

Santa Ana Officials Endorse Worker-Owned Businesses and Declare Intent to Support Them



Kaitlin Washburn for Voice of OC

Santa Ana City Hall sign outside of City Hall.

By **NICK GERDA** (<http://voiceofoc.org/author/ngerda/>)  (<https://twitter.com/nicholasgerda>) August 7, 2017

 **189**
SHARES

 **181**

 **8**



Santa Ana's top officials are strongly endorsing businesses owned by their workers, unanimously declaring the city wants to be the first in Orange County to support small business development through worker cooperatives.

A resolution passed 5-to-0 (http://santaana.granicus.com/MeetingViewer.php?view_id=2&clip_id=1233&meta_id=50153) by the City Council last week said the cooperatives provide local goods and services, stable jobs, and economic opportunities for low-income workers, while also keeping wealth local. At the same time, it added, cooperatives are often limited in their ability to get bank loans.

And with many small business owners about to retire and potentially close shop, the city says conversions to worker cooperatives could help preserve those jobs.

At their meeting last week, the City Council directed staff to study actions to assist cooperatives – such as reducing business license fees and allowing them to apply for small business grants – and bring back recommendations to the council within 90 days.

A cooperative is essentially a self-organized business that is owned and governed by its workers, with profits shared among the workforce. They often are small businesses that provide services like housecleaning, baked goods or electrical work.

There are about 300 to 400 worker cooperatives in the United States, “employing around 7,000 people and generating over \$400 million in annual revenues,” according to a 2015 report by the U.S. Federation of Worker Cooperatives (http://institute.coop/sites/default/files/PressKit_1.pdf).

Councilwoman Michele Martinez, who brought the item to her colleagues, said the city needs to develop a system to support the cooperatives.

She cited the example of Rainbow Disposal, a Huntington Beach-based trash hauler that merged with a larger company. Because Rainbow was a cooperative, Martinez said, many of the employees became millionaires, which she said “is very cool.”

Martinez also pointed to the yogurt company Chobani, which last year promised ownership stakes to its 2,000 full-time workers (<https://www.nytimes.com/2016/04/27/business/a-windfall-for-chobani-employees-stakes-in-the->

Get our top stories daily.

Your email address

Subscribe

On a unanimous vote, the council approved the resolution, which directs city staff to study (http://santaana.granicus.com/MapView.php?view_id=2&clip_id=1233&meta_id=50153) and bring back potential action items in the future on a variety of changes to assist worker cooperatives.

These include providing incentives related to city government purchases, allowing cooperatives to obtain federally-funded small business grants, and lowering the fees charged to cooperatives for Santa Ana's infamously-expensive business licenses.

As of 2010, the licenses each cost between \$200 and \$10,000 per year, and averaged around \$350 annually, according to the Orange County Register (<https://web.archive.org/web/20100429181629/http://jan.freedomblogging.com/2010/04/10/amnesty-bags-1300-unlicensed-businesses/35011/>). City officials didn't return a message Friday asking for updated figures.

And they directed city staff to work with local stakeholders to develop a possible business ordinance related to worker cooperatives.

Other council members also declared strong support for cooperatives.

Councilman Jose Solorio said he supports the profit-sharing concept used by cooperatives, and the city can help "reduce exploitation" of workers currently in underground jobs by supporting their transition to legal work.

"I'm very supportive, and look forward to seeing our economy grow," Solorio said.

"I'm also very supportive of this," said Councilman Vicente Sarmiento, emphasizing the importance of helping local entrepreneurs access loans to start and expand their businesses.

The cooperative model has generated praise for allowing workers to share in more of the wealth they create, but it has also been criticized (<http://yourbusiness.azcentral.com/disadvantages-cooperatives-vs-traditional-firms-12745.html>) as potentially leading to organizations having little leadership expertise and a slow and inefficient decision-making process when crises emerge.

During public comments, Ana Urzua of the Santa Ana Building Healthy Communities coalition said cooperatives have been successful across the country.

"At a worker cooperative, profits – rather than going to distant investors – instead go directly to the workers themselves. As a result, the money stays grounded in the local economy, building community wealth, and contributing to our city's economic [development]," said Urzua, who directs the health advocacy group.

Several cooperatives already exist in Santa Ana (<http://www.latimes.com/business/la-fi-worker-cooperatives-20160817-snap-story.html>), and have been supported by the health coalition.

Members of some of those existing cooperatives addressed the council members Tuesday.

Esther Hernandez, who works in a cooperative called United Mothers Creating Art, said the opportunity helps her family make ends meet while her husband works three jobs.

Voting for the pro-cooperative resolution were Martinez, Solorio, Sarmiento, Juan Villegas, and Mayor Miguel Pulido. Councilmen Sal Tinajero and David Benavides were absent from the council meeting.

The City Council directed staff to return within 90 days, or late October, with their recommendations for action.

Urzua, whose comments were strongly supported by Martinez, said the health coalition is working with a network of worker cooperatives across the country, including the national federation of cooperatives.

"We're laying the groundwork for a worker cooperative network" across Santa Ana that allows for "shared prosperity" among workers, Urzua said.

Nick Gerda covers county government and Santa Ana for Voice of OC. You can contact him at ngerda@voiceofoc.org (<mailto:ngerda@voiceofoc.org>).
