Evergreen Cooperatives Field Study

FIELD STUDY No. 2:

THE EVERGREEN COOPERATIVES of CLEVELAND

A transformative evolution of the worker cooperative model.

PHOTO: THE NEIGHBORHOOD VOICE

We are constantly told that we live in a competitive global economy, and it's true. But it's not the whole truth. We actually live in a complex global-regional-local economic web with often opposing pressures and objectives. Some parts of that web are monetized and captured in our measurement of GDP, others, like wisdom and knowledge-sharing, may be freely given in the human "gift economy," while still others are "free gifts" of the commons, such as the miracle of pollination, that we often fail to value and respect. The interplays inside this web and its ability to generate true prosperity are far more complex and nuanced than conventional economic wisdom suggests. The Evergreen Cooperative initiative, a transformative evolution of earlier "worker cooperative" ideas, represents a bold response to this flawed conventional wisdom and offers us an opportunity to reexamine it.

The free trade agenda that has driven developed national economic policies for the past quarter century is built on a critically flawed assumption. David Ricardo's so-called law (which is really a theory) of "comparative advantage" did not anticipate today's reality of free flowing global capital. The exercise of free trade suits the interests of politically influential global corporations and their shareholders whose capital moves across borders without restraint to exploit local competitive advantages, most notably labor costs and more lenient environmental regulations. In the name of global efficiency we have often contributed to heightened social injustice abroad, further degraded the global ecosystem, and sacrificed domestic economic resiliency as we have outsourced the US manufacturing base.

Wall Street cheers Wal-Mart's global efficiency, yet knowledgeable communities fight to keep it from entering their city gate. Long before our recent finance-induced great recession the outsourcing of manufacturing jobs had left communities in ruin, systematically undermining the foundation of the American economy. Yet our policymakers across the political spectrum continue, naively, to champion "free trade" as our only path to prosperity, and anyone questioning our reliance on it is ridiculed as a "protectionist" or worse.

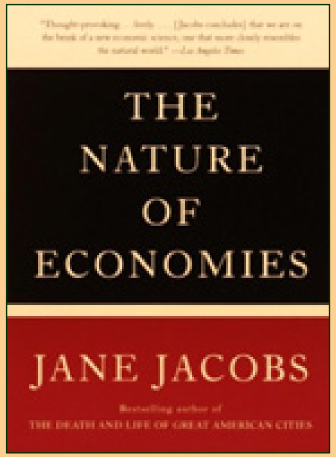
The conceivers of the Evergreen Cooperatives see the challenge of economic development and sustainable prosperity through a different lens. It is a lens that renowned urban activist and unconventional economist Jane Jacobs articulated so well in her essential works on economics, Cities and the Wealth of Nations and The Nature of Economies, which identify cities rather than nations as the core organizing instruments of economies, and which draw parallels between healthy, placed-based economies and healthy ecosystems.

Central to her framing is the resilient demand creation of local anchor agencies—the hospitals, universities, and government services that all have a strategic long-term interest in the health of their local communities. The properly harnessed energy of these anchor institutions is a vital source of resiliency in place-based economies. And resilient place-based economies provide the strong foundation that is the necessary pre-condition for successfully engaging in the competitive global economy.

The importance of balancing efficiency with resiliency is a lesson we must learn from natural systems. Our economic system's single-minded drive for efficiency has achieved much, but has also resulted in a host of unintended consequences—chronic underemployment, financial distress, declining health, and erosion of community—all of which now undermine prosperity and even threaten democracy itself. We must begin to invest instead in resiliency, and would do well to study, in depth, the holistic elegance of the Evergreen Cooperative's approach to it. As Jane Jacobs understood, but our short-term "efficiency" focus has ignored, all of our great centers of civilization, from New York to Paris, from Cairo to Shanghai, sprang from just such an organic approach.

Investing in a resilient economy means investing "upstream," into projects such as the Evergreen Cooperatives. Capital does not naturally flow upstream, but like the nutrient restoring activities of the salmon teach us, investing upstream is essential to restore and retain system health. After 200 years of pressing for greater and greater efficiency, it is time we initiate a strategic shift on a massive scale, to investing in resiliency. Like the Mondragon coops in Spain before them, now accounting for US $21 billion annual sales, and financed by Caja Laboral with $27 billion under administration, the Evergreen Cooperatives and their current and future capital sponsors are boldly leading the way. The great challenge before us is to unlock the human creative potential for hundreds of place-based Evergreens to flourish, thereby restoring much needed resiliency to our economic web. That will require the support of enlightened capital, and "public-private-philanthropic" collaboration on a scale hitherto unseen.

—John Fullerton, *Founder and President*, Capital Institute



"The more different means a system possesses for recapturing, using, and passing around energy before its discharge from the system, the larger are the cumulative consequences of the energy it receives."

—Jane Jacobs

A New Collaborative Vision Emerges From The Rust Belt

Regina Massey, a worker-owner at the Evergreen Cooperative Laundry

It is surely a case of poetic justice that one of the most promising models of locally based wealth building is incubating in an impoverished rustbelt community ravaged and abandoned by the global economy. Cleveland's Evergreen Cooperatives have emerged as a beacon of hope for civic leaders around the country searching for grassroots solutions to the crisis of poverty and hopelessness that has taken down their inner cities. It is now high on the radar screens of several U.S. government departments and has been extolled in numerous articles in the national business press. Ronald Sims, Deputy Secretary of HUD, has called Evergreen's wealth building strategy "brilliant" and the leaders of the venerable Mondragon Cooperatives of Spain now call Evergreen the "point of reference for all cooperative development in North America."

The Evergreen initiative is indeed a remarkable experiment in worker-ownership, anchor-institution-based "green" job creation, and true wealth-building in an impoverished urban neighborhood. But it deserves to be viewed through a much wider lens. If the Evergreen model succeeds in Cleveland could it not be replicated in more affluent suburban or urban enclaves experiencing a different kind of impoverishment, of spirit rather than of purse, or in rural "single employer" towns where agribusiness has otherwise decimated the local economy? Can we see in Evergreen a way forward for a great diversity of communities to build resiliency and to redefine wealth through hands-on ownership of capital, a more creative and productive use of internal assets, and through shared purpose and respect for the limits of the earth's regenerative capacities?

We hope you will read this story of Evergreen—which describes both its great promise and its real challenges —with an openness to imagining all these possibilities. As Evergreen cooperative enterprises multiply and take root in Cleveland's University Circle, we look forward to their seeds scattering farther afield, nurturing a vibrant, highly collaborative, and far-reaching network of place-based economies that will build the local resilience for a healthy engagement with the larger global economic system.

THE EVERGREEN STRATEGY

The Evergreen Cooperative model has its origins in an unusual partnership among the Cleveland Foundation, the Democracy Collaborative at the University of Maryland, the Ohio Employee Ownership Center at Kent State University, and the anchor institutions of Cleveland's Greater University Circle.

In December 2006 Ted Howard, cofounder of the Collaborative, gave a talk at a community wealth building roundtable in Cleveland in which he outlined the catalytic role that the procurement needs of "captive" anchor institutions like hospitals and universities could play in community wealth generation. Over a glass of wine during the conference's closing reception, India Pierce Lee, Program Director for Neighborhoods, Housing & Community Development at the Cleveland Foundation, described to Howard the Greater University Circle Initiative, an anchor institution strategy that the Foundation's newly hired CEO, Ronn Richard, had organized in an effort to break down the barriers between the area's major anchor institutions (principally Case Western University, the Cleveland Clinic and University Hospitals) and 7 neighboring communities home to 43,000 people whose median household income was less than $18,500 and where over 25 percent of the working population was unemployed.

PHOTO: STEPHEN TRAVARCA

Cleveland's Greater University Circle.

The initial focus of the Greater University Circle Initiative had been on new, transit-oriented development and employer-assisted housing to encourage employees of local nonprofits to return to the neighborhoods. The initiative had succeeded in fostering a unique spirit of collaboration among community stakeholders, but its goal of job creation and wealth building had proven elusive, just as it had under earlier "empowerment" zone initiatives that provided rich subsidies for private companies to move into the city.

"We have struggled to find ways over many, many years to help change people's lives measurably," reports Tracey Nichols, director of the Department of Economic Development for the City of Cleveland. "In economic development you create jobs by offering incentives to companies to relocate and a company is here for 10 years and then moves away, and you have to ask yourself, are these people measurably better off? They had a low paying job for ten years and they paid their bills but they didn't build equity."

Over the course of the first half of 2007, the Cleveland Foundation, the Democracy Collaborative, and Ohio Employee Ownership Center's visionary director John Logue engaged in a series of discussions about how an anchor institution strategy might be a game changer for University Circle. Everyone agreed that low-wage job creation alone would not break the cycle of poverty in Greater University Circle. Workers also needed a means to participate in the profits of the companies that employed them. The brainstorming began to reference the Mondragon Cooperatives founded in 1956 by the activist Catholic priest José Maria Arizmendiarrieta with the goal of lifting the Basque region out of the extreme poverty it experienced in the aftermath of the Spanish Civil War. (A remarkable success story in worker-owned enterprise, Mondragon has grown into a network of over 120 worker-owned cooperatives generating more than $20 billion in annual revenue and employing 100,000 workers. It is now Spain's fourth largest industrial and seventh largest financial group.)

...Mondragon has grown into a network of over 120 worker-owned cooperatives generating more than $20 billion in annual revenue and employing 100,000 workers.

In the second half of 2007, the Cleveland Foundation commissioned Howard and the Collaborative's research director Steve Dubb to do a feasibility study for this anchor-based cooperative strategy. The Collaborative's study revealed that the purchasing power for goods and services of the Greater University Circle's three main anchors was in excess of $3 billion, but nearly all of it was being spent outside the neighboring communities. A cooperative business model for Evergreen thus began to crystallize around the opportunity to capture a portion of these flows and to keep them circulating in the community.

"The strategy document we submitted to the Cleveland Foundation at the end of December 2007 focused on three legs of the economic development stool," Howard reports. "First, leverage anchor procurement locally; second, catalyze the development of a network of worker-owned, community-based businesses linked to that procurement system; and third, ensure the businesses would be the greenest in their sector, both because it was the right thing to do and because it would give them a competitive edge with anchor institutions that were seeking to meet their own sustainability goals."

How Evergreen Utilizes Jane Jacobs' "Three Master Processes"

The Evergreen Cooperative follows the principles of organic development and dynamic stability that renowned urban activist Jane Jacobs believed were critical for a healthy economy. In her book *The Nature of Economies* (2000), Jacobs likens economic systems to ecosystems: *"The more different means a system possesses for recapturing, using, and passing around energy before its discharge from the system, the larger are the cumulative consequences of the energy it receives."* Through utilization of the economic principles articulated by Jacobs, the Evergreen Cooperatives engage in resilient, community-based, wealth building.

Evergreen is utilizing the three master processes that, according to Jacobs, "govern successful economic life as surely as they govern the rest of nature:"

Development and co-development through differentiations and their combinations
Development is evolutionary growth through diversification

- Evergreen is harnessing the $3 billion purchasing power of the University and hospitals, enabling viable economic, social, and environmental investments in an ever-expanding number of place-based businesses
- Worker-owned Evergreen coops and the anchor-institutions are co-dependent, as will be new cooperatives that co-develop

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Expansion through diverse, multiple uses of energy
Regional economies are energized by a dense and varied network of economic activities

- Just as a forest absorbs sunlight, converts it into energy, and passes it from organism to organism to process and recycle for use and reuse, the Evergreen cooperatives capture and circulate financial capital to expand and diversify the products and services of the local economy
- Green co-ops build previously under-utilized human capital, conserve diminishing natural resources, and stimulate the internal production of products formerly brought into the community, further diversifying the local economy

Self-maintenance through self-refueling
Capital is conserved, maximized, and transformed within systems for optimum efficiency

- The Evergreen Cooperative Corporation is the framework for the feedback loop that unites cooperative members and businesses, providing oversight, coordinated risk-sharing, and pooled investment capital
- Evergreen Business Services provides shared administrative services and retains community ownership of land housing cooperative businesses, and land-banks sites for future enterprises that emerge from co-development between anchor institutions and Evergreen coops.

LEARNING THE LESSONS OF CAPITAL STEWARDSHIP FROM MONDRAGON

In October 2008, The Cleveland Foundation and the Ohio Employee Ownership Center organized a field trip to Mondragon in Spain's Basque country. Invited were key anchor institution leaders and other members of the Greater University Circle community. This trip, and two subsequent ones, gave Cleveland community leaders a chance to observe first-hand how a successful large-scale cooperative operated.

Although Evergreen's model is quite distinct in many ways from Mondragon's, it has adopted a number of the latter's principles and structures. For example, Evergreen is establishing an umbrella organization, modeled on Mondragon's, to be the keeper of its "vision" and a source of continuity for all of its cooperative enterprises (see "Nurturing the Evergreen Vision"). "We will set up the mission at the top so it stays a big piece of our work and incubates the next generation of businesses," says Lillian Kuri, one of the Cleveland Foundation's in-house Evergreen strategists. "This structure will allow us to preserve the mission of Evergreen long after all of the founding people working on it are gone."

Evergreen is also putting in place a formal, central financing mechanism, similar to Mondragon's Caja Laboral Popular Sociedad Cooperativa de Credito, to provide funding for the expansion of existing coops and seed capital for new ones (see "The Evergreen Capital Tool" below). A full-fledged mission-based Evergreen Bank of Cleveland may eventually be in Evergreen's future, Howard reports.

Like Mondragon, Evergreen hopes to inculcate a culture of "solidarity," not as it is defined by the tired slogans of the communist era, but in the sense of a deep commitment to collective wealth creation and well-being. For example, all cooperatives will be expected to support a coop in distress, absorbing its excess labor capacity, and contributing to an Evergreen "solidarity" fund that the distressed coop can tap. "What we have learned from Mondragon is a way of relating to capital, a sense of our responsibility as stewards of it," says Howard.

"That means preserving and enhancing it and passing it on to the next generation rather than maximizing short-term return, flipping ownership or breaking it up. It is an extraordinary vision with sustainability at its heart."

Medrick Addison, operations manager for Evergreen Cooperative Laundry, explains how this vision translates into the criteria used to select the employees who are invited to become coop members. "We want people who really get those intangibles," says Addison, "who get what this initiative means to this community and to Cleveland, and that you won't get rich overnight. I can teach them a lot of skills, to run the machines, that isn't hard, but to get them to understand what this is really about is something else."

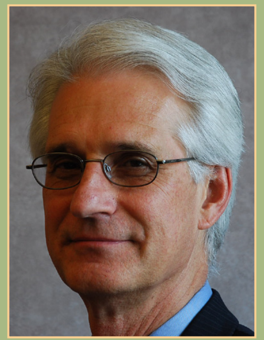
IDENTIFYING THE FIRST COOPERATIVE BUSINESSES

When the Cleveland Foundation and its collaborators got down to the nuts and bolts of deciding the business ideas that should be the first off the launching pad, they considered first which would best meet the procurement needs of the local anchors. But these businesses also had to employ, at maximum build out, at least 50 workers most of whom would likely initially require intensive on-the-job training. The business would need to support workers at an hourly wage of at least $10.50 plus healthcare at no cost to workers; be in a growing sector where "green" credentials could be leveraged to competitive advantage; and be profitable enough to allow workers to accumulate at least $65,000 into their personal capital accounts at the end of 8 years.

The first two Evergreen cooperative businesses to make the cut—the Evergreen Cooperative Laundry and Ohio Cooperative Solar—were launched in October 2009. Green City Growers, a hydroponic food production greenhouse—the largest to date in any downtown in the country—is slated for its first planting in the fall of 2011.

A not-for-profit community newspaper, The Neighborhood Voice, funded by a $100,000 grant from the Cleveland Foundation, recently began publishing online and with 30,000 printed monthly. Although the Voice is not expected to be a significant job generator, it will be a key vehicle for engaging the community in a dialog about the assets and issues of the Greater University Circle neighborhoods and for breaking down the barriers between the big anchors and community residents.

Ted Howard talks about worker dislocation and unions



We are working diligently NOT to have Evergreen result in job dislocation for other workers, unionized or non-unionized. For example, we worked with a nursing home that outsourced its laundry to Evergreen so that rather than lay off their laundry workers, they retrained them and absorbed them into other areas of their business operation. With a hospital client, we agreed to absorb several of their existing workers into our Evergreen workforce so that they would not lose their jobs. These folks are working at Evergreen right now, in fact.

The issue of the relationship of the union movement to cooperatives is an interesting one. Fundamentally: if the workers own their company, then what is the role of the union? There is a whole team of people in the coop movement who are giving thought to that important issue. But there are a couple heartening developments. In Pittsburgh, inspired by the Evergreen example, a group of unions and anchor institutions are working on a plan to buy out a laundry that is owned by someone in Buffalo, New York. They plan to turn it into a unionized worker-coop. And the Mondragon Cooperative Corporation has signed an MOU with the United Steelworkers to jointly develop some form of unionized cooperatives in the United States.

Evergreen Laundry at a Glance

Initial Capital: $5.5 million

Sources of Financing:

- **$5 million leveraged New Market Tax Credit:**
  - $1.3 million U.S. Bank CDE
  - $1.4 million Evergreen Cooperative Development Fund Loan
  - $1.5 million HUD 108 Loan
  - $0.8 million Shorebank loan
- **Funding outside the NMTC:**
  - $300,000 Commonwealth Bank
  - $200,000 Economic Development Authority loan

Current Annual Revenues: $1.1 million
Number Currently Employed: 21
Projected Employment at Maximum Build out: 50

Although Evergreen expended considerable time and labor structuring the $5 million New Market Tax Credit deal, because U.S. Bank provided its allocation directly at an almost wholesale rate, it will ultimately leave more equity on the table for the laundry. Securing the NMTC also represented quite a coup for Evergreen, given the tight credit market in which the deal was transacted, the startup nature of the business, and the fact that NMTCs are rarely allocated to commercial entities. Critical risk mitigating factors were the blue chip anchor institutions that underpinned the business models, and the Cleveland Foundation's and the City of Cleveland's commitments to the project.

THE EVERGREEN LAUNDRY

Medrick Addison

Two years ago, Medrick Addison was looking for a job where he could apply his entrepreneurial skills after the small restaurant he owned became yet another casualty of the economic downturn. He had heard that a laundry was opening at East 105th Street near St. Clair Avenue in Cleveland's University Circle and was in hiring mode. "At first I thought it was going to be some sort of Laundromat," Addison recalls, "but I did a little research and got really excited when I realized they wanted to do something positive in this neighborhood where I grew up and where I feel and see so much poverty and foreclosures."

The laundry, which now employs 21 people and expects to support 50 workers when it reaches full capacity, has turned what is the typical inner city green job training model—where there is no job at the end—on its head. Instead Evergreen created the laundry, recruited the labor and trained on the job. Addison, who was recently promoted to operations manager, was the second person hired and spent his first few months on the job doing a lot of the "grunt work" required to get Evergreen Cooperative Laundry in shape to operate.

Evergreen engaged Entrepreneurs for Sustainability (E4S), a local sustainability business consultant, to ensure that the laundry would be at the cutting edge of green practices for the industry. Thanks to its state-of-the-art equipment, it takes only 0.8 gallons of water to wash a pound of laundry

PHOTO: JANET CENTURY

Keith Parkham, Evergreen laundry worker/owner.

Janice Harris (photo left) and Cortez Ellis and Lloyd Hyatt (photo right), worker-owners at Evergreen Cooperative Laundry.

"Everyone at the laundry understands it is going to be a struggle to make this work," says Addison. "We talk a lot about it internally and remind ourselves that this could be pivotal to other cities facing poverty and foreclosures. We know how big this is."

at Evergreen versus the standard 3 gallons. The laundry also consumes far less energy to heat wash water and dryers, and in the ironing process, than its competitors and the facility itself is Leed Silver certified.

While the laundry earned almost $1 million in revenues washing 1.9 million pounds of laundry last year it failed to meet its projected end-of-year breakeven. "This is a very high fixed-cost business built for a capacity of 10-12 million pounds of laundry annually," says Stephen Kiel, who helped develop the business plan for the laundry and is now CEO of Ohio Cooperative Solar. "We project we will break even at 4 million pounds."

As Addison candidly admits, it has been more difficult to build the business than expected. The laundry currently has 9 customers including several nursing homes and 3 hotels. Although University Hospitals is a strong supporter of the Evergreen initiative, it has decided to wait before signing a contract with the Evergreen laundry because its capacity requirements are so large and it is locked into a long-term contract with another provider. "People are leery about taking a chance with a startup," Addison reports. "They may be excited about what we are doing but they don't necessarily want to trust their linen to us." In other cases, he reports, customers like University Hospitals who might otherwise like to engage Evergreen are locked into long-term contracts that can't be immediately unwound.

Despite the challenges, morale remains high among laundry worker-owners. "Everyone at the laundry understands it is going to be a struggle to make this work," says Addison. "We talk a lot about it internally and remind ourselves that this could be pivotal to other cities facing poverty and foreclosures. We know how big this is."

OHIO COOPERATIVE SOLAR

When Christina Vernon, Director of the Office for a Healthy Environment at the Cleveland Clinic, began exploring the idea of installing solar panels on the hospital's rooftops she ran into a roadblock when she discovered the clinic would be unable to access the associated government incentives because of its not-for-profit status. So Vernon asked Evergreen if they would be interested in creating a for-profit company to do the installation. Out of this unfulfilled procurement need, rather than an existing one, Ohio Cooperative Solar was born.

OCS has since installed solar panels on the rooftops of Case Western and University Hospitals in addition to the Clinic's. It will maintain the panels and has entered into 15-year power purchase agreements with each of the anchors. OCS is currently building out an additional 5 to 10 rooftops on each of these institutions and is installing panels on two of the municipal buildings in Euclid, Ohio. "Our business strategy is to get sufficient experience and certification through our PPA model to become a commercial contract installer where the host will own the equipment and we install for a fee," says CEO Steve Kiel.

PHOTO: JANET CENTURY

OCS has installed solar panels on the rooftops of Case Western, University Hospitals and the Cleveland Clinic.

Installing 100 kW of solar power costs OCS about $500,000, but operating under the PPA model the company is able to tap into up to $200,000 in state grants on certain projects and a 30 percent federal energy tax credit. "So for the $500,000 capital outlay we get as much as $200,000 from the state and $150,000 from the Treasury," says Kiel. OCS will also generate revenue for debt service from the sale of State of Ohio renewable energy certificates sold through an aggregator at a rate of 25 cents per kilowatt-hour.

PHOTO: JANET CENTURY

OCS's Diversification Strategy

To keep workers employed year round, OCS has diversified into the weatherization business through the federal Low Income Home Energy Assistance Program. The weatherization services are free to customers and OCS is paid directly by LIHEAP on a fixed price schedule. OCS has weatherized over 200 houses in its first 17 months of operation, paring its overhead expenditures to the bone by purchasing used equipment and operating out of an unimproved warehouse. "Our margins are skinny," says Kiel, "about 10 percent, including the supervision of worker/trainees, but we are keeping people employed."

OCS is now exploring new business opportunities as the city and county increasingly view the company as a preferred organizer of labor. "We are looking at a demolition business for foreclosure properties in the county land bank, which could double the size of the company," say Kiel.

Unlike the Evergreen Laundry, which needs more time to grow to scale given the capital intensity of the business, OCS was profitable within the first five months of operation. At the end of the current fiscal year, approximately $7300 of its profits, after meeting commitments to capital providers, will be allocated to each OCS employee owner's capital account. "This is incredibly important to us," says Kiel.

Ohio Cooperative Solar at a Glance

Capitalization: $10 million
Current Annual Revenues: $1.3 million
Number Currently Employed: 25
Projected Employment at Maximum Build out: 50 to 75
Sources of Financing:

- $3.0 million Federal Energy Tax Credit
- $1.0 million syndicated sale of accelerated depreciation of renewable energy equipment
- $4.5 million in long term financing from:
- $1.5 million Ohio Stimulus Loan Fund ($0.25 million drawn)
- $3 million New Market Tax Credit Loan Key Bank (0 drawn)
- $1.5 million 10-year loan from ECDF

Paul Ettorre, Great Lakes Regional Manager for Key Bank, says the NMTC deal with OCS is unique for Key Community Development Lending, which had little history lending to startups using the NMTC structure, and none whatsoever with worker-owned cooperatives. The security of the anchor institution contracts was key to closing the deal.

GREEN CITY GROWERS

Green City Growers is Evergreen's most capital intense project to date and perhaps its most ambitious — a 4.4 acre, year-round hydroponic greenhouse and 16,000-square-foot packinghouse located on 11 acres of assembled land parcels, a portion of which was a city-owned, land-banked "light" brownfield. When fully operational Green City Growers will produce 5 million heads of lettuce and 300,000 pounds of herbs annually, employing between 30 and 40 workers year round. It is expected to harvest its first crop in the spring of 2012.

Green design principles have been driven into all elements of the Green City Growers business model. To reduce energy use, lettuce and herb crops have been chosen for their ability to thrive in slightly colder temperatures than crops like tomatoes and peppers. A double energy curtaining system, keeping heat out on hot sunny days and retaining heat at night, will also help reduce energy consumption. Illumination curtains will keep light in during the evening to prevent light pollution into adjoining neighborhoods.

Three quarters of the rainwater that falls on the greenhouse roof will be recaptured and stored in a 200,000-gallon water storage tank. The rainwater will be mixed with city water and used in the hydroponic growing system. The water from the roof that cannot be stored will be held in detention ponds that will drain into the ground within 1-2 days after a rain. The ponds will have the capacity to hold the equivalent of a 100-year rainfall.

The water and sewer district is very supportive of the Green City Growers' storm water management system and has contributed funding for its construction. "A lettuce plant if grown to maturity uses a gallon of water through its lifecycle," says Mary Donnell, who left her position with a major food corporation to become Green City Growers CEO. "We will be able to provide 3 million gallons of the 5 million gallons of water we need to grow our leafy greens from the water we capture from the roof. This helps the business and is also responsible storm water management."

In order not to compete with low-priced field-grown iceberg lettuce, Green City Growers will grow specialty lettuce now trucked into Cleveland from California and Arizona, and basil and herbs flown in from Hawaii, California and Colombia. Produce will be marketed initially to the local food service industry, local grocers and Greater University Circle anchor institutions,

Green City Growers Financing at a Glance

Initial Capitalization: $15 million
Financing Sources and Incentives:

- Leveraged NMTC financing that will leave the coop with $4 million in equity at the end of seven years
- $8 million HUD Section 108 loan
- $2 million HUD Brownfield Economic Development Initiative (BEDI) grant
- $1 million from the Evergreen Cooperative Development Fund

Projected number employed: 35

"We want the greenhouse to be a company that helps people to be well physically, and where health and wellness is part of the business culture."

Green City Growers CEO Mary Donnell

allowing purchasers not only to reduce their food-related carbon footprints substantially but also to purchase produce with a longer shelf life.

Although Donnell's energies will naturally be focused on making the greenhouse a profitable venture as part of Evergreen's worker-owner financial wealth-building strategy, she is equally passionate about the impact the greenhouse will have on the health and well being of workers and the community at large. "We want this greenhouse business to be not only a good place to work in terms of financial success and career opportunities but also to be a company that helps people to be well physically, where health and wellness is part of the business culture," says Donnell. Green City Growers plans to partner with a local foundation to develop educational outreach and to ensure the surrounding community has affordable and easy access to produce grown in the greenhouse.

When she has a spare moment, Donnell will be advocating to encourage the USDA to give urban agricultural operators access to the agricultural and energy grant and loan guarantee programs that are currently only available to rural agricultural businesses. Donnell says, "I take the view that as long as you have a legitimate agricultural business and meet the necessary criteria, access to agricultural grant financing and loan guarantees shouldn't be influenced by the location of the agricultural business."

Work securing written commitments from future customers to purchase the leafy greens that will be grown in the greenhouse is ongoing and sometimes challenging. "You have someone at the table from the hospitals and large institutions saying, 'I want to support this' but they are big bureaucracies and when they want to do something new they can't necessarily make it happen overnight," says Cleveland's Economic Development Director Tracey Nichols. Thus far Green City Growers has received purchasing commitments from some of the area's anchor institutions, local grocery store chains, a national grocery store chain, and regional and national food service companies that sell in Cleveland and within a 150-mile radius around Cleveland.

Donnell is confident that this compelling business model will be a success. "Green City Growers will not only provide employment and wealth that helps stabilize our neighborhoods," she reports, "but it also provides local food at a commercial scale and keeps food dollars in the local Cleveland economy. Cleveland is a leader in local food initiatives, and Green City Growers will be part of that exciting food production and consumer purchasing trend."

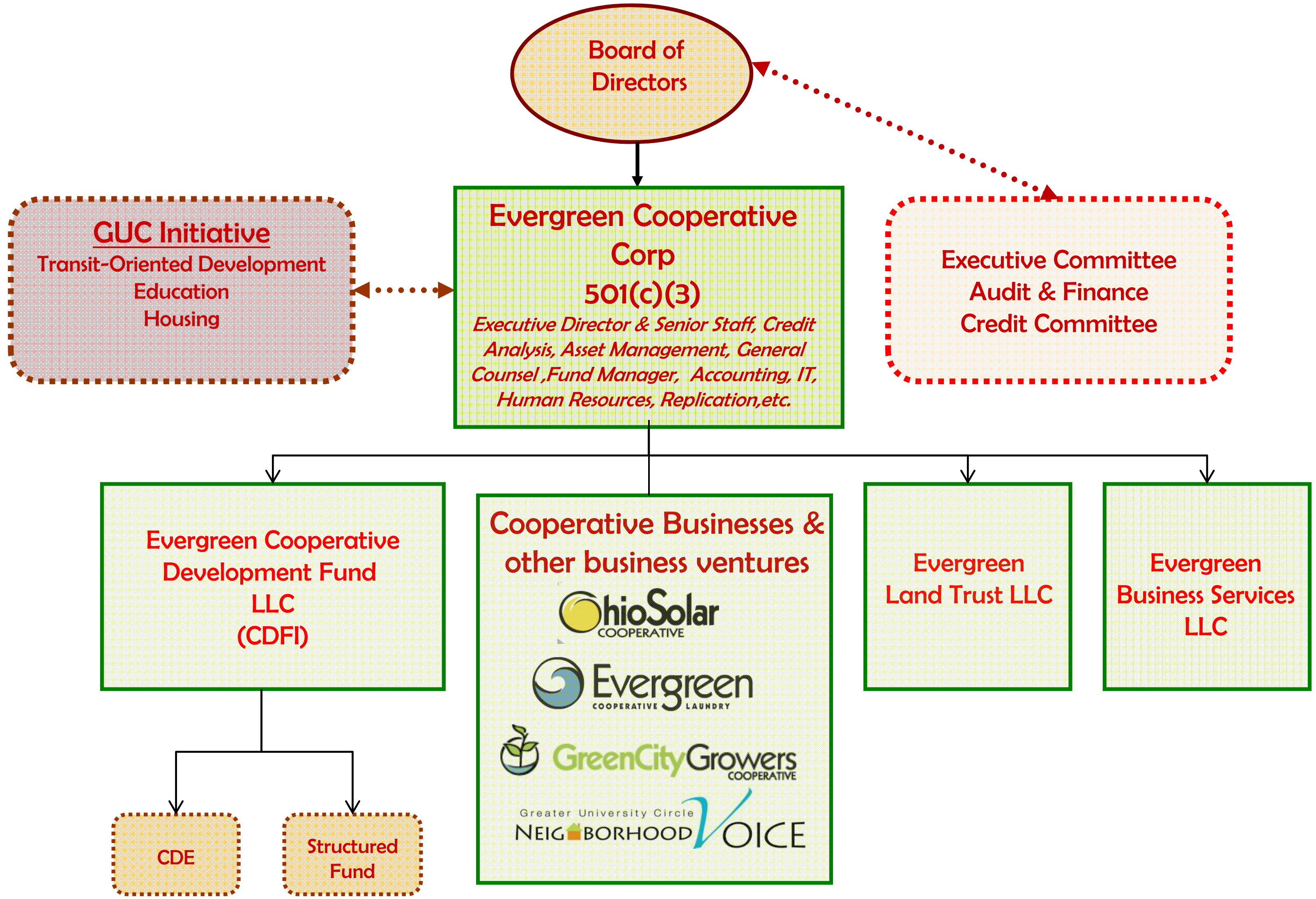
NURTURING THE EVERGREEN VISION

In 2009 the Cleveland Foundation began exploring options with two New York-based consultants—Veris Wealth Management and Forsyth Street Advisors—and Dorsey & Whitney, a Minneapolis Law firm, to create the framework for a new independent legal entity, the Evergreen Cooperative Corporation. The ECC will be a 501(c)(3) "holding company" that will house the for-profit coop enterprises, an Evergreen Business Services unit that will provide shared services to the coops, the

Evergreen Land Trust, and a restructured Evergreen Cooperative Development Fund.

The Evergreen Cooperatives, nested as they will be within this nonprofit entity and "keeper of the vision," will operate unlike traditional worker cooperatives. "The history of worker coops is a mixed bag," says Gar Alperovitz co-founder of the Democracy Collaborative, "they have often tended to break down, or exploit the environment or they get taken over if they are successful. The Evergreen model builds in worker ownership and control but under the umbrella of broader democraticizing and green principles. It is a community-building model in its essence."

A 15-member board of directors will govern the ECC, including anchor institution executives, representatives from Evergreen cooperatives, local and national financial institutions and investors, and the keepers of the vision including the Cleveland Foundation. The ECC will in turn be represented on the board of directors of each cooperative enterprise and will own 20 percent of each. Most critically, it will have the right to veto any cooperative's attempt to exit the Evergreen system—either to sell out to a private interest or liquidate—or to engage in other activities that might put the entire system at risk.



The Evergreen Capital Tool

The Evergreen Cooperative Development Fund ("ECDF") was established to provide startup funding for the first cooperatives, and was initially housed in Enterprise Cleveland, a CDFI and former Shorebank affiliate. But Evergreen's advisors recognized early on that a more formal centralized funding mechanism would be required to support the ongoing capital needs of new and existing cooperative businesses. In 2009 and again in 2010, the Rockefeller Foundation extended grants for the consulting expertise Evergreen needed to access to determine how the ECDF should evolve to serve those goals.

The new ECDF will act as fund manager and aggregator for all cooperative enterprises and will seek CDFI certification, enabling it to apply for grants and access other sources of financing from the US Treasury's CDFI Fund. Although it will be incorporated as a limited liability corporation, because the not for profit ECC will be its sole member, it will be "disregarded" for tax purposes.

The new ECDF structure offers lenders and investors a means to invest in a portfolio of companies rather than assume the undiversified risk of a single start up or coop enterprise. "The value of this new fund structure is it creates a broader context and an understanding of how a particular enterprise feeds into a larger vision," says Key Bank's Paul Ettorre. "It potentially provides a much deeper balance sheet and can allow for credit enhancements to be brought in as a jump starter. I would argue it is critical to creating a sustainable pipeline of new Evergreen companies."

> "The new ECDF will allow Evergreen to go out and raise money from banks and individual investors who want to participate but don't want first or second loss positions," says Lanier. "There are many permutations of how this can work but we can put it all in the box of the Evergreen Development Fund—we will have all the tools ready to receive the cash."

While potential investors will have the option to provide targeted funding to a particular business through the ECDF, Evergreen's preference is to have monies invested in the fund as a whole, giving start-ups or intrinsically lower return businesses access to the same pool of capital as higher return coop enterprises.

Forsyth Street Advisors partner Henry Lanier, who advised on the highly innovative New York City Acquisition Fund as well as on WHEEL, a new funding structure for energy efficient loans in Pennsylvania, notes that the new ECDF may function as the "lynchpin" for similarly highly structured hybrid financings. It can layer different sources of funding with a variety of risk return parameters: from philanthropic and government agency grants and credit guarantees; to foundation program- and mission-related investment notes that provide long-term patient capital; to shorter-term debt instruments offering higher rates of return to high net worth individuals; to standard, market rate commercial debt. "The new ECDF will allow Evergreen to go out and raise money from banks and individual investors who want to participate but don't want first or second loss positions," says Lanier. "There are many permutations of how this can work but we can put it all in the box of the Evergreen Development Fund—we will have all the tools ready to receive the cash."

Over the next year to 18 months, Evergreen hopes to assemble something on the order of $50 million dollars from a variety of sources and deploy it into the next generation of companies being developed by Evergreen. "That capital could help leverage $300 million in investments from other sources of patient, low-cost money," says Howard.

"Up until now we have been scraping and clawing to find the right capital structure to get these financings done," says Kuri. Although acknowledging that the new ECDF will continue to need injections of philanthropic capital to attract commercial and other investors, "going forward," she says, "we hope we won't have to go through those kinds of time delays and pain."

Kuri notes that a couple of lead investors have expressed interest in committing $3 to $5 million to seed the fund for the new ECDF. Howard reports that tentative expressions of interest have been received from a number of high-net-worth investors and foundations and Evergreen was favorably received at the most recent SoCap conference. Evergreen has also been in discussion with a socially responsible mutual fund about creating a retail investor's note for Northeast Ohio. Prospective institutional investors who may be tapped include Ohio Public Employee Pension Fund and Northeast Ohio universities' endowment funds.

"We will set up the mission at the top so it incubates the next generation of businesses," says Lillian Kuri, one of the Cleveland Foundation's in-house Evergreen strategists. "This structure will allow us to preserve the mission of Evergreen long after all of the founding people working on it are gone."

(In another example of the collaborative networks emerging out of the Evergreen initiative, the F.B. Heron Foundation, an experienced mission investor, conducted a briefing with the trustees of a Cleveland-based university on implementing a market-rate mission strategy.) "There is a good business case for these institutions to make some multi-million dollar 'impact investments' with us to stabilize these neighborhoods that are crumbling around them," says Howard.

Kiel reports that it is also critical that Evergreen put in place a much stronger underwriting credit committee function than exists today. "Now we have an advisory board that allows participation of the folks who put money into the fund," he notes, "but they may not always have the experience to look at credit and ask the right questions about underwriting it. We will need to look for experienced bankers who are willing to apply their expertise on an ongoing basis so that ECDF can generate the highest potential of wealth in the community from its model.'"

Kuri is hopeful that the Cleveland Foundation and the Evergreen Fund will also be able to contribute more expertise as it gains experience in utilizing a $14.75 million funding award it received in late 2010 from Living Cities, a national consortium of major foundations and financial institutions. Between a third and a half of those monies will be invested in Evergreen cooperatives and the Evergreen Land Trust, with the rest going to fund other supply chain businesses in the same geography that do business with anchor institutions. "We will develop the kind of rigorous underwriting requirements that we will need to apply to Evergreen to achieve scale as we roll out the ECDF," says Kuri.

SHARING THE WEALTH

To qualify to be hired by an Evergreen Cooperative business an individual must live within the Greater University Circle neighborhoods. That Evergreen typically turns away dozens of applicants for every job it fills is not surprising, given the area's 25% unemployment rate and the fact that Evergreen employees receive a higher hourly wage than workers in equivalent businesses in their sector. Many worker owners are now earning considerably more than the $10.50 an hour Evergreen base entry wage.

The CEO of an Evergreen coop can earn no more than 5 times the lowest earning entry-level employee and once employees pass their six-month trial period and are accepted as a cooperative member, they receive a $2 an hour raise and qualify for health care at no cost to them. Owner members must invest $3000 into the cooperative, which they fund through a 50-cent per hour payroll deduction. Out of the percentage of each coop's profits that go to worker members, each worker is paid based on a formula that includes length of employment, annual hours worked, and salary. Twenty percent of profit payout to workers is made in cash and 80 percent in "capital credits."

The capital credit account of a worker is not invested but is held on the books of the coop as part of its overall capitalization. It cannot be drawn down or borrowed against until it reaches $65,000 or until the worker leaves the company. In years when a given coop earns no profits, no monies are allocated to its worker/owner capital accounts and in some extreme cases prior years earnings may be deducted from the accounts (standard policy in coops the world over, including Mondragon). "However, given the wealth-building commitment of Evergreen," says Howard, "we have designed it so that the Evergreen Cooperative Corporation stands as a hedge against losses in the start up years, with the ECC covering those losses." When employee owners retire or leave they relinquish ownership and the value of their capital account is returned to them as cash over a period of several years so as not to destabilize the coop's finances.

Evergreen takes advantage of slow times for on the job training and financial skills building. Each month all worker owners meet for an open book financial management discussion and business analysis session. In addition to free health care, worker owners have access to courses provided by the Ohio Employee Ownership Center in personal finance and skills training. OEOC credit counselors advise employee/owners on how to improve their credit scores and bankers visit coops to set up debit cards and checking accounts for workers. At OCS employee/owners are given advances against paycheck to clear up parking fines to ensure that every worker holds a driver's license. The coop has also hired attorneys to help negotiate child support agreements.

Protecting the Commons

Creating a land trust to ensure access to affordable real estate for new and expanding businesses did not initially seem to be a priority for Evergreen strategists, given the depressed prices of real estate in the University Circle neighborhoods. But over time, Alperovitz says, the organizers became convinced otherwise. "If Evergreen didn't do something early on and it began to succeed the developers would be in there and capture the value and it would be lost to the community," he counseled.

The Evergreen Land Trust LLC will acquire land for existing Evergreen coops, and identify and acquire logistically advantageous sites for future enterprises. (At some future date it may also begin to acquire property for the creation of affordable housing.) Cooperative businesses will enter into 99-year land leases with the ELT, with escalation clauses pegged either to an index or the coop's profitability. Buildings will be owned and managed by the coops.

Separating land from building ownership provides a substantial measure of protection for the Evergreen Cooperatives from individual coop failure, explains John Emmeus Davis, a partner with Burlington Associates, a nationally recognized land trust consultancy that is advising Evergreen. In the event of a business failure, the ELT will have the residual right to step in and buy the building out of foreclosure or to forestall foreclosure and intervene to slow down the seizure of the building. Even if creditors seize the building of a failed business, the ELT as owner of the underlying real estate will be in a strong negotiating position vis-à-vis the future use of the building. The ELT also protects Evergreen against attempts by an individual cooperative to "demutualize."

Davis believes Evergreen's strategy of using commercial land development rather than housing as the leading element in disinvested weak market neighborhoods is highly replicable. "It will have wide appeal in downsizing cities where affordable housing is not necessarily the issue," he reports.

What is also groundbreaking and potentially replicable about the ELT is its functionality within a cooperative structure. "A number of CLTs are nested within an existing community development corporation or CDFI, but Evergreen Land Trust will be the first to be nested within a network of cooperatively owned businesses," says Davis. He hopes CLT leaders who study the ELT may be inspired to consider applying the cooperative structure in their own communities.

Although Davis calls Evergreen's CLT a "provocative" model, he acknowledges the real challenges that lie ahead. "Commercial development is inherently a riskier proposition than housing," he reports. "Even in the midst of a mortgage meltdown and the collapse of housing bubbles it is still riskier to start a new business than to build and sell housing. The cooperative structure proposed for the Evergreen CLT holds great promise for managing those risks, but only time will tell."

REDEFINING WEALTH BUILDING

A high percentage of Evergreen employee/owners were formerly in the ranks of the long-term unemployed, hold prison records or have struggled with substance abuse. "We are given a second chance here to get back into society," says Loretta Bey, OCS's office and inventory manager.

Wealth building at Evergreen is not defined only in terms of dollars saved in a worker's capital account. It is also about the empowerment workers experience being part of an enterprise that has as its goal both to heal the earth they inhabit and the fragile community in which they reside. "I have been really impressed when I have interviewed workers and ask why they are interested in the job," says Howard. "So many of them without prompting say how much they are attracted to this vision of being green and caring about the environment." Howard says Evergreen workers "get" in a really deep sense what their work is about: "They have lived in these neighborhoods and seen the degradation and they are beginning to express themselves as leaders of renewal. They are experiencing pride of place. This is about how we unleash the energy of people to become actors in history in their own lifetimes."

CULTIVATING RESILIENT LEADERSHIP

Loretta Bey was working as a school volunteer in January 2010 next door to Ohio Cooperative Solar when Steve Kiel came by to ask the principal if he knew anyone who could do some inventory work. “The principal said I was the ideal person and I was hired that day,” Bey recalls. Kiel describes Bey as “opinionated and passionate,” someone who will call him from home to talk about a work-related issue. Although it takes her over an hour to commute by public transport, Kiel says “it is often hard to get her to leave work and go home.”

“We are like a close-knit family here and we all support each other,” says Bey. “The wonderful thing about working for OCS is I get to make decisions within the company and grow with a company that is just starting off. I never got that opportunity before. Every Monday morning we have a meeting where we discuss the business financially. They don’t just make decisions without us, we get to take a vote.”

Loretta Bey with Ohio Senator Sherrod Brown

Bey reports that Kiel continually reminds OCS worker-owners that they are their own bosses and what that responsibility entails. “So many employees have been misled by their employers who don’t want a disgruntled work force, they have been lied to when the company is falling apart to keep them in place and that results in distrust between management and employees,” says Kiel. “It is important for our folks as owners to have a true picture of what is happening inside the business. We treat them as owners and respect they are putting capital into this enterprise. Our job as management is to make them aware to the extent that they are able of what is happening inside the business. They may find it hard to internalize the economics of a power purchase agreement, for example, but not so hard to realize the P&L of the weatherization business.”

Although it is part of Evergreen’s strategy to hire experienced management to get its new enterprises off the ground, senior managers are expected to come from internal promotion within three years of a company’s launch. It is thus essential to identify leadership and to cultivate it from within. “We have to be able to give everyone a chance,” says Kiel, “you never know where you will find talent.”

Evergreen prizes nimbleness and resilience above all, and is looking for future leaders who possess those qualities. “I have been in enough companies where the CEO has kidded himself or herself into believing that the market is going to come back and it never does,” says Kiel. “We will need people who can make the right choices, who know when it is time to abandon a business idea and move on.”

LOOKING INTO EVERGREEN'S FUTURE

Evergreen envisions incubating up to ten new, for-profit cooperatives over the medium term with the goal of employing a total of about 500 residents. Over the longer term, Evergreen hopes to create many more enterprises employing up to 5,000.

Learning from Cleveland's legacy as a "steel town," and the associated risks of such concentration, Evergreen's goal is to build a diversified portfolio of small enterprises rather than a few large ones, thus ensuring the long-term survival of the cooperative vision. "We never know what will happen," admits Kiel. For example, "Ohio Cooperative Solar is going great guns now but there is a huge amount of legislative risk. We now have a new governor and are waiting to see what effect that has on the state subsidy for solar and even the mandate to create the solar credits. We need to be able to move people to another business if things dry up."

Kiel reports that Evergreen is currently exploring 4 or 5 new business ideas that could be capitalized with between $1 or $2 million and create jobs "out of the gate." One business, already in pilot phase, is a recycling operation servicing hospital surgical centers utilizing

An Anchor's Business Case for Supporting Evergreen

Dana Pancrazi, F.B. Heron Foundation's Senior Project Officer, visited Cleveland last year when the foundation was considering extending a grant to the Democracy Collaborative to support its work with Evergreen. She made a conscious decision to spend the bulk of her time not with the Cooperatives' management team but with "the supply chain folks," i.e., the source of revenue. Says Pancrazi: "If Evergreen was going to hinge on anchor institutions I wanted to know whether they were engaged in the name of philanthropy or for the business case. If the former it was not going to work in the long term."

Pancrazi recalls listening to Steven Standley, University Hospitals' Chief Administrative Officer, explain why the institution had decided to do business with Evergreen. "He gave the most eloquent walk down the path of why he needs a healthy community for his business model to work I have ever heard," she reports. "I don't think the word philanthropy ever entered the conversation." she says.

"When someone asks me what is the real driver behind University Hospitals' support of Evergreen Cooperatives this is how I explain it," says Standley. "Even with health care reform the reality is that people who are unemployed do not take care of their health and can't maintain a regimen for their disease state. When they walk into our emergency room with advanced untreated conditions they are much more expensive for us to treat. So if we are not doing something to help these people get access to health care early on, which means being gainfully employed, it is a self-defeating proposition for the hospital."

Standley maintains the hospital's relationship with Evergreen is not about offering handouts, but helping the coops get a start as they ramp up to a traditional vendor relationship. "If the business succeeds," says Standley, "all the profits won't end up in one pocket while everyone else works at minimum wage. The wealth creation will stay inside the community."

Partnering with Evergreen also dovetails nicely with the hospital's recent public commitment to operate more sustainably and to source 80 percent of its procurement needs within the region. Ohio Cooperative Solar has already installed solar panels on the roof of Ahuja Medical Center and Seidman Cancer Center and the hospital's outside food service provider has committed to sourcing from Green City Growers. "These are such compelling stories," says Standley, "that it is not hard to get internal stakeholders on board who may be using different vendors."

The other "magic in the mix," he says, has been the participation of the Cleveland Foundation under Ronald Richard's leadership: "They were the key to getting us all where we are today," he maintains. "They have really stepped up in the last 5 years and put a focus on cooperative efforts to drive these strategies. They got me to sit down at the same table with my competitors at the Cleveland Clinic. That kind of collaboration really planted the seed for the Evergreen initiatives."

existing laundry and solar facilities. Another is a fleet management service for anchor institutions, providing drivers, vehicle maintenance and green retrofitting.

Evergreen is also studying the feasibility of licensing a technology now deployed in Japan that gasifies medical waste on site and converts it to energy. An electronic document management business, still in the early business planning stages, and a food preparation business, initially for takeout, housed inside a hotel property, are also on the drawing boards.

CASTING EVERGREEN SEEDS

Very much in the sharing spirit of the Mondragon Cooperatives, Evergreen has been providing outreach and advice to civic leaders around the country who are interested in adapting its anchor-institution-based coop model. Howard has met with city leaders in Pittsburgh, Newark, Springfield (MA) and Detroit. In Atlanta, with support from the Community Foundation for Greater Atlanta and the Annie E. Casey Foundation, a team is at work on the "Atlanta Wealth Building Initiative." Other cities – from Seattle to Baltimore— are also studying the applicability of the Evergreen model. In February 2011 Howard visited the city of Richmond, CA, where

he met with the mayor and her senior leadership about positioning the municipal government as a key anchor for a coop strategy, starting with a contract for solarizing the city's major buildings. Howard and his team are now developing a web-based tool kit and training modules to encourage and support Evergreen's iteration in other cities.

Howard has also traveled to Washington, DC, to advise a team working with the Department of Homeland Security, which is consolidating its offices in Anacostia, a low-income area of the city in the largest government construction project since the Pentagon was built. "The Obama administration has tasked the Department with figuring out how they can do this in a way that builds wealth in this desperately poor community," says Howard. This would be a new advance on the anchor strategies that are typically linked to universities and hospitals. In the nation's capital, Howard suggests, "eds and meds" could be supplemented by the "Feds."

Ronald Sims, Deputy Director of the Department of Housing and Urban Development, toured the Evergreen laundry last year and sent back a team of senior staff members for a deeper dive study. Subsequently an Evergreen briefing was held for about 30 HUD representatives. Sims has announced plans to adapt the Evergreen model to HUD's Section 3 financing program.

Sharing Business Services

Evergreen Business Services LLC will provide an array of shared services to individual cooperatives and to the ECC as a whole, including human resources, payroll, training, auditing and accounting services. EBS will invoice cooperative businesses for services provided. The Business Services unit will also provide consulting to Evergreen to identity new business opportunities linked to anchor procurement, conducting feasibility studies and recruiting startup managers. A local entrepreneur with experience in banking and start up companies has recently been hired to help formalize this business planning process.

THE EYES OF AMERICA ARE UPON US

PHOTO: JANET CENTURY

Evergreen provides an opportunity for reskilling in the democratic process.

If the Evergreen model can be successfully replicated in America's disinvested, low-income neighborhoods, where over 40 million people live below the poverty line, its impact will be huge, not just on employment levels and the wealth gap, but on civic life in these communities. "We know that extraordinary concentrations of wealth can corrupt and destroy democracy," says Howard. "To paraphrase Supreme Court Justice Louis Brandeis, we can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can't have both. Wealth inequality in the US is now closely mapping patterns in feudal Europe. It is a deeply troubling phenomenon."

But Howard hastens to add that the Evergreen cooperative model is not just a strategy for reviving "the art of citizenship," among the poor. Giving people an ownership stake in the workplace might also provide an opportunity for a more broad-based reskilling in the democratic process that could have profoundly positive spillover effects, he maintains. "The way our economic system works today at all levels, you go to work and hang your democratic rights at the door," reports Howard. "The Evergreen model is about people determining together whether they give themselves a raise, how much goes into their pocket today and how much goes for the future. The lack of that vision over the last 50 years or so in this country explains why we are in the shape we are in today."

Alperovitz maintains Evergreen's business model also addresses larger ecological questions about the limits to growth. "Can we sustain the growth paths we have become accustomed to in an era of limited resources?" he asks. "I don't think it is possible over the long haul.

So can we achieve a political economy system design that undercuts the pressure for unrelenting destructive growth?" The support of Evergreen's anchors, Alperovitz believes, is a critical component enabling the coop businesses to avoid many of the growth pressures they would otherwise face in a cutthroat market. "To me the design principles in Evergreen represent a model that can be taken to scale but that is not driven by fear that someone will take your market if you don't grow," he reports. "You have an economic structure that is permitting and supporting rather than antagonistic and destabilizing. And instability is the really big under cutter of sustainable ecological development."

Jeffrey Hollender, founder of green household products company, Seventh Generation, echoes these views: "When you look at the challenges that our economy faces most of the things we do as solutions are akin to fixing a broken system. So yes you can raise money and invest in good businesses that create good jobs and make good products but what differentiates Evergreen from virtually every other project I have looked at is its holistic, systemic approach to dealing with the fundamental problems with our economic system—from ownership issues to individual wealth building to sustainable products to creating community wealth to looking at the challenges of starting up businesses. It is indicative of exactly the direction we need to go and need to go as quickly as possible and on a much larger scale. I think this model can work in virtually any community."

"It is about building your community with the assets you already have in place," says Howard, "leveraging them, doing import replacement, and being mindful of the environmental consequences of your business decisions. All of this is relevant to any community. This is now our work, to prove that it can first be done in Cleveland."

Medrick Addison sums up the hopes and aspirations of all who are cheering on the Evergreen initiative: "The eyes of America are upon us. We have to make this work."

Suggested Readings and Sources

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http://capitalinstitute.org/resources

The Field Guide to Investing in a Resilient Economy, a Capital Lab initiative, profiles real investment projects that enable the emergence of economic transformation.
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