

Massachusetts Department of Housing and Community Development Community Investment Tax Credit Program

CDC Community Investment Plan (CIP)

Wellspring's mission is to create a network of mutually supportive worker-owned cooperatives to provide low income families with pathways out of poverty and help stabilize and revitalize blighted neighborhoods in Springfield. Wellspring's cooperatives provide jobs with on-the-job training for low income residents, and profit sharing so poor families can build wealth to invest in homes and education. Wellspring companies produce goods and services for our anchor institution partners, including the hospitals, colleges and universities.

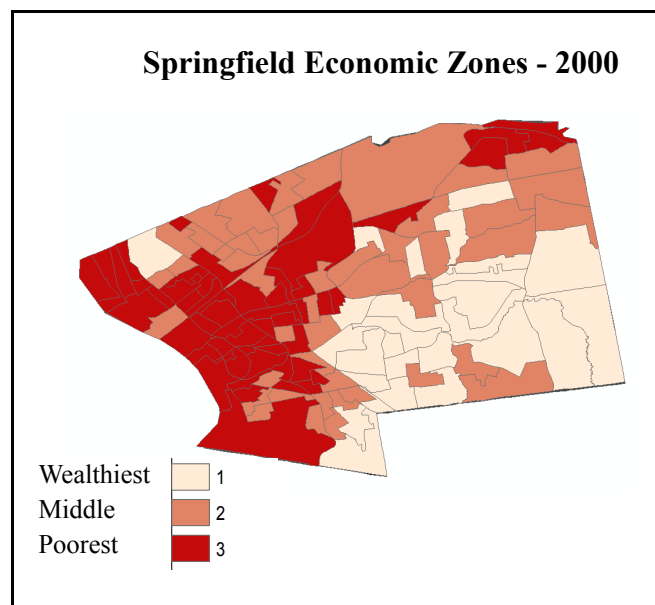
The Wellspring Cooperative Corporation (WCC) was incorporated as a nonprofit community development organization in 2014 after four years of building our capacity for business planning and financing. We were approved as a community development corporation by the Department of Housing and Community Development in October, 2018.

Section 1

Community or Constituencies to be served by the organization

Wellspring was formed to create entry level jobs with on-the-job training and wealth creation opportunities for Springfield's low income residents, who are concentrated in inner city neighborhoods and the outlying neighborhood of Indian Orchard. Wellspring is locating its businesses in these neighborhoods where poor communities are concentrated to ensure that our jobs are accessible. These neighborhoods have low median incomes and high rates of poverty. The South End where two of our businesses are located has a median income of \$17,441 and a poverty rate of 63.6%, while Indian Orchard, where our hydroponic greenhouse is located, has a median income of \$33,060 and a poverty rate of 38.9%.

Springfield's adult employment rate of 51.4% is the lowest of any comparable city in New England, according to the Federal Reserve of Boston. The official unemployment rate of 10.9% is far above the 6.7% average for Massachusetts, and many Springfield neighborhoods have levels of



unemployment as high as 30%.

Springfield's median household income of \$35,742 (2012-16 average) is half that of the state average. Its poverty rate of 29.7% is three times higher than the state rate of 10.4%.

Professional jobs in Springfield are largely held by commuters even when their employers are located in low income neighborhoods. For example while the city's hospitals are located in the inner city, only 1,500 of the 10,300 health care jobs in these neighborhoods are held by local residents. Thus there is both a deficit of jobs, and a mismatch between available jobs and the skills and opportunities for low income city residents.

Multi-generational poverty is due to the lack of wealth as well as the lack of

stable employment. Local residents often find that low wage work doesn't enable them to save enough to invest in education, housing or transportation that would make it possible for them to advance economically. Wellspring cooperatives provide wealth as well as income for employees who become owners and then share in company profits as well as decision-making. As their companies grow, worker-owners share in this wealth that they can use to invest in homes, education or other assets.

Springfield's low income residents are largely people of color, and the city is also among the most segregated cities in the country. Latinos and African Americans make up 60% of the population, but almost 90% of these people live in poverty. The city as a whole is poor with a median household income less than half of the state's, with almost half of the city's children living in poverty. But income inequality is also race-based, with median household income for African Americans that is 63% of whites, and Latino income that is 42% of whites. White median family income is \$43,000, while for African Americans it's \$27,000 and for Latinos it's only \$18,000. As a result of the current structure of employment and residential segregation, the Springfield metropolitan area has among the highest rates of racial disparities in employment, housing and wealth in the country.

Wellspring is also working to make its jobs flexible for working mothers, since 69% of children are in single parent households in the city. Single mothers are over five times as likely to be poor as two parent households. These single mothers represent a large share of Springfield's poor families that are the focus of Wellspring's work.

Section 2

Involvement of community residents and stakeholders

This Community Investment Plan is an updated version of Wellspring's three year Strategic Plan that was adopted by the organization in 2017. The plan was developed through 3 organization-wide retreats that involved 20 leaders from our board and working committees. The final plan was circulated for comment and then approved in March 2017.

Community involvement in this plan reflects community involvement in Wellspring, which is a membership organization comprised of organizations and individuals. Wellspring has built a broad collaboration with community and labor organizations, large anchor institutions such as hospitals and colleges/universities, economic development agencies and funders. See our list of member and partner organizations in Appendix A.

A majority of Wellspring's board is drawn from Springfield and our target communities by design, including representatives of cooperatives, community and labor organizations, community development organizations, anchor institutions and individuals. Community members are also involved in various committees including our Business Development Committee that plans new businesses, Finance Committee, Communications Committee and Development/Fundraising Committee. New business development projects also have community planning committees such as a current committee to develop a community kitchen to incubate new food-related businesses.

The annual General Assembly is our membership meeting where members have a voice in the broad direction of the organization and elect the Board. This event is also one of a number of educational forums that Wellspring holds throughout the year to inform the wider community about cooperatives and the work of our organization.

The businesses that Wellspring creates employ low income Springfield residents almost

entirely, although some of our low income employees do live in nearby towns. The exception is that our initial managers for these companies are hired for their skills and experience and are often not low income. They train other low income employees who are learning on the job. New employees work for one year before they become worker-owners, and during that time they still have substantial decision-making power and are able to build their leadership skills through co-op management training and hands-on experience. All workers share in decision-making regarding the day-to-day operations of the business, and as worker-owners they decide about how profits are distributed. They also have opportunities to connect with the broader cooperative movement. Most of them have had the chance to engage in public speaking at events or conferences, as well as interviews with the media and researchers. Worker owners sit on the Board of their own business and have the opportunity to serve on the Board of the Wellspring Cooperative Corporation as well.

Section 3

Plan goals

Wellspring Strategic Plan and 3 Year Organizational Goals

The Wellspring Cooperative Corporation carried out a strategic planning process starting in August 2016 and completed in February 2017 to establish goals and action plans for the following three years. This process engaged leaders from the Wellspring board and working committees to draw lessons from the organization's first 6 years of development.

Organizational goals and objectives identified through the planning process including action steps to realize these objectives. These actions were assigned to Wellspring Committees who are responsible for implementing these plans and reporting to the board about their progress. Working committees include the Wellspring board of directors, Governance Committee, Business Development Committee, Finance Committee, Resource Development Committee, Communications Committee and a Strategic Planning Committee. Responsibilities are also shared by the organization's Co-Directors Emily Kawano and Fred Rose.

Following is an outline of Wellspring's goals and objectives as agreed to in our strategic plan, with a summary after each goal about how this plan will benefit low income resident as well as the broader Springfield community.

GOAL 1: Increase job creation and business development with the goal of starting 3-4 new cooperatives a year.

Objective 1: Diversify business development strategies to include: **(Business Dev Comm)**

- Business planning (as with Wellspring Upholstery and Wellspring Harvest)
- Support for groups to start their own coops (as with Jumping Jack Hoops),
- Coop conversions by sole proprietors selling the company to workers,
- Collaborations with multi-site coop developments (such as coop supermarket network with the ICA Group)

- Collaborations with social service agencies to provide employment to their constituencies – explore relationships with YWCA and ROCA.

Objective 2: Increase business development assistance

- 1) Explore formal partnerships with business schools at UMass, Western New England University, and Springfield Technical Community college to provide regular business planning assistance. **Staff**
- 2) Explore expansion of business development committee to support diverse business development strategies. **(Business Dev Comm)**

Objective 3: Evaluate and leverage the resource base of member organizations and partners to support cooperative business development.

- 1) Survey the resource potential of member institutions, organizations and businesses and solicit commitments for assistance. **Board**
- 2) Develop the business case for support for Wellspring based on the success of Wellspring companies.

Community Benefit: A top priority established in Wellspring's strategic plan is to increase the rate of new cooperative business development and job creation to expand our community impact. Our organization has created four cooperative businesses since 2013 which now provide 13 jobs, and these companies are still small and in the startup phase of development. To expand our business development and community impact, we are diversifying our cooperative development strategies and building our business planning capacity through collaborations with business schools, and to expand supports and resources for new cooperative businesses through greater collaborations with our own partner organizations. These strategies will enable us to expand our new business development to 3-4 new cooperatives a year.

Wellspring will continue to carry out top-down business planning, as we did with Wellspring Upholstery and Wellspring Harvest. These companies are built around the purchasing needs of our anchor institution partners which enable us to develop companies at larger scale and in sectors with ready markets. We have identified numerous other business opportunities to provide goods and services to these anchor institutions which will provide training and employment for low income city residents. Our ability to expand these businesses is limited by our own staff capacity, and we are working with area business schools to carry out market research and support business planning for new enterprises.

Wellspring has also developed a “Cooperative Boot Camp” in collaboration with Springfield Technical Community College to support groups of people to create their own cooperative businesses. The Boot Camp is a 11 week program that teaches people the nuts and bolts of taking an idea, testing its viability, and planning to form it as a business. For participants in the Boot Camp who want to become part of Wellspring, we can provide support with planning and financing to launch these companies. For others we will help them to find the resources they need to move their businesses forward. In both situations the Boot Camp provides a pathway for low income residents to become economically self-sufficient by starting a small business. Wellspring's business education is unique in Springfield because of our emphasis on cooperative development, where participants also learn the principles and benefits of working cooperatively. This has the benefit of sharing both the costs and the benefits of the companies that emerge.

To expand the pace of new cooperative development through the Boot Camp, Wellspring is partnering with local social service agencies with constituencies that they are working to place in employment. While these agencies generally prepare their people for employment in the job market, these constituencies often face barriers to employment such as CORIs, lack of education or job experience, family responsibilities, language, lack of transportation or other barriers. Forming their own businesses provides an alternative pathway to employment. Wellspring is therefore building partnerships with these agencies who can provide supports to their constituencies while they develop their own companies. This involves additional education and training for staff at these social service agencies as well, which is a capacity building process that Wellspring is carrying out.

Finally Wellspring is building partnerships with other technical assistance and cooperative development organizations to explore larger-scale opportunities for new cooperative enterprises. We are working with the ICA Group and the Local Enterprise Assistance Fund to participate in national cooperative development plans, such as a franchised carpet installation company, and to replicate successful business models, like the childcare cooperatives being developed by the ICA Group. These partnerships enable us to be part of projects that extend beyond our local economy, and bring the benefits of these projects to the Springfield community through additional cooperatives and jobs.

GOAL 2: Develop and Implement a Communications Strategy (Communications Committee)

- 1) Project a Clear Vision and Identity
- 2) Update and disseminate our brochure
- 3) Ensure all leaders can present strong overview of organization
- 4) Develop and market the Wellspring brand

Community Benefit: Public understanding of cooperatives is limited in Springfield, which has not had a tradition of businesses organized cooperatively as exists in the Amherst/Northampton/Greenfield area in the northern Pioneer Valley. However cities across the country are investing in cooperatives as a strategy to bring investments into inner city neighborhoods, expand new business development and build wealth for low income residents. In addition there is a long tradition of cooperatives as a strategy for self-sufficiency in African American and Latino communities that is not familiar locally. With a greater understanding of these community benefits, Springfield could develop policies and support systems that would greatly increase the rate of new cooperative development and job creation. Wellspring's communications and educational outreach will build these community understandings and lead to a more supportive ecosystem for cooperative development.

GOAL 3: Increase community participation and diversity among membership and leaders to make Wellspring more representative of Springfield, which is 41% Hispanic, 34% white and 21% African American.

Objective 1: Increase diversity on the Wellspring board

- 1) Ask organizational members to prioritize representatives who live in Springfield and represent its diversity (**Governance Committee**)

- 2) Recruit individual board participation to increase Springfield and diverse participation (**Board/Staff**)

Objective 2: Strengthen partnerships with community organizations (**Staff**)

- 1) Develop a shared sense of ownership of businesses within neighborhoods
- 2) Explore alignment and collaborations with other community campaigns and organizational agendas (**Board**)

Community Benefits: The Wellspring Cooperative Corporation incorporated local control and leadership into its board structure and into its businesses, and we are part-way into a process of implementing these plans during these startup years of our organization, which was formed in 2016. Our board structure requires that 30% of members are from Wellspring cooperatives, 20% from community and labor organizations, 20% from anchor institutions, 20% from community development organizations, and 10% from individual community members. We understand that local, representative control is essential to ensure that Wellspring expresses the interests and priorities of our community. We are gradually filling out our board based on our structure as we create cooperative businesses with members ready to join our board, and as we shift representation of our member organizations to more locally representative leaders.

We have work to do to make our board more representative of the Latino community, while we have built strong African American participation. The city of Springfield is now 41% Hispanic, 34% white and 21% African American. Our board is 31% African American but only 15% Latino. We are working to bring in additional Latino leadership through our existing member organizations, through increasing membership and Latino organizations, and through recruitment of individual community members. Our businesses do have many Latino members who we will support over time to join our board. A number of these workers have limited English skills, and we have not built the capacity for bilingual board meetings as of this time. We are working with our workers to expand their English skills while we explore ways to operate bilingually. These strategies will ensure that Latino voices will be part of our decision-making process.

In addition Wellspring is working to expand neighborhood ownership and participation in our businesses. The Wellspring Harvest greenhouse provides a model for this, and we have worked closely with the Indian Orchard Citizens Council and the local community on planning and development of the greenhouse. Wellspring Harvest is the first development on a large tract of blighted and abandoned land in the heart of the neighborhood, and the community was very interested in seeing this redeveloped to create local jobs. The greenhouse fit well with neighborhood priorities because it also brought fresh local produce to the community, and it supported and didn't compete with other commercial development sought by the neighborhood. Therefore the Council has been an important advocate for the greenhouse when it was purchasing land from the city, and it has helped recruit volunteers and co-sponsor educational and outreach programs in the neighborhood. Wellspring has also built a neighborhood committee to work in partnership with the greenhouse to carry out projects like plantings at the local library. This partnership provides a model for community collaboration around future Wellspring businesses.

GOAL 4: Build fundraising capacity to fully fund the organization's budget and meet staffing needs (**Resource Committee**)

Objective 1: Develop a long-term fundraising plan

- 1) Hire consultant to work with board and Development Committee to develop a plan
- 2) Expand local fundraising through donations, crowd funding, anchor institution sponsorships and consulting

Objective 2: Work towards hiring a dedicated development staff person

Community Benefit: Building Wellspring Cooperative Corporation as a financially stable organization is critical to carrying out our mission to increase employment, jobs and wealth in inner city Springfield neighborhoods. As a young organization, we have been mostly dependent on grant funding, however we are gradually building our grassroots fundraising and donor capacity to become more sustainable. Details of this plan are in Section 8 below.

Over time Wellspring has recognized the need to hire an additional staff person dedicated to fundraising, to free existing staff to focus on new cooperative development. An active Development Committee works with staff now to expand our capacity for fundraising. And we have supplemented our grantwriting capacity with a contracted grantwriter. Building on these steps towards financial sustainability is a priority for our organization.

Section 4

Activities to be undertaken

Community Development Activities

Wellspring-Driven Business Development

Wellspring uses three strategies to develop worker cooperatives including top-down planning, worker-led coop development and coop conversions from successful sole proprietors. Wellspring Harvest exemplifies top down business planning, led by demand from anchor institution partners who want to purchase more local food year round. Wellspring carried out market research, developed a business and financial plan, raised financing and then incorporated Wellspring Harvest as a for-profit company with a cooperative structure. WCC then hired a skilled manager to run the greenhouse business who hired employees. Employees work for a probationary year before becoming cooperative members, and learn about cooperative management and skills during that time. A community/Wellspring board governs the company during that first year until cooperative members join and take over governance of their business.

Wellspring is currently carrying out two business planning and development programs, a community kitchen that will incubate food businesses, and a carpet installation company that is part of a plan for a national network of installation companies. In addition we have plans to expand the Wellspring Harvest greenhouse and develop a sustainable energy source on the same site. These are described below:

Community Kitchen Incubator:

Wellspring is working in partnership with the Gasoline Alley Foundation to develop a

community kitchen space that will serve as an incubator for food businesses in Springfield. Gasoline Alley is itself a business incubator that owns a facility in an industrial area of Springfield, and they are providing the physical space for the community kitchen. An open forum brought together food entrepreneurs in various stages of developing their own businesses, from those already traveling to other kitchens to cook, to groups with new ideas that they want to develop. This forum confirmed that there is broad interest in developing food businesses in Springfield, and that the lack of an affordable certified facility is a major barrier to creating these businesses. This led to the creation of a steering committee and planning sub committees who are researching the organization, infrastructure, budget and financing and equipment for the kitchen.

The kitchen is developing in two phases. The first is a small scale build-out being lead by Gasoline Alley in a dedicated space that is already partially utilized for cooking. They are raising funds to further upgrade the space and bring in some additional equipment. The larger facility requires repurposing a space with a loading dock for kitchen use, with other spaces available for food storage and refrigeration. Wellspring just received a shared workspace grant from Mass Development to carry out a feasibility study for the larger Community Kitchen. This will involve a detailed financial plan and build-out plan for the kitchen space. We will use that plan to raise needed capital to develop the kitchen.

While the kitchen is being developed, our partnership will put together a training for food entrepreneurs that will prepare early stage food businesses to be ready to launch when the kitchen becomes available. We are building the training using curricula from well established programs, especially from the Commonwealth Kitchen in Boston. One of the developers of that curriculum who is working with our project, Laura Masulis, now serves in Springfield as a community fellow from Mass Development.

The Community Kitchen will support large and small scale food businesses, including food trucks that now need to operate out of a certified kitchen. These food businesses will work out of the kitchen until they grow too large and are ready to establish their own permanent facilities. Thus the kitchen will be an ongoing resource for startup food businesses through its training and affordable facilities.

Carpet Installation National Cooperative Network:

Wellspring is working in partnership with the Local Enterprise Assistance Fund (LEAF) and Carpet One Floor and Home producer cooperative to explore the development of a national network of carpet installation cooperatives. LEAF is a community development finance institution that helped Wellspring finance the Wellspring Harvest greenhouse, and now works as a technical assistance partner working with Wellspring on business planning and financing. Carpet One provides carpet and other flooring merchandise, marketing, insurance, training and business support to over a thousand member stores across the country and is the largest carpet buying group in North America. They were the initial cooperative of CCA Global Partners that now includes fourteen brands with a total of 3500 local member businesses in multiple sectors including residential and commercial flooring, lighting, business services, bicycles and sports equipment, contractors and home owner associations.

LEAF identified the need for flooring installers through conversations with Howard Brodsky, Co-Founder and Co-CEO of CCA Global. The shortage of installers is a problem for many of Carpet One's member stores across the country, particularly in growing housing markets. A national network of worker cooperative installers could complement Carpet One's producer cooperatives and provide similar benefits of shared business planning, training, coordination, and technical assistance. This would be the first national cooperative network and could build on models of multi-cooperative networks like the Arizmendi bakeries in San Francisco and the

Wellspring is working to create a carpet installation cooperative that will provide a model for development in other communities. We have reached out to cooperative developers in Cincinnati, Jackson Mississippi and Santa Anna California who are interested in replicating carpet installation companies in their communities, as the basis for further replication. While Western Massachusetts doesn't have the same housing market growth as other parts of the country, an initial survey of flooring installers identified a need for this service. LEAF is finalizing a business and financial model for local companies that will facilitate their development. We are working with LEAF to raise startup funding that will support the first round of carpet installation companies with our local partners. Developing the first co-op in Springfield is a priority over the coming year. Wellspring will then play a role in convening other local carpet installation cooperatives, training them based on lessons learned through out cooperative, and possibly coordinating the national network of cooperatives.

Greenhouse and Energy Expansion:

Wellspring plans to both expand its current greenhouse and to develop sustainable energy projects that will significantly reduce operating costs and the environmental impact of the Wellspring Harvest greenhouse. Wellspring Harvest owns 1.7 acres at its greenhouse site, which is sufficient space to double the size of the greenhouse at 1/3 of the cost of the original greenhouse by building on the existing infrastructure. Wellspring is also currently negotiating a long-term lease on an adjacent with a local developer who is purchasing the site from the City of Springfield. This larger site will allow for additional greenhouse expansion and for the development of sustainable energy projects that will significantly reduce the operating costs of the greenhouse during winter months. This will enable the greenhouse to grow to five times its size, with the potential to create as many as 20 additional local jobs.

Training and Incubation of New Cooperatives:

Wellspring's Cooperative Boot Camp provides training to groups of people who want to start their own cooperative businesses, and this will be supplemented by food-specific training through the Community Kitchen. The Co-op Boot Camp is a 15 week certificate program that is open to students and the community. The first four-week session helps participants understand what a cooperative is, their potential to build a more equitable, just and sustainable local economy, and what it takes to be a worker owner. The second 11 week segment is a deeper dive for those who are interested in starting up their own cooperative. The Boot Camp series is offered annually during winter and spring, and Wellspring then works with emerging businesses during the summer and fall to determine their plans and next steps.

The Co-op Boot Camp was piloted in 2017 and ran its first full session in 2018. The Introduction to Cooperatives provides an introduction to cooperatives including co-op governance and management and an overview of required business skills. The second session about "Building a Co-op Business" covers marketing, legal issues, financials, raising capital and sustainability. Participants hear from existing cooperatives about their experiences, and the session ends with a tour of several local cooperatives in the region. Previous Boot Camps resulted in several cooperative development outcomes including formation of the Jumping Jack Hoops cooperative, which provides recreational and health workshops as a part-time job for its two owners. An affordable housing development cooperative is in development as well, bringing together legal and construction skills.

To expand Wellspring's capacity to develop worker-owned coops, we partner with social

service and community organizations that are working to find jobs for their members or clients. These organizations include the YWCA which serves as a women's shelter, ROCA which helps at-risk youth, Arise for Social Justice which organizes low income and homeless people, and the Association of Black Business and Professionals which support entrepreneurship in the African American community. While these organizations often assist their members to search for jobs, their people confront many barriers to employment that could be overcome by starting their own cooperatives. Wellspring is exploring opportunities to work with these organizations to identify groups and plan their own businesses with the additional supports and services available through their organizations.

Cooperative Business Resources and Support:

Wellspring is working to build a supportive **co-op eco-system** that will enable our co-ops to thrive. We are in the process of developing more formalized relationships with organizations and agencies in various sectors including:

- a) Business/co-op technical assistance and education/training. We have established a Co-op Boot Camp program in partnership with a number of community organizations and Springfield Technical Community College. All of the partners had input into the design of the program.
- b) Social service supports - Given our focus on underserved populations, where people's economic and social stability can be quite precarious, access to social service support such as childcare, transportation, mental health, housing, domestic violence, and substance abuse is quite important. Wellspring is working on formalizing our relationship with a broad range of these social service providers so that we can meet the needs of our workers.
- d) Public sector – raising awareness and support from public officials, policy makers, City Council and economic development agencies.
- e) Community groups – we already work with community groups such as Arise for Social Justice, Neighbor to Neighbor, Springfield No One Leaves, the Springfield Community Land Trust, the Indian Orchard Citizens Council, and Gasoline Alley Foundation.

This relationship building entails a great deal of consultation and building a mutual understanding of how we can help each other. We have been in discussion with all of these organizations and are planning a meeting to talk about Building a Co-op Eco-system in the spring of 2019.

Wellspring also provides ongoing business support services to members of its cooperative network to ensure the success of these companies. Services including cooperative training, human resource management, financial advice and support, and board development.

In addition Wellspring works with companies to raise mission-driven equity and loans to finance new coop businesses, with the support of our technical assistance partner the Local Enterprise Assistance Fund (LEAF). Financing start-up businesses poses many challenges given that companies often have limited collateral and minimal capacity for worker investments. Wellspring has developed relationships with a number of community development finance institutions (CDFI), socially responsible investment advisers, and mission-driven institutional and individual investors to raise needed capital.

In 2016 the Wellspring Investment Fund (WIF) was established to create our own pool of investment dollars. This fund was conceived in Wellspring's founding documents, with the goal that each cooperative business will contribute some of its profits to the fund to support new coop

development. It was formed in 2016 to raise equity for the Wellspring Harvest greenhouse through a direct public offering. Over six months WIF raised \$300,000 from 57 individuals and organizations investing between \$1,000 and \$40,000 for 5 years at 3% interest.

Section 5

How success will be measured and/or evaluated

Numbers of businesses started, numbers of jobs created, and profitability of companies are key metrics for Wellspring. Our goal is to build our capacity over time to be able to create 3-4 businesses a year and 100 jobs over the next five years. We work closely with each company to plan production and achieve financial sustainability. These criteria were debated and discussed during Wellspring's strategic planning process and are reviewed and overseen by our Business Development Committee. In addition Wellspring companies are accountable to our investors and lenders, who monitor financial performance quarterly.

Leadership development is central to Wellspring's mission. On the qualitative side, Wellspring works to teach leadership skills to cooperative members so that they gradually take on governance and management roles in their own co-ops and then in the Wellspring Cooperative Corporation nonprofit overall. We coordinate regular coop meetings where workers analyze business performance, discuss workplace issues, and learn about coop management. Coop members also develop their abilities to tell their own stories and connect these to the larger Wellspring mission by participating in press events, coop tours and Wellspring programs. Initially co-op managers, boards and Wellspring staff evaluate worker skills and their readiness to take on additional roles. Eventually co-op members will play this role with new members. Quantitatively we measure the success of our leadership development efforts by the number of employees who become worker owners, co-op board members and then members of the nonprofit board.

Wellspring is also working to become more financially independent given that two years ago our organization was almost completely dependent on grants. Our goal is to raise 25% of our finances from donations and grassroots sources over the next three years. Our Development Committee oversees fundraising plans and strategies in coordination with the Wellspring board.

Our work to build a co-op eco-system will aim to bring together 20-30 organizations and agencies in the Spring of 2019. By the summer of 2019, we expect to have signed memos of agreement with at least 15 entities that indicate that they will include a commitment to support cooperatives and co-op development in their ongoing work.

Section 6

Collaborative efforts to support implementation

Wellspring itself is a collaboration with board representation from anchor institutions (Baystate Health, University of Massachusetts (UMass), Springfield Technical Community College (STCC), Western New England University(WNEU)), economic development organizations (Cooperative Fund of New England, United Way, Regional Employment Board, Economic Development Council), and community and labor organizations (Arise, Jobs with Justice, Indian Orchard Citizens Council, Canaan Baptist church, Neighbor to Neighbor, and United Food and Commercial Workers). Community and labor partnerships facilitate Wellspring's outreach to the people we serve in African American, Latino and low income communities, while anchor institution and economic development partners are key to our capacity to develop successful cooperative businesses.

Wellspring's strategic plan calls for developing additional partnerships to expand our capacity to create new cooperative businesses and jobs. In order to increase business planning, we are developing ongoing relationships with area business schools. We have begun to work especially with the business school at Western New England University through Wellspring Co-Chair Joseph Gerard, who is a professor of management in the College of Business.

Wellspring has also developed new partnerships as part of its cooperative certificate program that provides interested groups with the skills they need to develop their own cooperatives. We recognized that these start-up coops would be more likely to succeed if they had sponsors who could provide support for their development. We reached out to community, social service and job placement organizations to identify partners with clients and constituencies they are helping to place in jobs, and invited them to support interested groups to create their own jobs through developing cooperatives. Partners in this process include Wayfinders affordable housing agency, Arise for Social Justice, the YWCA, and New England Farmworkers.

The Wellspring Harvest greenhouse has also lead to additional relationships in the Indian Orchard neighborhood of Springfield where it is developing a blighted piece of land. We have created the Wellspring Harvest Community Group which is working closely with the Indian Orchard Citizens Council, the Indian Orchard Library, area congregations and neighbors who are driving projects and developing leadership skills.

Section 7

Integration of activities/consistency with community strategy and vision

Wellspring shares goals of job creation and community revitalization with the broader economic and community development community in Springfield, while incorporating a commitment to economic justice, community control and social equity that we share with our community and labor partners. We are unique in Springfield as the only community development corporation dedicated to business and job creation, which fills a significant gap in the city's development infrastructure. Other CDCs and development organizations are supporting but not creating new enterprises. We have brought together a broad network of community and institutional stakeholders to collaborate including hospitals, colleges and universities, community and labor organizations, economic development organizations and financial partners. Finally we are bringing cooperative forms of organization to Springfield, which has been an effective strategy in other urban areas to bring new investments and employment opportunities in blighted areas.

The City of Springfield, states its economic and community development goals in its annual Action Plan for 2018-19. These include job training, job development, promoting entrepreneurship and small business growth, and expanding economic opportunities. These are well aligned with Wellspring's community development work, and the Mayor's office has participated in ribbon cuttings and press events at our companies. More specifically the Wellspring Harvest greenhouse is the first development on the "Indian Orchard Industrial Park" created by the city and Springfield Redevelopment Authority to revitalize a remediated brownfield site. Neighborhood and city support were critical for obtaining this site and reflect that the job creation and reinvestment mission of the greenhouse advanced the city's development goals.

Wellspring also serves as the leading organization in the region promoting anchor-driven development, while interest in this approach is increasing among hospitals, foundations and other partners. We work with a network of college and hospital anchor partners to meet purchasing needs for

goods and services with new local enterprises. Baystate Health has been a Wellspring partner from our inception in 2011, and has incorporated anchor institution approaches to community benefits as part of its analysis of the social determinants of health. The Wellspring Harvest greenhouse is also a partner with Trinity Health through Springfield's Mercy Hospital, and received a direct investment as part of Trinity's Transforming Community Initiative grant to Springfield. Mass Mutual, Springfield's only fortune 500 company, has also recently reoriented its grant giving around anchor institution development. Our work with these institutions provides a bridge to the community development world.

Section 8

Financing strategy

Wellspring's current budget primarily supports the organization's two co-directors, grantwriting assistance and minimal operating expenses. To meet Wellspring's projected growth, the organization has identified the need to hire both an administrative assistant and a development director over the next three years. In addition Wellspring will eventually need to open an office in Springfield to house staff, and business services for its coops. Thus its budget is projected to grow from \$190,000 in 2017 to \$215,000 in 2018 and \$255,000 in 2019.

Wellspring is a membership organization, with individual and organizational members that pay a sliding scale when they join. Members vote on policy changes, elect the board, and participate in Wellspring events.

In 2017 Wellspring was 90% dependent on grant funding, with \$3,000 raised from member dues, \$4,000 from individual donors and \$10,000 projected for consulting work. Our organization's fundraising plan is to increase membership and donations over the next three years to 25% of our budget, with consulting for member coops and service provider partners providing an additional 10% of our budget. Grants will still support 65% of our budget at that time. Following are specific fundraising plans for each of these strategies.

Our current grassroots fundraising strategy is overseen by an active Development committee, which set a goal of raising \$60,000 this year. Key strategies include major donor meetings and solicitations, house parties to meet new donors, participation in national and regional donor events like Giving Tuesday and Pioneer Valley Gives Day. These donor solicitations and events will be the source of funds to be matched with the community investment tax credit funds. We also carry out grassroots fundraising events such as raffles and an ad book campaign.

The bulk of our funding, however, still comes from grants. We have received grants from national and regional funders including the Robert Wood Johnson Foundation, Third Sector New England, National Catholic Campaign for Human Development, and the John Merck Fund. We have also received multiple grants from local funders including the Community Foundation of Western Massachusetts, Mass Mutual Foundation, Davis Foundation, Berkshire Bank and the Schwartz Family Fund.

Section 9

History, Track Record and Sustainable Development

Wellspring brought together a network of anchor institutions and community organizations in 2010 to address the shared problems of low employment, high poverty and limited resources for investment and new business formation in Springfield. These issues impact the region's colleges and

hospitals who have difficulty attracting students and health professionals because of the blight, crime and decline in the city. They are also impacted by school drop out rates that limit their ability to hire city residents. Recognizing these shared problems, our community and anchor partners agreed to work together to use the purchasing power of anchor institutions to create jobs and wealth in Springfield's low income communities. We studied the Evergreen Cooperatives in Cleveland as a model for anchor driven cooperative development and developed Wellspring as a community-based version of their program.

The Wellspring Collaborative was formed in 2011 as an informal network that was incorporated in April 2014 as the Wellspring Cooperative Corporation (WCC). The WCC operates as a nonprofit community development organization, while all the businesses it develops and supports are for-profit cooperative companies that operate under their own boards and articles of incorporation. The WCC is a membership organization with a board made up of representatives of member cooperatives, anchor institutions, community and labor organizations, development organizations and individual community members.

Wellspring began by bringing together regional anchor institutions to explore how they could use their purchasing power to create jobs and development in Springfield's low income neighborhoods. Partners include Baystate Health, University of Massachusetts, Sisters of Providence Health System, Springfield Technical Community College, and Western New England University. The project drew inspiration from the Evergreen Cooperatives in Cleveland, and a team of 16 community leaders visited Cleveland in 2012 to learn from their experiences.

In 2011 Wellspring was among 12 organizations nationally to win an initial round of the Robert Wood Johnson Foundation's Roadmaps to Health grants. This was the first time that the Robert Wood Johnson Foundation funded projects addressing the social and economic determinants of health disparities.

The Wellspring network now includes four cooperatives. Wellspring Upholstery opened its doors in December 2013 and repairs institutional and commercial upholstery for colleges, hospitals, public schools, restaurants and hotels. The Old Window Workshop (OWW) affiliated with Wellspring in 2016 as a women-owned cooperative that restores historic windows for institutional and residential customers. Wellspring Harvest Greenhouse began sales of lettuce in April 2018 with customers that include Big Y Supermarkets, Whole Foods, Mercy Hospital, Mt. Holyoke College and other venues. In 2018 Jumping Jack Hoops became the first cooperative to emerge from Wellspring's Co-op Boot Camp.

In order to support people who are interested in working in or starting up their own cooperatives, Wellspring developed the Co-op Boot Camp in partnership with Springfield Technical Community College's Workforce Training Program as well as community organizations including the YWCA, which runs a women's shelter, Arise for Social Justice, the Association of Black & Business Professionals, and the United Food and Commercial Workers. We ran the first full 14 week Worker Co-op Boot Camp in Spring 2018. The curriculum enables teams of people to evaluate and plan the creation of their own cooperative businesses. Wellspring works with program graduates who want to be part of our network to complete their business and financial plans, raise needed capital and launch their businesses.

Wellspring has raised significant capital to launch its cooperative businesses. Wellspring Upholstery was financed with \$150,000 which was half equity investments and half loans. Wellspring Harvest greenhouse raised \$1.5 million in financing including \$300,000 from a direct public offering of small investments and another \$215,000 in preferred shares. This equity was able to leverage \$755,000 in loans from six different lenders. Grants and cost sharing represented the bulk of financing.

APPENDIX A

MEMBER AND PARTNER ORGANIZATIONS

Community and Labor Organizations

Arise for Social Justice
Canaan Baptist Church
Indian Orchard Citizens Council
United Food and Commercial Workers Local 1459
Western Mass Jobs with Justice
YWCA

Anchor Institutions

Baystate Health
Springfield Technical Community College
Trinity Health/ Mercy Medical Center
University of Massachusetts
Western New England University

Development and Financing Organizations

Association of Black & Business Professionals
Berkshire Bank
Cooperative Fund of New England
Gasoline Alley
Hampden County Regional Employment Board
Local Enterprise Assistance Fund
United Way of Pioneer Valley

Funding and Foundations

Berkshire Bank
Beveridge Foundation
Catholic Campaign for Human Development
Community Foundation of Western Massachusetts
Davis Foundation
Massachusetts Clean Energy Center
Massachusetts Department of Agricultural Resources
Mass Mutual Foundation
Whitehead Foundation