



**City of Madison  
Worker Cooperative Fund Program Manager(s)  
Program Guidelines & Request for Proposals**

**Overview**

Cooperatives economically empower workers and help address community needs. The worker cooperative model allows the fiscal benefits of labor to remain within a community of worker owners.

As the City continues to look for ways to address issues of equity and fair labor practices we recognize that empowering communities, business owners and workers to organize projects and businesses in a cooperative model will have long lasting economic benefit to the City.

The City also recognizes the ongoing economic benefit of worker cooperatives as they are much less likely to leave the community they are in.

Business owners looking to transition ownership of their business, as a result of a sale or retirement of an owner, can celebrate their hard work in creating a skilled and supportive workforce by considering worker cooperative models. Educating business owners of this option and offering support during a transition will better ensure these jobs stay in Madison.

Recognizing that the City of Madison has a strong history with worker cooperatives and a renewed urgency to address issues of income and racial inequality the City is dedicating resources and staff time to help increase the number of worker owned businesses.

The best programs and projects will be created by the community. The Office of Business Resources will work to help balance these projects and make sure they are aligned with the project goals and working in cooperation with other projects in the City.

The City is looking for an organization or multiple organizations to coordinate and administer technical assistance and loan funds to help support the creation and growth of worker cooperatives.

## PROGRAM GUIDELINES

### Goals:

1. **Capacity building** around technical assistance (including business formation, business planning and on-going business support), financing, community organizing and tracking and reporting of the impact of cooperative businesses in the City of Madison.
2. **Increased number of family supporting, living wage jobs** as a result of worker ownership. This can include new jobs created by new cooperative businesses, jobs retained by the transition of a business to a cooperative ownership or union cooperative models.
3. **Community asset building**. Technical and financial support for programs that help create worker ownership of businesses with a focus on communities of color, low wealth communities and communities excluded or exploited within the traditional workforce.

### Program Managers

The Worker Cooperative Program is a larger City initiative. The program is included in the Economic Development Strategy (currently being drafted) and a part of the work plan for the Office of Business Resources.

The City will release this funding to contract out the management of the technical assistance and loan program components of the project. The chosen manager(s) of these activities will work closely with city staff to reach the intended goals.

It is possible that multiple organizations will be funded in order to reach the goals of the project. We will require that all organizations receiving funding work together in order to best create an ecosystem of coordinated programs and services for worker cooperatives.

Program Managers should be focused on coordination of services to support the creation or expansion of the following services:

1. A strong **network of support** for cooperative businesses.  
This includes: technical assistance for new or transitioning businesses around worker cooperative models, proactive community organizing around worker cooperative development, community assessments.
2. Access to flexible **capital** for worker owned businesses.  
This includes: working with other micro lenders and cooperative lenders as well as community credit unions and traditional lenders to provide funding so worker

cooperatives have access to capital. We would expect loan funds to include other sources of funds available for worker cooperatives and work cooperatively with traditional and non-traditional forms of lenders.

3. **Community asset building.**

This includes: projects that are focused on technical and financial support for programs that help create ownership of businesses and community owned assets with a focus on communities of color, low wealth communities and communities excluded within the traditional workforce

4. **Economic security & fair wage employment.**

This includes: looking at creative ways to solve problems around employment and under employment by looking to create jobs that are living wage through worker owned cooperatives.

5. **Tracking and reporting**

All projects funded will be required to work with the City of Madison Office of Business Resources to set up an ongoing system of tracking and reporting all projects funded by the City's programming and, when possible, other programming in worker cooperative development that is not being directly funded by the City in order to show the economic impact of cooperative models.

Please note that each contract administered through this project will require specific reporting and data collection to demonstrate the impact of the program.

**Program Funds**

The City will make \$600,000 available each year for 5 years beginning in 2016. In 2016 and 2017 \$300,000 is available for technical assistance and \$300,000 is available to help fund and administer a loan fund dedicated to supporting worker cooperatives.

With this funding we are looking to the community to help assess and identify projects and create programming that will include education, loans for new, converted and established cooperative businesses, technical assistance for the creation, growth and management of cooperatives, and close monitoring of the economic impact of cooperatives on our community.

**Coordination with the Office of Business Resources**

These strategies will be occurring concurrently with the following projects from the City of Madison Office of Business Resources:

- Targeted business retention visits to businesses we believe may be transitioning ownership in the next 5-10 years that will include a description of worker ownership as an option

- Continued reporting and collection of the impact of worker cooperatives on our community
- Continued study of the impact of worker cooperative and collective ownership on communities excluded from the traditional workforce
- Continued study of the impact of worker cooperatives longevity within a community and the stability and, as appropriate, the financial health of the worker owners themselves

It is possible that as the first year of the project ends new issues and needs are uncovered. We will work to reassess need each year and focus funding in ways that will continue to address the goals of the project.

If the goals of the project are being met by the organization(s) funded in the first year by this project, contracts can be renewed each year.



**City of Madison  
Cooperative Enterprise Development Program Manager(s)**

**Request for Proposals**

Please read the program goals to understand the City’s expectations of organizations looking to apply for this funding.

**Strong applications will**

- Have direct impact on one or more of the stated program goals
- Have strong support and partnerships from the cooperative community and trade unions
- Clearly identify the intended economic impact of the project
- Support projects that will have a lasting impact to the community
- Have a reporting mechanism to track progress
- Have a clear plan on how to use this funding as seed funding to create a program that lives beyond the 5 years of funding from this program. **No organization will be funded if they cannot demonstrate how they plan to raise funding outside of the City funding and how they plan to continue programming after the 5 years of City funding is completed.**

**Timeline and Evaluation of RFPs**

February 1 <sup>st</sup> , 2016	RFP Released
<i>There will be two opportunities for interested applicants to have a Q&amp; A with City Staff.</i>	
February 16 <sup>th</sup> , 2016	Q&A Teleconference*
March 3 <sup>rd</sup> , 2016	Q&A Teleconference*
March 9 <sup>th</sup> , 2016 4pm CST	RFP Due
March 2016	Staff Review
April 2016	Recommendation introduced to Common Council
May 2016	Programming begins
* To RSVP for either Q&A teleconference please call or e-mail: Ruth Rohlich (608) 267-4933 rrohlich@cityofmadison.com	

RFPs will be evaluated by staff and staff will work with applicants to make sure their project meets one or more of the programs intended goals.

Staff will make recommendations for funding which will go to the Economic Development Committee and Board of Estimates for recommendation to the Common Council for final approval.

DRAFT prepared by Ruth Rohlich, Business Development Specialist  
[rrohlich@cityofmadison.com](mailto:rrohlich@cityofmadison.com) 608-267-4933

## **Application**

We expect applications to be no longer than 15 pages not including any appendices. For example, an appendix may include signed letters of intent or support for the project that are referenced in the body of the application.

Please answer the following questions:

### 1) **General Information**

Please include the following information:

- A brief description, including the full legal name, of each organization that will receive funding if your organization is chosen.
- Recognizing that this is a new program it is possible a new organization will need to be established. If the applicant of this project is not formally organized yet please explain the process and plan for formalization.
- Please describe any additional City funding these groups receive.
- Please include the names of all principals within the organization including board members.
- Please explain previous experience working with worker cooperatives. Was this experience relevant to the program goals?

### 2) **Project Proposal**

Describe the project you are proposing. Please keep in mind your project should directly relate to the goals of the program.

***This funding is available for two types of programming: technical assistance for worker cooperatives and a loan fund manager to provide loan funding for worker cooperatives.***

It is possible an applicant will be a singular organization or involved in a partnership that wishes to receive funding to provide both services.

It is also possible that an applicant will only be interested in administering one of these two types of programming.

If applying for funding to create **technical assistance programming** for worker cooperatives please give detailed descriptions explaining:

- What the programming will include
- Who will provide the services
- How this support for worker cooperatives will be marketed

- How technical assistance will support the work of communities of color, low wealth communities and communities excluded within the traditional workforce and how this support will be marketed to those communities
- What types of tracking and reporting systems will be in place and how success will be measured
- How will you raise other funding to support this work? How will this project live beyond the 5 years of City funding? **It is critical that all applicants understand this funding will end in 5 years and we expect programming to continue after the City funding is no longer available.**
- If the applicant does not plan to apply to also administer the loan program please explain how you plan to work in cooperation with whatever organization is chosen to administer the fund.

If applying for funding to **administer the loan funds** to worker cooperatives please give detailed descriptions explaining:

- The history and the current state of your portfolio. Please include the most recent outside audit of your funds in an appendix.
- If you are creating a new loan organization to administer this fund we will need to see strong, demonstrable, proof that you understand the way to start and operate a loan fund. Please give a detailed description on the operation planned and the principals in charge.
- Describe your experience in lending to worker cooperatives.
- Describe the expected terms and conditions of loans made from this fund, including what you believe an “average” loan would look like. We understand this will be an “educated guess” based on your understanding of these types of loan programs and the cooperative business model.
- If the applicant does not plan to apply to also administer the technical assistance for worker cooperatives please explain how you plan to work in cooperation with whatever organization is chosen to administer the fund. (We recognize this will be contingent on who is chosen to manage the fund please speak generally on how you plan to partner with this group)

- 3) Describe the network of support for your project. This may include formal and informal partnerships, staff and volunteers, partnerships with organizations doing work with small businesses.
- 4) Describe the intended economic impact of your project, including but not limited to:
  - Living wage jobs created/retained/improved
  - Community asset building
  - Building & supporting the “ecosystem of support” for worker cooperatives

- 5) Give a detailed budget explaining how the project will be funded beyond City funding. Strong proposals will include funding from a variety of sources.

It is ok if not all of this funding is secured. Organizations that plan to partner are encouraged to provide a signed letter of intent that explains funding available for administrative or technical support or to augment the loan fund.

It is acceptable to include in-kind and staff time funded by other organizations. For example if a partnering organization plans to have an employee work 50% on supporting the work of the applicant you can list the value of that position as an outside source. We will need signed memorandums of understanding between the two groups as confirmation.

- 6) Describe the project timeline that includes when intended goals will be met. We recognize that in year one work on the project will not begin until May. Please be realistic about your goals for each year.