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COLUMN ONE

Making the most of cooperation

Taking a cue from a Spanish hill town, the mayor of Richmond, Calif., is recognizing worker-owned co-ops as a possible path out of the poverty and unemployment that plague her city.

By Lee Romney, Los Angeles Times

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Reporting from Richmond, Calif.

Where a hot dog stand now is the main lunchtime option for city workers in this distressed Bay Area town, soon they'll be able to choose from steel-cut oatmeal, goat cheese empanadas and white bean and kale stew, prepared in a mobile cafe. Its owners will share in the decision-making — and any profits.

Richmond Solar has trained needy residents to work as green-energy installers and now aims to transform some into bosses by forming a worker-owned cooperative.

The city's first bicycle shop has opened with similar dreams: Young men who have volunteered to learn the repair trade soon may be elevated to co-owners.

"I'm just gonna ride it out with everyone to get where we need to go," Mercedes Burnell, 19, said as he prepared to replace a crankshaft and pedals at Richmond SPOKES.

The flurry of democratic enterprise has been guided by Mayor Gayle McLaughlin, a former schoolteacher who visited Mondragon, Spain, and recognized a possible path out of the poverty and unemployment that plague her city.

The Basque hill town is dominated by Mondragon Corp., a web of cooperatives that employ 83,000 workers and together represent Spain's seventh-largest business. Co-op clusters based on Mondragon's model have emerged in Cleveland and the Bronx, N.Y., among other cities.

Richmond, with a 16% unemployment rate, hopes to follow suit.

The city's industrial roots date back more than a century, when it was home to the Santa Fe

Railroad terminus and a Standard Oil refinery. World War II shipyards swelled the population to nearly its current 103,000. But Richmond has struggled since and is regularly listed among the nation's 25 most dangerous cities.

Since August, Bay Area co-op veteran Terry Baird — a burly man with a gray beard and a penchant for South African freedom songs — has been on the city payroll, helping to piece together cooperative ventures in Richmond's economically barren pockets.

Mondragon Corp. was created in 1956 and fine-tuned over half a century, McLaughlin said, "but you have to start somewhere. One of the prerequisites of starting a co-op is need, and that is something that we have in Richmond."

Demand matters too. Baird aims to start small, with food and service co-ops such as a plumber's collective that won't require hefty upfront investment. Then the city hopes to bring government and other big employers on board, setting up ventures to meet their buying needs.

McLaughlin, a Green Party member who's been mayor since 2006, visited Mondragon last year and was dazzled by the scale of the worker-driven enterprises.

"My understanding of co-ops from the 1960s and 1970s was that they were small and interesting," said McLaughlin, who was immediately sold on the idea of replicating the formula in Richmond.

The Mondragon story began with a Catholic priest.

In 1943, Father Jose Maria Arizmendiarrieta — who had narrowly escaped death by firing squad during the Spanish Civil War — started a technical school for working-class boys. By 1956, graduates had helped form the first cooperative to make kerosene stoves. A cooperative bank followed in 1959.

The corporation, which reported a $242-million profit last year, now includes 255 industrial, retail and financial cooperatives, with others focusing on education and research. Manufacturing co-ops churn out metal-cutting tools, washing machines and bicycles. A retail co-op runs Spain's third-largest grocery chain. A Mondragon construction venture built Bilbao's Guggenheim Museum. About 85% of the corporation's employees are co-op members.

But the original edict of one-worker/one vote remains, through an elected general assembly with representatives from each cooperative. Recently, the assembly voted to cut everyone's pay rather than risk layoffs at any one co-op. The compensation of the highest-paid worker is capped at seven times that of the lowest. Some of the corporation's overall profits go toward offsetting losses at any individual enterprise. Workers also receive a share in the corporation, based on their contributions, every year, with more money flowing into interest-bearing accounts disbursed at retirement.

The U.S. has a history of cooperative movements, beginning with enterprises organized in the late 19th century by the Knights of Labor and highlighted by the burst of food co-ops and

consumer buying clubs of the 1960s. Recent years have seen a resurgence.

"It's less counterculture utopian," said Melissa Hoover, executive director of the San Francisco-based U.S. Federation of Worker Owned Cooperatives, "and more engaged with people in the economy."

Some of the growth is sector-based: Green-cleaning ventures launched by immigrant women, for example, are common. But philanthropists and community developers increasingly have focused their attention on the co-op model as a way to revitalize urban areas.

No city experiment has made more of a splash than Cleveland's. With support from universities and medical centers that border the downtown area targeted for development, the Cleveland Foundation — a donor-based organization dedicated to bettering the city — has channeled millions of dollars into the Mondragon-inspired Evergreen Cooperatives.

A solar panel installation-and-weatherization company and a green commercial laundry are up and running with a combined 50 worker-owners, said Lillian Kuri, program director of the Cleveland Foundation. An urban farming co-op is scheduled to open in the spring.

In addition to providing financing for co-op ventures, Evergreen Cooperatives makes services such as child care available to the workers and provides no-cost healthcare.

Ted Howard, an architect of Cleveland's experiment and founder of the University of Maryland's Democracy Collaborative, said worker-ownership is supplanting other forms of inner-city revival.

"When you're hiring people even in a decent job that pays a living wage — if they … have no retirement account, no rainy day savings — a job alone is not enough," Howard said.

In addition to offering the chance to share in profits, worker-owned companies are rooted in the community and won't "pack up and move," he said.

The co-op model has found interest among government officials in Washington D.C., Amarillo, Texas, and Atlanta, Howard said, but Richmond stands alone in hiring a coordinator. "I don't know any city in America that's done that," he said.

Enter Baird, a Richmond resident who in 1997 helped found the worker-owned Arizmendi Bakery cooperative in Oakland. The Arizmendi Assn. of Cooperatives now includes six Bay Area bakeries. All workers earn the same pay rate. Profits are distributed at year's end in proportion to hours worked.

Though he may be a co-op evangelist, Baird knows the model won't work without a product or service consumers will pay for, a decent location and a group of people who are able to work together.

During a recent tour of Richmond, Baird pointed out candidates for cooperative ventures: A

vacant 5,000-square-foot building is under consideration for a handyman's cooperative. A faded onetime coin laundry near a city park could become a bakery or restaurant. Then there's the weedy lot that one woman hopes to transform into a cooperative garden and farm stand.

In the heart of the old downtown sits Richmond SPOKES.

Brian Drayton, once a junior zookeeper in Baltimore, spent years developing youth programs for a range of nonprofits, stressing art and environmental sustainability.

When he opened the community space and "bike lounge" as a nonprofit last month, young men from the neighborhood poured in to find out what he was doing. Then they rolled up their sleeves and helped lay gleaming wood flooring.

As a local artist covered the walls in vivid murals, they stuck around to learn the bike trade. Baird has been meeting with a group of five or so men to discuss a worker-owned collective.

Richmond Solar Executive Director Michelle McGeoy has secured funds for her co-op from, among others, Chevron (formerly Standard Oil and now the city's largest employer) and the California Endowment — a private foundation that seeks to promote healthy communities. The company has set an initial target of having 10 worker-owners by next spring.

Then there's the Liberty Ship Cafe, whose seven owners were drawn together while taking a class on developing cooperatives at the Richmond library. The California Endowment has helped fund this project as well.

On Dec. 1, the collective will start selling its breakfast and lunch fare at a farmers market near the civic center. The plan is to begin deliveries to government office workers soon after.

Julio Chavez, 40, studied communications in his native Guatemala before coming to the U.S. and working as an electrician. In recent months, he has joined the other Liberty Ship Cafe partners in testing recipes for *sancocho* — a traditional Latin American soup — and other delicacies in a rented church kitchen.

"It's a difficult time, so one has to do different things, to search for options," Chavez said.

Challenges remain.

While Mondragon is united by its Basque culture, Baird noted, Richmond is fragmented by race and class and shadowed by chronic violence.

On top of the usual cost of business, cooperatives require training — not just in job-specific skills but on how to manage a business and make sure everyone's voice is heard. "The real thing that can take a [cooperative] business down," Hoover said, "is a group that's not prepared to make decisions together."

On a recent rainy day, the Liberty Ship Cafe workers met to discuss just that.

Concetta Abraham, a 76-year-old native of Italy, provides much of the group's cooking magic. While tasting her savory *pozole*, the collective determined how long each member should be allowed to speak on agenda items and discussed the importance of not interrupting one another.

"We're from different countries, different cultures and are different ages," said 68-year-old Carlos Ruiller, who was born in Peru. "There's a period where we'll have to suffer and adapt. But I'm hopeful. We're all equals starting out — like soldiers."

lee.romney@latimes.com