

Testimony in support of LD 1276 -- An Act to Create and Sustain Jobs and Affordable Housing through Development of Cooperatives and Employee-owned Businesses

By

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Senator Grohoski, Representative Perry, and members of the Committee, My name is Jessie Northgraves and I am the general manager of Rock City Employee Cooperative. I am testifying in support of LD 1276, An Act to Create and Sustain Jobs and Affordable Housing through Development of Cooperatives and Employee-owned Businesses.

In 1992, Susanne Ward and her husband Patrick Reilley founded Second Read Books and Coffee, Maine's first espresso bar/book store. Rockland's Main Street was a highly unlikely place for the two entrepreneurs to choose at the time, as the town was struggling with a collapsing fishing industry and many boarded up storefronts downtown. But the community welcomed this new enterprise and it grew rapidly, adding a coffee roasting business, twice moving to larger locations, and becoming Rock City Cafe and Coffee Roasters.

By 2010, as Rockland was becoming a vibrant, national model of downtown rejuvenation, with Rock City as an anchor institution of that development, Susanne's husband succumbed to cancer and passed away, leaving her alone to manage the business they had founded.

In the face of so much change in her life, Susanne began thinking about her own retirement and wondering what would happen to the businesses. Many of her employees had been with her for a long time. Some were teenagers when they began working there and, after going away for college, came back to their hometown because they loved their work at Rock City and wanted to raise families.

To preserve the businesses she built, and reward the employees who helped build them, as well as to ensure an adequate retirement income for herself, she decided that the best bet was converting the business to a worker-owned cooperative. With over three years of careful planning, The Rock City Employee Cooperative now owns the business, and has become the second largest worker cooperative in Maine. There are usually between 20 and 30 employees depending on the season and nearly half of us are currently owners of this landmark business.

I have lived in Mid-Coast Maine for most of my life and have worked at Rock City for the last 9 years. If Susanne was unable to sell to her former employees, we would have lost what we had a hand in building and the community we helped foster. By converting to an employee-owned cooperative we can assure that the future of the business is in the hands of those who helped it grow and those who are invested to remain an important part of the community and identity of Rockland.

Due to my firsthand experience, I know that an employee buyout is neither quick nor easy, but it is worth it. It would not have happened without the dedicated efforts of Susanne- the original owner- and the employees who were excited by the prospect of becoming cooperative entrepreneurs, keeping these businesses intact and locally owned/controlled, preserving the jobs created, and having the opportunity to build wealth through ownership.

That said, employee ownership transitions that preserve existing businesses could be easier and much more common if targeted incentives and technical assistance were available, and that is why we believe LD 1276 should be made law. LD 1276 will help maintain ownership of local businesses with the people who helped build them and those who are invested in their community.

Thank you for your consideration, please feel free to contact me with any questions.

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