester Inc., a non-profit organization that advocates to strengthen the profession and leadership of Community Health Workers (CHWs), will begin offering a Community Health Worker Training in early 2016.

Financials

A 2013 report by the Journal of Community Health analyzed the start-up and year one costs of setting up and operating a Community Health Worker Program in Vermont. Because program costs vary according to location and details, the authors performed sensitivity analysis to derive a range of costs that can inform others. "The sensitivity analysis indicated that the 1-year program cost might be as high as \$485,373 or as low as \$364,560. For the most-expensive case, 63% (\$305,472) of the 1-year program cost was for personnel and the remaining 37% (\$179,901) for operations. For the least-expensive case, the proportion represented by personnel expenditures increased to 72% (\$262,483), and the proportion for operational cost was reduced to 28% (\$102,077)."¹⁰⁵

Full Table of Suggested Business Ideas

Business Ideas/Leads	Rationale (as reported by interview subjects)
Solar manufacturing	There are many real competitive advantages for solar in Rochester, including manufacturing capacity & skill, plus high concentration of industry experts.
Solar installation company	There are many independent solar installers in Rochester but they could benefit from a central back-office cooperative or umbrella organization.
Uniforms & clothing manufacturing	One large anchor we spoke to can't find locally-made uniforms.
Co-op of small contractors in the trades (painters, etc.)	A pool of pre-certified contractors could qualify for smaller (1-\$10K) city jobs.
Co-op of building maintenance—HVAC, plumbing, painting—to serve as subcontractors	If small companies were organized, they could get more jobs and anchor utilization of subcontractors could be increased.
Paper product manufacturing	Anchor institutions buy paper products. There is reported to be an unused paper mill in Eastman Business Park (not verified by TDC).
Bulk purchasing co-op for independent corner stores.	Corner stores could realize economies of scale plus provide neighborhoods with access to fresh foods.
Skilled trades (carpentry, electrical, painting, etc.)	One anchor institution reports that it is difficult to find minority or women owned businesses in the skilled trades.
Local food production	One anchor institution said, "If the co-op was in local food everyone would be on board."
Local food processing	One anchor institution said, "Local food is in huge demand here."
Medical supplies kits assembly (light manufacturing)	One anchor institution has been working to develop this and wondered if it could be a fit.
Medical supplies manufacturing	One anchor institution suggested that co-ops could manufacture supplies such as, latex gloves, IV bags, plastics, etc., to help prevent shortages.
Delivery business/courier	There may be an opening in this market during the next year, due to the exit of a major supplier.
Medical supplies reprocessing center	One anchor institution suggested that this could become a strategic East coast site for an existing distributor.
Homecare aide cooperative	Rochester has an aging population and a desperate need for homecare aides—and for this role workers don't need four-year degree.
Construction-related business	One community member suggested that there might be a way to develop a light construction business in partnership with various unions.
Cooperatively-owned coin laundries	One social service agency suggested "Owning a laundromat is perfect fit—its mainly accounting, not a lot of physical work."
Manufacturing of microbrewery components	Microbreweries have a tough time getting brewing equipment for making beer. One source reports that there are currently 2-year wait-times for these pieces (unverified by TDC).
Solar power production (solar farm)	There are many city-owned vacant lots that are hard to sell because they're near the highway. These could be used to produce solar energy.

Landscaping/ light construction group for greening an area	One nonprofit agency suggested that “Greening an area has psychological benefit—it makes communities feel special” and promotes neighborhood pride. The city could invest.
Recycling operation—collection or processing	One nonprofit agency reported that recycling programs are not widely utilized in Rochester and that the city loses several million dollars each year because people aren't recycling (unverified by TDC). A community-based recycling business could reduce costs by creating a culture of recycling in city neighborhoods.
Manufacturing of coopers for craft beer industry	One source reports that the U.S. brewing industry has only one distributor for barrels for distilleries (unverified by TDC). People have a wait time of years to get products. And craft beer industry is growing nationally so there would be demand.
Geothermal/solar installation modelled after the work of PUSH Buffalo	Solar installation could be a good fit for the MDCCC initiative because the necessary skill set isn't high tech—its similar to cable installation. Geothermal is also an attractive form of energy.
Local food production/processing	The city has recently cleaned up four-acre brownfield and one of the uses suggested by a master planning study was industrial scale urban agriculture. Because of this there are multiple resources already available that could support development including EPA grants, a consultant team to plan for the re-development, etc.
Commercial mushroom growing & composting	One community source suggested that “Apparently there is a large scale canning operation in Rochester that imports huge amounts of mushrooms from overseas—can these be replaced with locally-produced crops? Then the business could also sell to restaurants and food service. The business could be coupled with a composting business that takes good nutritional waste from local restaurants and food service to fertilize crops.”
Food-related business specifically focused on hospitals	One source in the food industry suggested that there may be an opportunity to supply healthier food to hospital cafeterias.
A business which converts food waste	A major player in the Rochester food industry suggested that we might consider building a business which converts their waste stream into something useful.
Home health agency for seniors	Rochester's population is aging. “Aging in place” means better quality of life for seniors in their own homes.
Retrofitting of older homes (Energy proofing, reduction in utilities, insulation, etc.)	Rochester has an aging housing stock. Many houses are pushing 100 years old and suffer the consequences of erratic temperature swings. Retrofitting these homes would be good for energy efficiency, could lower costs, and could stabilize communities.
Housing rehabilitation	There are city grants already funding this (unverified by TDC), so the MDCC could create co-ops around what the city is already spending money on.
Painting company	Anyone can be taught to paint. It's a skill set that's always needed within the health system and one local hospital claims that it's a service which is always contracted out.
Solar power generation	According to one local nonprofit, there could be many potential customers for this business in the downtown area, including the new Ecodistrict, the Genesee Brewery, or Upstate Milk.
Cooperative to connect local farmers with healthcare demand	One local hospital operates a farmer's market to help employees and the community eat better. Through this, they know of local farmers who would love to be able to sell seasonal products to the hospital.
Manufacturing of a hospital commodity (such as latex gloves)	This would prevent shortages. The business could aggregate demand from multiple healthcare institutions based on shared pain points. It could use a decommissioned factory.

Medical supply distribution	Medical distribution is something that could be locally-owned, according to one hospital.
Solar farm using anchor institution owned buildings	One anchor institution reports, "We have so much available land and so many roofs."
Urban agriculture	One anchor institution suggested that "our cafeterias could purchase. Plus we have so much land available that we could possibly provide some to the business."
Composting business that utilizes anchor institution waste	One anchor institution noted that they produce a large volume of waste which could provide a great deal of supply for a composting business.
Daycare center	One anchor institution indicated interest in providing childcare to employees through this business.
Home rehabilitation	According to one source, the local Urban League funds this so that means there is demand (unverified by TDC).
Tire recycling	Illegal tire dumping costs the City a lot of money each year, according to one government source. One way to solve the problem could be to create a business that pays for tire disposal and then sells recycled materials to other industries.
Employer transit	Many agriculture and construction jobs go unfilled because city residents lack transportation.

Appendix B: About Worker Cooperatives

Overview

Worker Cooperatives are for-profit business entities that are owned and controlled by their members, the people who work in them. According to the United States Federation of Worker Cooperatives, "All cooperatives operate in accordance with the Cooperative Principles and Values [see last section in Appendix B below]. The two central characteristics of worker cooperatives are: (1) worker-members invest in and own the business together, and it distributes surplus [profit] to them and (2) decision-making is democratic [can be direct or representative democracy], adhering to the general principle of one member-one vote."¹⁰⁶ These are critical to cooperatives' success.

According to the Federation, "There are an estimated 350 democratic workplaces in the United States employing over 5,000 people and generating over \$500 million in annual revenues. [...] The majority of worker cooperatives in the United States are small businesses, with a few notable larger enterprises."¹⁰⁷ The table here shows the breakdown of U.S. Worker Cooperatives by sector:

U.S. Worker Cooperatives by Sector

Sector	Number of worker co-ops	Percent of Total
Service	88	35%
Retail	59	23%
Manufacturing	27	11%
Arts & Media	26	10%
Agriculture	11	4%
Energy	9	4%
Technology	10	4%
Construction	7	3%
Education	7	3%
Artisan	6	2%
Transportation	3	1%
Total	253	100%

Taken from Hilary Abell, "Worker Cooperatives: Pathways to Scale," The Democracy Collaborative, June 2014.

Legal Structure

In the U.S., democratic, employee-owned companies are incorporated in a variety of ways. Some states have dedicated cooperative incorporation statutes. In states where there are no cooperative business statutes, businesses may form as S corporations, C corporations, LLCs, or other corporate entities and then specify democratic ownership and governance mechanisms in their by-laws.

In New York State, New York Cooperative Corporations Law does define corporate structures for cooperative business.¹⁰⁸ That law covers many different types of cooperatives including general cooperatives, membership cooperatives, agricultural cooperative, and worker cooperatives. Worker cooperatives, which are the focus of this initiative, are discussed in detail in Article 5-A of that law.

Though some types of cooperatives are considered non-profit corporations, New York State law specifies that no *worker* cooperatives shall be considered non-profit. Additionally, it specifies that worker cooperatives are stock corporations (rather than non-stock). Per statute, boards of directors must be comprised of a majority of member-owners (i.e. employees), but cooperative boards can also have directors who are not worker-owners.

Worker Cooperative Ownership, Nuts and Bolts

As outlined above, worker cooperatives must be owned and controlled by their members, who are the people that work in them. In practice, this typically means that the ownership of all Class A voting shares of stock is restricted to the members-owners/employees. To preserve democratic governance, all worker cooperatives adhere to the principle of one member, one vote. That means that each worker-owner may own only one share of voting stock.

New employees in a worker cooperative are typically hired on a probationary basis before becoming eligible to apply for membership. The by-laws and/or membership agreement of a cooperative typically specify the length and terms of the probationary period and the process for seeking membership in the cooperative. Typically, the new member

must be voted in by the existing members and must purchase his/her share of stock from the treasury. If an employee leaves the cooperative voluntarily or involuntarily, he/she must sell his/her share back to the business, a process required by most worker cooperatives. Frequently, senior company management is ineligible for membership in the cooperative. In this way, management works for the worker-owners and circular accountability is created.

Outside equity is sometimes raised through other, non-voting classes of stock. Many large worker cooperatives issue shares of Preferred Stock (often Class B), which offer outside investors a fixed return and a non-voting interest. The large Massachusetts worker cooperative, Equal Exchange has been noted for their very successful use of this fundraising strategy.

For a worker cooperative with an economic development mission, it may be necessary to find creative ways of incorporating community ownership and oversight into the overall structure of the business. For example, the by-laws of the Evergreen Cooperative companies, upon which much of this plan is modeled, allow for a third class of Stock (Class C) which represents the interest of the holding company. Through its ownership interest, the nonprofit holding company is guaranteed to receive a small percentage of the annual profits of each business to cover its operating expenses. The Class C ownership stake also gives the holding company the right to appoint a certain number of board members and the exclusive right to veto the sale or acquisition of the businesses to buyers outside of the community. This has been a very effective mechanism for balancing employee control with community accountability and access to expert guidance.

Management and Governance

Worker co-ops can have many different management structures, ranging from traditional hierarchies to horizontal collectives in which management-type decisions are made by committees. Similarly, cooperative governance can be representative, in which worker-owners elect peers to serve on the board of directors, or direct, in which worker-owners are directly involved in decision-making. Even if management roles are structured hierarchically, the organizational

culture and leadership styles in cooperatives are generally more participatory.¹⁰⁹ The ideal level and form of democratic governance is affected by many factors including business size, industry, and personnel.

Tax Benefits

There are some notable federal tax benefits available to worker cooperatives. Under IRS Subchapter T, worker cooperatives are typically able to avoid the so-called corporate “double taxation,” in which company earnings are taxed at both the corporate level and upon distribution to owners as dividends. Depending on the circumstances, this tax advantage can help create a cost advantage for the company.¹¹⁰

There are also tax benefits available for traditional private companies that wish to convert to employee-owned businesses including worker cooperatives. In such a transaction, a private business owner agrees to sell his/her business to his employees, often as part of a succession plan or other exit strategy. For these cases, IRS Tax Code Section 1042 allows for full deferment of capital gains taxes from the sale of a business if the selling owner sells to his/her employees (provided that the seller roll over these capital gains over into another domestic security). This tax benefit can be a huge incentive for a selling business owner to consider an employee buyout.¹¹¹

Financing for Worker Cooperatives

Generally speaking, the financing options available to worker cooperatives are the same that are available to any for-profit business: equity financing or debt financing. But worker cooperatives often have unique challenges that can limit their access to financing, as cooperative developer Hilary Abell notes:

Although many small businesses, including some worker co-ops, initially get financing from a founder or from friends and family, this is not an option for many low- or moderate- income business owners or for many cooperative startups. As Brahm Ahmadi, founder and CEO of People’s Community Market in

West Oakland [California], stated, “the dilemma for low-income communities interested in co-ops is that they can’t get significant amounts of capital from their membership base.”¹¹²

In addition, worker cooperatives may be less able to raise equity from traditional investors because they cannot issue voting shares of stock to non-members (i.e., anyone other than the employees). As outlined above,

some worker cooperatives raise equity from investors by issuing shares of non-voting stock, in addition to the equity raised through member buy-ins.

Because of this, cooperatives tend to rely on debt financing from traditional or other sources. But “loans can also be challenging for worker co-ops to secure. In general, banks are reluctant to lend to cooperatives because the model is not well understood, and accountability is perceived as too diffuse. Some community development financial institutions (CDFIs) will lend to co-ops in underserved markets. [...] For startups, however, loan guarantees may be necessary.”¹¹³ There are also loan funds that are explicitly intended for worker co-ops such as The ICA Group’s Local Enterprise Assistance Fund (LEAF) and the Cooperative Fund of New England. Locally, the Genessee Co-op Credit Union is one institution that understands the worker cooperative model and has been a source for worker co-op financing in the past.

The Evergreen Cooperative Initiative, in Cleveland Ohio, also uses an innovative mechanism for financing the start-up of its portfolio companies. Its non-profit holding company established a revolving loan fund, set up as an independent LLC, which became a vehicle to receive philanthropic and public monies and channel these to portfolio businesses in the form of long-term, low-interest subordinated loans. Funds raised in this way were then leveraged to secure additional debt financing from other sources. The benefit of this model is that there is a greater return on investment for philanthropic contributions. As the funds are repaid, they can be re-invested in additional cooperative businesses, thus creating more jobs.

Worker Cooperatives in Economic Development Programming

Many worker cooperatives begin as businesses without specific economic development goals. But recent years have seen a surge of interest in worker cooperatives as a tool for creating good jobs in marginalized communities.

Certainly, developing start-up business in marginalized communities is challenging. Fortunately, multiple case studies demonstrate that creating a cooperative development infrastructure and developing networked businesses, rather than diving in to one-off business development projects, adds critical capacity that can reduce risk, protecting the community's investment and, more importantly, ensuring long-term mission continuity and overall sustainability of the project.

Some leading examples of supported cooperative networks include:

Center for Family Life, New York City

The Center for Family Life (CFL), a program of SCO Family Services, based in Brooklyn's Sunset Park neighborhood, took up the cooperative model as a way to create good jobs for those with barriers to employment, after twenty years of employing traditional approaches to creating job readiness. It offers an example of a nonprofit cooperative incubator, creating worker cooperatives as a strategy to build wealth in low-income communities.

In 2006, the center created its first worker-owned cooperative, a cleaning business called *Sí Se Puede!*, in which many worker-owners are Latina immigrants. Since then, the center has created other cooperatives doing handiwork, child care, and painting. To date, CFL has incubated five

successful cooperative businesses, together creating 120 jobs for area residents, mostly low-income individuals and immigrants, and is in the process of developing four additional cooperatives.¹¹⁴

In 2012, CFL launched an NYC Worker Cooperative Development Initiative, which provides twelve months of

training and technical assistance to other community-based groups interested in incubating worker cooperatives in their neighborhoods. In 2014, CFL was awarded grant money from New York City's Worker Cooperative Business Develop-

ment Initiative, to be used to provide a year of training and technical assistance to community groups to launch new co-ops. Cooperative incubators like CFL can be a powerful tool to accelerate job growth in some of the most underserved communities.¹¹⁵

Cooperative Home Care Associates, New York City

An example that shows the scale possible with worker cooperatives with a strong central capacity is Cooperative Home Care Associates (CHCA). Founded in 1985 to provide quality home care at living wages in the South Bronx, CHCA now generates \$60 million a year in revenue and employs over 2,300 people, making it the largest worker cooperative in the United States. Committed to workforce development, it provides free home health aide training, linked to an employment pipeline through CHCA for about 600 low-income and unemployed women annually.

In 1992, CHCA founded the Paraprofessional Healthcare Institute, a sister nonprofit which develops recruitment, training, and supervision practices. The Institute also fosters supportive public policies aimed at enhancing employment opportunities in the home care

Multiple case studies demonstrate that creating a cooperative development infrastructure and developing networked businesses ... adds critical capacity that can reduce risk, protecting the community's investment and, more importantly, ensuring long-term mission continuity and overall sustainability of the project.

sector and improving care for elders and people with disabilities.¹¹⁶

Evergreen Cooperatives, Cleveland, OH

The Evergreen Cooperative Initiative, widely known as the “Cleveland Model,” is designed to create new jobs, specifically in new employee-owned, worker-cooperative businesses. The goal is to create a network of enterprises that are tailored to meet the needs of anchor institutions (such as hospitals and universities), using large contracts from these institutions to help jump-start company revenues. The companies then recruit and train residents from disinvested neighborhoods to work for and own these new businesses. These companies employ more than 120 people, with more than half coming from extremely disinvested areas. As of 2015, an external REDF evaluation found that the three co-ops combined generated over \$6 million in revenue in 2014.¹¹⁷

The Evergreen Cooperatives began without a central holding company and leadership quickly realized that they lacked vital capacity. They later developed a central non-profit holding company with responsibility for development and mission continuity, as well as a centralized back office shared services organization whose mission is to help the cooperatives realize economies of scale in areas including human resources, financial planning, and business development. The three Evergreen Cooperatives are:

- *Evergreen Energy Solutions*, an LED lighting retrofit and institutional solar energy installer that also does weatherization and related construction contracting. In 2015, it ranked number 48 on Fortune’s list of the 100 Fastest-Growing Inner City Businesses.
- *Evergreen Cooperative Laundry*, a green, institutional-scale health care laundry service, with the capacity to clean 10 million pounds of health care linen annually.
- *Green City Growers*, which operates a 3.25-acre greenhouse, with the capacity to grow 3 million heads of lettuce and hundreds of thousands of pounds of herbs annually.

The Seven Cooperative Principles (Rochdale Principles)

Cooperatives all over the world recognize the seven principles below as fundamental to the cooperative model:¹¹⁸

- **Voluntary And Open Membership**

Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

- **Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

- **Members’ Economic Participation**

Members contribute equitably to, and democratically control, the capital of the cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefitting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

- **Autonomy And Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

- **Education, training, and information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

- **Cooperation Among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

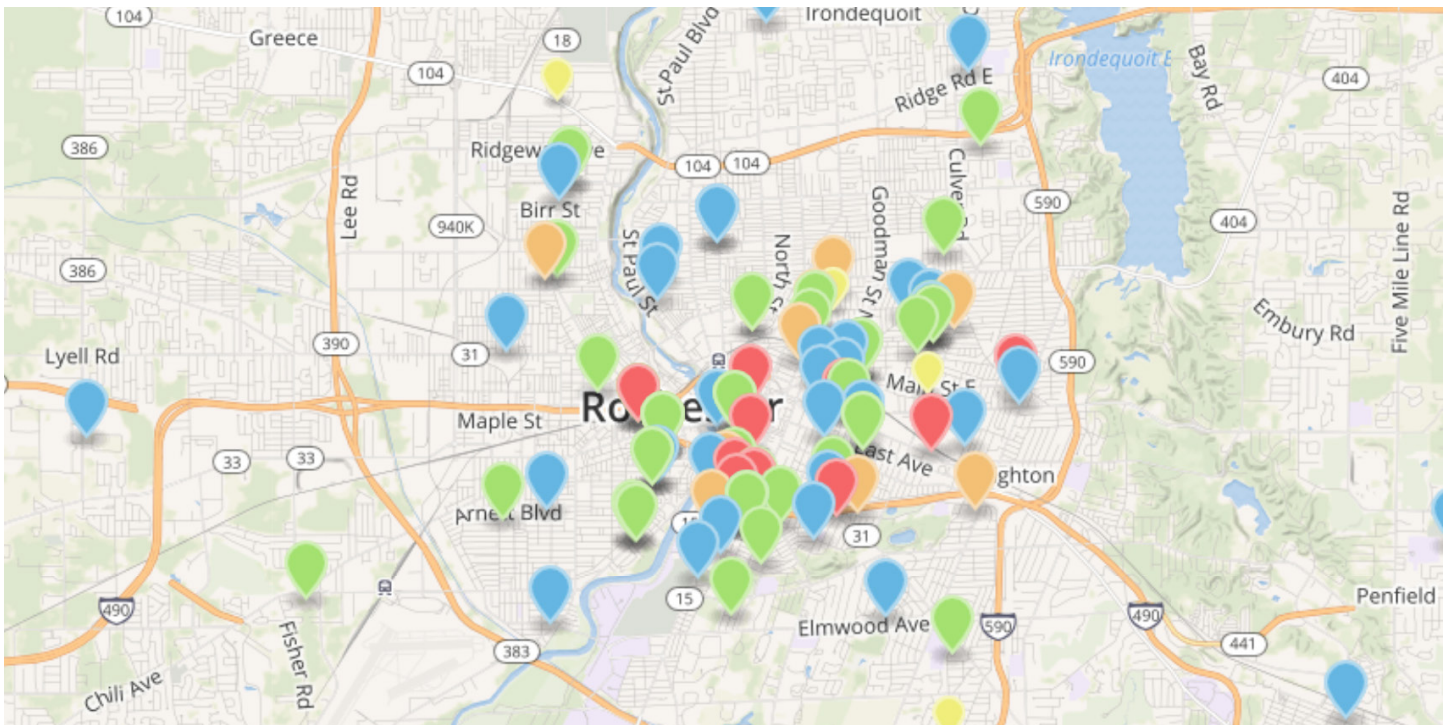
- **Concern For Community**

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Appendix C: Cooperatives in Rochester

ROCShare, a grassroots organization that serves to help encourage the growth of alternative economies in Rochester, New York, created the map below. The pins show various community wealth building institutions in Rochester, including the locations of existing cooperative businesses. See the interactive map at <http://www.rocshare.com/map>.

ROCSHARE Map



-  **Little Free Libraries**
-  **Public Libraries**
-  **Gardens**
-  **Re/Upcyclers**
-  **Cooperatives**

Source: ROCShare, <http://www.rocshare.com/map/>

Appendix D: Interviews and Focus Group Participants

Michael Alt

Eastman Business Park

Karen Altman

City of Rochester

Brian Alford

Rochester Regional Health System

Lisa Barker

Seed Folk Community Farm

Bruce Bashwiner

University of Rochester

Julie Beckley

City of Rochester

Dr. Bill Benet

Social Economy Center

Scott Benjamin

Charles Settlement House

Daan Braveman

Nazareth College

Rob Brown

ESOP Plus

Roy Brown

Canfield & Tack

Shawn Burr

Rochester Housing Authority

Rebecca Casteneda

Office of NY Assemblyman Sean Ryan

Kyle Crandall, and members of

Beechwood Neighborhood Coalition

Mike Coniff

Rochester Refugee Resettlement Services

Dr. Jack Connell

Roberts Wesleyan College

Kate Crane

The Little Flower Community

James Creighton

Rochester Regional Health System

Bill Daubney

Hope Initiatives

Don DeFrees and staff

Rochester Regional Health System

Andrew Delmonte

SBDC of Buffalo

Jim DeLuca

Abundance Cooperative Grocery

Dr. William Destler

Rochester Institute of Technology

Jacob Deyo

In the City off the Grid

Joe DiFiore

The Little Flower Community

Colleen DiMartino

Greater Rochester Chamber of Commerce

Judy Douglas

Pathstone Enterprise Center

Richard Doyle

Bryce & Doyle

Maureen Duggan

Rochester Regional Community Design Center

Adrian Elim
B.L.A.C.K.

Beverly Fair-Brooks
M&T Bank

Peg Ferber
Upstate New York College Collaboration

Jose Fernandez
University of Rochester

Larry Filipski
Once Again Nut Butter

James Fisher
Finger Lakes Community College

Renee Frazier
Marketing A La Renee

Jon Greenbaum
Abundance Cooperative Grocery

Mark Gregor
Division of Environmental Quality

Terry Griswold
Empire Valuation Consultants

Mitch Gruber
Foodlink

Julie Hamil
Rochester Regional Health System

Jason Haremza
City of Rochester

Andy Harlan
Center for Integrated Manufacturing Studies, RIT

Chris Hartman
Headwater Food Hub

Patrick Ho
Rochester Optical Manufacturing

Jeffrey Hoffman
ROCspot

Dr. Ann Howard
Rochester Institute of Technology

Kayla Jenkins
Pathstone Enterprise Center

Jarred Jones
Office of US Senator Kirsten Gillibrand

Dr. Kevin Kelley
City of Rochester

Ronald Kelly
Center for Regional Economic Competitiveness

Karen Klingenberger
Cornell Cooperative Extension

Mark Kosinsky
Drapery Industries

Dr. Anne Kress
Monroe Community College
Rochester Area Colleges Presidents Group

Deb Kusse
Rochester Institute of Technology

John Lam
Anthill Collective

Sister Beth Levalley
Faith in Action Network

Andrea Lista
Cornell Cooperative Extension

Paola Macas Betchart
Worker Justice Center of New York

Andre Primus
ROCShare

Melissa Marquez
Genesee Co-op FCU

Allie Push
Small World Food Organic Bakery & Fermentary Co-op

John McMahon and staff
City of Rochester, NBD, NW Quadrant Service Center

Myneco Ramirez
Tech Startup Expo; UserTesting.com

Stephanie Miles
Urban League of Rochester

Kelly Reed
Monroe County Health & Human Services

Ebony Miller
Center for Urban Entrepreneurship

Cam Schauf
Dining Services & Auxiliary Operations, U of Rochester

Kit Miller
The M.K. Gandhi Institute for Nonviolence

Jerrold Seldes
Rochester Regional Health System

Joni Monroe
Rochester Regional Community Design Center

Dr. Delmonize Smith
Alabama A&M University

Wayne Morton
Rochester Regional Health System

Chanel Snead
B.L.A.C.K.

George Moses and NEAD Staff Members
Northeast Area Development (NEAD), Inc.

Dr. Susan Spencer
ROCspot

Commissioner Baye Muhammad
City of Rochester, NBD

Deborah Stendari
Rochester Institute of Technology

Todd Oldham
Monroe Community College

Lewis Stess
Greentopia

Gail Orr
Once Again Nut Butter

Luke Stodola
Small World Food Organic Bakery & Fermentary Co-op

Councilmember Jacklyn Ortiz
Rochester City Council

Julia Tedesco
Foodlink

Ron Penders
City of Rochester, NBD, NW Quadrant Service Center

Hugh Thomas
Rochester Regional Health System

Josh Pennel
Office of NY Assemblyman Sean Ryan

Carl Tietjen
University of Rochester

Hubert Van-tol

Pathstone Enterprise Center

Kate Washington

City of Rochester, NBD

Rev. Marlowe V.N. Washington

The Historic Parsells Church

David Weed

Rochester Regional Health System

Norman West

West Advisory Group

Alex White

Boldo's Armory, Green Party

Chris Wiest

Greater Rochester Chamber of Commerce

David Young, Jr.

Rochester Building & Construction Trades

Christopher Young

Rochester Regional Health System

Charlie Zettek

City of Rochester

Heidi Zimmer-Meyer

Rochester Downtown Development Corp.

Members of the Triangle Park Neighborhood Association

Members of the Rochester philanthropic community

Appendix E: The Democracy Collaborative Firm Bio



The Democracy Collaborative is a national non-profit research and advisory organization dedicated to developing new strategies which integrate place, ownership, inclusion, multipliers, workforce, collaboration, and systems strategies to build community wealth and stronger local economies.

The Democracy Collaborative brings practical on-the-ground experience in initiating and developing new economic development models linking anchor institution procurement to community wealth building through the Evergreen Cooperatives Initiative in Cleveland, Ohio. Our participation has been ongoing since 2007 and has resulted in a network of three employee-owned businesses that at present provide living-wage jobs for over 120 residents.

Additional experience assessing anchor procurement and developing economic inclusion and community wealth building strategies in other cities and metropolitan areas includes work in Atlanta, Georgia; Amarillo, Texas; Washington, DC; Pittsburgh, Pennsylvania; Jacksonville, Florida; Jackson, Mississippi; Richmond, Virginia; Oakland and Richmond, California; and New Orleans, Louisiana.

7 Drivers of Community Wealth Building

Place	Mobilization and use of underutilized local assets for the benefit of all residents
Ownership	Promotion of broad-based, local ownership, rooted in cooperation and community
Inclusion	Focus on living wage jobs providing economic security for all families
Multipliers	Development of buy-local strategies to keep money circulating locally
Workforce	Connection of training to real jobs, focusing on barriers to employment
Collaboration	Cooperation between stakeholders—non-profits, philanthropy, and anchor institutions
System	Creation of institutions and support ecosystems to build a new normal for the economy

Endnotes

1. *Finger Lakes Regional Sustainability Plan*, Albany, NY: NYSERDA, May 2013, <http://sustainable-fingerlakes.org/downloading-documents>.
2. Brian Sharp, "Area gets leg up on \$1.3B in manufacturing funds," *Democrat and Chronicle*, May 28, 2014, accessed Dec. 11, 2015, <http://www.democratandchronicle.com/story/news/local/2014/05/28/rochester-gets-leg-manufacturing/9676573/>. Steve Melito, *The Manufacturing Resurgence in Rochester*, Gaithersburg, MD: National Institute of Standard & Technology Hollings' Manufacturing Extension Partnership, October 22, 2015, accessed December 11, 2015. <http://nistmep.blogs.govdelivery.com/the-manufacturing-resurgence-in-rochester/>.
3. Rochester is ranked number one in the country, amongst similarly sized cities, for extreme poverty.
4. Edward Doherty, *Poverty and the Concentration of Poverty in the Nine-County Greater Rochester Area*, Rochester, NY: Rochester Area Community Foundation and ACT Rochester, December 2013, accessed December 2015, <http://www.actrochester.org/sites/default/files/P>.
5. David Erickson, et al, *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the United States*, San Francisco, CA: The Federal Reserve System and The Brookings Institution, http://www.brookings.edu/~media/research/files/reports/2008/10/24-concentrated-poverty/1024_concentrated_poverty.pdf.
6. Christine Carrie Fein, "Parole Under Scrutiny," *City Newspaper*, September 10, 2014, <http://www.rochester-citynewspaper.com/rochester/parole-under-scrutiny/Content?oid=2431665>.
7. Peter Applebome, "Despite Long Slide by Kodak, Company Town Avoids Decay," *The New York Times*, January 16, 2012, accessed December 2015, http://www.nytimes.com/2012/01/17/nyregion/despite-long-slide-by-kodak-rochester-avoids-decay.html?_r=0.
8. "Greater Rochester, NY Region's Top Private-Sector Employers, 2013," Greater Rochester Enterprise, 2013, accessed July 2015, <http://www.rochesterbiz.com/Data/Private%20Sector%20Employers%202013.pdf>.
9. Marjorie Kelly and Sarah McKinley, *Cities Building Community Wealth*, Takoma Park, MD: The Democracy Collaborative, November 2015, <http://community-wealth.org/cities>.
10. Hilary Abell, *Worker Cooperatives: Pathways to Scale*, Takoma Park, MD: The Democracy Collaborative, June 2014, <http://community-wealth.org/workercoops>.
11. Women's Action to Gain Economic Security [WAGES], "Economic Empowerment," Oakland, CA: WAGES, no date, available at: <http://www.wagescooperatives.org/economic-empowerment>, accessed February 10, 2014. WAGES also reported a 158 percent increase in individual incomes among new co-op members at mature cooperatives in 2012. See WAGES, 2012 Year In Review, Oakland, CA: WAGES, 2013, available at: <http://wagescooperatives.org/sites/wagescooperatives.org/files/FINAL%20Year%20in%20Review.pdf>, accessed February 10, 2014.
12. "Largest Study Yet Shows ESOPs Improve Performance and Employee Benefits," NCEO, 2016, accessed February 9, 2014, <http://www.nceo.org/articles/esops-improve-performance-employee-benefits>.
13. Peggy Powell, e-mail message to Hilary Abell, November 12, 2013. An early case study of CHCA shows that CHCA's low turnover rates go back to its early years. From 1985 to 1992, annual turnover dropped from 27 percent to 11 percent. See Steven Dawson and Sherman Kreiner, *Cooperative Home Care Associates: History and Lessons*, New York, NY: Home Care Associates Training Institute, 1993.
14. Carol Murray, *Co-op Survival Rates in British Columbia*, Port Alberni, BC, Canada: BC-Alberta Social Economy Research Alliance, June 2011, page 2.
15. Kate Washington, interview by Keane Bhatt, Jessica Bonanno, and Ted Howard, August 6, 2015.
16. Cam Schauf, Director of Campus Dining Services and Auxiliary Operations at University of Rochester, interview by Jessica Bonanno, November 20, 2015.
17. "R.I.T. Procurement Services Manual," Rochester Institute of Technology, May 15, 2015, accessed October 2015, https://www.rit.edu/fa/procurement/content/procurement-services-manual#cooperative_purchasing/.
18. University of Rochester 2013 tax return.
19. "The University of Rochester Corporate Purchasing Department Environmentally Preferred Purchasing Policy," University of Rochester Medical Center, no date, accessed August 2015, <https://www.urmc.rochester.edu/purchasing/SustainabilityPolicy.cfm>.
20. Interview with Carl Tietjen, June 19, 2015.
21. Phone interview with The Democracy Collaborative, December 2015.
22. Interview with The Democracy Collaborative, May 2015.
23. *Greatness Through Difference*, 2015-2025 Strategic Plan of the Rochester Institute of Technology.
24. RIT Procurement Services, https://www.rit.edu/fa/procurement/content/procurement-services-manual#cooperative_purchasing
25. RIT Supplier Diversity Program.
26. City of Rochester, NY 2014-2015 Budget: estimate based on expenditures for materials, services, and other.
27. *City of Rochester Energy Management and Climate Action Status Report*.

28. Interview with Charlie Zettek, May 19, 2015.
29. Cynthia Cooper Mapes, e-mail to Jessica Bonanno and Violeta Duncan, January 2016.
30. Fulfilling the Promise: Monroe Community College's 2012-2016 Strategic Plan.
31. Interview October 2015, Peg Ferber & James Fischer, UYNCC.
32. *Upstate New York College Collaboration Update and Key Success Stories*—December 2014.
33. Interview October 2015, Peg Ferber and James Fischer, UYNCC.
34. Angus Loten, "Small Businesses Cash Out but Do Workers Gain?" *The Wall Street Journal*. April 17, 2013, accessed February 17, 2014, <http://www.wsj.com/articles/SB10001424127887324345804578426973203356806>.
35. Deann Chevas, "Buy Local: Celebrate Local Business—All Year Long," *Tucson Sentinel*, May 21, 2012, http://www.tucsonsentinel.com/opinion/report/052112_small_biz_week/small-biz-week-buy-local-eat-local-read-local/.
36. Melissa Hoover and Steve Dubb, "Converting Existing Business to Worker Cooperative," *Community-Wealth.org*, December 5, 2013, accessed January 27, 2016, <http://community-wealth.org/content/converting-existing-businesses-worker-cooperatives>.
37. Staff Authors. "Baby Boomers." Filmed 2010, History.com, 2010.
38. Carrey McMann,. "Transfer2020," September 2012, accessed, October 2013, http://www.exitrak.com/download.php?name=Baby_Boomer_Sell_Off.pdf.
39. Exit Strategies Focus Group at the Rochester City Hall, December 3, 2016, conducted by Jessica Bonanno and Violeta Duncan.
40. Melissa Hoover and Steve Dubb, "Converting Existing Business to Worker Cooperative," *Community-Wealth.org*, December 5, 2013, accessed January 27, 2016, <http://community-wealth.org/content/converting-existing-businesses-worker-cooperatives>.
41. "About Us," SCORE Association, 2015, accessed December 2015, <https://greaterrochester.score.org/localworkshops>.
42. "Business Development Services," last modified 2014, <http://www.urbanleagueofrochester.org/ProgramsServices/BusinessDevelopment.aspx>. "Find Your Place in CUE," no date, <https://www.rit.edu/business/cue/about/find-your-place-cue>.
43. "FY 2016 Budget Agreement," last modified June 23, 2015, <http://fpwa.org/fy-2016-budget-agreement/>.
44. "Organizing to Meet a Need," Democracy at Work Network, no date, accessed January 2016, <http://dawn.coop/about>.
45. "Organizing to Meet a Need," Democracy at Work Network, no date, accessed January 2016, <http://dawn.coop/about>.
46. "Watch It Again: Scaling the Development of Worker-Owned Cooperative," BALLE, July 2015, accessed December 2015, <https://bealocalist.org/july-2015-webinar>.
47. "Business Loan, Services, and Grants," City of Rochester, no date, accessed December 2015, <http://www.cityofrochester.gov/article.aspx?id=8589935982>.
48. "Brownfields Economic Development Initiative (EDI) Grant," U.S. Department of Housing and Urban Development, 2001, accessed December 2015, http://portal.hud.gov/hudportal/documents/huddoc?id=19145_ny.pdf. "Details On Recipients of Economic Development Initiative (EDI) Grants And Section 108 Loan Guarantees," U.S. Department of Housing and Urban Development, no date, http://portal.hud.gov/hudportal/documents/huddoc?id=19168_ny.pdf. "2008 Section 108 Guaranteed Loan Program Overview," U.S. Department of Housing and Urban Development, no date, <https://www.hudexchange.info/onecpd/assets/File/2008-Section-108-Guaranteed-Loan-Program-Overview.pdf>. "College Town is Dedicated," University of Rochester, October 17, 2014, <http://www.rochester.edu/newscenter/college-town-is-dedicated/>.
49. "Create Opportunities that Strengthen Your Community," FHLB NY, last modified 2015, <http://www.fhlbny.com/business-lines/housing-community-lending-programs.aspx>.
50. "Membership List," FHLB NY, 2015, accessed December 2015, <http://www.fhlbny.com/members/membership-list.aspx>.
51. Ben Bernacke, "Community Development Financial Institutions: Challenges & Opportunities," (presentation, Global Financial Literacy Summit, Washington, DC, June 17, 2009).
52. Office of Small Credit Union Initiatives, "Maximizing the Low-Income Designation," National Credit Union Administration, February 2015, accessed December 2015, <https://www.ncua.gov/services/Pages/small-credit-union-learning-center/Documents/Maximizing-Low-Income-Designation.pdf>.
53. "The Enterprise Center Completes First New Market Tax Credit Deal in Upstate New York," PathStone, no date, <http://www.theenterprisecenterinc.com/applicationsPDFs/newmarket.pdf>.
54. *2013/2014 Report to the Community*, Rochester, NY: Farash Foundation, 2015, http://www.farashfoundation.org/farashreport/pdf/Farash_Foundation%20_Report_2013_14.pdf.
55. "\$1.3M Quarterly Grant Distribution is Largest Ever," Rochester Area Community Foundation, September 15, 2015, <http://www.racf.org/About/News/All-News/ArticleId/5/13m-quarterly-grant-distribution-is-largest-ever>.
56. "Greater Rochester Health Foundation," Asset Based Community Development Institute, 2009, <http://www.abcdinstitute.org/stories/rochester/>.
57. *United Way's Community Fund Progress Report 2014*, Rochester, NY: United Way of Greater Rochester, no date, <http://www.bluetoad.com/publication/?i=208027>.

58. *The Community Fund Blueprint For Change 2016-2019*, Rochester, NY: United Way of Greater Rochester 2014, <http://www.uwrochester.org/the-community-fund.aspx>.
59. "Find Funders," 2015, <http://foundationcenter.org/find-funders/>.
60. Mayor Lovely Warren, interview by Ted Howard, Steve Dubb and Jessica Bonanno, April 16, 2015.
61. "New York Cooperative Corporations Law 80, Legislative Findings," FindLaw, no date, <http://codes.findlaw.com/ny/cooperative-corporations-law/cco-sect-80.html>.
62. Reverend Marlowe V.N. Washington, interview by Jessica Bonanno and Violeta Duncan, December 17, 2015.
63. Melissa Marquez, interview by Jessica Bonanno, September 9, 2015.
64. Shawn Burr, interview by Jessica Bonanno and Kean Bhatt, June 17, 2015.
65. "Miriam Axel-Lute, Matthew Brian Hersh, and Harold Simon, "Shelterforce Interview: Ron Sims," Shelterforce, February 7, 2011, http://www.shelterforce.org/article/2110/shelterforce_interview_ron_sims/P1.
66. *Finger Lakes Regional Sustainability Plan*, Albany, NY: NYSERDA, May 2013, <http://sustainable-fingerlakes.org/downloading-documents>.
67. *Investing in our Community & Workforce: 2015 Annual Report*, Rochester, NY: RochesterWorks!, 2015, http://www.rochesterworks.org/userfiles/files/RochesterWorks_AnnualReport_2015_Web.pdf.
68. "Workforce Development Institute," WDI, last modified 2015, <https://wdiny.org/>.
69. "Training & Employment Services," PathStone, no date, <http://www.pathstone.org/services/training-and-employment-services/>.
70. "Employment Programs," Monroe County, New York, 2015, accessed January 2016, <http://www2.monroecounty.gov/hs-EmploymentPrograms.php>.
71. "C.A.S.H.," Empire Justice Center, no date, <http://www.empirejustice.org/cash/>.
72. "Save for Success," PathStone Corporation, no date, www.saveforsuccess.org.
73. Interview with Norman West, December 3, 2015.
74. "Childcare Subsidy Program," Workforce Development Institute, 2015, <https://wdiny.org/Services/Workforce-Support/Child-Care-Subsidy-Program>.
75. "Income Eligible Daycare Subsidies," Monroe County, New York, 2015, <http://www2.monroecounty.gov/hs-daycare.php>.
76. *Rochester-Monroe Anti Poverty Initiative Progress Report: A Roadmap for Change*, Rochester, NY: United Way of Greater Rochester, September 2015, <https://www.uwrochester.org/Our-Work-Results/Rochester-Monroe-Anti-Poverty-Initiative>.
77. Tim Louis Macaluso, "Children of the Incarcerated," *City Newspaper*, August 9, 2006, <http://www.rochester-citynewspaper.com/rochester/children-of-the-incarcerated/Content?oid=2132908>.
78. "Prison Reentry Aftercare Ministry," SMART, no date, <http://www.smartny.org/support-services-while-incarcerated>.
79. "New Directions," Action for a Better Community, 2012, accessed January 2016, <http://www.abcfinfo.org/youth-services/alcohol-and-substance-assistance>.
80. Tim Louis Malcaluso, "Delphi Drug & Alcohol Counseling, 2014, *City Newspaper*, August 9, 2006, <http://www.delphi-drug.org/reentry.php>.
81. "List of Problems the Rochester Office Handles," LawNY, no date, accessed January 2016, <http://www.lawny.org/index.php/monroe-county-legal-assistance-center/14-rochester-area-legal-information/189-list-of-problems-the-rochester-office-handles>.
82. "The Legal Aid Society of Rochester, New York," The Legal Aid Society of Rochester, 2009, accessed January 2016, <http://www.lasroc.org/>.
83. "Volunteer Legal Services Project of Monroe County, Inc., "VSLP," 2015, accessed January 2016, <https://www.vl-sprochester.org/>.
84. "The Enterprise Center," PathStone, 2016, accessed November 2015, <http://www.theenterprisecenterinc.com/>.
85. Mayor Lovely Warren, interview by Ted Howard and Steve Dubb, April 16, 2015. *Rochester-Monroe Anti Poverty Initiative Progress Report: A Roadmap for Change*, Rochester, NY: United Way of Greater Rochester, September 2015, <https://www.uwrochester.org/Our-Work-Results/Rochester-Monroe-Anti-Poverty-Initiative>.
86. Henry Fitts, "Overview-Followup Questions Neighborhood Selection Analysis Marketview/CONEA and Beechwood," Rochester, NY: City of Rochester, October 2015, internal city document.
87. Oscar Perry Abello, "NYC Set to Triple Number of Worker Cooperatives," January 11, 2016, accessed January 2016, *Next City*, <https://nextcity.org/daily/entry/nyc-worker-cooperatives-jobs-increase>.
88. Finger Lake Economic Development Council, "Finger Lakes Forward, United for Success: Upstate Revitalization Plan," October 2015.
89. Mary Ellen Burris, "Sustainability at Wegmans" (presentation, Spring 2014 Penn State Ad Council Delegate Meeting, State College, PA, April 9, 2014).
90. "Counting Values, Food Hub Financial Benchmarking Survey," Farm Credit East, Wallace Center at Winrock International, Morse Marketing Connections, and Farm Credit Council, July 2015.
91. "About Us," Seedfolk City Farm, 2016, accessed January 2016, <http://seedfolkcitfarm.org/>.

92. University of Wisconsin Extension, Dane County Institutional Food Market Coalition 2010 Program Report, Institutional Food Market Coalition, Madison, WI: University of Wisconsin, 2011.
93. “Cori Urban “Western Massachusetts Food Processing in Greenfield cooks up success for local food entrepreneurs,” *The Republican*, March 28, 2012.
94. “Paratransit,” Delancey Street Foundation, 2007, accessed December 2015, <http://www.delanceystreetfoundation.org/enterparatrans.php>.
95. “Your Single Source for Energy-Saving Expertise,” Evergreen Energy Solutions, 2016, <http://www.evgoh.com/e2s>.
96. Mildred Warner, Shira Adriance, Nikita Barai, Jenna Hallas, Bjorn Markeson, Taryn Morrissey, and Wendy Soref, *Economic Development Strategies to Promote Quality Child Care*, Ithaca, NY: Cornell Cooperative Extension, 2004.
97. “The Importance of Ensuring Adequate Child Care in Planning Practice,” 2015, <https://www.planning.org/research/family/briefingpapers/childcare.htm>.
98. Katie Hamm, “How Child Care Is Becoming A Crisis In America,” *Think Progress*, September 11, 2015.
99. “The Importance of Ensuring Adequate Child Care in Planning Practice,” 2015, <https://www.planning.org/research/family/briefingpapers/childcare.htm>.
100. “Early Education Centers in Unison,” Propeller, 2016, accessed January 2016, <http://gopropeller.org/ventures/early-education-centers-in-unison>.
101. “Community Health Workers,” American Public Health Association, 2016, <https://www.apha.org/apha-communities/member-sections/community-health-workers>.
102. “How to Advocate,” Peers for Progress, 2015, accessed December 2015, <http://peersforprogress.org/resource-guide/how-to-advocate>.
103. *Community Health Workers: A Critical Link for Improving Health Outcomes and Promoting Cost-Effective Care in the Era of Health Reform*, Albany, NY: New York State Health, October 2010, <http://nyshealthfoundation.org/uploads/resources/community-health-workers-critical-link-october-2010.pdf>.
104. “Community Health Worker Training,” Community Health Worker Network of NYC, no date, accessed December 2015, <http://www.chwnetwork.org/Default.aspx?ssid=80&NavPTypeId=1297>.
105. Alberta Mirambeau, Guijing Wang, Loral Ruggles, and Diane O. Dunet, “A Cost Analytic of a Community Health Worker Program in Rural Vermont,” *Journal of Community Health* 38.6 (2013): 1050-1057, accessed December 2015, doi: 10.1007/s10900-013-9713-x.
106. “What is a Worker Cooperative,” US Federation of Worker Cooperatives, no date, <https://usworker.coop/what-worker-cooperative-0>.
107. “What is a Worker Cooperative,” US Federation of Worker Cooperatives, no date, <https://usworker.coop/what-worker-cooperative-0>.
108. New York Cooperative Corporations Law-CCO,” FindLaw, 2016, <http://codes.findlaw.com/ny/cooperative-corporations-law#!tid=ND66BA6417A1046DE84120ED30987B50B>.
109. Hilary Abell, *Worker Cooperatives: Pathways to Scale*, Washington, DC: The Democracy Collaborative, June 2014, <http://community-wealth.org/workercoops>.
110. Peter Pitegoff, “Taxation of Worker Cooperatives,” The ICA Group, 2015, <http://ica-group.org/tax-planning-for-coops/>.
111. “26 U.S. Code § 1042—Sales of stock to employee stock ownership plans or certain cooperatives,” Legal Information Institute, no date, <https://www.law.cornell.edu/uscode/text/26/1042>.
112. Hilary Abell, *Worker Cooperatives: Pathways to Scale*, Washington, DC: The Democracy Collaborative, June 2014, <http://community-wealth.org/workercoops>.
113. Hilary Abell, *Worker Cooperatives: Pathways to Scale*, Washington, DC: The Democracy Collaborative, June 2014, <http://community-wealth.org/workercoops>.
114. Marjorie Kelly, Steve Dubb, and Violeta Duncan, *Broad Based Ownership Models as Tools for Job Creation and Community Development*, Washington, DC: The Democracy Collaborative, January 2016, <http://democracycollaborative.org/content/broad-based-ownership-models-tools-job-creation-and-community-development>.
115. Vanessa Bransburg, interview by Steve Dubb, May 2, 2015.
116. Marjorie Kelly, Steve Dubb, Violeta Duncan, *Broad Based Ownership Models as Tools for Job Creation and Community Development*, Washington, DC: The Democracy Collaborative, January 2016, <http://democracycollaborative.org/content/broad-based-ownership-models-tools-job-creation-and-community-development>.
117. Jacquelyn Anderson, *Impact to Last: Lessons from the Front Lines of Social Enterprise—Evergreen Cooperatives*, San Francisco, CA; REDF, December 2015, <https://redfworkshop.org/wp-content/uploads/2015/12/Evergreen-Case-Study-FINAL.pdf>.
118. Text adapted from NRECA’s “Seven Cooperative Principles.”