

DRAFT PROPOSAL
(TERMS ARE OPEN TO NEGOTIATION)

COMMUNITY BENEFITS AGREEMENT
BETWEEN
SEWARD COMMUNITY CO-OP
And
CENTRAL AREA NEIGHBORHOOD DEVELOPMENT ORGANIZATION (CANDO)

This Community Benefits Agreement (“CBA”) is made and entered into by and between the Seward Community CO-OP (“Seward CO-OP”) and the Central Area Neighborhood Development Organization (“CANDO”) to govern the employment and operation of the Seward Community CO-OP’s Friendship store.

DEFINITIONS:

Seward Community CO-OP opened in 1972. It is a member-owned, member-governed business that operates a grocery store.

Central Area Neighborhood Development Organization (CANDO) works to support and strengthen the Central neighborhood in the areas of community building, economic development and housing.

The Seward Co-op Friendship store will be built at 38th Street and 3rd Avenue in the Central and Bryant neighborhoods.

The Central neighborhood is bordered by Lake Street on the north, 38th Street on the south, Interstate 35W on the west, and Chicago Avenue on the east. In 2010, the neighborhood demographics were 44% Latino, 25% African American, 21% white, 2% American Indian or Alaska Native, and 4% Asian or Pacific Islander, according to 2010 Census data. In 2012, household incomes in the Central neighborhood were less compared to incomes for all of Minneapolis with 42% of households earning less than \$35,000 compared to 38% for Minneapolis, according to Minnesota Compass. In 2012, the average single family housing price in the Central neighborhood was \$178,442 compared to \$243,654 in Minneapolis, according to City-Data.com.

The Bryant neighborhood is bordered by 38th Street on the north, 42nd Street on the south, Interstate 35W on the west and Chicago Avenue on the east. In 2010, the neighborhood demographics were 33% African American, 30% white, 28% Latino, 3% Asian or Pacific Islander, and 1% American Indian or Alaska Native, according to 2010 Census data. In 2012, household incomes in the Bryant neighborhood were slightly less compared to incomes for all of Minneapolis with 37% of households earning less than \$35,000 compared to 38% for Minneapolis, according to Minnesota Compass. In 2010, the average single family housing price in the Bryant neighborhood was \$154,640 compared to \$243,654 in Minneapolis, according to City-Data.com.

RECITALS:

Whereas, the Seward CO-OP plans to build a full-service food co-op at the former site of the Greater Friendship Missionary Baptist Church at the corner of 38th Street and 3rd Avenue in Minneapolis, which will be called the Seward “Friendship Store” and open in late summer of 2015; and

Whereas, on July 12, 2014, the Seward CO-OP broke ground on the its future Friendship store; and

Whereas, the City of Minneapolis including Councilpersons Elizabeth Glidden (Ward 8), Alondra Cano (Ward 9); State Representatives Karen Clark and Susan Allen; State Senator Jeff Hayden have all supported the building of the Seward CO-OP Friendship Store; and

Whereas, according to the United States Department of Agriculture (USDA), the neighborhoods of Central and Bryant in Minneapolis are considered a “food desert.”; and

Whereas, the Seward CO-OP Friendship store has been identified as a source to address the problem of a “food desert” in the Central and Bryant neighborhoods; and

Whereas, community and resident concerns have been raised about the affordability of the food sold at the Seward CO-OP; and

Whereas, community and resident concerns have been raised about employment for African Americans, Latinos and residents of the Central and Bryant neighborhoods for both the construction of the Friendship store and at the store;

Whereas, community and resident concerns have been raised about gentrification of the Central and Bryant neighborhoods due to the opening of the Seward CO-OP Friendship store, and the possibility of increasing property values and rents to where current residents can no longer afford to live in these communities. Concerns are also expressed that the Seward CO-OP Friendship store will escalate the already present racial disparities in Minneapolis; and

Whereas, community and resident concerns have been raised about whether the Seward CO-OP will purchase goods from urban food sources; and

Whereas community and resident concerns have been raised about Central and Bryant neighborhood residents, particularly African Americans and Latinos, having a seat and vote on the Seward CO-OP’s Board of Directors;

Now, therefore, Seward CO-OP and CANDO agree as follows:

AGREEMENT

I. AFFORDABILITY

a. Nourish Program

The Nourish program that the Seward CO-OP has developed to provide below normal cost items to low income customers is a much needed initiative in the Central and Bryant neighborhoods. However, Seward CO-OP's Nourish program needs to expand to include that:

- Seward CO-OP will provide owners with demonstrated financial need a **20% everyday needs-based discount** instead of the current 10% discount.
- Seward CO-OP will establish a program in collaboration with the Central-Bryant Community Council to provide feedback and information on the Nourish program including the selection of "Nourish Staples" items.
- Seward CO-OP will provide better signage of "Staples" items.
- Seward CO-OP will report statistics on the Nourish program including products, sales, costs, trends and customer comments.
- Seward CO-OP will assist in convening an annual meeting to discuss program statistics and cultural relevance of Nourish program.
- Seward CO-OP will donate to local food shelves such as Sabathani Center and Calvary Lutheran Church.

b. Membership/Ownership

According to Seward CO-OP, Shoppers who have a financial need can become owners with an initial investment of \$15 through the needs-based ownership option. (The remaining \$60 of co-op stock is accrued through patronage refund earnings.) Needs-based ownerships are available to those enrolled in Minnesota Food Assistance/Support, WIC, MinnesotaCare and Minnesota Medical Assistance, or Social Security Disability.

To make membership/ownership more affordable to low income residents in the Central and Bryant neighborhoods, Seward CO-OP will take the following action:

- Seward CO-OP will provide needs-based ownerships for low-income residents through grants to pay for balance of membership equity to qualifying members instead of requiring the balance of membership equity to be paid through patronage refund earnings.
- Seward CO-OP will participate in an active outreach campaign to inform and increase local resident participation in membership/ownership to ensure that Seward CO-OP's membership represents the demographics in the Central and Bryant neighborhoods.

II. EMPLOYMENT

Poverty and unemployment in the Central and Bryant neighborhoods is higher than the average poverty and unemployment rates in Minneapolis.

Seward CO-OP has made public statements that the new Friendship store will create jobs and be a vital business in the area. In its “Long-term Hiring Strategy” report, Seward CO-OP estimates that it will hire between 80 to 100 new positions. The report also states that it intends to fill several key positions at the new Friendship store with existing experienced staff. Seward CO-OP asserts that it has a strong desire and commitment to diversity. Currently, 32 of 235 employees are “persons of color” (14%). Seward CO-OP states that it has a goal to have a staff comprised of 32% “persons of color” by 2019.

CANDO believes that this goal of 32% by 2019 does not reflect Seward CO-OP’s asserted desire and commitment to diversity, and such employment of “persons of color” is too low, and does not reflect the demographics in Central and Bryant neighborhoods where the Friendship store will be located.

Accordingly, the Seward CO-OP should implement a hiring strategy which includes:

a. In-store Job Hiring and Recruitment

- Seward CO-OP will establish a hiring goal of 70% African Americans and Latinos, which represents the largest non-white demographic group in the Central and Bryant neighborhoods. This goal shall be met by December 31, 2016.
- Seward CO-OP will establish a hiring goal of at least 50% women. This goal shall be met by December 31, 2016.
- Seward CO-OP will give first level of priority hiring to applicants in the Central and Bryant neighborhoods. Second priority hiring will be given to applicants that live within a one (1) mile radius of the Friendship store.
- Seward CO-OP shall affirmatively seek applicants who are African American, Latino and women.
- Seward CO-OP will establish a training program to provide skills training for potential applicants in the areas of food handling, cash handling, customer service, product knowledge, and consumer food co-ops. Candidates who successful complete such internship will be hired for vacant positions.
- Seward CO-OP will attend job fairs and workshops that are specifically aimed at or target African Americans and Latinos. This will be in addition to the planned Friendship Store job fair Seward CO-OP has stated it will hold two months prior to the opening of the new store.

- Seward CO-OP will advertise for jobs in newspapers, periodicals, radio, websites and other media that target African Americans and Latinos. Seward CO-OP will provide a list of such media that advertisement was placed to the Central-Bryant Community Council.
- Seward CO-OP's recruitment materials will reflect diversity in race, national origin and gender.
- Seward CO-OP will have clear and concise written job descriptions, and such job descriptions shall be made available to any applicant or employee who requests them.
- Seward CO-OP will post vacancy announcements or job listings internally in an area frequented by all employees, and externally on Seward CO-OP's website.
- Seward CO-OP will create an objective criteria for hiring and/or promotion that will be based on relevant skills and experience necessary for the job, and will be job related and consistent with business necessity. The criteria will contain instructions for how applicants are to apply, the conduct of structured interviews, programs to train staff involved in hiring decisions, and will be job related and consistent with business necessity.
- Seward CO-OP will not rely on word-of-mouth only hiring.
- Seward CO-OP will comply with Federal Trade Commission (FTC) and Equal Employment Opportunity Commission (EEOC) laws and guidelines on conducting background checks for employment. Seward CO-OP will not treat job applicants with the same criminal records differently because of their race, color, religion, sex or national origin.
- Seward CO-OP will ensure that any criminal background check policy or procedure identifies specific crimes for which an applicant may be excluded taking into account the nature and gravity of the offense; specify the duration of the criminal conduct exclusion and not act as a permanent bar to employment; must be job related and consistent with business necessity; the risks associated with the conviction must be pertinent to the job; and an individualized assessment must be conducted which informs the applicant that he or she was excluded because of past criminal conduct, and provide the individual an opportunity to explain or provide additional information.
- Seward CO-OP will set a retention strategy to strive to maintain current retention levels for new hires.

b. Wages

Seward CO-OP states that it strives to ensure that employees earn the Minneapolis living wage once the employee has worked 2,000 hours. The Minneapolis living wage is currently

\$12.61 for employees who receive health insurance and other benefits through their employer. Part-time, entry level positions will start at no less than 80 percent of living wage (\$10.80), and full-time entry level positions will start at no less than 90 percent of living wage (\$11.35), regardless of health insurance and benefit status.

- Seward CO-OP will set compensation rates based on a living wage scale with a minimum of \$15.00 per hour for all employees. (Based on 2013-14 City of Minneapolis statistics, living wage is \$14.72 for employees not receiving benefits.)

c. Training

- Seward CO-OP will provide training to employees including job retention skills training/support in partnership with local community organization(s), special skills (eg. Servsafe), management, financial management and other relevant trainings to employees.
- Seward CO-OP will provide training to all employees, supervisors and managers on Title VII of the Civil Rights Act of 1964 (as amended); the Americans with Disabilities Act (as amended); the Age Discrimination in Employment Act (ADEA); and the Equal Pay Act (EPA).

III. ACCESSIBILITY

a. Space and Workshops for the Central and Bryant Neighborhoods

- Seward CO-OP will provide free community meeting space at least eight (8) times per month.
- Seward CO-OP will work to establish, in collaboration with neighborhood groups, a knowledge sharing program of classes related to co-ops, food justice, food policy, fair trade, and farm worker rights.
- Seward CO-OP will provide up to 30 stipends for community members who teach or co-teach classes/hands-on workshops to support this knowledge sharing program.

b. Language Accessibility

- Seward CO-OP will ensure that employees, especially cashiers, who speak Spanish, Hmong, Lao, Somali language, are available during all open store hours.
- Seward CO-OP will ensure that in-store written information, such as advertisements and signage and educational pamphlets are written in Spanish, Hmong, Lao and Somali languages, as well as English.
- Seward CO-OP outreach materials will be available in Spanish, Hmong, Lao and Somali languages and any public meetings will have professional interpreters.

IV. COMMUNITY DEVELOPMENT SUPPORT

a. Support Growth of Local Food System

- Seward CO-OP will make a commitment to support existing and new small and minority owned neighborhood businesses and the growth of a sustainable, local neighborhood food systems.
- Seward CO-OP will make reasonable effort to source 20% of food/products and services for the Friendship store from Local (within 200 miles of the Friendship store) African American, and immigrant growers, producers and distributors.
- Seward CO-OP will provide trainings, networking and marketing support, consulting services, volunteer recruitment, loans and grants for urban food entrepreneurs to assist them in achieving the production volumes and quality standards that will make them sustainable suppliers.
- Seward CO-OP will support community gardens and potential CSAs. Seward Co-OP will also support community groups in efforts to acquire land in surrounding neighborhoods for food production and community market gardens. This will include, but is not limited to, providing support to new businesses owned and operated by African Americans and Latinos in navigating the processes to acquire tax credits or other financial support, or providing direct grants to small start-ups, providing them with free advertising among Seward's membership.

b. Support Neighborhood Business and Residents

In addition to food or agriculture related enterprises, Seward CO-OP will have an effect on other businesses in the Central and Bryant neighborhoods. Smaller, minority-owned businesses face gentrification pressures and it is important that Seward CO-OP be sensitive to individuals who own and work at these establishments. Efforts to support the viability of these neighborhood businesses shall include:

- Participation and support of the local business association, providing training and support/consulting services free or at significant discount.
- Support for collaborative marketing and promotional initiatives
- Provide training and support/consulting services free or at significant discount.

c. Affordable Housing

It is predicted that the Seward Friendship Store will raise the appeal of these neighborhoods to others, and place economic pressures on homeowners and renters. As with most new developments, housing prices and rents tend to increase. Thus, more affordable housing is needed

in the Central and Bryant neighborhoods with the anticipation of rising housing costs. Seward CO-OP should assist in the development or re-development of affordable housing initiatives including cooperatively owned/run housing projects in the community by:

- Helping to find resources of funding and expertise
- Providing meeting space and facilitation for meetings
- Providing in-kind contributions from staff and management for initiatives such as market research/analysis, management consulting, financial planning, marketing and advertisement and volunteer participation

V. NEIGHBORHOOD HISTORY

Seward CO-OP will collaborate with residents of the Central and Bryant neighborhoods to ensure that the new store reflects the culture and history of the neighborhoods, particularly the historically African American residents and culture.

VI. GOVERNANCE

a. Board Representation

While in principle the co-op structure of the Seward, which provides opportunity for member/owners to participate in the decision and oversight processes of the business is vastly more welcome in the community compared to other corporate structures of businesses, in practice it requires additional efforts to ensure meaningful participation by the residents of the community, especially new member/owners in the short term.

The Seward Co-op shall create two board seats for neighborhood representatives on their Board of Directors and provide support for those board members to become knowledgeable of the extent of the business and be able to participate fully on the work of the board.

b. Reporting

The Seward CO-OP shall report quarterly on metrics relevant to the initiatives stipulated in the Agreement to CANDO and the Bryant Neighborhood Association. Additional supporting information shall be collected and reported including;

- Demographic information (income, race/ethnicity, gender, location) of shoppers/members
- Demographic information (income, race/ethnicity, gender, location), wages of employees
- SEED and other COOP grant recipients and amounts
- Copies of reports for the New Market Tax Credits and other Tax Credit Reports
- Employment and retention statistics

VII. COMMUNITY COUNCIL

A Community Council shall be created to assist with the implementation and oversight of this CBA, and facilitate on-going dialogue with Seward CO-OP.

The Council will:

- Review, comment on and disseminate as needed all reports developed by Seward under the “transparency/accountability section of this agreement
- Issue an annual report.
- Take measures to address any failures in meeting the stipulations of this agreement including initiating arbitration procedures, issuing public statements, and invoking other remedies included in the agreement or future amendments to this agreement.
- Select workshop topics and trainers
- Convene an annual meeting to inform and gather feedback on progress of the agreement
- Draft yearly community report
- Provide proposals for amendments/additions to agreement as needed
- Collaborate on workshop topics and trainers for community classes

VIII. TERM OF AGREEMENT

This CBA will become effective on the date that the CBA is signed by all parties. It will remain in effect in perpetuity. This Agreement shall be reviewed after two (2) years to update and make any necessary changes agreed upon by the parties.

IX. DEFAULT AND REMEDIES

If Seward CO-OP fails to perform under Sections I (Affordability); II (Employment) and III (Accessibility), the Community Council shall be entitled to monetary damages. The Community Council shall provide Seward CO-OP written notice of any failure to perform the obligation set forth in Sections I, II and III. Seward CO-OP shall have 10 days business days to cure the failure. If Seward CO-OP fails to cure the failure, the Community Council shall have a right to damages of \$1,000 per day from the date of the failure, up to a maximum of \$100,000.

X. DISPUTE RESOLUTION

The parties shall engage in good faith efforts to resolve any disputes or issues of non-compliance arising under this CBA. Disputes or non-compliance issues under the CBA shall be submitted in writing, including sufficient explanation as to the nature of the dispute or non-compliance, to the Seward CO-OP General Manager. Within 15 days of receipt of any such notice, at least two (2) representatives from Seward CO-OP and the Community Council (“Dispute Resolution Team”) shall work together in good faith to promptly resolve the dispute. If the Dispute Resolution Team is unable to reach a resolution within 60 days, the parties may (1) mutually agree to extend the time for resolving the dispute; or (2) submit the matter to mediation.

Either party may request mediation. The mediation shall be conducted by a qualified mediator on the Minnesota State Court Administrator’s neutral roster, and must meet the required training under Rule 114 of the Minnesota General Rules of Practice. Each party is responsible for paying their share of the mediation costs.

Notice of a dispute shall not relieve Seward CO-OP of any other obligation under this CBA, and it shall continue in good faith to carry out the provisions of the CBA.

XI. GOVERNING LAW

This CBA shall be governed by the laws of the State of Minnesota.

XII. SEVERABILITY

If any term, provision, covenant, or condition of this CBA is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue to be in full force and effect.

XIII. NON-DISCRIMINATION

Seward CO-OP affirms that it is an equal opportunity employer. Seward CO-OP will not discriminate in any employment or personnel practices against any employee or applicant on the basis of race, color, creed, religion, sex, national origin, marital status, age, sexual orientation, physical or mental disability, veteran status, public assistance status, genetic information, membership or activity in local commission, or any other status protected by law. This policy extends to all applicants and employees and to all aspects of the employment relationship, including, but not limited to recruiting, hiring, training, promotions, transfers, layoffs, terminations and compensation.

This Community Benefits Agreement (CBA) is hereby signed, executed and agreed to by:

Seward CO-OP General Manager

Date

CANDO Executive Director

Date