

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON COMMUNITY
DEVELOPMENT

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October 21, 2014
Start: 1:14 p.m.
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HELD AT: Committee Room - City Hall

B E F O R E: Maria Del Carmen Arroyo
Chairperson

COUNCIL MEMBERS:

Annabel Palma
Elizabeth S. Crowley
Andy L. King
Vanessa L. Gibson
Alan N. Maisel
Helen K. Rosenthal

A P P E A R A N C E S (CONTINUED)

Gregg Bishop

Deputy Commissioner of Business Development at
the New York City Department of Small Business
Services

Lydon Sleeper

Senior Advisor for Strategic Initiatives at New
York City Department of Small Business Services

Caitlin Benson

Chief of Staff at Mayor's Office of Contract
Services

Omar Freilla

Green Worker Cooperatives the Bronx

Ted De Barbieri

Brooklyn Law School

Julia Jean-Francois

Center for Family Life

Moshda Puhmerham [sp?]

Commission Development Project at Urban Justice
Center

Michale Paone

Federation of Protestant Welfare Agencies for
the Worker Cooperative Development Initiative

Joe Rinehart

Director of Cooperative Development at the
Democracy at Work Institute

A P P E A R A N C E S (CONTINUED)

Alexis Posey
Senior Policy Analyst at Federation of
Protestant Welfare Agencies

Christopher Michael
New York City Cooperative Business Association

1
2 CHAIRPERSON ARROYO: Good afternoon
3 everyone and welcome to the Community Development
4 Committee hearing for today. My name is Maria Del
5 Carmen Arroyo, and I Chair that illustrious
6 committee. I'm very happy to do that. Today's
7 hearing is a second opportunity this committee will
8 have to hear testimony regarding worker cooperatives.
9 For those who don't know, and I think I'm preaching
10 to the choir, but just in case, the worker
11 cooperative business model is one where the business
12 is entirely owned and controlled by the workers.
13 When this committee first heard from worker
14 cooperative advocates this past February, the goal
15 was to determine whether worker-owned businesses
16 could be used as a means to alleviate poverty in our
17 city and to help families in poverty stricken
18 communities achieve financial independence. At that
19 hearing we hear from representatives from a number of
20 worker-owned businesses who demonstrated the
21 potential to use worker cooperatives to transition
22 low-wage New Yorkers from individuals with little
23 financial mobility to postural business owners with
24 significant stake in the various industries in which
25 they work. Since that hearing, we've been very busy.

2 The City Council has approved a 1.2 million dollar
3 initiative in the city budget as a pilot program to
4 support worker cooperative businesses throughout our
5 city. While we're certainly proud of the success
6 this committee has achieved by establishing the pilot
7 program, this committee is not content to rest on the
8 laws that we've accomplished so far. We believe in
9 the future of worker cooperative businesses as a
10 model to lift New Yorkers out of poverty and achieve
11 long term community development goals. With that in
12 mind, I've joined my colleagues, Council Member Helen
13 Rosenthal and Carlos Menchaca, in introducing the
14 bill that is the subject of our hearing today. This
15 bill will require the city to do more in order to
16 determine the viability of worker cooperatives in the
17 city procurement by first determining how many worker
18 cooperatives currently contract with the city, and
19 second, whether there is need for citywide program to
20 promote worker cooperatives in the overall city
21 procurement process. The studies required by this
22 bill will be a critical first step towards
23 establishing a comprehensive worker cooperative
24 program in our city and ensuring that worker-owned
25 businesses are ultimately acknowledged as a special

2 category of business that is an available employment
3 option for all New Yorkers. We are confident that
4 this bill falls within the scope and authority of
5 this Council and hope it will pave the way for future
6 legislation to support worker cooperative growth and
7 expansion in the city. Before I turn it over to the
8 prime sponsor of the bill, I want to acknowledge the
9 work of our committee staff, Alex Allinof [sic]. I
10 should know that by now, right? Alex, I always call
11 him Alex. Kenneth Grace, and Alex is our committee
12 counsel, Kenneth Grace is our fiscal analyst, and
13 then we welcome a new policy analyst Jose Condi [sp?]
14 who's sitting in the background. Everybody say hi.
15 And now we will hear from the bill's prime sponsor,
16 Council Member Helen Rosenthal.

17 COUNCIL MEMBER ROSENTHAL: Thank you,
18 Chair Arroyo. I am grateful to you for initiating
19 our dialogue. I'm a little bit just working between
20 my statement, written, and my phone, so sorry for
21 this going back and forth. I am very grateful to you
22 for initiating our dialogue about worker
23 cooperatives. Your hearing in February 2014 shined a
24 light on the emerging and vibrant worker cooperative
25 movement. Since the hearing, we've worked closely

1 with several organizations as you've said, to better
2 understand how the city could expand contract
3 opportunities for worker cooperatives, both through
4 legislation and funding. And so, speaking to today as
5 the prime sponsor of this bill, but also the Chair of
6 the Contracts Committee. I'm delighted that you're
7 going to be hearing discussion on this bill. We
8 believe that this is going to be a step in a good
9 direction, but it is a modest step. Intro 423 simply
10 requires that the city should monitor the
11 participation of worker cooperatives in city
12 procurement via an annual report of city contracts
13 with worker owned and operated businesses. The bill
14 also calls for the Commissioner of the Department of
15 Small Business Services to determine the need for a
16 citywide program to promote opportunities in city
17 procurement for worker cooperatives by October 1st,
18 2016, which is understand is in a little while, but
19 we wanted to give them some time, which is also the
20 due date of the first annual report. Now, to be
21 sure, businesses organized as worker cooperatives
22 present a number of challenges for New York City.
23 City contracting is governed by the State's General
24 Municipal Law, which requires that the criteria for
25

1 selection be the lowest cost responsible bidder.
2
3 Furthermore, given that there are only 23 worker
4 cooperatives currently operating in New York City,
5 the opportunities for the city contracting with
6 worker cooperatives is de minimis at best. One could
7 argue that this legislation is premature, that
8 neither the State General Municipal Law, nor worker
9 cooperative capacity is on our side. Hang on one
10 second. We could wait until the city is better
11 situated to have some clear successes, and while I
12 understand this position, I draw a very different
13 conclusion. I see opportunity. The City Council is
14 already investing in worker cooperatives by providing
15 funding to grow this emerging business model.
16 Council Member Arroyo championed worker cooperatives
17 to the tune of 1.2 million dollars this fiscal year
18 to support current cooperatives, and to incubate over
19 20 more, with the goal of creating over 200 stable
20 and well-paying jobs. Intro 423 is a common sense
21 piece of legislation that will move us toward our
22 shared goal of one city rising together. We all
23 agree that the city is at a moment in history where
24 economic inequality is at an all-time high. The
25 divide between rich and poor is wide. As legislators

1 here we must leave no stone unturned to close that
2 divide. The most powerful way to do this is through
3 job creation. We have to get people to work
4 regardless of the business model. How do worker
5 cooperatives fit into this picture? We will hear
6 today from the advocacy organizations which will, and
7 they will flush out the statistics, but to suffice it
8 to say, that I agree with their conclusion, that
9 worker cooperatives consistently ensure higher wages
10 and better hours for their employees. They provide
11 the opportunity for stable and thriving families and
12 communities. Change cannot come too soon, and calls
13 for waiting to support the worker cooperatives are
14 short sided. I'd like to thank all of the
15 organizations and nonprofits that are working
16 tirelessly to support this emerging workforce,
17 including the Federation of Protestant Welfare
18 Agencies, the Bronx Cooperative Development
19 Initiative, The Center for Family Life, CUNY Law
20 School, Democracy at Work Institute, Greener Worker
21 Cooperatives, ICA Group, Make the Road New York, New
22 York City Network of Worker Cooperatives, the Working
23 World, and the Urban Justice Center. Thank you
24 again, and I look forward to hearing the testimony of
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1
2 the Administration, who I'm sure shares our
3 enthusiasm.

4 CHAIRPERSON ARROYO: Thank you, Council
5 Member. In her closing, right, it's a mouthful, the
6 number of organizations that are named in that
7 breath, all of whom have worked really, really
8 incredibly hard to get us not only to develop a
9 worker cooperative initiative that is comprehensive
10 and makes great sense for us as government to invest
11 in this business model. So, I cannot say enough
12 thank yous to all of them for their leadership and
13 their hard work to get us through the budget process
14 with an initiative that I believe we can all be very
15 proud of. So, with that, I want to acknowledge our
16 Council Member colleagues who will come through.
17 There are competing hearings, so Council Member King,
18 obviously Council Member Rosenthal, Council Member
19 Gibson, yes, she's here, and Council Member Crowley.
20 Thank you for joining us. And now for our first
21 panel. We're going to hear from the Administration.
22 You are welcome to share your enthusiasm for the work
23 that the council has initiated around worker
24 cooperatives, please don't be shy. And I think that
25 I have three slips, but I only see two people at the

2 desk, so I'm going to eliminate one. We have Gregg
3 Bishop from the Department of Small Business
4 Services, and Lydon Sleeper from, also from SBS, and
5 thank you gentleman for your enthusiasm, and we look
6 forward to your testimony.

7 GREGG BISHOP: Thank you. Good
8 afternoon, Madam Chair Arroyo and members of the
9 Committee on Community Development, and good
10 afternoon Council Member Rosenthal, Gibson, and
11 Crowley. My name is Gregg Bishop, and I am the
12 Deputy Commissioner of Business Development at the
13 New York City Department of Small Business Services,
14 and I'm here. Joining me is Lydon Sleeper, Senior
15 Advisor for Strategic Initiatives. I'm pleased to
16 speak with you today about worker cooperatives and a
17 business ownership model deserving of further
18 consideration by the city as we begin to develop new
19 strategies to address income inequality in New York
20 City under the leadership of Mayor de Blasio. After
21 my testimony, I'll be happy to take your questions.
22 Income equality is a critical concern for all New
23 Yorkers, and Mayor de Blasio has made clear that
24 tackling this important issue is a central goal of
25 this Administration. SBS is equally committed to

1 achieving this goal by ensuring that every business
2 owner, commercial corridor, and job seeker has a
3 access to the resources needed to succeed. SBS is
4 pleased to be working in partnership with the City
5 Council towards this important mission. Worker
6 cooperatives are a business ownership model that we
7 are committed to developing in New York City,
8 including working to support and incubate, the
9 nescient [sic] worker cooperative segment of
10 businesses in New York City. SBS believes it is
11 essential to promote entrepreneurship among low
12 income New Yorkers, creating jobs and improving the
13 New York City economic landscape. Worker
14 cooperatives offer one such way to do so. As
15 entrepreneurial businesses, worker cooperatives face
16 many of the same issues encountered by all New York
17 City small businesses including access to capital,
18 affordable space, and access to technical assistance
19 at the right time. Since we recognize the value of
20 worker cooperatives and the value of fostering this
21 innovative model of ownership, we are currently
22 committed to the flowing. SBS is working with the
23 Council to administer contracts totaling 1.2 million
24 dollars will 11 organizations that will provide
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1 education, training resources, and technical, legal,
2 and financial assistance to existing worker
3 cooperatives and those interested in forming. Those
4 organizations will provide important infrastructure
5 in helping this business community grow. We are
6 working with them not only to ensure they can
7 complete the necessary administrative process to
8 receive funds, but also to ensure the outcomes for
9 the funding are clear, realistic, and achievable.
10 Through our network of seven business solution
11 centers across the city, SBS offers a 10 steps to
12 starting a business course, which we have included
13 content on worker cooperatives. Last year, more than
14 600 people attended this course. We're also creating
15 a 10 steps to starting a worker cooperative course to
16 be launched at two business solutions centers this
17 quarter. We have also created informational one-
18 pager that is currently available at our centers and
19 on the NYC business solutions website. For people
20 who visit the centers for one to one assistance, our
21 account managers can provide information on the
22 cooperative structure and refer interested
23 individuals to capacity building organizations,
24 including those in receipt of council discretionary
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1 funds. Our NYC business solution centers also offer
2 financing assistance and we continue to engage our
3 lend-in [sic] network on potential products for this
4 business model, and explore possible financing
5 options, in particular, focusing on new platforms to
6 provide micro financing and peer lending networks.
7
8 SBS supports the development of a robust worker
9 cooperative segment within the business community and
10 views it as one potential mechanism for addressing
11 income inequality in New York City. However, based on
12 our experience assisting business growth and grow and
13 create jobs, and on the current level of maturity of
14 the worker cooperative model in New York City, we
15 have several concerns about Intro Number 423, and
16 legislation under consideration today. First, the
17 bill as written calls for the chief procurement
18 officer of the city to submit to council and publish
19 a report on levels of procurement for worker
20 cooperatives for the prior fiscal year. It is
21 contemplated that such reporting would begin in 2014.
22 According to report in January 2014 by the Federation
23 of Protestant Welfare Agencies titled, *Worker*
24 *Cooperatives in New York City: A Vision for*
25 *Addressing Income Inequality*, "New York City today

1 rather a form of business ownership, data is very
2 limited. Worker cooperatives are also not currently
3 recognized for reporting purposes in any of the
4 federal or state economic data sources, such as
5 census data. MOCS [sic] lacks any mechanism for
6 differentiating worker cooperatives from other
7 businesses with which the city transacts. It would
8 therefore not be in a position to undertake the type
9 of annual reporting envisioned in the bill.

10 Additionally, in order to produce the type of reports
11 detailed in the bill, a much more exact definition of
12 a worker cooperative would be required. The current
13 definition is of a business which is owned and
14 controlled by its workers. Business ownership and
15 control are not straightforward issues, nor are they
16 necessarily the same thing, therefore, they are not
17 easy to track. Ownership, for example, changes over
18 time. There is a distinction between ownership and
19 control. Do all workers need to be owners? A
20 majority? Must they all hold an equal degree of
21 control? Is a family owned and run restaurant a
22 worker cooperative? Clearly, part of the work of
23 building a robust worker cooperative business
24 community is to agree on a clear and common
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1 definition and ensure those are used consistently.

2 Such definitions would be essential to fulfilling the
3 reporting aspect of this bill, and it seems like much
4 work remains to be done in partnerships with
5 advocates and capacity building organization. I will

6 now turn to the second aspect of the bill, which
7 instructs SBS with MOCS [sic] to undertake a study to

8 be completed by October 2016, which analyzes the
9 participation of worker coops in city procurement,
10 determines the need for a citywide program to promote

11 city procurement as a means to grow worker
12 cooperatives and should such a need exists, makes
13 recommendations on a number of matters including

14 participation goals. Given what I have already said
15 concerning the nescient nature of worker cooperatives

16 in New York City and the problems attending the
17 reporting of city procurements with them, we would
18 clearly support the need to study the potential of

19 the model overall. The specific opportunities which
20 may exist within government procurement, the specific
21 barriers which worker cooperatives may face in

22 winning city contracts, and the programs or
23 interventions which could be put in place to support

24 them in doing so. Furthermore, as the Council is no
25

1
2 However, we believe that Intro 423 is premature,
3 given the very early stage of development of this
4 model. We believe that we should continue to work
5 with the City Council, with advocates, and with those
6 who provide services to worker cooperatives to build
7 the capacity of the segment and grow the number and
8 maturity of these businesses. We must also continue
9 to customize the suite of business support services
10 offered by SBS to ensure that they are relevant to
11 the needs of worker cooperative. And we must better
12 understand the potential for worker cooperatives to
13 compete for and win city contracts within the
14 framework of the law, including whether specific
15 types of good or services are particularly suited to
16 worker cooperatives provision, the barrier co-ops
17 might face when bidding on city contracts, and the
18 interventions which could best assist them. These
19 are key steps that must come before we invest in
20 procurement assistance programs. At SBS we are
21 committed to fulfilling Mayor de Blasio's visions for
22 a progressive, diverse, and economically thriving New
23 York City. We share the council's commitment to
24 supporting worker cooperatives as one strategy to
25 improve the economy and create good jobs. Together,

1 with the support of the City Council, we will
2 continue to work to strengthen our neighborhoods,
3 grow the economy, and improve the lives of
4 hardworking New Yorkers. Thank you for inviting me
5 to speak today about worker cooperatives and you're
6 your dedication to continue to improve our
7 communities and our economy in New York City.

9 CHAIRPERSON ARROYO: Thank you for that
10 enthusiasm.

11 [laughter]

12 CHAIRPERSON ARROYO: I do firmly believe
13 that we sit on the same side as it relates to the
14 desire to ensure that this business model can be
15 cultivated and grown in our city. How we get there
16 might, there might be some disagreement on. I have a
17 couple of questions, and I will turn it over to
18 Council Member Rosenthal and then Council Member
19 Crowley. Now, the legislation doesn't seek to
20 establish goals for procurement for the city with the
21 business model that we're discussing here. So that's
22 the first thing. And I appreciate what SBS has to
23 date accomplished in trying to reformat its training
24 and available services to those interested in
25 starting new businesses. So tell me how you plan to

1
2 continue to customize the suit of business support
3 services.

4 GREGG BISHOP: So I think, and we're
5 currently in the process of working with the
6 organizations that the council identified and the
7 advocates and with council to ensure that we
8 understand the industry, understand the barriers that
9 prevents worker cooperatives from being successful.
10 If you look at--it's entirely a business model. So,
11 all businesses have the same issues, you know, what
12 sector should they focus on, access to capital,
13 etcetera, etcetera. So we want to make sure we
14 understand what is unique to worker cooperatives and
15 make sure that we offer those services. You can
16 clearly see that we've already taken steps in terms
17 of introducing that model to entrepreneurs who may
18 not have considered a worker cooperative as a
19 business model to actually use to start their
20 business. So we've introduced it in our Ten Steps to
21 Starting Business course, and currently we're working
22 with the organizations that were funded by council to
23 develop a scope of work to ensure that we are
24 capturing all the set of services that's necessary to
25 make them successful.

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2 CHAIRPERSON ARROYO: Now, part of the
3 responsibilities that these organizations that are
4 funded under our worker cooperative initiative is to
5 grow 23 at a minimum, right? We're hoping for more,
6 right guys? And so one of the criticisms about the
7 legislation is that while you know, it's a young kind
8 of movement and the types of businesses that are
9 currently operating as worker cooperatives are not
10 the kind of services that the city procures. So, my
11 hope, and this is not so much a question but a
12 recommendation, is that in the work that's being done
13 with the organizations that are working the
14 initiative, that the discussion about what sectors
15 they should be focusing in the development of those
16 new businesses, and whether or not there's an
17 opportunity to get some started within the sectors
18 that the city absolutely does procurement for
19 services. I think that that would be not only wise,
20 but would help us move the conversation forward in a
21 more productive and effective way.

22 GREGG BISHOP: Yes.

23 CHAIRPERSON ARROYO: So that, you know,
24 dog walking, well I don't know, I guess the police
25 department walks their own dogs, right? But I mean,

1
2 and I think the point is well taken, and I think for
3 our advocates and those who have worked so hard in
4 the community that they understand that, you know,
5 worker cooperatives, dog walking businesses are
6 necessary in the community, but they're not going to
7 make their business grow expecting to contract with
8 the city. So, please, when having the conversation
9 and the development of those new businesses that we
10 can get created, that the sectors in which the city
11 does procurement in, that that also be worked with
12 the advocates in order for the new businesses to
13 develop in those sectors.

14 GREGG BISHOP: Sure.

15 CHAIRPERSON ARROYO: And also, you know,
16 I want to deal with the challenges of helping
17 businesses grow to be at a very competitive edge with
18 every other longstanding company that's doing
19 business with the city. So we appreciate the
20 feedback. And I hope you guys are taking notes,
21 right? So, for the folks who visit the centers and
22 get one on one assistance, the account managers
23 provide information on cooperate cooperative
24 structures and refer interested individuals to
25 capacity building organizations. What's the process?

1
2 And I would imagine you're--the organizations,
3 capacity building organizations of these guys over
4 there.

5 GREGG BISHOP: Yeah. So, it's similar to
6 a legal referral process where we sit down with the
7 individual. We identify the need. If they are
8 interested in actually starting a cooperative, then
9 the process would be that we refer that individual to
10 one of the organizations that can provide that
11 technical assistance. What we want to make sure is
12 that we're not duplicating services, and that's one
13 of the exercise that we're conducting right now with
14 these organizations is to really understand, you
15 know, what services they offer, where there's
16 overlap, and ensuring that the goals that we set with
17 these organizations make sense. So, identifying the
18 best organization is part of that, and they will be
19 part of our network, and we've done this with other
20 services.

21 CHAIRPERSON ARROYO: I don't know about
22 the best organization, but the best suited.

23 GREGG BISHOP: Well, when I said--

24 CHAIRPERSON ARROYO: [interposing] For
25 whatever.

1
2 GREGG BISHOP: When I said the best
3 organization, I meant the best suited. You know, a
4 person could be in one particular area of the city,
5 so we want to make sure we connect them to the right
6 organizations that's servicing that area.

7 CHAIRPERSON ARROYO: We've been joined by
8 Council Member Maisel. Thank you for joining us.
9 So, on your Ten Steps to Starting a Business course,
10 what's the content on worker cooperative that's been
11 included?

12 GREGG BISHOP: So, if you've--so in the
13 deck, we talk about all the different steps you need
14 to start a business. We talk about credit. We talk
15 about marketing. We talk about actual, you know,
16 recruitment, and then there is a area where we talk
17 about structure. So, typically, we would only talk
18 about you could start a business as a sole
19 proprietor. You could start a business as an LLC.
20 You can start a business as a corporation, and now
21 we've included worker cooperative as a potential
22 structure. We explain the benefits of all those
23 structures. Obviously, everyone has their benefits
24 and there are some, you know, I guess the cons in
25 terms of, you know, if you start a business as a sole

1 proprietor there's more liability, etcetera,
2 etcetera, etcetera. So we go through the pros and
3 the cons for the structure, and then usually at the
4 end of that course we follow up with some type of
5 referral. Now, usually it's to--if it's an
6 entrepreneur that's looking to start a business and
7 need the legal services then we refer them to our
8 free legal service.
9

10 CHAIRPERSON ARROYO: Okay. Council
11 Member Rosenthal?

12 COUNCIL MEMBER ROSENTHAL: [off mic] for
13 those questions, Council Member Arroyo, because I
14 could tell that their enthusiasm for worker
15 cooperatives grew as you were answering those
16 questions, right, Mr. Bishop? I want to start by
17 saying that the way that I'm reading your testimony,
18 and I want you to correct my understanding, I'm not--
19 I'm reading it that you have concerns not about this
20 legislation, but about the legislation that would
21 come after, right? I hear that you have concerns
22 about being held to standards, and I'd like to talk
23 about that for a minute, minority women-owned
24 businesses for a minute. But that you have concerns
25 about being set to, held to standards about a

1 business model that SBS is less familiar with. And
2 so I hear, or I'm reading in your testimony that your
3 unfamiliarity raises this factor of concerns, but
4 what I don't see is the connection between those
5 concerns and the reality of this legislation. You
6 know, it's so interesting, the concerns you raise
7 would be 100 percent valid for the first piece of
8 legislation that I was looking for, which was indeed
9 to set some aspirational goals much in the same way
10 that we do with minority and women-owned businesses.
11 Right? Minority and women-owned businesses, if we
12 could just sort of--well, I'll finish that point.
13 Set some goals and possibly even change some of the
14 rules of how to define what a business is for the
15 purpose VENDEX and procurement as worker cooperative
16 could more easily fit into the VENDEX system, but
17 that's not what this legislation does. I would define
18 this legislation very generously as milk toast, as
19 the most modest step to introducing a new business
20 model and giving the city an opportunity to notice
21 its existence, right? Because all this legislation
22 does is say, "How you doing?" It's all it does. It
23 doesn't ask you for an aspirational goal, to meet an
24 aspirational goal. It doesn't say we're looking to
25

1 contract even with worker cooperatives. It doesn't
2 even ask you to. All it does is say, "Could you let
3 us know." Sort of, let's think about a baseline to
4 start with. So let's start at zero, which is 2014,
5 I'm assuming unless I think maybe one of these newly
6 funded contracts might be with a worker cooperative,
7 but ostensibly, start at zero and over a lifetime, do
8 we have any numbers? Now, we may--the second thing
9 it does is it says, "Could you please identify the
10 hurdles to contracting with worker coops? And those
11 hurdles, we're really interested to hear about it. In
12 fact, we're so interested that we want to see. We
13 want you to formally tell us about what those hurdles
14 are." And that's all the report calls for. You
15 know, so actually, let's start with your response to
16 that.

18 GREGG BISHOP: So, and what I would say
19 is that we are certainly excited about worker
20 cooperatives, and I think what we are saying is that
21 the fact that there is 23 known worker cooperatives
22 in New York, and the fact that we do not have the
23 necessary capability of actually identifying because
24 it's a business structure who's winning city

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2 contracts. I think that's part of our concerns with
3 the legislation.

4 CHAIRPERSON ARROYO: Mr. Bishop, I'm
5 sorry, but on page four of your testimony, you had
6 three bullets. The third one is the city, through
7 the Mayor's Office of Contract Services has the
8 ability to differentiate between those businesses
9 which are under a worker cooperative ownership model
10 and other business doing--

11 GREGG BISHOP: [interposing] No, so those
12 points were part of the assumption that was made by
13 that bill. What we're saying is that those were
14 false assumptions.

15 COUNCIL MEMBER ROSENTHAL: Right.

16 GREGG BISHOP: But we do not have the
17 ability to differentiate.

18 COUNCIL MEMBER ROSENTHAL: Right, I mean
19 one of the--

20 GREGG BISHOP: [interposing] So we would
21 love--

22 COUNCIL MEMBER ROSENTHAL: nice--

23 GREGG BISHOP: [interposing] Sorry.
24
25

2 COUNCIL MEMBER ROSENTHAL: One of the
3 nice things about there being just 23 worker
4 cooperatives with a possibility of 20 more is that--

5 CHAIRPERSON ARROYO: [interposing] But
6 no. I'm sorry, Helen, but--

7 COUNCIL MEMBER ROSENTHAL: [interposing]
8 you actually would have.

9 CHAIRPERSON ARROYO: The legislation
10 assume, would--we're assuming that all of that would
11 be in order.

12 GREGG BISHOP: But no, what we're saying
13 is that premise of the legislation is assuming that
14 these three points, and one--and the third point--

15 CHAIRPERSON ARROYO: [interposing] But it
16 does--there's no assumption.

17 COUNCIL MEMBER ROSENTHAL: I don't think
18 that assumption exists, right?

19 CHAIRPERSON ARROYO: Now--

20 COUNCIL MEMBER ROSENTHAL: [interposing]
21 It doesn't, the city doesn't have to have the
22 mechanism in place to have, to be able to recognize
23 it as a business model. You couldn't have it in
24 place yet, because I mean, as Chair of Contracts I'm
25 learning more and more about the procurement system

1 and VENDEX, but right now, it doesn't, it doesn't
2 exist. However, as you say, there's a de minimis
3 number of organizations, and if we were going to ask
4 you to--and you're working with us and with the
5 worker cooperative community to grow worker
6 cooperatives, I don't think it's such a challenge to
7 be able to say, I mean, just knowing Excel a little
8 bit, which--are there any on this list that are--it's
9 search/find, and you can do that 40 times and you'll
10 be done. So, I don't--and frankly, if we do have a
11 contract with the worker cooperative, trust me, all
12 of us are going to be aware. So, this bill doesn't
13 ask you to set up the systems so that you would know.
14 All it says is tell us, and if you would like us to
15 write that in a more milk toast way than we already
16 have, I'm delighted to hear that language.

18 GREGG BISHOP: Got it. So I think we'd
19 be happy to work with you on figuring out a way for
20 us to identify the worker cooperatives.

21 CHAIRPERSON ARROYO: Well, you know, I
22 think we have to do our work on parallel tracks, and
23 one of the things, several of the--there were at
24 least three overwriting issues that came out of
25 hearing in February, which I think you testified at.

1
2 GREGG BISHOP: Actually, Miquela was the
3 lead and I was answering questions.

4 CHAIRPERSON ARROYO: Okay. So, but you
5 recall the hearing?

6 GREGG BISHOP: Yeah.

7 CHAIRPERSON ARROYO: If you stayed
8 throughout the hearing, you heard that the challenges
9 that we have in the city with regards to this
10 business model is one, awareness, that individuals
11 out in the city do not have the information about his
12 business model being an opportunity for them as a
13 business owner, let alone, you know, bringing in
14 others to share the burden and the success of a
15 business. So that we're having this conversation not
16 nine months after a hearing, I think is incredible.
17 And I really have not seen at least in almost the ten
18 years I've been here, us go from zero to where we're
19 at on such a meaningful level on anything here in the
20 Council. So, the recommendation about, the
21 assumption that the city would understand and has
22 addressed whatever barriers may exist in contracting
23 with worker cooperatives, and that the Mayor's Office
24 of Contracts would have the ability to differentiate.
25 So part of the parallel track work that we need to

1 do, is how do we create the system that would on an
2 Excel spreadsheet be able to count the number of
3 businesses that are engaging with the city for
4 selling services that they provide. So, I appreciate
5 the statement, but if those assumptions are
6 interpreted from the legislation that we're
7 discussing, then let's talk about how we create those
8 monitoring systems, moving forward. And I think that
9 that certainly advances the conversation in a very
10 productive and effective way. We don't want to have
11 to legislate any of what you do, none of what you do
12 actually, because you're doing it so well.
13 Everyone's so happy that we don't need legislation.
14 Okay? And I for one am not, and I'm not going to
15 speak for the prime sponsor of the legislation, want
16 to force the issue this way. I would prefer it to be
17 a business practice and policy that the agency
18 functions from so that, you know, everyone who
19 advocates on behalf of this business model is
20 satisfied that we're putting some skin in the game as
21 government, which was one of the other issues that
22 was raised in the hearing, that we're not making
23 investments in this business model in order to grow
24 it, and you know, how and individual goes into a
25

1 business venture. You know, it's that individual's
2 prerogative, but to provide for individuals in
3 communities that otherwise would not have an
4 opportunity to become a business owner. I think the
5 level of responsibility that we share to make that
6 thing possible is enormous. So we don't want to have
7 to do legislation. Let's work on the process and
8 policy so that we can get to a place where the issues
9 that were raised in our February hearing were making
10 headway with. And the fact that you've already
11 included it as part of the steps for business
12 development, I congratulate you, and SBS really hit
13 the ground running with modifying the training and
14 services available to potential business owners. So I
15 thank you for that. So, you know, as I said before
16 this hearing started, we're not here to give you a
17 hard time. I don't want to have to say to my
18 colleagues, "Please vote in favor of this
19 legislation," because stuff is so organized that it's
20 not necessary.

22 COUNCIL MEMBER ROSENTHAL: What she said.
23 I mean, the only way I'd continue is just ask, you
24 know, to think back and Council Member Arroyo and
25 Crowley, you were here. I wasn't, but I imagine that

1
2 the discussions about the aspirational goals for
3 minority and women-owned businesses perhaps started
4 this way. You know, we cannot legislate goals for
5 minority and women-owned businesses, right? Because
6 we're all governed by the general municipal law.
7 We've all agreed to that, and the way we're dealing
8 with that is by having aspirational goals. I
9 understand that, right? But at that time when you
10 guys were legislating the aspirational goals, we
11 found a way around the hurdles. Here, I'm sort of
12 hearing sort of the same resistance, and I would
13 argue that in this bill I'm really interested to hear
14 from you which are the hurdles that are real and
15 really relate to this bill, because the hurdles that
16 you're raising in your testimony, to me, are sort of
17 imagined or are ones that would happen if the, if and
18 when the next piece of legislation would come along.
19 It really is not intended to be anything more than
20 giving us all an opportunity to mark our great
21 success in seven years, and to do that in a very
22 public and hopeful way, and the bill asks us to
23 report and make a report, make a hopeful report in
24 2016 about what we can do to move it forward so that
25 if even one contract pops out of that, we're at 100

1
2 percent better than zero. And I think that's a goal
3 worth, that both sides of the Administration and the
4 Council would think are ones that would be exciting.

5 GREGG BISHOP: I think we're looking at
6 actually, and you'll see throughout my testimony, is
7 the fact that we're looking to build that industry,
8 and you're absolutely correct, not only just worker
9 cooperatives, but businesses in general. Contracting
10 with the city, you need to have a better
11 understanding before you step into it, and we have a
12 course called Selling to Government where we actually
13 focus on teaching all types of businesses, sole
14 proprietors, LLC's, and also including worker
15 cooperatives, like how to sell to New York City. So
16 I think we are really--we want to work with you and
17 the advocates to not only help build the pool of
18 worker cooperatives, but build them in the sectors
19 that make the most sense, that may actually have
20 opportunities with the city. One of the things you
21 also need to know, and you probably know already, is
22 that, you know, as a young business, typically if the
23 business is less than a year old, we actually advise
24 them not to do business with the city. They do not
25 have the financial capacity. They may not even have

1 the personnel capacity to handle a city contract.

2 So, there's a lot of growth that we think worker

3 cooperatives will need, and we need to help them

4 through that process. So, I think that's what you

5 will find throughout the testimony is that we want to

6 actually go through this process. We want to work

7 with the advocates. We want to work with you. We,

8 you know, can certainly help and work with you to

9 figure out we can figure out how many cooperatives

10 are actually bidding on city contracts, etcetera, but

11 we, you know, we do have some concerns with the fact

12 that it's legislation. I'm sure if we just, you

13 know, work with you as we have been doing, we can

14 accomplish the same goal.

15
16 COUNCIL MEMBER ROSENTHAL: Last question,

17 I promise, and then I'll turn it over to Councilwoman

18 Crowley or back to the Chair. But Deputy

19 Commissioner Bishop, do you think that it's good that

20 we have the MWBE law in the books?

21 GREGG BISHOP: So, the WMBE program is a

22 little bit different, the--

23 COUNCIL MEMBER ROSENTHAL: [interposing]

24 It's a lot different, yeah.

25 GREGG BISHOP: So, certainly yes, it is--

2 COUNCIL MEMBER ROSENTHAL: [interposing]
3 It doesn't get to business model. It has to do with
4 some other criteria that are not relevant to the
5 general municipal law.

6 GREGG BISHOP: Right, which is historical
7 discrimination against certain groups.

8 COUNCIL MEMBER ROSENTHAL: Yeah.

9 GREGG BISHOP: So, again, you know, yes,
10 I would say that it's good.

11 COUNCIL MEMBER ROSENTHAL: That we have a
12 law on the books? I'm really glad, too, and I'm glad
13 we didn't just say that the council that preceded me
14 didn't just say, "Yeah, we're all working for it.
15 We're all going to work really hard, and we're going
16 to put money into it, we're going to do more
17 training." I'm really glad they didn't do that, and
18 I'm glad, very glad that they set out to have
19 aspirational goals. It's valuable. I think it's
20 really important. Thank you.

21 COUNCIL MEMBER CROWLEY: Thank you to our
22 Chair and to Council Member Rosenthal for sponsoring
23 this bill. I think you wrote up some valid concerns.
24 First, Deputy Commissioner, business solutions, New
25 York City Business Solutions, is that still?

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GREGG BISHOP: NYC Business Solutions--

COUNCIL MEMBER CROWLEY: [interposing]

Under your--

GREGG BISHOP: Yes.

COUNCIL MEMBER CROWLEY: Is that under
you're realm? Now, how is that different than the
strategic initiatives?

GREGG BISHOP: I'm sorry, can you--

COUNCIL MEMBER CROWLEY: How does the of-
-the office different from strategic initiatives?

GREGG BISHOP: So, Lydon is in the
Executive Office, so he can--

LYDON SLEEPER: Yeah, so I--

COUNCIL MEMBER CROWLEY: [interposing]
Sorry, have you spoke yet?

LYDON SLEEPER: I have not.

COUNCIL MEMBER CROWLEY: You need to
introduce yourself for the record.

LYDON SLEEPER: Thank you, Council
Member Crowley. My name is Lydon Sleeper, I'm the
Senior Advisor for Strategic Initiatives. So, Gregg
oversees the business development division, which
among other things oversees our NYC Business Solution
Center, which we think are the, a great vehicle for

1 supporting the development of worker coops in the
2 city. My role here is both as Emissary of the
3 Commissioner and also I work with Gregg and the rest
4 of the team and Jackie's team to coordinate between
5 our workforce systems and our Business Solutions--and
6 our business systems to make sure--

8 CHAIRPERSON ARROYO: [interposing] What's
9 Jackie's team?

10 LYDON SLEEPER: they work together.

11 CHAIRPERSON ARROYO: What's Jackie's
12 team?

13 LYDON SLEEPER: The Workforce Development
14 Division.

15 COUNCIL MEMBER CROWLEY: Okay, good.
16 Okay. So I see why it's important that you're here
17 today.

18 LYDON SLEEPER: Yeah, collaboration with
19 the Council with the worker coop groups and also
20 within the divisions in our agencies.

21 COUNCIL MEMBER CROWLEY: Because the
22 worker cooperative is a workforce business. It's
23 owned and operated. It's interesting and unique in
24 that sense. So it, both--it fully encompasses your
25 role and your strategic initiatives. I, you know,

1
2 want to follow up Council Member Rosenthal's talk
3 about--did you get it?

4 COUNCIL MEMBER ROSENTHAL: I think he--I
5 saw the light--

6 COUNCIL MEMBER CROWLEY: He's working
7 with workforce as well as business, and here we have
8 workforce is the business. They run their own
9 business there and that's what makes worker
10 cooperatives unique, because you're going to--if you
11 do a training for the workforce, you're training the
12 business owners.

13 LYDON SLEEPER: Right, and I think
14 that's--

15 COUNCIL MEMBER CROWLEY: [interposing]
16 You have the special initiative that does, you know,
17 workforce training initiatives with this particular
18 group.

19 LYDON SLEEPER: Right.

20 COUNCIL MEMBER CROWLEY: Any type of help
21 in by in itself you are helping the business. When it
22 comes to women and minority-owned businesses, our
23 city has a roundabout idea of how many businesses
24 there are, and that's how we're able to set goals,
25 and it's your office that provides the certification

1
2 if a women or minority-owned business wants to be
3 certified as such, and earlier you said there were 23
4 known worker cooperative businesses, but there might
5 be 46, or you know, or five or ten times as many than
6 we currently know, because I don't know that you have
7 a certification program that would certify a business
8 as a worker cooperative.

9 CHAIRPERSON ARROYO: And if I may add, 23
10 in the city, but I know that the city does business
11 with entities that are not necessarily in the five
12 boroughs. So, you know, in capturing the universe of
13 worker cooperatives, if we only count the ones that
14 we know about in the city, I think we're short
15 changing the count, and how you identify what
16 businesses are available to do a business with the
17 city, not only in the five boroughs, because I see a
18 lot of New Jersey license plates coming into the city
19 doing a lot of work, tearing up our streets, you name
20 it, rebuilding a park. So I think we need to get
21 away from in the city we have 23. I think the
22 universal worker cooperatives that could potentially
23 contract with the city is larger than that.

24 COUNCIL MEMBER CROWLEY: Right, and I
25 think what we're getting to heart of is maybe we need

1
2 to introduce language whereby when we're giving out
3 city contracts, at least we'd know if there was some
4 certification. So we need like a certification that
5 should be given out by the small businesses in order
6 to start tracking the numbers. Because when you look
7 at the number of minority women-owned businesses in
8 the city you're talking about in the thousands, and
9 so we have over 200,000 businesses in the city, we
10 know that, you know, close to 40,000 at least, you
11 know, I'm guessing, but there's a clear percentage,
12 close to 20 percent, and that's how the city can set
13 the goal. So once we understand how many worker
14 cooperatives are and what percentage they are, and as
15 Council Member Arroyo said, you know, you could go
16 and register as a worker cooperative business and be
17 practicing in New Jersey but still get a
18 certification from Small Businesses. I think it's
19 important to know exactly how many people work for
20 those companies as well. So we know it's 23, but
21 does that mean there's 23,000? We heard some very
22 successful worker cooperatives were there were a
23 significant number of employees. So, it needs to get
24 a handle on that, the number of people working there.
25 And what is the percentage of minorities that are

1
2 working in the--right. And is there hurdles for
3 undocumented individuals, New York residents? Are
4 they able to do the work and be a part of a worker
5 cooperative? Do you know an answer? Do you have an
6 answer to that, to know if there are?

7 GREGG BISHOP: So I think you're raising
8 a lot of really great points, which goes back to the
9 fact that we want to actually understand the sector a
10 lot more, because to all the points that you just
11 raised. One of the things I would say is that the
12 certification is a little bit different with worker
13 cooperatives than with MWB, because MWB we have to
14 verify that the control is with the minority or the
15 woman, whereas worker cooperatives, I don't think we
16 would need to have some type of formal certification.
17 We just have to figure out a way to indicate that the
18 business structure is different from a corporation,
19 but it's a worker cooperative.

20 COUNCIL MEMBER CROWLEY: Right. You have
21 to.

22 GREGG BISHOP: Right.

23 COUNCIL MEMBER CROWLEY: You have to make
24 sure it's being operated by the workers.

1
2 GREGG BISHOP: Right, and I would say
3 that we should, you know, sit with you in Council and
4 figure out where's the best place to capture that
5 information. Most of the businesses that do business
6 with the city register within a database called FMS,
7 and maybe we can look at possibly doing something
8 there, but the point is, there's--we would love to
9 sit down with you and figure out a way to capture
10 that information, and then further, you know, working
11 with the partners that we have already understand
12 some of the issues that you just raised in terms of
13 the number of employees, the barriers to entry,
14 etcetera, etcetera. And that's why there's that
15 collaboration between workforce and Business
16 Development, because we certainly see a lot of
17 unemployed New Yorkers that entry and being able to
18 join a worker cooperative might be the right solution
19 for them.

20 COUNCIL MEMBER CROWLEY: And last
21 question, have you looked at other municipalities or
22 even in other countries? When we heard testimony
23 when we had the hearing a few months ago, there was
24 some very impressive numbers from city in Spain or a
25

1
2 city in Italy, and even some other cities in this
3 country.

4 GREGG BISHOP: So that's all part of the
5 research to figure out, you know, what best practices
6 are happening across the not only the country, but
7 the world. I know there's an organization out in
8 Cleveland that we hear a lot about. So yes.

9 COUNCIL MEMBER CROWLEY: No further
10 questions, thank you.

11 CHAIRPERSON ARROYO: Thank you. So, in--
12 you're opposing the legislation, is that what you're
13 here to say?

14 LYDON SLEEPER: Yes.

15 CHAIRPERSON ARROYO: Okay. The--what in
16 it needs to change or would you recommend be amended
17 in order for there to be a place where we can agree
18 on the legislation?

19 GREGG BISHOP: So, I think we should have
20 a conversation and figure out if we even need the
21 legislation to begin with.

22 CHAIRPERSON ARROYO: So you're not--
23 you're not prepared to make recommendations on some
24 modifications to the language today?

25 GREGG BISHOP: No.

2 CHAIRPERSON ARROYO: Okay. The--so, I
3 had a couple of questions for the Mayor's Office of
4 Contracts, but they did fill out a slip, but we're
5 not testifying? Okay, so I'll ask you and then you
6 can ask her, okay? But I'm going to concentrate on
7 SBS first. So, have--I--does SBS have a sense or
8 have you done some study on the impact of worker
9 cooperatives on employment in the city?

10 LYDON SLEEPER: No, we do not. We have
11 not done a study, no.

12 CHAIRPERSON ARROYO: Okay. And so,
13 you've already taken steps to engage or create an
14 environment that would help develop worker
15 cooperatives in the city, and I congratulate you for
16 that, and thank you for that collaboration because we
17 could not say that February when we had the hearing.
18 So, and thank you for hearing the recommendations of
19 the advocacy community in that regard. So, would you
20 be able to through your Business Development,
21 Business Solutions Center know whether worker
22 cooperative businesses came to SBS seeking
23 assistance?

24 GREGG BISHOP: Yes.
25

2 CHAIRPERSON ARROYO: You can? So, would
3 you be able to tell us how often that occurred, how
4 many, and then with that, you know, were there
5 specific areas in the city or neighborhoods where
6 these businesses came to SBS seeking assistance? And
7 the types of businesses, okay? So they're dog
8 walkers, okay, fine, but maybe there's one that's
9 actually selling paperclips. We buy a lot of
10 paperclips.

11 GREGG BISHOP: We do.

12 CHAIRPERSON ARROYO: We do, right? A lot
13 of pens, a lot of paper, toner, you know, Staples
14 should be put out of business and you know, the city
15 should be buying from worker cooperatives. My
16 recommendation. Anyway, so neighborhoods where these
17 businesses came from, the types of businesses that
18 came to you for assistance, and how do you follow up
19 with the ones--so you've engaged in modifying what
20 the ten steps and included information on worker
21 cooperatives. So for those, how many have
22 demonstrated interest? What's the follow up that SBS
23 does for those that you refer to one of the partners
24 in this initiative? So that we can measure the work
25 they're doing.

1
2 GREGG BISHOP: So, I just want to be
3 clear, you're asking us to provide that information
4 going forward, correct? Okay.

5 CHAIRPERSON ARROYO: I recognize that you
6 don't have it today.

7 GREGG BISHOP: Yes.

8 CHAIRPERSON ARROYO: Or do you?

9 GREGG BISHOP: No, I do not, because it's
10 relatively--

11 CHAIRPERSON ARROYO: [interposing] It's
12 not uncommon for us to say to the agency, if you can
13 bring us back information.

14 GREGG BISHOP: Yes.

15 CHAIRPERSON ARROYO: What, you know,
16 getting at the heart of how to operationalize
17 legislation that you have concern about being able to
18 do. And maybe you have the capacity already and
19 don't even know it. Or with some existing systems
20 that you have in place modified and enhanced, we can
21 potentially capture the information that the study
22 this legislation calls for would include. Okay? And
23 the follow up that--what follow up you do to those
24 that, for those that request assistance from SBS, and
25 what work are you doing to assess their needs, to

1 help them assess the needs or identify their needs?

2 And if you can add into that, because I believe that

3 the funding that the City Council adopted into the

4 budget I think can help you extend the net on what

5 support these businesses can get, real boots on the

6 ground support, not from your legal department. Not

7 that I have any question about what kind of work they

8 do, but are you, do you have the capacity to provide

9 the legal?

10
11 GREGG BISHOP: So just to be clear, it's

12 actually legal services, so it's not our legal

13 department. We do have a network of attorneys.

14 CHAIRPERSON ARROYO: I misunderstood.

15 GREGG BISHOP: Attorneys that we refer

16 our businesses to, but one of the things I want to be

17 clear as well is that part of understanding the

18 services that our partners provide is to make sure

19 that we don't duplicate services. So we're--

20 CHAIRPERSON ARROYO: [interposing]

21 Partners, you define as whom?

22 GREGG BISHOP: Meaning the partners that

23 are part of the City Council's initiative, because

24 again, a year ago we were not actually talking about

25

1
2 worker cooperatives, and we really started it
3 earnest.

4 CHAIRPERSON ARROYO: Say it again.

5 GREGG BISHOP: A year, yeah.

6 CHAIRPERSON ARROYO: He's driving a
7 point.

8 [laughter]

9 LYDON SLEEPER: And can I just--

10 CHAIRPERSON ARROYO: [interposing] So let
11 me sum up on the--so, now that you're providing that
12 information to those who are coming in asking for
13 assistance, with the ones that you refer for the
14 worker cooperative services, how many, the kind of
15 services they're asking for? At some point we
16 probably see that again in the matrix that's being
17 reported under the initiative, so that it's almost
18 like a check and balance, if you will, between the
19 information that you provide for us but also what we
20 hope to see from the contracted services that are,
21 that the organizations are providing. I don't--I
22 thank you for not duplicating effort, and you know,
23 we can make this initiative a great deal more
24 successful, you more productive if you don't try to
25 do what you're not really good at. Not that you're

1
2 not good at worker cooperatives, I'm just--you know,
3 I think they're better at it.

4 LYDON SLEEPER: Very skilled at a lot of
5 things. If I could just add to your point. You ask
6 a lot of very good questions and very important
7 questions. One of the things as we talk about worker
8 coops, and prior to seeing this legislation and
9 looking deeply at this legislation, we agree that
10 there needs to be a closer look at all of the world
11 of worker coops in New York City and around New York
12 City, and part of that is understanding where the
13 model is best fit and what sectors, how to grow them,
14 with their barriers to growth are, how to grow both
15 their size in terms of employees, their profits, and
16 also the sheer number of them as a percentage of
17 businesses in New York. And we think all of that is
18 critical to look at. And then also apply it to
19 where, you know, opportunities may be in the future
20 for procurement, but I think for worker co-ops and
21 our goals to be successful, we should shoot toward
22 growing the number of worker co-ops and their success
23 within the city, and not direct it specifically
24 toward procurement. Although, that is a lever that
25 government has used for other, in other areas. What

1
2 we need to look at is making them strong, sustainable
3 and robust across all sectors as opposed to saying
4 this is a sector that the city procures and we should
5 work them into that.

6 CHAIRPERSON ARROYO: The--

7 LYDON SLEEPER: [interposing] It's a
8 slight difference, but I think when we consider a
9 study and look at a study, that's how we think it is
10 best to pursue that as opposed to saying procurement
11 is the angle, we think growth in the number of
12 businesses, growth in the number of workers and
13 worker co-ops, that is the ideal thing to look at as
14 opposed to--

15 CHAIRPERSON ARROYO: [interposing] You'll
16 get--

17 LYDON SLEEPER: [interposing] letter on a
18 spreadsheet that we--

19 CHAIRPERSON ARROYO: [interposing] There's
20 no disagreement--

21 LYDON SLEEPER: [interposing] coordinate
22 with MOCS.

23 CHAIRPERSON ARROYO: on that. There is
24 no disagreement, but I did say parallel tracks,
25 right? So while we do that, we can also try to get a

1 handle on well, we might already be doing business
2 with the city or the city might already be engaging
3 these business models or these businesses and we just
4 don't know it. So, I agree 100 percent that there's
5 a laundry list of things that need to be developed
6 further with the help of the worker cooperative
7 advocacy community, and but we also, and this doesn't
8 speak to procurement with the city as a mandate.
9

10 LYDON SLEEPER: It presumes that angle.

11 CHAIRPERSON ARROYO: It does not presume
12 it. It doesn't assume it. It doesn't, you know.
13 So, I think that we need to step away from that
14 assumption, because that's not the goal of this
15 legislature. We cannot. We're just not there. The
16 fact that we're having a second hearing in the City
17 Council on this subject is, I think, advance the
18 conversation that the advocates brought to us in
19 February significantly. So, but you know, once we've
20 uncovered the desert that we have in our city with
21 regards to government investment in the development
22 of this business model, we don't have a choice but to
23 move the conversation forward. So, this legislation
24 does not assume anything. It helps us engage in the
25 conversation of what it is that we need to develop,

1
2 establish, or strengthen to be able to just help us
3 understand how as government are we providing
4 opportunities for these businesses. It sets no goal.
5 It sets no language. It has no language about you
6 have to do business with--

7 LYDON SLEEPER: No, we--

8 CHAIRPERSON ARROYO: worker cooperatives.
9 That language is not part of this legislation.

10 LYDON SLEEPER: And we do believe that
11 our role right now in supporting the growth of the
12 worker co-op community within all businesses in New
13 York City is by helping grow the number, grow their
14 capacity, grow their number of employees, grow their
15 profits, and increase access to capital in all the
16 things that we are doing and working to build out,
17 and making scientific as best we can how to best
18 proceed with growth moving forward. And we agree
19 with you guys on all of those goals, I think.

20 CHAIRPERSON ARROYO: We agree on a lot of
21 stuff.

22 LYDON SLEEPER: We do.

23 CHAIRPERSON ARROYO: We do, we do.

24 LYDON SLEEPER: And I think that--
25

2 CHAIRPERSON ARROYO: [interposing] It's
3 just the nature of the beast for you to be there and
4 for us to be here.

5 LYDON SLEEPER: You absolutely have our
6 commitment to continue to work with you guys with
7 worker co-ops and the groups representing worker-cops
8 to move the ball forward in a meaningful way.

9 CHAIRPERSON ARROYO: Okay, so a couple,
10 two more questions and then I'll--I think Council
11 Member Rosenthal, I'm sorry Helen, has a follow up
12 question. So the Mayor's Office of Contract
13 Services, any feedback on the hurdles that are
14 envisioned in integrating worker cooperatives into
15 the city procurement process, what type of assistance
16 if any does MOCS provide to companies going through
17 the procurement process, and anyway, okay. So, we'll
18 leave it there. If you're going to say something,
19 you need to come to the table, identify yourself for
20 the record, and make sure that we have a slip. We
21 have Caitlin. That's Caitlin Benson, right? There
22 you go. So we have your slip.

23 CAITLIN BENSON: Good afternoon. My name
24 is Caitlin Benson, I'm the Chief of Staff at the
25 Mayor's Office of Contract Services. To speak to

1
2 your question, Council Member Arroyo, we, the Mayor's
3 Office of Contracts would be involved in the
4 reporting aspect of this legislation. The--we, you
5 know, support what SBS had already, you know, shared
6 with you about the services that they're providing to
7 worker cooperatives. We are not providing any, you
8 know, direct services to the worker cooperatives.
9 It's through the agency.

10 CHAIRPERSON ARROYO: So, in regard--so in
11 the question, what hurdles do you envision in
12 integrating worker cooperatives in the city
13 procurement process?

14 CAITLIN BENSON: Yeah, go ahead.

15 GREGG BISHOP: And when you say
16 integrating, you're talking about so--the way you
17 look at worker cooperatives it's as any other
18 business that are actually trying to do business with
19 the city, and whether it's a worker cooperative or
20 whether it's a corporation, etcetera, you know, city
21 procurement depending on the levels, we have to
22 actually pick the best price. So, for instance, if
23 you're competing the mark off [sic] space, there
24 might not be hurdles. It's just a matter of
25 awareness. It's a matter of awareness. It's the

1 matter of the agency chief contracting officer being
2 aware of the service that you provide, because
3 agencies have full discretion. If you're talking
4 about the small purchasing space, it's making sure
5 that the worker cooperative knows about how the
6 procures in that particular area, because the city
7 pulls five certified firms, MWBE's, and five
8 noncertified firms, and only those can compete on
9 that contract. So it's just a matter of education at
10 that level. I think what you're really asking is if a
11 worker cooperative for contracts over 100,000 where
12 the city has to go with the lowest competitively
13 priced bid, then we have to really help that
14 cooperative, and this what Lydon and MOCS would agree
15 as well, produce the best price. And that could be a
16 number of things. We've seen it, and not to div--you
17 know, move over to MWBE, but that's one of the
18 reasons why we've invested so much money on capacity
19 building to help them understand about pricing, to
20 help them with their operations. A lot of businesses
21 lose money based on the fact that they don't know how
22 to run their business, which increases the prices of
23 their goods. We focus a lot on how to sell your
24 service. So those are the things that we need to do
25

1
2 in general, and you know, worker cooperatives are no
3 different in that area.

4 CHAIRPERSON ARROYO: And you do it MWBE's
5 only because the law has mandated for you to do it?

6 GREGG BISHOP: Actually, no.

7 CHAIRPERSON ARROYO: Or because you think
8 it's a good business practice, it's good policy.

9 GREGG BISHOP: Because of the limitations
10 of the law, actually, is why we do it, because we
11 realized that we cannot award a contract to an MWBE.
12 They have to be competitive, and the only way for MWB
13 to be competitive is to address some of the
14 efficiencies we've seen over time in the operations
15 of their business. So we talked about invoicing, you
16 know, having an MWB understand the right systems to
17 invoice on time, having them understand when they
18 need to, you know, submit change orders. There's a
19 number of programs where we go into the operations of
20 the business itself to make sure that they run
21 effectively and efficiently, so that way they can be
22 more competitive on city contracts.

23 CHAIRPERSON ARROYO: And how would that
24 be different for worker cooperative businesses?

1
2 GREGG BISHOP: Well that's--and that's
3 one of the areas I was talking about, so we need to
4 understand. So because we've spent the number of
5 time--now, I've been with the agency for six years,
6 and LL 129 came about in 2005. We've been working
7 with MWB's for quite some time. So we were able to
8 understand some of the shortfalls and some of the
9 barriers of entry for MWB's and city contracting.
10 That's the same sort of analysis that we want to
11 advocate for, and that's why we want to work with the
12 advocates and we want to work with you to understand
13 some of the barriers. And some of the folks that
14 I've talked to with the organizations, you know, what
15 I know one of the areas with cooperatives is the
16 unique nature of the business structure. Every owner
17 has a share. So for financing that might be a little
18 bit difficult. So I'm making assumptions, but you
19 know, access to capital might be one of the areas
20 that worker cooperatives has a barrier because banks
21 do not understand the structure of a worker
22 cooperative. It could be in other areas or it may
23 not. I mean, a worker cooperative depending on the
24 sector, they need to understand the market forces and
25 whether or not, for instance, a dog walking business

1
2 actually makes sense in a particular area of the
3 city. The same way they need to understand that, you
4 know, for instance, the Department of Corrections buy
5 coffins, right? But is that an area of opportunity
6 for a cooperative? Maybe, maybe not.

7 CHAIRPERSON ARROYO: The Department of
8 Correction buys--

9 GREGG BISHOP: [interposing] Coffins.

10 CHAIRPERSON ARROYO: For dead people,
11 right?

12 GREGG BISHOP: Yes.

13 CHAIRPERSON ARROYO: Not coffee, coffins?

14 GREGG BISHOP: No, coffins for dead
15 people because they--

16 CHAIRPERSON ARROYO: [interposing] No, I'm
17 just--

18 GREGG BISHOP: I mean, the point is--

19 CHAIRPERSON ARROYO: [interposing] You
20 could have said coffee. I didn't understand.

21 GREGG BISHOP: No, the city buys a lot.
22 The corrections administer Potter's Field [sic], so
23 that's why you see coffins pop up--

24

25

1
2 CHAIRPERSON ARROYO: [interposing] Okay,
3 no, no, I just wanted clarification. I really did
4 not understand what you said.

5 GREGG BISHOP: Yeah. So my point is that
6 we will work with, you know, our partners with this
7 initiative to identify some of those barriers, and I
8 think once we identify those barriers, then we could
9 come up with really creative programs with the
10 partners to address some of those issues to help them
11 become more competitive on city procurement.

12 CHAIRPERSON ARROYO: Okay, and now, you
13 know, you are--one of the discussions that we've had
14 recently, in your staff, SBS staff was that at the
15 meeting with us what other things could be done at
16 SBS that can help you get a better handle of the
17 industry or the model, the business model, and help
18 us move that conversation forward, identify the
19 barriers, the hurdles that could be experienced or
20 confronted by these businesses. So we're on parallel
21 tracks. We're going to have conversations about
22 SBS's, how it organizes itself and some
23 recommendations on how we think SBS can organize
24 around supporting worker cooperative business as a
25 model. Okay. Council Member Rosenthal?

1
2 COUNCIL MEMBER ROSENTHAL: This was just
3 a great conversation, and I really wanted to thank
4 you for all the issues that you're raising. I could
5 add to them, actually. I think one of the hardest
6 things about worker cooperatives signing up and
7 getting approved by VENDEX is that there are so many
8 owners, and each of them then is required to fill out
9 quite a bit of paperwork, right? So, and that
10 actually I would argue is a little bit, is one of the
11 biggest ones. That's a challenge. And I really like
12 a lot of your suggestions. I like--I thought Council
13 Member Crowley had a great point about certification
14 and certainly Council Member Arroyo's, and the
15 questions that have been raised here are--bring to
16 light some of the challenges. And what I think, and
17 what we strove to do in this legislation is that the
18 report that we're asking for would give us the
19 opportunity to flush out those issues. It would give
20 us the opportunity to lay out that, you know, because
21 the report, the details of the report are for us to
22 determine, right? They're not regulated by any
23 stretch, but it would be great just from what I'm
24 hearing to report on, you know, the number of worker
25 cooperatives out there, right? Because that's a

1 success for SBS as well. You could say, well today
2 there are 23, but in 2016 there are 60. And not that
3 they're contracting with the city, because we haven't
4 been able to meet those challenges, but that has
5 happened, and that of course, reflects great on SBS.
6 I mean, your point about the, you know, trying to
7 understand what are the businesses or the areas of
8 services that make best sense for there to be worker
9 cooperatives with procurement is incredibly
10 important, and I would hope that that type of
11 information would be reported on, so that we would be
12 saying, you know what, for paperclip buying, which is
13 a big area of purchasing, for the city not so much,
14 but in construction and developing, you know, or in
15 cleaning services, those are areas where worker
16 cooperatives could make sense for in terms of city
17 procurement. So, I reiterate that because I still am
18 not persuaded that this legislation doesn't ask for
19 anything more than that. I think that we really
20 tried to be as careful as possible to use the
21 legislation as opportunity for recognizing worker
22 cooperatives as a business model. I'm interested.
23 You know, I'm sure you'll go back and reflect on this
24 more, but haven't quite heard it today.
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CHAIRPERSON ARROYO: Are you?

COUNCIL MEMBER ROSENTHAL: No question.

CHAIRPERSON ARROYO: That wasn't a question.

COUNCIL MEMBER ROSENTHAL: It was a statement, unless you wanted to answer.

CHAIRPERSON ARROYO: Do you? Do you have a response? Okay, so my hope is that you will continue this conversation with Council Member Rosenthal, and that what I think the legislation is seeking to accomplish is get us off the ground in understanding what we're doing, how we're doing. It doesn't mandate or assume anything else. So, without the assumption to continue a conversation and see if there is a middle of the road where other language can be amended so that the concerns that you're raising we all perceived can be addressed. And I will not challenge you on whether they're real or not. They are your perception and that's real to you, so my hope is that this conversation continues and that we come back to deal with an A version of this bill that has language that has addressed what concerns you have raised or removes any assumption

1
2 that the Administration has created around what this
3 seeks to accomplish.

4 GREGG BISHOP: We look forward to that
5 conversation.

6 CHAIRPERSON ARROYO: Thank you for your
7 testimony, and I'm sure that someone will remain for
8 the remainder of the hearing to hear the public
9 testimony that's going to be provided by some really
10 hardworking individuals. Okay, thank you very much.
11 We're going to split you guys up in two panels. How
12 many do we have? Yeah, we have seven individuals
13 signed up to testify. So, I'm going to butcher your
14 names, so you're going to forgive me in advance, but
15 when you speak you identify yourself for the record.
16 We have Michael Paone, Michael, Federation for
17 Protestant Welfare Agencies with the real cool t-
18 shirt. We have Omar Freilla, Green Worker
19 Cooperatives, and Omar, I'm sorry, I always
20 mispronounce your name. I apologize. Alexis Posey,
21 New York City Worker Cooperatives Coalition, Alexis?
22 And Moden [sp?], how do you pronounce that? Okay.
23 Pormarhan [sp?], Urban Justice Center. Maybe you
24 know who you are with. Okay. What's up guys? Would
25 you like to see a different order? Okay. So tell me-

1
2 -okay. So I'm going to call all of you up, and then
3 you can, you know. Ted De Barbieri, Brooklyn Law
4 School, Joe Rinehart, and Julia Jean Francos [sp?].
5 I think that's Manankos [sp?] Okay, so who do we have
6 at the dais [sic] now? We have Omar? Okay. Your
7 name? Orishum [sp?]. Who else? I still don't know
8 all you guys by name. Okay. Michael, you're not
9 coming? Where's Michael? You're going to wait?
10 Okay, so here, put them up. Okay. So, identify
11 yourself for the record. You can choose, flip a
12 coin, whatever you like, and you may begin when
13 you're ready. Speak into the mic. You're being
14 recorded, and the sergeants kind of get cranky when
15 they can't hear us.

16 OMAR FREILLA: Good afternoon Council
17 Members Arroyo and Rosenthal, and thank you for--and
18 the Council staff, and those of you that have
19 remained, thank you for having this hearing first and
20 foremost. There is going to be a testimony coming
21 from the Coalition for Worker Cooperative that's
22 going to be read in the, I guess the next panel, and
23 so we're representing different organizations, and so
24 I'll just start with first a thanks, and I would like
25 to specifically speak to what was raised by--

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2 CHAIRPERSON ARROYO: [interposing] Say
3 your name for the record.

4 OMAR FREILLA: the Commissioner. My name
5 is Omar Freilla of Green Worker Cooperatives in the
6 Bronx. So, what I--I won't spend too much time. I
7 won't spend any time talking about things that have
8 already been refuted or assumptions that have already
9 been refuted, particularly that you're introducing
10 any kind of requirements. What I do want to speak to
11 was the, one of the other--the other source of
12 concern, which I heard, which was about the
13 distinguishing ownership and how you're
14 distinguishing ownership, and I'd also like to speak
15 to a problem that I see in how the scope of what's
16 possible is a bit problematic in what I heard in the
17 statements from the Deputy Commissioner. So with
18 respect to distinguishing ownership, first, it's
19 completely within the--it is the prerogative of the
20 city to create whatever standard is deemed
21 appropriate as to how many workers, how much
22 ownership and control exists within the cooperative.
23 So, there isn't really a precedent here in the United
24 States for this in terms of creating a standard. So,
25 the city could say whatever amount is deemed

1
2 appropriate to say it could be 75 percent. It could
3 be, you know, 65 percent. It could be 90 percent.
4 It could be 100 percent, and we'll certainly be
5 willing to work, all of our groups I'm sure will
6 certainly be willing to work with the city to
7 distinguish what the ownership requirement could look
8 like. The fact that there isn't one held within,
9 held by the city and the fact that ownership is a bit
10 problematic for Department of Small Business Services
11 and MOCS to be able to use that as a guiding frame is
12 a bit problematic in and of itself. You know,
13 ownership is something that people talk about all
14 over the city, who owns the business. You know, so
15 there should be some kind of requirement or not
16 requirement, but there should be some level of
17 measurement. So creating that measurement tool is
18 something that's certainly doable and within the
19 realm of being able to make that happen. Beyond
20 that, the--when it comes to distinguishing ownership,
21 Council Member Crowley suggested the possibility of a
22 certification for worker cooperatives. So just
23 setting a number and saying what that looks like
24 could be that certification, and the city could
25 create its own certification program. We would love

1
2 to see that. That would be a great--it would also be
3 great as a tool for marketing worker cooperatives, to
4 say that these are the official worker cooperatives.
5 So that's certainly doable. There were questions
6 about how much control per worker. That's a very
7 simple one to answer. Each worker has one share. So
8 one share per worker, one share equals one vote, and
9 that's the basic characteristic of all cooperatives,
10 all worker cooperatives, I should say. So that's it
11 on the question of distinguishing ownership. Now,
12 there's the issue about what I identified as a
13 problem in the vision or the scope of what's
14 possible. So what I heard as considered a problem
15 was this idea that, you know, you're talking about--
16 we're talking about contracts that where there is a
17 specific prevention of saying that you can have--the
18 city can require certain or direct contracts towards
19 certain groups. So there is a wide range of
20 contracts that are available. And right now, there
21 is actually one worker cooperative in New York, at
22 least one worker cooperative in New York City that
23 has gotten contracts with the city of New York. I'm
24 very proud to say it's a cooperative that came out of
25 our co-op academy, our cooperative business boot

1 camp, and they're called HTINK. They're doing
2 business as the name HTINK, but they're actually as
3 Stem 2gether, Stem, the number two, -gether. It's a
4 very awkward clunky name. They go by HTINK. And
5 they exist to provide training, and they provide
6 curriculum for schools and after school programs.
7 So, over the past two years they've gotten what are
8 known as mini bids through the Department of
9 Education totally about 20,000 dollars. So it's
10 small certainly when you compare the scale of
11 contracts that are available and the size of the
12 amount of money the city spends, but it's something,
13 you know, and it's a starting point. The idea that
14 the worker cooperative sector and cooperatives in
15 general are a nasient [sic] sector, it's true,
16 certainly it's true, but that is no reason to not
17 keep track of what's happening. And the benefit of
18 this bill is simply to be able to keep track. You
19 can't win a game if you don't know the score. And
20 all this is doing for us is keeping track of the
21 score, and you have to set the rules of what is the
22 score, how are you keeping score, so those are very
23 basic things that have to be done. So it's great
24 that this is moving forward. So, you know, I wanted
25

1
2 to make those particular points to let it be known
3 that distinguishing ownership is something that we
4 can work with the city to lay out of what it could
5 look like, and the idea that contracts can come in
6 many different forms. It doesn't have to be a
7 600,000 dollar or million dollar contract. We can be
8 talking about a 1,000 dollar contract to provide
9 services. And there are a wide range of different
10 cooperatives that can provide services. No one in
11 this room, I think, before I mentioned HTINK would
12 have thought that providing training or teaching kids
13 how to, you know, how to engage with technology in
14 the school system would be the kind of contract that
15 we would be talking about, but there are a number of
16 other cooperatives that do that in similar, you know,
17 or other kinds of work. We have another cooperative
18 called Ginger Moon that provides training for new
19 mothers on how to eat properly, how to cook properly.
20 They could be doing that kind of work where we have
21 WIC, where WIC programs are operating, and where
22 there are requirements for classes. You know, we have
23 another cooperative called Caracol Interpreters
24 Cooperative. They are translators and interpreters,
25 and that is a sore need in New York City, and that's

1 something that the city currently pays for. So we
2 see that, you know, replicated all over the city in
3 many other kinds of niche industries, different kinds
4 of businesses where there's a huge amount
5 possibility. And that's where I'll leave it.

7 CHAIRPERSON ARROYO: Okay, I neglected to
8 saying thank you, Omar, for being succinct that I
9 don't like to use a clock, but we do have one in the
10 room. So, tell us, you know, straight and to the
11 point. One, do you support the legislation? Two,
12 some thoughts about the challenges that were raised
13 by the Administration and some thoughts about how
14 that could be handled, or you know, and obviously
15 this is conversation, ongoing to be continued. So
16 don't think you have to get it all in today. Okay,
17 thank you. Let's hear from all of them, and then you
18 can--okay.

19 JULIA JEAN-FRANCOIS: I'll be brief.
20 Thank you so much Council woman. Oh, turn it off?
21 Oh, I'm sorry, I just have to talk louder. Just
22 many, many thanks to you Councilwoman Arroyo and also
23 Councilwoman Rosenthal. We're deeply grateful. This
24 is an amazing time in history and we're very grateful
25 to you both for this. Center for Family Life over

1
2 the past eight years has supported over 120 low
3 income women and men to embrace--

4 CHAIRPERSON ARROYO: [interposing] Your
5 name for the record?

6 JULIA JEAN-FRANCOIS: Oh, I'm so sorry.
7 Julia Jean-Fracois, Co-Director at Center for Family
8 Life. We've supported these individuals to embrace a
9 dream of business ownership through the development
10 of cooperative businesses, and to date, none of the
11 successful businesses including to the point made by,
12 earlier, including a seven year old, 61 member
13 cleaning cooperative, which seemed to poised in any
14 way that I could imagine to take on a significant
15 contract. We have not been able to help them more,
16 understand how to help them access city contracting
17 opportunities. Those--further, I think that we've
18 seen that businesses, we support businesses
19 developed, to develop where business opportunities
20 present, and unless those opportunities are
21 recognized and understood by the Small Business
22 Services, it's going to be difficult for us to
23 connect to these opportunities. There were several
24 comments about dog walking cooperatives, which--and
25 we are the incubator of the dog walking cooperatives,

1 but I just have to say that I feel like even in that
2 example as a person who just happened this weekend to
3 go to the Staten Island New York City Animal Care and
4 Control Office where I entered through an unmanned
5 door. No one greeted me. There was no introduction
6 to the animals. I think that even there there are
7 opportunities for cooperatives that are creative and
8 niche focused to find their way into city contracting
9 opportunities. We see only potential benefits to the
10 legislation that was suggested today. Principally,
11 because the men and women in Sunset Park have not
12 felt seen and they have not felt counted. They
13 haven't felt seen and counted in terms of their
14 contribution through work and through business
15 development to the economic wellbeing of the city and
16 to also their significant efforts to broaching
17 economic inequality. And I can't think of a downside
18 to having people be seen and counted. We've--if we
19 don't move forward and recognize the contribution of
20 people in some organized quantitative fashion, I
21 think we loose and important opportunity at the start
22 of this exciting initiative to benchmark where we
23 are, and then as everyone has said, it will be
24 impossible for us to understand whether we've made
25

1 progress or whether we haven't made progress in the
2 future. So, I think for all of these reasons, because
3 I think there are undiscovered opportunities that
4 this city has not made available yet to these
5 innovative groups, and because people would like to
6 be recognized for the hard work that they do, there
7 is only an upside to moving forward with the
8 legislation that you've presented. So, thank you.

10 TED DE BARBIERI: My name's Ted De
11 Barbieri. I'm a assistant professor of Clinical Law
12 at Brooklyn Law School, and I'm here to speak in
13 support of the bill. So, in addition to HTINK that
14 Omar mentioned, there's another group that's already
15 contracting with the Council Member from Sunset Park
16 for cleaning services, and I think that's, you know,
17 just--there's groups out there that are already doing
18 this, and I think we need to know that. I'm speaking
19 in support of the bill because I think this is a
20 sunlight, a sunshine in transparency bill that's very
21 important. I share the Council Member's opinion that
22 it is a benign sort of milk toast legislation, and
23 I'm kind of surprised that the agency isn't, wasn't
24 willing to support the legislation. In terms of
25 challenges, if they have a problem counting, there's

1 advocates in the community who can help them do it.

2 I'm not really sure why that was a challenge that

3 they articulated. We're here. We're open. You

4 know, clearly this is an important issue, and we're

5 here in the community to partner with them. The last

6 thing that I'll say is just dollars spent locally

7 recycle locally. That's an important feature of

8 worker co-ops, and really should be a priority for

9 Small Business Services. They already contract NYC

10 Business Solutions. We're one of their legal

11 services providers in Brooklyn, and to the extent

12 that they can study how to partner with worker co-

13 ops, I think that would bring a lot of important

14 change to the economy locally. Thank you.

15
16 CHAIRPERSON ARROYO: I need a cleaning

17 company for my office, so I need that card.

18 MOSHDA PUHMERAM: Hello, my name is

19 Moshda Puhmerham [sp?]. I'm with Community

20 Development Project from Urban Justice Center, and

21 I'm here to speak in favor of the legislation. CDP

22 has collaborated with community based organizations

23 to develop worker co-ops for over 10 years. We've

24 seen a lot of their successes. We're also a founding

25 member of the New York City Network of Worker Co-ops,

1
2 and we urge the city to adopt this legislation as one
3 step towards creating more high wage jobs in the city
4 and supporting worker co-ops. We believe that the
5 report that is submitted as a result of this will
6 help the city strategize on how to increase
7 participation of worker co-ops and procurement, and
8 will also help worker co-ops develop business
9 strategies for growth. We've seen other cities where
10 city involvement in legislation has been important
11 and beneficial to worker co-ops such as Cleveland.
12 New York City also already contracts with some worker
13 co-ops, which I know was spoke to, but there's also
14 the Cooperative Home Care Associates, which employs
15 over 2,000 people and provides services to several
16 New York City agencies. We think this legislation
17 and New York City creating more policies that include
18 worker co-ops will help recognize co-ops as a solid
19 business model. Just a couple of examples of some of
20 the co-ops that we've worked with that we've seen a
21 lot of success in, Si Se Puede and the Sunrise
22 Cooperative. Si Se Puede, in the five years that
23 we've worked with them, they've gone from 11 or 12
24 members to over 50 members. They've tripled their
25 wages to as much as 25 dollars an hour, and there are

1 no fees because there are no middle men. So, people
2 who are part of the co-ops see 100 percent of their
3 pay. Sunrise Cooperative is a group of 60 immigrant
4 owned automotive shops. They face displacement under
5 Bloomberg's plan to develop Hunts [sic] Point Queens,
6 and they grouped together to relocate as a group to a
7 location in the Bronx. We just think these are
8 examples of cooperatives that have done really well
9 and that can benefit from this legislation.

11 CHAIRPERSON ARROYO: Sunshine Cooperative
12 is the automotive--

13 MOSHDA PUHMERHAM: Correct, yes.

14 CHAIRPERSON ARROYO: They're in Hunt's
15 Point in the Bronx.

16 MOSHDA PUHMERHAM: Sunrise Cooperative.

17 CHAIRPERSON ARROYO: Sunrise, sunshine,
18 okay. There's a sun. There's a sun. Helen?

19 COUNCIL MEMBER ROSENTHAL: Thank you all
20 for your testimony. I want to ask you to please go
21 back and send us a little bit more specifics about
22 the worker cooperative that currently have contracts
23 with the city. I think it'll help us all in our
24 understanding. So, the HTINK, you mentioned that
25 they have a contract with DOE and DOE as you know is

1
2 a--their contracts do not go through VENDEX, the
3 usual VENDEX city system, they sort of have their own
4 thing going on. So I'd be interested in knowing how
5 they manage that. Any sort of information, if you
6 could reach out to them about that, how they
7 qualified and what their experience was getting
8 qualified in order to win contracts, that would be
9 great. And then for--I would imagine, Ted, that it's
10 Menchaca who has the discretionary grant. On that
11 one, I think you do not have to be listed as a vendor
12 for the city in order to win discretionary funds, but
13 I would be very interested in knowing sort of if you
14 could track that, how they're doing, because they
15 still have to get various approvals from the city
16 including conflict of interest for their board of
17 directors. So, sort of how are they juggling that?
18 And we'll do some research on the finance side to see
19 have they cleared the City Council and MOCS yet
20 before it even--

21 CHAIRPERSON ARROYO: [interposing] Now,
22 Helen, Council Member Rosenthal, I'm sorry. On the
23 record, I keep calling you Helen. But, now, their
24 contract with the city is for cleaning services not--
25 are they receiving a discretionary grant or--

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COUNCIL MEMBER ROSENTHAL: Yes.

CHAIRPERSON ARROYO: are they being paid to clean the Council Member's office?

TED BARBIERI: They're being paid to clean the Council Member's office.

CHAIRPERSON ARROYO: If--

COUNCIL MEMBER ROSENTHAL: But it's through discretionary funds, right? Or is it through his own--

CHAIRPERSON ARROYO: [interposing] No, it's not--

COUNCIL MEMBER ROSENTHAL: budget?

CHAIRPERSON ARROYO: Yeah, OTPS.

COUNCIL MEMBER ROSENTHAL: That's a really important difference. If you could let us know that.

TED BARBIERI: Right.

COUNCIL MEMBER ROSENTHAL: Because if it's through his OTPS funds, he did not have to get-- it doesn't necessarily have to go through the contracting process. We just--it would be helpful to get this clarification.

CHAIRPERSON ARROYO: But the procurement process is engaged, never the less. Closer to you.

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2 JULIA JEAN-FRANCOIS: Okay, I think that
3 you are correct. I think the barrier for them having
4 city contracts is exactly what you mentioned earlier
5 on. Sixty-one people would have to complete a
6 VENDEX, and that was just an insuperable barrier for
7 them. But this individual job was a different, was--

8 COUNCIL MEMBER ROSENTHAL: [interposing]
9 It's important to get that information, if you could
10 get that to us, because it could just be a
11 reimbursement. I've done that where my office needs
12 to be cleaned and I get reimbursed for that, for
13 paying for that service through an invoicing process,
14 and we need to understand what the barriers are.
15 It's not that it's a problem, I just want to
16 understand it.

17 JULIA JEAN-FRANCOIS: Right.

18 COUNCIL MEMBER ROSENTHAL: That'd be
19 great. And then the third one that you mentioned,
20 which is Cooperative Home Care Associates already
21 contracts with the City. If we could get more
22 information on that as well. Is that through DIFTA
23 [sic] or--and how is that contracting process gone?
24 You know, if we have successful models that'll help
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2 us in pushing this through, so that's why I'm asking
3 these questions. Thank you.

4 CHAIRPERSON ARROYO: That, and just you k
5 now, my statement earlier is that we just don't know
6 how many are doing business with the city. What the
7 whole goal of this legislation is to try to get us to
8 a place where we can keep score. Right? And know
9 whether we're winning or losing the game. So, do you
10 have any suggestions for any of the language that's
11 included in the legislation, recommendations that you
12 would hope for us to consider in amending some of the
13 language? If you're not ready to respond to that,
14 then be ready to respond to the Council Member sooner
15 rather than later as she engages in the discussions
16 with the city agency on that part of it.

17 COUNCIL MEMBER ROSENTHAL: Omar, is it
18 okay with you if I lift your expression? Oh, I wrote
19 it down. You can't win the game without keeping
20 score. You might see that in one of my press
21 releases. Is that alright?

22 OMAR FREILLA: I give you permission.

23 COUNCIL MEMBER ROSENTHAL: Thank you. I
24 just had to get that out.

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2 CHAIRPERSON ARROYO: On the record, okay.
3 So, that I don't leave you without giving you a hard
4 time, right, because that's what we do to folks that
5 sit at that table. It's just the nature of the
6 beast. We don't always disagree, but the--so, we've
7 made some headway with SBS on how they're--so, do you
8 have any sense or opinion about how engaging SBS has
9 been since we started the conversation about what
10 they can do better to promote support worker
11 cooperatives?

12 JULIA JEAN-FRANCOIS: Well, I think Omar
13 and I both have had the opportunity to do one of the
14 ten step presentations at SBS at the New York City
15 Small Business Services. I conducted one in July, I
16 believe it was, and you conducted one recently? Two
17 recently. So, there has been progress in that way.
18 But I don't have any other developments to relate
19 other than the presentation.

20 OMAR FREILLA: Well, I would just say
21 that there's certainly a demand and a desire and
22 plenty of opportunity for more. I conducted--Julia
23 led one in Brooklyn, and I led, I led two, one at the
24 Upper Manhattan Business Solutions Center in Harlem,
25 and the other in the Bronx, at the Bronx Business

1 Solutions Center. At both there were people from the
2 outer boroughs who came out, and I was amazed that in
3 the Bronx there was one person that came all the way
4 from Staten Island. She said that she's been wanting
5 to get more information on cooperatives since she saw
6 Michael Moore's documentary that, you know, where
7 there was a 15 minute segment on worker cooperatives,
8 and since then, that was about three years ago that
9 she saw it, and so she's been looking for info on
10 worker co-ops and was excited when she saw this. She
11 missed the one in Brooklyn, so she said she's going
12 to trek to the Bronx. So, I was amazed. So, there's
13 plenty of opportunity there, and I think one thing
14 that certainly they could do is just do those
15 regularly.

17 CHAIRPERSON ARROYO: Okay.

18 OMAR FREILLA: Consistently.

19 CHAIRPERSON ARROYO: So, where we were
20 February and where we're at today after that initial
21 conversation, are you comfortable, confident that SBS
22 got the message and is really working to advance this
23 conversation?

24 OMAR FREILLA: From my perspective,
25 they've been a good partner in moving this forward.

1
2 What I, my--what I heard up here was a bit of
3 resistance, which I would naturally expect from any
4 city agency that gets told that they have to keep
5 score, and that they have to do, you know, that
6 there's steps that they have to do. Because once
7 you're keeping score, everybody else knows what the
8 score is and they're going to be expecting more, and
9 then it doesn't go beyond what's volunteering, but
10 then there are expectations that other people have,
11 and we're a group that has lots of expectations.

12 CHAIRPERSON ARROYO: Okay. So, what
13 would you like to see? What else would you like to
14 see, and you don't have to, you know, because we keep
15 talking off the record on how we're going to move
16 forward. The recommendations that we heard last week
17 in a meeting on what SBS can do to establish a
18 center, I think that was the term that was used, a
19 desk, you know. What are the next logical steps for
20 not just SBS, because I don't want us to be tunnel
21 vision about what, how many of the city agencies need
22 to be involved in this process, and I believe, I feel
23 like if we narrow it to SBS we're going to limit
24 opportunities in other, with other city agencies and
25 through other business development opportunities, you

1 know, and the Economic Development Corporation comes
2 to mind. So, you know, we--what are the other
3 agencies that we need to have at the table to have
4 these conversations on the business development
5 front, SBS, but where are the other opportunities?
6 Should we be having conversations with a agency to
7 say, "Well, what do you know about worker
8 cooperatives, and what opportunities may be within
9 those agencies to advance this conversation?" And I
10 don't know that we've had that level of conversation,
11 so that might be one of the next steps.

13 TED DE BARBIERI: I guess one thing I'd
14 mention about EDC, their Competition Thrive Program
15 it has five--it's an immigrant owned businesses. You
16 may have been familiar with it, but they have five
17 finalists, and some of the finalists are involved
18 worker co-op strategies. Finalists get 25,000
19 dollars to pilot a program and possibly, and then one
20 finalist gets 100,000 to implement a program.
21 Working World is an organization that's in the
22 coalition. That's a finalist in that competition.
23 So, I think EDC knows about it, and I think we should
24 continue to involve them, their workforce strategy
25 folks. It was great seeing staff from the Council's

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2 Economic Development Division here at the hearing,
3 and chatted with them a little bit in the hall. It
4 would be great to involve that division in the
5 Council, too, to figure out coordination. Just
6 wanted to mention that.

7 JULIA JEAN-FRANCOIS: I would also say
8 that it would be wonderful if you were able to
9 facilitate meetings with a number of city agencies.
10 I know when we had the meeting across the street some
11 months ago. The Commissioner of DYCD was there and
12 he was surprised to learn and very happy to learn and
13 has mentioned it to me since then that some of the
14 recruitment for cooperative members happened from the
15 parents of afterschool children. And so I think that
16 there is a--we're also a contractor with ACS, and I
17 think it would be important for ACS to understand
18 that families that are confronting really dire
19 poverty have options for how to connect to employment
20 and to also to business opportunities. Many of those
21 cases would be more quickly resolved if families had
22 access to income. So, I think there is something in
23 it for everyone and that all of the city agencies
24 would benefit from an introduction to this--

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2 CHAIRPERSON ARROYO: [interposing] Sounds
3 like a round of meetings and/or hearings with those
4 committees. Okay. Well, thank you for your
5 testimony and we'll see you again soon, I'm sure, on
6 the continuing conversation. Okay. Michael--

7 OMAR FREILLA: Thank you.

8 CHAIRPERSON ARROYO: Joe and Alexis.
9 Okay, so I've been informed that we need to be out of
10 here by four. We're not going to talk for another 40
11 minutes, I don't suspect, right? Okay. Go ahead.
12 Identify yourself for the record. Begin when you're
13 ready.

14 ALEXIS POSEY: So, I am Alexis Posey,
15 Senior Policy Analyst for Workforce Development at
16 Federation of Protestant Welfare Agencies. So, good
17 afternoon Chairperson Arroyo, Council Member
18 Rosenthal, Council Members of the New York City
19 Council and the Committee on Community Development.
20 As I mentioned, I am Alexis Posey, Senior Policy
21 Analyst for Workforce Development at FPWA. FPWA
22 advocates on behalf of vulnerable New Yorkers to
23 ensure that they have the economic means to support
24 themselves and their families. It is because of this
25 FPWA has joined the New York City Worker Cooperative

2 Coalition and stands in support of legislation Intro
3 423. Just to give you a brief summary, the New York
4 City Worker Cooperatives Coalition is a New York City
5 based group advocating for the growth and expansion
6 of worker cooperatives as a means to reduce poverty
7 and income inequality in New York. The com--I'm
8 sorry. The Coalition is comprised of many New York
9 City based worker cooperatives and not for profit
10 support organizations such as the New York City
11 Network of Worker Cooperatives, Democracy at Work
12 Institute, Make the Road New York, and the Federation
13 of Protestant Welfare Agencies, and on behalf of the
14 coalition I just want to again say thank you for
15 having us here today.

16 JOE RINEHART: Thanks so much for having
17 us, Council Member Arroyo and Council Member
18 Rosenthal. And I wanted to just take a minute to
19 talk. I think we've covered the--we've covered some
20 of the benefits of worker cooperatives and what
21 worker cooperatives are. So I thought I would just
22 take a second.

23 CHAIRPERSON ARROYO: Your name. Your
24 name, please.

1
2 JOE RINEHART: I apologize. My name's Joe
3 Rinehart, I'm the Director of Cooperative Development
4 at the Democracy at Work Institute. But I would like
5 to sort of touch for a moment on the fact that, you
6 know, it's always important to remember that while
7 we're creating and supporting and while the
8 entrepreneurs are making these amazing businesses
9 that they are businesses and so are constrained by
10 other markets around them. So in order to--they have
11 to turn a profit in order to turn that profit to
12 employee and community good. And one of the best
13 ways in one the places that--one of the best ways for
14 a business to turn a profit is to reach that scale
15 through large contracts and through scale. The more
16 scale, the more profit, and honestly, the more profit
17 that can be returned to workers and put in the
18 communities. And so, business to business
19 contracting is a critical part of a business reaching
20 scale, and government contracting is a critical part
21 of that and other anchor institution contracting.
22 And so that's really where we see that Council Member
23 Rosenthal's bill would push to have the city
24 engagement along with worker cooperatives contracting
25 comes in and it's--I think that's a really critical

1 concern. The first one that I would say that we
2 actually recognize this concern, the need for a
3 clearer definition of worker owned cooperatives.
4 Currently, there's a high quality--a useable
5 definition at the federal level, and then the next
6 six months, Democracy at Work Institute will be in
7 cooperation with the US Federation of Worker
8 Cooperatives. We'll be publishing a national
9 definition that can be used for exactly this
10 purposes, for city agencies, and we're happy to work
11 with the city agency to implement that. On the idea
12 that there's only 23 worker cooperatives in the city
13 right now, that's probably an accurate figure, but as
14 Council Member Arroyo says, you can look beyond the
15 city to contract with worker cooperatives for
16 procurement, and specifically I would say, if you
17 look at coffee companies, I know the city must buy
18 coffee in some quantity. But if you look at equal
19 exchanges, it's a coffee--it's a fair trade coffee
20 company that's at scale that has employees in the
21 city that would be--and that's not part of the 23,
22 that's just--they have employees in the city and so
23 that's a very doable--that's definitely a process
24 that's been going on if you look at. And this is
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1
2 already happening in the city if you look at for
3 instance, the One World Trade Center site contains an
4 escalator produced by a worker cooperative, which we
5 probably don't know, but it's one of the Mondragon
6 [sic] cooperative corporations is providing and they
7 do custom escalators very high, sort of very
8 specialized escalators, but that's going in at that
9 site. And then if you also look at companies like
10 Alvarado [sic] Street Baking Company, they're a
11 commercial baker. Once again, Nut Butter [sic], a
12 commercial nut butter manufacturer actually in Up
13 State New York, and so those are all sort of
14 opportunities for procurement there. And further,
15 there's some incredibly innovative companies like
16 Center Point Counseling, which is a--drives almost
17 all of their income from government contracting in
18 Viroqua, Wisconsin, and because they're a mental
19 health therapist and practitioners, and they provide
20 incredibly in--one thing you get when you contract
21 with worker cooperatives is innovative services
22 because every worker owner there is thinking about
23 how to make the services better. To give an example
24 of one program that they ran, they recognize it's
25 hard for kids to get to school, hard to get from

1 school to therapy, to counseling. They're now one of
2 the leaders in the nation in running sort of
3 counseling centers in schools and sort of taking
4 their counselors into schools. And so there's--and
5 then Co-Lab [sic] is an Ithaca, New York worker
6 cooperative that also has individuals in the city,
7 has members in the city that is able to contract with
8 the city right now at that scale. So these are just
9 a few examples of sort of where we can look to and I
10 like--I really appreciated the dog walking example. I
11 don't think it's a particularly fair assessment to
12 say that a dog walking cooperative couldn't be a city
13 contractor, and it's definitely not a fair assessment
14 to say that that's the only type of contractors that
15 we can currently provide.

17 CHRISTOPHER MICHAEL: Hello, Chair
18 Arroyo, Council Member Rosenthal. Thank you guys so
19 much. For the record, my name is Christopher
20 Michael. I'm the Executive Director of the New York
21 City Worker Cooperative Business Association, also
22 known as the New York City Network of Worker
23 Cooperatives. I'm also now recently become the
24 General Counsel of the ICA Group. ICA Group is a
25 national not for profit business consultancy that has

1
2 been involved in the development of worker owned
3 firms since 1978. We're also one of the oldest
4 worker cooperative firms in this country, and I can
5 also add us to the list now that we've been
6 developing here together of worker cooperatives that
7 are now contracting with the city of New York. Yeah.
8 We're doing pretty well, and I think as Joe lightly
9 points out, there are a number of other examples that
10 we can use from the rest of the country, and I'll
11 also be speaking, and I'll keep my time here brief,
12 but I'll also be speaking a little bit again about
13 the examples from other countries as well. To begin,
14 I do of course support this legislation. I think
15 it's fantastic. I think it's an excellent starting
16 step. And I'll speak about the legislation in the
17 order as it's presented. To begin with, I just want
18 to-- I mean, a number of people already here spoken
19 to the definitional issue, the definitional issue
20 question, and that's a matter that I have spoken
21 briefly with the Council's attorney that helped to
22 draft the bill. We discussed that it was probably
23 preferable to keep it open. At the same time, as
24 it's been mentioned here today, there is a federal
25 definition. It's in the Internal Revenue Code,

1 Section 1042 Sub C, Sub Two. It's known as an
2 eligible worker owned cooperative, and for short we
3 call it an EWOC. It was introduced in either '84 or
4 '86. So it's been around a long time. IT's
5 something that we would all more or less embrace. I
6 think that there might be some slight modifications
7 to it, but it's something that we would all more or
8 less accept. At the same time, we're very
9 comfortable and happy with the legislation as
10 drafted, and that it does keep a sort of a broad rule
11 for us to all work with. I'd also just like to insert
12 that I strongly agree with Crowley's recommendation
13 and something that we talked about last week that we
14 can use this definition to ultimately create some
15 kind of a certification for democratic businesses in
16 New York City. I'd also like to agree on this first
17 part of the legislation with Council Member Rosenthal
18 with regard to the sort of the light weight nature of
19 the request. We're talking about now maybe 10 firms
20 that we can help identify. It's fairly
21 straightforward. I'd also like to moving forward
22 then with the legislation, the second part of the
23 legislation, I'd very much like to thank SBS for
24 being, for embracing this task, producing a report
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1 about the barriers, the obstacles, the challenges,
2 the sectors that would be most sort of best path
3 forward, the best next steps in terms of building new
4 worker cooperative businesses or adapting existing
5 worker cooperative businesses doing work with the
6 city. And again, as others have mentioned, we've
7 been very happy working with SBS so far to date. I
8 was uncomfortable with one sort of note towards the
9 very end of the presentation where it seemed that SBS
10 was almost brushing against the idea of sort of
11 zeroing in on procurement, and they sort of said,
12 "Oh, let's stand back and look at the general support
13 that we might be able to conceive that might best
14 help worker cooperatives." And I'd like to make
15 clear, that of course we would welcome that general
16 support, but at the same time, we came here asking
17 for something. We know on the basis of our expertise
18 and the basis of our historical experience over the
19 last 125 years internationally building worker
20 cooperatives that we want assistance with procurement
21 specifically. We've already identified that. We
22 would love general support, but this is what we're
23 asking for. So the idea that they could do that
24 analysis, identify those sectors would be wonderful.
25

1 I thought the coffee and the coffee makers was
2 absolutely fantastic as Joe mentioned. We have a
3 coffee firm, one of the largest two firms in the
4 country by revenue and employment, and they have an
5 employee now in the city. I'm sure they would be
6 well capable of providing lots and lots of fuel to
7 New York City government. And on the issue of coffin
8 makers as well. I think that's an interesting
9 example. I mean, there's nothing more that we would
10 love to do then to say well, let's start now a firm
11 building coffins, and what would that involve? Step
12 by step how might we, you know, sort of bridge the
13 issue of this one first year, lag year, that SBS
14 recommends against contracting in that first year.
15 How do we bridge that difficulty? How do we bridge
16 this issue of the VENDEX issue, which Julia
17 mentioned? If you have 60, the 60 members of the Si
18 Se Puede or a 100 member coffin making company, do
19 they have to have 100 members signing the VENDEX
20 forms? And then, as was mentioned earlier, what are
21 the other avenues that don't require a VENDEX?
22 Lastly, I just say that again, this is fairly
23 noncontroversial. Resolutions were passed by
24 chambers of worker cooperative businesses, worker
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1 cooperative business associations in Italy and France
2 125 years ago, asking that the city do contracts with
3 the worker cooperative businesses. Those laws were
4 passed in 1886. They can be, you know, passed in
5 2014. And it was on the basis of those laws that you
6 have a country like Italy, which albeit has many
7 problems, but also has many strengths. In as much as
8 six percent of Italy's workforce works at a
9 democratic firm, at a worker cooperative business.
10 It's the largest in the world, and its v--and this
11 again, speaks to our historical experience. It's
12 very much the case that Italy's six percent workforce
13 working at worker cooperatives is directly related to
14 the preferential treatment that those firms are given
15 in public contracts. There is a--the largest
16 construction firm in Italy is the Cooperative
17 Construction Consortium. It was founded in 1912.
18 Currently has 20,000 employees, worker members. It
19 does 7.5 billion American dollars equivalent in
20 annual turnover. And we also mentioned in the
21 previous hearing that you have a city like Bologna
22 that does 80 percent of its social service provision
23 through worker cooperatives. And Joe brings an
24 excellent example from this country of a mental
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1 health services provider. It's for these reasons
2 that we welcome this legislation as it's written and
3 the opportunity it presents to build, as Council
4 Member Rosenthal said, to build one city rising
5 together. Thank you so much.

6
7 CHAIRPERSON ARROYO: Now, I didn't ask
8 the question of the panel before you, but I think
9 there's still, yeah, one in the room. The question
10 that I posed to SBS around sector, identifying
11 sectors that are more likely to be successful in
12 contracting with the city, would you be opposed in
13 your role as the organizations that are looking to
14 create 23 new, to be kind of driven in that direction
15 to say motivate individuals who start a business in
16 paperclips?

17 CHRISTOPHER MICHAEL: No, absolutely not,
18 actually--

19 CHAIRPERSON ARROYO: [interposing] So, I-
20 -because you know, people want to do a business
21 that's something that they're passionate about, but
22 then again would we be limiting creativity if say,
23 "Well, the sectors, the city contracts for A, B, and
24 C. You really should consider that as a potential
25 business." Yeah.

1
2 CHRISTOPHER MICHAEL: Yes, we want that
3 very, very much. It would be one of the biggest
4 achievements to come out of this legislation.

5 CHAIRPERSON ARROYO: Okay, alright.

6 JOE RINEHART: I would also add that we're
7 driving ourselves in that direction, actually,
8 because we--there's two things--

9 CHAIRPERSON ARROYO: [interposing]
10 Sorry, Michael, I didn't want to--No, Michael.

11 MICHAEL PAONE: Oh, quite okay.

12 CHAIRPERSON ARROYO: Did you testify?

13 MICHAEL PAONE: I did not.

14 CHAIRPERSON ARROYO: Okay.

15 MICHAEL PAONE: I will be--

16 CHAIRPERSON ARROYO: [interposing] I'm
17 sorry. That's why I was apologize because I got ahead
18 of myself. Okay.

19 MICHAEL PAONE: That's okay.

20 CHAIRPERSON ARROYO: Let's let him--

21 MICHAEL PAONE: I will be very brief.
22 Michael Peony, the Project Coordinator for the
23 Federation of Protestant Welfare Agencies for the
24 Worker Cooperative Development Initiative. And just
25 to be clear, we're speaking on behalf of the

1 coalition, so this is a coalition testimony. What a
2 conversation today. I think it was fantastic, number
3 one, that SBS wants to do a feasibility study, and
4 this is something I think I'm speaking for the
5 coalition. This is something we've been talking
6 about, and like the Council Member's present, I agree
7 that it does not have to happen in a staggered
8 manner. I think we very much welcome, in my role as
9 collecting data and people for this project, we're
10 very excited about starting to digest and use that
11 data in a productive way, and we would love to
12 partner on just such a study. I think we have--we've
13 been building this ship thus far in order to make
14 that level of collaboration possible, and the
15 coalition is, you know, just firmed up its membership
16 officially and we're growing very quickly. So we
17 have the talent and the energy, and we would love to
18 have the contribution of our friends from SBS to make
19 that happen and to drive that forward. And I think
20 the working relationship even pre-contract with SBS
21 has been fantastic. I think this study is just
22 something that can take us one step further.

24 CHAIRPERSON ARROYO: I--okay. So we'll
25 continue having a conversation on the parallel tracks

1 that we need to follow, and I keep saying that on
2 purpose because there's a lot of work that needs to
3 be done and it cannot all be dealt with in
4 legislation, policy, and/or funding. So, we continue
5 to have our dialogue. I encourage you to work with
6 Council Member Rosenthal to get us closer to language
7 that doesn't water down the intent of the bill, but
8 provides the Administration an opportunity to develop
9 a sense of comfort about what it calls for, what
10 we're trying to accomplish, and I'm going to ask all
11 of us to stop saying worker cooperatives is a new
12 business model. Because I think Chris's testimony
13 highlights how long for how many years this model has
14 been successfully used to provide economic
15 opportunities to individuals across the world. So,
16 with that, I thank you for your testimony. Council
17 Member, no closing? Work in progress. Stay close to
18 the Council Member and make sure that, you know, we
19 are developing legislation that makes sense, but more
20 importantly that we don't have to force feed the
21 Administration. I don't want to do that. Okay, with
22 that this hearing is adjourned.
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COMMITTEE ON COMMUNITY DEVELOPMENT

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date October 23, 2014