



Left, Green City Growers started up in Summer 2011.

Right, Ohio Cooperative Solar began turning a profit within the first five months of operation.

Best Job in the Neighborhood —and They Own It

WORKER CO-OPS EXPANDING DESPITE RUST-BELT ECONOMY



Susan Arterian Chang

"I can tell you before Evergreen, we felt like there was nothing left for us," says Tim Nolen. He and his fellow Evergreen Cooperative worker-owners live in Cleveland's Greater University Circle community, where the unemployment rate exceeds 25 percent and the median household income is less than \$18,500. "Evergreen grabbed ahold of us and said, 'Let us help you out.' It is a great feeling when you have given up hope and someone gives you that hand and says, 'You don't have to feel worthless. Here, let's give you a sense of self-worth.'"

In the heart of an inner city ravaged and abandoned by the global economy, the Evergreen Cooperative has emerged as one of the country's most promising models of locally based wealth-building. Evergreen grew out of the Greater University Circle Initiative, an unusual collaboration spearheaded by the Cleveland Foundation and including the City of Cleveland, the Ohio Employee Ownership Center, and local institutions (principally Case Western Reserve University, the Cleveland Clinic, and University Hospitals).

In December 2006, Ted Howard,

co-founder of The Democracy Collaborative, outlined for civic leaders the catalytic role that the spending of “captive” anchor institutions like hospitals and universities could play in community wealth generation in Cleveland. He talked at length with local civic leaders about how an anchor-institution-based, worker-cooperative business model might be the engine for the sustainable job creation and wealth-building that had thus far been elusive in Greater University Circle. Democracy Collaborative researchers determined that Case Western Reserve, the Cleveland Clinic, and University Hospitals alone spent more than \$3 billion a year on goods and services—but they spent it almost entirely outside the community.

Howard and his fellow strategists began sketching out a compelling framework for what was to become the Evergreen Cooperatives. The business model involved supplying the needs of the anchor institutions to create steady revenue for a network of worker-owned, local businesses that would be built to be the greenest in their sectors. “Sustainability in the broadest sense can only be created if you can stick capital where it won’t get up and leave,” Howard explains. “You can think of Evergreen as an anchor institution designed to capture the capital flows of other anchors and circulate them locally.”

The First Evergreen Cooperatives

Evergreen’s first two cooperative businesses—the Evergreen Cooperative Laundry and Ohio Cooperative Solar (OCS)—were launched in October 2009. A not-for-profit community newspaper, *The Neighborhood Voice*, was established to communicate the Evergreen vision. A fourth project, Green City Growers, started up operations in the summer of 2011.

Housed in a Certified Silver LEED building, Evergreen Laundry was engineered to consume far less energy and water than its competitors. Although the laundry is not yet operating at capacity, new clients are signing up every month and its first two

customers, both nursing homes, have turned out to be the co-op’s de facto marketing arm. “They say, ‘If you need a reference, just have them call us,’” says Nolen, who was the laundry’s first worker-owner to earn a linen management certificate. “These guys want us to succeed. This is what it can do for you to have the community and businesses in it looking out for you.”

Meanwhile, OCS worker-owners have been busy installing solar panels on the rooftops of Case Western Reserve, the Cleveland Clinic, and University Hospitals. OCS retains ownership of the solar panels, services them for the host institutions, and sells them the electricity the panels generate. The co-op does home weatherization and began turning a profit within the first five months of operation. At the end of the 2011 fiscal year, \$7,300 in profits were transferred into each OCS worker-owner’s capital account—on top of the living wage each earned during the year.

Green City Growers—a 4.1-acre, year-round hydroponic greenhouse and packing facility that utilizes the latest water- and energy-saving technologies—will soon be producing 5 million heads of lettuce and 300,000 pounds of herbs annually. It expects to harvest its first crop in the spring of 2012 and will employ between 30 and 40 workers year-round. Produce will be sold to the local food-service industry, local grocers, and Greater University Circle anchor institutions, allowing purchasers to reduce their food-related carbon footprints substantially and to purchase produce with a longer shelf life.

Nurturing the Evergreen Vision

Evergreen recently established an umbrella organization, the Evergreen Cooperative Corporation (ECC), to be the keeper of the cooperative vision. A central financing mechanism, the Evergreen Cooperative Development Fund, will operate under the ECC to attract capital for expansion of existing co-ops and funding new ones. A portion of each co-op’s profits will be paid into this fund.

To shield the community and the cooperatives from speculators, the Evergreen Land Trust has also been established under the ECC to acquire land for existing and future Evergreen Co-ops, starting with the land under the laundry and greenhouse. The Land Trust will lease land for a 99-year term to cooperative businesses, protecting the Evergreen enterprise as a whole from individual co-op failure or attempts by a co-op to break away and become a separate corporation.

Benefits for Worker-Owners and the Community

Many Evergreen worker-owners were formerly unemployed long-term, have 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.

Evergreen worker-owners have a real day-to-day say in how their companies operate. “They don’t just make decisions without us,” says Bey. “We get to take a vote.” Worker-owners receive free health care, attend monthly open-book financial management discussions, and are offered courses in personal finance and job-related skills training. When workers are paid a share of a co-op’s profits, 20 percent is paid in cash and 80 percent in “capital credits.”

Worker empowerment arises not only from building financial wealth, finding a voice as business managers, and acquiring new work and life skills, but from a sense that they are rebuilding their community. “They get what this is about,” says Howard. “They have lived in these neighborhoods and seen the degradation, and they are beginning to express themselves as leaders of renewal, as working for something that is inspiring hope.”

Evergreen’s Economic Impact

Evergreen envisions incubating up to 10 new, for-profit cooperatives over the medium term with the goal of employing about 500 residents of Greater University Circle. The longer term target is 25 to 50 co-ops employing up to 5,000. »

» Co-op leaders say it is really too early to quantify Evergreen's impact on the Greater University Circle community, but, says Howard, "the truth is that in the neighborhood where we are creating jobs, literally nothing else is going on." Jim Anderson, CEO of Evergreen Laundry, reports that he senses a palpable surge of pent-up optimism: "We have over 500 applications in our queue, and everyone who walks by the building asks, 'Are you hiring?'"

Medrick Addison, operations manager of Evergreen Laundry, has seen tours of the facility by delegations from all over the country, including the deputy director of the U.S. Department of Housing and Urban Development and his entourage. "We have to make this work. The eyes of America are upon us," Addison says.

Not Just a Poor People's Strategy

Communities and cities outside of Cleveland are already latching on to the Evergreen vision. Howard reports that the Democracy Collaborative is working with civic leaders and foundations in Atlanta, in the greater Washington, D.C., metro area, and in the city of Richmond, Calif., to brainstorm anchor-institution-based cooperative strategies that are variations on the Evergreen theme.

Replicating the Evergreen model in the disinvested, low-income neighborhoods of this country, where more than 40 million people live below the poverty line, would have a huge impact, not just on employment levels and the wealth gap, but on civic life. But the Evergreen model is not limited to poor neighborhoods. It can be used anywhere to build the new economy.

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

Sharon Kaiser, a supervisor and worker-owner at Evergreen Laundry, reports that her friends and family are eager to hear about what is happening inside Evergreen. "They want to know what they can do to be part of this," she says. "It is a very positive thing for the community." This expressed longing to participate in Evergreen's model of sustainable wealth-building should not be underestimated. As Howard

A Knock at the Door? Green Jobs Calling

New Bedford, a former industrial and whaling town in eastern Massachusetts, hasn't seen much economic prosperity since the early 20th century, the peak of the textile industry. But community leaders hope their town can be the center of a green economy boom, and locals have taken it upon themselves to drum up demand.

Last year, a team of community organizers knocked on 3,000 doors, urging homeowners and small businesses to commit to energy audits and energy-efficiency improvements. Community organizers also founded a minority-owned green company to do the weatherization work and to help locals prepare their homes for efficiency upgrades—for instance, replacing old wiring so they can install insulation. The project is partly financed by a public utility, in response to state energy mandates.

Communities across the country are creating green jobs from the ground up, financed by consumer demand, utility fees, some creative new funding models, and a combination of federal, state, and local money. In Oakland, Calif., an organization called Solar Mosaic is "crowdfunding" solar power. For \$100, anyone can buy a share in one of several planned solar projects, to be installed atop community buildings. "You just cut out Wall Street," says Jakada Imani, executive director of the Ella Baker Center for Human Rights, a partner organization of Solar Mosaic. "You can just go to the people in the community to fund it."

The Ella Baker Center and a coalition of community groups have also successfully pushed the city to investigate whether more green-jobs financing could come from a public fund generated by consumer fees paid to Pacific Gas and Electric. Twenty-two states require energy utilities to maintain similar funds, according to the federal Low Income Home Energy Assistance Program. The coalition believes that Oakland's share of the fund could help finance the city's greenhouse-gas reduction plan, which aims to slash carbon emissions 36 percent below 2005 levels in the next decade.

Nearly one million Americans worked in resource-efficiency and renewable-energy jobs in 2010, according to the Brookings Institution. But with federal support lagging, it may take some creative state and local financing to spur the clean energy economy, especially in places with high unemployment and little spare cash, like New Bedford. —*Madeline Ostrander*

describes it, Evergreen is unleashing a powerful force: "the energy of people to become actors in history in their own lifetimes." 📌

This article was adapted by the author from a case study for Capital Institute's *Field Guide for Investing in a Resilient Economy*. capitalinstitute.org

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The Democracy Collaborative's Ted Howard on why the Evergreen Cooperatives work to transform local economies.