

AGENDA

CITY OF BESSEMER DOWNTOWN DEVELOPMENT AUTHORITY

Regular meeting of the City of Bessemer Downtown Development Authority to be held in the DDA office, City Hall, on Thursday, September 12th, 2019, at 4:00 p.m.

CALL TO ORDER

BOARD MEMBERS: Zak, Osier, Whitburn, Leskoviansky, Filippini, Bjorkquist, Olsen, Meinke

ROLL CALL

APPROVAL OF MINUTES:

PRESENTATION: Update on DDA projects per PA 57

BUSINESS ITEMS:

- 1) **Training**
- 2) **Financials**
- 3) **PopUp Shop Funding**
- 4) **Façade Funding**

Item	Description	Responsible Individual	Action Steps
Lights in Ethnic Commons	Determine if we should replace next spring with LED		
First Impression Tourism	Wayfinding signs and maps installed! We've spent \$1,193.21 of \$2,000 and need to spend \$806.79 by December 31 st . Maybe update a banner and have a new wayfinding sign on the Mine St lot? We can spend it on any suggestions from the FIT assessment		
Wayfinding on US-2	Discuss Mine St lot, ROW 5.5 blocks east of downtown, update banner. 4' by 4' sign costs \$120-\$150 plus poles	Charly	Design Sign
Christmas lights	Discuss lights to purchase	Kara, Dustin, and Charly meet up to discuss	
Broadband in Downtown	Update	Charly	Reach out to apartments for fiber

Marketing Grant Opportunity	Approve contract for social media marketer		
Co-working Spaces Downtown/ Expanding PopUp Shop Program	Posters for PopUp Program		
Parking Lot	Big Dollar is willing to work with us to use their lot. They are requesting a 2 year contract instead of 5, the city seal their lot, and to be waived of liability.		
Ethnic Commons access	Done, needs restoration. Contacted Durkee		
Welcome Signs	\$7,500/ apiece. Need motion to extend contract to June 3rd		
Meetings for state requirements			

- 5) Curtains for auditorium: purchased
- 6) Public comment

ADJOURN Next Meeting: October 10th at 4:30

**A regular meeting of the Downtown Development Authority for the City of Bessemer
was held in the DDA meeting room on
Thursday, August 8th, 2019 at 4:00**

Call to order at 4:00

Present: Osier, Whitburn, Leskoviansky, Filippini

Absent: Zak, Durkee, Bjorkquist

A quorum was present

Osier made motion to approve July's minutes, Leskoviansky seconded, passed unanimously

Board discussed the training materials

The financials were not present so financials could not be approved

Ken from Ken's Barbershop presented his request for extension of the rental assistance from the pop-up show program. He had previously used \$350/month at \$2100 total. The board had a limit of up to \$3500 on assistance, so he was asking for an extension of 4 months rent at \$350 with a total of \$1400. Osier motioned to approve the extension, Leskoviansky seconded. A roll call was taken. Yes: Osier, Whitburn, Leskoviansky, Filippini. No: NONE. Passed unanimously.

The board review the request from Round 2 Saloon for Facade improvement funding. Dan Whitburn totaled the provided receipts and made a motion to approve the request to cover \$745.18 which is half of the total amount. Leskoviansky seconded. Roll call taken. Yes: Osier, Whitburn, Leskoviansky, Filippini. No: NONE. Passed unanimously.

Updates were discussed on items in the table. No actions taken.

The board discussed the social media marketing contract through the Marketing Grant. Due to not having the contract in front of us at the meeting and the ability to discuss fully at this time, a motion was made by Whitburn to table the decision for next month. Osier Seconded. Passed unanimously.

Curtains were discussed. Dave said they were now installed in the auditorium.

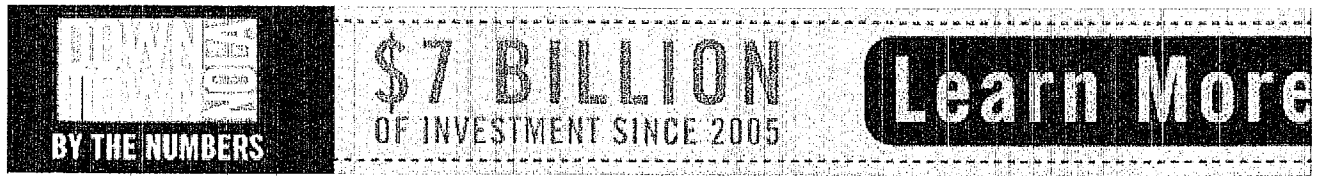
Historical Society Lease was discussed. Talked about that last month we would work with them on a new lease that closely reflected the past agreement. No motions were made regarding this.

There was no public comment

Whitburn made a motion to adjourn, Leskoviansky seconded. Passed unanimously. Adjourned at 4:20pm

Item	Description	Responsible Individual	Action Steps
Lights in Ethnic Commons	Determine if we should replace next spring with LED		
First Impression Tourism	Will discuss wayfinding at the next meeting		
Wayfinding on US-2	Discuss Mine St lot, ROW 5.5 blocks east of downtown, update banner. 4' by 4' sign costs \$120-\$150 plus poles	Charly	Design Sign
Christmas lights	Discuss lights to purchase	Kara, Dustin, and Charly meet up to discuss	

Broadband in Downtown	Update	Charly	Reach out to apartments for fiber
Marketing Grant Opportunity	Will be discussing Social Media marketers at the next meeting.		
Co-working Spaces Downtown/ Expanding PopUp Shop Program	Look into assisting with marketing/ advertising		
Parking Lot	Drafted contract from attorney has been delivered to Big Dollar		
Clearing Sidewalks in winter starting 2021	Estimated cost of used Skidsteer with attachments is \$50,000. Look at swept attachment. City draft a contract between DDA and City	Charly	Contract finalized and sent to city council
Ethnic Commons access	Reach out to Aili for costs for 1 or 3 entrance. Reach back out to Luppino and ask for costs for 1 entrance		
Welcome signs	\$7,500		Reach out to Kikkebusch to see if he is still interested in assisting
Vacant Store Fronts	Spruce up windows with blown up photos (\$20 for 20" x 30" unframed) or artwork from residents. Reach out to Copper Peak and Historical Society to see if they're interested		
Sidewalks along US-2	Exploring other avenues		
Meetings for state requirements			Waiting for more guidance from the state



BY THE NUMBERS

\$7 BILLION
OF INVESTMENT SINCE 2005

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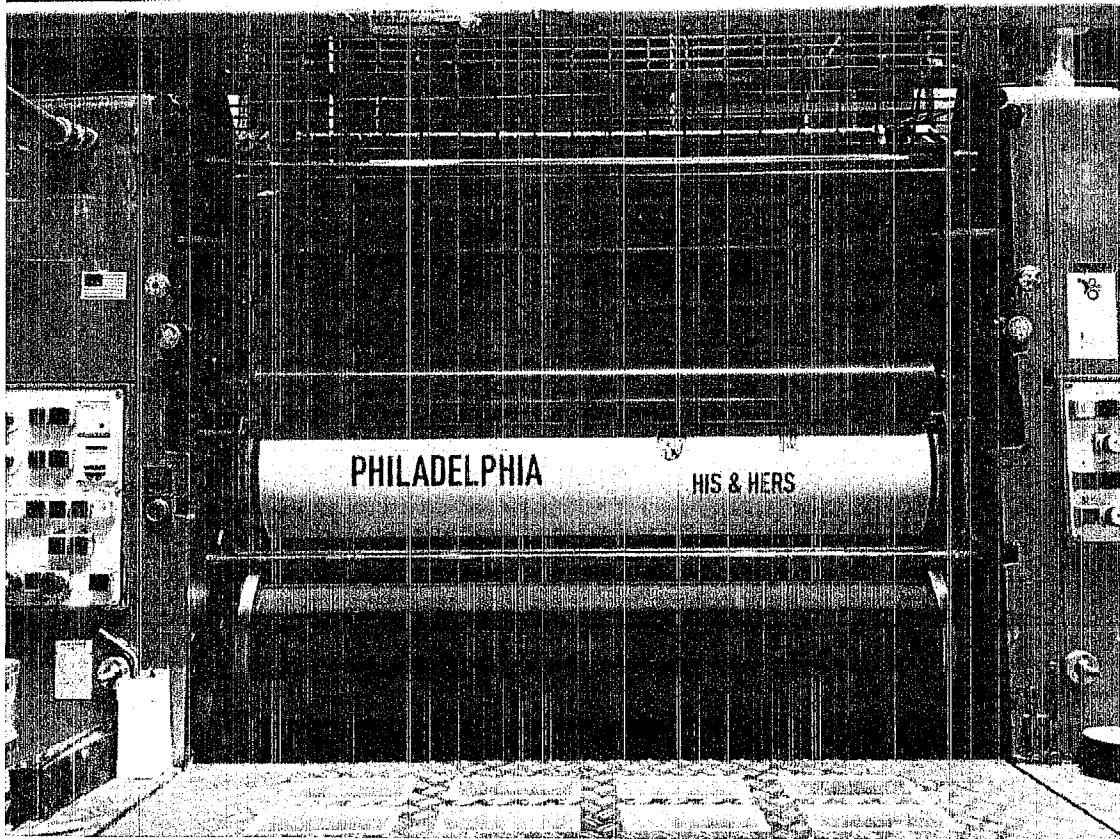
THE BOTTOM LINE

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What Millions of Retiring Small Business Owners Could Mean for Cities

BY OSCAR PERRY ABELLO | SEPTEMBER 11, 2018



An offset printing machine at Chicago's Salsedo Press, which converted to a worker co-op in the mid-1990s. (Photo by Oscar Perry Abello)

Roughly 10,000 baby boomers turn 65 every day in the United States. They don't all own small businesses, but their aging presents an opportunity for more workers to get the chance to own businesses and even build some wealth.

Baby Boomers own the majority of small businesses, but only 17 percent of them have a formal exit plan for when they want to retire. Shutting down is the first option, even in cases where the business might be doing well. The consequences can include the disappearance of the lifeblood of any neighborhood or the soul of any street and a significant loss of jobs. Such changes would most

negatively affect those who earn and own the least. While each business may employ a small number of people, **small businesses provide the vast majority of employment within low-income urban areas.**

Selling to investors, or to a competitor, provides another common option for retiring business owners, especially if they're successful. That may preserve some jobs, but a sale to a larger competitor or someone outside the community comes with the threat of downsizing or maybe a total overhaul of the business. Firing longtime workers and hiring all new employees may mean losing the connection between that commercial space and neighborhood residents.

A report published today, "**Co-Op Conversions at Scale**," takes a deep dive into another option: retiring small-business owners selling to their employees.

Using data from the National Establishment Time Series (NETS) database — the same database that many banks use to predict lending risk for businesses — the report's authors make a case that significant potential exists to finance the conversion of businesses with 20 to 100 employees into worker cooperatives.

In a worker cooperative, in addition to sharing ownership, workers share collective responsibility in managing the business, often using the principle of "one worker, one vote" to govern decisions like hiring management or delegating management responsibilities to each other. According to the **Democracy at Work Institute**, which supports worker cooperatives across the United States, the typical worker cooperative employs 9-10 worker-owners earning an average hourly wage of \$15.82, each working an average of 30.35 hours a week, bringing in an average of \$3.9 million in annual revenues at an average profit margin of three percent. Under a worker co-op, profits are typically also shared equally among worker-owners.

The benefits of small businesses becoming employee-owned may go beyond preserving jobs or maintaining the connection between a community and its local businesses — it may also represent a significant transfer of wealth from mostly white-owned businesses to workers of color. For all these reasons, **NYC, Cleveland, Rochester, Austin** and other cities across the country are finding ways to encourage worker-ownership.

Congress has explored **supporting worker cooperatives** too, and has several initiatives on the table. A **law enacted in August** could help the Small Business Administration expand support and lending for employee ownership conversions.

"Co-Op Conversions at Scale," from Citi Community Development and **Capital Impact Partners**, a nonprofit that provides capital for community development, started out as an internal discussion at Capital Impact Partners about whether there was any potential market demand in the worker co-op conversion space for the organization. (*Next City receives funding from Citi Community Development for The Bottom Line series.*)

Since its founding in 1982, Capital Impact Partners has provided \$20 million in financing for establishing and expanding worker cooperatives, but none of that has been for the purpose of converting existing businesses.

"We knew instinctively that there had to be [demand for worker co-op conversions], and we knew there was data on baby boomers retiring but there really hadn't been a lot of data out there with this segmentation," says Alison Powers, program officer for strategy, innovation and impact at Capital Impact Partners, about the level of detail the new report considers.

To be convinced that it should move more intentionally into worker co-op conversions, Capital Impact Partners wanted information about retiring owners with businesses at least 25 years old, and independent businesses whose owners would be in a position to sell to employees.

The community development lender wanted to assess five key sectors that are essential to its mission of supporting communities through living-wage jobs with benefits as well as high-quality services: grocery stores, food manufacturing, home-care agencies, residential care facilities and child-care centers.

Powers says they wanted to keep the focus on small businesses with 20 to 100 employees because Capital Impact Partners is a larger lender with a portfolio of nearly \$1 billion in loans. The nonprofit is part of an informal group that includes smaller community development lenders that support worker cooperatives, including Cooperative Fund of New England, Local Enterprise Assistance Fund, Shared Capital Cooperative and The Working World.



Target Companies		Median Value by Sector	
Companies	1,162	Food Mfg.	\$3,730,632
Jobs	52,061	Grocery	\$1,200,000
POC-owned	5%	Residential Care	\$744,000
Woman-owned	11%	Home Care	\$548,800
Older Firms	41%	Child Care	\$357,560



Target Companies		Median Value by Sector	
Companies	2,174	Food Mfg.	\$3,738,480
Jobs	96,505	Grocery	\$960,000
POC-owned	8%	Residential Care	\$845,603
Woman-owned	12%	Home Care	\$862,520
Older Firms	41%	Child Care	\$304,780



Target Companies		Median Value by Sector	
Companies	2,743	Food Mfg.	\$1,392,000
Jobs	111,661	Grocery	\$992,336
POC-owned	5%	Residential Care	\$822,802
Woman-owned	10%	Home Care	\$667,000
Older Firms	44%	Child Care	\$314,880

A new report reveals the potential of converting small businesses to worker cooperatives when the owner is retiring. These graphics show the number of businesses considered,

number of employees and more, for (from top to bottom): the Chicago metro, Los Angeles and the Bay Area, and the New York City metro. (Credit: "Co-Op Conversions at Scale," Citi Community Development and Capital Impact Partners)

The lender also didn't want to focus on businesses larger than 100 employees. At that size, the more popular employee-stock-ownership plans (ESOPs) are more feasible, given the expensive legal and administrative burdens required to pursue that option. There are currently more than 6,000 companies around the U.S. with ESOPs in place, covering some 2.1 million employees — at an average of around 343 employees per company. The sweet spot, 20 to 100 employees, was where Capital Impact Partners felt it could meet a need that neither the smaller lenders nor ESOPs were meeting.

The report examines five regions where there's already local or national support helping with the non-financial side of worker co-op conversions. That includes education and outreach to owners as well as significant training and technical assistance for workers to assume ownership and management responsibilities. The areas are: New England, the NYC metropolitan area, the mid-Atlantic (consisting of Philadelphia, Baltimore and Washington, D.C.), the Chicago metropolitan area, and California (consisting of the Bay Area and Los Angeles metropolitan area). Data for Miami was also included in the report, which notes that there isn't yet a strong technical assistance ecosystem for worker cooperatives in that region.

"Funding for technical assistance is something that we really look for as a lender," says Powers. "We know that technical assistance is absolutely critical, both during the conversion process but also ongoing, especially in the three to five years after conversion. As a lender, we really know that mitigates risk — knowing there are trusted [technical assistance] partners, sources of funding for those partners, whether that's through the municipality or state or foundations."

Of the companies that met the report's criteria (size, location, etc.), from 1991 to 2014, 159 were sold or shut down per year, affecting 5,724 employees. A majority, 85 of those companies each year, shut down, despite most being profitable businesses.

"For me, the biggest aha moment was that more long-standing healthy businesses close than are sold," says Powers. "That hit me over the head as an immediate crisis."

As Powers also points out, the report shows there is a significant market for worker co-op conversions even within its limited geographic and industry scope. There's still unstudied market potential out there in other regions and other industries.

ICA Group, a Boston-based nonprofit consultancy that assists worker-owned companies, was the primary author of "Co-Op Conversions at Scale." One of the key services ICA Group offers in its own work is determining the market value of businesses that are interested in worker co-op conversions or other worker-ownership structures. ICA Group estimated that the median value of the businesses studied was around \$777,000. Median values ranged wildly between sectors and regions, from \$240,000 for a child-care business in the Miami area to \$3.73 million for a California food-manufacturing business

Knowing the range of values for these businesses is essential. Workers generally won't have all the cash they need to pay owners what their businesses are worth, Powers explains. That's where community development lenders like Capital Impact Partners can step in and provide a loan on favorable terms. At a median value of \$777,000, a projected 30 worker co-op conversions per year of businesses in the 20 to 100 employee range would require \$23 million in capital, according to the report.

But even with a favorable loan from Capital Impact Partners, a bank or credit union, or some combination of all the above, workers will still have to come up with at least a small down payment, which may pose another barrier. The recent changes at the Small Business Administration may help reduce the down payment needed, but they won't eliminate the barrier.

"It can be especially tricky when you have an industry where not all workers have a lot of income," says Powers. "We're not exactly sure what [a solution] could look like, but we know it's a problem."

This article is part of The Bottom Line, a series exploring scalable solutions for problems related to affordability, inclusive economic growth and access to capital. Click here to subscribe to our monthly Bottom Line newsletter. The Bottom Line is made possible with support from Citi Community Development.

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Oscar is editor of Next City. Before that, he was a contributing writer and Equitable Cities Fellow for Next City. Since 2011, Oscar has covered community development finance, community banking, impact investing, equitable and inclusive economies, affordable housing, fair housing and more for media outlets such as Shelterforce, B Magazine, Impact Alpha, and Fast Company.

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PERIOD ENDING 08/31/2019

GL NUMBER	DESCRIPTION	YTD BALANCE		AVAILABLE		% BDT USED
		2019-20 AMENDED BUDGET	08/31/2019 (ORMAL (ABNORMAL))	BALANCE (ORMAL (ABNORMAL))		
Fund 248 - Downtown Development Authority						
Revenues						
Dept 000 - General						
248-000-402.00	Current Tax Revenue	49,800.00	28,606.12	21,193.88		57.44
248-000-664.00	Interest Income	75.00	38.51	36.49		51.35
Total Dept 000 - General		49,875.00	28,644.63	21,230.37		57.43
TOTAL REVENUES		49,875.00	28,644.63	21,230.37		57.43
Expenditures						
Dept 728 - Projects and activities						
248-728-702.00	Salaries	3,000.00	0.00	3,000.00		0.00
248-728-715.00	Social Security	0.00	227.44	(227.44)		100.00
248-728-880.00	Advertising/Community Promotion	500.00	175.00	325.00		35.00
248-728-881.00	Flower/Beautification Projects	2,500.00	4,100.92	(1,600.92)		164.04
248-728-881.01	CHRISTMAS LIGHTS	1,500.00	0.00	1,500.00		0.00
248-728-881.02	WELCOME SIGNS	15,000.00	8,430.00	6,570.00		56.20
248-728-882.03	SIDEWALK SNOW REMOVAL	3,000.00	0.00	3,000.00		0.00
248-728-940.00	POP-UP SHOP RENT	21,000.00	3,350.00	17,650.00		15.95
248-728-940.01	FACADE IMPROVEMNT GRANTS	14,000.00	3,560.58	10,439.42		25.43
248-728-963.00	Miscellaneous	2,000.00	2,000.00	0.00		100.00
Total Dept 728 - Projects and activities		62,500.00	21,843.94	40,656.06		34.95
TOTAL EXPENDITURES		62,500.00	21,843.94	40,656.06		34.95
Fund 248 - Downtown Development Authority:						
TOTAL REVENUES		49,875.00	28,644.63	21,230.37		57.43
TOTAL EXPENDITURES		62,500.00	21,843.94	40,656.06		34.95
NET OF REVENUES & EXPENDITURES		(12,625.00)	6,800.69	(19,425.69)		53.87

Fund 248 Downtown Development Authority

GL Number	Description	Balance
*** Assets ***		
248-000-001.00	Cash Checking	4,129.67
248-000-002.00	Cash Savings	25,025.68
248-000-002.02	Cash Money Market	7,552.58
248-000-003.32	CERTIFICATE OF DEPOSIT GRB	50,497.12
Total Assets		87,205.05
*** Liabilities ***		
248-000-202.00	Accounts Payable	6,371.10
Total Liabilities		6,371.10
*** Fund Balance ***		
248-000-390.00	Fund Balance	68,722.90
Total Fund Balance		68,722.90
Beginning Fund Balance - 18-19		68,722.90
Net of Revenues VS Expenditures - 18-19		5,310.36
*18-19 End FB/19-20 Beg FB		74,033.26
Net of Revenues VS Expenditures - Current Year		6,800.69
Ending Fund Balance		80,833.95
Total Liabilities And Fund Balance		87,205.05

* Year Not Closed

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 248 Downtown Development Authority							
Expenditures							
Department 728 Projects and activities							
Unclassified							
08/01/2019			248-728-715.00 Social Security		BEG. BALANCE		0.00
08/07/2019	CD	CHK	PNC BANK	34783	227.44		227.44
08/31/2019			248-728-715.00	END BALANCE	227.44	0.00	227.44
08/01/2019			248-728-880.00 Advertising/Community Promotion		BEG. BALANCE		0.00
08/28/2019	AP	INV	RAPID GRAFIKS AND SIGNS	751	175.00		175.00
08/31/2019			TOURISM GRANT - WUPPDR 248-728-880.00	END BALANCE	175.00	0.00	175.00
08/01/2019			248-728-881.00 Flower/Beautification Projects		BEG. BALANCE		1,394.92
08/27/2019	AP	INV	ANGELO LUPPINO INC	023273	2,706.00		4,100.92
08/31/2019			WALL REMOVAL - MARY STREET 248-728-881.00	END BALANCE	2,706.00	0.00	4,100.92
08/01/2019			248-728-881.02 WELCOME SIGNS		BEG. BALANCE		7,500.00
08/13/2019	AP	INV	RAPID GRAFIKS AND SIGNS	731	930.00		8,430.00
08/31/2019			SIGNS WUPPDR GRANT 248-728-881.02	END BALANCE	930.00	0.00	8,430.00
08/01/2019			248-728-940.00 POP-UP SHOP RENT		BEG. BALANCE		1,500.00
08/07/2019	AP	INV	KEN'S BARBER SHOP	08012019	350.00		1,850.00
08/07/2019	AP	INV	POP UP SHOP RENT SOLBERG, PAULA	08012019	500.00		2,350.00
08/27/2019	AP	INV	POP UP SHOP RENT HARJU, TROY	08152019	500.00		2,850.00
08/27/2019	AP	INV	POP UP SHOP RENT HARRIS, GLENN	08072019	500.00		3,350.00
08/31/2019			POP UP SHOP RENT 248-728-940.00	END BALANCE	1,850.00	0.00	3,350.00
08/01/2019			248-728-940.01 FACADE IMPROVEMNT GRANTS		BEG. BALANCE		2,815.40
08/28/2019	AP	INV	ROUND 2	08282019	745.18		3,560.58
08/31/2019			FACADE GRANT 248-728-940.01	END BALANCE	745.18	0.00	3,560.58
08/01/2019			248-728-963.00 Miscellaneous		BEG. BALANCE		2,000.00
08/31/2019			248-728-963.00	END BALANCE	0.00	0.00	2,000.00
UNCLASSIFIED: Unclassified					6,633.62		21,843.94
TOTAL FOR DEPARTMENT 728 Projects and activities					6,633.62	0.00	
TOTAL Expenditures					6,633.62		21,843.94
GRAND TOTALS:					6,633.62		21,843.94