

# Cooperatives in Minneapolis:

## An inventory and assessment

Produced for the Minneapolis Office  
of Community Planning and Economic Development

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## I. Introduction

A growing number of cities across the country have begun exploring alternative approaches to economic and community development, and in this process have rediscovered the cooperative business model. For Minneapolis, this process of rediscovery has been aided by the fact that cooperative enterprises have long been an important part of the City's economic landscape. This historic presence has in turn created more cooperative legal and financing infrastructure, and a higher level of overall public familiarity, than is found in most other cities.

Over the past two years, staff in the City's Office of Community Planning and Economic Development (CPED) has undertaken an internal review of programmatic support for cooperative development. In general, staff found that existing city loan programs are already being utilized by cooperatives to support growth and expansion. But staff also determined that current business technical assistance programs were not optimally structured to meet the unique business development needs for start-up cooperatives.

To gain greater understanding of the current status of cooperatives in Minneapolis and the environment affecting cooperative start-ups, CPED issued a Request for Proposals in 2015 for a scope of work involving:

- **An inventory of cooperatives currently operating or domiciled in the City**
- **An assessment of the experiences and needs of start-up co-ops in the City.**
- **Creation of a training curriculum to support leaders of start-up co-ops**
- **Implementation of that curriculum for groups located in the City**

CPED subsequently contracted in late 2015 with Cooperative Development Services (CDS) to deliver this scope of work. CDS is 30-year-old nonprofit organization created by and morally accountable to the cooperative community of the Upper Midwest. It has experience in delivery of cooperative education, training, and technical assistance in multiple cooperative sectors. This report summarizes the findings of the inventory and the results of interviews of 19 cooperatives that have initiated operations within the past 10 years, or that are currently in active development.

## II. About cooperatives: internationally and nationally

**Cooperative definition:** The International Cooperative Alliance (ICA) defines a cooperative (or co-op) as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

At the heart of a cooperative is a group of people who share a common need and a common vision and who seek to address their need through shared investment in and use of an enterprise. A distinguishing feature of the cooperative model is that the group chooses to govern the enterprise on the democratic basis of one member-one vote, rather than on the more familiar corporate basis wherein the stockholder's decision-making power is related to the amount of company stock owned.

**Cooperative values and principles:** Another distinguishing attribute of the cooperative model is that it is the only business structure that comes with an internationally recognized set of values and principles.

As articulated by the ICA, cooperatives are based on the values of ***self-help, self-responsibility, democracy, equality, equity, and solidarity***. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The cooperative principles are guidelines by which cooperatives put their values into practice. The ICA recognizes the following seven principles:

- 1. Voluntary and Open Membership** Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- 2. Democratic Member Control** Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have

equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

- 3. Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
- 4. Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
- 5. Education, Training and Information:** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders—about the nature and benefits of cooperation.
- 6. Cooperation Among Cooperatives:** Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- 7. Concern for Community:** Cooperatives work for the sustainable development of their communities through policies approved by their members.

**Scope and scale of the cooperative business model:** Cooperatives are member-owned and democratically governed enterprises. Cooperatives exist in nearly every country, operate in all sectors of the economy, and include over one billion cooperative members in 145 countries.<sup>1</sup> The business model is based on people aggregating market power to achieve what they may not be able to do alone and sharing proceeds proportionally to participation.

The co-op model has long been recognized for its role in reducing poverty and promoting social cohesion. The International Cooperative Alliance (ICA), a cooperative federation with members worldwide, was one of three non-government organizations (NGOs) given the highest level of consultative status upon the creation of the United Nations (UN). The promotion of cooperative business development has been an integral program of the International Labor Organization (ILO) since 1920, when it was an agency of the League of Nations; the ILO has since become the primary UN agency dealing with labor standards, social protection and equal opportunity. The UN declared 2012 as “International Year of Cooperatives” to draw attention to and encourage support of the cooperative business model. This declaration highlighted cooperatives’ contributions to “poverty reduction, employment generation, and social integration.”<sup>2</sup>

Global statistics on the number of cooperatives are not maintained from year to year, and there are only occasional census reports or other surveys drawing data from governments and national cooperative trade groups. In 1994 the United Nations estimated the livelihoods of nearly 3 billion people (half the world’s population) were made more secure by cooperatives.<sup>3</sup> In 2014 the ICA commissioned a study on cooperative employment and found at least 250 million people in the world were employed, partially or full-time, by cooperatives. Additionally, a great majority of cooperative employment was found in G20 countries, where it makes up an estimated 12% of the entire employed population.<sup>4</sup>

The ICA maintains a “World Cooperative Monitor” for the largest cooperatives, and in 2015 it found the largest 300 cooperatives had revenues of \$2.36 trillion USD (all dollar amounts in this section measured in US dollars).<sup>5</sup> A similar annual monitoring program for large U.S. cooperatives is maintained by the National Cooperative Bank. The “2015 NCB Co-op 100 List” found the largest US cooperatives (by revenue)

had total revenue of \$243 billion and maintained \$521 billion in assets.<sup>6</sup> The most recent census of cooperatives in the United States was conducted by the University of Wisconsin Center for Cooperatives (UWCC) and completed in 2009. Previous attempts to inventory U.S. co-ops were conducted in the 1950s and 1930s by the U.S. Census Bureau and the Bureau of Labor Statistics, respectively. The UWCC 2009 census found nearly 30,000 cooperatives operating in the U.S. with 73,000 places of business. The responding cooperatives owned over \$3 trillion in assets and generated over \$500 billion in annual revenue. UWCC further extrapolated that U.S. cooperatives likely created over 2 million jobs with \$75 billion in wages and benefits paid. An estimated \$79 billion was distributed to approximately 350 million members of these cooperatives in annual patronage refunds and dividends.<sup>7</sup>

<sup>1</sup> *Measuring the Size and Scope of the Cooperative Economy: Results of the 2014 Global Census on Cooperatives*. David Grace & Associates, commissioned by the United Nations Department of Economic and Social Affairs Division for Social Policy and Development. April 2014.

<sup>2</sup> *Cooperatives in Social Development*, United Nations General Assembly resolution 65/184, adopted 21 December 2010.

<sup>3</sup> *United Nations: Report of the World Summit for Social Development, 6-12 March 1995*, Copenhagen (New York, doc. A/CONF.166/9, 1995)

<sup>4</sup> *Cooperatives and Employment: a Global Report*. CICOPA & Desjardins Group, 2014.

<sup>5</sup> *World Cooperative Monitor Report 2015*. International Cooperative Alliance (ICA) and European Research Institute on Cooperative and Social Enterprises (Euricse), 2015.

<sup>6</sup> *2015 NCB Co-op 100*. National Cooperative Bank, Washington, DC, 2015.

<sup>7</sup> *Research on the Economic Impact of Cooperatives*. University of Wisconsin Center for Cooperatives. June 2009.

### III. Cooperatives in Minnesota

By almost every measure, Minnesota is a national leader in cooperative enterprise.

In the UWCC census, 1023 cooperatives were identified in Minnesota, operating in a broad variety of industries. The highest number of firms were found among providers of housing, financial services, and agricultural supply and marketing. The largest co-ops by asset size were in the field of financial services, while most of the annual revenue was earned by agricultural cooperatives.

Eight Minnesota cooperatives are on the 2015 NCB Co-op 100 list, including Inver Grove Heights-based CHS Inc., which was listed as the nation's largest cooperative. Two other Minnesota cooperatives (Land O'Lakes and Health Partners) also made the top 10.

Compared to bordering states, Minnesota is clearly the leader in the Upper Midwest. Using 2009 UWCC data, Minnesota has more cooperative businesses (1023) and co-op members (over 3.4 million) than any of the surrounding states. It is no surprise, then, that compared to cooperatives in other states, Minnesota cooperatives have the highest annual revenues (\$34 billion), the highest level of assets (\$90 billion), collectively employ more people (46,000) and in aggregate pay more wages (\$1.6 billion annually).

With an estimated 3.4 million members of co-ops in Minnesota, it would appear that nearly 2/3 of the state's population are co-op members, but this is misleading. It is common for an individual to be a member of more than one cooperative. In an urban area, it's possible that an individual might live in a housing co-op, shop at a food co-op, and obtain financial services from a credit union, thus representing three memberships. Because of the historic concentration of cooperatives in agriculture, this effect is even more pronounced in rural communities. It would not be uncommon for a rural farm family to secure their electricity from a rural electric cooperative; to obtain financial services from a credit union; to buy propane and farm inputs from at least one farm supply co-op; to sell grain to that farm supply co-op, but also to an ethanol co-op; to sell milk through a dairy cooperative, etc.

This rural/co-op connection is most clearly seen in the data comparing Minnesota with North Dakota and South Dakota, states with small populations but very high economic

concentration in agriculture. North Dakota had (in 2010) fewer than 700,000 residents but 320 cooperatives, meaning there was one cooperative for every 2100 residents (compared to 5185 residents per co-op in Minnesota); there were individual cooperative memberships in North Dakota equivalent to 73% of the state’s population (compared to 64% in Minnesota). South Dakota reflects a similar pattern.

There are no studies that identify an unduplicated number of Minnesotans that are member-owners of cooperatives. However, the MN Rural Electric Association states that its member cooperatives serve 1.8 million Minnesotans (all rural or fringe suburban), and the MN Credit Union Network states that its members serve 1.6 million Minnesotans (more urban than rural). A conservative estimate is that over 2 million Minnesotans (or 40-50% of the state’s population) are an owner-member of at least one cooperative.

### Cooperatives operating in five states

	Number of Co-ops	Wages (millions \$)	Assets (millions \$)	Revenue (millions \$)	Members (thousands)	Employees (thousands)
Minnesota	1023	1622.7	90025.9	34049.0	3417.3	46.0
Wisconsin	649	784.7	24773.7	8601.4	2661.0	19.0
Iowa	458	577.0	11611.0	9133.3	1375.3	13.7
North Dakota	320	254.2	11302.4	4090.9	491.0	7.5
South Dakota	260	221.2	4077.9	2518.3	507.1	4.3

	2010 Census State	State Residents/Co-op	Assets (member \$)	Revenue/ (member \$)	Co-op Members as % of population
Minnesota	5,303,925	5,185	26,344	9,964	64%
Wisconsin	5,687,289	8,763	9,310	3,232	47%
Iowa	3,046,869	6,653	8,443	6,641	45%
North Dakota	672,591	2,102	23,019	8,332	73%
South Dakota	814,191	3,132	8,042	4,966	62%

Source: University of Wisconsin Center for Cooperatives, Research on the Economic Impact of Cooperatives, 2009.



## IV. Inventory of cooperatives in Minneapolis

**Methodology for co-op inventory:** The co-op inventory was intended to identify cooperatives that operate in Minneapolis, and particularly those that are headquartered in Minneapolis. There is no central directory that lists cooperative firms across the United States, and the U.S. Census Bureau does not identify cooperatives in the Economic Census or any of the Bureau's economic statistical programs. Several sources were consulted to compile the list of Minneapolis cooperatives, and although the methods were rigorous, the results may under-represent the actual number of co-ops operating in the City.

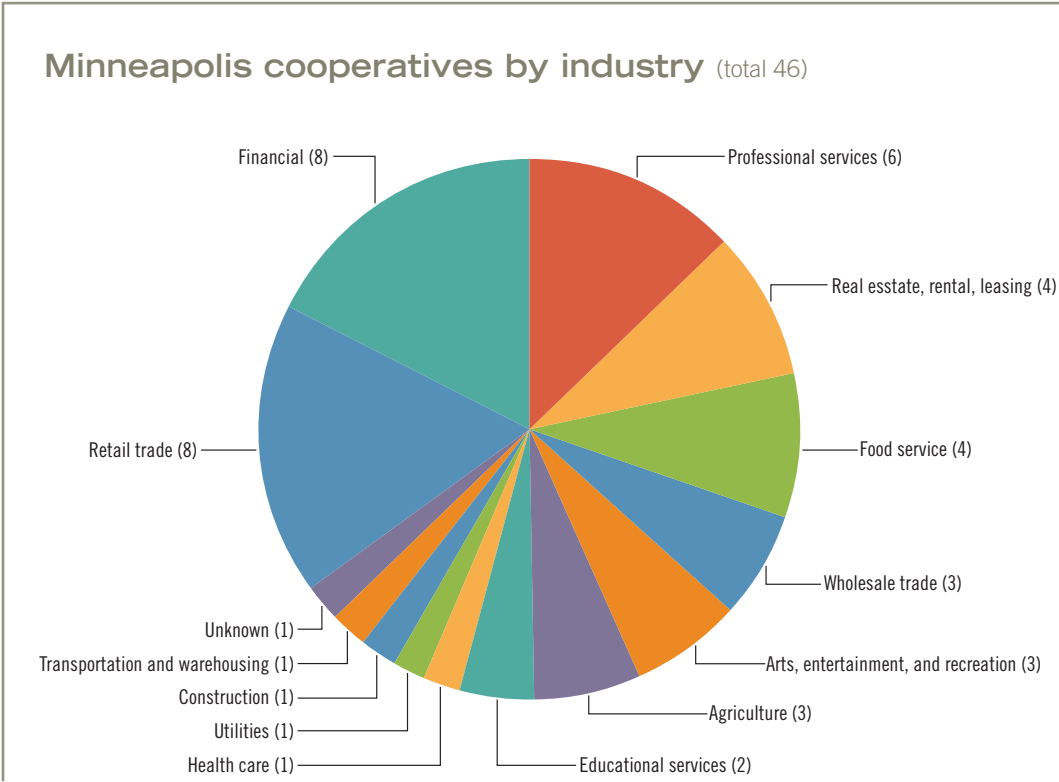
- The Minnesota Secretary of State business-filing database was queried for all active cooperatives (Minnesota Statutes 308A and 308B) with a Minneapolis address. The Secretary of State verifies active status with each Minnesota cooperative through an annual reporting form. Each year several cooperatives fail to return this form to the Secretary, resulting in their temporary “involuntary dissolution” until new information is provided to the Secretary. Cooperatives recently (2014-2015) dissolved through this administrative procedure were individually verified as active or inactive through online searches and in some cases by directly contacting the cooperatives.
- To identify additional cooperatives, either unknown to the Secretary of State, or subjected to involuntary dissolution prior to 2014, the list of active cooperatives was cross-checked against pre-existing directories of cooperatives, which are usually organized on a sector/industry basis. For example, the U.S. Federation of Worker Cooperatives maintains a directory of worker-owned co-ops; the Urban Homestead Assistance Board has recently conducted a national census of limited-equity housing cooperatives; and Credit Union National Association maintains a directory of state and federally chartered credit unions.
- An additional check was made against the list of cooperatives used by the University of Wisconsin Center for Cooperatives in their 2006 USDA-funded research on the economic impact of cooperatives. The University of Wisconsin list provided valuable insight into firms that could potentially be included on the basis of their functional and operational nature, rather than merely their status as operating under Minnesota Statutes 308A or 308B. The verification process used by the University of Wisconsin for each firm was not replicated for this report, but

instead firms were included if they were known to qualify as a cooperative according to the international cooperative principles.

(For further information on the method used by the University of Wisconsin for their 2006 census, see: [http://reic.uwcc.wisc.edu/survey/.](http://reic.uwcc.wisc.edu/survey/))

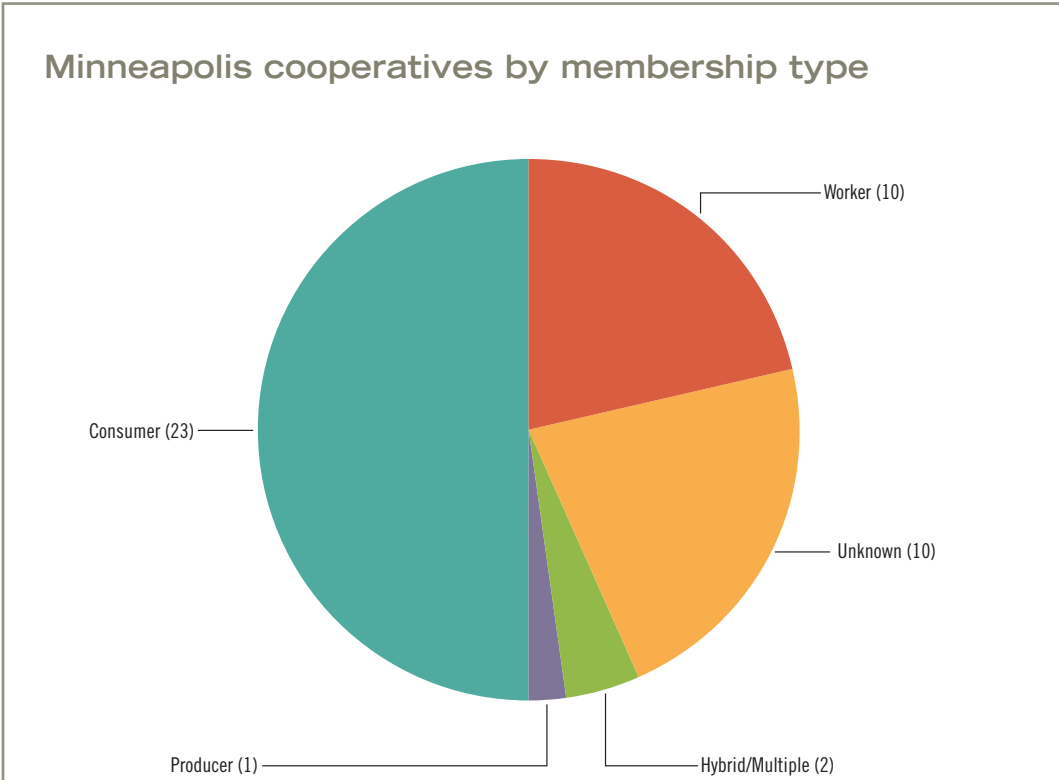
**1. Cooperatives operating in Minneapolis:** The inventory of cooperatives conducted for this project found that Minneapolis is home to 118 cooperatives. Of these, 46 do business in the City. (37 of the 118 have a registered address in Minneapolis but actually do nearly all of their business outside of the city. Furthermore, 35 housing co-ops are set aside for separate consideration below, since these co-ops exist to provide housing rather than conduct business with the public).

The 46 business-related cooperatives in Minneapolis operate in a wide variety of industries. Classifying industries using the NAICS (North American Industry Classification System) code shows this variety of sectors in detail.



The chart on the preceding page shows that active Minneapolis cooperatives are found widely dispersed among various industry sectors. The largest concentration is in the “retail trade” group, which includes consumer-owned grocery co-ops, generally the most visible and widely known type of cooperative in Minneapolis. The second largest concentration is in the “financial” group, and represents credit unions active in the City; unlike the visible grocery co-ops, most consumers generally have little awareness that these firms operate as financial services cooperatives.

One way to further understand the nature of cooperative firms is to look at their membership types, which can indicate who has a controlling interest on the board of directors and who receives profits from the operation.



A cooperative can be identified according to its owners: consumer, worker, producer, or hybrid, and according to what purpose the cooperative serves. Consumers form cooperatives to gain access to products, such as groceries, fuel, or recreational equipment. The purpose of a worker cooperative is most often to provide jobs, with

decent compensation and dignity in the workplace. Producer cooperatives bring together producers of a specific product (such as cheese, milk, grain, cranberries); producer cooperatives may also pool resources to purchase supplies and/or market their product.

In each case the cooperative is also governed by its owners. Democratic control of the cooperative enterprise, achieved through voting and service on the board of directors, is the responsibility of the owners, that is, the producers, consumers, or workers. In some cases a cooperative designs hybrid ownership—for instance, producer cooperatives may also include workers as owners, according to a specified structure.

In Minneapolis, consumer ownership is the predominant form of ownership, representing about half of the cooperatives active in the city (and largely reflecting the presence of grocery co-ops and credit unions). Worker cooperatives are the second largest type; many of these are relatively recent start-ups, reflecting increased interest in worker ownership in the past decade.

**2. Registered offices and registered agents:** By law, cooperatives incorporated in Minnesota must maintain a registered office in the state. The registered office is used to conduct formal correspondence, and it may be the same location as the firm's registered agent. The principle place of a co-op's business and the location of a cooperative's executive management need not be the same as the firm's registered office. It is a fairly common practice to designate the registered office through a contract with a corporate compliance company or a law firm to ensure timely communication of important business communications.

The two cooperative statutes available in Minnesota (308A and 308B) are open and flexible—they can be used to form a business in nearly any industry, under a variety of governance structures. Several states have restricted or outdated cooperative statutes, and some states have no co-op statute available outside of specialized sectors, such as electricity distribution or agriculture. For cooperative start-ups in states with poor statutory frameworks, Minnesota's co-op laws have gained popular appeal among some attorneys. A few local law firms have nationally recognized cooperative attorneys among their partners. These attorneys attract out-of-state clients looking to incorporate as Minnesota cooperatives because of the strong statutory framework.

These unique attributes make Minneapolis (and Minnesota in general) a favorable location to legally, if not physically, establish a co-op.

The inventory identified 37 cooperative firms with registered offices in Minneapolis but principle places of business elsewhere. Of these, 7 firms have primary operations in other Minnesota cities, and the remaining 30 firms have their primary business activity in and among 22 different states and in a broad variety of industry sectors.

### Cooperatives with registered addresses in Minneapolis

Cooperative	Zip Code	State of Operation
Air Controls - Billings, Inc	55447	MT
APEX Buying Cooperative (Allied Pharmacy Exchange)	55402	SC
Assured Performance Cooperative	55402	CA
Assured Performance Network	55402	CA
Attain Med, Inc.	55402	GA
Cape May Oyster Cooperative	55402	NJ
Care Ventures Cooperative	55416	MN
Carechoice	55402	MN
CHS Inc.	55402	MN
Collaborate Co-op	55402	AL
CooperationWorks!	55402	CO
CoopMetrics	55402	DC
Equal Exchange, Inc.	55453	MA
Farm Credit Services of America, FLCA	55402	NE
Farm Credit Services of America, PCA	55402	NE
FlexSteel Pipeline Technologies, Inc.	55402	TX
Food Conspiracy Cooperative	55402	AZ
Forte Payment Systems, Inc.	55402	MN
Golden Growers Cooperative	55402	ND
GSC Financial Coop	55402	GA
Harvest Farms Co-op	55402	TN
Hawke & Company Ag Systems Inc	55402	IA
Mid-River Residences, Inc.	55401	MN
National Cooperative Refinery Association	55402	KS
NCGA Development Cooperative	55402	IA
Next Big Thing, A Growers' Cooperative	55418	MN
Security Equipment, Inc.	55402	NE
Swiss Valley Farms Cooperatives	55402	IA
T-1 Cooperative, Inc.	55445	MO
The Good Energy Cooperative	55402	FL
The Good Info Business Cooperative, Incorporated	55402	FL
The Veterinary Cooperative	55402	IL
Three Rivers Market	55402	TN
Tri-State Breeders Cooperative Inc.	55402	WI
Trout River Point, Inc., a Minnesota Cooperative Housing Corporation	55402	MN
Urban Greens Food Co-op	55401	RI
Xzact Technologies, Inc.	55402	NC

**3. Credit unions operating in Minneapolis:** Credit unions are financial cooperatives, chartered at either the state or federal level, whose members are depositors and borrowers. Credit unions maintain 19 branches in Minneapolis, with 6 of these being credit union headquarters—the remaining 13 branches are affiliated with credit unions with primary offices outside Minneapolis. Credit unions enjoy broad participation and have more affiliated members statewide than any other single type of cooperative. The Minneapolis-based credit unions have a combined total of 13,666 members and manage \$108 million in assets. Together, all credit unions with Minneapolis branches have a total membership of 668,007, and manage \$9.1 billion in assets—it should be noted that many of the memberships are associated with people living outside Minneapolis.

### Credit Unions in Minneapolis

#### Credit unions based in Minneapolis

Diversified	800 LaSalle Ave, Suite 104	55420
Electric Machinery Employees	800 Central Ave NE	55413
Latvian	3152 17th Ave S	55407
Midland Co-op	5210 Central Ave NE, Suite 200	55421
Target Corporation	P.O. Box 581426	55458
Transit Operations	725 N 7th St	55411

#### Credit unions with branches in Minneapolis

Affinity Plus	555 Nicollet Mall, Suite 251	55402
Affinity Plus	2520 University Ave SE	55414
Associated Healthcare	2545 Chicago Ave, Suite G6	55404
SPIRE	3117 University Ave SE	55414
Star Choice	800 N 1st Street	55401
Trustone Financial	2817 Lyndale Ave S	55408
Trustone Financial	301 Main St NE	55413
US Federal	2535 27th Ave S	55406
Wings Financial	7150 Humphrey Drive	55450
Wings Financial	7500 Airline Drive	55450
Wings Financial	3651 Central Ave NE	55418
Wings Financial	302 S 6th St	55415

**4. Housing cooperatives:** Housing cooperatives are resident-owned communities, occupying one or more buildings. They may lease or own the properties where they are sited. Housing co-ops may be structured (legally and financially) in several ways and often exist to accomplish one of the following outcomes for their membership: wealth creation, lowered monthly rents, and/or supportive community. Examples of

supportive community might include amenities or policies designed for a specific population, such as students or seniors. Beyond the benefits for their existing membership, housing cooperatives can also preserve long-term affordable housing if structured appropriately.

The inventory revealed 35 housing cooperatives located in the city, nearly all of them in South Minneapolis. These co-ops operate in apartments and multi-family houses, and some have banded together for shared services, including property management. Since the focus of this report is on business development rather than affordable housing or housing ownership access, no further examination was made of the structures and practices of these co-ops. Some of these cooperatives create employment, usually in the form of property management services, though many of the co-ops are voluntarily managed by their members and have no permanent staff.

### Housing cooperatives in Minneapolis (35)

2309 Grand Associates Cooperative	2309 Grand Ave S, Unit A	55405
2615 Park Avenue Associates	2615 Park Ave	55407
3346 Blaisdell Associates Cooperative	3346 Blaisdell Ave S	55408
3528 Emerson Avenue South	3528 Emerson Ave S	55408
3540 James Avenue South, Inc.	3540 James Ave S	55408
3701 Grand Associates Cooperative	3701 Grand Ave S	55409
4311 Minnehaha Ave. So., Inc.	4311 Minnehaha Ave S	55406
4th Street Student Housing Cooperative, Inc.	425 13th Ave SE	55414
510 Groveland Associates	510 Groveland Ave	55403
Becketwood Cooperative	4300 West River Parkway	55406
Blue Goose Cooperative	1819 & 1825 5th St S	55454
Cityview Cooperative	1807 Elliot Ave S (Office)	55404
Clearview Cooperative	1220 Powderhorn Terrace, #35	55407
Como Student Community Cooperative	1024 27th Ave SE	55414
Franklin Student Housing Cooperative, Inc.	425 13th Ave SE	55414
H Bosch, Inc.	1823 15th Ave S	55404
Marcy Park Student Housing Cooperative, Inc.	425 13th Ave SE	55414
Marshall Student Housing Cooperative, Inc.	425 13th Ave SE	55414
Nokomis Square Cooperative	5015 35th Ave S	55417
Old Town in Town Cooperative	735 E 16th St	55404
Omega One	2412 1st Ave S	55404
Park Cooperative Apartments	619 E 32nd St	55407
Riverbluff Cooperative	2020 1st St S	55454
Royal Apartments Cooperative	3340 Blaisdell Ave S	55408
Sherlock Homes Cooperative, Inc.	1929 S 5th St	55454
South Aldrich Apartments, Inc.	2009 South Aldrich Ave, #13	55405
Stevens House Cooperative	2625-33 Stevens Ave S	55408
Students' Co-operative, Incorporated	1721 University Ave SE, #19	55414

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*—Housing Cooperatives in Minneapolis, continued from previous page*

The Chateau Student Housing Cooperative, Inc.	425 13th Ave SE	55414
The Nokoma	1920 Third Ave S	55404
Union Homes Cooperative	2000 S 5th St	55454
Varied First Avenue Cooperative	2720 1st Ave S	55408
Watchcat Cooperative	2000 S 5th St	55454
West Bank Homes Cooperative	2000 S 5th St	55454

**Co-op support organizations:** Cooperative support organizations provide management and support services, either during start-up or ongoing, and in several cases are designated as registered agents for the cooperatives they serve. Some of the organizations are nonprofits, motivated to incubate cooperatives, in part, as a means to further their mission. In other cases the support organization is an outgrowth of efforts among several co-ops to access improved services or exert greater control over expenses.

In Minneapolis, 7 cooperative support organizations were identified, with 3 engaged in business development on some level and the remaining 4 focused on preserving or managing housing cooperatives. For example, Latino Economic Development Center (LEDC) is actively involved in efforts to launch new cooperatives in greater Minnesota, and two co-ops designate their registered office as the LEDC office in Minneapolis. Another example, Common Properties Management Cooperative (CPMC), is both a support organization and a cooperative itself—the members are housing cooperatives that receive services from CPMC.

For the purpose of the overall cooperative inventory, most of the support organizations are not counted as co-ops (with the exception of Common Properties Management Cooperative) because the organizations are not operated as cooperatives. They merely have a mission or program emphasis that supports cooperative enterprise. Cooperative support organizations play important roles in the developing and maintaining new co-op firms, so they’ve been included as a notable aspect of the cooperative landscape in Minneapolis and as possible contributors to a cooperative development curriculum.



## Cooperative support organizations (7)

### Cooperative entities (20)

<b>Latino Economic Development Center</b>	1501 E Lake St	Minneapolis	MN	55407
Agua Gorda Cooperative		Long Prairie	MN	
La Familia Cooperativa		Owatonna	MN	
<b>Venture Academy</b>	315 27th Ave SE	Minneapolis	MN	55414
Student Community Co-op		Minneapolis	MN	
<b>Headwaters International</b>	2801 21st Ave S	Minneapolis	MN	55407
Cooperative Coffees, Inc.		Americus	GA	
<b>PRG, Inc.</b>	2017 East 38th St	Minneapolis	MN	55407
Dovetail Cooperative		Saint Paul	MN	
Arbor Commons Cooperative		Saint Paul	MN	
Linden Place Cooperative		Saint Paul	MN	
The Maples Cooperative		Saint Paul	MN	
New Village Cooperative		Saint Paul	MN	
<b>Common Properties Management Cooperative</b>	219 Main St SE	Minneapolis	MN	55414
Sunrise Villa Cooperative		Cannon Falls	MN	
Old Town in Town Cooperative		Minneapolis	MN	
Park Plaza Cooperative		Fridley	MN	
Alpine Court Cooperative Association, Inc.		Eagan	MN	
<b>Ebenezer Management Services</b>	2722 Park Ave S	Minneapolis	MN	55407
Calvary Center Cooperative		Golden Valley	MN	
Realife Cooperative of Burnsville		Burnsville	MN	
<b>Riverton Community Housing</b>	425 13th Ave SE	Minneapolis	MN	55414
4th Street Student Housing Cooperative, Inc.		Minneapolis	MN	
Franklin Student Housing Cooperative, Inc.		Minneapolis	MN	
Marcy Park Student Housing Cooperative, Inc.		Minneapolis	MN	
Marshall Student Housing Cooperative, Inc.		Minneapolis	MN	
The Chateau Student Housing Cooperative, Inc.		Minneapolis	MN	

## V. Developing cooperatives: characteristics and technical assistance needs

**Interview goals and methodology:** To gain insight into developing cooperatives in Minneapolis, we interviewed founding or early members of 19 cooperative enterprises. These cooperatives were identified through conversations with cooperative developers and educators. The cooperatives are in various stages of development, from early concept through early years of operation. Most are located in Minneapolis or have a significant membership or major portion of operations in Minneapolis. Each interview typically took 60-90 minutes. While a common script served as the basis for the interview, the intention of each conversation was to surface and discuss topics and issues unique to each group.

Interviews were also conducted with seven individuals who have had unique experiences with cooperative/business development in low income and minority communities, including two associated with organizations that lend to cooperatives.

### Overview of technical assistance needs among cooperatives

**84%** of the interviewed cooperatives sought and found necessary technical assistance in at least one aspect of development.

**75%** of the cooperatives seeking help encountered difficulty getting the needed assistance in one or more areas.

**74%** of cooperatives interviewed identified at least one area in which they expected to seek assistance in the near future.

#### **84% (16) of interviewees sought technical assistance**

Most of the cooperatives looked for, and found and used technical assistance in several areas as they organized and developed, including business planning, financing and internal financial structure, incorporation and other legal issues, and membership development. The search often began “close to home” with friends

experienced in business and with peers employed by or members of cooperatives. These contacts frequently yielded referrals to lawyers, accountants, business instructors, and cooperative educators and developers. Some groups studied cooperatives online or through books and other publications.

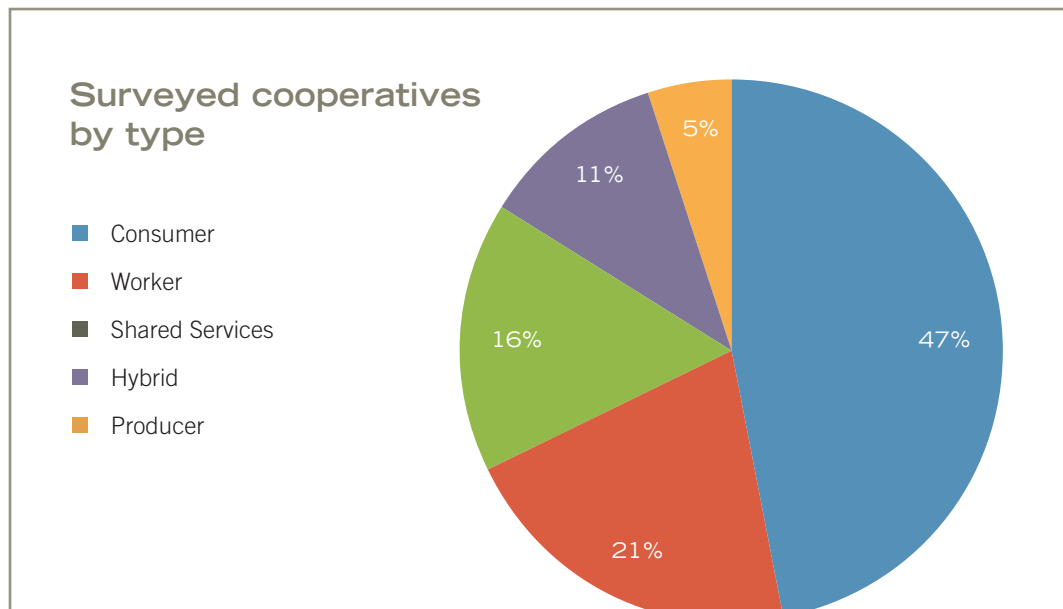
**63% (12) of those seeking assistance were unsuccessful in one area or more**

There were several reasons for this lack of success. They included not knowing a resource they needed was available, or not finding it; or identifying assistance that seemed suitable, but finding it was difficult to understand, was too expensive, or not culturally accessible.

**74% (14) of all interviewed cooperatives expect to seek technical assistance in the future.**

These cooperatives plan to seek technical assistance in at least one area soon, or within the next couple years. Specific types of assistance they mentioned include business planning, cooperative education for members, governance training for board members.

**About the cooperative responders:** The following charts illustrate the types of co-ops and their size of membership and employees.



Nine of the developing cooperatives interviewed are consumer owned. Four of the cooperatives are worker owned. Three are owned by individual contractors, marketing their services together—these may be thought of as producer cooperatives, or more specifically as shared services cooperatives. Two cooperatives are structured with two ownership groups and as such are a hybrid cooperative of consumers and producers. One cooperative is owned by producers who market products together.

### Surveyed cooperatives by number of members

Range	Number of co-ops
100 members or less	12
Between 100 and 500	5
Over 500 members	2
<b>Average members</b>	<b>455</b>

The number of member-owners of the interviewed cooperatives ranged from three to 6700. Average number of owners in consumer cooperatives was 951. The worker cooperatives averaged 12 owners.

### Surveyed cooperatives by number of jobs

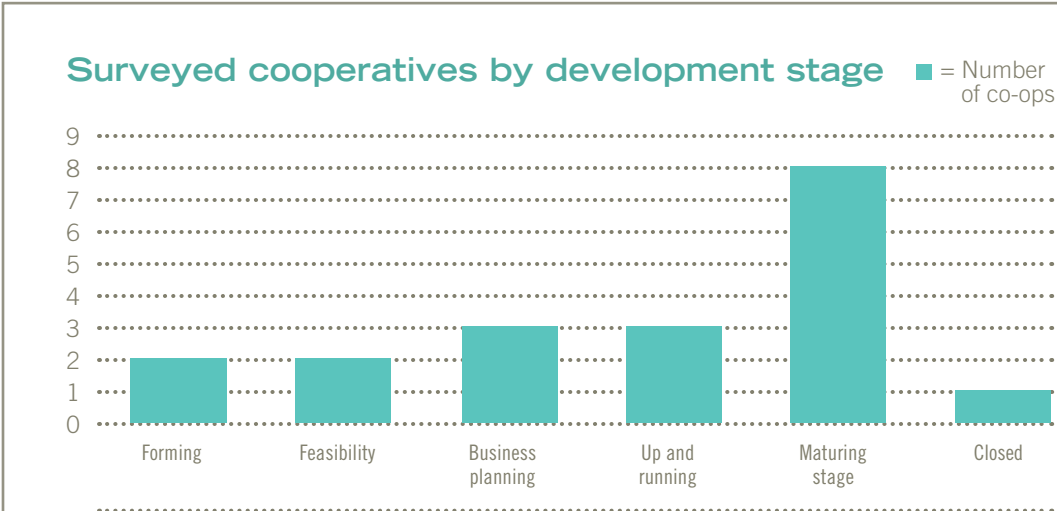
Range	Number of co-ops
Fewer than 10 employees	9
Between 10 and 50 employees	4
Over 50 employees	2
N/A	5
<b>Average employees</b>	<b>27</b>

Of the 206 jobs provided by the young cooperatives we interviewed, 4 had not yet opened their business, so had no jobs. Three of the cooperatives, one consumer cooperative and two worker cooperatives, together provided 143 jobs. As in conventional enterprises, the number of jobs is influenced by how long the company has been open for business as well as the industry and goals.

The stages of cooperative development are not always fixed in an orderly sequence. For example, co-op visions may not pass initial feasibility tests, bringing organizers back to adjust the vision; or feasibility may look very positive but falter during the business planning process. Even after they are “up and running,” healthy co-ops revisit their mission, vision, and business strategies on a regular basis. For the purposes of this project we placed each of our developing cooperative interviewees into one of five stages:

- Forming stage:** an organized group is creating a vision for a cooperative business.
- Feasibility stage:** the steering committee is exploring membership and market potential.
- Business planning stage:** the steering committee is developing the business plan, seeking financing, and identifying/growing membership.
- Up and running stage:** The co-op has been in operation for less than 3 years.
- Maturing stage:** The co-op has remained open and operating for 3 + years.

Two of the co-ops are clearly in the forming stage; two are working on initial feasibility; three are doing business planning; three have been open less than three years; and eight have been open three or more years. We also interviewed a founding member of a cooperative that incorporated in 2010 and operated for four years before closing in 2014.



In addition to stage of development, the following chart illustrates the type of membership, industry sectors, sizes, and ages of each cooperative.

## Cooperative characteristics

Co-op name	Type	Development stage	Industry	# of members	# of jobs	Expectations for business / job growth
<b>Common Properties Mgmt Co-op</b>	consumer	maturing	property management	14	7	business growing; jobs will increase with each client
<b>Cooperative Energy Futures</b>	consumer	business planning	solar energy	130	4	jobs will grow with community solar gardens
<b>Eastside Food Co-op</b>	consumer	maturing	grocery	6700	70	jobs increasing with current expansion
<b>Everspring Health</b>	consumer	feasibility	health care	100	5	working on cooperative structure
<b>Fair State Cooperative Brewing</b>	consumer	up and running	brewing	750	12	stable operations
<b>Global Village Cooperative</b>	consumer	forming	retail market	150	0	pre-development - refining vision
<b>North East Investment Co-op</b>	consumer	maturing	local investment	225	0	may employ staff as new properties are acquired
<b>Wirth Cooperative Grocery</b>	consumer	business planning	grocery	490	0	start up group working on financing
<b>Original Gift</b>	consumer	business planning	import/marketing	3	1	additional jobs with opening in summer 2016
<b>Principle Six (P6)</b>	hybrid: c/p	maturing	marketing	10	3	plan to grow members of both types
<b>Perennial Partners</b>	hybrid: c/p	feasibility	nursery	3	2	working group - refining co-op vision/feasibility
<b>Shared Ground Farmers' Co-op</b>	producer	up and running	marketing	5	3	re-organizing staff for second operational season
<b>1108 Artist's Cooperative</b>	shared services	maturing	creative art/teaching	9	9	independent artists - not employees
<b>People's Movement Center</b>	shared services	forming	health care	5	15	independent contractors
<b>Tech Support Cooperative</b>	shared services	up and running	software/tech support	4	4	independent contractors - one in Minneapolis
<b>Black Rose Press</b>	worker	closed	screen printing	8	0	4 to 8 during operations; closed 2014
<b>Matchbox Café</b>	worker	maturing	foodservice	8	8	goal to sustain business; job growth not expected
<b>Terra Firma Builders/Remodelers</b>	worker	maturing	building/remodeling	12	23	12 worker owners; 11 additional workers
<b>The Hub Bike Cooperative</b>	worker	maturing	retail bike and repair	21	45	includes 20 seasonal

Cooperatives form in order to provide intended benefits to members. However, cooperatives also often start with clearly stated intentions to support or improve their communities in specific ways. These complementary interests are clearly illustrated among the cooperatives we interviewed.

### Developing cooperatives: membership, value proposition, and community service intentions

Co-op name	Who are members	Member value proposition	Primary intention to serve community
<b>Common Properties Mgmt Co-op</b>	consumer (business)	quality, customized property management	support sustainability of manufactured home park co-ops
<b>Cooperative Energy Futures</b>	consumer (individual)	community powered, efficient energy	create wealth in underserved and low-income communities
<b>Eastside Grocery Cooperative</b>	consumer (individual)	healthy, local foods	sustainable, healthy food system
<b>Everspring Health</b>	consumer (individual)	innovative, safe healthcare services	promote healthy lifestyle; cooperative client partnerships
<b>Fair State Cooperative Brewing</b>	consumer (individual)	community pub, gathering place	supporting NE Mpls community renewal operations
<b>Global Village Cooperative</b>	consumer (individual)	consumer developed product mix	retail market, East African International import focus
<b>North East Investment Co-op</b>	consumer (individual)	neighborhood investment	sustainable NE Mpls community development
<b>Wirth Cooperative Grocery</b>	consumer (individual)	jobs/income/ownership	improve community lives of residents in North Minneapolis
<b>Original Gift</b>	consumer (individual)	convenient, affordable, and healthy foods	market for quality product; jobs, income in Somaliland
<b>Principle Six (P6)</b>	c/p (businesses)	marketing local, sustainable products	support growth of small, local, and organic farming
<b>Perennial Partners</b>	c/p (individuals)	open a nursery	build urban canopy, education
<b>Shared Ground Farmers' Co-op</b>	producer business	build sales; reduce distribution expense	sustainable farming and living wage for farmers
<b>1108 Artist's Cooperative</b>	contractor individual	studio space, mutual support for artists	North Mpls community building through teaching, mentoring
<b>People's Movement Center</b>	contractor individual	space for healing justice practitioners who are people of color, indigenous, trans, queer	strive to build leadership, economic sustainability, and healing spaces for ourselves and broader communities
<b>Tech Support Cooperative</b>	contractor individual	peer support, grow and serve clients	software customized to support cooperative businesses
<b>Black Rose Press</b>	worker individual	fair work; stable income for artists	support for IWW, political movement, performance artists
<b>Matchbox Café</b>	worker individual	jobs/income for artists	community gathering place
<b>Terra Firma Building and Remodeling</b>	worker individual	respectful and safe workplace	build tradition of quality; ethical standards; client respect
<b>The Hub Bike Cooperative</b>	worker individual	jobs/ownership/democratic workplace	enrich community; contribute to urban landscape

c/p = members include both consumers and producers | each member of P6 is a business | each member of Perennial Partners is an individual

## VI. Cooperative origins and development processes

Cooperative enterprises originate from the recognition of a common need or opportunity and a vision for how the need or opportunity could be met by people working together. Among the factors affecting variations in their development paths are resources, industry, sector, size, and strategic vision for future growth and change. While the pathway of each cooperative in our interview group has been unique, their growth demonstrates some shared characteristics of cooperative development.

**1 Several interviewees seek to build healthy and sustainable local communities.** The three Northeast Minneapolis consumer cooperatives (Eastside Food Co-op, North East Investment Cooperative, and Fair State Brewing Cooperative) are linked through investment in their shared neighborhood. From its inception, Eastside Food Co-op brought together members of the business and social community, neighborhood associations, families, and individuals to build a now thriving and expanding consumer-owned cooperative. Board members of Eastside were among the founders of NEIC, a cooperative that introduced new possibilities to communities across the country by pooling individual investments in a cooperative to rehabilitate vacant and poorly used property in their neighborhood. Their first renovation, at 2506 Central Ave., became the home of Fair State Brewing Cooperative, owned by and further nurturing their community as a local gathering place.

Cooperative Energy Futures, though envisioned by a single champion, is constructed to employ the engine of cooperative community ownership to build community solar gardens that will not only save energy costs for local residents but make progress toward energy independence. The development process of the first community project—Shiloh Temple International Ministries in North Minneapolis—includes partnerships with Kwanzaa Community Church, Neighborhoods Organizing for Change, Sierra Club North Star chapter, and Minnesota Interfaith Power and Light. Additionally, Renewable Energy Partners, a north Minneapolis job training organization, will create local training and jobs for the installation.

Peoples Movement Center and Everspring Health have each been designed by an alliance of health care workers. Everspring is exploring the consumer co-op model to promote a wellness community. People's Movement Center is a worker-owned cooperative that is designing a safe and nurturing place for people who are underserved as people who are native, queer, transgender, or of color.



**2 Global interests and connections are central to the visions of other cooperatives.** Global Village Cooperative began when members of the Somali community drew together around the vision of a Somali marketplace. The community has now broadened their vision to incorporate importing goods produced by a variety of cooperatives around the globe.

Original Gift is a cooperative business concept assembled by an immigrant from Somaliland. This concept will build a link between producer cooperatives in Somaliland and a marketing cooperative in Minneapolis—traveling to Somaliland to support the development of the frankincense and myrrh producer cooperatives in Somaliland and back to Minneapolis to work on development of the worker owned distribution cooperative.

**3 Workers became cooperative owners by starting businesses.** The idea to form a worker cooperative often arises within a workplace or industry setting where people envision a way to improve their livelihoods and businesses by pooling resources. Industry knowledge and experience are common among worker co-op organizers, since they often emerge from or convert an existing business.

Four worker co-ops (The Hub Bike Cooperative, Tech Support Co-op, Perennial Partners Nursery, and Black Rose Print Co-op) each began with a group of 3 or 4 workers. In all cases, the workers had gotten to know each other at the same workplace or from within groups or conferences and gradually developed an idea for their own cooperative business. The Hub and Tech Support co-ops have made successful start-ups; Perennial Partners Nursery is exploring feasibility. Black Rose operated from 2010 through 2014 and grew from four to eight members; unfortunately, they closed due to insufficient capital to renovate their building.

**4 Worker became owners by conversion of an existing business.** Ownership transitions or conversions can be relatively seamless, as in the case of Matchbox Coffee Shop, whose owner was not only willing but eager to leave the business, and the existing employees already shared an affinity for collective ownership and management. The owner offered to sell the business to three of the employees, who became the original worker-owners. While the new owners are adjusting to being cooperative owners, they were already operating the business.

The conversion process for Terra Firma Builders and Remodelers was more complicated. However, the conversion was successful due to a motivated owner who advocated for the transition to a worker co-op and due to workers dedicated to learning about and implementing a cooperative ownership structure. The group was diligent with the process of designing their bylaws and cooperative structure.

**5 The remaining interviewed cooperatives focus on building community strength, equity and influence, and each was fostered by supportive organizations or developers.**

The 1108 Artist's Cooperative was initiated and fostered by Juxtaposition Arts, whose founders who provided nine individual studios and common space, and a vision that incorporates benefits to the artists and the community.

The Latino Economic Development Center supported the development of several Latino farm cooperatives and saw an opportunity to enhance marketing success by joining forces with Stones Throw Urban Farmers Co-op to create Shared Ground Co-op, a producers marketing cooperative with shared sales, a common warehouse, and shared distribution.

The Harrison Neighborhood Group invited residents of Harrison and nearby neighborhoods to a meeting to determine the level of interest in starting a grocery co-op in North Minneapolis. The group of 60 attendees signed up and elected a board of directors and officers that night, and it existed in effect for some years as a program of the Harrison Neighborhood Group, before becoming independent.

Principle Six (P6) was initially supported by Equal Exchange and is now housed at Seward Co-op. They are able to use office equipment and other support at Seward Co-op's Franklin Avenue offices in South Minneapolis.

Northcountry Cooperative Foundation assembled a board and created a business plan for Common Properties Management Services, a business that the Foundation organized, providing services to many of the cooperative manufactured home parks, as well as condos, a marina, and other facilities.

Cooperatives launched with this kind of support have several development advantages.

Knowledgeable and skilled support organizations can help new leaders to use best development practices and to avoid foreseeable pitfalls. The fostering organization often provides significant grant funding, office and operating space at low or no cost, and/or accounting and other technical support, often during development and into the first years of operation.

Determining when and how the cooperative will transition to financial and operational independence can be difficult. Transition to independence requires intention and effort on the part of the co-op and the supporting organization to find or develop sufficient leadership and operational skills to manage the business and the governance training to keep the cooperative ownership vital as well. Interviewees from some of the fostered co-ops described variations on these challenges.

## VII. Common challenges for developing cooperatives

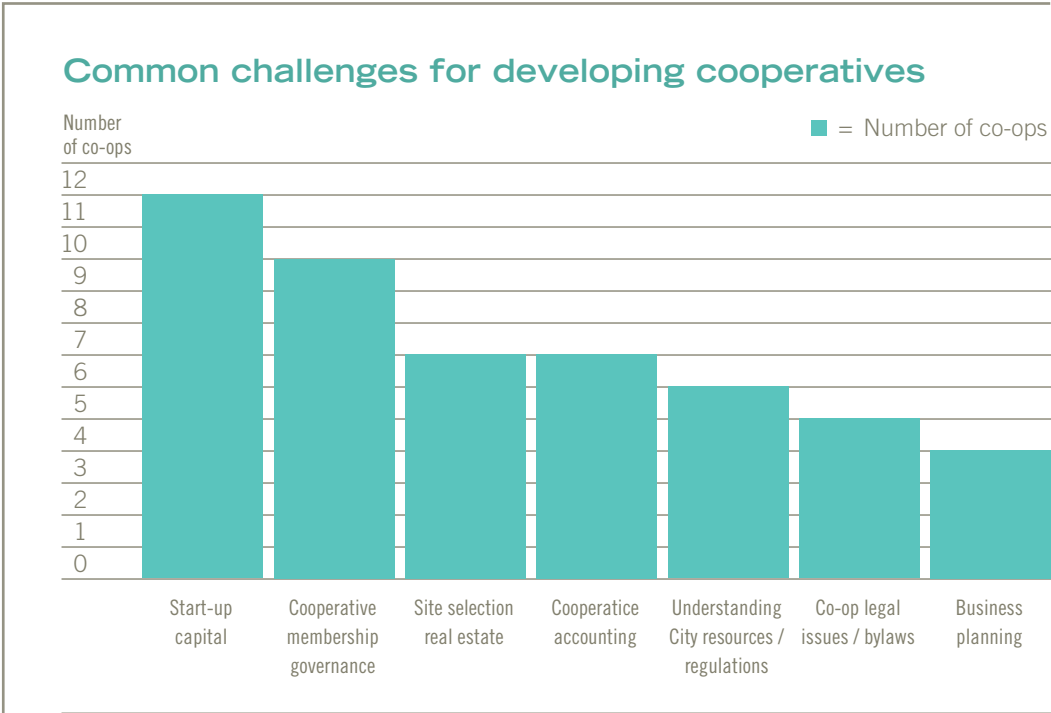
Determining cooperatives' needs for technical assistance and financing during development: The interview process was conducted to learn as much as possible about the development path taken by each group and to surface areas where timely and effective assistance was, or might have been, particularly valuable. While the sample size and diversity of interviewees prevents useful quantitative analysis, we did attempt to capture major themes in as concrete a way as possible. Our interview questions (see Appendix B) collected information in five sections:

- **Cooperative and interviewee identification:** This section included co-op and interviewee contact information, co-op mission, brief description of operating structure, years in operation, and number of employees.
- **Membership type:** Here we recorded number of members and type of co-op by ownership, i.e., consumer, worker, producer, shared services, or hybrid. We asked about members sought by each co-op, i.e., consumer co-ops will seek members who will purchase goods or use services of the cooperative, worker co-ops may seek specific work experience or expertise, and producers will need members who can provide specific products suitable for consolidated marketing or who are interested in co-location. Shared services cooperatives will assemble independent contractors in a specific industry.
- **Membership characteristics:** We asked additional questions to determine whether the co-op recruits members from a particular geographic area or of a specific ethnicity or other common characteristic. For example, a worker co-op may balance the percentage of experienced workers with those who are not experienced, with the intent to provide training and resume building for the less experienced workers.
- **Development process:** These questions elicited descriptions of how the vision for the co-op originated, how the original core group was formed, why they saw the co-op model as suited to their business vision, whether or not they had significant background in cooperative business structure and operations, and how they proceeded with business planning.
- **Training/technical assistance:** This section was key to determining what resources were accessible and helpful to each co-op's development and what resources were either difficult to find or not helpful. We also asked about what kind of

assistance they wished they had found or used, and how their development process might have been better with additional guidance or information.

- **Financing:** Here we asked about member voting share requirements and any other member investment tools used by the co-op. We also listed other funding sources sought, those that were used, and what challenges they encountered in this area.

A compilation of interview response yielded insights on the following topics, summarized in the chart below:



**Financing:** Start-up capital was the most common challenge, named by eleven cooperatives interviewed. Pre-development capital was named as a challenge by two co-ops.

*“Finding financing was very difficult. Not being eligible for SBA [Small Business Administration] was a hurdle; finding investors was difficult; needed to personally guarantee all bank debt.”*

*“We’re growing quite quickly, which is good and challenging. Navigating lines of credit and loans that require personal guarantees—that’s an ugly process for a co-op.”*

*“It would have helped to know ahead of time [about] other options for funding, e.g. grants, and what we would need to get a loan or grant.”*

Sources of start-up funding that have been used by the emerging co-ops included the Latino Economic Development Center, community banks (specifically Sunrise Banks), the USDA, Shared Capital Cooperative, the City of Minneapolis 2% loan program, personal loans, private investments, grants, membership shares and member loans. A couple of co-ops have been considering crowdfunding but at the time of the interviews had not yet pursued it.

**Cooperative membership/governance:** Nine cooperatives said they would have been better off in their early development if they had known more about structuring membership and governance, and most are interested in learning more now.

*“It would be nice to have an umbrella organization that could offer templates that were easily accessible and to teach you both how to set up bylaws or accounting systems and explanation for why.”*

**Site selection/real estate:** Six cooperatives experienced challenges in finding a site appropriate to their venture and in understanding related real estate issues, including whether to lease or buy, how to negotiate a lease, and understanding zoning issues.

**Cooperative accounting:** Six cooperatives said it was difficult finding out how to set up proper accounting that incorporates unique cooperative requirements and/or finding an accountant familiar with these requirements.

*“[Our first] CPA was familiar with nonprofits and wasn’t familiar with co-ops and that made it more complex and challenging.”*

*“Would be helpful to have resources available to setting up good cooperative accounting; knowledgeable help with management of patronage accounts. Standard bureaucratic challenge that doesn’t support the goal of community wealth building—accounting; knowledgeable help with management of patronage accounts.”*

*“It would help to know how other worker co-op service providers share income that is generated from “shared” accounts, or in situations where there is a primary consultant and someone else provides limited on-call service, as well as other related issues that come up.”*

**Understanding City resources and regulations:** Several co-ops described experiences with very helpful city employees in various departments. Some, in fact, are convinced they would have never succeeded if they hadn’t found a city employee champion who had assisted them at critical points with timelines.

The co-ops encountered challenges in understanding zoning. Some noted that the building permit process could be more streamlined.

Finding and vetting locations that match specific industry and size-related needs of co-ops were mentioned as difficulties. Assistance in accessing information about available properties would be very helpful.

In general, there was a clear call for deeper understanding of the cooperative model throughout departments and a City policy to support cooperative development.

*“It would be helpful if City could provide a central location for cooperatives that included meeting spaces, places to take conference calls, have mailboxes, use copiers, etc. This would reduce overhead and create safe place for records in co-op development phase.”*

*“[We] could use technical assistance: commercial real estate, but with knowledge about industry-specific needs to assist with search for sites. City ideology doesn’t fit. They look at a cooperative as a for-profit corporation, rather than a community asset/interest, so—they are hesitant to appear to give preferential treatment. This doesn’t support the city’s stated goals to build assets in economically challenged neighborhoods—a standard bureaucratic challenge that doesn’t support the goal of community wealth building.”*

*“The regulatory environment is a challenge. Building-permit process too slow. City support for cooperatives could assist in navigating the labyrinth and the lack of sensitivity, recognition of value of cooperative model. There is a significant resource cost because of the bureaucratic process.”*

**Legal concerns:** Four cooperatives described legal challenges in the early start-up phase as: 1) inability to find legal assistance; 2) legal assistance found but not understood; 3) legal assistance too expensive.

*“Sought legal assistance through Dorsey/Whitney; created 308B. Was a long, confusing process—trying to understand what bylaws meant—the process was longer than it needed to be—needed ‘translation’ from legal language.”*

*“Did not find a lot of help with legal incorporation or creation of the bylaws. That would have been helpful and perhaps why bylaws have not been fully fleshed out. Don’t have the time or financial means to pay a lot to have this done. Would have been nice to have tool to help with the management of the organization.”*

*“Would have been helpful to have legal (incorporation) and tax consulting. An HR specialist would probably be useful for any start-up.”*

**Business planning and marketing:** Two co-ops expect to need assistance in business planning and marketing in the near future; another one realizes that it would have been better off if it had such assistance early in its development.

*“[I’m] looking forward to having the store being open. [Challenges I see]: Success with product mix and price, Making a good first impression so folks will keep coming back, Developing ‘lifelong’ customers; Recruiting members and shoppers on bus transit lines (and eventually light rail) intersecting at store corner.”*



## VIII. Perspectives from developer interviews

The survey tool used for emerging co-op interviews was adapted for interviews with co-op developers and other organizations to elicit similar information from their experience and perspectives. The following is a list of developers, organizers, and working groups interviewed.

- **Emily Lippold Cheney**, Northcountry Cooperative Foundation, Cooperative Youth Council, Cooperation Works, with focus on cooperative education
- **Elena Gaarder**, Nexus Community Partners, with focus on building communities, strategic networks, worker cooperatives, wealth building strategies
- **Christina Jennings**, Shared Capital Cooperative (formerly Northcountry Cooperative Development Fund), with expertise in cooperative lending
- **Margaret Lund**, Coopera, with primary focus on worker-owned cooperatives
- **Gretchen Nicholls**, Local Initiative Support Corporation, with primary focus on housing
- **Stuart Reid**, Food Co-op Initiative, with focus on new consumer grocery cooperatives
- **Leslie Watson**, Cooperative Development Services and CDS Consulting Cooperative, with primary focus on governance training and investment cooperatives

Participants concur that there appears to be a welling up of interest related to the co-op model for the purposes of wealth-building and inclusive cooperative approaches to address a number of economic and social needs. Interest in worker co-ops seems particularly present. Additionally, traditional nonprofit developers from outside the cooperative community appear interested in cooperative approaches, but few have experience in co-op development. However, several of these traditional nonprofit developers may have very desirable and useful skills in community organizing as well as connections to the traditional community and economic development infrastructure.

Virtually all participants referenced the need for patient, flexible capital to support all phases of development including:

- **Funding the start-up support system for both training and technical assistance**
- **Supporting start-ups in pre-feasibility and early development stages**
- **Providing debt financing for the launch of new co-ops**

## IX. Opportunities for the City of Minneapolis

Based on our research and interviews we identified a number of ways the City of Minneapolis might offer further support for cooperative development.

Nearly all interviewees, both from cooperatives and support organizations, were interested in **knowing more about the City's plans to support cooperative** development. Many want to be informed if classes are offered and would like to attend.

Resource **lists that include cooperative developers, educators and funding sources** would be helpful to emerging cooperatives, as would developing a **network of legal and accounting professionals** who have expertise in cooperative development concerns.

There is a need to develop a support **network that is as culturally and ethnically diverse as the potential client base**. Providing interpreters for meetings and classes, translation of training materials and culturally appropriate training is essential.

The idea of providing **a common/shared workspace** to support developing cooperatives is worth exploring.

Clearly there is an opportunity for nurturing strategic partnerships among developers, cooperatives and the City. **A map of the support eco-system** seems to be of interest as a means of helping individuals, particularly those outside the co-op community, see the larger landscape.

All developers recognize a need to bring the co-op development and support system to scale and to bring individual co-op projects to scale. One organization suggested that the City could achieve goals of building equity, and address feasibility in a larger sense, by **identifying accessible industries suitable for co-op conversions** and opportunities for building integrated systems similar to the Evergreen Cooperatives in Cleveland.

## Appendix A: Active cooperatives in Minneapolis

### Active cooperatives in Minneapolis

Cooperative	Address	Zip	Statutory entity type	Sector (based on NAICS)	Other notes
Collectivity	800 N Washington Ave, #500	55401	co-op	professional services	unknown
Common Properties Management Cooperative	219 Main St, Suite 500	55414	co-op	professional services	consumer membership
Community Table Association of Cooperatives	3537 4th Ave S	55408	co-op	agriculture	unknown
Cooperativa Mercado Central, Inc.	1515 E Lake St, Suite 118	55407	co-op	real estate, rental, leasing	consumer membership
Cooperative Energy Futures	c/o Do It Green! MN, 920 E. Lake St	55407	co-op	utilities	hybrid membership
Cooperative of Latin American Growers (CLAG)	3533 2nd Ave S	55408	co-op	agriculture	unknown
Diversified Credit Union	800 LaSalle Ave, Suite 104	55402	state C.U.	financial	consumer membership
Eastside Food Cooperative	2551 Central Ave NE	55418	co-op	retail trade	consumer membership
Electric Machinery Employees Credit Union	800 Central Ave NE	55413	state C.U.	financial	consumer membership
Everspring Health	2201 Hennepin Ave	55405	co-op	health care	unknown
Extreme Noise	407 West Lake St	55408	business corporation	retail trade	worker membership
Fair State Brewing Cooperative	2506A Central Ave NE	55418	co-op	food service	consumer membership
For the Horde Cooperative	400 S 4th St, #401	55415	co-op	real estate, rental, leasing	consumer membership
Fraternity Purchasing Association	2221 University Ave SE - Suite 111	55414	co-op	wholesale trade	consumer membership
Global Village Cooperative, Inc.	location TBD		co-op	educational services	unknown
Griesel Cooperative	5151 Humboldt Ave N	55430	co-op	professional services	unknown
Hard Times Café	1821 Riverside Ave	55454	business corporation	food service	worker membership
Independent Natural Food Retailers Cooperative	2727 26th Ave S	55406	co-op	wholesale trade	consumer membership
Latvian Credit Union	3152 17th Ave S	55407	state C.U.	financial	consumer membership
Linden Hills Community Cooperative, Inc.	3815 Sunnyside Ave	55410	co-op	retail trade	consumer membership
Make Cooperative	3349 Irving Ave S	55408	co-op	real estate, rental, leasing	consumer membership
Midland Co-op Credit Union	5210 Central Ave NE, Suite 200	55421	state C.U.	financial	consumer membership
Millie and Vivian (Matchbox Café)	1306 2nd St. NE	55413	co-op	food service	worker membership
Minnesota Climbing Cooperative	1620 Central Ave. NE Ste 178	55413	co-op	arts, entertainment, and recreation	consumer membership
Minnesota Elderberry Cooperative	3520 East 33rd St.	55406	co-op	agriculture	producer membership
New Century I Community Lending Cooperative	5701 Portland Ave. S	55417	co-op	financial	unknown

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## Active cooperatives in Minneapolis - continued

Cooperative	Address	Zip	Statutory entity typ	Sector (based on NAICS)	Other notes
Northcountry Cooperative Development Fund, Inc.	2600 East Franklin Ave, #2	55406	co-op	financial	consumer membership
Northeast Investment Cooperative	2506 Central Ave NE	55418	co-op	real estate, rental, leasing	consumer membership
Northern Cargo Association	1912 Broadway St NE	55413	co-op	transportation and warehousing	consumer membership
Original Gift	location TBD		co-op (foreign)	wholesale trade	worker membership
People's Movement Center	736 41st St S	55408	LLC	professional services	worker membership
Principle Six (P6) Cooperative Trade Movement	2601 E Franklin Ave	55406	co-op	professional services	consumer membership
Radical Roots Collective (Seward Community Café)	2129 E Franklin Ave	55406	non-profit	food service	worker membership
Seward Child Care Center	2323 32nd Ave S	55406	non-profit	educational services	hybrid membership
Seward Community Co-op, Inc.	2823 E Franklin Ave	55406	co-op	retail trade	consumer membership
Student Community Co-op	315 27th Ave SE	55414	co-op	unknown	unknown
Sun Machine Music and Arts Cooperative	909 27th Ave NE	55418	co-op	arts, entertainment, and recreation	unknown
Target Corporation Credit Union	P.O. Box 581426	55458	state C.U.	financial	consumer membership
Terraluna Collaborative	3017 10th Ave S	55407	co-op	professional services	worker membership
The Hub Bike Co-op	3020 Minnehaha Ave S	55406	co-op	retail trade	worker membership
Thoughts of Light Publishing	940 44th Ave NE, P.O. box 21121	55421	co-op	arts, entertainment, and recreation	unknown
Transit Operations Federal Credit Union	725 N 7th St	55411	501(c)1	financial	consumer membership
Wedge Community Co-op, Inc.	2105 Lyndale Ave S	55405	co-op	retail trade	consumer membership
Wirth Cooperative Grocery	1835 Penn Ave N	55411	co-op	retail trade	consumer membership
Whole Builders Cooperative	2928 5th Ave S	55408	co-op	construction	worker membership
Xylos, Ltd.	3020 W 50th St.	55410	co-op	retail trade	worker membership

## Appendix B: C-TAP interviewee cooperative descriptions

**1108 Artist's Cooperative** was incorporated in 2012 with the mission to support the North Minneapolis community by bringing an active, vibrant arts corridor on West Broadway and to support the development of each artist's business. Studio space is provided to nine member artists with professional experience. Each artist/entrepreneur is connected to the North Minneapolis community and committed to engaging with local community members through teaching, workshops and other events.

**Black Rose Print Co-op** was a worker-owned cooperative, incorporated in 2010. Its mission was to provide a stable livelihood for artists in the screen printing and graphic design fields who were also members in good standing of the Industrial Workers of the World union. The business closed in 2014 because members were unable to raise sufficient capital to make necessary restoration and improvements to their building.

**Common Properties Management Cooperative**, a consumer-owned cooperative, was incorporated in 2008 to provide excellent property management services to manufactured home cooperatives and to provide their residents with clean, comfortable and safe housing. Their membership also includes other residential properties (e.g. condos) as well as some commercial properties.

**Cooperative Energy Futures** was incorporated in 2009 as a consumer-owned cooperative to create real wealth in underserved and low-income communities, first by reducing energy demand and then by producing community-owned clean energy. Initially, CEF provided residential energy audits and resident support through innovative solutions for reducing energy usage. The company is now positioned to implement consumer-owned solar energy gardens and has more than ten projects waiting for Xcel Energy approval.

**Eastside Food Co-op**, a consumer-owned cooperative, opened in 2003 and is currently undergoing an ambitious expansion project. At the forefront of a prosperous and fair cooperative economy, Eastside provides access to healthy food, fosters positive environmental impacts, cultivates a thriving community in its neighborhood, and educates members for a sustainable future. Eastside is recognized among Twin Cities' consumer grocery co-ops for its early and ongoing engagement in the diverse Northeast Minneapolis business and social community.

**Everspring Health** is not currently a cooperative but is designing a consumer-owned

cooperative dedicated to creating an environment where lifestyle, health, and healing services can be provided in an intuitive and compassionate manner that benefits members, guests, and the communities they serve. Their mission is high quality of life.

**Fair State Brewing Cooperative** is Minnesota's first cooperative brewery. Consumer-owned, its goal is to put the natural connection between brewer and community to work. Its mission is to create infinite community and quality craft beers. Fair State leases its operations space from the North East Investment Cooperative.

**Global Village Cooperative**, a little over a year into exploring vision and feasibility, already includes 150 community members interested in its intention to warehouse and distribute products from global cooperatives. The idea for a market for Somali goods began within the Somali community, but has expanded its vision to consider organizing as a cooperative distributing goods from co-ops across the globe, not just Somalia.

**Match Box Café** was converted from private to worker ownership in 2003, and is currently a collective of eight workers. Their business is focused neither on profit nor expansion but to provide a community gathering place and serve local, organic, and fair-trade products, and to provide its workers with part-time schedules that allow them to pursue other endeavors.

**NorthEast Investment Cooperative** is a consumer-owned cooperative with a purpose to preserve long-term affordability and contribute to neighborhood stability through patient capital investment and minimal expectation of cash return. Incorporated in 2011, NEIC allows residents of Minnesota to collectively buy, rehab, and manage commercial and residential property in Northeast Minneapolis.

**Original Gift** incorporated as a worker-owned cooperative in Minnesota in 2015 for the purpose of pooling frankincense and myrrh from a co-op of small producers that was incorporated in Somaliland in 2014. Its steering committee incorporates complementary skills of three members; their current focus is on market research and development, and developing funding.

**Principle Six (P6) Cooperative Trade Movement** exemplifies just and equitable trade relationships among farmers, producers, retailers and consumers rooted in

cooperative principles and values, with the goal of increasing market access for small farmers, building cooperative supply chains, and changing our local and global food system. P6 is a hybrid cooperative, owned by and designed for grocery co-ops and co-op food producers.

**Peoples Movement Center** has brought together a group of healing practitioners who share an interest in healing justice and healing spaces for people of color, native, queer, and transgender. The practical goal of this worker collective is having a space to work together. Their focus is currently on learning together about legal and business structures, creative business models, and financing to meet both debt and operating expenses.

**Perennial Partners Nursery** is a group of 3 workers designing a worker-owned cooperative and planning a nursery and garden center. They are exploring a variety of growing methods and other industry options and are looking for a site in Minneapolis or Richfield.

**Shared Ground Farmer's Cooperative** is a producer-owned marketing and distribution cooperative owned by farms in the Twin Cities region, including an urban farm in Minneapolis. Shared Ground markets sustainably grown produce and grass-fed meats direct to consumers and wholesale and retail accounts in the Twin Cities. Shared Ground views its marketing and farm skills training as an instrument of social justice and a way for farmers with few resources to gain more stable income, training, and leadership development through participation in a member-owned and member-governed enterprise.

**Tech Support Co-op** is a shared-services cooperative, similar to a worker cooperative, the difference being that each of the 4 members is an individual contractor. the co-op provides support for users of IS4C software which was developed in Minneapolis at the Wedge Community Cooperative and is customized for consumer cooperative technology needs. The cooperative provides peer support and backup. They are examining operational aspects of their cooperative in anticipation of adding new members soon.

**Terra Firma Building and Remodeling Cooperative** is a worker-owned cooperative, with 11 current worker-owners among the 23 total workers employed in the business.

They have a desire to build community among workers and provide an opportunity to do good work. They promote respect through all aspects of their business: for craft, for homes, and for all involved, including workers, clients, contractors, and vendors. While the co-op is headquartered in St. Paul, more than half its clients are residents of Minneapolis.

**The Hub Bike Cooperative** is a worker-owned cooperative in South Minneapolis with 25 permanent and 20 seasonal employees, 21 of whom are owners. They are a retail bike and repair shop with a mission to increase human-powered transportation, and to increase the diversity of the cycling population and the uses of cycling for commercial, commuting, and recreation. The co-op is currently engaged in acquiring ownership of its building.

**Wirth Cooperative Grocery** is a consumer-owned cooperative in North Minneapolis. The co-op currently has over 500 members and hopes to add 500 more by the time it opens its first store later in 2016. The Wirth Co-op mission is to build community and provide diverse, healthy, and affordable food choices that reflect the needs of North Minneapolis and surrounding neighborhoods. Wirth Co-op is currently seeking additional start-up capital from member-owners and other partners in order to launch its store at the corner of Penn Avenue North and Golden Valley Road in North Minneapolis.



## Appendix C: Interview questions for developing cooperatives

### C-TAP Co-op Survey

Participant name \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_

Email \_\_\_\_\_ Phone \_\_\_\_\_

Cooperative name \_\_\_\_\_

Purpose / Industry \_\_\_\_\_

Incorporated (no / yes - date) \_\_\_\_\_ Years in operation \_\_\_\_\_ Number of employees \_\_\_\_\_

Address \_\_\_\_\_

Email \_\_\_\_\_ Phone \_\_\_\_\_ Website \_\_\_\_\_

Mission \_\_\_\_\_

Brief description of current structure \_\_\_\_\_

Progress, and how measured: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

#### Membership

Number of current members: \_\_\_\_\_ Number of members possible/optimal: \_\_\_\_\_

Members are: workers \_\_\_\_\_ producers \_\_\_\_\_ consumers \_\_\_\_\_ other \_\_\_\_\_

**Specific assets sought** through recruitment and/or brought to co-op by members, e.g. skills/expertise in specific industry, co-op experience/familiarity, professional status, residency in specific geographic area:

\_\_\_\_\_

#### Co-op intent is to serve those who:

are disadvantaged economically  share a racial, ethnic, or cultural identity

reside in a specific geographic area, e.g. neighborhood/name or describe \_\_\_\_\_

other: \_\_\_\_\_

Member demographic detail if possible: \_\_\_\_\_

## Development Process

When did you form idea/vision for your enterprise?

Why/how did you decide to use a cooperative model?

### When/how did you:

Recruit/organize initial membership group?

Explore feasibility?

Do formal business planning?

What experience in/familiarity with other cooperative enterprises do founders/members have?

What have you learned (from each other or outside assistance) during the development and/or early years of your cooperative, that has helped you put things together, do well at your business, and thrive in other ways?

## Training/Technical Assistance

Have you sought technical assistance or training in any areas during development/implementation?

What were the challenges that prompted you to seek outside assistance?

What type of help did you seek?

Did you find printed materials, internet sources, trainers/consultants that were or were not helpful?

Among the topics and types of technical assistance or training you engaged, what were most useful, and why?

What was not needed or helpful about assistance you received?

What type of assistance do you wish had been available, i.e. "If only we had known \_\_\_\_\_"?

What are the challenges you have now or expect in the near future?

Are you looking for further assistance in any topics now?

## Financing

Member share/investment requirement:

Have you met your goals for start-up capitalization of your cooperative enterprise?

Did you seek funding at any stage?

Are you seeking funding now?

Did you readily find what you needed or did you face challenges in finding sufficient funding?

What types of financing did you use?

Are you using now?

Are you seeking now?

Type of funding sought:  Member equity (voting shares, other non-voting shares)  Debt (member loans or bank debt)

Charitable support (grants, philanthropic contributions)

Other: