

Cleveland, OH

Blueprint for a Green Economy

Introduction

Each year Americans spend nearly \$5 trillion on energy. Every day we emit 70 million tons of carbon dioxide into the air. Although Americans only make up four percent of the world's population, we consume a quarter of the world's oil and are responsible for nineteen percent of carbon dioxide emissions. We own more vehicles than any other country, and we use more than four times the world's average of energy, a particularly problematic reality in light of the current economic turndown and rising energy costs.¹

Simply put, we're faced with both a great challenge and an unprecedented opportunity. The challenge is clear: our energy consumption patterns must be changed in order for us to re-route our current path towards depleted resources and rapid climate change. Yet opportunities are ripe to build an advanced energy industry on our environment's clear and emerging needs.

The Cleveland Foundation has recognized this opportunity, and is seeking to make Ohio a national model for building a green economy. It has done so by putting forth new models for economic and community development that incorporate promoting environmental sustainability and nourishing green markets while also supporting innovative solutions for advanced energy. The Foundation is an example of what is

possible when an entity commits itself to expanding the green knowledge base, attracting advanced energy companies to the region, and incorporating the green agenda into existing community development efforts. This case study lays out two avenues through which The Cleveland Foundation does this:

- 1) Funding green technology research and development through the Great Lakes Wind Energy Center and Case Western Reserve University's Institute of Energy Innovation;
- 2) Creating competitive green collar jobs through locally-owned businesses through The Greater University Circle Initiative.

Green industry research and development: Identifying opportunities and exploring possibilities

Cleveland's location, industrial history and longstanding reputation for innovation make it a prime location for green economic development through the commercialization of green technologies.

Wind turbine and component manufacturing represent arguably the largest green-related economic development opportunity for the Cleveland area. Dozens of area companies have already been identified as selling their products into the wind industry, and the rich network of foundries, machine shops and factories – and their experienced workforces – represent a major asset to offer to the capacity-constrained wind manufacturing sector.

With this industrial base and the presence of such institutions as NASA Glenn Research Center (who led U.S. wind technology R&D efforts in the 1970's and 1980's), Cleveland stands poised to become a major North American center of wind technology research and design.

Of particular interest is the opportunity for Cleveland to become the pre-eminent hub for offshore wind technology development, manufacturing and deployment for the Great Lakes region.

Recognizing these opportunities, The Foundation partnered with The Fund for Our Economic Future, Case Western Reserve University, the City of Cleveland, Cuyahoga County and the Cleveland-Cuyahoga Port Authority for a combined investment of \$1 million to conduct a feasibility study for the Great Lakes Wind Energy Center, which would serve as an applied research center for next-generation offshore wind technologies, with a first initiative of installing a demonstration wind project offshore downtown Cleveland to establish regulatory/legal precedents for offshore wind turbines in the Great Lakes while serving as a testbed for new technology testing.

Additionally, The Foundation has granted \$3.6 million to establish the Institute for Energy Innovation at the Case School of Engineering, which will serve as a world-class research center

for renewable energy, energy storage, and energy efficiency. Case's Institute of Energy Innovation will be a participating partner in the Great Lakes Wind Energy Center.

The Greater University Circle Initiative: Building wealth and creating green jobs

Within a region ripe for advanced energy industry growth, The Cleveland Foundation sought to leverage both this momentum and the City's existing assets to create jobs, address poverty, build community wealth and family assets. In particular, the wealth building component of the GUC initiative is an example of how foundations can incorporate green practices into existing models for community development and job growth.

Situated in the heart of Cleveland, the GUC initiative leverages the neighborhood's existing assets, making markets work for low- to moderate-income residents. It does so by working with the community's existing "anchor" institutions to reinvest in infrastructure (parks, open space, transportation), retail, education, housing, and workforce development.

Central to the GUC model is the idea that every city has one or many institutions which can serve as anchors for community development and innovation. With already \$2 billion in institutional investments, including Cleveland Clinic, Case Western Reserve Research Park, VA Medical Center, Cleveland Museum of Art, University Arts and Retail District, retail, hospitals and

education,² the wealth-building arm of the initiative leverages these assets and integrates environmental sustainability with a three-part model by:

- ❖ Leveraging anchor institutions
- ❖ Building locally-owned businesses
- ❖ Creating “green collar” jobs³

Leveraging anchor institutions

To start, the Foundation asked how existing infrastructure and viability of the GUC’s anchor institutions could be leveraged in a way that would benefit the 43,000 residents in the community with an average income of \$18,500. How could these thriving institutions be used to benefit those who live there, and how could systems and markets be re-engineered in such a way that all residents of the community can participate? Through this model of economic inclusion, the Foundation set forth a new design for community development committed to both the place and people of underserved communities.

It focuses a portion of the multi-billion dollar annual business expenditures of GUC’s anchor institutions in ways that direct economic activity into the impoverished neighborhoods surrounding them. In Cleveland, hospitals and universities are the city’s largest employers and collectively spend billions of dollars each year on salaries, procurement and real estate development. Yet, little of this massive economic activity currently

Anchor institutions

Though many cities have public hospitals and institutions of higher educations, “eds and meds,” these aren’t the only type of anchors. The essential question asked is: What are the stable fixtures within a community, unlikely to relocate that serve as substantial sources of economic activity in the community?

Examples of common anchor institutions are:

- Eds & Meds
- Faith-based institutions
- Community foundations
- Public utilities
- Cultural institutions

flows into the nearby community. As a result, the city’s wealthiest, world-class institutions are surrounded by severely disadvantaged neighborhoods.

Though anchor institutions are prevalent in the GUC community, many cities have other institutions that can serve a similar purpose in the form of faith-based institutions, community foundations, public utilities, and local businesses. For example, with 4,000 universities with

endowment assets of \$300 billion and spending of \$350 billion there are opportunities to see how this market activity might be leveraged to impact their surrounding communities across the country.

Local ownership / Community Wealth Building

The second leg positions residents of underserved communities as business owners and viable players within the markets that these anchor institutions have

created. Locally-owned businesses matching the anchor institutions' needs serve the dual purpose of keeping dollars in the community and building wealth among its residents. This model may manifest itself in many different ways: co-operatives, employee-ownership and social enterprise being three examples. The community wealth model at its core encourages entrepreneurship, creates capital and assets, while channeling money back into these same low-income neighborhoods.

Green enterprises

The third leg of this stool builds on both the Foundation's commitment to sustainability and the current momentum behind creating green collar jobs. By supporting locally-owned, anchor-based businesses that use environmentally sustainable practices, new employment opportunities for local residents are possible.

The first implementation of this model that the foundation is exploring is the Evergreen Co-operative Laundry. In response to the need of the anchor institutions, namely hospitals and retirement facilities, the laundry business uses sustainable practices to meet the anchor institutions' market demands. Each of the Evergreen's 35 to 40 employees would have an

equity share in the laundry and future co-operative businesses will be funded through a portion of the company's profits. Other examples of possible green community businesses include:

- ❖ Recycling and reuse of anchor waste streams
- ❖ Deconstruction: salvaging items for re-use from abandoned and foreclosed properties
- ❖ Solar panel installation, maintenance and third-party ownership

After assessing the business community's needs, entrepreneurs can build locally-owned small businesses that provide these services. While the long-term results of this pilot laundry business are yet to be seen, the Foundation presents an innovative model for coupling individual asset building, income enhancement, and responsive entrepreneurship in a green economy.

Moving forward

Living Cities recognizes that in order to leverage investments in ways that make for sustainable growth, integration and cross-sector collaboration are central. The Cleveland Foundation embodies this approach, and in doing so stands as a model for other cities as thought leaders for a green economy. By using their existing assets and keeping their finger on the pulse of the community's business needs, they make visible how it is possible to set forth environmentally sustainable solutions that spur economic growth.

Endnotes

¹ Richard Stuebi, *Revitalizing Northeast Ohio: Building an Advanced Energy Industry*, 2008.

² The Cleveland Foundation

³ Ted Howard and Steve Dubb, *The Greater University Circle Initiative: Economic Inclusion Strategy*