

**City of Madison Cooperative Business Initiative
Update and Discussion
June 29, 2015**

The University of Wisconsin Center for Cooperatives hosted a discussion and update on the City of Madison Cooperative Business Initiative. About 20 people attended the meeting with Ruth Rohlich, Business Development Specialist, City of Madison. This is a summary of the discussion:

Funding for cooperative development (\$5 million over the next 5 years) was approved by the Madison City Council last year, but these expenditures need to be re-approved for actual spending in 2016.

The Department of Planning and Development has included \$1 million in capital spending for cooperative development in their budget. This recommendation will go to the Mayor, for inclusion in his budget. ***Please note that after the meeting Ruth was notified that the Department lowered this budget request to \$700K. This could be changed by the Mayor as he prepares his budget, or by the City Council later in the budget process.*

It's important to note that the City of Madison has many competing projects requiring capital funding in 2016.

Because the funding is in the City's capital budget, it must have a strong emphasis on providing capital (low interest or forgivable loans) to cooperatives. A revolving fund will likely be established and administered by a Community Development Financial Institution (CDFI), the Madison Development Corporation, or a community development credit union. An RFP process would be used to determine this administrator.

25-30% of the funding will likely be set aside for technical assistance for cooperative development. RFPs for TA would be released in the first quarter of 2016.

City funds could be leveraged to create a strong educational and communications component. Additional fund-raising and grant writing are needed to take full advantage of this historic opportunity.

Some of the funding should go towards a robust reporting and evaluation program. Co-op developers in New York City plan to produce a "lessons learned" report, which should include valuable insights on evaluation, coalition building and other topics.

Job creation goals were discussed, including opportunities to create jobs through expansion of existing cooperatives, worker-owned unionized cooperatives, and

conversions from private to employee ownership. Potential sectors include food, transportation, construction and light manufacturing. A grocery cooperative initiative on Allied Drive could contribute to these goals.

There are many ways to create a pipeline for good cooperative business ideas, including working with community partners, the SBDC, etc. Loan funds often play an evaluative role as they filter loan proposals and make recommendations for pre-lending technical/educational assistance. Loan funds may also offer TA and other support to their borrowers.

Anne Reynolds
UW Center for Cooperatives
July 4, 2015