

# Anchors in Resilient Communities

## A Summary of the Democracy Collaborative's 2015 Assessment of East Bay Communities

### Context

East Oakland and Richmond are unique communities rich in their particular strengths and identities. But much of the East Bay faces daunting economic inequality and multiple health issues related to long-standing disinvestment in communities of color. The East Bay and surrounding regions are also vulnerable to climate change-related threats like extreme weather, wildfires, drought, and rising food and energy costs.

Big institutions like hospitals, universities and government agencies are place-based and therefore “anchored” in their locations. These anchor institutions hold the assets, connections, and economic power to restore shared prosperity and well-being to their communities. Anchors can support their communities through a powerful combination of a commitment to purchasing local goods and services and investing in building community capacity for small business development. This will help create jobs and prosperity just by buying things that they already need.

### The Assessment

At its formation, ARC sought to work with anchor institutions and surrounding communities in East Oakland and Richmond to make the regional economy more sustainable, just, and inclusive.<sup>1</sup> However, the details of how ARC would accomplish its goals remained to be defined. In 2015, ARC contracted with The Democracy Collaborative (TDC) to conduct an extensive Assessment of anchor demands and existing community capacities to meet those demands. The TDC team met with over 225 individuals from anchor institutions, city governments, foundation partners and community groups.

### Inequality in the East Bay

**The poverty in East Oakland and Richmond is more than double their county averages. This stark economic disparity is deeply tied to race.** In Oakland, a city with the seventh most severe wealth gap in the nation, white residents earn almost twice what black residents do and about three times what Latino/a residents make. In Richmond, black residents earn roughly one-third less than their white neighbors. These inequities are reflected in health disparities, including significant differences in life expectancy between white people and people of color in the East Bay.

<sup>1</sup> In 2010, The California Endowment (TCE) selected East Oakland and Richmond for 10-year investment as Building Health Communities sites. Sites were chosen based on both significant community health challenges and potential for changes that could have a statewide impact. ARC sought to leverage TCE investments to support projects that would sustain meaningful change beyond the investment period.

ARC wanted to understand where there might be opportunities for anchor institutions to use their budgets for goods and services to invest in their local communities in ways that would increase community prosperity, promote health and protect the environment.

### ARC's Role

ARC brings anchor institutions and local stakeholders together to find opportunities to align community strengths and challenges with anchor purchasing power. ARC participants are developing economic strategies to reinvest in infrastructure that increases community wealth, well-being and the capacity to respond to challenges caused by climate change.

## Areas of Opportunity

The Assessment found that **East Bay anchor institutions spend about \$6.8 billion a year on goods and services**. Even a fraction of this amount could dramatically impact local economies. The Assessment detailed opportunities that ARC could support to accomplish its goals. Three areas stood out as promising:

**Local/Regional Food** The Assessment revealed a high demand for healthy, sustainably-made food products and services among multiple anchor institutions, presenting an opportunity to bolster local and regional food production. Institutions rely on intermediaries like aggregation hubs, value-added processors, and distributors to bring farm to table. The Assessment identified a lack of local intermediaries as a barrier to anchor institutions increasing support of regional food supply chains. Supporting the development of intermediaries could bolster sustainable food practices, while incubating local businesses, creating employment and cooperative ownership opportunities, providing workforce training and culinary education. The Assessment suggested potential business opportunities around local food that would strengthen East Bay communities' economic opportunities, including:

- Developing a cooperatively-owned food production, processing and distribution facility that would create a high number of meals for institutional contracts. This facility would grow food (with the potential to meet anchor demands for beans, nuts, greens, herbs and sprouts); process foods grown inside the facility and regionally; and create meals for Bay Area anchors.
- Creating a commercial kitchen and/or new distribution facility to expand services of an existing meal-delivery company serving older adults, people with disabilities and/or significant health challenges who are eligible for economic assistance through Medicaid and government-funded nutrition programs.
- Establishing a workforce training business that would address current unmet needs among anchor institutions for trained food service workers to fill numerous living wage jobs.
- Harnessing excess capacity of a school meal production facility to expand its meal distribution network to other local anchors.
- Leveraging resources available in city-designated development zones for the creation of a new, cooperatively-owned grocery store and/or a food business incubator.
- Supporting local businesses to fill unmet anchor demands for food processing and catering.

**Clean Energy Investment** Robust clean energy policies have been enacted at the State-level in California, as well as in Richmond and East Oakland specifically. The resulting incentives and investment offer a supportive environment for community wealth building via local utility and construction sectors that can match anchor institutions' demand for clean energy. The Assessment identified business opportunities to this end, such as:

- Creating a wind energy generation facility to meet anchors' California energy needs with renewable sources.
- Supporting existing local businesses or the creation of new businesses to meet anchor demands for environmentally-friendly facility upgrades, including LED lighting retrofits in facilities and on city streets.

**Green Business Enterprises** High demand among anchors for myriad green business services could create local economic opportunities in these areas. For example, the movement toward "zero waste" is gaining momentum with East Bay anchors, generating increased demand for services like handling difficult to recycle items. Opportunities found in the Assessment that could leverage demand for green business services to increase community employment include:

- Developing a worker-owned cooperative model for composting that could provide anchors waste pick up and diversion, as well as transportation of compostable items to local farms.
- Creating a community-owned green commercial laundry service that reduces shrinkage (and therefore loss) of linens while creating a lower carbon footprint by using environmentally preferred washing methods.
- Establishing a cooperatively-owned green construction company that could meet anchor commitments to contracting with local business, along with their demand for new facilities that meet sustainability standards like LEED.

### ARC's Regional Food System Project

**ARC's Regional Food System project is supporting the development of innovative models that have the potential to stimulate economic opportunity for communities of color (including farmers, aggregators and producers), while promoting access to healthy, sustainable food in anchor institutions and their communities.**

ARC's first supported project is aligned with the regional food priority area (see previous page). ARC is collaborating with FoodService Partners to meet anchor Kaiser Permanente's Total Health policy and goal to procure 100% local and organic/ sustainable food by 2025. To meet this goal, ARC has been working with FoodService Partners in the creation of a meal production facility in the East Bay that aims to produce 200,000 locally-sourced meals daily for institutional markets like Kaiser Permanente as well as create local jobs and cooperative ownership opportunities. The food production center is a test case for a regional partnership that puts community and employee ownership and decision-making at the center.

## Community Assets and Challenges

To understand the viability of identified business opportunities, the Assessment also looked at East Oakland and Richmond to understand each community's unique assets and issues. To identify strengths and challenges, The Democracy Collaborative looked at ten critical factors (see box below). Below are some of the findings summarized for each community.

**East Oakland**, with a population of 90,000 people, is home to a high number of community-based organizations. In addition, the community stands to benefit from supportive anchor institutions, along with local business development, workforce development, community loan and planning resources. This rich tapestry of efforts and support creates a strong foundation for mobilizing members of different groups for change. However, the Assessment found a current lack of organization between groups and a need for a plan to organize for change. TDC suggested that a partnership with the city of Oakland could leverage the city's recent economic successes and investment in rapid transit for support of identified business opportunities.

**Richmond**, with a population of 47,000, is also home to a diverse set of organizations working on a range of issues like urban agriculture. TDC found strong existing coalition work in Richmond between anchors, government, local businesses and community groups that could be harnessed toward ARC's goals. It did appear that Richmond was lacking in technical service providers for business development. However, the Assessment showed very strong dedication from local anchor institutions, as well as multiple resources for financing and community loan funds – critical factors for supporting ARC's work moving forward.

### The Democracy Collaborative's Ten Critical Factors for Success

Through their national work linking anchor demands with community wealth building, The Democracy Collaborative has identified key success factors critical to the establishment and sustainability of business opportunities like those summarized above. To determine the viability of linking new and existing small businesses to institutional demand as a strategy to create employment and build wealth in high-poverty areas, The Democracy Collaborative verifies the presence and robustness of ten factors:

1. A project champion
2. Multi-anchor institutional support
3. Viable business opportunities which use anchor demand as a starting point
4. Business development resources and industry experience
5. Available financing
6. Political and community concurrence and support
7. Workforce development capacity
8. Wrap around services
9. A community loan fund incubator
10. Complementary strategies or programs

This summarized Assessment is based on findings in 2016. The findings are still relevant, particularly in terms of critical community needs. However, ARC's ongoing engagement with anchor and community stakeholders continues to add rich information not presented here.

The full Assessment by the Democracy Collaborative can be found at:

<https://noharm-uscanada.org/documents/building-resilient-communities-summary-report>