



City of Cambridge

11.

IN CITY COUNCIL

September 19, 1983

COUNCILLOR GRAHAM

ORDERED: That the City Manager be and hereby is requested to instruct the Community Development Department and the Affirmative Action Office to investigate allegations of racial discrimination and minority hiring at the Cambridge Food Coop located in Central Square; and be it further

ORDERED: That the City Manager be and hereby is requested to forward a report to this City Council pursuant to this matter as soon as possible.

In City Council September 19, 1983.

Adopted by the affirmative vote of 6 members.

Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "Paul E. Healy".

SUMMARY OF MEETING BETWEEN CITY OF CAMBRIDGE
AND CAMBRIDGE (FOOD) COOPERATIVE CORPORATION ON

OCTOBER 12, 1983

TIME AND PLACE OF MEETING: 11 A. M. to 12:30 P. M., October 12, 1983,
in the Cooperative's offices.

PARTICIPANTS: Cooperative: Kathy Dalton, President of the Corporation
Jeanne Burton, Member of the Board of Directors
Eliza Strode, General Manager
Abe Rybeck, Department Head and Affirmative
Action Officer

City of Cambridge: Anne Strong, Affirmative Action Officer
Edward Handy, Block Grant Director

Observer: Thomas Miller, Attorney

PROCEEDINGS: Edward Handy and Anne Strong review the purpose of the meeting -- i. e., to gather information for a response to the City Council Order. Kathy Dalton, Eliza Strode, Jeanne Burton and Abe Rybeck then presented in detail the current status of the Cooperative's hiring policies and practices with regard to minority persons. The past and the likely future of these policies were also covered in the presentation. Jeanne Burton's review of progress already made placed emphasis on the need for careful attention to continuing the improvement begun. (See Attachment #3 for details of this presentation.)

Edward Handy then reviewed the history of the City's involvement with the Cooperative. (See Attachment #4). He stated that the \$19,500 loan balance had been converted to a grant because this was seen as an important step toward preventing the financially-ailing Co-op from going into bankruptcy. He further stated that had the City known, at that time, the extent of the Co-op's failure to attract members from the originally-intended service area, or to bring minority persons onto its Board and staff, the \$19,500 grant would likely have been made contingent upon the acceptance of a technical assistance agreement involving changes in "outreach" and affirmative action procedures. He also stated that the City would welcome the opportunity to enter into such an agreement at this time.

Kathy Dalton said that the City's interest in a technical assistance agreement would best be transmitted to the Cooperative's Board of Directors in a letter from the City Manager.

SPECIFIC FINDINGS RE CAMBRIDGE
FOOD COOPERATIVE'S HIRING PRACTICES

As of October 11, 1983, the Co-op is employing its first non-white/minority staff member since late 1979. Her position is approximately three-quarter time, and she will spend at least 20 hours per week on outreach -- i.e., recruiting new members, with emphasis on minority and long-term community residents. The balance of the current staff (six full-time as well as two part-time) is entirely white. This is also the case with the half-dozen "on-call" staff substitutes.

The adoption by the Co-op Board of a general statement of "Affirmative Action Policy and Commitment" last December (1982) was followed by several months of consideration and discussion of specifics of staff hiring. Then, on September 20, 1983, the Board voted that henceforth all hirings were to be in accordance with the process that the Co-op's Affirmative Action Committee had detailed in its Hiring Report of September 12, 1983. This report spells out a comprehensive program for practicing affirmative action in filling staff positions -- from establishing position prerequisites and conducting outreach, through interviewing, selecting, and record-keeping.

Unfortunately, the three positions filled in the Spring of 1983, while carried out under the December '82 "Affirmative Action Policy and Commitment" statement, did not result in the hiring of minority persons. However, the new procedures established by the Affirmative Action Committee and Board of Directors last month were in effect in time to impact the selection process that resulted in the hiring of the minority who recently joined the staff.

Those who conducted this most recent hiring process credit the new program with contributing to this outcome and believe it will exert a major influence on the Co-op's affirmative performance when fully implemented. The City representatives who met with the Co-op and reviewed its affirmative action program conclude that the Co-op now possesses the tools to acquire a staff (as vacancies arise) that is truly representative of the Co-op's intended service population.

HISTORY OF CITY'S INTERACTION WITH "CAMBRIDGE FOOD CO-OP"

SUMMARY - Principal elements in the history of the City's interaction with the Cambridge Food Co-op (officially Cambridge Cooperative Corporation) are:

1. Background - In Spring of 1974, three citizens (Jon Davis, Ted Live and David Dunbar) asked City Council to fund the start-up of a food cooperative to serve Model Cities Area residents and other lower-income persons in the Central Square area.
2. City's Participation - The City Council and City Manager went forward with a \$25,000, five-year, interest-free loan to the Co-op on June 3, 1975.
3. Co-op's Operating Experience - The Co-op built up a membership of over 2000 persons, and a volume of over \$1 million/year. To these members it sold food at an average of 15% below supermarket prices. On the negative side, however, the Co-op was never successful in attracting many lower-income minority persons as members, and increasingly unsuccessful at attracting lower-income non-minority residents who were long-term citizens of Cambridge. A further negative: the Co-op lost money during the first seven years of its operations -- \$81,000 in operating losses through 1979, and nearly \$20,00 in 1980 alone.
4. Repayment of Loan - The City's contract with the Co-op called for five annual payments of \$5,000 each, beginning in April, 1976. Because the City's Health Department cited the Co-op for lack of proper refrigeration equipment, the City agreed to defer the first payment to April 1, 1978. This \$5,000 payment was made; and a \$500 "good faith" payment was made the following year. (Both payments were put in "Fund #12" and reprogrammed for Community Development work.) By late 1980, the Co-op was in serious financial difficulty (i.e. 2½ years of losses behind it), and it requested the City to help it stay alive by converting the outstanding \$19,500 loan to a grant.
5. Cancellation of Loan: After checking with HUD as to the City's right to cancel the loan, a conversion to a \$19,500 grant was made on July 6, 1982. This was done after careful review of the alternatives, and on the basis of Ted Live's letter of December 9, 1980 to David Vickery (attached), which stressed the ongoing financial assistance that other cities give to food cooperatives. The City was also influenced strongly by the Co-op's sound argument that its prospects for survival would be improved in many ways, if only the debt could be cancelled (e.g. more support from both members and suppliers).
6. Recent Operations - In fact, the Co-op did turn itself around financially after the loan cancellation. A major factor involved in the turnaround was the decision to establish a general manager function, rather than to have the Co-op managed by a group of persons. Current operations are "in the black", but profits still have a long way to

go in order to offset the accumulated "negative net worth".

Included in the Co-op's current operations is the Elder Mobile Market, which serves lower-income, elderly and disabled people. The market is supported by the City and private funding, as well as Co-op subsidies. The Co-op also runs a twice-weekly "English as a Second Language" program, which is open to the community.

7. Recent Criticisms - The new financial success, however, has been accompanied by strong criticism that: (1) the Co-op has moved ever further away from service to lower-income persons -- in particular, minority lower-income persons -- and (2) the Co-op is not hiring minority persons for its staff. These criticisms have been fully and impressively articulated by Board Member Jean Burton. Ms. Burton has also stated in detail her concept of what is needed to make the Co-op more effective in serving the residents it was originally established to serve (e.g. attached letter to Mayor Vellucci).
8. Request for City Involvement - Ms. Burton has also asked that the City step in and seek to require that the Food Co-op undertake the remedial actions she recommends -- i.e., require this on the grounds that the cancellation of the loan did not cancel the Co-op's responsibility, both moral and legal, to pursue the objectives for which the HUD funds were provided.



580 Massachusetts Avenue
Cambridge, MA 02139
tel: (617) 661-1580

December 9, 1980

Mr. David Vickery, Director
Community Development Department
City Hall Annex
57 Inman Street
Cambridge, MA 02139

Dear Mr. Vickery:

I am writing as a follow-up to a recent conversation between Ned Handy, of your department, and Lin Sasman and myself, representing the Board of the Cambridge Cooperative Corporation (d/b/a Cambridge Food Co-op). We are interested in pursuing the possibility of converting the outstanding portion of the Model Cities loan to the Corporation into an outright grant.

As you know, in the years since the loan was first made, there have been a number of mutually agreed-upon delays in repayment, due to (1) initial uncertainty as to the proper recipient of repayments following the termination of the Model Cities program, and (2) financial reverses by the Co-op, including a major, unexpected health code compliance project. The net result has been that, of the \$25,000 loan, the City has received one full annual repayment of \$5,000 and an additional partial repayment of \$500.

The Co-op has endeavored to meet further payments, but two major problems have thus far prevented us: (1) in our efforts to keep food prices as low as possible, we have minimized our potential operating surpluses; (2) as a result of our attempt to be an accessible community organization in Central Square, we have suffered a few large-scale, and innumerable small-scale thefts, which have turned our slim projected surpluses into deficits.

Fortunately, we have been able to stay in business, through the dedication (and financial support) of our members, despite operating losses each year. At this point, however, the burden of our \$19,500 outstanding balance seems a major obstacle to our future financial welfare and planning.

In point of fact, the only way that we could realistically repay the City and remain in business would be to extend payments over a much longer period than originally contemplated, to the point where bookkeeping costs alone would likely eat up any value of the repayments to the City.

In order to simplify our own financial planning, and the City's, we propose that the outstanding balance be converted into a grant, thereby accepting the reality that near-term repayment is not achievable along with the Co-op's continued existence.

(continued on next page)

David Vickery, p. 2

It is my understanding that Paul Garrity, of your staff, has already made the determination that such a conversion would not conflict with H.U.D. regulations.

Numerous precedents for outright municipal assistance to food co-ops/ exist: in Gloucester, the city provides a 600-family co-op with a rent- and utility-free location; in Newburyport, municipal space has been provided to a local co-op; in New Haven, Connecticut, in-kind municipal assistance has been provided to a large co-op store; and a co-op in Milwaukee is the recipient of a municipal grant. These happen to be cases that I am acquainted with; certainly, many other similar examples exist elsewhere.

In order to further justify such a grant as consistent with City (and Model Cities) policy of providing aid to disadvantaged residents of Cambridge, let me cite a few relevant statistics: (1) of the 2400 member/shoppers at the Co-op, fully 50% live within 1 mile of Central Square; (2) over 60% of the Co-op's members have household incomes below \$10,000; (3) Co-op food prices are an average of 15% below supermarket prices; (4) purchases at the Co-op average \$10 per week per member. Taken together, these figures indicate that low-income residents of the Central Square area alone save \$56,000 on their annual food costs ($0.5 \times 0.6 \times 2400 \times \$1.50/\text{wk} \times 52 \text{ wks/yr}$). Over our almost six years of operation to date, the corresponding total saved has amounted to almost a third of a million dollars. Certainly, such a return can justify a one-time grant of \$19,500.

Accordingly, we would like to formally request that you approve the conversion of the outstanding balance of \$19,500 from our Model Cities loan into an outright grant to the Cambridge Cooperative Corporation. Please let us know if there is any further information we can supply to assist in carrying out this conversion.

We look forward to hearing from you in the near future.

Respectfully yours,



Ted Live, Clerk of the Corporation

encl: financial statement

929 Massachusetts Ave.
Cambridge, MA. 02139

August 6, 1983
RECEIVED

'83 AUG 10 PM 4 52

The Honorable Alfred Velucchi
Mayor of Cambridge
Cambridge City Hall
795 Massachusetts Ave.
Cambridge, MA. 02139

CAMBRIDGE COMMUNITY
DEVELOPMENT DEPT.

Dear Mayor Velucchi:

I am writing to express my concern with the enclosed circular which was developed and disseminated by the Planning Committee to determine what the priorities of the Cambridge Food Co-op should be and how to achieve them.

It appears by the illustrated questions that the Director and members of the Board have forgotten the intent of the various HUD achievement standards for which the Cambridge Food Co-op was funded.

It is appropriate to ask the members for vision statements to address "the fundamental purpose of the co-op" and should the membership state what they personally wish to see for the co-op without using the grant as the criterion? As Chairman of the City Council, I am writing to you in light of the fact that the city recently forgave the Cambridge Food Co-op's loan for \$19,600.

What is at issue here is the question--does the Administrative Officer have a responsibility to continually develop policies and procedures consistent with the intent of the HUD grant?

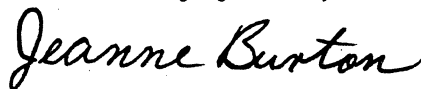
As the only minority board member of the Cambridge Food Co-op, I am therefore concerned with the interest of the Planning Committee of the Cambridge Food Co-op being the questions which are stated on the enclosed flyer, and I have an even greater concern with how the following goals which are outlined in the grant will be implemented.

- . How will the Cambridge Food Co-op contribute to a well-balanced city containing a mixture of the facilities and services needed to serve the diverse groups living and working in the city?

- . How the Cambridge Food Co-op will provide rehabilitative health services through a nutrition education program or similar program.
- . What designs will the Cambridge Food Co-op have to improve the ability of the residents of all ages to influence the Food Co-ops policy, planning and program decisions?
- . What policies have been established where financial problems are a barrier to effective participation?
- . What form of organizational structure exists which embodies neighborhood residents in the process of policy and program planning and program implementation and operation?
- . Where financial problems are a barrier to effective participation, what forms will the financial assistance take, i.e. reimbursement for transportation, or compensation for serving with the Cambridge Food Co-op?
- . What will be done by the Cambridge Food Co-op to encourage widespread citizen participation in the program?
- . What has been done to provide training and employment and improve the quality of life for low-income people by the Cambridge Food Co-op?

Thank you for your attention to the above matter. I would appreciate any suggestions, recommendations or assistance that you could provide that would enable the Cambridge Food Co-op to enhance the consistency of their program services to agreed upon HUD guidelines.

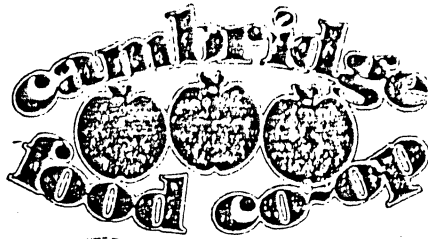
Sincerely yours,



Jeanne Burton

Enc: (2)

cc: Sandra Graham
Ned Handy
Isabella Hines
Robert Healey



FORM FOR PRESENTING YOUR VISION OF THE CAMBRIDGE FOOD CO-OP

The Co-op, through the Planning Committee, is undertaking a study to determine what its priorities should be and how to achieve them. As part of this "planning process" we are calling on all segments of CFC to give us their visions of what the Co-op should be. The ideas gathered will be assembled and publicized at the end of August and will form the basis for more concrete discussion.

Your vision statement should address the fundamental purpose of the Co-op and should state what you personally wish to see for the Co-op. The questions below illustrate what we are interested in.

1. What kinds of people should the Co-op be designed to serve?
2. What kinds of business or organization should we compare ourselves to?
3. What kinds of factors should shape Co-op policy?
 - people's wants and needs?
 - considerations of survival and competition?
 - principles that the Co-op stands for?
4. What does it mean for CFC to be a cooperative?
Should member labor be encouraged?

Vision statements should be returned to the envelope near the doorcheck by July 31. You may use the back of this sheet or a plain piece of paper. For further information contact Joel Reisman at 864-4286.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears slightly aged or off-white. There is no handwriting or other markings on the page.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

Tel. 498-9011

EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

October 17, 1983

To the Honorable, the City Council:

With respect to Awaiting Report Item No. 22 relative to allegations of racial discrimination and minority hiring at the Cambridge Food Co-op in Central Square, please be advised that the Community Development Department and the Affirmative Action Office have made an investigation as requested in the Order adopted by your Honorable Body on September 19, 1983 and included herein as Attachment #1.

As a basis for providing the information requested about the Cambridge (Food) Cooperative Corporation's hiring policies and practices with regard to minority persons, I instructed the above-cited two departments to ask the Cooperative's President to meet with their staff. This meeting was agreed to and arranged by the President, Ms. Kathy Dalton, and was held on October 12th. A summary of the meeting is included herein as Attachment #2, and our specific findings about the Cooperative's hiring procedures are presented in Attachment #3.

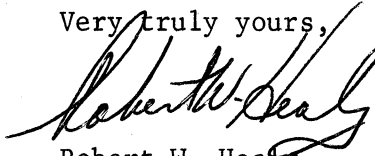
Overall, the outcome of the review requested by your Honorable Body is as follows:

1. We find that during the past year the Cooperative's hiring policies and practices with regard to minority persons have begun to make substantial progress. These new policies and practices are, in fact, of high caliber, and we believe that by continuing on its present path the Cooperative will achieve its goal of developing a staff that reflects the minority and other characteristics of its originally-intended market area.
2. We have offered to enter into a technical assistance agreement with the Cooperative under which the City would, within practical limits, work with the Cooperative to achieve its original objectives as to serving Area Four (the former Model Cities Area) and adjacent neighborhoods in the vicinity of Central Square.
3. The Cooperative's President has requested that the City's offer of technical assistance be directed to

the Board by letter.

I intend to prepare and transmit the above-cited letter to the Cooperative's Board of Directors within a week's time.

Very truly yours,



Robert W. Healy
City Manager

RWH/mbf

- Attachments:
1. Council Order of 9/19/83.
 2. Summary of Meeting between City and Cambridge Cooperative Corporation on October 12, 1983
 3. Specific findings re Cambridge (Food) Cooperative Corporation's Hiring Practices
 4. History of City's Interaction with "Cambridge Food Co-op"

Agenda Item Number Ten

5/573
Re: response to Awaiting Report Item No. 22
regarding allegations of racial discrimina-
tion & minority hiring at the Cambridge Food
Co-op in Central Square.

In City Council,

October 17, 1983

10/17/83

- Placed
on
File -